

FRED J. BORCH
Chairman
JOHN W. BURKE, JR.
Executive Secretary

Telephone
Area Code 202
298-7650

THE BUSINESS COUNCIL

888 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20006

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DAVID ROCKEFELLER
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CHARLES H. SOMMER, JR.
FRANK STANTON
CHARLES B. THORNTON
LYNN A. TOWNSEND
THOMAS J. WATSON, JR.
GEORGE H. WEYERHAEUSER
HENRY S. WINGATE

May 15, 1970

The Honorable Herbert Stein, Member
Council of Economic Advisers
Executive Office Building
Washington, D. C. 20503

Dear Herb:

The economic outlook is always a key element in discussions at our Business Council sessions, and we certainly benefited from the articulateness and insight you brought to the subject at our meeting last Saturday.

I commend you also for your facility in handling the press. It was very evident that the newsmen knew you well, respected your judgment, and were determined to get as much information from you as they could. The resulting coverage was excellent.

Thank you for a thoroughly effective contribution to our May meeting.

Sincerely,



Fred J. Borch
Chairman

/pb

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Chairman
JOHN W. BURKE, JR.
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April 24, 1970

The Honorable Herbert Stein, Member
Council of Economic Advisers
Executive Office Building
Washington, D.C. 20503

Dear Herb:

It is indeed good news to know that you are able to attend our Hot Springs meeting in May, and that you will take some time on the program. I know that you have many friends and acquaintances of long standing among the Council members and it will be a pleasure for them to have you and Mrs. Stein with them for the weekend.

Hopefully, you both can attend for the entire meeting. As you will see from the enclosed agendas, our first official function will be the informal reception on Thursday evening, May 7th, at 6:45 p.m. We usually have one or two planes stopping in Washington that afternoon in order to fly our guests to Hot Springs and if you and Mrs. Stein would like to go down to The Homestead by this means, just let me know. If not, please let me know at your early convenience what your schedule is and we can work out something else. I am sure that Paul McCracken can fill you in with much more detail, but please feel free to pick up the phone on anything that is not clear to you.

We are hoping to put you on the program as the first speaker on Saturday morning, May 9th, from about 9:05 to 9:30 a.m. As you perhaps know, all sessions of The Business Council are completely off-the-record and there are no press representatives in attendance when your remarks are given. However, I should alert you that there is a pretty good representation from the "economic" press at the hotel for the purpose of covering our meeting and we do, therefore, hold a daily briefing following adjournment

April 24, 1970

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each Noon. Mr. Borch invites all of the morning speakers to join him at these press conferences and I know that he would welcome your presence at the Saturday one. However, the decision on whether or not to attend would be entirely your own.

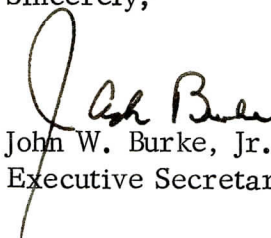
The agenda for this meeting is rather varied and I think it is one that you would find of special interest. There are morning sessions for the gentlemen, the afternoons are left open for members, guests and wives to take in some of the hotel's recreational activities, and there are black tie dinners on Friday and Saturday evenings. The ladies attend only the Chairman's Reception on Thursday evening and the two black tie dinners. For the remainder of the time they seem to amuse themselves pretty well. There are all kinds of sports in which to participate at The Homestead, and there are also many beautiful spots within driving distance, and a good sprinkling of antique shops in the area.

Dr. McCracken had planned to meet on Saturday morning with the small CEA Liaison Committee, which, as you probably know, is a group of eight of our members who make up an advisory body that is available to CEA for advice. We had set up this meeting for a breakfast session and if you would want to go ahead and meet with these members we will continue the arrangements as they now stand.

Perhaps you will be good enough to give me a call at your early convenience after you have had a chance to go over all of this.

I know that you and Mrs. Stein will find this weekend a unique and enjoyable one and, in behalf of Mr. Borch and Mr. John Harper (the program Chairman for the May meeting), I want to express thanks for your willingness to fill the breach on such short notice.

Sincerely,



John W. Burke, Jr.
Executive Secretary

Enclosures

THE BUSINESS COUNCIL

NOTICE

The agenda for the Saturday morning business session has been revised and will follow the schedule as listed below:

Saturday, May 9th

9:00 a.m. Convene in Commonwealth Room

"Inflation Plus Decreasing Productivity -
A Deadly Syndrome"
'A Long-Range Speculative Look
at the U. S. Economy '

Patrick E. Haggerty

Remarks

The Honorable Herbert Stein
Member
Council of Economic Advisers

Remarks

The Honorable
David M. Kennedy
The Secretary of the Treasury

10:35-10:50 B R E A K

"Status of Legislation Involving Private
Pension Plans"

Rodney W. Markley, Jr.
Vice President
Ford Motor Co.

"Recent Developments in the Middle East"

J. K. Jamieson

"Transportation: All Modes for an
Intermodal System"

The Honorable John A. Volpe
The Secretary of
Transportation

12:10 p.m. A D J O U R N

- - - - -

There will be no afternoon business session

7:00 p.m. Reception and Dinner - Black Tie

Commonwealth Room

Speaker -- The Honorable William P. Rogers
The Secretary of State

THE BUSINESS COUNCIL

The Homestead
Hot Springs, Virginia

May 7-10, 1970
EASTERN DAYLIGHT TIME

SOCIAL EVENTS

Thursday, May 7th

6:45 p. m.	Chairman's Reception - Dress Optional	Empire Room (lower level)
	(Main Dining Room and Grille Open for Dinner)	
8:00 p. m.	Tower Lounge Open for Council Members and Council Guests	

Friday, May 8th

10:30 a. m.	Ladies' Coffee Hour	Tower Lounge
12:30 p. m.	Buffet	Tower Lounge
	(Main Dining Room and Casino Open for Luncheon)	
1:30 p. m.	Men's Tennis Tournament	Casino Courts
7:00 p. m.	Reception and Dinner - Black Tie	Commonwealth Room
	Speaker -- The Honorable Robert H. Finch The Secretary of Health, Education & Welfare	

Saturday, May 9th

10:30 a. m.	Ladies' Coffee Hour	Tower Lounge
12:30 p. m.	Buffet	Tower Lounge
	(Main Dining Room and Casino Open for Luncheon)	
1:30 p. m.	Men's Tennis Tournament - Continued	Casino Courts
1:30 p. m.	Men's Golf Tournament	The Homestead Course
7:00 p. m.	Reception and Dinner - Black Tie	Commonwealth Room
	Speaker -- The Honorable William P. Rogers The Secretary of State	

Sunday, May 10th

Tower Lounge Open -- No Formal Council Activities Scheduled

THE BUSINESS COUNCIL

The Homestead
Hot Springs, Virginia

May 8th and 9th, 1970
EASTERN DAYLIGHT TIME

Tentative Agenda

Friday, May 8th

E.D.T.

