December 8, 1972

Dear Pierre:

This is a very belated acknowledgment of your note of November 22. I saw the article and more importantly was glad to see your reply to the Monitor.

I know the President has already spoken to you about what a splendid job he thinks you did during the campaign. I only wish we could entice you to come down permanently but I can understand why none of the things presently available are of interest to you.

You did a bang up job. I was really happy to work with you; you are a great guy and I hope we will have an opportunity to work together in the future.

Best personal regards.

Sincerely,

Charles W. Colson
Special Counsel to the President

Dr. Pierre A. Rinfret
641 Lexington Avenue
New York, New York 10022

/hh

December 8, 1972

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Charles W. Colson
Special Counsel to the President

Dr. Pierre A. Rinfret
641 Lexington Avenue
New York, New York 10022

/hh

PIERRE ANDRÉ RINFRET
641 LEXINGTON AVENUE
NEW YORK 10022

November 22, 1972

Dear Chuck

I don't know if you have seen a copy of THE CHRISTIAN SCIENCE MONITOR article about me. If you have not, a copy is enclosed.

Also enclosed is a copy of the letter that I have sent to THE CHRISTIAN SCIENCE MONITOR.

I thought you would like to have both.

Sincerely yours,

Pierre

Dictation

PAR ifl
Enclosures (2)

Mr. Charles W. Colson
Special Counsel to the President
THE WHITE HOUSE
Washington, D. C. 20500

Trend of the economy

Rinfret sees 2nd term stress on economics

By Richard Nenneman

Pierre Rinfret talks to the President. The President talks to Pierre. Then Pierre talks to his clients.

With all this coming and going, we may get a bit mixed up over who is trying to sell whom on whose ideas. That's OK – it's all part of the way policy gets made and the signals get transmitted. And they do get transmitted in both directions – from Pierre up to the White House, from the White House down to Pierre (and others), and from Pierre out to his clients.

Dr Rinfret is president of Boston-Rinfret Associates, Inc., the economic consulting arm of the Boston Company, which includes under its umbrella a variety of financial services. What makes Dr Rinfret's views particularly important right now is that he was the leading private economic spokesman for the administration in the election campaign. The way he is looking at economic affairs right now is undoubtedly very similar to the way Mr Nixon is looking at them.

* * *

As he lines up his sights on the next four years, Dr Rinfret sees:

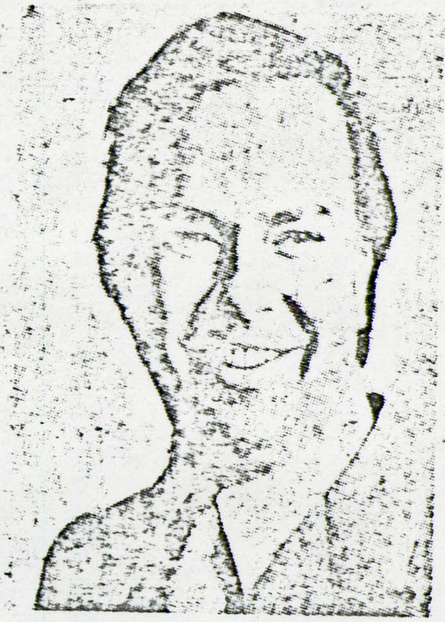
– The possibility of rising prosperity for the entire four-year period.

– The possibility that world peace will accompany that prosperity. He noted the lead the United States is taking in cooling down the remaining hot spots in the world.

– The likelihood of 6 percent real growth in the U.S. economy through mid-1974. This is much higher than its long-term sustainable growth rate, which is closer to 4 percent.

– By mid-1974, most of the slack in the economy will be used up. Then will come the testing time, which will tell whether the country can continue to have orderly growth without the boom topping out with excesses that have to be removed later on.

Dr Rinfret sees two main threats to continued prosperity: interest rate escalation or a tax increase. And in both



Dr. Pierre A. Rinfret

cases he thinks there is a good chance they will be avoided. The administration would probably turn to credit controls rather than allow interest rates to go up too far he said. As for a tax increase, it isn't going to be needed in 1973, and he's hopeful it will not be necessary in 1974, either.

