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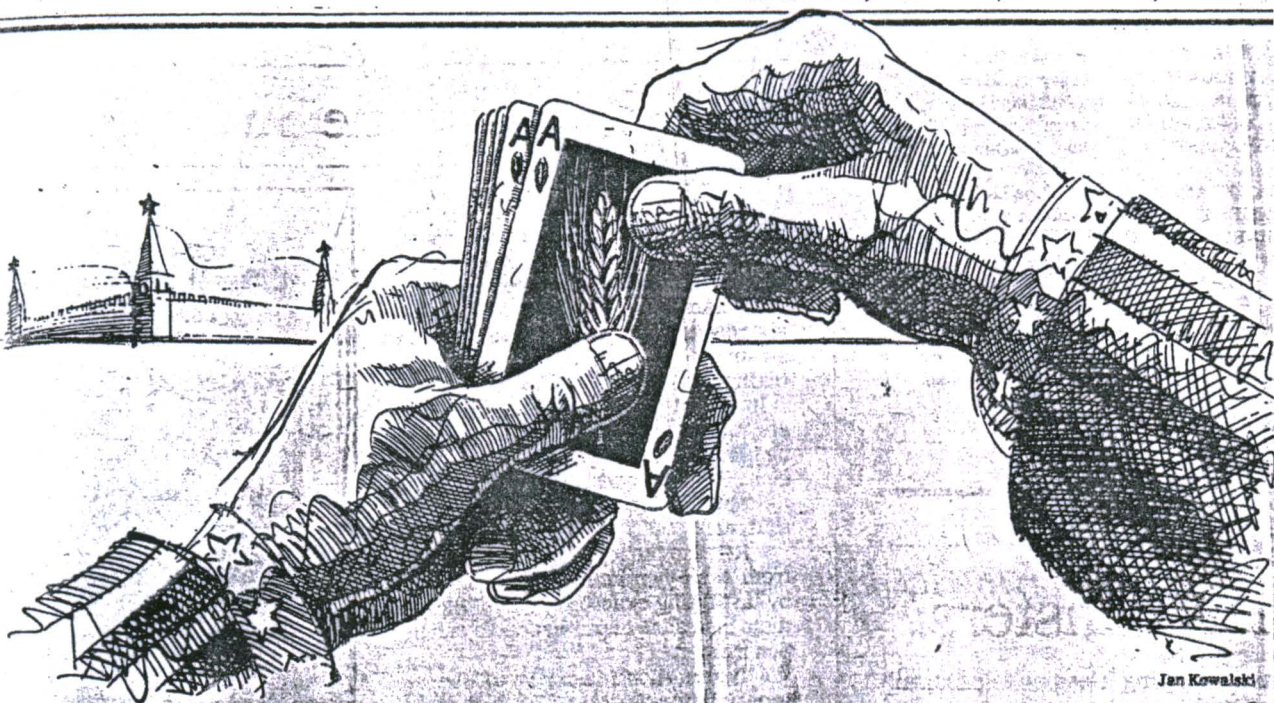
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9986	PAPER	USSR <i>R 3/16/2011 F2006-114/8</i>	1	ND	B1

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Why The Grain Embargo Continues

By James C. Webster

WASHINGTON — America's farmers are determined capitalists and fervent Americans. Mention "embargo" and you get the same reaction as if you'd said "Communist." They want to sell what they grow, without Government interference, even if the buyer is the Kremlin.

No wonder that they voted in droves for Ronald Reagan, who agreed with them that the partial embargo on grain sales to the Soviet Union, imposed after the invasion of Afghanistan, hurt them more than it hurt Moscow.

Yet more than halfway through Mr. Reagan's first 100 days, the embargo is still on. Never mind that he never promised to lift the embargo if he became President. What he said, very carefully, was that he opposed the embargo that Jimmy Carter had imposed. He declined several importunings from reporters to say that he would lift it once inaugurated.

Mr. Reagan will not lift the embargo for the same reason that Mr. Carter put it on: Business-as-usual with the Kremlin would send the wrong message at the wrong time.

Mr. Reagan is fully aware of the political consequences of maintaining the embargo and having it become "Reagan's embargo" rather than Mr. Carter's.

Those who hoped that Mr. Reagan would cancel the embargo as easily as he froze Federal hiring on Inauguration Day have not read Mr. Reagan's history or listened to the rest of what he said during the campaign.

To hope that he would at once adopt a tougher attitude toward the Russians and yet allow them unlimited access to the United States grain market is to believe that Lyndon B. Johnson would have banned bourbon from the White House.

Mr. Reagan has heard the arguments of farm-state members of Congress, farm leaders, and his Secretary of Agriculture, John R. Block, all of whom urge an end to the restriction on sales. He has heard those who argue that it ought to be maintained for na-

tional-security purposes. At a Cabinet meeting Feb. 4, the national-security view prevailed.

There are at least three reasons why Mr. Reagan will keep the embargo:

1. The international situation.

Unrest in Poland could yet invite Soviet military action. The situation in El Salvador remains touchy. Soviet troops are still in Afghanistan.

2. Relatively strong farm prices.

Whatever cost United States farmers paid for the embargo was paid last year. Today, grain and soybean prices are well ahead of pre-embargo levels. Lifting the embargo wouldn't move them up much more.

3. Uncertainty over 1981 crops in the United States.

Crop-watchers are dubious about feed-grain yields this year. Major grain areas are woefully short of subsoil moisture. Until we have a better fix on the crop situation, there's too much economic risk associated with lifting the embargo.

Even with the political risk of having "Carter's embargo" become his own, Mr. Reagan knows that it would be better to keep the embargo in effect than to end it now and be forced in August to limit exports of a short corn crop.

In 1979, corn yielded 109 bushels to the acre; 1980's yield was only 91 bushels. If 1981 yields improve only to 95

per acre, America would be a billion bushels short of what it used at home and exported last year.

Leonid I. Brezhnev's overture for a summit meeting is another factor. Even though Mr. Reagan is not jumping at the chance for an early meeting, he is keeping the door wide open. And the poker player in him tells him not to deal away a strong card before he gets to the table.

Both Mr. Brezhnev and Premier Nikolai Tikhonov have made it clear that the embargo is, at the very least, an irritant that they would rather not deal with. If they could resume business-as-usual, they could buy more grain to upgrade their cattle herds, thus increasing the meat available to the Soviet people.

But with an end to the embargo no longer in the cards, a total United States ban on trade might be worth considering — were it not for the Soviet leaders' conciliatory language. And, anyway, extending the embargo to the smidgen of trade still allowed would have little economic effect but perhaps more political symbolism worldwide than Mr. Reagan can afford at this point.

So despite the wishful thinking of farm leaders and farm voters who saw the embargo as the cause of their troubles — troubles that actually are far more deep-seated — and despite the political risks of continuing what has become a symbol in farm country, Mr. Reagan will maintain Mr. Carter's restriction on business-as-usual with the Soviet Union until he can find a graceful way out.

James C. Webster, Assistant Secretary of Agriculture for Governmental and Public Affairs in the Carter Administration, publishes The Food & Fiber Letter, a weekly newsletter on food and agricultural policy.



U.S. Army

U.S. helicopters over the Pyramids late last year: Resolve, reliability and a cornucopia of arms for America's friends

INTERNATIONAL

Arming America's Friends

Edwin Meese, chief counselor to Ronald Reagan, seems more and more sure of his man—and his world view. "I defy anybody to find any other President who has done as much on as many foreign-policy fronts in such an organized pattern and with such consistency in such a short period of time," he said cheerfully last week. Reagan does seem to have outdone and undone Jimmy Carter. In less than two months he has dispensed with most human-rights and North-South issues and put the Soviet Union on notice to watch its step from El Salvador to the Persian Gulf. Last week, brushing aside Carter's forlorn efforts to curb the international arms trade, he offered to supply \$15 billion in weapons and other military help to friendly governments in Europe, the Middle East, Africa, Asia and Latin America.

The President's objective was to show U.S. resolve, to shore up American credibility and reliability among doubting allies—and in particular to strengthen America's military hand around the Persian Gulf. The package called for \$6.9 billion in security assistance to out-at-the-cuff allies. Richer friends like Saudi Arabia and NATO allies were expected to pay perhaps another \$8 billion in cash for other weaponry. The White House also asked Congress to include a \$350 million "special requirement" kitty to pay for additional hardware to be used when hot spots flare up. "This is the currency in which foreign policy deals," one State Department topsider said

of Reagan's cornucopia of steel. "We can't sign treaties anymore, we can't deploy forces abroad—so how the hell else do you do it?"

There is danger that Reagan might be trying too much too soon, imposing military stratagems on problems demanding greater subtlety, more diplomacy—and fewer guns. In Congress the Administration will push forward to repeal several post-Vietnam measures that prohibit or inhibit

Reagan plans a quick fix in allied defenses with a \$15 billion package of military aid.

the President from sending arms to such countries as Pakistan, Chile and Argentina or to the pro-Western rebels in Angola. "I believe in moving ahead with all deliberate speed, but the deliberate part seems to be missing," said one alarmed foreign-policy expert on Capitol Hill. "They're scaring the hell out of everyone."

The Administration's chief goal is to harden its lines around the Persian Gulf. Defense Secretary Caspar Weinberger said that a permanent U.S. military presence somewhere in the Middle East has become

"essential," and Army Chief of Staff Gen. Edward C. Meyer told a House subcommittee that the United States needed both air and land forces in the region. Reagan's strategists are not satisfied with the understandings Carter had reached with Oman, Somalia and Kenya to allow limited access to military facilities in those countries. "If we can't have a permanent presence in time of peace," wondered Maine's Sen. William Cohen, a Republican on the Senate Armed Services Committee, "how can we have guaranteed access in time of war?" To explore that question, the Army has prepared a classified study on new base agreements.

It is easier to call for a U.S. toehold in the Middle East than to secure one. No country near the Persian Gulf, except possibly Pakistan, is willing to sign a formal agreement allowing the United States to set up its own military base. Israel has offered two air bases in the occupied Sinai but has demanded that it be allowed to use them in any emergency. Egypt's President Anwar Sadat, who will regain the Sinai region as part of his peace treaty with Israel, has rejected any such bargain. Reagan couldn't accept in any case without offending the Arabs. As an alternative, he is studying Saudi Arabia. So far Washington has agreed to sell the Saudis 62 F-15 jet fighters and four AWACS electronic surveillance planes to direct them. And NEWSWEEK has learned that the Administration hopes to help Saudi Arabia "overbuild and over-

INTERNATIONAL

stock" an airbase at Dhahran (map)—and perhaps others elsewhere—so U.S. C-5 heavy transports, tankers and perhaps B-52s could use them in a crisis.

While all the improvements were aimed primarily at protecting the West's oil supplies, they also gave Saudi Arabia the power to strike at the heart of Israel—at least in theory. To soothe Israeli alarm, Reagan has agreed to extend \$600 million in loans to finance the purchase of ten new F-15s. He also intends to sell the Israelis sophisticated "force multiplication" hardware—fire-control systems, communications gear and electronic devices that could neutralize the Saudi AWACS planes.

This is not merely a consolation prize: Secretary of State Alexander Haig wants to fortify Israel beyond the needs of its own defense to serve as a deterrent to future adventures by the Soviets, Libyans, Syrians and other radical Arab regimes. He also plans to take some diplomatic pressure off Israel. "There is not going to be any more American conniving with the Arabs at the U.N.," says one top State Department policy-maker. "This Administration is not going to be always pushing the Israelis to make every last concession on every issue."

Judging by this sort of talk, Haig seems to believe that the Palestinian issue can safely be shoved aside, at least for now. This is not a view shared by the Arabs, even the moderate ones. "The root cause of instability in this area is the Arab-Israeli issue, and the factor of division is still the unfortunately unresolved Palestinian problem," Jordan's King Hussein told NEWSWEEK last week. "It is only by solving [this] problem that security can be reinforced." The Administration may be reckoning that Israeli Prime Minister Menachem Begin will be turned out in the June elections and that a Labor Party comeback would bring more flexibility. According to recent polls, Begin's fortunes show signs of improving. One important factor may be former Foreign Minister Moshe Dayan, who hasn't decided whether to run on a ticket of his own but who made a mediagenic trip to Cairo last week for talks with Sadat. And the Labor Party can be just as stubborn as Begin—if more subtle.

For the moment, the Administration is clearly concentrating on the military side of Mideast diplomacy. Among the steps it is taking or planning:

■ **Egypt.** The United States plans to funnel \$1.65 billion in security aid to Sadat. It

also intends to spend \$106.4 million to beef up the Egyptian base of Ras Banas on the Red Sea. The funds will be used to build oil tanks for ships and to expand the runways to accommodate jet fighters and transports. Sadat is not willing now to sign an agreement making the base available to the United States, but Haig hopes to talk him into it on his Mideast trip in April.

■ **Oman.** The Sultan of Oman has agreed to let the United States use an old British base on Masirah Island. The Reagan plan includes \$75 million for new oil tanks, an upgraded airstrip and a water desalination plant. Other funds will go to improve another airfield at Seeb, which lies near the entrance to the Strait of Hormuz in posi-

Nairobi has offered the United States access to a naval base at Mombasa. The Administration hopes that closer security ties will ease the way toward permission to airlift supplies to U.S. naval vessels docked at Mombasa.

