

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Gerald R. Ford  
John Dunlop, Secretary of Labor  
Lt. General Brent Scowcroft, Deputy Assistant  
to the President for National Security Affairs

George Meany  
Ted Gleason  
Paul Hall  
Lane Kirkland  
Jesse Calhoun

DATE AND TIME: Tuesday, August 26, 1975  
3:30 p. m.

PLACE: The Oval Office  
The White House

Meany: The question, Mr. President, is that if we are going to be the major supplier of grain for the world, how can we take advantage of that, at least defensively?

If grain is a scarce natural resource that we control, how can we leave this in the hands of a half dozen private companies operating in their own interest and dealing sometimes with state trading organizations like the USSR? The Canadians have a wheat board which supervises these things. That's one way to organize it. At least we need some way we can control this asset -- again, at least defensively, if not for our own benefit.

We got ripped off in 1972 and the American consumer had to pay for it. We don't want it to happen again. How it gets done is your [the President's] problem.

Gleason: I can tell you for a fact that Cooke has been negotiating with the Soviet Union as of last Thursday for three million tons. Reports we have are that the Soviet Union is after 11 million tons more.

DECLASSIFIED

E.O. 12958, SEC. 2.5

NSC MEMO, 11/24/02, STATE DEPT. GUIDELINES

BY *bb* DATE *11/10/06*

~~TOP SECRET~~  
CLASSIFIED

Hall: We, the maritime industry, are the first victims of detente, because detente gives the Soviet Union the opportunity to steal maritime jobs. There is no way we can compete. Fesco, a Soviet company, is undercutting freight rates in the Pacific by 20 percent. We introduced legislation to correct it, and the State Department opposed it.

The President: I said to them at a very high level that there should be no more attempts to buy until I had a chance to check on our supplies. Brent, I want you to look into that.

I think our supplies will be such that we can sell more without substantial impact. So we won't get ripped off again like 1972. But any lifting of the ban must be on a gradual, phased basis.

The ban on negotiations will stay in effect until we get a better fix on where we are. We will make no more commitments, either to the Soviet Union or PL 480, at least until the September 11 crop report.

Kirkland: An episodic approach to grain sales to the Soviet Union doesn't serve the American people. We are leaving it that way to four companies and a monopoly trading company. We need to separate our foreign and domestic policy from a handful of private companies. That is the key problem for the long range. There must be a better way.

The President: I will make no further release until September 11 and it may be later. I will stay in touch with you as things develop.

What would you think about an oil-for-wheat deal with the Soviet Union?

Meany: A barter deal? That would be worth exploring.

Calhoun: Then we could cut off the grain if they cut off the oil. And the price should be right.

Hall: I think we should take a look at an arrangement like the Canadian Wheat Board. It is amazing how little anyone knows about how the present system works, and it is uncontrollable.

The President: John?

Secretary Dunlop: Mr. President, there are three questions: One, the long-term arrangements for handling this national asset; second, dealing with the immediate problem of how much to sell; and three, the maritime issues.

Hall: Detente has been bad for the maritime industry. It means the opening up of 42 ports and the use of third-country flags.

The President: Detente will not be a one-way street. Take SALT. If we don't get it, I will ask for at least \$2 billion a year for strategic arms.

Calhoun: Detente for us has a simple definition. It gives the Soviets a chance to steal our jobs.

Meany: There is no way for American private companies to compete with companies like Fesco.

The President: I had not heard before about Fesco. I will look into it.

Pf Meany / Paul Hall / Ted Gleason / etc  
(Partial notes only)  
26 Aug 75

1 - 2 - 3 - 4 - 5 - 6 - 7 - 8 - 9 - 10  
Reporting Sys.

Meany of me are going to be a major supplier  
of grain for the world, how can we take  
advantage of that, at least diplomatically.  
- Canadian Wheat Board  
- At least we need some way  
we can control this asset, again, at  
least diplomatically.

We got ripped off in 72 & we don't  
want it to happen again.  
How it gets done is your (the P, problem)

~~Dunlop / Gleason~~

Gleason said Cereals has been negot. w/c  
SU as of last Times for 3 mil tons. Said  
~~to~~ exports are SU after 11 mil more.

Hall

We are a part in terms of detritus (Vesco)  
(the Sears company) is underwriting freight  
cuts in Pacific by 20%, we introduced  
legis to exempt it and Star Dept opposed  
it.

\*x

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be no more attempts to buy wheat I had  
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lifting of ban must be on a gradual,  
phased basis.  
The ban on export, will stay in effect until



we get a better fix on what we are.  
We will make no new contracts, either to  
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Kirkland An episodic approach to grain sales to SU  
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Jesse Calhoun Then we could cut off a grain if they cut off  
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Hall I think we should take a look at an arrangement  
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system works & it is uncontrollable.

Dunlop Thomson's priorities: (1) long term arrangements  
for handling this world asset; (2) dealing  
w/ immediate part of ~~asset~~ how much to  
sell; (3) The immediate issues.

Hall Detroit has been bad for maintenance work -  
Opening of 42 ports & use of 2nd country flags.

P Detente will not be a one way street. Take Salt.  
If we don't get it, I will ask for at least 2 bil / yr for  
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Waring There is no way for Am. private companies  
to compete w/ companies like Fedco

P I had not heard before about Fedco. I will  
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