

# WITHDRAWAL SHEET

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**Collection:** Cicconi, James W.: Files

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**Date:** 2/19/98

*Cicconi*

*OA 10793 Box 1*

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	JW Cicconi to Richard Darman re Safe Drinking Water Act, 1p.	12/20/82	<i>DS 013</i> <i>10/19/00</i>

### RESTRICTION CODES

**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].
- C. Closed in accordance with restrictions contained in donor's deed of gift.

**Freedom of Information Act - [5 U.S.C. 552(b)]**

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

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THE WHITE HOUSE

WASHINGTON

December 9, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi  
SUBJECT: Jack Block's "Payment in Kind" Proposal

With everything else yesterday, I did not want to barge in re Jack Block's "Payment in Kind" (PIK) proposal. I think you may be up on the basics from the Sunday Post story. I can quickly go over it with you before the 10:15 meeting if you are not.

The objective is to boost farm prices, and thus farmers' income. Our growing stockpiles depress prices--we would get farmers to take acreage out of production and pay them with an equivalent amount from the surplus. This should work, and is the type of creative approach that is attractive.

The problem is that OMB and others will want to couple this with a reduction in the target prices. Congress will never pass that, farmers will oppose it, and we might lose the good will the proposal would otherwise generate with farmers. We'll be lucky if Congress doesn't raise target prices. Block feels we would be more realistic to couple the PIK proposal with a freeze of target prices.

The staff work to this point has been done hurriedly, but USDA feels it can clear up any remaining details or questions in a short time.

I would hope we could actually move this proposal soon after the lame duck with the President making the announcement.

**CABINET AFFAIRS STAFFING MEMORANDUM**

DATE: 12/7/82 NUMBER: 077645CA DUE BY: \_\_\_\_\_

SUBJECT: Cabinet Council on Food and Agriculture, December 7, 1982

1:00 p.m. in the Roosevelt Room

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	<u>Baker</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Treasury	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Darman (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Harper	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interior	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input checked="" type="checkbox"/>	<input type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	CCMA/Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>
			CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: The Cabinet Council on Food and Agriculture will meet Tuesday, December 7, at 1:00 p.m. in the Roosevelt Room. The agenda and background papers are attached.

*Exports have actually dropped since RR took office. Begin harassing the French products here - take their mts one by one quietly*

RETURN TO:  Craig L. Fuller  
Assistant to the President  
for Cabinet Affairs  
456-2823

Becky Norton Dunlop  
Director, Office of  
Cabinet Affairs  
456-2800

THE WHITE HOUSE

WASHINGTON

CABINET COUNCIL ON FOOD AND AGRICULTURE

December 7, 1982

1:00 p.m.

Roosevelt Room

AGENDA

1. Agriculture Initiatives

THE WHITE HOUSE

WASHINGTON

December 6, 1982

MEMORANDUM FOR THE CABINET COUNCIL ON FOOD AND AGRICULTURE

FROM: DANNY J. BOGGS, EXECUTIVE SECRETARY

SUBJECT: Agriculture Initiatives

There will be a Food and Agriculture Cabinet Council meeting on Tuesday, December 7, 1982, at 1:00 p.m. in the Roosevelt Room. The purpose of the meeting is to discuss what agriculture supply-demand adjustments, if any, should be undertaken by the Administration.

The following documents are attached for your information:

- o Cabinet Council issue paper prepared by the Office of Policy Development in conjunction with the CCFA Secretariat.
- o Paper on the proposed Stock Reduction and Conservation (STRAC) program prepared by the Department of Agriculture.
- o Paper on possible agriculture export promotion initiatives prepared by the Department of Agriculture. Some of these involve export subsidies and represent the type of proposals that might be undertaken under option #3. It is not intended that the specific areas for export subsidy use be chosen at this time.

THE WHITE HOUSE

WASHINGTON

DECEMBER 6, 1982

MEMORANDUM FOR THE CABINET COUNCIL ON FOOD AND AGRICULTURE

FROM: DANNY J. BOGGS, EXECUTIVE SECRETARY

SUBJECT: Agriculture Supply-Demand Adjustments

ISSUE

- o Should the Administration undertake an agriculture initiative to reduce farm production and/or increase farm exports?

BACKGROUND AND DISCUSSION

During the past two years, U.S. agriculture has been buffeted by rising production costs and falling commodity prices. As a result, real net farm income in fiscal year 1982 declined to its lowest level since the 1930's, and outlays for federal price support activities soared to \$12 billion, approximately two times the previous record for government price support expenditures.

The Administration's success in bringing down inflation and interest rates has provided some relief for agriculture by stabilizing the prices paid by farmers. However, large supplies of agricultural commodities in the U.S. and weak demand abroad have kept prices received by farmers at very low levels. Unless adverse weather intercedes, there is little prospect that the current imbalance in supply and demand will be corrected in the near future without further action by the Administration.

There are two ways to increase farm commodity prices: produce less or sell more. To address the production side of the equation, USDA implemented voluntary production control measures for the 1982 crops of wheat, feed grains, cotton, and rice. Due to late program announcement and inadequate incentives, participation of farmers in the supply control programs was not sufficient to reduce production. Consequently the just completed 1982 harvest yielded record crops of corn, wheat, and soybeans.

