The original documents are located in Box 119, folder "Farm Bill" of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

April 22, 1975

SUBJECT: BUTZ SAYS PRESIDENT WILL VETO FARM BILL

According to Secretary Earl Butz, President Ford has told him that he will veto the farm bill. In addition, Butz says that the Administration would permit a substantial administrative increase in support loan rates for some major crops, particularly for wheat and corn. He said the existing loan rates for these two crops are, "unrealisticly low".

Can you confirm that the President will veto the farm bill?

GUIDANCE: It is my understanding that Secretary Butz has said that he will recommend that the President veto the farm bill, but I have not heard the President say that he will definitely veto the farm bill.

Will the Administration administratively increase the support loan rates for some major crops?

GUIDANCE: It is my understanding that is now being reviewed, and that Secretary Butz will probably recommend to the President that there be an increase in support loan rates for certain crops.

JGC

April 15, 1975

SUBJECT: PRESIDENT'S MEETING WITH SENATOR DOLE AND MINORITY MEMBERS OF THE SENATE AGRICULTURE COMMITTEE ON THE FARM BILL

The President met yesterday with Senator Bob Dole and the Minority members of the Senate Agriculture and Forestry Committee to discuss the pending farm legislation now in conference.

Has the President changed or softened his position in ~~regards the~~ pending farm bill?

GUIDANCE: The President truly recognizes and is sympathetic to the concerns and problems of the farmers. However, he must balance this against larger federal deficits and increased consumer costs.

The President has made no final decision regarding the farm legislation, but as you know, the Secretary of Agriculture has stated that he will recommend that the President veto the farm bill.

Met Lynn & Butz this a.m.
Still opposed.

JGC

April 14, 1975

SUBJECT: CONFEREES MEET ON FARM BILL

The Conferees have begun meeting on the Emergency Farm Bill, which will increase price support levels on wheat, corn, cotton and dairy products.

A Saturday UPI wire story quoted the President as saying he would veto the Farm Bill. Is that story correct and will the President veto the Farm legislation now before the Conferees?

GUIDANCE: It should be recognized that the Farm Bill that has passed both and House and Senate will raise consumer costs, both in the form of higher prices at the supermarket and in taxes. The House bill could cost the gvmt per year about $1.3 billion more than the present farm program and the Senate bill could cost over $2 billion more than the present program. In addition, it is estimated that consumer costs at the supermarket could increase--milk could go up 6¢ per gallon, with cheese increasing 7¢ per pound and butter up 15¢ more per pound.

Therefore, the President is very strongly opposed to the bills currently before the Conferees. As you know, he has received from the Secretary of Agriculture a recommendation that any farm bill be vetoed.

Doesn't the Administration feel some necessity of guarantying farmers adequate profits in the face of rising production costs?

GUIDANCE: The Administration views the kind of change in farm policy proposed as a step backward for both farmers and consumers. We feel that it is a dangerous step toward getting the government back in the farm business with acreage controls, allotments, payments, and surpluses. When food supplies become more abundant in relation to demand, higher price supports would prompt a return to substantial land diversion, large government payments, export subsidies, import restrictions, and possibly even to the mandatory productions controls of the past.

We feel this legislation would hurt our farm export market, rather than help it. Farmers have to depend on exporting or they are in trouble. At the present time, the farmer must export about one crop acre out of about every four acres. This legislation could seriously hinder our export markets.

(More)

Isn't it correct that if the target prices are not increased, the farmers will not produce to their maximum abilities and capabilities?

GUIDANCE: The House has passed a one-year bill. Farmers right now can contract to sell their 1975 grain crops at prices higher than the target levels in the legislation. There is all the incentive anyone should need.

Then why is there an opposition to raising the target prices if the open market prices are already higher than the proposed target prices?

GUIDANCE: The danger in this is that quite often the target prices are never lowered, and in the future, these higher target prices will become the floor price. The government then becomes the market for these products, rather than what the people in the world want. Then objections arise to subsidizing the farmers so greatly. Past history shows that the next step is in acreage controls on the farmer. For thirty years the farmers have objected to the Federal government telling them how to run their business, and this certainly is a step in that direction.

