

THE WHITE HOUSE

WASHINGTON

November 21, 1978

To Dominick Cortese

On October 24th, I outlined to the American people the need for concerted efforts if we are to deal effectively with the inflation we have been experiencing for the last ten years. That same day, I sent to you and other national leaders a White Paper describing my proposals in detail.

As you know, I have pledged to do everything in my power to control inflation.

- I will impose austere restraints on Federal spending and reduce the number of Federal employees.
- I have already limited Federal pay raises to 5.5 percent, and frozen all executive salaries.
- I will significantly reduce the Federal deficit next year, and thereafter.
- I am confident that the Congress will cooperate in this effort, but, if necessary, I will veto inflationary legislation.
- I will also ensure that regulatory and other Administrative actions do not raise costs and prices unnecessarily.

Carrying out these measures will be tough on everyone, but the battle against inflation requires sacrifices from all of us.

Since the Federal Government is a major purchaser of goods and services, beginning this January, wherever possible it will act as a prudent buyer, directing procurement activities to firms that abide by our wage and price standards in order to reduce the cost of procurement. Because state and local governments are also important purchasers, I hope you will also review procurement programs with an eye to minimizing inflationary pressures.

In August, I asked national associations of state and local governments to help us identify anti-inflation actions in such areas as housing, food, and medical care. There is a lot that state and local governments can do in these areas, both with and without cooperation from the Federal Government.

NOV 30 REC'D

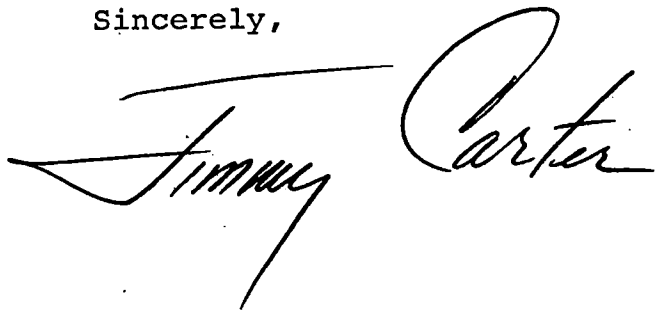
Association representatives have been working with Jack Watson to develop an agenda of these actions. When that agenda is complete, I will seek your advice on how best to proceed. In the meantime, I would appreciate your initiating anti-inflationary steps in all areas under your control and jurisdiction.

Specifically, I strongly urge you to:

1. Urge your public-utility commissions to enforce the wage and price standards and to explore every possibility of improving rate designs so they encourage conservation and economical use of electricity, gas, and communications services.
2. Include in your procurement regulations wage and price provisions similar to those we have introduced at the Federal level (a copy of the Federal regulation draft is enclosed).
3. Introduce regulatory reviews that take into account the economic impact of all state and local regulatory activities as well as the potential benefits of regulations.
4. Keep wage increases for state and local workers within the limits enunciated in the Administration's standards.
5. Impose similar wage restraints on participants in programs assisted by state grants-in-aid.

Your leadership -- in your states and communities -- is essential if we are to win the battle against inflation. I need your personal commitment in the joint effort, and your help in explaining to all our citizens the need for immediate and full cooperation with our program.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. "Jimmy" is written in a more compact, slanted script, while "Carter" is written in a larger, more open cursive script.