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THE PRESIDENT HAS SEEN...

THE WHITE HOUSE

WASHINGTON

August 13, 1974

MEMORANDUM FOR: THE PRESIDENT

FROM: KENNETH RUSH *K. R.*

Subject: Cost of Living Task Force Legislation

There are several bills before the Congress dealing with the Cost of Living Task Force, but two seem to be the most important. The first (at Tab A) is the Administration bill introduced by Senators Tower and Sparkman. The second (at Tab B) is the bill introduced today by Senator Bentsen.

Hearings begin tomorrow in the House Banking and Currency Committee on this legislation. Roy Ash will be testifying for the Administration. On Thursday, I will be testifying before the Senate Banking, Housing, and Urban Affairs Committee on this legislation. Thus, we need to determine which bill will be backed by the Administration. The meeting that Bill Timmons, Roy Ash and I have requested with you at 5:30 is to discuss this legislation and the recommendation of your economic advisers which is indicated below.

Recommendation

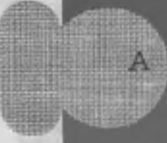
That the Administration back the Administration bill at Tab A. Concurring in this recommendation are Secretary Simon, Roy Ash, Herb Stein, Ambassador Eberle, and I. *B. Timmons*

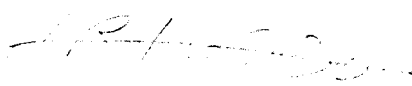
Agree  \_\_\_\_\_

Disagree \_\_\_\_\_

Attachments:

Tabs A and B





DRAFT OF PROPOSED LEGISLATION ESTAB-  
LISHING COST OF LIVING TASK FORCE

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MESSAGE

FROM

**THE PRESIDENT OF THE UNITED STATES**

TRANSMITTING

A DRAFT OF PROPOSED LEGISLATION TO ESTABLISH THE  
COST OF LIVING TASK FORCE



AUGUST 5, 1974.—Message and accompanying papers referred to the  
Committee on Banking and Currency and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

38-011

WASHINGTON : 1974

## LETTER OF TRANSMITTAL

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THE WHITE HOUSE.

August 2, 1974.

*To the Congress of the United States:*

Earlier this year, before the expiration of the legislation authorizing the Cost of Living Council, I proposed to the Congress that a residual group within the Executive Office of the President be authorized to monitor wages and prices, as an on-going part of our fight against inflation. The Congress did not act on this proposal.

In my economic address on May 25 of this year, I called for the establishment of a Cost of Living Task Force to monitor wages and prices. Again, no Congressional authorization was forthcoming. While I continue to oppose mandatory wage and price controls, it is essential that wages and prices be carefully watched, that labor and management be constantly aware of public concern in this area, and that Government have the information it needs to persuade labor and management to do their duty in the effort to reduce inflation. We have carried out this monitoring function as best we can with our existing resources, under the leadership of my Counsellor for Economic Policy, Kenneth Rush. The need for a properly authorized group continues, however, and it now appears that many Members of the Congress are prepared to reconsider their earlier opposition to my proposal for such a group. A Senate spokesman for the majority party of the Congress is now advocating such a proposal.

Therefore, I am today transmitting a legislative proposal to establish a Cost of Living Task Force. I invite all those who have come to see the need for this proposal to join as bipartisan co-sponsors in this vital step in our fight against inflation.

RICHARD NIXON.

(11)

A BILL To establish the Cost of Living Task Force

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, this Act may be cited as the Cost of Living Task Force Act.

SEC. 2. (a) The President is authorized to establish, within the Executive Office of the President, a Cost of Living Task Force (hereinafter referred to as the Task Force).

(b) The Task Force shall consist of the Counsellor to the President for Economic Affairs, who shall be its Chairman, the Chairman of the Council of Economic Advisers, who shall be its Vice Chairman, the Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Labor, the Director of the Office of Management and Budget, the Special Assistant to the President for Consumer Affairs, and such other members as the President may, from time to time, designate or appoint.

(c) There shall be a Director of the Task Force who shall be appointed by the President and be a member of the Task Force. The Director shall be compensated at the rate prescribed for level IV of the Executive Schedule by Section 5315 of Title 5 of the United States Code. There shall be a Deputy Director of the Task Force who shall be appointed by the President and be compensated at the rate prescribed for level V of the Executive Schedule by Section 5316 of Title 5 of the United States Code. The Director of the Task Force shall be the Chief Executive officer of the Task Force and shall perform such functions as the President or the Chairman of the Task Force may prescribe. The Deputy Director shall perform such functions as the Chairman or the Director of the Task Force may prescribe.

