

**The original documents are located in Box 24, folder “1975/05/01 HR4296 Emergency Agriculture Act of 1975 (vetoed) (3)” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.**

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Exact duplicates within this folder were not digitized.

Greenspan: John Davis called in one comment  
on veto message. 1st page 4th line.  
add "livestock producers" after consumers.  
Sentence read ..to consumers, livestock  
producers and taxpayers."

*this was not added  
per Jim Cavanaugh*



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

Bill Baroody  
Ken Lazarus  
Max Friedersdorf

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

FROM THE STAFF SECRETARY

*Loes.*

DUE: Date: April 30

Time: 3:00 pm

SUBJECT:

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

*Copy sent to Sec. Butz.*

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.

Dagmar N. [unclear]  
For the Staff Secretary

*Judy*  
D R A F T

April 30, 1975 - 7:00 a.m.

*OK/GAF*

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, <sup>*OK*</sup> ~~and damaging to~~ <sup>*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>*REQUIREMENTS*</sup> 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 <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*  
*2009*  
*4/30/75*

indicated <sup>during its consideration</sup> ~~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 <sup>primary</sup> ~~primary~~ 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,~~ <sup>simultaneously</sup> demand for certain farm products has slackened because of the recession.

# →

<sup>1/2</sup> This Administration recognizes <sup>that</sup> farmers have financial difficulties due to this cost-price squeeze <sup>at</sup> 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. <sup>2</sup> 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.



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 *agreements* ~~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~~ *1.182* ~~2~~

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.



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 ~~the~~ 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>striking 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.*





FD P.3

PRICES PAID BY FARMERS ARE CURRENTLY 11% ABOVE YEAR AGO LEVELS. IN CONTRAST, THE INDEX OF PRICES RECEIVED BY FARMERS IS NOW 7% BELOW YEAR EARLIER LEVELS. FORTUNATELY, THE 5-MONTH DECLINE IN PRICES RECEIVED BY FARMERS HAS BEEN REVERSED. THIS INDEX ON APRIL 15 WAS 4% ABOVE A MONTH EARLIER.

Taken over the phone on 4/30 at 3:50 p.m. with Deputy Assistant Secretary Richard Bell 447-2593.



THE WHITE HOUSE

WASHINGTON

April 30, 1975

MEMORANDUM FOR:

WARREN HENDRIKS

FROM:

MAX L. FRIEDERSDORF *pkw*

SUBJECT:

Action Memorandum - Log No.

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

The Office of Legislative Affairs concurs with the Agencies  
that the revised veto message be signed.



Attachments

→ Judy Johnson  
a few  
suggestions &  
Comments on  
page 4.

THE WHITE HOUSE  
WASHINGTON

DATE: \_\_\_\_\_

TO: \_\_\_\_\_ F. DEBACA \_\_\_\_\_ PAM POITTEL <sup>Don</sup>  
\_\_\_\_\_ JEFF EVES \_\_\_\_\_ STAN SCOTT <sup>Webster</sup>  
\_\_\_\_\_ VIRGINIA KNAUER \_\_\_\_\_ WAYNE VALIS  
\_\_\_\_\_ PAT LINDH \_\_\_\_\_ JOHN VICKERMAN  
\_\_\_\_\_ TED MARRS \_\_\_\_\_  DON WEBSTER

FROM: WILLIAM J. BAROODY, JR.

\_\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_\_ FOR APPROPRIATE ACTION  
 FOR YOUR COMMENTS/  
RECOMMENDATIONS  
\_\_\_\_\_ OTHER:



Look ok to me -  
send forward if you  
agree  
Ⓡ

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

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.

Barbara K. [unclear]  
[unclear]

Judy Johnston  
D R A F T

April 30, 1975 - 7:00 a.m.

OK/GR

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~~ therefore, <sup>would</sup> 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 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 <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  
4/30/75

indicated <sup>during its consideration</sup> ~~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 <sup>previously</sup> ~~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 <sup>simultaneously</sup> has slackened because of the recession.

<sup>The</sup> Administration recognizes <sup>that</sup> farmers have financial difficulties due to this cost-price squeeze <sup>or</sup> 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. <sup>1</sup> 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, <sup>be helpful to</sup> 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.

*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 <sup>1.18</sup>~~1.182~~ <sup>2</sup>

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.

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 ~~the~~ needed for food. The bill would jeopardize the competitive position of our cotton in world markets.

