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THE WHITE HOUSE  
WASHINGTON

5/6/75

TO: DICK CHENEY  
FROM: JERRY JONES

Per our conversation.



THE VICE PRESIDENT  
WASHINGTON

May 2, 1975

MEMORANDUM FOR: THE PRESIDENT  
FROM: THE VICE PRESIDENT *hwr*  
SUBJECT: Domestic Council Review Group: Energy and Resource Policy and Finance

In response to your suggestion at our meeting on March 6 on the need to develop a program of positive action to meet the unemployment problem through the revitalization of the private enterprise system, you asked me to develop, with members of the Domestic Council, a more specific proposal.

What follows is a broad outline of a proposal developed out of my consultations with the following members of the Domestic Council:

The Secretary of the Treasury  
The Secretary of Commerce  
The Secretary of Labor  
Director, Office of Management and Budget  
Administrator of the Federal Energy Administration  
Chairman of The Council of Economic Advisers  
Counsellor to the President for Economic Affairs  
Assistant to the President for Domestic Affairs  
Deputy Director of the Domestic Council

ENERGY AND RESOURCE POLICY AND FINANCE

The United States is at a crossroads. With high unemployment, this Congress is responding by passing a series of large-scale government programs that are adding substantially to the Federal deficit without increasing our productivity or improving our competitive position in the world.

The challenge before the nation is to devise a program:

- to strengthen the free enterprise system;
- to stimulate the economy and increase its productivity;
- to create productive jobs; and

- to achieve self-sufficiency in energy and raw materials while at the same time helping to restore confidence in government's ability to act effectively and confidence in the capacity of our free enterprise system to meet the people's needs.

This could be accomplished by legislation to create an energy and resource policy and finance corporation.

The prospects for tomorrow, for the years ahead, are far from promising -- unless action is taken now to meet the situation.

Action can be taken effectively -- action that recognizes the interrelationships of all these critical elements -- action that can help meet the urgencies for today and the needs of tomorrow.

#### Objectives:

A key to the whole effort is a self-liquidating financing vehicle sponsored and chartered by the Federal government that can:

1. Achieve the President's goal of energy self-sufficiency by 1985;
2. Assure adequate supplies of essential raw materials or their substitutes;
3. Assure the provision of essential transportation services;
4. Have the capacity to finance the conversion of vacant or underutilized plants to produce materials essential to achieve the above.

#### Operations:

The operation of this corporation will be to make investments in the capital facilities and equipment needed to achieve the foregoing objectives, and to do so through guarantees, loans, equity investments, construction or purchase, and lease or sale or other financing mechanisms.

#### Financing:

Initial capitalization of up to \$5 billion through the sale of common stock to the United States Treasury.

Authorization to issue up to \$200 billion in government-guaranteed obligations.

These obligations would be available for purchase by foreign, as well as domestic, investors.

Powers:

The corporation would have the broadest powers, on a self-liquidating basis, to carry on its operations and to establish subsidiary corporations for special purposes.

Organization:

Management of the corporation would be vested in a Board of Directors consisting of five (5) persons appointed by the President, by and with the advice and consent of the Senate. Of the five, all of whom would serve full-time, in staggered terms, not more than three could be members of any one political party and not more than one could be from each Federal Reserve District.

Termination:

The authority of the corporation to make investments or to make new financing arrangements will terminate ten years after its establishment.

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At meetings this morning with:

The Secretary of State  
The Secretary of The Treasury  
The Secretary of Commerce  
The Chairman of the Federal Reserve System; and

David Packard, Chairman of the Business Council  
George Woods, Former President of the World Bank

I went over the above outline. It was our unanimous feeling that there is tremendous potential in the project, but that the concept should be amplified, with specific illustrations of how such a corporation would function.

RECOMMENDATION:

It was the unanimous feeling of this group that a Domestic Council review group be formed, on a very confidential basis to avoid leaks, to accomplish this. Treasury, Commerce and the Federal Reserve Bank have each agreed to assign a top staff person for this purpose, and we would add someone from Labor and OMB, together with Alan Greenspan, Bill Seidman and Frank Zarb.

David Packard has agreed to get together a top group from business, industry and finance to meet with me confidentially at the Business Council Conference a week from today in Hot Springs, West Virginia, to get their thought on the subject.

Target date for a report back to you is May 16, 1975.

This initiative might well be the basis of a major address to the nation by you in the latter part of this month, in which you outline:

- Your vision for the future of America;
- Your confidence in the tremendous opportunities that lie ahead;
- What is necessary for us in order to restore the people's faith in the future of America.

DECISION:

APPROVE *AAZ*

DISAPPROVE \_\_\_\_\_