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5/21/75

THE WHITE HOUSE
WASHINGTON .

Best Cummings

Good friend.

Info helpful.

Thank him.

Dick Cheney has
seen

WILLIAM G. WHYTE
1625 K STREET, N. W.
WASHINGTON, D. C. 20006

May 1, 1975

The Honorable
Terrence O'Donnell
Aide to the President
The White House
Washington, D.C. 20500

Dear Terry:

The writer of the attached letter addressed to the President, Bart Cummings, is a long-time friend of the President's and mine -- he's a former football player from Illinois, and played against the President when he was Center at the University of Michigan.

Bart asked if I would personally deliver this to the President, but since I'm leaving town for a few days, I hope you will do it for me. In view of the President's comments today at the Swearing-In of Rog Morton, this information is most timely.

Sincerely,

Attachment

PS: If you need to reach me, I will be at The Tides Inn starting tonight until Monday morning, May 5. Their telephone number is (804) 438-2611.

THE PRESIDENT HAS SEEN

COMPTON ADVERTISING, INC.

625 Madison Avenue, New York, N. Y. 10022

TELEPHONE: (212) 754-1100

BARTON A. CUMMINGS
Chairman/Executive Committee

April 25, 1975

The Honorable Gerald R. Ford
The White House
Washington, D. C. 20500

Dear President Ford:

I was very pleased to learn yesterday that you are aware of the campaign we are preparing for The Advertising Council on the American economic system.

With the cooperation of Fred Dent and the Department of Commerce we conducted research late last fall among approximately 3,000 American people to learn their understanding and attitudes of our economic system. Attached is a very brief Summary of Principal Findings of this research.

This is the first "open-end" research that has ever been done on this subject. "Open-end" research gives people an opportunity to really tell you what they think about a subject in detail, as opposed to "closed-end" research, which is highly structured, with yes and no answers or multiple choice answers.

If you would care for us to take you through a very brief presentation of the research, please let me know when it would be convenient for you to see it.

We of The Advertising Council believe that the campaign which we propose to run over the next several years in order to help the American people better understand their economic system may well be the most important public service campaign we have ever provided. Naturally we hope that you will give it your full support.

Kindest personal regards.

Very cordially,

Barton A. Cummings
Barton A. Cummings

orig. to R. Elliott

NATIONAL SURVEY

ON THE

U.S. ECONOMIC SYSTEM

A Study of Public Understanding
And Attitudes

Summary of Principal Findings

Research Department

COMPTON ADVERTISING, INC.

New York

April 1975

HIGHLIGHTS

1. The U.S. economic system is viewed and valued mainly in terms of freedom and economic mobility for the individual.

...Especially by those who have reaped its benefits.
2. Americans are not asking for fundamental structural change in the economic system.

...Negative attitudes are mainly "gripes" about inflation, taxes, "big business", foreign aid and trade, welfare abuses and wide range of other current economic and political issues.

...These "gripes" vary with personal self-interest of people.
3. Government intervention is sought for solutions for these "gripes" much more often than not.

...More regulation is favored for industries in which current economic conditions are most felt - food, energy, utilities, health, transportation...as well as for prices in general.
4. Economic understanding of the public is incomplete and fragmentary. Few are totally uninformed, but few are highly knowledgeable even among "elite" groups.

...For example, the inter-relationship of business, labor, investors, etc. in the economic system is understood by:

 Only one in seven Americans at large and

 Only one in three businessmen.
5. "Big business" is defined by the public in terms of major, highly visible industries - auto, oil, steel, etc.

...It is recognized for economies of scale, but it is feared for the power perceived in bigness.
6. "Small business" is defined in terms of individual entrepreneurs, partnerships and family businesses.

...It is seen as the expression of free enterprise, characterized by personal relationship with customers.
7. A substantial number of Americans see themselves as playing a passive role in the economic system - consumers whose economic function is simply to spend money.

...Only one-half of employed people recognize their role as producers or providers of service.

INTRODUCTION

Background and Purpose

Virtually since the institution of the public opinion poll, a considerable amount of quantitative survey data have been collected on the understanding and views of the public with respect to the American economic system and its institutions. For the most part, these surveys made use of closed-ended questionnaires which yield data through "Yes or No" questions and attitude rating scales to classify the public into broad categories of awareness and attitudes. These have served some purpose, but they have not been completely satisfactory. On the one hand, the reasons why people hold an attitude as measured by a closed-ended question are not developed and can only be speculated. On the other hand, closed-ended questions cannot tell us what people really know and how they would put it into their own words. This type of question involves assumptions of concept and language which sometimes conform to reality and sometimes do not.

