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5:30 PM - Presidential Meeting
American Enterprise Institute (20 minutes)

Did not attend.

(RMC would like to meet w/ Group at another time.)
THE WHITE HOUSE
WASHINGTON
MEETING WITH BOARD OF TRUSTEES
OF AMERICAN ENTERPRISE INSTITUTE

Wednesday, May 7, 1975
5:30 p.m. (30 minutes)
The Cabinet Room

From: William J. Baroody, Jr.

I. PURPOSE

To discuss public policy issues generally and to compliment Board on AEI contributions through its policy research efforts.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: Your knowledge of and relationship to AEI goes back many years. Bill Baroody, Sr., is its president; Mel Laird is Chairman of AEI's National Energy Project; Bryce Harlow is Chairman of its bipartisan Program Priorities Committee; Paul McCracken is Chairman of its Advisory Board and Coordinator of its academic affairs; and, though non-endowed as yet, its impact and influence throughout academia, government, and the press are increasingly being acknowledged. (A recent New York Times story is attached.)

B. Participants: Officers and trustees, Chairmen of Advisory Board, National Energy Project, Program Priorities Committee, and Senior AEI staff members. (Lists attached)

C. Press Plan: David Hume Kennerly photo only.

III. TALKING POINTS

I. I am particularly pleased to welcome you because my association with AEI dates back to the early days. I can recall the breakfast meetings when AEI would bring in a Murray Weidenbaum, a Milton Friedman, a Paul McCracken, and other academic experts
to discuss particular policy problems—and it was refreshing to know that we weren't being lobbied. The intent was to help—and it was indeed helpful.

2. I like and have always liked the basic concept of the American Enterprise Institute—the effective competition of ideas. Without it, as Paul McCracken and Bill Baroody keep insisting, we cannot maintain a free society. And, in these days, there is nothing more important facing us than to do just that—keep a free society here in the United States. Unless we do, freedom cannot exist on this planet. That's what's at stake.

3. I find the work AEI is doing across the entire spectrum of issues—international and domestic—of vital importance if we are to have effective competition in the idea arena of policy making in this country. The strides you have made in identifying and mobilizing scholars who have the courage to think innovatively in addressing the problems of today's and tomorrow's society are impressive. We must find ways of intensifying, expanding and accelerating the work of AEI—because the non-doctrinaire, non-ideological approach to problem solving is the only sure way to achieve the better America we all seek.

4. I applaud the way you have been handling the National Energy Project and, believe me, its studies like Ed Mitchell's and Paul MacAvoy's for example, have been badly needed to get some sanity into national thinking on our energy problem—and your related studies on the Middle East problem itself such as Bob Pranger's work are extremely important if we are to achieve a just peace in that area and assure the protection of our national interest.

5. I am personally excited about your plans to form an AEI Center on the Study of Government Regulation, which will provide a concerted and sustained longer-range effort to cope with this vital problem. You know where I stand on the need to unshackle the productive energies of the private sector and I sincerely hope that you can establish and adequately fund this proposed AEI Center.

6. Finally, let me come back to the basic AEI concept of effective competition of ideas. Whether you are aware of it or not, we have endorsed that idea in this Administration through the program of the Public Liaison Office which a younger Bill Baroody heads up. That program in which I am sure several of you have directly participated tries to insure that we have the direct benefit of varying points of view on the many, many issues that confront us today.
AMERICAN ENTERPRISE INSTITUTE

Dr. W. Glenn Campbell
(AEI Program Adviser)
Director
Hoover Institution on War,
Revolution and Peace
Stanford University

Mr. Henry Fowler
(Member, AEI Program Priorities
Committee)
Goldman, Sachs & Company

Mr. Bryce Harlow
(Chairman, AEI Program Priorities
Committee)

Mr. Melvin R. Laird
(Chairman, AEI National Energy
Project)

Dr. Paul W. McCracken
(Chairman, AEI Advisory Board)

Senior Staff

Mr. William J. Baroody
President

Mr. Joseph G. Butts
Director of Legislative Analysis

Dr. William Fellner
Resident Scholar

Dr. Thomas F. Johnson
Director of Research

Mr. Gary Jones
Assistant to the President
for Administration

Dr. Edward J. Mitchell
Director of National Energy Project

Dr. Robert J. Pranger
Director of Foreign and
Defense Policy Studies
A Think Tank for Conservatives

By STEVEN RATTNER

WASHINGTON—"There is a clear national need for a nationally conservative counterpart to Brookings," wrote former President Richard M. Nixon in March, 1970, when he created the American Enterprise Institute for Public Policy Research. Nixon expressed the need for a "think tank" to serve as a repository of conservative ideas.

