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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

April 28, 1982

MEMORANDUM FOR EDWIN L. HARPER
FROM: BURLEIGH LEONARD
SUBJECT: FOOD SAFETY

OFFICE OF
POLICY DEVELOPMENT
1982 APR 28 P 2:48

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CM003

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At the request of Bob Carleson, I am providing you with the following background information on the issue of food safety.

Primarily as a result of the Carter Administration's attempts to remove saccharin and nitrites from the food supply, the food industry has targeted the food safety laws as the prime candidate for a major legislative overhaul. Early in 1981, food industry lawyers put together a package of proposed modifications of the food safety laws that was hailed as the "industry bill". Senators Hatch and Helms were enlisted to introduce the bill in the Senate and Representatives de la Garza and Wampler were drafted to sponsor the House version.

Once the industry bill was introduced and Senate hearings scheduled, the Administration established a working group to develop an Administration position on proposed changes to the food safety laws. The working group, composed of USDA Assistant Secretary William McMillan (Chairman), HHS Assistant Secretary Edward Brandt, FDA Commissioner Arthur Hayes, Jr., EPA Deputy Administrator John Hernandez, and Food Safety Inspection Service Administrator Donald Houston, submitted policy recommendations to the Cabinet Council on Human Resources on November 2, 1982. After considerable discussion of the policy recommendations, Secretary Schweiker concluded that it was premature for the Administration to adopt a formal policy position on changes in the food safety laws without having a clearer idea of the prospects for congressional action on such a controversial matter. Secretary Block concurred, and a decision was made to hold the issue in abeyance until Secretary Schweiker had an opportunity to pursue the subject with Senators Hatch and Kennedy.

In the meantime, consumer resistance to the "industry bill" was building, and cracks in the food industry's monolithic support of the bill were forming. Because of these developments and scheduling problems, Senator Hatch postponed food safety hearings indefinitely. As the issue moved to a back burner,

the various constituencies began to reassess their positions. The Grocery Manufacturers of America grew increasingly suspicious of attempts to change the law in an election year and began more forcefully to advocate redress of industry's problems with the food safety laws through administrative procedures. The American Meat Institute, the National Soft Drink Association, and the Farm Bureau continued to press for congressional action. Consumer groups vowed to oppose the "industry bill" at all costs. It was apparent that the consensus on changes to food safety laws was eroding rather than building.

It was at this point that Secretary Schweiker made a personal appeal to Hatch and Kennedy to have their staffs sit down with FDA representatives and explore whether there was any room for compromise. Over the following months, Hatch's and Kennedy's staffs pounded out compromise language which is very compatible with the concepts embodied in the Administration's working group recommendations.

Senator Hatch's staff is now talking about scheduling food safety hearings in June. The development of the Hatch-Kennedy language, the prospect of hearings and the great interest on the part of industry to know where the Administration stands on the issue, make food safety a timely subject for further Cabinet Council consideration.

The issues before the Cabinet Council are as follows:

- . Should the Administration seek changes in the food safety laws at this time?
- . What changes should the Administration advocate?
- . What strategy should the Administration pursue in packaging and communicating its package of proposed changes?

With regards to the question of whether the President should attend the Cabinet Council meeting on food safety, the following considerations should be kept in mind:

- . The issues before the Cabinet Council may not be sufficiently sharpened for decision making. Thus it may not be a wise use of the President's time to listen to an open-ended debate. On the other hand, the food safety issues are so complex and politically sensitive that the President may find it worthwhile to be exposed to a full debate on the matter before he is called upon to make a decision.

. Secretary Schweiker and Secretary Block have taken a direct and personal interest in this issue.

. Matters of politics and strategy are critical to the Administration's success or failure on this issue; the President's insights could be very instructive with respect to how an Administration position should be packaged and presented.

While there is a long list of food safety law provisions that need to be addressed, the Delaney Clause is the single most controversial provision with which the Administration must deal. For this reason, I have attached an analysis of the Delaney Clause issue.

Should you want to see the full set of proposals recommended by the Working Group on Food Safety, I can provide you with a copy of the Working Group's report.

I. Statement of the Issue

What factors should govern the decision to ban a carcinogenic additive from the food supply?

II. Background

The Delaney Clause, enacted in 1958, provides that no substance which has been shown to induce cancer in man or animal shall be added directly or indirectly to the food supply. Under an exception known as the DES proviso, a carcinogenic substance may be used in food-producing animals if no residue of such substance can be detected in the edible tissues.

The Delaney Clause establishes that the threshold finding for banning a substance for use in food is an animal test which shows a substance to be carcinogenic. By precluding any risk/benefit assessment in the calculus of safety, the Delaney Clause stands for the proposition that the only risk of cancer acceptable in a food additive is no risk at all.

Such a rigid approach to carcinogenic food substances caused little concern twenty years ago, when our analytical techniques and understanding of carcinogenesis were primitive at best. Today, with recent advancements in science and technology, we are detecting a multitude of heretofore unnoticed carcinogens that are running up against the Delaney Clause, e.g. saccharin and nitrites. While the Delaney Clause has been invoked in only a couple of instances to date, a strict application of its provisions in the future could alter significantly the quantity and character of the nation's food supply without yielding more than a nominal positive effect on public health.

III. Analysis

Under current law, once a food additive has been found to induce cancer in man or animal, the inquiry is over and the substance must be banned. Factors, such as the extent of human exposure, relative carcinogenic potencies, health benefits, consumer costs, and availability and acceptability of food, do not figure in the regulatory decision making process.

The food industry is interested in substituting a "significant risk" standard for the Delaney Clause's "zero risk" standard. A significant risk standard broadens the scope of scientific inquiry into the safety of a food additive. Under this regulatory scenario, one must determine not only that the additive induces cancer but also that the additive exposes the public to a risk to health that is significant. Such an assessment of the significance of a risk requires the consideration of a host of factors, including the appropriateness of animal tests as indicators of risk to humans; the extent of human exposure to the additive; and the relative carcinogenic potency of the additive. If, after consideration of the relevant safety factors, a finding is made that the additive does not present a significant risk to health, the additive will be approved for use in food under prescribed conditions, regardless of its status as a potential carcinogen.

The food industry also would introduce a consideration of health benefits and economic factors (consumer costs, availability of an ample and varied food supply, etc.) into the calculus of safety in those cases involving a carcinogenic additive that presents a significant risk to public health but that has a long history of use and no practicable substitute. The inclusion of health benefits and economic factors would transform the basis for regulatory action into a full blown risk/benefit assessment-- a troublesome task given the inherent difficulty of determining the economic worth of a particular health risk.

Consumer advocates are concerned that any modification of the Delaney Clause to establish a significant risk standard and to incorporate a consideration of economic factors would bestow unwarranted benefits upon the food industry at the expense of public health and safety. Such concern is not unjustified. The food industry's proposed changes would shift the focus of the Delaney Clause somewhat from health concerns and thus perhaps subject the public to a somewhat greater risk of cancer.

There is merit in industry's proposal to broaden the inquiry that forms the basis for FDA's regulatory action under the Delaney Clause. Any attempt to prohibit the use of a food additive should be supported by in depth consideration of all relevant safety factors. The disturbing feature of industry's position vis-a-vis the Delaney Clause is the penchant for obscuring science with economic considerations. Rather than demanding that scientists refine their analytical capabilities for determining whether an additive actually poses a risk of cancer to humans, industry seeks to build inertia into the regulatory apparatus by requiring more and more factors to be taken into account before a decision on safety can be made.

Such an approach to food safety issues will not contribute to a better understanding of the risks associated with the food supply. Nor will it instill confidence in the federal government's ability to provide for the public's health and safety.

There are means to accommodate industry's desire to incorporate some form of consideration of economic factors in the regulation of carcinogenic food additives without making specific reference to such factors in the Delaney Clause. The phase-out of the use of carcinogenic substances (rather than current law's immediate and total ban) could give industry an opportunity to adjust to a decision to remove an additive from the market. With sufficient time to develop substitute additives and to adopt new manufacturing practices, industry could minimize economic dislocations. Furthermore, interim listing of suspect additives and a broadly construed notion of health benefits (against which an additive's risks would be balanced) could relieve some of the economic uncertainty that currently plagues the food industry.

