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MARCH 30, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

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THE WHITE HOUSE

REMARKS OF THE PRESIDENT  
AND  
QUESTION AND ANSWER SESSION  
WITH THE  
AMERICAN AGRICULTURAL EDITORS ASSOCIATION  
  
THE FAMILY THEATER

2:05 P.M. EST

THE PRESIDENT: Will you all please sit down.

Mr. Secretary, Mr. Krumme, distinguished members of the American Agricultural Editors Association;

It is a pleasure to have an opportunity to say a few words and then respond to any questions.

First, I know you all know this, but I just want to reiterate it and reemphasize it. About three weeks ago I made a significant change in the manner in which we are handling agricultural policy decision-making when I appointed the Secretary of Agriculture to head our Agricultural Policy Board and I have here as the Chairman of that I think one of the finest Secretaries of Agriculture that this country has ever had, and I want to assure you that this change is very substantive, that Earl Butz is the person who is going to chair that group and will convey those recommendations to me specifically.

Now, I know you are concerned about export controls, about production cost increase, energy problems, and a whole raft of other agricultural matters. I have had the privilege in the last three weeks to meet with two farm groups, one in Illinois, one in Wisconsin, and I have found first-hand that they have some questions. We tried to answer them satisfactorily. I know that there is concern, for example, as to the passing on of family farms from one generation to another.

As you know, in January I made one recommendation and after further consideration added to it a second portion or part of that proposal, the first being a deferral for five years of any estate tax payments with a 20-year period of extended annual payments at a four percent interest rate.

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On further investigation we found that that would not be sufficient or satisfactory and added the recommendation that the present exemption of \$60,000, which was established in 1942, be increased to the figure of \$150,000.

Secretary Simon has been up before the House Committee on Ways and Means and has testified on behalf of that legislation. My own thought is -- knowing a bit about the way Congress operates -- that if that proposal is to get incorporated into a much larger tax bill, so-called tax reform bill, the likelihood of that becoming law in 1976 is rather remote because any so-called tax reform bill, for a wide variety of reasons, has many, many problems and I would doubt whether such legislation will pass the Congress.

On the other hand, if we could possibly isolate that proposal and have it go through as a separate piece of legislation -- and it not only affects, as you know, farmers, but it affects small businessmen -- the likelihood of it being enacted, signed into law, would be considerably increased. With those very general observations, I will be glad to respond to any questions.

Don't be shy. Those farmers weren't. (Laughter)

QUESTION: Mr. President, is your Administration planning any action in the next few weeks or months on the problem of increasing imports of palm oil into the United States which seem to be having affect on soybean producers?

THE PRESIDENT: The Department of Agriculture, because of the actual and, to an even greater degree, the threat of substantial increases in palm oil imports, the Department of Agriculture is at the present time undertaking a very in-depth study, and I can't tell you the date when that study will be completed but we recognize the seriousness of it. I would expect in a relatively short period of time we would have recommendations from the Department of Agriculture as to what might be done. We are fully cognizant of the fact that over the last ten years, maybe longer, not only in bilateral loans but in international loaning organizations, there has been a financing of -- what are they, palm oil plants -- have been stimulated in a number of the underdeveloped countries and the net result is by 1985 there is a very serious potential of substantially increased world production that gives us concern now as well as in the future and we hope to have some recommendations that we probably would submit to the Congress.

Is that my understanding, Earl?

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SECRETARY BUTZ: Yes, if we change the tariff it will take Congressional action, but this comes at the same time we are preparing to go to Geneva asking for reduced barriers on trade. We have a lot more to lose from raising barriers than we have to gain. There are two sides to that and in the bigger picture we have to be careful what we do.

THE PRESIDENT: Of course, we have to be cognizant of \$22 billion farm export benefits that we derived last year. I think it was a net \$12 billion, so we have got a big investment in continuing to export as much as we can and to some extent certainly it has to be a two-way street.

QUESTION: Mr. President, in regard to your shuffling farm advisers and promoting of Secretary Butz to the position he now holds, is there any one thing which prompted you to make that move? Is there anything that happened in foreign trade, or agriculture on the domestic scene, which prompted you to take that course of action?

THE PRESIDENT: Well, there had been some criticism that the previous set-up was not sufficiently reflective of the role of American agriculture in that overall problem and in order to reflect that importance as far as the American farmer was concerned it seemed to me that the Secretary of Agriculture was the proper person to chair the committee. For that reason, and that reason only, the change was made.

QUESTION: Mr. President, assuming your reelection do you have any thoughts at this time on what shape you would like to see the next farm bill be written--in 1977, what shape you would like to see that take?

THE PRESIDENT: I will approach that answer in two ways. One, I don't want to go back to the programs we had during most of the time that I was in the Congress. I think those were a disaster. We ended up with great surpluses. We ended up under those programs with the Department of Agriculture interfering virtually in the operation of every farm in the United States. So, my general thought would be that a continuation of the existing programs are the answer inasmuch as I look at the records and I find that in the last three years net farm income to America's farmers has been at an all-time high. There has been a minimum of Federal regulation as far as the Department of Agriculture is concerned. The more or less full production concept has been a tremendous beneficiary to the United States, especially with the problems we have had with increasing dependence on foreign oil and a higher price for foreign oil.