The American Enterprise Institute (AEI), a Washington-based, nonprofit, conservative think tank, is one of the nation's oldest and most influential think tanks. It was founded in 1947 by conservative political scientists and economists to provide a conservative alternative to the liberal Brookings Institution.

The AEI's 120 full-time staff members coordinate the efforts of 37 resident scholars—mostly college professors who work part-time for the institute—and produce several dozen policy studies each year.

The institute also runs half-dozen major conferences each year, generally quite small in scope, such as the Conference on World Oil Problems, held in 1974, and a Policy Forum, telecast by 250 stations, which offers a miscellany of lectures, seminars, and symposia.

Institute leaders insist that these activities are not parochial but rather contribute to "the competition of ideas," which they say is AEI's only mission.

The AEI story began in the dark days of World War II when Lewis H. Brown, then president of the Johns Hopkins University, and the American Economic Association faced the problems of the average Congress of America just as John Maynard Keynes had not been equipped to solve.

The AEI, founded in 1947, was an early nonpartisan think tank, according to John M. Olin Jr., former chairman of the John M. Olin Foundation and a key AEI supporter.

Mr. Weidenbaum proposes in general a policy of price controls on an incentive, or carrot, system rather than relying on an internal and politically motivated solution.

The institute's staff members are particularly proud of receiving in 1974 a $200,000 grant from the Ford Foundation, a Brookings supporter.

They took it as a demonstration that AEI had been accepted as belonging in the policy mainstream and as "relevant and credible," as Robert J. Paez, executive director of foreign and defense studies, said.

The policy studies appear in undated five-by-eight-inch pamphlets ranging from 10 to 200 pages in length. Some are collections of opposing viewpoints. Others are works by a single author. They tend to be diverse in subject matter. In 1974, topics ranged from A New Look at Inflation to Regulation of Pharmaceutical Innovation.

One very recent work, already receiving serious attention, is by Murray L. Weidenbaum, former Assistant Secretary of the Treasury. In Inflation-Mandated Price Increases: A Neglected Aspect of Inflation, Mr. Weidenbaum argues that the Federal government is continually mandating more inflation simply by the cost of the regulations it promulgates.

Mr. Weidenbaum proposes in general a policy of price controls on an incentive, or carrot, system rather than relying on an internal and politically motivated solution.

The theme of this and many of the other studies is one of the many in the past 10 years has been echoed by institute leaders.

"Our authors have tended to be suspicious of Big Government," says Mr. Brown, "to be all the more objective in the future, having done so much work in this area, we have no plans to change our"...

"All institutions, a group of people and their friends tend to get stuck in the middle of the studies," Mr. Mitchell pointed out. Even Mr. Barone, who continually stresses AEI's position as an open forum, acknowledged that people "find themselves more comfortable in one place or another."

One who is more comfortable at AEI is resident scholar Geoffrey H. Hefley, who came to Washington after 25 years on the economics faculty at Harvard.

Mr. Hefley, who calls himself a "conservative" in a scholarly way, urges fiscal and monetary restraint in the current recession in order to avoid inflation. He strongly opposes wage and price controls and he supports equally strongly the current system of floating exchange rates for the world's currencies.

Carrying on with tradition, AEI's three-day program, to be followed by Congress, of pending legislation, each year, has been described as a attempt to present a balanced picture of a particular bill. It has also made periodic retrospective studies of programs already in effect.

Institute officials proudly claim that their study of the sugar subsidy program was a major reason for the termination of the subsidy.

Also designed exclusively for Congressional use is the daily news digest, similar in form to what the White House prepares for the President and delivers each morning.

AEI's predictions output gets mixed grades from the experts.

"They've done a credible job and have added to public discussion in this town on an economic policy," stated one Capitol Hill economist, who still felt that "Brookings makes a greater effort to be objective."

THE NEW YORK TIMES, SUNDAY, MARCH 22, 1975