IV. Options

1. Leave current law unchanged, thereby restricting the regulatory inquiry to whether the additive induces cancer in man or animal, i.e. whether animal tests show an additive to be a cancer-inducing substance (Consumer position).
2. Modify current law so as to require that regulatory action be undertaken only if qualified experts agree that an additive poses a risk of cancer to humans.
3. Modify current law so as to require that regulatory action be undertaken only if (1) qualified experts agree that an additive poses a risk of cancer to humans; and (2) the health benefits associated with the additive do not outweigh the risks of the additive (Food Safety Working Group position).
4. Modify current law so as to require that regulatory action be undertaken only if (1) the additive induces cancer in man or animal; (2) the use of the additive presents a significant risk to health; and (3) in the case of an additive that presents a significant risk to health but that has a long history of use and no practicable substitute, the economic benefits associated with the additive do not outweigh its risks (Industry position).

THE WHITE HOUSE

WASHINGTON

October 14, 1982

MEMORANDUM FOR RICHARD G. DARMAN

FROM: ROGER B. PORTER

SUBJECT: H.R. 6865 - Perishable Agricultural
Commodities Act Amendments

The Office of Policy Development recommends approval of
H.R. 6865.

THE WHITE HOUSE
WASHINGTON

092150 PD

October 14, 1982

FYJ Em 003

MEMORANDUM FOR ROGER PORTER

FROM: LES DENEND *D*

SUBJECT: H.R. 6865 - Perishable Agricultural
Commodities Act Amendments

H.R. 6865 amends the Perishable Agricultural Commodities Act of 1930 to allow violators to pay a fine, in cases where the violation is inadvertent and not repeated or flagrant, and authorizes the Secretary of Agriculture to require a U.S. resident, who is an assignee for a non-resident seeking damages under the Act, to furnish a bond.

Danny Boggs has reviewed the enrolled bill report and recommends approval.

Recommendation: That you sign the attached memorandum to Dick Darman recommending approval.

copy to BL

OFFICE OF POLICY DEVELOPMENT

STAFFING MEMORANDUM

DATE: 10/10/82 ACTION/CONCURRENCE/COMMENT DUE BY: 10/14/82

SUBJECT: H.R. 6865 - Perishable Agricultural Commodities Act Amendments

	ACTION	FYI		ACTION	FYI
HARPER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	DRUG POLICY	<input type="checkbox"/>	<input type="checkbox"/>
PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	TURNER	<input type="checkbox"/>	<input type="checkbox"/>
BARR	<input type="checkbox"/>	<input type="checkbox"/>	D. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>
BOGGS	<input type="checkbox"/>	<input type="checkbox"/>	OFFICE OF POLICY INFORMATION		
BRADLEY	<input type="checkbox"/>	<input type="checkbox"/>	HOPKINS	<input type="checkbox"/>	<input type="checkbox"/>
CARLESON	<input type="checkbox"/>	<input type="checkbox"/>	COBB	<input type="checkbox"/>	<input type="checkbox"/>
DENEND	<input type="checkbox"/>	<input type="checkbox"/>	PROPERTY REVIEW BOARD	<input type="checkbox"/>	<input type="checkbox"/>
FAIRBANKS	<input type="checkbox"/>	<input type="checkbox"/>	OTHER		
FERRARA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GALEBACH	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GARFINKEL	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GUNN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
B. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
LI	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
MONTOYA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
ROCK	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
ROPER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
SMITH	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
UHLMANN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
ADMINISTRATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

DANNY BOGGS

May I please have your recommendation by COB 10/13

Judy Johnston 10/12

Edwin L. Harper

Edwin L. Harper
Assistant to the President
for Policy Development
(x6515)

Please return this tracking sheet with your response

WHITE HOUSE STAFFING MEMORANDUM

DATE: October 8 ACTION/CONCURRENCE/COMMENT DUE BY: Thursday, October 14

SUBJECT: H.R. 6865 - PERISHABLE AGRICULTURAL COMMODITIES ACT AMENDMENTS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	FULLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GERGEN	<input type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
DOLE	<input type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

Please provide any comments/recommendations by Thursday, October 14.

Thank you.

Richard G. Darman
Assistant to the President
(x2702)

Response:

**WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET**

C4003

- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Richard G. Durbin

MI Mail Report User Codes: (A) _____ (B) _____ (C) _____

Subject: H.R. 6865 - Purchable Agricultural Commodities Act Amendments

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CU Holland</u>	<u>ORIGINATOR</u>	<u>82110109</u>		<u>C</u>	<u>82110112</u>
	Referral Note:				
<u>CUAT II</u>	<u>D</u>	<u>82110109</u>		<u>C</u>	<u>82110112</u>
	Referral Note:				
<u>CUFIEL</u>	<u>S</u>	<u>82110112</u>	<u>##</u>	<u>A</u>	<u>82110112</u>
	Referral Note:				
		<u>1 1</u>			<u>1 1</u>
	Referral Note:				
		<u>1 1</u>			<u>1 1</u>
	Referral Note:				

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: _____

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CLASSIFICATION SECTION

No. of Additional Correspondents: _____ Media: _____ Individual Codes: _____

Prime Subject Code: _____ Secondary Subject Codes: _____

PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	P- _____
DSP	_____	Time: _____	Media: _____

SIGNATURE CODES:

- CPn - Presidential Correspondence**
- n - 0 - Unknown
- n - 1 - Ronald Wilson Reagan
- n - 2 - Ronald Reagan
- n - 3 - Ron
- n - 4 - Dutch
- n - 5 - Ron Reagan
- n - 6 - Ronald
- n - 7 - Ronnie

- CLn - First Lady's Correspondence**
- n - 0 - Unknown
- n - 1 - Nancy Reagan
- n - 2 - Nancy
- n - 3 - Mrs. Ronald Reagan

- CBn - Presidential & First Lady's Correspondence**
- n - 1 - Ronald Reagan - Nancy Reagan
- n - 2 - Ron - Nancy

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- G - Message**
- H - Handcarried**
- L - Letter**
- M - Mailgram**
- O - Memo**
- P - Photo**
- R - Report**
- S - Sealed**
- T - Telegram**
- V - Telephone**
- X - Miscellaneous**
- Y - Study**

THE WHITE HOUSE

WASHINGTON

October 12, 1982

MEMORANDUM FOR RICHARD G. DARMAN

FROM: FRED F. FIELDING *Orig. signed by FFF*

SUBJECT: Enrolled Bill H.R. 6865 -- Perishable
Agricultural Commodities Act Amendments

At your request, we have reviewed the above-referenced enrolled bill and have no objection to it being signed by the President.

FFF:DEW:sts
FFFfielding
DEWilson
Subject
Chron

WHITE HOUSE STAFFING MEMORANDUMDATE: October 8 ACTION/CONCURRENCE/COMMENT DUE BY: Thursday, October 14SUBJECT: H.R. 6865 - PERISHABLE AGRICULTURAL COMMODITIES ACT AMENDMENTS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	FULLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GERGEN	<input type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
DOLE	<input type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

Please provide any comments/recommendations by Thursday, October 14.

Thank you.

Richard G. Darman
Assistant to the President
(x2702)Response:



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 8 1982

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6865 - Perishable Agricultural
Commodities Act Amendments
Sponsor - Rep. de la Garza (D) Texas

Last Day for Action

October 18, 1982 - Monday

Purpose

Amends the Perishable Agricultural Commodities Act, 1930, to (1) permit certain violators of the Act to pay a monetary penalty, and (2) authorize the Secretary of Agriculture to require a United States resident, who is an assignee for a nonresident seeking damages under the Act, to furnish a bond.

Agency Recommendations

Office of Management and Budget	Approval
Department of Agriculture	Approval

Discussion

The Perishable Agricultural Commodities Act (PACA), provides a framework for suppressing unfair and fraudulent practices in the marketing of fresh and frozen fruits and vegetables in interstate and foreign commerce. Where violations of the Act are repeated or flagrant, the Secretary of Agriculture has the authority to revoke or suspend a merchant's license if it is warranted.

H.R. 6865 amends PACA to allow merchants to admit their violations of the Act and pay a fine, in cases where the violation is inadvertent or unintentional misrepresentation and is not repeated or flagrant. Sanctions for repeated or flagrant violations would not be altered by the enrolled bill.

H.R. 6865 further amends PACA to address situations where foreign claimants have been able to circumvent bonding requirements of the Act by assigning the claim to a United States resident who is not otherwise required to provide a bond. A bond is currently

required of all nonresident claimants before any formal action is taken on their claims. The amount of the bond is double the amount of the claim, to cover attorney's fees of the respondent should the respondent prevail, and any other awards which may be issued by the Secretary of Agriculture against the nonresident complaining. The enrolled bill closes the existing loophole by requiring a U.S. resident, to whom a claim has been assigned, to also post a bond. The enrolled bill does not alter the Secretary of Agriculture's authority to waive the bonding requirements of the Act in those cases where a claimant is a resident of another country that permits the filing of a complaint by a resident of the United States without the furnishing of a bond.

