

**The original documents are located in Box 24, folder “1975/05/01 HR4296 Emergency Agriculture Act of 1975 (vetoed) (1)” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.**

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[ca 4/27/75]

To the House of Representatives:

There comes a time in the conduct of public affairs when special interest and political advantage must give way to the common good.

There comes a time when a line must be drawn against fiscal excesses.

In my address to the Nation on March 29, I drew that line. I promised all Americans that except where long-range national security interests are involved, or for urgent humanitarian need, I would take action to hold our fiscal 1976 deficit to no more than \$60 billion.

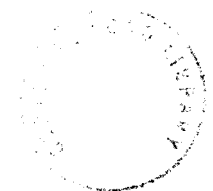
New spending actions which the Congress is seriously considering could easily raise the Federal deficit to a wholly unacceptable level of \$100 billion.

The so-called Emergency Agricultural Act of 1975 (H. R. 4296) is one of these spending actions. It could add an estimated \$1.8 billion to the Federal deficit in its first year, and, if used as a point of departure for longer-term legislation, as strongly indicated by recent congressional action, it could sharply escalate farm program budget outlays in subsequent years.

By signing this Act into law, I would not be holding the line on our fiscal 1976 deficit. My signature would undermine the successful market-oriented farm policy adopted by this Administration and the Congress. It would represent a step backward to the discredited and long since abandoned policies of a decade ago.

Therefore, I am returning H. R. 4296 without my approval.

Farm production costs have been pushed upward by the same inflationary pressures that have affected other industries. At the same time, demand for certain farm products has slackened due to recession. The index of prices paid by farmers has increased 10 percent above year-ago levels. In contrast, the index of prices received by farmers has declined for the past five months, and is now 15 percent below year-earlier levels. Cotton and livestock producers, in particular, have been hard hit.



To help relieve these economic difficulties, I am today directing the Secretary of Agriculture to take action to increase price support loan rates for wheat, corn and other feed grains.

This action follows a number of positive steps by this Administration to assist farmers. The 1976 wheat acreage allotment was recently increased to 61.6 million acres, up 8 million acres from the 1975 allotment. This provides additional target price and disaster protection for wheat producers. As provided for by current legislation, we have increased the 1975-crop cotton price support loan rate by 9 cents per pound.

We recently announced an increase in the price support level for milk, which, combined with more favorable feed prices, should improve the income situation for dairy producers.

Within the past several days we have completed arrangements with the European Community under which they agreed to cease exporting industrial cheese into the U.S. market with the aid of export subsidies. We have impressed upon the Europeans that they cannot expect to dump their surplus dairy products into the U.S. market at cut-rate prices. At the same time we have worked out a way which enables the Europeans to continue selling us high quality table cheese. This was a satisfactory solution to a difficult problem. It has enabled us to keep on satisfactory trading terms with our best export customer for American farm products.

We have taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is about to complete negotiations with 12 countries limiting their exports of beef to this country in 1975. These voluntary export restraint agreements are intended to keep imports subject to the Meat Import Law within 1,182 million pounds.

We have moved aggressively in the past several months to implement food assistance programs under the Agricultural Trade Development and Assistance Act (P.L. 480). The volume exported under this program is



expected to reach nearly 5.5 million tons of food in this fiscal year, including 4 million tons of wheat. This will be 70 percent higher than a year ago. Wheat shipments will be more than double last year's level.

Further liberalization of world agricultural trade is one of our prime objectives at the multilateral trade negotiations which have just begun in Geneva.

In addition to these actions, producers deserve all possible help through existing Government programs for the extension of credit and other forms of financial assistance. But, primarily, the answer to their difficulties lies in prompt, responsible actions by this Government in dealing with recession and inflation.

In contrast to the development of current legislation--the Agriculture and Consumer Protection Act of 1973--which was the result of considerable thought and study, H. R. 4296 was hastily conceived with a minimum of hearings and without sufficient opportunity for consumers and taxpayers to have a voice in its preparation. As the name of the bill implies, it was prepared in an attempt to redress an "emergency" situation in the farm sector by means of excessive and inconsistent increases in the price support levels for wheat, feed grain, cotton and soybeans. Many farmers oppose this bill. Its passage is not supported by two of the nation's largest farm organizations--The American Farm Bureau Federation and The National Farmers Union.

Farmers have made their plans, bought their seed and many are well into their planting season. These plans have obviously been completed without any dependence on the "quick fix" envisioned by the authors of H. R. 4296.

The direct effect on consumer prices in the next year would be small. However, the long-range effect of this bill would tend to push both consumer prices and federal budget outlays higher, making our fight against inflation more difficult.

This bill would ultimately lead to paying farmers not to grow crops,

resulting in loss of jobs in food-related industries because of cutbacks in farm production. It would induce farmers to grow more cotton, which is already in surplus, and less soybeans, which are needed for food. The bill would jeopardize the competitive position of U.S. cotton in world markets, and would create a price umbrella for farmers in other nations who compete with U.S. farmers, leading to deterioration of our international trade position.

Our farmers have responded magnificently during the past several years in the production of food and fiber. This has made agriculture our number one earner of foreign exchange. Most farmers are again going for all-out production this year. They are responding well under very trying circumstances. They deserve and will receive my support for a vigorous export policy for their products. Last year we unfortunately had to ask one of our new customers to curtail its purchases of American grains. For a short time we also operated a voluntary prior approval system for export sales of grains and soybeans. We do not intend to resort to either of these measures again. Our farmers deserve and will receive unfettered access to world export markets.

