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[April 1975?]

H.R. 4296

H.R. 4296, the Emergency Farm Bill, is to apply for 1975 crops only. It increases the loan and target prices on feed grains, wheat and cotton. It mandates a loan program for soybeans and it requires 80 percent support on dairy products to be adjusted quarterly by the index of production items, interest, taxes and wage rates. Changes are made in lengthening the loan period for all three major commodities. The following table shows the present loan and target level comparisons:

	<u>Present</u>	<u>Conference Bill</u>
Corn loans	\$1.10	\$1.87
Corn target	- 1.38	2.25
Wheat loan	- \$1.37	\$2.50
Wheat target	2.05	3.10
Cotton loan	\$.3427	\$.38
Cotton target	.38	.45
Soybean loans	None	\$3.94

Vote - Senate is expected to vote on conference report this week, and the House plans on voting next week.

Budget impact for 1975 crops (net increase in projected outlays of H.R. 4296 over projected outlays under current legislation):

CCC loan and inventory operations	\$1,300 million
Direct payments to farmers	\$ 500 million
Additional outlays	\$1,800 million

The direct effect on consumer prices in the next year would be minimal. However, the impact on budget outlays would contribute to overall inflationary pressures. Also, recent congressional action indicates this legislation would establish a basis for increasing targets and loan rates in future legislation which would significantly increase budget outlays and consumer prices in coming years.