9:00 a.m.	Convene in Commonwealth Room	
	Report on the Domestic Economy	Birny Mason, Jr., Chairman CEA Liaison Committee
	Remarks	The Honorable Maurice H. Stans The Secretary of Commerce
	"Status of Legislation Involving Private Pension Plans"	Rodney W. Markley, Jr. Vice President Ford Motor Company
10:20-10:35	B R E A K	
	"Environmental Control: A Challenge For All"	Edwin H. Gott
	"Pollution and Light Industry"	R. V. Hansberger
	Remarks	The Honorable Russell E. Train Chairman Council on Environmental Quality
12:15 p.m.	A D J O U R N	

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There will be no afternoon business session

<u>7:00 p.m.</u>	Reception and Dinner - Black Tie	Commonwealth Room
	Speaker -- The Honorable Robert H. Finch The Secretary of Health, Education and Welfare	

Dr. James P. Harnsberger is in residence in Room 172.

THE BUSINESS COUNCIL

May 7-10, 1970

<u>Room No.</u>	<u>Name</u>
1102	Mr. and Mrs. William M. Allen
420	Mr. J. Paul Austin
1412	Mr. and Mrs. William M. Batten
902	Mr. and Mrs. S. D. Bechtel, Jr.
1108	Mr. and Mrs. S. D. Bechtel, Jr.
1421	Mr. and Mrs. Eugene N. Beesley
731	Mr. and Mrs. B. F. Biaggini
237	Mr. and Mrs. James H. Binger
1111	Mr. and Mrs. Harold Boeschstein
1017	Mr. Fred Bohen
1408	Mr. Fred J. Borch
421	Mr. and Mrs. Harllee Branch, Jr.
1430	Mr. Ernest R. Breech
316	Mr. and Mrs. William Brewster
427	Mr. and Mrs. George R. Brown
1126	Mr. and Mrs. John W. Burke, Jr.
363	Mr. and Mrs. Donald C. Burnham
522	Mr. and Mrs. Louis Cabot
1018	Mr. and Mrs. Howard L. Clark
331	Mr. and Mrs. John T. Connor
1409	Mr. and Mrs. C. W. Cook
515	Mr. and Mrs. J. E. Corette
2103	Mr. and Mrs. John Cowles
428	Mr. and Mrs. Bert S. Cross
503	Mr. and Mrs. John H. Daniels
1112	Mr. and Mrs. Paul L. Davies
364	The Honorable and Mrs. Kenneth N. Davis
370	Mr. Arthur J. Demaris
219	Mr. and Mrs. Frederick B. Dent
1114	Mr. and Mrs. Richard R. Deupree
1620	Mr. and Mrs. Russell DeYoung
1535	Dr. and Mrs. William Y. Elliott
531	The Honorable Robert H. Finch
1625	Mr. and Mrs. Fred C. Foy
1414	Mr. G. Keith Funston
1437	Mr. and Mrs. Henry W. Gadsden
728	Mr. and Mrs. Thomas S. Gates, Jr.
620	The Honorable and Mrs. Carl J. Gilbert
431	Mr. and Mrs. Edwin H. Gott
1725	Mr. and Mrs. Elisha Gray, II

<u>Room No.</u>	<u>Name</u>
1103	Mr. and Mrs. Crawford H. Greenewalt
1623	Mr. and Mrs. Courtlandt S. Gross
361	General Alfred M. Gruenther
527	Mr. and Mrs. P. E. Haggerty
241	Mr. and Mrs. M. L. Haider
1628	Mr. Joseph B. Hall
203	Mr. Walter Hamilton
181	Mr. Robert V. Hansberger
2106	Mr. and Mrs. John D. Harper
301	Mr. and Mrs. Ellison L. Hazard
348	The Honorable and Mrs. Richard M. Helms
529	Mr. Warren Hendriks
520	Mr. William A. Hewitt
1522	Mr. and Mrs. Milton P. Higgins
1901	Mr. and Mrs. Amory Houghton, Jr.
1830	Mr. and Mrs. Amory Houghton, Sr.
903	Mr. and Mrs. G. W. Humphrey
1211	Mr. and Mrs. J. K. Jamieson
1402	Mr. and Mrs. Alfred W. Jones
1201	Mr. and Mrs. Edgar F. Kaiser
1426	Mr. and Mrs. F. R. Kappel
621	Mr. and Mrs. G. E. Keck
1825	Mr. and Mrs. Donald M. Kendall
1824	The Honorable and Mrs. David M. Kennedy
703	Mr. and Mrs. John R. Kimberly
373	Vice Admiral Emory Scott Land
1208	Mr. and Mrs. Joseph L. Lanier
165	Mr. Barry T. Leithead
536	Mr. and Mrs. Edmund W. Littlefield
1006	Mr. and Mrs. George H. Love
267	Mr. and Mrs. J. W. McAfee
347	Mr. and Mrs. S. M. McAshan, Jr.
1106	Mr. Thomas B. McCabe
2001	Mr. and Mrs. L. F. McCollum
620	Mr. and Mrs. C. B. McCoy
1626	Mr. and Mrs. Neil McElroy
1212	Mr. and Mrs. Earl M. McGowin
1206	Mr. and Mrs. Malcolm MacNaughton
368	Mr. and Mrs. Rodney W. Markley, Jr.
314	Mr. and Mrs. Birny Mason, Jr.
509	Mr. and Mrs. Gordon M. Metcalf
727	Mr. and Mrs. J. Irwin Miller
627	Mr. and Mrs. Otto N. Miller
906	Mr. and Mrs. Frank R. Milliken

<u>Room No.</u>	<u>Name</u>
2002	Mr. and Mrs. George G. Montgomery
281	Mr. and Mrs. Howard Morgens
1415	Mr. and Mrs. Charles G. Mortimer
1627	Mr. and Mrs. Frederick H. Mueller
1226	Mr. and Mrs. W. B. Murphy
631	Mr. and Mrs. Charles F. Myers, Jr.
308	Mr. and Mrs. Albert L. Nickerson
1733	Mr. and Mrs. Aksel Nielsen
1117	Mr. Nicholas H. Noyes
908	Mr. and Mrs. T. F. Patton
1903	Mr. and Mrs. M. J. Rathone
715	Mr. and Mrs. Philip D. Reed
1119	Mr. Walter M. Ringer
629	Mr. and Mrs. David Rockefeller
341	The Honorable and Mrs. William P. Rogers
1633	Mr. and Mrs. H. I. Romnes
2101	Mr. and Mrs. Stuart T. Saunders
359	Mr. Blackwell Smith
617	Mr. and Mrs. L. B. Smith
2005	Mr. and Mrs. Charles H. Sommer
721	Mr. and Mrs. A. E. Staley, Jr.
636	The Honorable Maurice H. Stans
342	The Honorable and Mrs. Herbert Stein
1423	Mr. and Mrs. Robert T. Stevens
350	The Honorable and Mrs. John R. Stevenson
511	Mr. and Mrs. Hardwick Stires
1406	Admiral and Mrs. Lewis L. Strauss
912	Mr. and Mrs. Gardiner Symonds
603	Mr. and Mrs. A. Thomas Taylor
1403	Dr. and Mrs. Charles A. Thomas
1731	Mr. and Mrs. E. J. Thomas
1217	Mr. and Mrs. Charles B. Thornton
1724	Mr. and Mrs. Lynn A. Townsend
346	The Honorable and Mrs. Russell E. Train
2105	Mr. and Mrs. Juan T. Trippe
365	The Honorable John A. Volpe
257	Mr. and Mrs. Thomas J. Watson, Jr.
1009	Mr. J. W. Watzek, Jr.
1523	Mr. and Mrs. George H. Weyerhaeuser
310	Mr. and Mrs. Walter H. Wheeler, Jr.
628	Mr. and Mrs. Langbourne M. Williams
1015	Mr. H. W. Zinsmaster

Mr. Burke's secretary, Business Council, called to invite you and Mrs. Stein to fly to Hot Springs with them (the Burkes) on Thursday, May 7th.