Current farm legislation is working successfully. In spite of the financial difficulties many farmers are experiencing, farm exports, farm operators' net income -- in total -- and total farm cash receipts are at near-record levels. The government is out of the farming business, and should stay out, leaving the farmer free to earn his income from the marketplace, not from the Federal Treasury.

The Act that I am vetoing is anti-consumer, anti-farmer, anti-taxpayer and anti-humanitarian:

--It is anti-consumer because it will result in unwanted crops, produced for Government storage instead of for the demands of the marketplace.

--It is anti-farmer because it will inevitably price U.S. farm commodities out of world markets and lead to production cutbacks, which, in turn,

will make our farms less efficient by spreading fixed costs over fewer producing acres.

--It is anti-taxpayer because the potential price-tag would run into billions of dollars a year for deficiency payments to farmers, for paying farmers not to grow crops, for export subsidies, for crop loans, and for the storage of huge inventories of government-owned or government-controlled farm commodities.

--It is anti-humanitarian because once our export markets are lost and our farmers are denied the profits of full production, then world consumers will face higher food costs brought about by reduced world supplies.

By signing this Act into law, I would take economic independence away from farmers on the one hand, and, on the other, burden taxpayers with massive, accelerating Federal expenditures.

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MEMORANDUM

NATIONAL SECURITY COUNCIL

April 28, 1975

MEMORANDUM FOR: WARREN HENDRIKS  
FROM: ROBERT HORMATS  
SUBJECT: Suggested Changes in Veto Message on  
H.R. 4296 - The Emergency Agricultural  
Act of 1975

Page 3, Paragraph 3, Line 4 -- Suggest deleting "dumped into" and  
adding instead "sold in."

Page 5, Paragraph 1, Line 6 -- Suggest deleting "Restrains on our  
farm exports are undesirable." Add instead "It is our policy to do  
everything possible to avoid the use of export restraints in the future."

*Renewed - 4:30pm*

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 28, 1975

Time: 3:30pm

FOR ACTION: Mike Duval  
Alan Greenspan  
Max Friedersdorf  
Ken Lazarus  
Bill Seidman  
Bill Baroody ✓

cc (for information):

Warren Hendriks  
Jim Cavanaugh  
Jack Marsh  
Robert Hartmann

NSC/S

FROM THE STAFF SECRETARY

DUE: Date: Monday, April 28

Time: 5:30pm

SUBJECT:

Veto Message - H.R. 4296 the Emergency Agricultural Act of 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*X2219*



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately

*[Faint text]*



*100-262*

*For Action*

To the House of Representatives:

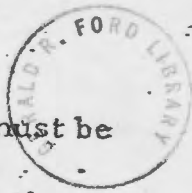
*H.R. 4296, referred to as*

I am returning without my approval the Emergency Agricultural Act of 1975 [~~H.R. 4296~~]. While the ~~aim~~ <sup>*desired objective*</sup> of the bill is ~~compassionate~~ <sup>*laudable*</sup>, its results would be counterproductive for farmers, for taxpayers, for our position in world markets, and for the economic recovery of this Nation.

~~The bill~~ <sup>*On the*</sup> <sup>*the bill*</sup> on one hand, would remove a considerable amount of economic independence from farmers and, on the other, <sup>*had*</sup> <sup>*it would*</sup> burden consumers with higher prices and contribute substantially to <sup>*a*</sup> ~~the increasingly high~~ Federal deficit *that is already too high.*

For these reasons, approval of this bill would not be in the public interest.

In the conduct of the Government's <sup>*financial*</sup> ~~fiscal~~ affairs, a line must be drawn against fiscal excesses. I drew that line in my address to the Nation on March 29. I promised all Americans that, except where long-range national security interests, energy matters, or urgent humanitarian needs were involved, I would take action to hold our fiscal year 1976 deficit to no more than \$60 billion.



New spending programs which the Congress is seriously considering could easily raise the Federal deficit to an intolerable level of \$100 billion. This must not happen.

H. R. 4296 is one of these new spending programs. In <sup>fiscal</sup> ~~its first~~ year <sup>1976,</sup> alone, it could add an estimated \$1.8 billion to the Federal deficit.

If it were used as a point of departure for longer-term legislation -- as was strongly indicated during its consideration -- it could lead to an escalation of farm program subsidies in succeeding years.

Approval of this bill would undermine the successful market-oriented farm policy adopted by this Administration and the Congress. The bill is an undesirable step backward toward totally discredited policies that had been abandoned earlier.

Prospects for farmers, it is true, are not as bright this year as they have been in the recent past. Farm production costs have been pushed upward by the same inflationary pressures that have affected other industries. At the same time, demand for certain farm products has slackened because of the recession.

Fortunately, however, current farm <sup>agricultural loans are</sup> ~~legislation~~ is working successfully. In spite of the financial difficulties many farmers are experiencing, farm exports, farm net income and farm cash receipts are at <sup>high</sup> ~~near record~~ levels.



(Note: This section on page 2a needs a policy decision.)

To help relieve current financial difficulties for producers, I am today directing the Secretary of Agriculture to take action to increase price support loan rates for wheat, corn, and other feed grains.

In addition, I realize that farmers face serious problems in producing good and fibers that the rest of us depend upon. I sincerely seek to solve these problems -- not <sup>aggravate</sup> aggravate them. That is why I have taken the action earlier described to help the wheat and feed grain farmers adjust to the severe increase in the cost of production occurring since the 1973 farm bill was enacted.

I would like to be as responsive to cotton growers as well, but unfortunately, the law is not as clear nor as flexible in the case of cotton as in the case of grain. I therefore have directed the Secretary of Agriculture to thoroughly reexamine existing cotton legal authority both in regard to calculating and establishing loan levels and in the exercise of authority to make open market purchases. This we will do in an effort to help insure the confidence of cotton producers that this Administration does indeed concern itself with their vital interests.



