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THE WHITE HOUSE

WASHINGTON

July 15, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JIM CANNON

FROM:

JIM CONNOR *JEC*

SUBJECT:

Letter from Senator Long

The attached memorandum from Max Friedersdorf was returned in the President's outbox with the following notation addressed to you:

"Check with Secretary Butz, Fred Dent
and Alan Greenspan."

Please follow-up with appropriate action.

cc: Dick Cheney
Max Friedersdorf

THE PRESIDENT HAS SEEN.....

THE WHITE HOUSE

WASHINGTON

July 14, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: MAX FRIEDERSDORF *m.b.*

SUBJECT: Senator Russell Long (D-La.)

I have asked Jim Cannon and Jim Cavanaugh to assess the feasibility of the requests by Russell Long contained in the attached letter from the Senator.

If Long's proposals have merit and represent actions the Administration could take, it might present an opportunity to approach Russell again on the Jobs Bill veto.

*Have Jim Cannon
check with Sec. Butz, Ford & out
& Alan Bransford.*

United States Senate

WASHINGTON, D.C. 20510

June 17, 1976

The Honorable Gerald R. Ford
1600 Pennsylvania Avenue
Washington, D. C. 20500

Dear Mr. President:

You are aware of my interest in domestic sugar production because of the importance of the sugar industry to my home state of Louisiana and due to my position as Chairman of the Finance Committee which has jurisdiction over sugar legislation.

Domestic sugar producers have been without a specific sugar program since the expiration of the Sugar Act on December 31, 1974. On March 11 of this year, Senators Inouye, Curtis and Dole joined me in a letter to you expressing our concern over anticipated developments in the international sugar trade and their effect on domestic production. I attach a copy of that letter for your easy reference.

Since that time, the price situation for our domestic producers has deteriorated considerably to the point of jeopardizing the continuation of the domestic industry. On the day preceding our March letter, the domestic raw price was 16.5 cents per pound. By June 3, less than three months later, the price had declined to 13.85. I am concerned that the price may decline even further.

Passage of sugar legislation during the remainder of this year would be difficult, if not impossible, with the many other legislative matters to be handled. However, there are available to you options which could be used at your discretion to prevent disastrous consequences to domestic sugar production. There are actions which could be taken by you under existing statutory authority.

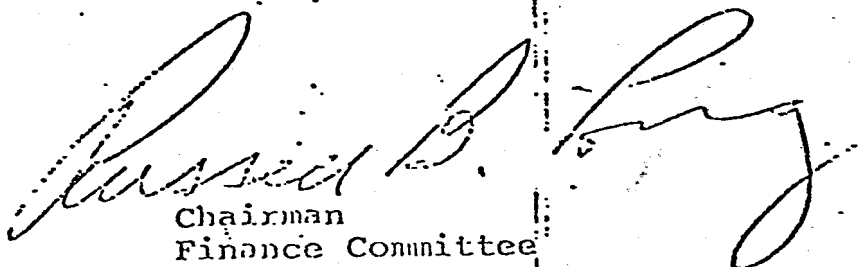
1. Increase the present tariff level from 62.5 cents per hundred pounds to as much as 1.875 cents per hundred pounds. This could be accomplished simply by amending Executive Order No. 4334 of November 16, 1974.

2. Reduce the present foreign import quota of 7 million tons to a more realistic level. Total imports of foreign sugar in 1975 were only 3.9 million tons, and a restriction for 1976 at about that same level might result in a more reasonable price for sugar. Individual country quotas could be established if you considered it advisable. This also could be accomplished by amending Executive Order No. 4334 of November 16, 1974.

3. Direct the Secretary of Agriculture to establish a price support program for sugarcane and sugarbeets under authority contained in Title III of the Agricultural Act of 1949. The level of support could be established from zero to 90 percent of parity. The level of support should be a minimum of 70 percent of parity in order to be equitable with levels established for producers of milk, grains, and other essential commodities. Seventy percent of parity would result in a price for raw sugar of 18.5 cents per pound. The cost of production currently ranges between 15.5 cents and 20 cents per pound.

I would very much appreciate your advice as to what steps the Administration might take to correct the dangerous situation now facing our domestic sugar producers. Since this matter is so vital to the 29 domestic sugar-producing states, your early attention to the problem would be appreciated.

Sincerely,


Chairman
Finance Committee