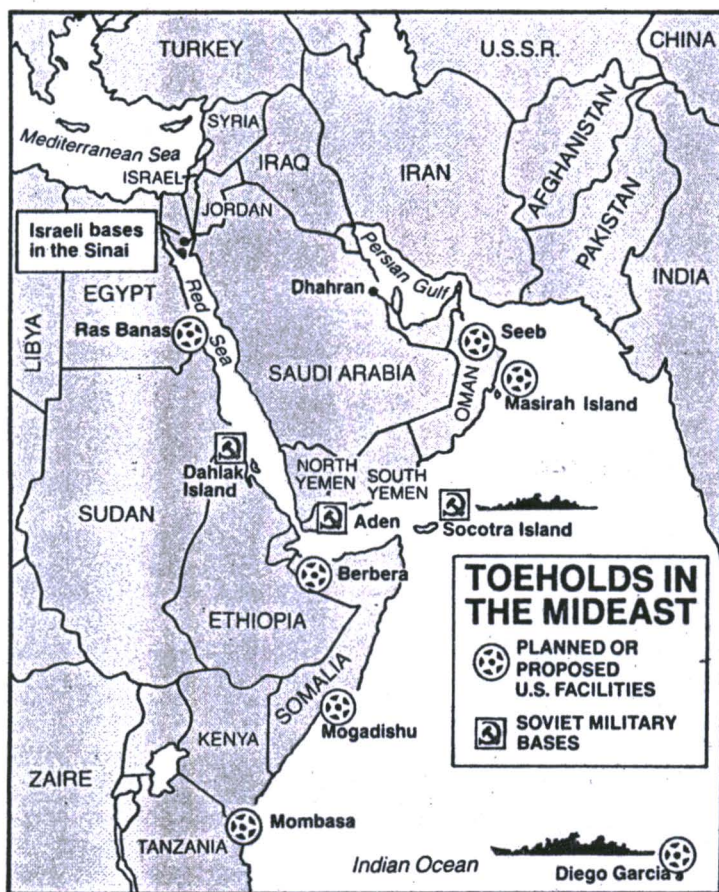
■ **The Sudan.** Having thrown out the Soviets after an abortive coup in 1974, the Sudanese now stand to get \$100 million from the Reagan Administration. They need the funds to replace the obsolete hardware that the Soviets left behind when they pulled out. The Sudanese worry that they may be the next target of aggression by the pro-Soviet regime of Muammar Kaddafi in Libya.

■ **Tunisia.** "Kaddafi is what we all know he is, and the Tunisians live next door," says one State Department strategist. "They've behaved with restraint and moderation in the Arab world, and we've done very little for them over the years." Reagan plans to change that with \$95 million for improvements in the country's armed forces.

■ **Turkey.** Perched on the northern fringe of the Mideast and the southern flank of NATO, Turkey has an army that is in need of a thorough modernization. Ankara cannot afford such refurbishments without U.S. help. It may not be able to afford them even with Reagan's aid, which should add up to \$700 million, including \$250 million in low-interest loans.

On the eastern reaches of the Mideast crisis zone, Reagan is cultivating Pakistan's President Mohammad Zia ul-Haq. To strengthen Pakistan as a bulwark against the Soviets in Afghanistan, and perhaps to win home-port rights for a U.S. carrier battle group, Reagan plans to offer Zia at least \$500 million as an initial down payment on even more military aid. First, however, he must persuade Congress to overturn the Symington amendment; the measure prevents the United States from sending arms because Zia has not pledged to forgo developing nuclear weapons.

Reagan's offer is something more than the \$400 million deal that Zia dismissed as "peanuts" during the Carter era. In making even a modest boost, Reagan runs the risk of becoming enmeshed in the longstanding hostility between India and Pakistan. He complicated the tangle last week by talking openly about sending military aid to the rebels in Afghanistan. Such aid could only be funneled through Pakistan, exposing Zia to Soviet retaliation. "The President is going to have to learn to keep his mouth shut," winced one American diplomat in Washington. "Otherwise he is go-



Claire A. Nivola—NEWSWEEK

tion to send up defenders against Soviet air strikes from Afghanistan—or to monitor Soviet warships near the gulf.

■ **Somalia.** The Administration is offering to spend \$24 million to help improve the port of Berbera, which the Soviet Union left in disarray after pulling out of Somalia in 1977. Somalia has agreed to let the United States use the port and another facility at Mogadishu. In return, Washington will give Somalia \$20 million in arms and \$20 million in economic aid.

■ **Kenya.** The Kenyans have neglected their own military while concentrating on economic development. But with the Soviets and Cubans now implanted in Ethiopia, and with chronic troubles with neighboring Uganda and Tanzania, the Kenyans have begun to bolster their defenses with American-made F-5E fighters and helicopters.

INTERNATIONAL

ing to get his friends in a lot of trouble."

On some other sensitive diplomatic issues the Administration is a bit at odds with itself. China policy is one example. Some White House staffers want to sell FX-model jet fighters to Taiwan and take other steps to improve relations with the Nationalists, a prospect that infuriates Peking. The State Department has resisted such measures. "If you're going to have a foreign policy that competes with the Soviets," says one State Department hand, "what kind of fool would you have to be to destroy our relationship with China?" White House hold-outs insist they will not give up until they cut a better deal for Taiwan.

Sting: Another strategic area where the Administration must move cautiously is southern Africa. Some of Reagan's advisers at the White House think he should launch a rapprochement with South Africa in the interests of safeguarding its mineral wealth. But at the State Department, Assistant Secretary Chester Crocker has replied that to draw closer to Pretoria would offend all of Black Africa. In Zimbabwe, Haig has shown he is more pragmatist than ideologue: *NEWSWEEK* learned he plans to send \$75 million in economic aid to Marxist Robert Mugabe. But the Administration will press Congress to repeal the Clark amendment, which bars military aid to guerrilla leader Jonas Savimbi in Angola. Sentiment in Congress is growing to dispense with the amendment as an unwise restriction on the President's powers to conduct foreign policy. If Reagan succeeds and sends arms to Savimbi, he may be able to sting Cuban mercenaries in Angola. But Nigeria could sting right back with an oil embargo.

In the Caribbean—besides \$66 million in security assistance projected for El Sal-



Larry Downing—*NEWSWEEK*

Haig and Genscher: Pushing arms control

vador—the Administration plans to train security forces on the tiny island nations that stretch from Barbados to Antigua. Most of the funds will go toward a small regional coast guard that will function not only as a defense force but as a picket line against drug traffickers. Reagan hopes such projects will signal the Cubans, who are already well entrenched in Grenada, not to freeboot elsewhere.

The President is lobbying to untie Congressional strictures barring him from shipping arms to Chile and Argentina because of their bad record on human rights. He has already begun easing relations with the government of President Augusto Pinochet Ugarte in Chile, which went on the Senate's black list after it refused to extradite two men implicated in the 1976 murder of Chilean dissident Orlando Letelier in

Washington. The Administration now says that complaints about human-rights violations—at least on the part of friendly governments—will be confined to private, diplomatic channels. Early this week Lt. Gen. Roberto Viola, Argentina's incoming President, stopped at the White House to discuss the new climate. Bolivia might also regain Washington's good graces, despite charges that its government is involved in the drug trade.

Balance: There is no question, as Ed Meese says, that the President has managed to redirect U.S. foreign policy on many fronts in a very short time. How wise his new policies are and how well they will work remains to be seen. Most American allies seem encouraged by Reagan's energy but worried about his sophistication. West Germany's Foreign Minister Hans-Dietrich Genscher, who was in Washington last week, urged the Administration not to become so obsessed with redressing the arms balance that it neglects arms control.

At home, Reagan's opponents are also sure to call on him for greater restraint. "The Administration's policy is very simple and therefore very likely to be wrong," charges a Senate Democrat. "It concentrates on the use of military power to achieve diplomatic aims. It is East-West oriented. It is warm to right-wing dictators. And it will produce a major arms buildup around the world." "So far the perception we've encouraged is one of willy-nilly shoveling arms all over the world," admits one White House staffer. "We have to make the case that all this has to do with peace, not war." Ronald Reagan came into office convinced that the West's defenses were down, and he evidently doesn't mind if he looks a bit fearsome in shoring them up.

TOM MATHEWS with JOHN WALCOTT,
DAVID C. MARTIN and THOMAS M. DeFRANK
in Washington and bureau reports

Changing Course on a Sea Law

With 320 articles and nine annexes, the draft treaty for an international "Law of the Sea" is a bewilderingly complex document that deals with everything from whaling to natural gas. After eight years of mind-numbing negotiations during the Nixon, Ford and Carter administrations, the pact was nearing completion. Then, to the dismay of many other nations, the Reagan Administration ordered its negotiators to mark time "pending a policy review by the United States." And early last week Washington fired its delegation chief and some aides, appointing a new team of Reagan loyalists.

As a major commercial and military power, the United States needs a Law of the Sea as much as anyone. The pact would guarantee passage through more than 100 narrow straits around the globe. It would regulate the mining of strategically vital manganese nodules on the ocean floor. In bargaining with Third World nations, the United States and other industrial countries have agreed to a "parallel" system of mining—by private companies and by an international "Enterprise" that would devote its own profits to aiding the economies of poorer

lands. Reaganites regard the Enterprise and its parent "International Seabed Authority" as "a socialist model of economic organization," in the words of one State Department official. They also worry that if the treaty is adopted, the future supply of nickel, copper and manganese would fall under Third World control. U.S. mining concerns such as Kennecott and U.S. Steel object to the treaty's international mechanism, since it could set production limits and require American firms to sell their advanced technology to the authority.

Benefits: Any effort to change the mining provisions now could cause serious trouble. Diplomats describe the draft treaty as a tightly woven compromise: in return for a share of mining profits, poorer nations would help guarantee continued passage through the vital straits. Some supporters of the pact also contend that it benefits American companies the most. No firm would dare to invest \$1 billion in mining an ocean-floor site unless it had exclusive rights to that part of the seabed. Without a treaty, points out Elliot Richardson, who was once the chief U.S. negotiator, any company that began mining could be challenged in international court. Unless the Reagan snag is ironed out quickly, the Law of the Sea talks could collapse, and America might be the biggest loser.

NATIONAL SECURITY COUNCIL

March 25, 1981

ACTION

MEMORANDUM FOR RICHARD V. ALLEN

FROM: ROBERT M. KIMMITT *Bob*

SUBJECT: Reply to Senator Mattingly

Senator Mack Mattingly has sent you a copy of a Senate Concurrent Resolution he introduced on March 19 (Tab I). It calls for rescission of the Soviet grain embargo unless the embargo is extended to all American products.

At Tab II is a proposed reply for your signature. It is based on similar non-substantive, yet forthcoming responses sent by Max Friedersdorf.

RECOMMENDATION:

That you sign the letter to Senator Mattingly at Tab II.

Tim Deal and Richard Pipes concur.

Attachments

23 MAR 1981



UNITED STATES SENATE
WASHINGTON, D. C. 20510

MACK MATTINGLY
GEORGIA

March 19, 1981

*Bob Kinnick
Staff rep*

Mr. Richard V. Allen
Assistant to the President
for National Security Affairs
The White House
Washington, D. C. 20500

Dear Dick:

For your information, I am enclosing a copy of the Senate Concurrent Resolution I introduced this morning.

As the language indicates, this resolution calls for the Soviet grain embargo to be extended to all American products or be totally rescinded. With such a substantial number of cosponsors, I think it is appropriate to say that there is adequate support, both from Republicans and Democrats, for a proposal of this nature.

If I can supply you with any further information, please do not hesitate to let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mack".

MACK MATTINGLY
United States Senator

Enclosure
MM:mje

IN THE SENATE OF THE UNITED STATES

Mr. Mattingly, Jepsen, Boren, Bumpers, Andrews, Hatfield, Pressler, Boschwitz, Grassle, Domenici, Abdnor, Goldwater, Weicker, Quayle, Murkowski, Armstrong, McClure, Kasten, Roth, Rudman, Simpson, Warner, Pryor, Sasser, Denton, Dixon, Symms, Specter, Burdick, Zorinsky, Hayakawa, Hatch, Hart, Durenberger, Garn, Helms, East, Nickles, Thurmond, Hawkins, Baucus, D'Amato, Melcher, Exon, submitted the following concurrent resolution; which was Deconcini, Percy, Tower, Inouye, Laxalt, Dole, Schmitt

CONCURRENT RESOLUTION

(Insert title of concurrent resolution here)

Resolved by the Senate (the House of Representatives concurring),

Expressing the sense of the Congress that the grain embargo on exports to the Soviet Union be extended to all products or that such grain embargo be rescinded.

Resolved, That it is the sense of the Senate that during any period during which there is in effect an embargo on the export of grains to the Union of Soviet Socialist Republics (regardless of the date on which the embargo began) there shall also be an embargo on the export of any other goods or services to such country.

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THE WHITE HOUSE

WASHINGTON

Dear Mack:

Thank you for sending me a copy of the Senate Concurrent Resolution you introduced on March 19, which calls for rescission of the Soviet grain embargo unless the embargo is extended to all American products.

We share your concerns about the effects, and efficacy, of the grain embargo. As a result, a review has been initiated within the Administration to assess relevant domestic and foreign policy factors, including: the costs of the embargo to American farmers and the domestic economy; the impact on the Soviet Union; the effect on cooperative efforts by our allies and other grain producers; the situation in Afghanistan; and the continuing threat to Poland. Since any action taken will be interpreted as a possible signal of the future of US-Soviet relations, a decision to lift, continue, or extend the embargo will be made only after careful consideration of these factors.

We appreciate knowing your views on this matter. You may be assured that we will give them careful consideration during the review process.

Warm regards,

Richard V. Allen
Assistant to the President
for National Security Affairs

The Honorable Mack Mattingly
United States Senate
Washington, D. C. 20510

Bill to Block Dairy Support Rise Survives Bids to Cripple Proposal

New York Times, 3/25/81, Page B7

By STEVEN V. ROBERTS

Special to The New York Times

WASHINGTON, March 24 — The Senate backed President Reagan's position today by defeating a series of attempts to cripple a bill that would block an increase in dairy price supports.

The final vote was delayed tonight when Senator John Melcher, Democrat of Montana, staged a minor filibuster, saying that he wanted to propose a last-minute amendment concerning dairy imports. But Congressional sources say that the bill is almost certain to pass in the final vote, which is scheduled for tomorrow.

