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President's meeting
with business
community

Monday 8/19/74

2:10 At Mr. Buchen's request checked with
Don Webster in Bill Baroody's office.

Mr. Baroody did invite Mr. Packard so the
meeting is all set.



*Business community
President*

THE WHITE HOUSE
WASHINGTON

August 16, 1974

MEMORANDUM FOR: MR. WILLIAM BAROODY
MR. PHILIP BUCHEN ✓
FROM: DAVID PARKER
SUBJECT: Approved Presidential Activity

Please take the necessary steps to implement the following and confirm with Mrs. Nell Yates, ext. 2699. The appropriate briefing paper should be submitted to Dr. David Hoopes.

Event: Meeting with David Packard

Date: Tuesday, August 20, 1974 Time: 3:00 p.m. Duration: 20 mins.

Purpose: One-on-one session with recognized leader of the Business Council to discuss development of Administration policy in the fight to combat inflation and to solicit Mr. Packard's support in this endeavor.

Location: The Oval Office.

Participants: Mr. Packard and the President

Press Coverage: White House Photographer and White House Press Photo

SPECIAL NOTE: Please determine who should contact Mr. Packard and ascertain his availability. *

cc: Mr. Hartmann
Mr. Marsh
Mr. Ash
Dr. Hoopes
Mr. Jones
Mr. O'Donnell
Mr. Rush
Mr. Rustand
Mr. Seidman
Mr. Wardell
Mr. Toulson

Eva: Bill Baroody told me on 8/16 that he was going to do this. Please check with him to confirm he has done it and to advise the copy-addressers.



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THE WHITE HOUSE
WASHINGTON

TO: *Phil Buchen*

FROM: DONALD A. WEBSTER

fy!.

THE WHITE HOUSE

WASHINGTON

August 19, 1974

MEETING WITH DAVID PACKARD

Tuesday, August 20, 1974

3:00 p.m. (20 minutes)

The Oval Office

From: Donald A. Webster

I. PURPOSE

To discuss plans for the Economic Summit and the Administration's policy to combat inflation. To ask Mr. Packard's and the Business Council's support of these efforts.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: As Chairman of the Business Council, Packard is a recognized leader of the business community and influential in economic policy matters.
- B. Participants: The President and Mr. Packard.
- C. Press Coverage: White House photographer and White House press photo.

III. TALKING POINTS

- 1. I want to stress that we are conducting a thorough review of existing economic policy. We are trying to look at the current situation without preconceptions and to be sufficiently flexible and open-minded to develop policies that are both imaginative and responsive.
- 2. We hope that the Economic Summit will make a major contribution to this policy review. Specifically, we hope that the Summit - and the meetings which precede it - will help provide: (a) A thorough review of the current state of the economy; (b) As broad a consensus as can be attained on what policy should be under existing circumstances, particularly with respect to the federal budget; (c) Recommendations and ideas that merit further study; and

(d) A new program consisting of actions which can be taken by the executive as well as those which would require Congressional approval.

3. I just met with Congressional leaders this morning to brief them on our pre-summit and summit plans and to ask for their full participation and support, which they have pledged to give. The Summit itself will be on September 30 and October 1, preceded by several White House meetings and by a series of eight meetings run by the Departments and bringing together leaders of various sectors of the economy such as business, agriculture, and banking and finance.
4. One thing which we hope will come out of these meetings is a better idea of the magnitude of the problem American business faces in raising the enormous capital necessary to meet our growing needs for industrial capacity. These meetings should help increase public understanding of that problem and produce new recommendations.
5. Another area that will be stressed is the need for responsible price and wage behavior in the private sector as government moves to get its own house in order. While we recognize the responsibilities of business and the difficult problems it faces, I hope we can count on the business community to do everything it can possibly do to help us in this effort.
6. I would welcome your ideas and suggestions on where we are today and what you think we ought to be doing about it.

