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Agui

THE WHITE HOUSE

WASHINGTON

September 16, 1976

1976 SEP 20 PM 5 28

Dear Congressman Pressler:

The President has asked me to thank you for your recent letter with which you forwarded a letter from the South-eastern South Dakota Elevator Managers' Association concerning the problems of the cattle industry.

The Administration has been monitoring the situation with considerable concern. The current weakness in the fed cattle market is largely the result of high levels of beef production this year and the current backup of cattle in feedlots with many coming to market as heavy cattle subject to discounts by packers. Some reduction in supplies this fall is expected to give strength to the market. Per capita beef availability this year is estimated at 127 pounds, 7 pounds over last year and 17 pounds over three years ago.

Your request that a 120-day moratorium be imposed on beef imports would be extremely disruptive of the beef trade and call into question the sincerity of our international agreements. As you know, we have negotiated voluntary restraint agreements for 1976 with those countries which export beef to the United States. Those agreements limit U.S. beef imports to a level consistent with the requirements of the Meat Import Act of 1964.

Recognizing the current plight of the cattle industry, the Administration is taking several actions to improve the situation. We are working aggressively on several fronts to eliminate the problem of meat imports through the Foreign-Trade Zone at Mayaguez, Puerto Rico. While some difficulties have been encountered, we are confident that one of these actions will soon be successful.

The school lunch program should provide some relief. Last year the Department of Agriculture purchased about 119 million dollars worth of beef products for use primarily in school feeding programs. In view of the current and prospective



09023

price-supply situation for beef and because of expanded participation in child nutrition programs, we anticipate that total USDA beef purchases for the 1976-77 school year will be significantly increased from last year's levels.

Buying of frozen ground beef for current school sessions began August 11, purchases of canned beef were initiated September 9. Through September 10, over 18 million pounds of ground beef and nearly 2 million pounds of canned beef had been purchased for about 14 million dollars. Offers continue to be invited for both frozen ground beef and canned beef on a weekly basis.

In addition, the Under Secretary of Agriculture has written to the Secretary of Defense urging that the Defense Department take advantage of current beef prices by boosting its purchases. The Under Secretary of Agriculture has also written to Mrs. Virginia Knauer to enlist her assistance in informing consumers of good buys in beef. USDA is also developing a program of consumer information and plans to encourage retail chains to increase the use of beef advertised sales at minimum margins.

We are also concerned over the widening marketing margins for beef; thus the price spread for beef is being closely monitored. Don Paarlberg, Director of Agricultural Economics, USDA, issued the enclosed press release on August 30. It calls for tightening of margins and responding more quickly at the retail level to changes in live to carcass prices.

We greatly appreciate having the benefit of your views and suggestions on this important matter. We are also concerned and will, therefore, continue to monitor the situation closely and take action as appropriate.

JMM
JMMurphy, Jr: gmc:9-16-76
bcc: James Cannon, WH
Charles Leppert, Jr., WH
Dist: LWSeidman
RBPorter
JMMurphy, Jr.
EPB E/S #979
WH Files

Sincerely,

L. W. SEIDMAN

L. William Seidman
Assistant to the President
for Economic Affairs

Enclosure

The Honorable
Larry Pressler
House of Representatives
Washington, D.C. 20515



NEWS

U.S. DEPARTMENT OF AGRICULTURE

FARM-RETAIL PRICE SPREADS WIDEN AS LIVESTOCK PRICES FALL:

WASHINGTON, Aug. 30--"Consumers and farmers would both be better off if the meat trade would lower its present near-record margins for handling beef and pork," says Don Paarlberg, the U.S. Department of Agriculture's director of agricultural economics.

Beef and pork prices at the supermarket are down from last year, but not nearly as much as cattle and hog prices on the farm. Price spreads between farm and consumer have increased 16 percent for beef and 31 percent for pork since July 1975.

"Farmers and ranchers are concerned when their prices go down and marketing price spreads increase. Likewise, consumers are offended when retail prices fail to reflect increased supplies of meat," says Dr. Paarlberg.

Since cattle prices started to decline in July 1975 farmers' prices have dropped 26 percent. However, consumer prices for beef have declined only 14 percent.

The spread between cattle prices and consumer beef prices has widened 9 cents a pound since July a year ago and is now at a near-record spread of 64 cents a pound. Preliminary data indicate that spreads in August remained wide as cattle prices continued to drop.

At the same time, cattlemen are operating at a loss.

