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ACTION

Last Day: August 14

THE WHITE HOUSE

WASHINGTON

August 9, 1975

APPROVED  
AUG 9 - 1975

Statement  
Issued (initial) 8/11

To Archive  
8/12

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: S. 409 - Council on Wage and Price Stability Act Amendments of 1975

Attached for your consideration is S. 409, sponsored by Senators Proxmire and Stevenson, which would:

- Extend the Council on Wage and Price Stability until September 30, 1977
- Authorize appropriations of \$1.7 million for each of fiscal years 1976 and 1977
- Provide for the confirmation of the Council's Director by the Senate
- Authorize the Council to require certain periodic reports from businesses
- Permit issuance of subpoenas
- Provide for the Council to participate in rulemaking, ratemaking, licensing and other proceedings.

Additional details and agency comments are provided in OMB's enrolled bill report at Tab A.

Treasury and Commerce consider the periodic reporting and subpoena provisions to be objectionable. Treasury concludes they are not so objectionable to warrant a veto and joins the Council in recommending approval. Commerce recommends a veto of the bill.

OMB, Max Friedersdorf, Bill Seidman, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill and OMB's proposed signing statement.



RECOMMENDATION

That you approve S. 409 at Tab C.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

That you approve the signing statement which has  
been cleared by Paul Theis at Tab B.

STATEMENT BY THE PRESIDENT

I have signed into law S. 409, the bill which extends the life of the Council on Wage and Price Stability to September 30, 1977. It also clarifies the Council's authority to participate in agency rulemaking and other proceedings where the inflationary impact of a possible action could be significant, and authorizes the Council to require periodic reports of information from the private sector.

Nearly a year ago, one of my first acts as President was to request legislation establishing the Council on Wage and Price Stability. I was pleased then that Congress acted in a swift and constructive way on this legislation, and I am equally pleased that Congress has extended the tenure of the Council to help in our battle against inflation. This law continues the Council in the role for which it was established: an alert watchdog against inflation.

The Council has sought both to inform and represent the public. It has spotlighted unjustifiable price increases in industry and has brought needed attention to the potentially inflationary consequences of government actions. In the most serious cases, it has intervened on behalf of the public, as a participant in government rulemaking.

I believe the Council performs an important role in assisting government agencies to analyze and understand the important and often overlooked impact of their rules and regulations. Every major government action adds new costs to some part of the economy. I am convinced that, through judicious use of its authority to participate in agency proceedings, the Council will be an important participant in my Administration's overall efforts to reduce both the scope and cost of government's interference in the economy.



I am concerned that Congress has given the Council new authority to require detailed and periodic reports from the private sector. While Congress has wisely mandated that any information pertaining to individual firms or persons must be held strictly confidential and that the authority should be used wisely, I feel strongly that abuse of this power would run counter to my belief that government reporting requirements have become a major burden to our privacy and freedom. I am confident that the Council will exercise this new authority with greatest care.

On balance, I believe this legislation ensures that the Council on Wage and Price Stability will continue as a strong force as it monitors, but does not control, the actions of private and public organizations. The Council will continue to be an important instrument in helping us achieve a speedy return to a healthy and prosperous economy.

*Gerald R. Ford*

**APPROVED**

**AUG 9 - 1975**



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

AUG 8 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 409 - Council on Wage and Price  
Stability Act Amendments of 1975  
Sponsors - Sen. Proxmire (D) Wisconsin and  
Sen. Stevenson (D) Illinois

Last Day for Action

August 14, 1975 - Thursday

Purpose

To extend the Council on Wage and Price Stability (COWPS) until September 30, 1977; authorize appropriations for the Council; provide for confirmation of the Council's Director by the Senate; authorize the Council to require certain periodic reports from businesses and to issue subpoenas; and provide for the Council to participate in rulemaking, ratemaking, licensing and other proceedings.

Agency Recommendations

Office of Management and Budget

Approval (Signing  
Statement attached)

Council on Wage and Price Stability  
Department of the Treasury  
Department of Justice  
Council of Economic Advisers  
Federal Trade Commission  
Department of Commerce

Approval  
No objection  
No objection  
No objection  
No objection (Informally)  
Disapproval (Memorandum  
of Disapproval  
attached)

Discussion

The enrolled bill would:

- extend the Council on Wage and Price Stability (COWPS) through September 30, 1977 (under current law it expires August 15, 1975);
- authorize appropriations for COWPS of \$1.7 million for each of fiscal years 1976 and 1977 (this compares to a budget request of \$1.6 million for 1976);
- require any Director of COWPS, after the individual holding office on the date of enactment of the bill, to be appointed with the advice and consent of the Senate;
- authorize COWPS to require periodic reports for the submission of various categories of information maintained in the ordinary course of business;
- permit issuance of subpoenas, for attendance of witnesses or production of information or documents, to entities whose annual gross revenues exceed \$5 million;
- provide for the confidentiality under the Freedom of Information Act of information in the periodic reports required by COWPS, and make these reports and copies thereof immune from legal process; and
- add to the statement of the functions of COWPS intervention and participation in U.S. agency proceedings to present its views concerning the potential inflationary impact of the possible outcomes of such proceedings.