THE WHITE HOUSE
WASHINGTON

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Mr. Rush
Mr. Rustand
Mr. Seidman
Mr. Wardell
Mr. terHorst
Mrs. Yates

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President's
meeting
12 noon
Fri. 9/20/74



THE WHITE HOUSE
WASHINGTON

September 20, 1974

MEMORANDUM FOR: The President
THROUGH: Philip W. Buchen *PWB*
FROM: William E. Casselman II *WEC*
SUBJECT: National Development Bank and National Growth Policy

On July 19 this year, you met with David Rockefeller and others to discuss a proposal made by him originally three years ago for a "bank" to assist in the financing of land assembly and development on a large scale--to help create new communities and to redevelop older cities. (See Tab A). You requested that the proposal be refined and brought back to you.

Today, the meeting consists of people who have been involved in this proposal. (A list is attached at Tab B of the participants with reasons why they are here).

The bank proposal has been altered to reflect the fact that the private sector is unable and unwilling in current economic conditions to support the bank as originally envisioned. It continues to rely on the private sector to provide the loan funds, but looks to the federal government to provide initial funding of \$100 million; the degree of public control has been changed accordingly. (See Tab C).

It is important also that any proposal for a bank be placed in a broader context. For several years, there has been discussion at governors' conferences and mayors' meetings about the need for a "national growth policy" or "urban growth policy."

At the Federal level, this interest has been shown by the introduction of many bills. Some are oriented toward rural development; others are more oriented toward the major urban areas. What they have in common is a frustration with the inability of various levels of government to marshall individual programs to support what is thought desirable--an overall strategy for the development of a state or an area within a state.

One bill became law: the Housing and Urban Development Act of 1970. Title VII of the Act not only set up a program to help finance "new towns," it also specifically charged the President with developing an "urban growth policy." It required a report from him every even-numbered year on urban growth and proposals to make it more orderly. The first report, in early 1972, was widely criticized. The 1974 report is late, and a draft of it contains no major new proposals which would show your concern for these questions or put your own imprint on the law.

Therefore, it is proposed:

- a. That you acknowledge that the report is tardy, but that this is of enough importance to you that it deserves a thorough job and you wish to be personally involved in the selection of the course it proposes;
- b. that you establish a small unit within the Domestic Council, as required in the 1970 Act, to report directly to you, and to work in concert with Congress, the governors, mayors and county executives in the development and implementation of growth policy;
- c. that you will convene either a small conference of specialists or a formal White House conference in the next two to four months. It will be meant to suggest constructive legislation, administrative action and relations with the private sector;
- d. that the forthcoming report and your legislative program include a proposal for the bank and other means to accomplish this.

The concept of growth policy is elusive. However, these steps will show your concern and will develop a process and a body of principles by which further steps can be guided. (See Tab D for "growth policy" discussion).

Enclosures

cc: Mr. Hartmann
Mr. Seidman
Mr. Cole



OFFICE OF THE VICE PRESIDENT
WASHINGTON

July 17, 1974

MEMORANDUM FOR THE VICE PRESIDENT

In December of last year David Rockefeller recommended to the House Public Works Committee the establishment and implementation of a national growth policy. You may recall that over the years, the Committee has had periodic hearings on this subject, which impacts heavily on other legislative areas such as the 1970 Housing Act and the recent extension of the Economic Development Act. It is the view of Rockefeller and others that many of the Nation's current economic problems may be attributed to a lack of overall strategy for balanced population growth and economic development. Federal monies are expended on numerous programs by various agencies without too much concern for coordination of national and community priorities. Moreover, there has been very little focus on the problem of how to devise and implement a national growth policy to take into account these priorities.

Rockefeller has proposed a "Marshall Plan" for national growth which would involve the establishment of a Domestic Council Unit to develop and coordinate priorities and to report to Congress bi-annually on a national growth policy. (The establishment of such a Unit is mandated in Title 7 of the Housing Act. However, the unit has yet to be established). To supplement the work of the Unit, Rockefeller also has proposed the creation of a Joint Congressional Committee to advise the Domestic Council Unit on a day-to-day basis with respect to policy determination and the political realities of policy implementation.

