

Offletter

January 20, 1971

Mr. M. L. Fender
President
Florida State Citizens Band
Radio Association
316 Palm Bay Road
Palm Bay, Florida

Dear Mr. Fender:

The President has asked me to reply to your letter of December 7th.

Inflation and attendant price increases are both matters of deep interest for the President. Thus your expression of concern over rising prices generally, and the cost of licensee fees for Citizen Band operators specifically, is understood and genuinely appreciated.

While increased fees for licenses to operate in the Citizens Band may appear to be inflationary, the situation, in fact, developed from an understanding with Congress, and in response to provisions in the Independent Offices Appropriation Act, that the Federal Communications Commission (FCC) should become as self-sustaining as possible. Accordingly, in order to meet its budget, modest in comparison to most Federal Government Agencies, the Commission prorated the amount involved over the several types of Radio Services within its jurisdiction. Great effort was devoted by the Commission staff to assure that this prorating was done equitably. For example the license to operate a television station in a major market might run into several thousands of dollars whereas an individual operator license in the Citizens Band is, as you state, approximately twenty dollars. The end objective is to effect economies in Government and to support the FCC through revenues derived from license fees rather than by money from taxpayers.

As the President's principal adviser on telecommunications matters, I am interested in all developments affecting not only the Citizens Band Radio Service but other telecommunications services as well. Views from citizens, such as you have expressed, are helpful in judging problems to be resolved.

In closing, thank you on behalf of the President for your statement of support. If this Office may be of further assistance to you in this matter, or if we may assist you in any other way, please let me know.

Sincerely,

Clay T. Whitehead

LRRaish/dtb Jan 14, 1971

FMD/Reading/OTP Daily Reading File

Coordinated with Mr. Stan McKinley of
FCC Staff on 14 Jan 71

Inflation

February 11, 1970

MEMORANDUM FOR JOHN EHRLICHMAN
KEN COLE

FROM: PETER FLANIGAN *pmf*

I have discussed again today with Dr. McCracken the preparations for the Joint Economic Committee hearings. He has agreed to have a meeting with Mayo, Kennedy, Shultz and Packard (since Laird may not be back). He will review again the testimony with regard to fiscal and monetary policy. They will then talk about specific items on which the Administration may be attacked in order to coordinate their response. I believe that this preparation, plus the previous discussions with Paul McCracken, will insure an effective and unified Administration response.

~~bcc:~~ Tom Whitehead

Inflation

February 11, 1970

To: Paul McCracken

From: Tom Whitehead

I want to be sure you are aware of this and its contents. It is clearly very important that our PR efforts and substantive efforts are tracking together. Please notify Peter Flanigan, H. R. Haldeman, William Safire, et al, when the meeting is scheduled.

Attachment

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 11, 1970

MEMORANDUM FOR TOM WHITEHEAD'S OFFICE

I talked with Tom today in Los Angeles. We agreed that I would send you the attached game plan on inflation, and it would then be sent to Chairman McCracken with a cover letter from Tom.

It is Tom's understanding, based on a meeting with Herbert Stein and then with Peter Flanigan, that Chairman McCracken wishes to convene a meeting of McCracken, Flanigan, Haldeman, and Safire to discuss the Administration's response on inflation.

Tom and I agreed that these four men should see our game plan so that they can decide how much of it ought to be done, and how their ideas can be tied in with ours. Additionally, this meeting would discuss the Joint Economic Hearings and the proposed inflation index.

Tom hopes to attend this meeting so that we can coordinate our plans. He has said he will let me know when the meeting will be held and if it will be possible for him to attend. Perhaps you could read Tom this note the next time you talk with him to make certain we're in agreement. The point here is to make the McCracken group aware of our game plan and get guidance as to what we ought to do.

Thank you.

R.O.

Robert C. Odle, Jr.

cc: Jeb Magruder

January 30, 1970

PLANINFLATIONDescription:

Inflation: The Nation's number one domestic problem.

Objective:

1. To bring an end to the inflationary spiral and solidify the value of the dollar without bringing about a major recession.
2. Convince the people that the President and the Administration are attempting to do this as the number one priority and the Democrats are behaving irresponsibly in this matter.

President:

Using his own balanced budgets (last year and this) and other steps he has taken, such as cutting back on Federal construction and the successful veto of the HEW appropriations bill, as examples, the President could exhort labor, management and Congress to hold the line in every press conference and speech.

Follow-up:

Klein:

Wide dissemination of the President's remarks through mailings to editors and media leaders.

Efforts to get our spokesmen in this area on TV shows, especially afternoon TV shows.

Have National Committee prepare a film for use on TV, before civic groups, etc., using Administration spokesmen, graphics, etc., showing the effects of inflation.

Make sure all Party and Party-affiliated publications carry the word regularly. Try for major articles in major publications.

Instruct Cabinet members and other Administration spokesmen to include an exhortation on inflation in every speech.

Colson:

Notify all special groups that this is the President's number one priority and get each to distribute widely President's remarks and material prepared by Klein.

Get special articles prepared by Keogh for use in association publications.

Nofziger:

Emphasize the inflation angle in all appropriate speeches attacking Democrats or supporting the Administration.

Have response prepared for Joint Economic Committee of House and Senate.

Distribute all appropriate material to Congressional spokesmen.

Supply material for Congressional newsletters, Congressional reports to the people (radio tapes, etc.)

Prod Congressional Leadership constantly.

Supply material to Senate and House campaign committees for use by candidates (in conjunction with Dent).

Klein/Nofziger/
Dent:

Distribute Martin Anderson's reasoning why price and wage controls are not the way to stop inflation.

