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THE WHITE HOUSE

WASHINGTON

August 22, 1975

MEMORANDUM FOR THE HONORABLE JOHN T. DUNLOP

The President has reviewed your memorandum of August 11 regarding the views of Chancellor Schmidt and President Giscard and their concerns with political vulnerability and continued high unemployment.

Your suggestion to form a working group to develop ideas and proposals on the political and economic issues discussed at the Economic Policy Board meeting August 9th was approved. It was further suggested that you consult with Secretary Kissinger for his views and that Pat Moynihan be added to this working group.

Please follow-up with appropriate action.

A handwritten signature in black ink, appearing to be "James Earl Ray", written in a cursive style with a long horizontal flourish extending to the right.

cc: Don Rumsfeld
Bill Seidman
Henry Kissinger

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FM JAMES E. CONNOR
TO DONALD RUMSFELD/VAIL
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UNCLAS WH51480

THE PRESIDENT HAS SEEN.....

RECEIVED:

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11 AUG 75

AUGUST 11, 1975

MEMORANDUM FOR: DONALD RUMSFELD - VAIL
FROM: JAMES E. CONNOR
SUBJECT: DUNLOP MEMO ON WORKING GROUP TO DEVELOP IDEAS
AND PROPOSALS ON POLITICAL VULNERABILITIES AND
HIGH UNEMPLOYMENT

OK
concur with HAK for his memo.

THE MEMORANDUM FROM DUNLOP IS AN INTERESTING ONE. IN LINE WITH MY CONVERSATION WITH PAT MOYNIHAN LAST WEEK, I WOULD SUGGEST THAT HE WOULD BE AN EXTREMELY USEFUL PERSON TO BE INVOLVED IN SUCH A EFFORT IF ONE IS TO BE UNDERTAKEN.

ATTACHMENT:
SEIDMAN MEMO WITH ATTACHED DUNLOP MEMO
TO PRESIDENT 8/11/75

AUGUST 11, 1975

MEMORANDUM FOR THE PRESIDENT
FROM: L. WILLIAM SEIDMAN
SUBJECT: FOLLOW-UP ON AUGUST 9 ECONOMIC POLICY BOARD MEETING

ATTACHED IS A MEMORANDUM FROM SECRETARY DUNLOP SUGGESTING THE FORMATION OF A WORKING GROUP TO DEVELOP IDEAS AND PROPOSALS ON THE POLITICAL AND ECONOMIC ISSUES DISCUSSED AT THE ECONOMIC POLICY BOARD MEETING SATURDAY MORNING. I CONCUR WITH HIS SUGGESTION.

ATTACHMENT:
U.S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON
AUGUST 11, 1975

MEMORANDUM FOR THE PRESIDENT

THIS BRIEF MEMORANDUM FOLLOW UP ON THE SIGNIFICANT DISCUSSION YOU INITIATED ON SATURDAY MORNING, AUGUST 9, ON THE VIEWS OF CHANCELLOR SCHMIDT AND PRESIDENT GISCARD AND THEIR CONCERNS WITH

END OF PAGE 01

POLITICAL VULNERABILITY AND CONTINUED HIGH UNEMPLOYMENT.

I SUGGEST THAT YOU REQUEST A FEW ADVISORS TO DISCUSS AMONG THEMSELVES THE FOLLOWING POLITICAL AND ECONOMIC ISSUES, TO PREPARE A BRIEF SUMMARY PAPER OF THEIR CONSENSUS AND THEIR DISPARATE VIEWS, AND THEN TO DISCUSS WITH YOU AGAIN THE ISSUES AND ANY PROPOSALS, INCLUDING A MEANS TO CARRY ON FIRSTHAND DISCUSSIONS WITH THE EUROPEAN LEADERS OR THEIR KEY STAFF.

1. WHAT IS OUR BEST ESTIMATE OF THE PATTERN OF EUROPEAN (BY COUNTRY) AND UNITED STATES RECOVERY OVER THE YEAR OR 15 MONTHS AHEAD, WITH ESTIMATES OF UEMPLOYMENT RATES? WHAT IS THE RANGE OF UNCERTAINTY IN THESE ESTIMATES WITH REGARD TO CONTINGENCIES SUCH AS OPEC PRICE INCREASES?

2. WHAT ARE THE FACTS ON SAVINGS RATES AND INFLATION RATES TO WHICH REFERENCE WAS MADE IN THE DISCUSSION? HOW DO THESE RATES AFFECT OUTPUT AND UNEMPLOYMENT, AND FOR HOW LONG?

3. IN LONGER-RUN TERMS, WHAT FACTORS ARE SHAPING THE FUTURE OF WESTERN EUROPEAN ECONOMIES AND SOCIETIES? AND HOW FAST?

4. WHAT ECONOMIC AND POLITICAL POLICIES CAN THE UNITED STATES PURSUE TO ASSIST EUROPEAN RECOVERY AND POLITICAL STABILITY IN THE PERIOD AHEAD?

