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THE WHITE HOUSE

WASHINGTON

OCT 4 1974

Handwritten signature/initials

MEMORANDUM FOR: THE PRESIDENT

FROM: ~~ROY D. ASH~~

SUBJECT: Second Quarter P.L. 480 Decisions

This memorandum presents a plan to begin negotiations on an interim P.L. 480 program. The proposal is consistent with your desire to increase the amount we spend on food aid abroad, while maintaining flexibility by reviewing proposed shipments each quarter.

The Plan. The Interagency Group on P.L. 480 met and agreed on an interim program of \$654 million (Tab A). Instead of a strict quarterly allocation of food aid, this proposal permits advanced planning and commitments to high priority countries which would receive P.L. 480 commodities under any of the full year options which were presented to you earlier (Tab B). The \$654 million interim level is 88 percent of the low annual program option, 66 percent of the middle, and 51 percent of the high option. By limiting P.L. 480 purchases in the first half of the year, additional increases in near term prices will be minimized.

Because of the lags in negotiating agreements and arranging shipments, you will have to approve a full year program at least six months prior to the end of the fiscal year. We will send you options on the final program in mid-December.

State, AID, Treasury, Agriculture, NSC, CEA, CIEP and OMB all concur with this plan.

The Budget Issue. Under this plan, you will have to make decisions on budget deferrals and rescissions to meet the \$300 billion outlay target before you make the final P.L. 480 decision. If your full year decision is close to the low option, there will be little pressure on the budget; if, however, you select the high option, outlays will increase by \$500 million and will require further offsetting deferrals and rescissions at that time.

Central Files

THE PRESIDENT HAS SEEN *de*

THE WHITE HOUSE

WASHINGTON
October 4, 1974

MEMORANDUM FOR THE PRESIDENT

FROM: William E. Timmons *WT*

SUBJECT: Congressional Mail

WT

The attached log of Congressional mail received on October 3rd is sent for your information.

This mail is being routinely handled by my office.