

FOR IMMEDIATE RELEASE

SEPTEMBER 15, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

PRESS CONFERENCE

OF

EARL L. BUTZ

SECRETARY OF AGRICULTURE

AND

WILLIAM J. KUHFUSS, PRESIDENT
AMERICAN FARM BUREAU FEDERATION

THE BRIEFING ROOM

12:05 P.M. EDT

MR. GREENER: The President has just completed a 45-minute meeting with the Executive Committee of the American Farm Bureau Federation and here to give you some discussion of that meeting is Secretary of Agriculture, Earl Butz, and Mr. William J. Kuhfuss, the President of the American Federation, and Mr. Allen Lauterbach, the General Counsel.

SECRETARY BUTZ: And Mr. Roger Fleming was also there, Roger Fleming being the Secretary-Treasurer of the American Farm Bureau Federation.

As Bill said, we just finished a 45-minute conference with the President. It was a very frank discussion. The Farm Bureau President, Mr. Bill Kuhfuss, expressed the farmers concern about the current interruption of export sales to the Soviets.

He reminded the President of commitments that had been made that farmers would have access to world markets. The President came back and indicated that that is true currently with every purchaser except the Soviets and that we have already sold them 9.8 million tons of new crop grains plus 500,000 tons of old on tracts that have not yet been delivered.

The President reiterated his opposition to this Government getting back in the commodity business. For 25 years in the Congress he opposed that type of farm program and still does very solidly. He indicated that he felt it would be to the advantage of the American farmer to have some long-term commitments from the Soviets with minimum purchases which they guarantee every year and with maximum that we guarantee to supply, and beyond that we would consult. That would defuse a lot of the emotional opposition which is existing in this country to any kind of sale to the Soviets and that poses a very real problem.

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It was a very fruitful discussion, I think, and a very frank discussion. Mr. Kuhfuss has a press conference scheduled in the Press Building this afternoon at 1:30 but he has kindly consented to make a brief statement here and answer questions.

Q Can we ask you something?

SECRETARY BUTZ: After Mr. Kuhfuss speaks.

MR. KUHFUSS: The meeting of the press conference is in the Press Club at 1:15. I want to make a brief comment here and invite each of you to the press conference. We did have a meeting with the President. We appreciated the opportunity to relate the concern of farmers across this country as to some of the things that have been going on. They feel it is a dilemma to have a few labor leaders and the Department of Labor speaking and negotiating for agriculture's interest when agriculture is the largest single segment of our economy across this land.

Their real concern, as related to labor's attitude, as expressed through the press and many, many references to consumer interests and consumer concerns when really this is not in proper perspective, that their interests and their concerns we fear is a selfish interest and that the things that have caused increased consumer costs are not the cost of raw products.

When wheat was selling for \$6.00 a bushel, bread was selling at 32 cents a loaf. Last spring when wheat was down to \$3.00 or now when it is down below \$3.00 a bushel, bread is selling for considerably higher at 36 or 37 cents a loaf, the same pound loaf of bread.

So there are other factors and those others factors are largely related to labor and if we are really concerned about you consumers and the rest of us across the land, they will get the thing into perspective as to what are the real causes that have escalated consumer costs over the years. We invite all of you to our press conference at 1:15 and we will get into more detail and more opportunity for questions there.

Q Before you leave, could you answer one question? How did the President react to the view you expressed to him?

MR. KUHFUSS: The President's interest and his concern as expressed again confirms his commitment to market economy and his commitment to the enterprise system and this is encouraging and wholesome.

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Q Are you satisfied with the meeting today or would you like him to go a little further?

MR. KUHFUSS: I was pleased with some aspects of it, I am seldom completely satisfied. I was not completely satisfied.

Q What were you dissatisfied with?

MR. KUHFUSS: I will answer further questions at the press conference.

Q Some of us aren't able to go there.

MR. KUHFUSS: We have set up a press conference and the intent is to respect that press conference and I would invite each of you to be there.

SECRETARY BUTZ: I don't think Bill wants to scoop himself here. As the President, Bill said he wasn't completely satisfied. Mr. Kuhfuss represents a group of people, he represents an organization, as Mr. Meany does. I am sure that Mr. Meany was not completely satisfied with what came out of this arrangement, nor is Bill. But as the President pointed out, he faced a very serious dilemma. He said he represented 214 million Americans and you try to find the best solution possible.

I think, Bill, that was the spirit of the meeting, you presented a point of view. The President said, "I respect your point of view, there are other points of view."

We tried to resolve a very serious dilemma, the dilemma being grain was not being loaded. The dilemma being that additional sales had to be made. The dilemma being that we were stopped in our tracks and something had to be done.

You can argue, if you wish, on whether or not labor leaders were acting outside the law. The plain fact is they weren't loading the boats and we were getting court order after court order for it and I think that is why Bill said he wasn't completely satisfied. The President has to choose what he conceives to be the best course, which probably satisfies nobody completely. Is that a fair statement, Bill?