(d) The Director of the Task Force may appoint, employ, and fix the compensation of such officers and employees, including attorneys, as are necessary to perform the functions of the Task Force and to prescribe their duties. In addition to the number of positions which may be placed in GS-16, 17, and 18 under existing law, the Director, with the approval of the Chairman of the Task Force, may, without regard to the provisions of Title 5 of the United States Code relating to appointments in the competitive service, place, not to exceed five positions in GS-16, 17, and 18 to carry out the functions of the Task Force.

(e) The Director of the Task Force may employ experts, expert witnesses, and consultants in accordance with the provisions of Section 3109 of Title 5 of the United States Code, and compensate them at rates not in excess of the maximum daily rate prescribed for GS-18 by Section 5332 of Title 5 of the United States Code.

(f) The Director of the Task Force may, with their consent, utilize the services, personnel, equipment, and facilities of Federal, State, regional, and local public agencies and instrumentalities, with or without reimbursement therefor, and may transfer funds made available pur-

suant to this Act to Federal, State, regional, and local public agencies and instrumentalities as reimbursement for utilization of such services, personnel, equipment, and facilities.

SEC. 3. (a) The Task Force shall—

(1) review and analyze industrial capacity, demand, and supply in various sectors of the economy, working with the industrial groups concerned and appropriate governmental agencies to courage price restraint:

(2) work with labor and management in the various sectors of the economy having special economic problems, as well as with appropriate government agencies, to improve the structure of collective bargaining and the performance of those sectors in restraining prices:

(3) improve wage and price data bases for the various sectors of the economy to improve collective bargaining and encourage price restraint:

(4) conduct public hearings necessary to provide for public scrutiny of inflationary problems in various sectors of the economy:

(5) focus attention on the need to increase productivity in both the public and private sectors of the economy:

(6) monitor the economy as a whole by acquiring as appropriate, reports on wages, costs, productivity, prices, sales, profits, imports, and exports.

SEC. 4. Any Department or agency of the United States which collects, generates, or otherwise prepares or maintains data or information pertaining to the economy or any sector of the economy shall, upon the request of the Chairman of the Task Force, make that data or information available to the Task Force.

SEC. 5. The Task Force will report to the President, and through him to the Congress, from time to time, concerning its activities, findings, and recommendations with respect to the containment of inflation and the maintenance of a vigorous and prosperous peace-time economy.

SEC. 6. There is hereby authorized to be appropriated \$1,000,000 for fiscal year 1975 to carry out the purposes of this Act.

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S. \_\_\_\_\_

IN THE SENATE OF THE UNITED STATES

Mr. BENTSEN

introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

**A BILL**

To establish a Cost of Living Task Force, and for other purposes.

(Insert title of bill here)

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Cost of Living Task Force Act of 1974".*

FINDINGS AND PURPOSE

Sec. 2. (a) Inflation poses a significant danger to the economic well-being of the Nation. Rapidly rising price levels are reducing the living standards of millions of Americans and threatening the health of commercial enterprises and public institutions. It is incumbent upon all levels of government, business, and wage earners to dedicate themselves to a national effort of cooperation, innovation, and restraint in order to reduce the present rate of inflation.

(b) It is the purpose of this Act to contribute to the stabilization effort by focusing public attention on private and governmental

actions which have a materially positive or negative impact upon national price stability, including those actions directly affecting the rate of inflation, such as changes in prices, wages, productivity, manufacturing and agricultural capacity, governmental compliance costs as well as actions indirectly affecting price levels by their impact on the supply of and demand for goods and services.

#### COST OF LIVING TASK FORCE

Sec. 3. (a) To carry out the purposes of this Act, there is hereby established an independent agency to be known as the Cost of Living Task Force (hereinafter referred to as the "Task Force").

(b) The Task Force shall be composed of five members appointed as follows:

(1) two members to be appointed by the President; and

(2) three members appointed by the Congressional leadership, consisting of the President pro tempore of the Senate, the majority and minority leaders of the Senate, the Speaker of the House of Representatives, and the majority and minority leaders of the House of Representatives.

All members must have such academic or practical experience as to enable them to assess the economic impact of price increases, wage settlements, governmental actions, or changes in capacity or productivity levels on the nation's overall price stability and economic growth. No member shall hold any other position for which he receives compensation.

(c) The Task Force shall elect a Chairman and Vice Chairman from among its members.

(d) Three members of the Task Force shall constitute a quorum, and any vacancy in the Task Force shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(e) Each member of the Task Force may receive compensation at the rate provided for an individual occupying a position under level II of the Executive Schedule under section 5313 of title 5, United States Code, and may be reimbursed for travel expenses, including per diem in lieu of subsistence as authorized by section 5702 of title 5, United States Code.