The Unit would work with state and regional jurisdictions in the planning, execution and development of programs consistent with local interests and national growth policy. To finance such development efforts, Rockefeller has suggested the establishment of a \$2 billion revolving fund to be used for loans to cooperating jurisdictions in support of land acquisition and other recoverable capital expenditures in furtherance of approved programs. This would ease the problem of "up-front" money which is attendant with most economic development as a result of delays encountered while property is acquired, zoning is established, economic impact statements are written, etc.

GERALD R. NEASE
V. P.

Rockefeller envisions the revolving fund being administered through a Community Development Bank. The Bank would be authorized by Congress, but privately owned, operated and maintained. Its activities would be limited to financing eligible community development projects. Funds would be obtained entirely from the private sector through sale of stock and, subsequently, by the sale of bonds. In order to assure that the bank could sell its long-term debt at minimum cost, Rockefeller anticipates a "full faith and credit" pledge by the United States for the maintenance of a debt reserve fund.

There are several obvious advantages to the Administration and some disadvantages to such a proposal. The advantages would include the establishment for the first time in the Nation's history of a cohesive national growth policy, but with complete reliance on the principles of New Federalism and decentralization which the Administration supports. There would be strong private sector emphasis involving government partnership, rather than having the government provide soft loans or guarantees. While the focus of the plan would be both urban and rural, most of the impact would be in urban areas where the greatest need for such a policy presently exists to check urban sprawl.

As Vice Chairman of the Domestic Council, there would be a net plus for the Administration in having the Vice President involved in forging a much needed partnership between Congress and the Administration in an area that many feel that has been neglected. Moreover, the establishment of Domestic Council responsibility in this area is consonant with the will of Congress as expressed in the 1970 Housing Act.

The disadvantages are that such a proposition may well be politically untenable at this time, although the proposal does have strong support in the Congress from the Public Works Committees and the backing of many private sector financial institutions such as Morgan Guaranty. A second concern is that the Domestic Council has resisted any attempts to involve it in "operations," as opposed to policy coordination. Establishment of the Committee which Rockefeller has proposed would indeed result in the Domestic Council having some operational responsibilities. However, it is Rockefeller's view that a capable but small staff would be all that would be required once the initial ties with the Congress and the private sector had been established. However, the Administration already has other economic groups (CEA, OMB) which have responsibilities in this area.

Finally, as a matter of separation of powers, there may be some question as to the nature of the proposed relationship between the Joint Committee and the Domestic Council Unit.



WILLIAM E. CASSELMAN II
Legal Counsel to the Vice President

cc: Mr. Hartmann
Mr. Burrese

Tab B

David Rockefeller, Chairman of the Board
The Chase Manhattan Bank, N.A.

Warren T. Lindquist
Associate of David Rockefeller for Development
and Public Affairs; has testified on bank proposal, and
growth policy before House Public Works Committee.

Owen V. Frisby, Vice President
The Chase Manhattan Bank, N.A.
in charge of Washington office

John R. Price, Vice President
Manufacturers Hanover Trust; former Executive Secretary
of President's Urban Affairs Council, and staff director
of Cabinet Committee on National Growth Policy



THE UNITED STATES NATIONAL DEVELOPMENT BANK

Discussion Paper

I FUNCTION

A. Lending

1. Land development loans would be made to developers of New Communities as defined by Title VII, Housing Act of 1970 on the following terms:

Amount - Total land acquisition and development cost (as defined in Title VII, Section 711, f.)

Rate - 2% above prime floating and compounded annually on balance outstanding.

Maturity - 15 years

Debt Service - 75% of positive cash flow, until retired or due; first to interest then to principal.

2. Other Loans - The Bank would seek opportunities to plug financing gaps which inhibit constructive growth and development in support of the national growth policy.



B. Underwriting

At its discretion the Bank would underwrite the acquisition cost of sites acquired by Federal, State, Regional and Municipal public agencies provided: such sites were to be used for development consistent with the national growth policy and were conveyed clear of zoning, building or housing codes or other conditions which would inhibit New Community development as understood by the 1970 Housing Act.

