

FOR IMMEDIATE RELEASE

MARCH 5, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Springfield, Illinois)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION
AT THE FARM FORUM

FORUM 30 HOTEL

2:05 P.M. CST

THE PRESIDENT: Paul, Secretary Butz, my former colleagues in the House of Representatives, Congressman Michel, Congressman Railsback, Congressman Madigan, former Governor Ogilvie, members of Illinois farm organizations, ladies and gentlemen:

I am extremely pleased to be here in Illinois, the land of Lincoln, to meet with all of you to respond to your questions, and I commend you and congratulate you as leaders of the various agricultural organizations in this great State.

Let's talk today about where this great corn heartland of America is headed. We have made some very solid gains in agriculture in the last two years, as Paul Findley pointed out. The last three years have been the three highest net farm income years in history. That is the way it should be, and that is the way it is going to be.

It took hard work on your part; it took the right kind of farm policies. I want to keep that good climate going, and I know that you do as well. You and all of the farmers must have a fair return for your hard work, 365 days a year, and as far as I am concerned, you always will.

But, let me take a minute to analyze or examine another area. I refer to farm surpluses and the restrictive farm programs that went with them.

We no longer have today heavy farm surpluses hanging over the market. I want to keep it that way, and I think you do, too. We must sell grain, not pile it up in storage. That is the program of this Administration.

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We don't have an Administration in Washington dumping surpluses to force down the farm price and force you to sign up to some Government-controlled farm programs, and we don't want one of that kind. The nation's grain reserves are now in your own hands. Today, you who raise the grain can decide the best time to sell, and you are.

I think you ought to know what I am for and what I am against in some other matters. I am firmly opposed to the Government holding your reserves in a Government bin or in a Government warehouse. I am firmly against the policies that would have farmers producing grain for a Government storage bin and a Government check.

I am firmly opposed to a Government board selling your exports. I want our export trade to stay in private hands. I am firmly opposed to any international reserve that would put your farm products under the control of an international body where this country could be outvoted 50 to 1 or even by 100 to 1.

I am firmly opposed to subsidized imports. I don't want our American farmers competing against the treasuries of foreign Governments. Let's talk for a minute about agricultural exports in the record of this Administration.

We exported a record \$21 billion 600 million in agricultural products last year. Nearly \$2 billion of that came from Illinois. That just did not happen. We worked at it. You know what those exports mean to your farms, to your ability to plant and produce, to your income and to your family's well being.

It is good for you, it is good for Illinois, and it is good for the country generally. But, let's look at another accomplishment. We are selling the Soviet Union \$2 billion, or more I should add, in farm products from the 1975 crop. That is a record, a record compiled during this Administration, and it is only the beginning of continued exports to the Soviet Union.

Let me add, farm exports will not be a pawn of international politics. We want our agricultural production to promote trade and help keep the peace. We want to keep your boys on the farms and send your bushels overseas and at good terms of trade.

I oppose policies which would keep your bushels at home and send your boys overseas. Last fall, as you know, we exercised a temporary restraint on grain sales to the Soviet Union. Today, I would like to review that situation for you.

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At that time, we had already sold the Russians about ten million tons of grain. Facilities to transport the grain and the Russian capability to handle incoming shipments were already committed at capacity for months to come.

If we had sold the Russians one more bushel of corn or wheat at that time, it could not have moved for months. We were then in the midst of negotiations with the Soviet Government on long-term sales of our wheat and corn.

Although we welcome the Russians as customers, I don't think they should come into our market only when it suits them. I insisted on a long-term grain sales agreement with the Soviet Union. That is why there was a temporary halt in sales while we put the finishing touches on that agreement.

As soon as we got the agreement that we wanted, I ordered the temporary halt lifted. Since then, the Russians have come to us for another three million tons. As we have said before, we remain ready to sell them more this year if they want it.

That is where we stand on farm exports, but better yet, because of the agreement we concluded, you are going to have a regular customer, a regular market in Russia for no less than six million tons of corn and wheat each year and maybe much more from 1976 through 1980. That is a good deal for the American farmer and for the nation.

Let me emphasize, however, this is only a part of our policy of strengthening our agricultural export trade. Farm exports thus far in the 1970s will total two and one half times more than in the same period in the 1960s.