For these reasons, this study was conducted with a questionnaire which was almost entirely open-ended in that it called for knowledge and attitudes to be stated and explained in the respondent's own language and logic. This questionnaire took more than one and one-half hours to administer.

Additionally, it was decided to develop these qualitative data on a broad representative base of the public, so that it could be quantitatively analyzed to provide guidance for a public education program on economic understanding.

Specifically, the purpose of this research is:

1. To describe and dimensionalize in depth:
 - a. The public's understanding of the fundamental attributes of the American economic system.
 - b. The public's attitudes toward the principles of the system and its operation.

2. To provide this information not only among men and women in the general public but, in particular, among special "publics" -- the business and financial community; thought leaders in the media and government; the clergy; and educators and students at the secondary and higher levels.

Research Procedure

This Study is based on 2,886 interviews among the population at large and the special "publics".

In the case of the general population, the sampling was designed to yield respondents representative of all men and women, 18 years of age and older, living in the contiguous 48 states. A total of 1,990 personal interviews was completed among the general public in 200 dispersed locations selected by probability sampling procedures.

Since this general population sample could not be expected to yield sufficient numbers of special population groups of particular interest for analysis, additional sampling was undertaken to reach them.

Completed interviews were achieved for these special populations as follows:

	<u>Number</u>
<u>Business and financial</u>	201
Business management	89
Financial community	112
<u>Thought leaders (including professionals; government officials and legislators; journalists)</u>	199
<u>The clergy</u>	99
<u>Educators</u>	200
Higher education	97
Secondary schools	103
<u>Students</u>	197
Higher education	97
Secondary schools	100
<u>TOTAL</u>	<u>896</u>

Essentially the same questionnaire was used for the general population and the special population groups. Fieldwork was conducted in the period of November 14, 1974 through January 9, 1975, with the bulk of the work completed by December 12, 1974.

The open-ended responses to each question were systematically analyzed by trained researchers and coded for computer processing. In the interviews among the general public, information was obtained from respondents so that each could be described in terms of seventeen characteristics:

- Sex
- Age
- Region
- Population density of community
- Race

Employment
Type of work
Household income
Education
Marital status
Education in economics
Union membership
Ownership or rental of residence
Liberal-conservative self-rating
Party affiliation
Political activism in the community
Religion

These classification data permitted analysis of 64 sub-samples of the general population, so that any possible variations of responses among segments of the public could be investigated.

In a similar manner, data from each of the special population groups (business, clergy, etc.), were examined separately.

FINDINGS

The American Economic System --- How Americans Describe It --- What They Think Of It

When describing the U.S. economic system, many Americans talk in personal terms rather than the vocabulary of economics. Four out of ten base their description on the personal freedoms and opportunities for economic mobility inherent in the system for everyone - for the worker as well as the entrepreneur: Anyone is free to choose or change his job, free to start a business, free to improve his condition by his own initiative.

As this summary of principal comments shows, far fewer describe the system in terms of broad economic concepts:

Descriptions Of The U. S. Economic System

	<u>%</u>
Personal freedoms, opportunities	36
Economic/job mobility	18
Anyone can start a business	10
Personal, political freedoms	10
Opportunity for initiative, creativity	10
Free enterprise, free economy, private enterprise	19
Supply and demand system	13
Profit system	6
Government involvement: regulation, anti-trust laws, etc.	8
Don't know	11

This view of the economic system from the standpoint of the individual looms even larger in attitudes toward the system. More than half of the public at large express their favorable attitudes toward the American system in terms of these personal freedoms and opportunities for mobility. Note below that these considerations are more important than the system's physical benefits of goods and services as determinants of attitudes.

What Is Good About The System

	<u>%</u>
Personal freedoms, opportunities	54
Economic/job mobility	25
Personal, political freedoms	22
Anyone can start a business	14
Encourages initiative, creativity	4

	<u>%</u>
Free enterprise, free economy, private enterprise	9
High standard of living, wide variety of goods and services	12
Nothing	10
Don't know	7

It is noteworthy that those who have already attained some measure of success in American society - the college educated, upper income persons in high level occupations or in business - more frequently cite the advantages of personal freedom and mobility in the U.S. economic system than the less educated blue collar workers. Intellectual leaders, educators, the clergy and thought leaders in particular emphasize the opportunities for the individual as hallmarks of the system. In addition, the persistence of the idea of the American frontier is evident in the fact that Westerners of all Americans are more likely than others to talk about personal opportunities in economic life.

