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E WHITE HOUSE
WASHINGTON

Nessen

FROM: PAUL THEIS

Attached is material
on wheat and wheat
prices which Bob
Hultmann asked me
to get to you.



GENERAL ASSEMBLY OF THE UNITED NATIONS

*The President's Address to the 29th Session of the General Assembly.
September 18, 1974*

Mr. President, Mr. Secretary General, your Excellencies:

In 1946, President Harry Truman welcomed representatives of 55 nations to the first General Assembly of the United Nations. Since then, every American President has had the great honor of addressing this Assembly.

Today, with pleasure and humility, I take my turn in welcoming you, the distinguished representatives of 138 nations.

When I took office, I told the American people that my remarks would be "just a little straight talk among friends." Straight talk is what I propose here today in the first of my addresses to the representatives of the world.

Next week, Secretary of State Henry Kissinger will present in specifics the overall principles which I will outline in my remarks today. It should be emphatically understood that the Secretary of State has my full support and the unquestioned backing of the American people.

As a party leader in the Congress of the United States, as Vice President, and now as President of the United States of America, I have had the closest working relationship with Secretary of State Kissinger. I have supported and will continue to endorse his many efforts as Secretary of State and in our National Security Council system to build a world of peace.

Since the United Nations was founded, the world has experienced conflicts and threats to peace, but we have avoided the greatest danger—another world war. Today, we have the opportunity to make the remainder of this century an era of peace and cooperation and economic well-being.

The harsh hostilities which once held great powers in their rigid grasp have now begun to moderate. Many of the crises which dominated past General Assemblies are fortunately behind us. And technological progress holds out the hope that one day all men can achieve a decent life.

Nations too often have had no choice but to be either hammer or anvil, to strike or to be struck. Now we have a new opportunity—to forge, in concert with others, a framework of international cooperation. That is the course the United States has chosen for itself.

On behalf of the American people, I renew these basic pledges to you today.

—We are committed to a pursuit of a more peaceful, stable, and cooperative world. While we are determined never to be bested in a test of strength, we will devote our strength to what is best. And in the nuclear era, there is no rational alternative to accords of mutual restraint between the United States and the Soviet Union, two nations which have the power to destroy mankind.

—We will bolster our partnerships with traditional friends in Europe, Asia, and Latin America to meet new challenges in a rapidly changing world. The maintenance of such relationships underpins rather than undercuts the search for peace.



—We will seek out, we will expand our relations with old adversaries. For example, our new rapport with the People's Republic of China best serves the purposes of each nation and the interests of the entire world.

—We will strive to heal old wounds, reopened in recent conflicts in Cyprus, the Middle East, and in Indochina. Peace cannot be imposed from without, but we will do whatever is within our capacity to help achieve it.

—We rededicate ourselves to the search for justice, equality, and freedom. Recent developments in Africa signal the welcome end of colonialism. Behavior appropriate to an era of dependence must give way to the new responsibilities of an era of interdependence.

No single nation, no single group of nations, no single organization can meet all of the challenges before the community of nations. We must act in concert. Progress toward a better world must come through cooperative efforts across the whole range of bilateral and multilateral relations.

America's revolutionary birth and centuries of experience in adjusting democratic government to changing conditions have made Americans practical as well as idealistic. As idealists, we are proud of our role in the founding of the United Nations and in supporting its many accomplishments. As practical people, we are sometimes impatient at what we see as shortcomings.

In my 25 years as a Member of the Congress of the United States, I learned two basic practical lessons:

First, men of differing political persuasions can find common ground for cooperation. We need not agree on all issues in order to agree on most. Differences of principle, of purpose, of perspective will not disappear. But neither will our mutual problems disappear unless we are determined to find mutually helpful solutions.

Second, a majority must take into account the proper interest of a minority if the decisions of the majority are to be accepted. We who believe in and live by majority rule must always be alert to the danger of the "tyranny of the majority." Majority rule thrives on the habits of accommodation, moderation, and consideration of the interests of others.

A very stark reality has tempered America's actions for decades and must now temper the actions of all nations. Prevention of full-scale warfare in the nuclear age has become everybody's responsibility. Today's regional conflict must not become tomorrow's world disaster. We must assure by every means at our disposal that local crises are quickly contained and resolved.

The challenge before the United States [Nations] is very clear. This organization can place the weight of the world community on the side of world peace. And this organization can provide impartial forces to maintain the peace.

And at this point I wish to pay tribute on behalf of the American people to the 37 members of the United Nations peacekeeping forces who have given their lives in the Middle East and in Cyprus in the past 10 months, and I convey our deepest sympathies to their loved ones.

Let the quality of our response measure up to the magnitude of the challenge that we face. I pledge to you that America will continue to be constructive, innovative, and responsive to the work of this great body.



The nations in this hall are united by a deep concern for peace. We are united as well by our desire to ensure a better life for all people.

Today, the economy of the world is under unprecedented stress. We need new approaches to international cooperation to respond effectively to the problems that we face. Developing and developed countries, market and nonmarket countries—we are all a part of one interdependent economic system.

The food and oil crises demonstrate the extent of our interdependence. Many developing nations need the food surplus of a few developed nations. And many industrialized nations need the oil production of a few developing nations.

Energy is required to produce food and food to produce energy—and both to provide a decent life for everyone. The problems of food and energy can be resolved on the basis of cooperation, or can, I should say, [be] made unmanageable on the basis of confrontation. Runaway inflation, propelled by food and oil price increases, is an early warning signal to all of us.

Let us not delude ourselves. Failure to cooperate on oil and food and inflation could spell disaster for every nation represented in this room. The United Nations must not and need not allow this to occur. A global strategy for food and energy is urgently required.

The United States believes four principles should guide a global approach:

First, all nations must substantially increase production. Just to maintain the present standards of living the world must almost double its output of food and energy to match the expected increase in the world's population by the end of this century. To meet aspirations for a better life, production will have to expand at a significantly faster rate than population growth.

Second, all nations must seek to achieve a level of prices which not only provides an incentive to producers but which consumers can afford. It should now be clear that the developed nations are not the only countries which demand and receive an adequate return for their goods. But it should also be clear that by confronting consumers with production restrictions, artificial pricing, and the prospect of ultimate bankruptcy, producers will eventually become the victims of their own actions.

Third, all nations must avoid the abuse of man's fundamental needs for the sake of narrow national or bloc advantage. The attempt by any nation to use one commodity for political purposes will inevitably tempt other countries to use their commodities for their own purposes.

Fourth, the nations of the world must assure that the poorest among us are not overwhelmed by rising prices of the imports necessary for their survival. The traditional aid donors and the increasingly wealthy oil producers must join in this effort.

The United States recognizes the special responsibility we bear as the world's largest producer of food. That is why Secretary of State Kissinger proposed from this very podium last year a world food conference to define a global food policy. And that is one reason why we have removed domestic restrictions on food productions in the United States.

It has not been our policy to use food as a political weapon, despite the oil embargo and recent oil prices and production decisions.



It would be tempting for the United States—beset by inflation and soaring energy prices—to turn a deaf ear to external appeals for food assistance, or to respond with internal appeals for export controls. But however difficult our own economic situation, we recognize that the plight of others is worse.

Americans have always responded to human emergencies in the past, and we respond again here today. In response to Secretary General Waldheim's appeal and to help meet the long-term challenge in food, I reiterate: To help developing nations realize their aspirations to grow more of their own food, the United States will substantially increase its assistance to agricultural production programs in other countries.

Next, to ensure that the survival of millions of our fellow men does not depend upon the vagaries of weather, the United States is prepared to join in a worldwide effort to negotiate, establish, and maintain an international system of food reserves. This system will work best if each nation is made responsible for managing the reserves that it will have available.

Finally, to make certain that the more immediate needs for food are met this year, the United States will not only maintain the amount it spends for food shipments to nations in need but it will increase this amount this year.

Thus, the United States is striving to help define and help contribute to a cooperative global policy to meet man's immediate and long-term need for food. We will set forth our comprehensive proposals at the World Food Conference in November.

Now is the time for oil producers to define their conception of a global policy on energy to meet the growing need and to do this without imposing unacceptable burdens on the international monetary and trade system.

A world of economic confrontation cannot be a world of political cooperation. If we fail to satisfy man's fundamental needs for energy and food, we face a threat not just to our aspirations for a better life for all our peoples but to our hopes for a more stable and a more peaceful world. By working together to overcome our common problems, mankind can turn from fear towards hope.

From the time of the founding of the United Nations, America volunteered to help nations in need, frequently as the main benefactor. We were able to do it. We were glad to do it. But as new economic forces alter and reshape today's complex world, no nation can be expected to feed all the world's hungry peoples.

Fortunately, however, many nations are increasingly able to help. And I call on them to join with us as truly united nations in the struggle to produce, to provide more food at lower prices for the hungry and, in general, a better life for the needy of this world.

America will continue to do more than its share. But there are realistic limits to our capacities. There is no limit, however, to our determination to act in concert with other nations to fulfill the vision of the United Nations Charter, to save succeeding generations from the



July 3, 1974. I ask the Senate's advice and consent to its ratification.

The provisions of the Protocol are explained in detail in the report of the Department of State which I enclose. The main effect of the Protocol is to limit further the level and potential extent of ABM deployment permitted by the 1972 ABM Treaty. The Protocol furthers fundamental United States objectives set forth in President Nixon's message to the Senate of June 13, 1972, transmitting the Agreements reached at SALT ONE.

The ABM Treaty prohibits the deployment of operational ABM systems or their components except at two deployment areas, one centered on a Party's national capital area and the other in a separate area containing ICBM silo launchers. The Protocol would amend the Treaty to limit each Party to a single ABM deployment area at any one time, which level is consistent with the current level of deployment. However, each side would retain the right to remove its ABM system and the components thereof from their present deployment area and to deploy an ABM system or its components in the alternative deployment area permitted by the ABM Treaty. This right may be exercised only once.

This Protocol represents a further advance in the stabilization of the strategic relationship between the United States and the Soviet Union. It reinforces the ABM Treaty provision that neither Party will establish a nationwide ABM defense or a base for such a defense.

I believe that this Protocol strengthens the ABM Treaty and will, as an integral part of the Treaty, contribute to the reduction of international tension and a more secure and peaceful world in which the security of the United States is fully protected. I strongly recommend that the Senate give it prompt and favorable attention.

GERALD R. FORD

The White House,
September 19, 1974.

United States Participation in the United Nations

*The President's Message to the Congress Transmitting
the 28th Annual Report, Covering Calendar
Year 1973. September 19, 1974*

To the Congress of the United States:

I am pleased to send to the Congress the 28th annual report on United States participation in the work of the United Nations.

This report, covering Calendar Year 1973, encompasses the wide range of activities carried on by the United Nations and its subsidiary organizations. It demonstrates the growing conviction of United Nations members that many problems of international concern are best resolved through multilateral action, utilizing the machinery of mature international institutions.

In the fall of 1973 the United Nations demonstrated once again its ability to foster peace by the crucial role it played in the Middle East. Following the outbreak of war, the Security Council arranged a ceasefire and deployed United Nations troops to supervise disengagement agreements between Israel and Egypt and, later, between Israel and Syria. We cannot know what might have happened in the absence of such United Nations action. However, it is clear that the efforts of the United Nations, combined with bilateral diplomacy, are still crucial to promoting a just and lasting settlement of the Middle East dispute.

One area of increasing concern is the production and distribution of adequate supplies of food. Our concern with feeding the world can no longer be limited to relief activities in aid of victims of natural disasters. Population growth and better living standards have increased the total demand for food which in turn has increased the demand for energy sources and fertilizer. The pressure of these interlocking demands has pushed against limited supplies and caused spiraling prices. This is a worldwide problem requiring worldwide action for its solution. Secretary Kissinger proposed to the United Nations General Assembly in September 1973 that the organization sponsor a World Food Conference. The General Assembly acted favorably on this proposal and the Conference will be held in Rome in November 1974. The United States also took an active participation in the preparation for the first United Nations Conference on World Population, convened in Bucharest in August 1974.

The Third United Nations Conference on the Law of the Sea, which convened an organizational session in December 1973, is another example of how the United Nations can be utilized to attack contemporary world problems. The goal of the Law of the Sea Conference is a comprehensive international convention to govern man's use of the oceans. We need new understandings to govern international navigation, rational management of the ocean's living and non-living resources, and the protection of the life-sustaining processes of the marine environment. Success in the efforts to resolve conflicting claims over ocean jurisdiction would remove a major and growing source of conflict from the international arena.

The regular economic and social activities of the United Nations' family of organizations continued to absorb over 90 percent of its funds and personnel during 1973. In



addition to the traditional operational programs, many special conferences during the year provided opportunities for nations to enlarge their understanding of and work toward consensus on such major international economic and social issues as development assistance, the role of multinational corporations, commodity agreements, and the economic rights and duties of states. Perhaps the most important series of negotiations were those held to carry out the first biennial review and appraisal of the progress toward the goals of the Second United Nations Development Decade. In these negotiations delegations from all parts of the world worked for months to formulate a report that refined the broad measures necessary to improve the world's economic and social situation. The United States played a leading role in these negotiations.

Unfortunately, not all international problems dealt with by the United Nations were successfully approached in 1973. For example, it is generally believed in the United States that terrorism against innocent third parties, including the hijacking of aircraft, is a matter of international concern that calls for international solutions. The divergence of political views among member states, however, has made it impossible to agree on either a general definition of terrorism or a remedy for it. Despite the limit thus placed on the effectiveness of the United Nations forum in dealing with the problem, a start was made in 1973 with the adoption by the General Assembly of the Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons, Including Diplomatic Agents. On the other hand, neither the International Conference on Air Law nor the Assembly of the International Civil Aviation Organization, which met simultaneously, made progress on measures to improve security for aircraft passengers.

An important part of the United Nations record in 1973 was the admission to membership of the Federal Republic of Germany, the German Democratic Republic, and The Bahamas—admissions the United States supported. The United Nations has thus become still more representative of the world community.

Our participation in the United Nations reflects our fundamental belief that to assure a peaceful world it is necessary to cooperate with other nations in a multilateral framework on mutually agreed upon activities. This report records the successes and failures, the hopes and frustrations of many of those activities. Above all it records what we tried to accomplish through the United Nations to further the many interests that our citizens and our country share with the world community.

GERALD R. FORD

The White House,
September 19, 1974.

NOTE: The 416-page report is entitled "U.S. Participation in the UN, Report by the President to the Congress for the Year 1973."

