

8/29/77 [1]

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THE PRESIDENT'S SCHEDULE

Monday - August 29, 1977

8:15 Dr. Zbigniew Brzezinski - The Oval Office.

9:00 Cabinet Meeting. (Mr. Jack Watson).
(2 hrs.) The Cabinet Room.

11:15 Meeting with Secretary Ray Marshall,
(5 min.) CSC Chairman Alan Campbell, and Mr. Bert
Lance - The Oval Office.

11:30 Mr. Jody Powell - The Oval Office.

12:00 Lunch with Vice President Walter F. Mondale.
The Oval Office.

1:30 Secretary Juanita Kreps. (Mr. Jack Watson).
(20 min.) The Oval Office.

2:00 Mr. Hugh Carter - The Oval Office.
(10 min.)

THE WHITE HOUSE

WASHINGTON

August 29, 1977

EYES ONLY

Midge Costanza
Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson

Re: Cabinet Summaries

The attached were returned in the President's
outbox and are forwarded to you for your
personal information.

Rick Hutcheson

Attachments from
CEQ, CEA, Agriculture,
Interior, EPA, STR,
Transportation, GSA, HUD,
HEW, Labor, Treasury,
UN, Commerce

cc Landon Butler

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Charles Warren:

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Panama Canal Treaty

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

*Charles
J*

THE PRESIDENT HAS SEEN.

August 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren *Charles.*
Gus Speth
Marion Edey

SUBJECT: Weekly Status Report

Coordination of Administration Efforts on Clean Water Act of 1977: CEQ called a strategy meeting to coordinate Administration efforts aimed at getting the Conference Committee to delete the Wright (anti-wetland) amendment from the Conference version of the Clean Water Act. Attending were representatives of appropriate governmental agencies and major environmental organizations. We may need a letter from you to crucial conference members and a couple of telephone calls in early September.

Economic Impacts of Environmental Regulation: CEQ sent you a memo requesting approval to develop, in consultation with other affected agencies, an Administration program to address the problem of local adverse job impacts from environmental regulation.

Environmental Message: All agencies have advised us of the extent to which they are implementing your Environmental Message. We will have a summary report available for you next week.

Panama Canal Treaty: The Panama Canal Treaty contains environmental protection provisions and several leaders of major environmental groups support ratification. We have furnished their names to Stu Eizenstat in case you might wish to invite them to the signing ceremony.

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*↑
Let them make
published statements
& help with
Senators*

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Charlie Schultze -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Tax Reform
Set-Asides
Energy

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

Charles
J

THE PRESIDENT HAS SEEN.

1977 AUG 26

August 26, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: CEA Weekly Report

Tax Reform. CEA is working with Treasury on the package of decision memos for you on tax reform. We are also doing some background economic analysis to help you with two major aspects of your final tax reform decisions: (i) how large should be the total net tax reduction when fully effective; and (ii) from an economic standpoint, how should the reductions be phased-in over the next three years? *← expedite*

* Set-Asides. CEA's agricultural economist has been working with the Domestic Council and Agriculture to prepare materials for your decision on set-asides. We have tried to identify, as precisely as possible, the reasons for the USDA/CEA disagreements.

Employment Policies. A CEA-OMB-Domestic Policy staff team is evaluating the effectiveness of the various Federal manpower training and employment programs, so that Executive Office officials will be in a better position (i) to understand the strengths and weaknesses of current programs; (ii) to suggest improvements; and (iii) to spot unmet needs. The current rate of black teenage unemployment is 41 percent, and so far this year it has been rising rather than falling. Indeed, employment among black teenagers has fallen by 4 percent since December 1976, while white teenage employment has risen by 6 percent. While I do not believe that there is any government program which can "solve" this problem, we must give it more attention.

Energy. CEA has been involved in the White House Energy Office's activities concerning the Alaskan natural gas pipeline. I have sent a memo to you separately on the problem of how Alaskan and new sources of imported gas ought to be priced. *where is it?*

* It is no help to me when you & USDA use different analytical methods & come up with grossly different results. This exercise in economic semantics just creates an additional problem for me.

International Situation. CEA's international economics staff has been preparing a memo I will send to you shortly on conditions in the world economy. I plan to provide you with a short update on international economic conditions once each month. A similar memo will be discussed next week with the EPG Steering Group. The Steering Group has begun twice-monthly reviews of economic conditions here and abroad.

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Secretary Bergland -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Export
Grain Inspection



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

AUG 26 PM 7

2

August 26, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson
Secretary to the Cabinet

SUBJECT: Weekly Report

TRAVEL. After his son Stevan's wedding Saturday (August 27), the Secretary will remain in Roseau through Labor Day. However, his wife has informed him he will be tiling the bathroom "on the home place" not fishing as planned.

EXPORT. New Zealand has removed their 32 1/2 percent ad valorem tariff on imported beef. It should mean a limited increase in U.S. prime and choice sales.

good

U.S. agricultural exports for 1977 should reach \$24 billion, a \$1 billion increase over 1976. A decline in dollar value of 5 to 10 percent is expected for 1978 because of anticipated lower prices on grains, oilseeds and cotton.

good

U.S. agricultural imports for 1977 are estimated to reach \$14 billion, 33 percent above 1976. Increased coffee and specialty food prices are the cause.

INSPECT. Total federalization of grain inspection at the Gulf ports will be completed December 3, with the takeover of South Louisiana Grain Services, Inc.

good

FmHA - ASCS. Attached are the latest status reports on state level appointments.

JOHN C. WHITE
Acting Secretary

Attachments-2

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THE WHITE HOUSE
WASHINGTON

August 29, 1977

Secretary Andrus -

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

Re: Excess Lands Regulations
Mobil Oil's Uranium Leases



THE SECRETARY OF THE INTERIOR
WASHINGTON

*Cecil
J*

August 26, 1977

AUG 26 PM 1977

THE PRESIDENT HAS SEEN,

MEMORANDUM TO THE PRESIDENT

From: The Secretary of the Interior
(dictated over the telephone from Boise, Idaho)

Subject: Major Topics for the Week of August 22

*Jim
with
you*

Our proposed "excess lands" regulations are meeting with widespread approval among the agricultural community. You may, however, hear some grumbling from agri-business such as Standard Oil and Southern Pacific Railroad who have been using subsidized water for years.

The second circuit court of appeals reversed Judge Weinstein's decision on the Baltimore Canyon Outer Continental Shelf sale so we can now move forward with exploration and development of oil and gas off the Atlantic Coast.

Our Alaska land selection proposal should be finished by next Friday and will be submitted to you. This is a case of no matter what we do people will find fault with it, but all in all, the proposal is sound and will have committee support on the Hill.

*Check
with me
before
any
extension*

You should know that the President of Mobil Oil's Exploration Division came to me and asked for a four-year extension of time to develop some uranium leases they hold. I just happened to have a copy of their recent ad in Time Magazine and suggested that to delay development would be going against their own corporate policy. So far, we have not granted the extension, although we may have to, but for now we will just hold their feet to the fire. The current leases do not expire until 1982.

I have had a great week's vacation with Carol and the girls and they said to tell you thank you.

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CECIL D. ANDRUS */s/*

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Frank Moore -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Doug Costle

Re: Pesticides



United States
Environmental Protection Agency
Washington, D.C. 20460

cc Moore
J

AUG 26 PM 1:55

The Administrator

August 26, 1977 THE PRESIDENT HAS SEEN.

WEEKLY REPORT TO THE PRESIDENT

FROM: Douglas M. Costle *DMC*

1. PESTICIDES. Pesticides legislation is at a crucial point. The House Agriculture Committee may start markup of FIFRA (Federal Insecticide, Fungicide and Rodenticide Act) legislation soon after Congress reconvenes. The Senate has already passed the Administration bill, and we want the House to incorporate as much of that as possible.

At the same time, House Agriculture has reported a one-year extension of FIFRA. The extension is now on the legislative calendar, and there may be an attempt to pass it immediately after Labor Day to allow more time to work on the basic bill.

My major concern with the extension as well as with the broader bill is the threat of a one-House veto (sponsored by Elliot Levitas and Dawson Mathis) of our pesticides regulations, which would severely limit our pesticides program. If such a measure were signed, not only would it have a negative effect on the program but it would set a harmful precedent as well.

no!

We are working with Frank Moore's office and the Domestic Policy Staff on this, and we will get a memo to you at the appropriate time.

Frank - talk to the Speaker & to Foley - I'll help personally

2. WATER POLLUTION CONTROL AMENDMENTS. We are trying to get a package of House amendments to the water bill (Federal Water Pollution Control Amendments) similar to the one that passed the Senate recently. The legislation has a short time fuse:

- o Without it, some forty states will have little or no funds after September 30 to maintain momentum in building sewage treatment plants. Your FY 1978 budget requested \$4.5 billion.
- o In addition, eight states (including New York and Michigan) may be forced to return un-committed funds to a general pot. (Tip O'Neill was concerned about the availability of funds for

several Massachusetts projects. EPA has worked carefully with Massachusetts, and the money will be out by the deadline.)

- o It is important to get a comprehensive bill passed this year simply to resolve what has been a contentious issue between the House and Senate.

The situation at present looks reasonably good. The House Public Works Committee will hold hearings shortly after Labor Day on the additional sections of the bill not considered earlier this year and now included in the Senate bill. We are working closely with Frank Moore's staff and the Domestic Policy Staff. There is a fairly good chance of getting a comprehensive bill. Meeting the September 30 deadline may be difficult, and I may want to ask you at the appropriate time to spur on the conference.

