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OFFICE OF THE PRESIDENT

WASHINGTON, D.C.

From the President:

To:

Bill Anderson

Date:

Time

a.m.

p.m.

Interesting Editorial.



THE CHRISTIAN SCIENCE MONITOR

"First the blade, then the ear,  then the full grain in the ear"

Monday, September 30, 1974

The Monitor's view

Opinion and commentary

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The economic summits

Mr. Ford has emerged from his economic summits with generally high marks for bringing a difficult and highly partisan area of public policy out into the open.

But he faces strong pressure, now that the summits are over, to show what he and his staff can do in the backroom work of specific proposals.

The "town hall" approach of the final summit this weekend gave the representatives of labor, industry, government, and to a noticeably lesser degree the consumer, the chance to argue their cases. At times the proceedings looked and sounded like a political convention, with votes to be cast for or against certain types of economic action.

But out of the summit did come a kind of consensus. Perhaps economist Paul Samuelson was nearest right in his definition of the problem as not just inflation, but inflation plus recession, or "stagflation." The remedy for stagflation is slow recovery, a moderate easing of monetary and credit conditions twinned with a slow rate of expansion of the economy. An inflation that was years in building, he argues, cannot be shut off overnight.

To gain the time—perhaps two or three years—to quiet the engines of inflation, some kind of social contract will have to be struck on the wage and price front. Mr. Samuelson and others suggest that tax relief for lower and moderate income Americans may be offered in return for wage restraint. On the price side, the public will have to be assured that unjustified price increases will not be permitted. And government will have to hold its own budget in line.

Mr. Ford's announcement of a new White House labor-management committee indicates the first step in seeking a voluntary wage-price pact. His promise to cite specific budget-cutting items should soon show, in Congress's response, how he will fare with the federal side of his compact for

moderate growth and restraint on inflation.

Mr. Ford may have about used up the wait-and-see period of his young presidency on the economy. True, many economists look for a moderate recovery of the economy by the middle of next year and a halving of the inflation rate by the end of 1975. But signs indicate business is starting to raise prices in anticipation not just of inflation, but of government controls. Last month wholesale prices climbed at a nearly 47 percent annual rate. When the effect of this price jump hits the consumer—for whom prices are already climbing at a 15.6 percent yearly rate—public and congressional patience may erode fast.

The President's appeal to Americans "to become energy fighters and energy savers" is correct in sentiment and could be useful. It encourages the spirit of accommodation which surfaced at times at the summit conference, such as the professed conversion of some business leaders to the idea of higher taxes for the rich to balance tax concessions for those hardest hit by inflation.

We hope the President continues to exercise leadership along these lines of accommodation and self-sacrifice, and that the American public backs him.

We trust that Mr. Ford's forthcoming full-scale blueprint for a war against inflation and recession will merit that spirit of cooperation.

Antitrust action, a program for energy conservation and development, ending unwarranted federal protection of industries or labor groups, inflation-impact studies for federal legislation in areas like health care—these are targets for White House economic leadership.

In short, the economic summits have shown Mr. Ford to be a good listener. But if he does not act decisively, specifically, and fast, the clamor for tough wage-price controls or other steps he doesn't like could wrest the initiative from him.

'It's not much of a rumba . . .
but fortunately we dance well together'



The Christian Science Monitor

Let's think

It is no disparagement of President Ford to say that the success of his administration may well depend on the advice to which he listens. It would be true of anybody. But the office of President of the United States has become so complex, the problems so involved and intractable, that in unique degree it depends on sober, experienced, collective judgment.

With some exceptions, President Ford inherited an unimpressive group of subordinates. Nobody faults the intellectual power of Secretary of

somewhat obscure. Some of them, at least, were totally opposed to the pardon of Richard Nixon at the time and on the terms consummated. Their advice evidently was not asked and certainly not taken.