In addition to the \$2 billion in sales to the Soviet Union, this fiscal year, we expect to sell \$6 billion 800 million to Western European nations; \$3 billion 200 million to Japan alone and \$1 billion 200 million to Eastern Europe.

I think we can all be proud of that record.

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I am proud, too, of our Secretary of Agriculture, my very good friend, Earl Butz. I am today asking the Secretary to assume a new and very vital role in the strengthening of America's agricultural policy-making within the Executive Branch of our Government. The Secretary will be the Chairman of a new Cabinet level Agricultural Policy Committee that I have created. This committee will consolidate all agricultural policy-making functions of the existing Executive Branch committees. It will have the central and vital role in the development and the direction of our Nation's food policies.

This new committee and its leadership reasserts the importance that I attach to Secretary Butz as my chief agricultural policy adviser and spokesman. I am positive, I am absolutely confident that this bolstering of agricultural policy within the Executive Branch will benefit the farmers of Illinois and the entire United States.

I congratulate you, Earl, on your new responsibilities. Just as we are more effectively utilizing the energy of Earl Butz, and he has a lot of it, we look to the availability of energy in general as the key to modern farming.

In America agriculture, machines greatly multiply the efforts of men. You need plentiful supplies of petroleum and natural gas. U.S. production of natural gas peaked in 1973 and has been declining ever since. This has very serious implications from the point of view of agriculture.

As farmers, you know it better than I. You need natural gas for drying your crops. You need it as the primary resource for nitrogen fertilizers that put dollars in your pockets and food on everyone's table.

Yet, today that crucial supply of natural gas in the United States is being choked off by outmoded price regulations and restrictions on the interstate shipment. Natural gas -- and the whole problem, let's be very frank, is bad legislation. As President, I am determined to rectify that situation. But I need the help of the Congress to change this bad legislation, these restrictive laws, and I ask your support, as farmers and as members of farm organizations, to help me to remove this obstacle; to increase American productivity.

Quite frankly, I am as proud as you, and I know how proud you are, that there is now more confidence in rural areas, that more young people are coming into agriculture, that the enrollment in our agricultural colleges are running at an all-time high.

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All citizens are concerned about estate taxes but this is a particular problem for farmers whose savings are tied up in farmlands. The value of an average farm throughout the country today is now about \$200,000. To prevent the forced sale of family farms to meet inheritance taxes, I previously proposed a plan to defer estate tax payments that greatly reduced interest rates over a 25 year period. If adopted, this plan would have provided substantial relief.

But an additional problem must be solved. While the value of the dollar has eroded, our system of estate tax law has changed very, very little since 1930 or 1934. To ease the burden of estate taxes on many Americans with modest estates, I am now proposing an increase of the present \$60,000 estate tax exemption to \$150,000.

The Treasury Department will present the full details of this proposal to the Congress later this month. Along with my tax deferral proposal, this exemption increase should help owners of family farms and small businesses to hand them down from generation to generation without the forced liquidation which today happens all too frequently.

I want to maintain the continuity of our family farms. Too much love and too much labor go into the development of a paying farm to dismantle it with every new generation.

Let us never forget that American farmers must profit if America is to profit. There must also be enough income for each of you to replace machinery, to conserve and enrich the soil, to adopt new techniques and to buy essential supplies. That is what keeps the American economy going.

Some nations with other economic and political philosophies have virtually the same tractors, the same combines that each of you use, but those nations do not have the greatest piece of farm machinery ever built, the free enterprise system.

We have turned things around in rural America and we must keep it that way. We have more to do and I want to work with you to get it done. I fought hard, as my friends in the Congress know, to cut Government spending, to curb inflation, and to maintain a sound economy. This fight can only succeed if our farming economy also succeeds.

America's heritage was created by our farmers. The time has come for all Americans to join you, the farmers, in recalculating America's old and America's cherished values, including our rededication to the highest moral and spiritual values. The farmers of America took the challenge some 200 years ago. In the words of Ralph Waldo Emerson, describing the heroic stand at Concord Bridge in 1775, "The embattled farmers stood, and fired the shot heard round the world."