The enrolled bill, which was modified to accommodate technical concerns raised by the Department of Agriculture, passed the House and the Senate by voice vote.

James M. Frey
Assistant Director for
Legislative Reference

Enclosures

Ninety-seventh Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-fifth day of January,
one thousand nine hundred and eighty-two*

An Act

To amend the Perishable Agricultural Commodities Act, 1930, to require the Secretary of Agriculture to accept the payment of monetary penalties for certain admitted and infrequent violations involving misrepresentation under such Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2(5) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499b(5)), is amended by amending the proviso to read as follows: "Provided, That any commission merchant, dealer, or broker who has violated—

"(A) any provision of this paragraph may, with the consent of the Secretary, admit the violation or violations; or

"(B) any provision of this paragraph relating to a misrepresentation by mark, stencil, or label shall be permitted by the Secretary to admit the violation or violations if such violation or violations are not repeated or flagrant;

and pay, in the case of a violation under either clause (A) or (B) of this paragraph, a monetary penalty not to exceed \$2,000 in lieu of a formal proceeding for the suspension or revocation of license, any payment so made to be deposited in the Treasury of the United States as miscellaneous receipts;"

SEC. 2. Section 6(e) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499f(e)), is amended by inserting "or by a resident of the United States to whom the claim of a nonresident of the United States has been assigned," after "nonresident of the United States,"

SEC. 3. The amendment made by section 2 shall not apply with respect to complaints made under section 6(e) of the Perishable Agricultural Commodities Act, 1930, before the date of enactment of this Act.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

TJ
JV

095647

ID # _____

CM003

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD)

82, 09, 19

Name of Correspondent: Walter Wolf

MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: Write about the First World Conference

on "How to Store your Harvest" slated for Oct 11 + 12 in Pasco, Washington -

ROUTE TO:

ACTION

DISPOSITION

Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
	<u>Co. Kelly</u>	ORIGINATOR	<u>820823</u>			<u>820913</u>
	<u>99 AID</u>	Referral Note:	<u>820826</u>			<u>820910</u>
	<u>AID</u>	Referral Note:	<u>see AID memo attached</u>			<u>820810</u>
		Referral Note:	<u>1 1</u>			<u>1 1</u>
		Referral Note:	<u>1 1</u>			<u>1 1</u>
		Referral Note:				

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- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

OFFICE OF
THE EXECUTIVE SECRETARY

September 10, 1982

MEMORANDUM FOR MS. SALLY KELLEY
Director of Agency Liaison
Presidential Correspondence
The White House Office

SUBJECT: Letter from Mr. Walter W. Wolf, President
International Food Storage Corporation

Mr. Wolf has discussed his program with the Office of Business Relations in the Bureau for Private Enterprise and we recently responded to his letter to the Agency for International Development on the "World Conference, How to Store Your Harvest." A copy of our response is attached.

We recommend that no further reply be made to Mr. Wolf.

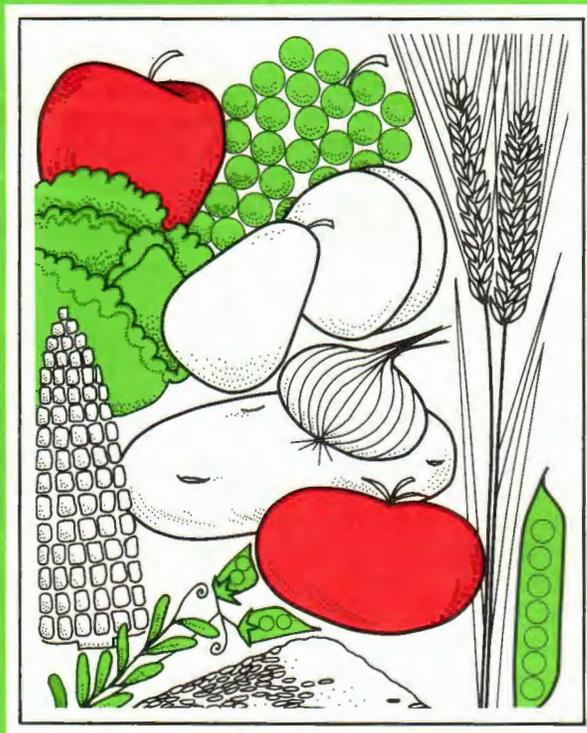


Francis R. Herder
Deputy Executive Secretary

Attachment:
Letter to President Reagan from
Walter W. Wolf dated July 16, 1982

WORLD CONFERENCE

HOW TO STORE YOUR HARVEST



**Oct. 11-22, 1982
Pasco, Washington
United States of America**

A Workshop For The World On

"HOW TO STORE YOUR FOOD HARVEST"

"My people have learned to grow their own food, but it lies on the ground and rots before my people can eat it. When I read your letter, it sounded like the answer to my prayers. I have watched children starve and have been able to do nothing about it . . ." This quotation was an early response from a developing country Diplomat who received notice of our seminar.

The International Food Storage Corporation cordially invites you to attend the first worldwide conference on the critical problem of postharvest food losses. Inadequate storage facilities, insect infestation during storage, poor refrigeration and ventilation problems will be the subjects.

DISTINGUISHED PANEL OF PROFESSIONALS

The faculty will be a select group of consultants and authorities, who have solved food storage problems in a wide variety of environments throughout the world. They will present the latest proven techniques of storing and preserving food after harvest.

All English presentations and tours will be interpreted simultaneously in Spanish and French.

The United States Department of Agriculture and many countries support this conference.

STUDY A VARIETY OF CONDITIONS

Pasco, Washington, U.S.A., on the Columbia River, was chosen because of the diversity of farm production, handling and storage. This is where grains, lentils, fruits and vegetables are grown on a variety of soils, in different weather conditions. After harvest these crops are stored, using the latest technology.

October 11-15: Handling, storage and processing methods for perishable fruits and vegetables.

October 18-22: Handling, storage and processing methods for grains, rice, corn and lentils.

STORAGE INSPECTION TOURS

Each day there will be tours to various locations to see the techniques, machines, and equipment that are used in postharvest storage. Consultants, farmers, and managers will share their experience and knowledge with you.

INDIVIDUAL STORAGE PROBLEM COUNSELING

You are encouraged to send complete information on your country's major food storage problem with your registration. An appointment will be made for you to discuss your problem in a personal meeting with a consultant.

JOINT VENTURE CAPITAL

You will be given information on how cooperative financial assistance may be made available for constructing storage facilities in your country. U.S. businessmen, representatives from the Overseas Private Investment Corporation, Agency for International Development and U.S. Department of Commerce will be present for consultation on joint venture opportunities.

REGISTRATION AND COST

The cost of this worldwide conference-workshop is \$1000 for one week, or \$1500 for two weeks (U.S. currency). This registration fee includes your private hotel room, tours, tour transportation, all seminars, one banquet per session and one written certificate of attendance per session.

United States Agency for International Development Mission funds from your country may be available to assist you with travel and conference expenses.

International Food Storage Corporation looks forward to welcoming you in Pasco for the first World Conference on How To Store Your Harvest.

Please register early.

Maximum attendance

cannot exceed 300 persons.

PERISHABLE FOOD LABORATORY

SUNDAY

October 10, 1982

Registration

MONDAY

October 11, 1982

8:00-8:30

Welcome and opening ceremony with introduction of faculty and business leaders conducting seminars and tours.

Purpose of Perishable Food Storage Conference. Content and Methodology.

United States Congressman Tom Foley

8:30-10:00

Economics: Considerations in Storage and Processing of Fruits and Vegetables

Dr. Smith Greig, Washington State University. Ph.D., M.S., Cornell University; B.S., University of Arkansas. Author and Consulting Economist to Brazil, Colombia, Argentina, Kenya and India.

10:00-10:15

Coffee — Questions and Answers

10:15-11:00

Postharvest Biology — an Overview

Dr. Adel Kader, University of California at Davis. Ph.D., Plant Physiology; M.S., Vegetable Crops, University of California; B.S., Horticulture, Ain Shams University, Cairo, Egypt. Published in 150 publications, "Postharvest Biology and Technology of Fruits and Vegetables." Member United Nations Food and Agriculture Panel on "Postharvest Losses of Perishables in Developing Countries."

11:00-12:00

Mechanical Design for Economical, Energy-Efficient Storage Facilities

Mr. Walter C. Sparks, B.S., former Senior Research Professor, University of Idaho. International Food Storage Corporation consultant. Has acted as food industry consultant on food storage preservation to developing countries.