Farm Follies



The New York Times

THURSDAY, MARCH 13, 1975



Farm Prices and Politics



The Washington Star

TUESDAY, MARCH 18, 1975



Wheat, Corn and Milk



The Washington Post

SUNDAY, MARCH 16, 1975



A farm bill to plow under

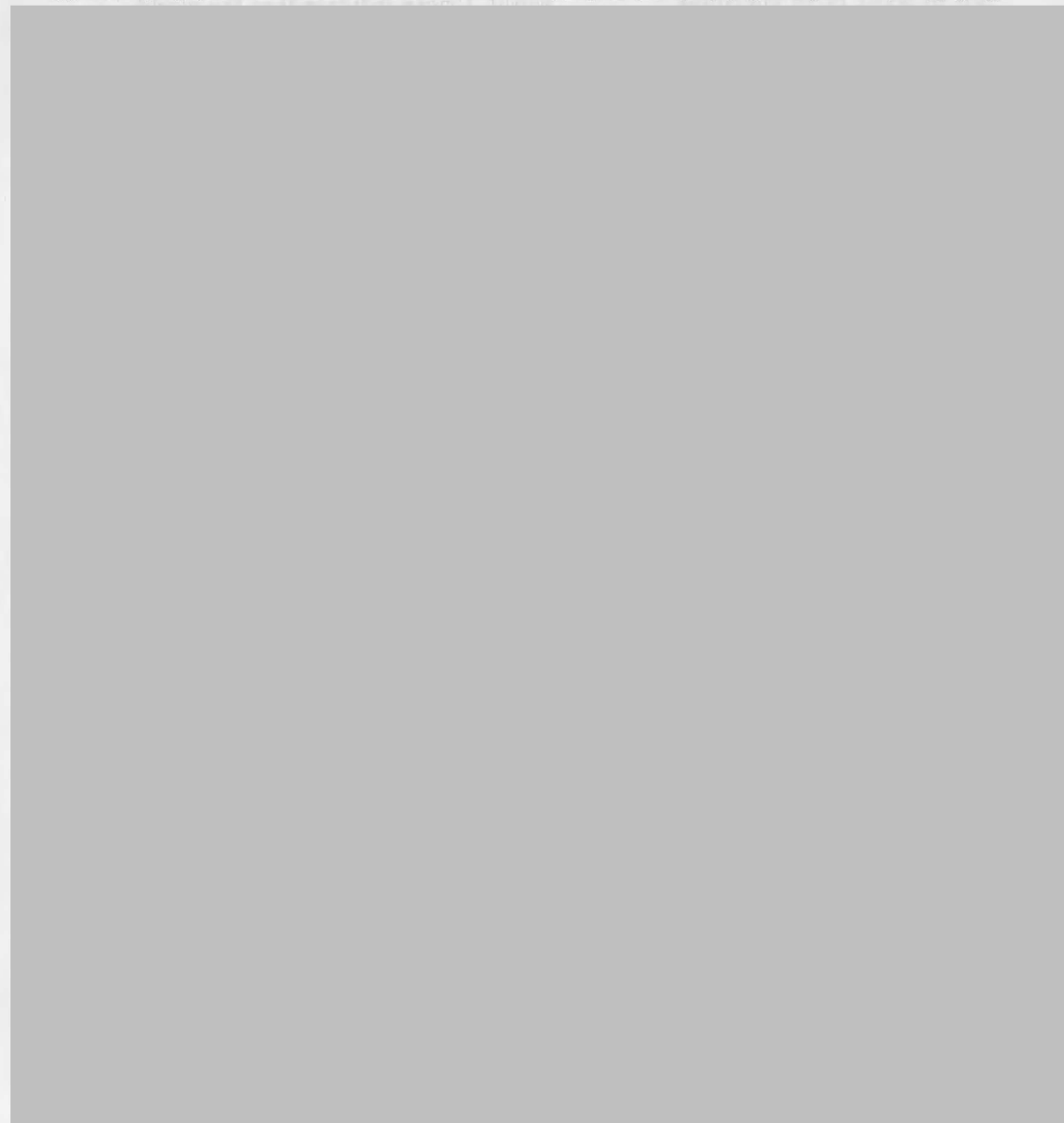


Chicago Tribune

Monday, March 17, 1975 ☆



Farm Bill's Cost to Consumers Should Earn Presidential Veto



The Miami Herald

Sunday, March 23, 1975



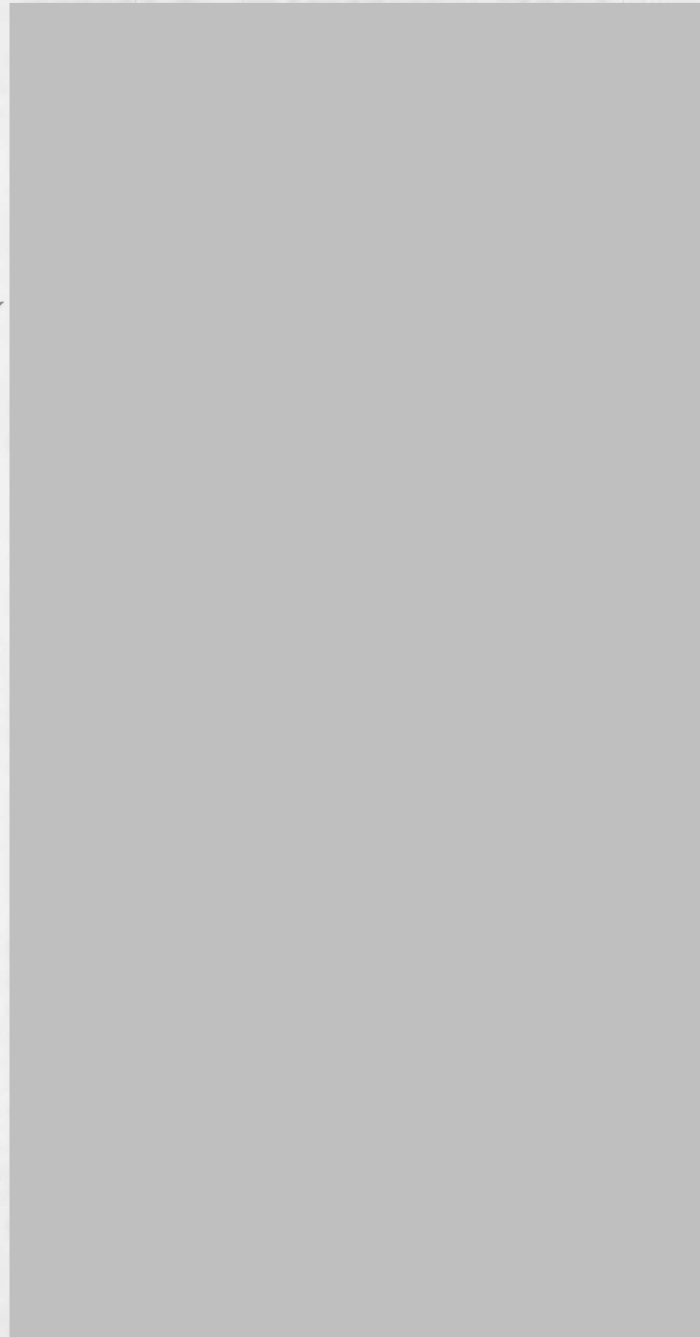
The Senate Votes A Farm Handout



San Francisco Chronicle
THE VOICE OF THE WEST

Friday, March 28, 1975

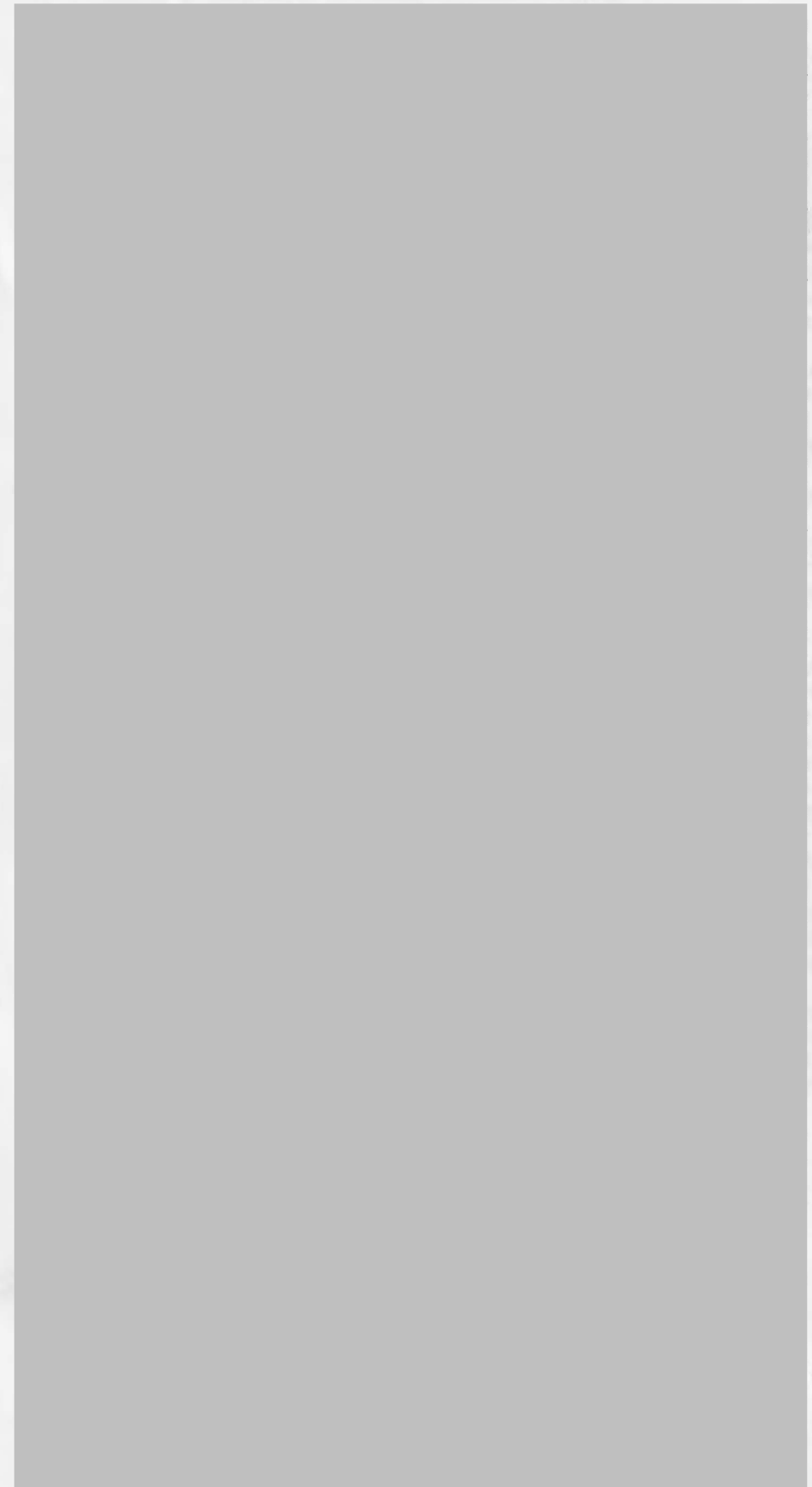
Farm Price Tumble



The New York Times

April 2, 1975

Back to the Farm Dole



THE WALL STREET JOURNAL,
TUESDAY, MARCH 25, 1975



[April 1975?]

H.R. 4296

H.R. 4296, the Emergency Farm Bill, is to apply for 1975 crops only. It increases the loan and target prices on feed grains, wheat and cotton. It mandates a loan program for soybeans and it requires 80 percent support on dairy products to be adjusted quarterly by the index of production items, interest, taxes and wage rates. Changes are made in lengthening the loan period for all three major commodities. The following table shows the present loan and target level comparisons:

	<u>Present</u>	<u>Conference Bill</u>
Corn loans	\$1.10	\$1.87
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Cotton target	.38	.45
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The direct effect on consumer prices in the next year would be minimal. However, the impact on budget outlays would contribute to overall inflationary pressures. Also, recent congressional action indicates this legislation would establish a basis for increasing targets and loan rates in future legislation which would significantly increase budget outlays and consumer prices in coming years.



[April 1975?]

FARM BILL

Background

Under the current farm program producers of wheat, feed grains and cotton are eligible for Federal support in three ways:

- They may borrow funds at $6\frac{1}{8}\%$ interest with these commodities as collateral. If they desire they may forfeit this collateral in lieu of repaying the loan.
- If market prices over a specified period of time average below the "target" price producers will receive a payment equal to the difference. These target prices are established in law.
- If a producer because of a natural disaster is unable to harvest a normal crop, he is eligible for a payment equal to $\frac{1}{3}$ of the target price.

Up until the 1975 crop soybean producers were eligible for price support loans. Dairy products are supported by purchases from processors at prices which enable the processors to pay milk producers a specified price, currently \$7.24/cwt.

Provisions

HR 4296 would increase loan and target prices for the 1975 crops as follows:

	<u>Loan</u>	<u>Target</u>
Wheat	From \$1.37 to 2.50	From \$2.05 to 3.10
Corn	" 1.10 to 1.87	" 1.38 to 2.25
Cotton	" .34 to .38	" .38 to .45
Soybeans	" 0 to 3.94	-----

In addition it would establish dairy price supports at 80% of parity and adjust them quarterly by the changes in the index of prices paid by farmers for production items, including interest, taxes and wage rates.



Impact on Budget Outlays (taxpayers)

Budget outlays in 1976 would be increased by \$1.8 billion.

- Of this amount \$500 million would be in the form of direct payments. Over \$300 million would go to cotton producers because cotton prices are already below the current target price.
- Loans to producers would increase by about \$1.3 billion largely because of the increase in the loan rate and the attractive interest rate. Most of these loans would eventually be repaid unless market prices fell to these levels. (This could easily happen with respect to cotton since the bill encourages a shift from soybean to cotton production)
- There would be some increase, about \$30 million, in dairy purchases.

Impact on Farmers and Consumers

Since it is politically inconceivable that loan and target prices would be lowered next year, the bill's impact on farmers and consumers must be measured in terms of longer than its alleged one-year life.

For Farmers

In order to avoid the huge cost of this bill--an open ended drain on the Treasury--the Department of Agriculture will need to reimpose the same kind of production controls used in the 1960's.

For Consumers

The higher market prices resulting from these production controls will undoubtedly raise the price of bread, meat, cotton goods, etc., resulting in substantial costs to consumers.



April 7, 1975

MEMORANDUM FOR: CLAYTON YEUTER
ASSISTANT SECRETARY FOR
INTERNATIONAL AFFAIRS AND COMMODITIES

FROM: NORM ROSS

SUBJECT: Transfer of the Minneapolis ASCS
Commodity Office to Kansas City, Mo.

Thank you for your draft response to the attached letter from Congressional leaders regarding transferring the Minneapolis ASCS Commodity Office to Kansas City, Missouri. Please provide an appropriate response to the following questions:

1. In view of admitted declining workload in Prairie Village and further that the Minneapolis office enjoys service by a powerful USDA computer in Fort Collins, why is ASCS seeking to spend millions of dollars on another computer? To do what work?
2. What size and at what range of cost has ASCS in mind in its current computer acquisition. What work is intended for such an installation?
2. Does the ASCS study support the USDA position about the necessity to combine the two offices and that such a combined office can best be accommodated in the Kansas City area? Please give a brief description of facts.
4. In the ASCS management study, one projected employment outlook envisions a decrease of about 75 for the Prairie Village Commodity Office, what is the costing out as to what this reduction would mean.



5. Is there a new staffing plan for the combined PVCO which increases the number of high level positions? What impact, if any, does this have on the credibility of the study?

May I have your response by close of business Thursday, April 10.

Attachment



May 2, 1975

Dear Senator:

In following up on the letter to the President from you and your colleagues on the Minnesota Congressional Delegation, we have received the following information regarding the transfer of the Minneapolis ASCS Commodity Office to Kansas City, Missouri:

1. In view of admitted declining workload in Prairie Village and further that the Minneapolis office enjoys service by a powerful USDA computer in Fort Collins, why is ASCS seeking to spend millions of dollars on another computer? To do what work?

Answer: The ASCS plans for upgrading its computer support are part of a total USDA long-range ADP modernization effort. The computer at Fort Collins, like those in Kansas City and other USDA computer centers, is scheduled to be replaced over the next two years. At that time, USDA will be operating with four compatible computer centers providing support to all agencies of the Department. ASCS has taken the approach of integrating all phases of its computer needs so as to reduce unnecessary development costs and operational redundancies. With respect to commodity office needs, this is most evident through the ability to create a single integrated accounting system for the Commodity Credit Corporation. In addition to commodity office functions, the new CCC accounting system will be fed by computer programs supporting all other CCC funded operations administered in ASCS Washington, State and county offices as well as those assigned to the Foreign Agricultural Service. Thus, the commodity office represents only a portion of the total ASCS computer plans.

2. What size and at what range of cost has ASCS in mind in its current computer acquisition? What work is intended for such an installation?



Answer: ASCS, as an Agency, is not in the process of acquiring computers. USDA, specifically the Office of Automated Data Systems, is currently evaluating proposals to replace all existing computers with large-scale equipment to be installed in Kansas City, Fort Collins, New Orleans and Washington. Since the procurement action is not complete, no dollar figures are available at this time. When installed, ASCS, like all other user agencies, will pay according to its use of the facilities. ASCS plans to integrate all of its support at the Kansas City Computer Center. This will include programs to aid in the administration, accounting and operational record-keeping of all missions assigned to ASCS. The Kansas City Computer Center will also be the site utilized by the Federal Crop Insurance Corporation, Foreign Agricultural Service, Farmers Home Administration and probably several other agencies of the Department.

