

FOR IMMEDIATE RELEASE

JANUARY 3, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

MEMORANDUM OF DISAPPROVAL

I am withholding my approval from S. 4206, entitled "an act to provide price support for milk at not less than 85 percentum of the parity price therefore, and for other purposes."

This bill would require an immediate increase of \$1.12 per hundredweight in the support price for milk, to a record high \$7.69. Thereafter, through March 31, 1976, further upward adjustments would be required every three months as necessary to reflect changes in the parity index and parity price for milk.

Such large increases in milk prices to producers would be highly inflationary to consumers and unnecessary. The initial increase alone would raise fluid milk prices to consumers by about 6 cents per half gallon of milk and require increasing CCC's purchase price for cheese, and subsequently market prices, 11 or 12 cents per pound. Correspondingly large increases in the support purchase prices for butter and nonfat dry milk also would be required to carry out the higher support price for milk.

These significantly higher prices would be inconsistent with the Administration's continued and concerted efforts to combat inflation and its serious effects on the Nation's economy. Moreover, such prices would ultimately be damaging to the dairy industry and milk producers.

Consumers are resisting prices they must now pay for milk and other dairy products. To artificially force prices still higher, as this legislation would do, would result in further declines in consumption and be a strong stimulus to excess milk production.

To further reduce the demand for milk and dairy products by the increased prices provided in this legislation would be detrimental to the dairy industry. A dairy farmer cannot be well served by Government action that prices his product out of the market. It also would be detrimental since the Government would be required to buy the large surpluses of manufactured dairy products which this legislation would generate. This would cost taxpayers more than \$400 million during the life of the bill.

It is clearly in the best interests of producers, consumers, taxpayers, and the Government that this legislation not be signed into law.

GERALD R. FORD

THE WHITE HOUSE,
January 3, 1975

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