

The original documents are located in Box 24, folder “1975/05/01 HR4296 Emergency Agriculture Act of 1975 (vetoed) (3)” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

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Exact duplicates within this folder were not digitized.

Greenspan: John Davis called in one comment
on veto message. 1st page 4th line.
add "livestock producers" after consumers.
Sentence read ..to consumers, livestock
producers and taxpayers."

*this was not added
per Jim Cavanaugh*



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 30, 1975

Time: 11:00am

FOR ACTION: Bill Seidman
James Lynn
Alan Greenspan
Mike Duval
NSC/S

Bill Baroody
Ken Lazarus
Max Friedersdorf

cc (for information): Warren ~~Hendriks~~
Jim Cavanaugh
Robert Hartmann
Jack Marsh

FROM THE STAFF SECRETARY

Loes.

DUE: Date: April 30

Time: 3:00 pm

SUBJECT:

Revised veto message on H.R. 4296 - Emergency
Agricultural Act of 1975

Copy sent to Sec. Butz.

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Dorothy N. [unclear]
For [unclear]

Judy
D R A F T

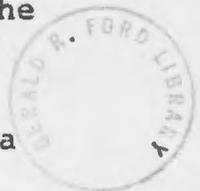
April 30, 1975 - 7:00 a.m.

OK/GAF

To the House of Representatives:

I am returning without my approval H.R. 4296, referred to as the Emergency Agricultural Act of 1975. Although the aim of this bill is laudable, its results would be costly to consumers and taxpayers, ^{*OK*} ~~and damaging to~~ ^{*would damage*} America's economic recovery and world market position.

Approval of this bill ~~would~~ ^{*would*} therefore, not be in the public interest.



In the conduct of the Government's fiscal affairs, a line must be drawn against excesses. I drew that line in my address to the Nation on March 29. I promised all Americans that, except where ~~long-range~~ ^{*REQUIREMENTS*} national security interests, energy ~~matters~~ ^{*REQUIREMENTS*} or urgent humanitarian needs were involved, I would ~~take action~~ to hold our fiscal year 1976 deficit to no more than \$60 billion.

New spending programs which the Congress is considering could easily raise the Federal deficit to an intolerable level of \$100 billion. This must not happen.

H.R. 4296 is an example of increased ^{*non-essential*} spending ~~which is not essential~~. In fiscal year 1976, it could add an estimated \$1.8 billion to the Federal deficit. If used as a point of departure for longer-term legislation -- as was strongly

OK
2009
4/30/75

indicated ^{during its consideration} ~~during its consideration~~ -- it could lead to an escalation of farm program subsidies in succeeding years.

Approval of this bill would undermine the successful market-oriented farm policy adopted by this Administration and the Congress. It is a step backward toward ~~the~~ ^{previously} discredited policies.

Prospects for farmers, it is true, are not as bright this year as in the recent past. Farm production costs have been pushed upward by the same inflationary pressures that ~~have affected~~ other industries. ~~At the same time,~~ ^{simultaneously} demand for certain farm products has slackened because of the recession.

→

^{1/2} This Administration recognizes ^{that} farmers have financial difficulties due to this cost-price squeeze ^{at} and has taken a number of positive steps to assist farmers. The 1976 wheat acreage allotment was recently increased by 8 million acres to 61.6 million acres. This action provides wheat producers with additional target price and disaster protection. ² We have also increased the 1975 crop cotton price support loan rate by 9 cents a pound. And we recently announced an increase in the price support level for milk, which, combined with easing feed prices, should ^{be helpful to} ~~assist~~ dairy producers.



Within the past several days, we have completed negotiations with the European Community to remove the export subsidies on industrial cheese coming here -- a step that ensures that surplus dairy products will not be sold in the U.S. market at cut-rate prices. At the same time, we have worked out arrangements which enable the Europeans to continue selling us high-quality table cheese. This solution has enabled us to keep on mutually agreeable trading terms with our best customers for American farm exports.