*Redundant*

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>striking 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 <sup>impose</sup> all restrictions on exports and ~~we~~ are determined not to <sup>impose</sup> ~~have~~ them again.

*Should we be quite so firm on this?*



Our farm products must have unfettered access to world markets.

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

*Sounds very paternal & almost condescending*



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.~~

*J.*



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 30, 1975

Time: 11:00am

FOR ACTION: Bill Seidman ✓  
James Lynn  
Alan Greenspan Bill Barody  
Mike Duval Ken Lazarus  
NSC/S Max Friedersdorf

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

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.

D P A F T

April 30, 1975 - 7:00 a.m.

*OK/AS*

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.~~ *700 STRONG*

*OUT*

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

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, *REQUIREMENTS*, 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 *non-essential* 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*  
*W. J.*

*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 ~~the~~ <sup>old</sup> ~~outdated~~ <sup>discarded</sup> 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,~~ <sup>At the same time,</sup> demand for certain farm products has slackened <sup>considerably</sup> because of the recession.

~~This~~ <sup>That</sup> Administration recognizes <sup>at</sup> farmers have financial difficulties due to this cost-price squeeze, ~~and~~ <sup>and</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. <sup>I</sup> 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.



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 <sup>1.18</sup> ~~1.18~~ million pounds.

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.



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. *How?*]

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>sicking field</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>and</sup> eliminated all restrictions on exports and we are determined not to <sup>export</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 ~~best interests.~~ <sup>fair share.</sup> 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 respects,*

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

*H.*





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

Bill Baroody  
Ken Lazarus  
Max Friedersdorf

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

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

No objection.

Ken Lazarus



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.

SEARCHED  
SERIALIZED  
INDEXED  
MAY 1 1975



Date: April 30, 1975

Time: 11:00am

FOR ACTION: Bill Seidman  
James Lynn  
Alan Greenspan  
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Warren N. Hendriks  
Staff Secretary

Judy Johnston  
D R A F T

April 30, 1975 - 7:00 a.m.

OK/GR

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 <sup>not only to</sup> ~~to~~ consumers and taxpayers, <sup>it would damage</sup> ~~and damaging to~~ America's economic recovery and <sup>our international</sup> world market position. <sup>which</sup> ~~it~~ <sup>would</sup>

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~~ <sup>REQUIREMENTS</sup> national security interests, energy ~~matters~~ <sup>^</sup> or urgent humanitarian needs were involved, I would ~~take action~~ to hold our fiscal year 1976 deficit to no more than \$60 billion.

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OK  
M.A.  
4/30/75

indicated <sup>during its consideration</sup> ~~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 <sup>previously</sup> ~~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 <sup>simultaneously</sup> has slackened because of the recession.

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million pounds.

*¢ Paay*  
~~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.



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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, <sup>It is our policy to</sup> ~~and we are determined not to~~ <sup>on that</sup> ~~have them again.~~ <sup>effort</sup> ~~to make easy to avoid imposing~~ <sup>Herzog</sup>

Our farm products must have unfettered access to world markets.

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

*is determined to*



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

*(In all these reasons,*

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



THE WHITE HOUSE

ACTION

WASHINGTON

April 30, 1975

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *JC*

SUBJECT:

Enrolled Bill H.R. 4296  
Emergency Agriculture  
Act of 1975

Attached for your approval and signature is a veto message to the Congress returning H.R. 4296, the Emergency Agriculture Act of 1975, which was sponsored by Representative Foley.

Secretary Butz, OMB, NSC, CIEP, Phil Buchen (Lazarus), Bill Seidman, Max Friedersdorf, Bill Baroody, Alan Greenspan and I recommend approval of the veto message which has been cleared by Paul Theis.

RECOMMENDATION

That you sign the veto message at Tab A.



Differing Comments on veto message:

1st page. 1st paragraph.

Paragraph reads:

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. It would damage America's economic recovery and world market position."

Dr. Sharp of CIEP: after "...costly " add not only to consumers and taxpayers but to American farmers in the long run." "It would damage America's economic recovery and our international market position which is so essential to American agriculture's long term interests."

Bill Seidman ~~strongly~~ wants sentence beginning "It would damage....deleted."

---





4th Page, 3rd paragraph.

9th line of that paragraph beginning: "We have now eliminated all restrictions on exports and we are determined not to have them again."

Dr. Sharp: Eliminate that sentence. Too strong.

