

The original documents are located in Box 51, folder “1975/09/30 - Congressional Opponents of the Tobacco Bill” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE WHITE HOUSE

WASHINGTON

September 20, 1975

MEETING WITH CONGRESSIONAL OPPONENTS OF TOBACCO BILL

Tuesday, September 30, 1975
12:00-12:30 p.m. (30 minutes)
The Cabinet Room

From: Max L. Friedersdorf *MA. 6.*

I. PURPOSE

To permit opponents of H.R. 9497, the bill increasing tobacco price supports to present their views to the President.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background:

1. Both the House and Senate have passed without a recorded vote, a measure (H.R. 9497) increasing price supports for tobacco.
2. The President met last week with House Members supporting the bill and a number of Senators favoring the legislation could not attend the Presidential meeting due to Senate business.
3. Senators Brooke, Bellmon, Garn, Hatfield, Javits, Roth, Hugh Scott, Stafford, Percy, Case and Buckley wrote to the President, urging a veto based on Department of Agriculture estimates of a \$250 million cost over a 5-year period. (See Tab A)
4. Agriculture revised their estimate to \$55 million for the 5-year period. (See Tab B)
5. John Rhodes now recommends signing, based on the \$55 million figure and important linkage with the Turkish Aid vote.

B. Participants: See Tab C



C. Press Plan:

Announce to the Press, White House photographer only.

III. AGENDA See Tab D

IV. TALKING POINTS

1. I am pleased to have the opportunity to discuss the tobacco bill with members of the House and Senate.
2. There are a number of Senators and Congressmen supporting the bill, and I met with a delegation of proponents last week.
3. I have until midnight, Wednesday, October 1, to act. Before that time I plan to study all the pros and cons of the legislation before making a decision.
4. Both Secretary Butz and OMB Director Jim Lynn are here today. I would like to have the Congressmen and Senators give me their views, and then perhaps Earl and Jim can express themselves.



10064 GOVT NFWASHINGTON DC 203 09-19 324P EDT

PMS THE PRESIDENT

WHITE HOUSE DC

DEAR MR. PRESIDENT:

WE RESPECTFULLY REQUEST THAT YOU VETO H. R. 9497, THE BILL WHICH WOULD INCREASE TOBACCO PRICE SUPPORTS. THIS BILL, WHICH WAS RUSHED THROUGH THE SENATE WITHOUT A RECORD VOTE, WOULD COST THE TAX-PAYER \$240 MILLION MORE OVER THE NEXT FIVE YEARS THAN EVEN THE PRESENT TOBACCO PRICE SUPPORT.

IT SETS A PRECEDENT WHICH IS DIRECTLY CONTRARY TO THE POLICY DIRECTIONS ESTABLISHED BY YOUR ADMINISTRATION. FIRST OF ALL, IT EXTENDS THE COSTLY FARM PRICE SUPPORT SYSTEM WE HAVE BEEN SEEKING TO CUT BACK.

SECOND, AND PERHAPS MORE IMPORTANT, IT CREATES A SUBSIDY FOR A DANGEROUS POLLUTANT AND CARCINOGEN. IT IS A NATIONAL GOAL TO REDUCE SMOKING AND TO ERADICATE CORONARY AND RESPIRATORY DISEASE AS WELL AS CANCER.

THEREFORE, IT IS IRRATIONAL AND DANGEROUS TO INCREASE THE ANNUAL SUBSIDY THE PUBLIC GIVES THE TOBACCO INDUSTRY. LAST YEAR, \$962.3 MILLION OF TAX MONEY WAS SPENT TO ERADICATE THE DISEASES TO WHICH TOBACCO IS A MAJOR CONTRIBUTING FACTOR.

FOR THESE REASONS, WE HOPE YOU WILL SEE FIT TO VETO THE BILL.

WE IN TURN PLEDGE OUR BEST EFFORTS TO SUSTAINING THAT VETO.

SINCERELY

EDWARD W BROOKE

HENRY BELLMON

JAKE GARN

*Add Senator Case/Buckley
per telephone. false from
them*

MARK O HATFIELD

JACOB K JAVITS

WILLIAM V ROTH JR

HUGH SCOTT

ROBERT T STAFFORD

CHARLES H PERCY

NNNN



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES T. LYNN

SUBJECT: Agriculture's Revised Tobacco Estimates

Ag's lowered estimate of the increased costs attributed to H.R. 9497 result from the following:

1. Later and higher estimates of production for this year's crop:

<u>Original Estimate</u>	<u>Revised Estimate</u>
(Million	Pounds) *
2,061	2,205

2. A change in the assumptions under H.R. 9497. Earlier the Department assumed that for comparison purposes production would be the same under both present and proposed legislation. For the latest estimate USDA assumes that even tighter planting restrictions would be imposed, as follows:

<u>Fiscal Year</u>	<u>Original Estimate</u>	<u>Revised Estimate</u>
	(Million Pounds) *	
1976	2,061	2,205
1977	2,269	2,060
1978	2,268	2,050
1979	2,235	2,040
1980	2,218	2,040

* Flue-cured and burley only

3. With the reduced production, the amount of surplus and CCC loan outlays would decline:

Net Outlays

(Million Dollars)

<u>Fiscal Year</u>	<u>Original Estimate</u>			<u>Revised Estimate</u>		
	<u>Current Law</u>	<u>H.R. 9497</u>	<u>Difference</u>	<u>Current Law</u>	<u>H.R. 9497</u>	<u>Difference</u>
1976	39	110	71	319	442	123
TQ	----not computed ----			105	139	34
1977	60	109	49	24	-34	-58
1978	66	99	33	5	-12	-17
1979	102	150	48	-14	-34	-20
1980	68	106	38	-25	-31	-6

(5 yr. average
is \$48 mil.)