3. DBCP. It appears that DBCP (Dibromochloropropane), an active ingredient in a number of registered pesticide products, has caused sterility in male workers exposed to it. I am working closely with Eula Bingham on this issue. OSHA will implement an emergency temporary standard for workers. We are currently analyzing the data on the effects of DBCP on the general population to determine what regulatory action EPA should take.

4. APPOINTMENTS. All my major appointments but one have been made. Five out of six Assistant Administrators have been chosen. Two have been confirmed, and Mike Cardozo's office expects to forward the remaining nominations to the Senate in time for confirmation by the end of September. In addition, all ten of the Regional Administrators are approved and in place.

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Bob Strauss -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Priorities of Trips by
Ambassador Strauss

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

AUG 26 PM 7 00

August 26, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss

Subject: Weekly Summary

We have completed our staff meetings and work-up papers to meet the deadline of the first phase of our multilateral trade agreement negotiations in Geneva which is October 1st. At that time, we hope to have a formula for a tariff cut. I expect to be in Japan on September 8th and 9th, in Canada for one day on September 14th, and in Bonn, Brussels, Paris, and Rome, September 21st through 27th, pushing Roy Jenkins and the other European countries to be certain they too meet the schedule.

Mr. President, these trips are vital to these negotiations because of the October 1st deadline, but I could change the Fukuda visit again if you conclude that it is advisable for me to be available to assist in the planning and execution of the business and political side of the Treaty signing festivities. I have discussed with Landon, and others, the possible structure of a two-day effort including a reception for business leadership, labor leadership, members of the Senate and visiting heads of state, immediately before the signing, and a breakfast for the business group alone, the morning after. I do think we need to be particularly sensitive with respect to the timing of this whole Treaty effort as it moves forward. Timing, in my judgement, is almost as important as substance. I know I don't need to tell you that such time of mine, as you, the Vice President, and Hamilton feel is necessary and useful, is available, subject only to the absolute essentials of this office as you prioritize them. I am most sensitive to the importance of this entire effort.

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To Bob
I trust your
judgment on
priorities.
J

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Secretary Adams -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Coast Guard Procurement
of 270 foot Medium Endurance
Cutters

INFORMATION

that international air service treaties do not require Senate ratification and to require this would cause severe disruption in such air service.

Aviation Regulatory Reform

Hearings were held this week in California by the House Aviation Subcommittee (Chairman Glenn Anderson) on airline regulatory reform. Terrence Bracy, the DOT Assistant Secretary for Congressional and Intergovernmental Affairs, testified on behalf of the Department in Los Angeles. Other witnesses included numerous airline and community officials. Assistant Secretary Bracy reiterated DOT's and the Administration's commitment to regulatory reform and highlighted the importance of maintaining adequate service to small communities and of lowering air fares.

We will continue to keep your staff advised of our efforts in this area.

DOT Congressional Liaison Office

This is in response to your request at the August 1 Cabinet Meeting for information on my Congressional office and our activities in behalf of the Administration's legislative program. Our Congressional office is headed by Assistant Secretary Terrence L. Bracy. Under him is the Director of Congressional Affairs, eight Congressional Relations Officers, each of whom specialize in a particular area of legislation, and seven Congressional liaison assistants who serve as support staff. Each of these Congressional Relations Officers are assigned to monitor and manage legislation effecting each of the modes within the Department such as the Federal Aviation Administration, Federal Railroad Administration, and Federal Highway Administration.

In an effort to consolidate and coordinate the Department's contact with Capitol Hill, Secretary Adams reorganized all Congressional Relations offices including the Coast Guard, Federal Aviation Administration, and other DOT agencies, into one central office under Assistant Secretary Bracy. This consolidation has enabled us to increase the effectiveness of our lobbying efforts in behalf of Administration positions by speaking with one voice and acting with a unified organized plan.

INFORMATIONCoast Guard Procurement of 270-foot Medium Endurance Cutters

On August 23, bids were opened for the first four of a new class of Coast Guard Cutters - the 270-foot Medium Endurance Cutter. Five firms responded to the invitation for bids with Oy Wartsila Ab of Helsinki, Finland, being the apparent low bidder. Their bid was 35 percent lower than the closest American competitor, Tacoma Boatbuilding, Tacoma, Washington.

We can expect that adverse reactions will be expressed by some Members of Congress, by the domestic shipbuilding industry and by labor unions to an award to the foreign firm. Pre-award activities to evaluate the bids are proceeding through the end of September and the applicable provisions of the Buy American Act will be considered prior to award.

*Do it
properly,
legally, & without
politics*

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United States of America
 General Services Administration
 Washington, D.C. 20405

Administrator

THE PRESIDENT HAS SEEN.

C

August 26, 1977 ^{AUG 26} PM 2:00

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on GSA Activities

Public Parks Program

On August 16, GSA announced the addition of several parks to the program. Since 1971, 699 parcels of land totaling approximately 85,437 acres and having an estimated value of \$283,602,076 have become part of the program.

Art in Detroit

On August 24, the Acting Regional Administrator in Region 5 represented me at a press conference in the office of Detroit Mayor Coleman Young to announce the availability of funds for two major works of public art for the Patrick V. McNamara Federal Building and the proposed new U.S. Courthouse Annex.

First Minority Woman Buildings Manager

Mrs. Janet Burkett was selected as Buildings Manager of the Mart Group in St. Louis, Missouri (Region 6). Mrs. Burkett entered the Real Property Management Training Program in Kansas City in 1972.

PBS Architect/Engineer Public Advisory Panels Meet

The following Repair & Alteration prospectuses are being reviewed this week in Atlanta: U.S. Courthouse - Atlanta, Ga.; U.S. Post Office/Courthouse/Customhouse - Lexington, Ky.; U.S. Post Office/Courthouse/Customhouse - Louisville, Ky.; and Charles R. Jonas Federal Building - Charlotte, NC.

Fire Suppression Program

As of August 17, the status of forest fires was as follows:

	<u>New Fires</u>	<u>Acres Burned</u>
Continental United States	771	62,050
Alaska	8	140,000

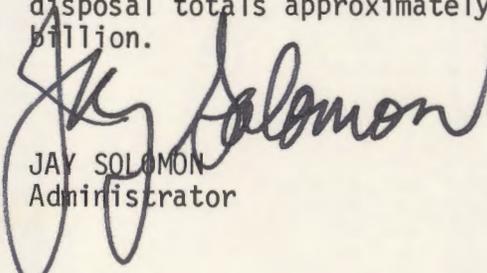
Estimated GSA Sales: \$2 million.

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The unprecedented demands for fire suppression supplies are rapidly depleting GSA stock with a number of items in a zero stock position. We have just made a \$2.5 million procurement to replenish supplies. Light rain fell in most of the Pacific Northwest this week and was supposed to continue for at least a 24-hour period. On Tuesday, August 23, the Seattle area had one and a half inches of rain - the most rain in one day since December 1975.

Tin Sales Still Strong

During the past week, the Federal Preparedness Agency sold 115 long tons of stockpile tin with a return of revenue totaling \$1.3 million. The price rose 12¢ a pound from \$5.20 to \$5.32. A total of 1,579 long tons of tin remain authorized and available for sale. The quantity that is excess to strategic requirements but not authorized by Congress for disposal totals approximately 170,000 long tons with a value of \$1.8 billion.



JAY SOLOMON
Administrator



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C.. 20410

C

August 26, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental
Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

HUD Announces Task Force on Housing Costs. At a press conference this morning I announced the creation of a 40-member task force to develop recommendations of ways in which spiraling housing costs can be reduced. HUD has already conducted a preliminary study of many aspects of housing costs and the task force will provide a broad range of experience and opinion to evaluate the HUD studies as well as provide additional methods for housing cost reduction.

Members of the Task Force on Housing Costs were selected for their knowledge of specific components of housing costs and for their ability to present diverse points of view. Their first meeting is scheduled for October 5-6 at the HUD building.

Lumber, Insulation Become Problems in Housing Construction. After receiving preliminary information indicating potential problems, the Department asked 75 HUD field offices to survey the extent of recent price increases in lumber and insulation and the availability of insulation to builders. Each field office contacted three to five builders and two suppliers in their local area. The following trends are based on a total of some 500 responses.

Since July 1, lumber prices have increased from 12 to 28 percent, depending on the region of the country. The largest increase, 8 to 16 percent, has occurred since August 1.

Insulation prices and availability are also of major concern. Our survey indicates that prices have increased 5 to 15 percent since July 1, and from 3 to 10 percent in the last three weeks. Of greater importance, however, is the insulation supply situation. Shortages are reported

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throughout the Philadelphia Region, with 30-day delays occurring in Virginia and West Virginia; critical shortages are reported in Alabama, with several suppliers reporting that there has been no insulation available since July. The Dallas Region also reports short delays everywhere, with a 28-day delay in Arkansas, and in Des Moines one insulation company has a three-day workweek. Most areas in the country are reporting some kind of supply and price problem.

The lumber and insulation field office surveys underscore the importance of the work being undertaken by the Task Force on Housing Costs.

Implementation of Conflict of Interest Requirements. The Department will fully implement the recommendations of the White House Counsel's Office that the Administration's conflict of interest requirements be applied to all GS-16 and above non-career appointments and that compliance with these requirements be administered by our Office of General Counsel. The first group to which the requirements are being applied are our new Regional Administrators.

Solar Energy Report Receives White House Review. A new report, "Federal Incentives for Solar Homes: An Assessment of Program Options", has been submitted to the White House Energy Office. This report was prepared to comply with a requirement of the Solar Heating and Cooling Demonstration Act of 1974, which directed the Secretary to investigate possible incentives for solar heating and cooling. The White House Energy Office will provide recommendations on future distribution of the report.