Department of Agriculture figures show that typical Corn Belt cattle feeders have lost money continually since early 1972 except for the period May to December 1975. Presently Corn Belt feedlot owners are losing more than \$65 per head. Likewise, cow-calf herds are also losing money selling young feeders for feedlot finishing. Cattlemen have reacted by selling off cows, thereby increasing meat supplies which has depressed farm cattle prices even more.

Present indications are that farmers who are feeding out cattle already in feedlots will continue to lose money until the end of the year.

Price spreads between farmers and consumers are also wide for pork. In July farm-retail spreads increased 7 cents over June. Early estimates for August indicate that farm-retail spreads for pork widened further. Consumer pork prices in July were only slightly lower than a year ago, but farm hog prices were down 15 percent. The farm-retail price spread had widened 31 percent.

Department of Agriculture figures indicate that hog farmers have been making money. But the outlook for fall and into 1977 suggests a drop in hog prices with hog raisers losing money, particularly if the price spread between farmers and consumers stays at near-record levels.

How low hog prices slip will depend in part on the farm-retail price spread. Price spreads usually widen when farm prices are falling. The marketing spread is expected to continue relatively wide over the next several months, even though marketing costs per pound of pork probably will be lower.

"Retailers could improve the situation for farmers and consumers by promoting beef and pork and reducing their prices more quickly in line with lower wholesale meat prices," says Dr. Paarlberg.



THE WHITE HOUSE
WASHINGTON

September 23, 1976

MEMORANDUM FOR: JIM CANNON

FROM: PAUL LEACH *Paul*

SUBJECT: Proposed Presidential Response
to Letter from President of
American National Cattlemen's
Association

In late August, the President of the American National Cattlemen's Association wrote the President regarding problems with the meat import program and the American National Cattlemen's Association's recommendation that authority to negotiate voluntary restraint agreements be switched from the State Department to the Agriculture Department. This subject is of considerable emotional concern to cattlemen. This letter is at Tab A.

After some delay, USDA has provided us with a proposed response which I have rewritten. This is at Tab B. The response indicates Presidential concern and informs the Cattlemen's Association President that the whole subject will be reviewed by the Agricultural Policy Committee and appropriate action to correct the situation will be taken. This course of action is recommended by Secretary Butz as the best response given the evolving situation with the meat import program.

Since this is a rather sensitive issue, I suggest that we staff this proposed response to Bill Seidman, Brent Scowcroft and Phil Buchen before the letter is sent. I have discussed this with Roger Porter, who will insure that the views of the State Department are solicited.

Recommendation

Sign memorandum at Tab C staffing this to Seidman, Scowcroft and Buchen.



American National Cattlemen's Association

A Non Profit Corporation

1001 Lincoln Street • P. O. Box 569 • Denver, Colorado 80201 • Phone (303) 861-1904



August 27, 1976

OFFICE OF THE PRESIDENT

WRAY FINNEY
P. O. Box 280
Ft. Cobb, Oklahoma 73038
(405) 643-2625

The President
The White House
Washington, D. C. 20500



Dear Mr. President:

The nation's cattle industry is willing to live within the provisions of the Meat Import Act of 1964. This legislation created the fairest form of trade access and is the envy of the world. No other country guarantees, as our law does, a share of a domestic market. Other countries, in fact, often arbitrarily close their borders to world trade in meat.

As you are aware, two of our trading partners, Australia and New Zealand, have violated the intent and the spirit of the Meat Import Act of 1964 by the use of the unique facility called a Foreign Trade Zone. The action of these two countries, in our opinion, is a blatant and willful violation of honesty and fair play. Australia in particular, has been willing to undercut the normal price of imported meat by as much as 25% just to make circumvention possible.

In our efforts to stop such violations we wish to highly commend Secretary of Agriculture, Earl L. Butz, Assistant Secretary of Agriculture, Richard E. Bell, and many members of their staffs. We have sought and received full cooperation from USDA. They have done and are doing everything within the law that is possible. We have also received excellent cooperation from Assistant Secretary of Treasury, David McDonald. I cannot say the same for the Secretary of State and his staff. We believe the Department of State has done everything they could to thwart the efforts of Secretary Butz. As we have dealt with this problem, we have often felt that the Department of State and the office of the Special Trade Representative were our adversaries. Through their activities it has been evident that they are more interested in representing the interests of other countries than they are toward the economic survival of a segment of U. S. citizenry. As the representative of this segment of the American society, we feel we must protest in the strongest

The President
August 27, 1976
Page 2

terms the actions of the Secretary of State and his staff. We believe in trade with other nations, but when such trade is outside the boundaries of fair play, then all levels of our government should resist such action and not be of assistance to the violators.

