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ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE MEETING

JULY 21, 1976

8:30 a.m.

ROOSEVELT ROOM

AGENDA

1. Report of Task Force on Banking Regulation Treasury
2. Report of Task Forces to Improve Government Regulation. MacAvoy



EYES ONLY

MINUTES OF THE
ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE MEETING

July 20, 1976

Attendees: Messrs. Seidman, Lynn, Richardson, Dixon, Malkiel,
Gorog, Porter, Perritt, Penner, Kendrick, Arena,
Spaulding, Leach

1. Westinghouse Negotiations

The Executive Committee briefly discussed the progress in the Westinghouse negotiations. Secretary Usery finished meeting with the parties in the Westinghouse dispute Monday evening. The Coordinating Council, representing the three unions that have not settled, is scheduled to vote today on a proposed settlement. The terms of the proposals call for wage increases a fraction of a percent higher than the GE settlement.

Decision

The Executive Committee approved submitting an information memorandum to the President on the progress in the Westinghouse negotiations.

2. Report of the Subcommittee on Economic Statistics

The Executive Committee reviewed the work of the Subcommittee on Economic Statistics over the last quarter. Mr. Malkiel reported that the Subcommittee has succeeded in meeting the President's goal of a 10 percent reduction in Federal paperwork requirements. The Subcommittee has altered its procedures with respect to the statistical budgets of Federal agencies by having each department submit to the Subcommittee a preliminary paper setting forth the choices that would have to be made in their internal budgeting review as well as preparing a form of cost/benefit analysis for each major option. The Subcommittee then systematically reviewed the agency proposals and assigned a priority ranking to each proposal. In many cases the agencies were

EYES ONLY

also requested to submit proposals to improve statistics in particular areas in accordance with the discussions of statistical needs by the EPB Executive Committee. The discussion focused on the revision of programs dealing with the collection and reporting of industrial prices to help address some of the inadequacies of the present wholesale price index, the timing of implementation of the new employment cost index, the need for securing accurate cost data to cover both wages and fringe benefits, work underway to improve business inventory statistics, and the need for the Subcommittee to further examine the recommendations of the Rockefeller report on Federal pay comparability.

Decision

The Executive Committee members were requested to provide Mr. Malkiel with any comments or recommendations they have regarding the high priority projects identified for each statistical agency in the Subcommittee's report.

The Executive Committee requested the Subcommittee on Economic Statistics to explore the potential for identifying leading indicators of capital spending that could be incorporated into a new index.

3. Review of Current Economic Conditions

The Executive Committee briefly reviewed current economic conditions and the outlook in light of the GNP figures which will be announced later today. The discussion focused on several factors that should be considered in evaluating quarterly GNP figures including: (1) There is often a ragged growth rate of GNP by quarters due to large inventory swings; (2) there are statistical difficulties which frequently slightly understate or overstate GNP growth during any particular quarter; (3) there are good reasons for optimism regarding the last half of 1976 based on the rebound in June retail sales, the strength of capital goods orders, movements in residential construction, and a currently falling inventory/sales ratio which could prompt additional inventory expansion during the last half of the year.

4. Maritime Policy

Mr. Seidman reported that his office would coordinate with Commerce, CEA, and OMB the preparation of a memorandum reviewing options to assist the U.S. maritime industry.

Secretary Richardson reported that the Department of Commerce was preparing a memorandum relating to the US/USSR maritime agreement and negotiations.

5. Humphrey-Hawkins Unemployment Rate

Mr. Seidman requested CEA to prepare a short paper clarifying what a 3 percent adult unemployment rate, as envisioned in the Humphrey Hawkins bill, translates to in terms of the overall unemployment rate as conventionally calculated.