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So when I look at the last three years under existing agricultural legislation, I think it is better than anything I have seen during my 27-plus years as an official of the Federal Government.

So without preempting every detail of what might be submitted next year, I think the general concept of the present law certainly appeals to me.

QUESTION: Mr. President, we talk as though the estate tax reform would apply only to farmers and small business. Is this the intention and how will we disarm the opposition, people who are not farmers who will feel they are coming out on the short end of the deal?

THE PRESIDENT: Of course the law would be applicable. The exemption would be applicable to all payers of any estate tax. It is just that the dollar exemption would probably have its biggest impact on small business and/or the family farm. But any taxpayer who has an estate would have the same benefits as the individual family-owned farm or the small business. It is an attempt to try and, in the case of small business, force the sale of a family-owned business, corporate organization, in order to prepare for any tax liability following the death of the principal owner. But the law would have to be applicable to all estate taxpayers in order to be valid or constitutional.

QUESTION: Mr. President, farmers have a big stake in the cost and availability of energy. Are you happy with the progress that has been made up to date on getting more self-sufficiency in energy?

THE PRESIDENT: The answer to that is no.

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QUESTION: Then what can we do about it?

THE PRESIDENT: The first thing, the biggest disappointment probably this year in the energy field was the failure of the House of Representatives, I think by three votes, to deregulate natural gas.

In December of last year the Senate passed the Bentsen-Pearson bill which would have deregulated domestic natural gas. When the bill went over to the House of Representatives in a close vote -- three margin, as I recollect, 207 to 210, something like that -- they substituted a proposal which had a good title but is really a step backward rather than a step forward.

The net result is you have got the House bill which is incompatible with the Senate bill and we are trying to find a parliamentary procedure whereby we could get another vote in the House of Representatives, but I am very apprehensive that that can be done. So we may have to start all over again next January when the new Congress comes back.

The bill that passed the Congress last year was quite a different bill from that which I recommended in January a year ago. We ended up with a bill that, over a period of 40 months there can be deregulation of domestic oil production.

I signed the bill for one reason only: We had had almost a year of complete uncertainty where the producers did not know what they were going to be faced with -- the public generally did not. So it was a very close call. I signed it and now we are in the process of trying to implement it.

As far as this Administration is concerned, we are going to take every step which we can do under the law under the 40-month period for deregulation. I think within the next week or two we submit our first actual increase that is authorized under the law. These can be done periodically under the 40-month deregulation program.

Now, there is some other things that the Congress is finally getting around to implementing. The Senate has passed the Conference Report on the removal of restrictions on Elk Hills in California. I am told the House will probably pass the Conference Report some time this week. That will permit us, within a period of about two months, to increase Elk Hills' crude oil production about 300,000 barrels a day.

That is a help but it is less than 10 percent of -- it is about 5 percent of our daily imports from overseas today. But it is a help, and the disturbing thing is that in the month of February we had the highest month of imports of foreign crude oil in the history of the United States, something over 7 million barrels per day.

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In the last report for the last week there was an all-time weekly high of something like 7,200,000 barrels per day.

So what is happening is that our imports of crude oil -- they are going up virtually every day. Our domestic production is going down. I think the latest figures for domestic production are about 6 million tons -- 6 million barrels a day. It is about 3 million barrels a day less than 1972, so somehow we have got to stimulate more domestic production.

Now some people will allege that as soon as we get the Alaskan Pipeline completed in May, I think, of next year, that is going to be our salvation. That is roughly 2 million barrels a day when they are in full operation and that will take probably another 7 or 8 months, probably the end of 1977, so we have a growing problem that gets more serious every day.

So we have to, in the broadest sense, stimulate more domestic production. We have to do everything we can for conservation. There are some things that we are doing but they are really minimal. We have to, in the long run -- this is no tomorrow solution -- put as much money as we can in a practical way in research and development for solar energy, geothermal, three or four of the other more exotic fuels, but those won't come into any serious production until probably early 1980.

There is one other, and I speak here of nuclear power. We have now 55 operating nuclear power plants in the country. In January of 1975 I said by 1985 we had to have 250. For a wide variety of reasons, there has been a slowdown in nuclear power plant development. The environmentalists have gotten into it. Other people have raised questions about safety, and then we had some problems last year in trying to finance them.

Now, I am a firm believer that nuclear power has to -- we just can't abandon it. We have to expand it.

For the benefit of those of you from California -- how many are here from California, there are two of you -- I was prepared to answer when I was out in California but nobody asked me last weekend (Laughter) -- I am very opposed to Referendum Number 15. I think it would be tragic because California, like 49 other States, does need nuclear power.

In preparation for going to California last week I had the head of the Nuclear Regulatory Agency, Bill Anders, in and one of his associates on that Commission. I had Russ Train of EPA and Russ Peterson of the Council on Environmental Quality. I had two or three other people who could give me the information as to the three questions that are raised in this Referendum.

