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WITHDRAWAL SHEET

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Collection: Baker, Howard H. Jr.: Files
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Archivist: kdb
FOIA ID: F1997-066/6, D. Cohen
Date: 08/10/2004

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	Donatelli to John Tuck re ARP increases for FY 1988, 1p [Item is still under review under the provisions of EO 13233]	6/17/87	
2. memo	Nancy Risque to Sen. Baker re 1988 wheat acreage reduction programs, 2p [Item is still under review under the provisions of EO 13233]	6/16/87	
3. memo	Joe Wright to N. Risque and Ken Cribb re pending decision on crop wheat acreage percentage, 1p [Item is still under review under the provisions of EO 13233] 5/5/09 kdb	6/15/87	

RESTRICTIONS

- B-1 National security classified information [(b)(1) of the FOIA].
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- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- B-7a Release could reasonably be expected to interfere with enforcement proceedings [(b)(7)(A) of the FOIA].
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- B-7c Release could reasonably be expected to cause unwarranted invasion or privacy [(b)(7)(C) of the FOIA].
- B-7d Release could reasonably be expected to disclose the identity of a confidential source [(b)(7)(D) of the FOIA].
- B-7e Release would disclose techniques or procedures for law enforcement investigations or prosecutions or would disclose guidelines which could reasonably be expected to risk circumvention of the law [(b)(7)(E) of the FOIA].
- B-7f Release could reasonably be expected to endanger the life or physical safety of any individual [(b)(7)(F) of the FOIA].
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

THE WHITE HOUSE
WASHINGTON

June 23, 1987

June 23
file

MEMORANDUM FOR SENATOR BAKER

FROM: FRANK DONATELLI (C)

SUBJECT: Briefing for Citizens for the Republic

I understand you have agreed to speak to the Citizens for the Republic briefing tomorrow. There are approximately 125 participants expected. This group is made up of CFTR's \$5000 donors, known as Statesmen, and their guests.

Attached is some background on CFTR and a briefing agenda which may be helpful. Please let me know if you need any additional information to prepare for this.

*** Talking points attached also

CITIZENS FOR THE REPUBLIC

"THE TOP CONSERVATIVE PAC IN THE NATION"

President Ronald Reagan
February 1987

Following the presidential election of 1976, Ronald Reagan sought to advance the conservative views he and millions of others shared. He believed that the struggle for a new American dream could only be waged in the political mainstream, where the American people would hear the conservative message. Mr. Reagan understood that the American free enterprise system was balking at the weight of a bloated federal bureaucracy and consequently organized Citizens for the Republic to reverse that trend.

Spurred by seed money from the 1976 Reagan campaign, and contributions from thousands and thousands of concerned Americans, CFTR quickly blossomed into one of America's leading proponents of conservatism.

Impressed by the great impact CFTR was having in attaining its goals, in 1984 President Reagan authorized CFTR to be the legal successor to his 1980 campaign committee, Reagan for President.

Since its founding, CFTR has contributed more than \$3,230,000 to over 1270 Reagan Republicans. Running in federal, state, and local elections in all 50 states, over 475 of these candidates won their races. Today there are 157 people serving in both Houses of Congress, 11 Governors, and numerous state and local officials who are holding office, who have had CFTR's help. And what is more astounding is that more than 75% of these men and women ran as non-incumbents!

Also, following sound business practices, it can probably be said that CFTR is the only political organization in the country that has operated in the black every day of its existence. Unlike most other political organizations, CFTR gives a great percentage of its monies raised directly to candidates by maintaining an extremely low overhead. Our employees are rewarded by the achieving of our goals.

CFTR feels that most Americans agree with its philosophy. Ronald Reagan's elections have proven that. But many conservative voters remain outside the Republican Party. CFTR believes that that situation can, must, and will be changed.

A leading goal of CFTR is to fashion a Republican majority in this country. The time is right. The votes are there. But the Republican Party must take its case to the American people. CFTR is a useful vehicle in that respect. It commands the necessary skill and expertise to present the conservative message in a clear, effective, and persuasive manner.

In the next two years, CFTR will continue to work closely with President Reagan to transform his dream into the American reality. The Reagan agenda to reform the bloated and anti-family federal welfare system, to pass a balanced budget amendment, and to maintain a strong national defense is at stake. CFTR will stand with President Reagan, today and tomorrow, as he deals with a liberal-controlled Congress and faces the ever-aggressive force of the Kremlin. After ten years of political battles, CFTR and the Reagan vision will not yield. We are here to stay!