(MORE)

This Administration has taken a number of positive steps to assist farmers. The 1976 wheat acreage allotment was recently increased by 8 million acres to 61.6 million acres. This action provides wheat producers with additional target price and disaster protection. We have also increased the 1975 crop cotton price support loan rate by 9 cents a pound. And we recently announced an increase in the price support level for milk, which, combined with easing feed prices, should assist dairy producers.

~~[The Secretary of Agriculture, moreover, has assured me he will move swiftly to raise support levels for other major farm products if prices were to drop sharply.]~~

Within the past several days, we have completed negotiations with the European Community to end the export subsidies on industrial cheese coming here -- a step that ensures that surplus dairy products cannot be ~~dumped~~ <sup>enter</sup> into the U.S. market at cut-rate prices. At the same time, we have worked out arrangements which enable the Europeans to continue selling us high-quality table cheese. This solution has enabled us to keep on mutually agreeable trading terms with our best customers for American farm exports.

*dumped is  
technically  
incorrect in  
this case  
& believe*



We have also taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is completing negotiations with 12 countries limiting their 1975 exports of beef to this country. These voluntary export restraint agreements are intended to keep imports subject to the Meat Import Law to less than 1,182 million pounds.

In contrast to the development of the Agriculture and Consumer Protection Act of 1973 -- which was the result of considerable thought and study -- H. R. 4296 was hastily conceived with a minimum of hearings and without sufficient opportunity for consumers and taxpayers to have a voice in its preparation.



Most farmers have already made their plans and bought their seed, and many are well into their planting season. These plans have obviously been completed without any dependence on the provisions of H. R. 4296.

In the long haul, this bill ultimately would lead to constraints on production, resulting in loss of jobs in food-related industries. It would induce farmers to grow more cotton -- already in surplus -- and less soybeans -- badly needed for food. The bill would jeopardize the competitive position of our cotton in world markets, and would create a price umbrella for farmers in other nations who compete with American farmers.

- 5 -

American farmers have responded magnificently during the past several years to produce food and fiber for this Nation and the world. This has made agriculture our leading source of foreign exchange. This year, most farmers are again going for all-out production, despite very trying circumstances. They deserve and have my support for a vigorous export policy for their products. *Except in highly unusual circumstances,* Restraints on our farm exports are undesirable. Our farm products need unfettered access to world markets.

The act, in short, is anti-consumer, anti-farmer, anti-taxpayer, and even anti-humanitarian:

-- It is anti-consumer because it would cause higher prices and result in crops produced for Government storage instead of for the demands of the marketplace.

-- It is anti-farmer because it would price our farm commodities out of world markets, and lead to cutbacks in production.

-- It is anti-taxpayer because of the cost of subsidies for export purposes, for crop loans, for storage of inventories of Government-controlled farm commodities, and for not growing crops.

-- It is anti-humanitarian because once our export markets are cut and our farmers are denied the profits of full production, then consumers in a world stalked by hunger would face higher food costs caused by reduced world supplies.

I cannot, in good conscience, approve this act. I return it herewith.

Respectfully,

Gerald R. Ford



(Bird)PI

Ken Lazarus

April 28, 1975

Page  
100-262

For Action

To the House of Representatives:

H.R. 4296, referred to as

I am returning without my approval the Emergency Agricultural Act of 1975 [~~H.R. 4296~~]. While the aim of the bill is compassionate, its results would be counterproductive for farmers, for taxpayers, for our position in world markets, and for the economic recovery of this Nation.

The bill, on one hand, would remove a considerable amount of economic independence from farmers and, on the other, burden consumers with higher prices and contribute substantially to the increasingly-high Federal deficit.

For these reasons, approval of this bill would not be in the public interest.

In the conduct of the Government's fiscal affairs, a line must be drawn against fiscal excesses. I drew that line in my address to the Nation on March 29. I promised all Americans, that, except where long-range national security interests, energy matters, or urgent humanitarian needs were involved, I would take action to hold our fiscal year 1976 deficit to no more than \$60 billion.

New spending programs which the Congress is seriously considering could easily raise the Federal deficit to an intolerable level of \$100 billion. This must not happen.



H. R. 4296 is one of these new spending programs. In <sup>fiscal</sup> ~~its first~~ year alone, <sup>1976,</sup> it could add an estimated \$1.8 billion to the Federal deficit. Moreover, <sup>as a precursor</sup> ~~if it were used as a point of departure~~ for longer-term legislation -- as was strongly indicated during its consideration -- it could lead to an escalation of farm program subsidies in succeeding years.

Approval of this bill would undermine the successful market-oriented farm policy adopted by this Administration and the Congress. The bill is an undesirable step backward toward totally discredited policies, ~~that had been abandoned earlier.~~

Prospects for farmers, it is true, are not as bright this year as they have been in the recent past. Farm production costs have been pushed upward by the same inflationary pressures that have affected other industries. At the same time, demand for certain farm products has slackened because of the recession.

Fortunately, however, current <sup>agricultural loans are</sup> ~~farm legislation~~ is working successfully. In spite of the financial difficulties many farmers are experiencing, farm exports, farm net income and farm cash receipts are at <sup>high</sup> ~~near record~~ levels.





(Note: This section on page 2a needs a policy decision.)

To help relieve current financial difficulties for producers, I am today directing the Secretary of Agriculture to take action to increase price support loan rates for wheat, corn, and other feed grains.

In addition, I realize that farmers face serious problems in producing good and fibers that the rest of us depend upon. I sincerely seek to solve these problems -- not <sup>aggravate</sup> aggravate them. That is why I have taken the action earlier described to help the wheat and feed grain farmers adjust to the severe increase in the cost of production occurring since the 1973 farm bill was enacted.