5. WHAT NEW GRAND DESIGNS OR INITIATIVES CAN BE UNDERTAKEN BY WESTERN EUROPEAN COUNTRIES AND THE UNITED STATES TOGETHER (WITH JAPAN) TO FACILITATE LONG-TERM ECONOMIC DEVELOPMENT, POLITICAL STABILITY AND WESTERN LEADERSHIP IN DEALING WITH THE DEVELOPING COUNTRIES AND THE SOVIET UNION? WHAT NEW INSTITUTIONS, IF ANY, ARE REQUIRED.

6. WHAT NEW IDEOLOGY OR COHERENT SHARED IDEAS CAN BE DEVELOPED TO UNITE THE WESTERN WORLD?

THE ECONOMIC POLICY BOARD CAN QUICKLY PULL TOGETHER A FACTUAL BASE FOR THE DISCUSSION OF SHORT-TERM AND LONG-TERM ECONOMIC POSSIBILITIES. THE STATE DEPARTMENT OR NSC MIGHT WELL PREPARE A BRIEF PAPER ON SHORT- AND LONG-TERM POLITICAL CONCERNS. THE DISCUSSION PROPOSED SHOULD MELD THESE INTERESTS AND DISCIPLINES FROM THE PERSPECTIVE OF THE PRESIDENT.

I SUGGEST THAT YOU SHOULD NAME THE WORKING GROUP WITH A TIME LIMIT FOR THE FIRST PAPER. ONE SUGGESTION IS THAT THE GROUP MIGHT INCLUDE ROBINSON AND ENDERS, GARDNER AND SIMON, SCHLESINGER, SEIDMAN, GREENSPAN LYNN, MORTON AND MYSELF. THIS GROUP IS PROBABLY TOO LARGE AND A SMALLER GROUP SHOULD FIRST MEET. OTHERS SHOULD BE DRAWN INTO PARTICULAR SESSIONS ON PARTICULAR ASPECTS.

END OF PAGE 02

/S/ JOHN T. DUNLOP

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4306

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THE WHITE HOUSE
WASHINGTON

August 11, 1975

MEMORANDUM FOR: DONALD RUMSFELD - VAIL

FROM: JAMES E. CONNOR

SUBJECT: Dunlop Memo on working
group to develop ideas and proposals
on political vulnerability and high
unemployment

The memorandum from Dunlop is an interesting one. In line with my conversation with Pat Moynihan last week, I would suggest that he would be an extremely useful person to be involved in such an effort if one is to be undertaken.

Attachment:
Seidman memo with Attached Dunlop Memo
to President 8/11/75

THE WHITE HOUSE

WASHINGTON

August 11, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN

SUBJECT: Follow-Up on August 9 Economic Policy Board Meeting

Attached is a memorandum from Secretary Dunlop suggesting the formation of a working group to develop ideas and proposals on the political and economic issues discussed at the Economic Policy Board meeting Saturday morning. I concur with his suggestion.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

August 11, 1975

MEMORANDUM FOR THE PRESIDENT

This brief memorandum follows up on the significant discussion you initiated on Saturday morning, August 9, on the views of Chancellor Schmidt and President Giscard and their concerns with political vulnerability and continued high unemployment.

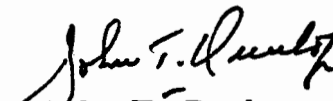
I suggest that you request a few advisors to discuss among themselves the following political and economic issues, to prepare a brief summary paper of their consensus and their disparate views, and then to discuss with you again the issues and any proposals, including a means to carry on firsthand discussion with the European leaders or their key staff.

1. What is our best estimate of the pattern of European (by country) and United States recovery over the year or 15 months ahead, with estimates of unemployment rates? What is the range of uncertainty in these estimates with regard to contingencies such as OPEC price increases?
2. What are the facts on savings rates and inflation rates to which reference was made in the discussion? How do these rates affect output and unemployment, and for how long?
3. In longer-run terms, what factors are shaping the future of Western European economies and societies? And how fast?
4. What economic and political policies can the United States pursue to assist European recovery and political stability in the period ahead?
5. What new grand designs or initiatives can be undertaken by Western European countries and the United States together (with Japan) to facilitate long-term economic development, political stability and western leadership in dealing with the developing countries and the Soviet Union? What new institutions, if any, are required.

6. What new ideology or coherent shared ideas can be developed to unite the western world?

The Economic Policy Board can quickly pull together a factual base for the discussion of short-term and long-term economic possibilities. The State Department or NSC might well prepare a brief paper on short- and long-term political concerns. The discussion proposed should meld these interests and disciplines from the perspective of the President.