On June 17, 1975, COWPS Director Rees testified, with the concurrence of the Economic Policy Board, on several bills, including S. 409, to extend the Council and amend its powers and duties pending before the House Banking and Currency Committee. Director Rees stated that S. 409 would be satisfactory to the Administration if it were amended to extend the Council through September 1977 (S. 409, as passed by the Senate, provided for less than a one year extension) and if the provision

authorizing COWPS to require periodic business reports were deleted. On the latter point, he stated:

"Finally, the Council does not want the authority to require periodic reports. This authority could create an onerous reporting burden on businesses and labor unions, and it would require an unwanted expansion of our staff to receive and process such reports. We request reports of businesses or unions during the course of a particular investigation, and when that investigation is no longer active, we make no further requests. We believe that this system enables us to do our job without creating the burdens of routine periodic reporting."

Although the periodic reporting and subpoena provisions are retained in the enrolled bill, they have been somewhat circumscribed since the Rees testimony by the addition of the provision which makes information relating to an individual firm or person "confidential financial information" under the Freedom of Information Act and immune from legal process. The information gathering authority is further circumscribed by the limitation of subpoenas to firms whose gross revenues annually exceed \$5 million.

Both Treasury and Commerce consider the periodic reporting and subpoena provisions to be objectionable. Treasury concludes that they are not so objectionable as to warrant a veto, but Commerce recommends a veto of the bill, arguing, in its draft veto message, that enactment of these provisions would: (a) lead to irresistible pressures on the Council to impose upon the business community a very substantial increase in its reporting burden; and (b) constitute, in effect, a direct price control program which would inhibit the expansion of productive capacity.

The House Committee, however, considered the periodic reporting provision as necessary for the Council to fulfill its mandate to monitor price and wage increases. With respect to the potential reporting burden, the Committee noted in its report that the provision is limited to that "maintained in the ordinary course of business" and stated that:

"It is the Committee's intent that the Council have the discretion to exercise this periodic reporting authority when, in the Council's view



it would be useful, and to use this authority in a way that would minimize cost to a reporting entity."

The enrolled bill contains a provision, added subsequent to the Rees testimony, which would permit COWPS to intervene and otherwise participate in its own behalf in rulemaking, ratemaking, licensing, and other proceedings before any U.S. department or agency to present its views on the inflationary impact that might result from possible outcomes of proceedings. Commerce argues that the granting of this explicit authority might well lead to the institution of suits to compel the Council to participate in proceedings in which the Council did not believe intervention was warranted. However, COWPS considers the provision to be a clarification of its authority, and Justice, in its views letter, notes that the authority to intervene is limited and specific in scope. The House Committee in its report states:

"In an effort to prevent the possibility of court action by those that believe that the Council lacks the authority to participate in ratemaking or other agency proceedings; the bill contains a provision clarifying the Council's authority to do so. While the provision permits the Council to intervene and otherwise participate in rulemaking, licensing, and other proceedings, the Committee wishes to make clear that this provision does not require the Council to intervene in every such agency proceeding. However, the Committee expects the Council to participate vigorously in proceedings in which it believes proposed agency action might have an unnecessary inflationary impact."

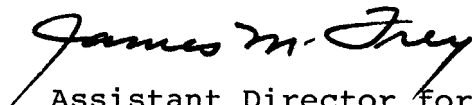
Although the Administration opposed the periodic reporting provisions, COWPS in its views letter states that the bill "contains very satisfactory and rational resolutions of the issues raised in each house." Because those provisions and the authority of the Council to intervene in agency proceedings are discretionary and limited as emphasized in the House Committee report, and because the Council as part of the Executive Office of the President can be expected to be responsive to Presidential policy and direction, we believe that the concern of Commerce over the dangers of excessive exercise of the Council's authorities are overstated.

We agree with Treasury, therefore, that the provisions of S. 409 are not so objectionable as to warrant veto of the bill and join COWPS in recommending its approval.

Attached is a draft signing statement for your consideration which is designed to emphasize the positive interpretation of the provisions relating to the authorizations for the Council to require periodic reports and to intervene before Federal agencies' rule and ratemaking proceedings. The statement is consistent with the clear Congressional intent, as expressed in the House Committee Report and the floor debate on the bill, that these provisions are permissive and not mandatory and that the authorities provided therein should be used with discretion and care.

\* \* \* \* \*

Parenthetically, we note that the facsimile of the enrolled bill includes a section 2(c) which purports to amend section 2(a). The section 2(a) referred to, dealing with additional super-grades for the Council, was deleted from the bill during its Congressional consideration, thereby making section 2(c) irrelevant and without effect.

  
Assistant Director for  
Legislative Reference

Enclosures

## STATEMENT BY THE PRESIDENT

I have signed into law S. 409, the bill which extends the life of the Council on Wage and Price Stability to September 30, 1977. It also clarifies the Council's authority to participate in agency rulemaking and other proceedings where the inflationary impact of a possible action could be significant, and authorizes the Council to require periodic reports of information from the private sector.

Nearly a year ago, one of my first acts as President was to request legislation establishing the Council on Wage and Price Stability. I was pleased then that Congress acted in a swift and constructive way on this legislation, and I am equally pleased that Congress has extended the tenure of the Council to help in our battle against inflation. This law continues the Council in the role for which it was established: an alert watchdog against inflation.

The Council has sought both to inform and represent the public. It has spotlighted unjustifiable price increases in industry and has brought needed attention to the potentially inflationary consequences of government actions. In the most serious cases, it has intervened on behalf of the public, as a participant in government rulemaking.

I believe the Council performs an important role in assisting government agencies to analyze and understand the important and often overlooked impact of their rules and regulations. Every major government action adds new costs to some part of the economy. I am convinced that, through judicious use of its authority to participate in agency proceedings, the Council will be an important participant in my Administration's overall efforts to reduce both the scope and cost of government's interference in the economy.

