

THE WHITE HOUSE

WASHINGTON

August 17, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

COUNSELLOR RUSH
L. WM. SEIDMAN

SUBJECT:

Summit Conference on Inflation

This memorandum sets out for your approval a basic plan for the summit conference on the economy that you agreed to preside over in your August 12th speech to the Congress.

Goals to be Achieved From the Summit Conference

Goals which should guide the planning and conduct of the Economic Summit Conference are:

1. The Summit should clarify the realities of the nation's present economic condition.
2. The Summit must seek to develop a consensus on the basic policies which should be adopted to deal with the problem of inflation. This consensus could take the form either of specific agreements adopted as conference positions or of a statement of a comprehensive Administration position.
3. Consensus on the need for fiscal restraint through control of the federal budget is the first action to be sought. Also a dialogue on monetary policy will seek agreed objectives in this area. Consensus also should emerge on the need for responsible private wage and price behavior and a national effort to increase productivity.
4. New and realistic approaches to combating inflation will be sought and explored. No attempt will be made to reach agreements on these new approaches at this time.

5. Areas of hardship needing immediate action will be determined for recommended action.

Steering Committee

A steering committee of perhaps eight people will be formed from Executive and Legislative Branches and will be designated to provide overall direction for the meeting.

Format Preparation

A series of presummit conferences involving various sectors of the economy will be held. Both legislative and congressional leaders will attend and each will be chaired by a Cabinet officer (condensed timetable at Tab A).

Each meeting will receive an economic briefing from the CEA on current economic situation and policy. Attendees will be asked to come prepared to present and discuss their view on how to control inflation. An attempt will be made to focus on fundamentals -- fiscal and monetary policy. A part of the meeting may be public.

A special group of professional nongovernmental economists will be formed under the direction of CEA. They will meet with the President and then prepare presentations for the summit conference.

Substantive Preparation

A very brief statement on the present economic situation and outlook and current economic policy will be developed by the Council of Economic Advisers to be issued to those participating in the Summit Conference on Inflation. To help the Administration provide leadership in framing fiscal policy as the key issue, OMB has outlined different options for achieving desired budget reductions. It has also prepared materials focussing on uncontrollable and controllable budget items, available programs for public service jobs, and the costs of additional public employment. In addition, you will want to encourage Cabinet officers to seek a consensus as to monetary policy, wage and price restraint, and increased productivity in each meeting associated with the summit.

First Summit Conference

The series of meetings between the Administration, the Congress, and representatives of the private sector would culminate in a two-day

Summit conference prior to October. It will be open to the public. This meeting, presided over by the President, would include participants from each of the groups invited to the preliminary meetings and would hopefully result in a public expression of commitment and willingness to accept the necessary sacrifices.

Possible Second Summit Conference

If the first summit is considered successful, a second series of meetings, similar in composition to the first ones, might be held. Other less fundamental steps designed to help combat inflation would be emphasized. A second summit conference in late November would focus on special legislation and new ideas for use in the Administration position to be a part of the State of the Union and Budget messages in January 1975.

WHITE HOUSE MEETINGS

1. August 20, 1974 (AM) Congressional leaders as designated by the leadership of the Congress. President outlines what he hopes to accomplish substantively through the economic summit and describes the preparatory steps to the summit. Asks for their comments and suggestions on proposed program.

2. August 22 or 23, 1974
(optional) Cabinet meeting. President briefs the Cabinet on outcome of meeting with Congressional leaders and on the summit plans.

3. August 26 or 27, 1974 Academic, business and labor economists. CEA discusses the current state of the economy and possible new approaches to dealing with the problem. Request analysis and recommendations from this group for use in summit.

4. September 4, 1974 Labor leaders. President outlines plans for the economic summit, discusses economic situation, seeks advice from them to report at summit.

Department Meetings -- Weeks of September 4 - 18

These meetings will have broad participation of leaders in sectors involved. Total number of participants will vary from 25-50, depending upon subject, and will include representation from the relevant Committees of Congress.

Meetings will open with brief survey by relevant officials of the current economic situation and an explanation of existing policy.

Participants will then be invited to comment on current situation and policies and to offer new ideas.

Each meeting will produce a report of its analysis and recommendations for use at the summit.

Meetings will be as follows:

1. Business -- Dent to take overall responsibility for sub-meetings, as follows:
 - a. Housing and Construction -- Lynn
 - b. Utilities and other regulated industries -- Brinegar
 - c. The service sector -- Dent
 - d. Manufacturing -- Dent
2. Banking & Finance -- Simon
3. Agriculture -- Butz
4. State & Local Government -- Lynn
5. Consumers and other Public Interest Groups -- Weinberger

Agenda:

For maximum results, it is important that a carefully drawn agenda be prepared for each of the departmental meetings and for the meeting with the economic leaders.

Summit -- September 26-27

All participants in presummit meetings will be at the summit. However, each sector meeting will choose several of its own members, perhaps a maximum of 10, to take an active role in presenting its report and engaging in discussion at the summit. The others would participate as observers and in a question period during the meeting.

Major Elements of Current Economic Policy

The widespread opinion among all segments of American society concurs that inflation is the Nation's number one problem. We can scarcely underestimate its impact. A prolonged period of unchecked, double digit inflation poses a severe threat to the economic and social structure of the United States.

Accordingly, our current economic policy is, by necessity, anti-inflationary in character. The major weapons of our overall anti-inflationary arsenal are continued emphasis on responsible and mildly restrictive fiscal and monetary policies, which are supplemented and supported by strong measures and programs to:

1. increase productivity and efficiency;
2. promote conservation;
3. encourage international cooperation and problem-solving;
4. monitor current wage and price developments;
5. solve the problems of specific troublesome sectors such as housing, small business, utilities, financial markets, and food and energy; and
6. minimize unemployment and alleviate the hardships borne by the unemployed.