I suggest that you should name the working group with a time limit for the first paper. One suggestion is that the group might include Robinson and Enders, Gardner and Simon, Schlesinger, Seidman, Greenspan, Lynn, Morton and myself. This group is probably too large and a smaller group should first meet. Others should be drawn into particular sessions on particular aspects.


John T. Dunlop

THE WHITE HOUSE
WASHINGTON

August 27, 1975

Don Rumsfeld

Attached is the
Dunlop memo you requested.

Jim Connor

DR HAS SEEN

THE WHITE HOUSE

WASHINGTON

August 22, 1975

MEMORANDUM FOR THE HONORABLE JOHN T. DUNLOP

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Please follow-up with appropriate action.



cc: Don Rumsfeld ✓
Bill Seidman
Henry Kissinger

*Jim -
let me see memo -
D.*

DEX

THE WHITE HOUSE
WASHINGTON

August 11, 1975

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FROM: JAMES E. CONNOR

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THE WHITE HOUSE

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August 11, 1975

MEMORANDUM FOR THE PRESIDENT

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SUBJECT: Follow-Up on August 9 Economic Policy Board Meeting

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U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

August 11, 1975

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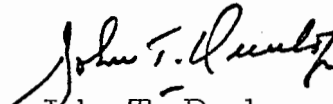
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John T. Dunlop

Jim -

Our papers are
attached --

We never saw the
Dent memo before as far
as I know ---

Do you want it
forwarded to Dunlop?

Trudy



THE WHITE HOUSE

WASHINGTON

September 2, 1975

MEMORANDUM FOR: JIM CONNOR

FROM: BUD McFARLANE *BM*

SUBJECT: Follow Up to the President's
August 9 Meeting on U. S. -
European Relations

The attached two memoranda from Secretary Dunlop and Ambassador Dent were referred to the NSC for action. I have since learned that both memoranda reached the President at Vail and that a decision was taken that Secretary Dunlop should pursue the concept developed in his memorandum with Secretary Kissinger and others (to include Ambassador Moynihan).

Accordingly, I assume that no other action is required on these two memoranda at this time. To assure that Ambassador Dent's views are taken into account, you may wish to forward his memorandum to Secretary Dunlop.

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

August 11, 1975

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John T. Dunlop

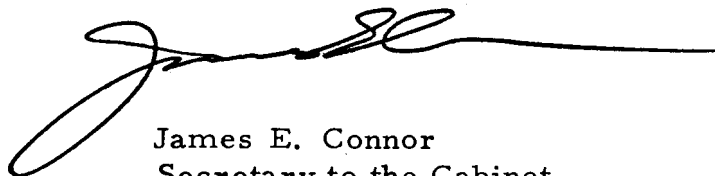
THE WHITE HOUSE

WASHINGTON

September 3, 1975

MEMORANDUM FOR THE HONORABLE JOHN T. DUNLOP

Further to my memorandum of August 22, we attach for your review a copy of Ambassador Frederick B. Dent's memorandum of August 15 on the subject of US-EC Economic Relations.

A handwritten signature in black ink, appearing to read 'James E. Connor', with a long horizontal line extending to the right.

James E. Connor
Secretary to the Cabinet

cc: Don Rumsfeld

THE PRESIDENT HAS SEEN....

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

August 15, 1975

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Frederick B. Dent 

Subject: US-EC Economic Relations

Trade relations with the EC provide the potential for abrasiveness in our economic relations about which you inquired last Saturday morning. Cheese surfaced this spring, and such issues as regional economic development subsidies, canned hams and the automobile dumping investigation are currently issues to be resolved.

The GATT multilateral trade negotiations also provide a competitive forum for surfacing issues. Our private sector interests, particularly agriculture, are insistent on negotiating progress to liberalize markets. This agricultural insistence is viewed by the EC as an attack upon their common agricultural policy.

To reduce tensions we will consult frequently and effectively with appropriate EC officials such as Vice President Soames, Commissioners Gundelach and Rabot, and others; we will use tactical flexibility in the negotiations and I will keep a close personal involvement. Knowing of your personal concern, I will keep you informed of crucial developments.

To further pursue your interest in optimizing our economic relations with the EC, I recommend that you meet with about a dozen of the U.S. leading businessmen and bankers to obtain their advice on the subject.

I also recommend that we advise the EC leadership not to depend too heavily on the U.S. recovery for their economic improvement. Rather, they should fashion from their own array of economic tools a program to restore the vitality of their economies particularly through restoration of investment confidence. This will broaden the base for the essential world-wide economic recovery.

In addition to the contact which you have established with the French and West German leaders, I recommend that you also maintain close contact with President Ortoli and Vice President Soames who discussed similar concerns with you at the time of your Brussels visit.