

subcommittee reports have been made public; the options paper has not.

Industry panels see underinvestment in R & D and other activities that lead to innovation as a central issue. Capital for such investment is described as inadequate, in part because of inflation. Costs of capital are driven up by inflation, which also forces business to make faster recovery of capital than is often possible through investment in innovation. The panels, emphasizing the dismantling of "disincentives" imposed by government, offered a wide range of recommendations for changing tax policy, patent and antitrust laws, and government procurement practices.

In broadest terms, the panels would

like the United States to have a tax structure that encourages investment rather than consumption. Current tax policy is evidently viewed as influenced by a left-over Keynesian bias for dealing with Depression conditions by increasing effective demand rather than savings for investment.

The economic and trade policy subcommittee makes this appeal on the general treatment of industry.

What the Subcommittee would like to emphasize is that the specifics are almost less important than the general notion of increasing the profitability and the cash flow of American industry by such measures as reducing the capital recovery period for investment in plant and equipment, eliminating the double taxation of corporate dividends, and broadly

speaking, moving toward a tax system that encourages savings instead of consumption. Specific programs that are more narrowly focused on providing incentives for business to direct a greater portion of the current, inadequate supply on investment dollars into innovation are in the end just so much tinkering at the margin.

The industry-oriented panels recognize the special problems afflicting small business. While small business has been generally regarded as an important source of innovation, the decline in investment, particularly in the availability of risk capital, has hit small business particularly hard. Furthermore, many of the existing tax incentives for investment are seen as favoring large enterprises rather than small business. The panels, there-

Snapshots of Camp David

President Carter sallied forth last week onto what he terms "the battlefield of energy" with a \$140 billion plan to sharply reduce this nation's dependence on foreign oil. The plan, as well as the extraordinary drama in which it was wrapped, were the products of an unusual round of meetings at the President's retreat at Camp David, Maryland. Below are comments on the process and reactions to the President's speech by several of those who visited Carter while he deliberated.

David Freeman, chairman of the Tennessee Valley Authority; **Russell Peterson**, president of the National Audubon Society; and **John Sawhill**, the president of New York University, were in a group of energy experts summoned on 8 July for perhaps the most technical discussion of the week. For 7 hours, the visitors conversed around a long table in one of the main cabins. President Carter sat in shirtsleeves at the table's head, with Rosalynn, Stuart Eizenstat of the domestic council, and other guests nearby. Carter took copious notes while the discussants went through a prepared agenda on supply, conservation, and alternative sources of energy. "The President was upbeat," says Sawhill, "but he was also acutely aware of the problems facing this country." "Everyone approached the issue of getting on the road to self-sufficiency from a national perspective," reports Freeman. "No petty, selfish, or parochial views were voiced."

All agreed, for example, that domestic oil production had long since peaked and that production worldwide would do so shortly. But two of the participants did collide. **Thornton Bradshaw**, president of the Atlantic Richfield Company, told the President that, given appropriate government assistance, the industry could obtain 2 million barrels of oil a year from oil shale, moderated only by the unpredictable demands of environmentalists "lurking out there in the shadows." Peterson rejoined that environmentalists are fully out in the open, and that loosening environmental laws is hardly necessary to increase production. The assertion went unchallenged, and the thread of environmental damage from a crash synthetic fuels program was not again picked up. In his speech the following Sunday, Carter said,

"We will protect the environment. But when this nation critically needs a refinery or pipeline—we will build it." Peterson says he was disappointed and irritated by the words, "which wave a red flag to those who worked hard to establish the protective laws."

On the following day, Carter summoned **Robert Bellah**, a professor of sociology at the University of California at Berkeley; **Claire Randall**, general secretary of the National Council of Churches; and four other theologians to discuss the capacity of the American people to make further sacrifices and to rally around their President. Carter and his advisers were concerned about the selfishness of the American people and their concern for material wealth; some had been reading Christopher Lasch's latest book on narcissism; several, including the President's pollster, Patrick Caddell, had been uncomfortably watching the growing secularism of American society which Carter believes is inimical to American ethics and traditional values. Carter said he thought the American people were partly to blame for the energy crisis. "It is self-righteous for us to complain about OPEC control over our destiny, when we have had control of their destiny for such a long time," Carter is quoted as saying by one of the participants.

The atmosphere for this dialogue was "very warm and relaxed," says Bellah. "Carter feels at home with the religiously sincere; he opened and closed with a prayer. It was actually very moving; we felt like we'd been at a religious experience."

The President did not, as it turned out, follow their advice closely. He did, as they suggested, become a "teaching, preaching" President in his initial speeches last week. But conservation, and what Bellah calls "the deeply rooted system of incentives and rewards for self-indulgence" in this nation were hardly addressed. Randall says she "accepts what Carter attempted to say, but it is now up to the religious community to respond more fully to these concerns." Bellah says it was a mistake to call for sacrifice without societal change and more democratic control of the economy.—R. JEFFREY SMITH