In order to avoid adding to our large existing stocks of agricultural commodities, more effective supply control measures will have to be implemented in 1983. USDA has devised a stock reduction and conservation (STRAC) program that would supplement the supply control measures already announced for the 1983 crops. Under such a program, the government would give a farmer grain from government and farmer-owned reserve stocks in return for the farmer's commitment to reduce his production by a

specific amount.

Unilateral action on the part of the U.S. to reduce its agricultural production has its drawbacks. Nature can compound the effects of a supply control program, transforming a surplus into a shortage over the course of one growing season. More importantly, U.S. supply reduction programs encourage other producing countries to expand their production in order to take advantage of the higher prices generated by the U.S. retreat from the market.

While the U.S. cut its harvested acreage by .6 percent this past crop year, Canada, the European Community (EC), Brazil, Argentina, and South Africa increased their harvested acreage by 3.5 percent. As these countries produce more to sell abroad, U.S. farmers will look increasingly to the federal government for the income they cannot derive from the world market.

Attempts to stimulate the demand for U.S. farm commodities in fiscal year 1982 did not meet with much success. The re-establishment of a more normal agricultural trading relationship with the Soviet Union and the dispatch of numerous USDA sales teams to all parts of the world did not offset the demand-dampening effects of global recession, the strong dollar, East-West tensions, and the unfair trade practices of our trading partners, particularly Japan and the EC. As a result, the value of U.S. farm exports fell 11 percent in fiscal year 1982, the first time in 13 years that the U.S. has registered a decline in the value of its agricultural exports. The volume of U.S. farm sales abroad also declined 2 percent in fiscal year 1982. A further decline in farm export value is expected in fiscal year 1983.

The Administration recently announced a blended credit program for agricultural exports in response to a Congressional mandate to spend \$175 - 190 million for export promotion in fiscal year 1983. The program consists of \$100 million in interest free direct credit and \$400 million in credit guarantees. Agreements covering \$450 million worth of additional agricultural commodity sales have been concluded with seven countries to date.

The major commodity price support programs place the onus on the federal government to implement supply-demand adjustments when there is an over supply situation in agriculture. If steps are not taken to reduce production or increase demand, the government is faced with having to pay the farmer the difference between the target price and the market price -- an expensive proposition. Implementation of the government's supply-demand adjustment programs usually requires large outlays too. Thus over-production scenarios present government officials with the dilemma of having to choose between the certainty of immediate and costly supply-demand adjustments or the possibility of even more expensive deficiency payments should market prices remain

below target prices. Either alternative places a considerable burden on the American taxpayer.

Another problem involves the ever-present temptation to use commodity price support programs for income transfer and social engineering purposes. The price support loan rates establish an effective floor under world grain prices. When farmers seek higher loan levels to alleviate their short-term cash flow problems, they run the risk of aggravating their longer-term economic predicament by adding to inflation of land prices and generating incentives for world production increases.

One of the main objectives of this Administration is to wean U.S. farmers away from dependence on federal price support programs that interfere with the operation of the market place. Implicit in this objective is the premise that everybody -- taxpayers, producers, and consumers -- would be better served if farmers allocated their resources according to the dictates of supply and demand.

Farmers contend that they cannot look to the free market to sustain them because there is no such thing as a free international agricultural market. They point to the conduct of the EC as proof of their contention.

The EC has become the world's second largest exporter of agricultural products with sales outside the Community valued at \$26 billion in 1980. Because EC domestic prices in virtually every commodity area are supported at levels higher than world prices, these sales are possible only with the assistance of direct export subsidies. There is no effective limitation on the amount of monies which can be spent to subsidize exports. In 1980, the EC spent \$7.6 billion on direct agricultural export subsidies. Fifty percent of these monies were used to subsidize exports of dairy products alone.

The United States currently has no direct export subsidy program for agricultural commodities, although it does have a modest credit subsidy program to promote farm exports. Direct export subsidies were employed as late as the early 1970's to encourage foreign sales of U.S. grain. A return to such programs would constitute a significant change in U.S. trade policy.

The United States has sought to discipline the EC's use of export subsidies by challenging the practice on a product-specific basis in the General Agreement on Tariffs and Trade (GATT); i.e., wheat flour, sugar, poultry and pasta. The GATT process has been particularly slow, and there is no guarantee that the cases will be adjudicated in favor of the United States. This is because the GATT rules permit export subsidies on primary products so long as the subsidies do not result in (1) a country obtaining more than an equitable share of world trade; or (2) material undercutting of the price of the commodity involved.

At the November meeting of the GATT Ministerial, the United States sought to negotiate a standstill on the introduction of new subsidies and a phase-out of current subsidies on primary products. While a number of countries supported such a proposal, the EC agreed only to study the definitions underlying the current GATT rules on agricultural export subsidies. A discussion along the lines proposed by the EC could lead to some improvements in the discipline on agricultural subsidies in the future; however, there is no indication that the EC has the political will to reach concrete agreements on the agricultural export subsidy issue any time soon. It is conceivable that some progress on this issue could be made at the U.S.-E.C. negotiations on December 10. In any event, U.S. long-term interests are likely to be best served by serious efforts to achieve accommodation with the EC, perhaps through other means such as policies to curb the EC's excessive production and bring EC prices in line with world levels.