Johnny Horizon '76 Clean Up America Month, 1974

Proclamation 4315. September 19, 1974

*By the President of the United States of America
a Proclamation*

Although our Nation's 200th birthday is less than two years away, much has been accomplished through the Johnny Horizon '76 Program toward improving the environment of our country for this historic event. But much remains to be done. To date, thousands of schools; churches; youth groups; chambers of commerce; conservation, civic and commercial organizations and millions of private citizens have joined in partnership with Johnny Horizon '76 in a wide range of projects to create environmental awareness and to beautify America.

Our most precious environment is the area in which we live—our city streets and rural towns—and this is where each individual can effectively exercise his responsibility. This has been exemplified by the many action projects which have been undertaken thus far across our country.

We need to continue these improvements. To dramatize this need, the Congress has by House Joint Resolution 1070, 93rd Congress, requested the President to proclaim the period of September 15, 1974, to October 15, 1974, as "Johnny Horizon '76 Clean Up America Month."

Now, THEREFORE, I, GERALD R. FORD, President of the United States of America, do hereby proclaim the period September 15 through October 15, 1974, as Johnny Horizon '76 Clean Up America Month and ask our Nation's attention to the Johnny Horizon '76 environmental awareness and action program for America's 200th birthday and related Bicentennial activities. I urge representatives of business, industry, labor, Government, civic groups, and other citizens to continue to join together to demonstrate the significant results that can be realized when Americans translate their concern into affirmative action. I further urge a continuation of neighborhood and community cleanups, beautification programs, resource recovery and education programs, energy and wildlife conservation efforts and other worthwhile activities.

IN WITNESS WHEREOF, I have hereunto set my hand this nineteenth day of September, in the year of our Lord nineteen hundred seventy-four and of the Independence of the United States of America, the one hundred ninety-ninth.

GERALD R. FORD

[Filed with the Office of the Federal Register, 2:55 p.m.,
September 20, 1974]

close cooperation with its allies, knowing that we have the will of the peoples of the world behind us.

And it is in the same spirit that we think we must study and tackle the great economic problems which beset the world and the even greater problems posed by modern civilization, problems which affect very closely our social and private lives.

The vastness and urgency of the task and the importance of the resources that it requires are such as to call for a global answer resulting from the joint efforts of all.

I feel certain, Mr. President, that our talks will consolidate the friendship between the people of America and of Italy, and that they will develop our already excellent relations.

And I should like to extend to you also, on behalf of the Italian Government represented here by our Foreign Minister Signor Moro, my warmest greetings and my good wishes to you for your Presidency, and I should like also to extend those greetings on behalf of my wife to Mrs. Ford and to your children.

And in conclusion, Mr. President, it is with great pride that I bring the fraternal greetings of the people of Italy to the great and generous people of the United States of America.

NOTE: President Ford spoke at 11:09 a.m. on the South Lawn at the White House where President Giovanni Leone was given a formal welcome with full military honors. President Leone spoke in Italian, and his remarks were translated by an interpreter.

Advisory Council on Intergovernmental Personnel Policy

The President's Message to the Congress Transmitting the Final Report of the Council. September 25, 1974

To the Congress of the United States:

It is a privilege for me to transmit to the Congress the final report of the Advisory Council on Intergovernmental Personnel Policy.

This report, which supplements earlier work by the Council, addresses three issues of importance to Government at all levels: equal employment, labor management relations, and the development of workforce policies by State and local governments. Because the members of the Council have expressed themselves forcefully and forthrightly on these matters, their work should serve as a useful reference point for public officials everywhere. All of us should be indebted to the Council members for their dedicated service and wisdom.

GERALD R. FORD

The White House,
September 25, 1974.

NOTE: The 63-page report is entitled "More Effective Public Service—The Supplementary Report to the President and the Congress by the Advisory Council on Intergovernmental Personnel Policy."

Public Law 480 Program

The President's Message to the Congress Transmitting the 1973 Annual Report on Activities Under Public Law 480. September 25, 1974

To the Congress of the United States:

I am pleased to transmit to the Congress the 1973 annual report on agricultural export activities carried out under Public Law 480 (Food for Peace). This has been a successful program. It has provided a channel for humanitarian assistance, promoted economic development and, in general, supported foreign policy objectives of the United States.

Throughout the year, the Food for Peace program demonstrated its flexibility in a changing agricultural situation. Because of the tight commodity supply situation in the United States, shipments during the year were somewhat restricted. This was especially true of wheat and wheat product shipments. However, our food contributions to the drought-stricken African countries, including Ethiopia, were substantial. In both East and West Africa, United States food aid represented about 40 percent of the total supplied by the international community. The level of U.S. contributions to the World Food Program and the U.S. voluntary agencies was maintained and the Title I



concessional sales programs continued in such high-priority countries as Bangladesh, Bolivia, Cambodia, Israel, Pakistan, and Vietnam.

The Food for Peace program continues to be the primary U.S. food aid activity. Concessional sales programs continued to encourage recipient countries to establish self-help objectives and also support economic development projects. The program retains its emphasis on improving the nutrition of pregnant and nursing mothers, babies, and pre-school children, the most nutritionally significant periods of human life. Although most programs have aspects of agricultural market development, specific programs for trade expansion have been limited because of strong commercial demand. Such programs could be resumed under changed supply conditions.

As 1973 legislation authorized the extension of the Public Law 480 program through 1977, it will go on playing its vital role in terms of development assistance, trade expansion, and promotion of our foreign policy objectives.

GERALD R. FORD

The White House,
September 25, 1974.

NOTE: The report is entitled "The Annual Report on Activities Carried Out Under Public Law 480, 83d Congress, as Amended, During the Period January 1 Through December 31, 1973" (115 pp. plus tables).

National Commission for the Observance of World Population Year

Executive Order 11806. September 25, 1974

AMENDING EXECUTIVE ORDER NO. 11763 OF JANUARY 17, 1974, TO EXTEND THE LIFE OF THE NATIONAL COMMISSION FOR THE OBSERVANCE OF WORLD POPULATION YEAR

By virtue of the authority vested in me as President of the United States by the Constitution and statutes of the United States, it is hereby ordered as follows:

Section 2(e) of Executive Order No. 11763 of January 17, 1974 (39 F.R. 2349), is revised to read in its entirety as follows: "(e) The Commission shall conclude its work and make a report to the President not later than June 30, 1975, at which time the Commission shall be deemed to be terminated."

GERALD R. FORD

The White House,
September 25, 1974.

[Filed with the Office of the Federal Register, 2:33 p.m.,
September 25, 1974]

President's Commission on White House Fellowships

*Announcement of Appointment of
Bruce H. Hasenkamp as Director of the Commission.
September 25, 1974*

The President today announced the appointment of Mr. Bruce H. Hasenkamp as Director of the President's Commission on White House Fellowships.

Mr. Hasenkamp was born on May 12, 1938, in Brooklyn, N.Y., was graduated cum laude from Dartmouth College with an A.B. in 1960, and received his J.D. from Stanford University in 1963.

He served on the Congressional staff of Honorable William B. Widnall of New Jersey during 1961 and 1962, was associated with the New York law firm of Simpson Thacher & Bartlett from 1963 to 1968, and then went on to become assistant dean of the Stanford Law School until 1973, when he left Stanford to become a consultant in educational management. He served as a first lieutenant with the U.S. Army in Korea and is a member of the Bar in California and New York.

Mr. Hasenkamp succeeds Mrs. Joan K. Benziger, Acting Director.

Combined Federal Campaign

*The President's Memorandum for Federal Employees
and Military Personnel. September 25, 1974*

Those of us who work for the Federal Government have a special responsibility to demonstrate our generosity and compassion toward fellow citizens and concern for our communities.

Through the Combined Federal Campaign, we have an opportunity to meet these commitments in a positive, productive way by supporting the services of voluntary health and welfare agencies, including the United Way, the American Red Cross, national health agencies, and international service agencies—organizations concerned with the welfare of human beings.

In supporting the Combined Federal Campaign, we are participating voluntarily as citizens in a uniquely American project, helping our neighbors—especially the aged, the infirm, the handicapped, the ill, and families in distress—through these voluntary charitable organizations.

By bringing the helping hand of voluntary organizations to those in need, whether at home or abroad, we strengthen what is best in our Nation and realize what is best in ourselves as a people. The amount you give must be a personal and voluntary decision. But I ask each of you to join with me in supporting this most worthy effort to the fullest possible extent.

GERALD R. FORD

Administration of Gerald R. Ford

PRESIDENTIAL DOCUMENTS

Week Ending Friday, October 11, 1974

Cancellation of Grain Contracts

*Statement by the White House Press Secretary.
October 5, 1974*

Representatives of Continental Grain Co. and Cook Industries, Inc., met today with President Ford and other officials of the United States Government, to discuss recent grain contracts by the two companies with the Soviet Union. The President expressed his strong concern over the potential domestic impact that such sales could have at a time when the U.S. is experiencing a disappointing harvest of feed grains.

After discussions with Secretary Simon, Secretary Butz, and Ambassador Eberle, the company representatives evidenced their full willingness to be responsive to these crucial domestic concerns. The two companies are now making arrangements for the cancellation of these contracts, in accordance with the Government's request.

Government-to-government discussions are also being undertaken, and Secretary Simon is planning to meet with appropriate officials of the Soviet Union during his visit to that country next week.

Grain exporters are being invited to Washington, D.C., on October 7 to help formulate a system of voluntary cooperation and reporting that will assure reasonable supplies to both domestic and foreign users. It is anticipated that this voluntary cooperative effort will enable the United States to avoid the imposition of general export controls.

NOTE: The statement was made available by the White House Press Office. It was not issued in the form of a White House press release.

Child Health Day, 1974

Proclamation 4322. October 5, 1974

*By the President of the United States of America
a Proclamation*

For more than four decades, America has set aside a special day each year to emphasize the importance of child health.

In these decades, we have written a story of significant progress in child health, as the national infant mortality rate has been sharply cut and many childhood diseases have been conquered or diminished in their severity. For many handicapped children, in particular, advances in surgical techniques and treatment have created new hope for happy, productive lives.

We can be proud of this progress. Yet, as every parent knows, the threat of serious disease still hangs over the lives of our children, striking fear in the hearts of those who love and cherish them. Our challenge—and the one to which this Administration will be committed—is to continue steadfastly in reducing the health hazards to children through adequate programs which will assure their continued good health throughout childhood.

The Congress has, by the Joint Resolution of May 18, 1928 (36 U.S.C. 143), requested that the President of the United States annually issue a proclamation declaring the first Monday in October as Child Health Day.

NOW, THEREFORE, I, GERALD R. FORD, President of the United States of America, do hereby proclaim Monday, October 7, 1974, as Child Health Day.

I invite all agencies and organizations concerned with

CARL H. PFORZHEIMER, Jr., of Purchase, N.Y., senior partner of Carl Pforzheimer and Co. This is a reappointment.

WILSON C. RILES, of Sacramento, Calif., superintendent of public instruction for the State of California. This is a reappointment.

The National Council on Educational Research was established by the Education Amendments of 1972 (Public Law 92-318), which also established the National

Institute of Education in the Department of Health, Education, and Welfare. The purpose of the Council is to establish policies for the Institute and advise the Assistant Secretary for Education and the Director of the NIE on development of the Institute's programs. The Council is to report annually to the President and the Congress.

THE ECONOMY

*The President's Address Delivered Before a Joint Session of the Congress.
October 8, 1974*

Mr. Speaker, Mr. President, distinguished guests, my very dear friends:

In his first inaugural address, President Franklin D. Roosevelt said, and I quote: "The people of the United States have not failed . . . They want direct, vigorous action, and they have asked for discipline and direction under our leadership."

Today, though our economic difficulties do not approach the emergency of 1933, the message from the American people is exactly the same. I trust that you are getting the very same message that I am receiving: Our constituents want leadership, our constituents want action.

All of us have heard much talk on this very floor about Congress recovering its rightful share of national leadership. I now intend to offer you that chance.

The 73d Congress responded to FDR's appeal in 5 days. I am deeply grateful for the cooperation of the 93d Congress and the Conference on Inflation, which ended 10 days ago.

Mr. Speaker, many—but not all—of your recommendations on behalf of your party's caucus are reflected in some of my proposals here today. The distinguished Majority Leader of the Senate offered a nine-point program. I seriously studied all of them and adopted some of his suggestions.

I might add I have also listened very hard to many of our former colleagues in both bodies and of both the majority and the minority, and have been both persuaded and dissuaded. But in the end, I had to make the decision, I had to decide, as each of you do when the rollcall is called.

I will not take your time today with the discussion of the origins of inflation and its bad effect on the United States, but I do know where we want to be in 1976—on the 200th birthday of a United States of America that has not lost its way, nor its will, nor its sense of national purpose.

During the meetings on inflation, I listened carefully to many valuable suggestions. Since the summit, I have evaluated literally hundreds of ideas, day and night.

My conclusions are very simply stated. There is only one point on which all advisers have agreed: We must whip inflation right now.

None of the remedies proposed, great or small, compulsory or voluntary, stands a chance unless they are combined in a considered package, in a concerted effort, in a grand design.

I have reviewed the past and the present efforts of our Federal Government to help the economy. They are simply not good enough, nor



sufficiently broad, nor do they pack the punch that will turn America's economy on.

A stable American economy cannot be sustained if the world's economy is in chaos. International cooperation is absolutely essential and vital. But while we seek agreements with other nations, let us put our own economic house in order.

Today, I have identified 10 areas for our joint action, the executive and the legislative branches of our Government.

Number one: food. America is the world's champion producer of food. Food prices and petroleum prices in the United States are primary inflationary factors. America today partially depends on foreign sources for petroleum, but we can grow more than enough food for ourselves.

To halt higher food prices, we must produce more food, and I call upon every farmer to produce to full capacity. And I say to you and to the farmers, they have done a magnificent job in the past, and we should be eternally grateful.

This Government, however, will do all in its power to assure him—that farmer—he can sell his entire yield at reasonable prices. Accordingly, I ask the Congress to remove all remaining acreage limitations on rice, peanuts, and cotton.

I also assure America's farmers here and now that I will allocate all the fuel and ask authority to allocate all the fertilizer they need to do this essential job.

Agricultural marketing orders and other Federal regulations are being reviewed to eliminate or modify those responsible for inflated prices.

I have directed our new Council on Wage and Price Stability to find and to expose all restrictive practices, public or private, which raise food prices. The Administration will also monitor food production, margins, pricing, and exports. We can and we shall have an adequate supply at home, and through cooperation, meet the needs of our trading partners abroad.

Over this past weekend, we initiated a voluntary program to monitor grain exports. The Economic Policy Board will be responsible for determining the policy under this program.

In addition, in order to better allocate our supplies for export, I ask that a provision be added to Public Law 480 under which we ship food to the needy and friendly countries. The President needs authority to waive certain of the restrictions on shipments based on national interest or humanitarian grounds.