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Today, the farmer is still embattled. Today's telling shots are not from guns but from grain. Not from pistols but from productivity. The minuteman of 1976 is the man who drives the tractors in your fields. Two hundred years have passed, but you remain central to America's future and to America's freedom.

Thank you very much.

I look forward to the questions and answers.

QUESTION: Mr. President, I want to compliment you, first, on your appointment of Secretary Butz to this committee. I think we, as farmers, will be very pleased to think the Secretary now might have some of your Administration at elbow length, perhaps, instead of arms length.

I am also very pleased with your comment relative to exports, but I hasten to add that I think farmers are still very apprehensive about 1976 as they again approve all-out production and we are wondering what concrete assurances you can give farmers that they could believe the Administration in saying that again you might not impose some type of export restrictions?

THE PRESIDENT: Now that we have developed firm and certain relationships, not only with Japan and with some of the Eastern European countries, the Soviet Union and elsewhere, I would say that the likelihood of any limitation on exports is virtually nil.

But, I have to be honest and frank with you. I just don't believe in kidding people. I can't say never, under no circumstances. I think any responsible President has to have an option, if he has to face a catastrophe of some kind, but as I said a moment ago, the likelihood is virtually nil of any limitation of exports in 1976.

QUESTION: I'm from the National Farmers Organization and our members would like to welcome you to this greatest of all agricultural States. My prime concern is not at this point will I be able to leave my family farm to my heirs but will I be able to keep it that long.

We believe there are unfair tax advantages by corporations and they move into agriculture. I have an opportunity to work with a coalition group and there is in the Judiciary Committee a family farm format that would limit corporate holdings in agriculture. I wonder if you would support this type of legislation.

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THE PRESIDENT: It is not legislation that has been very widely advertised. I have heard just the title. I know nothing of the details and to make any commitment to a piece of legislation only knowing the title, I think, would be irresponsible. I like to read the fine print before I say yes or no to something and until I have that, I cannot, in all honesty, give you a categorical answer. I want the family farm to be run by the farmer who owns it and lives on it, but to make a sweeping generalization I don't think is the proper role for me at this time knowing only what the title says.

QUESTION: Thank you, President Ford.

QUESTION: I would like very much to compliment you on your recent, just now announcement of something that will alleviate a very serious problem and that is the estate tax inheritance problem. My question has to do with imports. Due to the fact that Indonesia is the second largest exporter of tung oil in the world and since in the past year they have tripled their exports of tung oil into this country completely duty-free and have increased the amount they have shipped into our country from 250 million tons to 750 million pounds, which has, we think, largely contributed to the decline of soybean oil prices from 43 cents a pound to 16 cents a pound, why, then, Mr. President, has the U.S. just approved an \$11.3 million loan through the World Bank to Indonesia to help them increase still further their production?

THE PRESIDENT: I, first, think you have to understand the United States does not control the World Bank. We have an interest in it. We are participants but that is an organization that is separate and distinct from the U.S. Government.

I fully recognize the problem that you have raised. It is a serious one. It is a matter that is being carefully considered at the very highest level in the Executive Branch of the Federal Government and I can assure you that this review and this analysis will be completed in a relatively short period of time and we will make a specific recommendation.

But this is the responsibility of the new committee that I have just announced, but the review has been going on for a month at least, to my knowledge, and I can assure you that it will get the top consideration by Secretary Butz and his associates.

QUESTION: Mr. President, I was very pleased when you said you would not use food as a pawn, but I am very concerned about the fact that how are you, as the Chief Administrator of our country, going to be able to resist the pressures that I feel will build up over the years to use food to help develop foreign policy?

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THE PRESIDENT: I admit there are a number of people in political life -- and some of them are candidates for the Presidency -- who have indicated that they would use food to try to change a social system in another country and in the process would stop exporting and in the process would have you store your grain rather than sell it and would create, as a result, a great overhang of food in this country which would depress your prices and add to the taxpayers' burden.

I categorically disagree with the person or persons who advocate that policy. I think it is wrong and this President will never, as I said in my speech to the Farm Bureau in St. Louis, use our exports to implement or to be a pawn for international politics.

QUESTION: Mr. President, we have heard your fine comments about agriculture. My question is does the President feel that due to the high cost of operation on the farm, can the President and his staff keep farming prosperous in the future?