I am concerned that Congress has given the Council new authority to require detailed and periodic reports from the private sector. While Congress has wisely mandated that any information pertaining to individual firms or persons must be held strictly confidential and that the authority should be used wisely, I feel strongly that abuse of this power would run counter to my belief that government reporting requirements have become a major burden to our privacy and freedom. I am confident that the Council will exercise this new authority with greatest care.

On balance, I believe this legislation ensures that the Council on Wage and Price Stability will continue as a strong force as it monitors, but does not control, the actions of private and public organizations. The Council will continue to be an important instrument in helping us achieve a speedy return to a healthy and prosperous economy.

## STATEMENT BY THE PRESIDENT

I have today signed into law S. 409, the bill which extends the life of the Council on Wage and Price Stability to September 30, 1977. It also clarifies the Council's authority to participate in agency rulemaking and other proceedings where the inflationary impact of a possible action could be significant, and authorizes the Council to require periodic reports of information from the private sector.

Nearly a year ago, one of my first acts as President was to request legislation establishing the Council on Wage and Price Stability. I was pleased then that Congress acted in a swift and constructive way by passing that legislation, and I am equally pleased that Congress has extended the Council in a spirit of cooperation to help in our battle against inflation. This law continues the Council in the role for which it was established, an alert watchdog against inflation.

The Council has sought both to inform and represent the public. It has spotlighted unjustifiable price increases in industry and has brought needed attention to the potentially inflationary consequences of government actions. And in the most serious cases, it has intervened on behalf of the public, as a participant in government rulemaking.

I believe the Council performs an important role in assisting government agencies to analyze and understand the important and often overlooked impact of their rules and regulations. Every major government action adds new costs to some part of the economy. I am convinced that through judicious use of its authority to participate in agency proceedings, the Council will be an important participant in my Administration's overall efforts to reduce both the scope and cost of government's interference in the economy.

I am concerned that Congress has given the Council new authority to require detailed and periodic reports from the private sector. While Congress has wisely mandated that any information pertaining to individual firms or persons must be held strictly confidential and that the authority should be used wisely, I feel strongly that abuse of this power would run counter to my belief that government reporting requirements have become a major burden to our privacy and freedom. I am confident that the Council will exercise this new authority with greatest care.

On balance, I believe that this legislation ensures that the Council on Wage and Price Stability will continue as a strong force monitoring but not controlling the actions of private and public organizations. The Council will continue to be an important instrument in helping us achieve a speedy return to a healthy and prosperous economy. I am pleased to sign this bill into law.

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON WAGE AND PRICE STABILITY  
726 JACKSON PLACE, N.W.  
WASHINGTON, D.C. 20506

August 5, 1975

Mr. James M. Frey  
Assistant Director for  
Legislative Reference  
Room 7201  
Office of Management and Budget  
New Executive Office Building  
Washington D.C. 20503

Dear Mr. Frey:

I am writing in response to your request for the Council's views on S. 409, a bill to extend the Council on Wage and Price Stability Act.

As you may know, the Council staff closely followed the development of this legislation in both the Senate and House, participated in the committee hearings in each house, and worked closely with the House Banking Committee to create a bill that would be acceptable to the Administration. In our view, the enrolled bill contains very satisfactory and rational resolutions of the issues raised in each house.

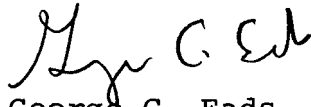
Further, I note that the enrolled bill is substantially in the form supported by the Administration. It does not contain the delay, prenotification or rollback powers for wage and price increases that the Administration opposed.

For these reasons, we strongly recommend that the enrolled bill be signed by the President. In light of the requirement in OMB Circular A-19 that comments

Mr. James M. Frey  
Page Two

on enrolled bills be submitted by a Presidential appointee, I note that my designation as Acting Director has been submitted to the President for his approval.

Sincerely,

A handwritten signature in cursive script, appearing to read "George C. Eads".

George C. Eads  
Assistant Director for  
Government Operations  
and Research





THE GENERAL COUNSEL OF THE TREASURY  
WASHINGTON, D.C. 20220

AUG 7 1975

Director, Office of Management and Budget  
Executive Office of the President  
Washington, D. C. 20503

Attention: Assistant Director for Legislative  
Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of S. 409, "To increase the authorization for the Council on Wage and Price Stability, and to extend the duration of such Council."

The enrolled enactment, inter alia, would extend the expiration date of the Council on Wage and Price Stability Act from August 15, 1975 to September 30, 1977. The Department favors the extension as there are likely to be inflationary pressures during this period. The monitoring of public sector activities would be useful even if inflationary pressures abated.

The Department does not favor the provisions in the enrolled enactment which would grant authority to the Council to require periodically reports from large businesses, and subpoena power to compel testimony and provision of information. However, the Department does not believe that these provisions are so objectionable as to warrant a veto.

In view of the foregoing, the Department would have no objection to a recommendation that the enrolled enactment be approved by the President.

Sincerely yours,

General Counsel

Richard R. Albrecht

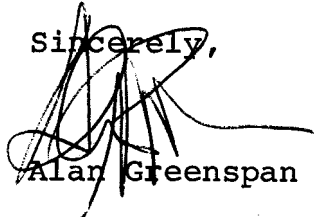
THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

August 7, 1975

Dear Mr. Frey:

We do not object to the President signing S.409,  
The Council on Wage and Price Stability Act Amendments  
of 1975 although we have reservations regarding the  
granting of subpoena power to CWPS.