The White House considers the dairy price issue a symbolic show of support for its economic austerity program, and it has lobbied heavily to keep the bill free of amendments and to push it rapidly through Congress.

Under current law, milk price supports would automatically rise on April 1 by about 90 cents per hundredweight, to a price of \$14. The Reagan bill would omit this rise and save \$147 million, by White House estimates.

Attacked by Dairy Farmers

The bill is opposed by the dairy industry and its supporters, who contend that they have been singled out to make the first sacrifice for Mr. Reagan's economic program. Senator Patrick J. Leahy, Democrat of Vermont, said that the bill "breaks a promise to dairy farmers" who were counting on the April increase.

The most direct challenge to the bill came in the form of an amendment offered today by Senator Melcher, who proposed banning half the imports of casein, a milk byproduct that has various industrial uses. The Senator contended that the importing of casein robbed domestic milk producers of potential markets, but his amendment failed by a vote of 60 to 38.

Two other amendments would have directed the President to end the grain embargo against the Soviet Union, a sore point with many farmers, and to end the importation of Soviet agricultural prod-

ucts. However, the Republican leadership fended off the moves by successfully proposing that both amendments be converted into Senate resolutions, or statements of principle with no force of law.

Delay on Farm Bill

Meanwhile, reports were circulating on Capitol Hill that the White House had postponed announcing its proposals for a new farm bill until the price support issue had been resolved.

"I hear," said Senator Robert W. Kasten Jr., Republican of Wisconsin, "that they were concerned that their program would not be well received by dairy farmers."

Dairy prices are now supported at 80 percent of parity, a figure based on the purchasing power of farmers. Many lawmakers expect the Administration to suggest that future prices be pegged at a much lower figure, perhaps below 70 percent.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

1395

March 31, 1981

MEMORANDUM FOR: MAX L. FRIEDERSDORF
FROM: RICHARD V. ALLEN *for*
SUBJECT: Congressional Letters on Grain Embargo

I concur in Agriculture's draft response to the Members of Congress who favor an increase in loan rates under the 1977 Farm Bill to restore stability in the farm sector.

cc: Ed Meese

3/31 sent / gcp

Piper Main Embargo 11
3/31 to Friedersdorf
w/ copy of backup
1700

MEMORANDUM

NATIONAL SECURITY COUNCIL

12
a/L 1395

MEMORANDUM FOR: RICHARD V. ALLEN
FROM: TIM DEAL *TD*
SUBJECT: Congressional Letters on Grain Embargo

Max Friedersdorf has asked you to review Agriculture's proposed response to Members of Congress who have recommended an increase in loan rates to offset the economic impact of the grain embargo (Tab B). I believe the draft reply strikes the right note and recommend that you give your concurrence to Max Friedersdorf (Tab A).

Recommendation:

That you sign the memo to Max Friedersdorf at Tab A.

Concur: Richard Pipes

SIGNED
3/31/81

1395

23 MAR 1981

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

March 20, 1981

For Staffing

MEMORANDUM FOR:

✓ RICHARD ALLEN
MARTY ANDERSON

FROM:

MAX L. FRIEDERSDORF

SUBJECT:

Congressional Letters on Grain Embargo

Attached is a copy of a letter which the President received from sixteen Members of Congress recommending that the Administration authorize an increase in the loan rates under the 1977 Farm Bill. A draft response has been prepared by Agriculture to address their concerns.

I would appreciate your signing off on this draft, which I have enclosed, so that we can get these letters to the Members as soon as possible.

Thank you, in advance, for your prompt attention to this matter.

DRAFT

Dear

The President has asked me to thank you for your March 6 letter, cosigned by 15 of your colleagues, regarding the embargo of U.S. grain sales to the Soviet Union. In your letter you recommended that the Administration authorize an increase in the loan rates under the 1977 Farm Bill in order to help restore stability to the agricultural sector.

The embargo, imposed over a year ago, was one of several actions taken by the previous Administration to demonstrate U.S. reaction to the Soviet invasion of Afghanistan. At that time it was said to have been invoked for national security and foreign policy reasons.

As you know, the President has been philosophically opposed to the embargo since its inception because he feels that it has caused greater damage to the American farmer than to the Soviets. Although the embargo has been discussed in Cabinet meetings, the President has not taken any action as yet because of the complicating factors involved, including potential Soviet action in Poland.

We certainly share your concern that the burden of the embargo has not been equally borne by all Americans. Your recommendation of increased loan rates would help to assure that the burden is shared by society as a whole. This matter is now under review and your recommendations are appreciated.

2

Our first priority is to foster a climate that will provide a healthy, prosperous agriculture, one capable of meeting the challenges of the 1980's. The Administration is firmly committed to a market-oriented agricultural economy with minimal governmental interference. To this end, our first and foremost concern is to curb inflation. This will benefit all Americans, including farmers. We believe that a reduction in Government spending is a necessary component of this battle. As you know, all programs throughout the Federal government are being carefully scrutinized.

In addition to the efforts to reduce inflation, other efforts are being undertaken to enhance the economic position of the farm sector, such as increasing exports, reducing government regulations, and lowering taxes. We are confident that these efforts will provide a prosperous agriculture for all farmers.

With cordial regard, I am

Sincerely,

Max L. Friedersdorf
Assistant to the President

The Honorable
House of Representatives
Washington, D.C. 20515

DAN GLICKMAN
FOURTH DISTRICT—KANSAS

COMMITTEES:
AGRICULTURE
SCIENCE AND TECHNOLOGY
JUDICIARY

NATIONAL ALCOHOL FUELS
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CONGRESS OF THE UNITED STATES
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WASHINGTON, D.C. 20515

1507 LONGWORTH BUILDING
WASHINGTON, D.C. 20515
(202) 225-6216

U.S. POST OFFICE AND COURT HOUSE
BOX 403—ROOM 224
WICHITA, KANSAS 67201
(316) 262-8396

407 WOLCOTT BUILDING
201 NORTH MAIN
HUTCHINSON, KANSAS 67501
(316) 669-9011

March 6, 1981

The Honorable Ronald Reagan
President
The White House
Washington, D.C. 20500

012375

Dear Mr. President:

We have joined together to let you know of our concern about the negative impact of the embargo on America's farmers. What unites us is our belief that the burden of the embargo has not been equally borne by all Americans. Your campaign for the Presidency made it clear that you perceived that inequity and want to see it corrected. This is an issue of simple justice, Mr. President, and we feel it should be set right.

When the embargo was first imposed to retaliate against the Soviet invasion of Afghanistan, American farmers accepted it as necessary. At that time, they were led to believe that the burden would be shared. Unfortunately, farmers have endured a year of unstable prices in the face of continuously rising production costs. As long as the embargo remains in effect, we feel your Administration should address the problem in light of the economic realities of our farm economy.

We urge you to take a positive step to offset the embargo's effect and restore the confidence of our Nation's farmers. Under the 1977 Farm Bill you have the authority to order the Secretary of Agriculture to raise loan rates. We strongly urge you to use that authority at least to minimally increase the loan rates to the following levels: for wheat, from \$3.00 to \$4.00, for corn from \$2.25 to \$3.00, and for soybeans, from \$5.02 to \$6.69.

Mr. President, you have consistently indicated the need for fair and equitable treatment for all groups in society in your program for economic recovery. Our recommendation would make sure that the farm economy is included in that recovery. Because we are dealing with a loan program, where the money lent out is paid back with interest, we are not in any way adding to the burden on taxpayers' shoulders nor would this hinder your ability to reduce the federal deficit.

The increases in the loans will help restore some stability to the agricultural sector which has been badly battered not only by the embargo but

The Honorable Ronald Reagan
March 6, 1981

Page Two

also by a host of factors including high interest rates, unfair tax treatment, and increasing energy costs. These obviously cause cash flow problems.

Farmers have been remarkably patient in accepting the consequences of the embargo. But we can't help but believe that their patience is running short. As your Administration begins its push for economic revitalization, farmers should not be left behind. We urge you to act without delay in implementing the loan rate increases we have recommended.

With best regards,

Mr. Marlenee



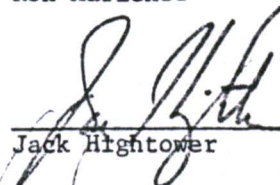
Ron Marlenee

Mr. Glickman



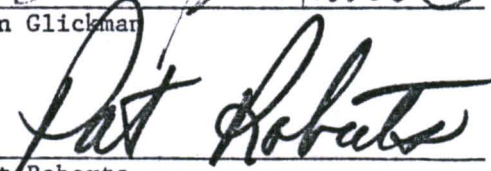
Dan Glickman

Jack



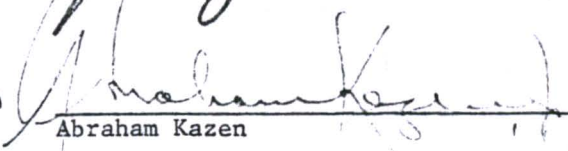
Jack Hightower

Pat



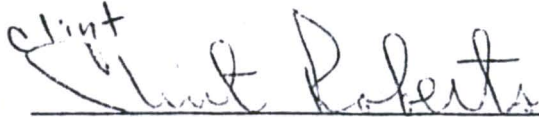
Pat Roberts

Mr. Kazen



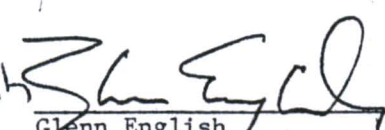
Abraham Kazen

Clint



Clint Roberts

Mr. English



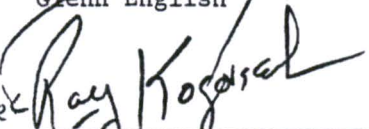
Glenn English

Mr. Hance



Kent Hance

Mr. Kogovsek



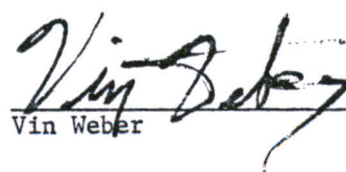
Ray Kogovsek

Mr. Dunn



Jim Dunn

Vin



Vin Weber

Mr. Dorgan



Byron L. Dorgan

The Honorable Ronald Reagan
March 6, 1981

Page Three

Charlie Charlie Stenholm *Mr. Whittaker* Bob Whittaker
Charles W. Stenholm Bob Whittaker

Carroll Carroll Hubbard, Jr. *Arlan* Arlan Stangeland
Carroll Hubbard, Jr. Arlan Stangeland

A Latin replacement for embargoed grain

The U. S. is ending nine years of grain trade with the Soviet Union just as new bumper harvests in Southern Hemisphere nations are fanning intense competition in world export markets. Barring any easing soon of the partial embargo of sales to the Soviets or renewal of the five-year, U. S.-Soviet grain agreement, the last shipment of grain to Russia will leave U. S. ports in early April. Meanwhile, Argentina and Brazil are harvesting record feedgrain and soybean crops and are threatening to displace U. S. exports to the Soviet Union and other key markets.

Despite mounting pressure from U. S. farm interests, President Reagan is continuing to take a hard line on any resumption of grain trade with the Soviets. In a Mar. 27 comment to *The Washington Post*, he said the situation in Poland "is such that I, at this moment, do not see how we could lift [the Soviet embargo] without sending the wrong signal." That view has been expressed by other top Administration officials, but it gains weight because it

came from the President in the midst of the latest flareup between the Polish government and trade unions.

Barring any significant improvement in that crisis, the Administration's position will lead to an automatic shutoff of grain trade with the Soviets within a few weeks. Under the partial embargo imposed in January, 1980, the Soviets were permitted to continue to buy up to 8 million metric tons of corn and wheat. But

Farm groups are pressing for consultations with the Soviets on grain

shipments in the agreement year ending Sept. 30 are nearly concluded.

In the meantime, Southern Hemisphere countries are about to harvest bumper crops planted last fall in reaction to the drought in this country and soaring world prices. Argentina says its grain harvest this spring will total a record 36.1 million metric tons, up 40%. Brazil, likewise, is concluding a record soybean harvest of 15.7 million metric tons, up about 5%.

Lower exports. As a result, analysts are lowering their projections of U. S. exports in the 1980-81 corn-marketing year, which ends on Sept. 30. In the past month the Agriculture Dept. has trimmed its estimate of American corn exports by about 4% to 64.7 million metric tons.

The American Soybean Assn. recently

said that the U. S. has lost about \$500 million in soybean export revenues. Concludes ASA President Frank Ray: "The longer the embargo continues, the more damage it is doing to U. S. soybean farmers."

Partly because of pessimism about any imminent lifting of the embargo, prices of major export commodities have drifted lower in recent months. Wheat prices averaged \$3.93 a bu. in March, down 6% from the previous month, while soybean prices averaged \$7.10 a bu., down about 5%. Of course, prices could rally if foreign buyers flock back to the U. S. markets or if the rains that have moistened growing areas in recent weeks suddenly vanish.

Meanwhile, some major farm groups are continuing to press Reagan for some move toward a resumption of Soviet trade, hoping that even a symbolic gesture would provide a psychological lift to the highly sensitive commodities markets. One such step might be a "consultation" with the Soviets on grain matters, as provided for semiannually under the expiring five-year agreement. Reagan could hold such noncommittal talks with the Russians without backing away from his tough stance on Poland, argues Michael L. Hall, executive director of the National Corn Growers Assn. "Consultations could lay the groundwork for a new grain agreement, and they would certainly mute criticism by farmers of the Administration," Hall says. ■

Al Haig on His Way Out? . . . A Tip From Richard Nixon . . . Backbiting Inside the CIA

Despite public statements by top White House officials that Secretary of State Haig is secure in his job—moves designed to bolster U.S. credibility abroad—the private word among senior Reagan aides is that what many viewed as his shaky performance in the wake of the Reagan assassination attempt means that Haig probably won't last past midsummer.

