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THE PRESIDENT HAS SEEN *def.*

THE WHITE HOUSE

WASHINGTON

August 14, 1974

MEETING WITH ECONOMIC ADVISERS

Thursday, August 15, 1974

2:00 p.m. (60 minutes)

FROM: KENNETH RUSH *K. R.*

I. PURPOSE

- A. To discuss the outlook for the U.S. economy, especially as indicated by the results of the new economic forecasts by the Troika.
- B. To discuss what to do next in dealing with the problem of inflation.
- C. To discuss the proposed economic summit conference.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: This is the second meeting with your senior economic advisers. In the first meeting you asked them to submit comments on the economic policy already in place and possible alternatives for dealing with the problems of inflation, unemployment and real output. Since that time, you have indicated you intend to host a summit meeting with all segments of the economy. This meeting will deal with those issues and will also focus on the outlook for the U.S. economy.
- B. Participants: Kenneth Rush, Secretary Simon, Roy Ash, Arthur Burns, Herbert Stein, Bill Seidman, Governor Scranton.
- C. Press Plan: Press photo opportunity.

### III. TALKING POINTS

#### A. Outlook for the Economy

1. In order to formulate the best possible economic policy, we must know all we can about the outlook for the economy. The Troika just completed a new economic forecast that I understand indicates some changes in the economic outlook. I would like Herbert Stein to summarize the results of the Troika forecast for us.
2. The food situation was an important source of inflation during the last year. The USDA August 12 crop report indicates that output has fallen significantly from earlier crop estimates. I would like Herbert Stein to give us an indication of the food situation and the issues we must deal with in the near future in this area.

#### B. Review of Economic Policy

You all submitted comments on current economic policy and possible alternatives for dealing with the problems of inflation, unemployment and real output. I have read those comments and would like to focus our discussion now on some of the key issues we will be dealing with in the near future.

1. Fiscal Policy: In my speech I came down hard on getting our own house in order as to government spending. I would like Roy Ash to comment on how far we can cut the FY 1975 budget and how we can do it. I would also like him to indicate the prospects for balancing the FY 1976 budget and its consequences, especially as to unemployment.
2. Monetary Policy: To date we have had a policy of moderate monetary restraint. I would like Arthur Burns to discuss the impact of this policy on the overall economy and on specific sectors, such as housing.

3. Jawboning: I have indicated that I intend to use the persuasive powers of this office in urging restraint on both management and labor. I would appreciate hearing your comments about the extent to which jawboning should be done and its potential costs and benefits.
4. Program for the Hardest Hit Sectors of the Economy: I would like all of your suggestions as to what programs to use for the hardest hit sectors of the economy, and what new initiatives might be needed in these areas.
5. Cost of Living: In my speech before the Congress and the American people, I called for passage of the Cost of Living Task Force without authority for wage and price controls of any kind before Congress recesses. I would like Kenneth Rush to indicate the status of this legislation and his plans for use of the Task Force.
6. Productivity: Productivity is one of the key elements in our program to fight inflation. The Productivity Commission is likely to receive a \$2 million appropriation from the Congress. I would like Kenneth Rush to indicate what plans he has for use of the Productivity Commission.

C. Summit Conference on the Economy

The proposed Summit Conference on the economy is an important vehicle for bringing about participation by leaders in business, banking, agriculture, and other sectors of the economy in the fight against inflation. At the same time, it offers a means for building public confidence in our economic policies and can serve as a source of new substantive ideas regarding the economy. I would like Bill Seidman to describe for us what purposes the economic Summit Conference can serve and how the conference should be organized and implemented.

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

August 15, 1975

Economic Advisors

SUMMIT CONFERENCE

- All agree:
- 1) a clear statement of present position should be made.
  - 2) that a search for new ideas is appropriate though no great possibility of success is foreseen by many.
  - 3) approach should not be hasty and with numerous pre-conference meetings.

Basic differences of opinion are:

- 1) Should the goal be to obtain advice and counsel on practical and new ways to fight inflation. This approach would end with no formal statement on conference agreements. Or,
- 2) Should the goal be to achieve consensus in specific areas with affected groups such as budget targets, unemployment remedies, equalizing of burdens of inflation, labor management cooperation, capital allocation housing. This approach would end with specific agreements in various areas which would be conference positions.
- 3) Should the goal be to listen to the advice of the Conference and then develop Administration (new or unchanged) policy. This approach would end with a statement of Administration position in the economic field.

Ward.

Cong.

Labor

Managers

Public  
men



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