Given the state of the agricultural economy and the outcome of the recent elections, the 98th Congress is likely to enact additional measures to help farmers. If the Administration is not prepared to offer its own initiatives early in 1983, it will be ill-positioned to ward off unacceptable programs currently being discussed on Capitol Hill.

#### OPTIONS

1. Do nothing more and rely on current programs to bring about the needed supply-demand adjustments in agriculture.

##### Advantages:

- o Avoids the administrative problems of implementing new programs.
- o Could result in significant supply reductions depending upon farmer participation.

##### Disadvantages:

- o Results in large budget outlays.
- o May be ineffective in increasing commodity prices since farmer-owned and government-owned stocks will not be reduced appreciably.
- o Encourages other producing countries to expand their production at the expense of U.S. producers.
- o Creates an apparent void that Congress will rush to fill with less acceptable initiatives.

2. Implement the proposed stock reduction and conservation

program (STRAC), reduce future price support loan rates, and seek legislative authority to freeze or reduce target prices.

Advantages:

- o Results in significant budget savings.
- o Provides potential for higher future commodity prices by reducing future production and decreasing current stocks.
- o Helps conserve U.S. farmland.
- o May compel other countries to start building up their internal stocks of grain.

Disadvantages:

- o Will be a complicated program to administer.
- o Could lead to near-term commodity price reductions.
- o Likely to be opposed by Congress because of the price support loan rate reduction and target price freeze or reduction features.

3. Option #2 plus an expanded agriculture export promotion and counter subsidy program funded with the savings realized from the STRAC program.

Advantages:

- o All the advantages of option #2.
- o Gives additional boost to prices by helping increase demand.
- o Sends the message that while the U.S. is willing to undertake unilateral supply adjustments, it is not prepared to surrender its share of the world market to those who employ unfair trade practices.
- o Will be more acceptable to farm groups and their representatives in Congress.

Disadvantages:

- o Results in no savings because it entails a redirection rather than a reduction of projected outlays.
- o Contradicts the Administration's free trade philosophy, thereby jeopardizing our ability to challenge similar

practices by other countries in international fora.

- o Could result in a subsidy war and/or retaliation by the EC against U.S. exports.
- o May not result in significant additional demand for U.S. agricultural products.

BRIEF EXPLANATION OF A  
PAYMENT-IN-KIND PROGRAM FOR 1983

Weak demand for crops and large supplies point to a significant 1982/83 buildup in world grain and cotton stocks. Most of this increase will be in the U.S. In response to this situation, acreage reduction and diversion programs for 1983 were announced early to provide farmers with maximum planning time. It is fully expected that many more farmers will be program participants in 1983 than in 1982. However, recent supply and demand developments indicate a need for additional production adjustment of some of the major crops than was the case when the programs were initially announced.

Recognizing that budget restraints would permit no new outlays, USDA searched for an innovative approach to the problem. This approach resulted in our payment-in-kind program, under which:

- Participating producers would be eligible to divert additional acreage into a soil-conserving use.
- For foregoing production from this diverted acreage producers would be paid in kind from Government stocks (i.e., bushels of the same commodity).
- Producers would have full discretion to feed, sell, etc. the commodity received as payment-in-kind.

PAYMENT-IN-KIND OBJECTIVES

- A. Reduce plantings and production.
- B. Reduce surplus stocks:
  - FOR,
  - LOANS,
  - CCC-OWNED.
- C. Avoid increased CCC budget outlays.

## ELIGIBILITY REQUIREMENTS

- A. Must participate in announced program.
- B. For PIK, must sign binding contract for up to 30 percent of base. Plus:
  - Bid for whole base;
  - No County over 50 percent of base acres diverted.
- C. Devote all reduced acreage to approved conserving use as previously announced except:
  - 1. Haying and grazing on crops planted prior to PIK announcement.
  - 2. Summer fallow rules.
- D. No cross or offsetting compliance.

COMPENSATION METHOD

- A. Uniform offer rate announced as percent of farm yield.
- B. Issue contract at signup for certificate in bushels equal to PIK times percent of farm yield.

## REDEEMING PIK CERTIFICATES

- A. Upon demand only during marketing year.
- B. Participant comes to County Office and opts for:
  - 1. CCC-owned grain obtained by forfeiture (plus inventory).
  - OR
  - 2. CCC check (weekly market price in local area).

SUMMARY OF KEY RESULTS

Item	WHEAT		CORN	
	Announced Program	With PIK	Announced Program	With PIK
Harvested acres (mil.)	75.8	67.5	69.0	60.0
Production (mil. bu.)	2,660	2,410	7,659	6,876
Ending Stocks (mil. bu.)	1,610	1,385	3,642	2,624
(FOR) (mil. bu.)	975	680	2,415	1,725
Prices (\$/bu.)	3.50	3.65	2.55	2.65
Income (mil. \$)	3,535	4,070	8,289	9,734
CCC Outlays (mil. \$)	2,915	2,675	4,126	3,900

NOTE: Sorghum, barley, oats, upland cotton and rice estimates to be provided later.