★ ★ ★

Two top candidates already rumored as Haig's likely successor: Former Texas Governor John Connally and George Shultz, former Secretary of Labor, former Secretary of the Treasury and a longtime Reagan friend.

★ ★ ★

Security experts are warning Vice President Bush and congressional leaders to "keep a low profile" in coming months. They warn the Reagan shooting could be "contagious."

★ ★ ★

Some of House Speaker "Tip" O'Neill's friends say they see signs that the Massachusetts lawmaker, 68 and serving his 15th term, may not seek reelection in 1982. Major reasons: The defeat of many of O'Neill's liberal friends and the increasing resistance of younger members to his discipline.

★ ★ ★

The sudden rise to fame of David Stockman, Reagan's budget chief, is not going over too well with some of his comrades. Said one White House official: "Stockman is getting too much credit for coming up with spending cuts that people at the Office of Management and Budget have had up their sleeves for years."

★ ★ ★

At the height of the confusion over who was in charge at the White House in the first hours after Reagan was shot, a presidential aide got expert advice by telephone on what the Constitution and law provide. The expert: Richard Nixon.

Top intelligence officials complain that William Casey, CIA director, responds sarcastically when analysts produce conclusions that run counter to the administration foreign-policy line. The danger, as these officials see it: Independent analysts will be reluctant to speak their minds.

★ ★ ★

It didn't take Soviet propagandists long to find the party line on the attempt to kill Reagan. After brief reports of Leonid Brezhnev's "indignation" over the attack, Russian TV programs switched to a steady denunciation of the "sickness pervading American society."

★ ★ ★

Contrasting the high turnover rate of U.S. officials with the stability of the Soviet Union, one analyst noted: "Haig is the eighth Secretary of State that Foreign Minister Gromyko has dealt with—and he may soon be dealing with a ninth."

★ ★ ★

Talk of providing major U.S. aid to anti-Russian rebels in Afghanistan is discounted by a top intelligence authority with inside knowledge of covert operations. His words: "The 'hose' is only so big for delivering arms to these people. And it's operating at full capacity now."

★ ★ ★

The FBI is pressing to find every single one of the several hundred persons near the Reagan shooting scene outside a Washington hotel. Explained an agent: "A few years from now, we don't want an eyewitness to show up saying, 'I saw something, but nobody interviewed me.'"

★ ★ ★

Soviet President Brezhnev has been placed on notice that Reagan no longer will grant Russians in the U.S. privileges not reciprocated by Moscow. Examples: No special access to the President by the Soviet ambassa-

dor unless the U.S. ambassador can see Brezhnev; barriers to Soviet propagandists in the U.S. unless American officials are given access to Soviet TV and print media.

★ ★ ★

Gun-control bills may get nowhere in Congress in the wake of the attempt to kill the President, Capitol Hill veterans say, but what do stand a chance are bills providing the death penalty for various offenses.

★ ★ ★

Congress is growing worried about the Navy's increasing dependence on civilian technicians. One commander reports that his F-14 fighter wing would be reduced to half strength without the skills provided by non-military personnel.

★ ★ ★

Cited as evidence of the awesome size of Soviet military aid to Libya: Forces of Muammar Qadhafi invading neighboring Chad had so many artillery pieces, missile launchers and tanks that they did not bother to bring along parts to make repairs. Instead, they simply abandoned malfunctioning weapons for brand-new equipment.

★ ★ ★

Democratic officials may face a tough road raising money in Georgia. Jimmy Carter's friends are still steaming over the fact that the party, for the first time in memory, failed to issue a formal resolution commending the performance of one of its Presidents. Democratic officials insist the omission was an oversight.

★ ★ ★

Taxpayer money going to transport government bowlers? That's what the General Accounting Office says it found in an audit disclosing that Air National Guard officials last year spent \$110,000 to fly 431 members from 12 cities to a bowling tournament in Nashville.

Worldgram®

FROM THE CAPITALS OF THE WORLD

LONDON • PARIS • ROME • BONN • PRETORIA • MANAGUA • NEW DELHI

Look past the obvious reactions abroad to the attack on Reagan--shock, dismay, blasts at America as a gun-toting society running amok--and this hard truth emerges: Violence and political terrorism also plague critics of the U.S.

Carping at lawlessness in this country--underscored with condemnation of Americans' easy access to handguns--is a central theme of comment overseas.

"God Save America From Itself," headlines London's "Daily Mail."

U.S. has to control firearms, says the "Frankfurter Rundschau," or America will continue to live up to its film image as "land of the readily drawn Colt."

Prove that the "day of the crazy gunman is over," a Hong Kong paper urges.

Yet, many of America's friends are leery of "holier than thou" attitudes.

Why? They recognize a nightmarish record of bloodshed in their own back yards.

In British-governed Northern Ireland, more than 2,000 civilians, soldiers and terrorists have died in sectarian fighting since 1968. Assassins killed a member of Parliament and Earl Mountbatten, member of the royal family, in 1979.

In France, police recorded 690 political and terrorist incidents in 1980. Since 1972, some 30 foreign envoys or delegates have been murdered in Paris.

In Italy, terrorists on the political left and right killed 115 persons last year, including government officials, military officers, police, prominent businessmen and journalists. Hundreds more were wounded or kidnapped.

In West Germany, leftist gangs in recent years have slain a leading banker, a senior judge, a president of the confederation of German industries. Right-wingers exploded a bomb that killed 13 at Munich's 1980 October festival.

Death toll last year numbered 108 in Spain, approached 2,000 in Turkey.

True, some Western Europeans make a distinction between the political violence ripping their countries and seemingly haphazard homicides in America.

Argument is that there's a difference between fanatics who kill for even hazy ideological goals and the mindless murderers who strike in the U.S.

Even so, cautions a British official, "We shouldn't don a pristine cloak."

Actually, a most significant reaction to the shooting is not the censure of America, but the accent on the crucial importance of U.S. leadership.

Sighs of relief that Reagan will survive, say our men in key capitals abroad, underline the enormous dependence of the West on America's power.

That doesn't mean U.S. allies aren't worrying about possible dangerous delays in implementation of American policies while the President recuperates.

(over)

Nor will friends or foes put differences with U.S. in deep cold storage while Reagan recovers. A new honeymoon period? Yes. But only a brief one.

Reagan administration's first diplomatic mission to southern Africa in mid-April is in for quite an ear bashing, says our correspondent on the scene.

Visiting Americans will try to cement U.S. ties both with South Africa and with black neighbors demanding a speedy end to white-minority rule there. But black leaders will make clear that they are suspicious of Reagan's intentions.

Doubts will be voiced about the President's talk of ending apartheid in South Africa by evolution, not confrontation, his reluctance to pressure Pretoria into granting immediate independence to the territory of Namibia, and his sympathy for rebels battling the Cuban-supported Marxists governing Angola.

Washington already is seeking to pacify uneasy blacks. Officials insist there is no tilt toward South Africa, hint of new solutions to the Namibia problem, say U.S. won't necessarily send arms to pro-West Angola guerrillas.

But black leaders will tell visiting American envoys: "Prove it."

Despite a decision to halt economic aid to Nicaragua, U.S. is not slamming the door on improved relations with the Central American nation. Still--

Reconciliation, if it comes, won't be anytime soon. Here's why:

U.S. on April 1 cut off 15 million dollars in aid to the Sandinista regime, citing its shipments of arms to leftist guerrillas in El Salvador.

At the same time, U.S. declined to exercise a right to demand return of a 40-million-dollar loan, indicated it might ship Nicaraguans wheat, even hinted aid may be revived later. In America's view: It's a compromise.

Nicaraguans don't see it that way. They insist that the arms flow to El Salvador has stopped, that U.S. is reneging on promises of sorely needed aid.

Managua is assailing the cutoff as a part of an imperialist plot to overthrow the country's left-wing government. Next likely moves:

Abroad, Nicaragua will frantically scour Western Europe for money and food, appeal to Communist friends in Moscow and Havana to come to the rescue.

At home, Managua will pursue a fortress policy, expand its 40,000-man Army, enlarge its 50,000-man militia, crack down harder on dissenters.

The hard-line policy may entrench the Marxist-led Sandinistas, certainly will complicate any future efforts to heal the U.S.-Nicaragua breach.

India is howling loudly about American plans to give Pakistan a major role in the U.S.-led security network to keep Russia out of the Persian Gulf.

New Delhi complains that the quality and quantity of proposed U.S. military aid to Pakistan pose a dangerous threat to India's security.

Grumbling falls on deaf ears in Washington. India has a huge Army, makes own weapons. In 1980, it signed a 1.6-billion-dollar arms deal with Russia.

Retort from U.S. policymakers, in effect, is, "Stop the whining."

Sharp tone seems sure to aggravate already strained U.S.-India relations and may encourage India to cozy up closer than ever to its Soviet armorer.

Reagan Prepared To Lift Embargo

Washington Post, 4/18/81 Pg. A1

By Lou Cannon
Washington Post Staff Writer

President Reagan is prepared to lift the grain embargo against the Soviet Union in the next few weeks if he becomes convinced that the Russians do not intend to invade Poland, well-placed administration sources said yesterday.

These sources emphasized that no discussions are contemplated with the Soviets on the issue, and that the action, if it comes, will be based on U.S. evaluation of their intentions.

"In the last analysis, what we do will be based on deduction," one official said.

During the 1980 presidential campaign, Reagan repeatedly criticized President Carter for imposing the embargo and promised to lift it if he were elected. In a March 27 interview with The Washington Post in the Oval Office the president said again that he wanted to lift the embargo, but added: "I do not see how we could lift it at this time without sending the wrong signal."

The Soviet threat to Poland has been the barrier to lifting the embargo since Reagan took office. The issue came up in the first Cabinet meeting, and Secretary of State Alexander M. Haig Jr. raised the Polish question in a manner that White House officials said was persuasive to the president at the time.

Ever since, Reagan has rarely missed an opportunity when the issue has come up in private to make the point that he opposes the embargo on grounds that it is selectively unfair to farmers. This position has been reinforced by a "sense of the Senate" resolution calling for lifting of the embargo and by meetings with farm group constituents, who are generally pro-Reagan except for the embargo issue.

But the president's promise and his basic political position on this issue ran headlong into Reagan's own determination to project a tough stance against the Russians. Within days of taking office, it became evident that this stance would have little meaning if the United States gave the Soviets a vital concession at the same time Russian troops were ringing Poland and threatening invasion.

There is a danger to the adminis-

See GRAIN, A6, Col. 1

Reagan Prepared to Lift Grain Embargo if Polish Status Permits

GRAIN, From A1

tration, however, if the decision to sell grain to the Russians is based solely on the situation in Poland.

By considering the future of the grain embargo in the context of the volatile Polish situation, the administration faces a serious problem of when to make a decision about the likelihood of Soviet intervention and what evidence or estimates to use.

Informed government sources said that at an early stage of the policy debate, the high councils of the administration considered setting either May 1 or June 1 as the date for a

decision, making it known that the embargo would be lifted if the Polish situation were quiet at the time.

The sources said this course was rejected because of the realization that the threat of Soviet intervention is unlikely to disappear quickly and that circumstances on any given date could be so murky and ambiguous that a decision would be difficult. Even if the Russians do not intervene, U.S. intelligence estimates are that the situation in and around Poland is likely to remain tense for some time.

One date now in mind is April 27, the deadline for preparing the 1981

farm bill and the day Congress returns from its Easter recess. But this does not necessarily mean the embargo would be lifted then. One source yesterday cautioned against "picking a date certain" to end the embargo, and another said that the administration instead might inform Congress of its intention without setting any date for actually ending the embargo.

On Wednesday, Sen. Roger Jepsen (R-Iowa) said he had been assured by the White House that if the Polish situation remains stable the embargo will be lifted "within three weeks."

Some decision on whether to sell grain to the Russians must be made

before Sept. 30, when a five-year agreement in which the U.S. agreed to sell at least 6 million metric tons of grain annually to the Soviets expires.

A Reuter dispatch from Moscow yesterday quoted a touring congressman, Rep. F. James Sensenbrenner Jr. (R-Wis.) as saying that Russian foreign ministry officials had told him that the Soviets would be interested in a new five-year agreement only if the United States made financial guarantees that it would not resort to a political embargo.

Staff writer Don Oberdorfer contributed to this report.

Corn, Cars and Foreign Policy

Wash. Post, Editorial, 4/19/81, Pg. C6

GRAIN EXPORTS to the Soviet Union, and automobile imports from Japan, belong to the same dangerous category of double-edged issues. One edge cuts abroad, the other here at home. These presidential choices will affect American diplomacy and national security overseas and, simultaneously, domestic economic policy—not to mention politics. The Reagan administration has not yet had time to work out a reliable approach to the double-edged issues. Left to the traditional scramble among the Cabinet departments, they are proving divisive within the administration, which, in these two cases, is teetering on the brink of a couple of serious mistakes.

Worse luck for the White House, the parallels between cars and corn are awkwardly close. Both industries are going through a rapid and painful process of consolidation that is going to squeeze out or merge in the weaker producers. Both cite campaign promises by President Reagan, who takes them more seriously than some of his predecessors have done. One case touches a crucial interest of this country's chief adversary, the other the prosperity of its principal Pacific ally and the largest overseas customer for American exports.

Regarding cars, the administration doesn't want to impose formal quotas but keeps nudging the Japanese to do something. Commerce Secretary Baldrige seems to be looking around for a deal in which a Japanese promise of export restraint might be matched by promises of wage and price restraint from the American auto makers. That would be a truly sweet accommodation if it worked. But it won't. The Japanese government does not have full control over its automobile industry, and, at the first hint of violation, any agreement based on mere winks and nods will come unraveled.

In trade policy, the administration's prevailing interest is to reduce inflation in the United States. Quotas on the Japanese competition mean higher prices for American cars, which in turn mean severe damage to the president's attempts to stabilize the American economy. Does the Commerce Department understand that key point as well as, say, the Treasury or the Council of Economic Advisers?