3. Does the ASCS study support the USDA position about the necessity to combine the two offices and that such a combined office can best be accommodated in the Kansas City area? Please give a brief description of facts.

Answer: Yes. The findings definitely show that the advantages of consolidating both offices outweigh any advantages of maintaining both offices. The uncertainties of crop production, domestic and economic world conditions coupled with possible legislative changes could result in ping-ponging of workload in different years for whole grain, cotton and processed commodity dairy price support activities. This could result in unavoidable firings in one office with hirings in another office. Combining activities for whole grain, cotton and processed commodities provides greater flexibility and will avoid unnecessary major changes in personnel in ASCS in subsequent years.

In addition, combining the two offices can save ASCS an additional \$780,000 per year. One time cost for consolidation could be as high as \$1.5 million, possibly as low as \$1 million.

Once it was determined how clearly advantageous it is that the commodity offices be consolidated, the only decision remaining was to determine location. The ASCS study regarding the options for determining the proper location indicated that on the basis of cost alone, location at Kansas City has a slight cost advantage over location at Minneapolis. Other considerations which are not as easily quantified into projected costs give a clear advantage to consolidation at Kansas City.



ASCS presently has its management field offices at Kansas City. These offices have approximately 500 employees supporting not only the **Prairie Village Commodity Office** but the Agency's 2800 county offices throughout the United States. There were inherent advantages to locating the commodity office near or with this function for savings in manpower and flexibility in personnel and space requirements.

A second consideration involved the **USDA ADP facilities** that are located at Kansas City. ASCS has planned for several years to utilize the USDA computer center for its integrated program and accounting system. This would support not only the commodity function but also the Agency's State and county functions.

There are advantages in system development to be near the physical facilities and the people working with the system software. Cost of communication can also be reduced for the long-range system.

Simply stated, other things being equal, ASCS had a choice to locate its commodity office within two miles of two major Agency resources; namely, its management field offices and the USDA computer center or at Minneapolis, 500 miles away. Both of these offices together with the commodity office form a vital link for the future of the Agency's integrated data system.

4. In the ASCS management study, one projected employment outlook envisions a decrease of about 75 for the **Prairie Village Commodity Office**, what is the costing out as to what this reduction would mean.

Answer: The savings for reducing staff at **Prairie Village** by 75 would be approximately \$1 million. As indicated in our answer to question No. 3, that action alone presented additional problems to ASCS. The additional flexibility and efficiency afforded by the consolidation plus the additional \$780,000 savings clearly justified the action to consolidate the two offices.

5. Is there a new staffing plan for the combined **PVCO** which increases the number of high level positions? What impact, if any, does this have on the credibility of the study?



Answer: ASCS's present number of high level positions at both offices as compared to the staffing plan for the combined office is as follows:

	<u>Current Both Offices</u>	<u>Projected One Office</u>
GS-16	2	1
GS-15	4	3
GS-14	17	14
GS-13	31	30

ASCS did recently update its staffing plan for the combined Prairie Village Commodity Office. The original plan indicated 380 positions. The updated plan required 359 positions. There were differences at most grade levels. The reduction in staffing resulted in approximately \$100,000 additional annual recurring savings to ASCS. This supports our original assessment that consolidation of the two offices is justified.

We trust that this information will be helpful to you.

With kind regards,

Sincerely,

William T. Kendall
Deputy Assistant
to the President

The Honorable Walter F. Mondale
United States Senate
Washington, D.C. 20510

bcc w/inc to Norm Ross - FYI

WTKLAgric:EF:lrc



THE WHITE HOUSE
WASHINGTON

3.22.75

TO:

Max Friederhof

For Your Information

For Appropriate Handling

v

FK

RDZ
Robert D. Linder

jk
THE WHITE HOUSE
WASHINGTON

April 25, 1975

TO: Jan Kogut

FROM: Norman E. Ross, Jr.

Per our discussion here is
the draft response. If you have
any questions please call.

Erlynn

EF Please
mark cc for Elliott
when ltr prepared.
note it is in re
ltr he is holding
from Theodore
H. Anderson

THE WHITE HOUSE
WASHINGTON

Apr 30

Vern:

Do you approve of sending the
attached, with just the addition
of a beginning and ending paragraph?

ef

OK/
VL

*Prepared letters
in folder*
[Signature]

March 25, 1975

Dear Joe:

Thank you for the March 19 letter to the President from the Minnesota Congressional Delegation regarding the proposed transfer of the functions of the Minneapolis Processed Commodity Office to the Prairie Village Commodity Office in Kansas.

We have noted that you do not feel that you have received a fair hearing in this matter from the Department of Agriculture, and that you still have several unanswered questions concerning the rationale for the planned move. You may be assured that your letter will be called to the President's early attention, and we are sure that you will be hearing further as soon as possible.

With kind regards,

Sincerely,

Vern

Vernon C. Loen
Deputy Assistant
to the President

The Honorable Joseph E. Karth
House of Representatives
Washington, D. C. 20515

VCL:EF:jlm

bcc w/inc to Norm Ross - for further DRAFT reply, ASAP



March 25, 1975

Dear Mr. Nolan:

Thank you for the March 15 letter to the President from the Minnesota Congressional Delegation regarding the proposed transfer of the functions of the Minneapolis Processed Commodity Office to the Prairie Village Commodity Office in Kansas.

We have noted that you do not feel that you have received a fair hearing in this matter from the Department of Agriculture, and that you still have several unanswered questions concerning the rationale for the planned move. You may be assured that your letter will be called to the President's early attention, and we are sure that you will be hearing further as soon as possible.

With kind regards,

Sincerely,

Vernon C. Loan
Deputy Assistant
to the President

(formerly Al Lurie's A.A.)

The Honorable Richard M. Nolan
House of Representatives
Washington, D. C. 20515

VCL:EF:jlm

bcc w/inc to Norm Ross - for further DRAFT reply, ASAP



March 25, 1975

Dear Tom:

Thank you for the March 19 letter to the President from the Minnesota Congressional Delegation regarding the proposed transfer of the functions of the Minneapolis Processed Commodity Office to the Prairie Village Commodity Office in Kansas.

We have noted that you do not feel that you have received a fair hearing in this matter from the Department of Agriculture, and that you still have several unanswered questions concerning the rationale for the planned move. You may be assured that your letter will be called to the President's early attention, and we are sure that you will be hearing further as soon as possible.

With kind regards,

Sincerely,

Vern

Vernon C. Loen
Deputy Assistant
to the President

The Honorable Tom Hagedorn
House of Representatives
Washington, D. C. 20515

VCL:EF:jlm

bcc w/inc to Norm Ross - for further DRAFT reply, ASAP



March 25, 1975

Dear Bob:

Thank you for the March 19 letter to the President from the Minnesota Congressional Delegation regarding the proposed transfer of the functions of the Minneapolis Processed Commodity Office to the Prairie Village Commodity Office in Kansas.

We have noted that you do not feel that you have received a fair hearing in this matter from the Department of Agriculture, and that you still have several unanswered questions concerning the rationale for the planned move. You may be assured that your letter will be called to the President's early attention, and we are sure that you will be hearing further as soon as possible.

With kind regards,

Sincerely,

Vern

Vernon C. Loen
Deputy Assistant
to the President

The Honorable Bob Bergland
House of Representatives
Washington, D. C. 20515

VCL:EF:jlm

bcc w/inc to Norm Ross - for further DRAFT reply, ASAP



March 25, 1975

Dear Don:

Thank you for the March 19 letter to the President from the Minnesota Congressional Delegation regarding the proposed transfer of the functions of the Minneapolis Processed Commodity Office to the Prairie Village Commodity Office in Kansas.

We have noted that you do not feel that you have received a fair hearing in this matter from the Department of Agriculture, and that you still have several unanswered questions concerning the rationale for the planned move. You may be assured that your letter will be called to the President's early attention, and we are sure that you will be hearing further as soon as possible.

With kind regards,

Sincerely,

Vern

Vernon C. Loen
Deputy Assistant
to the President

The Honorable Donald M. Fraser
House of Representatives
Washington, D. C. 20515

VCL:EF:jlm

bcc w/inc to Norm Ross - for further DRAFT reply, ASAP



March 25, 1975

Dear Bill:

Thank you for the March 19 letter to the President from the Minnesota Congressional Delegation regarding the proposed transfer of the functions of the Minneapolis Processed Commodity Office to the Prairie Village Commodity Office in Kansas.

We have noted that you do not feel that you have received a fair hearing in this matter from the Department of Agriculture, and that you still have several unanswered questions concerning the rationale for the planned move. You may be assured that your letter will be called to the President's early attention, and we are sure that you will be hearing further as soon as possible.

With kind regards,

Sincerely,

Vern

Vernon C. Loen
Deputy Assistant
to the President

The Honorable Bill Frenzel
House of Representatives
Washington, D. C. 20515

VCL:EF:jlm

bcc w/inc to Norm Ross - for further DRAFT reply, ASAP



3/27

March 25, 1975

Dear Al:

Thank you for the March 19 letter to the President from the Minnesota Congressional Delegation regarding the proposed transfer of the functions of the Minneapolis Processed Commodity Office to the Prairie Village Commodity Office in Kansas.

We have noted that you do not feel that you have received a fair hearing in this matter from the Department of Agriculture, and that you still have several unanswered questions concerning the rationale for the planned move. You may be assured that your letter will be called to the President's early attention, and we are sure that you will be hearing further as soon as possible.

