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THE WHITE HOUSE

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

CLOCK TOWER INN

3:50 P.M. CST

THE PRESIDENT: Thank you very, very much, Del.

Senator Chuck Percy, Congressman John Anderson, your fine former Governor, Dick Ogilvie, Bob Winters and all of the Farm Bureau members of Winnebago County and any other areas in the State or surrounding States, it is really a great pleasure to be in Rockford and again back in the State of Illinois. I enjoyed myself so much last weekend I could not resist the temptation to come back to Illinois again this weekend.

And may I say parenthetically that I have spent a good bit of time at Farm Bureau community group meetings at night in my old Congressional district. The only trouble was and I expect it is the same in the Winnebago County, that is the food is always so plentiful and so well prepared that those of us who have to watch our weight come away with some fear and apprehension that our clothes won't fit the next day.

But before I take any questions, let me make one or two very brief comments first about where we stand in agriculture. Last spring or last week in Springfield I outlined my agricultural policies in some detail. Let me summarize them here for you this afternoon.

I am firmly opposed to the Government holding your reserves in Government bins or Government warehouses. 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 fifty to one or even possibly 100 to one.

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I am firmly opposed to subsidized imports. I don't want American farmers competing against the treasuries of foreign countries.

I am in favor of productivity and prosperity on the farms of America.

Over the last two years net farm income has risen to the highest levels in American history. That outstanding record is due to two things: First of all, it is due to some very, very hard work on the part of the farmers of Illinois and those in other agricultural States, and second, we have let the farmer rely on the marketplace rather than to depend on the Federal Government. This new freedom with its competition, its incentives and its capacity for expansions and flexibility has worked both to the farmer's benefit and to the benefit of overall agricultural strength and economic growth.

I oppose any policy that would once again have the farmers producing for Government storage and a Government check on the Government's terms. My policy is to let the Government govern and let the farmer farm and let the people as a whole benefit.

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That policy has worked wonders in the past few years, and we can make it succeed just as well in the future. The American farmers' market today reaches, as all of you know, to the far corners of the world. The American farmer exported a record \$21.6 billion in agricultural products last year, nearly \$2 billion worth of that right here from the farms in Illinois.

This year, we are selling \$6.6 billion worth of agricultural products to Western Europe, \$3.2 billion worth to Japan, \$2 billion worth to the Soviet Union and \$1.2 billion worth to Eastern Europe.

We have concluded a long-term agreement for grain sales to the Soviet Union, which calls for the sale of at least 6 million tons of corn and wheat every year between 1976 and 1980. Because of this, because of other agreements, our export prospects will no longer be caught in what has been literally called a "feast or famine cycle", peaks and valleys if you wish to describe it that way.

Instead, those prospects will be steady and reliable and as profitable as we can make them.

Your profits on the farm are America's profits, and thanks to you, we are enjoying our best balance of international trade in years. Foreign agricultural sales thus far in the 1970's are nearly two and a half times greater than they were a decade ago.

All Americans and millions of people throughout the globe owe the American farmer a special debt of gratitude and plenty of praise for your outstanding record of performance and production, and on their behalf, I thank all of you and your fellow farmers throughout America most sincerely.

But no one praises you more often or with more genuine respect and affection than my Secretary of Agriculture, my good friend and yours, Earl Butz.

As I announced in Springfield last week, I have appointed Secretary Butz as Chairman of my new Cabinet Level Agricultural Policy Committee, which will have the central role in developing and directing our Nation's food policies. Those policies must guarantee a fair price for the farmer, a fair share of international trade and a fair shake for everybody. Earl Butz, who I met with this morning, and who regrets that he could not join you, but Assistant Secretary Jack Knebel is here someplace. There's Jack, back there.

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But Earl has said countless times that the American farmer is the miracle man of the 20th Century. I could not agree with him more, and I think it is time farmers got as much out of their work as they put into it. The American farmer is more efficient, more skilled, more advanced and more productive than any other farmer in any other nation in the world.

Earlier in this century, the American farmer seemed to be a vanishing breed. For too long, migration, as many of you know, from America's farms and fields threatened to leave rural America in decay and in poverty.