HUD Officials Represent the United States at United Nations Conference. Representatives of the Department will attend the 38th session of the Committee on Housing, Building and Planning of the UN Economic Commission for Europe (ECE/HBP) in Geneva from August 29 to September 2. The ECE/HBP committee, composed of national representatives from East and West Europe, the United States, and Canada meets each year to review ongoing program activities of its subsidiary bodies and to approve its future work program. HUD has participated in several of the committee's projects and continues to support activities of priority interest to this Department.

The Geneva meeting will feature an exchange of views on overall urban policies and an in-depth discussion on land use policies in preparation for a seminar to be held next year in Sweden. The committee also will discuss follow-up action related to last year's UN Habitat Conference.

Pat

Patricia Roberts Harris



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

C

AUG 26 PM 12

THE PRESIDENT HAS SEEN.

August 26, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities within the Department of Health, Education, and Welfare.

- Update on Regional Appointments: Four appointments have been announced to date (Seattle, Kansas City, Dallas, and Denver), and New York has been cleared, but not yet announced. Today I am sending two more to the White House for clearance (Philadelphia and Atlanta). We are now interviewing candidates for the three remaining positions.
- Child Support Enforcement: On Wednesday I announced that states and counties collected almost \$1 billion in child support payments at a cost of \$318 million since the start of the Federal-State Child Support Enforcement Program. Between August 1, 1975, when the program started, and March 31, 1977, states and counties collected \$542 million in child support on behalf of children who receive Aid to Families with Dependent Children, and another \$437 million for mothers who did not receive AFDC but applied for child support services. As you know, this program was introduced in Congress by Senator Long, and is one he follows closely.
- National Health Insurance: Planning for your national health insurance proposal is now gathering momentum. I have established an NHI steering committee within the Department that I will chair and that will be comprised of the Under Secretary and the relevant Assistant Secretaries and Administrators. I have appointed Dr. James Mongan, formerly a top health aide on the Senate Finance Committee, to be the chief staff person to the steering committee.

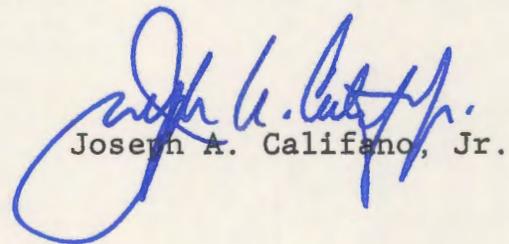
We have now assembled in the Department key actors in past National Health Insurance debates. They represent a number of diverse points of view, and out of their creative interaction, we may be able to develop a plan which will allow you to succeed where all others have failed -- in the passage of national health insurance.

We are now developing a memorandum that we will submit to you early in the decision process laying out the major options and their rough costs. This should allow you to give us guidance as we begin to develop more precise plans for your consideration.

We are also preparing a schedule of the process that we hope to follow for the use of OMB, Domestic Policy and other EOP staff.

Through the Task Force on National Health Insurance Issues, and through outreach and hearings coordinated through the regional offices, we are also in the process of gathering a wide range of opinion on NHI.

- Vacation: I will be in Wellfleet, Massachusetts, from August 26th through Labor Day. Hale Champion will be Acting Secretary and attend the August 29th Cabinet meeting in my absence.


Joseph A. Califano, Jr.

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U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

"FYI"

1

THE PRESIDENT HAS SEEN.

97 AUG 26 PM 7 00

August 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: RAY MARSHALL RM.

SUBJECT: MAJOR DEPARTMENTAL ACTIVITIES, AUGUST 20-26

UNITED MINE WORKERS (UMW)

The wildcat strikes by UMW members in West Virginia are continuing. My goal continues to be to get the parties involved back to the bargaining table. I have taken several actions in the last week to achieve this goal. On August 20, I emphasized that the strikes are not causing a national coal shortage and that there would be no Federal intervention to settle the dispute. As I mentioned last week, I held a press conference on August 19 to announce that we were investigating the reduction of health benefits for miners by the UMW's Health and Welfare Fund. A number of UMW leaders thought that such an investigation would ease the situation. I am also working closely with the Federal Mediation and Conciliation Service (FMCS) to bring the parties together.

It is my hope that these actions would spur a back-to-work movement. This seems to have happened but the pace has been slowed by threats of violence by roving pickets in West Virginia. I have worked with West Virginia Governor Jay Rockefeller to develop a plan to contain the violence through the use of local and state police. I have stressed that the law enforcement officials should do nothing to give the impression that they are serving as strike-breakers. Instead, their role should be limited to preventing physical violence. I also asked acting-Attorney General Peter Flaherty to have FBI agents investigate possible violations of Federal law by the roving pickets and to serve as liaison with the state and local police.

Our main role in the current situation is to provide accurate information to all parties. A number of unsubstantiated rumors have been aggravating an already volatile situation. That is why it is important for the Labor Department to be a dependable source of credible information. Our other effort has been to keep the parties talking with each other. I have been in close contact with Arnold Miller, President of the UMW, and Joe Brennan, President of the Bituminous Coal Operators Association. The results of these efforts have been to narrow the range of conflict. Some of the areas of dispute between the two parties have been based on misinformation. I have taken steps to alleviate this problem.

EMPLOYMENT AND TRAINING--ECONOMIC STIMULUS PACKAGE

Chicago CETA Fraud

On August 25, we reached a tentative agreement with Chicago officials on the steps that will be taken in the wake of our investigation of the use of political patronage in the Chicago CETA program. The agreement has three elements: 1). the city will reimburse about \$1 million in CETA funds; 2). the Illinois Bureau of Employment Security, rather than the city, will select the participants for all CETA public service jobs in Chicago; 3). full-time Federal monitors will oversee the operation of the Chicago CETA program. We plan to put this agreement in final form early next week. I am planning to announce our agreement with Chicago at a press conference on August 31.

Veterans Programs

You mentioned to me your concern over a recent New York Times article criticizing our veterans efforts under CETA. This article--like many other similar complaints--reflected some confusions about the nature of the program. The article assumed that the program began when it was announced in January, rather than in May when Congress approved the appropriation. The article also incorrectly assumed that our target of 35 percent veterans' participation in CETA was a quota rather than a goal. The article indicated that many veterans are not interested in taking

CETA jobs. We demonstrated our commitment to the problem of veterans' unemployment by setting aside 35 percent of all CETA jobs for veterans. We also made extensive efforts to alert veterans to this program. We should not be criticized if veterans do not choose to take advantage of these opportunities.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

On August 25, Assistant Secretary Eula Bingham and I announced a series of steps OSHA is taking in response to reports that a pesticide (DBCP) is causing sterility in the workers who produce it. OSHA is in the process of preparing an Emergency Temporary Standard on worker exposure to DBCP which should be ready in early September. In the interim, OSHA has provided guidelines to the 76 companies and the unions involved in the production of DBCP which instructs them to reduce worker exposure to the pesticide to "the lowest possible level."



THE PRESIDENT HAS SEEN.

THE SECRETARY OF THE TREASURY

F.Y.I.

WASHINGTON

August 26, 1977

Q

97 AUG 26 PM 2 50
MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. TAX REFORM

By the end of this week Larry Woodworth and Bob Carswell will have conferred with representatives of all affected Cabinet departments as well as the Vice President, Charlie Schultze and Stu Eizenstat. We are currently incorporating their comments into tax reform option papers for you and coordinating an overview paper with Messrs. Lance, Schultze and Eizenstat.

2. EQUAL EMPLOYMENT INVESTIGATION

On Wednesday, Treasury officials notified the Harris Trust and Savings Bank of Chicago to show cause why a complaint should not be issued charging discrimination against female employees. The complaint would be the first enforcement action by Treasury alleging discrimination by a bank against a class of employees. The bank has 30 days in which to respond to the show cause notice.

3. DELINQUENT TAXPAYERS ABROAD

The Internal Revenue Service has intensified its efforts to collect delinquent taxes of U.S. taxpayers overseas. In the year ending last June, almost 1,400 delinquent accounts were closed and \$1.9 million in delinquent taxes were collected, nearly double the rate of the previous year.

4. SMUGGLING ON THE MEXICAN BORDER

Customs representatives attended a public meeting in El Paso, Texas to discuss the smuggling of duty-free merchandise into Mexico and back into the United States. A Mexican participant stressed President Portillo's interest in the loss of revenue to Mexico of such operations and stated the possibility that President Portillo will discuss the situation with you.

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W. Michael Blumenthal

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TO: President Carter August 26, 1977
THROUGH: Jack Watson
FROM: ¹⁹⁷⁷ AUG 26 USUN - Ambassador Young
SUBJECT: Weekly Summary of U.S. Mission to the U.N.
Activities, August 17-24, 1977

1. LAGOS APARTHEID CONFERENCE

Amb. Young, Amb. McHenry, Asst. Secy. Moose and various African area specialists are all attending the Conference. A wrap-up report of the outcome of the Conference is being prepared.

2. PREPARATORY COMMITTEE FOR THE UN SPECIAL SESSION ON DISARMAMENT

The Committee held informal meetings this week and will meet formally August 29 - September 9 primarily to discuss procedural issues and the general principles to be endorsed at the Session (scheduled for May-June 1978). Substantive issues will only be dealt with obliquely in these preliminary skirmishes.

3. AFRICAN VISITORS TO WASHINGTON

The Ambassador's Washington staff has met with Ghanaian visitors sponsored by the African American Exchange and with journalists from the Gabonese governmental news agency.