Sincerely,



Alan Greenspan

Mr. James Frey  
Assistant Director for  
Legislative Reference  
Office of Management and Budget  
Washington, D.C. 20503



**Department of Justice**  
**Washington, D.C. 20530**

AUG 7 1975

Honorable James T. Lynn  
Director, Office of Management  
and Budget  
Washington, D.C. 20503

Dear Mr. Lynn:

This is in response to a telephone request from your staff for the views of the Department of Justice on S. 409, a bill to increase the authorization for the Council on Wage and Price Stability, which passed the Senate on August 1st and has been cleared for action by the President.

In addition to increasing the authorization for the Council on Wage and Price Stability and extending the life of the agency, the bill requires Senate confirmation of the next Director of the Council and authorizes the Council to issue subpoenas and to administer oaths to witnesses.

Section 4 of the bill would add a new paragraph (8) to section 3(a) of the Council on Wage and Price Stability Act to authorize the Council to "intervene and otherwise participate on its own behalf in rulemaking, ratemaking, licensing and other proceedings before any of the departments and agencies of the United States, in order to present its views as to the inflationary impact that might result from the possible outcomes of such proceedings".

In view of the limited and specific purpose for which intervention is authorized, i.e. "to present its views as to the inflationary impact", the Department of Justice has no objection to the Executive approval of this legislation.

Sincerely,

  
Michael M. Uhlmann



**GENERAL COUNSEL OF THE  
DEPARTMENT OF COMMERCE**  
Washington, D.C. 20230

**AUG 7 1975**

Honorable James T. Lynn  
Director, Office of Management  
and Budget  
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the views of this Department concerning S. 409, an enrolled enactment

"To increase the authorization for the Council on Wage and Price Stability, and to extend the duration of such Council."

The Department of Commerce recommends against approval by the President of S. 409 for the reasons set forth in the enclosed proposed Memorandum of Disapproval.

Enactment of S. 409 would involve no expenditure of funds by the Department of Commerce.

Sincerely,

*Karl E. Bakke*

General Counsel

Enclosures (7)



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: August 8

Time: 700pm

FOR ACTION: Bill Seidman  
Paul Leach  
Dick Parsons  
Paul Theis  
Max Friedersdorf

cc (for information): Jim Cavanaugh  
Jack Marsh

*Logans*

FROM THE STAFF SECRETARY

DUE: Date: August 9

Time: 700pm

SUBJECT:

S. 409 - Council on Wage and Price Stability  
Act Amendments of 1975

ACTION REQUESTED:

- |   |   |
|---|---|
| <input type="checkbox"/> For Necessary Action         | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief     | <input type="checkbox"/> Draft Reply              |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks            |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

\_\_\_\_\_  
K. R. COLE, JR.  
For the President

THE WHITE HOUSE

WASHINGTON

August 9, 1975

MEMORANDUM FOR: JIM CAVANAUGH  
THROUGH: PHIL BUCHEN *J.W.B.*  
FROM: KEN LAZARUS *KL*  
SUBJECT: S. 409 - Council on Wage and  
Price Stability Act Amendments of  
1975

Counsel's office recommends approval of the subject bill for the reasons set forth at pp. 3-5 of the OMB memorandum.

However, in the event the President decides to veto this legislation, Counsel's office should be consulted again with respect to the treatment of the pocket veto issue which is presented.



OFFICE OF  
THE CHAIRMAN

FEDERAL TRADE COMMISSION  
RECEIVED WASHINGTON, D. C. 20580

AUG 11 3 56 PM '75  
OFFICE OF  
MANAGEMENT & BUDGET

AUG 11 1975

The Honorable James T. Lynn  
Director, Office of Management  
and Budget  
Executive Office of the President  
Washington, D.C. 20503

Dear Mr. Lynn:

This is in response to your inquiry of August 6, 1975, asking the Commission's views on S. 409, an Enrolled Bill.

S. 409 would extend the life of the Council on Wage and Price Stability until September 30, 1977, and would give the Council power to issue subpoenas and require reports in certain instances. Language is also included to protect the confidentiality of data gathered by the Council. The Council would be authorized to participate in administrative proceedings to discuss the inflationary impact of proposed governmental activities.

The Commission believes the Council's authority should be continued. The extensions of the Council's powers in the bill appear to be appropriate and in keeping with the agency's mission.

Although the Commission does not object to Presidential approval of S. 409, we wish to comment on two provisions. The first of these is Section 4 which would authorize the Council to "intervene and otherwise participate in its own behalf in . . . proceedings before any of the departments and agencies of the United States . . . ." The Commission believes that this provision would be inappropriate if it were construed so as to permit intervention in law enforcement proceedings, as opposed to rulemaking, ratemaking, licensing and similar non-adjudicatory matters. It is the opinion of the Commission that intervention by government agencies in law enforcement proceedings is generally inappropriate.

Section 5, to the extent that it provides that reports obtained by the Council and copies thereof which are retained by the reporting firm or person would be completely immune from legal process goes far beyond existing law which provides for confidentiality of such reports as census filings and federal income tax returns. The Commission does not interpret this section to bar it from obtaining underlying factual information from companies through its own compulsory process, however, so that its investigatory functions should not be substantially impaired.

The Commission is not in a position to estimate the costs of this measure. It is not likely to have a significant impact upon the Commission's budgetary requirements.

By direction of the Commission.