With kind regards,

Sincerely,

Vernon C. Loen
Deputy Assistant
to the President

The Honorable Albert H. Quie
House of Representatives
Washington, D. C. 20515

VCL:EF:jlm

bcc w/inc to Norm Ross - for further DRAFT reply, ASAP



March 25, 1975

Dear Senator:

Thank you for the March 19 letter to the President from the Minnesota Congressional Delegation regarding the proposed transfer of the functions of the Minneapolis Processed Commodity Office to the Prairie Village Commodity Office in Kansas.

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With kind regards,

Sincerely,

William T. Kendall
Deputy Assistant
to the President

The Honorable Hubert H. Humphrey
United States Senate
Washington, D. C. 20510

WTK:EF:jlm

bcc w/inc to Norm Ross - for further DRAFT reply, ASAP



3/27

March 25, 1975

Dear Senator:

Thank you for the March 19 letter to the President from the Minnesota Congressional Delegation regarding the proposed transfer of the functions of the Minneapolis Processed Commodity Office to the Prairie Village Commodity Office in Kansas.

We have noted that you do not feel that you have received a fair hearing in this matter from the Department of Agriculture, and that you still have several unanswered questions concerning the rationale for the planned move. You may be assured that your letter will be called to the President's early attention, and we are sure that you will be hearing further as soon as possible.

With kind regards,

Sincerely,

William T. Kendall
Deputy Assistant
to the President

The Honorable Walter F. Mondale
United States Senate
Washington, D. C. 20510

WTK:EF:jlm

bcc w/inc to Norm Ross - for further DRAFT reply, ASAP



March 25, 1975

Dear Jim:

Thank you for the March 19 letter to the President from the Minnesota Congressional Delegation regarding the proposed transfer of the functions of the Minneapolis Processed Commodity Office to the Prairie Village Commodity Office in Kansas.

We have noted that you do not feel that you have received a fair hearing in this matter from the Department of Agriculture, and that you still have several unanswered questions concerning the rationale for the planned move. You may be assured that your letter will be called to the President's early attention, and we are sure that you will be hearing further as soon as possible.

With kind regards,

Sincerely,



Vernon C. Loen
Deputy Assistant
to the President

The Honorable James Oberstar
House of Representatives
Washington, D. C. 20515

VCL:EF:jlm

bcc w/inc to Norm Ross - for further DRAFT reply, ASAP



BOB KINSMAN
7TH DISTRICT, MINNESOTA

WASHINGTON OFFICE
1100 E. LAUREL HOV
WASHINGTON, D.C. 20515
TELEPHONE (202) 225-2165

COMMITTEES
AGRICULTURE
SELECT COMMITTEE ON
SMALL BUSINESS
SCIENCE AND
ASTRONAUTICS

Congress of the United States
House of Representatives
Washington, D.C. 20515

February 5, 1975

DISTRICT OFFICE:

IRENE MARING
SECRETARY

920 28TH AVENUE SOUTH
MOOREHEAD, MINNESOTA 56560
TELEPHONE (218) 236-5050

BOB KINSMAN
DISTRICT REPRESENTATIVE
Box 390
THIEF RIVER FALLS, MINNESOTA 56701
TELEPHONE: HOME (218) 631-4509
OFFICE (218) 681-2127

JACK DRESSEN
DISTRICT REPRESENTATIVE
BROWERVILLE, MINNESOTA 56438
TELEPHONE: (612) 594-2738

Honorable Earl L. Butz
Secretary
U.S. Department of Agriculture
Washington, D.C.

Dear Secretary Butz:

On January 20, 1975, ASCS Administrator Kenneth E. Frick, issued an Administrator's Memorandum directing that the functions of the ASCS Processed Foods Commodity Office at Minneapolis, Minnesota, be transferred to and combined with those of the Grain and Cotton Commodity Office located at Prairie Village, Kansas. Reasons cited for this action center about a declining workload at the Prairie Village Office and the desirability of housing the processed food activity nearer to a computer in Kansas City. Certain nebulous cost benefits were claimed.

The Minnesota Congressional Delegation cannot accept benefits claimed for this action for the following reasons:

1. ASCS admittedly has a grave problem at the Prairie Village office due to lack of work with no relief in sight. The Minneapolis office, on the other hand, has a healthy work/employee-strength relationship, with a favorable outlook ahead. Stated in the simplest of terms, ASCS chooses to solve its Prairie Village problem by moving work from Minneapolis to Prairie Village and directing Minnesota employees to undergo the personal problems of a transfer and move, or retire -- or be separated.

In our view, this action is not in the interests of the taxpayer, and is certainly grossly unfair to Minnesota employees. Moreover, in these times of an unsettled economy, moves, transfers, sale of real property, etc., are difficult, very costly, and should be avoided.

2. ASCS should adjust its work force to workload at the location of declining work. In this instance, at the Prairie Village office. In so doing, no moves are necessary.



3. ASCS, it would seem, has other alternatives to reduce costs. For instance, we understand that the Prairie Village office has four branch offices housing some 35 employees at an annual cost of approximately three-quarters of a million dollars. If the headquarters office has little activity, certainly the branch office can only have less.
4. We understand that the computers presently existing in Kansas City, Missouri (not Prairie Village, Kansas) are incompatible with the systems and computer programs of the Minneapolis office. We further understand that currently the Minneapolis office is adequately served by an advanced design third generation USDA computer located in Fort Collins, Colorado, by means of remote terminals. In addition, the ASCS computer referred to in the claimed benefits does not currently exist. In fact, responses to the RFP are only now undergoing review by the agency. Tests, negotiations, computer design and construction, site preparation, systems design, computer programming and similar requirements put an entirely different perspective on this claimed benefit. Indeed, service of the Minneapolis programs by the Kansas City computer would seem to be years away. In the meantime, if this move should occur, the Processed Foods activity must be served by a computer configuration compatible with its systems, or continue to be serviced by the Fort Collins computer by duplicating what now exists between Minneapolis and Fort Collins between Prairie Village, Kansas, and Fort Collins, Colorado.

Incidentally, in view of admitted declining workload in Prairie Village, and further that the Minneapolis office currently enjoys service by a powerful USDA computer in Fort Collins, why is ASCS seeking to spend millions of dollars on another computer? To do what work?

5. We understand that the lease on the building housing the Minneapolis office was recently renewed for another five year period, with three and one-half years remaining. The cost to break the lease is reported to exceed \$300,000. We further understand that the lease on the Prairie Village space has another 2-1/2 years to run. These situations plus the cost of an office and employee move (estimated in excess of two million dollars as one-time costs) total to a figure that would appear difficult to recover. This seems true because nothing is gained cost-wise from a work efficiency point of view, by moving the Minneapolis office whose production index is currently at 106%. Its employee strength is less than the budgeted rates of production projected. Only the cost avoidance for rent can be claimed by the move of the Minneapolis office, to be realized at a cost exceeding two million dollars.



Page 3
Honorable Earl L. Butz
February 5, 1975

The undersigned members of the Minnesota Delegation are at a loss to understand the validity of the announced ASCS action with respect to its Minneapolis Processed Commodity Office. We request that you direct ASCS to withdraw the action immediately. In the meantime, the General Accounting Office has been requested to review the ASCS Commodity Office situation and the alternative solutions available to the agency in the solution of its problem.

Sincerely,

Walter F. Mondale
WALTER F. MONDALE, U.S.S.

Joseph E. Karth
JOSEPH E. KARTH, M.C.

Hubert H. Humphrey
HUBERT H. HUMPHREY, U.S.S.

Richard Nolan
RICHARD NOLAN, M.C.

Bob Bergland
BOB BERGLAND, M.C.

James L. Oberstar
JAMES L. OBERSTAR, M.C.

Donald M. Fraser
DONALD M. FRASER, M.C.



United States Senate

COMMITTEE ON
AGRICULTURE AND FORESTRY

WASHINGTON, D.C. 20510

OFFICIAL BUSINESS

Hubert H. Humphrey
U.S.S.

The President
The White House
Washington, D. C.

Dear Senator: (to the two Senators)

Dear _____ see attached for salutations.

In following up on the letter to the President from you and your colleagues on the Minnesota Congressional Delegation, we have received the following information regarding the transfer of the Minneapolis ASCS Commodity Office to Kansas City, Missouri:

1. In view, etc. copy insert (4 pages attached)

We trust that this information will be helpful to you.

