

59 Message to the Congress Transmitting the Cost of Living Council's Quarterly Report on the Economic Stabilization Program. *February 26, 1973*

To the Congress of the United States:

The accompanying report of the Economic Stabilization Program covers the last quarter of 1972—the final months of Phase II and a period of marked economic progress.

As the year 1972 neared its end, the picture of improved conditions was unmistakably clear. The economy gathered strength, employment reached an all-time high, the rate of unemployment dropped, real earnings rose significantly after several years of sluggishness, and the rate of inflation was lower.

Overall, the goals of Phase II were either achieved, or results were close to the targets. Food prices were an exception, and remedies in the form of increased production and supply are being sought in that area. Wage-price controls, however, can be only a part of the program to combat inflation. Reductions in Federal spending and a responsible fiscal and monetary policy must be the main elements of the anti-inflation effort, and I intend to continue pressing for them.

To preserve our gains and to prepare the country for a full return to the competitive marketplace of peacetime, I instituted Phase III of the Economic Stabilization Program earlier this year.

Under the Cost of Living Council, this modified system has the resources to guard against the still-present threat of inflation. I am determined that we shall lower the rate of inflation to 2.5 percent or less by the end of 1973, and I am prepared to use the tools at my disposal to reach this goal.

The American people clearly want the rate driven as low as possible, and I believe we can do so if the Congress will extend the Economic Stabilization Act for another year beyond April 30 and if we can obtain the full cooperation of all segments of our society.

RICHARD NIXON

The White House,

February 26, 1973.

NOTE: The report, covering the period October 1, 1972, through January 10, 1973, is entitled "Economic Stabilization Program Quarterly Report" (Government Printing Office, 70 pp.).

On the same day, the White House released a statement on wage and price stabilization by George F. Shultz, Secretary of the Treasury and Chairman of the Cost of Living Council, and the transcript of a news briefing on economic stabilization measures by Secretary Shultz and John T. Dunlop, Director of the Cost of Living Council. The statement is printed in the Weekly Compilation of Presidential Documents (vol. 9, p. 191).