12:00-1:15

Lunch

1:30-2:30

Preharvest Treatment and Harvesting Methods/Equipment

Dr. Max Patterson, Washington State University. Ph.D., M.S., B.S., Horticulture. Professor of Horticul-

ture, Washington State University. Specialist in tree fruit handling and storage, involved in a research project on Postharvest disorders of apples. Recent six-month sabbatical at Kent, England, East Malling Research Station.

2:30-3:00

Handling of Fruit and Vegetables

Dr. Max Patterson, W.S.U.

3:00-3:20

Coffee — Questions and Answers

3:20-5:00

Modified Atmosphere and Low Pressure Systems During Storage

Dr. Adel Kader

7:00-10:00

Postharvest Storage Films and Personal Consultations.

TUESDAY

October 12, 1982

8:00-10:00

Potentials for Irradiation for Food Storage, Processing and Distribution

Dr. Smith Greig

Grading and Sorting of Potatoes Packaging Potatoes

Mr. Edwin Plissey, M.S., B.S., Plant Physiology. Director of Maine Potato Commission; Food Industry Consultant.

10:00-10:15

Coffee — Questions and Answers

10:15-12:00

Storage Handling Equipment

Mr. Ray W. Kueneman, B.S., Food Technology — charter member of Institute of Food Technology, formerly Vice President Research and Development, J.R. Simplot Company.

12:00-1:15

Lunch

1:15-5:00

Field trip to Lamb-Weston which includes visiting large potato farm for on-site inspection, information on potato harvesting, handling, storage and processing.

7:00-10:00

Postharvest Storage Films and Personal Consultations.

WEDNESDAY**October 13, 1982**

8:00-10:00

Grading, Processing and Sorting of Fruits and Vegetables**Storage Handling Equipment**

Dr. Alan Pettibone, Acting Dean, College of Agriculture, Washington State University. Ph.D., Agricultural Engineering, Cornell University; M.S., B.S., Ag Engineering and B.S., Ag Mechanization, Washington State University.

Author and research leader on many harvest and storage projects.

10:00-10:15

Coffee — Questions and Answers

10:15-12:00

Effective, Economical Construction of Food Storage Facilities for Tropical Fruits and Vegetables

Dr. O. J. Hendrickson, Vice President, Industrial Contractors, Inc.

Dr. Alan Pettibone, Washington State University

12:00-1:15

Lunch

1:15-5:00

Field trip to Walla Walla area farms growing onions, carrots and tomatoes. View and discuss harvesting, handling, storage and processing operations.

Also tour of wholesale produce warehouse.

7:00-10:00

Postharvest Storage Films and Personal Consultations.

THURSDAY**October 14, 1982**

8:00-10:00

Conservation of Energy in Postharvest Technology Procedures

Dr. Robert L. Skiles, Ph.D., Plant Pathology, University of Minnesota; M.S. and B.S., Botany and Plant Pathology, Colorado State University. Director, Postharvest Institute for Perishables. Former Manager, International Research and Development, Stauffer Chemical Company. Author, many publications, patents.

10:00-10:15

Coffee — Questions and Answers

10:15-12:00

Management Control Practices

Sanitation:

Structural Features Relating to Good Storage

Warehouse Sanitation Inspection and Practice

Waste Material Disposal

Fumigation

Mr. Walter C. Sparks

12:00-1:15

Lunch

1:15-5:00

Field trip to Seneca Foods, Prosser, Washington and to Columbia Pacific, Yakima, Washington. Tour apple and pear orchards. See procedures for picking, handling, storage and packaging; processing of apples and pears.

7:00-10:00

Postharvest Storage Films and Personal Consultations.

FRIDAY

8:00-10:00

October 15, 1982

Rodent, Bird, Insect and Disease Control — Mechanical and Chemical — in Field and Storage area Safety Practices

Mr. John DiGrazio of Denver Wildlife Center. B.S., Colorado State University; Game Biologist for State of Colorado; Chief of International Program for Denver Wildlife Research Center since 1974 — control techniques for wildlife including birds, rodents and insects. Team member: Vampire Bat Control Program in Latin America.

10:00-10:15

Coffee — Questions and Answers

10:15-12:00

Physiology of Fruit and Vegetable Storage

Apples, Pears, Peaches and Grapes
Potatoes, Onions, Tomatoes, Leafy Vegetables

Dr. Max Patterson, Washington State University

12:00-1:15

Lunch

1:15-5:00

Field trip to Hermiston vegetable production area.

Visit farms harvesting cucumbers, melons, squash and pumpkins. Included is inspection of pivot post irrigation and visit to a supermarket.

7:00-

Award Banquet, Presentation of Certificates

SATURDAY

9:00-12:00

October 16, 1982

Tour Port of Pasco facilities.

See preparation, handling and loading of containers for shipment of perishables.

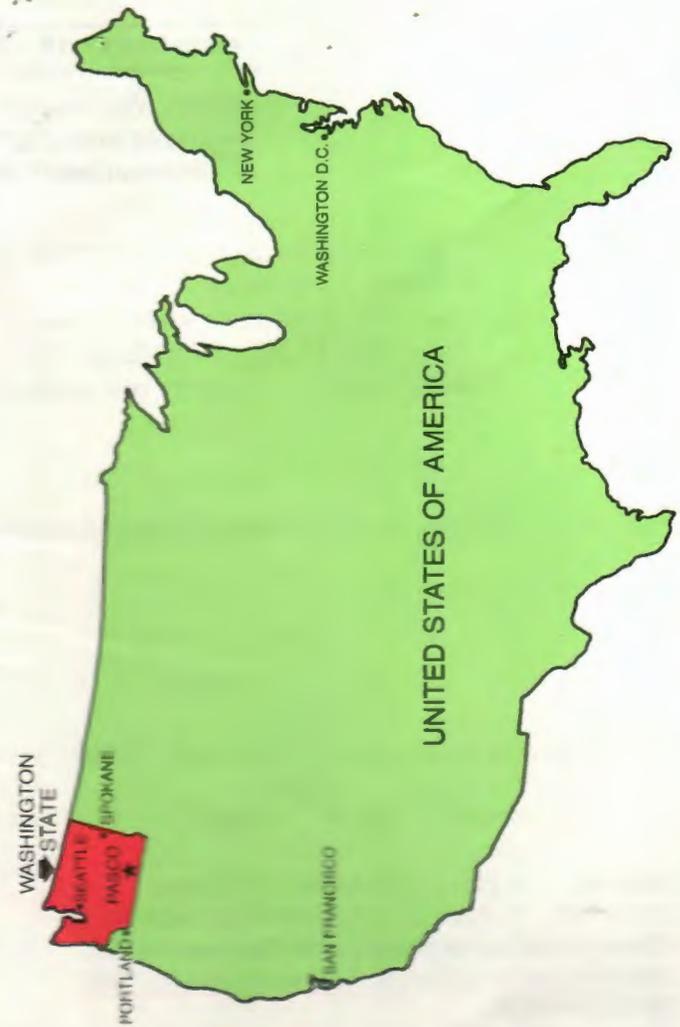
Rail Facilities (Burlington Northern Railroad)

12:00-1:00

Lunch

1:00-

Tour of Preston Vineyards and Wineries.



INTERNATIONAL FOOD STORAGE CORPORATION

Suite 1260
Seafirst Financial Center
W. 601 Riverside Avenue
Spokane, WA 99201
U.S.A.

REGISTRATION FORM – WORLD CONFERENCE ON “HOW TO STORE YOUR FOOD HARVEST.”

October 11-15 and October 18-22, 1982

Pasco, Washington, United States of America
Organized and sponsored by a private business,
International Food Storage Corporation.

- I will attend the World Conference on post harvest food storage, October 11-22, 1982.
- \$1500 (U.S. currency) for two weeks per person.
- I can only attend one week of the Conference.
- Perishable 11-15 Grain 18-22
- \$1000 (U.S. currency) for one week per person.

Name _____

Full mailing address including City, Province, Country, Telephone Number, and any other necessary designation:

Food grown in my country: (check one) Fruits Vegetables Corn Lentils Grain Rice

Your proficiency in English: Fluent Moderate None

Please check your hotel room preference:

Single occupancy Double occupancy

Money must be enclosed with this reservation.

Deadline for registration is September 15, 1982.

Nonrefundable.

Your private room in the hotel, tours, literature, seminars, personal consultations and awards banquets are **included** in this price.

Meals, alcoholic beverages, room service, personal services, telephone, telegraph, etc.; are not included.

- Please check and return if you cannot attend but would be interested in future food storage information and workshops.

We urge you to send in your reservations as soon as possible to ensure that you will be able to participate.