C. Marketing and Promotion

1. From among the major Industrial and Commercial concerns of the Nation the Bank would seek advance commitments to lease sites within areas with respect to which it had made loans and/or underwriting commitments.
2. For each site underwritten from among qualified prospective developers the Bank would select a single Developer (which could be a combination or consortium of responsible interests); would approve the master and land development plans of that Developer and would then lend the Developer his requirements for land acquisition and land development.

II ORGANIZATION

A. Board of Governors

1. Chairman - appointed by the President of the



United States.

2. Members - one each appointed by each of the Governors of the 50 States.

B. Executive Committee

1. Chairman - the Chairman of the Board of Governors.
2. Members 24 - 12 members would be appointed, one each, by the Mayors of Federal Reserve Cities, from among the Chief Executive Officers of the principal banks of those cities; and 12 members would be appointed by the Board of Governors from among the Chief Executive Officers of banks located in other cities throughout the Nation.

C. Officers

1. Nominated by the Executive Committee and elected by the Board of Governors.
2. President is Chief Executive

D. Powers

The Executive Committee would have the power of initiation and recommendation, but policy determination and final control would rest with the Board of Governors.

III FINANCING

- A. Equity in the amount of \$100 million would be provided by the Secretary of the Treasury.



4

B. Debentures would be sold to insurance companies and pension funds from time to time as approved by the Board of Governors on the following terms:

Rate - 1 1/2% above prime, floating,
compounded annually.

Maturity - 15 years

C. Installment payments on leases to major industrial and commercial tenants would be payable to the Bank. These payments would be in an amount equal to 4 times the acquisition cost of the land area leased, provided the leases were executed within 18 months of the approval of the Developers' Master and Land Development Plans; thereafter the amount would be subject to negotiation. Upon occupancy such tenants would pay an annual rental computed on the basis of 1/2 the then appraised value of the land area leased. Leases would be transferable at market value subject to the approval of the Bank.



971377

UNITED STATES NATIONAL GROWTH POLICY

Discussion Paper

The subject is a national growth policy; any contention that a zero-growth policy merits consideration is foolish and to give it any consideration would be unworthy. If our nation is to accommodate the millions of additional citizens it will have by the end of the century; if it is to bring the millions of our present citizens who are poor and living poorly to the living standard of humanity and dignity enjoyed by the majority; if it is to meet the rising aspirations of a free and dynamic society, the growth required will be enormous. To guide that growth so that it contributes to the accomplishment of our national goals is the purpose of a national growth policy.

Having accepted the reality of growth, there are other realities which must be accepted; some of these are physical and some are political. To mention some of the physical ones:

- The great bulk of our growth will occur in our existing metropolitan areas.
- The satisfaction of national energy needs can be a factor supporting rural growth objectives in our coal and oil-shale areas.
- Satisfaction of our own and worldwide food needs can be a factor supporting rural growth objectives in our agricultural areas.



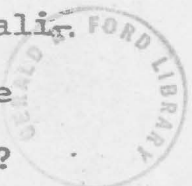
- Since we are a free-enterprise society, the actual business of mobilizing, channeling and employing the resources to accomplish the great bulk of this growth is up to the private sector. It is the public sector's job to influence the private sector's efforts so that the resulting development serves the national interest.

To mention a couple of the political realities:

- The pursuit of its own self-interest by each political jurisdiction, from the town up to the state, does not necessarily add up to the national interest.
- Plans which call for the improvement of the lot of any minority at the expense of the majority are more apt to be cheered than accomplished.

Now, having talked about some of the realities which a serious effort to shape national growth policy must recognize, let's say what national growth policy can not be and what it can be. It can not be a master plan or detailed blueprint prescribing the physical development of the entire nation to the end of the century or to any other date. It can be a body of principle which recognizes the aspirations of our nation's founders and the aspirations of the existing electorate.