The plane is a GE Gulfstream, No. 362-G, which will leave Paige Terminal at National Airport at 4:45.

Also on the plane will be Secretary & Mrs. Kennedy, their press aide and an agent, and Gen. Grunther and Admiral Jerry Land.

Miss Slagle
298-7650

THE BUSINESS COUNCIL

888 SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20006
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MEMORANDUM

May 7, 1970

TO: Mr. Herbert Stein

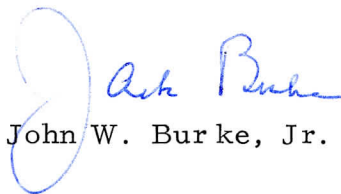
Your meeting with the CEA Liaison Committee is scheduled for 7:30 a.m. EDT on Friday, May 8th, in the Hunt Room of The Homestead. The Hunt Room is located on the mezzanine floor, directly over the front desk.

The following Council members are expected to be in attendance:

Birny Mason, Jr., Chairman of
Liaison Committee

William M. Batten
John T. Connor
John H. Daniels
Amory Houghton, Jr.
Howard Morgens
H. I. Romnes
L. B. (Ted) Smith

Breakfast will be served in the Hunt Room.


John W. Burke, Jr.

THE BUSINESS COUNCIL

The Homestead
Hot Springs, Virginia

May 7th - 10th, 1970

Guest List

ARTHUR F. BURNS, Chairman of the Board of Governors, Federal Reserve System

Dr. Burns was a young boy when his family emigrated to the United States from their native Austria. He worked his way through Columbia University and eventually taught at Columbia and at Rutgers.

He is widely regarded as an economist and for his work at the National Bureau of Economic Research on the history of business cycles in the U. S. His first tour in Washington was as Chairman of the Council of Economic Advisers during the first Eisenhower Administration. As Counsellor to the President, to which he was appointed in 1969, he was the ranking member of the White House staff.

When the Chairmanship of the Federal Reserve became vacant early this year, Dr. Burns was the logical and most qualified choice to fill the vacancy. He was sworn in as Chairman of the Board of Governors on January 31st, 1970.

Married to the former Helen Bernstein, they have two grown sons.

KENNETH N. DAVIS, Assistant Secretary of Commerce for Domestic and International Business

Mr. Davis was sworn in to his Commerce post in March, 1969, having come to this assignment from a 20-year career with IBM.

Born and educated in Massachusetts, he attended Phillips Academy, received a B. S. degree in Mechanical Engineering from M. I. T. in 1946, served as a Lieutenant in the Navy during World War II, and went on to receive his Master's from Stanford in 1949. In addition, he completed a course in executive management at Columbia University in 1960.

He joined IBM as a data processing salesman in 1949 and held various managerial positions before being elected as Vice President and Treasurer in 1966.

Mr. Davis and his wife, the former Corinne Burge, are the parents of three daughters.

ROBERT H. FINCH, The Secretary of Health, Education and Welfare

Secretary Finch, the youngest member of the Cabinet, was born in Arizona but educated in California. He received a B. A. degree from Occidental College in 1947, where

ROBERT H. FINCH (cont'd.)

he was President of the student body. His work with Republican Youth brought him to the attention of the Republican National Committee and, eventually, to Washington as Administrative Assistant to Congressman Norris Poulson.

While working in Congress he decided to return to California to study law and received his LL. B. from the University of Southern California in 1952. He practiced law until 1958, when he returned to Washington as Administrative Assistant to then-Senator Nixon, thus leading to his management of Mr. Nixon's 1960 Presidential campaign and his 1962 campaign for Governor of California, as well as Senator Murphy's 1964 campaign. In 1966 Mr. Finch was elected Lt. Governor of California and it was from this office that he was appointed as Secretary of Health, Education and Welfare.

Married to the former Carol Crothers, they are the parents of three daughters and a son. When time permits, he enjoys playing tennis and gardening.

RICHARD M. HELMS, Director of Central Intelligence

Mr. Helms, a career officer in the Government, was appointed as Director of Central Intelligence in June 1966. He is the first "professional" to head up the agency.

He was born in Philadelphia in 1913 and graduated with many distinctions from Williams College. His career in intelligence work began in World War II where he served in Europe with the Naval Office of Strategic Services. After the war, he remained in intelligence work with the Joint Strategic Services of the War Department, which was the forerunner of our present CIA. Throughout the agency's history, Mr. Helms has been an assistant or deputy director.

Mr. Helms married the former Cynthia McKelvie in December 1968. They are both keen tennis players.

DAVID M. KENNEDY, The Secretary of the Treasury

Secretary Kennedy was raised on a ranch in Utah and received his bachelor's degree from Weber College in that State. He earned master's and bachelor of laws degrees at George Washington University and graduated from the Stonier Graduate School of Banking at Rutgers. From 1930 to 1946 he was on the staff of the Federal Reserve Board in Washington, finally as special assistant to former Fed Chairman Marriner Eccles.

In 1946 he moved to the Continental Illinois National Bank in Chicago and was elected its President 10 years later. During these 10 years, he took time out to return to Government as Special Assistant to Secretary of the Treasury George Humphrey and was reportedly considered by President Johnson to succeed former Treasury Secretary Dillon. In 1959 he became Chairman and Chief Executive of Continental Illinois and was in this key position when President Nixon appointed him to his present Cabinet post.

DAVID M. KENNEDY (cont'd)

Secretary Kennedy is married to a fellow Utahan, the former Lenora Bingham, and they have four married daughters.

RODNEY W. MARKLEY, JR., Vice President, Ford Motor Company

Mr. Markley, who was appointed to his present position as Vice President in February 1967, joined the Ford Motor Company in 1951. He was an associate in the Washington office, then managing director, before taking on his responsibilities for the company's activities and relationships with the Federal Government. Before joining Ford, he was with Aircraft Industries Association in Washington, and with the Douglas Aircraft Company at Santa Monica.

A Californian, he is a graduate of the Occidental College of Los Angeles. He currently is on the board of directors of several organizations and is a member of the Board of Trustees of the Business-Government Relations Council.

Mr. Markley and his wife Annabel reside in Washington. They are both avid golf players and enjoy the game whenever their schedules permit.

WILLIAM P. ROGERS, The Secretary of State

Secretary Rogers was born in New York State, received an A. B. degree from Colgate University, and his LL. B. from Cornell Law School in 1937.

Following a short term with a Wall Street law firm, he was appointed Assistant District Attorney for New York County, and held the post until entering the Navy in 1942. Four years in the Navy were followed by another brief term as Assistant District Attorney. From 1947 to 1950 he was counsel for several major Senate Investigating Committees before returning to private law practice.