*Acting*

~~Lewis A. Engman~~  
Chairman



## MEMORANDUM OF DISAPPROVAL

I am withholding my approval from S. 409, a bill to extend the life of the Council on Wage and Price Stability, which also includes additional amendments to the Council on Wage and Price Stability Act. I fully support extension of the life of the Council on Wage and Price Stability, as proposed in sections 6 and 7 of S. 409. I am, however, unable to give my approval to this legislation because of the inclusion therein of two objectionable features.

First, the legislation would authorize the Council to require periodic reports of information maintained in the ordinary course of business, and to issue subpoenas for testimony and for the production of relevant books, papers, and other documents of entities with annual gross revenues in excess of \$5 million. The periodic reports could relate to wages, costs, productivity, prices, sales, profits, imports and exports by product line or other categories. While I recognize that this provision of S. 409 is, on its face, permissive rather than mandatory, I believe that enactment of this legislation would inevitably lead to irresistible pressures upon the Council to impose upon the business community a very substantial increase in its reporting burdens. Moreover, existence of a regular reporting program of this nature would be tantamount to a direct price control program and would, therefore, undoubtedly inhibit the expansion of productive capacity, particularly in light of the recent experience with controls.

Second, section 4 of the bill mandates the Council to intervene and otherwise participate on its own behalf in rule making, rate making, licensing, and other proceedings before any of the departments and agencies of the United States in order to present its views as to the

inflationary impact that might result from the possible outcomes of such proceedings. I do not object to authorizing the Council to participate in significant proceedings to present its views as to the inflationary impact involved. However, the proposed language of section 4, taken in conjunction with existing provisions of the Act, might well lead to judicial determinations that the Council must participate in innumerable rule making, rate making, licensing or other proceedings before other Federal agencies even where the Council might not feel its intervention is warranted.

I would be pleased to approve legislation extending the life of the Council which did not include the objectionable features noted above.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: August 8

Time: 700pm

FOR ACTION: Bill Seidman ✓  
Paul Leach  
Dick Parsons  
Paul Theis  
Max Friedersdorf

cc (for information): Jim Cavanaugh  
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: August 9

Time: 700pm

SUBJECT:

S. 409 - Council on Wage and Price Stability  
Act Amendments of 1975

ACTION REQUESTED:

- |   |   |
|---|---|
| <input type="checkbox"/> For Necessary Action         | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief     | <input type="checkbox"/> Draft Reply              |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks            |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*approval  
JWS*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

JAMES H. CLYBURN  
FOR THE STAFF SECRETARY

JERR

STATEMENT BY THE PRESIDENT

9/8/75  
onB memo  
Jerr

(stat)  
I have today

signed into law S. 409, the bill which extends the life of the Council on Wage and Price Stability to September 30, 1977. It also clarifies the Council's authority to participate in agency rulemaking and other proceedings where the inflationary impact of a possible action could be significant, and authorizes the Council to require periodic reports of information from the private sector.

WC 8/24/74

retained (note Referred)  
P 3 P 3

Nearly a year ago, one of my first acts as President was to request legislation establishing the Council on Wage and Price Stability. I was pleased then that Congress acted in a swift and constructive way by ~~passing that~~ legislation, and I am equally pleased that Congress has extended the ~~term of the~~ Council in a spirit of cooperation to help in our battle against inflation. This law continues the Council in the role for which it was established, an alert watchdog against inflation.

The Council has sought both to inform and represent the public. It has spotlighted unjustifiable price increases in industry and has brought needed attention to the potentially inflationary consequences of government actions. And in the most serious cases, it has intervened on behalf of the public, as a participant in government rulemaking.

I believe the Council performs an important role in assisting government agencies to analyze and understand the important and often overlooked impact of their rules and regulations. Every major government action adds new costs to some part of the economy. I am convinced that through judicious use of its authority to participate in agency proceedings, the Council will be an important participant in my Administration's overall efforts to reduce both the scope and cost of government's interference in the economy.

ok  
Rel 3  
Treas  
Com

I am concerned that Congress has given the Council new authority to require detailed and periodic reports from the private sector. While Congress has wisely mandated that any information pertaining to individual firms or persons must be held strictly confidential and that the authority should be used wisely, I feel strongly that abuse of this power would run counter to my belief that government reporting requirements have become a major burden to our privacy and freedom. I am confident that the Council will exercise this new authority with greatest care.

On balance, I believe that this legislation ensures that the Council on Wage and Price Stability will continue as a strong force <sup>as it S. does</sup> monitoring but not controlling the actions of private and public organizations. The Council will continue to be an important instrument in helping us achieve a speedy return to a healthy and prosperous economy. ~~I am pleased to sign this bill into law.~~

d

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

*Re*

Date: August 8

Time: 700pm

FOR ACTION: Bill Seidman  
Paul Leach  
Dick Parsons  
Paul Theis ✓  
Max Friedersdorf

cc (for information): Jim Cavanaugh  
Jack Marsh

FROM THE STAFF SECRETARY

*OK/DAF*

RETURN TO RESEARCH  
ROOM 128

*John*

DUE: Date: August 9

Time: 700pm

SUBJECT:

S: 409 - Council on Wage and Price Stability  
Act Amendments of 1975

ACTION REQUESTED:

- |   |   |
|---|---|
| <input type="checkbox"/> For Necessary Action         | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief     | <input type="checkbox"/> Draft Reply              |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks            |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

975 AUG 8 PM 7 58

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

JAMES H. CAVANAUGH  
FOR THE STAFF SECRETARY

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

AUG 8 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 409 - Council on Wage and Price  
Stability Act Amendments of 1975  
Sponsors - Sen. Proxmire (D) Wisconsin and  
Sen. Stevenson (D) Illinois

Last Day for Action

August 14, 1975 - Thursday

Purpose

To extend the Council on Wage and Price Stability (COWPS) until September 30, 1977; authorize appropriations for the Council; provide for confirmation of the Council's Director by the Senate; authorize the Council to require certain periodic reports from businesses and to issue subpoenas; and provide for the Council to participate in rulemaking, ratemaking, licensing and other proceedings.