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For the benefit of the rest of you, there is a referendum on the June 8 primary -- that is, what I know more about but it is on the same ballot (Laughter) -- that says in effect that if it is passed, no more nuclear power development can be developed in California. There is some exception and it is a little more complicated than that, but that is the net effect. If California passes that, California, for all intents and purposes, precludes subsequent nuclear power installations.

The next question I would have to raise is, where will they get their power? California today does import some coal from Idaho or Utah or that four-corner area there, and if they can't have nuclear power they will have to import more coal and California does not like dirty air and coal is a lot dirtier than nuclear power, and if they don't want nuclear energy and more coal, then they will have to go to the outer Continental Shelf oil development and I know there are some people in California who don't want that. So I just don't know where California will get its power.

Now there are really three basic questions: One, safety -- and the safety record of nuclear power plants is higher, really, than any other power plant production, whether it is coal or oil or any of the others. So on the safety side, nuclear power has a good safety record.

Number two is safeguards. That is the question of whether some terrorist group could come in and seize the product and utilize it for some evil purpose. I think that can be taken care of if it has not been.

The third one is what do we do about the discharge? Where do we put it and how do we handle it? The Energy Research and Development Agency is about to come up with a very -- according to them -- sound method of disposal and once that is taken care of -- my impression is that is the most serious question -- I see no reason why we shouldn't proceed with a nuclear plant.

QUESTION: Mr. President, I think farmers generally indicated their disfavor of last year's decision to stop wheat sales with Russia. I was wondering under what conditions, if any, you would impose such action again?

THE PRESIDENT: In looking at the carryover, whether it is foreign wheat, soybeans, and looking at the prospective production for 1975-76, I foresee no circumstances that would prompt me to have any limitation on export sales.

Now, I want to be quite specific in that. The chances are nil -- but I am not going to stand up here and say "Never," because there are some unbelievable things that might happen -- but I don't think they are within the realm of possibility when I look at the overall. So, as far as I am concerned, the chances are nil for any limitation in 1975-76 or 76-77.

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QUESTION: Mr. President, should there not be a set level at which farmers would know that export controls will be put into effect, a production level?

THE PRESIDENT: As far as I am concerned, I would rather not have any limitation, period, and rely on the good judgment of whoever is President and his commitment to have as much in the way of exports as we can. I think as a result of the limitation last year we ended up with an excellent deal with the Soviet Union. We ended up with a minimum sale for the next five years beginning September of next year of 6 million tons, and that is a firm market with no problem going above that until we reach 8 million tons, and for all intents and purposes, that is not a limitation.

So I just think it makes more sense to have a five-year agreement of that magnitude with a set procurement by the Soviet Union and not impose any mandatory figures such as has been suggested.

QUESTION: Mr. President, with all the concern about how we are going to feed the world in the future, there is some concern that we are not putting enough seed money into agricultural research on both the Federal and the State level.

I wonder what plans you might have in that direction of upgrading the amount and the quality of research?

THE PRESIDENT: I can't pass judgment on what the States are doing, but I can tell you about the Federal Government. I increased for fiscal year 1977 the research and development in the Department of Agriculture by 5.5 percent. I think it was a \$22 million increase.

Now, some question has been raised that that is not above the increase in the cost of living. Therefore, it really in effect was not an increase. All I can say is that when I look at all the departments and the various subdepartments in a department that got cut -- I mean, cut in dollars -- research in the Department of Agriculture by getting an increase came out pretty well.

I happen to be a firm believer in research and development across the board. We put substantially increased amounts in for energy research. Solar energy I increased by almost 40 percent. Of course, it started from a relatively low base but I think it was \$80 million and we increased it about 40 percent over that.

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We did the same -- not quite as much -- in geothermal research and several others. So I am basically in favor of research and development, and we increased basic research -- which is very important for many of the long-range things -- by 11 percent across the board in the Government, so that once we get that we can apply it to applied research. In the Department of Agriculture, it was a \$22 million increase -- 5.5 percent.

There was a gentleman when I was talking about nuclear power who I gathered -- way in the back of the room -- might have some differences with me on that, and I want to give him his equal time.

QUESTION: No, sir, I just wanted to ask one more political question.

THE PRESIDENT: Now, this was not a put-up deal. (Laughter)

QUESTION: I am sure every man in the room has his own opinion of how you will do, assuming the best, that you win the nomination and run for President in November. I would like to hear your assessment of how you will do, given the chance in November, among the farm voters?

THE PRESIDENT: We did pretty well with the farmers in Illinois.

QUESTION: What was the percentage of the vote there, among the farmers?

THE PRESIDENT: We got -- it was a little less than the suburban vote but it was not materially less and I think primarily that support we got in those areas came from the meeting that I held in Peoria with about 300 or 400 farmers. So it is my impression that if Illinois' agricultural areas are indicative of agriculture areas generally, I think we will do all right.

QUESTION: How about against an old farmer like Jimmy Carter?

THE PRESIDENT: I understand Jimmy is a one-crop farmer. (Laughter) He is not a full-production farmer. (Laughter) He is not like those wheat and corn and soybean producers. But, be that as it may, I think we will do all right with agriculture.

Thank you all very, very much.

END (AT 2:35 P.M. EST)