THE PRESIDENT: I am absolutely convinced that the best way to keep the farmer prosperous is to have a prosperous America generally. We have gone through, in the last 12 to 18 months, a very serious economic recession in the United States. Eighteen months ago we had inflation of 12 percent or more. We were faced with energy problems that were almost insurmountable with the embargo. We had growing unemployment. We had decreasing employment. But because we had a steady responsible overall economic plan for recovery, we are now coming out of this recession in a very effective way.

We got some good news again this morning. We have been getting it for about four or five Fridays in a row. The information this morning showed that again we had an increase in employment, a decrease in unemployment. This follows two or three months of improving economic conditions. I am convinced that if we continue the good, sound policies we have today for the rejuvenation of our economy as a whole, that farmers in the future will benefit just as other segments of our society.

I am an optimist about America economically and otherwise and I think all of you are as well.

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QUESTION: Mr. President, I represent the Country Grain Elevator Industry in Illinois through the Grain and Feed Association of Illinois.

We feel the effects of OSHA and the EPA, and we feel there is a veritable flood of paperwork coming down on people who are in small business in Illinois. Do you feel there is any possibility of lessening this tremendous flow of paper from Washington so we might do a better job for these farmers here?

THE PRESIDENT: About a year ago I asked how many forms Americans had to fill out that came from the Federal Government, and I was told there were 5,200 and something. I could not believe it. I verified it. I said it had to change, and we have a requirement that they must be cut by at least 10 percent from the time that I found out about it about a year ago.

Let me add something as to how we are doing it. We are going to have, or we have right now, as a matter of fact, task forces that go into every department, and they make every department pull out all the forms that have to be filled out, and they ask the people from these departments why, in each case, and if they can't justify them, there won't be another one of those forms printed and sent to you and to others.

It is a terrible problem. It wastes money. It wastes your time, and it accomplishes virtually nothing. So, we are in the process of trying to do precisely what you are talking about.

Let me say a word about OSHA. It got off the ground about four or five years ago, when Congress passed the legislation. The legislation is very rigid, and all of us in the Executive Branch are only carrying out what Congress passed.

Now, unfortunately, to compound the problem the first group of inspectors that went out to carry out the responsibility under law felt that they had some police powers, which they don't have, and they got off on the wrong foot, and we are now in the process of making certain that those people who were carrying out the law come to your elevator or to anybody's factory with the point of view that they want to help and not come in trying to beat somebody down.

We are going to make darn sure that they have the right attitude and not the wrong attitude. In the meantime, I think the Congress ought to take a look at some parts of that law because we are simply carrying out what Congress passed.

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QUESTION: Mr. President, I am from Southwestern Illinois, the great territory of Representative Findley, our good Congressman.

THE PRESIDENT: He is a darn good one, but you have some other good ones down here, too. (Laughter)

QUESTION: I realize that, but he happens to be from our district. (Laughter)

THE PRESIDENT: You look after him.

QUESTION: We will keep him on his toes. Thank you, sir.

I am also pleased to hear that you have appointed Secretary Butz on this most important and vital committee, and when somebody mentioned here before that he should be at elbows length, I think the vast majority in this audience would agree to that fact because almost all farmers, I am certain, have a lot of trust in Secretary Butz.

THE PRESIDENT: So do I.

QUESTION: I have a two-part question, Mr. President.

What is your position on replacement of Lock and Dam 26 at Alton, Illinois? (Laughter) That lock and dam is not replaced.

THE PRESIDENT: Isn't that enough? (Laughter)

QUESTION: If that lock and dam is not replaced, how will Illinois farmers get their four million four hundred thousand bushels of grain to the Gulf point to export that went through Lock and Dam 26 in the year 1974 and 1975?

How would vital materials like coal and crude be transported up the river if Lock and Dam 26 becomes inoperative? Mr. President, I am sure there is going to be legislation come before your desk in the not too near future because we are working strong for that, and we would like to know your position.

THE PRESIDENT: The problem of Lock and Dam 26 is one that I have looked into because I was down in St. Louis with the Farm Bureau a month or two ago, and as I understand the facts that particular lock and dam is way overage and is incapable of meeting the current traffic.