I am delighted to see that confidence has returned to our rural areas, that more young people are coming back into agriculture, and that enrollments in our agricultural colleges are running at an all-time high.

To further encourage the revitalization of rural America, I have proposed an increase in estate tax exemption from \$60,000 to \$150,000.

This is in addition to my earlier proposal that Congress act to stretch out an estate tax payment at greatly reduced interest rates over a 25-year period. I am glad to report that witnesses from the Executive Branch of the Government will be testifying next week before the House Committee on Ways and Means or the subcommittee of that committee, and will put forward categorically the proposal that I have just described.

This dual relief will help save the American farm which has always been one of the basic elements of our free American society.

All of you know, perhaps better than I, we must preserve for our children as well as for our grandchildren.

From the rural beginnings of America, some 200 years ago, poets, painters and politicians have celebrated the virtues of the American farmer. In this era, the American farmer remains our Nation's greatest natural resource. I am confident that as long as American agriculture remains strong, America itself will be strong and free and prosperous.

For those observations and comments, I will be glad to respond to any questions.

QUESTION: Mr. President, we, as farmers, feel that we have the ability and the desire to produce an abundance. However, this sufficient production requires that we have open markets in order to make a profit, stay in business and still keep consumers prices reasonable. You have stated that farmers should be allowed to operate without interference. Is there some way that you, as President, can communicate to the consumer that open markets are really to their advantage?

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THE PRESIDENT: I repeatedly, in talking to non-farm groups, tell them how fortunate they are that we have in America 5 percent of our total population producing more than enough food and fiber for us to wear and to eat, and that if they go any other place throughout the world, no other population is as fortunate as our non-farm population is.

I think we have to convince the other 95 percent of Americans the fine job that American farmers do, and point out to them that under the new farm policies where the Government does not pay a cent, basically, for you to produce and for you to sell or for you to store it, that these policies are a great rate asset.

I can assure you the balance of trade that we had last year was significant because we sold \$22 billion worth of American agricultural products overseas that helped to pay for the exorbitant prices we were paying for foreign oil from the Middle East primarily. It is a selling job. I try to do it because I honestly believe that the American farmer is probably as great, if not a greater, contributor to America's prosperity as any other segment in our society.

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QUESTION: Mr. President, you answered my question as it is now. The Federal Government is destroying the family farm with its estate taxes but what about the farmer's wife? If I should go today, according to the Federal statutes, the farmer's wife -- they don't recognize joint tenancy. And in our house my wife works just as hard as I do, maybe harder.

THE PRESIDENT: Well, it is my recollection, and I am not a tax lawyer or I don't or have not practiced tax law for some time, that this is under the estate tax provisions today and would be under the amendments that I suggested some capability for the passing of property from husband to wife where there is joint tenancy and to include 60,000 now or 150,000 if my proposal goes through.

John -- I know John Anderson is a lawyer -- isn't that your understanding?

CONGRESSMAN ANDERSON: Like you, Mr. President, I haven't practiced tax law for a long time, either, but I think you are correct in your interpretation.

THE PRESIDENT: I really think we are correct there, but if not, I hope that the witnesses before the Committee on Ways and Means will bring that point up because I think it is a very legitimate point that ought to be recognized and any changes in the law, if necessary.

QUESTION: Mr. President, grain prices are down approximately one-third from a short time ago. The 26 percent of erosion has incurred over the last few years because of intense cropping caused by the lower prices. What I think many of us are concerned about, as you have stated before, is what is going to be done to preserve and maintain agricultural land for future generations?

THE PRESIDENT: I think we have got to encourage full production. We have to encourage the selling of our commodities abroad. As I understand it, out of four acres, one acre of American agriculture is sold overseas. We have to push those sales overseas. Our markets are really unlimited with the burgeoning of population all over the world, including the United States. I believe that our export trade offers us the greatest opportunity and I can assure you that the prospects of any embargo or any trade limitation are virtually nil as we move ahead, now that we have this agreement with the Soviet Union, now that we have these agreements with Japan and with some of the Eastern European countries.