Further, the Department of State has been derelict in carrying out its responsibilities to negotiate and establish voluntary restraint levels associated with meat imports. This year the month of August was reached before all agreements were signed. It makes sense to us that all agreements should be negotiated prior to and signed as close to January 1 as possible. We are informed that the Department of State has never begun negotiations in time to reach this objective. Such procrastination has resulted in many disruptions within the cattle industry.

Mr. President, we respectfully request that the authority to negotiate and complete voluntary restraint agreements for meat imports be transferred back to the Secretary of Agriculture where it belongs. The law, as contained in the Agricultural Act of 1956, specifies that this is the responsibility of the Secretary of Agriculture, but President Nixon by Executive Order changed this statutory authority. We further respectfully request that such authority be transferred without delay as the time for negotiation of the 1977 restraint levels is fast approaching.

Sincerely,

Wray Finney
President

WF:sf

B



THE WHITE HOUSE
WASHINGTON

Dear Mr. Finney:

Thank you for your letter of August 27 in which you discussed your concerns with the meat import program. Since receiving your letter, I have had my staff investigate the points you have raised.

I recognize that there have been some difficulties in administering the meat import program over the past two years. For this reason, I am directing Secretary Butz, as Chairman of my Agricultural Policy Committee, to initiate a thorough Committee review of our procedures for negotiation of the voluntary restraint agreements and for administration of the program. The Committee will submit a report and recommendations to me in time so that we will be able to avoid unnecessary problems in the administration of the program in the future.

Please be assured that I appreciate your efforts to bring important matters of interest to the American cattle industry to my attention and that my Administration will continue to be concerned with the problems of the cattle industry.

Sincerely,

Mr. Wray Finney
President
American National
Cattlemen's Association
1001 Lincoln Street
Denver, Colorado 80201



THE WHITE HOUSE
WASHINGTON

September 24, 1976 1976 SEP 25 AM 9 38

MEMORANDUM FOR: PHIL BUCHEN
BRENT SCOWCROFT
✓ BILL SEIDMAN

FROM: JIM CANNON *mi*

SUBJECT: Proposed Presidential Response
to Letter from President of
American National Cattlemen's
Association

In late August, the President of the American National Cattlemen's Association wrote to the President about the meat import program. See attached letter at Tab A.

A draft Presidential response has now been prepared along the lines suggested by Secretary Butz. This is at Tab B. Since this is a sensitive matter, I would appreciate your comments and recommendations on this letter and course of action.

Would you please provide this to me by noon, Saturday, September 25?

Thanks.

THIS LETTER LOOKS FINE. HOWEVER, I SUGGEST THAT IT INCLUDE A DATE WHEN THE SECRETARY SHOULD REPORT TO THE PRESIDENT. PERHAPS THREE OR FOUR WEEKS. SHOULD CHECK WITH USDA TO SEE WHAT TIME THEY CONSIDER REASONABLE.

LWS



THE WHITE HOUSE

WASHINGTON

September 24, 1976

MEMORANDUM FOR:

PHIL BUCHEN
BRENT SCOWCROFT
BILL SEIDMAN

FROM:

JIM CANNON *Jmi*

SUBJECT:

Proposed Presidential Response
to Letter from President of
American National Cattlemen's
Association

In late August, the President of the American National Cattlemen's Association wrote to the President about the meat import program. See attached letter at Tab A.

A draft Presidential response has now been prepared along the lines suggested by Secretary Butz. This is at Tab B. Since this is a sensitive matter, I would appreciate your comments and recommendations on this letter and course of action.

Would you please provide this to me by noon, Saturday, September 25?

Thanks.



THE WHITE HOUSE
WASHINGTON

September 27, 1976

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM CANNON *JC*
SUBJECT: Letter to the President
of American National
Cattlemen's Association

In late August, the President of the American National Cattlemen's Association wrote you about the cattlemen's concerns with the administration of the meat import program. The Association recommended that the authority for negotiating voluntary meat import restraint agreements be transferred from the State Department to the Department of Agriculture. This letter is at Tab A.

Attached for your signature at Tab B is a response which has been prepared along the lines suggested by Secretary Butz. This response evidences your concern about the problems confronting the cattlemen and indicates that you have asked the Agricultural Policy Committee to investigate the problems of the meat import program and provide you with a report and recommendations within four weeks.