I would like to be as responsive to cotton growers as well, but unfortunately, the law is not as clear nor as flexible in the case of cotton as in the case of grain. I therefore have directed the Secretary of Agriculture to thoroughly reexamine existing cotton legal authority both in regard to calculating and establishing loan levels and in the exercise of authority to make open market purchases. This we will do in an effort to help insure the confidence of cotton producers that this Administration does indeed concern itself with their vital interests.



(MORE)

This Administration has taken a number of positive steps to assist farmers. The 1976 wheat acreage allotment was recently increased by 8 million acres to 61.6 million acres. This action provides wheat producers with additional target price and disaster protection. We have also increased the 1975 crop cotton price support loan rate by 9 cents a pound. And we recently announced an increase in the price support level for milk, which, combined with easing feed prices, should assist dairy producers.

~~The Secretary of Agriculture, moreover, has assured me he will move swiftly to raise support levels for other major farm products if prices were to drop sharply.~~

*This past week*  
~~Within the past several days,~~ we have completed negotiations with the European Community to end the export subsidies on industrial cheese coming here -- a step that ensures that surplus dairy products cannot be dumped into the U.S. market at cut-rate prices. At the same time, we have worked out arrangements which enable the Europeans to continue selling us high-quality table cheese. This solution has enabled us to <sup>maintain</sup> ~~keep~~ *satisfactory* ~~on mutually agreeable~~ trading terms with our best customers for American farm exports.



We have also taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is completing negotiations with 12 countries limiting their 1975 exports of beef to this country. These voluntary export restraint agreements are intended to keep imports subject to the Meat Import Law to less than 1,182 million pounds.

In contrast to the development of the Agriculture and Consumer Protection Act of 1973 -- which was the result of considerable thought and study -- H. R. 4296 was hastily conceived with a minimum of hearings and without sufficient opportunity for consumers and taxpayers to have a voice in its preparation.

Most farmers have already made their plans and bought their seed, and many are well into their planting season. These plans have obviously been completed without any dependence on the provisions of H. R. 4296.

In the long haul, this bill ultimately would lead to constraints on production, resulting in loss of jobs in food-related industries. It would induce farmers to grow more cotton -- already in surplus -- and less soybeans -- badly needed for food. The bill would jeopardize the competitive position of our cotton in world markets, and would create a price umbrella for farmers in other nations who compete with American farmers.

American farmers have responded magnificently during the past several years to produce food and fiber for this Nation and the world. This has made agriculture our leading source of foreign exchange. This year, most farmers are again going for all-out production, despite very trying circumstances. They deserve and have my support for a vigorous export policy for their products. Restraints on our farm exports are undesirable. Our farm products need unfettered access to world markets.

*Against the backdrop*

The act, <sup>would be</sup> ~~in short~~ is anti-consumer, anti-farmer, anti-taxpayer, and even anti-humanitarian:

-- It is anti-consumer because it would cause higher prices and result in crops produced for Government storage instead of for the demands of the marketplace.

-- It is anti-farmer because it would price our farm commodities out of world markets, and lead to cutbacks in production.

-- It is anti-taxpayer because of the cost of subsidies for export purposes, for crop loans, for storage of inventories of Government-controlled farm commodities, and for not growing crops.

-- It is anti-humanitarian because once our export markets are cut and our farmers are denied the profits of full production, then consumers in a world stalked by hunger would face higher food costs caused by reduced world supplies.

I cannot, in good conscience, approve this act. I return it herewith.

Respectfully,

Gerald R. Ford

We have <sup>now</sup> plenty of  
all work <sup>in support of</sup>

We are <sup>determined to do</sup>

every thing possible to  
avoid ~~any~~ <sup>any</sup> ~~other~~ <sup>other</sup>

again

Respectfully,

Charles B. Ford

To the House of Representatives:

I am returning without my approval H.R. 4296, referred to as the Emergency Agricultural Act of 1975. Although the aim of this bill is laudable, its results would be counter-productive for farmers, other taxpayers, and for America's economic recovery and world market position.

101-1111  
Bm-262

(Bird)PT

April 28, 1975

For Action

To the House of Representatives:

H.R. 4296, referred to as

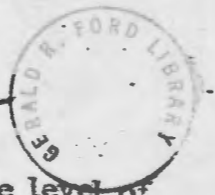
I am returning without my approval the Emergency Agricultural Act of 1975, ~~H.R. 4296~~. <sup>although</sup> ~~the~~ <sup>is</sup> ~~aim~~ <sup>laudable,</sup> ~~of~~ ~~the~~ ~~bill~~ ~~is~~ ~~compassionate,~~ ~~but~~ its results would be counterproductive for farmers, <sup>(other)</sup> ~~taxpayers~~ ~~and~~ ~~our~~ ~~position~~ ~~in~~ world markets, and for the economic recovery ~~of~~ ~~this~~ ~~our~~ ~~Nation.~~

The bill, ~~on one hand,~~ would remove a considerable amount of economic independence from farmers <sup>while</sup> ~~and, on the other,~~ burden <sup>it's</sup> consumers with higher prices and <sup>raising the already overly-inflated</sup> ~~contribute~~ ~~substantially~~ ~~to~~ ~~the~~ ~~increasingly~~ ~~high~~ Federal deficit.

~~For these reasons,~~ <sup>Therefore,</sup> approval of this bill would not be in the public interest.