Dent:

Supply all material provided by the President, Klein, Keogh, etc., to the Republican Establishment.

Continue to prod Republican leaders and candidates on importance of this issue.

Get Republican National Committee to provide campaign-oriented material on inflation for candidates.

Get a score card on how the Democrats up for re-election voted on inflation issues. This should be made available not only to candidates, but to the press on a district-by-district and state-by-state basis.

Magruder: Mobilize letter-writing campaign protesting irresponsible spending.

Republican National Committee should research all opposition to school bond issues, which has been heavy and effective in last year, directing special appeal to them to resist this "school-doggle." Plenty of Democrats here who feel schools do not deliver money's worth -- a fertile field for crossing party lines to get support from resisters of high taxes to join this fight.

Colson/Hofgren: Support Committees

(a) High level: the Committee for a Sound Prosperity, with economists, bankers, businessmen and other well-known respected voices who can sponsor advertising in support of the President.

(b) General level, especially women and most especially school-teachers: The Price-Fighters League, set up on the same broad basis as the Tell-it-to-Hanoi group, rallying women to the cause of backing the President in fighting high prices. Bumper stickers reading "Veto High Prices," "Be a Price-Fighter," and "Hold that Price Line." Should be financed independently, use TV spots in

afternoon hours, set up handouts of literature at supermarket checkout counters.

(c) Working with Klein, enlist support of Chamber of Commerce where Klein has already made contacts. Get support of Savings and Loan Associations.

(d) Set up meetings in major cities on subject, utilizing groups such as the Young Executives. Use Virginia Knauer, Pat Hitt, and Elly Peterson to work with womens' groups.

Try to secure help of the Advertising Council in initiating a campaign against inflation.

Flanigan/Keogh:

Send a Presidential letter to every Governor, heads of major unions, business leaders, urging them to hold the line against inflation.

Flanigan:

Secretaries Stans and Shultz are thinking of setting up "Productivity Committees" -- groups of labor and management meeting locally to introduce note of productivity in wage settlements. This should be explored, and launched with the President in a closed circuit discussion with such committees in several cities.

Safire/Stein:

Special projects:

(a) The Inflation Index:

As of now, the economic indicator most closely watched, and which is the measure of inflation, is the cost of living index. Let's face it -- this will keep rising even if we are successful in slowing down its rate of growth. Thus, it will make our success look like a failure, under a headline "Prices Rise x% Last Month" -- with any slowdown in the rate of increase buried in the story for economists to read and consumers to miss.

Therefore, our Bureau of Labor Statistics or CEA should come up with a brand new, intellectually honest combined indicator that really shows how we are slowing down the rate of increase of prices. (This would be like the Temperature-Humidity Index that more accurately measures a discomfort than temperature alone.)

It should focus on the rate of increase -- which is now too sophisticated for most people to grasp, but which would become easily understandable if issued and labeled "the Inflation Index".

Thus, we could have headlines reading "Inflation Index Down" even when consumer prices kept going up -- and it would be quite truthful, since inflation is really the rate of increase of prices, the acceleration pace and not the actual speed.

It may be difficult to get the bureaucracy to come up with this, but it will be extremely helpful come election time, giving us ammunition to say "In 1970, we held down inflation."

It will be necessary here to work with Ehrlichman and Shultz.

(b) A way of measuring "the irresponsibles."

The ADA and other groups have long had ways of measuring a Congressman's liberality or conservativeness, by measuring his record of certain key votes.

We, or the economists support group, can set up a "Responsibility Rating" -- a measurement for "big spenders," the people who consistently vote inflationary -- for spending, against raising revenues. Ten key votes could be the basis for this measurement:

the surtax of last year, the original Gore amendment, the extra GI benefits, the Jolsen amendment of 894 million more for education, and now the HEW appropriation, etc.

Congressmen are highly conscious of their "rating" in measurements like these, since it is a basis for support or attack in their own campaigns. An independent group would be best for the tagging of these spenders "the irresponsibles," and would offer Republican candidates against them a good, simple campaign charge without having to itemize votes that look good enough individually.

The attack on inflation has been going on on an intermittent basis for some time. Prior to this plan, it was being intensified:

Information provided Senator Scott on Democrat over-spending.

Emphasis in successful HEW appropriation fight on the inflationary aspects.

Speech provided Senator Griffin to accompany Senate Policy Committee paper on inflation.

Mayo, McCracken, Kennedy scheduled for Meet the Press, February 8.

Project Manager: Whitehead/Odle

Inflation

February 6, 1970

TO: DR. McCRACKEN
FROM: PETER FLANIGAN

You will remember we discussed the Joint Economic Committee hearings recently, and you agreed that you would call a brainstorming session of the principals who would be expected to testify. You also suggested that you would make sure that the various participants would develop a single line of Administration answers to certain difficult problems.

As I told you, I had also asked Tom Whitehead to give some thought to this problem and to read the transcripts of previous hearings. The attached memorandum summarizes Tom's thoughts. I am sending it to you in its entirety on the assumption that it can be helpful to you. As I understand it, you will arrange for the meeting of the principals in order that the Administration's testimony at these hearings comes across to the public in a cohesive and strong fashion.

Attachment

cc: John Ehrlichman w/atch
Ken Cole w/atch plus Flanigan memo of 2 Feb 70

Tom Whitehead

THE WHITE HOUSE
WASHINGTON

February 3, 1970

MEMORANDUM FOR PETER FLANIGAN

The JEC hearings on inflation are scheduled for February 16th. Administration witnesses so far scheduled are:

McCracken	February 16
Mayo	February 17
Laird	February 17
Kennedy	February 18

It is also likely that George Schultz will be called.

