

The original documents are located in Box 4, folder “Economic Review” of the Richard B. Cheney Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE WHITE HOUSE
WASHINGTON

hold
Don't read

MEMORANDUM TO THE PRESIDENT

FROM: L. WILLIAM SEIDMAN

SUBJECT: ECONOMIC REVIEW: SUMMARY OF DECISIONS

Attached is a brief summary of the decisions reached during the Economic Review in Vail on Saturday, December 28, 1974.

Economic Review
Saturday, December 28, 1974
Vail, Colorado

By WAP NARS date 5/2/85

Summary of Decisions

Attendees: The President, Secretary Simon, L. William Seidman, Alan Greenspan, Roy L. Ash, Arthur Burns, Secretary Lynn, William D. Eberle, Donald Rumsfeld, Frank Zarb, Kenneth Cole, Thomas Enders, Ron Nessen, Richard Cheney, Milton Friedman, Roger Porter.

I. General Review of the Economy and Thrust of Economic Policy

Decisions

1. The need for restraint in budget outlays requires that no new spending programs be proposed in 1975.
2. Moreover, restraint in budget outlays requires reform of unnecessary or inefficient current programs.
3. The current economic situation requires a stimulus in the form of a tax cut. (See VII)

II. Housing

Decisions

1. Extend the Tandem Plan for conventional mortgages into the new year using the \$600 million to \$750 million expected end year residual.
2. Secretary Lynn will explore with the Hill an additional two-tier Tandem Plan program which could be implemented without additional legislation.

III. Automobiles

Decisions

1. No specific measures to aid the automobile industry will be proposed.
2. The trucking industry should be encouraged to submit their comments on the DOT regulation on air brake systems.

IV. Agriculture

Decisions

1. The President will veto the bill raising milk price supports to 85% of parity.
2. Secretary Butz has indicated that he will support and promptly announce USDA action to raise the milk price support level to 80% of parity.

V. Wage and Price Restraint

Decisions

1. The Administration will not request any additional powers for the Council on Wage and Price Stability.
2. The Administration will announce that progress has been made (U.S. Steel, etc.) and that COWPS is expected to pursue such efforts vigorously.
3. The President will include in his State of the Union Message a call for restraint in both wage and price increases.

VI. Lender of Last Resort

Decisions

1. Treasury and the Federal Reserve Board will work together to prepare legislation for an RFC type institution.
2. This legislation will not be proposed or mentioned in the State of the Union Message

VII. Taxes

Decisions

1. The surtax will not be resubmitted to the Congress.
2. The investment tax credit and deductions for preferred stock dividends will be retained as part of the economic program.
3. A 5% cap in the increase in cost of living-escalators for such programs as social security, civil service retirement pay and veterans retirement pay will be

proposed along with a 5% cap in federal employee comparability pay increases for the coming year. These proposals would realize about \$5 billion savings in federal outlays.

Tax Proposals and Options Paper

4. Step I -- Issue 1
Option A (A proposed moratorium on new spending programs)
5. Step I -- Issue 2
Option A (One year duration of temporary tax reduction)
6. Step I -- Issue 3
Size of temporary tax cut -- \$15 billion (Tentative)
7. Step I -- Issue 4
Division between Individuals and Corporations
A decision will be postponed until after the meeting of the Labor-Management Committee.
8. Step I -- Issue 5
Option A (Form of a temporary tax cut for individuals)
Lump sum rebate (Tentative) Treasury will work on details.
9. Step I -- Issue 6
Option A (Form of a temporary tax cut for corporations)
An increase in the investment tax credit. Treasury will develop the details including a broadening to include as many businesses as possible and a revision of the basis adjustment change originally proposed in the October 8 Message.
10. Step II -- Issue 1
Option A \$2 per barrel crude oil tax
11. Step II -- Issues 2,3, and 4
The ERC will prepare a paper outlining the options for the President by January 5.
12. Step II -- Issue 5
Division of allocation of offsetting tax reduction between individuals and corporations.
A decision will be postponed until after the meeting of the Labor-Management Committee.
13. Step II -- Issue 6
Use of crude oil tax revenues to create energy conservation incentives. Recommendation adopted.

14. Step II -- Issue 7
Option C (Form of the tax cut for individuals)
Option C tentatively selected subject to review after the Treasury prepares the specifics of what this would mean for each income level.
15. Step II -- Issue 8
Option A (A negative surtax or cut in the corporate tax rate)
16. Step II -- Issue 9
The Administration will not propose any additional compensatory measures for the poor who cannot benefit from a tax reduction beyond the assistance entailed in increases in the CPI.