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THE PRESIDENT HAS SEEN. *dr.*

THE WHITE HOUSE
WASHINGTON

September 11, 1974

MEMORANDUM FOR THE PRESIDENT

THROUGH:

GENERAL ALEXANDER HAI *(signature)*

FROM:

JERRY H. JONES *(signature)*

Bill Seidman asked that the attached letter be forwarded for your information. We will see that an appropriate response is prepared after your review.

Please answer in full.
JH

*original of letter
sent to Seidman*

UNITED AIR LINES

P.O. Box 66100, Chicago, Illinois 60666

OFFICE OF THE PRESIDENT

September 4, 1974

The Honorable Gerald R. Ford
President
The White House
Washington, D.C. 20500

Dear Mr. President:

As a businessman, but more importantly, as an American citizen, I want to express to you the confidence I feel in your new Administration. Your openness and candor, your selection of Nelson Rockefeller, and the prompt and direct way with which you have addressed the National business -- all these things have given a new lift and spirit to all of us.

This letter, however, is to offer more than my congratulations.

More than a month ago, deeply concerned over the economic and social damage being wrought by inflation, I sat down to draft the text for a National newspaper and magazine advertisement suggesting a Congressional and Executive-branch economic action program. The first sentence of my text read as follows: "Inflation is America's public enemy number one." I was delighted to hear you use the same phrase in one of your first statements as President. This was the principal thrust of my conversation with you in your office on June 18, 1974.

Now with your plans to hold an Economic Summit Conference, may we respectfully share these comments with you.

1. Federal Budget Reduction

Many people across the country will give you widespread support for this, not only among Republicans and representatives of the business community, but also among middle-income and working families. I certainly find support for it among the many United employee groups with which I come in contact. I am sure the professional economists are correct in saying that any such reductions -- be they \$2, \$5 or \$10 billion -- will not have any immediate impact on inflation. But

1. Federal Budget Reduction - continued

they will have an important psychological impact, right now, on all sectors of the private economy. And it is the psychology of inflation, in my judgment, which we must combat now as much as some of its tangible outward symptoms.

2. Wage-price policy

We applaud your statement that wage-price controls will not be established. We equally applaud your reinstatement of a Cost of Living Council.

For the time being, perhaps your most effective acts could be those which call public attention to wage-price actions which you deem to be inflationary and not in the public interest. Your statement directed toward the General Motors price increases certainly had an immediate effect. In the spirit of fairness, it will be necessary to make similar statements about demands of organized labor. That will be politically difficult but the cure of inflation is everybody's problem. I am sure you will not hesitate to make similar statements regarding actions by organized labor. Since you are known as a man of fairness, both labor and business will, I feel, accept without resentment your public and private calls for wage-price restraint in the National interest.

3. Tax Reform

The growing need of American industry for expansion, new plant and equipment, and other measures which will add to productivity and maintain our competitive position internationally is well documented. We at United, for instance, estimate our capital needs for expansion over the next 10 years could be as much as \$8 billion depending upon the rate of airline traffic growth. Under present circumstances, this capital will be extremely difficult to generate. For that reason, we hope you will consider supporting a liberalization of the investment tax credit.

4. Credit Policy

You surely receive thousands of letters daily asking you to "do something about the Fed." Yet, up until now, the Fed has had little choice but to act as it has in the absence of other governmental

4. Credit Policy - continued

anti-inflation steps. If budget reductions can be made; if wage-price increases can be voluntarily restrained, under the influence of your active leadership; then your influence to bring about a subsequent measured easing of credit policy should follow. The housing industry, our thrift institutions, and other industry badly needing capital are all being squeezed by the present policy. Beyond that, higher interest rates are themselves adding fuel to inflation as they are passed along in the costs of goods and services.

I have placed emphasis on those steps which many believe would have the most immediate and apparent psychological impact. The feeling that someone is doing something, and is doing it fairly, will in my judgment be the most important first step toward stemming the inflationary tide.

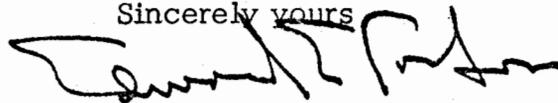
*How to
H. J. ...
X*

At the same time, if the new Cost of Living Council, or The White House itself, will take the initiative in publicizing and rewarding those companies, industries and unions which take tangible steps toward fighting inflation, it would provide considerable motivation. We all remember the big "E" flags which were awarded during World War II. Couldn't something like this be revived now? I doubt that there is a company in America that could not make economies which previously have been overlooked. We at United, for instance, under pressure of last year's fuel squeeze, instituted a number of cost saving programs and policies which would probably not otherwise have been considered. A tangible, symbolic reward for such actions would, I am certain, help stimulate more of them.

Finally, Mr. President, may I and my colleagues at United offer any volunteer assistance to you and your economic program that we might possibly extend. This ranges from providing of information, to loan of staff, to assistance in mobilizing others in our industry. We agree with you that inflation is public enemy number one. You can count on us to help fight it.

With best wishes for success.

Sincerely yours



Edward E. Carlson
President

EEC:a

THE WHITE HOUSE
WASHINGTON

September 16, 1974

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SEIDMAN
FROM: JERRY H. JONES 
SUBJECT: Attached Letter from
Edward Carlson

The attached letter to the President from Edward E. Carlson, President, United Air Lines, has been reviewed and the following notation was made:

-- Please answer in full.

Please submit the response to the Office of the Staff Secretary for signature.

Thank you.

cc: Al Haig