

MEETING WITH
CABINET COMMITTEE
ON ECONOMIC POLICY
9:30 a.m.

August 12, 1969

PRESERVATION COPY

THE WHITE HOUSE

WASHINGTON

July 8, 1969

MEMORANDUM FOR:

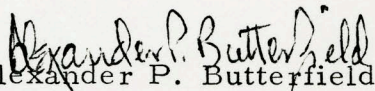
ALL CABINET MEMBERS

I am writing this memorandum to request two special reports ... each to be prepared for the President's early review.

The first of these -- the one of higher priority, due in the office of the Staff Secretary by 2:00 p. m. on Thursday, July 10 -- concerns personnel reductions. Specifically, it must state, or list, all that you have done since January 20th to reduce the total number of personnel within your Department.

The second report -- due by 2:00 p. m. on Friday, July 18 -- should cite all of what you consider to be the major accomplishments of your Department to date i. e. over this first 6-month period of the Administration.

Thank you.


Alexander P. Butterfield

Deputy Assistant to the President
(and Acting Secretary to the Cabinet)

July 9, 1969

TELEPHONE CALL

POSTMASTER GENERAL WINTON M. BLOUNT

RECOMMENDED BY: Alex Butterfield

REASON: He wants to talk to you "in person or by phone" about two items:

- (1) Your hopefully following through on the proposal (discussed in an early Cabinet Meeting) that from time to time you host small dinners at the Residence for Assistant Secretaries of the Departments and their wives; and
- (2) S. 1583, passed by the Senate yesterday without amendment, which provides for the appointment by the Postmaster General of all Postmasters in the competitive Civil Service.

ACTION:

THE PRESIDENT'S COPY

THE WHITE HOUSE

WASHINGTON

AGENDA

CABINET MEETING

Thursday, July 10, 1969

10:00 to 11:30 A. M.

10:00-10:45

I. THE POPULATION PROBLEM

(25 min)

- a) Mr. Philander P. Claxton, Jr., Special Assistant to the Secretary of State for Population Matters will present the world-wide perspective by summarizing these three points:

- The dimensions of, reasons for, and effects of the rapid world population increase;
- U. S. interest in and actions toward reducing the rate of population growth; and
- Ways in which we might be able to improve our own programs.

(15 min)

- b) Secretary Robert H. Finch will present the domestic view. He will touch on these three points:

- Present and prospective growth patterns (i. e. With the expectation that by the year 2000 the overwhelming proportion of babies will be "wanted", or "planned", the government might as well begin planning also.);
- The impact of demand for public services; and
- Problems of family planning.

(5 min)

- c) Discussion

10:45-11:05

II. CONTINUITY OF THE FEDERAL GOVERNMENT DURING
EMERGENCY SITUATIONS

a) General George A. Lincoln will cover these six points:

- Basic OEP responsibilities;
- Emergency plans in effect today re
 - Leadership succession
 - Alert and warning procedures
 - Transportation
 - Relocation facilities
 - Communications
- Emergency Presidential actions in connection with various contingencies;
- Special communications facilities available;
- Current review of planning assumptions and concepts; and
- Continuity's dependence upon Department and Agency support.

(15 min)

(5 min)

b) Discussion

11:05-11:20

III. THE ECONOMIC OUTLOOK

a) Dr. Paul W. McCracken will review very briefly these three points:

- What we've done to date;
- Where we find ourselves at the moment; and
- What problems confront us.

(10 min)

(5 min)

b) Discussion

(11:20--)

IV. BRIEF REMARKS BY THE PRESIDENT

Before leaving the Cabinet Room you will want to mention the proposed Executive Order on Labor-Management Relations in the Construction Industry, and ...

- Your discussions of the subject with George Shultz; and (especially)
- That you support it.

Note: If you then call on Secretary Shultz, he will give a 2-3 minute informative talk on the proposal.