Number two: energy. America's future depends heavily on oil, gas, coal, electricity, and other resources called energy. Make no mistake, we do have a real energy problem.

One-third of our oil—17 percent of America's total energy—now comes from foreign sources that we cannot control, at high cartel prices costing you and me \$16 billion—\$16 billion more than just a year ago.

The primary solution has to be at home. If you have forgotten the shortages of last winter, most Americans have not.

I have ordered today the reorganization of our national energy effort and the creation of a National Energy Board. It will be chaired with developing—or I should say charged with developing a single national energy policy and program. And I think most of you will be glad to know

Administration of Gerald R. Ford

PRESIDENTIAL DOCUMENTS

Week Ending Friday, November 8, 1974

Sioux City, Iowa

The President's Remarks at the Sioux City Municipal Airport. October 31, 1974

Thank you very, very much, Wiley Mayne, Dave Stanley, Mayor Cole, my very good and old friend, former colleague in the House, Charlie Hoveen, all of the wonderful people from the Sixth Congressional District:

It is just great to be here a third time, and I thank you so much for the warm and tremendous welcome. I am deeply indebted and very, very grateful. Thank you very much.

A few days ago, I went to my hometown. We had a wonderful reception, but I can say without any reservation or qualification the reception here is just as enthusiastic, just as warm. And I wish to pay a special tribute to all of you who have come out on this occasion to meet me and to pay tribute to your Congressman, Wiley Mayne, and your next Senator, Dave Stanley.

I think it is very appropriate that we are having this rally at the airport. I have flown in today on a wing and a prayer. I ask you to send me some good men to Congress who will praise the Lord and pass the legislation.

It is particularly nice to be here in Sioux City, the largest community in the Sixth Congressional District in Iowa, and particularly, to pay tribute on this occasion to Wiley Mayne. You know, I have always been taught this from my early childhood—when you have a good thing going for you, you ought to keep it. And in Wiley Mayne you have that kind of a Congressman, so you darn well better keep him in the House of Representatives.

I served with Wiley almost 8 years in the House of Representatives. I have seen him on a day-to-day basis working. I have seen him work in those two great committees—the House Committee on Agriculture and the House Committee on the Judiciary. And I can assure you from this very personal experience that he is a man of skill, a man

of stature, a man who understands your problems, my problems, and is in a position because of his seniority to do something about it. So I come here and speak with conviction when I urge you to see that Wiley is reelected.

Since we are in the heartland of American agriculture, there is no better place to commend the production—actually the production genius of the American farmer, and to say thanks to so many of you who are here and thousands upon thousands of others who are not here who have labored long and effectively in the fields of America. We thank you for a job well done.

At times over the past few years, farmers, in my judgment, have been unfairly criticized as in the case of high food prices. Now, as you well know, farmers are more likely—as a matter of fact, they are probably, without doubt—the victims of inflation more than its cause. By farmer efficiency and by American agriculture's increasing productivity, farmers are actually in the frontline troops, who are staving off what might well have been an even more serious round of inflation if it had not been for their efforts.

I am acutely aware of the problems that have beset agriculture in America and the very challenging problems that you face in the growing of your crops and the marketing of your efforts.

Now, some of these have been aggravated by unwise decisions by your Government. Others are the result of absolutely unusual weather problems. It was too wet in the spring, you had a drought in the summer, and you had unseasonably early frost in the fall. And all of this, of course, complicated by the great need of additional food throughout the world.

Now, because of the price incentive and provisions in our agricultural legislation and because of the encouragement by Government to expand planted acreage, farmers throughout the States of this great Union have responded magnificently, superbly, to boost the supply of feed grain and soybeans.

Thanks to the flexibility written into the 1973 Agriculture and Consumer Protection Act, farmers were able to move relatively smoothly from a limited to a full production program. And incidentally, great credit for the major



provisions of the 1973 act can and must be given to Wiley Mayne, the top ranking Republican of the important House Committee on Agriculture, Subcommittee on Livestock and Grain.

Let me give you a little insight or cloakroom story. While the 1973 agricultural act was being considered in committee, Wiley was being considered on the floor of the House of Representatives. I conferred very frequently with your Congressman, Wiley Mayne. I know from first-hand experience how hard he worked to help effect its enactment and to liberate farmers from the discredited income-restrictive programs of the past 40 years.

So I, as a former colleague of Wiley's, and one who worked with him as the Republican leader in the House, wish to express my deep gratitude and appreciation to Wiley for the fine job that you did on this vitally important legislation.

I think there is another area of concern—corn and soybean production is falling short of our worldwide needs. Even so, the corn crop is, I think, the fifth largest in the history of the United States, the soybean crop is the third largest, and wheat and rice the largest ever in America.

We cannot, however, in fairness, ask our farmers to produce more from their soil and from their labor unless all of us are willing to share at least a part of the production risk.

And furthermore, there are certain things that we must do, and I will promise you that we will do. Fuel and fertilizer, especially fertilizer, adequate to supply farm needs, continues to be a very serious problem and as I stated before, I will ask authorities from the Congress to assure farmers all of the fertilizer that you need for your farm. And I will make certain and positive that you will have all of the fuel that you need to do the job for all of us and consumers throughout the world.

And may I repeat for emphasis, I will not ask Congress to increase gasoline taxes. That is one tax that is high enough, believe me.

I could not come to Sioux City, the heart of the slaughter and livestock industry, particularly the cattle-feeding business, and not say a word about the production of meat. Livestock producers, particularly cattle feeders, have called to the attention of responsible officials in the Federal Government many, many times in the past year the financial wringer that they have been put through. Adjusting to higher feed costs and the increased supply of beef animals is a very painful process.

And so, today, despite a headline that I read in the newspaper here in Des Moines, not the one in Sioux City, but Des Moines—I will make an announcement, not one, but two, and reaffirm a third, and perhaps give you some other information concerning farming in 1974.

I think these announcements will relieve some of the anxiety and possibly restore some of the confidence among producers so that this great part of agriculture, which is centered in Sioux City, can become again profitable.

First, this Administration intends to carry out precisely the intent of the meat import law.

And let me be quite specific. If imports of meat, subject to the meat import law, threaten to pick up markedly during the next year, and the Agriculture Department's estimate of 1975 imports exceeds the trigger level under the meat import law, I will impose meat quotas or negotiate volunteer agreements with foreign suppliers.

Second, no action will be taken to change the present system of dairy import quotas, which means that dairy quotas for imports will not be increased unless and until there has been a thorough review of the overall problem, and full opportunity for our dairy producers to be heard at that time.

There is no intention on my part to increase dairy imports into the United States.

Third, this Administration is not going to permit foreign dairy producers to compete against the American dairymen in the United States market with subsidized products. If the Europeans reinstitute their export subsidies on dairy products directed at this market, I will impose countervailing duties on their products.

And one final announcement, which I think rounds out a pattern of strong, effective action to help the cattle and dairy business—and let me be quite specific.

In addition, I have asked the Secretary of Agriculture to investigate USDA purchases of ground beef for use in the National School Lunch Program. These purchases would provide a highly nutritious food to schools for, I think, proper use in the school lunch programs.

Let me add this, because it is not too well understood by many. These purchases will not be an additional cost to the Government, as the USDA is obligated by law to finance each school lunch program by 10 cents, either in cash or in commodities.

So this report by the Secretary of Agriculture on prospective purchases should be in my hands in a relatively short period of time, and I hope his recommendation is favorable for these purchases.

Now, as I have in the past—as Republican leader in the House, as Vice President, and now as President—as I look at the problems of agriculture, I will consult with Wiley Mayne for guidance, for help in the solving of agriculture's problems.

I hope that I do not duplicate some of what Wiley has been telling you in these campaigns all over the Sixth District in the northwest corner of Iowa, but I want to remind you about the kind of service I know he has rendered to this district.

In a period when big corporate farms are taking over some of agriculture's production, Wiley has been in there fighting for the family farm and the family farmer.

Let me just quote, if I might, one precise example. Wiley has helped lead the fight in the House during the last 3 or 4 years to limit Government payments to the total of \$20,000 per farm. He did so because he was in

contact on a person-to-person basis with the farmers in this district who advised him that these massive payments to big farms were discrediting your total farm program.

That is the kind of a Congressman, in my judgment, that this district deserves; one who can listen to people, the 460-some thousand who reside in this district; one who can listen and respond to the legitimate problems, complaints, criticisms, suggestions.

And I might add a postscript. Dave Stanley, when he is elected to the United States Senate, will be the same kind of United States Senator that Wiley Mayne is as a Member of the House of Representatives.

Speaking of Dave Stanley, I was in Des Moines a week or so ago. I saw Dave, talked to him. He has been carrying on one of the most vigorous campaigns for the United States Senate. I applaud him for his efforts to meet you, talk to you, listen to you.

His experience in the State legislature, his experience as a campaigner, his fine background as a good Iowan, a good Hawkeye, in my opinion will help you and help me and help your State in the United States Senate.

Wiley says that I have been in this district three times. I have—I have enjoyed every visit. And as Wiley said, the crowds are a little bigger this time, and maybe you are listening a little more. But let me say this, and I say it with emphasis: When you have someone like Wiley Mayne representing you in the Sixth District, when you have somebody like him that stands up for you in the highest council of the Federal Government, then I hope you feel that it is time for you to stand up for him in return.

I left Washington a little after noon. I am on the way to California, going to Oregon, to Utah, to Kansas, to—well, a couple of other places in the next 3 days. But I stopped here because I wanted to convey a specific message.

I wanted to convey my deep conviction of how I feel about Wiley. I think you need him. I need him. The country needs him. And on a very personal and intimate basis, I respect his judgment and his integrity.

If Wiley is not returned to the Congress from this Congressional district, this important agricultural district will not only lose one of the finest men in the Congress, but it will lose a seniority on a committee that affects very vitally agriculture.

If Wiley is not in the next Congress, the potency of your representation on this great Committee of Agriculture will nosedive.

Now one of my old and very good friends, Charlie Hoeven, knows that better than anybody. Charlie Hoeven, who represented this district for many, many years, was the senior Republican on the House Committee on Agriculture, and knows very well the impact of a high-ranking position on that committee, the potency of that representation as it affects all of you who are interested in

agriculture—whether it is on the farm or in the implementation business or in the banking business or otherwise.

So I strongly urge just on this very, almost selfish ground, that you make certain that Wiley continues this representation.

I do not mean to infer that Wiley Mayne rubber stamps everything I suggest, either as President or as I did as Vice President, or even as Republican leader of the House. He does not. He is an independent guy who gets your ideas and translates them into legislative action.

But even in those areas where we disagree, one thing that I particularly like about Wiley is the fact that we can disagree without being disagreeable, and that is a pretty darn good trait in any American.

And let me give you one illustration. Just recently, Wiley let me know very candidly, very forcefully, that he protested the action that I took on a certain Saturday to suspend—and I say suspend—certain sales of corn and wheat to the Soviet Union.

It did not take Wiley Mayne very long to get from Capitol Hill down to the White House to let me explain to him the justification for the action, and to inform him that what I did was not a permanent one, involving this sale to the Soviet Union.

I assured Wiley at that time that my action on that particular occasion was not to limit exports on a permanent basis, but to make certain that no single nation cornered either the corn or wheat market.

Forty million bushels of corn, 40 million bushels of wheat, have already been released since that time to the Soviet Union.

But the point I wanted to make, and make most emphatically, was that Wiley Mayne was on the firing line protecting your interest and your concern, and I congratulate you for it, Wiley.

One other area of great concern to you as citizens—and here is an area where both Wiley and Dave, I think, agree with me without any question—and this is the determination by them and by me to stop the rising cost of living, to do something effectively as far as our Government is concerned about inflation.

The principal cause of rising prices is the fact that our Government has been spending more than it takes in. Wiley Mayne has voted to cut spending and to balance the Federal budget in the past and I can assure you he can be counted upon to do so in the future.

That is why I am here personally asking each of you, the people of the Sixth District, to send Wiley Mayne back to Congress on election day next Tuesday.

I can reemphasize, it really matters. America needs his very strong and his very reliable vote in the House of Representatives to help us keep back rising prices and the problems of inflation.

I want to also use this occasion, with your indulgence, to put some myths to rest here in Sioux City. I have seen some very interesting reports in this campaign here and I



CHAIRMAN OF THE JOINT CHIEFS OF STAFF

Q. Mr. President, Helen Thomas, United Press International.

Mr. President, do you plan to retire General Brown as Chairman of the Joint Chiefs of Staff, and I have a followup.

THE PRESIDENT. I have publicly disavowed the comments made by General Brown. I had General Brown to the Oval Office this morning at 7:15 before I took the plane, and I indicated to him very directly my strong feeling concerning the statements that he made, and reaffirmed to him directly my disavowal of those comments that were recorded at Duke University Law School.

I think it ought to be said that General Brown has publicly apologized to those that might have been involved in the comments that he made. I have no intention of asking General Brown to resign. General Brown has been an excellent Air Force officer; he has been an excellent Chairman of the Joint Chiefs of Staff. He made a mistake; he has recognized it. He is going to continue as the Chairman of the Joint Chiefs of Staff.

Q. Mr. President, do you think that the Defense Secretary was remiss or some of your White House aides, perhaps, in not informing you earlier of General Brown's remarks so that you could have been apprised?

THE PRESIDENT. Well, the truth is that I had about 12 to 15 hours advance notice. I could not have remedied the situation any better than we have tried if I had known a few hours earlier.

I just want to say very candidly I disapprove and disavow of what he said. I not only said that publicly, but to General Brown directly. It was a mistake, but he is a fine officer, and he has done a good job. And I don't think he should be fired for that one mistake.

WORLD SUPPLIES OF FOOD AND ENERGY

Q. Peggy Roberson, the Birmingham News, Birmingham, Alabama.

Mr. President, recently we have seen horrifying pictures of starving people in the world, and we have learned that energy and food are unbreakably linked. Are we prepared to use food as a weapon to force down energy prices so farmers can produce low-cost food to feed these people?

THE PRESIDENT. We are not going to use food as a weapon. We must recognize, however, that food is just as important to the world as oil and that in order to get a better distribution of oil that is held in vast reserves by other nations and food that is produced by us to a greater extent than any other nation in the world, we must get together and cooperate to make sure that that which is available in both cases is spread throughout the world for the benefit of all people.

Dr. Kissinger, the Secretary of State, has put together the group of oil-consuming nations. We expect to work

with the oil-producing nations. I believe that there can be an understanding achieved that will be to the mutual benefit of the producers in food and oil, and the consumers in both.

POSSIBILITY OF A GASOLINE TAX

Q. Jules Witcover, Washington Post.

Mr. President, Secretary of Interior Morton told reporters yesterday he is still interested in the possibility of a new gasoline tax as a weapon to fight the energy crisis and inflation. Your Press Secretary on your behalf has repeatedly said that you are not considering it. Can you clear up exactly what the Administration's position is on a new gas tax?