In 1952, Secretary Rogers was appointed as the Deputy Attorney General, and was chosen to succeed Herbert Brownell as The Attorney General in 1957. He played a principal role in drafting the Civil Rights Act of 1957 and undertook several special missions for both President Eisenhower and President Johnson. Secretary Rogers had been back in private practice since 1961 when called upon by President Nixon to assume the top-ranking post in his Cabinet.

Married to the former Adele Langstone they are the parents of a daughter and three sons. They reside in Bethesda, Maryland.

MAURICE H. STANS, The Secretary of Commerce

Secretary Stans is a native of Minnesota who studied accounting in night classes at Northwestern and studied at Columbia University. He joined the Chicago accounting firm of Alexander Grant & Co. in 1928, rose to junior accountant, to partner and to executive partner in 10 years. By 1955 he had made the once small company the nation's 10th largest and had built himself a reputation for cost-cutting proficiency.

In 1955 he was made Deputy Postmaster General and from there moved to the Budget Bureau in 1957, first as Deputy Director and then as Director. After leaving Government, he was president of several California banking concerns before moving to New York as President of the banking firm of Glore, Forgan, William R. Staats, Inc.

Secretary Stans is married to the former Kathleen Carmody. Both are enthusiastic big game hunters and have been on several safaris to Africa in recent years. They are the parents of two sons and two daughters.

JOHN R. STEVENSON, Legal Adviser, Department of State

Mr. Stevenson was sworn in as Legal Adviser of the State Department in July of 1969. Prior to his nomination, he had been a member of the law firm of Sullivan and Cromwell, of New York City, which he first joined in 1950.

He was born in Chicago, graduated from the 1942 class at Princeton and received his LL.B. and J.S.D. degrees from Columbia Law School. During World War II, he served in the U.S. Navy. He first joined the State Department in 1945 and spent a year in the Office of American Republic Affairs before studying for his law degrees. In 1950 he was a Lecturer in International Law at Columbia Law School. He also was a member of the State Department Advisory Committee on International Law, represented the United States at the International Conference on the Law of Treaties in Vienna, and was President of the American Society of International Law from 1966 to 1968.

Mr. Stevenson is married to the former Patience Fullerton. They have three daughters and a son and now reside in Washington. They both enjoy playing golf when time permits.

RUSSELL E. TRAIN, Chairman, Council on Environmental Quality

In February 1970, President Nixon established a Council on Environmental Quality, reporting directly to him and empowered to review all federal activities that affect the quality of life. To chair this Council, he named Russell E. Train, a nationally-known conservationist who was then serving as Under Secretary of the Interior, but he resigned from this position when appointed to the Council.

RUSSELL E. TRAIN (cont'd)

The son of Admiral Russell Train, he is a native of Washington, D. C., with a degree from the 1941 class at Princeton and a law degree from Columbia University. He started his career as a tax lawyer, served with the Treasury Department, and in 1957 was appointed to a 12-year term as a judge of the U. S. Tax Court. Following a hunting trip to Africa, however, he became so engrossed in environmental issues that he resigned his judgeship in 1965 and became President of the non-profit Conservation Foundation.

Married to the former Aileen Bowdoin, they are the parents of two daughters and two sons and they reside in Washington, D. C. Both of them enjoy playing tennis.

JOHN A. VOLPE, The Secretary of Transportation

Secretary Volpe was born of immigrant parents in Wakefield, Massachusetts, and worked his way through college to earn a degree in architectural construction from Wentworth Institute in Boston. In 1933 he formed his own construction company, which has since expanded into a multimillion-dollar building firm.

During World War II he served for three years with the Navy and in 1953 began his public career as Commissioner of Public Works in Massachusetts. In 1956 he was named as the first Federal Highway Administrator where he did much of the planning for the new interstate system. With virtually no political apprenticeship, he was elected Governor of Massachusetts by 139,000 votes in 1960, lost narrowly in 1962 to Endicott Peabody, but regained the governorship in 1964 and was re-elected to a four-year term in 1966.

Married to the former Jennie Benedetto, they are the parents of a son and a daughter.

SPECIAL NOTICES

1. MIXED BEVERAGES CAN BE SERVED IN ALL FACILITIES OF THE HOMESTEAD, I. E., MAIN DINING ROOM, GRILLE ROOM, CASINO, HOMESTEAD CLUB AND GUEST ROOMS. MEMBERSHIP FEE IS NO LONGER REQUIRED IN THE HOMESTEAD CLUB AS IT IS NOW AN ADDITIONAL RESTAURANT OF THE HOTEL. FOOD WILL BE SERVED THERE UPON REQUEST. THE VIRGINIA STATE ABC BEVERAGE STORE IS STILL OPEN DAILY IN THE VILLAGE.
2. WE WILL REPEAT THE BUFFET-STYLE BREAKFASTS FOR THE GENTLEMEN IN THE DOMINION ROOM FROM 7:30 TO 8:30 ON FRIDAY AND SATURDAY MORNINGS. THIS ROOM IS ADJACENT TO THE COMMONWEALTH ROOM, WHERE THE MORNING SESSIONS ARE HELD.
3. MR. BORCH HAS ASKED THAT WE EMPHASIZE A BUSINESS COUNCIL RULE TO THE EFFECT THAT EVERYONE IS REQUESTED NOT TO HAVE COCKTAIL PARTIES AT TIMES THAT CONFLICT WITH SCHEDULED COUNCIL FUNCTIONS, PARTICULARLY ON FRIDAY AND SATURDAY EVENINGS BEFORE THE COUNCIL DINNERS.
4. ADDITIONAL TELEPHONES HAVE BEEN INSTALLED IN THE BACK OF THE COMMONWEALTH ROOM, WHERE THE MORNING BUSINESS SESSIONS ARE HELD, FOR THE CONVENIENCE OF THOSE MEMBERS AND GUESTS WHO HAVE NEED TO MAKE OUT-GOING CALLS ONLY DURING THE MID-MORNING BREAKS.
5. RECEPTIONS PRECEDING THE DINNERS ON FRIDAY AND SATURDAY EVENINGS WILL START AT 7:00 P. M. INSTEAD OF 6:45 P. M.
6. THERE WILL BE NO CHANGE IN THE STARTING TIME OF 6:45 P. M. FOR THE THURSDAY EVENING CHAIRMAN'S RECEPTION.

FRED J. BORCH
Chairman
JOHN W. BURKE, JR.
Executive Secretary
Telephone
Area Code 202
298-7650

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888 SEVENTEENTH STREET, N.W.
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PATRICK E. HAGGERTY
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JOHN D. HARPER
Vice Chairman
BIRNY MASON, JR.
Vice Chairman

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FRANK STANTON
CHARLES B. THORNTON
LYNN A. TOWNSEND
THOMAS J. WATSON, JR.
GEORGE H. WEYERHAEUSER
HENRY S. WINGATE

April 23, 1970

Memorandum for All Council Members, Guests and Their Wives Attending
the May 1970 Meeting at The Homestead, Hot Springs, Va.

