

5 August 1974

Dear Steve,

I am enclosing the letter from the President of Bache which I mentioned to you on Saturday.

It was a marvellous evening of stimulating conversation and wonderful companionship.

Your family is truly beautiful--no wonder you always look so happy! Mousa joins me in sending our thanks to you and Sally for your special hospitality.

Warm regards,



E. R. ZUMWALT, JR.

Mr. Steven Minikes
Export Import Bank of U.S.
RM: 1220
811 Vermont Ave.
Washington, D. C.

The meal was unforgettable!
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Minikes, S.

BACHE & Co.
Incorporated
100 GOLD STREET, NEW YORK, N. Y. 10038

HARRY A. JACOBS, JR.
President

July 30, 1974

Admiral Elmo R. Zumwalt, Jr., USN Ret.

Fall Church, Virginia 22044

Dear Admiral Zumwalt:

I took careful notes of the President's speech on the economy and I was distressed. There is no leadership. My approach to fighting inflation is probably somewhat unconventional, but here goes:

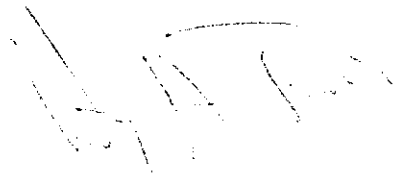
- (1) I would try to develop a sense of national purpose. The President should appoint a national commission on inflation composed of members of the public, labor, and business.
- (2) We should introduce consumer credit controls (Regulation W). This was used during the Korean War with some degree of success and would have the effect of dampening down demand and increase savings.
- (3) I would introduce qualitative controls on bank lending. High interest rates are, in effect, quantitative controls and they have not worked. Super high interest rates are, in reality, creating more inflation. It is just like going outward bound on the ILS away from the runway. Everything works backwards.
- (4) Most controversial of all are price and wage controls. It would seem to me that they probably have a place here and certainly we should never have taken them off when we did.

Admiral Elmo R. Zumwalt, Jr., USN Ret.
July 30, 1974

- (5) In all honesty, I have been an advocate of chopping the defense budget but, after hearing you speak so eloquently last night, I am not so sure. Certainly, however, other sectors of the budget should be pruned and a \$10 billion cutback would be much nearer to my liking than the \$5 billion proposed.

More than anything else, we need a sense of national purpose and leadership to get us out of this horrible economic mess which shows every sign of deterioration and it is plainly evident that the capital raising machinery of this country is ceasing to work.

Sincerely,

A handwritten signature in dark ink, appearing to read "Elmo R. Zumwalt, Jr.", is written over a faint, circular stamp or watermark.