## SUMMARY

This payment-in-kind concept has been presented to farmer and commodity organizations, and Congressional committee members and staffers, and has been generally well received. USDA is still formulating details for program administration. We believe that it is extremely important that if this program is implemented that it be effective and widely accepted.

USDA analyses show that the payment-in-kind program would:

- Utilize current surplus stocks in a positive way to help bring 1983-84 marketing year supplies into better balance with market needs.
- Not constitute new budget outlays; an effective program would actually reduce outlays.



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

December 3, 1982

SUBJECT: Papers for Food and Agriculture Cabinet Council--U.S. Agricultural Trade Initiatives

Attached is a set of eight action proposals for consideration by participants in the SIG-IEP. These proposals reflect the recent GATT and OECD discussions and should be reviewed prior to the high-level bilateral discussion with the European Community December 10 in Brussels.

The European Community persists in tactics to avoid addressing the export subsidy question, and this is becoming politically intolerable. American agriculture is up in arms over such developments as the following:

- EC wheat exports have increased nearly 5 fold during the past decade, using heavy export subsidies. The EC is now the world's fourth largest wheat exporter.
- The EC has gone from a net importer of sugar in 1978 to the world's largest exporter - 5.0 million MT in 1981-82.
- The EC has moved from the world's largest importer of poultry in the mid-1970's to the world's largest exporter, with 35 percent of the world broiler market.
- The EC is now the world's largest egg exporter, shipping 67,000 tons. Prior to the inception of the egg CAP in 1967 the EC was the world's largest importer, importing 51,000 tons.
- The EC is the world's largest dairy exporter, accounting for about 60 percent of world trade, with subsidies set at \$1.9 billion in 1982.
- The EC is the world's second largest exporter of beef and veal, following behind only Australia. The EC has appropriated \$728 million for beef and veal export subsidies in 1982.
- Total EC agricultural export subsidy expenditures amounted to \$7.6 billion in 1980. Using the same exchange rate for conversion, total export subsidies appropriated by the EC reached \$8.0 billion in 1982.

Attached are eight proposals, designed to cope with these subsidies, for your consideration. Backup papers are available.

## Summary of USDA Proposals

### 1. Direct sale of CCC Butter Stocks

The Commodity Credit Corporation owns 2.4 billion pounds of dairy stocks. The EC is the largest exporter of dairy products in the world with 40-50 percent of the world cheese market and 60 percent of the world butter market — mostly based on export subsidies.

- Proposal A: Unrestricted competitive sale of 25,000 tons of butter.
- Proposal B: Unrestricted competitive sale of butter stocks up to the level of the entire CCC inventory.
- Proposal C: Sell through an intermediary country. Example: A major producing country has offered to buy 100,000 tons of CCC butter.
- Proposal D: Set up a barter arrangement. Example: A U.S. export firm is pressing for a barter of U.S. butter for Soviet nickel for the U.S. national strategic stockpile.

### 2. Flour Subsidy to Egypt

Egypt is the world's largest importer of wheat flour accounting for a third of the world market. The Egyptian market has almost doubled in the past three year and the EC, with export subsidies of \$80-\$100 per ton, captured all of that growth. The U.S. no longer has any share of the commercial market.

- Proposal A: Initiate a direct cash subsidy on flour exports.
- Proposal B: Initiate a payment-in-kind subsidy using surplus stocks of wheat.

### 3. Expanded Blended Credit Program

The U.S. has large stocks of basic commodities. The blended interest announced on October 20 began to move these stocks into export markets. Extension of this program will signal the EC that we can and will compete. Of the \$500 million first year blended credit authorization, \$440 million has been allocated.

- Proposal: Provide the additional \$500 million in direct credit authorized in the Agriculture Appropriation Bills.

### 4. Subsidize Exports of High Value Commodites

The U.S. accounts for only 10 percent of the global market for high-value food products, although it has a 40 percent share of the world's agricultural tonnage. The EC's high-value exports are double the U.S. level, based on export subsidies used to achieve high value export gains. The U.S. is slowly losing out in this important market.

- Proposal A: Initiate a selective export subsidy on high value products utilizing \$75 million remaining from the Helms amendment.
- Proposal B: Initiate a selective export subsidy utilizing surplus stocks of CCC commodities.

5. Increase PL 480 Funding

The level of PL 480 funding in FY 1983 is about \$1.5 billion. With additional funding of \$1 billion, the U.S. could likely export at least 5 million tons of additional grain, soybean/oil/meal, and cotton during the year.

Proposal: Expand PL 480 by an additional \$1 billion for FY 1983.

6. Donate CCC Stocks for Emergency Food Reserves

The U.S. is one of the few countries with a reserve stocks program. The U.S. would benefit if other countries developed reserve stock programs. Some shift in the stockholding patterns could be achieved if the U.S. donated grain to certain countries.

Proposal: Assist developing countries create an emergency food reserve using CCC donations from the United States.

7: Use Economic Support Funds to Generate Agricultural Exports

The International Affairs Budget includes Economic Support Funds used primarily for balance of payments support to politically important countries. Currently, only \$1.1 billion of the authorized \$2.8 billion is being used to purchase U.S. farm products. Recipient countries could be encouraged to increase their purchases from the United States, which would be very helpful to U.S. agricultural exports.