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So as long as we can say to young people on the farm that their markets are potentially bigger and bigger, and I think they are, I think you are going to get younger people coming on the farm under the new proposal, particularly where they can inherit with less of a financial burden.

QUESTION: The increase that you are suggesting, this \$60,000, was set when farmland was approximately \$100 an acre. Farmland now is many times that and in order to keep the family farm the amount that is suggested would not be nearly enough even then to keep the farm with inflated prices that we are under today.

THE PRESIDENT: It is my understanding that the present \$60,000 was enacted in 1942. I can't tell you the increase in the cost of living since 1942. It may have been more than the \$150,000 rather than the \$60,000 but I think we have to be realistic. This suggestion that I have made will cost the Federal Treasury about \$1 billion 100 million a year in receipts and we do have some balance between what the Federal Government gives up and what we try to do to help preserve the family farm.

I think \$150,000, bearing in mind our fiscal situation, bearing in mind that it is better than 100 percent increase, is a fair and constructive proposal. It will help, I can assure you, particularly with the five year moratorium where there is no tax paid and no interest paid plus a 20 year period of paying in equal installments with four percent interest.

So it really is a broad gauged and I think equitable approach to try and help keep those farms in a family.

QUESTION: Mr. President, the analysis of Illinois Farm Business for Management records on dairy herds of 80-plus cows shows a return per hundred weight of milk after all costs and this is \$3.00 per hour for labor of 14 cents in 1972, 14 cents in 1973, a minus 51 cents in 1974 and a minus \$1.46 in 1975. On 40 to 80 cow herds, it was a minus 38, minus 29, minus \$1.23 and a minus \$2.13. Much of this decline was caused by the flood of imported cheese and dried milk in the late 1973's and 1974. Can the dairymen feel confident that this will not happen again for now that we are again showing a profit which we fear consumer and Government pressures to beat our prices down?

THE PRESIDENT: Two points I think will answer that question. Number one, the Secretary of Agriculture has issued the order that will raise dairy price supports to 80 percent April 1 of this year and we will do it quarterly in the future if there is the requirement to keep that equity in the future.

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Number two, as you know, we took some action to protect the American cheese manufacturers -- was it a year or two years ago, I have forgotten which -- and I can assure you we will be alert to those circumstances in the future.

QUESTION: Mr. President, I am --

THE PRESIDENT: I might add that the action taken by the Secretary of Agriculture to keep the price support figure at 80 percent I fully concur with and I might add that there are some Presidential candidates who have said they are totally against any dairy supports, period.

QUESTION: Mr. President, will Congress ever again recognize that they cannot help people by doing for them what they could and should do for themselves, that the share of the wealth programs discourage man's initiatives, thereby leading to a lower standard of living for everyone?

THE PRESIDENT: I basically agree with your philosophy and let me give you some specifics as to how I tried to meet it as President. I have vetoed 46 bills in 19 months, I think that is an all-time record. Thirty-nine of them have been sustained by the Congress of the United States and that is not a bad batting average, as John and Chuck know. But the main point is we saved \$13 billion in Federal expenditures by those vetoes and the fact that the Congress sustained them.

So we are trying to stop this excessive spending that has gone on far too long and the only way we can do it is to have a President that will veto bills that are too expensive and a Congress that will stand up and sustain a President when those vetoes come from the Oval Office in the White House.

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QUESTION: I don't feel that our Congress is as up to date as the people in the country are in realizing this, I guess. (Laughter)

THE PRESIDENT: Maybe we can change that next year, on a selective basis, however.

QUESTION: Mr. President, first of all, I think I would like to extend a thank you for the opportunity to come here and talk to you personally, and I think we owe a debt of gratitude to our public servants, including all of these elected officials that are here, and my comment does not necessarily require an answer.

I would like to say that we, as farmers, are more concerned with what you could do to us than what you could do for us, and thank you for coming.

THE PRESIDENT: I can't improve on that as the most wholesome attitude that I believe in and subscribe to, and I appreciate that we are trying to do it to the maximum possible, but that view is, unfortunately, not shared by as many as we would like throughout this country.