Personal freedom, mobility and potential are pivotal characteristics in the minds of many Americans differentiating the American economic system from communism and socialism, as well as other systems perceived to exist in other countries.

At the same time, the great majority of Americans express negative attitudes, but these are mainly complaints and frustrations about the state of the economy at the time of the fieldwork plus other contemporary economic, political and social issues,

chiefly:

What Is Not Good About The System

	<u>%</u>
Inflation	27
Unemployment, recession	8
Big business creates shortages, has political/tax advantages, tends to be monopolistic	18
The wealthy have power, tax advantages	7
There is uneven distribution of wealth	5
Too much foreign aid causes shortages; imports mean fewer jobs	7
Dishonest politicians	7
Too much government regulation	6
Too little government regulation	2
Everyone is out for himself	5
Nothing	6
Don't know	5

Do Americans Feel The Economic System Needs Fundamental Change?

About half of the adult public says that the economic system requires more than minimal changes. When asked to specify what changes they have in mind, no evidence was found of any widespread overt feeling that fundamental structural changes are needed. Instead, "changes" appear to be demands for action on a wide range of issues:

What Americans Mean By Changes

	<u>%</u>
Stop inflation	31
Eliminate unemployment	6
Tax reforms	20

	<u>%</u>
Reforms in big business - enforce anti-trust laws, control profits	19
Cut overseas aid and imports	13
Reform welfare programs	10
Improve health, social security benefits	10

A host of other issues were raised, each by fewer than 10% of the general population, for example:

- Reduce the power of unions
- Make government honest
- Cut government waste
- Reduce government regulation
- Improve education
- Eliminate shortages

Obviously, all segments of the population do not raise all of these issues. The constellation of demands varies with the interests, needs and fears of a given segment of the population. For example, the middle class is concerned with tax reforms. The lower income, blue collar group is troubled by inflation. Highly educated people, who tend to be active in civic affairs, would like to see the power of big business reduced.

There is, however, a general tendency for a higher level of negative attitudes, complaints and demands for action among those who have not yet realized the benefits of the system (like students and young people in general) and by those who find it hard to achieve or keep them in an inflationary - recessionary period (like people in low-paying jobs and Blacks). Those who enjoy at least some degree of prosperity are more positive in their outlook.

Criticisms raised by the public are not necessarily dogmatic or monolithic within a given population segment. For example, the young may be critical of

"business power", but they look forward to taking advantage of their opportunities in the economic system. Another case in point is the fact that more than one out of three union members are critical of union power and leadership.

Americans seem to be saying: "We like our system because it gives us freedom and opportunity. But it's not working right these days. We have inflation and unemployment. Big business and the wealthy have gotten too much power and have unfair tax advantages. Foreign aid and imports have made problems for us. Welfare programs have gotten out of hand. Unions have too much control. The system is basically good. It should be made to work again."

Government Intervention...Too Much Or Not Enough?

In dealing with many of their frustrations or complaints, Americans, more likely than not, turn to government regulation to relieve economic problems and to provide solutions. One and a half times as many think that, today, there is not enough regulation as believe there is too much.

Opinions On Current Amount
Of Government Regulation

	<u>%</u>
<u>Too much at present</u>	<u>35*</u>
Principally:	
Of business	11
Of prices	4
It is inefficient...wastes money	3
Of wages	2
Of foreign trade	2
<u>Not enough at present</u>	<u>56*</u>
Principally:	
Of business, especially big business	20
Of prices	20
Of wages	6
Of inflation	4
Of foreign trade	2
<u>Right amount at present</u>	<u>19</u>

* 13% gave a qualified response, i.e., "too much" in some respects and "not enough" in others.

When the subjects of regulation were discussed in detail, it was found that they reflected current economic pressures. Thirty-eight percent referred to specific industries, like food, energy, utilities, health and transportation, while 26% cited prices in general.

"Big Business" and "Small Business"

While "big business" seems to be singled out by many for criticism and as a target for regulation, negative attitudes did not appear to be single-minded.

To the public, "big business" relates to the large, highly visible industries which are inescapably associated with and blamed for some current economic problems - auto, oil, utilities, etc. When asked to evaluate the positives and negatives of "big business," however, the public's opinion is found to be ambivalent. On the one hand, its economies of scale in product price and quality are appreciated by 45%, and its creation of jobs by 30% (particularly by blue collar workers). On the other hand, "big business" is believed to have monopolistic tendencies (40%), to have excessive political power, specifically with respect to taxes (19%), and to dictate prices (17%).

"Small business", which is not regarded as an area for regulation, is perceived as the epitome of free enterprise (32%), as well as providing better more personal service (26%) and producing high quality products (11%).

