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THE WHITE HOUSE

WASHINGTON

August 22, 1974

MEMORANDUM FOR: THE PRESIDENT

FROM:

KENNETH RUSH

K.R.

Subject:

Amendment of the Employment Act

I concur in Secretary Simon's memorandum of August 15 suggesting amendment of the Employment Act of 1946 to make price stability an explicit national goal. I would note that this has also been suggested by Senator Javits, and such economists as Hendrik Houthakker of Harvard and Jackson Grayson of SMU.

I recommend that you authorize preparation of legislation.

Approve

Disapprove

This should be one outcome

Attachment:

Memo for the President
from Secretary Simon (8/15/74)

J. C. Simon
Potential legislative pitfall - opening Act to amendment for Wage & Price controls.



THE SECRETARY OF THE TREASURY
WASHINGTON

August 15, 1974

MEMORANDUM FOR THE PRESIDENT


SUBJECT: Amendment of the Employment Act of 1946

With your strong emphasis on inflation as the number one national problem, I recommend that the Employment Act of 1946 be amended to make price stability an explicit goal of national economic policy. This could help to provide orientation for an anti-inflationary effort which is almost certainly going to be long and arduous.

When the Employment Act of 1946 was enacted, the principal concern was that reconversion from the World War II effort threatened severe recession and even depression. Consequently, the Employment Act declares that it is the policy and responsibility of the Federal Government "...to promote maximum employment, production, and purchasing power."

While it has been argued "that maximum purchasing power" implies price stability, with the problem of inflation so pressing, it would be appropriate at this time to make the Federal policy and responsibility much more explicit.

This can be done by adding to the declaration of policy the phrase "and to achieve and maintain price stability." Similar amendments to other sections of the Act to underline the emphasis on price stability would also be appropriate.


William E. Simon

THE WHITE HOUSE

WASHINGTON

August 24, 1974

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: KENNETH RUSH
FROM: JERRY H. JONES
SUBJECT: Amendment of the Employment Act

Your memorandum to the President of August 22 on the above subject has been reviewed and your recommendation -- that the President authorize preparation of legislation -- was disapproved. The following notation was made:

-- This should be one outcome of Ec. Sum.
Potential legislative pitfall - opening Act to amendment for Wage & Price controls.

Please follow-up with the appropriate action.

Thank you.

cc: Al Haig