In preparation, three major themes should be considered:

(1) Everyone from the Administration should have the same facts and figures and take the same position on major policy issues, including like points of Democratic criticism.

(2) What we say should be measured against likely or possible trends so that we do not have to backpedal too much later in the year.

(3) Each witness's testimony should emphasize different aspects of the issue, making for better and more coordinated press and TV impact.

The first two points should largely be the responsibility of CEA for getting the necessary information in order. ~~We can help select what information is to be developed and help disseminate it to appropriate witnesses.~~ Treasury is already at work on this and could be very helpful. We should make it a point also to get whatever inputs we can from the "shadow cabinet"; CEA and I should be able to ferret this out from Brookings.

These hearings have a reputation for being dull recitations of endless statistics. That would be dangerous this year because the heavy TV and press coverage planned would give the opposition the opportunity to score with sexy charges and over-simplified interpretations. To avoid this, each of our witnesses should focus on parts of the issue, well presented and with some newsworthy aspects, that when taken as a whole, show competence and confidence. By freeing up each witness from the need to give the whole picture, their time is freed to stress what we want stressed and to take a larger share of the limelight. As a first suggestion, the topics to be stressed might be:

McCracken: General overview (it all fits together and we know where we're going); announce Inflation Watch; begin "jawboning" about the other side of valley syndrome.

Mayo: Priorities, priorities, priorities; fiscal policy.

Laird: Priorities.

Kennedy: Fiscal policy; revenue sharing; international; interest rates.

Schultz: Employment.

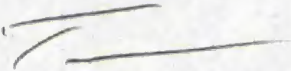
Moynihan, Romney, or Schultz (or Rumsfeld): Public interest overview wrap-up including FSS, revenue sharing, inflation, taxes, family impact, consumerism, and the little guy (i.e., we've got a heart too, but we're responsible and know what we're doing).

Another aspect is the partisan backdrop. I doubt that we want to stress this too strongly, but we want to make it very clear where the blame is and is not. In this regard, Brock, Conable, Percy, and Javits should be briefed in advance and asked to direct their statements and questioning to some extent toward that end. In particular, it would be useful to get some of this in Javits' opening statement.

-2-

Additionally, Rumsfeld suggests that it would be very useful to have Laird discuss presentation, tactics, etc., with the other witnesses who have not had so much experience with the Hill.

I suggest a meeting in your office to discuss such a scenario as soon as possible. A draft memo is attached.



Clay T. Whitehead
Staff Assistant

Attachment

DRAFT
2/3/70

MEMORANDUM FOR

McCracken
Mayo
Kennedy (Walker)
Rumsfeld
Laird

Since the Joint Economic Committee hearings on inflation are scheduled for February 16, we should begin immediately to plan our strategy. In this regard, I believe we should go beyond the normal preparation each of you would do for Congressional hearings to make sure that the Administration's position and image as a whole is well put across.

We should be sure that each witness has access to an agreed set of statistics and Administration positions on all major issues. We should also be sure that we are prepared for each major point of criticism the Democrats are likely to make. Additionally, we should plan carefully for TV and press impact; this could be maximized by having each witness emphasize different aspects of the overall problem and avoiding repetitive recitations of economic statistics and indicators.

I would like to have a meeting in my office on Thursday, February 5, at _____ to discuss our strategy and the contribution each of us can make to our mutual preparation for these important hearings.

Peter Flanigan
Assistant to the President

Inflation

THE WHITE HOUSE
WASHINGTON

Date: 2-6-70

TO: Tom Whithead

FROM: John Campbell

For your information ✓

Comments:

Date: Friday, February 6, 1970

Time: 9:50 A.M.

FOR ACTION: Secretary Stans

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Monday, February 16, 1970

Time: 2:00 P.M.

SUBJECT: Mr. Ehrlichman's request for a report regarding the
problem of inflation.

ACTION REQUESTED:


☒ For Necessary Action☐ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☐ For Your Comments☐ Draft Remarks

REMARKS:

See attached memorandum.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.


R. R. COLE, JR.
For the President

THE WHITE HOUSE
WASHINGTON

February 6, 1970

MEMORANDUM FOR

THE SECRETARY OF COMMERCE

Mr. Ehrlichman would like for you to prepare a detailed report on the specific actions your Department took last year regarding the problem of inflation; what your current and proposed activities are; and your comments on what additional things the Administration might be doing.



Kenneth R. Cole, Jr.
Deputy Assistant to the President

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 3022

Date: Friday, February 6, 1970

Time: 9:50 A.M.

FOR ACTION: Secretary Kennedy

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Monday, February 16, 1970

Time: 2:00 P.M.

SUBJECT: Mr. Ehrlichman's request for a report regarding the
problems of inflation.

ACTION REQUESTED:

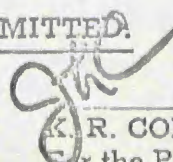
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delay in submitting the required material, please
telephone the Staff Secretary immediately.


K. R. COLE, JR.
For the President


THE WHITE HOUSE
WASHINGTON

February 6, 1970

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

Mr. Ehrlichman would like for you to prepare a detailed report on the specific actions your Department took last year regarding the problem of inflation; what your current and proposed activities are; and your comments on what additional things the Administration might be doing.


Kenneth R. Cole, Jr.
Deputy Assistant to the President

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 6, 1970

TO: DR. McCRACKEN
FROM: PETER FLANIGAN

You will remember we discussed the Joint Economic Committee hearings recently, and you agreed that you would call a brainstorming session of the principals who would be expected to testify. You also suggested that you would make sure that the various participants would develop a single line of Administration answers to certain difficult problems.

