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For next EPB
meeting folder 7/9

ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE MEETING

AGENDA
8:30 a.m.
Roosevelt Room

Friday, July 9, 1976

1. Report of EPB/NSC Commodities Policy
Coordinating Committee

State/
Treasury





UNITED STATES
INFORMATION AGENCY
WASHINGTON 20547
OFFICE OF THE DIRECTOR

June 24, 1976

MEMORANDUM FOR: The Honorable
L. William Seidman
Assistant to the President
for Economic Affairs
The White House

FROM: Eugene P. Kopp *eph*
Acting Director

SUBJECT: Opinion Survey on Economic Issues

Immediately after we learned from the public announcement of the Economic Summit Conference to be held in Puerto Rico, USIA launched brief polls in the participating countries to help provide a current assessment of the climate of public opinion on selected issues relevant to the conference agenda. These were intended to update and supplement our report on economic opinion furnished the U.S. delegation prior to the Rambouillet Conference last year. Interviews were conducted between June 10 and 18, in West Germany, Great Britain, France, Canada and Japan. (Italy was omitted because of its election campaign). The data was received this week.

Attached is a summary of the results of these surveys and the full report, with accompanying tables showing specific responses, which you may find of interest in preparing for the talks in Puerto Rico.

Attachments



Background

To help provide a current assessment of the prevailing climate of public opinion on selected economic issues relevant to the Puerto Rico Economic Conference, brief public opinion surveys were commissioned by USIA between June 10 and 18, 1976, in five of the six countries invited by the U.S. to Puerto Rico (Italy was omitted because of its election campaign).

Recovery: Pessimism Prevails

Whatever economic indices show about actual recovery in some of the major industrial countries, public awareness has not yet caught up with the positive trends revealed in key indicators. To the contrary: in three of the countries surveyed only about one adult in ten agrees that in regard to economic problems like inflation and unemployment things are getting better. Majorities in Britain (57%) and Canada (51%) have a sense of deteriorating conditions. In France pessimists outnumber optimists better than two to one: (This question was not raised in Japan).

Germany is the exception. There, about half (47%) see economic conditions improved over the last six months, but even so almost as large a proportion believe that things are staying about the same (37%) or getting worse (8%).

Interdependence: Widely Recognized

In the context of economic recovery there is, however, a widespread recognition of interdependence between what happens in the U.S. and in their own countries, a recognition that may be a firm foundation for multilateral approaches toward economic problems. In any event, clear majorities in Canada (61%) and in West Germany (58%) feel that their countries' ability to solve economic problems such as inflation and unemployment is affected at least somewhat by what the U.S. has been doing in economic affairs. In France this is the pluralist view (41%). In Britain almost as many (39%) hold the same view but an about equal proportion see little or no effect on their country from U.S. economic activities.

Also auguring well for public support on joint actions, is the finding that this acceptance of interdependence appears to be solidly underpinned by an at least equally widespread sense of community of interests on international economic issues in general. Majorities in Germany (70%) Canada (63%) and narrowly in Britain (51%) believe the basic interests of the U.S. in this realm are at least fairly well in agreement with those of their own countries. Only the French split down the middle on whether U.S. -French economic interests are in accord.



Public Opinion in Participating Countries on Selected
Economic Issues Relevant to the Puerto Rico Conference
June 27-28, 1976

-- A Summary of Views --

Highlights

Public opinion surveys taken just prior to the Puerto Rico conference in five of the participating countries reveal the following economic attitudes:

- Public awareness of recovery from the depth of the economic slump in the major industrial countries has not yet caught up with the positive developments reflected in key economic indicators.
- Recognition of interdependence between the economic actions the U. S. takes and the consequent effects--not necessarily seen as favorable--on recovery in their own countries is widespread. And perceptions of an economic interdependence that goes beyond recovery to shared interests on international economic matters in general, prevails in West Germany, Britain and Canada. In France opinion is split on that score; in Japan a majority believes these interests do not accord.
- While preference for the principle of trade liberalization predominates everywhere except in Canada, considerable support exists for protectionism. At the same time, opinion prevails in France, Britain and Canada that U.S. trade policies hinder rather than help their countries' export efforts. ~~Only Japanese opinion leans slightly the other way.~~
- Any demands by the poorer countries that call for a redistribution of wealth are likely to be widely rejected by the public in the countries surveyed, with large majorities in all countries opposed to accepting "a somewhat lower standard of living" to help the poorer countries.
- The present attitude of the industrial powers toward the poorer countries is predominantly judged "about right" except in Great Britain where the majority consider them too soft. Criticisms are more often in the direction of "too soft" rather than "too tough."
- A majority in all countries believe their own governments are cooperating with other nations to solve oil problems. Impressions of U.S. cooperation are also generally favorable, except in France, but the substantial number who expressed no opinion suggests a lack of awareness of the U.S. position.



North/South: Unwillingness to Help Poor Countries

This community of interests appears to be given indirect expression with respect to North-South problems and suggests limitations on any coordinated approach by the industrial powers in dealing with the world's poorer, less developed countries. There exists a very widespread unwillingness among the general public in the countries surveyed to help the poorer nations if it involves lowering their own living standard. The view of large majorities ranging from 63 per cent in France to 79 per cent in Britain would thus run counter to any demand for what the less developed countries would consider a more equitable share of the world's wealth.

