

The original documents are located in Box 55, folder “1976/01/14 - Economic Policy Board” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE MEETING

AGENDA

8:30 a.m.

Roosevelt Room

January 14, 1976

1. Report of the EPB/NSC Task Force on Commodities Treasury/State
2. New York City Update Treasury

1/9/76

ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE

Proposed Agenda

Monday, January 12, 1976

1. Proposals to repeal the excise tax on trucks, trailers, and buses Treasury
2. Food Deputies Report MacAvoy
3. Report on IMF Meetings Treasury

Tuesday, January 13, 1976 (EPB/ERC Executive Committee meeting)

PRINCIPALS ONLY

1. Agency Responsibilities under the Energy Policy and Conservation Act Zarb
2. Countercyclical Assistance Act Treasury/OMB

Wednesday, January 14, 1976

1. Report of the EPB/NSC Task Force on Commodities Treasury/State
2. New York City Update Treasury

Thursday, January 15, 1976

1. Review of Regulatory Reform Initiatives MacAvoy
2. Review of Omnibus Railroad Bill Transportation

Friday, January 16, 1976

No EPB Executive Committee meeting



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

JAN 12 1976

ASSISTANT SECRETARY

MEMORANDUM FOR

The Economic Policy Board

SUBJECT Report of the Commodity Policy Coordinating
Committee.

1. Preparation for CIEC/UNCTAD commodity meetings.

The Committee agreed that it will prepare a proposal under which the USG will put forth its own "Comprehensive Approach" to commodities. If approved, this proposal would be put forward for discussion both at CIEC's Raw Materials Commission and at meetings leading up to UNCTAD IV. The elements of this approach will be carefully defined and agreed internally. In major part these will be very familiar: for example, Development Security Facility, the case-by-case approach, and producer-consumer forums.

The Committee also agreed to review the availability of IMF financing for buffer stocks, and to consider whether a change in traditional U.S. opposition to consumer contribution to buffer stocks might be appropriate. In this context, we should examine whether an expanded IMF facility could finance consumer as well as producer contributions. Finally, a thorough critique of the UNCTAD-proposed "common fund" for buffer stocks will also be prepared to provide the basis for a U.S. position at upcoming meetings.

2. Consumer-producer forums: copper.

The Committee agreed that the appropriate way to implement the United States' commitment to organize a producer-consumer forum for copper would be for a group of major consumers to invite producers to an organizational meeting. This meeting could perhaps be held in London, where a number of commodity-related organizations are located. State will prepare for clearance telegrams to other major consumers asking them to be prepared to discuss this proposal at the next meeting of the OECD High Level Group on Commodities, which will meet early in February.

3. International Cocoa Agreement.

The Committee agreed that State will inform producing countries that the United States does not intend to sign the newly negotiated Cocoa Agreement, but would be willing to participate in a renegotiation of the agreement if the purpose were to achieve a more economically viable one. State will prepare for clearance a cable expressing this view. There was some reservation about the effect of this notification on U.S. political interests in Africa.

4. International Coffee Agreement.

The State-chaired working group on coffee is analyzing the new agreement. The working group will prepare a paper setting forth its analysis and report to the Committee at its next meeting (January 26). The Committee will then promptly report to the EPB, so that a decision whether or not to join will be made in ample time to comply with congressional deadlines for submission of legislative initiatives.

5. Analysis of coordinated national stockpiles as an alternative to international buffer stocks.

A leading spokesman for the copper industry has proposed that "coordinated" national copper stockpiles be created as an alternative to a single international copper buffer stock. Similar proposals have been made for other commodities. The Committee agreed that the proposal should be critically analyzed, and the State Department agreed to explore the financing of such an analysis. In the meantime, State and Treasury will prepare an outline for consideration of other agencies.

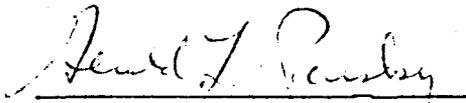
6. Effect of Angolan conflict on commodity markets.

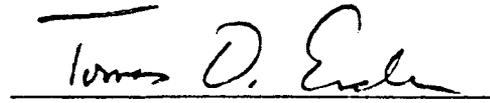
The Committee heard an information report on the effects of the conflict in Angola on certain commodities, and agreed to continue to watch the situation.