As I told you, I had also asked Tom Whitehead to give some thought to this problem and to read the transcripts of previous hearings. The attached memorandum summarizes Tom's thoughts. I am sending it to you in its entirety on the assumption that it can be helpful to you. As I understand it, you will arrange for the meeting of the principals in order that the Administration's testimony at these hearings comes across to the public in a cohesive and strong fashion.

Attachment

cc: John Ehrlichman
Ken Cole

✓ Tom Whitehead

February 2, 1970

FOR: John Ehrlichman
FROM: Peter M. Flanigan
RE: Joint Economic Hearings

You had asked me to make sure that the Administration troops were prepared for these hearings and had a coordinated approach with regard to the defense of our economic policies.

The hearings are scheduled to start on Monday, February 16. We are currently expecting that in addition to the three CEA members, Mayo, Kennedy, Shultz and Stans will be asked to testify.

It would appear unnecessary to brief these individuals on the general questions relating to fiscal and monetary policy. The fiscal policy is clearly set forth in the Economic Message. The President has indicated his belief as to the proper course of monetary policy.

However, there are several specific questions on which preparation is necessary. One such question is the attack on why we abandoned guidelines, as set forth in the Olum study. Another area where care is required is that in discussing possible unemployment we do not use the kind of "buzz words" that will come back to haunt us in the fall should there be a substantial rise in unemployment. L a c

To prepare for questions of this type, I have asked CEA to get together answers and other pertinent information to a list of specific questions. McCracken will then call a brain-storming session of the principals who will be expected to testify. At this session the various replies to specific questions will be discussed, and additional ideas as to other sensitive points will be explored. As additional preparatory work for this meeting, I have had last year's transcript of the Hearings reviewed by Whitehead. Whitehead has also talked to Runsfeld to get his input as to how best to be prepared for the Hearings.

Inflation

February 3, 1970

MEMORANDUM FOR PETER FLANIGAN

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It is also likely that George Schultz will be called.

In preparation, three major themes should be considered:

(1) Everyone from the Administration should have the same facts and figures and take the same position on major policy issues, including like points of *democratic* criticism.

(2) What we say should be measured against likely or possible trends so that we do not have to backpedal too much later in the year.

(3) Each witness's testimony should emphasize different aspects of the issue, making for better and more coordinated press and TV impact.

The first two points should largely be the responsibility of CEA for getting the necessary information in order. We can help select what information is to be developed and help disseminate it to appropriate witnesses. Treasury is already at work on this and could be very helpful. We should make it a point also to get whatever inputs we can from the "shadow cabinet"; CEA and I should be able to ferret this out from Brookings.

These hearings have a reputation for being dull recitations of endless statistics. That would be dangerous this year because the heavy TV and press coverage planned would give the opposition the opportunity to score with sexy charges and over-simplified interpretations. To avoid this, each of our witnesses should focus on parts of the issue, well presented and with some newsworthy aspects, that when taken as a whole, show competence and confidence. By freeing up each witness from the need to give the whole picture, their time is freed to stress what we want stressed and to take a larger share of the limelight. As a first suggestion, the topics to be stressed might be:

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Another aspect is the partisan backdrop. I doubt that we want to stress this too strongly, but we want to make it very clear where the blame is and is not. In this regard, Brock, Conable, Percy, and Javits should be briefed in advance and asked to direct their statements and questioning to some extent toward that end. In particular, it would be useful to get some of this in Javits' opening statement.

Additionally, Rumsfeld suggests that it would be very useful to have Laird discuss presentation, tactics, etc., with the other witnesses who have not had so much experience with the Hill.

I suggest a meeting in your office to discuss such a scenario as soon as possible. A draft memo is attached.

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Staff Assistant

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cc: Mr. Whitehead ✓
Mr. Kriegsman
Central Files

CTWhitehead:jm

DRAFT

2/3/70

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Assistant to the President

February 8, 1970

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Staff Assistant

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cc: Mr. Whitehead
Mr. Kriegsman
Central Files

CTWhitehead:jm

DRAFT
2/3/70

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Peter Flanigan
Assistant to the President

DRAFT
2/3/70

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Peter Flanigan
Assistant to the President

THE WHITE HOUSE
WASHINGTON

Date: 2-6-70

TO: Tom Whitehead

FROM: John Campbell

For your information

✓

Comments:

Date: Friday, February 6, 1970

Time: 9:50 A.M.

FOR ACTION: Secretary Stans

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Monday, February 16, 1970

Time: 2:00 P.M.

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gfc
K. R. COLE, JR.
For the President


THE WHITE HOUSE
WASHINGTON

February 6, 1970

MEMORANDUM FOR

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Kenneth R. Cole, Jr.
Deputy Assistant to the President

Date: Friday, February 6, 1970

Time: 9:35 A.M.

FOR ACTION: Director Mayo

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Monday, February 16, 1970

Time: 2:00 P.M.

SUBJECT: Mr. Ehrlichman's request for a report regarding the
problem of inflation.

ACTION REQUESTED:

☒ For Necessary Action☐ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☐ For Your Comments☐ Draft Remarks

REMARKS:

See attached memorandum.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

g.c.
R. COLE, JR.
For the President

THE WHITE HOUSE


WASHINGTON

February 6, 1970

MEMORANDUM FOR

THE DIRECTOR
BUREAU OF THE BUDGET

Mr. Ehrlichman would like for you to prepare a detailed report on the specific actions your Agency took last year regarding the problem of inflation; what your current and proposed activities are; and your comments on what additional things the Administration might be doing.


Kenneth R. Cole Jr.
Deputy Assistant to the President

Date: Friday, February 6, 1970

Time: 9:50 A.M.