Why do higher target prices have any effect on exports?

GUIDANCE: If the world price is lower than the target price, the Federal government has to pay a subsidy to move these products overseas. We have encouraged foreign countries to open up their markets to competition and quit subsidizing their farmers and dairy producers. If we subsidize our farmers, it makes it much more difficult to negotiate open and free markets around the world.

Does the Administration favor the establishment of a U.S. grain reserve?

GUIDANCE: The Administration favors establishment of a U.S. grain reserve, as part of a world network of nationally held reserves, endorsed by the World Food Conference, but believes strongly that such a reserve should be held by the private sector and not be government owned. In addition, the

Administration favors moving rice, peanuts and extra long staple cotton into market-oriented programs in phase with current feed grain, wheat and cotton programs. The Department of Agriculture will submit legislation to the Congress designed at repealing these outdated programs.

Summary of Current House Agriculture Committee Target Price Proposals -- 1975

Item	Corn-$/bu.	Wheat-$/bu.	Cotton-¢/lb.
TARGET PRICE			
Current	$1.38	$2.05	.38
Proposed	$2.25	$3.10	.45
LOAN RATE			
Current	$1.10	$1.37	.25
Proposed	$1.87	$2.50	.38

1975 Farm Program compared to House and Senate Bills

		Present Program			House Bill				Senate Bill			
		Target price Dol.	Loan level Dol.	Outlays $M	Target price Dol.	Loan level Dol.	Outlays $M	Inc. over pres. prog $M	Target price Dol.	Loan level Dol.	Outlays $M	Inc. over pres. pro $M
Wheat	(Bu.)	2.05	1.37	75	3.10	2.50	113	38	3.41	2.89	558	483
Corn	(Bu.)	1.38	1.10	1/104	2.25	1.87	1/169	65	2.25	1.87	1/169	65
Cotton	(Lb.)	.38	.343	164	.45	.38	626	462	.48	.40	941	777
Soybeans	(Bu.)	None	None	0	None	3.94	709	709	None	3.94	709	709
Dairy		80% Dec. 74 parity.		345	80% of parity, adj. qtrly.		411	66	85% of parity, adj. qtrly.		493	148
Tobacco	(Lb.)											
Flue cured		None	93.2	4*	Same as present prog.		4*	0		1.04	2	6
Burley		None	96.1							1.12		
Total				684			2,024	1,340			2,872	2,188

*Denotes gain

1/ All feed grains

March 21, 1975

SUBJECT: HOUSE APPROVES FARM BILL

The House yesterday passed a one-year emergency farm bill which increases price support levels on wheat, corn, cotton, and dairy products. The cost of the bill is estimated at $470 million. The bill must now go to the Senate, where the Agriculture Committee is considering even higher levels and a three-year, rather than a one-year bill.

In light of Secretary Butz's recommendation, will the President veto the farm bill as passed in the House?

GUIDANCE: I think it should be recognized that the farm bill that has passed the House will raise consumer costs, both in the form of prices at the supermarket, and in taxes. It is estimated that consumer costs at the supermarket could increase the cost of milk 6¢ per gallon with cheese increasing 7¢ per pound and butter up to 15¢ more per pound. In addition, the estimated cost to the taxpayers is approximated at $470 million. this year. This bill also works against efficiency in agriculture production and marketing, so consumers are denied the benefits that otherwise would come from increased efficiency on farms.

Doesn't the Administration feel some necessity of guarantying farmers adequate profits in the face of rising production costs?

GUIDANCE: The Administration views the kind of change in farm policy proposed as a step backward for both farmers and consumers. We feel that it is a dangerous step toward getting the government back in the farm business with acreage controls, allotments, payments, and surpluses. When food supplies become more abundant in relation to demand, higher price supports would prompt a return to substantial land diversion, large government payments, export subsidies, import restrictions, and possibly even to the mandatory productions controls of the past.