You may want to mention additionally:

- Women in Government. (You spoke to Peter Flanigan about this and said that you'd like to mention it at "the next Cabinet Meeting." This might be the appropriate time to ask all Cabinet members to move toward increasing the numbers of competent women in key staff positions.)
- The next Cabinet Meeting. (Monday, August 18, is the scheduled date for the next Cabinet Meeting ... to be held in California. I made a preliminary check of each Cabinet member's proposed August schedule and found that without any shifting of plans all would be free on that date except Secretary Kennedy, Director Mayo and Dr. Burns.)

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THE WHITE HOUSE
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1. THE POPULATION PROBLEM

a) Worldwide Emphasis

Special Assistant to the Secretary of
State for Population Matters,
Philander P. Claxton, Jr.

b) Domestic Emphasis

Secretary of Health, Education and Welfare,
Robert H. Finch

2. CONTINUITY OF THE FEDERAL GOVERNMENT
DURING EMERGENCY SITUATIONS

Director, Office of Emergency Preparedness,
General George A. Lincoln

3. THE ECONOMIC OUTLOOK

Chairman, Council of Economic Advisers,
Dr. Paul W. McCracken

4. BRIEF REMARKS BY THE PRESIDENT

*

*

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Director, Office of Emergency Preparedness,
General George A. Lincoln

3. THE ECONOMIC OUTLOOK

Chairman, Council of Economic Advisers,
Dr. Paul W. McCracken

4. BRIEF REMARKS BY THE PRESIDENT

*

*

THE WHITE HOUSE

WASHINGTON

July 16, 1969

MEMORANDUM FOR THE PRESIDENT

From: Alexander P. Butterfield

Subject: The Christian Herald's Opposition to U.S. Military Policy in Vietnam... On Moral and Legal Grounds

You read of the Christian Herald's political views in a recent morning news summary and, because of that newspaper's reportedly wide circulation and the possible impact of its expressed opinions on the American Protestant thinking, asked that a check be made with Billy Graham as to who specifically was responsible. The essence of Dr. Graham's responses appears below:

- Since the death of your good friend, Dr. Daniel Poling, a nephew, Dr. David Poling, has served as president of the Christian Herald Association. David Poling openly professes his liberal thinking on practically all matters; consequently, over the past year, the Association's monthly newspaper, the Christian Herald (edited by Dr. Kenneth Wilson) has moved increasingly to the left. Thus, David Poling is the person chiefly responsible for the shift in editorial perspective.
- Dr. Graham questions the implication that the publication has, or might have, considerable influence. He said that it has closer to 275,000 paid circulation than to the reported 400,000... and that its influence (which has been declining steadily) definitely could not have any kind of "impact" on American Protestant thinking at the present time.
- Christianity Today, edited here in Washington, D. C. by Dr. Harold Lindsell, is well-known as the most influential Protestant news journal, and it consistently takes stands opposite to those of the Christian Herald.

- Dr. Graham does not take the report very seriously, but he volunteered a personal check with Hobe Lewis in that the Reader's Digest was at one time quite closely associated with the Christian Herald (buying up much of its material). He said that if he learned anything new or different from the aforementioned, he would call back.

THE WHITE HOUSE

WASHINGTON

July 17, 1969

PLEASE TREAT AS VERY CONFIDENTIAL

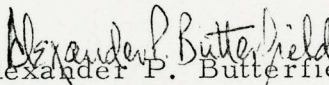
MEMORANDUM FOR

ALL CABINET MEMBERS

I am attaching to this memorandum two pieces of correspondence bearing the theme and title, "A Strategy of Effective Government." The first, and thickest, is a fairly detailed 18-page report on the Administration's accomplishments during its first six months; the second is a three-page summary of the highlights of the first.

It would be greatly appreciated, and of considerable value to the Administration, if each of you would take the time to peruse the contents of these papers and over the next few weeks - to the maximum extent possible - convey the material in your own words via speeches, press conferences, interviews, etc.

Thank you.