#### DUTIES OF THE TASK FORCE

Sec. 4. It shall be the duty of the Task Force to monitor the economy as a whole and to develop and recommend to private parties, the President and the Congress, policies and procedures to achieve and maintain price stability in a growing economy, and to advise those parties, government agencies and the public at large of any action or anticipated action which would have a materially adverse impact on price stability. In carrying out this duty the Task Force shall--

(1) Collect in a central location all data presently available to the Government for the various sectors of the economy on anticipated supplies and demand for essential goods and services, capacity utilization, recent and expected productivity performance, and the availability of under-utilized technology and skilled labor for the production of such essential goods and services as well as available data on price and wage performance.

(2) Evaluate the reasonableness of price increases which would have a material effect on the price stabilization effort taking into consideration cost fluctuations, productivity changes, historical profit levels and the need for capital expansion or modernization in order to meet current or expected demand; provide consultation and recommendations whenever possible prior to the announcement of price increases, and advise the private parties, the President, the Congress and the public at large of any price increases it

determines to be unreasonable and having a materially adverse impact on the national stabilization effort.

(3) Evaluate the reasonableness of wage increases which would have a material effect on the price stabilization effort, taking into consideration cost of living increases, productivity changes, historical differentials between employee groups and the need for attracting additional numbers of skilled personnel to an activity in order to meet current or expected demand; provide consultation and recommendations prior to the announcement of wage settlements whenever possible, and advise the private parties, the President, the Congress, and the public at large of any wage increases it determines to be unreasonable and having a materially adverse impact on the national stabilization effort.

(4) Advise the President and the Congress on the impact on price stability of any governmental actions announced or anticipated which would materially increase present price levels and the impact of changes in existing governmental policies which would materially reduce present price levels.

(5) Recommend to the President and the Congress as well as private parties, what actions can be taken to increase the supplies of goods and services where anticipated output is not expected to satisfy anticipated demand at reasonably stable price levels.

(6) Recommend to the President and the Congress as well as private parties what actions can be taken to increase productivity in both the public and private sectors of the economy.

(7) Report to the President and the Joint Congressional leadership within one year on the effectiveness of existing institutions within the federal government for dealing with inflation and recommend such changes as may be necessary to improve that performance and provide for an orderly termination of the activities of the Task Force.

(1) to employ an Executive Director who shall be compensated at the rate provided for an individual occupying a position under level IV of the Executive Schedule under section 5315 of title 5, United States Code;

(2) to appoint and fix the compensation of such additional personnel as may be necessary, subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates;

(3) to appoint such advisory committees, including representatives of consumers, wage earners, and management, as it deems appropriate for the purpose of consultation and advice and provide compensation for members of such committees at rates not exceeding the highest rate authorized for individuals under grade 18 of the General Schedule under section 5332 of title 5, United States Code, plus reimbursement for travel expenses, including per diem as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently; and

(4) to employ experts and consultants as authorized by section 3109 of title 5, United States Code, for the performance of functions under this title, at rates not to exceed the per diem equivalent of the highest rate for grade 18 of the General Schedule under section 5332 of title 5, United States Code.

(b) The Chairman of the Task Force or his delegate, is authorized to hold such public hearings as may be necessary and to sign and issue subpoenas for the attendance and testimony of witnesses and the production of relevant books, papers and other documents, on costs, profits, and related data and to administer oaths.

Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. Reasonable reproduction costs incurred in compliance with subpoenas for documents will be born by the Task Force. In case of refusal to obey a subpoena served upon any person under the provisions of this section, the Chairman, or his delegate, may request the Attorney General to seek the aid of the United States district court for any district in which such person is found to compel that person, after notice, to appear and give testimony, or to appear and produce documents before the Task Force.

(c) The Task Force may request economic information from any department or agency of the United States, and such department or agency shall provide such information to him unless the disclosure of such information to another Federal agency, is expressly prohibited by law. If the information requested was collected by the other Federal agency as confidential, the restrictions on the use of that information applies to the Task Force in the same manner as the collecting agency. The Chairman may also request economic information from State and local governments including agencies and instrumentalities thereof.

#### ~~TREATMENT OF CONFIDENTIALITY AND DISCLOSURE OF INFORMATION~~

Sec. 6. All information obtained by any person exercising authority under this Act which contains or relates to a trade secret, proprietary information, or other matter referred to in section 1905 of title 18, United States Code, shall be considered confidential for the purposes of that section, except that such information may be disclosed to other persons empowered to carry out this title solely for the purpose of carrying out this Act.

#### TASK FORCE REPORTS

Sec. 7. The Task Force shall make a semi-annual report to the President and the Congress on the causes of inflation over the preceding two quarters, the activities of the Task Force and the

price stabilization prospects for the next two quarters, in addition to such recommendations as it may have made under section 4.