FOR ACTION: Secretary Kennedy

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Monday, February 16, 1970

Time: 2:00 P.M.

SUBJECT: Mr. Ehrlichman's request for a report regarding the
problems of inflation.

ACTION REQUESTED:

☒ For Necessary Action☐ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☐ For Your Comments☐ Draft Remarks

REMARKS:

See attached memorandum.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.


K. R. COLE, JR.
For the President


THE WHITE HOUSE
WASHINGTON

February 6, 1970

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

Mr. Ehrlichman would like for you to prepare a detailed report on the specific actions your Department took last year regarding the problem of inflation; what your current and proposed activities are; and your comments on what additional things the Administration might be doing.


Kenneth R. Cole, Jr.
Deputy Assistant to the President

January 30, 1970

PLAN

INFLATION

Description:

Inflation: The Nation's number one domestic problem.

Objective:

1. To bring an end to the inflationary spiral and solidify the value of the dollar without bringing about a major recession.
2. Convince the people that the President and the Administration are attempting to do this as the number one priority and the Democrats are behaving irresponsibly in this matter.

President:

Using his own balanced budgets (last year and this) and other steps he has taken, such as cutting back on Federal construction and the successful veto of the HEW appropriations bill, as examples, the President could exhort labor, management and Congress to hold the line in every press conference and speech.

Follow-up:

Klein:

Wide dissemination of the President's remarks through mailings to editors and media leaders.

Efforts to get our spokesmen in this area on TV shows, especially afternoon TV shows.

Have National Committee prepare a film for use on TV, before civic groups, etc., using Administration spokesmen, graphics, etc., showing the effects of inflation.

Make sure all Party and Party-affiliated publications carry the word regularly. Try for major articles in major publications.

Instruct Cabinet members and other Administration spokesmen to include an exhortation on inflation in every speech.

Colson:

Notify all special groups that this is the President's number one priority and get each to distribute widely President's remarks and material prepared by Klein.

Get special articles prepared by Keogh for use in association publications.

Nofziger:

Emphasize the inflation angle in all appropriate speeches attacking Democrats or supporting the Administration.

| Have response prepared for
| Joint Economic Committee of
| House and Senate.

Distribute all appropriate material to Congressional spokesmen.

Supply material for Congressional newsletters, Congressional reports to the people (radio tapes, etc.)

Prod Congressional Leadership constantly.

Supply material to Senate and House campaign committees for use by candidates (in conjunction with Dent).

Klein/Nofziger/
Dent:

Distribute Martin Anderson's reasoning why price and wage controls are not the way to stop inflation.

Dent:

Supply all material provided by the President, Klein, Keogh, etc., to the Republican Establishment.

Continue to prod Republican leaders and candidates on importance of this issue.

Get Republican National Committee to provide campaign-oriented material on inflation for candidates.

Get a score card on how the Democrats up for re-election voted on inflation issues. This should be made available not only to candidates, but to the press on a district-by-district and state-by-state basis.

Magruder: Mobilize letter-writing campaign protesting irresponsible spending.

Republican National Committee should research all opposition to school bond issues, which has been heavy and effective in last year, directing special appeal to them to resist this "school-doggle." Plenty of Democrats here who feel schools do not deliver money's worth -- a fertile field for crossing party lines to get support from resisters of high taxes to join this fight.

Colson/Hofgren: Support Committees

(a) High level: the Committee for a Sound Prosperity, with economists, bankers, businessmen and other well-known respected voices who can sponsor advertising in support of the President.

(b) General level, especially women and most especially school-teachers: The Price-Fighters League, set up on the same broad basis as the Tell-it-to-Hanoi group, rallying women to the cause of backing the President in fighting high prices. Bumper stickers reading "Veto High Prices," "Be a Price-Fighter," and "Hold that Price Line." Should be financed independently, use TV spots in

afternoon hours, set up handouts of literature at supermarket checkout counters.

(c) Working with Klein, enlist support of Chamber of Commerce where Klein has already made contacts. Get support of Savings and Loan Associations.

(d) Set up meetings in major cities on subject, utilizing groups such as the Young Executives. Use Virginia Knauer, Pat Hitt, and Elly Peterson to work with womens' groups.

Try to secure help of the Advertising Council in initiating a campaign against inflation.

Flanigan/Keogh:

Send a Presidential letter to every Governor, heads of major unions, business leaders, urging them to hold the line against inflation.

Flanigan:

Secretaries Stans and Shultz are thinking of setting up "Productivity Committees" -- groups of labor and management meeting locally to introduce note of productivity in wage settlements. This should be explored, and launched with the President in a closed circuit discussion with such committees in several cities.

Safire/Stein:

Special projects:

(a) The Inflation Index:

As of now, the economic indicator most closely watched, and which is the measure of inflation, is the cost of living index. Let's face it -- this will keep rising even if we are successful in slowing down its rate of growth. Thus, it will make our success look like a failure, under a headline "Prices Rise x% Last Month" -- with any slowdown in the rate of increase buried in the story for economists to read and consumers to miss.

Therefore, our Bureau of Labor Statistics or CEA should come up with a brand new, intellectually honest combined indicator that really shows how we are slowing down the rate of increase of prices. (This would be like the Temperature-Humidity Index that more accurately measures a discomfort than temperature alone.)

It should focus on the rate of increase -- which is now too sophisticated for most people to grasp, but which would become easily understandable if issued and labeled "the Inflation Index".

Thus, we could have headlines reading "Inflation Index Down" even when consumer prices kept going up -- and it would be quite truthful, since inflation is really the rate of increase of prices, the acceleration pace and not the actual speed.