MR. KUHFUSS: The President did indicate there would be more sales of grain. I think I am in order in relating this. Likewise, there was real interest and real concern as far as our point of view is concerned that the opportunity to merchandise and to market grain was a long-time interest of the President.

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Now, to get into the specifics of trying to accommodate the specifics we had, which were to eliminate the moratorium on grain sales, to suggest that the Secretary of Labor and the labor leaders not be those in the forefront of negotiations for agriculture, we think this is a question, and likewise a real interest and a concern we had related to in the national commodity agreements. None of these were complete satisfactory answers. I think that answers your question and I will be happy to comment more in detail later.

Q But your main complaint, though, is you want to end this moratorium and get started on selling grain?

MR. KUHFUSS: Absolutely. We think it is not in proper order, not in the proper position to maintain a moratorium when the farmers were promised last summer at planting time that they would have access to world markets and here we have in effect a curtailing of that world market. Russia is a part of that world market. We can't monitor the world market, we cannot manage that world market. We can sell from this country or we can hold in this country. The Government does not have supplies at this time and we don't want to get into the role of Government-held supplies to be held over the marketplace in order to keep agriculture again down at a low level.

I will see you at 1:15.

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Q Did the President turn you down on your request for a lifting of the moratorium?

MR. KUHFUSS: The answer is he did not turn it down, necessarily, but that we had no particular commitment related to our comments.

Q He really just listened to you, is that right?

MR. KUHFUSS: He listened very well and made general statements that were confirming the positions he has taken previously, and his conviction that the market is a rightful place to give direction and that enterprise is the difference -- as I interpreted his comments -- the difference between what we have in the United States and many other places in the world.

Q Can we ask you, Mr. Secretary, when you expect this moratorium to end and how long it will take to negotiate a long-term agreement?

SECRETARY BUTZ: The team is in Moscow now. This team went rather quickly to Moscow. There is more involved in the moratorium than negotiation. Obviously, it is tied in with the whole question of the Maritime Commission arrangements with the Russians on the freight rates in American flag bottoms with an extension of the current agreement that we went into three years ago that involves one-third of the shipments in American flag bottoms, one-third in USSR bottoms and one-third in third country bottoms.

It is a very complex set of issues. All I can say is it has top priority in the Administration. I think it has top priority with the USSR, too. It has top priority with the Maritime Administration, and we are hopeful that it will be ironed out by mid-October.

That is the time the President indicated last week he felt it would be ironed out, and there is every pressure on to meet that deadline on our side and on the Russian side.

Q Do you think we will meet that deadline?

SECRETARY BUTZ: Yes, I think we can.

Q How about the oil line? Is there current discussion going on in terms of exchange of oil?

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SECRETARY BUTZ: As the President said out in the country last weekend, and as Secretary Kissinger has said, such things are under discussion. Whether anything will come from them at this moment, no one knows.

Q Was concern expressed that the negotiating team now in Moscow doesn't include anyone from the Department that represents the farmers?

SECRETARY BUTZ: It does. We have the head of our grain division in our Foreign Agriculture Service there.

Q He is one of the three?

SECRETARY BUTZ: That is correct, and we are in constant telephone discussion with him, too.

Q Do these negotiations concern the rates in the Maritime agreement?

SECRETARY BUTZ: They are separate negotiations. They were going on back here in Washington, and then were transferred to Moscow.

Q The rate agreements are not finished?

SECRETARY BUTZ: As far as I am aware, they are not completed.

Q Is the possibility of trade for oil a part of these discussions by the team in Moscow?

SECRETARY BUTZ: It could well be.

Q Is it the Administration's hope that if there is an oil for grain swap-off that the additional oil from the Soviets will lower that cost of living enough to offset any rise in the cost of living from the grain deal?

SECRETARY BUTZ: I don't think so. You see, we have a peculiar problem here. If American flag ships take grain to the Soviets from American ports, what do they bring back? Hopefully, they could bring back petroleum. It may well be the pricing arrangement for freight on the return trip involves some of the commitment on the petroleum deal.

These are some of the things being discussed. As I say, it is a very complex set of issues.

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Q There is no expectation there could be offsets in the cost of living?

SECRETARY BUTZ: No, sir.

Q Mr. Secretary, did the Farm Bureau ask for an immediate lifting of this moratorium?

SECRETARY BUTZ: They suggested they would like that, but the Farm Bureau didn't demand anything. They presented their point of view and from their point of view said that would be desirable. They said the moratorium itself was unfortunate.

Q What was the President's response to that?

SECRETARY BUTZ: As I said a while ago, the President said he faced a very difficult dilemma, and it seemed in the interest of negotiations generally and a more permanent solution to this problem that we simply cool it for some 30 days, and that is what we are doing.

Q Did the President speak of any date for an end to the moratorium?

SECRETARY BUTZ: None, except that that he spoke of last week, which was mid-October. I presume mid-October was a range.

THE PRESS: Thank you.

END (AT 12:20 P.M. EDT)