THE PRESIDENT HAS SEEN.
THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

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August 26, 1977 AUG 26 PM - -

"FYI"

REPORT TO THE PRESIDENT

Progress on an Improved Trade Adjustment Assistance Program
Next Tuesday, I will be chairing a final Cabinet-level review of the Interagency Task Force Study on Trade Adjustment Assistance. I expect that our Decision Memorandum on this initiative, including legislative and budget recommendations, will be forwarded to you shortly after Labor Day.

U.S. Foreign Trade Report for July
Yesterday, the Department reported a trade deficit for July of \$2.3 billion, a modest decline from the record June level. Data through July, valued on a "free alongside ship basis," represents an annual trade deficit rate of \$25.6 billion, adjusted for seasonal factors. While petroleum imports declined last month, they still represent a \$7.5 billion increase over the first seven months of last year, reflecting both increased demand and a major expansion in stocks.

Bill to Revise Census Procedures
You should be aware that Congressman Lehman, Chairman of the House Census and Population Subcommittee, has introduced a far reaching bill which, in my view, would have an adverse impact on the Federal statistical system. With the objective of reducing the undercount of the 1980 National Census, the bill would defer the collection of all sampling information (e.g., education, housing, income) until the 100% "headcount" portion of the census has been completed. Besides significantly increasing the costs of the 1980 Census, we believe this approach would inherently degrade the statistical quality of the sampled information and interfere with the timely publication of the many economic and social statistics collected by the Census Bureau. More significantly, I believe the bill would improperly shift management authority and responsibility for detailed program procedures to the Congress. The Department will be testifying on behalf of the Administration next month in opposition to this bill.

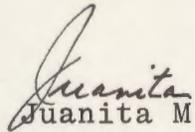
Department Reorganization Action
By separate memorandum, I am forwarding to you a plan for the reorganization of the National Oceanic and Atmospheric Administration (NOAA). Scheduled for implementation on October 1, this reorganization does not involve additional funds and should significantly enhance NOAA's capabilities to develop a comprehensive oceans policy, better manage the Nation's fisheries, and improve the effectiveness of its research and development activities.

Commitment to Minority Business Enterprise: A Further Update

We had a very successful meeting at the White House today with representatives of surety companies, lending institutions, and the construction industry on the 10% minority business provision of the Local Public Works (LPW) Program. There was a frank exchange of views on a wide range of issues related to the provision, and I was particularly gratified at the willingness expressed by surety and lending executives to help us achieve the degree of minority participation we are seeking. Earlier this week, Assistant Secretary Bob Hall met with the Deputy Mayor and other officials of New York City to discuss ways for increasing the amount of the City's LPW funds that go to minority businesses. As a result, we now fully expect that the City will exceed the 10% setaside requirement.

Status of Anti-boycott Regulations

The Department is completing its first draft of anti-boycott regulations implementing the recent amendments to the Export Administration Act. Extensive public comments, which are part of the public record, have already been received and reflect continuing differences between business and Jewish groups. Consistent with the legislative compromise, we will seek to balance these competing concerns. As required by the statute, we expect to publish draft regulations before September 21, 1977, to be followed by another comment period and publication of final regulations in January 1978. Once draft regulations are ready, we will initiate technical briefings for Embassy staffs of interested countries; in early October a small Commerce-State team will visit selected Arab capitals to explain the prohibitions, and limitations of the anti-boycott law and the draft regulations.


Juanita M. Kreps

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: BERGLAND MEMO ON REPORT ON
INTERNATIONAL FOOD AND
AGRICULTURE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 26, 1977

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advise
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MEMORANDUM FOR THE PRESIDENT

FROM: PETER G. BOURNE *P.B.*

SUBJECT: BERGLAND MEMORANDUM DATED AUGUST 15, 1977,
RE REPORT ON INTERNATIONAL FOOD AND
AGRICULTURE

The comments contained in this memo were coordinated with the NSC, DC, OMB, OSTP, CEA, and the Cabinet Secretary.

I. Summary Analysis

Secretary Bergland's excellent report is encouraging in that he proposes that the Department of Agriculture become a full collaborator on international food policy governmentwide, and expresses a concern for food policies which address the basic human needs of the poor in the world. The key step to take now is to establish, where possible, specific Administration goals to achieve by 1980 which will dictate the policies to pursue. The flaws in the report are the absence of specifics concerning a procedure to arrive at an Administration position, a temporary coordinating mechanism, and lack of emphasis on particular aspects of the needs of the poor in the developing world. However, this can be resolved through a deliberative forum where the views of primary departments and agencies (State, Agriculture, AID, Treasury, the Peace Corps, etc.) and the private sector (in particular, farmers, businessmen) are taken into consideration in molding Administration food policy.

II. Key Proposals of Importance

--A UN speech by the President. It was felt that the UN speech should be considerably broader than simply a discussion of the world food problem, and indeed broader than basic human needs. It needs to lay out the President's global approach, particularly focusing on the type of world we envisage in coming decades. In so doing, however, it should communicate clearly the

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necessity of addressing the world food problem. The view was that an early October speech would be premature and that the President should await development of specific policies first.

- An expanded role for the Department of Agriculture. This newly expanded role should be developed in close collaboration with State, AID, NSC, OMB, and the White House, also with adequate involvement of the private sector as well as Congress.
- U.S.D.A.'s approach to commercial food sales, food reserves, trade, and food aid. However, what is required is the balancing of interests in this area with other interests including ensuring more equitable distribution of food to the poor, the relationship of our present U.S. and foreign agricultural production policies to nutrition (both at home and abroad), and the institutional linkages required to bring about a coordinated policy in these areas.
- Foreign Food Assistance. Provided, however, that the emphasis is on the poor nations.
- Scientific and technical collaboration. Provided, however, that the emphasis is on useful technology in support of the poor producers. Investment in basic agricultural research both here and abroad will be necessary in order to enhance the world's productive capacity for the intermediate and longer term. This is essential both to provide adequate food supply abroad as well as to keep food costs down domestically.
- International trade arrangements.

III. Specific Negative Attributes of the Report

- The report, though well conceived, was developed in somewhat of a policy vacuum. To the best of our knowledge, many of the principals in and out of government did not officially engage in collaborative consultation with Agriculture in developing the report. This can easily be rectified by convening a steering group made up of the principal agencies, to develop a set of governmentwide recommendations for the President to consider.
- The report lacks a budget impact analysis.

- The report lacks a specific set of measurable goals which identify what it is that all these policy initiatives will accomplish.
- Downplays the conflicting, competing, and overlapping policies now in place among the many agencies (26 agencies involved) and does not suggest how these problems will be worked out beyond consultation. Much more is required and leadership from the Executive Office could ensure that all views were considered in a policy evaluation.

In fact, what appears to be needed is to reform the present patchwork set of authorities and functions and, during the interim, establish a temporary coordinating mechanism which ensures that the various government and private interests are taken into consideration in making and executing policy over the short run and until the reforms are implemented.

- More attention should be given to the "demand" side of hunger, i.e., the ability of people to buy food. One key element in overcoming world hunger is to promote adequate development to enable people to earn enough money to buy the food they need. Simply focusing on increased production might lower food costs, but unless the question of hunger is looked at in an overall developmental context, we will be addressing only the supply side and not the demand side. This argues for avoiding too much of a shift from AID to the Department of Agriculture in dealing with the problem of world hunger.
- There is no objective analysis of the advantages and disadvantages of policy recommendations, and no alternatives suggested. The President needs to know the political and economic implications of a recommendation and the various alternatives available before deciding on a policy. Otherwise, there is no way to judge how one recommendation impacts on overall Administration objectives in this area.
- The report does not address the OMB Food Policy Reorganization Initiative or the AID and Brookings Development Assistance studies.

IV. Next Steps

- A. It is recommended that you send a memorandum to Secretary Bergland commending him for the very welcome, thoughtful, and innovative report. Furthermore, the letter should indicate that plans are to include Secretary Bergland as a principal participant in the international food policy issue. A proposed draft letter to the Secretary of Agriculture is attached.

- B. As you may recall, you requested Peter Bourne, Zbig Brzezinski, Stu Eizenstat and Frank Press to suggest a plan on World Hunger. We have been working on this and within the next two weeks will be submitting for your consideration a memorandum that proposes some initial steps needed to develop a coordinated world food policy.

Attachment

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THE WHITE HOUSE

WASHINGTON

To Secretary Bob Bergland

I would like to commend you on your very welcome, thoughtful and innovative "Report on International Food and Agriculture." I recently requested that my staff recommend a plan to coordinate world food policy. I will decide on the appropriate steps within the next few weeks, at which time you will be included as a principal participant in the formulation of world food policies.

Sincerely,

The Honorable Bob S. Bergland
Secretary of Agriculture
Washington, D.C. 20250

To Secretary Bob Bergland

I would like to commend you on your very welcome, thoughtful and innovative "Report on International Food and Agriculture." I recently requested that my staff recommend a plan to coordinate world food policy. I will decide on the appropriate steps within the next few weeks, at which time you will be included as a principal participant in the formulation of world food policies.

Sincerely,

The Honorable Bob S. Bergland
Secretary of Agriculture
Washington, D.C. 20250

JC/nm



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

RL
August 15, 1977

President Jimmy Carter
The White House
Washington, D. C.

Dear Mr. President:

I enclose for your information and comment my report on international food and agriculture.

My report outlines initiatives the Carter Administration should consider and other initiatives already underway in the Department of Agriculture.