International Food Storage Corporation

Suite 1260
Seafirst Financial Center
Spokane, WA 99201
United States of America
(509) 455-8523
Telex: 152897 HQ SPK

Printed in U.S.A.

GRAIN/RICE/CORN/ LENTILS STORAGE MANAGEMENT

SUNDAY	October 17, 1982 Registration
MONDAY	October 18, 1982
8:00-8:30	Welcome and introduction of faculty and staff. Explanation of course content. Henry M. Jackson, United States Senator
8:30-9:00	Economics of Storage How to determine the sizes, locations and numbers of complete storage systems. Dr. Smith Greig
9:00-10:00	Storage Facilities, Grain, Pea and Lentil Handling and Safety Practices Bag Warehouses Bulk Silos Dr. Harry Pfost, Kansas State University. Senior Engineer — Development Planning and Research Associates, Inc. Ph.D., Agriculture Engineer, Michigan State University; M.S., Auburn University; B.S., University of Missouri. Research and consulting assignments for A.I.D., F.A.O., of United Nations and private firms in twenty-two countries. Author. Mr. George Chicha, International Food Storage Corporation
10:00-10:15	Coffee — Questions and Answers
10:15-12:00	Rural Elevator Operations Handling and Storage — Grain, Corn, Rice and Sorghum Insect Control — Moisture Control — Rotation of New Crops vs Old Crops Mr. Don Munkers, President, Pacific Northwest Grain and Feed Association
12:00-1:15	Lunch
1:15-5:00	Field trip — on-site demonstration of side hill operation of grain tillage equipment, harvesting equipment (by implement dealer) and portable grain handling equipment and storage facilities for use on farm.
7:00-10:00	Postharvest Storage Films and Personal Consultations.

TUESDAY	October 19, 1982
8:00-8:30	Major Causes of Grain Storage Losses Dr. John R. Pedersen, Kansas State University. Ph.D., M.S., Entomology; B.S., Milling Industries, Kansas State University. Quality preservation specialist, grain storage entomologist.
8:30-10:00	Structure and Chemical Composition of Cereal Grains Grain Storage under Humid, Tropical Conditions Factors Affecting Grain Quality Chemical, Physical and Nutritive Changes During Storage Dr. John R. Pedersen, Kansas State University
10:00-10:15	Coffee — Questions and Answers
10:15-12:00	Design of Storage Structures Dr. German Gurfinkel, Ph.D., M.S., Civil Engineering, University of Illinois. Author of international paper on Reinforced Bunkers and Silos.
12:00-1:15	Lunch
1:15-2:00	Effective Outdoor Storage of Grains, Corn, Rice, Sorghum and Lentils Mr. Don Munkers
2:00-5:00	Field trip to observe storage problems. Insect infestation in sack and bulk storage High moisture effect of grain in storage Effect of trashy grain in storage Grain handling at Port of Pasco also included.
7:00-10:00	Postharvest Storage Films and Personal Consultations.

WEDNESDAY**October 20, 1982**

- 8:00-10:00 **Air Movement, Aeration of Grain and Principles of Air Flow — Grain Drying and Storage with a Biomass Burner with No Fossil Fuels Cost**
Mr. Eugene Sulkup, President, Sulkup Manufacturing Company, Iowa
Dr. Harry Pfost
- 10:00-10:15 Coffee — Questions and Answers
- 10:15-11:00 **Principles of Drying, Drying Facilities and Operation**
Dr. Harry Pfost
- 11:00-12:00 **Economical Construction of Solar Storage Facilities/Principles of Drying Facilities and Operation**
Mr. Ron Greer, President
H & R Contractors, Inc.
- 12:00-1:15 Lunch
- 1:15-2:00 **Sanitation in Grain Storage Facilities**
Methods of Detecting Contaminates Demonstration/Causes and Prevention of Dust Explosions in Bulk Silos
Dr. John R. Pedersen
Dr. Harry Pfost
- 2:00-5:00 **Field trip to metal and concrete silos** to observe grain and corn handling equipment and grain and corn drying equipment:
Dryers
Aerators
Visit Continental Grain and U & I Corporation.
- 7:00-10:00 Postharvest Storage Films and Personal Consultations.

THURSDAY**October 21, 1982**

- 8:00-10:00 **Damage and Control of Insects in Stored Grain**
Dr. John R. Pedersen
Representative from United Fumigates, Inc.
- 10:00-10:15 Coffee — Questions and Answers
- 10:15-12:00 **Damage and Control of Rodents and Birds (Mechanical and Chemical)**
Mr. John DiGrazio
- 12:00-1:15 Lunch
- 1:15-5:00 **Field trip to inspect a flour mill,** grains bag warehouse and wholesale storage facility
- 7:00-10:00 Postharvest Storage Films and Personal Consultations.

FRIDAY

October 22, 1982

- 8:00-10:00 **System Management in Grain Movement and Storage/Basic Principles in Management and Operations**
Mr. Rich Pennell, Vice President
North Pacific Grain Growers
Warehouse Inspection
Dr. John R. Pedersen
- 10:00-10:15 Coffee — Questions and Answers
- 10:15-12:00 **Export Crops — Grains, Peas and Lentils**
Grading standards
Handling losses
Dr. John R. Pedersen
- 12:00-1:15 Lunch
- 1:15-2:15 **Export Regulations**
Mr. John Mulsberry
Private sector
- 2:30-4:30 **Field trip to a seed handling and storage warehouse**, also tour feed storage for poultry and Iowa Beef meat processing plants.
- 7:00- Dinner — Certificate Award Ceremony

6200813

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

AUG 10 1982

ASSISTANT
ADMINISTRATOR

Mr. Walter W. Wolf
President
International Food Storage Corp.
Suite 1260, Seafirst Financial Center
W. 601 Riverside Avenue
Spokane, Washington 99201

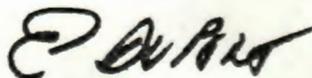
Dear Mr. Wolf:

Thank you for your letter of July 20 in which you enclosed a copy of the brochure concerning the "World Conference, How To Store Your Harvest."

We feel that you are providing an excellent program on a subject which deserves extensive discussion. I understand from Mr. Jennette that you have discussed your program with our Office of Business Relations on several occasions, as well as with A.I.D.'s Office of Agriculture. We are pleased to have been of assistance, and wish you every success with your Conference.

Please let us know if we can be of further assistance.

Sincerely,



Elise R.W. du Pont
Assistant Administrator
Bureau for Private Enterprise

FILE: AGR
THE WHITE HOUSE OFFICE

REFERRAL

AUG 26 4 53 PM '82

AUGUST 26, 1982

AID
EXECUTIVE SECRETARIA1
TO: AGENCY FOR INTERNATIONAL DEVELOPMENT

ACTION REQUESTED:
FOR COMMENT/RECOMMENDATION

DESCRIPTION OF INCOMING:

ID: 095647

MEDIA: LETTER, DATED JULY 16, 1982

TO: PRESIDENT REAGAN

FROM: MR. WALTER W. WOLF
PRESIDENT
INTERNATIONAL FOOD STORAGE
CORPORATION
WEST 601 RIVERSIDE AVENUE
SEAFIRST FINANCIAL CENTER
SPOKANE WA 99201

re DUE 9/9/82
ACTION: AA/PRE for comment/recommendation
for PRE sig.
INFO: ES logs, AA/FVA, AA/S&T, OPIC

SUBJECT: WRITES ABOUT THE FIRST WORLD CONFERENCE ON
"HOW TO STORE YOUR HARVEST" SLATED FOR
FOR OCT 11 AND 22, IN PASCO, WASHINGTON

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

AUG 30 3 43 PM '82
AID
EXECUTIVE SECRETARIA1

0136938



INTERNATIONAL FOOD STORAGE CORPORATION

July 16, 1982

The President
The White House
Washington, D. C. 20050

095647

Dear Mr. President:

The First World Conference on "How to Store Your Harvest" has been slated for October 11-22 in Pasco, Washington. The conference has been organized to help people in many countries across the world, facing the grim spectre of hunger, learn to effectively and efficiently store the crops they produce. The tragedy of food rotting on the ground while people starve simply because they do not have adequate technology and know-how is sufficient motivation to summon private industry in our country to meet this need.

Your inspiration in urging private industry to cooperate with government in helping meet the critical needs of the world is uppermost in our minds.

We are working in close cooperation with AID and OPIC on this project and have found them to be of enormous support. What seems to delight most people is the practicality of what is being offered in our program. It is a format which provides a unique two-fold opportunity: to serve the world population from a humanitarian standpoint, and to promote international trade by American corporations.