QUESTION: Mr. President, in referring to the grain that we do export, much of this goes down the Mississippi, and we are told that there is a lock at Alton, Illinois, and a dam that is in very poor condition, and this is of great concern because it will affect our prices if we have to ship by rail. And besides that, we could have grain blots.

What is your stand on Lock and Dam 26 at Alton?

THE PRESIDENT: I can give you the facts, as I understand them. It is an old lock, an old dam. It was authorized a number of years ago. It is a bottleneck in the Mississippi.

There is a proposal by the Corps of Engineers to expand or to rebuild the lock. In the meantime, a number of organizations and/or individuals have started law suits to prevent the rebuilding of Lock 26 at Alton, Illinois, and the matter is now in litigation, as I understand it, between the Government, who wants to proceed, and the environmentalists, who say it would destroy wild fowl habitat and would have other adverse impacts as far as the environment is concerned.

Until that law suit is settled in the courts, it would be inappropriate for me, as President, to say anything one way or another. It is a matter that is now in litigation, and until that law suit is settled as to the adequacy of the environmental impact statements and any other legal matters that are before the court, I don't think I should say yes or no.

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I am fully cognizant of all the details. It is a case of the Government wanting to do it and certain other elements in our society wanting to have it rebuilt and a law suit, as I understand it, initiated as plaintiffs by the environmentalists, and until that law suit is settled, I can have some opinions, but I don't think I ought to express them because it might foul it up more than help the conclusion of the matter.

QUESTION: Thank you.

QUESTION: Mr. President, do you think in the future if you are elected, or in the next Administration, that there will be an investigation of the Federal Milk Market Orders that require our milk in some areas of the State to be shipped anywhere from 10 miles, 200, unloaded into a tank, loaded back up and hauled back the other 200 miles before it can become into manufactured products?

THE PRESIDENT: I must admit, I am not well informed on this particular point. I would like to have from you, or others who are interested, the facts on this case or these problems, and, if you will, we will look into it, but I don't like to answer questions where I don't have some background or knowledge, and I confess, I don't in this case; and if you will get it to me, we will look into it and we will give you an answer.

QUESTION: Thank you, Mr. President.

QUESTION: Mr. President, I have more of a recommendation than a question, but while you and your office, along with the Department of Agriculture, are formulating food policy, I would recommend that you put forth a more concerted effort to inform our urban populace of the magnitude of American agriculture and its significance to the economy, both in food production and the financial impact in relation to other agri-businesses, and that we cannot produce cheap food.

THE PRESIDENT: I have no hesitancy in being an advocate of what you are recommending because, as I said in response to a gentleman who asked a question or make a recommendation earlier, I think I know of the great contribution made by American agriculture. When you consider that the Soviet Union with half of their population devoted to producing their food and fiber can't produce enough for their population, and the United States with 5 percent out of 215 million Americans produces more than enough for us to eat and wear, we ought to be proud of it. We should not condemn it. We ought to compliment the people who are involved in American agriculture.

We are lucky, and others are not as fortunate, so you don't have to sell me to be an advocate for the productivity and the results of American agriculture -- it is the best in the world by any standard.

QUESTION: Thank you.

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QUESTION: Mr. President, the committee that you have appointed on agriculture policy that has Secretary Butz as the Chairman, he only has one vote. Just how much power does this committee have?

THE PRESIDENT: I have the final vote. (Laughter) But I do get the recommendations, and if you know Earl Butz like I know him, he is a pretty persuasive guy, and their recommendations will come to me. It is a broad guaged committee, but I have the final answer in making any recommendations to the Congress or in any other manner.

So Earl Butz, I think, knows food policy for the United States as well, if not better, than anybody I know, so his words will be very persuasive with me.

QUESTION: Thank you.

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QUESTION: Mr. President, I am a soybean producer and I am concerned about the AID programs plus U.S. bank financing of soybean production in Uruguay and Brazil, also palm production in Indonesia and Malaysia in, I believe, the area of about \$200 million. At the same time our Government funding for soybean utilization and research is being reduced to less than \$5 million. I am concerned whether we will continue to fund our competitors and at the same time reduce our own expenditures for research in the United States.