The aim is to create a framework for the United States Government's actions in food and agriculture in developing and developed countries.

I am sending copies of my report to the Vice President and Stuart Eizenstat.

Sincerely,

BOB BERGLAND
Secretary

Enclosures

WING T O 224

REPORT TO PRESIDENT JIMMY CARTER
INTERNATIONAL FOOD AND AGRICULTURE
BOB BERGLAND, SECRETARY OF AGRICULTURE

August 15, 1977

Situation

You have made clear your commitment to fulfilling basic human needs in the United States and abroad. You have emphasized that food is a centerpiece of your foreign policy. These policy positions have to be translated into action.

The United States exports \$24 billion worth of agricultural products each year. Our surplus in agricultural trade is the dominant factor in our foreign exchange earnings. This Administration's actions must reflect this economic reality.

Now that domestic farm legislation is taking shape, the Carter Administration should focus on initiatives in international food and agriculture. In this report I suggest the directions these initiatives should take.

International Organizations

At the World Food Council meeting in June the United States moved into leadership on problems of food in the Third World. This advantage will be lost unless we exercise further leadership promptly and consistently.

-- I understand you are considering a speech before the United Nations General Assembly in September. This would be an excellent forum for you to specify initiatives on basic human needs, especially food, and to specify objectives we seek in international organizations concerned with food and agriculture. I will send you suggestions for topics to be included in such a speech.

-- The meeting of the Food and Agriculture Organization in Rome in November provides another opportunity for this Administration to make a positive turn in American policy. Mainly because of attitudes carried over from the past, the United States is seen as being more interested in haggling over FAO's budget than in FAO's real purposes. In my speech to the meeting in Rome I plan to emphasize this Administration's commitment to the FAO as a principal instrument for progress in world food and agriculture as well as our commitment to helping improve the effectiveness of the FAO.

-- In order to sustain our leadership in international organizations concerned with food and agriculture, Secretary Vance and I need to work out better means for exercising that leadership. Because of habits from the past, the Departments of State and Agriculture (and some other departments) tend to compete for leadership rather than concentrate on substance. Our working arrangements should reflect the facts that the Department of State has primary responsibility for coordinating foreign policy and that the Department of Agriculture has primary responsibility for substantive and technical decision-making on food and agriculture. I will work out necessary arrangements with Secretary Vance.

-- The Department of Agriculture also needs to work closely with international development banks on agricultural projects. In 1976 agricultural projects financed by these banks amounted to about \$3 billion. The World Bank has invited our participation, and we will take up that invitation.

Foreign Food Assistance

In September you will receive recommendations from the Development Coordinating Committee and the Brookings Institution about the overall shape

and scale of the United States' official development assistance. Probably you will have to choose among divergent options on substance and organization.

In my view, this Administration's foreign assistance program should be built on effective actions to deal with malnutrition and with inadequate rates of growth of food production in poor countries. I believe there is widespread support among the American people and in the Congress for this approach. But the structure we have inherited -- with its confused objectives and complicated administration -- is not delivering the goods.

I will submit for your consideration:

-- Proposed legislation to improve foreign food assistance now carried out under Public Law 480. The legislation would provide specific programs and specific budget items for: emergency assistance, including food-security arrangements for poor countries; humanitarian assistance directed to malnourished poor people and combined with local self-help projects for these families to raise their incomes; food for development, both to support major developmental projects such as land reform and to support long-term developmental policies by the governments of poor countries; and supporting assistance for situations, such as the Middle East, where the United States' strategic interests are involved. The legislation would provide for multiple-year commitments and reserve stocks of American food to back up these commitments. The legislation also would provide for active participation by voluntary organizations and land-grant universities and for collaboration between the Department of State/ Agency for International Development and the Department of Agriculture in administering foreign food assistance.

-- Recommendations for introducing effective management of foreign food assistance. Now the lines of responsibility and authority in Washington and the field seem designed to maximize conflict and minimize accomplishment. The P. L. 480 Interagency Staff Committee -- a group composed of non-policy-level people, many of whom have inadequate knowledge of food and agriculture and the countries to which our food assistance is directed -- should be abolished. After consulting with Secretary Vance and Governor Gilligan, I will recommend to you an arrangement between State/AID and the Department of Agriculture which will establish executive responsibility for P. L. 480 and will bring together our foreign policy and developmental interests with professional knowledge of food and agriculture in developing countries.

Scientific and Technical Collaboration

On June 20 the National Research Council (NRC) submitted to you an excellent analysis of the world food and nutrition situation and recommended actions by the United States Government to deal with that situation. The NRC stressed the need to expand food production in poor countries and to improve the distribution of the benefits of that increased production to satisfy nutritional needs of the poor. The NRC also emphasized that efficient food production here and abroad requires sustained scientific and technical collaboration between the United States and other countries. In fact, such collaboration supports both our developmental interests and our commercial interests.

Already the Department of Agriculture has collaborative arrangements with some 20 countries outside the group of countries served by the AID. Taking these two groups of countries together, the existing and prospective

demand on the United States' scientific and technical resources in food and agriculture is huge. These resources exist primarily in land-grant universities and the Department of Agriculture and, to a lesser but significant extent, in the private sector.

However, the United States Government is not organized to marshal these resources and put them to work. For example, except for arrangements which are fully financed by other countries, such as Saudi Arabia, and particular projects financed by the AID, the Department of Agriculture has no specific funds for international scientific and technical collaboration in food and agriculture. Although existing foreign assistance legislation authorizes funds for collaboration by land-grant universities and this Department on problems of food and agriculture in developing countries, in fact these funds are not being used. The result is piecemeal efforts far short of what the NRC recommends.

In the Department of Agriculture's budget estimates for fiscal year 1979, I will recommend funds to be used by land-grant universities and this Department to undertake scientific and technical collaboration with other countries -- both developed and developing -- along the lines recommended by the NRC. These estimates will include funds for the universities and this Department to develop resources for serious, sustained contributions to developing food and agriculture in poor, food-deficit countries. I don't propose to go into competition with the AID abroad, but I do intend to press the case for this Department's having sufficient funds and expertise to sustain scientific and technical work on international problems of food and agriculture.

-- I am designating a senior officer of the Department of Agriculture to be responsible for organizing this Department's participation in and our arrangements with land-grant universities for scientific and technical collaboration with other countries.

International Trade Arrangements

Negotiations in the International Wheat Council (IWC) and the Multilateral Trade Negotiations (MTN) will begin in earnest in Autumn 1977. Our basic objectives in these trade negotiations are to dampen wide swings in prices for producers and consumers, improve world food security, and expand trade flows of agricultural products.

The Office of the Special Trade Representative (STR) and the Department of Agriculture are collaborating closely in these negotiations. This Department is providing staff to the STR and is doing substantive and technical analyses for the agricultural trade negotiations.

-- The Carter Administration should give prominence to our agricultural objectives in these multilateral negotiations, because agriculture may be the knottiest area. So you can put your personal stamp on the negotiations, I suggest that you, Ambassador Strauss, and I meet in the White House with Congressional leaders to discuss our agricultural objectives and that you then meet with the press. This best could be done in September, before serious discussions in the IWC and the MTN begin.

-- In parallel with our seeking dependable multilateral arrangements, we should make clear our intention to be affirmative marketers of America's agricultural products. Among other things, this might impose some discipline on our competitors and encourage them to take the multilateral negotiations

more seriously. In the following section I outline initiatives in commercial export promotion. We should proceed now with bilateral arrangements with centrally-planned countries which do not participate in the MTN and with other initiatives which do not conflict with multilateral negotiations.

Commercial Export Promotion

Commercial sales are by far the predominant element of our international agricultural trade. We need an effective commercial export strategy and effective program management to support that strategy. This Administration should assure that the United States is a dependable supplier of high quality agricultural products to the world.

The Department of Agriculture is taking these actions:

-- We are analyzing individual countries abroad, and we are looking especially for those situations where rising economic demand can create rising markets for American agricultural products, now and in the future. Using this information, we will design three- to five-year plans with American agricultural export-promotion associations for markets in individual countries. Depending on the characteristics of each market, these plans will combine market-development activities by the private export-promotion associations, credit facilities from the private sector and from the United States Government, and commercial supply arrangements backed up by appropriate commitments from the Commodity Credit Corporation (CCC). We intend to complete these plans for major countries by June 1978 or earlier.

-- We will examine whether American agricultural cooperatives need special help from the Department of Agriculture to operate directly in foreign markets. Our international grain trade is dominated by a handful

of private companies which operate as multinationals; they do not seek to optimize American exports. American cooperatives might enliven competition and expand exports of American grain. We will consult with cooperatives in order to develop definite plans by the end of 1977.

-- We will design an intermediate credit program to fill in the gap between the one- to three-year credits now available from the CCC and the 20- to 40-year loans available under P. L. 480. This new credit program would address situations, such as Korea and Portugal, where development is not a primary consideration and help us market products, such as breeding cattle, for which the CCC's three-year credit maximum is unrealistic. The intermediate credit program will be designed this year, in time to be included in the budget for FY 1979, but probably should be held in reserve pending the outcome of multilateral trade negotiations. We will work with the Export-Import Bank in designing this program.

-- In our budget for FY 1979 we will recommend establishing a first group -- perhaps half a dozen -- of American agricultural trade offices abroad. IBM, Chase Manhattan, and Pan Am maintain highly visible presences abroad, but American agriculture does not. These trade offices would be operated on contract in collaboration with American export-promotion associations and would bring together some activities now conducted independently by these associations and by agricultural attaches.