In the conduct of the Government's fiscal affairs, a line must be drawn against ~~fiscal~~ excesses. I drew that line in my address to the Nation on March 29. I promised all Americans that, except where long-range national security interests, energy matters, or urgent humanitarian needs were involved, I would take action to hold our fiscal year 1976 deficit to no more than \$60 billion.

New spending programs which the Congress is ~~seriously~~ considering could easily raise the Federal deficit to an intolerable level of \$100 billion. This must not happen.



*another example of the intolerably high*  
H. R. 4296 is ~~one of the~~ spending programs. In <sup>fiscal</sup> ~~its first~~  
<sup>1976,</sup> year ~~alone,~~ it could add an estimated \$1.8 billion to the Federal deficit.

If ~~it were~~ used as a point of departure for longer-term legislation -- as was strongly indicated during its consideration -- it could lead to an escalation of farm program subsidies in succeeding years.

Approval of this bill would undermine the successful market-oriented farm policy adopted by this Administration and the Congress.

*It is a*  
The bill is ~~an~~ ~~unacceptable~~ step backward toward totally discredited policies ~~that had been abandoned earlier.~~

Prospects for farmers, it is true, are not as bright this year as ~~they have been~~ in the recent past. Farm production costs have been pushed upward by the same inflationary pressures that have affected other industries. At the same time, demand for certain farm products has slackened because of the recession.

*agricultural loans are*  
Fortunately, however, current farm ~~legislation is~~ working well, ~~successfully.~~ In spite of the financial difficulties many farmers are experiencing, farm exports, farm net income and farm cash receipts are at <sup>high</sup> ~~near record~~ levels.



This Administration has taken a number of positive steps to assist farmers. The 1976 wheat acreage allotment was recently increased by 8 million acres to 61.6 million acres. This action provides wheat producers with additional target price and disaster protection. We have also increased the 1975 crop cotton price support loan rate by 9 cents a pound. And we recently announced an increase in the price support level for milk, which, combined with easing feed prices, should assist dairy producers.

~~[The Secretary of Agriculture, moreover, has assured me he will move swiftly to raise support levels for other major farm products if prices were to drop sharply.]~~

Within the past several days, we have completed negotiations with the European Community to end the export subsidies on industrial cheese coming here -- a step that ensures that surplus dairy products <sup>will not</sup> ~~cannot~~ be <sup>held out in</sup> ~~dumped into~~ the U.S. market at cut-rate prices. At the same time, we have worked out arrangements which enable the Europeans to continue selling us high-quality table cheese. This solution has enabled us to keep on mutually agreeable trading terms with our best customers for American farm exports.



We have also taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is completing negotiations with 12 countries limiting their 1975 exports of beef to this country. These voluntary export restraint agreements are intended to keep imports subject to the Meat Import Law to less than 1,182 million pounds.

In contrast to the development of the Agriculture and Consumer Protection Act of 1973 -- which was the result of considerable thought and study -- H.R. 4296 was hastily conceived with a <sup>inadequate</sup> ~~minimum~~ of hearings and without sufficient opportunity for consumers and taxpayers to have a voice in its preparation.



Most farmers have already made their plans and bought their seed, and many are well into their planting season. These plans have obviously been completed without any dependence on the provisions of H.R. 4296.

In the long haul, this bill ultimately would lead to constraints on production, resulting in loss of jobs in food-related industries. It would induce farmers to grow more cotton -- already in surplus -- and less soybeans -- badly needed for food. The bill would jeopardize the competitive position of our cotton in world markets, ~~and would create a price umbrella for farmers in other nations who compete with American farmers.~~

American farmers have responded magnificently during the past several years to produce food and fiber for this Nation and the world.

This has made agriculture our leading source of foreign exchange. This year, most farmers are again going for all-out production, ~~despite very~~

~~trying circumstances.~~ They ~~deserve~~ and have my support for a vigorous export policy for their products. ~~Restrictions on our farm exports are undesirable.~~ <sup>must have</sup> Our farm products need unfettered access to world markets.

The act, in short, is anti-consumer, anti-farmer, anti-taxpayer, and even anti-humanitarian:

-- It is anti-consumer because it would cause higher prices and result in crops produced for Government storage instead of for the demands of the marketplace.

-- It is anti-farmer because it would price our farm commodities out of world markets, and lead to cutbacks in production.

-- It is anti-taxpayer because of the cost of subsidies for export purposes, for crop loans, for storage of inventories of Government-controlled farm commodities, and for not growing crops.

-- It is anti-humanitarian because once our export markets are cut and our farmers are denied the profits of full production, then consumers in a world stalked by hunger would face higher food costs caused by reduced world supplies.

I cannot, in good conscience, approve this act. I return it herewith.

Respectfully,

Gerald R. Ford



April 28, 1975

To the House of Representatives:

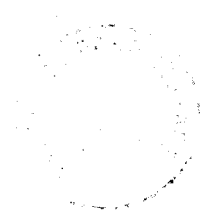
I am returning without my approval H.R. 4296, referred to as the Emergency Agricultural Act of 1975. Although the aim of this bill is laudable, its results would be counter-productive for farmers, other taxpayers, and for America's economic recovery and world market position.

The bill would remove a considerable amount of economic independence from farmers while burdening consumers with higher prices and boosting the already overly-inflated Federal deficit.

Approval of this bill would, therefore, not be in the public interest.

In the conduct of the Government's fiscal affairs, a line must be drawn against excesses. I drew that line in my address to the Nation on March 29. I promised all Americans that, except where long-range national security interests, energy matters, or urgent humanitarian needs were involved, I would take action to hold our fiscal year 1976 deficit to no more than \$60 billion.

New spending programs which the Congress is considering could easily raise the Federal deficit to an intolerable level of \$100 billion. This must not happen.



