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THE WHITE HOUSE
WASHINGTON

August 28, 1974

MEMORANDUM FOR THE PRESIDENT

FROM: PHILIP BUCHEN *TWB*

SUBJECT: Conflict of Interest Waiver
for Alan Greenspan

The fact that Alan Greenspan will return to his economic consulting firm when he leaves the government creates the appearance of a possible conflict of interest. It could be alleged, for example, that his recommendations were influenced by the interests of the large clients of his consulting firm. Alan's integrity, of course, makes any such motivation unthinkable. Even Senator Proxmire, who opposed the appointment because of policy differences, emphatically endorsed his integrity.

The law provides a waiver authority for cases in which only a remote and technical conflict exists when there is advance disclosure to the person by whom the official was appointed, followed by written consent. Full disclosure of Mr. Greenspan's interests was made to the Senate Banking Committee along with the text of the attached waiver letter. The Committee was assured that it would be submitted for your signature as soon as the new Chairman takes office.



August 23, 1974

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

Dear Mr. President:

I wish to acknowledge with thanks and deep appreciation your very kind request that I serve as Chairman of the Council of Economic Advisors. I am most pleased to accept the position and gratefully express my thanks for the opportunity to serve at this challenging time.

I am advised by counsel that my financial and professional association with Townsend-Greenspan & Co., Inc. and Townsend-Skinner & Co., Inc. of One New York Plaza, New York, New York, could raise questions under Title 18, Section 208 of the United States Code that should be resolved prior to the commencement of my term of service.

I have been associated with Townsend-Greenspan & Co., Inc. and Townsend-Skinner & Co., Inc. for more than twenty years. Approximately 15 years ago I became the controlling stockholder, Senior Executive and member of the Board of Directors of Townsend-Greenspan & Co., Inc. Townsend-Skinner & Co., Inc. is a wholly-owned subsidiary of Townsend-Greenspan & Co., Inc. of which there are but two stockholders -- I, holding 99% of the stock, and a key employee, M. Kathryn Eickhoff, holding the balance. These companies are engaged in providing consulting services in the general field of economics. Neither company has any present contractual or financial connections with the U. S. Government or any of its agencies, nor is it contemplated that any such connection would occur during my term of service, except as noted in the attached schedule. In my opinion and that of my counsel, my interest in the companies involved



Honorable Gerald R. Ford

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is remote from the responsibilities of my office and would have no direct effect upon my anticipated Government services.

I intend to resume my financial and professional association with the respective companies subsequent to my term of service, and in the interim the name 'Greenspan' will continue in the corporate name "Townsend-Greenspan and Company, Inc." Under these circumstances, I am advised by counsel to request from you a waiver under 18 U.S.C. 208(b), Clause (1), with respect to any possible conflict that might be inferred from my retention of an interest in the stock of Townsend-Greenspan and Co., Inc., subject to the conditions hereinafter set forth.

I shall resign as an officer and director of the respective companies. All of the voting rights and privileges of my capital stock interest shall be exercised by John Somers acting under a general Power of Attorney. The general Power of Attorney shall continue at all times during my term of service on the Council of Economic Advisors. He is being instructed by me that I shall not enjoy any rights or privileges resulting from such stock ownership during my term of service on the Council of Economic Advisors.

The distributable profits of Townsend-Greenspan and Co., Inc., if any, which would otherwise accrue to me under Subchapter S as the stockholder, will be turned over to a funded program for the benefit of the employees of Townsend-Greenspan and Co., Inc., during my term of office. It is my intent by such provision to place such profits beyond any present or future distribution to me.

The attached Schedule delineates the actions to be taken prior to my term of service on the Council of Economic Advisors in order to give effect to my disengagement from any involvement in the affairs of Townsend-Greenspan & Co., Inc. and Townsend-Skinner & Co., Inc. during my term of office.

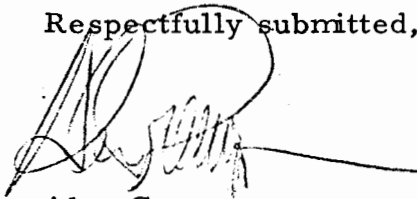
Since I shall not participate in the affairs of the respective companies during my term of office, I do request, however, that a third person such as my attorney, John Somers, receive information regarding the financial condition of the respective companies. Such information will be provided to me in some form in the event there is a substantial deterioration or erosion of the financial condition of either company.



Honorable Gerald R. Ford
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Because of my retention of the stock interest I have in Townsend-Greenspan and Company, Inc., and my prospective return to the firm, I am advised by counsel to request from you a waiver pursuant to 18 U.S.C. 208(b)(1) with respect to any possible conflict that might be inferred under 18 U.S.C. 208(a) in the sense that such stock could represent a financial interest covered by that provision and the firm itself might have such a financial interest. I believe that under the arrangements described above those financial interests are clearly not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect from me as Chairman of the Council of Economic Advisors.

Respectfully submitted,



Alan Greenspan

I determine that the interest described above is not so substantial as to be likely to affect the integrity of the services which the Government may expect from Alan Greenspan as Chairman of the Council of Economic Advisors.