THE PRESIDENT. I certainly will, Julius. I don't know how many times I have to say that we are not considering an additional gasoline tax. I said it the first time, I think out in Sioux City [Falls], South Dakota, and I repeated it many times thereafter.

I thought that others in the executive branch got the word, and I hope this word is conveyed to my good friend, the Secretary of the Interior. [Laughter] We are not considering an increase in the gasoline tax.

FOREIGN POLICY FORMULATION

Q. Norman Dohn, Ohio University. That is where Bill Hess is a football coach, not Woody Hayes.

My question is in regard to foreign policy. Senator-elect John Glenn of Ohio and others have suggested that despite Dr. Kissinger's very fine track record, that perhaps foreign policy is such a complex and delicate matter that the machinery of foreign policy ought to be spread out over a broader base. Do you have any plans to do this under your Administration?

THE PRESIDENT. I have no such plans. I can't imagine someone who really is not an expert in the field of foreign policy giving advice to a man who has conducted foreign policy with great skill and great success. If you have got someone who is doing a good job, I don't understand why anyone in seriousness would advocate that he be taken off part of the job and turn it over to someone who might not do as good a job.

I respect the right of the Senator-elect to make the suggestion, but I don't think it makes very much sense.

WAGE AND PRICE CONTROLS

Q. Tom Jarriel with ABC, Mr. President.

I would like to follow up the answer you gave on the economy a moment ago. You said that wage-price controls would be the wrong approach to combat inflation. Some of your aides are saying inflation is the cause of recession. Should the recession continue and should you see a need to combat inflation in order to halt the recession, would you then reconsider the possibility of wage-price controls, or is this categorically ruled out?

NOV. 14, 1974

PHOENIX, ARIZONA - Q. & A. AT SIGMA DELTA CHI CONVENTION

LEGISLATIVE PRIORITIES

PRESIDENT'S MESSAGE
TO CONGRESS

TRANSMITTED

NOV. 18, 1974

levels. It is a very progressive tax proposal which takes much more from high bracket taxpayers than middle income taxpayers. Low bracket taxpayers would be exempt. With a \$16,000 income, for example, a family of four would pay a surtax of only \$3. On the other hand, a family of four with a \$50,000 income would pay \$482 of surtax.

I also urge Congress to enact the windfall profits tax proposals so that we will not forever lose the chance to recapture a part of the excessive profits that domestic oil producers realize this year. I reiterate my support for eliminating the foreign depletion allowance.

I have asked the Secretary of the Treasury to work with the congressional committees concerned to develop balanced legislation, including additional tax reductions for low-income individuals.

FINANCIAL INSTITUTIONS

There is great need for action on an Administration proposal to strengthen and revitalize banks and thrift institutions through the elimination of certain Federal regulations which impede efficiency and healthy competition. While retaining appropriate safeguards to assure solvency and liquidity, the proposed *Financial Institutions Act* would allow more competition in our banking system to benefit the small saver as well as the institutions themselves. This could also make additional dollars available to the private citizen and to industry.

Further, this proposal would provide the added incentive of the mortgage interest tax credit for our financial institutions to enable them to devote their resources to home mortgages and thus curb the wide and disruptive swings in home mortgage credit availability.

REGULATION

The Congress has before it my proposal to establish a one-year National Commission on Regulatory Reform to examine the practices and procedures of the independent regulatory commissions. It has become clear that many regulatory activities of the Government are themselves stifling competition and producing higher prices without comparable social benefits. I urge this Congress to complete action on this important legislation. Such a Commission, to be composed of Congressional, Executive, and public members, should start now to formulate realistic proposals for reform of our regulatory system for early consideration by the next Congress.

FOOD

Food prices concern everyone. The Congress must act rapidly to not only increase food production but to remove impediments to the maximum production of peanut and rice crops.

I am also recommending that we amend *Public Law 480*, the Food for Peace program. Additional flexibility is clearly needed to assure that our food aid programs can continue to serve the national interest and humanitarian goals.

COMPETITION

Activities which are illegal under the Sherman Anti-Trust Act disrupt the natural competitive forces in the marketplace and invariably result in higher prices to the American consumer. The Justice Department's



been used to strengthen the combat capabilities of the remaining force. This budget provides for a vigorous program of new ship construction and modernization necessary to maintain the naval balance in the future.

Foreign relations.—In addition to maintaining a strong defense capability, the United States strives, through its diplomacy, to develop and maintain peaceful relationships among nations. Foreign assistance is both an expression of our humanitarian concern and a flexible instrument of diplomacy. Our assistance in Indochina is making an essential contribution to the security and reconstruction of the countries in that region. Additional military assistance is now necessary to enable the South Vietnamese and Cambodian Governments to defend themselves against increasing military pressure. Our assistance in the Middle East is an integral part of our diplomatic effort to continue progress toward a peaceful solution to the area's problems. An increasing portion of our economic aid program is devoted to helping developing countries improve their agricultural productivity.

Higher oil prices, widespread food shortages, inflation, and spreading recession have severely strained the fabric of international cooperation. The United States has undertaken several major diplomatic initiatives designed to help restore international economic stability. Our diplomatic efforts were instrumental in the establishment of the International Energy Agency and its program, which provides for emergency oil sharing, conservation efforts, and development of alternative energy sources. More recently, the United States proposed a \$25 billion special financing facility to assist industrialized countries in dealing with balance of payments difficulties. This new facility will supplement expanded operations of the International Monetary Fund. At the World Food Conference, in Rome, the United States proposed a number of measures to deal with the world food problem, including creation of an international system of grain reserves.

In addition, the Trade Act passed by the Congress last December will make possible a strengthening of international trade relations by enabling the United States to work with other nations toward reducing tariff and non-tariff barriers to trade and improving access to supplies.

The strengthening of international trade and financial cooperation is essential if we and other nations are to cope successfully with current economic stresses. It is a prerequisite for renewed economic progress at home and abroad.

DOMESTIC ASSISTANCE

The enormous growth in recent decades of Federal programs for assistance to individuals and families, and to State and local governments, has placed heavy demands on the budget. This growth expressed the desire of a compassionate society to provide well for its retired workers, veterans, and less fortunate members without sacrificing our proud and productive tradition of individual initiative and self-reliance. In the process, we

have built a stronger partnership among the various levels of government: Federal, State, and local.

AID TO INDIVIDUALS AND TO STATE AND LOCAL GOVERNMENTS

[Dollar amounts in billions]

Item	1968	1970	1972	1974	1976	Percent increase, 1968 to 1976
Payments to individuals ¹	\$40	\$51	\$70	\$94	\$135	241
Grants-in-aid ¹	19	24	36	46	56	199
For payments to individuals.....	(6)	(8)	(15)	(16)	(18)	(201)
Other.....	(13)	(15)	(21)	(30)	(37)	(198)
Total.....	58	75	106	140	190	227
Memorandum:						
All other outlays.....	(121)	(122)	(126)	(128)	(159)	(32)

¹ Excludes military retired pay and grants classified in the national defense function.

Human resources programs.—The rapid growth of human resources programs in recent years has brought about many improvements in the well-being of the American people. Benefits under Social Security, Medicare, Medicaid, Supplemental Security Income, food stamps and veterans programs have increased substantially. In just seven years, cash benefits under social security programs will have risen from \$26 billion in 1969 to \$70 billion in 1976. They now reach 28 million beneficiaries. By 1976, six social security benefit increases will have occurred since 1969. Automatic cost-of-living adjustments to benefits are now provided by law. Allowing for the temporary 5% ceiling I have proposed on benefit increases between now and July 1976, the increases from 1970 through 1976 in the average recipient's social security benefits, taken together, will total 77%. This far exceeds the increases in the cost of living (51%) estimated for this period.

The Supplemental Security Income program began operation a year ago, replacing the various State public assistance programs for the aged, the blind, and the disabled with a more uniform and equitable national system. This broad reform has provided higher benefits for these disadvantaged groups. In addition, Federal assumption of responsibility for these programs has provided significant fiscal relief to State and local governments. This budget provides for substantial increases in administrative personnel necessary to improve services to beneficiaries both of this program, and of social security.

Outlays for the food stamp program have increased from \$248 million in 1969 to an estimated \$3.6 billion in 1976. I have undertaken reforms to simplify the administration of this program and reduce costs, while providing for more equitable treatment of beneficiaries.

Over the years, the income security of our labor force has been enhanced by liberalization of benefits and cover-

1974 Census of Agriculture

Proclamation 4349. February 6, 1975

*By the President of the United States of America
a Proclamation*

A periodic census of all the American people is required by the Constitution as the basis for apportioning representation in Congress. In addition, Congress has since 1840 provided for a special census of agriculture to periodically meet the Nation's requirements for reliable and timely statistics on this indispensable segment of our economy.

The 1974 Census of Agriculture has just begun. Statistics for more than 2.5 million farms will be collected to provide measures of the farm industry and agricultural economy for the Nation, each State, and every county. These data will be aggregated for use by virtually every segment of American society—farmers and their representative groups, the Congress, Federal agencies, State and local governments, educational institutions, private businesses, and consumer organizations.

Under the statute authorizing this Census, recipients of census questionnaires are required to answer the questions in those questionnaires that apply to them, their families, and their farms to insure the accurate compilation of these statistics. The sole purpose of the Census is to secure general statistical information regarding agriculture and related resources of the country. No person can be harmed in any way by furnishing the information required. The Census has nothing to do with taxation or the enforcement of any National, State, or local law or ordinance. The Census Act expressly provides that there will be no public or private disclosure regarding any person or his affairs. To assure the due protection of the rights and interests of the persons furnishing information, every employee of the Census Bureau is prohibited, under heavy penalty, from disclosing any information that may thus come to his knowledge.

Now, THEREFORE, I, GERALD R. FORD, President of the United States of America, do hereby declare and make known that under the law it is the duty of every person from whom information is sought in connection with the 1974 Census of Agriculture to reply to the questions in the questionnaire.

Prompt, complete, and accurate responses to all official inquiries made by Census officials are of great importance to our country. Therefore, I ask affected Americans for their full cooperation in the 1974 Census of Agriculture.

IN WITNESS WHEREOF, I have hereunto set my hand this sixth day of February, in the year of our Lord nineteen hundred seventy-five, and of the Independence of the

United States of America the one hundred and ninety-ninth.

GERALD R. FORD

[Filed with the Office of the Federal Register, 12:30 p.m.,
February 6, 1975]

Save Your Vision Week, 1975

Proclamation 4350. February 6, 1975

*By the President of the United States of America
a Proclamation*

One of every twenty people in the United States suffers some degree of visual disability. Yet, many eye injuries and disorders could be prevented if Americans took greater care to preserve their vision. Simple measures, such as wearing protective goggles when engaged in hazardous activity, will help avoid eye injuries and save sight. Many disorders that impair vision or cause blindness can be arrested before the eyes become seriously damaged, if they are detected and treated early in their development. Even blindness can sometimes be cured. For example, 95 percent of the 5,000 Americans blinded or visually disabled by cataract, for whom surgery is recommended, could have their vision restored.

Researchers in the visual science are continually striving to reduce the toll of visual disability. Advances made in vision research, many of which have been supported by the Federal Government through the National Eye Institute, and by several philanthropic organizations, can benefit many Americans if only we avail ourselves of them. The simplest way is by making eye examinations a routine part of health care through the professional guidance of ophthalmologists, optometrists, and opticians. All of us should know where to go in our communities for assistance in visual problems. We must be aware of preventive measures that can be taken at home, school, work, and play to protect our vision. We must learn the warning signals of serious eye problems so we know when to seek professional attention.

To encourage all of us to protect our vision and to care properly for our eyes, Congress, by joint resolution, approved December 30, 1963 (77 Stat. 629; 36 U.S.C. 169a), has requested the President to proclaim the first week in March of each year as Save Your Vision Week.

Now, THEREFORE, I, GERALD R. FORD, President of the United States of America, do hereby designate the week of March 2 through March 8, 1975, as Save Your Vision Week. I urge all Americans to join in this observance by taking steps to assure eye safety and by making themselves aware of the vision care facilities available in their communities. I invite the appropriate officials

We know that you did not discuss that indictment with him; we were assured of that by your Press Secretary.

THE PRESIDENT. Let me say, very categorically, I have known former Governor Connally for a great many years. He was appointed Secretary of the Navy by former President Kennedy. He was elected Governor of Texas on three occasions and served 6 years. He was Secretary of the Treasury under Mr. Nixon. He is a very knowledgeable public servant. It seems to me that with a man of that vast governmental experience, at the State as well as at the Federal level, the things that I discussed with him could be very helpful to me.

I see no conflict whatsoever. Mr. Connally has been indicted, he will get a fair trial, and I shouldn't comment on the outcome. But until he has been convicted, I think it is very appropriate for me to meet with him to discuss matters involving the Federal Government, both domestic and foreign policy.

Q. Sir, may I follow that up? Would you have any objection if members of your Justice Department were to meet privately with persons who were under indictment in cases that were being prosecuted by the Justice Department?

THE PRESIDENT. I don't think that people in the Department of Justice who have the responsibility of actually carrying out their responsibilities as prosecutors—I think there is quite a difference. They make the judgments as to prosecution; my position is not exactly that. And my reason for meeting with former Governor Connally, former Secretary of the Treasury, was to discuss non—or no matters involving his present legal difficulties.

ASSISTANCE TO FARMERS

Q. Mr. President, I would like to turn to the timing of your farming programs for just a moment. The farmers here in Kansas say they are suffering now from increased operations costs and also from a depressed market that they blame on export controls. Some Western Kansans are even considering abandoning their crops that are in the ground now. So, if your plan doesn't take effect until the first of the fiscal year, do you have some emergency alternatives to help Kansas farmers?

THE PRESIDENT. Well, I think the thing that might be helpful is the decision that has been made to, in effect, eliminate any monitoring of foreign sales of American agricultural commodities.

I did impose a monitoring system, not export controls, on the sale of American agricultural commodities about 4 months ago, when there were these several unexpected very sizable sales to the Soviet Union. But we have found that our agricultural reserves are fully adequate. We have found that the crop forecasts, particularly in winter wheat, are very encouraging. And therefore, I have, in effect, removed the monitoring system.

It seems to me that the American farmers are the kind of good Americans that will produce, because I happen

to think they will not only have a good market, which they have today, but they also are good Americans in that they know what they produce will help us in our balance of payments and our humanitarian efforts on a worldwide basis.

Q. If I could follow up on that just a second. There is still going to be a time lag, though, on the increased operation cost. Is there something you are going to do to help them out on that?

