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THE WHITE HOUSE

WASHINGTON

February 11, 1978

MEMORANDUM FOR: PETER GOULD

FROM: NANCY DORMAN x6402

SUBJECT: 12th Quarterly Report on Activities
of the Council on Wage and Price
Stability

The report looks fine to us, with the changes recommended by Bo Cutter in the attached memo and that suggested by Bob Ginsburg on page VII. Bob also re-wrote the transmittal message which we would like to see again if it is substantially re-written. With these changes, we concur with its clearance to the Congress.

cc: Bob Linder

2/21 -
Nancy will call
home w/ new copy
PS

Version approved by Domestic Policy Staff:

TO THE CONGRESS OF THE UNITED STATES

In accordance with Section 5 of the Council on Wage and Price Stability Act, as amended, I hereby transmit to the Congress the twelfth quarterly report of the Council on Wage and Price Stability. This report contains a description of the Council's activities during the third quarter of 1977 in monitoring both prices and wages in the private sector and various Federal Government activities that may lead to higher costs and prices without creating commensurate benefits. It discusses Council reports, analyses, and filings before Federal regulatory agencies.

In August 1977 I asked the Council to undertake an in-depth study of the nation's steel industry. The study was released in October and served as an important information base in the Administration's development of its reference price system for imports of foreign steel.

Also in the third quarter, at the request of Secretary of HUD Patricia Roberts Harris, the Council accelerated its study of lumber prices and the lumber products industry.

The Council on Wage and Price Stability will continue to play an important role in supplementing fiscal and monetary policies by calling public attention to wage and price developments or actions by the Government that could be of concern to American consumers.

THE WHITE HOUSE



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

FEB 8 1978

MEMORANDUM FOR: BERT CARP

FROM: BO CUTTER *W. Bowman Cutter*

SUBJECT: 12th Quarterly Report On Activities
Of The Council on Wage and Price
Stability

Per your request for comments/clearance on the Council's proposed 12th Quarterly Report on Activities, the following is provided:

- In the section dealing with "Council Authority," page VII, paragraph 3, line 1, which states, in part, "...the reorganization proposal calls for... funding and staffing to remain at its fiscal year 1977 levels." is not consistent with the intent of the reorganization project. It should read "...the reorganization proposal calls for... funding and staffing to be reduced below its fiscal year 1977 levels to reflect the President's desire to continue the activity of the Council with a smaller staff."
- In Appendix C, page 21, paragraph 1, line 1, "The Council play a major role..." should read "The Council plays a major role..."

With the aforementioned changes made to the report, I concur with its clearance to the Congress.

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

January 1978

The President
The White House

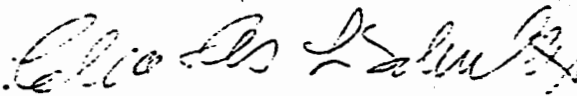
Dear Mr. President:

Enclosed is the twelfth quarterly report on the activities of the Council on Wage and Price Stability as required by Section 5 of the Council on Wage and Price Stability Act. This report covers the Council's operations during the three-month period July 1977 through September 1977.

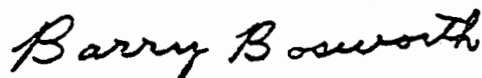
The actions of the Council during that time are listed in Chapter I. Chapters II and III elaborate on the Council's studies, reports, testimony and filings before government agencies during the third quarter of 1977. The studies currently underway are discussed in Chapter IV.

The Council will continue its studies of the private sector, evaluating particular price and wage increases as well as the industry-specific factors that shape present and future price movements. The evaluation of the costs and benefits of various government regulations also will continue.

Respectfully,



Charles L. Schultze
Chairman



Barry P. Bosworth
Director

Reorganization Plan No. 1

On July 15, the President transmitted to the Congress his proposed reorganization of the Executive Office of the President. That part of his proposal dealing with the Council on Wage and Price Stability stated:

"The Council on Wage and Price Stability (COWPS) is a necessary weapon in the continuing fight against inflation and will be retained. To be sure that its work is closely coordinated with the economic analyses performed by the Council of Economic Advisors (CEA), COWPS should be directed by the Chairman of CEA."

On August 4, the President formally designated Charles Schultze, Chairman of the Council of Economic Advisors, as Chairman of the Council on Wage and Price Stability.

In addition, the reorganization proposal calls for the Council on Wage and Price Stability's level of funding and staffing to remain at its fiscal year 1977 levels. The Department of Commerce's Domestic and International Business Administration will assist the Council in the data-gathering which is necessary for the continued monitoring of inflationary pressures in both the public and private sectors of the economy.