The letter has been approved by Bill Seidman, NSC the Counsel's office and the State Department (via NSC).

I recommend that you sign the letter at Tab B.



THE WHITE HOUSE
WASHINGTON

Dear Mr. Finney:

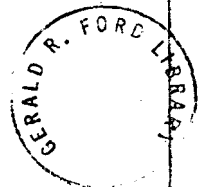
Thank you for your letter of August 27 in which you discussed your concerns with the meat import program. Since receiving your letter, I have had my staff investigate the points you have raised.

I recognize that there have been some difficulties in administering the meat import program over the past two years. For this reason, I am directing Secretary Butz, as Chairman of my Agricultural Policy Committee, to initiate a thorough Committee review of our procedures for negotiation of the voluntary restraint agreements and for administration of the program. The Committee will submit a report and recommendations to me by October 25 of this year so that we will be able to avoid unnecessary problems in the administration of the program in the future.

Please be assured that I appreciate your efforts to bring important matters of interest to the American cattle industry to my attention and that my Administration will continue to be concerned with the problems of the cattle industry.

Sincerely,

Mr. Wray Finney
President
American National
Cattlemen's Association
1001 Lincoln Street
Denver, Colorado 80201



THE WHITE HOUSE
WASHINGTON

September 27, 1976 AM 6 54
376 SEP 28

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[Signature]

MEMORANDUM FOR: JIM CANNON
THROUGH: PHIL BUCHEN *P.*
FROM: BOBBIE GREENE KILBERG *Bobbie*
SUBJECT: Proposed Presidential Response to Letter from Mr. Finney, President of American National Cattlemen's Association

→

I have discussed the proposed Presidential response with Paul Leach and it is my understanding from that conversation that the State Department does not object to the Agricultural Policy Committee, chaired by Secretary Butz, conducting a "thorough committee review of our procedures for negotiation of the voluntary restraint agreements and for administration of the program." (State is a member of this Committee.) It is my further understanding that the Committee's mandate will be to conduct a review of procedures and administration rather than a substantive policy review.

→

On the above basis, the Counsel's Office has no objection to the proposed Presidential response to Mr. Finney's letter.

→

For Paul Leach's information, I have sent him a memorandum correcting the Cattlemen Association letter's inaccurate legal statement on the Agricultural Act of 1956. Paul has indicated that he will convey this information to the Association's attorneys. In its correspondence, the Association requested that the President transfer "back" to the Secretary of Agriculture the authority to negotiate and complete voluntary restraint agreements for meat imports. The Association went on to state that the 1956 Act gave this responsibility to the Secretary of Agriculture, but that President Nixon changed the negotiation authority by Executive Order.



7 U.S.C. § 1854 of the Agricultural Act of 1956 states that the President may negotiate with foreign governments agreements limiting "the export from such countries and the importation to the United States of any agricultural commodity or product manufactured therefrom or textiles or textile products." The President is further authorized to "issue regulations governing the entry or withdrawal from warehouse of any such commodity, product, textiles, or textile products or carry out any such agreement." On June 30, 1970, President Nixon issued Executive Order 11539, delegating to the Secretary of State, with the concurrence of the Secretary of Agriculture and the Special Representative for Trade Negotiations, the authority to negotiate bilateral import agreements on cattle meat, goats and sheep. Under this Executive Order, the Secretary of Agriculture, with the concurrence of the Secretary of State and the Special Representative for Trade Negotiations, is authorized to issue regulations governing the entry or withdrawal from warehouse for consumption in the United States of any such meats to carry out any such agreement.

In summary, the President has the statutory authority to negotiate meat importation agreements and President Nixon delegated that negotiation authority to the Secretary of State, to be exercised with the concurrence of the Secretary of Agriculture and the Special Representative for Trade Negotiations. The Secretary of Agriculture does not have the negotiation authority and that authority has never been delegated to the Secretary of Agriculture, other than in the E.O. 11539 provisions for concurrence with the Secretary of State's actions. However, the Secretary of Agriculture does have the authority to issue regulations to complete the import agreements, in the form of regulations governing the entry or withdrawal from warehouse for consumption in the United States. This is subject to the concurrence of the Secretary of State and the Special Representative for Trade Negotiations.



THE WHITE HOUSE
WASHINGTON

Paul
Leach

1976 SEP 28 PM 6 09
September 28, 1976

MEMORANDUM FOR: JIM CANNON
THRU: MAX FRIEDERSDORF *M. F.*
FROM: BOB WOLTHUIS *BW*
SUBJECT: HR 15068

I got a call yesterday from Walter Jones (D-N.C.) who strongly recommends that the President sign HR 15068, an emergency tobacco measure. The legislation which has passed almost every year, allows tobacco growers to lease tobacco lands across county lines.

