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OFFICE OF THE PRESIDENT
WASHINGTON, D.C.

about
9/23/74

From the President:

To: Milton Friedman

Date: _____

Time _____

a.m.

p.m.

Editorial is very clear
to our Detroit speech.

The New York Times

Founded in 1851

ADOLPH S. OCHS, *Publisher 1896-1935*
 ARTHUR HAYS SULZBERGER, *Publisher 1935-1961*
 GEVIL E. DRYFOOS, *Publisher 1961-1963*

ARTHUR OCHS SULZBERGER
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Election Ref

To the Editor:

Ever since the revelation, the demand for has mounted. An end of discussion thus far ing more than a gen that some sort of ch but little, if any, accor should be.

Perhaps the most d posed in connection w been, "Who will pay f

The process of elect officials at all levels, 1 local ward all the way ing the White House h everything else, big b is not only a question of raising funds.

Obviously, the Ind corporation which con and, in the normal co usually receives a qui result, of course, has spread and deep-roote government. The effect ions regarding the sale ships, the fixing of n quashing of antitrus granting of all sorts of for campaign contribut must inevitably nour of cynicism among th

Well, what can be Is there any way in can be regulated so th forced to choose on th alone without all of

Commission on

To the Editor:

The disaster of P pardon of Mr. Nixon h other decision the Pre same day, namely to tapes. Yet in terms of gate into the open so festering, the latter is timate of the two de

In light of Mr. Nib before trial and the avoidance of trial of h plea-bargaining and j pretrial pardons, the c ses are now desperat to bring out the whole gate. But even at b have been hardly adeq not be long associa press to discover th suited to develop a 4

The Real Economic Threat

United States and the rest of the non-Communist are facing an extreme threat to the global econ that is receiving only peripheral attention in the rences President Ford has initiated to fight "public No. 1"—inflation. The threat is unprecedented; involves sudden and massive transfers of income, h and power to the small group of oil-exporting ries, with corresponding drain of staggering dimen upon the resources of oil-importing countries. Only days ago the oil exporters, meeting in Vienna, made clear their determination to maintain and increase their "take."

Dimensions of the Challenge

a result of a quadrupling of oil prices in the last the accumulation of foreign funds by the Arab and other members of the international oil cartel in this year alone amount to some \$75 billion.

the problem will intensify the longer it lasts—and is no end in sight. With two to three billion dollars ng to the oil producers every week for years me, the World Bank estimates that the Organization troleum Exporting Countries (OPEC) could accu- e \$650 billion within five years and \$1.2 trillion by . By comparison, the international reserves of for- exchange and gold owned by the United States now nt to \$14 billion, and those held by Germany—at nt the largest holder of gold and foreign exchange e world—total \$34 billion.

anything like the shift of wealth indicated by the d Bank's projections comes about, the oil-producing e of the Middle East will become the center of wealth and power. Those nations will be able to t vast quantities of armaments and advanced mili- technology from the West, as they have already e to do. They will have a growing influence over business and government establishments of many countries and will be able to acquire vast holdings tustrial and real estate properties in the West

system, a stand-by program of rationing and fuel allocation may also be required.

The United States has to be prepared to put forward specific plans for sharing its own fuel with those who will be affected even more severely by the necessity for energy conservation. At the same time, the President will have to revitalize the faltering efforts initiated a year ago to provide this country and others with alternative fuel sources. Similar efforts to conserve fuel and to develop energy sources will be needed in other industrialized nations, most of which are vastly more dependent on Middle East oil than is the United States.

In recognition of that disparity, the United States must do now what it would have to do in any case by the end of this century: develop other energy sources including especially coal, natural gas and nuclear and solar energy.

This country has enormous recoverable coal reserves—33,588 quadrillion B.T.U.'s of energy, more than seven times the oil reserves of the entire Persian Gulf and North Africa. To develop its own coal and other energy resources, the United States will have to insure an adequate price for coal and other fuels. American producers and investors will need the assurance of a profitable long-term supply price if they are to be willing to make the billions of dollars in necessary investment.

The difficulties of such a program cannot be underestimated. There will be transitional problems of production and employment as some industries retract and change their technologies and others expand; national policies to facilitate the conversion and ease the burdens on particular industries and workers may be necessary.

The preservation of environmental quality, without lowering current and projected standards of improvement, presents difficult problems that can and must be overcome by willingness to meet the necessary expenditures for continued environmental protection.

To carry through the needed conversion without sacrificing protection and improvement of the natural environment will necessitate intelligent social planning and a readiness to cover the costs, through a combination of

THE WHITE HOUSE
WASHINGTON

September 23, 1974

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: MILTON FRIEDMAN

FROM:

JERRY H.  JONES

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

-- Editorial is very close to our Detroit speech.

cc: Al Haig