Alexander P. Butterfield

Deputy Assistant to the President
(and Acting Secretary to the Cabinet)

Attachments

PLEASE TREAT AS VERY CONFIDENTIAL

July 17, 1969

MEMORANDUM FOR THE PRESIDENT

From: Alexander P. Butterfield

Subject: USG Employees Overseas

On June 25th you said that within 30 days you wanted a report on the total numbers of overseas U.S. civilian personnel assigned to CIA, USIA, AID, and Peace Corps. You asked additionally for strength reports on U.S. military personnel for all countries except Vietnam and Korea...with forces assigned to NATO excluded from the NATO-country totals.

That report, as prepared by Bob Mayo, is attached hereto - with required (and other) information at Tabs A, B, and C as indicated below:

TAB A: DoD, State, AID, USIA, and Peace Corps personnel overseas...by world region and country

TAB B: Foreign national employees of the U.S. ...by world region and country

TAB C: CIA American and local hire employees...by world region and country (TOP SECRET/SENSITIVE)

THE WHITE HOUSE

WASHINGTON

August 12, 1969

MEMORANDUM FOR: MR. HALDEMAN

Subject: Personnel Status Report No. 26 (as of August 8, 1969)

The consolidation of weekly personnel reports from the 12 major Departments indicates that:

(a) 233 positions at Level V and above have been filled out of 266 such positions designated (... a completion percentage of 87.6).

(b) There are 1,993 non-career positions available.

(c) Incumbents of 1,622 of the 1,993 non-career positions have been or are to be replaced.

--Incumbents of 1,252 of the 1,622 non-career positions have been replaced (... a completion percentage of 77):

--Incumbents of 370 of the 1,622 non-career positions are to be replaced.

(d) Of the 1,252 appointments made, 983 were to Republicans, 92 were to Democrats, 74 were to Independents, and 103 were to persons of unknown political affiliation (including 49 FSO's).

ALEXANDER P. BUTTERFIELD

cc: Mr. Flanigan
Mr. Flemming
Mr. Trent

ENCLOSURE

U.S. wheat prices to Japan and Latin America

As you will recall, on July 18th we announced a reduction of U.S. wheat export prices . . . but only for Europe and the Mediterranean. Our exclusion of the Far East (Japan) and Latin America has since led to difficulties.

--Japan is complaining bitterly of discrimination and has taken steps to buy more wheat from the EEC and Eastern Europe. (And we have a tacit agreement, or understanding, with the Japanese that they will buy about one-half of their very considerable wheat imports from the U.S. . . . "provided our prices are reasonable.")

--Brazil, our prime market in Latin America, is complaining also. (Meanwhile, the EEC has cut its wheat prices in Brazil.)

Members of the Interagency Task Force on Agricultural Trade, who have been charged with formulating U.S. policy toward the International Grains Arrangement (IGA), have come to the unanimous conclusion that our wheat prices should be reduced in Japan and Latin America.

--Advantages:

-Good commercial reasons . . . we cannot afford to lose these markets.

-We would eliminate discrimination among importers and make our wheat, at least temporarily, more competitive.

-The action would not preclude our re-negotiating the IGA once the climate becomes more favorable.

--Disadvantages:

-It might be another step toward a wheat price war in which we stand to gain very little.

-EEC would protest vociferously (but Canada and Australia would no doubt acquiesce).

-It would mean the end of current technical discussions in London, which serve now as the principal avenue for revising the IGA.

There is one alternative to the "price reductions" action: We could restore (raise) our price in Europe to the pre-July 18th level . . . but This would undoubtedly lead to matching increases by other exporters.