With kind regards,

Sinc

WTK (for two Senators' letters)

VCL (for the Congressmen's letters)

bcc w/inc to Norm Ross - FYI

WTK:Agric:EF

or

VCL:Agric:EF





DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

File

April 7, 1975

Subject: Vice President Briefing Materials

To: Norman Ross
Domestic Council

Here is the second submission covering

- prices for farm commodities, compared with other commodities
- participation in USDA food assistance programs

I assume you continue to want this material on a monthly basis? *No & were so notified 5/7/75*

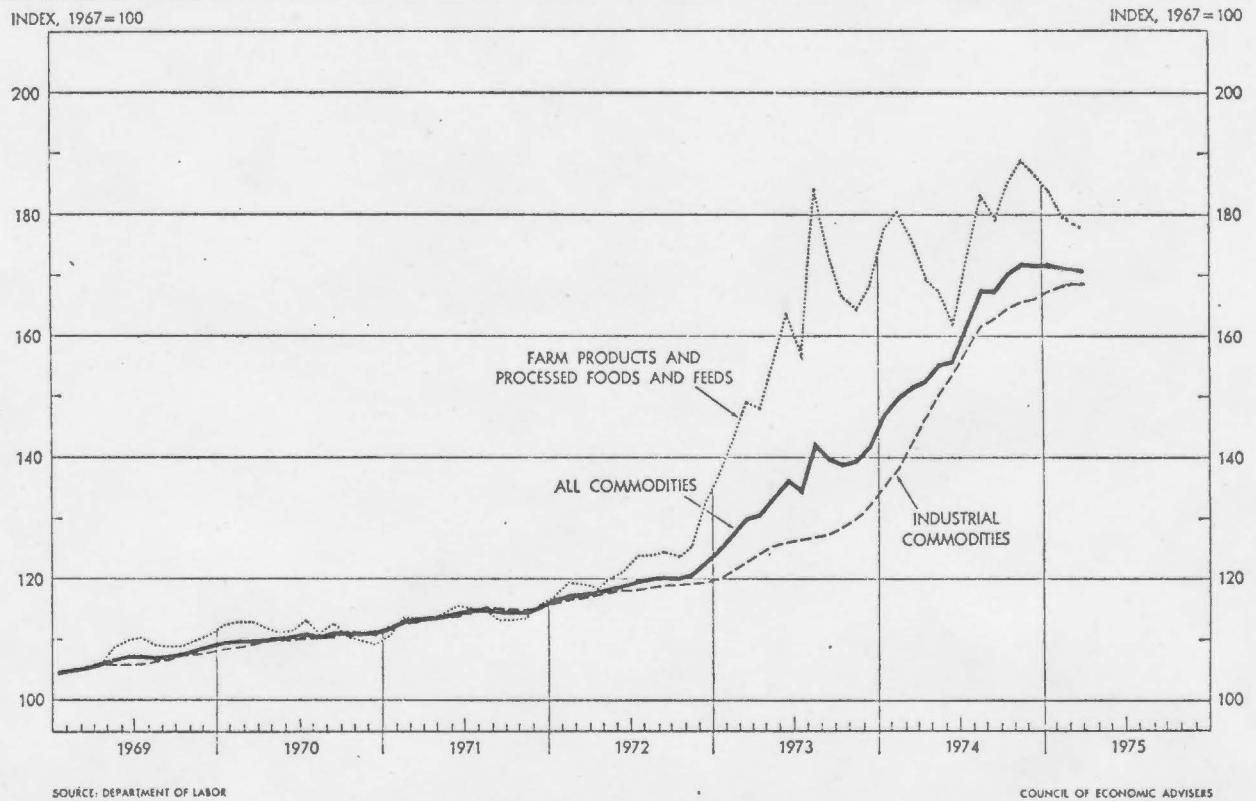
William A. Carlson

William A. Carlson, Director
Office of Planning and Evaluation

Enclosures



WHOLESALE PRICES



FARM PRICES CONTINUE DOWNWARD

IN MARCH, THE WHOLESALE PRICE INDEX FOR FARM PRODUCTS AND PROCESSED FOODS AND FEEDS DROPPED ANOTHER 2.5% CONTINUING FOR THE FOURTH CONSECUTIVE MONTH THE SHARP DECLINE FROM LAST NOVEMBER'S RECORD HIGH.

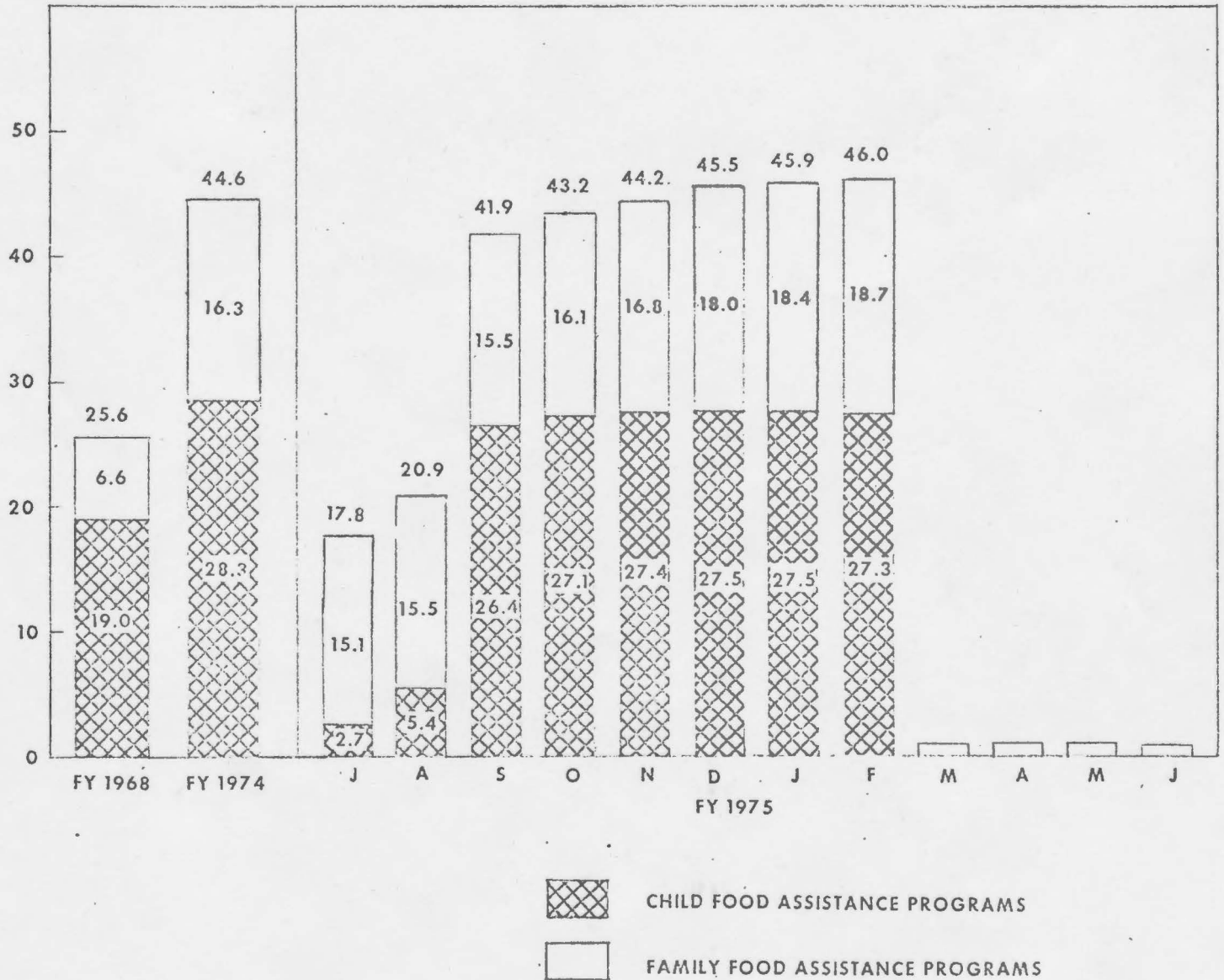
THE DROP IN THE FARM AND FOOD INDEX MORE THAN OFFSET A SLIGHT RISE OF 0.2% IN THE INDEX FOR INDUSTRIAL COMMODITIES, RESULTING IN AN OVERALL DECLINE OF 0.6% IN THE INDEX FOR ALL COMMODITIES.



USDA—FOOD AND NUTRITION SERVICE

PROGRAM PARTICIPANTS

Mil. Participants



PARTICIPATION IN THE FOOD STAMP PROGRAM INCREASED FOR THE FIFTH CONSECUTIVE MONTH IN FEBRUARY, REACHING A RECORD HIGH OF 18.7 MILLION PEOPLE.

WITH PARTICIPATION IN THE SCHOOL LUNCH AND OTHER CHILD FOOD ASSISTANCE PROGRAMS STABILIZED AT THE PEAK SEASON RATE OF SLIGHTLY MORE THAN 27 MILLION, TOTAL PARTICIPATION IN ALL USDA FOOD ASSISTANCE PROGRAMS REACHED 46.0 MILLION.



April 9, 1975

INFORMATION

MEMORANDUM FOR: JIM CANNON
FROM: NORM ROSS
SUBJECT: Minor Agriculture Department Scandal

The attached clipping was taken from today's news summary. A few isolated cases of employee conduct in the Department of Agriculture have been under investigation for a period of about three months. The available evidence has been turned over to the District of Columbia police. It has been determined that there is no evidence of organized activities. It is my understanding that one individual under investigation has left the Department and either is, or is expected to be, in the custody of the police. There is a likelihood that another individual will be leaving the Department.

The matter of tighter supervision has been discussed by the Secretary and Assistant Secretaries, and will be discussed by the Secretary again at a meeting with his agency heads.

Attachment

NRoss/pt 4-9-75
cc:WH files



NEWS

Minor Agriculture Department Scandal

Washington (UPI) -- Government investigators have uncovered evidence of after-hour craps games and marijuana traffic at the Agriculture Department and also are probing allegations female workers ran a prostitution ring, a spokesman said Tuesday.

The sex rumors have not been proved, however, the spokesman added. L.L. Free, Assistant Director of the Department's office of investigation, said the gambling and drug information was turned up in November and was referred to the District of Columbia Police.

Free said the investigations to date have produced "no indication that any organized ring is involved" in any of the alleged activities.

Free said he believes the affair was "relatively minor." He said the gambling was "mostly shooting dice and the drug matter seems to have involved marijuana." -- UPI



United States Department of Agriculture • Office of Communication • Washington, D.C. 20250
Office of the Director

April 9, 1975

TO: Norman Ross
The White House

A few isolated cases of employee conduct in the Department of Agriculture have been under investigation for a period of about three months.

It has been determined that there is no evidence of organized activities.

The available evidence has been turned over to the police.