- I. Enclosed are:
- a. Schedule of social events.
 - b. Tentative agenda for business sessions.
 - c. First names and home addresses of Council members, as of April 1970.
 - d. List of new Council members, 1967 to 1970.
 - e. Notice on ladies' golf.
 - f. List of expected Council guests, with brief biographies.
- II. The Chairman's Reception on Thursday evening will be held in the Empire Room, which is adjacent to the theatre on the lower level of the hotel. The morning sessions for the gentlemen on Friday and Saturday will be held in the Commonwealth Room (the same room where dinners are held on Friday and Saturday evenings).

III. a. The Tower Lounge, opposite the Tower elevator, will be set aside for the exclusive use of Council members, Council guests and their wives from 5:00 p.m. Thursday until about 8:00 p.m. Sunday.

b. Due to space limitations, members and their wives are requested not to invite non-Council guests into the Tower Lounge or to the receptions before dinner.

c. In order to eliminate embarrassment to anyone, it is requested that attendance at the Friday and Saturday night dinners be limited to Council members, official Council guests and their wives.

d. As in the past, it is requested that Council members refrain from holding private social functions at times which conflict with scheduled Council events, particularly cocktail parties before the Council dinners.

e. Dress will be optional on Thursday evening, black tie on Friday and Saturday evenings.

f. With the exception of the Head Table, seating for the Friday and Saturday night dinners will be by drawings from the bowls located between the Georgian and Commonwealth Rooms.

g. Gratuities in the Tower Lounge and for service at the scheduled receptions and dinners will be taken care of by the Council. Service in the Main Dining Room, the Casino, the Grille, the Homestead Club, in rooms, and in getting to and from the airport should be taken care of by the individual.

h. With reference to the Men's Golf Tournament on Saturday at The Homestead Course:

- (1) The entry fee of \$15.00 (for prizes) should be paid by Council members to the Club Pro before teeing off.
- (2) The starter will assist those members and guests so desiring to make up foursomes.
- (3) For the personal pleasure and convenience of the participants, it is important that they arrange for starting time with the Golf Shop well in advance.

i. A round-robin, doubles tennis tournament will be held for the men on Friday and Saturday afternoons on the Casino Courts. Mr. Earl McGowin has kindly agreed to be in charge of this event and will be glad to assist the players in making arrangements. A reasonable entry fee for Council members will be established.

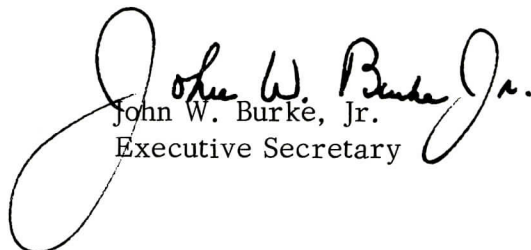
j. Coffee service will be available for the gentlemen and guests during the meeting breaks on Friday and Saturday mornings. This will be set up in the Dominion Room. There will also be telephones installed in the Georgian Room, which is, in effect, the upper level of the Commonwealth Room where the business sessions are held, for the convenience of those gentlemen who have a need to use them during the morning breaks.

k. IT WOULD BE GREATLY APPRECIATED IF MEMBERS WOULD ADVISE EITHER THE EXECUTIVE SECRETARY OR MRS. BURKE OF ANY LAST-MINUTE CHANGES IN DINNER PLANS OR DEPARTURE TIMES. MESSAGES MAY BE LEFT AT THE DESK OR AT THE COUNCIL STAFF HEAD-QUARTERS IN THE WRITING ROOM, JUST OFF THE TOWER LOUNGE.

l. The Homestead can be reached at the main switchboard by dialing Area Code 703, 839-5500.

IV. The Homestead will be on Eastern Daylight Time during the dates of this meeting. All schedules and programs attached are printed in EDT.

V. Chairman Borch is very hopeful that he can count on the members to arrange their schedules, insofar as possible, to attend the entire program at The Homestead.


John W. Burke, Jr.
Executive Secretary

Enclosures

THE BUSINESS COUNCIL

The Homestead
Hot Springs, Virginia

May 8th and 9th, 1970
EASTERN DAYLIGHT TIME

Tentative Agenda

Friday, May 8th

E. D. T.

9:00 a. m. Convene in Commonwealth Room

Report on the Domestic Economy

Birny Mason, Jr., Chairman
CEA Liaison Committee

Remarks

The Honorable Maurice H. Stans
The Secretary of Commerce

"Status of Legislation Involving Private
Pension Plans"

Rodney W. Markley, Jr.
Vice President
Ford Motor Company

10:20-10:35 B R E A K

"Environmental Control: A Challenge
For All"

Edwin H. Gott

"Pollution and Light Industry"

R. V. Hansberger

Remarks

The Honorable Russell E. Train
Chairman
Council on Environmental Quality

12:15 p. m. A D J O U R N

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There will be no afternoon business session

7:00 p. m. Reception and Dinner - Black Tie

Commonwealth Room

Speaker -- The Honorable Robert H. Finch
The Secretary of Health, Education and Welfare

THE BUSINESS COUNCIL

The Homestead
Hot Springs, Virginia

May 8th and 9th, 1970
EASTERN DAYLIGHT TIME

Tentative Agenda

Saturday, May 9th

E. D. T.

9:00 a. m.	Convene in Commonwealth Room	
	"Remarks on Monetary Policy"	The Honorable Arthur F. Burns Chairman, Board of Governors Federal Reserve System
	"Inflation Plus Decreasing Productivity - A Deadly Syndrome" 'A Long-Range Speculative Look at the U. S. Economy'	Patrick E. Haggerty
10:35-10:50	B R E A K	
	"The Impact on the American Economy of the Vietnamization Program"	John T. Connor
	"Recent Developments in the Middle East"	J. K. Jamieson
	"Transportation: All Modes for an Intermodal System"	The Honorable John A. Volpe The Secretary of Transportation
12:20 p. m.	A D J O U R N	

- - - - -

There will be no afternoon business session

7:00 p. m.	Reception and Dinner - Black Tie	Commonwealth Room
	Speaker -- The Honorable William P. Rogers The Secretary of State	

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Rye, New York 10580

Mr. and Mrs. Aksel Nielsen
(Aksel and Char)
2165 Alameda Avenue
Denver, Colorado 80209

Mr. and Mrs. Nicholas H. Noyes
(Nick and Marguerite)
5625 Sunset Lane
Indianapolis, Indiana 46208

Mr. and Mrs. Robert S. Oelman
(Bob and Mary)
235 Park Road
Dayton, Ohio 45419

The Honorable and Mrs. David Packard
(David and Lucile)
3220 Nebraska Avenue, N. W.
Washington, D. C. 20016

Mr. and Mrs. T. F. Patton
(Tom and Arline)
2711 Landon Road
Shaker Heights, Ohio 44122

The Honorable and Mrs. Charles H. Percy
(Chuck and Loraine)
Room 1200, New Senate Office Building
Washington, D. C. 20510

Mr. and Mrs. A. Q. Petersen
(Pete and Adele)
1907 Palmer Avenue
New Orleans, Louisiana 70118

Mr. John L. Pratt
(John)
Chatham Manor, P. O. Box 120
Fredericksburg, Virginia 22401