RMW - re Romney daughter
NOTE TO Whitehouse " suggestion for
next Cal Mtg

Stans

We are not a major export
nation & news have been
it is less profitable

- " more difficult - long-dist
currency controls
credit etc
- " bus is good at home

P - very quiet
far more sensitive
than usual

We should put more emphasis
on export

Kearns

we find ourselves now with
diminishing resources

Davis

Bus community doubts USB ability

to

* We have an opp to make some mileage
with bus

~~Stress~~

great feeling on the Hill

Recog that at end of yr we will have
a bad - Bailey situation. We should
be ahead of game

Why are as experts

Exhortation alone will not do the job

① Big int'l comp. Are we not thinking
Exports soft
 unc power fed

② Co's unaware & uninterested in mkt
abroad. We must build
the awareness

③ major projects overseas.
45 airt cars house
 (france leads)

Stans recap

1030

Great subj for fresh ans

- if we can increase exports

P. to Stans → Have a talk with G

on certain nation - this
is somewhat against free trade
business

P. to Samuels →

In 1953 I would need to see

but we upgrade our

commerce attaché -

Present form of life is
even attaché

Ambassador men when they get in

Over time for some man is
gov't oriented - not business
oriented. I know this.
State will tell you
otherwise.

~~If he felt in the State~~
It's a guess of the orientation
of Sub, DCM, etc

if they want to fight
for commercial enterprise

We're a private enterprise
nation

P. I'd like to see us make a study
(He said this in 1953)

Sec K - dropped off for about 20 seeds - just lay
maybe to come or stand with
a few seeds.

Davis we have about
150 commercial officers

P - I feel very strongly about this
Board of Commerce is important - but this
having a stroke - economic stroke -
in some other countries - will
really help us politically.

Davis - Our businessmen are not acceding to the foreign giant
to our disadvantage only because we don't give him any
familiar policy

MCC - suggest Pres'd msg

7?

K - We have to just about prostitute ourselves
to do it.

P - well - just so long as it's just about "

I have a strong conviction about this.

I think the only answer is to take your

feel
textile
shoes

Harkin
Squid should not be separated from lot.

Our policy should be - "trade is trade"

P - Samuels do you agree?

S - completely

P - yes. I feel very strongly that squid must be tied to this whole thing.

P - I want you, Mandy, to look into our

trade pol toward E. Europe & USSR -

& further down the line
with China (after VN)

This only for his room

I want us to continue to
take a very hard line re E. Europe
& USSR & export business.

but let's not rule out possibly changing
directions.

CCP

re: continuing rep abroad

(1)

ref to quality not quantity

Stans
MCC

Presid strengthening the program

see what a
Bal of payments

K + McC
have talked to
Bd

(2)

Indy business

How out of Fed Res Bank

expor credit financing

yes

Bd to relax

came out

K thinks P asked K

to take another try at MCC

~~what would~~

matter to see if he
could do something
to get the banks to
relax

Stans ^{new up} ~~the~~ will aim at Pres's msg
draft in about (50) days.

P. - Indonesia is very important
" ~~with~~ can swallow all other SEA
countries in resources.
115 mil people

it's oriented toward about 30%
with as Singapore -

It's almost politically seeking
guidance in commercial
enterprise.

But ans is not to go to a massive
dunes aid program.

Subarto has brought inflation
from 635% to zero.

He has eliminated inflation.

He's a gutsy guy.

Would Bank moving in but
we should, too.

We don't want to drive the
Japs out - but we should

help Japs to move over to any
kind of assistance in these
areas.

India
Indonesia
Malaysia
Philippines
Thailand
Korea

P- Father (Bums) I want
you to go to Indonesia
when you go to Japan

I want all of our top
people to get there when they
travel to Pacific & Far East.

These Indonesians are going to
pull themselves up by their
bootstraps.

III Stein

Burstein $\rightarrow$ coffee cups
spilled
+ then looked
over shoulder to
left

Sam Hughes
joined to show BOB
figures —

Available for program expansion
+ Tax on ^{air + water pollution} ~~debt~~ reduction's
CO₂ I welfare package etc
II + III ^{air + water pollution} ~~debt~~ reduction's
CO₂ I welfare package etc
II + III ^{air + water pollution} ~~debt~~ reduction's
CO₂ I welfare package etc

P. This all crop about the A, N, & AP) Study
at the same level is
for the birds

Higher educ
Student educ
higher health
mental health

Set back in
by tomorrow

out 14th dinner at school

See Kennedy will have

a tax package ready by Aug 15.