THE PRESIDENT. Yes. We discussed that with several of the Governors both in Houston as well as here today, and Mr. Frank Zarb, the head of the Federal Energy Administration, has promised that there will be some beneficial relief given to American agriculture under my energy proposals.

SPENDING FOR DEFENSE AND DOMESTIC PROGRAMS

Q. Mr. President, I am Dennis Farney with the Wall Street Journal. You have been talking in terms of wanting to compromise with the Democratic Congress, and yet your major proposals have been quite provocative. You want to increase Pentagon spending and cut back on spending for some popular domestic programs, which is about the opposite of what the Democrats want to do. Aren't you really picking a fight with Congress and preparing the way for a possible campaign against Congress in 1976?

THE PRESIDENT. I can't believe that the majority of Democrats in the House and Senate are going to weaken our national defense program by gutting the requested appropriations for the Army, Navy, Air Force, and Marines.

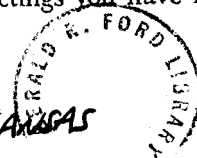
The Democrats that I know in the Congress are just as dedicated to a strong national security program as I am, so I don't think this Democratic Congress will undercut our national security efforts. They will make some changes, but I don't think—I certainly hope they won't gut the Defense Department.

Now, I have made some recommendations to cap, not to cut back, programs aimed at helping people. As a matter of fact, in the budget that I submitted, the Defense Department gets only 27 percent. The domestic programs that you mention get about 44 or 45 percent of the total expenditures out of the Federal Government.

So, I think we have come to a pretty good balance. And I think the Democrats, when they look at the budget for fiscal 1976, will realize that there is a good balance. And I think they will go along to a far greater degree than what might appear to be the case at the present time.

MEETINGS WITH GOVERNORS ON ENERGY PROPOSALS

Q. Mr. President, just how much headway do you consider you have made for your energy proposals with the Governors in the three regional meetings you have had with them so far?



country to meet the economic and energy challenges that are on our doorstep.

In less than an hour, I will be meeting and talking with a gathering of Midwestern Governors on these two very vital subjects. Later this afternoon, I will have the privilege of meeting with my friends of the press for a televised news conference.

But this event, here in your beautiful and historic State Capitol, brings another vital factor into play. I refer, of course, to the legislative branches of our State governments.

There is no doubt about it. America faces very, very grave challenges today. And I have been very frank, you might even say somewhat blunt, in describing the seriousness of our economic situation to our people throughout the country. I feel, as I am sure you do, that they deserve the unvarnished truth. And for far too long in America, they have been given some sugar-coated reassurances while pressing problems went untended.

As many of you know, I have always believed in action rather than rhetoric. I have offered the Nation an action program to fight an inflationary recession, to tackle the energy crisis, to create jobs, and to foster economic stability. I don't pretend that my plan is perfect. But it is a plan. And so far, no one has come forth with a better idea. There have been critics; we expect that, those of us who have been in the political arena for a few years. There have been questions, and we expect those questions. But no one has put forth a comprehensive, workable alternative.

I think I can speak quite frankly to a group of legislators. Here is a copy of the various recommendations incorporated in one bill for the solution of our energy program, 167 pages. The title is: "To increase domestic energy supplies and availability and to restrain energy demand and to prepare for energy emergencies and for other purposes."

This piece of legislation is the result of many hours of hard work by people in the executive branch and many hours of hard work by myself, but it is a comprehensive plan to meet the problem of vulnerability to foreign sources of oil.

This is before the Congress. I regret to say—and I say it with sadness—the Congress has been working on this piece of legislation, four pages, and the purpose, according to the title of this bill, is to suspend for 90 days the authority of the President to act.

Now, it seems to me that the American people want something that is a plan for forward-moving action rather than a four-page bill to move backward. And I say, in the strongest voice that I can and with the deepest conviction that I have, the Congress ought to be working on this instead of wasting their time on this. We need action. We can't tolerate moving backwards.

I said a moment ago, this may not be perfect, but it is a plan to save energy, to stimulate additional production for a wide variety of sources of energy, and I think the American people want something like this rather than a four-page bill that goes backwards, not forwards.

So, what I am saying to you is: As we move ahead, I hope the Congress will abandon what they are doing and join with me in working together in a positive way to solve America's problems. And I ask for your counsel, your suggestions, and, ultimately, your support. And the sooner we act, the better it will be for Kansas as well as the other 49 States.

Consider, for example, the impact that further delay in the energy field will have on farmers here in your State as well as other agricultural States. Unless we start now to achieve energy independence, the American farmer will grow more and more dependent on the foreign oil cartel for the energy products that the farmer needs to sow and to reap his crops. His costs, his profits, and his productivity will be at the mercy of a foreign force or a combination of them.

The farmer would be trapped between growing pressures for lower food prices in the marketplace and higher costs from his energy suppliers. Any way you look at it, this is a no-win proposition for the American farmer, and that is one of the reasons why I am so adamant about our need to act now on the energy front. We can't let things slide away any further. We have waited far too long already.

At the same time, though, I recognize that the farmer may well be concerned about the immediate impact the energy program that I suggest will have on his operations. In the short term, our conservation taxes on foreign oil will raise his energy costs. I can understand, as a consequence, his concern. And we intend to do something about it.

In the State of the Union Message that I gave to the Congress on January 15 and in my subsequent television address to the Nation on the economy, I stressed that no industry, nor any geographical area would be allowed to suffer a disproportionate burden of the energy program. And this promise and pledge definitely applies to the American farmer.

I renew that pledge today. As long as I am President, the American farmer will receive the fuel he needs to do the job for 213 million Americans and many others throughout the world. I will not let the American agriculture run out of gas.

As a tax relief, the result of increasing the investment tax credit from 7 to 12 percent will be a savings of some \$360 million for America's farmers and ranchers.

I have also instructed the Federal Energy Administrator, Frank Zarb, to design for the agricultural community a rebate program to compensate the American farmer for



increased energy costs caused by our conservation program. We will be announcing the details of this program within the next several weeks. But I wanted all of you in this great State to know now that this problem is at the very top of my list of concerns as well as yours.

Let me give you another clear case where energy action is needed that can materially benefit the people of Kansas. As you know, the demand for nitrogen fertilizer has begun to outpace its supply. The reason is very simple. Under the current and outmoded regulatory system, natural gas suppliers have no incentive to increase or even maintain adequate production and distribution. Thus far this year, natural gas curtailments have already resulted in the loss of about 140,000 tons of nitrogen fertilizer. Estimates for total loss during the year range from 200,000 tons to 400,000 tons.

To give you an idea of how important this is, a loss of 200,000 tons, if it were all concentrated in corn yield, would reduce the 1975 crop by about 160 million bushels, or about 2½ percent of the total corn crop.

I think we should head off this problem before it gets out of control. And the way to do it is to deregulate the price of new natural gas in America. But to do this, quite frankly, I will need your help. I will need the support of public opinion and, ultimately, the agreement of the Congress.

I could give you word and verse of how hard we have tried to get the Congress to move in this area. But, unfortunately, thus far, no action has materialized. It is a part of that legislative program that I submitted. It is a vital part. But if we are going to get the kind of nitrogen fertilizer that I mentioned a few moments ago, we better deregulate natural gas, and the sooner the better.

Now I would like to announce an important action that I am taking in response to the request of many Governors. Last week I met with a number of Governors in Atlanta, Georgia. Last night I met with another group of Governors in Houston, Texas. And I will have the privilege and the honor of meeting with some additional Governors here this afternoon.

The ones that I have met with have pointed out to me that owing to the softness in the construction industry, they, as Governors, will be able to accelerate work on our highway system at lower cost than in the recent past. Accordingly, I have ordered the release of up to \$2 billion in additional Federal highway funds.

The Governors have assured me that these funds are needed and can be put to immediate use in highway construction projects that can be underway by June 30, 1975. This action will help an industry that has been one of the hardest hit during our current economic turn-down. In reaching this decision, I considered that authority is already available in the Highway Trust Fund.

Now, I have urged State Governments to focus these additional funds, first, on projects that will produce meaningful jobs; second, on improvements that will enhance

highway safety; and third, on projects that will complete key links in our interstate system.

Priority—and I add this as a very important part of the recommendation—will also be given to urban mass transportation projects which State and local officials agree should be substituted for less critical highway projects.

Now, solving our problems as I look down the road will not be easy. But I would remind you of something that a man from Abilene, Kansas, one of the greatest men that Kansas ever produced, once said, and I quote: Free men do not lose their patience, their courage, their faith, because obstacles are mountainous, the path uncharted. Given understanding, they invariably rise to the challenge, end quote.

Dwight Eisenhower knew this was true, and he proved it as a gallant commander during World War II and as President of the United States.

And he had something else to say about American history and the American character that I believe bears repeating today, when we are hearing so much from prophets of doom and gloom. And here is what Ike had to say in this regard. "It has been the tough-minded optimist," Ike said, "whom history has proved right in America."

This was true in Ike's time and it is true in ours as well.

I am a tough-minded optimist. And may I reciprocate by saying, as I look at this chamber, I know that each and every one of you, as well as you collectively, are tough-minded optimists as well.

I believe in America, as you do. I believe in America's future, as you do. I am confident that you, joined with me in this great challenge that we face both at home and abroad—we are optimists, we are strong, we have a faith, we are dedicated. And I simply conclude by saying we can do the job together, and I am honored and pleased to have had an opportunity of being with you here on this fine occasion.

Thank you very, very much.

NOTE: The President spoke at 12:09 p.m. in the House Chamber at the State Capitol, Topeka, Kans.

THE PRESIDENT'S NEWS CONFERENCE OF FEBRUARY 11, 1975

Held at Topeka, Kansas

THE PRESIDENT. Won't you please sit down. And before responding to the first question, I do wish to thank Governor Bennett and the other Governors who were here with me in Topeka. I wish to thank the people of the



morning, a potential request from Thailand that we withdraw our forces from that country.

I noticed in the morning news summary before I left Washington that the President of the Philippines, Mr. Marcos, is reviewing the Philippine relationship with the United States.

I think these potential developments to some extent tend to validate the so-called domino theory, and if we have one country after another, allies of the United States, losing faith in our word, losing faith in our agreements with them, yes, I think the first one to go could vitally affect the national security of the United States.

Q. May I ask you one more question that has been on my mind for a long time? Since you supported the invasion of Cambodia 5 years ago, would you do the same today?

THE PRESIDENT. Well, that is a hypothetical question, Miss Thomas, because under the law I have no such authority to do so. I did support the activities then, the so-called Cambodian incursion, because the North Vietnamese were using that area in Cambodia for many military strikes against U.S. military personnel in South Vietnam. It was a successful military operation. It saved many American lives because those sanctuaries were destroyed.

Since I do not have the authority to undertake any such military obligation—we have no U.S. military forces in South Vietnam—I think it is a hypothetical question, which really I cannot answer.

FARM LEGISLATION

Q. Mr. President, in view of your commitments for Food for Peace programs and your national interest in slowing down increase of food prices, what kinds of farm support legislation would you support?

THE PRESIDENT. I believe the current farm legislation is good legislation. I helped, when I was in the Congress, to obtain its enactment. It has resulted in freeing the Federal Government from trying to run agriculture in the United States. It has resulted in the greatest production of food and fiber in the United States.

It seems to me that this law which was passed several years ago is good legislation. It has supplied our needs. It has made it possible for the United States to contribute very significantly in the Food for Peace effort around the world.

Therefore, I think it is wise, under these circumstances, for us to keep this law and not tinker with it at the present time.

INVESTIGATION OF ALLEGED CIA ASSASSINATION PLOTS

Q. Mr. President, Clark Clifford said today that he has already been questioned by the Rockefeller Commission about a possible CIA assassination plot. Since you

created the Commission, I wonder if you think this is a proper area for the Commission to get into?

THE PRESIDENT. Mr. Cormier [Frank Cormier, Associated Press], let me say at the outset that this Administration does not condone, under any circumstances, any assassination attempts. We in this Administration will not participate under any circumstances in activities of that sort. Now, I have watched with interest and personal attention the stories and some allegations to the effect that assassinations were discussed and potentially undertaken.

I have asked members of my staff to analyze the best way in which this serious problem can be handled. I did discuss it with the Vice President last week. And I expect within the next several days that I will decide the best course of action for the Rockefeller Commission or any executive branch investigation of such allegations.

Q. I gather, sir, then that you think it should be gone into at least semi-publicly?

THE PRESIDENT. It is a serious matter, and I will decide within the next few days the best course of action for the executive branch to take on these allegations.

PROGRAMS FOR THE POOR

Q. Mr. President, earlier here today a number of young people protested it was inappropriate for you to receive an honorary Notre Dame degree because they considered your lack of sensitivity to the poor and your decision to refund the war in Indochina. What would be your response to that?

THE PRESIDENT. I think you will find that the budget that I submitted in January of this year was a very sound budget. It was not an austere budget. It did provide substantially for the poor in many respects. It provided for an expanded Community Development Act of \$1,600 million more for next year than for the current fiscal year. It did provide \$202 million for the Older American Act, which is a substantial increase in this area over the last several years.

We have proposed, and we will support, a responsible program to help the poor in this country. And I think the budget that I submitted in January does just that.

THE PRESIDENT'S ADDRESS ON FOREIGN AID

Q. Mr. President, in your speech here at Notre Dame earlier today, you made a strong pitch for continued foreign aid despite the recession. And I was surprised that you failed to mention your proposal for more military aid to Cambodia and South Vietnam. Now, I know military aid to Southeast Asia has been unpopular on many college campuses, and I wonder if your failure to mention that was because you feared you might be booed or there might be a walkout by students if you professed your policy on that issue?

THE PRESIDENT. The speech that I made this morning on the Notre Dame campus was aimed at the broad

Administration of Gerald R. Ford

PRESIDENTIAL DOCUMENTS

Week Ending Friday, March 21, 1975

UNIVERSITY OF NOTRE DAME

The President's Address Upon Receiving an Honorary Doctor of Laws Degree at a Convocation at the University. March 17, 1975

Father Hesburgh, Governor Bowen, my former good friends and colleagues in the Congress, Senator Birch Bayh and Senator Hartke, Congressman John Brademas, distinguished public officials, honored faculty, members of the student body, and distinguished guests—and I add our new Attorney General:

It is really a great privilege and a very high honor for me to have the opportunity of being in South Bend on the University of Notre Dame campus, but I am especially grateful for the honor that has been accorded me this morning. I really cannot express adequately my gratitude being made a member of the Notre Dame family. I thank you very much.

I would be most remiss if I did not also express as strongly and as sincerely as I can the gratitude that all of us have in the Government for the contributions that have been made, not only in the program described by Father Hesburgh but by his many other contributions. I say to you, Father Hesburgh, thank you from the bottom of our hearts.