The Administration has
~~We have~~ also taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is completing ^{agreements} ~~negotiations~~ with 12 countries limiting their 1975 exports of beef to this country. These voluntary export restraint agreements are intended to keep imports subject to the Meat Import Law to less than ~~1.182~~ ^{1.182} 2

million pounds.

In addition, if unforeseen price deterioration requires action on my part, I will direct the Secretary of Agriculture to make adjustments in price support loan rates for wheat, corn, soybeans, and other feed grains. But it is our expectation, that market prices for grains will remain well above loan rates and target prices in the coming year.



Most farmers have already made their plans and bought their seed. Many are well into their planting season. These plans have obviously been completed without any dependence on the provisions of H.R. 4296.

In the long haul, this bill ultimately would lead to constraints on production ^{AND} resulting in loss of jobs in food-related industries. It would induce farmers to grow more cotton -- already in surplus -- and less soybeans ~~the~~ needed for food. The bill would jeopardize the competitive position of our cotton in world markets.

American farms ^{ERS} have responded magnificently during the past several years to produce food and fiber for this Nation and the world. This has made agriculture our leading source of foreign exchange. This year, despite very trying circumstances, most farmers are again ^{striking full} ~~going for all out~~ production. They have my support for a vigorous export policy for their products. I recognize that agricultural exports have been restrained twice in the past two years. We have ^{now} eliminated all restrictions on exports and we are determined not to ^{impose} ~~have~~ them again.

Our farm products must have unfettered access to world markets.

This Administration will act to ^{protect American} ~~ensure~~ the farmer ^{and} his ^{best interests.} ~~fair share~~. It will not act to distort his market. We must



hold the budget line if we are all to enjoy the benefit
of a prosperous, stable, non-inflationary economy.

(In all these reasons,

I cannot approve this act. ~~I return it herewith.~~

H.



FD P.3

PRICES PAID BY FARMERS ARE CURRENTLY 11% ABOVE YEAR AGO LEVELS. IN CONTRAST, THE INDEX OF PRICES RECEIVED BY FARMERS IS NOW 7% BELOW YEAR EARLIER LEVELS. FORTUNATELY, THE 5-MONTH DECLINE IN PRICES RECEIVED BY FARMERS HAS BEEN REVERSED. THIS INDEX ON APRIL 15 WAS 4% ABOVE A MONTH EARLIER.

Taken over the phone on 4/30 at 3:50 p.m. with Deputy Assistant Secretary Richard Bell 447-2593.



THE WHITE HOUSE

WASHINGTON

April 30, 1975

MEMORANDUM FOR: WARREN HENDRIKS
FROM: MAX L. FRIEDERSDORF *pkw*
SUBJECT: Action Memorandum - Log No.
Revised veto message on H.R. 4296 - Emergency
Agricultural Act of 1975

The Office of Legislative Affairs concurs with the Agencies
that the revised veto message be signed.



Attachments

→ Judy Johnson
a few
suggestions &
Comments on
page 4.

THE WHITE HOUSE
WASHINGTON

DATE: _____

TO: _____ F. DEBACA _____ PAM POITTEL ^{Don}
_____ JEFF EVES _____ STAN SCOTT ^{Webster}
_____ VIRGINIA KNAUER _____ WAYNE VALIS
_____ PAT LINDH _____ JOHN VICKERMAN
_____ TED MARRS _____ DON WEBSTER

FROM: WILLIAM J. BAROODY, JR.

_____ FOR YOUR INFORMATION
_____ FOR APPROPRIATE ACTION
 FOR YOUR COMMENTS/
RECOMMENDATIONS
_____ OTHER:



Look ok to me -
send forward if you
agree
Ⓡ

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 30, 1975

Time: 11:00am

FOR ACTION: Bill Seidman
James Lynn
Alan Greenspan
Mike Duval
NSC/S

cc (for information): Warren Hendriks
Jim Cavanaugh
Bill Baroody
Robert Hartmann
Ken Lazarus
Jack Marsh
Max Friedersdorf

FROM THE STAFF SECRETARY

DUE: Date: April 30

Time: 3:00 pm

SUBJECT:

Revised veto message on H.R. 4296 - Emergency
Agricultural Act of 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Devin K. ...