THE WHITE HOUSE

WASHINGTON

WHITE HOUSE BRIEFING

FOR

CITIZENS FOR THE REPUBLIC

Thursday, June 25, 1987

Room 450, Old Executive Office Building

1:00 p.m.	Guests arrive Pennsylvania Avenue Entrance
1:30 p.m.	Franklin Lavin Deputy Assistant to the President and Director, Office of Political Affairs
2:00 p.m.	Robert Tuttle Deputy Assistant to the President and Director, Office of Presidential Personnel
2:30 p.m.	Kenneth Cribb Assistant to the President for Domestic Affairs
3:15 p.m.	Senator Howard Baker Chief of Staff to the President
3:40 p.m.	James Miller Director, Office of Management and Budget
4:10 p.m.	Briefing Concludes
4:30 p.m.	Reception in the Residence

THE WHITE HOUSE

WASHINGTON

TALKING POINTS FOR CFTR BRIEFING

June 25, 1987

I. CITIZENS FOR THE REPUBLIC

- This PAC was founded in February 1977 by Ronald Reagan, so be assured that the President has a personal attachment to all of you. He greatly appreciates all of your efforts and loyalty through the years.
- As the only major conservative PAC that regularly supports challenger candidates, you have had remarkable success. The work you all are doing is greatly appreciated not only by the President, but by the Republican Party as well.
- CFTR has been recognized by the Federal Election Commission as the political action committee giving the greatest percentage of money raised directly to candidates. You have contributed directly to electing more "Reagan Republicans" than other similar organizations.
- CFTR will play a vital role in the upcoming elections. We must all work together to elect not only a Republican President, but Republicans to the House and Senate who will be supportive of our President and his policies. (Note: You may want to mention how the President does plan to take an active role in the '88 elections.)

II. VENICE SUMMIT

- Mention the accomplishments of the Summit and why it was worthwhile for the U.S. and the President.

III. PERSIAN GULF

- An update on how the situation now stands would be of interest, focusing on the Gulf's strategic importance to the U.S.

IV. IPAN-CONTRA

- Any insights into what we are expecting from Poindexter and North would be of interest.
- Also, any mention of how the White House is dealing with this situation, and particularly how this has effected the President and the Presidency would be welcomed.

THE WHITE HOUSE

WASHINGTON

June 17, 1987

MEMORANDUM FOR JOHN TUCK

FROM:

FRANK DONATELLI (CJD)

SUBJECT:

ARP Increase for FY 1988

In response to your request for a recommendation on an appropriate ARP level for FY 1988, we surveyed the views of five farm state Republican governors and six farm state Republican chairmen. We did not ask for specific views on ARP. Rather, we asked generally about the farm economy, how the 1985 farm bill was working, and what changes they would like to see made in Federal law. Significantly, no one raised the ARP issue with us. So far as our informal survey is concerned, this is not a hot topic in farm country - yet.

Should this issue be allowed to fester, however, it very well could become another symbolic issue of Reagan vs the farmer. Therefore, if we are going to increase the ARP level, it should be done sooner rather than later. We should note that since this action had been assumed in the President's budget submitted in February, it should not be a surprise to anyone.

I am assuming that our policy interests are advanced through a savings of \$200 million and bringing some discipline to the farm budget, which has expanded exponentially in the last few years.

Finally, I would note that our stand against idling farm land is not inconsistent with a decision to increase ARP next year. The increase contemplated is a very small one, and not on the scale as advocated by Harkin-Gephardt, which we rightly oppose. Secondly, as long as price supports remain so high as to continue to stimulate excess production, an ARP increase is justified, though Secretary Lyng is correct that further support price reductions would be a better remedy.

My bottom line view is that if done quickly, an ARP increase could be sustained with minimum political damage.

COB today

THE WHITE HOUSE

WASHINGTON

June 16, 1987

*Community
Recommendation*

*- From State Gov / Chm
Do know, say it
was ass-nt*

MEMORANDUM FOR SENATOR BAKER

FROM: NANCY RISQUE *Nancy*
SUBJECT: 1988 Wheat Acreage Reduction Program

ISSUE: What should the 1988 wheat acreage reduction program (ARP) level be? Secretary Lyng and OMB Director Miller cannot come to any accommodation on this issue. The differences of opinion are solely on budget grounds/needs. Lyng and Miller agree philosophically that ARPs are bad policy and inconsistent with the Administration's desire to move agriculture toward a "free market".