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On the other hand, there are individuals or organizations that allege that if a new dam is built, it will have serious environmental impact. There is a struggle going on within the departments. The Corps of Engineers are in the process of, as I understand it, updating the necessary impact statements.

As I understand it, the larger dam, according to the Corps of Engineers, is already authorized. It does not have to come in special legislation. Am I correct on that?

That is my understanding, so it is really a decision that has to be made in the first place, by the Corps of Engineers. They have to recommend whatever should be done, and that recommendation will come to me. They have not finalized their answer, and for me to tell them today what they ought to do when they have a responsibility under the law to take a look at the contending forces I think would be wrong, in my position.

I am pretty well informed on it, but I am going to let the Corps of Engineers make their recommendation and then I will make the decision after that.

QUESTION: Mr. President, I am an Illinois pork producer. We want to join in welcoming you to Central Illinois and the Land of Lincoln. The area I want you to touch on, Mr. President, is the area of our nation's animal agriculture.

We feel that if we are going to compete and efficiently supply high quality protein to this country and the world, there is a need for more animal research funds within the Department of Agriculture and also the experiment station.

Our question is in two parts, also. One, have you reviewed and studied your response for vetoing the animal research bill of 1975, sponsored by Congressman Melcher?

THE PRESIDENT: If my memory is correct, I increased the research funds for the Department of Agriculture in fiscal year 1977. That just has been verified by the Secretary. My memory was we had. As a matter of fact, I increased research and development funds for the Government as a whole by better than 10 percent in the budget that I submitted to the Congress for 1977.

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Now, as I understand, as I recollect the veto of that bill, it would have established another categorical grant program in the Department of Agriculture when they already had the authority to do what that bill proposed they do. Is that correct? That is my recollection.

That took place about a year ago, as I recall, and because we did not need the authority, I saw no reason to put another law on the statute books. The authority is there. We added to the money for the reasons that you have indicated, and I am sure that the Department of Agriculture, under the Secretary, will spend it wisely. I don't think we needed any additional authority for that purpose.

QUESTION: We certainly support the concept of a tight control on Government expenditures, along with many other people sharing in this concern. We do solicit your support in adequate funding in the years ahead for animal agriculture in particular.

THE PRESIDENT: As I said, we increased the money for next year in research. I strongly agree with you, not only in agriculture but elsewhere, that the future of this country depends, yes, on the work you and I do on a day-to-day basis, but more importantly on the results of research by scientists who are working today on those problems.

QUESTION: Mr. President, I think you will like my first name. It is Gerald. (Laughter)

THE PRESIDENT: Are you saying the question won't be as friendly? (Laughter)

QUESTION: I feel I have to put in a plug for a fine young Congressman, I think one of the glowing lights in Republicanism. That is Ed Madigan. I come from his district.

THE PRESIDENT: I agree. Stand up, Ed.

QUESTION: Down to the serious business. As I look over my 1975 record -- and I am just a farmer and I am darn proud to be one -- I see something happened to us, and I would like to maybe get your ideas on what it was.

Was it the embargo? Was it the boycott? Was it the Russian grain deal, and do you think that the Russian grain deal will prove profitable to American farmers in the years to come?

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THE PRESIDENT: Let me answer the last question first. I am absolutely certain that the guarantee of a minimum of six million tons a year sale to the Soviet Union with the possibility of increased sales over that figure will be beneficial to the American farmer. There is no question in my mind, because if you look at the sales record for the last five or six years, some years it was way down here, the next year it was up here. Then it was down here, then it was up. There was no certain market. They could come and go as they pleased and now you have not only the six million tons, but you have a greater potential.

You have a guarantee of that much, and when you look at what we are going to be selling, as we have in the past, to Poland, to Japan, to other Eastern European countries and Western European countries, I am an optimist as far as the American farmer is concerned.

And I recognize that there were some declines in the prices of grain from six or eight months ago but I also am an optimist because I look at future prices. Soybeans for next year's crop are 19 cents higher than the ones for the current crop. Corn is 2 cents higher. Wheat is about 12 cents higher. I should think that would convince farmers that 1976 is going to be a darn good year and I am convinced the years after that will be equally optimistic.