Mr. and Mrs. Gwilym A. Price
(Bill and Marion)
Club Road, Rosslyn Farms
Carnegie, Pennsylvania 15106

Mr. and Mrs. M. J. Rathbone
(Jack and Eleanor)
10 Glendale Road
Summit, New Jersey 07901

Mr. and Mrs. Philip D. Reed
(Phil and Mabel)
Sunset Lane
Rye, New York 10580

Mr. and Mrs. R. S. Reynolds, Jr.
(Dick and Virginia)
4509 Sulgrave Road
Richmond, Virginia 23221

Mr. and Mrs. Walter M. Ringer
(Walter and Elinor)
Route 1, Box 63
Wayzata, Minnesota 55391

Mr. Reuben B. Robertson
(Reuben)
820 Town Mountain Road
Asheville, North Carolina 28804

Mr. and Mrs. James M. Roche
(Jim and Louise)
425 Dunston Road
Bloomfield Hills, Michigan 48013

Mr. and Mrs. David Rockefeller
(David and Peggy)
146 East 65th Street
New York, New York 10021

Mr. and Mrs. H. I. Romnes
(Hi and Aimee)
128 Fairmount Avenue
Chatham, New Jersey 07928

Mr. and Mrs. Donald J. Russell
(Don and Mary Louise)
2298 Pacific Avenue
San Francisco, California 94115

Mr. and Mrs. Stuart T. Saunders
(Stuart and Dorothy)
40 W. Ardmore Avenue
Ardmore, Pennsylvania 19003

Mr. and Mrs. Charles Sawyer
(Charlie and Elizabeth)
95 East Fountain Avenue
Glendale, Ohio 45246

Mr. Emil Schram
(Emil)
Hill Crest, Box 449
Peru, Indiana 46970

Mr. and Mrs. Blackwell Smith
(Blackie and Moyne)
R. D. 1
Hopewell, New Jersey 08525

Mr. C. R. Smith
(C. R.)
2358 Massachusetts Avenue, N. W.
Washington, D. C. 20008

Mr. and Mrs. L. B. Smith
(Ted and Lucy Anne)
8415 N. Pelican Lane
Milwaukee, Wisconsin 53209

Mr. John W. Snyder
(John)

8109 Kerry Lane
Chevy Chase, Maryland 20015

Mr. and Mrs. Charles H. Sommer, Jr.
(Charles and Jane)

942 Tirrill Farms Road
St. Louis, Missouri 63124

Mr. and Mrs. A. E. Staley, Jr.
(Gus and Billye)

5 Montgomery Place
Decatur, Illinois 62522

Dr. and Mrs. Frank Stanton
(Frank and Ruth)

5 East 92nd Street
New York, New York 10028

Mr. and Mrs. Robert T. Stevens
(Bob and Dorothy)

1649 Woodland Avenue
Edison, New Jersey 08817

Mr. and Mrs. Hardwick Stires
(Wick and Jane)

1112 Park Avenue
New York, New York 10028

Admiral and Mrs. Lewis L. Strauss
(Lewis and Alice)

Hotel Shoreham West, L - 518
Washington, D. C. 20008

Mr. and Mrs. R. Douglas Stuart
(Doug and Harriet)

528 North Mayflower Road
Lake Forest, Illinois 60045

Mr. and Mrs. Gardiner Symonds
(Gardiner and Margaret)

3359 Chevy Chase Drive
Houston, Texas 77019

Mr. and Mrs. A. Thomas Taylor
(Tom and Geraldine)

Shoreacres Grounds
Lake Bluff, Illinois 60044

Dr. and Mrs. Charles Allen Thomas
(Charlie and Marnie)

609 South Warson Road
Ladue, Missouri 63124

Mr. and Mrs. E. J. Thomas
(Eddie and Mildred)

812 Mayfair Road
Akron, Ohio 44303

Mr. and Mrs. Charles B. Thornton
(Tex and Flora)

320 Carolwood Drive
Los Angeles, California 90024

Mr. and Mrs. Lynn A. Townsend
(Lynn and Ruth)

1485 Kirkway Drive
Bloomfield Hills, Michigan 48013

Mr. and Mrs. Juan T. Trippe
(Juan and Betty)

10 Gracie Square
New York, New York 10028

Mr. and Mrs. Solon B. Turman
(Solon and Dolly)

1227 Fourth Street
New Orleans, Louisiana 70130

Mr. and Mrs. John C. Virden
(John and Pat)

19701 North Park Boulevard
Shaker Heights, Ohio 44122

Mr. and Mrs. J. Carlton Ward, Jr.
(Carl and Laura)

P. O. Box 54
Norfolk, Connecticut 06058

Mr. and Mrs. Thomas J. Watson, Jr.
(Tom and Olive)
Meadowcroft Lane
Greenwich, Connecticut 06832

Mr. J. W. Watzek, Jr.
(John)
P. O. Box 467
Wheaton, Illinois 60187

Mr. and Mrs. Sinclair Weeks
(Sinny and Alice)
Cat Bow Farm
Lancaster, New Hampshire 03584

Mr. and Mrs. George H. Weyerhaeuser
(George and Wendy)
11801 Gravelly Lake Drive, S. W.
Tacoma, Washington 98499

Mr. and Mrs. W. H. Wheeler, Jr.
(Walter and Marjorie)
Bishop's Meadow, Sound View Avenue
Stamford, Connecticut 06902

Mr. and Mrs. John Hay Whitney
(Jock and Betsey)
Greentree, Manhasset
Long Island, New York 11030

Mr. and Mrs. Langbourne M. Williams
(Lang and Frances)
Retreat
Rapidan, Virginia 22733

Mr. and Mrs. Charles E. Wilson
(Charlie and Elizabeth)
7 Hampton Road
Scarsdale, New York 10583

Mr. and Mrs. Henry S. Wingate
(Harry and Ardis)
520 East 86th Street
New York, New York 10028

Mr. R. W. Woodruff
(Bob)
3640 Tuxedo Road, N. W.
Atlanta, Georgia 30305

Mr. James W. Young
(Jim)
800 E. Garcia Road
Santa Fe, New Mexico 87502

Mr. Harry W. Zinsmaster
(Harry)
2 Hawthorne Road
Duluth, Minnesota 55812

Mr. and Mrs. John W. Burke, Jr.
(Jack and Agnes)
5014 Glenbrook Road, N. W.
Washington, D. C. 20016

THE BUSINESS COUNCIL

New Members: 1967 - 1970

Business Title and Address

First Names and Home Address

1967

C. W. Cook, Chairman
General Foods Corporation
250 North Street
White Plains, New York 10602

Tex and Frances
2 Larch Lane
Larchmont, New York 10538

Michael L. Haider
Room 1250
1 Rockefeller Plaza
New York, New York 10020

Mike and Alice
River Road
Essex, Connecticut 06426

John D. Harper, President
Aluminum Company of America
ALCOA Building
Pittsburgh, Pennsylvania 15219

John and Samma
880 Old Hickory Road
Pittsburgh, Pennsylvania 15243

Jack K. Horton, Chairman
Southern California Edison Company
601 W. Fifth Street
Los Angeles, California 90053