Judy Johnston
D R A F T

April 30, 1975 - 7:00 a.m.

OK/GR

To the House of Representatives:

I am returning without my approval H.R. 4296, referred to as the Emergency Agricultural Act of 1975. Although the aim of this bill is laudable, its results would be costly to consumers and taxpayers, ~~and damaging to~~ ^{it would damage} America's economic recovery and world market position.

Approval of this bill ~~would~~ ^{would} therefore, not be in the public interest.

In the conduct of the Government's fiscal affairs, a line must be drawn against excesses. I drew that line in my address to the Nation on March 29. I promised all Americans that, except where ~~long-range~~ ^{REQUIREMENTS} national security interests, energy ~~matters~~ ^{or} urgent humanitarian needs were involved, I would ~~take action~~ to hold our fiscal year 1976 deficit to no more than \$60 billion.



New spending programs which the Congress is considering could easily raise the Federal deficit to an intolerable level of \$100 billion. This must not happen.

H.R. 4296 is an example of increased ^{non-essential} ~~spending which is not essential~~. In fiscal year 1976, it could add an estimated \$1.8 billion to the Federal deficit. If used as a point of departure for longer-term legislation -- as was strongly

OK
4/30/75

indicated ^{during its consideration} ~~during its consideration~~ -- it could lead to an escalation of farm program subsidies in succeeding years.

Approval of this bill would undermine the successful market-oriented farm policy adopted by this Administration and the Congress. It is a step backward toward ^{previously} ~~totally~~ discredited policies.

Prospects for farmers, it is true, are not as bright this year as in the recent past. Farm production costs have been pushed upward by the same inflationary pressures that ~~have~~ affected other industries. ~~At the same time,~~ Demand for certain farm products ^{simultaneously} has slackened because of the recession.

^{The} Administration recognizes ^{that} farmers have financial difficulties due to this cost-price squeeze ^{at} and has taken a number of positive steps to assist farmers. The 1976 wheat acreage allotment was recently increased by 8 million acres to 61.6 million acres. This action provides wheat producers with additional target price and disaster protection. ¹ We have also increased the 1975 crop cotton price support loan rate by 9 cents a pound. And we recently announced an increase in the price support level for milk, which, combined with easing feed prices, ^{be helpful to} should ~~assist~~ dairy producers.



Within the past several days, we have completed negotiations with the European Community to remove the export subsidies on industrial cheese coming here -- a step that ensures that surplus dairy products will not be sold in the U.S. market at cut-rate prices. At the same time, we have worked out arrangements which enable the Europeans to continue selling us high-quality table cheese. This solution has enabled us to keep on mutually agreeable trading terms with our best customers for American farm exports.

The Administration has
~~We have~~

also taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is completing negotiations with 12 countries limiting their 1975 exports of beef to this country. These voluntary export restraint agreements are intended to keep imports subject to the Meat Import Law to less than ^{1.18}~~1.182~~ ²

million pounds.

In addition, if unforeseen price deterioration requires action on my part, I will direct the Secretary of Agriculture to make adjustments in price support loan rates for wheat, corn, soybeans, and other feed grains. But it is our expectation, that market prices for grains will remain well above loan rates and target prices in the coming year.

Most farmers have already made their plans and bought their seed. Many are well into their planting season. These plans have obviously been completed without any dependence on the provisions of H.R. 4296.

In the long haul, this bill ~~ultimately~~ would lead to constraints on production ^{AND} resulting in loss of jobs in food-related industries. It would induce farmers to grow more cotton -- already in surplus -- and less soybeans ~~the~~ needed for food. The bill would jeopardize the competitive position of our cotton in world markets.