Bob Hormats: "It is our policy to make every effort to avoid imposing ~~imposing~~ them again." (Hormats feels sure that Seidman would agree with his phrasing, that this is consistent with what the President wanted to say)

Bill Baroody: Thinks the sentence as is too firm.

~~Dr. Sharp also wanted to add after the following sentence on p.4 "Our farm products must have unfettered access to world markets. Accordingly, we will give agriculture a high priority in the current multi-lateral trade negotiations in Geneva."~~



Old File



Let's Message

4/30/75

9:30 a.m.

Orig. to be placed on  
N. Hendrick's desk.

So that he will have  
by 7:00 a.m.

Specils - held by Carver.

Judy Johnston  
D R A F T

April 30, 1975 - 7:00 a.m.

Get to American Farmers  
in the long run.  
Long run

OK/GAF

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~~ <sup>NOT only</sup> ~~and damaging to America's economic recovery and world market position~~ <sup>It would damage OUR International</sup> ~~which is so essential to American Agriculture's long term interests.~~ <sup>would</sup>  
Approval of this bill ~~would~~ therefore, not be in the public interest.

to insect killers  
to insecticides  
"invested producers"

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 ~~large~~ <sup>REQUIREMENTS</sup> national security interests, ~~energy matters~~ <sup>or</sup> urgent humanitarian needs were involved, I would ~~take~~ <sup>take</sup> 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 <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  
Jm  
4/30/75

indicated <sup>during its consideration</sup> ~~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 <sup>previously</sup> ~~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 <sup>simultaneously</sup> slackened because of the recession.

<sup>The</sup> ~~This~~ Administration recognizes <sup>that</sup> farmers have financial difficulties due to this cost-price squeeze <sup>or</sup> 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. <sup>2</sup> 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.



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 ~~1,182~~ <sup>448</sup> 1,182 <sub>2</sub>

*B.M.*  
million pounds.

add insert → "A"  
~~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.



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 ~~are determined~~ <sup>will make every effort</sup> not to <sup>impose</sup> ~~have~~ them again.

Our farm products must have unfettered access to world markets.

This Administration <sup>is determined to act in support of the</sup> ~~will act to ensure~~ <sup>protected American</sup> the farmer <sup>and</sup> his <sup>best interests.</sup> ~~fair share.~~ It will not act to distort his market. We must

*Powerful  
potential*



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

In all these reasons,

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

*[Handwritten mark]*





11A(11)

level of a year ago

Present  
p. 3.

PRICE PAID BY FARMERS ARE CURRENTLY 11% ABOVE YEAR-AGO LEVELS. IN CONTRAST, THE INDEX OF PRICES RECEIVED BY FARMERS IS NOW 7% BELOW ~~YEAR EARLIER LEVELS~~. FORTUNATELY, THE 5-MONTH DECLINE IN PRICES RECEIVED BY FARMERS HAS BEEN REVERSED. THIS INDEX ON APRIL 15 WAS 4% ABOVE A MONTH EARLIER.

Percent

percent

Percent

Taken over the phone on 4/30 at 3:50 p.m. with Deputy Assistant Secretary Richard Bell 447-2593.

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 not only to consumers and taxpayers but to American farmers in the long run. It would damage our international market position which is so essential to American agriculture's long-term interests.

Approval of this bill, therefore, would 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 national security interests, energy requirements, or urgent humanitarian needs were involved, I would act 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 non-essential spending. 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 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 affect other industries. Demand for certain farm products has simultaneously slackened because of the recession.

The Administration recognizes that farmers have financial difficulties due to this cost-price squeeze. It 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 be helpful to 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.

The Administration has 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.



Prices paid by farmers are currently 11 percent above year-ago levels. In contrast, the index of prices received by farmers is now 7 percent below levels of a year ago. Fortunately, the 5-month decline in prices received by farmers has been reversed. This index on April 15 was 4 percent above a month earlier. 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.

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 would lead to constraints on production and result 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 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, despite very trying circumstances, most farmers are again seeking full 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 now eliminated all restrictions on exports and will make every effort not to impose them again. Our farm products must have unfettered access to world markets.



This Administration is determined to act in support of the American farmer and his best interests. It will not act to distort his market. We must hold the budget line if we are all to enjoy the benefits of a prosperous, stable, non-inflationary economy.

For all these reasons, I cannot approve this act.

THE WHITE HOUSE,





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*For Comm*

DETER

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THE LATEST INDEX, RELEASED WEDNESDAY, SHOWS THAT  
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9

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