Inflation, and the policies designed to bring about a moderation of inflationary pressures, have an impact on each and every one of us.

With this important recognition in mind, we hope to explore the full range of consequences implied by our current anti-inflationary prescriptions in the Summit Conference on Inflation called for by the President. We hope this Conference will successfully bring forth more opinions, promote greater understanding of the problem, and encourage the development of new ideas and solutions.

THE WHITE HOUSE

WASHINGTON

August 20, 1974

MEMORANDUM FOR: THE PRESIDENT

FROM: KENNETH RUSH
L. WM. SEIDMAN

SUBJECT: Summit Conference on Inflation

This memorandum sets out a basic plan for the summit conference on the economy.

Goals to be Achieved From the Summit Conference

Goals which should guide the planning and conduct of the Economic Summit Conference are:

1. The Summit should clarify the realities of the nation's present economic condition.
2. The Summit must seek to develop a consensus on the basic policies which should be adopted to deal with the problem of inflation. This consensus could take the form either of specific agreements adopted as conference positions or of a statement of a comprehensive Administration position.
3. Consensus on the need for fiscal restraint through control of the federal budget is the first action to be sought. Also a dialogue on monetary policy will seek agreed objectives in this area. Consensus also should emerge on the need for responsible private wage and price behavior and a national effort to increase productivity.
4. New and realistic approaches to combating inflation will be sought and explored. No attempt will be made to reach agreements on these new approaches at this time.
5. Areas of hardship needing immediate action will be determined for recommended action.

Steering Committee

A steering committee of eight people will be formed from Executive and Legislative Branches and will be designated to provide overall direction for the meeting. The Executive representation on the committee will be Messrs. Rush, Ash, Simon, and Greenspan. Mr. Seidman will act as executive director.

Format Preparation

A series of presummit conferences involving various sectors of the economy will be held. Both legislative and congressional leaders will attend and each will be chaired by a Cabinet officer (schedule attached).

Each meeting will receive an economic briefing from the CEA on current economic situation and policy. Attendees will be asked to come prepared to present and discuss their view on how to control inflation. An attempt will be made to focus on fundamentals -- fiscal and monetary policy. A part of the meeting may be public.

A special group of professional nongovernmental economists will be formed under the direction of CEA. They will meet with the President, prepare presentations for the summit conference, and attend the sector meetings.

Substantive Preparation

A very brief statement on the present economic situation and outlook and current economic policy will be developed by the Council of Economic Advisers to be issued to those participating in the Summit Conference on Inflation. To help the Administration provide leadership in framing fiscal policy as a key issue, OMB has outlined different options for achieving desired budget reductions. It has also prepared materials focussing on uncontrollable and controllable budget items, available programs for public service jobs, and the costs of additional public employment. A consensus as to monetary policy, wage and price restraint, and increased productivity will be sought in each meeting associated with the summit.

First Summit Conference

The series of meetings between the Administration, the Congress, and representatives of the private sector would culminate in a two-day

Summit conference on September 30 and October 1. It will be open to the public. This meeting, presided over by the President, would include participants from each of the groups invited to the preliminary meetings and would hopefully result in a public expression of commitment and willingness to accept the necessary sacrifices.

SCHEDULE

Presidential Pre-Summit Meeting

1. August 20, 1974 (AM) Congressional leaders as designated by the leadership of the Congress. President outlines what he hopes to accomplish substantively through the economic summit and describes the preparatory steps to the summit. Asks for their comments and suggestions on proposed program.
2. August 26, 1974 Cabinet, CEA, and OMB meetings. President briefs the Cabinet on outcome of meeting with Congressional leaders and on the summit plans. OMB briefs on budget alternatives. CEA gives current economic situation.
3. August 28, 1974 Academic, business and labor economists. President with aid of CEA discusses the current state of the economy and possible new approaches to dealing with the problem. Request analysis and recommendations from this group for use in summit and their participation in other sector meetings.
4. September 4, 1974 Labor leaders. President and Secretary of Labor outline plans for the economic summit, discuss economic situation, seek advice from them to report at summit.

Cabinet Officer's Pre-Summit Meetings -- September 9-23

These meetings will have broad participation of leaders in various sectors as follows:

1. Business -- Dent to take overall responsibility for sub-meetings, as follows:
 - a. Housing and Constructions -- Lynn
 - b. Utilities and other regulated industries -- Brinegar
 - c. The service sector -- Dent
 - d. Manufacturing -- Dent

2. Banking and Finance -- Simon
3. Agriculture -- Butz
4. State and Local Government -- Lynn
5. Consumers and other Public Interest Groups -- Weinberger
6. Other meetings may be scheduled if considered desirable.

Detailed planning and responsibility for meetings will be with the Cabinet officer involved.

Total number of participants will vary from 25-50, depending upon subject, and will include representation from the relevant committees of Congress.

Meetings will open with brief survey by officials of the current economic situation and an explanation of existing policy.

Participants will then be invited to comment on current situation and policies and to offer new ideas.

Each meeting will produce a report of its analysis and recommendations for use at the summit.

Agenda:

For maximum results, it is important that a carefully drawn agenda be prepared for each of the departmental meetings and for the meeting with the economic leaders.

Summit -- September 30 - October 1

All participants in presummit meetings will be at the summit. However, each sector meeting will choose several of its own members, perhaps a maximum of 10, to take an active role in presenting its report and engaging in discussion at the summit. The others would participate as observers and in a question period during the meeting.