Redundant

American farms ^{ERS} have responded magnificently during the past several years to produce food and fiber for this Nation and the world. This has made agriculture our leading source of foreign exchange. This year, despite very trying circumstances, most farmers are again ^{striking full} ~~going for all out~~ production. They have my support for a vigorous export policy for their products. I recognize that agricultural exports have been restrained twice in the past two years. We have ^{now} eliminated all restrictions on exports and ~~we~~ are determined not to ^{impose} ~~have~~ them again.

Should we be quite so firm on this?



Our farm products must have unfettered access to world markets.

This Administration will act to ^{protect American and} ensure the farmer's ^{best interests.} fair share. It will not act to distort his market. We must

Sounds very paternal & almost condescending

hold the budget line if we are all to enjoy the benefit
of a prosperous, stable, non-inflationary economy.

(In all these reasons,

I cannot approve this act. ~~I return it herewith.~~

J.



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 30, 1975

Time: 11:00am

FOR ACTION: Bill Seidman ✓
 James Lynn
 Alan Greenspan Bill Baroody
 Mike Duval Ken Lazarus
 NSC/S Max Friedersdorf

cc (for information): Warren Hendriks
 Jim Cavanaugh
 Robert Hartmann
 Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: ~~April 30~~

Time: ~~3:00 pm~~

SUBJECT:

Revised veto message on H.R. 4296 - Emergency
 Agricultural Act of 1975

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

D P A F T

April 30, 1975 - 7:00 a.m.

OK/AS

To the House of Representatives:

I am returning without my approval H.R. 4296, referred to as the Emergency Agricultural Act of 1975. Although the aim of this bill is laudable, its results would be costly to consumers and taxpayers, ~~and damaging to America's economic recovery and world market position.~~ *700 STRONG*

OUT

Approval of this bill ~~would~~ therefore, not be in the public interest. *would*

In the conduct of the Government's fiscal affairs, a line must be drawn against excesses. I drew that line in my address to the Nation on March 29. I promised all Americans that, except where ~~long-range~~ national security interests, REQUIREMENTS, energy ~~matters~~, or urgent humanitarian needs were involved, I would ~~take action~~ to hold our fiscal year 1976 deficit to no more than \$60 billion.



New spending programs which the Congress is considering could easily raise the Federal deficit to an intolerable level of \$100 billion. This must not happen.

H.R. 4296 is an example of increased *non-essential* spending ~~which is not essential~~. In fiscal year 1976, it could add an estimated \$1.8 billion to the Federal deficit. If used as a point of departure for longer-term legislation -- as was strongly

OK
WIT

Within the past several days, we have completed negotiations with the European Community to remove the export subsidies on industrial cheese coming here -- a step that ensures that surplus dairy products will not be sold in the U.S. market at cut-rate prices. At the same time, we have worked out arrangements which enable the Europeans to continue selling us high-quality table cheese. This solution has enabled us to keep on mutually agreeable trading terms with our best customers for American farm exports.

The Administration has
~~We have~~ also taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is completing negotiations with 12 countries limiting their 1975 exports of beef to this country. These voluntary export restraint agreements are intended to keep imports subject to the Meat Import Law to less than ^{1.18}~~1.32~~ million pounds.

million pounds.

In addition, if unforeseen price deterioration requires action on my part, I will direct the Secretary of Agriculture to make adjustments in price support loan rates for wheat, corn, soybeans, and other feed grains. But it is our expectation, that market prices for grains will remain well above loan rates and target prices in the coming year.



Most farmers have already made their plans and bought their seed. Many are well into their planting season. These plans have obviously been completed without any dependence on the provisions of H.R. 4296.