The above bill affects only this growing season and according to Walter Jones involves no subsidies or price increases. He thinks it would be most helpful to the President in the South.

JMC

This bill is not yet
at the White House.

Allen.



092826

[Oct. 1976]

MEETING WITH FARM CREDIT DIRECTORS

TALKING POINTS

1. The success of our farm policy -- a policy of full production and fair prices -- is measured in increased income for farmers around the country.
2. This market-oriented farm policy places greater reliance on the role of farm credit.
3. With the continued emphasis on market orientation and unrestricted production, I believe the importance of providing credit to farmers will continue to increase.
4. Many of the side effects of our farm policy, such as the growing interest of youth in farming, the increase in the total farm population and the slowing in the decline of the number of farms, all point to a lasting and healthy recovery in our agricultural system.



FOR IMMEDIATE RELEASE

OCTOBER 4, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE
STATEMENT BY THE PRESIDENT
THE BRIEFING ROOM

1:35 P.M. EDT

Good afternoon. Will you please sit down.

I wish to announce my decision to accept the resignation of Earl Butz as Secretary of the Department of Agriculture.

This has been one of the saddest decisions of my Presidency.

Two years ago Earl Butz told me that he wanted to leave the Cabinet. At my request, he agreed to stay on until the end of this term, in spite of personal family obligations. I felt that I needed him in the Cabinet to implement my policies of full farm production coupled with fair prices for the consumer and good income for farmers through the sales of their products throughout the world.

Earl Butz has been and continues to be a close personal friend, and a man who loves his country and all that it represents.

Earl Butz has devoted more than 20 years of his life in public and academic service: As an Assistant Secretary in the Eisenhower Administration; as a professor and then a Dean at one of the most distinguished universities in this country; and more recently as the Secretary of a Department that has helped to restore personal freedom and abundance to American farms.

Yet Earl Butz is also wise enough and courageous enough to recognize that no single individual, no matter how distinguished his past public service, should cast a shadow over the integrity and good will of the American Government by his comments.

For that reason, I have accepted the resignation of this decent and good man.

END

(AT 1:37 P.M. EDT)

Fili *Butz*

Ag.
or
Butz



cc: Leach

Ag.
file
Jim Lavanough -
7/1.

THE WHITE HOUSE
WASHINGTON

1976 OCT 4 PM 5 34

October 4, 1976

MEMORANDUM FOR: JIM CANNON
THRU: MAX FRIEDERSDORF *M.G.*
FROM: BOB WOLTHUIS *RKW*
SUBJECT: Meat Quota Problem

I got a call from Virginia Smith on Friday strongly recommending that the President do whatever he can administratively to solve the Mayaguez problem. She realizes that very little beef comes through Mayaguez but it does represent the perception of the problem by the cattle industry. She said the President's political situation in her state is very serious and unless he does something about the Mayaguez problem he will probably lose the State of Nebraska.



cc: Quern
Leach

THE WHITE HOUSE
WASHINGTON

October 5, 1976

1976 OCT 6 AM 7 01

Ag.

MEMORANDUM FOR:

MAX FRIEDERSDORF

FROM:

CHARLES LEPPERT, JR. *Clp.*

SUBJECT:

Rep. Keith Sebelius (R. - Kansas)

Rep. Keith Sebelius called to urge the President to act swiftly and dramatically on two items: (1) wheat prices and (2) beef imports.

Sebelius says the situation in Kansas is drastic and calls for Presidential action in both areas. He says a failure to act now will result in severe political consequences for the President in farm areas. Sebelius stated he did not want to state it so strongly, but he feels that the Administration should be made acutely aware of the situation and emphasized that he would not take the time to call from his re-election campaign if he didn't feel strongly that a failure to act will hurt the President politically as he can be re-elected.

Sebelius says the time is now to raise the loan rate on wheat to \$2.25 and that that target price is low. He feels that OMB should accept the \$2.25 support price and get some PL 480 money moving.