It is my understanding that one individual under investigation has left the Department and either is, or is expected to be, in the custody of the police.

There is a likelihood that another individual will be leaving the Department.

The matter of tighter supervision has been discussed by the Secretary and Assistant Secretaries and is expected to be discussed by the Secretary at the next meeting with agency heads. It resolves itself into section heads being alert to such happenings.

While regrettable, the conduct that has been investigated is not regarded as unusual for a building with something like 4,000 people from all walks of life. One could expect that similar activities are taking place elsewhere in government.

CLAUDE W. GIFFORD
Director of Communication



April 10, 1975

Dear Senator:

This will acknowledge receipt and thank you for your March 25 letter to the President concerning the agricultural situation in South Dakota and enclosing comments you have received from farmers regarding it.

You may be assured your letter will be called to the attention of the President and his agricultural and economic advisers at the earliest opportunity.

With kind regards,

Sincerely,

William T. Kendall
Deputy Assistant
to the President

The Honorable James Abouresk
United States Senate
Washington, D.C. 20510

✓ bcc: w/incoming to Norman Ross - for your information
bcc: w/incoming to William Seidman - for your information
bcc: w/incoming to James Cannon - for your information

WTK:EF:VO:vp



414-

14
JAMES ABOUREZK
SOUTH DAKOTA

4-10

United States Senate

WASHINGTON, D.C. 20510

March 25, 1975

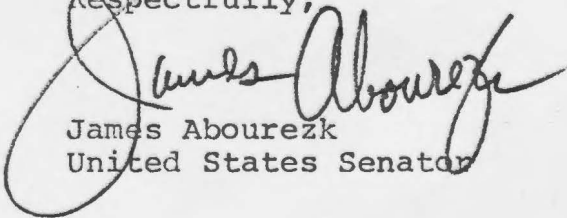
encl
The Honorable Gerald Ford
President of the United States
The White House
Washington, D.C.

ME
Dear President Ford:

Farmers in South Dakota and throughout the nation face a financial crisis that must have your immediate attention. In a few weeks farmers will start to plant crops for the year. I have never in my life known of farmers being so desperate as they are at this time, whether they raise cattle, are crop farmers, dairy farmers or have diversified operations.

I have attached statements from farmers of South Dakota declaring their opposition to your stopping of grain exports and the position of the Department of Agriculture concerning farm prices. Unless action is taken soon by you, many farmers will be forced off the land before the planting season starts. Those left indicate that they must cut back their production. That would not only result in a depression of major scope in the farm areas, it could result in a shortage of food, unthinkable for either the consumers of this country or for the hungry people of the world. I earnestly request that you give this critical situation your personal attention immediately.

Respectfully,


James Abourezk
United States Senator



April 14, 1975

MEMORANDUM FOR: WILLIAM T. KENDALL
FROM: NORM ROSS
SUBJECT: TALKING POINTS

1. There is a legitimate concern about farm earnings and food supplies now that farm prices have receded from record levels, and farm production costs have mounted. I am concerned. Farmers are concerned. And you are concerned.
2. Farmers and consumers alike should resist with all their might any attempt to slide back into the outmoded, thoroughly discredited farm policies of the past.
3. Farmers and consumers alike need to understand that these former policies were responsible for the disastrous failures of the past; that unless we exercise good judgment in resisting a revival of such policies, we will create an even more disastrous economic failure in the future.
4. I believe in reasonable earnings for farmers and in reasonable food prices for consumers. The question is: Will price relationships be allowed to work themselves out through the intelligent guidance of millions of decisions made by buyers and sellers daily--or will the Government decide what farmers' earnings will be and what price level consumers must pay?
5. If the Government makes the decisions, experience shows that we will have a cheap food policy that in the long run will serve neither farmers nor consumers.



6. I am adamantly opposed to disruptive modifications in present agricultural policy which would rescind the decision-making freedom restored to farmers by the Agricultural Act of 1970 and strengthened by the Agriculture and Consumer Protection Act of 1973.

NROSS/pt 4-14-75
cc: WH files



April 16, 1975

Information

MEMORANDUM FOR: JIM CANNON
FROM: NORM ROSS
SUBJECT: Emergency Farm Bill (H.R. 4296)

Attached for your information is a summary of the
Emergency Farm Bill as a result of yesterday's conference
action.

Attachment

NROSS/pt 4-16-75
cc - Ross Chron; Agri file



April 17, 1975

I am happy to welcome the members of the Newspaper Farm Editors of America to our Nation's Capital. You represent a very vital segment of our population and national economy.

You give the American farmer an important voice in influencing the decisions that affect critical areas of agriculture. I appreciate and respect your role in our society. Your daily communication with our nation's farmers provides a valuable service not only to agriculture, but to our country as a whole.

I wish you a most successful and productive meeting.

By White House messenger to:

Mr. William M. Blair
President, Newspaper Farm
Editors of America
The New York Times
1920 L Street, NW.
Washington, D. C. 20036

GERALD R. FORD

GRF:Hasek:jmc

cc: D.E. Downton/R. Nessen/P. Theis/N. Ross/E. Hasek/CF

EVENT: APRIL 20-22, 1975



4-21

March 27, 1975

MEMORANDUM FOR: WILLIAM NICHOLSON
FROM: NORM ROSS
SUBJECT: Newspaper Farm Editors of America
meeting April 20-22: Request a meeting
with the President

Because of the President's heavy schedule, I recommend that he does not meet with this group. However, it is advised that a message from the President be sent to them. Attached is a suggested message.

Also, the American Agricultural Editors' Association is having their annual meeting in Washington on April 7-8. I understand that they also requested a meeting with the President and that he has declined. Both of these groups should be considered equally since they are a very reputable group. Therefore, a suggested message is also attached for the American Agricultural Editors' Association.



Suggested message from President for spring meeting of American
Agricultural Editors' Association (Should be addressed to
Mr. Wilson Carnes, President, AAEA, Editor, The National Future
Farmer, P.O. Box 15130, Alexandria, Virginia 22309) 360-3600

Don't call.

Apr. 7. to Bureau Bureau & a

8. in 1st. 2nd

in VIP - Dwight D. Eisenhower

Pres. J. M. G. - 2nd

To the members of the American Agricultural Editors
Association, welcome to Washington:

Many of us in America tend to think of farming and
ranching more often in spring than at any other season--
except perhaps when we are counting our blessings at
harvest time. Yet I know from my own experience that
the business of agriculture is a year-round task. Cows--
my work on a dairy farm emphasized this to me--must be
milked every day. Machinery must be maintained. Long-
range planning, day-to-day decisions, and the work never
let up.

We are performing a miracle in agricultural production
in the United States. When the world has food problems,
it turns to us--and we have responded magnificently.
But I know that we couldn't be producing this food
miracle, or responding to world needs this way, if it
weren't for the work that you do in helping the farmers
of the nation. You are an important member of the hard-
working team that keeps us well-fed and provides the
very basis for the strength and affluence of our nation.

I congratulate you for providing this kind of leadership.
I hope that you have a highly successful session here in
Washington, D. C.

*Waller, 2
659-1525*



Suggested message from President for spring meeting of American Agricultural Editors' Association (Should be addressed to Mr. Wilson Carnes, President, AAEA, Editor, The National Future Farmer, P.O. Box 15130, Alexandria, Virginia 22309)

To the members of the American Agricultural Editors Association, welcome to Washington:

Many of us in America tend to think of farming and ranching more often in spring than at any other season--except perhaps when we are counting our blessings at harvest time. Yet I know from my own experience that the business of agriculture is a year-round task. Cows--my work on a dairy farm emphasized this to me--must be milked every day. Machinery must be maintained. Long-range planning, day-to-day decisions, and the work never let up.

We are performing a miracle in agricultural production in the United States. When the world has food problems, it turns to us--and we have responded magnificently. But I know that we couldn't be producing this food miracle, or responding to world needs this way, if it weren't for the work that you do in helping the farmers of the nation. You are an important member of the hard-working team that keeps us well-fed and provides the very basis for the strength and affluence of our nation.

I congratulate you for providing this kind of leadership. I hope that you have a highly successful session here in Washington, D. C.



Suggested message from President for annual meeting of Newspaper Farm Editors of America (Should be addressed to Mr. William Blair, President, NFEA, The New York Times, 1920 L Street, N.W., Washington D.C. 20036)

As a confirmed newspaper reader, I welcome the members of the Newspaper Farm Editors Association to Washington.

I am glad that once again you have come to Washington to see firsthand what is going on here. Many of you come here often, and all of you keep a close eye on what we are trying to accomplish through the Federal governmental system. We appreciate your concerned attention and commend you for an excellent job of getting information to the public.

The agriculture of the nation is just as important as ever, and even more critical now that fewer of our people are farmers and when so much more is expected of them. Likewise, your work in communicating with farmers also becomes more important.

I congratulate you for the great contribution that you are making and wish you a successful and productive meeting.



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THE WHITE HOUSE

WASHINGTON

March 17

Mr. Ross --

Evan Hale says that the Newspaper Farm Editors of America and the American Agriculture Editors Assn. are both a pretty prestigious group.

In the past two years, Nixon met with the Newspaper Farm Editors of American in Chicago when they had their mtg. there; and last year the President met with the American Agr. Editors Assn.

So - if Pres Ford sends a message to the Newspaper Farm Editors for their meeting in April of 22-23, he should also send a message to the other group who is having their meeting here April 7 - 8. Both groups realize that the President does have a busy schedule.