They'll go to ^{John} Williams school
go hand with it. May may

jump the track. He'll lose
so much that the Pres
might have to veto it.

We'll have Clinton Anderson +
Peterson on portions.

R DAVE, what do youse Bill
Do you feel it's ⁱⁿ the right
direction?

Kennedy - yes, I do

R I feel strongly that we need
to put some new stimulus in
the tax package - j433 it up

R We'll have a tax discussion
w/ or about ~~on~~ 27 Aug. Small
group.

This is our line

R- This Admin is for tax reform

On Apr 21 we came out
for tax reform

The baby is born - we'll

~~soon~~ claim it won't
may look like an idiot.

Let's take credit for tax reform!

(AN got in
better - less
pressure most
after last 1 hr)

R & DMC - Then by Jan - or
Jan, let's ^{come out with a} new approach on business

We need a new initiative in this
area - & we should start
preparing for it now.

Photos - 5 min

Morgenthau — You are first then always
used this methodology — i.e. looking into
future + choosing your options

P — w/o setting all the facts + figures
out + scaring people — we should
let public know about this

UC I strongly support this — I realize
the figures change & VN ~~is~~ sit is
a big part, but we should still
do it. It doesn't have to be
not definitive — but the
public should know about this.

P. When VN is over - all these
other countries will get into
line - Most already are lining
up. The Phils give you a big
shopping list every time you go there.

Claimants

Last Item - P. Paul

Paul - Arthur

Arthur - means in hdy field has
already started spending to the

a doc is in the making - in form

a Pres'd statement

(It's a shocker)

— "all ~~construction~~ contracts by the Gov't will come to a halt"

— "no new starts."

— port put will be eased

— we will not specify time period, but it could be until

conditions ease.

I'd guess about 3 mos.

— Bus would welcome this.

— It would show Pres'd concern

— redirection of our bus prog in Labor Dept.

P- How soon are you going
to do this?

Later; ⁱⁿ A few days we'll be
ready.

All construction
directly financed
by the Govt
- & all out time in
Govt construction.

~~There~~ There should be a good psychological
effect to putting this thing
frontally.

We must have positive
love to it.

We must get more people in
the bldg trades. (That's what
Brungle Struth is trying to do)

...Friday.
...is 18 cents, down
cents.
...ampidou hinted at a belief
that even with devaluation,
there would have to be some de-
flation of the domestic economy.

...same path as its two prede-
sors—a fast U-turn that took
around the moon and used the
lunar gravitational field to
catapult it earthward without
the use of retrorockets.
The trip apparently was a
carbon copy of the Zond 5 and 6

Administration Cuts Wheat Allotment To All-Time Low

WASHINGTON (AP) — The Nixon administration announced Monday it had cut wheat acreage allotments for the 1970 crop to 45.5 million acres—the smallest on record—in an effort to head off rising surpluses of the bread grain.

The 12 per cent cut from the 51.6 million acres in effect for 1969 was announced by Agriculture Secretary Clifford M. Hardin.

It was the third straight year of acreage reductions in the government program. The national wheat allotment was 68.2 million acres in 1967, and 59.3 million in 1968.

The announcement had been expected since mid-June. Offi-

cials had said for weeks it would be announced "anytime."

Under the program, farmers would be eligible for basic price support loans of \$1.25 a bushel, plus additional payments for their share of wheat used domestically.

Except for adjustments to reflect changing prices, most of the 1970 wheat program will be the same as this year.

The acreage cut—not as deep as some government and farm officials had favored—came as U.S. wheat exports lagged far behind peaks of recent years. Exports for the year ended June 30 totaled 542 million bushels, compared with 761 million in 1967-68.

Carryover supplies rose to 811 million bushels on July 1 compared with 539 million a year earlier.

"There are areas of hopefulness for improved wheat trade," Hardin said in a statement. "Following recent sessions of the major exporters, we are moving toward recognition of our determination to maintain the U.S. share of world wheat trade."