On beef imports, Sebelius says that it is imperative that the Administration put out the message that USDA did attempt to regulate beef imports by regulation that beef entering the U. S. through free trade zones would be charged against the country of origin, but that the USDA attempt to regulate beef imports has been blocked by court action instituted by a meat processor.

cc: Jack Marsh
Jim Cavanaugh
Jim Cannon ✓



100607

Agri
[1976]

THE WHITE HOUSE
WASHINGTON

DATE: 10/6

TO: FRED SLIGHT

FROM: ALLEN MOORE

SUBJECT: Article request for
The Farmer

ACTION:

FYI:

Changes have been noted in the margins, and one question (#12) re-written. Note the decision to be made by you on Question 2.



Paul Leach

ACTION REQUESTED

October 2, 1976

MEMORANDUM FOR:

✓ JIM CAVANAUGH
PAUL O'NEILL
BILL BAROODY

FROM:

FRED SLIGHT *FWS*

SUBJECT:

Article Request

The President has been requested to submit his views on issues concerning farmers for publication in THE FARMER.

Attached are draft responses to the list of questions asked of the President, prepared by USDA's public information office. I would appreciate your review of these responses.

Characteristically, this request along with the draft arrived to my office very recently, and the submission date for publication was September 30. However, the publication will extend its deadline for a few days, and consequently, I would appreciate your comments and/or suggestions by c.o.b. Wednesday, October 6.

Thank you for your continuing assistance.

Attachment



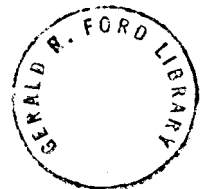
Question 12

Q: How would you recommend grain inspection be administered? Should inspection be by government inspectors? Private inspectors? Both?

A: We must not tolerate the kind of behavior involved in the grain inspection mess. To clean up the grain inspection problem and maintain the confidence of our grain export customers, I have directed the USDA to use every available resource.

However, because a change in law is also needed, I recommended legislation last year that would strengthen the present inspection system in which the states and private organizations share responsibility with the Federal government. While I support legal changes, I believe that a completely federalized inspection system would be costly and unnecessary.

Just before Congress recessed, it finally passed a "compromise" bill which does not totally federalize the system. I will be examining this bill within the next few days and determining whether it deserves my signature.



Agric

THE WHITE HOUSE
WASHINGTON

October 8, 1976

Art -
FY!
[Signature]

MEMORANDUM FOR:

✓ JIM CANNON
JIM CAVANAUGH
JIM CONNOR
MAX FRIEDERSDORF

FROM:

JACK MARSH *[Signature]*

Congressman Jim Abdnor of South Dakota called to make the following points which he wishes to have relayed to the President's advisers:

1. The Agriculture situation remains bad insofar as farm income is concerned.
2. He recommends that serious consideration be given to the increase of loan prices which he says are now far too low.
3. He argues strongly that the hay bill should be signed by the President, and he questions the cost figures that have been cited for this program as being far too high.
4. He has sent a telegram urging that consideration be given to the beef import question and a change in the beef import quota.

THE WHITE HOUSE

WASHINGTON

Date

10/11/76

TO:

1976 OCT 11

PM

JIM CANNON

FROM: Max L. Friedersdorf

For Your Information

X

Please Handle _____

Please See Me _____

Comments, Please _____

Other

agm
f-

October 8, 1976

MEMORANDUM FOR: MAX FRIEDERSDORF ✓
FROM: JOE JENCKES *J.J.*
SUBJECT: Farm and Cattle Vote

Senator Milton Young phoned me today urging in very strong terms that the President take immediate action on price supports for wheat. The Senator said wheat should be pegged at \$2.50. According to Senator Young, it is imperative that the President take such action or he will surely lose the farm vote.

Senator Young also urges that the President take action on beef imports.



October 21, 1976

*file
lg*

1976 OCT 21 PM 3 49

MEMORANDUM FOR:

JACK MARSH
DICK CHENEY

FROM:

MAX FRIEDERSDORF *MF*

SUBJECT:

North Carolina

Senator Helms and Tom Ellis, the Reagan Chairman in North Carolina, dictated the attached statement today, pertaining to the President's scheduled visit to Raleigh.

Aside from the Helms commercial, the statement has merit.

cc: Dave Gergen
Gwen Anderson
Jim Cavanaugh
Jim Cannon
Ann Brunsdale



11416

SUGGESTED STATEMENT BY THE PRESIDENT ON THE TOBACCO INDUSTRY
IN NORTH CAROLINA - SUBMITTED BY SENATOR JESSE HELMS.

President Ford will be here on Saturday in the heart of the tobacco belt. He will be asked about tobacco and even if he is not, he needs to say something to reassure the tobacco industry - farmers, warehousemen, and leaf buyers - of his interest in their industry.

