

The original documents are located in Box 62, folder “1976/11/09 - Economic Policy Board” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

November 5, 1976

ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE

Proposed Agenda

Monday, November 8, 1976

- 1. Report of Task Forces to Improve Government Regulation MacAvoy
- 2. Small Dollar Coin Treasury

Tuesday, November 9, 1976 STRICTLY PRINCIPALS ONLY

- 1. Review of Economic Intelligence CIA

JMC
NOTE

Wednesday, November 10, 1976

No Executive Committee Meeting

Thursday, November 11, 1976

No Executive Committee Meeting

Friday, November 12, 1976

No Executive Committee Meeting



November 5, 1976

EPB

ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE

Proposed Agenda

Monday, November 8, 1976

1. Report of Task Forces to Improve Government Regulation MacAvoy
2. Small Dollar Coin Treasury

Tuesday, November 9, 1976 STRICTLY PRINCIPALS ONLY

1. Review of Economic Intelligence CIA

Wednesday, November 10, 1976

No Executive Committee Meeting

Thursday, November 11, 1976

No Executive Committee Meeting

Friday, November 12, 1976

No Executive Committee Meeting



MINUTES OF THE
ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE MEETING
November 5, 1976

Attendees: Simon, Seidman, Lynn, Greenspan, Usery, Dent
Malkiel, MacAvoy, Darman, Porter, Penner
Perritt, Hormats, Quern, Juntz

1. World Economic Outlook

The Executive Committee reviewed a paper, prepared by the CEA, on the current world economic situation. The discussion focused on the policies of recovery in the U.S., Federal Republic of Germany, and Japan, the mix of fiscal and monetary adjustment policies in most industrialized nations and the inflationary and balance of payments outlook as well as the impact of an OPEC oil price increase.

The Executive Committee agreed that a discussion of the world economic outlook should be included in both the CEA annual report and the CIEP annual report.

2. Trade Policy Status Report

The Executive Committee discussed the GATT finding on DISC and on several similar practices by EC countries as outlined in a memorandum from Ambassador Dent which is attached.

The Executive Committee also discussed the lack of a favorable EC response on the poultry-cognac issue and alternative measures the Administration might take in response.

Decision

The Executive Committee approved Ambassador Dent's recommendation to issue a press release today on the GATT finding on DISC.

3. Other

The Executive Committee discussed the suggestion of preparing a document on the unfinished business of the EPB.

Decision

Executive Committee members were requested to provide Mr. Seidman's office with their comments on what they viewed as the unfinished business of the EPB and policy issues which needed to be addressed during the coming months.

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

MEMORANDUM

TO: Members of the Economic Policy Board

FROM: Ambassador Frederick B. Dent

SUBJECT: GATT Finding on the DISC

We have been informed by cable that the GATT panels on DISC and related tax practices have issued their reports declaring DISC and the tax practices of France, Belgium, and the Netherlands all to be in violation of the GATT subsidy rules. This information, although officially "restricted" by the GATT Secretariat, is leaking rapidly to the United States and foreign press. Accordingly, I believe that an announcement by the Administration is needed urgently to correct public misimpressions and to allay business uncertainty about the effect of the findings upon the DISC legislation. Therefore, I propose that the Administration take the steps described below in response to the GATT findings:

1. My Office proposes to issue a press release today.
2. At the meeting of the GATT Council on November 12, we shall state that while we have not yet had time to study the panel reports in detail or to prepare a full response to their substance, we note that longstanding tax practices of several contracting parties have been found to violate the GATT, and that this fact underscores the importance of discussing multilaterally the possible revision of international rules as they pertain to national income tax practices that affect international trade. We also intend to ask the GATT Council to approve the public release of the panel reports, because those reports are certain to leak piecemeal in any event.



3. After preparing our position for the GATT Council, we expect to analyze the reports in detail, and to conduct appropriate Congressional briefings.

4. I expect to report on the panel findings, and the preliminary United States response thereto, at the upcoming meetings of our private sector trade advisory committees. The Industry Policy Advisory Committee meets November 10, the Agricultural Policy Advisory Committee meets November 11, and the overall Advisory Committee for Trade Negotiations, November 16. In addition, we expect to report on the panel findings to the President's Export Council meeting on December 7.