American agriculture is now among the highest of the high technologies and the rest of the world looks on the American farmer with the same mixture of awe and apprehension that American auto makers reserve for the Japanese. American farmers have always been exporters. That's why the American grain embargo—or, more accurately, the partial embargo—of the Soviet Union has become almost an obsession with farming interests in this country. But if the United States lifts the embargo totally now, on the transparent grounds that the Soviets have been decent and generous enough not to invade any more of their neighbors, it will leave the unfortunate impression that the American government can't stand prolonged pressure from domestic producers. It would also suggest that the United States was prepared to forget about Afghanistan.

There's a better approach. Some years ago, to hold down market disruption, the United States signed an agreement with the Soviets to ship a mandatory minimum of grain every year. There were to be additional shipments only if both governments agreed, and it's only those additional shipments that have been affected by the embargo. But the agreement, and the mandatory minimum, expire later this year. Perhaps one possibility for the American negotiators is to split the sales, continuing to tie the present semi-embargo to the occupation of Afghanistan while tying continuation of the minimum shipments to Poland and other matters of concern here.

Beyond the details of cars and corn, these cases demonstrate a need for a better mechanism at the White House, or close to it, to handle the double-edged questions. They have been more frequent, and they have cut more deeply, over the past decade with the enormous expansion of American trade. Each of the last several presidents has tried one solution or another, but none has been very satisfactory. Worst of all is the habit of leaving them to the traditional structure that assumes a division of labor between foreign and domestic affairs. For a lengthening list of the policies upon which American prosperity and security now turn, that distinction no longer exists.

Pipes-FYI

MEMORANDUM

NATIONAL SECURITY COUNCIL

April 20, 1981

~~SECRET~~INFORMATION

MEMORANDUM FOR: RICHARD V. ALLEN
 FROM: RICHARD PIPES *R*
 SUBJECT: Grain Embargo *(U)*

I have no way of verifying newspaper reports that we are about to lift the grain embargo imposed on the Soviet Union. If true, this would be bad news in every respect, except perhaps for the agrarian interests directly affected. *(S)*

The grain embargo has had some economic impact in that it has forced the USSR to purchase grain at inflated prices, to go through elaborate and costly circumventing operations, and to slaughter excess cattle. The Soviet Union wants to buy grain here because we alone can assure it of adequate quantities and the shipping suited to handling by Soviet ports. *(S)*

The economic dimension, however, is not the most important one. What really matters are the political-psychological aspects. *(S)*

1. The embargo had been imposed as penalty for the invasion of Afghanistan. The Russians have not only failed to withdraw from Afghanistan, but they have refused even to discuss the matter. How seriously will the world take our threats in the future if the Russians get away with this? *(S)*

2. How can we pressure our Allies to maintain embargoes now or later if we lift the grain embargo? We will merely confirm their suspicion that we are not serious or reliable, that if they hold out long enough we will fall in line. The lifting of the grain embargo certainly will improve the chances of the gas-pipe deal, now in trouble. *(S)*

*probably,
and maybe Halley.*

3. As for the Russians, this will be the first indication to them that their hunch had been right: the Republicans are a party of businessmen who may be more anti-Communist than the Democrats but who, in the end, will always be swayed by commercial considerations. The great ideological capital gained by the Reagan Administration in Moscow will be largely dissipated as a result of this decision. *(S)*

The grain embargo is not a domestic issue: it is part of global strategy and should be treated as such. *(S)*

I feel I had to get this off my chest. *(U)*

Am. I understand.

~~SECRET~~

Review April 20, 1987.

DECLASSIFIED

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MEMORANDUM

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NATIONAL SECURITY COUNCIL

April 21, 1981

MEMORANDUM FOR RICHARD V. ALLEN

FROM: ALLEN J. LENZ *ajl*
SUBJECT: Removal of Grain Embargo

Though I have a feeling that the decision has already been made, I want to cast my lot with those recommending against a removal at this time of the limitations (not embargo!) on grain shipments to the Soviets. Briefly, several points:

- Advocates of removal sometimes argue that it has hurt the American farmer, but not the Soviets. It's hard to have it both ways. To the extent that Soviet consumption of an internationally traded commodity has been reduced, world market prices may be lowered to the detriment of American farmers. But if the embargo has not been successful, then Soviet imports from the world have not been lowered and world demand, and hence world prices, remain unimpaired.
- Farmers, neither individually or as a group, can be said to have suffered unduly from the limitations on shipments. If Soviet imports have been reduced, the effects on U.S. farmers, if any, have been transmitted in somewhat lower world grain prices than would otherwise have pertained. On the other hand, restrictions on exports of manufactured goods generally translate directly to lost sales -- not sales at lower prices -- that may have a significant bearing on profits and employment -- even the survival -- of individual companies.
- If any logic is to prevail, removal of the restrictions on grain sales will require removal of the total embargo on Occidental Petroleum's export of super phosphoric acid to the U.S.S.R. (this embargo was put in place to mollify farmers who complained that the fertilizer manufactured from the s.p.a. exports acted to increase Soviet grain production). This is a one million ton per year barter arrangement (we take back ammonia). The local rep of Occidental called me on Monday, seeking my assurance that he should advise Armand Hammer, about to

27

leave for the U.S.S.R., that there was little chance of a near term removal of the restrictions on grain that would allow a similar removal of restrictions on the s.p.a. exports. I assured him that the chances were, indeed, slim, and that Hammer should not be hopeful. However, having come from the Staff meeting just before the phone call, I didn't feel as confident as I hope I sounded.

- A removal of the restrictions will generate some domestic political capital and make good on one specific campaign pledge. However, it will also generate large losses of foreign political capital and credibility and make more difficult fulfilling the broader campaign pledge to lead the Western Allies in new, concerted policies to deal with Soviet aggression.
- I find it incredible that the restrictions would be removed before the forthcoming summit. If they are to be removed this should only be done after explanation to our Allies of the reasons for doing so, even if the rationale is only "domestic political necessity."
- A removal of the restrictions prior to the Summit meeting would seem to me to destroy our moral position and credibility with our Allies to an extent that would doom our prospects of successfully advancing at the Economic Summit the concept of "economic security" and related efforts concerning the Yamal pipeline.

cc: Richard Pipes
Henry Nau

Despite Opposition

Wash. Post 4/22/81

By John M. Goshko
Washington Post Staff Writer

Despite strong political opposition, President Reagan has decided to go ahead with the sale to Saudi Arabia of a controversial military aircraft package including highly sophisticated AWACS radar reconnaissance planes, the administration announced yesterday.

But, well-informed sources said, in an effort to avert a costly and emotional political fight that could result in Congress' blocking the sale, the administration will postpone, probably until sometime this summer, submitting the package for congressional action.

According to the sources, the timing on sending the plan to Congress still has not been decided and will require careful consultation with congressional leaders.

These include Senate Majority Leader Howard H. Baker Jr. (R-Tenn.), who has just completed a visit to Saudi Arabia and other Mideast countries, among them Israel, which strongly opposes the AWACS sale as a threat to its security.

However, the sources added, the administration is unlikely to push the issue in Congress, where there are now signs of strong reservations about the AWACS part of the package, until after the Israeli national election scheduled June 30.

At that time, the sources said, the administration hopes that emotions generated by the issue will have cooled and that it will be better able to placate Israel's congressional supporters by assuring them that various safeguards are in place against AWACS being used in ways harmful to Israeli defense interests.

The package, which has large-scale diplomatic and political implications for the administration, includes five AWACS planes and equipment to improve the offensive capability of 62 F15 jet fighters, whose sale to Saudi Arabia had been approved earlier.

The F15 enhancements involve
See SAUDI, A28, Col. 1

U.S., Pakistan Progressing on New Aid Plan

By Don Oberdorfer
Washington Post Staff Writer

The United States and Pakistan announced major progress yesterday toward resuming a close economic and security relationship on the basis of a five-year program of American aid.

Statements by Secretary of State Alexander M. Haig Jr. and Pakistani Foreign Minister Agha Shahi, following a day and a half of intensive talks, fell short of announcing a final agreement or of spelling out details of future ties envisioned by the two countries.

Neither Haig nor Shahi would specify the sums being considered in current discussions, although informed sources said the aid could amount to as much as \$500 million per year, including economic assistance and arms sales credits. No final figures have been agreed upon, the sources said.

Both officials said the talks had brought movement toward improved relations. The Pakistani minister's public posture toward Washington's offers was much more positive than in the recent past when Pakistan rejected as "peanuts" the Carter administration's bid for renewed ties with a \$400 million, two-year program.

The new U.S.-Pakistan relationship, which may be finalized at a further round of talks expected in the next several months, will be far less than the full-scale military alliance of the two countries in the early years after World War II.

But it will be much closer than the off-again, on-again relationship of un-

See PAKISTAN, A31, Col. 1

White House Photo
ed his proposals to cut federal spending and taxes.

conomic Program Pa. Lawmaker's Pledge

By Lee Lescaze
Washington Post Staff Writer

Reagan picked up the pace of his lobbying yesterday, making his first public statement since March 30, as the administration pointed to a series of showdown votes on his economic program next week.

Approval of the president's cuts in spending and the House planners are relying heavily on personal appeals, including a speech tentatively nationwide radio or television next week, and a meeting with conservative House Democrats.

A public statement came in a brief, unscheduled call to a radio talk show in Beaver Falls, Pa. — one of one of about two dozen Reagan calls to members of Congress seeking support for his program. To reach Rep. Eugene V. Atkinson (D-Pa.), the congressman was participating in a radio show. The radio station WBVP and agreed to speak the air with Atkinson.

"It's just fine," the president began, three weeks after he was shot in an assassination attempt. "I got what he wanted — a public pledge by the See REAGAN, A5, Col. 1

Court Broadens Privacy of Homes Against Searches

By Fred Barbash
Washington Post Staff Writer

The Supreme Court ruled yesterday that police need a search warrant to enter one person's home to look for another person wanted for a crime.

The 7-to-2 ruling still allows authorities with an arrest warrant to



U.S., Pakistan Progressing on New Aid Plan

PAKISTAN, From A1

certainty and estrangement of the last several years.

Shahi, explaining the shift in Pakistani views, said: "The previous Carter administration offer did not carry for us credibility in a U.S.-Pakistan relationship commensurate... [with] what we considered to be the magnitude of the threat."

Shahi appeared to be referring to the pressure of Soviet military forces across a long and porous border in Afghanistan.

He added: "The Reagan administration has put forward a five-year plan. That is the difference."

The Pakistanis have asked that high-performance U.S. aircraft and other military items be provided on subsidized credit terms similar to those furnished to India by the Soviet Union.

No permanent presence of U.S. military forces in Pakistan is envisaged, however, nor is Pakistan expected to participate in any regional security arrangement with the United States.

There is no sign that Pakistan is prepared to take on a role as conduit for increased U.S. and Western military aid to rebel forces fighting in Afghanistan. The Pakistanis have argued that such involvement on their part in the Afghan struggle would court reprisals from the Soviet Union, which has repeatedly warned Islamabad directly and through third parties.

Pakistani officials left the impression here that they would have to be far more confident of their ability to resist a Soviet threat for them to take a large-scale role as a weapons conduit to the Afghan insurgents.

Any U.S. aid to Pakistan requires congressional action to amend U.S. laws against proliferation of nuclear weapons. In April, 1979, the Carter administration, acting under provisions of those laws, cut off economic and military assistance because of evidence that Pakistan is seeking to build an atomic bomb.

The nuclear weapons drive is believed to be continuing, especially in a large, highly secret uranium

enrichment plant near Islamabad, and U.S. diplomats continue to be active throughout the world to frustrate Pakistan's drive to import materials and technology for its bomb works.

U.S. priorities changed drastically following the Soviet invasion of Afghanistan in December, 1979, but the government of President Mohammed Zia ul-Haq rejected the Carter program for a quick shift from cool relations to an embrace.

The Reagan administration has asked Congress to amend anti-proliferation laws to make possible aid to Pakistan if the president certifies that a continuing cutoff would "jeopardize the common defense and security."

A House Foreign Affairs subcommittee voted unanimously earlier this month to defer action on this request until lawmakers can obtain information about overall dimensions and repercussions of a Pakistani aid program.

Pakistan's nuclear weapons program, not even mentioned by President Carter in his final meeting with Zia last October, played a relatively small part in this week's discussions, according to U.S. sources.

The Reagan administration continued to express concern about potential nuclear weapons proliferation but did not seek new assurances from Pakistan as a condition of restoring aid.

Pakistan has dropped its demand for new U.S. security assurances as part of a restored relationship. Pakistani officials apparently have become convinced that any security guarantees short of a formal and tightly binding treaty would be of dubious significance in a moment of challenge.

The chances of obtaining a binding U.S. security treaty are small, and it is clear that Pakistan currently does not wish to jeopardize its nonaligned and Islamic credentials by forging an intimate and open security alliance with the United States.

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Disarmament Group Schedules

MORNING DIGEST

Foreign Media Reaction

April 24, 1981

GRAIN EMBARGO--West European media today anticipated the lifting of the grain embargo against the USSR. In extensive comment analysts questioned the effectiveness of the embargo. Some speculated on reasons for the Administration's expected decision, including the influence of domestic political concerns.

"Probably Stems as Much From Domestic Needs as Anything Else"

In London today the liberal Guardian carried Washington correspondent Harold Jackson's report that "the shift in policy was decided after a White House meeting with the two opposing cabinet secretaries--Mr. Alexander Haig, who wanted the ban maintained, and Mr. John Block of the Agriculture Department, who did not...

"In Washington the move was being signaled as a response to Soviet restraint concerning the Polish crisis. In reality, it probably stems as much from domestic needs as anything else."

Jackson drew attention to President Reagan's campaign promise to lift the embargo and said "his failure to carry out that undertaking had become a political embarrassment...