In the long haul, this bill ultimately would lead to constraints on production ^{AND} resulting in loss of jobs in food-related industries. [It would induce farmers to grow more cotton -- already in surplus -- and less soybeans ~~to~~ needed for food.] [The bill would jeopardize the competitive position of our cotton in world markets. *How?*]

American farms ^{ERS} have responded magnificently during the past several years to produce food and fiber for this Nation and the world. This has made agriculture our leading source of foreign exchange. This year, despite very trying circumstances, most farmers are again ^{sicking field} going ~~for~~ all out production. They have my support for a vigorous export policy for their products. I recognize that agricultural exports have been restrained twice in the past two years. We have ^{and} eliminated all restrictions on exports and we are determined not to ^{export} ~~have~~ them again.

Our farm products must have unfettered access to world markets.

This Administration will act to ^{protect American} ensure the farmer ^{and} his ^{best interests.} fair share. It will not act to distort his market. We must

hold the budget line if we are all to enjoy the benefit
of a prosperous, stable, non-inflationary economy.

(In all these respects,

I cannot approve this act. ~~I return it herewith.~~

H.



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 30, 1975

Time: 11:00am

FOR ACTION: Bill Seidman
James Lynn
Alan Greenspan
Mike Duval
NSC/S

Bill Baroody
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Max Friedersdorf

cc (for information): Warren Hendriks
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Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: April 30

Time: 3:00 pm

SUBJECT:

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Agricultural Act of 1975

ACTION REQUESTED:

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Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection.

Ken Lazarus



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SEARCHED
SERIALIZED
INDEXED
MAY 1 1975

Date: April 30, 1975

Time: 11:00am

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Warren N. Hendriks
Staff Secretary

Judy Johnston
DRAFT

April 30, 1975 - 7:00 a.m.

OK/GR

To the House of Representatives:

I am returning without my approval H.R. 4296, referred to as the Emergency Agricultural Act of 1975. Although the aim of this bill is laudable, its results would be costly ^{not only to} ~~to~~ consumers and taxpayers, ^{it would damage} ~~and damaging to~~ America's economic recovery and ^{our international} world market position. ^{which} ~~it~~ ^{would}

Approval of this bill ~~would~~ therefore, not be in the public interest.

In the conduct of the Government's fiscal affairs, a line must be drawn against excesses. I drew that line in my address to the Nation on March 29. I promised all Americans that, except where ~~long-range~~ ^{REQUIREMENTS} national security interests, energy ~~matters~~ [^] or urgent humanitarian needs were involved, I would ~~take action~~ to hold our fiscal year 1976 deficit to no more than \$60 billion.

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OK
M.A.
4/30/75

indicated ^{during its consideration} ~~during its consideration~~ -- it could lead to an escalation of farm program subsidies in succeeding years.

Approval of this bill would undermine the successful market-oriented farm policy adopted by this Administration and the Congress. It is a step backward toward ^{previously} ~~totally~~ discredited policies.

Prospects for farmers, it is true, are not as bright this year as in the recent past. Farm production costs have been pushed upward by the same inflationary pressures that ~~have affected~~ other industries. ~~At the same time,~~ Demand for certain farm products ^{simultaneously} has slackened because of the recession.

^{1/2} ~~This~~ Administration recognizes ^{that} farmers have financial difficulties due to this cost-price squeeze ^{or} and has taken a number of positive steps to assist farmers. The 1976 wheat acreage allotment was recently increased by 8 million acres to 61.6 million acres. This action provides wheat producers with additional target price and disaster protection. ² We have also increased the 1975 crop cotton price support loan rate by 9 cents a pound. And we recently announced an increase in the price support level for milk, which, combined with easing feed prices, should ^{be helpful to} ~~assist~~ dairy producers.



Within the past several days, we have completed negotiations with the European Community to remove the export subsidies on industrial cheese coming here -- a step that ensures that surplus dairy products will not be sold in the U.S. market at cut-rate prices. At the same time, we have worked out arrangements which enable the Europeans to continue selling us high-quality table cheese. This solution has enabled us to keep on mutually agreeable trading terms with our best customers for American farm exports.

The Administration has

~~We~~ have also taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is completing negotiations with 12 countries limiting their 1975 exports of beef to this country. These voluntary export restraint agreements are intended to keep imports subject to the Meat Import Law to less than ^{1.18}~~1.18~~ 2-

million pounds.