H.R. 4296 is an example of an intolerably high spending program. In fiscal year 1976, it could add an estimated \$1.8 billion to the Federal deficit. If used as a point of departure for longer-term legislation -- as was strongly indicated during its consideration -- it could lead to an escalation of farm program subsidies in succeeding years.

Approval of this bill would undermine the successful market-oriented farm policy adopted by this Administration and the Congress. It is a step backward toward totally discredited policies.

Prospects for farmers, it is true, are not as bright this year as in the recent past. Farm production costs have been pushed upward by the same inflationary pressures that have affected other industries. At the same time, demand for certain farm products has slackened because of the recession.

Fortunately, however, current agricultural laws are working well. In spite of the financial difficulties many farmers are experiencing, farm exports, farm net income and farm cash receipts are at high levels.

This Administration has taken a number of positive steps to assist farmers. The 1976 wheat acreage allotment was recently increased by 8 million acres to 61.6 million acres. This action provides wheat producers with additional target price and disaster protection. We have also increased the 1975 crop cotton price support loan rate by 9 cents a pound. And we recently announced an increase in the price support level for milk, which, combined

(Note: This section on page 2a needs a policy decision.)

To help relieve current financial difficulties for producers, I am today directing the Secretary of Agriculture to take action to increase price support loan rates for wheat, corn, and other feed grains.

In addition, I realize that farmers face serious problems in producing food and fibers that the rest of us depend upon. I sincerely seek to solve these problems -- not aggravate them. That is why I have taken the action earlier described to help the wheat and feed grain farmers adjust to the severe increase in the cost of production occurring since the 1973 farm bill was enacted.

I would like to be as responsive to cotton growers as well, but unfortunately, the law is not as clear nor as flexible in the case of cotton as in the case of grain. I therefore have directed the Secretary of Agriculture to thoroughly reexamine existing cotton legal authority both in regard to calculating and establishing loan levels and in the exercise of authority to make open market purchases. This we will do in an effort to help insure the confidence of cotton producers that this Administration does indeed concern itself with their vital interests.

(MORE)

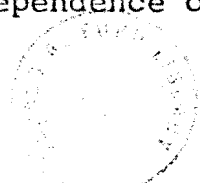
with easing feed prices, should assist dairy producers.

Within the past several days, we have completed negotiations with the European Community to ~~end~~ <sup>reduce</sup> the export subsidies on industrial cheese coming here -- a step that ensures that surplus dairy products will not be sold in the U.S. market at cut-rate prices. At the same time, we have worked out arrangements which enable the Europeans to continue selling us high-quality table cheese. This solution has enabled us to keep on mutually agreeable trading terms with our best customers for American farm exports.

We have also taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is completing negotiations with 12 countries limiting their 1975 exports of beef to this country. These voluntary export restraint agreements are intended to keep imports subject to the Meat Import Law to less than 1,182 million pounds.

In contrast to the development of the Agriculture and Consumer Protection Act of 1973 -- which was the result of considerable thought and study -- H.R. 4296 was hastily conceived with inadequate hearings and without sufficient opportunity for consumers and taxpayers to have a voice in its preparation.

Most farmers have already made their plans and bought their seed, Many are well into their planting season. These plans have obviously been completed without any dependence on the provisions of H.R. 4296.



In the long haul, this bill ultimately would lead to constraints on production, resulting in loss of jobs in food-related industries. It would induce farmers to grow more cotton -- already in surplus -- and less soybeans -- badly needed for food. The bill would jeopardize the competitive position of our cotton in world markets.

American farmers have responded magnificently during the past several year to produce food and fiber for this Nation and the world. This has made agriculture our leading source of foreign exchange. This year, despite very trying circumstances, most farmers are again going for all-out production. They have my support for a vigorous export policy for their products. Our farm products must have unfettered access to world markets. <sup>It is our policy to do everything possible to avoid the use of export restraints in the future.</sup>

The act, in short, is anti-consumer, anti-farmer, anti-taxpayer, and even anti-humanitarian:

--It is anti-consumer because it would cause higher prices and result in crops produced for Government storage instead of for the demands of the marketplace.

--It is anti-farmer because it would price our farm commodities out of world markets, and lead to cutbacks in production.

--It is anti-taxpayer because of the cost of subsidies for export purposes, for crop loans, for storage of inventories of Government-controlled farm commodities, and for not growing crops.

--It is anti-humanitarian because once our export markets are cut and our farmers are denied the profits of full production, then consumers in a world stalked by hunger would face higher



food costs caused by reduced world supplies.

I cannot, in good conscience, approve this act. I return it herewith.

(Note: This section on page 2a needs a policy decision.)

To help relieve current financial difficulties for producers, I am today directing the Secretary of Agriculture to take action to increase price support loan rates for wheat, corn, and other feed grains.

In addition, I realize that farmers face serious problems in producing good and fibers that the rest of us depend upon. I sincerely seek to solve these problems -- not <sup>exacerbate</sup> ~~aggravate~~ them. That is why I have taken the action earlier described to help the wheat and feed grain farmers adjust to the severe increase in the cost of production occurring since the 1973 farm bill was enacted.

I would like to be as responsive to cotton growers as well, but unfortunately, the law is not as clear nor as flexible in the case of cotton as in the case of grain. I therefore have directed the Secretary of Agriculture to thoroughly reexamine existing cotton legal authority both in regard to calculating and establishing loan levels and in the exercise of authority to make open market purchases. This we will do in an effort to help insure the confidence of cotton producers that this Administration does indeed concern itself with their vital interests.