This has been a most exciting morning. As we were getting off the plane at the county airport, a rather amazing thing happened. Somebody asked me how to get to the campus of the University of Notre Dame. What made it so amazing—it was Father Hesburgh. [*Laughter*]

I especially want to thank Father Hesburgh for all he has done to make me and my party most welcome here today, and particularly for granting amnesty to the classes this morning.

It is also a rare opportunity for me to be at Notre Dame, the home of the Fighting Irish, on, of all days, St. Patrick's Day. I tried to dress appropriately, and, honestly, I have a green tie on. Let's face it, this is one day we can all be part of the greening of America.

As your next door neighbor from Michigan, I have always been impressed by the outstanding record of the students of the University of Notre Dame. You have always been leaders in academic achievement, in social concerns, in sports prowess, and now, once again, you are blazing new paths in the developments of new concepts in mass transportation.



Some communities have the monorail; some have the subway; Notre Dame has the quickie. [*Laughter*]

The Fighting Irish of Notre Dame have become a symbol of the tenacity and determination of the American people. But Notre Dame believes not only in might on the football field or on the basketball court but in a spiritual response to humanity's struggles for a decent life.

I have been told that many of you chose to go without a normal meal, eating only a bowl of rice, to save money to help feed the world's hungry. It is heartwarming to know that students are concerned about others abroad at a time when many here at home are finding it difficult to afford an education or to get a job. Although life is hard for many Americans, I am proud that we continue to share with others. And that, in my opinion, is the measure of genuine compassion. And I congratulate you.

I am especially proud to be on a campus that looks up to God and out to humanity at a time when some are tempted to turn inward and turn away from the problems of the world. Notre Dame's great spokesman, Father Hesburgh, is known in Washington as a nonconformist. I must admit that I do not share all of the Father's views. But he is following one nonconformist viewpoint to which I fully subscribe, and I quote: "Be not conformed to this world: but be ye transformed by the renewing of your mind, that ye may prove what is that good, and acceptable, and perfect, will of God."

To conform to apathy and pessimism is to drop out and to cop out. In that sense, I fully reject conformity. In that sense, I am a nonconformist who continues to be proud of America's partnership with other nations and who makes no apology for the United States of America. America's goodness and America's greatness speak for themselves. I believe in this Nation and in our capacity to resolve our difficulties at home without turning our back on the rest of the world.

Let me share a personal experience. I was elected to the Congress in the aftermath of World War II. A nonpartisan foreign policy was emerging at that time. America realized that politics must stop at the water's edge. Our fate was linked to the well-being of other free nations. We became the first Nation to provide others with economic assistance as a national policy. Foreign aid was an American invention or an American project of which we can be justifiably proud.

Today, as I look back, I am grateful for the opportunity to serve in our Government during the third quarter of the 20th century. These past 25 years, while not perfect, were incomparably better for humanity than either of the two previous quarters of this century. There was no world war nor global depression. Major nations achieved détente. Many new nations obtained independence. There has been an explosion of hope, freedom, and human progress at home as well as abroad. America's role, considered in fair context, was a catalyst for change, for growth, and for betterment.

The Marshall Plan, unprecedented in world history, restored a war-ravaged Europe. Even earlier, U.S. relief and rehabilitation activities during World War II and assistance to Greece and to Turkey after the

war had provided precedents and experience in America's overseas assistance.

In the same year that I came to Congress, 1949, President Truman advanced Point IV, an innovative, remarkable concept providing technical assistance to developing nations. It brought new American ideas and technology to people hitherto unable to benefit from advances in health, agriculture, and education.

The Food for Peace Act, designed to use America's agricultural abundance to assist others, was a product of the Eisenhower Administration. In the late fifties, we created the Development Loan program to help others help themselves. In 1961, the Congress established the Agency for International Development to consolidate and to administer the various activities and agencies that were carrying out the will of the Congress and the President at that time.

Programs to help people in the developing countries are an expression of America's great compassion, and we should be proud of them. But such aid is also part of the continuing effort to achieve an enduring structure of world peace. It is no longer a question of just the Third World. I am deeply concerned by the problems of the fourth world, the very poorest world where from 400 million to 800 million people suffer from malnutrition, where average per capita income is under \$275 per year, where life expectancy is 20 years less than in the developed countries, where more than 40 percent of the children will never reach the age of five, where more than half of the population has never been to school.

Despite these problems, the economies of the developing countries have grown at an encouraging rate in the past 10 years, thanks in part, I think substantial part, to American assistance. Manufacturing output increased 100 percent, food production by over one-third. Enrollment in elementary schools doubled. Enrollment in secondary schools and colleges quadrupled.

But population growth and increased demand collided with inflation and energy shortages. Gains in many, many instances have been wiped out. At the very time when our policy seeks to build peace with nations of different philosophies, there remains too much violence and too much threat to peace.

The Congress defined the role of foreign aid this way, and I quote from the legislation itself: "The freedom, security, and prosperity of the United States are best sustained in a community of free, secure, and prospering nations. . . . Ignorance, want, and despair breed the extremism and violence which lead to aggression and subversion."

Those words, written by the Congress, I think are so accurate. If nations are to develop within this definition, they must be able to defend themselves. They must have assurances that America can be counted on to provide the means of security, their own security, as well as the means of sustenance. People with an affirmative vision of the future will not resort to violence. While we pursue a peaceful world in which there is unity in diversity, we must continue to support security against aggression and subversion. To do otherwise, in my judgment, would invite greater violence.

The United States, in this day and age, cannot avoid partnership with nations trying to improve the kind of world the children of today will face tomorrow. Recent events have demonstrated the total interdependence of all people who live on this planet.

The 1973 war in the Middle East showed that war confined to a limited region nevertheless has an economic impact, not only in South Bend but in every corner of the world. Developing and developed countries are all part of a single interdependent economic system.

This audience, I am told, and this student body includes many students from over 60 foreign countries. And I congratulate you, Father Hesburgh. Let this demonstrate to all Americans that other people place a high valuation on what America has to offer. Let it demonstrate that the University of Notre Dame rejects what some call the new isolationism.

Let me share with you a specific problem that Father Hesburgh mentioned in his introduction. When the World Food Conference met in Rome in the fall of 1974, I—as the newly chosen President—was faced with a very perplexing problem. Food prices in America were over one-fifth higher than in the previous year. Food reserves, as reported by the Department of Agriculture, were dwindling. The corn crop and other commodities were disappointing in 1974. There were concerns about hunger among our own people.

Against this background, I was presented with several alternative estimates on how much we should spend for Food for Peace for those in other lands.

At the Rome Conference, American spokesmen pledged that we would try our utmost to increase our food contribution despite our own crop problems. As crop reports improved, I designated—as was mentioned by Father Hesburgh—a sum even higher than the highest option recommended to me at the time of the conference.

A factor in my own decision was your fine president, Father Hesburgh, and you should be thankful that you have a person who has such broad interests as he as the president of your university. A factor also in my judgment was that the program provided, and properly so, a reminder of America's moral commitment.

Food for Peace was increased from about \$980 million to \$1.6 billion. This will provide about 5.5 million tons of commodities, up from 3.3 million tons last year. Most of the commodities will be wheat and rice. But also desperately required and also increased are blended foods used in nutritional programs for mothers and for infants.

The United States, fortunately, is no longer the only country aiding others. But we continue to lead—and we will—in providing food assistance. In 20 years of Food for Peace, we shipped over 245 million tons of wheat, rice, and other grains, valued at roughly \$23 billion.

Every American should be proud of that record. It is an illustration of the humane feeling and the generosity of the American people.

While food helps, only by technical assistance can emerging nations meet their needs. It has been often said, but I think it is appropriate at this time, that if a hungry man is given a fish, he can eat for one day. But if he is taught to fish, he can eat every day.

The greatest opportunity lies in expanding production in areas where production will be consumed. The world is farming only about one-half of the potential croplands, yet there are insufficient farmer incentives in many countries, shortages of fertilizer, high fuel costs, and inadequate storage and distribution systems.

The answers to the world food problem are to be found in interdependence. We can and will help other nations. But simplistic paternalism may do more harm than good. Our help must take the form of helping every nation to help itself. And we will.

I am particularly concerned about the problem of fair distribution. America believes in equality of opportunity. This Nation provides a showcase of change in providing better nutrition, education, health to more and more people, including those who can least afford it. Now, some nations have made excellent use of our assistance to develop their own capacities. Other governments are still struggling with the issue of equality of opportunity and fair distribution of life's necessities.

Good world citizenship requires more than moralizing about the role others should take. It requires each nation to put its own house in order. Good American citizenship requires more than moralizations about what is wrong with the United States. It requires personal involvement and action to bring about change. It requires voting and organizing and challenging and changing with the flexible and dynamic American political process. Our system, by any standard, works, and will work better, and you can be a part of it.

The developing nations of the world are increasingly successful in bringing prosperity to larger numbers of their own people. In fact, the assistance we have provided these nations is not just a one-way street. Thirty percent of U.S. exports are purchased by these developing nations, thereby obviously contributing to a better life for their people and jobs for ours.

In cases where countries have the means, let them join in sharing with us as they should. Some have helped. Others have not. We led the way, and we will not shirk from future burdens. But all nations must cooperate in developing the world's resources. We extend the hand of partnership and friendship to make a better world.

Another challenge facing the developing nations, as well as other nations, is to realize the need for peaceful accommodation with neighbors. An interdependent world cannot solve disputes by threat or by force. People now and in the future depend on each other more than they sometimes realize. For example, we in America import between 50 and 100 percent of such essential minerals as cobalt, bauxite, nickel, manganese, and others.

The challenge, as I see it, is for America and all other nations to take responsibility for themselves while building cooperation with each other. The challenge is also the preservation of the freedom and dignity of the human individual throughout the world.

Just as the world's nations can no longer go it alone, neither can the American people. Woodrow Wilson said that "what we should seek to impart in our colleges is not so much learning itself as the spirit of learning." Great universities that pursue truth face the challenge that con-

fronts the entire American people. It is whether we will learn nothing from the past and return to the introversion of the 1930's, to the dangerous notion that our fate is unrelated to the fate of others.

I am convinced that Americans, however tempted to resign from the world, know deep in their heart that it cannot be done. The spirit of learning is too deeply ingrained. We know that wherever the bell tolls for freedom, it tolls for us.

The American people have responded by supplying help to needy nations. Programs, both government and the voluntary agencies, could not have been and cannot be reenacted without popular support. CARE and Catholic Relief Services, pioneers in Food for Peace programs, are feeding over 28 million people around the world right today. Protestant, Jewish, and other groups are similarly involved.

At universities throughout the Nation, researchers seek answers to world problems. Right here in Indiana, at Purdue University, scientists have made discoveries in high protein aspects of sorghum, a basic food of more than 300 million people in Asia and in Africa.

Not only the scientists at Purdue but people throughout America realize that no structure of world peace can endure unless the poverty question is answered. There is no safety for any nation in a hungry, ill-educated, and desperate world.

In a time of recession, inflation, unemployment at home, it is argued that we can no longer afford foreign assistance. In my judgment, there are two basic arguments to the contrary:

—First, foreign aid is a part of the price we must pay to achieve the kind of a world in which we want to live. Let's be frank about it. Foreign aid bolsters our diplomatic efforts for peace and for security.

—But secondly, and perhaps just as importantly, even with a recession, we remain the world's most affluent country. And the sharing of our resources today is the right, the humane, and the decent thing to do. And we will.

But just as we seek to build bridges to other nations, we must unite at home. This Administration wants better communication with the academic world. And I express again my appreciation for the warmth of this reception. But this communication must not just be a search for new technology but for the human and spiritual qualities that enrich American life.

In the future, fewer people must produce more. We must, therefore, unleash intellectual capacities to anticipate and solve our problems. The academic world must join in the revival of fundamental American values. Let us build a new sense of pride in being an American.

Yes, you can make America what you want it to be. Think about that for just a moment, if you would. Is it really true? Yes, in my judgment, it is.

But there is a catch to it. You will never see it come true. Perhaps your children or your grandchildren will. What you can do is move America slowly, but surely, along the right direction.

Admittedly, today's America is far from perfect, but it is much closer to the America that my class of 1935 wanted than it was when I left the University of Michigan.



Today's America is a far better place than it was 40 years ago when the lingering shadows of worldwide depression were being blotted out by the darker clouds of worldwide war. My generation did not wholly save the world, obviously. But we did, to a degree, help to move it along in the right direction.

We learned along the way that we are part of one world. The author of that phrase was a Hoosier, the first political candidate about whom I got personally involved enough to volunteer as a campaign worker. His name was Wendell Willkie.

Wendell Willkie, of Indiana, was never President, but he was right. He fought for what he believed in against almost impossible odds. In the last Presidential campaign before Pearl Harbor, he believed most deeply—too far ahead of his time, perhaps—that America must be part of one world. He lost the 1940 election, but he helped unite America in support of the truth, which has been our nonpartisan national policy since the Second World War. And I say with emphasis, there has been no third world war. On the contrary, the prospects for long-range peace have slowly, but surely, improved.

Despite setbacks and current international problems, the standards of human life have been lifted almost everywhere. Yet, today, we hear another theme, that the tide of history is running against us, that America's example of American leadership is neither needed nor heeded at the present time; that we should take care of ourselves and let the rest of mankind do likewise; that our domestic difficulties dictate a splendid selfishness that runs counter to all of our religious roots, as well as to all recent experience.

We are counseled to withdraw from the world and go it alone. I have heard that song before. I am here to say I am not going to dance to it. Nor do I believe this generation of young Americans will desert their ideals for a better nation and a better world.

You can and you will help to move America along in the right direction. Hopefully, you can do a better job than the class of 1935, but while the classes of 1975 and 1935 are still around, we have much to learn from each other.

We can renew the old American compact of respect for the conviction of others and faith in the decency of others. We can work to banish war and want wherever they exist. We can exalt the spirit of service and love that St. Patrick exemplified in his day.

I am not alarmed when I hear warnings that the tide of history is running against us. I do not believe it for a minute, because I know where the tide of history really is—on this campus and thousands and thousands of others in this great country and wherever young men and women are preparing themselves to serve God and their countries and to build a better world.

You are a part of the tide of this history, and you will make it run strong and true. Of that, I am sure.

Thank you. And top o' the morning to you!

NOTE: The President spoke at 11:15 a.m. at the University of Notre Dame Athletic and Convocation Center, South Bend, Ind.



FOR IMMEDIATE RELEASE

05-8
MAY 1, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE
PRESS CONFERENCE
OF
EARL L. BUTZ
SECRETARY OF THE
DEPARTMENT OF AGRICULTURE

THE BRIEFING ROOM

2:00 P.M. EDT

MR. NESSEN: There is no surprise that the President has decided to veto the farm bill. The veto message has not gone to Congress yet. It will go in the near future.