-- We are acting to assure the quality of American agricultural exports through better inspection arrangements. These actions include tighter licensing and monitoring of inspectors, better means for fumigating

stored grain and for detecting hidden insect infestation, and better testing of the protein content of wheat.

-- We will work with private industry and governmental agencies to help develop storage and distribution facilities in countries whose imports are constrained by lack of such facilities. These facilities are especially important to poor, food-deficit countries.

I plan to highlight these initiatives in commercial export promotion in speeches during the coming weeks.

Program Management

Many of the initiatives I have outlined in this report interact with each other. A foreign food assistance program along the lines I have sketched requires a different approach to reserve stocks and forward planning than the United States has practiced until now. Multilateral trade negotiations interact with both our assistance to poor countries and our commercial trade. And so on. Because of these interactions, the Carter Administration needs to develop a pattern of policies and actions which links our domestic and foreign concerns in food and agriculture.

The absence of such a pattern can be painful to people in the United States and to people in other countries. For example, because our predecessors had no strategy for dealing with changes in international supply and demand for agricultural products, the United States' trade has had to absorb most of the fluctuations in world market conditions. For the same reason, food supplies for hungry people in the poorest countries were curtailed when their needs were critical.

In order to create a pattern for dealing with international food and agriculture, the Department of Agriculture is analyzing these program-management instruments and how they fit together:

-- Farmer-controlled stocks to be used primarily for stabilizing domestic market conditions in the interests of producers and consumers in the United States.

-- Government-controlled stocks to be used primarily for exercising the United States' obligations in international agreements -- both multilateral and bilateral -- and in food-security and developmental arrangements with poor, food-deficit countries.

-- Adjustments in agricultural production in the United States, through acreage adjustments and other means, to maintain appropriate supplies for stocks and for current demand.

-- Bilateral and multilateral trading arrangements as they interact with the above instruments.

We intend to complete much of this analysis by the end of 1977. We expect this analysis will yield legislative recommendations.

Also, in analyzing the food and agricultural situations in developing and developed countries abroad, we are examining the range of instruments available to the United States for dealing with individual countries. Particular countries may be candidates simultaneously for food assistance, scientific and technical collaboration, commercial export-promotion, bilateral agreements, and multilateral commodity agreements. To fit this range of instruments to individual countries requires information, planning, and

management which by and large have not been done until now. We also intend to complete a first round of these country plans by the end of 1977.

Action

I have outlined the several actions underway in the Department of Agriculture.

The FY 1979 budget and the legislative agenda for 1978 will be vehicles for your taking decisions on items which represent significant new departures or financial commitments.

Many of the items in this report should be included in formal Presidential messages at the beginning of 1978 and in speeches between now and then. My colleagues will work with Stuart Eizenstat to see that you receive recommended language for these messages and speeches.

If you agree it will be useful, I will plan to present informal reports on international food and agriculture to you and the members of the Cabinet each quarter.

Christine Dodson
England memo 8/15 11:25
8/17
Report on International
Food & Agriculture
CCT - 5:00 today

Check w/ Peter Bourne
if you are going to
summarize his
comments. 11:45
8/17

THE WHITE HOUSE

WASHINGTON

Date: August 15, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat — *see attached*
Jack Watson
Peter Bourne — *see attached*

FOR INFORMATION:

The Vice President
Bert Lance — *see attached*
Charlie Schultze — *see comments*
Zbig Brzezinski

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bergland memo dated 8/15/77 re Report on International Food and Agriculture.

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 17, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

*8/17
Eizenstat +
Bourne working
on joint memo to
be ready 8/24*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

August 17, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *LD*

SUBJECT: Secretary Bergland's 8/15/77 Report on
International Food and Agriculture

We think this report represents an excellent first-cut at framing the Administration's policy on international food and agriculture. It does a particularly nice job of tying together the several loose ends, including commercial trade policy, food assistance, and research. We also view the report as further evidence of the Department of Agriculture's strong interest in the issue as well as their somewhat latent capacity to make a significant contribution to the design and execution of an Administration policy on this subject. And, we believe it is an interest that should be encouraged.

Though we endorse many of the suggested actions listed in the report, we also believe they require further scrutiny, including that of OMB, State, Treasury, and STR. Pursuant to your earlier request, we have been working with Peter Bourne, Frank Press, and the NSC staff to develop a procedure for defining a world food policy. We suggest that the Bergland report be folded into that effort. We also suggest that this effort be somewhat more formally organized and that a work program and time schedule be established at an early date, perhaps using the PRM as a vehicle.

As you know, the world hunger issue is as complicated an issue as we are likely to encounter; and probably as important an issue too. Because of this, we feel it is especially important that the substantive elements of the policy be fully explored and understood before we embark on its promotion ... recognizing this must be done with dispatch.

THE WHITE HOUSE

WASHINGTON

August 17, 1977

MEMORANDUM

TO: Staff Secretary

FROM: Peter Bourne *P.B.*

SUBJECT: Bergland Memo dated August 15, 1977, re Report on International Food and Agriculture

I. Summary Analysis

Secretary Bergland's excellent report potentially marks a new era in the history of the Department of Agriculture (U.S.D.A.) on international food policy; namely, their move to become a full collaborator on international food policy governmentwide, and a concern for food policies which address the basic human needs of the poor in the world. The key step to take now is to establish specific Administration goals to achieve by 1980 which will dictate the policies to pursue. The flaws in the report, as I perceive them, are the absence of specifics concerning procedure to arrive at an Administration position, coordinating mechanisms, and lack of emphasis on particular aspects of the needs of the poor in the developing world. However, this can be resolved through a deliberative forum where the views of other primary departments and agencies (State, AID, Peace Corps, OMB, DC, and NSC) and the private sector are taken into consideration in molding Administration food policy.

II. Specific Positive Attributes

--I strongly support the idea of a UN speech by the President, but I feel it should be on the broader topic of basic human needs with world food as one aspect. It is, however, particularly crucial that a governmentwide and concise policy on basic human needs be agreed upon beforehand so that the President communicates a clear, crisp message to the world on this subject. It should also lay out clearly the goals we intend to accomplish in this area.

--An expanded role for U.S. Department of Agriculture. This newly expanded role should be developed in close

collaboration with State, AID, NSC, OMB, and the White House also with adequate involvement of the private sector as well as Congress.

--U.S.D.A.'s approach to commercial food sales, food reserves, trade, and food aid. However, what is required is the balancing of interests in this area with other interests including ensuring more equitable distribution of food to the poor, the relationship of our present U.S. and foreign agricultural production policies to nutrition (both at home and abroad), and the institutional linkages required to bring about a coordinated policy in these areas.

--Foreign Food Assistance. Provided, however, that the emphasis is on the poor nations.

--Scientific and technical collaboration. Provided, however, that the emphasis is on appropriate technology in support of the poor producers. The land grant universities have been accused of not emphasizing this aspect in their research, and we should guard against this.

--International trade arrangements.

III. Specific Negative Attributes of the Report

--The report, though well conceived, was developed in somewhat of a policy vacuum. To the best of my knowledge, many of the principals in and out of government did not officially engage in collaborative consultation with Agriculture in developing the report. This can easily be rectified by convening a steering group made up of the principal agencies, to develop a set of governmentwide recommendations for the President to consider.

--The report lacks a specific set of measurable goals which identify what it is that all these policy initiatives will accomplish.

--Downplays the conflicting, competing, and overlapping policies now in place among the many agencies (26 agencies involved) and does not suggest how these problems will be worked out beyond consultation. Much more is required and leadership from the executive office could ensure that all views were considered in a policy evaluation.

In fact, what appears to be needed is to reform the present patchwork set of authorities and functions, and during the interim, establish a temporary decision-making process which ensures that the various government and private interests are taken into consideration in making and executing policy over the short run and until the reforms are implemented.

--There is no objective analysis of the advantages and disadvantages of policy recommendations, and no alternatives suggested. The President needs to know the political and economic implication of a recommendation and the various alternatives available before deciding on a policy. Otherwise there is no way to judge how one recommendation impacts on overall Administration objectives in this area.

--The report does not address the proposed OMB Food Policy Reorganization Initiative or the AID and Brookings Development Assistance Studies.

Recommendations and Proposed Food Policy Implementation Strategy

1. The President should send a memo to Secretary Bergland commending him for the very thoughtful and innovative report.
2. Simultaneously, by Presidential Memorandum, establish a Steering Committee on World Food Policy with both government and private sector working groups reporting to the Committee. The Steering Committee will be composed of the Secretaries of State and Agriculture, the AID Administrator, a White House Adviser, and a member of Congress (who bridges domestic and international committee interests). The Chairman might be the Vice President.

Request the Steering Committee to recommend a set of 1980 goals, and strategies to reach them, which focus on the following areas of concern:

- a. Policies to provide more equitable access to available food.

People are hungry today not only because there is a scarcity of food but because many are poor; food goes to the highest bidder, not the neediest person. Therefore,

--U.S. policies should be designed to encourage poor nations to become more self-reliant in the development of their own agricultural capacity.

--U.S. policies should encourage an increase in income and development for the poorest billion people on earth.

b. Policies to increase the supply of food in relation to demand. This includes the following types of actions:

--Policies to increase food production and rural development in the developing nations.

--Policies to encourage a higher level of food production in the United States.

--Policies to provide food security through our international system of grain reserves. Perhaps serious consideration should be given to an international insurance scheme as now being debated within the World Bank community for this particular problem area.

--Policies to eliminate the waste of food, particularly post-harvest food losses.

c. Policies to provide food or food assistance for those unable to purchase sufficient food for adequate nutrition.

d. Policies to deal explicitly with the organization, management, and resources appropriate for the United States government to implement these policies.