¢ Paay

~~In addition,~~ If unforeseen price deterioration requires action on my part, I will direct the Secretary of Agriculture to make adjustments in price support loan rates for wheat, corn, soybeans, and other feed grains. But it is our expectation, that market prices for grains will remain well above loan rates and target prices in the coming year.



Most farmers have already made their plans and bought their seed. Many are well into their planting season. These plans have obviously been completed without any dependence on the provisions of H.R. 4296.

In the long haul, this bill ultimately would lead to constraints on production ^{AND} resulting in loss of jobs in food-related industries. It would induce farmers to grow more cotton -- already in surplus -- and less soybeans ~~the~~ needed for food. The bill would jeopardize the competitive position of our cotton in world markets.

American farms ^{ERS} have responded magnificently during the past several years to produce food and fiber for this Nation and the world. This has made agriculture our leading source of foreign exchange. This year, despite very trying circumstances, most farmers are again ^{seeking full} ~~going for~~ all out production. They have my support for a vigorous export policy for their products. I recognize that agricultural exports have been restrained twice in the past two years. We have ^{now} eliminated all restrictions on exports, ^{It is our policy to} ~~and we are determined not to~~ ^{on that} ~~have them again.~~ ^{effort} ~~to make easy to avoid imposing~~ ^{Herzog}

Our farm products must have unfettered access to world markets.

This Administration ^{in support of the} ~~will act~~ ^{to protect American} ~~to ensure~~ ^{and} the farmer ^{his} ~~best interests.~~ ^{fair share} It will not act to distort his market. We must

is determined to



hold the budget line if we are all to enjoy the benefits
of a prosperous, stable, non-inflationary economy.

(In all these reasons,

I cannot approve this act. ~~I return it herewith.~~



THE WHITE HOUSE

ACTION

WASHINGTON

April 30, 1975

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *JC*

SUBJECT:

Enrolled Bill H.R. 4296
Emergency Agriculture
Act of 1975

Attached for your approval and signature is a veto message to the Congress returning H.R. 4296, the Emergency Agriculture Act of 1975, which was sponsored by Representative Foley.

Secretary Butz, OMB, NSC, CIEP, Phil Buchen (Lazarus), Bill Seidman, Max Friedersdorf, Bill Baroody, Alan Greenspan and I recommend approval of the veto message which has been cleared by Paul Theis.

RECOMMENDATION

That you sign the veto message at Tab A.



Differing Comments on veto message:

1st page. 1st paragraph.

Paragraph reads:

I am returning without my approval H.R. 4296, referred to as the Emergency Agricultural Act of 1975. Although the aim of this bill is laudable, its results would be costly to consumers and taxpayers. It would damage America's economic recovery and world market position."

Dr. Sharp of CIEP: after "...costly " add not only to consumers and taxpayers but to American farmers in the long run." "It would damage America's economic recovery and our international market position which is so essential to American agriculture's long term interests."

Bill Seidman ~~strongly~~ wants sentence beginning "It would damage....deleted."



4th Page, 3rd paragraph.

9th line of that paragraph beginning: "We have now eliminated all restrictions on exports and we are determined not to have them again."

Dr. Sharp: Eliminate that sentence. Too strong.

Bob Hormats: "It is our policy to make every effort to avoid imposing ~~imposing~~ them again." (Hormats feels sure that Seidman would agree with his phrasing, that this is consistent with what the President wanted to say)

Bill Baroody: Thinks the sentence as is too firm.

~~Dr. Sharp also wanted to add after the following sentence on p.4 "Our farm products must have unfettered access to world markets. Accordingly, we will give agriculture a high priority in the current multi-lateral trade negotiations in Geneva."~~



Old File



Let's Message

4/30/75

9:30 a.m.

Orig. to be placed on
N. Hendrick's desk.

so that he will have
by 7:00 a.m.