BACKGROUND: The ARP requires farmers to remove from production a certain amount of land in order to qualify for program benefits (deficiency payments, loans, etc.). The 1985 farm bill sets ceilings on the amount of land that USDA could have removed from production under the ARP. The 1987 crop year ceiling was 27.5% of a farmer's acreage base, the 1988 crop year ceiling is 30%. Proponents of production controls would set higher targets for acreage removal.

DISCUSSION: Miller wants USDA to require the maximum set aside of 30% because it saves money (estimates are around \$200 million). Program benefits are payed on the amount of land in production; therefore, the more land that can be removed from production the less the government must pay in program benefits.

Lyng wants to keep the ARP for wheat at last year's level of 27.5%. He argues that:

- 1) The savings are difficult to predict and relatively small. (In fact, USDA claims that changes in economic and crop forecasts will result in savings of "several billion dollars" this year, thus rendering the savings from the ARP even less significant.)
- 2) We philosophically oppose production controls and the ARP is exactly that. We have always advocated reducing target prices, which is a more market oriented approach to save money.
- 3) It would send a bad signal to other countries, i.e., we would be unilaterally ceding foreign markets by taking land out of production and thereby reducing our supply.

Senator Dole and Representative Daub, among others, have called for maintaining ARP levels at last year's rate. Presumably, proponents of production controls, such as Senator Harkin, would favor a higher ARP, but they have been relatively silent on the issue so far.

Attached is OMB's point of view.

RECOMMENDATION: Secretary Lyng is requesting West Wing resolution of this disagreement. I suggest that you "hear" this problem as soon as possible because, apart from tempers getting short, it is escalating publicly.

Attachment

cc: Ken Cribb
Dan Crippen



15 JUN 1987

MEMORANDUM FOR NANCY RISQUE
KEN CRIBB

FROM: JOE WRIGHT

SUBJECT: Pending Decision on 1988 Crop Wheat Acreage
Reduction Program (ARP) Percentage

As you may know, there is currently an unresolved issue between OMB and USDA concerning whether the 1988 Crop wheat ARP should be set at the statutory maximum of 30% or continued at the 1987 Crop maximum of 27.5%. The lower percentage would cause added subsidies in FY 1988/89 of about \$200 million. OMB argues that the 30% ARP should be announced, but has been unsuccessful in convincing Secretary Lyng to accept this decision. Secretary Lyng has stated during discussions with the Director and me that he strongly holds the view that the Wheat ARP should be continued at 27 1/2%. We understand that he plans to elevate this issue to the President, arguing that increasing the ARP to 30% is inconsistent with our public position opposing Congressional initiatives to increase ARP statutory maximums. He also may argue that increasing the wheat ARP from 27.5% to 30% gives the wrong signal to our competitors in world markets. Attached is a paper which lists the reasons why OMB believes that a 30% ARP should be announced.

You should be aware of the fact that the wheat ARP percentage is only one of several USDA initiatives which taken together would result in increased budget outlays over the next several years of \$3.5 to \$4 billion. These additional initiatives include a proposal to provide marketing loans for soybeans which could add as much as \$1 billion to present farm price support outlays. Another proposal, changing the method for determining payment yields for all crops could add an additional \$2.5 to \$3 billion to existing budget totals. Add-ons like these are easy to get -- the off-setting reductions are politically almost impossible.

We simply have to hold the line on these farm price support programs if we are to have any hope of bringing the Federal deficit under control.

Arguments in Support of a 30 Percent 1988 Wheat
Acreage Reduction Program (ARP)

The following arguments can be used in support of the position that the wheat ARP should be set at the legal maximum of 30 percent:

- o The 30 percent ARP is what was assumed in the FY 1988 President's budget.
- o Leaving the ARP at 27.5 percent would increase costs by \$201 million. Since a 30 percent ARP was assumed in the budget, this would represent a \$201 million increase in the baseline, with its attendant impact on the budget deficit.
- o Domestic stocks of surplus wheat will be reduced by the maximum amount possible by using a 30 percent ARP. While the Department of Agriculture (USDA) has argued that surplus wheat stocks would decrease under the 27.5 percent ARP, it should be noted that they decrease an additional 2 percent under a 30 percent ARP.
- o While USDA is correct to argue that the supply/demand situation for wheat has improved, it is also true to say that the SITUATION HAS NOT IMPROVED SUFFICIENTLY TO WARRANT REDUCING THE ARP. Stocks of wheat in the U.S. are still considerably above the 1 billion bushel level under which mandatory cuts in the ARP would be required. Stocks are currently 70-90 percent of total domestic and export requirements. At these levels OMB continues to believe that the maximum ARP should be implemented.
- o USDA argues that increasing the ARP from 27.5 to 30 percent weakens our credibility when we argue that the Congress should not increase the statutory ARP maximum by 5 percent. OMB asserts that Administration policy has been consistent in that we have throughout the implementation of the 1985 Farm Bill used the maximum ARP permissible by law to lessen budget exposure. Furthermore, when optional land diversions that were previously available are considered, the amount of wheat acreage diverted for 1984-86 was roughly 30 percent, equal to OMB's current ARP proposal. OMB would much prefer to reduce target prices and eliminate ARP's as a means to achieve budget savings. We do not have this option since, thus far, the Congress has refused to enact legislation to reduce target prices. THE ONLY BUDGET REDUCTION OPTION REMAINING IS TO IMPLEMENT THE STATUTORY MAXIMUM ARP FOR WHEAT.
- o The ARP is only one aspect of the program provisions that foreign competing exporters will be watching. There is no Paid Land Diversion (PLD) being offered for wheat, loan rates are being reduced by the maximum amount allowable and major wheat sales continue to be made under the Export Enhancement Program (EEP). All of these indicate that the U.S. is not prepared to shoulder the burden of world oversupply alone.

In conclusion, the argument comes down to whether or not it is worth spending \$201 million, in the hope of further convincing certain Members of Congress of the Administration's position against ARP's and in favor of lowered target prices. But this position has been consistently, effectively, and frequently articulated. This trade-off is further highlighted by the outcomes of the recent OECD ministerial meeting and the Venice Summit, where it became increasingly clear that tolerance for the excesses of subsidizing agriculture is waning worldwide. Furthermore a clear signal was conveyed that the U.S. must get its financial house in order by reducing its massive budget deficits. The U.S. must pursue all means possible to reduce budget costs and the level of subsidization, such as the higher ARP.

THE WHITE HOUSE

WASHINGTON

June 22, 1987

MEMORANDUM FOR: SENATOR HOWARD H. BAKER, JR.
FROM: FRANK J. DONATELLI
SUBJECT: FLORIDA REPUBLICAN PARTY BRIEFING

*Letter
file*

Thank you for agreeing to speak to the supporters of the Florida Republican Party on Tuesday, June 23 at 4:00 p.m. The briefing will take place in the Indian Treaty Room of the Old Executive Office Building. Becky McMahan of my staff will be outside the door to greet you.

Attached are talking points for your remarks. In addition, an agenda is attached for your information, along with a briefing paper on Florida prepared by the RNC for the President's trip to Florida today. I hope this information is helpful. Please let me know if you have any questions.

Attachments: A - Talking Points
B - Agenda
C - Political Briefing

THE WHITE HOUSE
WASHINGTON

file

WHITE HOUSE BRIEFING
FOR
FLORIDA REPUBLICAN PARTY

Tuesday, June 23, 1987

Indian Treaty Room, Old Executive Office Building

1:30 p.m. Guests arrive Pennsylvania Avenue Entrance

1:55 p.m. Jeff Lord
Associate Director, Office of Political Affairs
Welcoming remarks

2:00 p.m. Joe Wright
Deputy Director, Office of Management and Budget

2:30 p.m. Linda Arey
Special Assistant to the President and
Deputy Director, Office of Public Liaison

3:00 p.m. Frank Lavin
Deputy Assistant to the President and
Director, Office of Political Affairs

3:30 p.m. Ambassador Jose Sorzano
Special Assistant to the President for National
Security Affairs and Senior Director for Latin
American Affairs

4:00 p.m. Senator Howard Baker
Chief of Staff to the President

Trom Lyng
went to:
Chippew
Risgue

Program Yields:

Problem:

Program payments are made according to how much a producer has grown over a period of time. In the 1985 Farm Bill, in order to reduce outlays and meet budgetary goals, Congress effectively froze yields at certain levels, ignoring how much a producer actually grew.

When Congress realized the impact of freezing yields, it changed the law in March 1986, to cushion any negative impact on farmers. In that law, Congress gave the Secretary the authority in 1988, to either continue to freeze yields or allow actual production to be the basis for payment.

Solution:

USDA recommends actual production be the basis on which to make program payments. Not to do so could invite further legislation to address this issue. It is in the potential for further legislation and the potential for unknown additional costly changes, which are the principal bases for this recommendation.

