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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.

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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.

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 --

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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 Cost 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 confortable 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.

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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 Proclamantion, 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)