It may be difficult to get the bureaucracy to come up with this, but it will be extremely helpful come election time, giving us ammunition to say "In 1970, we held down inflation."

It will be necessary here to work with Ehrlichman and Shultz.

(b) A way of measuring "the irresponsibles."

The ADA and other groups have long had ways of measuring a Congressman's liberality or conservativeness, by measuring his record of certain key votes.

We, or the economists support group, can set up a "Responsibility Rating" -- a measurement for "big spenders," the people who consistently vote inflationary -- for spending, against raising revenues. Ten key votes could be the basis for this measurement:

the surtax of last year, the original Gore amendment, the extra GI benefits, the Jolsen amendment of 894 million more for education, and now the HEW appropriation, etc.

Congressmen are highly conscious of their "rating" in measurements like these, since it is a basis for support or attack in their own campaigns. An independent group would be best for the tagging of these spenders "the irresponsibles," and would offer Republican candidates against them a good, simple campaign charge without having to itemize votes that look good enough individually.

The attack on inflation has been going on on an intermittent basis for some time. Prior to this plan, it was being intensified:

Information provided Senator Scott on Democrat over-spending.

Emphasis in successful HEW appropriation fight on the inflationary aspects.

Speech provided Senator Griffin to accompany Senate Policy Committee paper on inflation.

Mayo, McCracken, Kennedy scheduled for Meet the Press, February 8.

Project Manager: Whitehead/Odle

THE WHITE HOUSE
WASHINGTON

February 2, 1970

MEMORANDUM FOR THE PRESIDENT

The following is a status report regarding proposed Administration actions on the inflation front which were discussed Saturday.

Inflation Index
I. Inflation Watch

Messrs. Moore of Labor and Foss of CEA will meet to prepare a regular statistical survey focusing on those statistics most relevant to the inflation fight. The form of this statistical study will be agreed upon by the end of the week of February 2.
Action Responsibility: Paul McCracken

II. Inflation Watchdog

Herb Stein and a representative of the Department of Labor will decide, together with Peter Flanigan, on the desired structure and charter of this Committee. Regarding structure, trade-off between long term and short term effectiveness will have to be made and care taken so that it does not appear we are merely reestablishing the previous Administration's Cabinet Committee on Price Stability. These decisions will be cleared with Messrs. McCracken and Shultz by the end of the week of February 2.
Action Responsibility: Peter Flanigan

III. Orchestration of the Administration's Position on Inflation

A. The President's Speech - In addition to stressing this Administration's concern regarding inflation, and making abundantly clear that the "Democrats shot John", this speech should include action proposals. These actions could be related to the Inflation Watch activities outlined above. The President's speech will be ready for the President's February 11 meeting with the Business Council. However, a preferable forum might be a March "Briefing for Business" at which representatives of the Labor movement would be included.

Action Responsibility: Paul McCracken, working with a committee comprised of Messrs. Shultz, Haldeman, Safire, Flanigan.

THE WHITE HOUSE

WASHINGTON

-2-

B. Appropriate language on inflation, the Democrats' responsibility, and this Administration's anti-inflation actions will be distributed to Administration spokesmen in time for Lincoln Day speeches.

Action Responsibility: Paul McCracken will draft the initial language; Bill Safire will put it in speech form; and Herb Klein will see that it is properly distributed.

C. Virginia Knauer has agreed to stress in her speeches to consumers the Administration's great concern over prices and its determination to take responsible action to stop inflation. She will also make sure that her audiences know that the Democratic Administrations bear the responsibility for the inflation.

Action Responsibility: Peter Flanigan

D. Don Rumsfeld will be asked for suggestions as to how to most effectively tell this Administration's story, including activities by him and his Agency.

Action Responsibility: Peter Flanigan

IV. Food Study

A study will be made of the food industry to determine what actions can be taken to reduce this component of the CPI.

Action Responsibility: Paul McCracken

V. Meat Prices

Action will be taken to increase meat supplies where possible to reduce meat prices.

Action Responsibility: Peter Flanigan

Within the last three weeks a voluntary program has been negotiated by State with importing countries and by Agriculture with domestic industry allowing imports of up to 1.061 billion pounds of beef. The program permits traditional importers to share in the U.S. market. Hardin claims this is a fair program and that any change now would be very difficult to negotiate with the Republican Senators from Colorado, Wyoming, Kansas and other cattle raising States. He further claims that wholesale and carcass prices of beef are not out of line. I have asked for information substantiating this position.

THE WHITE HOUSE

WASHINGTON

-3-

For all practical purposes there are no limits on imports of lamb. Secretary Hardin currently is developing a program to increase imports.

Pork supplies are expected to increase in the next five or six months with near term supplies not increasing as fast as had been expected. I have asked Secretary Hardin for program suggestions to hasten the increase.


Peter M. Flanigan

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 6, 1970

TO: DR. McCracken
FROM: PETER FLANIGAN

You will remember we discussed the Joint Economic Committee hearings recently, and you agreed that you would call a brainstorming session of the principals who would be expected to testify. You also suggested that you would make sure that the various participants would develop a single line of Administration answers to certain difficult problems.

As I told you, I had also asked Tom Whitehead to give some thought to this problem and to read the transcripts of previous hearings. The attached memorandum summarizes Tom's thoughts. I am sending it to you in its entirety on the assumption that it can be helpful to you. As I understand it, you will arrange for the meeting of the principals in order that the Administration's testimony at these hearings comes across to the public in a cohesive and strong fashion.