My basic concern is why do we keep funding the competitors?

THE PRESIDENT: As I understand the facts, in the period from 1965 to 1975 the World Bank and other international loaning organizations made loans to approximately 25 different developments in a number of countries throughout the world. Those loans, about half of them, were what we call soft loans and the other half were legitimate loans at the world interest rates. There have been none approved since December 31, 1975. There are no loans that are contemplated by the Federal Government, our Government to any overseas production facility or development -- none.

Now as I understand it, there are several applications before one or more of these international loaning organizations. We are a part of some of those, I guess all of them, but there is no direct loan application pending, and as I understand it, no loans would be made of U.S. funds directly.

Now whether these other loaning institutions which are international in character do it, it is a matter for them to decide. We have a voice and I think the question you raise is very legitimate, but our Government is not going to do it. We will have to be persuasive in trying to convince other countries who are part of these international loaning organizations that the point you raise is a very legitimate one, and I think it is.

QUESTION: Thank you.

QUESTION: Mr. President, there seems to be a large military conflict now in Angola and I was wondering if you could relate the Soviet build-up in all of the continent of Africa to your idea of detente with the Soviet Union and we as American farmers selling them agricultural produce at the same time that we are working with them militarily or facing them militarily in other areas of the world.

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THE PRESIDENT: I firmly oppose military adventurism such as the Soviet Union and Castro's Cuba undertook in moving into Angola and the Soviet Union supplying \$200 million worth of military hardware and Castro's Cuba providing some 12,000 military personnel to support one of the three factions in Angola that were contesting who or what group ought to be the ruling faction in the country of Angola.

The United States at my direction felt that the other two groups more nearly represented the majority of the people in Angola. We tried to help those other two factions, the NFLA and the UNITA. The Soviet Union and Castro were in favor of the MPLA. We put a small investment of money and wanted to put some more. I think if we had put the extra money in, we would have been able to get an Angolan solution to the problems of Angola, not a Castro-Soviet Union solution. I vigorously oppose the Soviet Union and Cuba being involved and to the extent that we can under the circumstances that might develop, we would also oppose additional adventurism in Africa by either of those two countries.

Now I don't believe that it would have been in the best interests of the United States as a whole, even though we opposed the Soviet Union in Angola, to cut off our grain shipments to the Soviet Union. I know that some say that we should use grain shipments and withdraw them from the Soviet Union, that we should buy them from the farmers if we can't sell them overseas and we ought to store them until other markets are provided overseas. I just don't agree with that.

I can remember, and I suspect some people in this audience can remember, not too many years ago when we had a surplus of corn, a surplus of wheat and perhaps soybeans. The Government literally controlled the farmers market. We have gotten away from that and I don't believe we should make farm exports a pawn in international relations.

QUESTION: Thank you very much.

MR. TEDRICK: Mr. President, we have time for one more question.

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QUESTION: Mr. President, in view of the grain scandals at some of our export points, do you favor a Federal agency to police this, or can we still use our private companies?

THE PRESIDENT: I think we have got to make a change in the present system. The present system has resulted in, I think, 74 indictments, primarily in the Gulf Coast area. There have been some pleas of guilty. There have been some convictions. The system has been exposed, and there have been undoubtedly abuses.

Under the present setup, as I understand it, the Federal Government really does not control the grain inspection, and the Federal Government can have an impact, but it is minimal, and the net result is all of these scandals have cast a very bad public image on American grain shipments, unfortunately.

And it is unfortunate for two reasons -- primarily the one that you see, an allegation of bad inspection. You see allegations of a ship or two that may have had faulty inspection, and the grain is not up to standard, and it casts a black eye for all American agricultural products. So in order to try to have a better inspection system, the Administration has recommended to the Congress a new approach which permits the Department of Agriculture to have a better handle and a better control over the inspection service.

There are hearings, I think, in the House and Senate more or less at the present time. The Administration is testifying for a new approach, and I think it will be a better approach, and I hope the Congress passes it.

We are in favor of a change from the present system.

QUESTION: Thank you, Mr. President.

THE PRESIDENT: Thank you.

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(AT 4:30 P.M. CST)