(5 yr. average
is \$11.2 mil.)

4. In thinking about the prospect of lowering the acreage/poundage allotments by the 10%-15% as in the revised estimates, one should keep in mind

-- there may be some political pressure in the future against such decrease (although the pressure to date has all been for such a decrease)

-- the consequent increase in price will further erode the U.S. position in the world market, and exports will continue to decline

-- the imposition of further production restrictions is directly contrary to the Administration's "full production" policy underlying the Farm Bill veto earlier this year.



PARTICIPANTS

The President
Secretary Butz
Assistant Secretary Bell

SENATE

Ed Brooke
Henry Bellmon
Jake Garn
Mark Hatfield
Bob Stafford
Jim Buckley
Chuck Percy

HOUSE

Pete Peyser
Al Quie

STAFF

Jack Marsh
Phil Buchen
Bill Seidman
Max Friedersdorf
Alan Greenspan
Jim Lynn
Jim Cannon
Ron Nessen
Dick Cheney
Vern Loen
Bill Kendall
Tom Loeffler
Jack Calkins

REGRETS

The Vice President
Sen. Javits
Sen. Roth
Sen. Hugh Scott
Sen. Case
Don Rumsfeld
Bob Hartmann



AGENDA

- 12:00-12:05 p.m.
(5 minutes) The President opens the meeting and introduces the subject of the tobacco bill.
- 12:05-12:20 p.m.
(15 minutes) The President requests comments from all opponents who wish to be heard.
- 12:20-12:25 p.m.
(5 minutes) The President requests Secretary Butz and OMB Director Lynn to state their views on the legislation.
- 12:25-12:30 p.m.
(5 minutes) The President sums up the meeting and thanks the Congressional delegation for their recommendations.
- 12:30 p.m. The President concludes the meeting.



TUmo - w/ Rendit 9/30/75
Butz - ~~Thurs~~ -

(can do -

This yr. if to then average
renew a cutback of 15% for
next yr

Work 20% This year's crop

What can we do -

more
of more interest to
plant new tobacco in.

PL 480

2)

Then farm tobacco growers depend on
this exclusively.

but - If deer are it
was not capable to '25
crops.

Rice, Peanuts, Jam or walnuts
green



P. Arguments interesting to listen
to -

Manfontain camp

How to look at
input on it

Example - Books +

1. health water

Illman - Don't
wonder "free market".
Spoke in paper now



Copy to Paul Leach
red tag

THE WHITE HOUSE
WASHINGTON

September 27, 1975

MEMORANDUM FOR:

JIM CANNON

FROM:

MAX FRIEDERSDORF *muf*

SUBJECT:

Tobacco Bill

Jim, as an addendum to my recommendation that the President sign the tobacco bill, I would further recommend that if signed, the President announce the new support prices would be effective for the 1976 crops only. The reason for this is that the 1975 crops are mostly in by now, and the growers already paid.



THE WHITE HOUSE

WASHINGTON

September 30, 1975

MEMORANDUM FOR: JACK MARSH
DONALD RUMSFELD
JIM LYNN
RON NESSEN

FROM: MAX FRIEDERSDORF *m. f.*

Jim Cannon asked me to offer some rationalization if the President signs the tobacco bill and I am passing these thoughts along to you.



THE WHITE HOUSE
WASHINGTON

September 30, 1975

MEMORANDUM FOR: JIM CANNON
FROM: MAX FRIEDERSDORF *MM:6*
SUBJECT: Tobacco Bill

Arguments for a Signing Statement on the Tobacco Bill

Tobacco is one of our major export crops, ranking third or fourth in fiscal 1975 with a \$1.2 billion income from overseas exports.

The program brought in more than \$6 billion in local state and federal taxes during the past fiscal year.

The legislation will not increase tobacco production because USDA plans to reduce acreage by 10 or 15% in the near future whether it is signed or not.

→ But the bill will insure a stable income for several hundred thousand tobacco growers in at least six major tobacco growing states.

This crop is one of the major reasons for our favorable balance of trade.

The present formula has been in effect since 1956 and the tobacco industry through mechanization and a changing labor supply has outgrown this formula established 19 years ago.

For those who oppose the production of ~~that~~ tobacco per se as a health menace, it should be realized that removal of controls would result in the production of even more tobacco if the crop was ~~restricted~~ *not controlled by allotment.*

The major arguments are: 1. Favorable exports, 2. The big revenue from taxation and the need for updating the 19 year old formula.

Two



In addition it can be argued that the program has cost very little over the years compared to any other crops.

These arguments can be verified with Joe Todd at the USDA and all figures, of course, should be thoroughly checked for the final draft of any signing statement.

The other commodities that will be watching action on this bill have had several updates in their formulas, I am told, in recent years and we could argue that we are bringing tobacco up to date with other commodities to attain equity for the tobacco farmers.

cc: Jack Marsh
Donald Rumsfeld
Jim Lynn
Ron Nessen