Proposal: Provide State Department encouragement to recipient countries to increase imports of U.S. agricultural commodities.

8. New LTA with the Soviets

The U.S. made available to the USSR up to 23 million tons of wheat/corn for purchase during the year ending September 30, 1983. The Soviets have bought less than 3 million tons to date. The USSR has asked that we meet to discuss a new LTA.

Proposal: Undertake to negotiate a new LTA with the USSR.

THE WHITE HOUSE  
WASHINGTON



9 December 1982

TO: JAB III

RE: Line Item Veto Authority

This is the proposal the President asked you to pursue; it included setting up a committee of former presidents to help in getting the line item veto power.

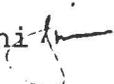
Cribb told me Meese got your memo, and he has instructed OPD to prepare a proposal on the entire question.

Handwritten initials, possibly 'JC', are located in the lower right area of the page.

THE WHITE HOUSE

WASHINGTON  
December 13, 1982

MEMORANDUM FOR BILL SADLEIR

FROM: Jim Cicconi 

SUBJECT: Conservative Political Action Committee  
Event

As I understand it, there is a possibility that the President will attend only one of several events sponsored by conservative groups during the month of February.

One of those events is the Conservative Political Action Committee (CPAC) convention scheduled for February 18-21. CPAC is run by the American Conservative Union and YAF, and has been generally supportive of the President's positions. For this reason, I would hope that if the President speaks at only one such event, it would be CPAC's. Some of the other organizations which have requested the President's attendance have been less than supportive; recently as you know, one such group was even critical of the President's MX decision.

cc: Bill Sittman  
Red Cavaney

8

THE WHITE HOUSE  
WASHINGTON

12-13

Red:

From what I know  
this represents OPL's  
position on most issues.  
If it's not the case  
here, please let me  
know.

- thanks  
Jim  
12/13

MEMORANDUM FOR BILL SADLEIR

FROM: Jim Cicconi

SUBJECT: Conservative Political Action Committee  
Event

As I understand it, there is a possibility that the President will attend only one of several events sponsored by conservative groups during the month of February.

One of those events is the Conservative Political Action Committee (CPAC) convention scheduled for February 18-21. CPAC is run by the American Conservative Union and YAF, and has been generally supportive of the President's positions. For this reason, I would hope that if the President speaks at only one such event, it would be CPAC's. Some of the other organizations which have requested the President's attendance have been less than supportive; recently as you know, one such group was even critical of the President's MX decision.

Jim  
You're right  
on the mark!  
Bill

cc: Bill Sittman  
Red Cavaney

THE WHITE HOUSE  
WASHINGTON

13 Dec 1982

TO: JAB III

RE: Carla Hills/Hawaiian Land Issue

Status report:

I've talked further on this with both Carla Hills and Ed Harper. Carla's assessment is that there is no way the Hawaiian delegation in Congress will support deauthorizing the park land-- they're in too much of a political box. Harper is getting an independent assessment of the same point.

If deauthorization is not possible (and it could not be done without the delegation's support), then the only choice is to have the Property Review Board make the trade. Harper promised that we'd move quickly on this one way or the other.

*Jc:*  
*Pls stay on top*  
*of this. Thanks.*  
*JAB*

THE WHITE HOUSE  
WASHINGTON

15 December 1982

NOTE FOR DAVE GERGEN

As follow-up to the comments on the Demo "jobs" bill this morning, my thought is that we inevitably portray ourselves as opposing a jobs bill by accepting the Democrats' terminology. Our own talking points on it argue that such measures have not worked in the past, and will not, in fact, create jobs despite what they are saying. We would help ourselves by coming up with our own term for the bill.

At this point I start thrashing around a bit, but some examples might be:

- Democratic Porkbarrel Bill (it is really classic in that sense);
- Leaf-Raking Bill (someone here-- maybe you-- has used this term previously);
- Dead End Jobs Bill (has the appeal of adding to their term);
- The Democratic Budget-Buster (this ties it in with past liberal spending policies);
- The Bureaucrats' Jobs Bill (because they're the only ones who will benefit from the money).

I'm sure someone can do better with a little thought.

*Jm C.*

THE WHITE HOUSE  
WASHINGTON

15 December 1982

MEMORANDUM FOR JUDGE CLARK

FROM: Jim Cicconi *JC*  
SUBJECT: MX Speech Material

The attached story about George Washington might be very useful in any future remarks on the MX. Its application to our situation with the missile is obvious, and the anecdote itself might appeal to the President.

cc: Dave Gergen  
Dick Darman

ose and began reading  
 which my resignation  
 ow have the honor of  
 ress, and of presenting  
 ds the trust committed  
 ng from the service of  
 ntinued for a few brief  
 his composure, then  
 e work assigned me, I  
 bidding an affectionate  
 ders I have long acted,  
 of all the employments  
 the President, he re-  
 sponse of Congress,  
 some words of praise,  
 Mount Vernon. "The  
 Clinton of New York.  
 I hope to spend the  
 ections of good men,

ngton was staying in  
 e lodged. He supposed  
 here. "You have seen  
 o you like best?" The  
 hington laughed and  
 best, but it takes the