* * *

But in all he says, there is the implication that the administration will be quick to act to keep the business cycle from getting out of control, as happened at the end of the '60's. It would be a mistake to base one's assumptions about Mr Nixon's second term entirely on the patterns of the first term, he says. This is why he doesn't think the wage-price controls will be dropped in toto for at least another 3 or 4 years, even though he predicts they will be made somewhat easier and more selective.

But in addition to the more general wage-price rules that may still hang around for a while, Dr. Rinfret thinks the administration will be looking for new, more specific valves it can turn off and on to keep the economy at full tilt once it gets there.

These include some kind of credit controls, which would aim at keeping interest rates down by controlling the amount of borrowing: an on-again, off-again investment tax credit, to be used when business investment will do the economy the most good; and some kind of alteration in personal income tax withholding rates. The changes in the tax law in 1971 give the administration a new freedom with withholding rates, which is almost as good as getting to change the tax rates themselves for a short time.

* * *

Whether any of these measures, essentially gimmicks, will work is another matter, of course. But they indicate that the second Nixon administration will be considerably more activist that the first three years of the first.

The U.S. also needs to renegotiate some of its international trade agreements, according to Dr. Rinfret. In particular, he singled out Japan (its trade surplus with the U.S. this year will be $3 billion to $4 billion), Canada (which has its auto pact with the U.S.), and France (which is responsible for the high price-support level of the EEC's common agricultural policy).

The door to getting at each of these countries, he indicated, may be mainly through the Soviet Union and China. The U.S. has tremendous advantage, he noted, in producing food and fertilizers, manufacturing agricultural equipment, and the organization of farming. Pressing these advantages, he implied, is the wedge by which the U.S. hopes to get better terms from the "target" countries.

Read between the lines: The new administration is going to be heavily involved with economic affairs, both at home and overseas. The war is behind. Major social innovations will not be a part of Mr Nixon's programs. Instead, most effort will be going into maintaining and increasing the general level of American prosperity.

French goal: help for under-average families

By Philip W. Whitcomb
Special correspondent of
The Christian Science Monitor

workers and apprentices, the government estimates there are 1.6 million making less than $200. The Communists say there are 5 million, and the CFDT, the far-left labor

who break the law by working nights or weekends in addition to their principal employment.

If there are children, the family allocation

RINFRET BOSTON ASSOCIATES INC.

641 LEXINGTON AVENUE NEW YORK, N.Y. 10022 - TEL. 688-2620

November 21, 1972

Mr. Richard Nenneman
THE CHRISTIAN SCIENCE MONITOR
One Norway Street
Boston, Massachusetts 12115

Dear Mr. Nenneman.

I have just read your piece of Thursday, November 16th, and there are a few comments I would like to make about it.

You give me far too much credit. You exaggerate my influence on the President. Most important of all, if I were to enjoy the confidence of the President, that confidence would never, repeat never, be violated by distribution to my clients.

As the principal economic spokesman for the presidential campaign, I was able to divorce myself from my private business. I neither leak or distribute inside information. If there is a dual function, it is that I am always free to call it as I see it.

For the record, you should note that my relationship with the Administration terminated on the day of the successful reelection of the President.

I am complimented by the influence that you attributed to me but feel it necessary to set the record straight that such influence is exaggerated.

Sincerely yours,

PAR ifl

Pierre A. Rinfret

C O P Y

file

PIERRE ANDRÉ RINFRET
641 LEXINGTON AVENUE
NEW YORK 10022

November 10, 1972

Dear Chuck:

I am sure that you must be as thrilled as we are about the landslide victory of the President.

I enjoyed working with you and hope that our paths may once again cross in the future.

Most sincerely yours,

Pierre

PAR ifl

Mr. Charles W. Colson
Special Counsel to the President
THE WHITE HOUSE
Washington, D. C. 20500

together the profit-margin restrictions on companies that have raised prices. He would also change the allowable-cost rule, which is the basis of the whole price control structure, to a dollar-for-dollar pass-through of price increases for higher costs. He would tighten the term-limit pricing rule, which allows a company with diverse product lines to change individual prices while holding over-all increases to an average. And he would end all controls over rents and over retail and wholesale operations, where competition is more effective in keeping prices in check. However, labor economists warn that if decontrol in these areas causes the consumer price index to soar, the wage guidelines would come under strong pressure from rank-and-file union members.