Stencils - held by Carver.

indicated ^{during its consideration} ~~during its consideration~~ -- it could lead to an escalation of farm program subsidies in succeeding years.

Approval of this bill would undermine the successful market-oriented farm policy adopted by this Administration and the Congress. It is a step backward toward ^{previously} ~~country~~ discredited policies.

Prospects for farmers, it is true, are not as bright this year as in the recent past. Farm production costs have been pushed upward by the same inflationary pressures that ~~have affected~~ other industries. ~~At the same time,~~ Demand for certain farm products has ^{simultaneously} slackened because of the recession.

^{The} ~~This~~ Administration recognizes ^{that} farmers have financial difficulties due to this cost-price squeeze, ^{or} ~~and~~ has taken a number of positive steps to assist farmers. The 1976 wheat acreage allotment was recently increased by 8 million acres to 61.6 million acres. This action provides wheat producers with additional target price and disaster protection. ² We have also increased the 1975 crop cotton price support loan rate by 9 cents a pound. And we recently announced an increase in the price support level for milk, which, combined with easing feed prices, should ^{be helpful to} ~~assist~~ dairy producers.



Within the past several days, we have completed negotiations with the European Community to remove the export subsidies on industrial cheese coming here -- a step that ensures that surplus dairy products will not be sold in the U.S. market at cut-rate prices. At the same time, we have worked out arrangements which enable the Europeans to continue selling us high-quality table cheese. This solution has enabled us to keep on mutually agreeable trading terms with our best customers for American farm exports.

The Administration has

~~We have~~ also taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is completing negotiations with 12 countries limiting their 1975 exports of beef to this country. These voluntary export restraint agreements are intended to keep imports subject to the Meat Import Law to less than ~~1,182~~ ⁴⁴⁸ 1,182 ₂

B.M.
million pounds.

add insert → "A"
~~In addition,~~

If unforeseen price deterioration requires action on my part, I will direct the Secretary of Agriculture to make adjustments in price support loan rates for wheat, corn, soybeans, and other feed grains. But it is our expectation that market prices for grains will remain well above loan rates and target prices in the coming year.



Most farmers have already made their plans and bought their seed. Many are well into their planting season. These plans have obviously been completed without any dependence on the provisions of H.R. 4296.

In the long haul, this bill ~~ultimately~~ ^{AND} would lead to constraints on production [^] resulting in loss of jobs in food-related industries. It would induce farmers to grow more cotton -- already in surplus -- and less soybeans ~~to~~ needed for food. The bill would jeopardize the competitive position of our cotton in world markets.

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Our farm products must have unfettered access to world markets.

This Administration ^{is determined to act in support of the} ~~will act to ensure the~~ ^{protected American} farmer ^{and} his ~~fair share~~ ^{best interests}. It will not act to distort his market. We must

*Powerful
potential*



hold the budget line if we are all to enjoy the benefits
of a prosperous, stable, non-inflationary economy.

In all these reasons,

I cannot approve this act. ~~I return it herewith.~~

[Handwritten mark]



11A(11)

level of a year ago

Present
p.3.

PRICE PAID BY FARMERS ARE CURRENTLY 11% ABOVE YEAR-AGO LEVELS. IN CONTRAST, THE INDEX OF PRICES RECEIVED BY FARMERS IS NOW 7% BELOW YEAR-~~EARLIER~~ LEVELS. FORTUNATELY, THE 5-MONTH DECLINE IN PRICES RECEIVED BY FARMERS HAS BEEN REVERSED. THIS INDEX ON APRIL 15 WAS 4% ABOVE A MONTH EARLIER.

Percent

percent

Percent

Taken over the phone on 4/30 at 3:50 p.m. with Deputy Assistant Secretary Richard Bell 447-2593.

TO THE HOUSE OF REPRESENTATIVES.

I am returning without my approval H.R. 4296, referred to as the Emergency Agricultural Act of 1975. Although the aim of this bill is laudable, its results would be costly not only to consumers and taxpayers but to American farmers in the long run. It would damage our international market position which is so essential to American agriculture's long-term interests.