Hardin said, however, that "it is likely there will be an additional buildup" of wheat surplus by next July 1.

Hardin said the 1970 program was designed to produce a crop of about 1.2 billion bushels next year.

Preservation Copy

THE WHITE HOUSE

WASHINGTON

August 12, 1969

MEMORANDUM FOR: THE PRESIDENT

FROM: Alexander P. Butterfield *APB*

SUBJECT: Your Meeting at 9:30 a.m. with the Cabinet
Committee on Economic Policy

Secretary Stans and Chairman McCracken urged a meeting of this Committee for early August in order to put before you and its members some very pressing export trade matters. The following paragraph outlines the crux of the problem:

We have become accustomed to a trade surplus to help offset other overseas cash drains such as the "travel gap", overseas military facilities, THE Vietnam war, foreign aid shipments, and overseas U.S. business investment. In 1968 the trade balance dropped sharply to less than a billion dollars. Exports increased about 10% but imports were up 24%. This year we expect the trade balance to be no better -- the six months annual rate is only \$300 million.

The agenda is attached.

CABINET COMMITTEE ON ECONOMIC POLICY

August 12, 1969
9:30 a.m.

REVISED AGENDA

(See note under Agenda Item I)

9:30-9:50 a.m.: I - U.S. WHEAT PRICES TO JAPAN
AND LATIN AMERICA

Secretary Hardin

Dr. Hendrik (Hank) Houthakker

NOTE: It is important that this item be the first discussed, for a decision on wheat export prices must be reached by 11:00 a.m., PDT (1:00 p.m., EDT). The enclosure to this Revised Agenda outlines the issue at hand.

9:50-10:40 a.m.: II - THE EXPANSION OF EXPORTS AND
FINANCING PROBLEMS

Secretary Stans

Mr. Henry Kearns (Chairman and
President,
EXIM Bank)

Asst. Sec. Commerce for
Domestic and International
Business, Hon. Ken Davis

--introduction to the problems of a
diminishing trade balance

--reactivation of the Interagency
Committee on Export Expansion

--export credit

--export development programs

9:40-11:00 a.m.: III - REPORT ON POST-VIETNAM ECONOMIC
POLICY

Herbert Stein

Phillip Hughes

--budget priorities in the post-
Vietnam period

11:00-11:15 a.m.: IV - ADJUSTING TO A LESS INFLATIONARY
ECONOMY

Dr. Paul McCracken

--specific report on what can be
done about the runaway costs
and wage increases in the
construction industry

11:15-11:20 a.m.: V - CLOSING REMARKS BY THE PRESIDENT

ENCLOSURE

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CABINET COMMITTEE ON ECONOMIC POLICY

Chairman, Council of Economic Advisers
McCracken (Chairman)

The Vice Presidentwill not be present

Counselor Burns

Secretary Hardin

Secretary Kennedy

Budget Director Mayowill be represented
by his Deputy,
Mr. Sam Hughes

UAC Moynihan

Deputy Under Secy. State for Economic Affairs,
Nathaniel Samuels

Secretary Shultz

Secretary Stans

THE WHITE HOUSE

WASHINGTON

August 12, 1969

MEMORANDUM FOR: THE PRESIDENT

FROM: Alexander P. Butterfield ~~/~~

SUBJECT: Your Meeting at 9:30 a.m. with the Cabinet
Committee on Economic Policy

Secretary Stans and Chairman McCracken urged a meeting of this Committee for early August in order to put before you and its members some very pressing export trade matters. The following paragraph outlines the crux of the problem:

We have become accustomed to a trade surplus to help offset other overseas cash drains such as the "travel gap", overseas military facilities, THE Vietnam war, foreign aid shipments, and overseas U.S. business investment. In 1968 the trade balance dropped sharply to less than a billion dollars. Exports increased about 10% but imports were up 24%. This year we expect the trade balance to be no better -- the six months annual rate is only \$300 million.

The agenda is attached.