### *Mind*

atin (later Jefferson's  
 o buy some land in  
 tended a meeting to  
 Mountains, presided  
 the care with which  
 ted the settlers and  
 ashington's delay in

settling on what was clearly the best route to follow. Suddenly he pointed impatiently to the only pass on the map that seemed practicable and cried: "Oh, it is plain enough!" The room became silent. Washington himself paused, laid down his pen, and, obviously offended, looked up sternly at the young Frenchman for a moment. Then he resumed his inquiries. But after a few minutes he stopped abruptly, threw down his pen, and, looking at Gallatin, announced: "You are right, sir!" Reflected Gallatin later: "It was so on all occasions with General Washington. He was slow in forming an opinion, and never decided until he knew he was right."<sup>30</sup>

### *Royal Gift*

In 1786, the King of Spain presented Washington with two high-born jackasses. One died en route to America, but the other, an enormous creature of pure Andalusian breed which Washington named Royal Gift, was taken to Mount Vernon, where a large harem of mares awaited him for breeding mules. But when a mare was placed in Royal Gift's paddock, he sniffed at her gingerly and then turned away. After exposing him to a long succession of mares without rousing his passions, Washington began wondering whether the jackass was impotent, too "full of Royalty to have anything to do with a plebeian race" of Americans, or, like the Spanish King himself, too old to react speedily to "female allurements." But at length he discovered a way of tricking Royal Gift into performing. He introduced him to "the excitements of a female ass"; then, when the royal beast began to "evidence desires to which he [had] seemed almost a stranger" before, he quickly removed the donkey and substituted a mare.<sup>31</sup>

### *National Defense*

When the Constitutional Convention got around to discussing the power of Congress to raise an army, one of the delegates moved "that the standing army be restricted to five thousand men at any time." Washington was amused by the motion, but as chairman could not offer a motion himself. Instead, he whispered to one of the delegates sitting near him that they had better amend the motion so as to provide that "no foreign army should invade the United States at any time with more than three thousand troops."<sup>32</sup>

THE WHITE HOUSE  
WASHINGTON

December 15, 1982

*JC*  
*Good summary*  
*Thompson*  
*JAB*

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *JC*

SUBJECT: Update on Significant Regulation Changes

For your information, the following are some of the more significant regulatory changes that have occurred in the past month:

- The Depository Institutions Deregulation Committee is encouraging competition between financial institutions and money market funds by authorizing a new, insured account that may be directly comparable to money market funds by offering market rates of return and limited check-writing. The accounts will require a minimum initial deposit of at least \$2,500.
  
- FDA has received severe criticism in recent years for delaying introduction of life-saving drugs in the U.S. and deterring private investment in pharmaceutical research and development. As a result, FDA has proposed major reforms to regulations governing approval of new drugs. Principal changes are: dramatic reduction in the amount of data drug companies must submit, a new internal mechanism to decrease bureaucratic foot-dragging within the agency, and a more liberal policy towards use of foreign test data as the basis for marketing approvals.
  
- EPA has proposed revisions to water quality standards regulations that will permit states to design their own programs to deal with water quality problems, and to apply a cost-benefit standard to water use levels for individual lakes and streams. EPA will recommend that states review and revise their standards as necessary rather than on a mandatory 3-year schedule as at present.
  
- ICC has proposed to deregulate rail transportation of all farm products not previously exempt, excluding grain and soybeans, to provide railroads full flexibility to compete with truckers (who have no regulations on carrying farm products).

Memorandum for James A. Baker, III  
December 15, 1982  
Page 2 of 2

- EPA has proposed major improvements in setting water pollution standards for so-called "conventional" (non-toxic) pollutants that would be more cost-effective. The pollution control costs borne by municipal sewage treatment plants and by industry under existing standards are quite heavy. The compliance costs for industry under these proposals are about \$1B less than the costs of meeting the Carter Administration's standard.
  
- USDA significantly increased the discretion given to states in administering the food stamp program, particularly in combating waste, fraud, and abuse. States will be allowed to set their own requirements for verifying eligibility claims (current rules prohibit this), for staff training, and for operation of state offices.

THE WHITE HOUSE  
WASHINGTON

15 December 1982

TO: JAB III

RE: Satellite Transfer

Today, CCCT decided to support a transfer of both LANDSAT and the civil weather satellites to the private sector.

We will immediately begin looking to the private sector for proposals that will meet the conditions that have been set. These mainly involve guarantees on access, national security, technology transfer, etc. It will also be a phased transfer with financial support continuing at gradually reduced levels until all costs are borne by the private entity.

One of the key arguments in favor of this approach is that it will be more competitive in the long-run with the EC, Japan, and others. It will also enhance development of a role for the private sector in space. One example given was that the government does a very poor job of marketing LANDSAT services; DOC estimated that there is potential for a \$10B/year business there.

cc: Dick Darman

THE WHITE HOUSE  
WASHINGTON

December 15, 1982

MEMORANDUM FOR JAY KEYWORTH

FROM: Jim Cicconi   
SUBJECT: Attached Letter

Please prepare a response to the attached letter for Jim Baker's signature.

If you would return the draft to me, I will then handle from this end.

Thank you.

