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EPB/ERC EXECUTIVE COMMITTEE MEETING

AGENDA

8:30 a.m.

Roosevelt Room

February 10, 1976

PRINCIPALS ONLY

- | | |
|--|---------|
| 1. Establishment of Labor Negotiations Committee | Seidman |
| 2. Clean Air Act Amendments | FEA |
| 3. Report on Project Independence | FEA |
| 4. Alaskan OCS | FEA |

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THE WHITE HOUSE

WASHINGTON

February 3, 1976

MEMORANDUM FOR THE ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE

FROM: :

L. WILLIAM SEIDMAN *lws*

SUBJECT:

Establishing an Economic Policy Board
Labor Negotiations Committee

Recent discussions at Economic Policy Board Executive Committee meetings have highlighted the importance of a large number of labor contract negotiations during 1976. There is a need to focus responsibility for monitoring and developing recommended Administration policy with regard to these negotiations.

The Food Deputies Group has successfully performed this function on agricultural policy issues and a similar group to monitor labor negotiations could be extremely useful.

Recommendation: That the Economic Policy Board Executive Committee establish a Labor Negotiations Committee to monitor and develop recommendations for Administration policy. The Committee will be chaired by the Department of Labor and will include representatives from the Department of Labor, the Department of Commerce, the Council on Wage and Price Stability, the Council of Economic Advisers, and the Federal Mediation and Conciliation Service. The Committee will provide biweekly reports on labor negotiation developments to the EPB Executive Committee.

THE WHITE HOUSE

WASHINGTON

February 9, 1976

FOR ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE

The attached paper(s) will be discussed at the
Wednesday, February 11, 1976 EPB Executive Com-
mittee meeting.

Attachment

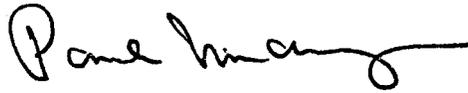
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

February 6, 1976

MEMORANDUM FOR THE EPB -- EXECUTIVE COMMITTEE

FROM: Paul W. MacAvoy



SUBJECT: Food Deputies Report No. 37

1. 1976 Crop Prospects

The USDA report on planting intentions for 1976 crops as of January 1 shows intended acreage of reported crops up 2.8 million acres (1 percent) from 1975 plantings. The 1975 plantings were at the highest level since 1956.

Increased acreages are indicated for feed grains of 3.0 million acres and wheat of 2.1 million acres. Corn accounts for 2.9 million acres of the feed grain increase. Soybean acres planned are down 3.7 million acres. Reallocation of soybean acreage to corn and cotton has been encouraged by recent relative price changes.

With last year's yield, corn production would be about 6.1 billion bushels, about a 6 percent increase over the 1975 crop. For wheat, there would be a similar increase except for the effects of weather conditions. Despite increased planting the wheat crop could well be smaller in 1976 than in 1975. The USDA estimate is that while 1976 planted acreage of winter wheat is 1.0 million acres higher than in 1975, harvested acreage will be 1.6 million acres less. The implied percentage of wheat acreage planted but not harvested is 13 percent for 1976, compared to 7 percent in 1975. Some of the abandoned acreage could be planted to sorghum or other crops this spring.

The problem with wheat is the continuing drought and lack of snow cover in parts of the winter wheat area. In its report based on December 1 conditions, USDA estimated winter wheat production for 1976 at 9 percent



below 1975 despite a 2 percent increase in planted acreage. The continuation of dry conditions since December 1 should have increased the crop shortfall. However, the USDA December report may have been too pessimistic given conditions at that time. One indication of this is that the market did not react to the December report even though the estimates were generally a surprise to the private trade.

There is extreme uncertainty in any yield projections at this time. Precipitation by the end of February in the dry areas could restore expected yields perhaps above USDA's estimates as of December 1. However, events in the next several weeks will be critical. If there were no rain or snow cover by the end of February the total loss from conditions in the last few months could be 10 percent of the wheat crop compared to the situation if yields were at last year's levels. The uncertainty of this prediction should be emphasized.

2. Exports of Corn and Wheat

Export commitments to the U.S.S.R. were increased by 312,000 metric tons of corn, bringing total 1975/76 commitments of feed grains and wheat to the Soviets to 13.4 million metric tons. The increase apparently results from inability to fill a previously existing sale with Argentine corn, because of reduced Argentine corn production prospects. Further such shifts are likely, perhaps 1 million tons according to some in the grain trade.

Grain export commitments to Eastern Europe have increased by about 300,000 metric tons during the past two weeks, and now total 5.9 million tons for 1975/76.

Exports of corn and soybeans continue at levels which will exceed the USDA projections of marketing-year totals if continued at rates so far experienced. Exports of wheat, however, continue to run behind the rate necessary to reach forecast exports.

The USDA has reviewed estimates of grain shipments to the U.S.S.R. from all sources. It is now estimated that such shipments totaled 13.7 million metric tons for the 7-month June 1975 to January 1976 period. Based on the monthly rate of shipments since October, 27 million tons of grain could be imported by the Soviets in the July 1975-June 1976 year. With Soviet purchases for shipment in this period now estimated at slightly above 25 million tons, they could buy an additional 2 or 3 million tons of 1975 crop grain.

If the outlook for the 1976 U.S. wheat harvest continues to deteriorate, there will be an increased incentive for wheat importers to make contemplated purchases from the United States out of the 1975 crop rather than

waiting for the 1976 harvest. Thus, an expected shortfall in the 1976 harvest would tend to increase 1975 crop demand and price, and reduce stocks of wheat carried out of the 1975/76 crop year. USDA now forecasts 1975/76 ending stocks at about 11.7 million metric tons, up 2.8 million tons from the 1974/75 carryover. In this case, a 2.8 million ton shortfall (about 5 percent of last year's total wheat production) could be absorbed from carryover stocks by letting 1975/76 ending stocks return to 1974/75 levels. (The 1974/75 ending stocks were not minimum levels, since 1973/74 ending stocks, at 6.7 million tons, were lower still by 2.2 million tons.)