We feel this legislation would hurt our farm export market, rather than help it. Farmers have to depend on exporting or they are in trouble. At the present time, the farmer must export about one crop acre out of about every four acres. This legislation could seriously hinder our export markets.

(More)

Isn't it correct that if the target prices are not increased, the farmers will not produce to their maximum abilities and capabilities?

GUIDANCE: The House has passed a one-year bill. Farmers right now can contract to sell their 1975 grain crops at prices higher than the target levels in the legislation. There is all the incentive anyone should need.

Then why is there an opposition to raising the target prices if the open market prices are already higher than the proposed target prices?

GUIDANCE: The danger in this is that quite often the target prices are never lowered, and in the future, these higher target prices will become the floor price. The government then becomes the market for these products, rather than what the people in the world want. Then objections arise to subsidizing the farmers so greatly. Past history shows that the next step is in acreage controls on the farmer. For thirty years the farmers have objected to the Federal government telling them how to run their business, and this certainly is a step in that direction.

Why do higher target prices have any effect on exports?

GUIDANCE: If the world price is lower than the target price, the Federal government has to pay a subsidy to move these products overseas. We have encouraged foreign countries to open up their markets to competition and quit subsidizing their farmers and dairy producers. If we subsidize our farmers, it makes it much more difficult to negotiate open and free markets around the world.

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GUIDANCE: The Administration favors establishment of a U.S. grain reserve, as part of a world network of nationally held reserves, endorsed by the World Food Conference, but believes strongly that such a reserve should be held by the private sector and not be government owned. In addition, the

Administration favors moving rice, peanuts and extra long staple cotton into market-oriented programs in phase with current feed grain, wheat and cotton programs. The Department of Agriculture will submit legislation to the Congress designed at repealing these outdated programs.

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THE WHITE HOUSE

WASHINGTON

March 20, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: MAX L. FRIEDERSDORF M.F.

SUBJECT: The Farm Bill

The Farm Bill passed the House today, 259-162, after rejecting a Findley recommital motion, 118-297.

An amendment to lower dairy support prices from 85% to 80% of parity, was passed.

Also passed yesterday was an amendment to lower cotton target prices from 48¢ to 45¢ per pound. (Still unacceptable to USDA)

These amendments reduced the cost of the bill by an estimated $375 million from the $1 billion cost of the Committee bill.

A veto looks easily sustainable, but we will get a hard lobby from John McCollister and other Midwest Republicans for you to sign the bill. They have already started.

bcc: Don Rumsfeld
Bob Hartmann
Jack Marsh
~~Ron~~ Nessen

MARCH 5, 1975

SUBJECT: FARM PRICE SUPPORT LEGISLATION

The House Agriculture Committee has agreed to a one-year "emergency" revision to the Agriculture and Consumer Protection Act of 1973. The revision provides for the adjustment of target prices and/or loan levels for wheat, feed grains, cotton, as well as provides higher milk price supports to aid dairy farmers.

What is the Administration's reaction to the proposed target prices?

GUIDANCE: The Administration opposes enactment of these revisions that would alter the target price and loan level provisions of existing legislation. Higher target prices have been rationalized by supporters on the basis that farmers need higher targets to provide additional production incentive.

The Administration views the kind of change in farm policy proposed in the bills as a step backward for both farmers and consumers. When food supplies become more abundant in relation to demand, higher price supports would prompt a return to substantial land diversion, large government payments, export subsidies, import restrictions, and possibly even to the mandatory production controls of the past.

Does the Administration favor the establishment of a U.S. grain reserve?

GUIDANCE: The Administration favors establishment of a U.S. grain reserve, as part of a world network of nationally held reserves, endorsed by the World Food Conference, but believes strongly that such a reserve should be held by the private sector and not be government owned. In addition, the Administration favors moving rice, peanuts and extra long staple cotton into market-oriented programs in phase with current feed grain, wheat and cotton programs. The Department of Agriculture will submit legislation to the Congress designed at repealing these outdated programs.

JGC