A General Appraisal Of The Public's Understanding Of Economics

Economic understanding of the American public is incomplete and fragmentary. Few adults are highly knowledgeable and few are totally uninformed. Most of the population discuss economic concepts in general, even vague, terms. Even among

the best educated groups and among those who are directly involved in the business world, there are deficiencies in information, albeit to a smaller degree than among others, particularly low income earners, those in lower level occupations, the old and retired, homemakers, those with low educational attainment, Blacks, and those who are inactive in community affairs (about one-fourth of the public).

Knowledgeability tends to come from some kind of personal experience. This in part, explains the fragmentary quality of economic understanding.

This personal experience includes:

- a. Personal experience in the economic world as worker, consumer, etc.
- b. Personal activity in the community in political campaigns, civic organizations, contacts with legislators, school board meetings, etc.
- c. Formal educational experience - but only higher education incorporating economics courses.

When this personal experience involves economic self-interest, it is educative. For example, an appreciable number of factory operatives can articulate the personal impact of the rise and fall of their employers' profit levels.

Some Specific Aspects Of Economic Understanding

Respondents were asked to explain the role of various functional groups in the economic system - business, labor, consumers, investors and advertising. In general, most Americans cannot give specific definitions of the economic functions of these elements. "Elite" groups, like businessmen, educators, thought leaders and the clergy, do much better, but even among these, there is widespread deficiency of information.

The table below lists for each element the responses given which were judged to be specific and the proportions giving these definitions in whole or part. The remaining respondents gave explanations which were non-functional or unspecific. For example, some said business provided jobs or paid wages, and some said investors earned interest or dividends. In these instances, these responses were considered consequences of economic functions but not functions themselves.

Understanding of Elements of Economic System

	<u>Public</u> %	<u>Business, Educators, Thought Leaders, Clergy</u> %
<u>Specific functional descriptions:</u>		
<u>Business</u>		
Supplies demand; provides means of production; converts raw materials; distributes products	29	50
<u>Labor</u>		
Provides manpower for production and distribution	35	51
<u>Consumer</u>		
Influences production through demand; stimulates competition	12	26
<u>Investor</u>		
Provides money to start and run a business; finances growth; creates jobs by keeping business going	32	43
<u>Advertising</u>		
Informs consumers of products and outlets; increases consumer spending; stimulates competition	65	73

To obtain some idea of the public's comprehension of economic functions in collaboration forming a system, unduplicated counts were obtained of those able to give specific definitions for five, four or three of the functions jointly. As can be seen, only a small minority even of the most informed and articulate members of the public demonstrate understanding of the economic system.

The System As A Collaboration of Functions

	<u>Public</u> %	<u>Business, Educators, Thought Leaders, Clergy</u> %
<u>Functional descriptions of:</u>		
Business, labor, consumer, investor and advertising	1	6
Business, labor, consumer <u>and</u> investor	2	7
Business, labor <u>and</u> consumer	3	10
Business, labor <u>and</u> investor	10	19

Highlights of other evidence of fragmentary and uneven understanding are:

- a. Thirty-seven percent of the public cannot think of any way their personal lives are affected by the rise and fall of the general level of profits in business.
- b. When asked to define "private enterprise", 24% of the general population say they "don't know" what it is.
- c. Many more Americans think a "public enterprise" is a form of private corporation than think it is an organization owned or operated by government.

How Americans Perceive Their Role In The Economic System

Although Americans value the fundamental system for the personal freedoms and potential for personal growth they see in it, their description of their role in the system has a passive character. Two-thirds look upon themselves mainly

as consumers and spenders of money. This is true even of employed people. Only about one-half of those in the labor force refer to their roles as workers or producers. Businessmen are most clear on the multiple roles they are involved in: producer, consumer, employer and investor.

The passive role Americans cast for themselves combined with their fragmentary economic understanding, in large measure, probably underlies their frustrations over current economic conditions and issues.

This is most apparent in an examination of the patterns of awareness and attitudes of those who have not attained as much as others in American society. These Americans are not only the least knowledgeable segment of the population, but also the least involved and the most disaffected.

THE WHITE HOUSE

WASHINGTON

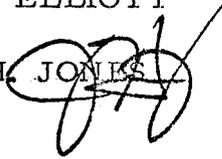
May 2, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

ROLAND ELLIOTT

FROM:

JERRY H. JONES 

The attached letter was returned in the President's outbox with the following notation:

-- Good friend. Info helpful. Thank him.

Would you please prepare an appropriate response for the President's signature and return it to this office.

Thank you.

cc: Don Rumsfeld