CABINET COMMITTEE ON ECONOMIC POLICY

August 12, 1969
9:30 a.m.

REVISED AGENDA

(See note under Agenda Item I)

9:30-9:50 a.m.: I - U.S. WHEAT PRICES TO JAPAN
AND LATIN AMERICA

Secretary Hardin

Dr. Hendrik (Hank) Houthakker

NOTE: It is important that this item
be the first discussed, for a decision
on wheat export prices must be reached
by 11:00 a.m., PDT (1:00 p.m., EDT).
The enclosure to this Revised Agenda
outlines the issue at hand.

9:50-10:40 a.m.: II - THE EXPANSION OF EXPORTS AND
FINANCING PROBLEMS

Secretary Stans

Mr. Henry Kearns (Chairman and
President,
EXIM Bank)

Asst. Sec. Commerce for
Domestic and International
Business, Hon. Ken Davis

--introduction to the problems of a
diminishing trade balance

--reactivation of the Interagency
Committee on Export Expansion

--export credit

--export development programs

9:40-11:00 a.m.: III - REPORT ON POST-VIETNAM ECONOMIC
POLICY

Herbert Stein

Phillip Hughes

--budget priorities in the post-
Vietnam period

11:00-11:15 a.m.: IV - ADJUSTING TO A LESS INFLATIONARY
ECONOMY

Dr. Paul McCracken

--specific report on what can be
done about the runaway costs
and wage increases in the
construction industry

11:15-11:20 a.m.: V - CLOSING REMARKS BY THE PRESIDENT

ENCLOSURE

U.S. wheat prices to Japan and Latin America

As you will recall, on July 18th we announced a reduction of U.S. wheat export prices . . . but only for Europe and the Mediterranean. Our exclusion of the Far East (Japan) and Latin America has since led to difficulties.

--Japan is complaining bitterly of discrimination and has taken steps to buy more wheat from the EEC and Eastern Europe. (And we have a tacit agreement, or understanding, with the Japanese that they will buy about one-half of their very considerable wheat imports from the U.S. . . . "provided our prices are reasonable.")

--Brazil, our prime market in Latin America, is complaining also. (Meanwhile, the EEC has cut its wheat prices in Brazil.)

Members of the Interagency Task Force on Agricultural Trade, who have been charged with formulating U.S. policy toward the International Grains Arrangement (IGA), have come to the unanimous conclusion that our wheat prices should be reduced in Japan and Latin America.

--Advantages:

-Good commercial reasons . . . we cannot afford to lose these markets.

-We would eliminate discrimination among importers and make our wheat, at least temporarily, more competitive.

-The action would not preclude our re-negotiating the IGA once the climate becomes more favorable.

--Disadvantages:

-It might be another step toward a wheat price war in which we stand to gain very little.

-EEC would protest vociferously (but Canada and Australia would no doubt acquiesce).

-It would mean the end of current technical discussions in London, which serve now as the principal avenue for revising the IGA.

There is one alternative to the "price reductions" action: We could restore (raise) our price in Europe to the pre-July 18th level . . . but THis would undoubtedly lead to matching increases by other exporters.

CABINET COMMITTEE ON ECONOMIC POLICY

Chairman, Council of Economic Advisers
McCracken (Chairman)

The Vice Presidentwill not be present

Counselor Burns

Secretary Hardin

Secretary Kennedy

Budget Director Mayowill be represented
by his Deputy,
Mr. Sam Hughes

UAC Moynihan

Deputy Under Secy. State for Economic Affairs,
Nathaniel Samuels

Secretary Shultz

Secretary Stans

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

AGENDA

Cabinet Committee on Economic Policy
August 12, 1969, 9:30 a.m.

1. The President -- Introductory Remarks.
2. Secretary of Commerce - The Expansion of Exports and
Financing Problems.
3. Herbert Stein and Phillip Hughes - Report on Post-Vietnam
Economic Policy.
4. Paul W. McCracken - Adjusting to a Less Inflationary Economy.

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