MEMORANDUM OF CONVERSATION

PARTICIPANTS:
- President Gerald R. Ford
- Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
- Earl L. Butz, Secretary of Agriculture
- Roy L. Ash, Director, Office of Management and Budget
- Alan Greenspan, Chairman, Council of Economic Advisors
- Lt. General Brent Scowcroft, Deputy Assistant to the President for National Security Affairs

DATE AND TIME: Tuesday, September 17, 1974 12:15 p.m.
PLACE: The Oval Office, The White House
SUBJECT: Food Policy

The President: The purpose of this meeting is to decide on a food aid policy. Various options are laid out in the Ash memo.

The low option is $700 million plus. It's the same dollar value as before but a lower quantity because of the price rise.

Secretary Butz: This is the outlay and to it is added refloof, freight, etcetera. So the amounts total $800 million. Some of these, like tobacco and rice, we can get at somewhat lower prices. The basic question... I am for the middle level. I think you should go higher than the dollar level of before if you can find the money. There are enough conditions to do it without strain.

The President: If we took Option C or B, what would be the impact on the housewife?
Secretary Butz: You can't reserve half a billion without having some price impact. I can't say how much, but it would be mildly inflationary. You would get the plaudits of the liberal press. My problem is I don't have the money in my budget.

The President: Suppose we just said "an increase in" without specifying.

Secretary Butz: Little effect.

The President: Suppose we said "significant increase."

Secretary Butz: I wouldn't do that.

Mr. Ash: You could end up with the worst of both worlds. You would focus here on the increase, and foreigners would see it is not an increase in quantity.

The President: Butz said in the case of wheat and rice prices, they would be lower than last year.

Secretary Butz: We supply 40% of the world's commercial rice.

The President: I don't understand your budget.

Secretary Butz: I have the lower amounts budgeted. I just can't find an extra $200 or $400 million.

Mr. Ash: The Agriculture budget was vetoed for $150 million, and this would add $250 million. You have adequate authorization to get the money from wherever you want. It accumulates by up to $1.9 billion a year. And you don't need to go to Congress.

The President: Where does it come from?

Mr. Ash: It is an automatic supplemental -- it goes up after the contract is let.

Secretary Butz: My budget now is in veto and I am negotiating. I can't add $300 million and negotiate with the Committee Chairman. He doesn't like this now.
The President: Let's think of a scenario which gives us a foreign policy and humanitarian benefit. We could make a commitment for an increase, unidentified. Then we commit on a quarterly basis.

Secretary Kissinger: In quantity, Options A and B represent a decrease. This is one of the few weapons we have to deal with oil prices.

The President: Do the recipients deal with quantities, not dollars?

Secretary Kissinger: I don't think the individual countries will make that connection. The problem will be cutting countries which expect it. I would rather cut for those who would be disappointed anyway and use it for foreign policy.

Secretary Butz: I agree. There are countries that have been living for years on Title II.

Mr. Ash: Henry has a good chart which shows the impact which different levels give.

Secretary Kissinger: I don't give a damn about Bangladesh or humanitarian grounds. I want it for foreign policy.

Secretary Butz: Can't you recognize that we have had a bad year but that we will make every effort to make a commensurate effort with last year?

Secretary Kissinger: It is actually good, but it sounds bad.

Mr. Greenspan: Why can't we say the crops aren't in yet and we don't know?

Secretary Kissinger: The President is scolding everyone at the United Nations for being miserly on energy, and the less we say we'll do on food, the less effect it has. We are trying to tell the Third World they must be cooperative, and in turn we will try to cooperate.

Secretary Butz: What we really have to offer is food.

The wheat and rice crops are practically harvested.

The President: You will have a good feel by March of what kind of winter wheat crop you will have. Can't we just go with the first two quarters and defer the later quarters?
Mr. Ash: At what rate will we actually be spending the money, aside from what we say?

The President: In the speech, we have the idea that the oil producers have an asset, and we have an asset. If we want them to cooperate, we must reassure them in a strong way that we want to reciprocate. If it worked, we could get some cost of living benefit.

Secretary Kissinger: At Option 3, we could get enough with a few to get the benefits you seek.