Agency Recommendations

Office of Management and Budget

Approval (Signing  
Statement attached)

Council on Wage and Price Stability  
Department of the Treasury  
Department of Justice  
Council of Economic Advisers  
Federal Trade Commission  
Department of Commerce

Approval  
No objection  
No objection  
No objection  
No objection (Informally)  
Disapproval (Memorandum  
of Disapproval  
attached)



To  
J. Carver  
8-8-75  
6:30 p.m.  
Rod Hills  
Mr. Buckner

Discussion

The enrolled bill would:

- extend the Council on Wage and Price Stability (COWPS) through September 30, 1977 (under current law it expires August 15, 1975);
- authorize appropriations for COWPS of \$1.7 million for each of fiscal years 1976 and 1977 (this compares to a budget request of \$1.6 million for 1976);
- require any Director of COWPS, after the individual holding office on the date of enactment of the bill, to be appointed with the advice and consent of the Senate;
- authorize COWPS to require periodic reports for the submission of various categories of information maintained in the ordinary course of business;
- permit issuance of subpoenas, for attendance of witnesses or production of information or documents, to entities whose annual gross revenues exceed \$5 million;
- provide for the confidentiality under the Freedom of Information Act of information in the periodic reports required by COWPS, and make these reports and copies thereof immune from legal process; and
- add to the statement of the functions of COWPS intervention and participation in U.S. agency proceedings to present its views concerning the potential inflationary impact of the possible outcomes of such proceedings.

On June 17, 1975, COWPS Director Rees testified, with the concurrence of the Economic Policy Board, on several bills, including S. 409, to extend the Council and amend its powers and duties pending before the House Banking and Currency Committee. Director Rees stated that S. 409 would be satisfactory to the Administration if it were amended to extend the Council through September 1977 (S. 409, as passed by the Senate, provided for less than a one year extension) and if the provision



authorizing COWPS to require periodic business reports were deleted. On the latter point, he stated:

"Finally, the Council does not want the authority to require periodic reports. This authority could create an onerous reporting burden on businesses and labor unions, and it would require an unwanted expansion of our staff to receive and process such reports. We request reports of businesses or unions during the course of a particular investigation, and when that investigation is no longer active, we make no further requests. We believe that this system enables us to do our job without creating the burdens of routine periodic reporting."

Although the periodic reporting and subpoena provisions are retained in the enrolled bill, they have been somewhat circumscribed since the Rees testimony by the addition of the provision which makes information relating to an individual firm or person "confidential financial information" under the Freedom of Information Act and immune from legal process. The information gathering authority is further circumscribed by the limitation of subpoenas to firms whose gross revenues annually exceed \$5 million.

Both Treasury and Commerce consider the periodic reporting and subpoena provisions to be objectionable. Treasury concludes that they are not so objectionable as to warrant a veto, but Commerce recommends a veto of the bill, arguing, in its draft veto message, that enactment of these provisions would: (a) lead to irresistible pressures on the Council to impose upon the business community a very substantial increase in its reporting burden; and (b) constitute, in effect, a direct price control program which would inhibit the expansion of productive capacity.

The House Committee, however, considered the periodic reporting provision as necessary for the Council to fulfill its mandate to monitor price and wage increases. With respect to the potential reporting burden, the Committee noted in its report that the provision is limited to that "maintained in the ordinary course of business" and stated that:

"It is the Committee's intent that the Council have the discretion to exercise this periodic reporting authority when, in the Council's view

it would be useful, and to use this authority in a way that would minimize cost to a reporting entity."

The enrolled bill contains a provision, added subsequent to the Rees testimony, which would permit COWPS to intervene and otherwise participate in its own behalf in rulemaking, ratemaking, licensing, and other proceedings before any U.S. department or agency to present its views on the inflationary impact that might result from possible outcomes of proceedings. Commerce argues that the granting of this explicit authority might well lead to the institution of suits to compel the Council to participate in proceedings in which the Council did not believe intervention was warranted. However, COWPS considers the provision to be a clarification of its authority, and Justice, in its views letter, notes that the authority to intervene is limited and specific in scope. The House Committee in its report states:

"In an effort to prevent the possibility of court action by those that believe that the Council lacks the authority to participate in ratemaking or other agency proceedings; the bill contains a provision clarifying the Council's authority to do so. While the provision permits the Council to intervene and otherwise participate in rulemaking, licensing, and other proceedings, the Committee wishes to make clear that this provision does not require the Council to intervene in every such agency proceeding. However, the Committee expects the Council to participate vigorously in proceedings in which it believes proposed agency action might have an unnecessary inflationary impact."

