



**NIXON PRESIDENTIAL MATERIALS STAFF**

**Tape Subject Log**

(rev. 10/08)

Conversation No. 72-1

Date: September 10, 1971

Time: 10:13 am - unknown before 12:39 pm

Location: Cabinet Room

The President met with I[lorwith] W. Abel, Joseph A. Beirne, John H. ("Jack") Lyons, George Meany, Leonard Woodcock, Frank E. Fitzsimmons, [Joseph] Lane Kirkland, John B. Connally, James D. Hodgson, George P. Shultz, Arthur F. Burns, Paul W. McCracken, and Willie J. Usery, Jr.; Ronald L. Ziegler and photographers were present at the beginning of the meeting

[General conversation/Unintelligible]

Program

The economy

- Phase I, forthcoming Phase II
  - Herbert Stein's group
  - Objectives
  - Meetings
    - Formal consultation
    - Congress
- Workable solutions
- Form, extent, duration of Phase II
- The President's role
  - Development of follow-up program
    - 90-day freeze
  - Consultations
    - Schedule and time span
      - Business group
      - Agriculture group
      - Congressional group
      - Consumer groups
      - Cost of Living Council
    - Deadline
      - Span
        - General consultations
        - Ideas
  - Cooperation necessary
    - Government sanctions
    - Freeze
  - Preferable program

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- Necessity of consultation
- Effectiveness of present meeting
  - Notes of meetings
    - Labor views
    - Business views
- Public view of freeze
  - Labor leaders' view
- Suddenness of freeze imposition
  - Effect on prices
- Board or councils
  - Rules and regulations
  - Future policy
    - Announcement of future action
- Wage price controls
  - Permanent versus temporary imposition
- Free collective bargaining
- Free market system
- Flexibility of policy
  - Voluntary compliance
  - Minimum government compulsion
- Informal consultations
  - Standards
- Government sanctions and controls
  - Present situation
    - Opposition of wage-price control
  - Exceptions to action
  - Government sanctions
    - Effectiveness of voluntary action
      - Examples
        - Steel company
          - Price raise and government action
        - Construction
          - Davis-Bacon Act
        - Stockpiles
        - Jawboning
          - Labor and business leaders
          - Wage-price controls
          - Bargaining
          - Economic patterns and areas
  - Voluntary action
    - Free market
  - Freeze

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- War Labor Board example
  - Duration
  - Policies
    - Labor
    - Management
    - The President's role
    - Pledge
    - Labor
    - History of War Labor Board
      - Voting
        - Unanimity
- December 1941
  - National Defense Mediation Board [NDMB]
  - Pearl Harbor attack
    - US reaction
    - Franklin D. Roosevelt
      - Frances Perkins
      - Labor and management
        - Will Davis
          - Vice Chairman, NDMB
          - Moderator of meeting with Elbert D. Thomas of Utah
    - Meeting in Federal Reserve building
      - Burns
      - Rules and regulations
      - Letter to Roosevelt
        - Subjects
          - No strikes, lockouts during the war
          - Settlement of disputes by agency
          - Roosevelt's role in issuing executive order
          - Roosevelt's response
            - War Labor Board
              - 12 members
              - Presence of government officials
  - Fringe benefits
    - Effect on inflation
  - Decisions with voluntary method
    - Comparison with controls
      - Views of industry and labor

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*(rev. 10/08)*

- Present economic situation
    - Phases I and II
      - The President speech, September 9, 1971
        - Limits of Phase I
          - Follow-up
        - Government control
          - Sanctions
            - Need for discussion
        - Price control
          - Internal Revenue Service [IRS]
            - New York City
        - Extent of price control
        - Success of voluntary methods
        - Labor's cooperation with the President
          - Control of business and labor
          - Increase of productivity
          - Interest rates
            - Effect on inflation
            - Equitable nature of possible action
            - Deferred wage increases
              - Legal contract
                - Binding nature
              - Public interest
        - Money supply
          - Inflation
            - Amount of products versus money
  - Voluntary controls versus government controls
    - Strikes
    - History
      - Effect of wartime situation
        - 1941
          - Cessation of strikes
      - Korean war period
        - Guidelines
          - Handling of strike issues
        - World War II
- Wage and price control
- IRS
  - Employees
- The public's view
- Cooperation of construction industry
  - Trade

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- Management's view of the future
- West Coast strike
  - Employees, operators
    - Issues
  - Independent contractors
    - California
- Phase II
  - Situation
    - Machinery involved in freeze
      - Inequities
  - Duration of freeze
    - Public acceptance
      - Comparison with end of World War II
      - Phase II
    - Christmas 1971
  - Construction industry stabilization program
    - Lyons
    - Stability of program
    - Executive order
      - Effect of wording
      - Relief of inequities
      - Production of inequities
    - Labor management group
      - Voluntary nature
    - Labor Department building
      - Wage Stabilization Board
    - Court orders
    - World War II programs
      - War Labor Board
        - Owensboro, Kentucky plant
          - Wages paid employees
          - Flexibility
      - Establishment of Wage Stabilization Board
        - James F. Byrnes
  - 1972
    - Forthcoming wage settlements
    - Automobile workers, steelworkers, railroads, coal industry workers, longshoremen
    - Airline employees and aerospace workers
    - Oil workers
    - Tripartite nature of action
      - Voluntary cooperation