"Restlessness among farmers threatened to disrupt the process of budget cutting as they stepped up demands for greater agricultural support if they were to be denied access to one of their largest markets."

"Practical Effect Appears to Have Been Small"

Today's London Financial Times held that "boycotts and embargoes make good headlines, but in the real world their effect often is doubtful; at times even the opposite of what is intended...

"In practice the embargo may have served its purpose as a political signal to Moscow....The practical effect on Soviet food supplies appears to have been small..."

This summary is based on ICA field reports received by 8 a.m. EST. It does not represent a complete sampling of the world press. Questions on content and sources should be directed to PGM/RC: phone 724-9057

International Communication Agency

"U.S. Offers Reward to Soviets for Self-Discipline"

West German television last night reported possible lifting of the grain embargo. TV One's Washington correspondent Peter Merseburger noted President Reagan's campaign promise to lift it and maintained that "Reagan's new grain policy is a compromise: it helps to fulfill a campaign promise and still does not exclude using grain as a political weapon. At the same time, Washington for the first time offers a reward to the Soviet Union for self-discipline (in the Polish crisis)."

"More Is at Stake Than Dollars for Wheat"

Conservative Die Welt of Bonn judged that lifting the embargo "would be logical" to relieve political pressure in view of "an expected bumper wheat crop and concern over losing the lucrative Soviet grain market," but that "in a wider sense more harm than good may be caused by lifting the embargo. President Reagan had adopted Secretary Haig's view that one must not send Moscow 'the wrong signals.' However, U.S. Government quarters are spreading soothing statements to the effect that, after all, the Soviets have not--or not yet--invaded Poland. That is true, but the embargo was imposed by Jimmy Carter because of Afghanistan. The Soviets have by no means withdrawn from the country.... The killing there continues..."

"More is at stake than the dollars for several million bushels of wheat or soybeans. At stake is the credibility of the new Administration.... Blunting the embargo weapon for the sake of some business considerations would amount not only to sending the Soviets the wrong signal but to encouraging them."

"Another Test of Strength Lost by Haig"

Independent General-Anzeiger of Bonn ran Washington correspondent Emil Boelte's report that "political observers consider the anticipated lifting of the embargo the result of another test of strength lost by Secretary Haig.... The winner this time is Secretary of Agriculture John Block..."

"Allies Will Ask How Serious the U.S. Is"

In a separate column the paper carried Boelte's assertion that the embargo was to "punish the Soviets for invading Afghanistan" and "the Red Army is still there, but the United States obviously is getting used to it. President Reagan is about to lift the embargo to reward the Russians for refraining from invading Poland. However, one swallow does not make a summer. The anticipated move does not mean that Reagan is becoming an illustrious friend of EastWest detente. His motives are based on a mixture of adherence to tactical campaign promises, of relief at the Soviet standstill in Poland and of budget considerations...

"However, knowledgeable observers may explain it by pointing to chaos in the Reagan Administration....America's allies...will draw their own conclusions....People in Brussels, Paris and Bonn will have to ask themselves where their own interests lie and how serious the United States is in resorting to punishment and in urging Europeans to follow suit..."

"A Concession to the Wheat Belt"

Pro-Social Democratic Neue Ruhr Zeitung of Essen asked, "Is this a new policy? Is President Reagan trying a softer course after using excessively strong language toward the Soviets?...And after the severe attacks by Defense Secretary Weinberger? Hardly so. By lifting the embargo President Reagan is merely living up to a campaign promise. Rather than a signal to the Kremlin this is a concession to Reagan's supporters in the wheat belt..."

In Paris today, headlines included "No Decision Yet on Grain Embargo" (economic Les Echos), "Reagan May Decide Today to Lift Grain Embargo" (conservative Figaro) and "Grain Embargo Against USSR: Reagan Confronted With Decision" (pro-Socialist Le Matin).

Les Echos said lifting the embargo would be "to the great satisfaction of French farmers...France, the only grain exporter in the EEC, has met with strong opposition in the EEC Commission precisely because of the embargo..."

"Reagan a Strong Supporter of Carrot-and-Stick Policy"

Conservative Aurore remarked that "in announcing that he is prepared to lift the grain embargo against the USSR... Mr. Reagan confirms that he is a strong supporter of the carrot-and-stick policy. Do Mr. Reagan and his advisers believe that the grain embargo has amounted to nothing? This is very possible."

The prospective end to the grain embargo was prominently reported in Italian media today.

Report Japan "Embarrassed" by Possible U.S. Move

The Kyodo News Service reported that the United States had informed Japan "earlier this week" that it planned to lift the embargo and that Tokyo was "embarrassed by the U.S. move since it might adversely affect the concerted action taken by the West in imposing economic sanctions against the Soviet Union."

Kyodo said that "despite the U.S. move the Tokyo Government intends to continue with its sanctions against the Soviet Union in personnel exchanges and credit grants."

Yugoslavia: "From Strategic Weapon to Tactical Means"

New York correspondent Jurij Gustincic declared in Politika of Belgrade today that lifting of the grain embargo "shows that the wheat shipments, transformed into a killing strategic weapon by the Carter Administration, are now being turned into a means for performing tactical moves....It is obvious that Reagan's Administration is ready to satisfy the farmers at least, so as not to lose voters."

* * * * *

U.S. AID TO PAKISTAN--Media in various capitals, noting the talks in Washington earlier this week between Secretary Haig and Pakistani Foreign Minister Shahi, focused attention on the reported Administration offer to Pakistan of a five-year economic and military assistance package to offset the Soviet threat from Afghanistan. Pakistani media today viewed the proposed U.S. offer favorably while Indian media were strongly critical, saying it "goes against the spirit of detente."

Pakistan: "Major Progress Toward Closer Ties"

The Pakistani press today prominently front-paged the outcome of the Haig-Shahi talks. The reports were positive throughout, with emphasis on the U.S. offer and "major progress toward closer economic and security ties." Correspondents spoke of the "warm and cordial" atmosphere during the talks reflecting a "qualitative change" in U.S. attitudes toward Pakistan.

The Associated Press of Pakistan and Pakistan Press International ran reports asserting that the Reagan Administration had not sought any fresh assurances from Pakistan regarding its nuclear program and that resolution of the nuclear issue was not made a condition for restoration of assistance.

"U.S. Expects No Quid Pro Quo"

Today's Muslim of Rawalpindi ran a PPI dispatch from Washington which stated that "the United States expects no quid pro quo for any assistance rendered to Pakistan," and that the accord, "placing Pakistani-American friendship on firmer ground and enhancing Pakistan's sense of security, is expected to be finalized at a last round of talks in Islamabad in the near future."

The paper carried columnist Z. I. Mirza's objections to Indian protests on the proposed U.S. assistance to Pakistan. He declared that "the Russians are selling 10 billion dollars worth of deadly weapons to India," and concluded:

"The lady protests altogether too much because she has reached the end of her tether and Pakistan, as always, is the convenient scapegoat. The only trouble is that the trick is beginning to amuse even the Indians themselves.... For millions of Indians who live in humiliating poverty, Pakistan is the least of their bother and it is the starving masses New Delhi is once again trying to deceive."

India: Front-Page Reports

Major Indian papers today front-paged Washington correspondent accounts of the reported U.S. offer to Pakistan. The United News of India cited Pakistan radio as saying that Secretary Haig would visit Pakistan on a date to be set later.

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The conservative Hindu of Madras today ran a Washington correspondent's assertion that "there is little question... that...Shahi...has virtually wrapped up the military supply relationship with the United States that has caused such serious concern in India....(However), a major (U.S.) domestic obstacle remains to be tackled. This is the Symington amendment which at present blocks military and most types of economic assistance to Pakistan on account of its nuclear enrichment program."

"U.S. Congress, Public Not Convinced About Involvement"

The independent Hindustan Times of New Delhi carried correspondent Balasubramanian's opinion that "the arms deal with Pakistan may also invite criticism, less because India is protesting against it and far more because Congressional or public opinion is not convinced that it is a smart thing for America to involve itself too deeply with the fragile Zia regime in that strife-torn country..."

Writing in today's Times of India, correspondent J.N. Parimoo said that Pakistan had expressed to Secretary Haig "willingness to discuss with India all related problems to remove any misconceptions that India may have regarding Pakistan's defense needs."

Parimoo stated in another report that "American banks may finance part of Pakistan's arms purchases from America.... Pakistan has rejected the suggestion that part of the arms supplies could be from out of 'Pentagon stocks' at concessional rates....Contrary to earlier reports, Mr. Shahi has not accepted the five-year package offered by the Reagan Administration. This is the reason why no formal announcement was made at the end of the two-day talks..."

"Still Time to Take Note of India's Objections"

The pro-Government National Herald of Lucknow said of the reported U.S. offer to Pakistan, "The new American Administration seems to have jettisoned the concept of detente from its foreign policy calculations....(However,) there is still time to take note of India's objections to arming Pakistan. The details of the package have not been finalized. Also, the U.S. Congress has yet to approve it."

April 24, 1981

Kuala Lumpur's nationalistic Berita Harian judged today that India's criticism of the proposed U.S. aid offer to Pakistan "clearly indicates India's relations with the Soviets....The Indian attitude is most regretted."

France: "U.S. Must Be Careful"

In Paris, today's Le Monde said in an editorial that Pakistan's General Zia "now sees the new U.S. offer as 'positive'" and "hence the United States will recover the influence lost in Pakistan....(However,) the visit of Mr. Shahi has probably not eliminated all the difficulties.... Differences remain between Pakistanis and Americans regarding the aid to the Afghan resistance....President Reagan has not excluded possible U.S. military assistance to the rebels. Finally...Americans must...be careful that (a rapprochement with Pakistan) does not throw India more deeply into the arms of the Soviets."

Turkey: "Important Long-Range Relationship"

Conservative Tercuman of Istanbul, referring yesterday to the reported U.S. aid plan to Pakistan, said that "America is entering into a long-term relationship with Pakistan--a very important development from the point of view of America's policy toward Afghanistan....It is also important for Pakistan..."

* * * * *

NAMIBIA--Western European media--mainly British--reported that the "contact group" conference in London endorsed the U.N. plan as providing "a solid basis for transition to independence in Namibia" but that its participants sought to modify it. Sparse African media reaction accused the five Western nations of obstructing a movement in the U.N. for sanctions against South Africa and of siding with South Africa against them.

"Ended With No Practical Proposals to Break Deadlock"

In London today, the independent Times wrote: "Two days of talks on the future of Namibia ended in London

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yesterday with an affirmation of support for the United Nations independence plan but no practical proposals for breaking the months-long deadlock in its implementation. The black African frontline states, which have been pressing for U.N. sanctions on South Africa, are unlikely to be deflected by the anodyne conclusion to the talks..."

It reported that the contact nations were reluctant to employ their right of veto in a manner seeming to favor the South Africans and that at the same time "Pretoria is reluctant to make any concessions on Namibia before its June elections." It said that an "American compromise discussed during the London talks might have got the independence process moving again by substitution of a Zimbabwe-style formula" but that the meeting finally produced nothing more substantive than a joint communique agreeing that "Security Council Resolution 435 continues to provide a solid basis for a transition to independence in Namibia" and a decision that "intensive consultation would continue" at a meeting of the five nations' foreign ministers next month in Rome.

"Lancaster House-Type Conference Pigeonholed"

The liberal London Guardian said "...It emerged that the original Washington concept of a Lancaster House-type conference on Namibia has been pigeonholed at the London meeting. Mr. Crocker's circuit tour revealed no support for this idea in the capitals of black Africa. America's allies-- Britain, Canada, France and West Germany--also indicated that the Reagan formula was impractical. Experts at the London meeting pointed out that there was no equivalent in the Namibia situation to Lord Carrington at Lancaster House-- a minister with legal authority to chair a constitutional conference.."

"A Challenge for Haig to Work Out Peaceful Transition"

The conservative Daily Mail reported that the participants "agreed to make a fresh start in Rome in ten days time to seek a solution to the Namibia problem. In effect it means U.S. Secretary of State Alexander Haig picking up the challenge to do for Namibia what Lord Carrington did for Rhodesia--work out a basis for a peaceful transition to independence in Southwest Africa..."

The Financial Times pointed out that "in the U.N. Security Council, which has been debating the Namibia impasse since Tuesday, with African delegates calling for mandatory sanctions against South Africa, there was an immediate negative reaction to the suggestion of modifying the (U.N.) settlement plan..."

"Haig May Give More Information at Rome"

Independent Koelner Stadt-Anzeiger said the U.N. plan for Namibia "does not envisage" anything like "Mugabe's policy of reconciliation with the white minority" as well as "guarantees for minorities to be embodied in the new constitution....Maybe Secretary Haig will give his partners more detailed information on this matter at the coming... meeting in Rome..."

"U.N. Has Gambled Away Its Right to a Say"

Pro-Christian Democratic Muenchner Merkur of Munich declared today "...In trying to act as a mediator in a conflict which is a matter of life or death for the parties concerned, the U.N. actually has gambled away its right to a say....By recognizing the terrorist SWAPO organization as the 'only and authentic representative of the people of Namibia,' the U.N. sided with the protagonists of violence in southern Africa. Black African U.N. delegates cannot seriously believe that the whites and moderate blacks in Namibia are ready to subject themselves voluntarily to the control of SWAPO chief killer Nujoma simply because things have gone well in Rhodesia for a year..."

"May Be Something to Be Said for Reagan's 'Hard Line'"

Der Bund of Bern said yesterday that "it is a matter for rejoicing that the Americans are at last beginning to think about a peace plan that also takes account of what has been happening in Namibia in the last couple of years. Naturally, this will stir up no end of fuss, not only in the U.N. but from Luanda through Maputo and all the way to Moscow....But it could in the longer term pave the way for those corrections without which there can be no progress in southern Africa. This would prove that after all there is something to be said for Ronald Reagan's 'hard line.'"