Tough wage controls for pacesetting industries, and let other employers alone

The push of wages. What Lanzillotti wants to do is to bend the controls system so it more closely meshes with economic realities, setting a course for eventual return to a free economy Essentially, the thoughts that are emerging on the wage side of controls aim at the same thing.

The unions have indicated that if price increases are checked, and if controls are eased in low-wage areas where they are now enforced, labor might go along with the 5.5% wage guideline. "A lot of our people are mad, but right now I don't see any real push to break the 5.5% guideline," an AFL-CIO official said. But a part of this quid pro quo could turn out to be a tightening of the guideline.

The 5.5% now applies only to wage increases, and the Pay Board's rulings have shown that an employer's total payroll is what the board is concerned about. This means that, in fact, allowable increases have exceeded 5.5%. Fringe gains of 0.7% also are allowed, so that permissible settlements have amounted to 6.2% or more.

In Phase III, the 5.5% could be made all-inclusive, and applied more narrowly, so that unions could bargain for the full amount in higher pay or else split it between money and benefits. The effect would be the same as cutting the 5.5% guideline to 4.8% or less.

On the other side, there is a real possibility that tough restraints will be maintained in such industries as trucks, autos, and farm equipment; electrical manufacturing; rubber, and metals. The idea is that noninflationary settlements in these pacesetters would influence settlements in other industries that have less impact on national bargaining and that are difficult to control anyway Some of these other industries could be decontrolled. Big unions would not be pleased with this approach, but they might go along with it as a step toward total decontrol.

One approach. Peter J Pestillo, a business representative on the Pay Board staff, has some specific thoughts on where controls should go, too. He suggests a simple one-year extension to carry controls through April, 1974. This would extend controls to cover can industry negotiations, which have traditionally set contract patterns for the United Steelworkers and the basic metals industries, whose contracts come up later in the year. Pestillo also suggests that companies that have fewer than 500 workers be exempt and that the 5.5% guideline be recalculated to eliminate "roll-up" as an offsetting factor Roll-up is the impact of wage changes on nonwage items such as pensions and vacations.

Getting to the heart of the dilemma facing the Administration, Pestillo warns that "any tampering with the wage standards must be tempered by the anticipated reaction of organized labor." A rash of big strikes in 1973 could cripple economic recovery. ■

THE WHITE HOUSE

The chief recruiter for the Nixon team

Wanted: top business executives to run large government agencies. Frustration high, pay modest, $30,000-$60,000, job security nil. Contact Mr Malek, 1600 Pennsylvania Ave., Washington, D. C. (202) 465-1414.

The man to see in this imaginary ad is Frederic V. Malek, known within the first Nixon Administration as the efficiency expert, the whiz kid, or the hatchet man. He is a central figure in the President's reorganization planning now in progress for his second Administration and the central figure at the White House for high-level personnel matters.

Best estimates are that the President will replace as many as half of his top 300 White House, departmental, and other agency officials. And Malek, who was at the President's mountain

Washington's new game: Who's in, who's out?

Washington's favorite guessing game these days is who will be in—or out—when President Nixon finishes putting together his new team. Perhaps the hottest rumors, all denied so far, swirl around John B. Connally, former Treasury Secretary and Democratic Nixon booster who supposedly has been offered the job of Secretary of State. Such is the influence imputed to Connally that one story has him pushing Pierre Rinfret, the flamboyant New York consulting economist, as a successor to Herbert Stein, chairman of the Council of Economic Advisers.

Richard Knapp—BW

Pierre Rinfret

Stein may leave in the spring to become a professor at the University of Virginia. But a Rinfret appointment would rankle Stein and Treasury Secretary George Shultz, both of whom were put out when Rinfret was labeled the chief spokesman on economic issues for Nixon's reelection campaign this fall.

Elsewhere around the Cabinet, Deputy Defense Secretary Kenneth Rush, a former ambassador to West Germany, is given a 50-50 chance of succeeding his boss, Melvin Laird, who indicated before the election that he wanted to step down. Housing & Urban Development Secretary George Romney also is on record as wanting to leave, and his replacement could be Donald Rumsfeld, now director of the Cost of Living Council, or Samuel C. Jackson, a HUD Assistant Secretary and one of the few black candidates for a Cabinet post.