QUESTION: I am a farmer in Western Illinois. I am also associated with a number of farmer cooperatives.

Along with many other farmers and farm leaders, I am becoming increasingly concerned with the rather frequent flow of statements and innuendoes from the Administration and departments of the Executive Branch -- primarily the Federal Trade Commission and Department of Justice and others -- that farmer marketing cooperatives are either monopolistic or otherwise somehow responsible for the high food prices.

The facts are that marketing cooperatives have been an essential tool for the orderly marketing of our farm production to the benefit of their farmer owners and at the same time these cooperatives, these marketing cooperatives, along with many others, have been a competitive influence to the great benefit of consumers.

My question, Mr. President, is this. If re-elected, do you feel that you can give strong support to farmer cooperatives?

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THE PRESIDENT: I think my record in the Congress and my personal record as President indicates a strong support for farmer cooperatives. The Federal Trade Commission is going to have a new Chairman. At least I have submitted his name to the United States Senate for consideration. He comes from Illinois. He is the son of a former good Republican Congressman from here. His name is Cal Collier. I think you will find in Cal Collier, as the Chairman of that Commission, a very proper understanding of the role of marketing cooperatives. I can't pre-judge in every detail, but if he is as good as his old man, he will make a darn good Chairman of the Federal Trade Commission.

QUESTION: Mr. President, I am from Northern Illinois. I would like to commend you on your estate tax plan by increasing the deduction to \$150,000. What can we, as farmers, do to assist you in making your plan become a law real soon, and I mean real soon. (Laughter) Not that I am planning on leaving here. (Laughter)

THE PRESIDENT: The place such legislation starts is in the House Committee on Ways and Means, the Taxation Committee. That committee is under the chairmanship of a Congressman from Oregon, but there are several from the State of Illinois on that committee. Danny Rostenkowski of Chicago, Phil Crane and Ab Mikva of the area around Chicago.

If I were you or if I could get your organizations I would just go pound on their office door, because if you don't get it out of the committee, as all of these good Congressmen know, you are not going to get it on the floor for consideration, and if you don't get it started in the House, you can't get it started in the Senate, so the place to start is right with the three or four Congressmen from the State of Illinois who are on this committee and just get your organization, get yourself. It is a good plan. I think there is a lot of sympathy for it and that committee and in the Congress, but that is where you start.

And I think it will have an impact and I think you are the kind of a guy that will start it. (Laughter)

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QUESTION: Mr. President, I am from Mr. Railsback's Congressional district. I am a livestock producer and I would like to speak today as a member of the Illinois Livestock Association. We wholeheartedly applaud and support both the specific content and the entire tone of your address today. We are very thankful for your approach.

I would like to call your attention to and ask your support for Section 206(b) of House Bill 8410 currently in the House Agricultural Committee dealing with payment assurances for livestock. Essentially, this section, by providing what might be called a prior lien to the extent of the value of livestock sold to the farmer feeder, would provide a good deal of protection in case of packer insolvency, and all this without adding one man to the Federal bureaucracy.

THE PRESIDENT: I have talked to the Secretary of Agriculture about that. This matter was called to my attention out in Iowa about a year ago, as I recall. I came back and talked to the Secretary. I promised the people in Iowa that we would take another look at the Administration's viewpoint and we have decided that we will support that -- I can't say that is the precise provision, but it sounds like the provision -- that would give the seller a protection against the insolvency of a meat packing organization.

QUESTION: Mr. President, I am a farmer here in Morgan County and also on the County Board. And I would like to express my appreciation to be able to have our President in our midst here and to speak to you personally. I consider this quite an honor.

Being a farmer all my life, I have noticed -- and I am sure many others have, too -- that when the cattle market or hog market is good, the grain boys suffer and when the grain market is good, the cattle and hog boys suffer. We live off each other.

THE PRESIDENT: Where does that leave me? (Laughter)

QUESTION: If you like, we both deserve a profit.

THE PRESIDENT: Excuse me. Go ahead.

QUESTION: That is it. (Laughter)

We feel like we both deserve a profit. When one makes money, the other loses. We are living off each other.