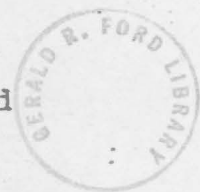
Having talked about the need for a national growth policy, realities affecting its shaping, and what it can be, we come to the questions: Who is going to devise and articulate the policy? How? And how will it be implemented?



To begin our consideration of these questions, it is suggested we look at Title VII of the 1970 Housing Act. This Title provides for the designation of an identified unit within the Domestic Council to develop and report to Congress bi-annually with respect to a national growth policy. The word "urban" should be dropped: and the "unit" should be in fact almost a "State Department" for the growth and development aspects of our domestic affairs. The actual work implied by this concept must be performed by the Executive Branch; however, the Legislative Branch must play a key role in policy determination. To satisfy this requirement, a Joint Committee of Congress should be created to be advisory to the Domestic Council Unit on a day-to-day basis with respect to policy determination and the political realities of its implementation.

The powers of the "Unit" and of its director should be those of recommendation and administration; recommendation would be to the President of the United States. His approval of a recommendation would commit him to coordinate and allot the resources and efforts of the several Departments necessary to support it.

As policy principles are approved by the President and blessed by the Congress, the effort at national implementation should work something as the Marshall Plan worked after World War II and as some of our efforts to encourage and support international growth have worked since. Representatives of the "Unit" would work with State and Regional jurisdictions in the planning and execution of development programs consistent with the local interest and consistent with the national growth policy. In addition, a \$2 billion revolving fund would be established to be



administered by the ^{New} Community Development Corporation of HUD, under the policy direction of the "Unit". The fund would be used for loans to cooperating jurisdictions in support of land acquisition and perhaps other recoverable capital expenditures in furtherance of approved programs.

Throughout the whole national growth policy planning process, the respective roles of the public and private sectors must be understood and policy developed accordingly. As suggested earlier, the bulk of the national growth and investment effort will be by the private sector: to hope that "everyone doing his own thing" will somehow add up to the service of the general welfare may be Adam Smith, but it's not real. To believe that judicious public investment can create the infra-structure and support which will have a significant and controlling impact on where private investment and development occurs is real indeed.

Title VII treats new community development as an essential element of national growth policy and provides for a degree of combination of public and private sector effort to effect that development. While it is expected that only about 20 per cent of our national growth can be accommodated in new communities by the end of the century, that 20 per cent is very important in its direct and indirect impact: direct in channeling growth where it should go, indirect in relieving our metropolitan areas of pressures which frustrate their ability to guide the growth which their inevitable share of the population increase will oblige them to accept.



Among the factors inhibiting new community development on the scale necessary and in the locations where it should take place is the lack of adequate financing for land acquisition and development. Title VII is helpful in this regard but, given the size and nature of the need, it is not presently and cannot be enough. A quasi-public financing institution should be created to fill this financing gap. In addition to and in fact as a part of participating in new community development financing, such an institution could be a link between the public and private sectors. It could help with the economic feasibility evaluation of proposed new communities; it could advise with respect to the business environment which exists or could be created through judicious use of public resources; it could be instrumental in influencing suitable industrial and commercial commitments to ensure an economic base and viability; and it could be a credible middle-man between the new community developer and the Federal, State and local governments.

Since David Rockefeller suggested this idea in a talk to the Regional Plan Association of New York in February of 1971, James Boisi of Morgan Guaranty and other leaders from the banking and insurance communities have been exploring the possibility of creating such an institution.

These structures and processes for the development, articulation and implementation of a dynamic national growth policy could provide the following opportunities:



THE EXECUTIVE BRANCH could satisfy its national growth policy responsibilities.

THE CONGRESS could participate effectively in national growth policy formulation and the supervision of its implementation. The proposed Joint Committee could provide the overview; the Public Works Committees could develop coherent public investment policies to guide their funds allocation; the other committees could formulate their programs and discharge their responsibilities within a coherent understanding of national objectives.

THE STATES could participate in the national growth and development process without sacrifice of sovereignty or self-determination.

THE PRIVATE SECTOR could benefit from an environment which would support its growth and geographic distribution on a basis consistent with a perceived and directed long-term national interest.