Zimbabwe: "Contact Group Will Scuttle Sanctions"

The Salisbury Herald headlined today, "Contact Group Tries to Break Namibia Impasse." It declared: "Nobody in southern African believed that getting South Africa to give up its illegal occupation of Namibia would be a piece of cake. Yet, until the Reagan Administration came to power last November, there had always been the hope that the Western contact group could prevail upon the racist regime to moderate its stance. With Mr. Reagan's open chumminess with Pretoria, the likelihood now is that the South Africans will work out a fraudulent 'internal settlement' with their puppets...as the linchpin..."

"The contact group, led by the United States, will scuttle the resolutions calling for sanctions against South Africa. Collectively, they will have shown where their sympathies lie. Africa, with the help of progressive countries, has yet to lose a liberation war on the continent. It is unthinkable that it will lose the war for Namibia."

Zambia: Kaunda Reaction

Both the Times of Zambia and the Zambia Daily Mail extensively reported that Zambian President Kaunda said he was "gravely disturbed" by the support the United States is giving South Africa.

Kenya: "Death Knell For Pretoria"

The independent Daily Nation of Nairobi yesterday stated that "some African countries' reliance on South Africa for both manufactured and agricultural goods has...given the Africans' call for sanctions a ring of hollowness which the South Africans and the West have lost no time in exploiting..." The paper said "this makes (the U.N.) operation all the more important since it boosted black morale by showing that the white bastions can successfully be attacked. The success of the operation also has the salutary effect of persuading those blacks who are sitting on the fence to join the struggle....The death knell for the Pretoria regime is being sounded. But it will take many more rings for the sound to penetrate racist ears..."

40

AWACS SALE TO SAUDI ARABIA--A political correspondent of independent Yediot Aharonot of Tel Aviv reported today that there was "division within the Israeli Government on how to react to the AWACS sale. (Premier) Begin and (Foreign Minister) Shamir have spoken in favor of a firm reaction but are opposed to an open clash with the (U.S.) Administration..."

Washington correspondent Mordechai Barkai of opposition Davar wrote that "it would be wise to exercise much greater alertness in three directions." He said the first was the possible effect of Secretary Haig's "being at loggerheads with Secretary Weinberger over when to announce the sale--although he is essentially all for the deal." The second was that "Secretary Haig's spokesmen say there are various sophistication levels to AWACS aircraft....This is not meant for Saudi ears...but to soften Israeli objections." The third was that "the U.S.-Saudi arms deal tends to eclipse an unprecedented Egyptian procurement drive...which could compete with Israel not only in the field of military balance of power but also in the allocation of U.S. foreign aid..."

Allen Press Briefing

Media played national security adviser Allen's press briefing. Israel radio spoke of his "amazement at the intensity of the Israeli opposition to the AWACS deal and reported that he said the aircraft's capabilities had been "blown out of all proportion."

Haig, Weinberger Meeting With U.S. Jewish Leaders

All media front-paged the meeting of U.S. Jewish leaders with Secretaries Haig and Weinberger. Television said the atmosphere was good but that the two sides remained at loggerheads regarding the planes deal.

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TO

ALLEN

FROM URSOMARSO, F

DOCDATE 24 APR 81

KEYWORDS: GRAINS

USSR

EXPORT CONTROLS

SUBJECT: SUGGESTED TALKING POINTS FOR PRES DECISION ON LIFTING GRAIN EMBARGO

ACTION: MEMO ALLEN TO URSOMARSO

DUE: 30 APR 81 STATUS S FILES

FOR ACTION

FOR COMMENT

FOR INFO

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NSC 0330

THE WHITE HOUSE
WASHINGTON

For staffing.

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to Ursomano

Comment: RP

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81 APR 24 P 5: 52

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24 APR 1981

April 24, 1981
THE WHITE HOUSE
WASHINGTON

TO: DICK ALLEN

FROM: FRANK A. URSOMARSO
Director of Communications

few

- ☐ Information
- ☒ Action

If you approve, we will put the enclosed in distribution.

Talking Points on The Presidential Decision
To Lift The Grain Embargo

President Reagan's decision to end the Soviet grain embargo fulfills his campaign commitment to do so:

- Has always been committed to its lifting when conditions would permit
- Began in-depth assessment of embargo during first days in office
- Considered trade, national security, and foreign policy factors
- On taking office, determined immediate lifting risked being misread by Soviets and others

President Reagan decided embargo could now be lifted without any risk of misinterpretation because:

- U.S. resolve to condemn and oppose aggression and intervention is now clear and unambiguous
- Evidence has mounted that the embargo had not been effective policy tool
- Evidence also mounting that adverse impact on American farmers was not improving
- Has been some easing of tensions in Eastern Europe

The decision was made on the day announced, Friday, April 24, 1981, but international consultations were conducted to keep appropriate nations advised:

- Allies were notified at the time of decision and had been kept informed throughout previous week of considerations being given to the subject
- Soviet Union had been advised that the action was under consideration

Assessments of the impact of the embargo have been mixed:

- U.S.S.R. imports of grain were disrupted in the early months of the embargo but over the first year, total imports from all sources were higher than ever, though imports from the U.S. were the lowest since 1977.
- American agriculture had to forego a large market for its products which remained available to producers of many other countries

The lifting of the embargo applies only to agricultural products:

- The embargo on sales of high technology industrial items remains in place and export licenses for other goods and equipment will continue to be reviewed on case-by-case basis.

The long-term grain sales agreement negotiated with the Soviets in the fall of 1975 expires on September 30th.

- Decision remains to be made on US position with respect to extension or renegotiation of the agreement
- A new agreement is possible. Both US and Soviets agree current agreement has served well but changes could be considered in:
 - o 6 million ton minimum sales requirement
 - o Provision voiding minimum requirement if domestic crop below 225 million tons
- 8 million tons committed to be sold to Soviets under the agreement have been sold and most of it shipped to the Soviets by April 1.
- Not known how much additional will be sold now. Record wheat harvest of 1980 can accomodate several extra million tons in export trade

There is no reason to expect any major adverse impact on the domestic economy resulting from this decision

- Domestic food prices in 1981 should be relatively unaffected since any additional tonnage sold will be a small fraction of total supplies available
- in 1982, planting intentions of American farmers promise another record crop. Weather and general inflationary conditions in the economy would affect food prices more than any decision affecting 1982 exports
- farmers should be aided by the addition of this market for their export trade

Promised by the President, the lifting of the grain embargo does not, in and of itself, indicate change in basic U.S.-Soviet relations:

- No change in our opposition to invasion of Afghanistan
- No implication of willingness to accept status quo there

- We remain concerned about Poland and believe conditions there should be resolved by Polish people without outside intervention
- U.S. and allies remain committed to firm response if Soviets should act against Poland

48
FBIS 56

TASS REPORTS U. S. DECISION TO LIFT GRAIN EMBAR GO

LD241858 MOSCOW TASS IN ENGLISH 1854 GMT 24 APR 81

(TEXT) WASHINGTON, 24 APR (TASS) --A WHITE HOUSE SPOKESMAN ANNOUNCED TODAY THE DECISION BY U. S. PRESIDENT RONALD REAGAN TO LIFT THE GRAIN EMBAR GO AGAINST THE SOVIET UNION IMPOSED BY THE PREVIOUS ADMINISTRATION.

THE EMBAR GO IMPOSED BY PRESIDENT CARTER INFLICTED SERIOUS ECONOMIC DAMAGE NOT TO THE SOVIET UNION, AS ITS INSPIRERS WISHED, BUT TO THE UNITED STATES ITSELF. IF HIT PRIMARILY AMERICAN FARMERS AND PRESENTED THE UNITED STATES IN AN UNFAVORABLE LIGHT BEFORE THE WHOLE WORLD AS AN UNRELIABLE TRADE PARTNER. "WE PUNISHED OURSELVES RATHER THAN THE RUSSIANS," THE THEN SENATOR GEORGE MCGOVERN SAID. THE INITIATOR OF THE ADOPTION OF THE AMENDMENT IN CONGRESS ON LIFTING THE EMBAR GO, SENATOR LARRY PRESSLER, SAID THAT AMERICAN FARMERS INCURRED LOSSES ESTIMATED AT MANY HUNDREDS OF MILLIONS OF DOLLARS AS A RESULT OF THE EMBAR GO.

24 APR 1920Z GMS/SAH

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TO ALLEN

FROM URSOMARSO, F

DOCDATE 24 APR 81

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KEYWORDS: GRAINS

USSR

EXPORT CONTROLS

SUBJECT: SUGGESTED TALKING POINTS FOR PRES DECISION ON LIFTING GRAIN EMBARGO

ACTION: MEMO ALLEN TO URSOMARSO

DUE: 30 APR 81 STATUS S FILES

FOR ACTION

FOR COMMENT

FOR INFO

LENZ

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STEARMAN

HUBERMAN

COMMENTS

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same as the one you already recd;*

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ACTION OFFICER (S)

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J. Deleune This has already gone to staffing via memo request. Somene request - check by J. Deleune

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THE WHITE HOUSE
WASHINGTON

STAFFING MEMORANDUM

DATE: 4/29/81ACTION/CONCURRENCE/COMMENT DUE BY: NOON 4/30/81SUBJECT: GRAIN EMBARGO

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	JAMES	☐	☐
MEESE	☒	☐	MURPHY	☐	☐
BAKER	☒	☐	NOFZIGER	☐	☐
DEAVER	☐	☐	WEIDENBAUM	☐	☐
STOCKMAN	☐	☐	CANZERI	☐	☐
ALLEN	☒	☐	FULLER (For Cabinet)	☒	☐
ANDERSON	☐	☐	HICKEY	☐	☐
BRADY	☐	☒	HODSOLL	☐	☐
DOLE	☐	☐	MC COY	☐	☐
FIELDING	☐	☐	WILLIAMSON	☐	☐
FRIEDERSDORF	☐	☐	URSOMARSO	☐	☒
GARRICK	☐	☐		☐	☐
GERGEN	☒	☐		☐	☐
HARPER	☐	☐		☐	☐

Remarks: The attached draft talking points have been prepared by the Communications Office. Would you please review for accuracy/prudence -- and edit/approve accordingly. Thank you.

Response needed by Thursday, noon.

Richard G. Darman
Deputy Assistant to the President
and Staff Secretary
(x-2702)

Talking Points On The Presidential Decision

To Lift The Grain Embargo

President Reagan's decision to end the Soviet grain embargo fulfills a commitment of his campaign:

- The President has always been committed to its lifting when conditions would permit
- Began in-depth assessment of embargo during first days in office
- Considered trade, national security, and foreign policy factors

President Reagan decided embargo could now be lifted without any risk of misinterpretation because:

- U.S. resolve to condemn and oppose aggression and intervention is now clear and unambiguous
- Evidence has mounted that the embargo had not been effective policy tool
- Evidence also mounting that adverse impact on American farmers was not improving
- Has been some easing of tensions in Eastern Europe

The decision was made on the day announced, Friday, April 24, 1981, but international consultations were conducted to keep appropriate nations advised:

- Allies were notified at the time of decision and had been kept informed throughout previous week of considerations being given to the subject
- Soviet Union had been advised that the action was under consideration

The embargo had proved ineffective:

- U.S.S.R. imports of grain were disrupted in the early months of the embargo but over the first year, total imports from all sources were higher than ever, though imports from the U.S. were the lowest since 1977.
- American agriculture had to forego a large market for its products which remained available to producers of many other countries

The lifting of the embargo applies only to agricultural products:

- 59
- The embargo on sales of high technology industrial items remains in place; export licenses for other goods and equipment will continue to be reviewed on case-by-case basis.

The long-term grain sales agreement negotiated with the Soviets in the fall of 1975 expires on September 30th.

- Decision remains to be made on U.S. position with respect to extension or renegotiation of the agreement
- A new agreement is possible. Both U.S. and Soviets agree current agreement has served well but changes could be considered
- 8 million tons committed to be sold to Soviets under the agreement have been sold and most of it shipped to the Soviets by April 1
- Not known how much additional will be sold now. Record wheat harvest of 1980 can accomodate several extra million tons in export trade

There is no reason to expect any major adverse impact on the domestic economy resulting from this decision.

- Domestic food prices in 1981 should be relatively unaffected since any additional tonnage sold will be a small fraction of total supplies available
- Planting intentions of American farmers promise another record crop in 1982. Weather and general inflationary conditions in the economy would affect food prices more than any decision affecting 1982 exports
- Farmers should be aided by the addition of this market for their export trade

The lifting of the grain embargo does not, in and of itself, indicate change in basic U.S.-Soviet relations:

- No change in our opposition to invasion of Afghanistan
- No implication of willingness to accept status quo there
- We remain concerned about Poland and believe conditions there should be resolved by Polish people without outside intervention
- U.S. and allies remain committed to firm response of Soviets should act against Poland

Weather

Today—Partly cloudy, breezy and mild, high 70-75, low 42-46. Strong winds tonight, and the chance of rain is 50 percent. Saturday—Sunny and cool, high 60-64. Yesterday—3 p.m. AQI: 40; temperature range: 69-82. Details, Page C2.

The Washington Post

104th Year No. 140

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FRIDAY, APRIL 24, 1981

WHITE HOUSE

INFORMATION CENTER

Reagan to Lift Grain Embargo Today

By Lee Lescaze

Washington Post Staff Writer

President Reagan plans to lift the grain embargo against the Soviet Union today, after the stock and commodity markets have closed for the weekend, according to White House officials.

The embargo has troubled Reagan since his inauguration. He campaigned against it and pledged to lift it, but when he took office he was persuaded that he would send the Soviet Union a wrong signal if he followed through on his pledge at that time.

White House counselor Edwin Meese III, who insisted to a group of newspaper editors yesterday that "I have no basis to tell you when [Reagan] might make a decision," added a new note. He said that one factor the president would take into account in making an embargo decision would be whether he has been in office long enough for the Soviet

Union to have come to understand the signals he is sending them.