Jack and Betty
315 S. Windsor Boulevard
Los Angeles, California 90005

Otto N. Miller, Chairman
Standard Oil Company of California
225 Bush Street
San Francisco, California 94120

Otto and Alberta
2955 Lake Street
San Francisco, California 94121

Charles H. Sommer, Jr., Chairman
Monsanto Company
800 North Lindbergh Boulevard
St. Louis, Missouri 63166

Charles and Jane
942 Tirrill Farms Road
St. Louis, Missouri 63124

1968

William S. Brewster, Chairman
USM Corporation
140 Federal Street
Boston, Massachusetts 02107

Bill and Lucile
Wellsbrook
Plymouth, Massachusetts 02360

Edmund W. Littlefield, President
Utah Construction and Mining Co.
550 California Street
San Francisco, California 94104

Ed and Jeannik
405 Chapin Lane
Burlingame, California 94010

Malcolm MacNaughton, President
Castle & Cooke, Inc.
P. O. Box 2990
Honolulu, Hawaii 96802

Mac and Bettie
3249 Diamond Head Road
Honolulu, Hawaii 96816

Gordon M. Metcalf, Chairman
Sears, Roebuck & Company
925 South Homan Avenue
Chicago, Illinois 60607

Gordon and Marrien
Turvey Lane
Downers Grove, Illinois 60515

James M. Roche, Chairman
General Motors Corporation
General Motors Building
Detroit, Michigan 48202

Jim and Louise
425 Dunston Road
Bloomfield Hills, Michigan 48013

H. I. Romnes, Chairman and President
American Telephone and Telegraph Company
195 Broadway
New York, New York 10007

Hi and Aimee
128 Fairmount Avenue
Chatham, New Jersey 07928

Lynn A. Townsend, Chairman
Chrysler Corporation
341 Massachusetts Avenue
Detroit, Michigan 48231

Lynn and Ruth
1485 Kirkway Drive
Bloomfield Hills, Michigan 48013

1969

Henry W. Gadsden, President
Merck & Co., Inc.
Lincoln Avenue
Rahway, New Jersey 07065

Edwin H. Gott, Chairman
United States Steel Corporation
525 William Penn Place
Pittsburgh, Pennsylvania 15230

George E. Keck, President
United Air Lines, Inc.
P. O. Box 66100
Chicago, Illinois 60666

James A. Linen III, Chairman
Executive Committee
TIME Incorporated
Time & Life Building
Rockefeller Center
New York, New York 10020

Charles B. McCoy, President
E. I. du Pont de Nemours & Company
Wilmington, Delaware 19898

Henry and Patsy
30 Lake Road
Short Hills, New Jersey 07078

Ed and Mary Louise
213 Hampton Road
Pittsburgh, Pennsylvania 15215

George and Harriet
117 North Dewey Road
Palatine, Illinois 60067

Jim and Sally
John Street
Greenwich, Connecticut 06830

Brel and Sal
700 Snuff Mill Road
Wilmington, Delaware 19807

1970

Benjamin F. Biaggini, President
Southern Pacific Company
One Market Street
San Francisco, California 94105

Ben and Anne
1170 Sacramento Street
San Francisco, California 94108

James H. Binger, Chairman
Honeywell Inc.
2701 Fourth Avenue, South
Minneapolis, Minnesota 55408

Jim and Ginnie
2511 Crosby Road
Wayzata, Minnesota 55391

Frederick B. Dent, President
Mayfair Mills, Inc.
Arcadia, South Carolina 29320

Fred and Milly
19 Montgomery Drive
Spartanburg, South Carolina 29302

Ellison L. Hazard
Chairman and President
Continental Can Company
633 Third Avenue
New York, New York 10017

Hap and Helen
31 Old Farm Road
Darien, Connecticut 06820

Amory Houghton, Jr., Chairman
Corning Glass Works
Corning, New York 14830

Amo and Ruth
33 E. Third Street
Corning, New York 14830

J. K. Jamieson, Chairman
Standard Oil Company (New Jersey)
30 Rockefeller Plaza
New York, New York 10020

Ken and Ethel
1310 E. Flagler Drive
Mamaroneck, New York 10543

Donald M. Kendall, President
PepsiCo, Inc.
500 Park Avenue
New York, New York 10022

Don and Bim
Porchuck Road
Greenwich, Connecticut 06830

Howard Morgens, President
The Procter & Gamble Company
P. O. Box 599
Cincinnati, Ohio 45201

Howard and Anne
2180 Grandin Road
Cincinnati, Ohio 45208

David Rockefeller, Chairman
Chase Manhattan Bank (N. A.)
1 Chase Manhattan Plaza
New York, New York 10015

David and Peggy
146 E. 65th Street
New York, New York 10021

George H. Weyerhaeuser, President
Weyerhaeuser Company
Tacoma, Washington 98401

George and Wendy
11801 Gravelly Lake Drive, S. W.
Tacoma, Washington 98499

LADIES' GOLF

From all indications, our efforts to arrange a very informal ladies' golf tournament have been enthusiastically received by those lady golfers who participate. It is, therefore, planned to continue with this and we will try to improve on the system on a "trial and error" basis.

There will be prizes for the ladies, without any entry fee for playing, and the Caloway System will continue to be used to determine the winners. For those who might not be familiar with this method of scoring, it is done by a calculation table and scores are discounted by removing a variable number of bad holes which might be encountered in a round. It is a proven and workable system and it makes all the scores very close, tending to favor neither the low handicap player nor the high handicap player.

In order to coordinate all games, it is essential that all score cards for complete rounds of play on any of the courses (except the Par 3 course) on Friday or Saturday be filled out legibly and turned in to any one of the Council Staff in the Writing Room immediately upon completion of play each day. If the cards are accumulated and turned in all at one time on Saturday evening just prior to the dinner, there simply is not enough time or manpower to make the calculations and award the prizes that evening. Please make the cards legible.

For those who are not familiar with The Homestead, there are three excellent golf courses at the hotel. First, is the one immediately at the hotel, which is known as The Homestead Course. The second one, which seems to be the most popular with the ladies, is the Upper Cascades Course, located three and a half miles from The Homestead. The newest one is the Lower Cascades Course, which is six miles from the hotel and an extremely interesting layout but it is well to keep in mind the fact that the distances here from greens to the tees are so great and so hilly that one would need to reserve a golf cart before attempting to play it. There is also a 9-hole, Par 3 course right at the hotel, which is challenging and little used. It is very sporty and a lot of people are unaware of its existence.

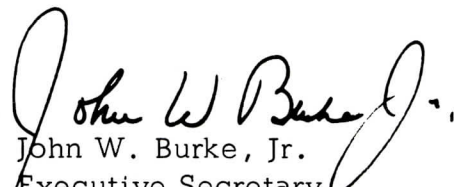
All of these courses are very popular and it is of the utmost importance that starting times be arranged in advance, especially at The Homestead Course. As the Upper Cascades is a favorite with the ladies we do reserve starting times there for 16 players (4 foursomes) at convenient hours on both Friday and Saturday mornings. It is a requirement of the hotel that starting times be reserved in the name of

a person and not under the overall name of "The Business Council." We, therefore, arbitrarily use the names of any four ladies who come to mind, but this does not mean that these particular ladies have reserved the time.

