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THE WHITE HOUSE
WASHINGTON

August 11, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SEIDMAN
FROM: JAMES E. CONNOR
SUBJECT: Grain Situation

Confirming phone call to your office by Terry O'Donnell on August 9, the President reviewed your memorandum of August 8 and approved the proposed statement to be made by Secretary Butz at his regular news conference after release of the crop report by USDA.

cc: Don Rumsfeld

THE WHITE HOUSE
WASHINGTON

Jim Connor —

— The President asked
that this be passed
on to Earl Butz.

— I couldn't reach
Butz, Seidman
or Porter so I
passed onto Terri
Bill Seidman's
Secretary w/ instructions
to notify —

Butz

Greenough

Seidman

Porter

Seoucraft

TOS

THE WHITE HOUSE

WASHINGTON

August 8, 1975

MEMORANDUM FOR: THE PRESIDENT
FROM: L. WILLIAM SEIDMAN *fws*
SUBJECT: Grain Situation

The attached memorandum suggests that a statement on Soviet grain purchases may be necessary before your August 18 speech at the Iowa State Fair. Secretary Butz is prepared to make a statement on Monday at his regular new conference after release of the crop report by USDA.

The substance of such a statement would be as follows:

"In recent weeks, a great deal of interest has been created by reports of Soviet purchases of grain. So far, those purchases total 382 million bushels. To make certain that future sales to Russia will not cause higher food prices, I have asked the Soviets to suspend their purchases temporarily. We will make a reassessment when more is known about our farm production to determine whether additional grain sales to the Soviet Union are in the national interest.

"I want to stress that this reassessment in the special case of sales to the Soviet Union, which has such larger-than-ordinary demands, in no way represents a change in our basic policy of full exports to our traditional trading partners."

Treasury, State, CEA, CIEP, Labor and Commerce agree with the statement but had approved it for your August 18 Iowa speech.

Do you wish to discuss this with Secretary Butz in the morning?

Yes _____ No _____ See me _____

Do you approve of the statement?

Yes *HC 7* _____ No _____ See me _____

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

August 8, 1975

MEMORANDUM FOR BILL SEIDMAN

FROM: Paul W. MacAvoy



SUBJECT: Public Exposure of the Russian Grain Shortage

The CIA estimate that the Russian grain crops will be 50 million tons short of expectation will probably be in the newspapers in the next day or two. Dan Morgan of the Washington Post has a CIA report. Senator Jackson's staff has requested and received a CIA briefing. Jackson will probably release a press statement today saying that "the shortage is twice as large as in 1972."

The release of the CIA forecast will occur at the same time that the USDA crop forecast for the U.S. is coming out (August 11). Both are likely to be extremely bullish - indicating significantly increased demands for American crops and some reduction of supply. The reductions of supply are likely to be around 5 million tons because of dry weather in Iowa.

The bullish conditions are likely to push up commodity prices immediately. Also, there will be questioning by the press as to our intentions with respect to Russian sales. These call for a statement on U.S. policy on further sales to the Russians.