This is a universally accepted problem of governments' inability to come to grips with this important responsibility area.

Recommendations within the above policy framework can provide the President with the basis for specific actions designed to move toward an action-oriented government policy.

Importantly, the Steering Committee should be required to consult with the private sector and Congress and reflect their views in the final recommendations to the President. The time frame should be as short as possible, preferably early October, in time to begin developing specific legislative proposals for the beginning of the next session of Congress, the State of the Union message, and other action-forcing events. I have begun to meet with key members of

Secretary Bergland's staff. I believe that we can work closely with him and with Stu Eizenstat and other key players to establish the kind of coordination that is necessary and make the most of this important first step which I believe this document represents.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 17 1977

MEMORANDUM FOR RICK HUTCHESON

FROM:

BO CUTTER

SUBJECT:

Bergland Memorandum to the President dated 8/15/77, re: Report on International Food and Agriculture

Secretary Bergland's memo appropriately stresses the role of food in U.S. foreign policy as well as in the U.S. international trade account. It further raises a series of important questions which warrant high-level interagency attention as the Administration moves toward a coherent framework for action in food and agriculture at home and abroad. However, as the Secretary himself concludes, many of these issues are now being studied by the Development Coordination Committee whose recommendations are due to the President in September while others are more normally raised in the budgetary and related legislative process. Yet others need careful study before any decision should be taken to proceed further. Because the affected agencies have not yet had a chance to reflect and comment on the Secretary's memorandum, such study should be done on an interagency basis to be responsive to the wide range of legitimate interests involved. Thus, while OMB agrees with many of the Secretary's conclusions and believes that such a list of potential initiatives is extremely useful in highlighting policy options, we feel it would be premature to make any major announcements on foreign aid strategy at the United Nations General Assembly this fall or at other international forums in the near future. As Secretary Bergland implies, early 1978 is a more reasonable timeframe.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 17, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Bob Bergland's memo to you on international agricultural policy measures is general in nature, indicating principally Agriculture's intention to make recommendations to you in the future in a number of substantive policy areas. At this stage, they are not specific enough to allow comment.

However, the memo raises the question of this Administration's organizational structure for coordinating policy in agricultural matters. Bergland's memo itself recognizes this problem.

This fact suggests that the OMB Reorganization Project should give first priority, in its study of food and nutrition, to the international aspects of agricultural policy.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

August 17, 1977

MEMORANDUM FOR: STU EIZENSTAT
PETER BOURNE

FROM: RICK HUTCHESON

SUBJECT: Secretary Bergland's 8/15/77 Report on
International Food and Agriculture

Per our conversation, It is my understanding that you will work jointly with other White House Staff members to prepare an overall memorandum on the above subject.

A copy of all staffing comments received by this office are attached for incorporation into the overall memorandum.

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

INFORMATION

17 August 1977

TO: THE PRESIDENT
FROM: RICK HUTCHESON *R.H.*
SUBJECT: Memos Not Submitted

1. SENATOR CHURCH LETTER, describing meeting with Castro in more detail. NSC has reviewed the memo, and says all of the issues were discussed in your meeting with Sen. Church. C
2. BLUMENTHAL MEMO on Normalization of US-Cuba relations. NSC comments that Blumenthal's position (that there is a tendency to overestimate the political leverage afforded the US by economic concessions) was presented in the minutes of the PRC meeting on Cuba of August 3, which the President has already seen. NSC also states that the President has already decided on the issue mentioned by Blumenthal. G1
3. GOODWIN CHASE LETTER on accomplishments of the Renegotiation Board since Chase became Chairman. G1
4. SECRETARY BERGLAND REPORT on international food and agriculture. Eizenstat and Bourne are coordinating White House staff response to the memo, which will be submitted to you when staff work is completed. G1

Date: August 15, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
 Jack Watson
 Peter Bourne

FOR INFORMATION:

The Vice President
 Bert Lance
 Charlie Schultze
 Zbig Brzezinski

465
 X C Camp
 En #1

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bergland memo dated 8/15/77 re Report on International Food and Agriculture.

YOUR RESPONSE MUST BE DELIVERED
 TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 17, 1977

ACTION REQUESTED:

 Your comments

Other: _____

STAFF RESPONSE:

 I concur. No comment.*Please note other comments below:***PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

August 15, 1977

RL

President Jimmy Carter
The White House
Washington, D. C.

Dear Mr. President:

I enclose for your information and comment my report on international food and agriculture.

My report outlines initiatives the Carter Administration should consider and other initiatives already underway in the Department of Agriculture.

The aim is to create a framework for the United States Government's actions in food and agriculture in developing and developed countries.

I am sending copies of my report to the Vice President and Stuart Eizenstat.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Bob Bergland".

BOB BERGLAND
Secretary

Enclosures

REPORT TO PRESIDENT JIMMY CARTER

INTERNATIONAL FOOD AND AGRICULTURE

BOB BERGLAND, SECRETARY OF AGRICULTURE

August 15, 1977

Situation

You have made clear your commitment to fulfilling basic human needs in the United States and abroad. You have emphasized that food is a centerpiece of your foreign policy. These policy positions have to be translated into action.

The United States exports \$24 billion worth of agricultural products each year. Our surplus in agricultural trade is the dominant factor in our foreign exchange earnings. This Administration's actions must reflect this economic reality.

Now that domestic farm legislation is taking shape, the Carter Administration should focus on initiatives in international food and agriculture. In this report I suggest the directions these initiatives should take.

International Organizations

At the World Food Council meeting in June the United States moved into leadership on problems of food in the Third World. This advantage will be lost unless we exercise further leadership promptly and consistently.

— I understand you are considering a speech before the United Nations General Assembly in September. This would be an excellent forum for you to specify initiatives on basic human needs, especially food, and to specify objectives we seek in international organizations concerned with food and agriculture. I will send you suggestions for topics to be included in such a speech.

X

-- The meeting of the Food and Agriculture Organization in Rome in November provides another opportunity for this Administration to make a positive turn in American policy. Mainly because of attitudes carried over from the past, the United States is seen as being more interested in haggling over FAO's budget than in FAO's real purposes. In my speech to the meeting in Rome I plan to emphasize this Administration's commitment to the FAO as a principal instrument for progress in world food and agriculture as well as our commitment to helping improve the effectiveness of the FAO.

-- In order to sustain our leadership in international organizations concerned with food and agriculture, Secretary Vance and I need to work out better means for exercising that leadership. Because of habits from the past, the Departments of State and Agriculture (and some other departments) tend to compete for leadership rather than concentrate on substance. Our working arrangements should reflect the facts that the Department of State has primary responsibility for coordinating foreign policy and that the Department of Agriculture has primary responsibility for substantive and technical decision-making on food and agriculture. I will work out necessary arrangements with Secretary Vance.

-- The Department of Agriculture also needs to work closely with international development banks on agricultural projects. In 1976 agricultural projects financed by these banks amounted to about \$3 billion. The World Bank has invited our participation, and we will take up that invitation.

Foreign Food Assistance

In September you will receive recommendations from the Development Coordinating Committee and the Brookings Institution about the overall shape

and scale of the United States' official development assistance. Probably you will have to choose among divergent options on substance and organization.

In my view, this Administration's foreign assistance program should be built on effective actions to deal with malnutrition and with inadequate rates of growth of food production in poor countries. I believe there is widespread support among the American people and in the Congress for this approach. But the structure we have inherited -- with its confused objectives and complicated administration -- is not delivering the goods.

I will submit for your consideration:

-- Proposed legislation to improve foreign food assistance now carried out under Public Law 480. The legislation would provide specific programs and specific budget items for: emergency assistance, including food-security arrangements for poor countries; humanitarian assistance directed to malnourished poor people and combined with local self-help projects for these families to raise their incomes; food for development, both to support major developmental projects such as land reform and to support long-term developmental policies by the governments of poor countries; and supporting assistance for situations, such as the Middle East, where the United States' strategic interests are involved. The legislation would provide for multiple-year commitments and reserve stocks of American food to back up these commitments. The legislation also would provide for active participation by voluntary organizations and land-grant universities and for collaboration between the Department of State/ Agency for International Development and the Department of Agriculture in administering foreign food assistance.

-- Recommendations for introducing effective management of foreign food assistance. Now the lines of responsibility and authority in Washington and the field seem designed to maximize conflict and minimize accomplishment. The P. L. 480 Interagency Staff Committee -- a group composed of non-policy-level people, many of whom have inadequate knowledge of food and agriculture and the countries to which our food assistance is directed -- should be abolished. After consulting with Secretary Vance and Governor Gilligan, I will recommend to you an arrangement between State/AID and the Department of Agriculture which will establish executive responsibility for P. L. 480 and will bring together our foreign policy and developmental interests with professional knowledge of food and agriculture in developing countries.

others
too

Scientific and Technical Collaboration

On June 20 the National Research Council (NRC) submitted to you an excellent analysis of the world food and nutrition situation and recommended actions by the United States Government to deal with that situation. The NRC stressed the need to expand food production in poor countries and to improve the distribution of the benefits of that increased production to satisfy nutritional needs of the poor. The NRC also emphasized that efficient food production here and abroad requires sustained scientific and technical collaboration between the United States and other countries. In fact, such collaboration supports both our developmental interests and our commercial interests.

Already the Department of Agriculture has collaborative arrangements with some 20 countries outside the group of countries served by the AID. Taking these two groups of countries together, the existing and prospective

demand on the United States' scientific and technical resources in food and agriculture is huge. These resources exist primarily in land-grant universities and the Department of Agriculture and, to a lesser but significant extent, in the private sector.

