The original documents are located in Box C8, folder "Presidential Handwriting, 12/18/74 (3)" of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

TA 4/CM 20-6

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

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December 18, 1974

MEMORANDUM FOR: THE PRESIDENT

THROUGH : L. WILLIAM SEIDMAN LWS

SUBJECT : Meat Import Policy in 1975

A decision on next year's meat import policy should be made and announced by December 31. The issues and options are explained in the paper at Tab A prepared by the Food Deputies Group. Executive agencies concerned with this problem participated in preparing the paper and their individual recommendations are at Tab B.

The decision involves trade-offs among three objectives: providing a measure of relief to our financially-distressed cattle industry; maintaining an all-out effort against inflation; and meeting our international responsibilities in the trade area.

Option 1 - Allow mandatory quotas to be triggered at the "base quantity" prescribed in the Meat Import Law.

While this option would be most favorable to the cattle industry, it would be in direct conflict with the inflation and international trade objectives. No agency supports this option.

Option 2 - Limit the quantity of meat imports through voluntary export restraints negotiated with supplying countries by the State Department.

This approach was followed from 1968 until mid-1972, when all import restrictions were suspended to combat rising food prices. It would be less objectionable than Option 1 from an international standpoint, but it would be regarded as an inflationary action by the Administration in the face of rising food prices.

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The cattle industry's acceptance would depend on the level of imports permitted.

a. Negotiate voluntary restraints between the "base quantity" and the "trigger level" in the Law.

   - Agriculture, Treasury, and Commerce support this suboption.

b. Negotiate restraints between the base quantity and trigger level if possible, but permit State to go above the trigger level if necessary.

   - Agriculture would accept this suboption with a cap of 1.2 billion pounds. State strongly supports Option 3, but if this Option is selected would favor a negotiated restraint level at or close to 1.2 billion pounds.

Option 3 - Continue the current suspension of quotas, but indicate that restrictions will be imposed later if imports start to increase markedly and domestic conditions warrant such action.

The justification for this action is that imports, which have been running below the trigger level, are expected to remain at a rate near the trigger level in the first half of 1975. While this is the preferred option to meet the anti-inflation and international objectives, it may violate the intent of the Meat Import Law and the cattle industry could consider it inconsistent with your October 31 speech in Sioux City.

- Agencies supporting Option 3 are:

  State, OMB, CIEP, CEA, NSC, and the Council on Wage and Price Stability.

The statements by Agriculture and State (TAB B) provide excellent supporting arguments for their respective positions. Key factual information is given on the next page.

Gary L Seevers

Gary L. Seevers, Chairman
Food Deputies Group

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OPTION 1: mandatory quotas at 1.07 billion lbs. ____________

OPTION 2: voluntary restraints

- between 1.07 and 1.18 billion lbs. (Agriculture, Commerce, Treasury) ____________
- with a 1.2 billion lb. cap (acceptable to Agriculture) ____________ NCF.
- at about 1.2 billion lbs. (second choice of State) ____________

OPTION 3: Continue quota suspension and impose restrictions only if imports rise markedly (State, OMB, CIEP, CEA, NSC, and CWPS) ____________