Mr. Hale is preparing just such a message, in case the President can't find time to meet with them.

pt/



THE WHITE HOUSE

WASHINGTON

March 26 --

Mr. Ross:

Attached are two messages from the President to the following groups:

Newspaper Farm Editors of America --
Annual spring meeting April 20-22

American Agricultural Editors' Assn:
Annual spring meeting April 7 - 8

Additional Information: Two years ago former President Nixon met with the Newspaper Farm Editors of America in Chicago and last year he met with the American Agricultural Editors' Association in his EOB office and later on the day Vice President Ford dropped by. They(AAEA) were holding a meeting in the EOB.



PL

[4/17/75]

FARM BILL

Background

Under the current farm program producers of wheat, feed grains and cotton are eligible for Federal support in three ways:

- They may borrow funds at 6 1/8% interest with these commodities as collateral. If they desire they may forfeit this collateral in lieu of repaying the loan.
- If market prices over a specified period of time average below the "target" price producers will receive a payment equal to the difference. These target prices are established in law.
- If a producer because of a natural disaster is unable to harvest a normal crop, he is eligible for a payment equal to 1/3 of the target price.

Up until the 1975 crop soybean producers were eligible for price support loans. Dairy products are supported by purchases from processors at prices which enable the processors to pay milk producers a specified price, currently \$7.24/cwt.

Provisions

HR 4296 would increase loan and target prices for the 1975 crops as follows:

	<u>Loan</u>	<u>Target</u>
Wheat	From \$1.37 to 2.50	From \$2.05 to 3.10
Corn	" 1.10 to 1.87	" 1.38 to 2.25
Cotton	" .34 to .38	" .38 to .45
Soybeans	" 0 to 3.94	-----

In addition it would establish dairy price supports at 80% of parity and adjust them quarterly by the changes in the index of prices paid by farmers for production items, including interest, taxes and wage rates.



Impact on Budget Outlays (taxpayers)

Budget outlays in 1976 would be increased by \$1.8 billion.

- Of this amount \$500 million would be in the form of direct payments. Over \$300 million would go to cotton producers because cotton prices are already below the current target price.
- Loans to producers would increase by about \$1.3 billion largely because of the increase in the loan rate and the attractive interest rate. Most of these loans would eventually be repaid unless market prices fell to these levels. (This could easily happen with respect to cotton since the bill encourages a shift from soybean to cotton production)
- There would be some increase, about \$30 million, in dairy purchases.

Impact on Farmers and Consumers

Since it is politically inconceivable that loan and target prices would be lowered next year, the bill's impact on farmers and consumers must be measured in terms of longer than its alleged one-year life.

For Farmers

In order to avoid the huge cost of this bill--an open ended drain on the Treasury--the Department of Agriculture will need to reimpose the same kind of production controls used in the 1960's.

For Consumers

The higher market prices resulting from these production controls will undoubtedly raise the price of bread, meat, cotton goods, etc., resulting in substantial costs to consumers.

NEROSS/ee



4-17-75

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For Consumers

The higher market prices resulting from these production controls will undoubtedly raise the price of bread, meat, cotton goods, etc., resulting in substantial costs to consumers.

NEROSS/ee



ISSUE PAPER FOR ECONOMIC POLICY BOARD

April 24, 1975

Farm Bill Alternatives

Background

The Farm Bill passed by Congress is unacceptable:

- It contradicts established Administration policy of maximum use of the marketplace.
- It threatens to add \$1.8 billion to budget outlays in 1976.
- It is certain to be used as the point of departure for longer term legislation which will undermine market-oriented policy and further escalate farm program expenditures in subsequent years.
 - It could hold U.S. prices above world levels and make the U.S. a residual supplier, thereby reducing foreign exchange earnings.
 - It will almost inevitably force the Government once again to impose production controls.

Nevertheless the recent upsurge in farm production expenses coupled with the prospect of lower farm prices places a lot of pressure on the Administration to "do something."

Under present law, the Secretary may raise the loan rates for wheat and feed grains (basically corn); however, present law requires that cotton loan rates be set at 90% of the 3-year average world price. Soybean loans are established at the discretion of the Secretary and have been terminated for the 1975 crop.



Since 1973, when target prices and loan rates were originally established at what were then regarded as levels favorable to producers, costs of production for wheat and corn have increased sharply as shown below:

	<u>Unit</u>	<u>1973</u>	<u>1975</u>	<u>% Increase</u>
<u>Wheat, Kansas, E. Central</u>				
Variable costs	\$/bu.	0.57	1.05	84
Total costs excluding land	\$/bu.	0.95	1.54	62
<u>Corn, N. Indiana</u>				
Variable costs	\$/bu.	0.48	0.81	69
Total costs excluding land	\$/bu.	0.72	1.12	56

Target prices established under present law for 1975 crops and loan levels for those crops compared with those prescribed in H.R. 4296 are:

	<u>Unit</u>	<u>Present Law</u>		<u>H.R. 4296</u>	
		<u>Target</u>	<u>Loan</u>	<u>Target</u>	<u>Loan</u>
Wheat	\$/bu.	2.05	1.37	3.10	2.50
Corn	\$/bu.	1.38	1.10	2.25	1.87
Cotton	¢/lb.	.38	.34	.45	.38
Soybeans	\$/bu.	--	--	--	3.94

If the Administration decides to increase the grain loan levels, it would do so presumably to accomplish some desirable goal; e.g., raising farm output, adding to farm income, or to sustain a veto. With large plantings in prospect in 1975 whether or not supports are raised, the impact of moderately higher loan levels on output will be nominal. According to commodity specialists in USDA, season average prices for wheat and corn will be around \$2.50 and \$2.00, respectively, under their worst case assumptions of bumper crops combined with low exports. Prices could dip below those levels during periods of heavy marketings. It appears, therefore, that loans would have to be increased substantially to have a significant impact on farm income - to a point in fact, higher than specified under the newly passed Farm Bill and where farmers would be producing for the CCC loan program.



Alternatives

- I. Leave the loan levels unchanged - at the minimum specified by the 1973 Act.

Pro

- In a free enterprise economy, there is no obligation (moral or otherwise) on the part of Government to ensure the success of each business. The fact that in the past Government has found itself so deeply involved in the farm economy and now finds it difficult to become disengaged, is a direct consequence of the political power of farm interest groups.
- Additional incentives which would increase production are not needed (at least in 1975). The acreage farmers intend to plant will, given normal weather, yield more than enough to meet the demands of the market. A very large winter wheat crop already seems assured.
- Would appear to treat wheat, feed grain, and cotton producers alike. (In fact, however, under the law cotton producers have already received a mandatory 9 cents per pound increase in loan rates this year.)
- There is always some commodity loan activity. Many farmers use the loan program for orderly marketing and the interest rate is usually below commercial levels. Thus, any increase in loan levels will add to 1976 budget outlays, and to the deficit which the Administration is committed to hold to \$60 billion in FY 1976.
- Maintains target price concept intact.

Con

- The Administration could appear to be insensitive to the cost/price squeeze faced by farmers, especially since the Government has asked for all-out production. Farmers are apprehensive



about a further decline in prices at a time that their costs of production are substantially higher.

- Could lead to further legislative effort to pass a farm bill for 1975, or to a veto override.
- Loan rates could be raised moderately without significant economic consequences, since prices are expected to average higher than any loan levels that would be selected, and since, under such circumstances, the loans would be repaid.

II.

Raise the corn loan rate from \$1.10 per bushel to \$1.50 (\$1.87 in the bill), and wheat from \$1.37 per bushel to \$1.75 (\$2.50 in the bill).

Pro

- There would be only a small risk of USDA having to acquire stocks.
- Brings loan rates for corn and wheat more into line with feed values, which allows wheat to compete in the feed market during periods of surplus.
- Would cover most producers' total costs of production, excluding land, by a wide margin.
- Could help offset pressures to override a Presidential veto.
- Would raise loan rates for those commodities covered by the 1973 Act which, unlike cotton, were denied increases.

Con

- Would increase 1976 budget outlays by about \$75 million and be construed as contrary to your pledge to attempt to hold the deficit to \$60 billion.



- Makes the corn target price ineffective.
- Continues a pattern of Administration taking action if Congress passes unacceptable bills.
- Adds to degree of indexation in the economy making control of inflation more difficult.

Butz III. Raise the corn loan rate to \$1.50 (same as Option II), and wheat to \$2.00 (compared to \$1.75 in Option II).

Pro

Would give wheat producers a substantial amount of protection since the levels would be well in excess of production costs excluding land.

- Establishes rates more in line with recent market price relationships, which would appeal to wheat growers.
- USDA believes that these represent the minimum levels acceptable to corn and wheat producers.
- Could offset pressures to override a Presidential veto.
- Makes good Secretary Butz' statement to the Senate Agriculture Committee that he was flexible on loan rates.

Con

- Would increase 1976 budget outlays by about \$90 million.
- Increases risk of expanded use of loan program and higher budget outlays, especially if export demand weakens.
- Widens spread between wheat and corn prices, and makes wheat uncompetitive in feed market during time of large surplus.
- Cotton producers would appear to be discriminated against.
- Tends to validate sharp increases in land and other input prices which were based on temporary surges in farm income.



- Provides a high base for escalation in future farm legislation.

IV. Propose to the Congress that the escalator defined in the law be applied to the 1975 crop target prices.

- Corn would be increased from \$1.38 to \$1.68.
- Wheat would be increased from \$2.05 to \$2.51.
- Cotton would be increased from \$0.38 to \$0.44.

Pro

- Would be in the spirit of the 1973 Act since it would capture most of the bulge in production costs.
- The target prices for grains would be well below the market price anticipated if exports continue at a high level.