Cynics' view. Attorney General Richard Kleindienst dashed off to Europe last week amid reports that he was on the way out, and William Ruckelshaus, now running the Environmental Protection Agency, has been mentioned for his job. But Ruckelshaus, who was begged to stay at EPA by John Mitchell last February, says he has no idea what is in store.

Inside the White House, Robert Finch has already said he is leaving as counselor to the President to seek his political fortune in California; he simply may not be replaced. Friends say that Herbert Klein, director of communications for the executive branch, wants to clear out, and he may not be replaced either. And some cynics are explaining the whole post-election reorganization as a cover for the likely firing of Charles Colson, special counsel to the President, over Watergate and other campaign scandals.

Colonial Flower & Garden, Inc.

FLORIST and LANDSCAPE CONTRACTORS

1703 G St., N W

Washington, D. C. 20006

223-3225

Miss Holly Holm
Room 182- E.O.B.
The White House
Washington, D.C. 20500

Date ....

AMOUNT ENCLOSED $______________

DATE	DESCRIPTION	CHARGE	CREDIT	BALANCE
1972				
	October Balance			$8.38
	THANK YOU			

Colonial Flower & Garden, Inc.

1703 G ST N.W.

THE WHITE HOUSE

WASHINGTON

October 27, 1972

MEMORANDUM FOR: CHUCK COLSON

FROM STEVE KARALEKAS S.K.

SUBJECT Pierre Rinfret

The following is an update on some of Pierre Rinfret's most recent activities:

1. On October 16, 1972, he addressed the Detroit Economic Club.

2. On Sunday, October 29, he has a 15,000 word piece in the New York Times business section.

3. He will be taping a segment this Sunday evening with NBC in Washington for a TV special to be aired on Tuesday evening, October 31st at 10 p.m

4. He got an article in the October, 1972 issue of The Exchange, the New York Stock Exchange magazine on taxes. The article was signed by George Shultz.

5. Last Saturday, October 21, the Washington Post printed some Q's and A's on the economy by Rinfret in its editorial section.

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Miss Holly Holm
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Date ....

AMOUNT ENCLOSED $______________

DATE	DESCRIPTION	CHARGE	CREDIT	BALANCE
1972				
Oct. 26	Arrangement- Beck	$8.38		$8.38

For Pierre Renfret
--bill to him 11/2/72

THANK YOU

Colonial Flower & Garden, Inc

1703 G ST N.W.

PIERRE ANDRÉ RINFRET
641 LEXINGTON AVENUE
NEW YORK 10022

September 26, 1972

Dear Chuck.

Thank you very much for your kind note of September 21st.

I am delighted that the President is pleased with what I am doing.

With best regards as always.

Sincerely yours,

Pierre

PAR ifl

Mr. Charles W. Colson
Special Counsel to the President
THE WHITE HOUSE
Washington, D. C. 20005

THE WHITE HOUSE

WASHINGTON

October 14, 1972

MEMORANDUM FOR CHUCK COLSON

FROM STEVE KARALEKAS SK

SUBJECT Important Recommendation from Pierre Rinfret

Pierre is urging that the President, or someone speaking in his authority make a strong statement on the subject of the rising bank prime interest rates. He contends that not only is it a potentially dangerous political issue, but that it could bring the present expansionary surge to a grinding halt by the middle of next year.

Businessmen, consumers, and many other sectors of society will be hurt by the rising cost of money, and it could very well wipe up the current high level of consumer confidence.

He asks that these thoughts be brought to your attention.

THE WHITE HOUSE

WASHINGTON

October 9, 1972

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR. MR. JOHN EHRLICHMAN

FROM. BRUCE KEHRLI BAK

SUBJECT. Economic Spokesman

The October 9 Weekend Review contained the following note.