The President: India gets a substantial amount under Title II, without us.

Secretary Kissinger: But this is useful in weaning India away from the Soviet Union.

Mr. Greenspan: A few words about the price outlook. There are risks, and I recognize the important tradeoffs. Especially the oil thing. Anything we can do is at least as important as budget restraint. When there are small reserves, there is a strong impact of withdrawals on price. Anticipation or unexpected withdrawals could get you a substantial price reaction. People now are so sensitive to the situation now that I worry. If we could hold things down by quarters, it would help. There is a corn-wheat tradeoff and if the corn crop gets frost, there could be a price reaction which could be blamed on PL-480.

Mr. Ash: There are also those who want export controls.

Secretary Butz: That undercuts you with the oil producers.

The President: Is that pressure higher or lower?

Mr. Ash: I think the speech language is okay.

[The President reads it aloud.]

Secretary Butz: We should add that each country will determine how its food reserves will be held.

I think if you make a commitment to more than double our assistance.

Secretary Kissinger: We can say "substantially increase."
Secretary Butz: Or, "we are prepared to harken -- or respond -- to appeals for export controls." [After phrase about "deaf ear."]

The President: I am bothered by the phrase "declining crop."

Secretary Butz: I would say "disappointing summer."

Secretary Kissinger: I would not give them this lever by letting them say we couldn't do more anyway. We want to point out that the oil producers are putting export controls and we are taking a cooperative approach.

The President: If we do it quarter by quarter, we have options.

Mr. Ash: The question is at what rate we disburse -- at the high- or low-option rate. I recommend we disburse at a lower rate with the prospect of increasing if we can.

The President: With the exception that for good foreign policy reasons, we increase when we need it.

Secretary Kissinger: I would start at the higher rate. Some of these countries will do things we don't like and we could cut them for that as we would have to anyway. While the UN is going on, I would like to let them continue thinking that we are doing something new, but we can tell them we don't necessarily guarantee it for the year.

The President: Who makes the decision?

Mr. Ash: We have an interagency system which does it under whatever policy guidance exists. But we could make the decisions one by one without an overall policy framework.

Secretary Kissinger: For example, we have to do something for India. If we are to make a breakthrough, it is over the next three months. I would like to demonstrate to the Soviet Union that they don't get much for their investment, but these countries slip away.

Secretary Butz: Why don't you keep as flexible as possible and we will work to get the most possible. We do it quarter by quarter, but we agree we need more in the budget.
I will tighten up on the agencies to the extent possible. But you will take a lot of heat.

The President: How does this compare with McGovern?

Secretary Butz: McGovern had stacked hearings. His plan would give away the Treasury.

The President: How about keeping them at the low levels at most. Lower than the low options.

Mr. Ash: We shouldn't publish any program or total. We will have to meet again on specific decisions.

The President: I would like for the next meeting to know where we are in the actual execution: What have we used, what we have left, etcetera.
E.O. 1968, Sec. 3.6

A NSC memo, 11/24/68, State Dept. Guidelines

By: [Signature], NARA, Date: [Redacted]

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P/R/Butz/Act/GrenUGH
17 Sept 74

Butz

Everyone is to decide on food and clothing. Vietnam
options made out in Gal's manner.

New option is 24% roll plus. Some dollars unde-

Butz

This is not to be at a hidden, secret site, the

Amnesty Roll. It was not significant.

Some of the people were nice, and came at times.

The key question... I am for a small budget. I think

you should go higher than a billion dollar if you can
find a use. I have a few hundred to do

out of a theme.

Butz

Definitely the R & D, what would be the most

useful.

Butz

You must raise $1 billion. If some faces were

important. I don't know how much but would be mildly

interesting. You would get a million if the press

knows I don't have money in my budget.

Butz

By now, you think we are serious.

Butz

Little bit.

Butz

So far, I don't know it.

Butz

You could think we cost 1/2 billion. I would

only have $100,000 in Vietnam, if they were under it.

And in December, no possibility.

Butz

Butz said the costs are not as much as worse than last.

Butz

I'd say 10-15%. I would concern this.

Butz

I don't understand your budget.