(MORE)

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 28, 1975

Time: 3:00pm

FOR ACTION: Mike Duval  
Robert H. Hartmann ✓  
Max Friedersdorf ✓  
Ken Lazarus  
Bill Seidman NSC/S

cc (for information): Warren Hendriks  
Jim Cavanaugh  
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Monday, April 28

Time: 5:30pm

SUBJECT:

Veto Message - H.R. 4296 the Emergency Agricultural Act of 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.  
For the President

THE WHITE HOUSE

WASHINGTON

April 29, 1975

MEMORANDUM FOR       WARREN HENDRIKS  
FROM:                 JUDY JOHNSTON  
SUBJECT:             Ag Veto Message

Bob Hormats requested that two more changes be made to the message.

- p.3 2nd paragraph, 2nd line. "with the European Community to remove(rather than "end" ) the export....
- p.4 2nd paragraph, 6th line, after sentence ending products. Add "It is our policy to do everything possible to avoid the use of export restraints in the future."

THE WHITE HOUSE  
WASHINGTON

April 28, 1975

MEMORANDUM FOR THE STAFF SECRETARY

FROM: MAX L. FRIEDERSDORF *M.L.F.*  
SUBJECT: Veto Message - H.R.4296 the Emergency Agricultural  
Act of 1975.

I recommend the substance of 2A be retained.

Although I believe a veto can probably be sustained without raising the loan rates, failure to do so will erode our strength to a dangerous level.

A whip check of hardcore support late today without raising the loan rates, shows us with 153 votes, only 8 above our 145 needed to sustain.

Seventy votes against the bill were Democrats, and many will be susceptible to switching against us if the vote is close.

It is my understanding that the loan rate increases recommended by Secretary Butz would be well below the market structure, and not affect outlays.

I believe the loan rate increase would insure a large Presidential victory on the veto and should be included in the message.



30  
April 29, 1975  
11:00 A.m. DRAFT

To the House of Representatives:

I am returning without my approval H.R. 4296, referred to as the Emergency Agricultural Act of 1975. Although the aim of this bill is laudable, its results would be costly to consumers and taxpayers, and damaging to America's economic recovery and world market position.

Approval of this bill would, therefore, not be in the public interest.

In the conduct of the Government's fiscal affairs, a line must be drawn against excesses. I drew that line in my address to the Nation on March 29. I promised all Americans that, except where long-range national security interests, energy matters, or urgent humanitarian needs were involved, I would take action to hold our fiscal year 1976 deficit to no more than \$60 billion.

New spending programs which the Congress is considering could easily raise the Federal deficit to an intolerable level of \$100 billion. This must not happen.

H.R. 4296 is an example of increased spending which is not essential. In fiscal year 1976, it could add an estimated \$1.8 billion to the Federal deficit. If used as a point of departure for longer-term legislation -- as was strongly



indicated during its consideration -- it could lead to an escalation of farm program subsidies in succeeding years.

Approval of this bill would undermine the successful market-oriented farm policy adopted by this Administration and the Congress. It is a step backward toward totally discredited policies.

Prospects for farmers, it is true, are not as bright this year as in the recent past. Farm production costs have been pushed upward by the same inflationary pressures that have affected other industries. At the same time, demand for certain farm products has slackened because of the recession.

This Administration recognizes farmers have financial difficulties due to this cost-price squeeze and has taken a number of positive steps to assist farmers. The 1976 wheat acreage allotment was recently increased by 8 million acres to 61.6 million acres. This action provides wheat producers with additional target price and disaster protection. We have also increased the 1975 crop cotton price support loan rate by 9 cents a pound. And we recently announced an increase in the price support level for milk, which, combined with easing feed prices, should assist dairy producers.

Within the past several days, we have completed negotiations with the European Community to remove the export subsidies on industrial cheese coming here -- a step that ensures that surplus dairy products will not be sold in the U.S. market at cut-rate prices. At the same time, we have worked out arrangements which enable the Europeans to continue selling us high-quality table cheese. This solution has enabled us to keep on mutually agreeable trading terms with our best customers for American farm exports.

We have also taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is completing negotiations with 12 countries limiting their 1975 exports of beef to this country. These voluntary export restraint agreements are intended to keep imports subject to the Meat Import Law to less than 1,182 million pounds.

If any unforeseen price deterioration calls for such action, I am directing the Secretary of Agriculture ~~to be~~ ~~prepared~~ to make ~~desirable~~ adjustments in price support loan rates for wheat, corn, <sup>soybeans</sup> and other feed grains. It is our expectation, however, that market prices for grains will remain well above loan rates and target prices in the coming year.



Most farmers have already made their plans and bought their seed. Many are well into their planting season. These plans have obviously been completed without any dependence on the provisions of H.R. 4296.

In the long haul, this bill ultimately would lead to constraints on production, resulting in loss of jobs in food-related industries. It would induce farmers to grow more cotton -- already in surplus -- and less soybeans -- needed for food. The bill would jeopardize the competitive position of our cotton in world markets.

American farms have responded magnificently during the past several years to produce food and fiber for this Nation and the world. This has made agriculture our leading source of foreign exchange. This year, despite very trying circumstances, most farmers are again going for all-out production. They have my support for a vigorous export policy for their products. I recognize that agricultural exports have been restrained twice in the past two years. *have eliminated all restrictions on exports and we* We are determined *not to have them again* ~~to do everything possible to avoid resorting to such restraints in the future.~~ Our farm products must have unfettered access to world markets.

This Administration will act to ensure the farmer his fair share. It will not act to distort his market. We must hold the budget line if we are all to enjoy the benefit of a prosperous, stable, non-inflationary economy.