We have enclosed our brochure which describes the daily schedule of our Conference. Again, Mr. President, we feel guided by the challenge you have set before American industry to depend less on what the government can do, and turn our attention instead to letting the private sector do what it does best.

Sincerely,

Walter W. Wolf

Walter W. Wolf
President

j

B

1922

Walter W. ...

095694

ID #

CM003

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD)

82,08,13

Name of Correspondent: Louis Carlson

MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: Wishes the President not to use Food as a political instrument to induce other countries of the world to conform to our international brand of Co-existence.

ROUTE TO:

ACTION

DISPOSITION

Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>Co Hill</u>		<u>ORIGINATOR</u>	<u>820824</u>	<u>CP2A</u>		<u>A 82,10,12</u>
<u>NS</u>		<u>D</u>	<u>820827</u>			<u>C 82,09,30</u>
<u>NS</u>		<u>D</u>	<u>82,09,28</u>			<u>C 82,09,30 EP</u>
			<u>1 1</u>			<u>1 1</u>
			<u>1 1</u>			<u>1 1</u>

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: NSC # 8206699

Keep this worksheet attached to the original incoming letter.
 Send all routing updates to Central Reference (Room 75, OEOB).
 Always return completed correspondence record to Central Files.
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

RECORDS MANAGEMENT ONLY

CLASSIFICATION SECTION

No. of Additional Correspondents: _____ Media: L Individual Codes: 4100 4900 _____

Prime Subject Code: CM 003 _____ Secondary Subject Codes: PL _____ TA 003 _____
TA 001 _____ CM 003.04 _____
TA 005 _____ 20 165 _____
AG _____ HU 040 _____

PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	P- _____
DSP	_____	Time: _____	Media: _____

SIGNATURE CODES:

- CPn - Presidential Correspondence
 - n - 0 - Unknown
 - n - 1 - Ronald Wilson Reagan
 - n - 2 - Ronald Reagan
 - n - 3 - Ron
 - n - 4 - Dutch
 - n - 5 - Ron Reagan
 - n - 6 - Ronald
 - n - 7 - Ronnie

- CLn - First Lady's Correspondence
 - n - 0 - Unknown
 - n - 1 - Nancy Reagan
 - n - 2 - Nancy
 - n - 3 - Mrs. Ronald Reagan

- CBn - Presidential & First Lady's Correspondence
 - n - 1 - Ronald Reagan - Nancy Reagan
 - n - 2 - Ron - Nancy

MEDIA CODES:

- B - Box/package
- C - Copy
- D - Official document
- G - Message
- H - Handcarried
- L - Letter
- M - Mailgram
- O - Memo
- P - Photo
- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study

October 12, 1982

Dear Mr. Carlson:

Thank you for your letter of August 9 on the condition of the U.S. agricultural sector and the need for open markets for agricultural exports.

I can assure you that I recognize the importance of agricultural exports to our farmers and to the entire national economy, both in terms of revenue and employment. Almost two out of every five acres of U.S. cropland now produce for overseas markets. Our agricultural exports brought in over \$40 billion last year, and our agricultural trade balance was over \$25 billion in the black. Over one million U.S. jobs depend on farm exports and each additional \$1 billion worth of sales creates approximately 30,000 new jobs. We are certainly aware of the important contribution U.S. wheat farmers have made to this impressive performance.

This Administration is committed to maintaining and strengthening the position of the United States as the world's leading agricultural supplier. As you know, I pledged in March not to impose export controls on agricultural products in response to rising domestic prices, and to use foreign policy export controls only under extreme circumstances and as part of a broader trade embargo, with the support of other nations.

In August the Soviet Union accepted our offer to extend the U.S.-Soviet grain agreement for an additional year. Under the agreement the Soviets are required to purchase at least six million tons of U.S. grain in FY 83, and will be able to buy up to eight million tons without prior consultations. We will explore the possibility of additional grain sales to the Soviets in the regular consultations with them. The extent of the Soviet Union's agricultural failure means that Soviet needs for U.S. grain in the coming year probably will be above the six million tons of assured sales under the agreement. In the past fiscal year, Soviet purchases totalled 13.9 million tons.

I appreciate hearing from you on this issue, and I wish you every success as we work to turn around the agricultural economy.

Sincerely,

RONALD REAGAN *A*

Mr. Louis Carlson
President
Oregon Wheat Growers League
Post Office Box 400
Pentleton, Oregon 97801

RR/DOS/NSC/AVH/CAD/RCH/pt--

8

821012

NATIONAL SECURITY COUNCIL

September 30, 1982

Chud
~~_____~~

MEMORANDUM FOR SALLY KELLEY

FROM: MICHAEL O. WHEELER *MW*
SUBJECT: Draft Reply to Mr. Carlson

Louis Carlson, President of the Oregon Wheat Growers League, has written the President expressing his concerns about the state of the U.S. agricultural economy and the use of farm exports as a political instrument (Tab B). At your request, the State Department has prepared the attached draft reply (Tab A).

Attachments

- Tab A Draft Reply
- Tab B Letter from Carlson

NATIONAL SECURITY COUNCIL

September 30, 1982

ACTION

MEMORANDUM FOR MICHAEL O. WHEELER

FROM: NORMAN A. BAILEY *NAB*

SUBJECT: Draft Reply to Louis Carlson

Sally Kelley has requested a draft reply to a letter from Louis Carlson, President of the Oregon Wheat Growers League, to the President expressing his concerns about the state of the U.S. agricultural economy and the use of farm exports as a political instrument (Tab B).

RECOMMENDATION:

That you sign the memorandum to Kelley (Tab I) forwarding a draft reply (Tab A).

Approve *NW* Disapprove _____

HN
Henry Nau and Roger *Robinson* concur.

Attachments

- Tab I Memo to Kelley
- Tab A Draft Reply
- Tab B Incoming Letter

DRAFT LETTER

Dear Mr. Carlson:

Thank you for your letter of August 9 on the condition of the U.S. agricultural sector and the need for open markets for agricultural exports.

I can assure you that I recognize the importance of agricultural exports to our farmers and to the entire national economy, ^{both} in terms of revenue and employment. Almost two out of every five acres of U.S. cropland now produce for overseas markets. Our agricultural exports brought in over \$40 billion last year, and our agricultural trade balance was over \$25 billion in the black. Over one million U.S. jobs depend on farm exports and each additional \$1 billion worth of sales creates approximately 30,000 new jobs. We are certainly aware of the important contribution U.S. wheat farmers have made to this impressive performance.

This Administration is committed to maintaining and strengthening the position of the United States as the world's leading agricultural supplier. As you know, ~~in~~ ^{in March} ~~March~~ I pledged not to impose export controls on agricultural products in response to rising domestic prices, and

Mr. Louis Carlson, President,

Oregon Wheat Growers League,

305 Southwest 10th,

P.O. Box 400,

Pendleton, Oregon.

to use foreign policy export controls only under extreme circumstances and as part of a broader trade embargo, with the support of other nations.

In August the Soviet Union accepted our offer to extend the U.S.-Soviet grain agreement for an additional year. Under the agreement the Soviets are required to purchase at least six million tons of U.S. grain in FY 83, and will be able to buy up to eight million tons without prior consultations. We will explore the possibility of additional grain sales to the Soviets in the regular consultations with them. ~~next month~~ The extent of the Soviet Union's agricultural failure means that Soviet needs for U.S. grain in the coming year probably will be above the six million tons of assured sales under the agreement. In the ~~1981/82~~ *past fiscal* year, Soviet purchases totalled 13.9 million tons.

I appreciate hearing from you on this issue, and I wish you every success as we work to turn around the agricultural economy.

Sincerely,

Ronald Reagan

DOS/NSC/RY/ANW/CAD / Ret

RECEIVED 28 SEP 82 10

TO PRES

FROM CARLSON, LOUIS

DOCDATE 09 AUG 82

KELLEY, S

27 AUG 82

BREMER

27 SEP 82

KEYWORDS: EXPORT CONTROLS

GRAINS

EAST WEST ECONOMICS

SUBJECT: DRAFT REPLY TO CARLSON RE STATE OF US AGRICULTURAL ECONOMY & USE OF FARM EXPORTS AS POLITICAL INSTRUMENT

ACTION: PREPARE MEMO WHEELER TO KELLEY DUE: 04 OCT 82 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

BAILEY *MB*

ROBINSON

NAU

MCGAFFIGAN

COMMENTS

REF# 095694

LOG

NSCIFID

(H /)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	<i>C 9/30</i>	<i>Wheeler for memo to Kelley</i>		<i>Mac, MB, HA, RO</i>

DISPATCH *9/30 alm* W/ATTCH FILE *9/30* (C) *alm*



8225709

DEPARTMENT OF STATE

Washington, D.C. 20520

6699

September 27, 1982 82 SEP 27 P11: 23

MEMORANDUM FOR MR. WILLIAM P. CLARK
THE WHITE HOUSE

WHITE HOUSE
SECRETARIAT ROOM

Subject: Draft Reply to Mr. Carlson

As requested, attached is a draft reply to Mr. Louis Carlson, President of the Oregon Wheat Growers League, who wrote to the President expressing his concerns about the state of the U.S. agricultural economy and about the use of farm exports as a political instrument. The reply describes the importance of agricultural exports to the U.S. economy, the Administration's policy on future grain embargoes, and the status of the U.S.-Soviet grain agreement.