7. Longer-term studies.

The Committee received a study proposal from CIEP, which at the previous Committee meeting agreed to prepare it. Major topics

proposed for review would be: the escalating tariff issue; analysis of the availability of certain selected commodities over the next few years; investment trends and capacity in selected commodities; problems of the institutional marketing networks in certain industries. CIEP will lead a working group to further define and schedule this work.


Gerald L. Parsky


Thomas O. Enders



THE UNDER SECRETARY OF THE TREASURY
FOR MONETARY AFFAIRS
WASHINGTON, D.C. 20220

MEMORANDUM FOR EXECUTIVE COMMITTEE, ECONOMIC POLICY BOARD
SUBJECT: Update on New York

1. Loans to Date

Loans in the amount of \$130 million at an interest rate of 6.92% and \$240 million at 6.68% were made on 12/15 and 12/31. A further loan of \$140 million is scheduled for 1/15.

2. Credit Agreement

The master credit agreement was signed 12/30 (copy attached). It provides the following protections to the Government.

Certification by the Emergency Financial Control Board that loans requested are consistent with the City Financial Plan.

Submission to the Secretary of a Borrowing and Repayment Schedule, approved by the Control Board, showing expected receipts and expenditures for the current and next fiscal years, amounts and dates of anticipated borrowings and specification of repayment sources.

Agreement by the Mayor, City Comptroller and Control Board that they will take all actions necessary to insure that revenues specified as repayment revenues are paid into a specified repayment account. In the event that there is any doubt about the availability or sufficiency of the repayment revenues, the Mayor, Comptroller and Board agree to specify alternative sources of repayment.

Power to require the Governor and State Comptroller to prevent disbursement of State funded repayment revenues except as provided by the Loan Agreement.

Agreement by the City and Board to use "best efforts" to see that the Financial Plan is carried out and its assumptions fulfilled.

Submission of detailed reports on a regular basis to provide the flow of information needed to track and monitor the City's performance and adherence to the Financial Plan and Loan Agreement.

Submission of economic condition analyses semi-annually, commencing July 31, 1976.

Audit power.

Agreement that the City will put in place a new accounting system by July 1, 1977.

3. Arthur Andersen Report

Treasury has retained Arthur Andersen to evaluate the City Financial Plan and the City's accounting systems and to devise a reporting and monitoring package. This engagement is expected to terminate by February 1.

A. Financial Plan

The report (copies of which should be available by the 1/14 Executive Committee meeting) pinpoints key problem areas in the City Financial Plan.

The spending cuts called for by the City's Three Year Financial Plan are running behind projections.

Pension plans are underfunded.

There may be substantial reduction of revenues below levels projected in the Plan, up to \$571 million because of reduced State aid, revision of the real estate tax equalization rate and repeal of the bond transfer tax.

The Plan assumes that real estate tax collections will be 90% of taxes levied in this and the succeeding fiscal years, despite prepayment in FY 1975 of \$192 million. This assumption may be optimistic.

The Plan assumes that revenues will grow at 5, 7, and 7 percents in FY 1976, 1977 and 1978, apart from recently adopted new taxes. This assumption may be unrealistic.

The Plan assumes welfare costs will not rise.

B. Future Problems

The Andersen Report also points out that even if the plan is met, the City will face major problems in FY 1979. There will be demands for large wage increases, pressure to catch-up on deferred and terminated capital projects and the moratorium will be over.

C. Inadequate Reporting System

The Andersen Report is extremely critical of the City's current financial system and controls.

4. Reporting Package

A reporting package has been designed to provide the flow of information needed to track and monitor the City's performance (the package is an Exhibit to the credit agreement). The State Comptroller's office also is designing a reporting package, and the two will be coordinated as much as possible.

5. Congressional Liaison

A liaison group has been established with key staff members of the Senate and House Banking and Appropriations Committees. This group was briefed on December 18 and will be briefed again on January 14. At least one briefing per month is expected. This group has received the Credit Agreement and will receive the Andersen Report.

Edwin H. Yeo III