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THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

May 5, 1966

MEMORANDUM FOR THE PRESIDENT

Subject: Views of Your Labor-Management Advisory Committee on Taxes

1. If it were not for resistance by Bill Wirtz and me, the LMAC would have given you a formal expression of opinion on a tax increase. The recommendation would have been divided, but with a majority in favor.

2. The line-up was about like this:

Business members

Tom Watson and Edgar Kaiser: Strongly favor an immediate tax increase.

Don Burnham (Westinghouse): Wait a little while, but unless things clearly cool off, it's necessary.

Ward Keener (Goodrich): The economy is going to slow down in the second half; wait 6 months.

Henry Ford: Probably should wait and see; economy may slow down.

Stu Saunders: Wait a while.

Bev Murphy: Position not clear; wants sharp cut in Government spending.

Public members

Meredith Wilson, Arthur Flemming, and Howard Johnson: Favor immediate tax increase, unless we know something they don't. 3

George Taylor: Position not clearly expressed; seemed to favor it.

Page Keeton: Position not clear to me.

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Labor members

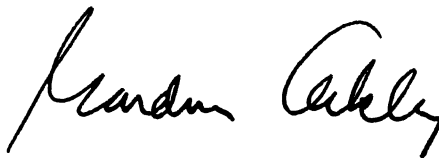
Walter Reuther: Strongly favors tax increase.

I. W. Abel, George Harrison, Joe Keenan: Incoherent, but not clearly opposed.

Tony Boyle: Barely participated.

George Meany and Dave Dubinsky: Absent.

3. The support for a tax increase was partly on economic grounds and partly on psychological grounds:
  - . Inflationary pressures are severe; no voluntary restraints can hold the price level in the face of such pressures.
  - . The American public wants to be called on to make sacrifices in the Vietnam struggle.
  - . The public won't feel the Government really means business about fighting inflation unless it requests some sacrifices.
  - . Business and labor will not feel any compulsion to accept voluntary restraint if the Government doesn't make it clear there's a crisis.



Gardner Ackley