> -- Trib w/a lengthy interview of Rinfret who says it's "stupid, moronic, idiotic and ignorant" to say RN will again induce a recession to curb inflation. "The one thing about RN is this. he learns," said Rinfret and the Pres. is fully committed to full employment w/the full utilization of agricultural capacity a key element of his effort. Rinfret regards the PRC/USSR trips as "one of most daring US economic steps in 30 years." And it may mean the beginning of the Cold War's end. Rinfret also said RN has never deceived anyone on his economic goals -- from the first, RN said inflation had to be knocked down and that's been his goal. --

Referring to the above, it was noted that Rinfret is probably our best economic spokesman because he uses phrases people understand and that our speech writers should take a course from him.

cc. H.R. Haldeman
Alexander P. Butterfield
Chuck Colson
Ray Price

October 6, 1972

Dear Pierre:

You might be interested to know that in an interview with Dorothy Fuldheim on TV in Cleveland, George McGoo spent a fair amount of his time badmouthing Pierre Rinfret as a lousy economist. You should get a medal; obviously you have been having a real impact on him and obviously you are getting under his skin.

Keep up the good work.

Sincerely,

Charles W. Colson
Special Counsel to the President

Mr. Pierre A. Rinfret
641 Lexington Avenue
New York, New York 10022

/hh

10/4

balance his budgets. And Social Security taxes would have to be up 40% for McG's health bill. Phillips says RN's estimated outlays are much less, and the Admin. is straining to reduce them still further w/ ceiling. "In FY '75, estimated RN expenditures need an additional $7-8B revenue to balance. And McG? Out of balance by some $36B." Moreover, RN estimates show a surplus in '78. "So far, the public has not credited RN's pledge to hold the line on taxes if Hill can be kept under control." But if landslide seems likely and the AEI projections are good, RN might indeed be w/in range of curbing spending enough to avoid a tax increase.

Schultz, noting most Amer. think of tax reform as "keeping them down," said McG's election would mean a large hike . . . McG adviser Okun said the "low priority attached to jobs" had been the "greatest shortcoming" of the Admin. But Rinfret replied that Admin was committed to putting more Americans back to work but not at expense of new inflation.

Beautiful!

Chuck: Dup. & Increase it

Rinfret chided McG for withdrawing his $1,000 "Demogrant." He also said McG voted for the Senate version of the tax reform bill that included the investment tax credit but now condemned it as a "loophole" he would eliminate. Said Rinfret: "McG has 40 plans to the tenth power and he changes them every god damn week and there's an economic Eagleton every other week."

The CLC announced further steps to hold down lumber prices, including asking Justice to investigate possible antitrust violations . . . . Leo Perlis, head of AFL-CIO price-monitoring system said there've been few convictions out of 145,000 complaints of violations in a year of controls. "There has been, to my knowledge, just one conviction -- and that for rent," Perlis said, adding that monitors have become discouraged by lack of federal enforcement. He said "people are accepting the failures of Phase 2 as a fact of life."

The W. Coast Longshoremen may cancel the labor contract agreed upon after a 130-day strike because of court decisions striking down a container jurisdiction clause . . . D-J closed up 1.20 at 954.47 w/ 13M vol.

Henry Ford called for defeat of Hartke-Burke, saying the protectionist movement has a "catastrophic potential" which could reduce US employment and result in higher consumer prices. He termed the bill "a US declaration of economic war on all US trading partners . . . . Woodcock proposed US and Japanese workers band together to control multinationals.

THE WHITE HOUSE

WASHINGTON

October 2, 1972

MEMORANDUM FOR CHUCK COLSON

FROM STEVE KARALEKAS SK

Pierre Rinfret just called to say that the New York Times called him for a reaction to the decision of First National City Bank to raise its prime interest rate Pierre wanted me to inform you that he gave them a political answer.

He said he thought it was deplorable -- that banks should not feel free to raise the cost of money while other sectors of the economy are constrained from raising prices and wages under the existing system of wage-price controls.

Pierre believes that the answer anticipates criticism from McGovern that we allow big banks to raise rates and gouge the public while forbidding pay increases to the little guy

He thinks perhaps Shultz and Stein will be upset with his response, but he did it for our political benefit, not from the standpoint of pure economics

PIERRE ANDRÉ RINFRET
641 LEXINGTON AVENUE
NEW YORK 10022

August 14, 1972

Dear Chuck

I will long remember today as a highlight in my life and in my career.