Jay —  
I know President has been briefed on this before and was impressed, though your guidance on what we want to actually say to the group will be very helpful.  
Thanks  


11/30  
R.F. or thx. + to  
Clark/Gergen?

ask JCA  
answers. R.R. has had  
a briefing on High Frontier.  
Karl Bendtsen + others.  
Was very ~~impressed~~ impressed  
J.C. should talk w/ Keyworth

BLAND McREYNOLDS  
2400 WEST LOOP SOUTH, SUITE 407  
HOUSTON, TEXAS 77027

ent

Dear Jim:

I spent an interesting evening yesterday with Brigadier General Robert Richardson, United States Air Force (Ret.). He was in Houston representing a private sector group called "High Frontier". Without knowing or caring about what politics might be involved, I was very impressed with the concept and wanted to make you aware of it.

I am told that the technology is on the shelf to put into operation, within six years, an A.B.M. system that would knock out a very high percentage of incoming ballistic missiles before they could reach our M.X. missiles. Supposedly, this could be done out in space with non-nuclear warheads at a very reasonable cost. If true, this would be much more feasible than disarmament. Even assuming that the Soviet Union put into place their own system, the bottom line would be disarmament without a unilateral agreement.

I am told that the reason that such an obvious solution has not been proposed by our military leaders is that the bureaucracy, broken down into its basic components, does not process an overall strategy as well as it processes an individual strategy.

If occurred to me that if this is feasible and the President were to embrace the concept, he could go directly to the people with it and avoid the twenty years it would take to get it done through the present procedures. President Eisenhower set a precedent for this with the Atlas missiles right after Russia demonstrated nuclear capabilities.

Jim, I realize that this is a far out idea from a guy like myself who is far out of the big picture, but I thought maybe I could see something from a distance that was not clear to those close up.

Keep up the good work.

Very truly yours,

*Bland*  
Bland McReynolds

Copies of this study are available from:  
High Frontier Inc.  
1010 Vermont Avenue, N.W., Suite 1000  
Washington, D.C.  
(202) 737-4979

f JC memo

THE WHITE HOUSE

WASHINGTON

December 16, 1982

MEMORANDUM FOR MICHAEL K. DEEVER

FROM: Jim Cicconi

SUBJECT: Proposed Event for Martin Luther King's  
Birthday (January 15, 1983)

Attached is a schedule proposal that reflects the thinking of Red Cavaney, Mel Bradley, Thelma Duggin, and myself. It is in response to invitations for the President to attend a Kennedy Center concert in honor of Dr. Martin Luther King's birthday on January 15.

In short, we are recommending that the President not attend the Kennedy Center event due to the unpredictable factors involved (such as crowd composition and behavior). Instead, we are proposing that a concert/reception be held at the White House in honor of Dr. King's birthday. The Boys Choir of Harlem would entertain, and we would invite prominent citizens associated with the civil rights movement and Black Republicans. The brief concert would be followed by some remarks by the President, and then a 30 minute reception. The performers in the Kennedy Center event later that evening would, of course, be invited to the White House function.

Our feeling is that a White House reception would give us all the positive publicity we might expect from attending the Kennedy Center concert, yet with little risk of embarrassment. Properly handled, this could be a real plus.

Please note that the attached schedule proposal is the original-- Bill Sadleir has not received it yet. Also attached are the letters you gave me from Secretary Pierce and the University of Rochester.

If you have any questions, I would be happy to discuss this further with you.

Attachments

THE WHITE HOUSE

WASHINGTON

SCHEDULE PROPOSAL

December 16, 1982

TO: WILLIAM SADLEIR  
DIRECTOR OF SCHEDULING

FROM: EDWIN L. HARPER/ELIZABETH H. DOLE   
ASSISTANTS TO THE PRESIDENT

REQUEST: WH Concert/Reception on Martin Luther King's Birthday

PURPOSE: To commemorate Dr. Martin Luther King's Birthday with a performance by the Boys Choir of Harlem with the Eastman Philharmonia as special guests.

BACKGROUND: The Boys Choir of Harlem began in 1968. Members are from all parts of New York, however, a large number are from central Harlem, ranging in age from 9 to 15 years. The Boys Choir of Harlem's purpose is to help youngsters realize their creative potential through performance of various kinds of music. The program is designed to provide a creative outlet, to educate and broaden the children's aesthetic perception. The boys are introduced to a wide variety of music from the strictly classical repertoire of music for Boys' voices to the contemporary to gospel and spirituals. Special emphasis is given to the works of Black composers.

The Eastman Philharmonia will give the world premiere of a work in Dr. King's honor by Pulitzer Prize-winning composer Joseph Schwantner at the Kennedy Center that evening, starting at 8:30 p.m. The work, scored for narrator and orchestra, uses texts from the writings of Dr. King. Guest narrator will be Willie Stargell, first baseman for the Pittsburgh Pirates. It will be Mr. Stargell's first appearance as a performer on the concert stage.

PREVIOUS PARTICIPATION: None

DATE: January 15, 1983 DURATION: 30 min./1 hour

LOCATION: The East Room

PARTICIPANTS: Prominent citizens (150-175), particularly those associated with the civil rights movement and Black Republicans. (A suggested list will be provided).

