

To Nixon~~CONFIDENTIAL~~

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

June 14, 1971

## MEMORANDUM FOR THE PRESIDENT

Subject: Quadriad Meeting - Monday, June 14, 1971

We have now reached a critical juncture in economic policy. The economy is expanding, but the pace of the expansion is sluggish. If the unemployment which has risen slightly each month from 5.8 percent in February, to 6.2 percent in May, does not soon start to decline, we shall need to consider even further measures to encourage expansion. Indeed, you indicated a mid-year review along these lines in your early-May press conference.

At the same time price developments have disturbing aspects, and more expansionist policies will arouse further fears about inflation. Raw materials prices have been rising more rapidly, and some things recently helpful to the CPI are temporary.

A more overt program to moderate the wage-price problem would give us more elbow-room to pursue expansion without tripping off fears of yet more inflation. The elements of such a program might be as follows:

A. Request legislation that would make unlawful the abuse or attempted abuse of economic power in Interstate Commerce. Abuse of economic power would mean price or wage increases excessive in relation to market conditions. (A proposal has been prepared by CEA and Justice.) Even if the Congress stalled, the Administration would have the advantage of taking the initiative.

B. The Cabinet Committee on Economic Policy could be directed to cover the wage-price base immediately working with businesses and unions on wage and price decisions. While review boards have had an undistinguished record internationally, here in construction the record thus far is better than had been expected.

C. With no joy, I have concluded that we must even be prepared at a suitable time to invoke wage and price controls.

DECLASSIFIED  
E.O. 12958, Sec. 3.6

  
Paul W. McCracken

By JW Date 7/2/98

\* This is the short version of a longer memo that says essentially the same thing.