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THE WHITE HOUSE
WASHINGTON

Bill Aidman
please answer.

510 Hunting Creek Road
Canonsburg, Pennsylvania 15317
September 6, 1974

President Gerald R. Ford
c/o Burning Tree Club
Bethesda, Maryland

Dear Mr. President:

High levels of inflation do indeed threaten our nation's well-being and even its ongoing viability as a relatively free and open society. It is my belief that as a nation, we are nearing a critical period wherein your government and mine will have the opportunity to lower inflation levels, thereby restoring stability to our business community, without putting the economy through a severe, painful, prolonged recession or even deflation. The following types of decisions would, I think, help restore my confidence in government's ability to successfully lower inflation without greatly impairing the economic well-being of the average citizen or producing the high unemployment rates which might otherwise prevail:

- a) Abandon even discussion of wage-price controls and halt "jawboning" with industry as such efforts are wasteful of valuable time, and, if implemented, harmful over the long run to the economy.
- b) Immediately reduce the 1975 Federal Budget by up to 5% or by 12-15 billion dollars with a balanced budget or modest surplus being the desired goal. Disregard talk of "full employment" budget spending or any other pie-in-the-sky economic thinking which would put government further ahead of the private sector in competing for available funds.

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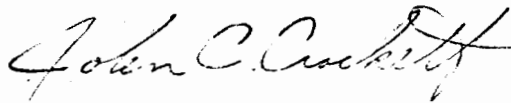
- c) The Federal Reserve could initiate a slow easing of money supply growth from recent low levels, eventually stopping short of overstimulation. This to avoid an eventual bursting forth of money supply at some later date when ongoing tight money conditions have led to bankruptcies of major companies with weak financial structures.
- d) Lower tax rates somewhat (lower withholding) for average to below average wage earners making less than \$10-12,000 say. This would be a political concession because philosophically I cannot argue that such a step would increase the desire to work or increase productivity; it could, however, restore some measure of hope and confidence to a large part of society which is most vulnerable to effects of the present inflation. By immediately putting a little cash into the pocket of the average worker, it is possible that the highly inflationary wage demands would be eased a bit. Tax rates could be raised somewhat for above average income earners to recoup government's lost revenues. This would be politically acceptable to the Congress I hope.
- e) Most importantly, provide increased reinvestment incentive for business, perhaps, by increasing the allowable investment tax credit and/or liberalizing depreciation policies to help business meet higher replacement costs.
- f) Because today's inflation appears to me to be primarily of the cost push variety, selectively discourage consumption of such items as gasoline where cost jumps have been astronomical and imports are destabilizing our balance of payments. Recent talk of a 10¢ per gallon gas excise tax would be one way of selectively discouraging demand, although, I think 20-30¢ per gallon might be more realistic and wouldn't kill our auto industry.

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- g) Halt further institutionalization of inflation; reduce or place ceilings on the Social Security system, government pension plans, to any extent possible. Today's labor force cannot support the already incurred social security liabilities without tremendous increases in funding which in turn will provide further disincentives to work.
- h) Encourage thrift and promote the stability of our savings institutions by allowing them to compete more effectively for funds.

Mr. President, I greatly fear that failure to adopt such a comprehensive fiscal policy in the immediate future may lead to a deepening and severe domestic recession which, if world economies continue to decline in unison, might create depression conditions. If the serious and immediate economic difficulties are not fully revealed to the public, and politics set aside for the moment, in favor of an all out program geared towards significantly lowering inflation, then incentives for work and productivity gains are likely only to come after past excesses have been wrung out of the system by a prolonged business collapse. In my opinion, you have an opportunity to lay a basis for long term economic stability with renewed real growth, but this chance may pass quickly. I apologize for asking my father-in-law to deliver this to you personally but, as a concerned citizen, have chosen to use this approach to make an individual's statement as best as I know how. My family and I join in wishing you the best of fortune during your Presidency and I urge that some consideration be given my proposals even should they prove politically unworkable. Finally, I hope you're hitting the ball better than I've been doing and recommend lessons from a great pro - Max Elbin - if you've not been playing well.

Very truly yours,



John C. Crockett

JCC/cc

THE WHITE HOUSE
WASHINGTON

September 18, 1974

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SELDMAN

FROM: JERRY H. JONES

The attached were returned in the President's outbox and are forwarded for your handling.

Thank you.