As is customary for Congressional courtesy, we will not pass out copies of the veto message until it has reached the Hill.

In the meanwhile, though, in order that you will understand the reasons why the President has decided to veto it and to answer your questions about the veto and about the bill, we have Agriculture Secretary Butz.

Q Ron, just one question. Has he actually signed the veto message?

MR. NESSEN: I am not sure whether he has physically signed it or not, Ralph. It will go to Congress in the near future.

Q When you say the "near future," you surely are talking about today?

MR. NESSEN: I assume so.

Q Is there a deadline on this?

MR. NESSEN: There is not a deadline. May 5 is the deadline.

Q When will we get the message?

MR. NESSEN: As soon as it reaches the Hill.

Q Today?

MR. NESSEN: I assume so.

Q You are not going to withhold any of this until then, are you?

MR. NESSEN: There is no embargo on the briefing.

MORE

(OVER)



Q Ron, this is the problem in writing the story. We cannot say yet that he has actually --

MR. NESSEN: He has decided to veto the bill, and the actual veto document will go to the Hill, as I say, soon, or shortly.

Q How come you are doing it this way, Ron? This is very unusual.

MR. NESSEN: It is very usual, Sarah, for Congressional courtesy not to pass out a document to Congress until Congress has it in its hands.

Q What is so unusual about it is that you are not seeing that Congress has it in its hands. That is the most unusual thing I have heard and you are giving a briefing and everything. What is the reason for it, Ron?

Q Is it true the message was fouled up over here, Ron, and was sent back to Agriculture to be reworked?

MR. NESSEN: No.

Q If Secretary Butz can't tell you what to put in that message -- he has obviously already done it.

SECRETARY BUTZ: Thank you very much, Ron. (Laughter)

Sarah, whether this part is embargoed or not, I have discovered I am never embargoed in this town. There is no embargo on what takes place now.

As Ron said, the President has decided to veto the bill. The President has obviously had a very, very busy morning, and we have delayed a bit here. This had been scheduled, and we are going ahead with this anyway.

I have just a few comments on why the bill is being vetoed. This was started as an emergency bill in the House of Representatives to give farmers some assurances, they said, of price guarantees to insure full plantings this year.

The planting season is on. As a matter of fact, we are in it in many parts of the country, and there is evidence that farmers are planting fully, regardless of legislation.

Why is the President vetoing it? First, the cost. This is a dominant reason. We estimate this bill would cost approximately \$1.8 billion in the first year. That is at variance with the estimate the Agricultural Committees and the Conference Committee put out when they estimated a cost of \$210 million the first year.

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Their estimate was based on outlays for payments under the target price which would go mostly to cotton. They did not include any cost estimate for cash outlays for loans that would be escalated because of the higher loan rates mandated in the bill.

These become a cash outlay in the year in which they are made and would, therefore, be a charge against the budget. We estimate that that would run approximately \$1.8 billion.

The President is coming down hard, as you know, on any program that results in increased expenditures beyond those for energy or beyond those that were in the tax bill that he approved.

You recall, when he approved the tax bill, he drew the line at a \$60 billion deficit and said, this is it. This is the first major test that has come from Congress since he gave that message on signing the tax bill on holding the line on the budget.

He feels very strongly, and I concur in that feeling, that if he were to approve this, it would greatly rupture his credibility on that matter of holding the line on expenditures and on deficits. He clearly intends this to be a signal for other bills coming down the road, that they will get the same treatment

Secondly, if he were to sign this bill, I think it would reverse the new direction of agricultural policy. I feel very strongly -- and the President likewise feels very strongly -- that this bill would move us back in the direction again of heavy Government participation in agriculture, in farm programs, in commodity ownership and commodity management.

With the attendant increase in costs, our people estimate that if this bill were to become law, that the cost escalation year after next might go as high as \$4 billion or \$5 billion and even beyond that in the third year after this, depending, of course, on estimates of commodity prices. They are very difficult to estimate at the present.

Q Mr. Secretary, the second year that it was in, it would cost up to \$4 billion to \$5 billion?

SECRETARY BUTZ: Yes, sir. We estimate \$1.8 billion the first year. Understand that includes loan outlays, too, some of which would be repaid.

Q What is the duration of this bill? How long would this bill --

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SECRETARY BUTZ: This bill was passed as a one-year bill, but if anybody is so naive as to think that an escalation of price supports and loan rates and target prices, the magnitude in this bill would be allowed to expire in election year, I don't think anybody is so naive in this room as to assume that. Therefore, I think you have to say that if this escalation did become law this year, it simply would be the base for further attempts at escalation beyond that in subsequent years.

When I became Secretary 3-1/2 years ago, we were spending about \$4 billion a year in payments to farmers one way or another. This has been reduced this year to something under half a billion dollars, with the exception of the so-called disaster payments that were made to farmers who lost their crops last summer.

When you add that in, we are running around \$800 million this year total, or something like that.

Q Was that 1969, the \$4 billion, Mr. Secretary?

SECRETARY BUTZ: No. In 1971, we were spending approximately \$4 billion a year.

Q Is this calendar or fiscal, sir?

SECRETARY BUTZ: Fiscal. In fiscal year 1972, we were spending approximately just under \$4 billion -- \$3.9 billion -- in payments to farmers. Our storage costs at that time were running over \$1 million a day for stuff we had. We reduced that storage cost to virtually zero.

At that time, our agriculture exports ran about \$8 billion a year. This year, our agricultural exports will top \$22 billion. I know a part of that is increased price per unit, but a substantial part is increased physical volume, too.

Q Sir, you said you reduced it from \$4 billion, fiscal 1972, to one-half?

SECRETARY BUTZ: Approximately one-half billion dollars in payments to farmers. This is exclusive of the so-called disaster payments we make under the Farm Bill of 1973. We don't know quite what they run yet, perhaps \$300 million to \$400 million.

Q Just so we are not talking about apples and oranges, the \$3.9 billion also excludes that disaster --

SECRETARY BUTZ: That is correct, sir. The \$3.9 billion and the one-half are comparable figures. There has been some deterioration in farm prices in recent months. This was, I think, the basis for a good deal of the pressure that came in the Congress for the so-called emergency bill.

I think farmers are justly concerned about the future. Their costs have escalated. There has been some decline in prices. Yet, we are inclined, I think, to look at what has happened to prices from the high that they reached some months ago.

I want to show you a few charts that take them in context here.

First, let us look at corn prices because corn and wheat figured very prominently. This is what we tend to hear about right here -- the decline in prices that has occurred in the last four or five months in corn prices. Yet, you come back to the beginning of 1972 -- and that just happens to coincide with the time Earl Butz became Secretary and this is purely coincidental, you understand -- one of the first things I did, if you remember, from this very platform when President Nixon presented me here as the nominee for the Secretary of Agriculture, I turned toward him and I said, "The price of corn is too low," which was sure enough to be highly quotable.

One of the first things we did was to have a purchase program in corn. We did not have to buy much but prices did start up a little bit here. They continued up here, and they continued up to that high point that occurred last summer, in 1974, following the very short crop year we had in 1974.

There has been some deterioration since with a leveling off in the last month or two here. The point I want to make is even though it has come down, it is still very substantially above anything we had before.

I will say a word about cost in a moment, but the point I want to make is even with this price deterioration, it is still at a relatively high level when you take it in total perspective.

Let's take a look at wheat and we get roughly the same picture. The price of wheat was running back here about \$1.30 a bushel at the farm level -- something like that. It went up. Here was the Russian purchase in here. It went up here. Last year, it dropped off some at harvest time, and it came up again, again largely reflecting our very short crop of feed grains because it was a sympathetic movement in prices.

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It has dropped off some since, but again, in historical perspective, at a much higher level than anything we had except for a couple of abnormal periods here.

Take a look at the price of soybeans, and you get somewhat the same thing. Soybeans jumped very high in 1973. This was because of a worldwide shortage of protein. Fishmeal off the Peruvian Coast failed and for various other reasons at this point, we had a soybean embargo and the like. They dropped down. They have come around here. They came up again last fall and they are down at a point here now which in historical perspective is still above anything we ever had prior to two years ago.

The picture on cotton is not quite so good. The price of cotton dropped down some here and then improved very markedly. This period was very high last year and has dropped. It has recovered some in the last couple of months.

The price of cotton is, in most cases, below the cost of production, again reflecting the failure of textile markets around the world. We are in a bad situation.

You hear a lot about the farm cost-price squeeze. This is serious. Farmers had their record high net farm income year in 1973. It was \$32 billion. It was nearly double -- not quite double -- the previous high of \$17.5 billion. In 1974, this dropped some as costs began to catch up with income. It dropped to \$26 billion in 1974. It will drop still further in 1975, chiefly, again, because the costs have caught up with it.

But here, the red line is prices received by farmers. The blue line is prices paid by farmers, two widely quoted indexes put out by the Department of Agriculture. You will note that based on 1967 as 100, which we have used for some time, and they were in rough adjustment starting in 1972.

In 1973 and 1974, prices received escalated up very high. Prices paid kept going on up. This is part of the problem. Those two lines have now crossed.

Prices received have come down for five months in a row, until the current month. The May 15 index was published just last night, was released last night. It showed an increase of 4 percent in prices received by farmers in the last month. This stops -- and I hope permanently stops now -- this down erosion we have had for five consecutive months.

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Prices paid keep going up. This has slowed down some compared with a year ago. Prices received are 7 percent below one year ago. Prices paid are 11 percent above a year ago. That is the cost-price squeeze that you hear so much about.

I present those charts simply to show you if we take the prices of our basic commodities that are in this farm bill up here, I am talking about wheat and feed grains and soybeans. Cotton was in there, too. With the exception of cotton, the prices are substantially above anything that had prevailed prior to the last year or two.

I am fully aware that costs are catching up, and they stay up. The cost of a combine is up to \$30,000 now. The cost of a good tractor is up to \$20,000 now, and so on.

On the other hand, we discussed this with the President. I think one of the things that irritates our farmers a great deal was the two-time experience in interference with export markets for our farm products. We are asking our farmers to produce fully, and they are responding that way.

Two years ago, we cut across export contracts on soybeans which in retrospect, I think, was a very unfortunate thing we did. Last year, when the USSR came in with this massive purchase for corn and wheat, and we had a relatively short corn supply, again we interfered with that and we instituted a system of prior approval for export shipments of over 50,000 tons in any one shipment. This was a very irritating thing to our farm people, and justly so, I think.

This has all been removed now. They have access to markets any place in the world, now. With the exception of Trading With the Enemies Act. There are certain forbidden places. The President feels, as I do; that we should make every effort not to have that kind of interference again.

I think if we can assure our farmers that they are going to have access to these export markets, we do our very best to keep promoting export markets, and maintain our farm commodity prices at a level where they are, or hopefully a little more -- and I would like to see a little more because our farm income is being squeezed this year -- I think that the thing that spurred this activity back of the new farm bill will have been diminished a great deal.

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Just one more comment. I fear very deeply myself that if we were in this non-election year, to accept the target prices and the loan rates established in the new farm bill, it would be a base for further escalation next year, which will be an election year, would move us in the direction of getting heavy Government participation in the commodity business again.

We would begin to accumulate commodities in the hands of the Government. We would become a residual supplier in the world's markets, as we were for many years, because we owned the commodities, substantial quantities of them.

The release price had been announced at the loan level, plus 15 percent, plus carrying charges. Our competitors around the world just undersold us. They emptied their warehouses and bins, and then we took what was left in the market place. If we got back in that stance again, we would very shortly get to the point that public pressure, political pressure, would force us back into a system of quotas and allotments, and we would be back on the same threadbare tracks we traveled for 40 years, except for short, wartime periods. These are the main reasons why the President is vetoing this bill.

Q Mr. Secretary, we understand that the President's veto message does not, as you had indicated you thought it would earlier, announce increases in the loan rates, but that it does say that if conditions deteriorate, he will take action. Can you enlarge on that, please?

SECRETARY BUTZ: Yes. The Secretary has a great deal of discretionary authority to set loan rates except for cotton. In the case of cotton, this is fixed by law at 90 percent of the average international price the last three years. We have, in fact, raised cotton loan rates 9 cents this year based on that law.

But for wheat and feed grains and oil seeds, the Secretary has wide discretionary authority. The President feels -- and I concur in this -- that it would be inconsistent to veto the bill for the primary reason of increased cost and at the very same time, to indicate action that would, in itself, increase budget outlays.

Our best estimate was, if we had right now announced an increase in the loan rates of corn and wheat up to, let us say, \$1.50 and \$2.00 -- just to pick a figure out of the air -- it would have entailed an added budget outlay of somewhere around \$90 million.

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On the other hand, the President feels, and I feel very strongly, that we should continue to watch this thing and keep our options open. If these charts I have just shown you turn down again, be prepared to make adjustments in the loan rates.

As I indicated last Friday before Senator Humphrey's committee on the Joint Economic Report, I do not propose to sit here as Secretary of Agriculture and see our farmers liquidated. That would not be in anybody's interest, including the interest of consumers.

We have to have a healthy agriculture. I think we are on the track toward a healthy agriculture.

Q Why are you delaying doing that? Aren't a lot of people going broke? Haven't a lot of these people gotten credit this year on the strength that maybe they would be able to get this bill through? How did they get the credit to plant crops that they have gotten up to now?

SECRETARY BUTZ: Sarah, the current market price of commodities is substantially above the current target prices on the current loan rates and substantially above the target prices on the loan rates on the bill passed by Congress. This is also true of the price of the 1975 crops in the futures market.

Our goal, of course, is, I think, a sound one, and that is to keep those prices at a healthy level so they can get their price and get their income in the marketplace and not be dependent on Government.

How did they get their credit? If they have a basis for credit, you can get it from the regular institutional sources you always get it from, from the cooperative credit organizations. In the case of farmers who cannot do it, we have stepped up our amount of farm home administration credit for operating loans this year, too.

Q How much is that going to cost you? That is going to cost you more, right?

SECRETARY BUTZ: It goes out at 5 percent. It does involve some interest subsidy, that is correct.

Q What about the cotton industry now? A lot of people have gotten off of cotton and didn't plant cotton this year, and diverted to soybeans. Is that going to make us have a great shortage of cotton and textiles?

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SECRETARY BUTZ: I don't think so, Sarah, because we have a surplus of cotton now. Our carry-out of cotton is quite high this year, both in this country and around the world because the off-take for textile manufacturing has been done.

So, we go into the year with a pretty substantial carry-in of cotton. Our cotton farmers indicated on March 1, for planting intentions, that they were going to cut back their acreage by 29 percent this year. Most of that would go into soybeans and some into grain sorghum.