	FY 1988	FY 1989	FY 1990
	(\$ Millions)		
January Budget	14,954	15,921	15,997
May Update (Estimate)	11,363	13,832	14,538
Change	-3,591	-2,089	-1,459
Yield Proposal	432	954	1,222

- . Frozen Program Payment Yields Are Politically Unacceptable.
- . Reopens Farm Bill for Legislative Changes as was done in 1986.

Soybeans:

Problem: Artificially high loan rates for soybeans have re-enforced the U.S. as a noncompetitive, residual supplier of soybeans to the world market. Nevertheless, the statutory rate for 1987 increases almost 5 percent from the 1986 level. Inability of U.S. producers to compete has forced soybeans plantings down 8 million acres in 6 years. Southern Hemisphere plantings have increased, however, in order to meet a growing world market which U.S. producers cannot reach due to current programs.

Solution:

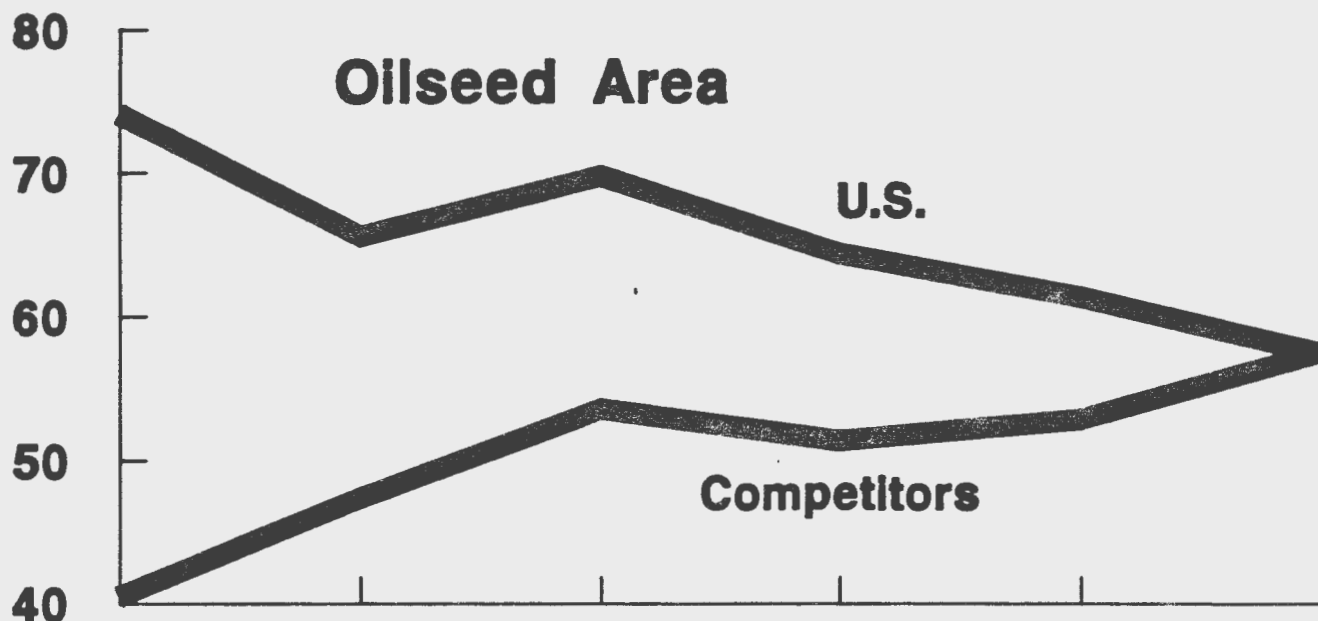
To keep the U.S. soybean industry competitive, lower loan repayment rates must be established. The Farm Bill provides no other method to meet world competition. By establishing a \$4.77 loan and a \$4.25 loan repayment, U.S. producers would meet world competition and prevent further erosion of U.S. export market share.

