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THE WHITE HOUSE

WASHINGTON

March 25, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

BILL SEIDMAN

FROM:

JIM CONNOR *JEC*

SUBJECT:

Letter from Barton A. Cummings

The attached letter was returned in the President's outbox with the following notation:

"Bart Cummings is old friend (he and I played football against one another. He at Illinois)

Write and thank with any comments on his suggestion. I should sign."

Please follow-up with appropriate action.

cc: Dick Cheney

Attachment

Letter from Barton A. Cummings  
Compton Advertising Inc. dated 3/23/76

*Letter dated April 30 sent  
5/5/76*

THE WHITE HOUSE  
WASHINGTON

Bill Newman

Bob Learning is  
old friend (he + I played  
football against one + another.  
He at Illinois)

Wrote + Thank with  
any comments on his suggestion.  
I should sign.

THE PRESIDENTIAL ELECTION

# COMPTON ADVERTISING, INC.

625 Madison Avenue, New York, N. Y. 10022

TELEPHONE: (212) 754-1100

BARTON A. CUMMINGS  
Chairman/Executive Committee

March 23, 1976

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

Dear Mr. President:

Here's a suggestion that I hope will help ensure your election next November.... Call a meeting of top business and labor officials to a confidential White House conference to discuss alleviating the unemployment problem. The purpose would be to urge the business community and labor to produce a program together that will put millions of unemployed people back to work. The incentive would be a tax credit for business as a reward for hiring and training people that business currently does not require.

Several suggestions to overcome the unemployment problem have come from many quarters, as you well know. To the best of my knowledge, all of them put the burden fully on the back of the government. This is wrong. The burden should be shared by business, labor and government in a free economy such as ours.

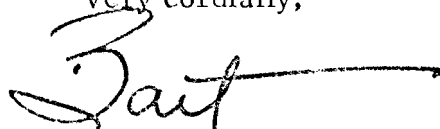
The economists who advise you will agree that if put into practice this idea can result in an "income multiplier effect." Rather than burden you with the mathematical formulas for multipliers, let me state that a theoretical calculation of employing one person works out to a multiplier of 6. This means that if a person (who gets a job under a tax credit) earns and spends \$6,000 a year, the multiplier effect results in \$30,000. Since we can assume that the job holder will be paying taxes, as will the multiplier effect of those who also use this same money, the chances are very good that the tax credit offered in the first place for the hiring of an individual will be almost totally recouped by the government in taxes as a final result.

Attached hereto is an example of the possible effect on Federal tax revenues.

Even though this plan may cost the government a modest sum, it will be far less than putting the burden solely upon the back of the government. If you, Mr. President, put this plan into motion, you should receive the full benefit from it. You should receive credit from labor for being concerned about jobs, and if you can get labor to support you next November, you will be elected President.

Kindest personal regards.

Very cordially,



Barton A. Cummings

	<u>Income</u>	<u>Estimated Tax Rate on Gross Income</u>	<u>Change in Federal Tax Revenue</u>
			-\$5,000 (tax credit)
New Job Holder	\$ 6,000	9%	+\$ 540
Everybody Else	\$ 30,000	15%*	+\$ 4,500
TOTAL	\$ 36,000		+\$ 40

is assumes that the average of everybody else's gross income is in the high teens.