Our soybean acreage was indicated to be up 6 percent this year. I think those are very desirable shifts. We don't need the cotton. We do need the soybeans, and I think this shift reflects itself in the market already with cotton prices having strengthened by some 5 cents a pound in the last three or four weeks.

Q Mr. Secretary, this chart here indicates the prices that farmers are paying for their stuff is going up and the prices they are getting are going down. This is the percentage of 1967 when they were getting a lot more than they were spending. Is it to the point now where the farmers who are starting out in agriculture now are going to start out in a loss situation or are they still able to make some money?

SECRETARY BUTZ: That depends on the individual situation, obviously. It takes so much capital now, as it did right back here, too -- it took a lot of capital back there to get started -- that unless you have a fairly substantial capital base or your wife's father has a farm, or something -- of course you have to take your wife with it, too, you understand to get that -- it is very difficult to get started these days. This is simply one of the facts of life.

I am talking about the family farm. It is now a heavy capital utilizer. Yet, there are young people starting every day. There are young couples in trouble right now. Those young couples that started in the beef business, for example, 18 months ago, that paid \$400 for a cow-calf unit that now find it worth \$150 and went in debt on that basis, are in difficulty.

You are in a situation with a long cyclical swing here, a 10 or 12 year swing.

Q Mr. Secretary, why are the dairy farmers in such trouble?

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SECRETARY BUTZ: Primarily because of high feed costs that have occurred in recent years, especially at the end of the line like New England where you have to ship in so much of your feed and you are at the end of the transportation line where the transportation system has broken down, too.

There is light coming back in the dairy industry here. There has been some improvement in price. We adjusted our price supports upwards last December and again six weeks ago to bring our parity base up to date as required by law.

Feed costs are coming down some. We have just finished negotiating, I think, a very satisfactory arrangement with the European Community that avoids the imposition of countervailing duties on our part and they have withdrawn their restitution subsidies on their part all except some table cheeses, exotic cheeses, that we will pay any price for in this country, and are really not competitive.

I think that there are better days ahead for the dairy industry, too. Yet, milk production has continued to increase inspite of what you have heard about it.

Q Mr. Secretary, would you take each item, wheat, corn, cotton, soybeans, milk, exports, and tell us what you are going to do to improve the situation in each one of those?

SECRETARY BUTZ: On exports?

Q Each one of those, plus exports.

SECRETARY BUTZ: Let's take corn as a case in point. Corn is by far and away our biggest cereal crop. We had a very short crop last year of about 4.7 billion bushels because of the bad year in the cornbelt. This year, given average weather, we should hit a crop of around 6 billion bushels. That is going to be quite a lot of corn. That will be the largest crop we have ever had. We feed most of it.

Now, we will export, hopefully, over one billion bushels this next year. We are in the export business for keeps in feed grains. We are going to push hard on exports. Our market development teams are working constantly on that. Our Foreign Agricultural Service works constantly on it.

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We have built up livestock populations in some parts of the world that are absolutely dependent on a flow of feed grains from the United States, corn or grain sorghum as the case may be.

I think we won't have any trouble with corn. We have a little heavier carry-out a year from this than we have this fall. We are going to have too small a carry-out of corn this fall. We are going to have a carry-out of corn this fall that will be equivalent to approximately six weeks domestic consumption of corn. That is not enough because if we should happen to have another dry summer this summer, we would be in trouble.

We need a bigger carry-out of corn. By the same token, we need a bigger carry-out of wheat. Let's take wheat as a case in point. We are going to come out of this wheat market near June 20th with a carry-out of old crop wheat somewhere around 300 million bushels. I am reasonably comfortable with that but it is not big. It is on the low side of safe. It is on the low side of normal. We can build up our carry-out to be on the safe side, not only for us, but for the world, to make us a credible supplier in the world's markets.

We simply have to export about two-thirds of our wheat. We will have a crop this year of 2 billion or 2.1 billion bushels. We will use domestically approximately 700 million bushels of wheat in a year for human consumption, for seed and for feed. That means we simply must export two-thirds of our wheat crop or we get a cutback in wheat. We must export 25 percent of our feed grains or we cut back. We must export 45 to 50 percent of our soybeans or we cut back.

What does this mean? It means we have now built the American farm export market up to a \$22 billion market. As I said, it is our number one source of foreign exchange. It is in our interest, it is in the interest of all America to keep this export market healthy and we have to do it to keep agriculture on a full production program, otherwise we have to get back into a program of quotas, of allotments, as we did for 40 years.

Q Mr. Secretary, do your soundings on the Hill indicate that without some assurance in the form of immediate action to raise loan rates, you will be able to sustain the veto in the House?

SECRETARY BUTZ: I think so, because there was no assurance of that kind in the initial vote on the bill in the House or in the vote on the Conference report in the House, and on the initial vote in the House we had, as I recall, 22 votes above that necessary to sustain the veto.

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On the Conference Report, we picked up four votes and those for the bill lost 11 votes and that increased some. I see no reason why that margin wouldn't hold. I hope we can increase that margin.

I think what happened yesterday, what we reported in the Price Index strengthens our position, that this 5-month decline has stopped. While one swallow does not make a spring, I know at least it has turned around here. We increased 4 percent last month in prices received.

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Q Mr. Secretary, is really the issue the loan rates? Is that the most significant part of this veto?

SECRETARY BUTZ: No.

Q Or are you looking at the target price --

SECRETARY BUTZ: No, sir, I think the target price is the most significant part of it. The Congress passed the Act of 1973 two years ago with a new concept, this concept of target prices. It was not our proposal. It was a great deal of tugging and hauling, as you know, at that time, a great deal of bargaining and trading, but it came out to have a system of target prices.

The question came, was what level? And we were arguing for a lower level of target prices to make sure we did not get the Government heavily involved in the commodity business again.

The Congress wanted a higher level. We compromised at this figure here. They had an escalation clause written into that legislation saying target prices would escalate upward based on increases in the cost of production.

That is this blue line I have right here. They would escalate upwards. The Congress initially wanted that to apply the first year. We finally compromised and said that would apply the second year -- the third year of the four-year bill.

Last year was the first year under this bill; 1975 will be the second year. This escalator clause automatically becomes available in the third year, next year, and will substantially escalate target prices upward.

I think we have to be very careful that we don't get target prices to the point that they become incentive prices and you begin to produce for the Government or to get loan rates to that level.

Frankly, I am worried right now about the cotton situation. The loan level on cotton right now is at or above the world price of cotton and we could very easily get ourselves into a situation where we once again begin to accumulate cotton excesses as we did a few years ago and virtually price ourselves out of the international cotton market. We simply have to export 40 percent of our cotton in a normal year, or we are in trouble. We do not use it domestically. That means we have to cut back our whole cotton industry by 40 percent if that happens.

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Q Mr. Secretary, you did not show a curve up here for the dairy prices. Are you comfortable with the ability of the New England dairy industries to be viable at current prices?

SECRETARY BUTZ: No, I am not. New England is in a difficult situation, partly, as I said, because they are at the head of the feed line. You have a heavy transportation cost to get your concentrates in there. They are good roughage producers, fairly economical roughage producers, but their concentrates have to come in either by rail or truck. This adds to the cost.

They have been in a surplus milk situation up there for some years, which has tended to reduce their blend price some. I think there is a vulnerable spot in the dairy industry. It perhaps is the New England area where they have to depend -- other things being equal -- on a little better market.

This means they can't overproduce and put so much of their product under manufacturing, which tends to lower their blend price. One of the things that bothers me about the whole dairy industry is we have been for some years on a declining per capita consumption of milk in this country.

Our per capita consumption of total dairy products, including milk, continues on downward. The only reason we have been able to maintain a fairly constant level of dairy production is by virtue of the increase in population.

We had a production this last year in dairy products of around 116 billion pounds, I believe it was. I recall when I was here as Assistant Secretary in 1953, we were then producing 122 billion pounds. In 20 years our production has only held constant.

We have been able to do that only because of an increase in population; our per capita consumption goes downward. I am confident that if we begin to price our product too high, we will accelerate that downward trend and simply hasten the death knell of the dairy industry.

Q Mr. Secretary, how do you think the farmers in this country are going to react to this veto?

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SECRETARY BUTZ: Divided. I think they will act divided. The American Farm Bureau Federation is vigorously opposing this bill. They have from the start. They are working to sustain a veto.

Oddly enough, The Farmers Union is opposed to it, but for a different reason. Their reason being the target prices are not high enough. It is rather unusual to get those two organizations on the same side of anything. But we have got a bill here where the Nation's largest farm organization representing 2.6 million family members is opposed to it, where George Meany, the head of the AFL-CIO, has strongly endorsed it and I have said from a number of platforms around the country when George Meany endorses a farm bill, I want to read the fine print. I want to see what kind of trade was made, and this obviously is a trade being made on the Hill up here.

Q Specifically, in what way is a trade being made?

SECRETARY BUTZ: It is being made as evidenced by the comments made by one of the Senators in the Senate Agriculture Committee when I was up testifying on this bill. The discussion went to food stamps.

I said, "I think food stamps properly belong in the Department of Health, Education and Welfare." He said, "Well, there is much logic for that, but on the other hand, we use it here as trading stock to get our legislation through."

In what way do you do this? Labor voted pretty solidly for this, even though its districts were almost entirely urban, where they should be opposed to anything that would raise food prices, and the longer run impact of this bill would be to raise food prices.

You cannot interpret it otherwise, but they voted very solidly for it and later down the pipe will come legislation that somebody may attempt to remove food stamps from strikers.

At the present time, we give strikers who are eligible food stamps. There will be an attempt to increase eligibility for food stamps. There will be an attempt to increase public service jobs. There will be all kinds of things coming along.

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While I don't know what kind of deal was made I think I could pretty well speculate what it was.

Q Mr. Secretary, you say we don't need cotton. We do need soybeans. Would you advise cotton farmers to get out of cotton?

SECRETARY BUTZ: Cotton farmers themselves this year indicated that they intended to plant 29 percent fewer acres than last year. They are responding to market signals, as they should.

I did not say we did not need cotton. I simply said we did not need as much as we had last year, and we do need more soybeans than we had last year.

Q Mr. Butz, what about imports on meat?

SECRETARY BUTZ: I think the imports on meat are under complete control. We have the meat, the Beef Import Control Act of 1966, that established a triggerpoint on imports at 1.181 million pounds that could come in now. That changes some from year to year, but that is the current figure.

In the last six or eight months, imports with no restrictions had been below that level, primarily because of the American beef market was not an attractive market by the time you added transportation charges from far away Australia.

But cattle numbers are building up in Australia, at some point they will go to slaughter and come on the world market. In the last six weeks or two months, the State Department, under the very able leadership of Jules Katz, has been negotiating voluntary restraints on shipments of beef to this country from those principal nations that ship to us.

This either has been concluded or is just about to be concluded in a very satisfactory way. This was at the direction of the President. I think in this case the President has taken action to make sure these do not interfere with our domestic marketings.

MORE



Q Sir, they have been doing it for months. That is what the cattlemen have all been in here talking to you all about, the interference on beef and dairy, cattle --

SECRETARY BUTZ: You are quite right, but the actual shipments in the last six or eight months have been below the trigger point defined in the law.

Q That still does not mean -- as the cattlemen pointed out in at least four conferences down here at the White House -- that does not mean but what they are very seriously hurt by these imports.

SECRETARY BUTZ: We import approximately 7 or 8 percent of the total beef we use. It is manufacturing beef. On the other hand, Sarah, let's remember trade is a two-way street. We export half of our cattle hides. We export nearly half of the glands, tongues and that kind of thing. We have a very substantial export trade in animal products, too.

Q That still does not answer the question about the competition, how it is hurting the dairy and beef cattlemen here.

SECRETARY BUTZ: The same way about cheese imports. Two years ago, twice we raised, by Presidential Proclamation, the amount of cheese that could come to this country, 100 million pounds in each case.

Q I know you did.

SECRETARY BUTZ: And dried skimmed milk. We raised that. We raised that at the time and we simply were not producing enough dried skim milk to meet our needs. Our cottage cheese manufacturers, our ice cream manufacturers and our bakers were shifting to something else.

I think it made sense to bring that in to maintain the market for dried skim. In the case of our second special cheese import, I think it came too late. I think by the time we finally got it in place, it did interfere with our domestic market in cheese. I don't think the first one did.

Q I would like to ask you a political question. Throughout this briefing here today, you have talked about 1976 politics. From what I read and hear, there are some who feel that you would be a political liability to Mr. Ford in a campaign. I am wondering if you have any intentions to voluntarily step aside and let the President appoint his own Agricultural Secretary?

MORE

SECRETARY BUTZ: All I know is what I read in the papers, and I read in the papers two or three weeks ago that I had every honest intention to do so, until the President asked me to stay on. I read that in the paper. One of you wrote it. I don't know which one it was.

Q Has he asked you to stay on?

SECRETARY BUTZ: Yes.

Q Mr. Secretary, you said the long-run impact of this bill would be to increase food prices.

SECRETARY BUTZ: Yes, sir.

Q What is your estimate as to how much food prices would have been increased in, let's say, the next year or by the end of this year?

SECRETARY BUTZ: The immediate effect of this bill would have been, I think, to raise dairy prices modestly because it would have required some increase and a quarterly updating of the pricing level on dairy products which would very quickly translate itself into retail price changes in milk and butter and cheese.

I think the impact of this bill on other food prices would have been longer removed in the future, because we don't eat corn directly. We translate it into livestock. It takes a year to get that process done. The amount of wheat that goes into a loaf of bread is miniscule. It was only a year ago we were having flap in this country on a dollar a loaf of bread.

At the present price of wheat, you get about six cents of wheat right now in a 40 cent, one pound loaf of white bread in this town. But the long-run effect of this would have had to have been to put food prices up because it would get agriculture back in again ultimately to the position of quotas and allotments.

THE PRESS: Thank you, Mr. Secretary.

END

(AT 2:40 P.M. EDT)



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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

ACTION

December 21, 1976

MEMORANDUM FOR: BRENT SCOWCROFT
FROM: CATHIE DESIBOUR
SUBJECT: White House Statement Regarding IFAD

AID Administrator Parker is scheduled to sign the Articles of Agreement establishing the International Fund for Agricultural Development on Wednesday, December 22, at 11:00 a.m. (EST). The attached White House statement has been proposed for issuance with your approval, either today, December 21, or tomorrow prior to the signing ceremony.

The text of the proposed statement has been cleared with Messrs. Hyland, Hormats, and Smith, as well as with State and the speechwriters office. Ambassador Scranton concurs in Mr. Parker's signing the articles on behalf of the United States.

RECOMMENDATION:

That you forward the attached statement to Ron Nessen for issuance by the press office in Vail.