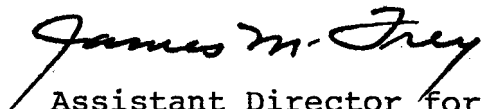
Although the Administration opposed the periodic reporting provisions, COWPS in its views letter states that the bill "contains very satisfactory and rational resolutions of the issues raised in each house." Because those provisions and the authority of the Council to intervene in agency proceedings are discretionary and limited as emphasized in the House Committee report, and because the Council as part of the Executive Office of the President can be expected to be responsive to Presidential policy and direction, we believe that the concern of Commerce over the dangers of excessive exercise of the Council's authorities are overstated.

We agree with Treasury, therefore, that the provisions of S. 409 are not so objectionable as to warrant veto of the bill and join COWPS in recommending its approval.

Attached is a draft signing statement for your consideration which is designed to emphasize the positive interpretation of the provisions relating to the authorizations for the Council to require periodic reports and to intervene before Federal agencies' rule and ratemaking proceedings. The statement is consistent with the clear Congressional intent, as expressed in the House Committee Report and the floor debate on the bill, that these provisions are permissive and not mandatory and that the authorities provided therein should be used with discretion and care.

\* \* \* \* \*

Parenthetically, we note that the facsimile of the enrolled bill includes a section 2(c) which purports to amend section 2(a). The section 2(a) referred to, dealing with additional super-grades for the Council, was deleted from the bill during its Congressional consideration, thereby making section 2(c) irrelevant and without effect.

  
Assistant Director for  
Legislative Reference

Enclosures

## STATEMENT BY THE PRESIDENT

I have today signed into law S. 409, the bill which extends the life of the Council on Wage and Price Stability to September 30, 1977. It also clarifies the Council's authority to participate in agency rulemaking and other proceedings where the inflationary impact of a possible action could be significant, and authorizes the Council to require periodic reports of information from the private sector.

Nearly a year ago, one of my first acts as President was to request legislation establishing the Council on Wage and Price Stability. I was pleased then that Congress acted in a swift and constructive way by passing that legislation, and I am equally pleased that Congress has extended the Council in a spirit of cooperation to help in our battle against inflation. This law continues the Council in the role for which it was established, an alert watchdog against inflation.

The Council has sought both to inform and represent the public. It has spotlighted unjustifiable price increases in industry and has brought needed attention to the potentially inflationary consequences of government actions. And in the most serious cases, it has intervened on behalf of the public, as a participant in government rulemaking.

I believe the Council performs an important role in assisting government agencies to analyze and understand the important and often overlooked impact of their rules and regulations. Every major government action adds new costs to some part of the economy. I am convinced that through judicious use of its authority to participate in agency proceedings, the Council will be an important participant in my Administration's overall efforts to reduce both the scope and cost of government's interference in the economy.

I am concerned that Congress has given the Council new authority to require detailed and periodic reports from the private sector. While Congress has wisely mandated that any information pertaining to individual firms or persons must be held strictly confidential and that the authority should be used wisely, I feel strongly that abuse of this power would run counter to my belief that government reporting requirements have become a major burden to our privacy and freedom. I am confident that the Council will exercise this new authority with greatest care.

On balance, I believe that this legislation ensures that the Council on Wage and Price Stability will continue as a strong force monitoring but not controlling the actions of private and public organizations. The Council will continue to be an important instrument in helping us achieve a speedy return to a healthy and prosperous economy. I am pleased to sign this bill into law.

## AMENDING THE COUNCIL ON WAGE AND PRICE STABILITY ACT

APRIL 18, 1975.—Ordered to be printed

Mr. PROXMIER, from the Committee on Banking, Housing and Urban Affairs, submitted the following

### REPORT

[To accompany S. 409]

The Committee on Banking, Housing and Urban Affairs, to which was referred the bill (S. 409) to increase the authorization for the Council on Wage and Price Stability and to extend the duration of such Council, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

#### PURPOSE OF THE LEGISLATION

S. 409 would extend the expiration date of the Council on Wage and Price Stability Act from August 15, 1975, to September 30, 1977. In addition, the legislation would authorize the appropriation of \$1.6 million for the Council's activities for fiscal year 1976, \$400,000 for the transition quarter from July 1 to September 30, 1976, and \$2 million for fiscal year 1977.

#### HISTORY OF THE LEGISLATION

The Council on Wage and Price Stability was established on August 24, 1974, to monitor wage and price developments in the private economy, to review the inflationary impact of governmental programs and policies, and to recommend measures for containing inflation. S. 409, as originally introduced on January 27, 1975, would have extended the life of the Council and increased its authorities by permitting it to issue subpoenas to obtain records and information, to require prenotification of wage and price increases by large firms, and to delay any wage or price increase for up to 60 days. The Council also would have been required to regulate the price of "old" and "new" oil.

Hearings on S. 409 were held on February 5 and 6 and on March 5 and 6. Testimony was received from Dr. Albert Rees, the Director of the Council, and from witnesses representing manufacturing, merchandising, agriculture, organized labor, retired persons, and the academic community. In addition, a number of statements were supplied for the record by other interested parties. The testimony differed with respect to individual provisions to increase the Council's powers, but most witnesses supported an extension of the Council's life and a modest increase in its budget authorization.

Following the hearings it became evident there was insufficient support on the committee for any substantial increase in the Council's powers, especially in view of the gradual decline in wholesale prices since the early part of the year. The members of the committee did agree, however, to the reporting of a revised bill which would simply extend the life of the Council on Wage and Price Stability through September 30, 1977, and to authorize a modest increase in its budget in keeping with the administration's budget request for fiscal year 1976. S. 409, as revised, reflects the judgment of the committee that the Council does not need any additional authorities at this time. The bill, as reported, is supported by the administration.