Approval of this bill, therefore, would not be in the public interest.

In the conduct of the Government's fiscal affairs, a line must be drawn against excesses. I drew that line in my address to the Nation on March 29. I promised all Americans that, except where national security interests, energy requirements, or urgent humanitarian needs were involved, I would act to hold our fiscal year 1976 deficit to no more than \$60 billion.

New spending programs which the Congress is considering could easily raise the Federal deficit to an intolerable level of \$100 billion. This must not happen.

H.R. 4296 is an example of increased non-essential spending. In fiscal year 1976, it could add an estimated \$1.8 billion to the Federal deficit. If used as a point of departure for longer-term legislation -- as was strongly indicated during its consideration -- it could lead to an escalation of farm program subsidies in succeeding years.

Approval of this bill would undermine the successful market-oriented farm policy adopted by this Administration and the Congress. It is a step backward toward previously discredited policies.



Prospects for farmers, it is true, are not as bright this year as in the recent past. Farm production costs have been pushed upward by the same inflationary pressures that affect other industries. Demand for certain farm products has simultaneously slackened because of the recession.

The Administration recognizes that farmers have financial difficulties due to this cost-price squeeze. It has taken a number of positive steps to assist farmers. The 1976 wheat acreage allotment was recently increased by 8 million acres to 61.6 million acres. This action provides wheat producers with additional target price and disaster protection.

We have also increased the 1975 crop cotton price support loan rate by 9 cents a pound. And we recently announced an increase in the price support level for milk, which, combined with easing feed prices, should be helpful to dairy producers.

Within the past several days, we have completed negotiations with the European Community to remove the export subsidies on industrial cheese coming here -- a step that ensures that surplus dairy products will not be sold in the U.S. market at cut-rate prices. At the same time, we have worked out arrangements which enable the Europeans to continue selling us high-quality table cheese. This solution has enabled us to keep on mutually agreeable trading terms with our best customers for American farm exports.

The Administration has also taken action to protect our cattle producers against a potential flood of beef imports from abroad. The Department of State is completing negotiations with 12 countries limiting their 1975 exports of beef to this country. These voluntary export restraint agreements are intended to keep imports subject to the Meat Import Law to less than 1,182 million pounds.



Prices paid by farmers are currently 11 percent above year-ago levels. In contrast, the index of prices received by farmers is now 7 percent below levels of a year ago. Fortunately, the 5-month decline in prices received by farmers has been reversed. This index on April 15 was 4 percent above a month earlier. If unforeseen price deterioration requires action on my part, I will direct the Secretary of Agriculture to make adjustments in price support loan rates for wheat, corn, soybeans, and other feed grains. But it is our expectation that market prices for grains will remain well above loan rates and target prices in the coming year.

Most farmers have already made their plans and bought their seed. Many are well into their planting season. These plans have obviously been completed without any dependence on the provisions of H.R. 4296.

In the long haul, this bill would lead to constraints on production and result in loss of jobs in food-related industries. It would induce farmers to grow more cotton -- already in surplus -- and less soybeans needed for food. The bill would jeopardize the competitive position of our cotton in world markets.

American farmers have responded magnificently during the past several years to produce food and fiber for this Nation and the world. This has made agriculture our leading source of foreign exchange. This year, despite very trying circumstances, most farmers are again seeking full production. They have my support for a vigorous export policy for their products. I recognize that agricultural exports have been restrained twice in the past two years. We have now eliminated all restrictions on exports and will make every effort not to impose them again. Our farm products must have unfettered access to world markets.



This Administration is determined to act in support of the American farmer and his best interests. It will not act to distort his market. We must hold the budget line if we are all to enjoy the benefits of a prosperous, stable, non-inflationary economy.

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THE WHITE HOUSE,



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For Cannon

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THE LATEST INDEX, RELEASED WEDNESDAY, SHOWS THAT
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