The embargo, imposed by President Carter in January 1980 in an attempt to punish the Soviets for their invasion and occupation of Afghanistan, apparently is being lifted with the justification that the Soviets have not invaded Poland or sponsored an internal crack-down against its labor unions.

Reagan has consistently opposed the embargo on the grounds that it is unfair to farmers, demanding that they shoulder a burden he says should be borne more generally.

Farm groups have pressed him to honor his campaign pledge and the president repeatedly has said he would like to lift the embargo.

Secretary of State Alexander M. Haig Jr. persuaded the president early in the administration, however, that with the Soviet threat to Poland increasing, it would be inappropriate, and inconsistent with the hard-line stand

against Moscow that the Reagan administration was seeking to establish, to lift the embargo.

Haig, Meese and Agriculture Secretary John R. Block, a strong advocate of ending the embargo, met at the White House Tuesday to discuss the action.

Haig and other administration officials have said recently that the Soviet threat against Poland appears to have diminished since tensions reached new highs during Soviet maneuvers at Poland's borders early this month. Haig still thinks it is a mistake to lift the embargo, however, State Department sources said.

White House deputy press secretary Larry Speakes insisted yesterday that Reagan "has not yet made a decision on whether to lift the embargo." Speakes reminded reporters that Meese also said yesterday that Reagan has not yet decided.

CBS News reported Wednesday night that an announcement of a phase-out of the embargo would be made today. Meese, speaking yesterday to a meeting of the American Society of Newspaper Editors, appeared to deny that it will be a phased lifting.

"I don't know how you phase out an embargo either," Meese told a questioner. He said he gave little credence to such "speculative" reports.

Despite the denials that a decision had been made, there were indications that European allies were being informed yesterday that the embargo was about to be lifted.

Gaston Thorn, president of the European Economic Community's commission, received a telegram from Haig informing him of the up-

See **PRESIDENT**, A17, Col. 6

Embargo increases the dependence of East Germany on U.S. grain.

Page A37

President Will Lift Embargo on Grain

PRESIDENT, From A1

coming action, Agence France-Presse reported from Brussels.

One U.S. diplomat stationed in Europe reacted with dismay. He said that lifting the embargo would undermine efforts to continue to condemn the Soviet invasion of Afghanistan. He also expressed fear that it would strengthen the determination of those in the Kremlin who argue that if they just hang on in Afghanistan and anywhere else, the United States will cave in.

Sen. Charles McC. Mathias Jr. (R-Md.) made public a letter he wrote earlier this week to Haig expressing concern that the administration was considering lifting the embargo.

"I would hope that it is not our intention to reward the absence of bad behavior," Mathias wrote in reference to the administration's reasoning that the embargo could be lifted since the Soviets have not invaded Poland.

In reviewing the grain embargo, administration officials have also been aware of two related deadlines.

Monday is the deadline for preparing the 1981 farm bill.

In addition, a decision on whether to sell grain to the Soviet Union has to be made before Sept. 30, when a five-year agreement under which the United States agreed to sell at least 6 million metric tons of grain annually to the Soviets expires.

East Germans Produce More Meat but Rely Heavily on U.S. Grain

By Dan Morgan
Washington Post Foreign Service

NEUHOLLAND, East Germany — In a strange twist of international diplomacy, the U.S. partial embargo of grain sales to the Soviet Union has made this Soviet Bloc country increasingly dependent on American feed grains.

In the year after Jimmy Carter's cutback in grain shipments to the Soviet Union, East Germany's imports of U.S. corn doubled. U.S. agricultural officials believe this shift was coordinated by Moscow to free grain from non-American sources for sale to the Soviet Union.

These shifts by East European customers such as East Germany and Czechoslovakia helped cushion the blow that the embargo could otherwise have dealt the Soviets.

But while these altered grain trade patterns indicate the difficulties of making such embargoes effective, the 15 months of the embargo also have driven home to East German agricultural planners how vulnerable they are to politically motivated curtailments of their grain supplies.

As East Germany has moved away from small-scale family farming, it has required increasing volumes of imported feed grains and soybeans to supply the calories and protein for its intensive meat-producing operations. This, in turn, has tied the country into an international grain market

dominated by the United States and subject to U.S. political pressures.

This is not a situation that communist planners are happy about. In a recent speech, East German Premier Willi Stoph noted the "strategic" importance of grain for the first time, and called on the country's system of centrally planned, government-operated agricultural cooperatives to grow more of their own feed in the next five years.

But American experts doubt that this dependency can be reduced significantly. The East German communist government has implicitly acknowledged a long-term commitment to substantial grain imports with its construction of a multimillion-dollar grain terminal at its main Baltic Sea port of Rostock. The facility, using foreign technology and paid for with foreign currency, will be capable of rapidly unloading ships. It has the strategic advantage of making East Germany less dependent on the West German port of Hamburg.

There are also rumors that the East German grain-trading enterprise Nahrung may establish an office in the United States to coordinate its deals for American commodities with multinational grain companies, which handle the bulk of grain exports from such key ports as New Orleans, Houston, Duluth and Norfolk.

In 1980, the first year of the embargo, East Germany imported about 3.3 million tons of feed — about one-

Embargo on Feed Sales to Soviets Contributes To Wider American Influence on Bloc Neighbor

fourth of its total requirements. Nearly 3 million tons of that was corn or soybean meal originating in the United States. The bill for the commodities was around half a billion dollars.

That the East German livestock industry is locked into a prolonged dependence on these imports is evident from a visit to the headquarters of the 11,000-acre agricultural cooperative here that specializes in hogs and cattle.

Cooperatives such as this one have helped make East Germans the best-fed people in the Soviet Bloc and have positioned East Germany as the most efficient agricultural producer in the region.

East Germans this year will eat an average of 210 to 220 pounds of meat, a third more than a decade ago and as much as some Western countries. But the efficiencies that have made these advances possible depend heavily on access to high-grade imported feed.

This is one reason why many agricultural experts are skeptical of claims that the American embargo had negligible impact on the Soviet Union.

Last year, the Neuholland co-op produced 1,200 tons of beef and pork

with 4,000 tons of feedstuffs, and last month it took about 4.4 pounds of feed to add one pound of gain to the co-op's hogs, according to director Peter Nietz. U.S. experts consider these ratios respectable and appreciably better than in the Soviet Union. U.S. ratios run around 2.4 to 1.

Nietz gets about 2,500 tons of feed each year from the cooperative's own farmlands, mainly in potatoes, silage, alfalfa and some grain. But he depends on another 1,500 tons from the state grain company. The bulk of this appears to be imported U.S. corn or soybean meal.

"We think we can increase the amount of feed we grow ourselves," said Nietz. "The question is how much."

So far the substitution of locally grown grains for imports has been slow — around 100 tons a year. As Nietz points out, this countryside north of Berlin once was nicknamed "God's sandbox," because of the poor soil, which is an obstacle to improving grain production.

More is at stake in maintaining the success of farms such as this than just economics. Politics is also involved. Inevitably, agriculture has been drawn into the bitter ideological debate be-

tween Poland and its bloc allies.

Poland's private farmers, who still produce the bulk of that country's food, have gained unprecedented official recognition of their Rural Solidarity union. But officials here note that an agricultural worker in East Germany feeds 18 persons, compared with only seven in Poland. While food shortages are worsening in Poland, East Germans this year will eat more meat than at any time since World War II.

Therefore, the message preached here is that the socialist model of huge centrally planned farms — backed by infusions of capital and technology — works. By the same argument, years of appeasement of Poland's private farmers by the Communist Party in that country is said to have led to economic disaster.

In the 1950s, the Soviet-backed East German government ordered the forced takeover of farming by state-operated cooperatives. It was a bitter period that forced the emigration of thousands of farmers and led to the stagnation of East German agriculture for years. Now, officials say, they are finally harvesting rewards from that painful period.

The capitalist countries achieved their efficiencies through a process of small farmers being swallowed up by larger ones, said Nietz. "We did it by forming socialist cooperatives. Frankly, we consider our way more humane, but we understand that's a matter of

debate. But Poland has done neither. It has the worst of both systems and the benefits of neither."

U.S. experts credit East Germany with developing "big-time agriculture on the right scale." And they refer to heavy investments in the last 10 years in fertilizers and bigger tractors. About 20 percent of the livestock now are raised in modern, disease-free facilities.

Several years ago, East Germany invested \$100 million in an automated slaughtering plant that turns out 120,000 tons of sausage and ham a year with the help of American-built computers.

Some of the costs of the imported grain and technology are offset with sales of beef and pork to West Germany, but the agricultural trade deficit still is substantial and suggests the importance that the government attaches to food.

The payoff, say officials, is efficiency. Only about 10 percent of the country's food supply now comes from private plots, compared with 30 percent in the Soviet Union, and East Germans eat about 60 pounds more meat a year than the Soviets do.

Still, U.S. experts put forward another statistic to offset enthusiasm for East Germany's farming accomplishments. West Germany's family farmers feed an average of 34 persons each, about double the figure in East Germany.

Why Give Away the Granary?

The Reagan team invites ridicule as it wiggles and wriggles on the President's campaign promise to end the embargo on Soviet purchases of American grain. After proclaiming that "food is a weapon" and that the Soviet Union cannot be trusted to keep its word, the Administration now hints it may lift grain sale restrictions. What does it want in exchange? Some sort of promise that Moscow won't invade Poland. Imagine the scorn a fellow named Reagan would have unleashed had a fellow named Carter even contemplated so credulous a deal.

The truth is that Mr. Reagan is stuck with a careless pledge to American farmers that was clearly at odds with his anti-Soviet gospel then — and with sound diplomacy today.

Commerce Secretary Baldrige says that "private assurances" of continued Soviet restraint in Poland might be a sufficient quid for a grain-sale quo. If that view prevails, it will owe more to domestic considerations than foreign policy. The White House has been warned that failure to ease or end the grain-sale restrictions could mean serious trouble when Congress votes on the Reagan farm program next month. Even the Kremlin will understand that the anxious search for diplomatic window-dressing was merely an expedient surrender to American farmers who feel penalized by the loss of Soviet markets.

That the Administration should seriously weigh

this subterfuge mocks its get-tough posture. American farmers have been injured, though just how much is in dispute. But if the United States were to express authentic displeasure over a brutal invasion, someone would undoubtedly get hurt. The issue in any case is not whether Mr. Reagan might have devised a better response. It is whether the embargo should be abandoned while Afghanistan is still occupied. If the White House yields, the credibility of future economic reprisals can be fatally compromised.

There may be a case for resuming normal trade with the Soviet Union under clearly specified conditions. If the grain embargo were to stand as a counter for Afghanistan, Moscow could be asked to guarantee that it would build no forward bases posing a strategic threat to the Persian Gulf. This was what Washington feared when the Red Army moved in. If the embargo is to be used for bargaining in other areas, then it might honorably be traded for a liberalization of Soviet emigration procedures, say, or more effective monitoring of strategic arms agreements.

But to end the embargo gratuitously would only confirm Soviet skepticism about Western resolve — and not just on Afghanistan. It would risk making Poland more vulnerable to Soviet intervention. How odd that an Administration so determined to contain Soviet power should want to give away the granary for some domestic political pottage.

59
THE WHITE HOUSE

Office of the Press Secretary

FOR RELEASE AT 4:00 P.M.

April 24, 1981

STATEMENT BY THE PRESIDENT

I am today lifting the U.S. limitation on additional agricultural sales to the Soviet Union as I promised to do during last year's Presidential campaign. My Administration has made a full and complete study of this sales limitation, and I reached my decision after weighing all options carefully and conferring fully with my advisers, including members of the Cabinet and the National Security Council. We have also been consulting with our allies on this matter.

As a Presidential candidate, I indicated my opposition to the curb on sales because American farmers had been unfairly singled out to bear the burden of this ineffective national policy. I also pledged that when elected President I would "fully assess our national security, foreign policy and agricultural needs to determine how best to terminate" the decision made by my predecessor.

This assessment began as soon as I entered office and has continued until now. In the first few weeks of my Presidency, I decided that an immediate lifting of the sales limitation could be misinterpreted by the Soviet Union. I therefore felt that my decision should be made only when it was clear that the Soviets and other nations would not mistakenly think it indicated a weakening of our position.

I have determined that our position now cannot be mistaken: The United States, along with the vast majority of nations has condemned and remains opposed to the Soviet occupation of Afghanistan and other aggressive acts around the world. We will react strongly to acts of aggression wherever they take place. There will never be a weakening of this resolve.

Indicate

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Soviets Say Embargo's End Marks U.S. Defeat

Wash. Post, 4/24/81, Pg. A2

From News Services

MOSCOW, April 24. — The Soviet Union tonight portrayed the U.S. decision to lift the grain embargo as a stinging defeat for the United States in its policy of putting pressure on Moscow.

The official Soviet news agency

Tass was unusually quick to announce President Reagan's order canceling the embargo on grain sales. But it did not mention that the embargo had been imposed as retaliation for Soviet intervention in Afghanistan.

Tass insisted that former president Jimmy Carter's embargo order had had no effect on the Soviet Union. "The embargo caused serious economic damage, not to the U.S.S.R., but to the United States itself," Tass said. It added that the embargo "put the United States in an unfavorable light as a rather unreliable trade partner."

In Ottawa, Canadian Prime Minister Pierre Trudeau said lifting the embargo probably would have little impact on international markets. Canada lifted its embargo last fall.

"The effect will already have been discounted by the markets," Trudeau said at a news conference. "In any case, even when the embargo was on, the U.S. had record sales to the Soviets."

[Australia lifted its partial grain embargo against the Soviets early Saturday morning, according to a United Press International report quoting a government statement.

["Australia's policy of restraining grain sales was in support of the U.S. action and was conditional upon America continuing this policy," the statement said.]