He might say something along these lines:

"I've been talking with Senator Jesse Helms, a really outstanding Member of the Senate Agriculture Committee, about the problems in the tobacco industry. Senator Helms told me of an announcement by the Flue Cured Stabilization Corporation, that they are in a shaky position as they are now forced to take under loan, greatly increased quantities of tobacco. This is endangering a self-sustaining program - one that has never cost the government a nickle - and to shake this organization sends negative vibrations to every level of the industry - from farmer to manufacturer."

The President may also want to say:

- "1. I am interested in protecting your vital agricultural interests in North Carolina, this certainly includes tobacco.
2. I have, and will continue to urge the Department of Agriculture to do all possible to insure the continued support of massive exports of tobacco. This is good for the farmer, but it is also good for the economy - not just in North Carolina - but to help our balance of payments.
3. I have requested the Agriculture Department to continue and even increase their Commodity Credit Corporation export sales program. This will stimulate sales of tobacco to our export markets. In turn, it will increase the tobacco farmers' ability to sell their crops at a fair price. (Today, approximately 40% of all tobacco grown in the United States is marketed overseas.)
4. This is not a Jimmy Carter giveaway. This program I have outlined has not, and will not, cost the taxpayer a single dollar. As a matter of fact, the government made money on this program last year. I wish we had more federal programs like this. "

(Last year, the Commodity Credit Corporation made available \$100 million for the tobacco program. If the President is to make the above statement, he should request Agriculture and OMB to increase the budget for the coming year.)

file



THE WHITE HOUSE
WASHINGTON

*****★
ing to the
ust be kept
until the
ransmitted

November 4, 1976

MEMO FOR: PAUL LEACH
FROM: JIM CANNON *JC*
SUBJECT: Legislative Program for Agriculture

AM

Please look this over and identify for me in a brief memo the key points of concern.

RE

Attachment



ND FINANCE

*****★

THE WHITE HOUSE
WASHINGTON

Jack - Agriculture
Some time
is late
Jm.

December 8, 1976

MEMORANDUM FOR: JACK MARSH
FROM: JIM CANNON *Jm.*
SUBJECT: Your memo re: Peanuts

At this point, nothing should be done vis-a-vis Frick or USDA.

USDA has no legal power to do away with allotments so there is obviously a misunderstanding by Representative Dickinson. What Frick has done is to tell the ASCS county committees not to approve any allotment sales or leases, pending a decision on the matter of sale or lease of allotments. This is merely a precaution in case USDA decides to prevent allotment transfers for the 1977 crop thereby effectively cutting peanut production, surpluses and government support program outlays. A policy decision on this matter is expected before January 20 from USDA.

You should be aware that the Administration has supported legislation to rationalize the peanut program (see attached Presidential Q and A).

If you have further questions, let me know and we can do additional digging.

Attachments



THE WHITE HOUSE
WASHINGTON

December 6, 1976

76 12 6 5 13

MEMORANDUM TO: JIM CANNON

FROM: JACK MARSH *gms*

Jim, we received a call from Rep. Bill Dickinson. Dickinson was extremely concerned over a recent announcement regarding Ken Frick's (Agriculture) intention to do away with acreage allotments for peanuts.

Dickinson was of the view that such a move would be extremely harmful to some of our Southern Republicans, in whose districts peanut crops loom very large. Dickinson was obviously suggesting that Frick's announcement be countermanded.

Please have a member of your staff look into this matter, and then give me your own guidance.

Many thanks.



PEANUT PROGRAM

- Q: Do you favor a change in the present peanut program?
- A: Yes. I'm afraid the industry is going to be damaged if there aren't some changes. Current legislation encourages the production of peanut surpluses at the present price support level. Large amounts of peanuts are produced under the government subsidy program. Government peanut subsidies will cost taxpayers many millions of dollars this year. The loss on the 1975 crop will exceed \$175 million. That kind of program can't have a long life in today's climate. It is an embarrassment to farmers and in the long run not good for peanut growers. We need a change which will permit our peanuts to meet world demand at competitive price levels.

Congress failed to correct this problem during the session just ended. Next year my Administration will try again to work with the Congress to find a way to change this program and end the burden of this outmoded program.

BACKGROUND

The peanut program under present legislation clearly is not working since it is resulting in an excessive production of peanuts which cannot be marketed at the support price dictated by the legislation. Therefore, it is needlessly costing American taxpayers millions of dollars to purchase and store the embarrassing large surpluses acquired at the high support price level.