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- Cost of living protection
  - Cap
- Automobile prices
  - Hodgson, Shultz
  - Edward N. Cole's speech in Philadelphia
  - General Motors
  - 1945-65
    - Productivity, labor costs
    - Automobile price increases
    - Wage price increases
    - Contracts
    - Ground rules post-November 14, 1971
      - Personal savings
      - Handling by the public
    - Contracts
    - Initial versus successive years
- Price guides
- "Meet the Press"
- Phase I
- Contracts
- Federal Mediation and Conciliation Service [FMCS]
- Government sponsorship
- Phases I and II
- Enforcement machinery
- Price review board
  - McCracken's comments
- Productivity
  - Prices, wages
- Organizational structure or form
  - Tripartite board
  - Status of automobile industry
  - Wages versus productivity
- Post-November 1971 phase
  - Steelworkers
    - Cleanup operation
    - Grievances
      - Steel
      - Recent negotiations
    - Court
    - Freeze
  - 1946
    - Philip Murray

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- Strikes
  - Editorial in *Life* magazine
  - [Forename unknown] Berle
- Steel industry
- Wage and price increases
  - Inequities
  - 1968 agreement
    - Productivity improvements
    - Arbitration
      - Will Sinton [?]
    - Steelworker benefits
    - Effect of Phase I and II action
    - Productivity goals
  - Railroad development
    - Archaic work rules
  - Wage-price freeze
    - Duration
      - Phase II
        - Examples in Washington, DC
          - Printing industry
            - Washington Post* labor action
  - Voluntary and tripartite approach
    - World War I
    - Preordained formula
      - Congress
      - Executive order
        - Guidelines
        - Bureaucracy
  - Non-organized industries
  - World War II examples
  - Wages, salaries, executive compensation
  - Prices
  - The President's August 15, 1971 speech
    - Policing by consumers
  - Executive order
  - Interests of different groups
    - Universities
      - [Forename unknown] Davies [?]
      - George Taylor Martin [?]
  - James P. Mitchell's tenure as Labor Secretary
  - [Walter W.?] Heller
    - Effect of guidelines set

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- Bureau of Labor Statistics
- Contracts
  - Cost of living
  - Executive order
- Difference between formula and objective
- Present objectives
  - Moderation of inflation
  - Control of wages, salaries, compensation
- World War I
- World War II effects
- Korea effects
- Effects of set formulas
- Cost of living increases
- Airlines, machinists
- Missile Sites Labor Commission
- The administration's instructions to public members
- Construction of stabilization machinery
  - Executive order
  - Deferred increases
    - Commission's role
    - Contractors
    - Renegotiations
    - Kansas City settlement
    - Connecticut
    - Meany
- Trade unions
  - Clause in the President's executive order
    - Deferred wages
    - Commission's authority
    - Situation
      - Abel
      - Woodcock
  - Consumers
  - Renegotiation clauses
    - Freeze
      - Cost of living increases
        - Management
          - Establishment of price and rate structure
        - Wage increases
        - Price levels
        - Industry
- Effect of contracts

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- Non-organized workers
  - Low paid industries
  - Grievances
    - Company unions
    - The South
      - Freeze
      - Results
    - Wage settlement
- World War I
- Phase II
  - Length of time
  - 1971
    - Projected working of program
    - Public acceptance
    - High prices
      - Inflation
        - Relation to reality
        - Productivity
          - Salaries
      - Unions and stable prices
      - Free market, collective bargaining
  - Shultz
    - Howard W. Johnson
    - Automobile industry
      - James M. Roche
    - Meany
    - Issues with automobile industry
    - Automobile as utility
      - Regulation
- Controls
  - World War I
  - Wage stabilization
  - Korea
- Freezing of wages and prices
- Voluntary moves
  - Free enterprise
- Deferred wage issue
- Industry
  - Price increases
    - Anticipated wage increases
- Need of cooperation
- Equitable and voluntary system

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- Wages and salaries
- Interest rates
  - Capital Controls Act
  - Treasury Bills
  - Three-year notes
  - Decrease
- Controls
  - Need to decrease interest
  - Prices, rents, interest
- Interest rates
  - Burns
  - Controls
    - Banking analogy
- Government controls
  - Extent
  - Permanent system
  - Voluntary controls
  - US wage and price control system
  - US public's view
    - Wage and price controls
      - World War II era Office of Price Administration [OPA]
  - Rising cost of living since 1969
    - Effects
      - Majority consensus for wage and price controls
  - Economy's future
    - Public demand
  - Effect of election on public
  - Congress's view
    - Actions on majority view
  - Control's effects
  - Accomplishment of result
    - Convincing public of results from action taken
  - Voluntary cooperation
    - Labor
    - Business
    - Pacesetters
      - Major businesses and labor
- Time table
  - Submission of views of group
    - October 1
    - November 13, 1971 expiration date
    - Phase II

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- Guideline
- Mechanism for handling control
  - Government board
  - Ordinances
- Consultation
  - Labor, business, Congress
- Implementation of Phase II
  - Announcement
  - Need for time lag for preparation

[General conversation/Unintelligible]

The President left at 12:12 pm; Abel, et al. left at an unknown time before 12:39 pm

Conversation No. 72-2

Date: September 10, 1971  
 Time: Unknown between 12:12 pm and 12:39 pm  
 Location: Cabinet Room

Unknown men met

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BEGIN WITHDRAWN ITEM NO. 1  
 [Non-historical]  
 [Duration: 9m 1s]

END WITHDRAWN ITEM NO. 1

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Recording was cut off at an unknown time before 12:39 pm