B

I have a large roll, budgeted. I just can't find

on option to lower the roll.

A

The basic budget was cut several times $50, you could add

25%. You have a right with to raise money

from whatever you want. It is a matter of your

roll (19/24/74) you don't need to do anything.
When does it come from?

It is an automatic; you plant it and it will grow.

But my background is in vet and I'm negotiating.

I can add the extra competitive ai/c with whom. It doesn't work this way.

Let's think of scenarios which gives us P + humanistic.

I see a similar model. We could make content for one country, same sentiment. I mean we won't say flat linear.

In practice, options A & B represent the change. These are one-time expenses we have to deal with old prices, etc.

Don't seem to check off-patent, not A

I don't think a backdrop creates the need for innovation.

The phase will be going, 'what can we expect? I would rethink cut for those who would be disappointed.

A lot of time in FIP.

I agree. I have one executive who is very focused.

Tell it.

K: it was a good subject which shows a subject which
doesn't fit you.

K: I don't think about things. But you know, I'm not at the moment. I am not at FIP.

B: I don't see how we have Uh, bad year but that we will make any effort to make a transatlantic effort for next year.

It is actually good but possible bad.

Geography, why can't we say, 'expansion,' we don't know.

That's the sticking point, we've been using 100% energy, we can see a good other effort.

We try them to tell z. I don't want to buy it, just tell them we will try to expand.

But what we really have to face is good.

What can we practically handle.

P: You will have a great deal of amount of work. What kind of amount will keep you with him.
P. Can't we start by 4/1 or even before the late

3rd.

As at what rate will we actually be spending
the money, come from what ever R

P. I'm speaking. can have known in that that 0'10't enthusiastic
have we covered, I see have in case. If we want
P. to keep up, and account /come in making that
we want to negotiate. If we worked we could get
some cash beyond

K. As option 3, we could get enough or a few percent of

beyond your seek.

P. And also be substantial and make like 3-5% or so

K. There is message in coming India away from U.S.

P. message. As few words about your outlook. There is nothing here

K. very much important to that. E.g. a real thing, longer

P. can be of certain cash or budget estimate.

When there are small increments, there is a strong resort

P. of elements on price. Anticipation or anything will demand

K. instead of substantial price elasticity. Again we

P. are to assume is a situation very, that I saw

K. Here is that thing done by price, it would help.

P. there is a case about being off. If we can figure out

K. there would be price reaction which could be taken

K. 3/4/50

As

There are those who want to put control

As

Both

To think projects promises by an amount

As

I think a very long story is K.

P. (Again)

K. We should add that each country will determine

K. how its food needs will be fulfilled.

Both

P. 2) funds. As your main concept to more from another

K. if we can to substantially increase

As

As in addition to appraoch for X leaders. "I'd like you about

As
I looked for phrase “dulling way.”

But I would say, “I don’t mean by silting down.”

I would say that having the sites and the means to use the means anyway, I’d want to present a whole program for putting aside a somewhat dulling approach.

I would ask to get a reply to some plan option.

Oh, question is what rate we discount at a high or a low option rate. I recommend we discount at a 2
discount because we discount at a 2
discount and projects of increasing at 2
discount.

If we want to get a plan to some plan option.

I would think of the long-term. Some of these are not

will go things we don’t like we could find them for

them on a long project of increasing at 2
discount.

I would like to hear from thinking of something new, but we don’t have enough time to deal with the

question at our year.

With more than

We have an immaturity system which deals with whatever

policy questions aside. But we could some decision

out by now an overall policy framework.

For example, we should be something for Europe. I don’t see

to worth holding it. It is some kind of sure. I would like
to discuss with 2.5 U. S. stay and get much for their money,

but these countries ship away.

But why don’t you keep on ship as possible? We do it get a gift, but we agree

we need more time. budget.

I will tighten again the importance of return to the oil, but you will take a look at that.

How does this enhance oil in Europe?

Europe has had another doing. This plan would get

among the

How about helping them at a more time at that.

London then the long option.
We shouldn't publish any paper at all. We will have to meet again in the future discussion.

I thought the presentation was done when we in actual education. What have we done, what we have left, etc.