Attachment

cc: John Ehrlichman
Ken Cole

✓ Tom Whitehead

February 2, 1970

FOR: John Ehrlichman
FROM: Peter M. Flanigan
RE: Joint Economic Hearings

You had asked me to make sure that the Administration troops were prepared for these hearings and had a coordinated approach with regard to the defense of our economic policies.

The hearings are scheduled to start on Monday, February 16. We are currently expecting that in addition to the three CEA members, Mayo, Kennedy, Shultz and Stans will be asked to testify.

It would appear unnecessary to brief these individuals on the general questions relating to fiscal and monetary policy. The fiscal policy is clearly set forth in the Economic Message. The President has indicated his belief as to the proper course of monetary policy.

However, there are, several specific questions on which preparation is necessary. One such question is the attack on why we abandoned guidelines, as set forth in the Okun study. Another area where care is required is that in discussing possible unemployment we do not use the kind of "buzz words" that will come back to haunt us in the fall should there be a substantial rise in unemployment.

To prepare for questions of this type, I have asked CEA to get together answers and other pertinent information to a list of specific questions. McCracken will then call a brain-storming session of the principals who will be expected to testify. At this session the various replies to specific questions will be discussed, and additional ideas as to other sensitive points will be explored. As additional preparatory work for this meeting, I have had last year's transcript of the Hearings reviewed by Whitehead. Whitehead has also talked to Rumsfeld to get his input as to how best to be prepared for the Hearings.

THE WHITE HOUSE
WASHINGTON

January 6, 1970

McCracken
Walker
Mann
Horton
Flanagan
Rumsfeld

MEMORANDUM FOR

PETER FLANIGAN

I thought that Gene Cowen's comments at this morning's meeting with regard to Fred Harris and his statement about the Democrats issues for 1970 was especially important. Particularly the situation with regard to who is responsible for inflation.

I know that we are working on this, but I think that some thought should be given immediately to our mounting an even greater offensive on this issue to keep the Democrats from confusing it, and secondly to ensure that the monkey rests squarely on their back where it belongs.

To this end, I recommend that you gather the people concerned to solicit their advice in the putting together of a comprehensive "game plan" for this important election year so that we do not lose this issue.

Please keep me advised.


KEN COLE

cc: John Ehrlichman
Bill Safire

MEMORANDUM

HIGH PRIORITY

THE WHITE HOUSE
WASHINGTON

January 9, 1970

CONFIDENTIAL

E. agrees

*I agree with
this approach. Let's
implement it totally
~~and~~ ~~the~~ ~~the~~ ~~the~~
~~the~~ ~~the~~ ~~the~~ ~~the~~
quickly - times
running out.*

MEMORANDUM TO: H. R. Haldeman

FROM: William L. Safire

RE: Dramatization of President's Fight Against Inflation

*H.
1/12/70*

I. Purposes:

- (a) To position the President in the vanguard of the fight against higher prices;
- (b) To expose and embarrass those spenders in Congress currying political popularity at the expense of the consumer and fixed-income public;
- (c) To dramatize the danger of inflation so that its conquest becomes more important to the general public than tax reduction or spending on popular projects;
- (d) To show, during the period of adjustment when patience wears thin at a seeming lack of progress, that the anti-inflation medicine is indeed taking effect; (i.e. to buy time.)
- (e) To ameliorate whatever hardships do come next spring by treating them as evidence of success in averting much greater hardship, like the slight fever that comes with a successful immunization.

II. Kickoff of campaign: "The Price-Rise bill."

- (a.) Identify the HEW appropriations bill as the "price-rise bill" in the President's veto message. Resist all efforts to characterize it as the "education bill." Draw the issue clearly between the "spenders" and the "Inflation fighters."

- (b) Mobilize support groups (see Section III) to write congressman and newspapers to "sustain the President's veto of the Price rise bill."
- (c) Instead of stressing Burns, McCracken and other economic figures as backup to President's tv message, brief and use Mrs. Knauer on consumer prices angle; also Secretary Shultz would be good using idea of bill's passage means price rises which means higher wage settlements which means runaway inflation ---"trigger" effect if Congress caves in.
- (d) Denounce the "inflation lobby" ---the amalgam of lobbyists for the education bill and other spending bills, also the opponents of the postal rate increase and resisters of the new taxes the President will be asking for. Show how they put private-interest ahead of public interest.

III. Support Committees.

- (a) High level: the Committee for a Sound Prosperity, with economists, bankers, businessmen and whatever other well-known respected voices who can sponsor advertising in support of the President.
- (b) General level, especially women and most especially school-teachers: The Price-Fighters League, set up on the same broad basis as the Tell-it-to-Hanoi group, rallying women to the cause of backing the President in fighting high prices. Bumper stickers reading "Veto High Prices", "Be a Price-Fighter", and "Hold that Price Line." Should be financed independently, use tv spots in afternoon hours, set up handouts of literature at supermarket checkout counters.
- (c) Committee of liberal Republicans and Democrats to support excise tax increases on two bases: first, the traditional basis that these taxes will be needed for social programs, and without them the budget is sure to be cut and the great likelihood now is that the cuts will be in domis areas; and a new wrinkle ---taxes on cigarettes

will discourage smoking more than tv commercials, and taxes on gasoline may even cut down the use of cars and the noxious fumes that result in urban areas. Odd angle, but an argument that will pick up some support.

- (d) Republican National Committee should research all opposition to school bond issues, which has been heavy and effective in last year, directing special appeal to them to resist this "schooldoggle". Plenty of Democrats here who feel schools do not deliver money's worth --- a fertile field for crossing party lines to get support from resisters of higher taxes to join this fight.
- (e) Secretaries Stans and Shultz are thinking of setting up "Productivity Committees" --- groups of labor and management meeting locally to introduce note of productivity in wage settlements. This should be explored, and launched with the President in a closed circuit discussion with such committees in several cities.