However, the United States Government is not organized to marshal these resources and put them to work. For example, except for arrangements which are fully financed by other countries, such as Saudi Arabia, and particular projects financed by the AID, the Department of Agriculture has no specific funds for international scientific and technical collaboration in food and agriculture. Although existing foreign assistance legislation authorizes funds for collaboration by land-grant universities and this Department on problems of food and agriculture in developing countries, in fact these funds are not being used. The result is piecemeal efforts far short of what the NRC recommends.

In the Department of Agriculture's budget estimates for fiscal year 1979, I will recommend funds to be used by land-grant universities and this Department to undertake scientific and technical collaboration with other countries -- both developed and developing -- along the lines recommended by the NRC. These estimates will include funds for the universities and this Department to develop resources for serious, sustained contributions to developing food and agriculture in poor, food-deficit countries. I don't propose to go into competition with the AID abroad, but I do intend to press the case for this Department's having sufficient funds and expertise to sustain scientific and technical work on international problems of food and agriculture.

-- I am designating a senior officer of the Department of Agriculture to be responsible for organizing this Department's participation in and our arrangements with land-grant universities for scientific and technical collaboration with other countries.

International Trade Arrangements

Negotiations in the International Wheat Council (IWC) and the Multilateral Trade Negotiations (MTN) will begin in earnest in Autumn 1977. Our basic objectives in these trade negotiations are to dampen wide swings in prices for producers and consumers, improve world food security, and expand trade flows of agricultural products.

The Office of the Special Trade Representative (STR) and the Department of Agriculture are collaborating closely in these negotiations. This Department is providing staff to the STR and is doing substantive and technical analyses for the agricultural trade negotiations.

-- The Carter Administration should give prominence to our agricultural objectives in these multilateral negotiations, because agriculture may be the knottiest area. So you can put your personal stamp on the negotiations, I suggest that you, Ambassador Strauss, and I meet in the White House with Congressional leaders to discuss our agricultural objectives and that you then meet with the press. This best could be done in September, before serious discussions in the IWC and the MTN begin.

-- In parallel with our seeking dependable multilateral arrangements, we should make clear our intention to be affirmative marketers of America's agricultural products. Among other things, this might impose some discipline on our competitors and encourage them to take the multilateral negotiations

more seriously. In the following section I outline initiatives in commercial export promotion. We should proceed now with bilateral arrangements with centrally-planned countries which do not participate in the MTN and with other initiatives which do not conflict with multilateral negotiations.

Commercial Export Promotion

Commercial sales are by far the predominant element of our international agricultural trade. We need an effective commercial export strategy and effective program management to support that strategy. This Administration should assure that the United States is a dependable supplier of high quality agricultural products to the world.

The Department of Agriculture is taking these actions:

-- We are analyzing individual countries abroad, and we are looking especially for those situations where rising economic demand can create rising markets for American agricultural products, now and in the future. Using this information, we will design three- to five-year plans with American agricultural export-promotion associations for markets in individual countries. Depending on the characteristics of each market, these plans will combine market-development activities by the private export-promotion associations, credit facilities from the private sector and from the United States Government, and commercial supply arrangements backed up by appropriate commitments from the Commodity Credit Corporation (CCC). We intend to complete these plans for major countries by June 1978 or earlier.

-- We will examine whether American agricultural cooperatives need special help from the Department of Agriculture to operate directly in foreign markets. Our international grain trade is dominated by a handful

of private companies which operate as multinationals; they do not seek to optimize American exports. American cooperatives might enliven competition and expand exports of American grain. We will consult with cooperatives in order to develop definite plans by the end of 1977.

-- We will design an intermediate credit program to fill in the gap between the one- to three-year credits now available from the CCC and the 20- to 40-year loans available under P. L. 480. This new credit program would address situations, such as Korea and Portugal, where development is not a primary consideration and help us market products, such as breeding cattle, for which the CCC's three-year credit maximum is unrealistic. The intermediate credit program will be designed this year, in time to be included in the budget for FY 1979, but probably should be held in reserve pending the outcome of multilateral trade negotiations. We will work with the Export-Import Bank in designing this program.

-- In our budget for FY 1979 we will recommend establishing a first group -- perhaps half a dozen -- of American agricultural trade offices abroad. IBM, Chase Manhattan, and Pan Am maintain highly visible presences abroad, but American agriculture does not. These trade offices would be operated on contract in collaboration with American export-promotion associations and would bring together some activities now conducted independently by these associations and by agricultural attaches.

-- We are acting to assure the quality of American agricultural exports through better inspection arrangements. These actions include tighter licensing and monitoring of inspectors, better means for fumigating

stored grain and for detecting hidden insect infestation, and better testing of the protein content of wheat.

-- We will work with private industry and governmental agencies to help develop storage and distribution facilities in countries whose imports are constrained by lack of such facilities. These facilities are especially important to poor, food-deficit countries.

I plan to highlight these initiatives in commercial export promotion in speeches during the coming weeks.

Program Management

Many of the initiatives I have outlined in this report interact with each other. A foreign food assistance program along the lines I have sketched requires a different approach to reserve stocks and forward planning than the United States has practiced until now. Multilateral trade negotiations interact with both our assistance to poor countries and our commercial trade. And so on. Because of these interactions, the Carter Administration needs to develop a pattern of policies and actions which links our domestic and foreign concerns in food and agriculture.

The absence of such a pattern can be painful to people in the United States and to people in other countries. For example, because our predecessors had no strategy for dealing with changes in international supply and demand for agricultural products, the United States' trade has had to absorb most of the fluctuations in world market conditions. For the same reason, food supplies for hungry people in the poorest countries were curtailed when their needs were critical.

In order to create a pattern for dealing with international food and agriculture, the Department of Agriculture is analyzing these program-management instruments and how they fit together:

-- Farmer-controlled stocks to be used primarily for stabilizing domestic market conditions in the interests of producers and consumers in the United States.

-- Government-controlled stocks to be used primarily for exercising the United States' obligations in international agreements -- both multilateral and bilateral -- and in food-security and developmental arrangements with poor, food-deficit countries.

-- Adjustments in agricultural production in the United States, through acreage adjustments and other means, to maintain appropriate supplies for stocks and for current demand.

-- Bilateral and multilateral trading arrangements as they interact with the above instruments.

We intend to complete much of this analysis by the end of 1977. We expect this analysis will yield legislative recommendations.

Also, in analyzing the food and agricultural situations in developing and developed countries abroad, we are examining the range of instruments available to the United States for dealing with individual countries. Particular countries may be candidates simultaneously for food assistance, scientific and technical collaboration, commercial export-promotion, bilateral agreements, and multilateral commodity agreements. To fit this range of instruments to individual countries requires information, planning, and

management which by and large have not been done until now. We also intend to complete a first round of these country plans by the end of 1977.

Action

I have outlined the several actions underway in the Department of Agriculture.

The FY 1979 budget and the legislative agenda for 1978 will be vehicles for your taking decisions on items which represent significant new departures or financial commitments.

Many of the items in this report should be included in formal Presidential messages at the beginning of 1978 and in speeches between now and then. My colleagues will work with Stuart Eizenstat to see that you receive recommended language for these messages and speeches.

If you agree it will be useful, I will plan to present informal reports on international food and agriculture to you and the members of the Cabinet each quarter.

NATIONAL SECURITY COUNCIL

August 20, 1977

TO RICK HUTCHESON
FROM CHRISTINE DODSON *Christine*

NSC Comments on your action request
re Bergland memo on Report on
International Food and Agriculture
is attached. Trudy tells me that
there is still time for this NSC
input.

*send copies to SE &
Beverly & add to file*

THE WHITE HOUSE
WASHINGTON

August 22, 1977

Stu Eizenstat
Peter Bourne

The attached is for your
information.

Rick Hutcheson

NSC COMMENTS ON REPORT ON
INTERNATIONAL FOOD AND
AGRICULTURE

MEMORANDUM

NATIONAL SECURITY COUNCIL

August 19, 1977

MEMORANDUM FOR: CHRISTINE DODSON
FROM: ROBERT HORMATS *RH*
SUBJECT: Comments on Bergland Memo of 8/15/77
on International Food and Agriculture

I have the following comments on the above-mentioned memo. First, Bergland wants Agriculture to provide funds to land grant universities to undertake scientific and technical collaboration on how to expand food production in the poor countries. This might be an excellent idea, but one aspect of promoting agricultural development which should not be neglected is to build up the institutions in developing countries to do work of the same nature. Too frequently programs for US universities become subsidies for research and lose sight of the ultimate objectives of promoting food production in poorer countries. Before this idea is approved, there should be a more specific description of the types of projects to be funded.

Second, it is undesirable to take agriculture out of the MTN process and focus on it at a separate Presidential meeting. This would have two serious drawbacks. One, it might lead the Europeans to believe that we are going to launch a major assault on their agricultural policies, which might make them dig in their heels on this and other aspects of the MTN. Two, it might lead US labor to believe that we were devoting more attention to agriculture than appropriate and less attention to improving access to foreign markets for US manufactured goods. (Labor already believes that the negotiations might sacrifice the interests of the manufacturing sector in favor of the interests of Agriculture.)

Third, the idea of working with private industry and government agencies to help develop storage and distribution facilities in other countries is excellent, and deserves strong support.

On the whole, Secretary Bergland's commitment to improve international cooperation in agriculture and to helping the poorer countries to improve and increase food production is one that NSC strongly supports.