OUTLINE OF  
EVENT:

An abbreviated concert by the Boys Choir of Harlem  
(25 minutes), followed by remarks from the President  
(5 minutes) and a reception (30 minutes - optional).

REMARKS

REQUIRED: Brief remarks by the President.

MEDIA

COVERAGE: Open

RECOMMENDED

BY: Elizabeth Dole, Ed Harper, Jim Cicconi, Mel Bradley,  
Thelma Duggin

OPPOSED BY:

PROJECT

OFFICER: Mel Bradley and Thelma Duggin

THE WHITE HOUSE

WASHINGTON

December 16, 1982



MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi  
SUBJECT: AG's Trip Abroad

You asked that I summarize the AG's report of his trip. I can give you more detail if you want, but basically the report restates what the Evening News already reported. There is not much here that you don't already know.

The trip seems to have been very productive, especially because of the level of media attention given to it. Some of the countries may have actually felt a need to respond because of the high profile given the issues (Pakistan, for one).

The AG visited Japan, Hong Kong, Thailand, Pakistan, France and Italy. The following main topics were discussed in each country:

- Japan Closer cooperation was sought in organized crime investigations, international efforts to combat heroin, and the need for Japan to take strong steps to open their markets to imports.
- Hong Kong Means were explored for reducing use of this city as a haven for drug money.
- Thailand Further steps to combat drug trafficking were discussed.
- Pakistan Measures for reducing heroin traffic and processing were discussed.
- France The recent upsurge in international terrorism, and possibilities for increased Franco-American cooperation on the problem, were discussed.
- Italy There was discussion of Italy's efforts to combat increasing use of that country as a processing and transit point for heroin entering the U.S.

THE WHITE HOUSE

WASHINGTON

December 20, 1982

MEMORANDUM FOR SENIOR STAFF

FROM: Jim Cicconi *JWC*  
SUBJECT: Senior Staff Meetings

There will be no senior staff meetings from Friday, December 24 through Monday, January 3.

Meetings will resume on Tuesday, January 4. (Please note that this is a change from the schedule announced in this morning's meeting.)

Thank you, and Happy Holidays.

142 11 23

THE WHITE HOUSE

WASHINGTON

December 20, 1982

MEMORANDUM FOR RICHARD DARMAN

FROM: Jim Cicconi *JWC*

SUBJECT: Safe Drinking Water Act

The following points summarize my thoughts on the proposal to revise the Safe Drinking Water Act:

1. This proposal constitutes a major revision which will be portrayed by our opponents and the media as an attempt to "gut" the Act.
2. It can be expected that this proposal would face a hostile reception in the Congress, and would stand little chance of passage.
3. The proposed revisions are gratuitous. They are unnecessary from a practical standpoint (only the funding provisions of the Act expired this year, not the regulatory provisions), and EPA has, until now, maintained that they feel revisions are less than desirable from a policy standpoint.
4. The only outside support that can be expected for this proposal would be from the water industry, which has suggested something very close to it. This, however, would put us in the position of appearing to side with an industry's position and against public concern for safe drinking water.
5. Contrary to the implication in the decision memo, it can be expected that support for this proposal would hinder, and certainly not help, our efforts to revise the Clean Air Act.
6. This proposal would add to perceptions that the President is anti-environment, a growing problem according to Wirthlin's polls.

In short, this proposal is unnecessary, probably impractical, and would cause further political damage to the President's image on environmental issues.

cc: James A. Baker, III

THE WHITE HOUSE  
WASHINGTON

20 Dec 1982

TO: JAB III

RE: AMA/FTC

For your information:

The Senate has apparently killed the AMA's attempt to get itself exempted from FTC jurisdiction.

You'll recall that this is what Stu Spencer was lobbying you on. Sen. Rudman did it in with some very strong language about special interests, etc. I don't think we had that much to do with it (in line with your preference that we not "push" our position on this too hard).

*Jim*

THE WHITE HOUSE

WASHINGTON

December 22, 1982

MEMORANDUM FOR SENIOR STAFF

FROM: Jim Cicconi

SUBJECT: Senior Staff Meetings

Due to a change in the President's schedule, a senior staff meeting will be held on Monday, January 3, which will be chaired by Ed Meese.

Thank you.

THE WHITE HOUSE  
WASHINGTON

22 Dec 1982

TO: JAB III

RE: Chinese Trade Agreement

Brock and the Trade Policy Committee have recommended that the President renew for three years the trade agreement between the US and China.

Since 1980, when the agreement took effect, trade with China has increased from \$2.3B to \$5.4B; US exports to China increased from \$1.7B to \$3.6B. The US has had a healthy surplus in its trade with China since the agreement.

*JWC*

THE WHITE HOUSE  
WASHINGTON

23 Dec 1982

TO: JAB III

RE: African Development Bank

FYI,

Regan and CCEA have recommended that the President agree to join the African Development Bank, which was recently opened to non-African members. (I wrote a more detailed memo on this a while back.)

OMB had problems with this, but they've now agreed to go along. State Department is obviously supportive, and feels this will help US standing (and that of the West generally) among the LDC's of Africa.

*Jin*

Outlays for this -- about \$18 million/yr--  
have already been provided for in  
the '84 budget.