L. Paul Bremer
L. Paul Bremer, III
Executive Secretary

Attachment: Draft Letter

THE WHITE HOUSE OFFICE

8225709

REFERRAL

AUGUST 27, 1982

TO: DEPARTMENT OF STATE

ACTION REQUESTED:

DRAFT REPLY FOR SIGNATURE OF RONALD REAGAN

DESCRIPTION OF INCOMING:

ID: 095694

MEDIA: LETTER, DATED AUGUST 9, 1982

TO: PRESIDENT REAGAN

FROM: MR. LOUIS CARLSON
PRESIDENT
OREGON WHEAT GROWERS LEAGUE
305 SOUTHWEST 10TH
POST OFFICE BOX 400
PENDLETON OR 97801

SUBJECT: URGES THE PRESIDENT NOT TO USE FOOD AS A
POLITICAL INSTRUMENT TO INDUCE OTHER
COUNTRIES OF THE WORLD TO CONFORM TO OUR
INTERNATIONAL BRAND OF CO - EXISTENCE

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

5
Jack Burgess

OREGON WHEAT

8225709

503/276-7330

OREGON WHEAT GROWERS LEAGUE • 305 S.W. 10TH • P.O. BOX 400 • PENDLETON, OREGON 97801

August 9, 1982

095694

Honorable Ronald Reagan, President
The White House
Washington, D.C. 20501

Dear Mr. President:

I am a wheat farmer by profession and also have a small herd of beef cattle to supplement my income. I am currently president of the Oregon Wheat Growers League, the non-profit trade association which represents approximately 9,000 growers in the State of Oregon.

Mr. President, I can speak with assurance that the things that I am about to say represent the thinking of the vast majority of Oregon wheat growers as well as much of Oregon agriculture in general.

Our economy today is a good deal like my old 1966 Ford truck...it needs a good overhauling! The repairs that I have been making these past years have kept it running, but now it is to the point where I can no longer delay the major overhaul that it so desperately needs. The days of the quick fix are over. And, so it is with the state of our American agriculture--the repairs are now at a point where they are not doing the required job.

In a recent farm survey conducted by the Agriculture Council of America in Washington, D.C., three-fourths of the farmers who answered the telephone survey rated their economic future as "bad" or "won't survive". In my 30 years at farming experience, this past year is the first time I have seen land advertised that will not sell. Land values have dropped 5% and show signs of a continuing fall.

Today, I and my family are in the middle of harvest. The crops are good, thanks to genetic reserach, the good Lord and I hope some management on my part. However, I produce every bushel this year at a cost of \$4.87 and project that I will only receive \$3.68 per bushel. The \$1.19 loss will be covered hopefully by some cattle sales and by the inflationary equity left in my land. Obviously this is a dilemma experienced by all wheat producers of our country and is a definite contributor to the economic problems faced by such companies as Caterpillar Tractor Co., International Harvester, Ford Motor Co., and on and on.

President Ronald Reagan
August 6, 1982

There is only one place from where the dollar originates and that is from our natural resources and from the land. We in the wheat industry are the most efficient and most productive food machine in the world. We have the capability to feed ourselves and 70 other people. We have the capability to fill the empty bellies of the less developed countries of the world and can provide the one absolutely essential product that all nations of the world need whether friend or foe--and that is food. Our mission on this earth is to live abundantly and to provide for peace and tranquility among nations. As Norman Borlaug, 1970 Nobel Peace Prize Winner said, "If the world is ever to achieve social, economic and political stability, I assure you it won't be done on empty stomachs!"

We in the Pacific Northwest developed the Asian market with cash from voluntary contributions. Mobile sandwich kitchens travelled the streets of Tokyo in the early days enticing the Japanese to convert from a rice eating nation to wheat and bread. So it was in Taiwan, Pakistan and now in China that our grower dollars are opening up new markets. At one time, Iran was our number 1 customer for Pacific Northwest wheat. We, of course, know what happened there. Russia was a major purchaser of U.S. wheat for a number of years and the American farmer was told to turn on the food machine, which we did. Now, with the production machine rumbling down the tracks toward our coast terminals, the momentum generated is extremely difficult to slow. Our granaries are full and wheat is piled on the ground. Prices are at an all-time low when compared to energy cost, fertilizer costs and machinery costs. This does not even mention the devastating effects of the high cost of money which we all borrow from year to year.

Mr. President, today your Administration, as well as the previous Democratic Administration, is using the food that I raise as a political instrument to induce other countries of the world to conform to our international brand of co-existence. The much discussed embargo was used a number of times and I commend you for your "Agricultural Doctrine" announced last March. However, Mr. President, I would remind you that the reluctance to sign a one-year extension with the Soviet Union, much less sign an additional 5-year agreement, cast a shadow of uncertainty upon the willingness and the reliability of America as a provider of food into a country that can and is willing to pay cash for goods delivered.

The American farmer creates a steady, positive influence on the U.S. economy, both in domestic activity and strong foreign trade. This foreign trade is a critical contributor in our troubled balance of payments program. Yet, our leadership persists in foreign policy decisions which hamper and damage the

Page 3
President Ronald Reagan
August 6, 1982

concept of "free and open trade" with our foreign markets. This must be changed, if we wish to portray a reliable seller image.

You have made a tremendous effort to put our country "back on the track". We would just ask that in these troubled economic and political times, that you please help the U.S. wheat producer to "make their living in the market place" rather than becoming increasingly dependent on the "federal pocketbook". This can be done through open, unimpared foreign markets and, unfortunately, we must have positive federal programs to create these open markets.

Our goal is the same as yours---reduce grain surpluses, increase grain market prices and reduce the federal dollar commitment to the program. We implore you to cease the imposition of government restraints on our free world trade traditions and breath a new life into what the world views as a "residual market".

Sincerely,

OREGON WHEAT GROWERS LEAGUE

Louis Carlson

Louis Carlson,^r
President

LC:ip

cc: OWGL Officers

13

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

CM003

- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 1/1

Name of Correspondent: Richard G. Darman

MI Mail Report User Codes: (A) _____ (B) _____ (C) _____

Subject: Enrolled Bill H.R. 6142 - Converting Federal Grain Stocks into Alcohol Fuels

ROUTE TO:	ACTION	DISPOSITION			
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>WHolland</u>	ORIGINATOR	<u>82,10,18</u>		<u>C</u>	<u>82,10,19</u> DD
<u>WATII</u>	Referral Note: <u>D</u>	<u>82,10,18</u>		<u>C</u>	<u>82,10,19</u> DD
<u>WFIEL</u>	Referral Note: <u>S</u>	<u>82,10,19</u>	<u>IF</u>	<u>A</u>	<u>82,10,19</u> DD
	Referral Note:	<u>1/1</u>			<u>1/1</u> DD
	Referral Note:	<u>1/1</u>			<u>1/1</u> DD

- ACTION CODES:**
- A - Appropriate Action
 - C - Comment/Recommendation
 - D - Draft Response
 - F - Furnish Fact Sheet to be used as Enclosure
 - I - Info Copy Only/No Action Necessary
 - R - Direct Reply w/Copy
 - S - For Signature
 - X - Interim Reply
- DISPOSITION CODES:**
- A - Answered
 - B - Non-Special Referral
 - C - Completed
 - S - Suspended

FOR OUTGOING CORRESPONDENCE:
Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

RECORDS MANAGEMENT ONLY

CLASSIFICATION SECTION

No. of Additional Correspondents: _____ Media: _____ Individual Codes: _____

Prime Subject Code: _____ - _____ - _____ Secondary Subject Codes: _____ - _____ - _____
 _____ - _____ - _____
 _____ - _____ - _____

PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	P-
DSP	_____	Time: _____	Media: _____

SIGNATURE CODES:

