

The original documents are located in Box C35, folder “Presidential Handwriting, 2/14/1976” of the Presidential Handwriting File 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 Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections.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.

THE WHITE HOUSE
WASHINGTON

Jim Connor has a copy for action.

THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON

February 14, 1976

MEMORANDUM FOR: DICK CHENEY
FROM: JIM CAVANAUGH
SUBJECT: Agricultural Outlook

Following up our conversation of a few days ago, I have personally talked to the following individuals to develop this preliminary assessment of the farm belt outlook and what necessary actions should be taken.

Secretary Butz
Under Secretary Jack Knebel
Assistant Secretary Jack Bell - International Affairs
and Commodity Programs
Assistant Secretary Dick Feltner - Marketing and Consumer
Services
Assistant Secretary Don Paarlberg - Director of Agricul-
tural Economics
Paul MacAvoy - C.E.A.
Jim Mitchell - O.M.B.
Roger Porter

General Impression

My general impression after being into this for only two days is that we look pretty good on the facts and substance but have some real image/P.R. type problems which are going to require a fair amount of action and effort to correct.

1. Export Embargo

The biggest problem I've come across is the export embargo. It's an emotional issue with the farmer. They feel that the President went back on his word about the full production and gave-in to George Meany. They can't understand it as they say Meany will not help the President in the year ahead.

2. Personalities

The next problem in the eyes of the farmer are personalities and perceptions. They hold Henry Kissinger in as much if not more contempt than they do George Meany. On a scale of 1 to 10, 10 being the most disliked, Kissinger would be at 9; Meany would be at 8; the President at 6 and Earl Butz at 4. The Kissinger problem relates to the embargo and to the general view that "his" international policies, where agriculture is concerned, will always be at the expense of the U.S. farmer.

3. Price Outlook - Grains

The price outlook for grains look pretty good from the people I've talked to. Current prices should hold, and there probably will be some increases in the late spring and early summer.

Butz indicates that one good sign of possible future price increases is the fact that on the futures market crops that are coming in are selling higher than the present available crops. For instance on Friday the new corn crop was selling at about three cents a bushel more than the present crop currently available. He feels that cotton also looks good.

Wheat is now at about \$3.60 per bushel. Butz feels that by fall, it could be up to about \$4.00 a bushel. Corn, currently at \$2.57 could be up to \$2.75 by fall. Soybeans now at \$4.80 will probably be at \$5.00 by fall. Soybean futures for next fall are already at \$5.00 a bushel.

Butz feels quite strongly that as time goes on the farmer will gradually forget the export embargo problem. Butz predicts that overall farm conditions will be good and that farmers will be generally pleased because they will be walking around with money in their pockets.

4. Export Sales

The international outlook for continued export sales for grains looks good. Butz thinks that India will be in the marketplace very shortly and that there are some who feel that when the snow begins to melt in the U.S.S.R. growing areas that there will be a great deal of winter kill due to the severity of the winter there. Butz feels that the growing economy in Western Europe and Japan will result in these areas entering more into the international market to buy wheat and other grains. (Bud McFarlane thinks State will be against sales to India at this time).

5. Possible Weather Problems

There are some weather related things going on which could have an effect on prices down the road. There is a current drought in the Southwest which, if it continues, will result in a less than anticipated supply of winter wheat. Butz's view is that this has already started to nudge up prices on the futures market for winter wheat and for wheat generally. His people report that some international markets have noted this and there is talk of some orders from other countries being advanced. The view of Butz and others is that if there is a serious drought in the Southwest, the farmers in those areas will lose financially in their winter wheat crop, but will blame it on weather, not on us, for their economic downturn. I am not sure Butz is entirely right on who gets the blame on this one, but it sure won't be an issue for us like the export embargo problem.

6. Dairy Industry

The dairy industry is in pretty good shape. Their price situation should improve on April 1, and DOA will be reviewing support prices on a quarterly basis.

7. Livestock

The livestock sector of agriculture is good. Livestock men generally have more income today than they did a year ago. This sector does not make as much noise as the grain people generally. Beef prices are coming up, but they probably will not be as good as they were in 1972. Butz thinks that hog prices will be okay until fall. They are now more profitable than ever. Poultry will also be okay.

8. E.P.A.

E.P.A. has a proposed regulation that would require the issuances of permits to control runoffs from plots. This could be a major problem with farmers if final action is taken.

SUGGESTED ACTIONS

1. Press State and AID to move on P.L. 480 Sales and Shipments. It appears that there is still not a sense of priority to move these sales as quickly as possible.

Approve 4/24 Disapprove _____

- OK
2. Reorganize the various food committees of E.P.B. by discontinuing some and establishing a new committee on agriculture policy chaired by the Department of Agriculture. E.P.B. will take this up next week. When this is put together we should "High Profile" it's announcement. We must convince farm community that Agriculture, not Labor and State, has a key policy voice with the President.

- h
3. Review the current interest rate used by the Commodity Credit Corporation and consider making an adjustment.

- yes.
4. Consider providing some support to the Packer-Bonding Bill which we vetoed last year if it begins to move through Tom Foley's House Agriculture Committee which will probably happen sometime in early summer.

- yes.
5. Get Earl Butz more involved in meetings here with the President and with doing briefings in the Briefings Room.

- yes.
6. Bring a group of agriculture leaders here from the Midwest states to meet with the President and Butz on Agriculture policy.

- yes
7. Do a one-day briefing here with the farm press on where we are with various programs. Earl Butz, Jack Knebel, Dick Bell, Paul MacAvoy and Bill Simon should be our key spokesmen in this area. The session should be concluded in the East Room by remarks and Q's & A's by the President with a reception to follow.

9. *mp* Baroody should work hard with Butz to insure that all the friendly farm organizations officers get in for meetings in February and March with the President.
10. *af* Review E.P.A. plans for Regulations on farm runoffs.
11. *mp* Consider ways to bang Meany hard if he missteps in the farm area.
12. *ND* Consider advisability of Butz and Kissinger doing joint appearances.
13. *mp* Develop another forum for the President to do another major farm speech in March or April.