There is a clear need to change the present peanut program. Current legislation directs the Secretary of Agriculture to provide price supports for peanut producers. It provides that the minimum peanut acreage allotment shall be 1.6 million acres and the minimum support level shall be 75 percent of the parity price for peanuts as of August 1 each year.

The production controls only limit acreage, not poundage output. Yields at the time the program began in the 1930's were only about 900 pounds per acre, while the 1975 yields average 2,565 pounds per acre. Because of excess production, peanut output now exceeds our domestic edible needs by about 40 percent.



Until the 1973 crop, the Commodity Credit Corporation sold surplus peanuts at competitive world prices which usually were substantially below the loan value. Beginning with the 1974 crop, the subsidy of peanuts for export was discontinued. Subsidies on exports of other commodities had been removed earlier (i.e., corn in the early 1960's; cotton in 1966; and wheat and rice in 1972; tobacco and flour in 1973).

Current laws hamstring the Government by virtue of the high minimum allotment and high loan rate -- neither of which can be changed without new legislation.

Legislation, considered by the Congress at its last session and aimed at corrective measures, failed to pass because of opposition from some Southern Democrats. This bill, H.R. 12808, introduced by Representative Dawson Mathis of Georgia, would have amended present peanut price support program on the 1977 crop only. It would have improved the peanut program by reducing the acreage allotment 22.5 percent, by reducing the price support loan rate from 75 percent of parity to 70 percent of parity, and by changing from an acreage allotment program to a poundage allotment program.

The proposed legislation would have continued to provide an adequate supply of peanuts for domestic use, reduce government costs, and allow freedom to produce for export markets.

PCL
10/19/76



THE WHITE HOUSE
WASHINGTON

76 DEC 9 PM 3 34 December 8, 1976

*o.c. [unclear]
LEACH
Spive.*

MEMORANDUM FOR: JIM CANNON

FROM: JACK MARSH *[Signature]*

I would greatly appreciate your office handling the attached matter directly. I would also like to receive a copy of your response.

Many thanks.



The White House
Washington

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PMS JACK HARSH , DLR

WHITE HOUSE

WASHINGTON DC

NORTH CAROLINA FARM BUREAU REPRESENTING PEANUT GROWERS OF THIS STATE
REQUEST YOUR ASSISTANCE IN RESCINDING THE RECENT USDA ORDER "TO
DELAY APPROVAL OF REQUEST FOR LEASE, SALE AND TRANSFER OF ALLOTMENT
ACREAGES". MANY GROWERS HAVE MADE CONTRACTS FOR 1977 AND THIS POLICY
CHANGE COULD FURTHER ERODE THE FARM INCOME OF AN IMPORTANT COMMODITY
GROUP IN OUR STATE

JOHN SLEDGE PRESIDENT NORTH CAROLINA FARM BUREAU *Federation*

NNNN



THE WHITE HOUSE

WASHINGTON

December 8, 1976

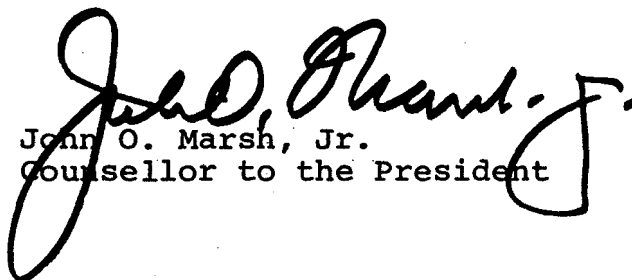
Dear Mr. Sledge:

Many thanks for your recent telegram.

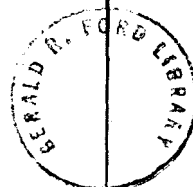
Since this is a matter that is handled by the Domestic Council, I have referred your telegram to Mr. James Cannon, Director of the Domestic Council, for his consideration.

I am sure you will be hearing from Mr. Cannon shortly concerning this matter.

Sincerely,


John O. Marsh, Jr.
Counsellor to the President

Mr. John Sledge
President
North Carolina Farm
Bureau Federation
5301 Glenwood Avenue
Raleigh, North Carolina 27611



Agriculture

December 17, 1976

TO: MR. CANNON
FROM: ALLEN MOORE

Assistant Secretary Feltner (Agriculture) called about a Federal appeal of the food stamp decision.

He understood from your conversation with Knebel that "we" were not inclined to force an appeal if Justice recommended against it (which is likely)

If this is wrong, someone needs to direct the A.G. to appeal. Otherwise, we do nothing and leave the issue to Justice.