- CPn - Presidential Correspondence**
 n - 0 - Unknown
 n - 1 - Ronald Wilson Reagan
 n - 2 - Ronald Reagan
 n - 3 - Ron
 n - 4 - Dutch
 n - 5 - Ron Reagan
 n - 6 - Ronald
 n - 7 - Ronnie

- CLn - First Lady's Correspondence**
 n - 0 - Unknown
 n - 1 - Nancy Reagan
 n - 2 - Nancy
 n - 3 - Mrs. Ronald Reagan

- CBn - Presidential & First Lady's Correspondence**
 n - 1 - Ronald Reagan - Nancy Reagan
 n - 2 - Ron - Nancy

MEDIA CODES:

- B - Box/package
 C - Copy
 D - Official document
 G - Message
 H - Handcarried
 L - Letter
 M - Mailgram
 O - Memo
 P - Photo
 R - Report
 S - Sealed
 T - Telegram
 V - Telephone
 X - Miscellaneous
 Y - Study

THE WHITE HOUSE

WASHINGTON

October 19, 1982

MEMORANDUM FOR RICHARD G. DARMAN

FROM: FRED F. FIELDING **Orig. signed by FFF**
SUBJECT: Enrolled Bill H.R. 6142 - Converting
Federal Grain Stocks into Alcohol Fuels

At your request, we have reviewed the above-referenced enrolled bill and concur in Director Stockman's recommendation that, due to the discretionary nature of this bill, the President should sign it.

FFF:DEW:jlk
FFFielding
DEWilson
Subject
Chron

WHITE HOUSE STAFFING MEMORANDUM

OCT 18 1982

DATE: 10/18/82 ACTION/CONCURRENCE/COMMENT DUE BY: 12:00 NOON, 10/19

SUBJECT: ENROLLED BILL H.R. 6142 - CONVERTING FEDERAL GRAIN STOCKS INTO ALCOHOL FUELS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	FULLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GERGEN	<input type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	WILLIAMSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DOLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

May we have your comments on the attached Bill by 12:00 Noon tomorrow, October 19. Thank you.

Richard G. Darman
Assistant to the President
(x2702)

Response:

THE WHITE HOUSE

WASHINGTON

October 19, 1982

MEMORANDUM FOR RICHARD G. DARMAN

FROM: ROGER B. PORTER

SUBJECT: H.R. 6142 - Converting Federal Grain Stocks
Into Alcohol Fuels

The Office of Policy Development recommends approval of H.R. 6142. We agree with OMB's assessment of this legislation and would recommend against a signing statement or ceremony.

THE WHITE HOUSE
WASHINGTON

October 19, 1982

✓ 098102 PD

CM003

MEMORANDUM FOR ROGER PORTER

FROM: LES DENEND ✓

SUBJECT: H.R. 6142 - Converting Federal Grain Stocks
Into Alcohol Fuels

H.R. 6142 would authorize the Commodity Credit Corporation, under terms set by the Secretary of Agriculture, to process stocks of grain into liquid fuels and agricultural byproducts. CCC would also be authorized to make these fuels available to Federal agencies to be used as transportation and industrial fuels.

Although not recommending veto, OMB believes this program to be uneconomical and unnecessary.

Danny Boggs has reviewed the enrolled bill report and recommends approval of the H.R. 6142. Danny has heard there is a possibility of a signing statement or ceremony. Danny agrees with OMB's assessment of the legislation and recommends against a statement or ceremony.

Recommendation: That you sign the attached memorandum to Dick Darman recommending approval of H.R. 6142 and recommending against a signing statement or ceremony.

OFFICE OF POLICY DEVELOPMENT

STAFFING MEMORANDUM

DATE: 10/18/82 ACTION/CONCURRENCE/COMMENT DUE BY: NOON 10/19/82
 SUBJECT: Enrolled Bill H.R. 6142 - CONVERTING FEDERAL GRAIN STOCKS INTO ALCOHOL FUELS

	ACTION	FYI		ACTION	FYI
HARPER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	DRUG POLICY	<input type="checkbox"/>	<input type="checkbox"/>
PORTER	<input type="checkbox"/>	<input type="checkbox"/>	TURNER	<input type="checkbox"/>	<input type="checkbox"/>
BARR	<input type="checkbox"/>	<input type="checkbox"/>	D. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>
BOGGS	<input type="checkbox"/>	<input type="checkbox"/>	OFFICE OF POLICY INFORMATION		
BRADLEY	<input type="checkbox"/>	<input type="checkbox"/>	HOPKINS	<input type="checkbox"/>	<input type="checkbox"/>
CARLESON	<input type="checkbox"/>	<input type="checkbox"/>	COBB	<input type="checkbox"/>	<input type="checkbox"/>
DENEND	<input type="checkbox"/>	<input type="checkbox"/>	PROPERTY REVIEW BOARD	<input type="checkbox"/>	<input type="checkbox"/>
FAIRBANKS	<input type="checkbox"/>	<input type="checkbox"/>	OTHER		
FERRARA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GALEBACH	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GARFINKEL	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GUNN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
B. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
LI	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
MONTOYA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
ROCK	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
ROPER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
SMITH	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
UHLMANN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
ADMINISTRATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

DANNY BOGGS FOR ACTION
 May I please have your approval ASAP.
 Judy Johnston 10/19

OK. DDP
NO SIGNING STATEMENT OR COMMENT.

Edwin L. Harper
 Assistant to the President
 for Policy Development
 (x6515)

Please return this tracking sheet with your response

WHITE HOUSE STAFFING MEMORANDUM

DATE: 10/18/82 ACTION/CONCURRENCE/COMMENT DUE BY: 12:00 NOON, 10/19

SUBJECT: ENROLLED BILL H.R. 6142 - CONVERTING FEDERAL GRAIN STOCKS INTO ALCOHOL FUELS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	FULLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GERGEN	<input type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	WILLIAMSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DOLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

May we have your comments on the attached Bill by 12:00 Noon tomorrow, October 19. Thank you.

Richard G. Darman
Assistant to the President
(x2702)

Response:



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OCT 18 1982

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6142 - Converting Federal Grain
Stocks into Alcohol Fuels
Sponsors - Rep. Bedell (D) Iowa and 30 others

Last Day for Action

October 25, 1982 - Monday

Purpose

Authorizes the Commodity Credit Corporation to process its grain stocks into alcohol fuels for sale, storage, or Federal use.

Agency Recommendations

Office of Management and Budget	Approval
Department of Agriculture	Approval
Department of Energy	No objection
General Services Administration	No objection
Department of Defense	No objection
United States Postal Service	No objection

Discussion

H.R. 6142 would authorize the Commodity Credit Corporation (CCC), under terms and conditions set by the Secretary of Agriculture, to process stocks of grain, accumulated under the Department of Agriculture's price support programs, into liquid fuels and agricultural byproducts. CCC would also be authorized to make these alcohol fuels available to Federal agencies to be used as transportation and industrial fuels, stored, or sold in commercial markets. The Secretary would 1) determine the selling price of the fuels; 2) determine the feasibility of the alcohol fuels program, taking into consideration the costs of holding the grain stocks and whatever effects these stocks may have in holding down grain prices; and 3) report to Congress within 120 days, and annually thereafter, on the operation of the program and any legislative changes he finds necessary.

We believe the program envisioned by the enrolled bill to be uneconomical and unnecessary. At current energy prices, grain alcohol fuels are more expensive than conventional fuels, so we expect no substantial commercial market to exist for such alcohol fuels unless they are sold at prices resulting in a considerable loss to the Government for each bushel of grain used in the process. Retrofitting Federal equipment to use such fuels could also be expensive, as would the construction of storage facilities. Storing alcohol in lieu of crude oil in the Strategic Petroleum Reserve would double the storage costs per barrel and not increase our protection against oil supply interruption. We do not believe, therefore, that this authority could be efficiently implemented.

However, in its enrolled bill letter recommending approval of H.R. 6142, the Department of Agriculture notes that a demonstration project for converting some two million bushels of out-of-condition grain into alcohol fuels is now under way using existing authority. Although this project is still being evaluated, the Department concludes that the enrolled bill would provide the Secretary with important additional discretionary authority to reduce the grain oversupply problem brought about by this year's record grain crops and low prices.

We disagree with Agriculture's view on the potential advisability of such a program, and will monitor carefully the progress of the demonstration project. We are confident that the project's results will verify the infeasibility of converting grain into alcohol fuels on an economic basis under current conditions. Thus, given that the authority under the enrolled bill is discretionary, and recognizing that a Secretarial finding of program feasibility is unlikely, we do not believe a veto is necessary.

H.R. 6142 passed the House under suspension of the rules and the Senate by voice vote.

David A. Stockman
Director

Enclosures