# Ninety-fourth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,  
one thousand nine hundred and seventy-five*

## An Act

To increase the authorization for the Council on Wage and Price Stability, and to extend the duration of such Council.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. This Act may be cited as the "Council on Wage and Price Stability Act Amendments of 1975".

SEC. 2. (a) The first sentence of section 2(c) of the Council on Wage and Price Stability Act is amended by striking out the period and inserting in lieu thereof the following: "by and with the advice and consent of the Senate."

(b) The amendment made by subsection (a) shall take effect immediately after the individual holding the office of Director of the Council on Wage and Price Stability on the date of enactment of this Act ceases to hold that office.

(c) In appointments to the additional positions authorized by the amendment made by subsection (a), the Council shall give preference to economists and other persons with special ability and experience in one or more of the various sectors of the economy.

SEC. 3. Section 2 of the Council on Wage and Price Stability Act is amended by adding at the end thereof the following:

"(g) The Council shall have the authority, for any purpose related to this Act, to—

"(1) require periodic reports for the submission of information maintained in the ordinary course of business; and

"(2) issue subpoenas signed by the Chairman or the Director for the attendance and testimony of witnesses and the production of relevant books, papers, and other documents, only to entities whose annual gross revenues are in excess of \$5,000,000;

relating to wages, costs, productivity, prices, sales, profits, imports, and exports by product line or by such other categories as the Council may prescribe. The Council shall have the authority to administer oaths to witnesses. Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. In case of refusal to obey a subpoena served upon any person under the provisions of this section, the Council may request the Attorney General to seek the aid of the United States district court for any district in which such person is found, to compel that person, after notice, to appear and give testimony, or to appear and produce documents before the Council."

SEC. 4. Section 3(a) of the Council on Wage and Price Stability Act is amended by striking out "and" at the end of paragraph (6), by striking out the period at the end of paragraph (7), and inserting in lieu thereof "; and", and by adding at the end thereof the following new subsection:

"(8) intervene and otherwise participate on its own behalf in rulemaking, ratemaking, licensing and other proceedings before any of the departments and agencies of the United States, in order to present its views as to the inflationary impact that might result from the possible outcomes of such proceedings."



**Sec. 5.** Section 4 of the Council on Wages and Price Stability Act is amended by adding at the end thereof the following new subsection:

“(f) (1) Product line or other category information relating to an individual firm or person and obtained under section 2(g) shall be considered as confidential financial information under section 552 (b) (4) of title 5 of the United States Code and shall not be disclosed by the Council.”

“(2) Periodic reports obtained by the Council under section 2(g) and copies thereof which are retained by the reporting firm or person shall be immune from legal process.”

**Sec. 6.** Section 6 of the Council on Wage and Price Stability Act is amended by striking out “\$1,000,000 for the fiscal year ending June 30, 1975” and inserting in lieu thereof “\$1,700,000 for each fiscal year ending prior to October 1, 1977”.

**Sec. 7.** Section 7 of the Council on Wage and Price Stability Act is amended by striking out “August 15, 1975” and inserting in lieu thereof “September 30, 1977”.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*

Office of the White House Press Secretary  
(Vail, Colorado)

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THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I have signed into law S. 409, the bill which extends the life of the Council on Wage and Price Stability to September 30, 1977. It also clarifies the Council's authority to participate in agency rulemaking and other proceedings where the inflationary impact of a possible action could be significant, and authorizes the Council to require periodic reports of information from the private sector.

Nearly a year ago, one of my first acts as President was to request legislation establishing the Council on Wage and Price Stability. I was pleased then that Congress acted in a swift and constructive way on this legislation, and I am equally pleased that Congress has extended the tenure of the Council to help in our battle against inflation. This law continues the Council in the role for which it was established: an alert watchdog against inflation.

The Council has sought both to inform and represent the public. It has spotlighted unjustifiable price increases in industry and has brought needed attention to the potentially inflationary consequences of government actions. In the most serious cases, it has intervened on behalf of the public, as a participant in government rulemaking.

I believe the Council performs an important role in assisting government agencies to analyze and understand the important and often overlooked impact of their rules and regulations. Every major government action adds new costs to some part of the economy. I am convinced that, through judicious use of its authority to participate in agency proceedings, the Council will be an important participant in my Administration's overall efforts to reduce both the scope and cost of government's interference in the economy.

I am concerned that Congress has given the Council new authority to require detailed and periodic reports from the private sector. While Congress has wisely mandated that any information pertaining to individual firms or persons must be held strictly confidential and that the authority should be used wisely, I feel strongly that abuse of this power would run counter to my belief that government reporting requirements have become a major burden to our privacy and freedom. I am confident that the Council will exercise this new authority with greatest care.

On balance, I believe this legislation ensures that the Council on Wage and Price Stability will continue as a strong force as it monitors, but does not control, the actions of private and public organizations. The Council will continue to be an important instrument in helping us achieve a speedy return to a healthy and prosperous economy.

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August 2, 1975

Dear Mr. Director:

The following bills were received at the White House on August 2nd:

H.R. 83 ✓	H.R. 7716 ✓
H.R. 1553 ✓	H.R. 9091 ✓
H.R. 4241 ✓	S. 409 ✓
H.R. 4723 ✓	S. 1531 ✓
H.R. 5405 ✓	S. 1716 ✓
H.R. 7710 ✓	S. 2073 ✓

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder  
Chief Executive Clerk

The Honorable James T. Lynn  
Director  
Office of Management and Budget  
Washington, D. C.