Implications:

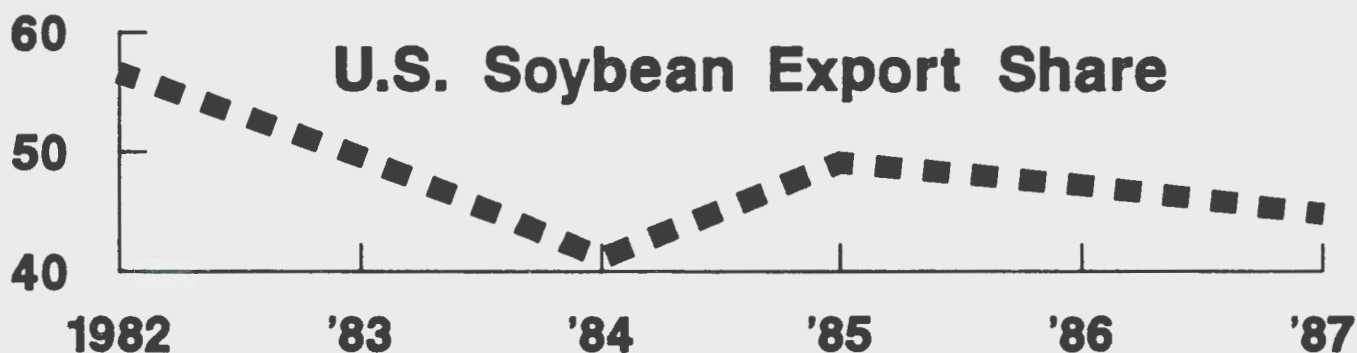
1. While the budget baseline is very difficult to meet, USDA's recommendation would result in net outlays of only \$22 million over 4 years, a very modest amount.
2. A marketing loan for soybeans would not lead to marketing loans for other commodities because soybeans have no acreage controls or target prices, as do wheat and feed grains.

1987 Soybean Program

Million Acres



Percent



- U.S. export share down as world acreage rises.
 - High soybean support rate will continue trend.
 - Proposal: \$4.77 soybean loan, repay at or above \$4.25.
 - Costs would rise initially, then fall.
-

To: DAG032
From: D.LANE (DAG032) Delivered: Tue 23-June-87 19:54 EDT Sys 157 (0)
Subject: Acknowledgment of: message.....dale.....
Original Mail Id: IPM-157-870622-130320091
Received: Tue 23-June-87 19:54 (Explicit)
Mail Id: IPM-157-870623-179120855

From: NEWS Delivered: Wed 24-June-87 7:13 EDT Sys 197 (88)
Subject: RICHARD LYNG :richard lyng has authority to implement that change wit
Mail Id: IPM-197-870624-065050001

ON THE FARM FRONT
(REG. U.S. PAT. OFF.)
By SONJA HILLGREN
UPI Farm Editor

WASHINGTON (UPI) _ The nation's largest farm organization advises against changing commodity programs established by the 1985 farm law _ except for soybeans, which were almost ignored by the law.

Dean Kleckner, president of the American Farm Bureau Federation, told a Senate Agriculture subcommittee Tuesday the soybean price support should be lowered enough to make prices competitive in global markets and farmers should be compensated with certificates that can be traded for commodities or cash.

He said Agriculture Secretary Richard Lyng has authority to implement that change without legislation. Lyng has acknowledged problems with the soybean program, but record farm program costs have left no money to add to subsidies.

Lawmakers are going through the motions of reviewing the 1985 law, but major revisions are unlikely.

Subcommittee chairman John Melcher, D-Mont., scheduled three hearings to consider changes in the law. Tuesday's meeting was merely a forum for general farm organizations to reiterate well-known positions. Later in the week, organizations representing specific commodities will testify.

Characterizing the hearings as "oversight," Sen. Patrick Leahy, D-Vt., chairman of the Senate Agriculture Committee, said he was not eager to rewrite farm legislation because it took so long to write the 1985 law, which lowered U.S. grain and cotton prices to make them more competitive and compensated farmers with record subsidies.

However, Leahy added that there are no parts of the law that cannot be reopened.

Kleckner, a Rudd, Iowa, farmer, told the subcommittee, "For the most part, we think the 1985 farm bill is working."

But he said soybeans have faced "certain negative consequences" stemming from policy changes of the 1985 law. Soybean farmers asked for subsidies relatively late in the 1985 congressional debate and Congress rejected them.

"The effect of more competitive loan rates and the use of certificates in feed grains has, without a corresponding adjustment to soybean loan rates, created a marketing advantage for feed grains in domestic markets and foreign soybeans in international markets," Kleckner noted.

"The problem with simply cutting the soybean loan rate is the lack of income protection in the form of a soybean target price," he said.

Kleckner rejected more comprehensive farm policy changes, including mandatory production controls, severing a traditional link between subsidies and production and marketing loans for feed grains, wheat or soybeans.

JUN 25 1987