3. Agricultural Prices

The USDA index of prices received by farmers declined by one-half of 1 percent from December 15 to January 15, but the index on January 15 was 8 percent above a year earlier. For the year-to-year change, livestock and livestock products were up 21 percent, while crops declined 6 percent. The index of prices paid by farmers for commodities, interest, taxes, and wages was up 1 percent for the month ending January 15 and up 5-1/2 percent from a year earlier.

In the period since January 15, cattle and hog prices fell sharply but have come back in the past few days, although they are still below January 15 levels. The reduced cattle inventory estimate probably helped strengthen prices in recent days, especially for cows.

The farm price of wheat as of January 15 was 17 percent below a year earlier. May futures prices of wheat were in the \$3.58 range as of February 4, slightly below the level of December 1, 1975. Apparently the continuing adverse weather in the winter wheat area has been offset by demand weakness, especially export demand.

For corn, the January 15 farm price was 21 percent below a year earlier. The futures price of May corn was \$2.73 as of February 4, down from the \$2.85 area as of the beginning of December.

MINUTES OF THE
ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE MEETING

February 9, 1976

Attendees: Messrs. Simon, Seidman, Lynn, Greenspan, Richardson, Robinson, Dunn, Cannon, Zarb, Gorog, Porter, Wolf, Goldstein, Penner, Kasputys, Hormats, Areena, Wood

1. Services and the Multilateral Trade Negotiations

The Executive Committee reviewed a letter from the Special Representative for Trade Negotiations recommending establishment of an interagency task force study to: (1) review international issues of significance to U.S. service industries and describe and assess the effectiveness of existing international forums on these topics; (2) identify the problems faced by the U.S. service industries in international commerce not adequately covered at the present time; and (3) consider solutions for these problems and how the multilateral trade negotiations should relate to these solutions.

Decision

The Executive Committee approved creation of a Task Force on Services and the Multilateral Trade Negotiations under the auspices of CIEP. The Department of Commerce will chair the interagency task force.

2. Roles of State and STR

The Executive Committee briefly reviewed a memorandum on the roles of the Department of State and the Office of the Special Representative for Trade Negotiations which is attached at Tab A.

Decision

The Executive Committee approved the procedural arrangements outlined in the memorandum

3. Status of Tax Initiatives

The Executive Committee reviewed the legislative status of the President's tax initiatives, including his proposals for deepened tax cuts, broadened stock ownership, accelerated depreciation for construction of new plants and equipment, estate tax relief for family farms and businesses, a Social Security tax increase, and corporate integration. The discussion focused on the timing of and form for submitting the accelerated depreciation initiative and the deepened tax cut, the kinds of jobs likely to be created by the accelerated depreciation bill and the kinds of jobs likely to be created by H.R. 5247, and the need for a special session on the details of the Administration's tax policy.

Decision

The Executive Committee will hold a special session on tax policy Saturday, February 21, at 9:00 a.m. in the Roosevelt Room. Treasury will distribute briefing materials for the special session on Tuesday, February 17.

The Executive Committee approved recommending that the Administration send its accelerated depreciation bill to the Congress before a Presidential veto of H.R. 5247.

THE WHITE HOUSE

WASHINGTON

February 6, 1976

MEMORANDUM FOR ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE

FROM: L. WILLIAM SEIDMAN *LWS*

SUBJECT: Roles of Department of State and
Office of the Special Representative
for Trade Negotiations

A series of meetings with representatives of the Department of State and the Special Representative for Trade Negotiations have resulted in the following delineation of roles between the Department of State and STR:

1. Commodity Policy Development and Strategy

U.S. Government commodity policy will be developed through the Economic Policy Board and the National Security Council.

The Assistant Secretary level EPB/NSC Task Force on Commodity Policy will report to the EPB/NSC on a biweekly basis and will include representatives from:

- The Department of State
- The Department of the Treasury
- The Department of Commerce
- The Council of Economic Advisers
- The Office of Management and Budget
- The Council on International Economic Policy
- The Special Representative for Trade Negotiations
- The Assistant to the President for National Security Affairs
- The Assistant to the President for Economic Affairs

Strategy for implementing commodity policy in the Conference on International Economic Cooperation (CIEC) will be developed through the CIEC Coordinating Committee and its four subcommittees. The Office of the Special Representative for Trade Negotiations will have membership on the CIEC Coordinating Committee. The CIEC Coordinating Committee will report to the EPB Executive Committee on a regular basis.

Interagency differences on commodity policy and strategy will be considered by the EPB/NSC.

2. OECD

Representatives of the Department of State and the Office of the Special Representative for Trade Negotiations will serve as Joint Chairmen of the United States delegation to the OECD Trade Policy Committee and as Joint Chairmen of the United States delegation to all ad hoc OECD committees relating to trade.

3. STR Membership on Economic Policy Board

The Economic Policy Board will recommend that the President designate the Special Trade Representative for Trade Negotiations as a member of the Economic Policy Board.

The Special Representative for Trade Negotiations is invited to attend EPB Executive Committee meetings when commodity or trade policy issues are considered.

The Special Representative for Trade Negotiations, as Chairman of the Trade Policy Committee, will report on trade policy issues periodically to the EPB Executive Committee.

The above procedural arrangements have been reviewed by the White House Counsel's Office, the Department of State, and the Office of the Special Representative for Trade Negotiations and have been found in compliance with the Trade Act of 1974.