Special projects:

- (a) The Inflation Index. As of now, the economic indicator most closely watched, and which is the measure of inflation, is the cost of living index. Let's face it --- this will keep rising even if we are successful in slowing down its rate of growth. Thus, it will make our success look like a failure, under a headline "Prices Rise x% Last Month" --- with any slowdown in the rate of increase buried in the story for economists to read and consumers to miss.

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We, or the economists support group, can set up a "Responsibility Rating"-- a measurement for "big spenders," the people who consistently vote inflationary --- for spending, against raising revenues. Ten key votes could be the basis for this measurement: the surtax of last year, the original Gore amendment, the extra GI benefits, the Jolsen amendment of 894 million more for education, and now the HEW appropriation, etc.

Congressmen are highly conscious of their "rating" in measurements like these, since it is a basis for support or attack in their own campaigns. An independent group would be best for the tagging of these spenders "the irresponsibles", and would offer Republican candidates against them a good, simple campaign charge without have to itemize votes that look good enough individually.

- (c) Chamber of Horrors --- a mailing piece and speaking kit detailing what inflation has done in Brazil, how you had to use wheelbarrows of money to buy groceries in prewar Germany, what a continuance of inflation rate would do to savings and pensions in U.S. in future. Conclude with efforts the President has made to cut spending despite a Congress that hasn't realized the danger of inflation. For distribution to General Support Group discussed in III.
- (d) The RNC should buy the rights to the hit song of the musical "Sweet Charity" that is titled "Hey, Big Spender", write some special lyrics, and send out tapes for sound track playing before and after rallies of opposition candidates.

cc: Stein, Magruder

*Chen
copy to Cole*

February 3, 1970

MEMORANDUM FOR PETER FLANIGAN

The JEC hearings on inflation are scheduled for February 16th. Administration witnesses so far scheduled are:

McCracken	February 16
Mayo	February 17
Laird	February 17
Kennedy	February 18

It is also likely that George Schultz will be called.

In preparation, three major themes should be considered:

(1) Everyone from the Administration should have the same facts and figures and take the same position on major policy issues, including like points of democratic criticism.

(2) What we say should be measured against likely or possible trends so that we do not have to backpedal too much later in the year.

(3) Each witness's testimony should emphasize different aspects of the issue, making for better and more coordinated press and TV impact.

The first two points should largely be the responsibility of CEA for getting the necessary information in order. We can help select what information is to be developed and help disseminate it to appropriate witnesses. Treasury is already at work on this and could be very helpful. We should make it a point also to get whatever inputs we can from the "shadow cabinet"; CEA and I should be able to ferret this out from Brookings.

These hearings have a reputation for being dull recitations of endless statistics. That would be dangerous this year because the heavy TV and press coverage planned would give the opposition the opportunity to score with sexy charges and over-simplified interpretations. To avoid this, each of our witnesses should focus on parts of the issue, well presented and with some newsworthy aspects, that when taken as a whole, show competence and confidence. By freeing up each witness from the need to give the whole picture, their time is freed to stress what we want stressed and to take a larger share of the limelight. As a first suggestion, the topics to be stressed might be:

McCracken: General overview (it all fits together and we know where we're going); announce Inflation Watch; begin "jawboning" about the other side of valley syndrome.

Mayo: Priorities, priorities, priorities; fiscal policy.

Laird: Priorities.

Kennedy: Fiscal policy; revenue sharing; international; interest rates.

Schultz: Employment.

(Tack structural issues; JOBS, etc)

Moynihan, Romney, or Schultz (or Rumsfeld): Public interest overview wrap-up including FSS, revenue sharing, inflation, taxes, family impact, consumerism, and the little guy (i.e., we've got a heart too, but we're responsible and know what we're doing).

Another aspect is the partisan backdrop. I doubt that we want to stress this too strongly, but we want to make it very clear where the blame is and is not. In this regard, Brock, Conable, Percy, and Javits should be briefed in advance and asked to direct their statements and questioning to some extent toward that end. In particular, it would be useful to get some of this in Javits' opening statement.

Additionally, Rumsfeld suggests that it would be very useful to have Laird discuss presentation, tactics, etc., with the other witnesses who have not had so much experience with the Hill.

I suggest a meeting in your office to discuss such a scenario as soon as possible. A draft memo is attached.

Clay T. Whitehead
Staff Assistant

Attachment

cc: Mr. Whitehead
Mr. Kriegsman
Central Files

CTWhitehead:jm

THE WHITE HOUSE

WASHINGTON

Rumsfeld

Mays - budget re-cuts, priorities, etc.
(Land)

Kennedy - rev sharing, intl, fiscal

M^{EC} - jawboning B.

Schultz - unemp

Moyrhan ? overall FSS, rev share,
inflation, taxes, family
import wrap-up.

Webster - how get partition backstop in
Janets opening statement

Dir Brock, Connable, Perry briefed
for same purposes.

Shadow cabinet inputs.

Schulze Heller Shum etc.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Feb 16th / Got even report

Webster

diff emph - orchestrate / avoid dupli & repetition

M^cC¹⁰/K⁸/M¹¹/B

econ cond | budget | monetary
int'l / fiscal

Schultz - called?
among more genl.

Stans - keep informed

unemf. int rates
public interest - consumerism, little gov
credit controls - why not using authority -
jamboning, tax policy / surtax
BoP

response ideas
same answers in gen
diff emph.
list of posns.

Profound
tune to household
priorities & spending
Patrons
int rates

avoid dull statistical presentation