I owe to you my deepest appreciation.

I look forward with pleasure and anticipation to exciting days!

With best regards, I am

Sincerely yours,

Pierre

PAR ifl

Mr. Charles W. Colson
Special Assistant to the President
THE WHITE HOUSE
Washington, D.C. 20500

THE WHITE HOUSE

WASHINGTON

August 28, 1972

MEMORANDUM FOR CHARLES COLSON

FROM STEVE KARALEKAS sk

Here's the Pierre Rinfret plan for responding to McGovern's address tomorrow to the New York Society of Security Analysts.

1) He has already alerted 12 major news outlets -- (wire services, TV and newspapers) that he will phone in a statement following McGovern's address.

2) CBS-TV is sending a film crew to his office at 2.30 p.m. tomorrow to take a reaction for use in the evening news tomorrow night.

3) We have arranged to bring him down here to appear live on the Agronsky show from 10 to 10 30 tomorrow night.

Pierre has made the suggestion that it might be appropriate for the President himself, to issue some sort of shorthand reaction to the McGovern speech. He makes this recommendation based on (a) the fact that the speech will be the major economic speech of McGovern's campaign, and (b) because the entire media world will be covering the same.

If you have any instructions, etc. that you would like me to convey to him, please let me know as early tomorrow morning as possible.

Set up mtg. for Mon. 3:30 -- confirm with MacGregor/Shultz/Stein and check Garment.

Roosevelt Rm

Dick -
Set up meeting
RMF.
Stein
MacCracken
ASAP

Next week?

THE WHITE HOUSE

WASHINGTON

July 19, 1972

MEMORANDUM FOR CHUCK COLSON

FROM STEVE KARALEKAS SK

Dr. Rinfret reports the following media follow-up activity resulting from his address last week to the New York Society of Security Analysts

1) He did a 15 minute tape interview with the largest radio station in Cleveland - WGAR - with his friend Eric Braun. Its central theme was the economic impact of McGovern's budget proposals on Cleveland.

2) A telephone interview with the National Observer.

3) A press interview with the Baltimore Sun.

4) An AP interview with John Cuniff today.

5) A London Times telephone interview on July 18, 1972.

6) UPI interview with Dean Miller.

7) Extensive reportage of the speech on the Reuters wire to Europe.

8) Washington Post article.

9) New York Times article (extensively gutted).

THE WHITE HOUSE

WASHINGTON

July 19, 1972

MEMORANDUM FOR: CHARLES W. COLSON

FROM: PATRICK E. O'DONNELL PO'D

I spoke on July 18 at some length with Pierre Rinfret about our use of his services as a "civilian" surrogate for the President. He seems to be most excited and we are presently trading schedules. He's sending me his commitments for the next several months and I'm sending him proposed forums for which to indicate his degree of interest. However, Mr. Rinfret drives a hard bargain. Two conditions which apply to his working for us might present some logistical difficulty.

1. He insists upon a formal announcement from the White House similar to that which he and Burns and Freeman (sp ?) received in '68 that he is in fact one of the President's top non-governmental economic advisors.

2. Although he will accept no honoraria, Rinfret will not speak for any small-time forums that he would not address in his normal professional capacity. In that capacity, he exacts a minimum fee of $4,000, but usually receives $5,000, plus all expenses. Such forums are not in abundance, as you are obviously aware, but we will work this out and, for openers, have a good chance of getting him before the Detroit Economic Club.

Do you think a White House announcement will be possible? I understand that Len Garment is somehow involved in this issue.

Many thanks.

September 21, 1972

Dear Pierre:

I have been noting, as has the President, some of the very effective statements that you have been making around the country. In talking with the President this afternoon, he asked that I pass on to you his hearty "well done". As we read the clips here, you are making more news than all our other outside economists combined and for that we are mighty grateful. Keep up the good work!

Best personal regards.

Sincerely,

Charles W. Colson
Special Counsel to the President

Mr. Pierre A. Rinfret
641 Lexington Avenue
New York, New York 10022

/hh

bcc: George Shultz: I don't know if you have been seeing Rinfret's stuff. It is fabulous. I was asked to give him a good pat on the back.