EXPIRATION

Sec. 8. The authority under this Act expires at midnight, March 31, 1977.

AUTHORIZATION OF APPROPRIATIONS

Sec. 9. There are authorized to be appropriated such sums, not to exceed \$10,000,000 in any fiscal year, as may be necessary to carry out this provision of this Act.

Section 1 Shore Title: Cost of Living Task Force Act of 1974

Section 2 Findings and Purposes. -- states that inflation poses a significant danger to the Nation, that it is incumbent upon Government, business, and wage earners to join in a National effort to reduce the present rate of inflation and that public attention be focused on private and Governmental actions which have a materially positive or negative impact upon National price stability.

Section 3 Cost of Living Task Force -- To carry out the purposes of this Act establishes an independent anti-inflation agency composed of 5 members -- 3 appointed by the bi-partisan Joint Congressional Leadership, and 2 members appointed by the President; all members must have sufficient qualifications to enable them to assess the economic impact of price-wage changes, Governmental actions, or changes in capacity or productivity on the Nation's price stability and economic growth; members shall not hold any other compensatory position and shall elect a Chairman and Vice Chairman from amongst themselves.

Section 4 Duties of Task Force-- Monitor the economy generally and develop and recommend to private parties, the President, and the Congress policies to achieve and maintain stable prices; and to further advise those parties; Government, and the public-at-large of actions having a materially adverse impact on price stability.

(1) Collect in a central location all data presently available to the Government for the sectors of the economy on anticipated supply and demand, capacity utilization, productivity, availability of under-utilized technology and skilled labor, as well as available data on price-wage performance.

(2) Evaluate the reasonableness of price increases having a material effect on price stability considering cost fluctuations, productivity changes, historical profits, and the need for capital expansion to satisfy demand; consult and recommend with relevant parties whenever possible prior to announcement of price increases; advise those parties, Government and the public-at-large of any price increase it determines to be unreasonable and inflationary.

(3) Evaluate the reasonableness of wage increases having a material effect on price stability considering cost of living increases, productivity changes, historical wage differentials between employee groups, and the need for attracting more skilled personnel to an activity to satisfy demand; consult and recommend with relevant parties whenever possible prior to announcement of wage increase, advise those parties, Government and the public-at-large of any wage increase it determines to be unreasonable and inflationary.

(4) Advise the President and the Congress on any Government actions announced or anticipated which would have a materially adverse or benign impact on price stability.

(5) Recommend to the President, Congress and private parties, what actions can be taken to increase supplies where anticipated output is not expected to satisfy demand at reasonably stable price levels.

(6) Recommend to the President, Congress and private parties what actions can be taken to increase productivity in the various sectors of the economy.

(7) Report to the President and the Congress within one year on the effectiveness of Federal apparatus for dealing with inflation and recommend such changes deemed necessary.

BENTSEN



Section 5 Powers of the Task Force --

(a) Authorized to employ an Executive Director and such additional personnel as may be necessary.

Authorized to appoint such advisory committees -- including representatives of consumers, wage earners, and management and employ such experts and consultants as it deems appropriate for the purpose of consultation and advice in the performance of its duties.

(b) Empowered to conduct public hearings and issue such subpoenas for testimony and documents deemed necessary to carry out this Act.

(c) Authorized to request and assemble pertinent economic information from any department or agency of the United States, and that department or agency shall comply unless the disclosure of such information is expressly prohibited by law.

Section 6 Treatment of Confidentiality and Disclosure of Information -- All information obtained under this Act which contains or relates to a trade secret, proprietary information, or other matters referred to in Section 1905 of Title 18, U.S. Code, shall be considered confidential for the purposes of that Section.

Section 7 Task Force Reports -- In addition to such recommendations made, from time to time, the task force shall submit a semi-annual report to the President and the Congress on its efforts and the record of inflation in the preceding two quarters, and the prospects for price stabilization in the next two quarters of economic activity.

Section 8 Expiration -- The authority under this Act expires at midnight, March 31, 1977.

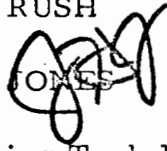
Section 9 Authorization of Appropriations -- There are authorized to be appropriated such sums, not to exceed \$10,000,000 in any fiscal year, as may be necessary to carry out this provision of this Act.

THE WHITE HOUSE

WASHINGTON

August 13, 1974

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: KENNETH RUSH  
FROM: JERRY H. JONES   
SUBJECT: Cost of Living Task Force Legislation

Your memorandum to the President of August 13 on the above subject has been reviewed and your recommendation that the Administration back the proposed legislation to establish the Cost of Living Task Force was approved.

Please follow-up with the appropriate action.

Thank you.

cc: Al Haig