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THE PRESIDENT: What we want -- and I don't say this with any feeling that I am just saying words and it can't be done -- I am not as pessimistic as you are that we have to go through this yo-yo operation that you described. It seems to me that we can have a prosperous agriculture pretty much across the board.

Now that does not mean there won't be some erratic movements from time to time between the two groups that you described. But I think over a five year period we will have -- and we are certainly going to try to have -- both elements prosperous in America.

QUESTION: President Ford, I am from Coles County, a farmer and livestock man. I would like to say thank you for Secretary Butz. I am Director of the Illinois Corn Growers Association and we think he has certainly spoken out for us and we have a much better image as farmers and he tells it as it is, as we say.

My question would be, what about our grain export grain inspection down at New Orleans? What are you thinking of doing to correct this situation? We produce some mighty fine corn here in Illinois and we run it through our cleaners and combines and screen it and when we get it to New Orleans they dump trash in it, so what are you thinking about doing down there?

THE PRESIDENT: First, let me say I never saw anybody from Indiana who got people from Illinois and Michigan to praise him as much as we have Earl Butz here today. (Laughter)

He must be a pretty good man.

QUESTION: He certainly is.

THE PRESIDENT: Under the present law, the Department of Agriculture does not have the specific authority to go in there and perform the inspection itself. These grain scandals in New Orleans have been indefensible. As I recall, there have been 70-some indictments, 50-some convictions. Almost every day it seems like there have been some convictions. Obviously, something has to be done to change a system that has rotted as that one has.

Now, we have a proposal before the Congress. There are several other proposals that have come from Members of Congress. The Committee on Agriculture is having a meeting -- next week is it. The bill, according to Paul and the Secretary, is being marked up today. There are any one of several options. We think the one that the Secretary proposed is the best, but, obviously, we cannot tolerate the condition that exists down there at the present time, and if the Congress sends me a good bill that will change the bad law we now have, I will darn soon sign it.

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QUESTION: Mr. President, I have a small farm in Menard County and I am interested in keeping it in my family. Is there consideration given to actual income worth of property rather than our spiraling inflation values for this base of inheritance tax. There is certainly a difference.

THE PRESIDENT: Would you state that again, please?

QUESTION: Are they considering using the actual income worth of the crop off the land rather than spiraling inflationary real estate sales for evaluation of property?

THE PRESIDENT: Well, I had always assumed that the value of the property related to the productivity of a particular piece of property as far as the establishment of the value for inheritance or estate tax purposes.

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QUESTION: For instance, a piece of property has just sold for \$3,000 an acre within about 12 miles of Springfield, 80 acres. There is no way that you can have an income of \$3,000 from that land. There is no way that a woman who has 250 acres valued today by the appraiser for her inheritance tax at \$520,000, owns \$75,000 worth of machinery and \$40,000 worth of insurance can pay \$172,000 of inheritance tax, plus \$20,000 to an attorney. This is an actual case I am interested in.

THE PRESIDENT: It seems to me that someone like yourself or a person representing that viewpoint and that practical problem ought to go down and testify before the House Committee on Ways and Means and lay it out to them.

QUESTION: I would be delighted to.

QUESTION: Mr. President, I am a farmer here in Sangamon County. Would you expand a little on the reason for the appointment of Secretary Butz to the new position, and does this mean there is a possibility of someone other than the Secretary of Agriculture, assuming this task at some future time?

THE PRESIDENT: The Secretary of Agriculture was put in charge of this committee because we are in the process of reorganizing the internal administration of the West Wing in the White House, and I have felt that this particular subject was so vital that we ought to take it out from underneath the coverage of what we call the Economic Policy Board where it is, and so it has been hauled out of the Economic Policy Board and made a separate economic policy committee as far as food is concerned. As far as I am concerned, the Secretary of Agriculture, as long as he stays with me and as long as I am President, will be chairman of that group.

QUESTION: Mr. President, I am presently a college student, and I am studying business administration. I would like to know what the Federal Government is going to do to reduce spending because if we, the people of this United States, ran our businesses like the Federal Government does, we would be broke.

THE PRESIDENT: I could not agree with you more, and let me illustrate what I am trying to do and I think all of these Members of Congress here are trying to do, but I can just tell you what I did in the preparation of the budget for the next fiscal year.

