

THE WHITE HOUSE

WASHINGTON

March 31, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT



SUBJECT: Arthur Burns

Pursuant to your request, I followed up on your telephone call with Arthur Burns on his inflation statement.

Attached are his talking points. He indicated that he would like to supplement these after his forthcoming trip to Phoenix.



CHAIRMAN OF THE BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

March 31, 1977

The President
The White House
Washington, D. C.

Dear Mr. President:

I was pleased to hear from you this morning. And I very much hope that the attached memorandum, which I had to throw together very quickly, may be of some help to you. I realize, of course, that some items in my listing -- particularly No. 18 and No. 19 -- are extremely difficult, if not practically impossible, in today's political environment.

I am going off to Phoenix tomorrow morning, but I'll be back on Sunday and I would be glad to clarify or to expand upon any items in the enclosed memorandum that may be of interest to you.

With every good wish,

Sincerely yours,

Arthur F. Burns

Enclosure

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THE BOARD HAS BEEN.



CHAIRMAN OF THE BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

March 31, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: ARTHUR F. BURNS *AFB*

SUBJECT: Proposals to Reduce Inflation

1. Curb the expansion of Federal spending and work diligently towards the gradual elimination of budget deficits.
2. Urge Congress to pass tax measures that will encourage the expansion and modernization of our industrial plant.
3. Resist increased barriers to our imports from foreign countries, and lead the entire world community toward a general reduction in trade barriers.
4. Resist new restrictions on agricultural production and urge Congress to remove some of the remaining restrictions.
5. Relax the regulation of transport industries -- in trucking, railroads, airlines, water transport -- so as to ease entry into the business, relax restrictions on routes, and permit rates to move freely within a zone of reasonableness.
6. Moderate the effects of Federal environmental standards on production costs by postponing target dates for compliance.
7. Establish model building codes that eliminate outdated or unnecessary restrictions, and rationalize present Federal, State, and local environmental regulations -- some of which are overlapping or contradictory.
8. Direct more vigorous enforcement of the antitrust laws.

9. Appoint an energetic young businessman with a good background in labor relations to head the Council on Wage and Price Stability.
10. Order the Council on Wage and Price Stability to be alert to apparent abuses of economic power, whether by business or labor, and to hold public hearings on price or wage increases when the public interest is significantly involved.
11. In the skilled construction trades, establish national bargaining committees that would have the power to reject local bargaining agreements and, thereby, reduce the likelihood of leapfrogging wage settlements.
12. Establish a national productivity center to assist local labor and business leaders to form productivity councils within individual enterprises in each of our sizable cities, with the objective of raising output per manhour.
13. Reform present Federally-funded training programs so as to emphasize training on the job and training for needed skills.
14. Reduce or eliminate unreasonable restrictions on entry into various professions and skilled trades.
15. Reform pension laws and regulations so as to enable or encourage individuals to postpone retirement.
16. Establish a comprehensive program of job vacancy statistics to supplement current statistics on unemployment.
17. Speed development of fully computerized job banks.
18. Urge Congress to repeal the Davis-Bacon Act in order to curb the escalation of construction costs.
19. Urge Congress to reduce the minimum wage for teenagers so as to encourage employers to hire unskilled youths and perhaps also give them on-the-job training.
20. Address by the President on the dignity of honest work and the evils of featherbedding.