Gerald R. Ford



RESEARCH PROPOSAL
SUBMITTED TO THE NATIONAL SCIENCE FOUNDATION

RESEARCH APPLIED TO NATIONAL NEEDS (RANN)

The Dow Chemical Company
Midland, Michigan

MICHIGAN ENERGY INDUSTRIAL CENTER STUDY

Amount Requested - \$318,817
Proposed Duration - 6 Months

Requested Starting Date - 5/1/74

Robert S. Spencer
Principal Investigator

Social Security No. 366-10-1739

Business Counselor

Telephone (517) 636-2404 or
636-0637

Organization Affiliation
Economic Planning & Development Department

2030 Dow Center
Midland, Michigan 48640

Endorsements
Principal Investigator

Name Robert S. Spencer

Signature _____

Title Business Counselor

Date March 15, 1974

Approving
Administrative Official

Name Earl B. Barnes

Signature _____

Title Vice President

Date March 15, 1974



RANN PROPOSAL BUDGET

Budget Summary-Nonacademic Organization

(Use a Separate Column for Each Year)

A. SALARIES AND WAGES (Indicate percent of time to be devoted to this project.)	
1. Senior Staff	\$ 30,624
2. Other Professional Staff	8,000
3. Clerical-Technical Staff	
B. STAFF BENEFITS (If Charged as Direct Costs) (overhead).	
	20,427
C. TOTAL SALARIES, WAGES, AND STAFF BENEFITS	
	59,051
D. PERMANENT EQUIPMENT	
E. EXPENDABLE EQUIPMENT AND SUPPLIES	
F. TRAVEL	
1. Domestic	18,368
2. Foreign	
G. PUBLICATION COSTS	
	4,000
H. COMPUTER COSTS (If Charged as Direct Costs)	
I. OTHER COSTS (E.g. Subcontracts, Consultants, etc. - Itemize)*	
	213,400
J. TOTAL DIRECT COSTS (C through I).	
	294,819
K. INDIRECT COSTS 8.14% of \$294,819	
	23,998
L. TOTAL COSTS (J plus K)	
	318,817

*	W. S. Butler	\$ 18,000
	B. W. Wilkinson	5,400
	M. K. Enns	20,000
	Cravath, Swaine & Moore	75,000
	Townsend and Greenspan	75,000
	Environmental Research Institute	20,000



SCHEDULE OF ACTIONS

Townsend-Greenspan & Co., Inc.

and

Townsend-Skinner & Co., Inc.

Special joint meeting of stockholders and board of directors of each company.

Board of directors reconstituted John Somers, Kathryn Eickhoff and Rose Goldsmith.

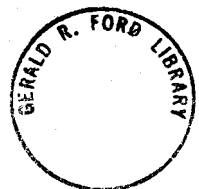
Officers reconstituted - President, John Somers; Secretary-Treasurer, Kathryn Eickhoff.

Alan Greenspan resigns as an officer and director of the respective companies.

Alan Greenspan files a general Power of Attorney with the Secretary of each corporation designating John Somers with authority to act.

Board of directors, as reconstituted, undertakes the following action:

1. Establishes an employee fund of all profits of Townsend-Greenspan & Co., Inc. for the balance of the calendar year commencing with the effective date of Alan Greenspan's term of service as Chairman of the Council of Economic Advisors by resolution duly adopted.
2. Continues the employee fund in subsequent years during Alan Greenspan's term of government service.
3. Undertakes such further actions, if any, as are necessary to give effect to Alan Greenspan's termination of involvement in the affairs of the companies during government service.



ABSTRACT

This proposal offers a six month, best effort program to review the reduction in energy consumption and financial savings possible through the use of energy industrial centers and the wheeling of electricity for private industries. Better design and operation will reduce the inefficiency in energy consumption. Reduction in number of package boilers and utilization of coal and nuclear fuels for steam production would reduce the demand for oil and natural gas. Legal and regulatory controls may require modifications for utilities to accommodate these modes of operations. The environment will be affected by the physical changes associated with energy industrial centers.

The proposed research program will be conducted in four segments. Part I will be the technical and industrial portion conducted by The Dow Chemical Company. Dow will do the engineering study on boiler design, combined electricity-steam production, control and instrumentation systems, operation and system analysis. Part II will be the economical portion conducted by Townsend and Greenspan. A study will be made into the economical aspects of combined electricity-steam production along with a review of future capital funding patterns for the private utility. Part III will be the legal portion by Cravath, Swaine and Moore. A review will be made of the legal and regulatory policies governing the wheeling of electricity and the energy-industrial centers. Part IV will be the environmental Portion by the Environmental Research Institute of Michigan. A study will be made to determine the impact on the environment.



THE WHITE HOUSE
WASHINGTON

August 31, 1974

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: PHIL BUCHEN
FROM: JERRY H. JONES
SUBJECT: Conflict of Interest Waiver
for Alan Greenspan

Your memorandum to the President of August 28 on the above subject has been reviewed and signed by the President. It is passed on to you for appropriate action.

Thank you.

cc: Al Haig