Moreover, slightly smaller but still substantial majorities attribute the same view to most Americans. The French are somewhat less certain of that, as a high (30%) no opinion rate reflects.

Clearly, therefore, LDC appeals for increased aid to be successful must in the words of Secretary Simon be in terms of "enlarging the pie, rather than, as some suggest, redistributing the pie that presently exists."

But apparently most feel that redistribution of wealth is not yet an issue. For, except in Britain, the majority view is that dealings of their own country with the less-developed world have been just about right rather than too tough or too soft. Those who think otherwise are inclined to feel that treatment has been too conciliatory. In Britain fully 65% express this view.

The U. S. attitude toward the demands of the poorer countries is mostly judged to be about right in all countries. Among those believing otherwise, these criticisms are rather evenly divided except in France and Japan, where judgments that it is too tough prevail by a small margin.

Trade: Protectionist Sentiment Strong

Seemingly flying in the face of public awareness of economic interdependence among the industrial nations are the attitudes expressed toward what may be its most obvious manifestation--international trade. The perceptions of depressed economic conditions may have contributed to what appear to be widespread protectionist sentiments. Although support for the principle of trade liberalization outweighs these sentiments in three of four countries, the percentages favoring more restrictive trade practices are sizable everywhere, ranging from one-fourth in Germany to one-half in Canada. In Britain the edge in favor of liberalization is thin (50% vs. 41%).



As to the actual policy respondents believe their country supports, a mixed picture again emerges. Substantial majorities in West Germany and France believe their countries support free trade, with a narrow lead for free trade in Canada, and even splits between free trade and protection in Great Britain and Japan.

On U.S. trade policies toward their country, appreciable proportions--ranging from about one-fifth in Canada to about a third everywhere else--concede a lack of specific knowledge. To most of the rest, the U.S. appears to be predominantly protectionist. In France, a clear majority (58%) think the U.S. hinders rather than helps the export of their country's goods as do a plurality in Britain and in Canada. The U.S. image in Europe on that score is best in Germany but even there opinion is no better than split. In Japan favorable views slightly prevail.

Oil: Cooperation Supported

To the extent that lessened dependence on OPEC oil assumes cooperation between the industrial countries, European and Canadian publics would appear to be prepared to accept such an approach. As of now slim majorities have a favorable impression of how their own countries are cooperating with other developed nations to deal with oil problems. Appreciable minorities in the 25 per cent range are critical, however.

France excepted, impressions of U.S. cooperation are also predominantly favorable, but the much higher proportion who expressed no opinion on the U.S. position suggests that the U.S. urgings for precisely such cooperation have not yet been perceived by many in the publics abroad.

The full report on the survey, with accompanying tables showing specific responses, is being issued by the Office of Research in a separate document.

MINUTES OF THE
EPB/ERC EXECUTIVE COMMITTEE MEETING

July 7, 1976

Attendees: Messrs. Simon, Richardson, Seidman, Zarb, Lynn, Greenspan, Usery, Cannon, Dunham, Mitchell, Zausner, Hill, Parsky, Porter, Perritt, Hormats, Kasputys, Pasternack, Arena, Alm, Duval, Fisher, Hardy, Rooney, Metz, Hale, Borre, Martin, Verleger

1. LNG Policy

The Executive Committee reviewed an options paper, prepared by an interagency group chaired by FEA, on LNG import policy. The discussion focused on the extent of potential LNG supply and pricing vulnerability, appropriate domestic pricing mechanisms for LNG, future import targets and procedures to achieve them, and the desirability of requiring curtailment contingency plans for gas importers.

Decision

Executive Committee members were requested to provide comments and recommendations on the options paper to FEA no later than close of business Thursday, July 8.

2. Alaskan Gas

The Executive Committee discussed differences between the recent Senate Bill on Alaskan Gas (S. 3521) and the proposed Administration legislation. The main difference is a requirement in S. 3521 for affirmative Congressional action through a Joint Resolution within 60 days, rather than acceptance of a Presidential recommendation subject to a legislative veto.

Decision

FEA will circulate a detailed analysis of S. 3521 later this week with a request for agency comments by close of business Monday, July 12.

3. Other

The FPC was requested to prepare a presentation on possible natural gas curtailments this winter for the July 14 Executive Committee meeting.

The Department of Interior will brief Executive Committee principals on the Alaskan Oil Pipeline situation on Thursday, July 8. At the same meeting, the Department of Transportation will outline the preliminary conclusions of the ERC Task Force on post-1980 automobile efficiency standards.

The Executive Committee went into Executive Session.

4. Rubber Strike

Secretary Usery reported on developments in connection with the current rubber strike. The discussion focused on the proposals made by the management and labor negotiators, the relative position of rubber workers vis-a-vis settlements in comparable industries, the current level of domestic tire production, and the supply situation of tires.

Decision

The Executive Committee agreed to recommend that Secretary Usery meet with the President tomorrow to explain the most recent developments in the rubber strike.

5. Labor Situation

The Executive Committee briefly discussed a range of pending labor issues, including the General Electric settlement, the potential strike against TWA, the New York City hospital strike, the California Cannery/Teamsters labor negotiations, and the situation with regard to settlements in the construction industry.