5. After analyzing the reports and conducting necessary briefings, we propose that representatives of STR and Treasury consult with representatives of Belgium, France and the Netherlands, and the EC Commission, in order to discuss our assessments of the panel findings and our intentions with respect to subsequent action. As an example of such subsequent action, we expect discussions of the GATT subsidy rules, including national income tax practices affecting trade, to intensify in the context of the Multilateral Trade Negotiations.

6. In each of these contexts, we would propose at this stage to take the position that pending a satisfactory international resolution of this problem, no change in United States law or policy with respect to the DISC is contemplated or expected by this Administration.



MINUTES OF THE
ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE MEETING
November 5, 1976

Attendees: Simon, Seidman, Lynn, Greenspan, Usery, Dent
Malkiel, MacAvoy, Darman, Porter, Penner
Perritt, Hormats, Quern, Juntz

1. World Economic Outlook

The Executive Committee reviewed a paper, prepared by the CEA, on the current world economic situation. The discussion focused on the policies of recovery in the U.S., Federal Republic of Germany, and Japan, the mix of fiscal and monetary adjustment policies in most industrialized nations and the inflationary and balance of payments outlook as well as the impact of an OPEC oil price increase.

The Executive Committee agreed that a discussion of the world economic outlook should be included in both the CEA annual report and the CIEP annual report.

2. Trade Policy Status Report

The Executive Committee discussed the GATT finding on DISC and on several similar practices by EC countries as outlined in a memorandum from Ambassador Dent which is attached.

The Executive Committee also discussed the lack of a favorable EC response on the poultry-cognac issue and alternative measures the Administration might take in response.

Decision

The Executive Committee approved Ambassador Dent's recommendation to issue a press release today on the GATT finding on DISC.

3. Other

The Executive Committee discussed the suggestion of preparing a document on the unfinished business of the EPB.

Decision

Executive Committee members were requested to provide Mr. Seidman's office with their comments on what they viewed as the unfinished business of the EPB and policy issues which needed to be addressed during the coming months.



THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

MEMORANDUM

TO: Members of the Economic Policy Board

FROM: Ambassador Frederick B. Dent

SUBJECT: GATT Finding on the DISC

We have been informed by cable that the GATT panels on DISC and related tax practices have issued their reports declaring DISC and the tax practices of France, Belgium, and the Netherlands all to be in violation of the GATT subsidy rules. This information, although officially "restricted" by the GATT Secretariat, is leaking rapidly to the United States and foreign press. Accordingly, I believe that an announcement by the Administration is needed urgently to correct public misimpressions and to allay business uncertainty about the effect of the findings upon the DISC legislation. Therefore, I propose that the Administration take the steps described below in response to the GATT findings:

1. My Office proposes to issue a press release today.

2. At the meeting of the GATT Council on November 12, we shall state that while we have not yet had time to study the panel reports in detail or to prepare a full response to their substance, we note that longstanding tax practices of several contracting parties have been found to violate the GATT, and that this fact underscores the importance of discussing multilaterally the possible revision of international rules as they pertain to national income tax practices that affect international trade. We also intend to ask the GATT Council to approve the public release of the panel reports, because those reports are certain to leak piecemeal in any event.



3. After preparing our position for the GATT Council, we expect to analyze the reports in detail, and to conduct appropriate Congressional briefings.

4. I expect to report on the panel findings, and the preliminary United States response thereto, at the upcoming meetings of our private sector trade advisory committees. The Industry Policy Advisory Committee meets November 10, the Agricultural Policy Advisory Committee meets November 11, and the overall Advisory Committee for Trade Negotiations, November 16. In addition, we expect to report on the panel findings to the President's Export Council meeting on December 7.

5. After analyzing the reports and conducting necessary briefings, we propose that representatives of STR and Treasury consult with representatives of Belgium, France and the Netherlands, and the EC Commission, in order to discuss our assessments of the panel findings and our intentions with respect to subsequent action. As an example of such subsequent action, we expect discussions of the GATT subsidy rules, including national income tax practices affecting trade, to intensify in the context of the Multilateral Trade Negotiations.

6. In each of these contexts, we would propose at this stage to take the position that pending a satisfactory international resolution of this problem, no change in United States law or policy with respect to the DISC is contemplated or expected by this Administration.