President Ford must reach beyond the little group which he called to his side. His experiment of listening to hundreds of voices on the problem of inflation is an ingenious gimmick. It may help to disarm some of his potential critics. It flatters some of them. But you cannot really make policy with a huge committee like a

Nuclear power: gains canceled?

By David F. Sallsbury

Could it be that the technology of nuclear energy is simply too complex to be practical in the long run?

It stands to reason that as man builds continually more complicated and powerful machines, he must devote ever more time to solving the problems that these create. At some point the manpower, resources, and energies spent in problem solving may cancel out the net gain.

Although it is not clear whether such a point has been reached with nuclear power, there are disturbing hints that this limit may be in sight. If so, doubt is cast on the practicality of even more complicated technologies now being considered for the future.

One hint came just recently when the United States Atomic Energy Commission (AEC) ordered almost half of the commercial nuclear reactors in the country to shut down within the next two months. The reason was that, in the space of a week and a half, a series of cracks were unexpectedly found in the quarter-inch-thick walls of stainless steel cooling pipes in three different reactors. The AEC wants all similar reactors inspected.

A previous cooling pipe repair at Consolidated Edison's Indian Point plant in New York took seven months, 700 men, and \$1 million. A comparable repair in a fossil-fueled power station would have taken only about 25 men and two weeks' work, says Louis Roddis, vice-president of Con Edison.

In order to avoid costs of this magnitude, Commonwealth Edison, operator of the Dresden plant in Illinois where the cracks were first spotted, proposes a novel solution. It wants to freeze the water in the pipe

and use the ice as a plug. With the ice holding back radioactive cooling water, the company would cut away the cracked section and replace it.

But despite such innovations, shut-downs and repairs are commonplace. According to Atomic Energy Commission figures, in 1973 the nation's commercial reactors operated at only 58 percent of their total capacity. This figure contrasts with about 75 percent for fossil-fueled plants. Defenders of nuclear energy either blame the lag on the "newness" of the technology or claim that the AEC's regulation is unfairly conservative.

Within the last few months the AEC completed a \$3 million study designed to put the whole safety issue to bed, the Sierra Club decided to throw its considerable resources into opposing the nuclear industry, and one of the leading nuclear safety experts in the country, Carl J. Hocevar, announced he is leaving his job with a firm doing safety research for the AEC in order to tell the American people about the "potentially dangerous conditions" that exist in the nation's nuclear reactors.

In this debate, which has now become institutionalized, the complexities of nuclear energy are beyond the ken of everyone but a small group of specialists, and they cannot agree.

The manpower and money being lavished on this debate, both pro and con, are an additional price to society. For if it were not for nuclear energy, these resources would be spent in other ways, just as the concrete, manpower, and capital necessary to construct a nuclear reactor and deal with its waste would go into making something else.

In order to expand the nuclear industry beyond the late '60s a new generation of reactor will be needed. At that time, naturally occurring nuclear fuel will be getting scarce, so the "breeder reactor" which converts more common material into reactor fuels would become essential. However, this type of reactor is even more complicated than those now in use. Already the AEC program to build a prototype breeder is ringing up serious cost overruns.

And even if cost factors are accounted for, the figures would not be an adequate gauge to determine whether the nuclear industry, given renewed life with the breeder, would represent a practical way to free industrial society from the tyranny of oil, as some of the most ardent

On advisers

By Erwin D. Canham

dence on which to test President Ford's judgment. He has done a great number of minor things with good sense and sensibility. Such lesser acts, in the euphoria and the relief of his first month in office, made tremendous impression.

His two great, historic decisions were violently controversial: the pardoning of Richard Nixon and the selection of Nelson Rockefeller.

Opposite pull

It's too early to say with confidence whether either of these decisions was

THE WHITE HOUSE

WASHINGTON

October 2, 1974

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SEIDMAN

FROM: JERRY H. JONES

The attached editorial was returned in the President's outbox with the following comment:

-- Interesting editorial.

cc: Don Rumsfeld