In putting the Federal budget together for the next fiscal year, I found this to be the case. If we did not change the law, we would have a \$50 billion increase in Federal spending in a 12-month period.

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It would have gone from roughly \$370 billion for the current fiscal year to \$420 some billion in the next fiscal year. That is without a new law or without any change in existing law, just because of cost escalations.

We have had about an 11 percent increase in Federal spending each year for the last ten years. The net result is Federal spending has escalated, skyrocketed, so in the preparation of the budget for the next fiscal year I said we had to cut that increase in Federal spending by about half, and so I submitted instead of a \$420-some billion budget for next year in expenditures a budget of \$394.2 billion. That is still an increase, but it is half of the increase that was expected if no laws were changed.

I think we are making some headway, some progress. I have vetoed 46 bills, most of them spending bills. Thirty-nine of them have been sustained, with the help of the Congressman here. We have saved \$13 billion by those vetoes. We would have \$13 billion more spending if I had not vetoed that legislation.

QUESTION: Mr. President, I am a horse farmer in disguise.

THE PRESIDENT: Somebody just said you looked like a cattle marrauder. (Laughter)

QUESTION: I thought about putting my hands up here and looking like Napoleon.

Mr. President, I would like to compliment Paul Findley on bringing you here, and more than that, I would like to compliment you on being so well versed on agriculture's problems. This comes as a complete surprise to most of us. (Laughter)

THE PRESIDENT: Just a little old straight talk. (Laughter)

Q I think the exciting thing is that you are here. At your recent news conference at which you brought in and identified Mr. Bush as the head of your new organization, I know that you had some reporters who questioned your ability in selecting a man who apparently did not have that kind of background.

I would like to compliment you on having enough guts to select an American to do some jobs and find out that they can do it, and he will do it, I am certain. I have a suggestion, and then I have a question.

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My suggestion is, in that same news conference somebody asked you about when the price of food was coming down, and we got the same old historic answer. "Well, you know, agricultural prices are going down so the commodity index is down."

Why don't we just tell the people agriculture has to have a living wage and that our big culprit is the cost of fuel, which drives up the cost of tires. That brings me to my question.

What is the possibility of an alcohol plant throughout the corn belt to produce alcohol to mix with oil? They tell me people -- I am not an oil expert -- they tell me alcohol added at the rate of 10 percent is competitive now with oil and it produces such an efficient and nonpolluting type fuel that it also improves the corn marketing situation, and we don't care at all if we can make it in alcohol.

THE PRESIDENT: After you have been so kind about how much I know, this is one question I can't answer.
(Laughter)

QUESTION: Thank you very much.

QUESTION: Mr. President, I am here representing the Illinois Department of Agriculture, but probably more importantly I am a Rock Island County farmer, which used to be Tom Railsback's area, and I would like to recognize Tom.

THE PRESIDENT: Let me say Tom and Ed and Bob Michel, as well as Paul, I think are the cream of the crop in the House of Representatives.

QUESTION: We at the department receive numerous calls expressing concern that the agricultural community is not well represented at decision-making sessions regarding EPA and pollution control board regulations. Would you care to address yourself to what seems to us to be a problem in this regard?

THE PRESIDENT: The EPA was set up with a high degree of autonomy. I have to agree to that. It was established during a period about three to four years ago when there was this great rush to resolve all the past evils of pollution in a period of a couple of years. So, bureaucracy being what it is, and with the authority they have had, I think they have gone too far in some cases, although I think there is a better understanding today.

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Russ Train is getting a better input, a broader input and some of the things that were done several years ago are being reviewed, and there have been some modifications. I can assure you that with the changed climate -- and I think there has been -- I think you will find that some of the future decisions of the EPA will be with a broader viewpoint. At least that is what I hope takes place, and I think it will take place.

QUESTION: I could make a short statement. You spoke of the task forces. I recently had the opportunity to review the list of task forces helping EPA. I failed to find a task force in regard to the production of food.

THE PRESIDENT: We will look into that and see why not. I can't understand why not.

QUESTION: Thank you.

THE PRESIDENT: Thank you all very, very much. I enjoyed it.

END (AT 3:06 P.M. EST)