I cannot approve this act. I return it herewith.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 30, 1975

Time: 11:00am

FOR ACTION: Bill Seidman ✓  
James Lynn ✓  
Alan Greenspan ✓  
Mike Duval  
NSC/S ✓

cc (for information): Warren Hendriks  
Jim Cavanaugh  
Robert Hartmann  
Jack Marsh  
Bill Baroody ✓  
Ken Lazarus ✓  
Max Friedersdorf ✓  
CIEP ✓

FROM THE STAFF SECRETARY

DUE: Date: April 30

Time: 3:00 pm

SUBJECT:

Revised veto message on H.R. 4296 - Emergency  
Agricultural Act of 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.  
For the President

Judy Johnston  
DRAFT  
April 30, 1975 - 7:00 a.m.

OK/OK

To the House of Representatives:

I am returning without my approval H.R. 4296, referred to as the Emergency Agricultural Act of 1975. Although the aim of this bill is laudable, its results would be costly to consumers and taxpayers, ~~and damaging to~~ <sup>it would damage</sup> America's economic recovery and world market position.

Approval of this bill ~~would~~ <sup>would</sup> therefore, not be in the public interest.

In the conduct of the Government's fiscal affairs, a line must be drawn against excesses. I drew that line in my address to the Nation on March 29. I promised all Americans that, except where ~~long-range~~ <sup>REQUIREMENTS</sup> national security interests, energy ~~matters~~ <sup>or</sup> urgent humanitarian needs were involved, I would ~~take~~ <sup>act</sup> to hold our fiscal year 1976 deficit to no more than \$60 billion.

New spending programs which the Congress is considering could easily raise the Federal deficit to an intolerable level of \$100 billion. This must not happen.

H.R. 4296 is an example of increased <sup>non-essential</sup> spending ~~which is not essential~~. In fiscal year 1976, it could add an estimated \$1.8 billion to the Federal deficit. If used as a point of departure for longer-term legislation -- as was strongly



OK  
m. f.  
4/30/75

*during its consideration*  
indicated ~~during its consideration~~ -- it could lead to an escalation of farm program subsidies in succeeding years.

Approval of this bill would undermine the successful market-oriented farm policy adopted by this Administration and the Congress. It is a step backward toward ~~to~~ *previously* discredited policies.

Prospects for farmers, it is true, are not as bright this year as in the recent past. Farm production costs have been pushed upward by the same inflationary pressures that ~~have affected~~ other industries. ~~At the same time,~~ Demand for certain farm products has *simultaneously* slackened because of the recession.

*The* Administration <sup>^</sup> recognizes <sup>that</sup> farmers have financial difficulties due to this cost-price squeeze, ~~and~~ <sup>or</sup> has taken a number of positive steps to assist farmers. The 1976 wheat acreage allotment was recently increased by 8 million acres to 61.6 million acres. This action provides wheat producers with additional target price and disaster protection. *1* We have also increased the 1975 crop cotton price support loan rate by 9 cents a pound. And we recently announced an increase in the price support level for milk, which, combined with easing feed prices, should <sup>be helpful to</sup> ~~assist~~ dairy producers.

million pounds.

In addition, if unforeseen price deterioration requires action on my part, I will direct the Secretary of Agriculture to make adjustments in price support loan rates for wheat, corn, soybeans, and other feed grains. But it is our expectation, that market prices for grains will remain well above loan rates and target prices in the coming year.

Within the past several days, we have completed negotiations with the European Community to remove the export subsidies on industrial cheese coming here -- a step that ensures that surplus dairy products will not be sold in the U.S. market at cut-rate prices. At the same time, we have worked out arrangements which enable the Europeans to continue selling us high-quality table cheese. This solution has enabled us to keep on mutually agreeable trading terms with our best customers for American farm exports.

*The Administration has*

~~We~~ have also taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is completing negotiations with 12 countries limiting their 1975 exports of beef to this country. These voluntary export restraint agreements are intended to keep

imports subject to the Meat Import Law to less than ~~1.18~~ <sup>1.18</sup> million pounds. *In addition, if*

~~any~~ unforeseen price deterioration *requires action on my part, I will*

~~action~~ *But it* directing the Secretary of Agriculture to make adjustments in price support loan rates for wheat, corn, soybeans, and other feed grains. ~~It~~ is our expectation

~~however,~~ that market prices for grains will remain well above loan rates and target prices in the coming year.

*7*  
*Steel*



Most farmers have already made their plans and bought their seed. Many are well into their planting season. These plans have obviously been completed without any dependence on the provisions of H.R. 4296.

In the long haul, this bill ultimately would lead to constraints on production <sup>AND</sup> resulting in loss of jobs in food-related industries. It would induce farmers to grow more cotton -- already in surplus -- and less soybeans ~~to~~ needed for food. The bill would jeopardize the competitive position of our cotton in world markets.

American farms <sup>ERS</sup> have responded magnificently during the past several years to produce food and fiber for this Nation and the world. This has made agriculture our leading source of foreign exchange. This year, despite very trying circumstances, most farmers are again <sup>seeking full</sup> ~~going for all out~~ production. They have my support for a vigorous export policy for their products. I recognize that agricultural exports have been restrained twice in the past two years. We have <sup>now</sup> eliminated all restrictions on exports and ~~we~~ are determined not to <sup>impose</sup> ~~have~~ them again.

Our farm products must have unfettered access to world markets.

This Administration will act to <sup>protect American</sup> ~~ensure~~ the farmer <sup>and</sup> his <sup>best interests.</sup> ~~fair share~~. It will not act to distort his market. We must



hold the budget line if we are all to enjoy the benefit  
of a prosperous, stable, non-inflationary economy.

*In all these reasons,*

I cannot approve this act. ~~I return it herewith.~~

*H.*

