

EXECUTIVE

August 1, 1978

Mr. Stephen Anbinder
Managing Director
Dillon Read & Co. Inc.
46 William Street
New York, New York 10005

Dear Mr. Anbinder:

I appreciated greatly your willingness to meet with Ralph Gerson and myself under the auspices of the Securities Industry Association on July 19. As you remember, we discussed the Administration's anti-inflation program and the importance of participation by all segments in our economy -- government, business and labor -- with emphasis on government leading the way.

In particular, as respects the business sector, we have asked if each company would support the President's anti-inflation program as it pertains to price deceleration and executive pay deceleration.

On behalf of Ambassador Strauss and myself, I hope that you will encourage your clients to make two commitments:

1. That any executive compensation increases will not exceed five percent on a twelve month basis; and
2. That price increases in this calendar year will be held below the average annual rate of increase for your firm during the two years from December 1975 to December 1977.

If, for some reason, they cannot pledge to do both, then ask them to do one.

We are also asking that your firm consider what similar steps it might take in support of our efforts. Your cooperation in this program will be a visible indication that business is concerned and acting.

Mr. Stephen Anbinder
Page Two

In the meantime, I can assure you that, at the President's request, government is doing its part by seeking out all possible avenues to reduce costs and inefficiency, and by taking a close look at all regulatory processes to see that this same principle is applied. We are trying very hard to develop substantive and sensible actions, and we are constantly exploring other voluntary anti-inflation approaches.

May we please hear from you.

Sincerely,

S. Lee Kling
Assistant Counselor
on Inflation