These starting times will be posted on the Bulletin Board in the Tower Lounge the evening prior to each day's play. It is requested that ladies wishing to play at these times sign up against the appropriate starting time.

Upon your arrival at Hot Springs, please do not hesitate to ask any of the Council Staff for whatever help you need and it is our hope that all the ladies will take advantage of the opportunity to get out and play, regardless of their own evaluation of their golfing skills.

There will undoubtedly be additional information on this subject on the bulletin board in the Tower Lounge and it will be helpful if the lady golfers will check it from time to time while at the meeting.


John W. Burke, Jr.
Executive Secretary

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
Washington, D. C.

Summary of Remarks of
Herbert Stein
Member, Council of Economic Advisers
to
THE BUSINESS COUNCIL
The Homestead
Hot Springs, Virginia

May 9, 1970

Inflations in the United States have typically ended in recessions. Both the post-World War II inflation and the 1955-57 inflation ended in recessions in which unemployment rose to around 7 percent. We are now engaged in an effort to break that pattern and to end an inflation without a recession. This does not mean ending the inflation without a slowdown in the real economy -- in production and employment. Given the conditions existing at the beginning of 1969 that was impossible. What it does mean is ending the inflation with the minimum possible loss of employment and output. The means for doing that is to accept some sacrifice of speed in slowing down the inflation in order to avoid a deep decline in employment and output.

The first step in slowing down the inflation was to end its acceleration, and this seems now to have been accomplished. The annual rate of increase in the Consumers' Price Index had risen to 6.4 percent in the first half of 1969. Since the middle of 1969 it has amounted to a little less than 6 percent. There have been slight declines in the rate of increase of the CPI, seasonally adjusted, in recent months. The decline in the inflation rate has been especially marked in non-food commodities. However, the prognosis is for a slower rate of food prices during the remainder of the year.

These price developments have been accompanied, as expected, by a slowdown in the real economy, which has, however, been relatively small. Total output declined by one-half of one percent from the high in the third quarter of 1969 to the first quarter of 1970. Real final output -- i. e., excluding the output that goes into inventories -- did not decline at all. Total employment in April was one million above a year earlier and half a million above six months earlier. Despite this rise of employment the unemployment rate has also risen, to 4.8 percent in April, largely because of an unusually big rise in the labor force. The unemployment rate in April was at the same level that had been reached after 45 months of economic expansion that began in February 1961.

Profits have declined quarter by quarter since a year ago. We do not have comprehensive figures for the first quarter of 1970, but it is apparent that the decline from the first quarter of 1969 was much smaller than in any of the postwar recessions.

A solid basis exists for total production to begin rising again:

1. After no monetary growth in the second half of 1969 we are now on the course of moderate monetary expansion.
2. The combination of termination of the surcharge, other tax changes, increases in Social Security benefits and government pay increases in the first half of 1970 will add \$16 billion at an annual rate to consumers' available incomes.
3. There is a large backed-up demand for housing and residential construction will expand as resources become available, given the financial conditions now in prospect.
4. All surveys indicate continued strength in business investment intentions.
5. Inventory investment is unlikely to continue declining at the rate of the past two quarters.

Mainly because of the housing and inventory factors, and because of the concentration of the fiscal stimulus in the first and second quarters, the upturn is most likely to occur in the third quarter of 1970.

The upturn of production should end the rise of unemployment. It should also begin a rise of corporate profits.

The upturn will not be so vigorous as to end the disinflationary process which is just beginning to bear visible fruit. In fact, the decline in the rate of inflation will become more pronounced as 1970 goes on, in response to the slack which has already existed in the economy and which will continue. As part of this process there will be a decline in the rate of increase of unit labor costs, mainly resulting from a rise of labor productivity.

Basically, without exaggerating our ability to make the economy walk a tightrope, we believe that we are going to avoid a repetition of either 1958 or 1967. In 1958 we slowed down an inflation, but at the cost of a substantial recession. In 1967 we stopped and reversed an economic decline very quickly, but at the cost of reviving a rapid inflation. The reason for confidence that these experiences will not be repeated is simply that the policy-makers in Washington, perhaps even more than the businessmen in New York, have these experiences vividly in mind and are determined that the policy errors which caused them will not be repeated.

* * * *

May 7th

Mr. Burke's secretary, Business Council, called to invite you and Mrs. Stein to fly to Hot Springs with them (the Burkes) on Thursday, May 7th.

The plane is a GE Gulfstream, No. 362-G, which will leave Paige Terminal at National Airport at 4:45.

Also on the plane will be Secretary & Mrs. Kennedy, their press aide and an agent, and Gen. Grunther and Admiral Jerry Land.

Miss Slagle
298-7650

Summary of Remarks of Herbert Stein

to
Business Council
etc.

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These price developments have been accompanied, as expected, by a slowdown in the real economy, which has, however, been relatively small. Total output declined by one-half of one percent from the high in the third quarter of 1969 to the first quarter of 1970. Real final output - i.e., excluding the output that goes into inventories did not decline at all. Total employment in April was one million above a year earlier and half a million above six months earlier. Despite this rise of employment the unemployment rate has also risen, to 4.8 percent in April, largely because of an unusually large rise in the labor force. The unemployment rate in April was at the same level that had been reached after 45 months of economic expansion in the Kennedy that began in February 1961. Profits have declined quarter by quarter since the

a year ago. We do not have comprehensive figures for the first quarter of 1970, but it seems probable is apparent that the decline from the first quarter of 1969 was much smaller than in any of the past ~~recessions~~ recessions.

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2. The combination of termination of the surcharge other tax changes, increases in Social Security benefits and government pay increases ~~will add~~ in the first half of 1970 will add \$16 billion at an annual rate to consumers' available incomes.

3. There is a large backed-up demand for housing ~~which will be satisfied on a long an increasing scale~~ and residential construction will expand as resources become available, given the financial conditions now in prospect.

4. All surveys indicate continued strength in business investment intentions.

5. Inventory investment is unlikely to continue declining at the rate of the past two quarters.

Mainly because of the housing and inventory factors,

and because of the concentration of the fiscal stimulus in the first and second quarters, the upturn is most likely to occur in the third quarter of 1970. The upturn should end of production should end the rise of unemployment. It should also begin a rise of corporate profits.

The upturn will not be so vigorous as to end the disinflationary process which is just beginning to bear visible fruit. In fact, the decline in the rate of inflation will become more pronounced as ~~the~~ 1970 goes on, in response to the slack which has already existed in the economy and which will continue. As part of this process there will be a decline in the rate of increase of unit labor costs, mainly resulting from a rise of labor productivity.

Basically, without exaggerating our ability to make the economy walk a tightrope, we believe that we are going to avoid a repetition of either 1958 or 1947. In 1958 we slowed down ~~excess~~ inflation, but at the cost of a substantial recession. In 1947 we stopped and reversed an economic decline very quickly, but at the cost of ^{reviving} ~~resuming~~ a rapid inflation. ~~The basic reason~~ The reason for confidence that these experiences will not be repeated is simply that the policy-makers

in Washington, perhaps even more than the businessmen
in New York, have these experiences vividly in mind and
are determined that the policy errors which caused them
will not be repeated.