Con

- Conflicts with past Administration policy not to negotiate higher target prices. The Senate Agriculture Committee specifically requested Sec. Butz' participation. He declined.
- Would maintain unrealistic spread between support points for wheat and corn.
- Since lower prices are expected in the next two years (as a result of good crops) and since the escalator would be applied to a higher base, the risk of target prices exceeding market prices is increased.
- Will reopen the issue to legislative logrolling.
- Would add \$400 million to outlays, of which \$360 million would be for cotton.

V. Propose to the Congress that target prices be increased to the level of market prices anticipated for 1975 crops, assuming low exports.

- Corn would be increased from \$1.38 to \$2.00.
- Wheat would be increased from \$2.05 to \$2.50.



- Cotton - no change.

Pro

- With target prices tied to minimum market expectations, the likelihood of deficiency payments for wheat would be reduced.
- Producers would be protected to the low end of Government expectations and could plant accordingly.

Con

- Would increase 1976 budget outlays by about \$60 million.
- Budget exposure would be further increased for 1977 and 1978 when market prices are expected to fall.
- Could be the basis for further increases by Congress.



PRESIDENTIAL AND ADMINISTRATION
ACCOMPLISHMENTS IN AGRICULTURE
SINCE AUGUST 1974

Reduced Farm Program Payments

As a result of the strengthened economic situation for farmers, and a program that encourages farmers to get their income from expanded sales in the domestic and foreign market, tax outlays for farm program payments were reduced to \$500 million in calendar 1974. Payments had been as high as \$3.9 billion two years earlier. The President vetoed a costly farm bill that would have burdened farmers with surpluses and government controls; increased consumer food costs and tax bills; lowered farm income in the long run; harmed farm exports and our ability to negotiate for freer access to growing farm export markets for American farmers; and triggered another round of budget deficits and inflation that would have been harmful to consumers and farmers alike. However, the Administration assured farmers that in the event that markets weaken and prices drop, existing authority will be used to increase loan levels to protect the farm economy. It increased national wheat allotments for 1976 by 15 percent, which broadens the support protection for farmers in the event that wheat prices fall below target levels.

Consumer Concerns

The Administration has maintained a strong U.S. food policy based upon adequate food for consumers at reasonable prices; abolishing poverty-induced hunger in the nation; and providing adequate incentives for American farmers to produce fully for the food and fiber needs of the nation and the world.

Support for a Healthy Farming Industry

The Administration has strongly supported a program to provide farmers with the opportunity to make their own decisions, avoid bureaucratic interference, get their income from strengthened markets, and participate more fully in American economic life. Farm income in 1974 was the second highest of record, and 1975 promises to be the third best farm income year ever. The annual decline in the number of farms (11,000 in 1974) has reached the lowest level in a generation (220,000 in 1950; 138,000 in 1960; 45,000 in 1970), reflecting better economic conditions on farms and more faith in the future of agriculture and rural areas.



International Trade Policy for Agriculture

The President has instituted a firm international trade negotiating policy that will tie industry and agriculture together in upcoming trade barrier negotiations. This will assure that any negotiated downward adjustment in trade barriers will also provide that our farm exports gain easier access to foreign markets. He has appointed a broad representation of farm commodity leaders to assist the United States in upcoming trade negotiations.

Cheese Imports

The President has aggressively counteracted a move by the Common Market countries of Europe to subsidize a glut of cut-rate cheese imports into the United States that would have jeopardized the future of the American dairy industry and its ability to meet the consumer needs for cheese in the years ahead. In January 1975 strengthened Milk Market Order prices and dairy price supports.

Beef Imports

The U.S. government has negotiated voluntary agreements which limit excessive imports of beef that threatened U.S. beef producers and could have caused a liquidation of beef herds that would have been harmful to consumers by limiting beef supplies in the years ahead.

Grain Exports

The Administration instituted a grain export monitoring system in 1974 that prevented possible raids by foreign buyers intent on getting an undue share of our short supplies of grain. This kept our exports moving out smoothly and forestalled the threat that mandatory, harmful controls on exports would be legislated by Congress. Farm exports will hit a record high of \$22 billion 1975 fiscal year, following exports of \$21.3 billion last year. This contributed a favorable \$11.8 billion toward the nation's total trade balance last fiscal year and \$12.3 billion this year; at a time when this favorable balance is vitally important to protect the value of the dollar and permit us to purchase vitally-needed energy and mineral supplies from abroad.



World Hunger

With increased hunger stalking the world, particularly in places such as Sahel Africa and Sri Lanka, the President increased the fiscal 1975 funds available for Food for Peace aid by \$600 million, more than a 50 percent increase. Provided strong backing for the World Food Conference and subsequent actions which have given the United States a strong position of leadership in providing more adequate food for the world's hungry as well as technical assistance to increase the capacity of less developed nations to feed their expanding populations.

Soil and Water Conservation

The Department of Agriculture has stepped up efforts to conserve soil and water as farmers increase their planted acreage in 1975. Twenty P.L. 566 watershed projects have been approved for installation since July 1, 1974 and funds for watershed installations in 1975 will equal the record \$75 million in 1974. Ten additional multi-county Resource Conservation and Development projects have been designated to be eligible for program assistance, bringing the nation's total to 158.

Rural Development

The Department of Agriculture has maintained aggressive rural development efforts to improve the well-being of rural people through improved social services and job opportunities. Through the Farmers Home Administration, rental housing and local businesses have been financed in 400 communities since last summer, and provided funds for 500 new water and waste disposal systems. Farmers Home loans and grants provided nearly 25,000 permanent jobs and 300,000 secondary jobs. Credit assistance was provided to 25,000 farmers whose operations were damaged by natural disasters. Through the Rural Development Service leaders in 450 rural communities have been provided with guidance on programs that are available to them. Increased electrical and telephone service has been brought to nearly 400,000 people living in rural America.

Forest Resources

The U.S. Forest Service has maintained a strong conservation and recreational program in our national forests and provided an optimum harvest of trees from these forests for use by the public. The Youth Conservation Corps on national forest lands will provide jobs for 4,000 young people in 1975. The Rural Community Fire Protection Program was expanded to provide technical and financial



assistance to rural communities for fire prevention and suppression. To help meet future demands for wood products, forestry assistance has been provided to approximately 20,000 non-industrial private forest owners under the Forestry Incentives Program. Recommendations for classification of Wilderness Areas under the National Wilderness Preservation Act of 1964 have been completed. A nation-wide assessment of the timber, range, wildlife, water, outdoor recreation and other renewable resources on 1-1/2 billion acres of public and private forest lands, including the likely demand for these resources, was started. Also began developing a long-range program to meet the demand for the renewable resources on Forest Service lands.



nd/c

May 1, 1975



Mr. Norm Ross
Assistant Director
Domestic Council
THE WHITE HOUSE
Washington, D. C.

Dear Mr. Ross:

Thanks for taking time from your other duties to visit with our small group in your office last week.

Mr. Ross, myself and the others ~~four~~ cattle representatives that discussed imports with you are of the firm opinion that something has to be done soon to alleviate our problems in this beleaguered industry.

We do not ask, or want--as you know well--a governmental subsidy. Just give us our own market and we'll produce the quality product to fill the consumers market basket.

I again would like to ask you for help in setting up a meeting with President Ford, and hopefully, at that time, he would announce imposition of the quota on imports.

Will look forward to receiving your thoughts. Also, have enclosed two more petitions from East Texas cattlemen. These were received too late for the last trip up. You might find these of interest.

Sincerely,

Horace F. McQueen

HFM:cmm



from: Leon Bennett
C. Rockett, Texas

Are you against Imported Beef.

If so Please sign this petition,
that will be taken to Washington
by Horace McQueen.

Marshall Ham Jr.	W. L. Chairs
Koy Lee Bobbitt	Tommy Cook
Brenda Knickols	2 Carlson
Betty Snel	James E. Moore
John Warren	Joe Poon
W. C. Buckner	Haskell Gilliam
Rosa Lee Buckner	Juanita Gilliam
J. H. Hazlett	James Gilliam
Edgar Harrison	Donna Gilliam
J. E. Tunstall	Ed. Webb
Billy Macey	George Saines
W. H. Mow	Norden Dambaker
Dennis L. Knickols	John D. Whitely
Morris Musick	John D. Whitely
John H. Bennett	John Bunkake
Jake Caprellan	Earl Jauden
J. A. Vandale	C. C. Rosson
Arthur Hart	
Hayne Nehus	



Steve Sittler
Cecil R. Cranson
Cull Richards
Marc Cranson
Jack Winter
Jessie McKnight
Gold D. Benson
~~Leah H. Nelms~~
Dorothy Marshall
J. H. Mickle
R. L. Duke
James Emmell
Samuel Masket
Sam Wagner
Lemuel Wayne
Sammie Lee Wayne
Arthur Murphy
Jimmie Lonstall
James L. Latimer
Orton Etkin
James Dyches
Sherry Green
Rickie Gallant

R. R. Skidmore
Wayne Pennington
L. E. Winter
~~Sherry~~
Wade Winter Sr.
Wade Winter Jr.
J. C. Webb
Wayne Campbell

C. W. Evans



Dear Mr. McQueen,

We enjoy your program
every morning very much.

Please Register our complaint
against importing foreign beef
into our country when you go
to Washington.

Good Luck + God Bless You

Mr. Charles Bobbitt

P.S. These names are from the
Wecker community.



Rt. 2 Highland Texas - unless designated

A. M. Clifton		Mrs. Robert Dishongh
Bobby Lane Clifton		Douglas & Hollis
Clinton Ellis		Harvey R. Briggs Jr
Billy Joe Clifton		R. A. Handley
Wayne Hollis		Kenneth M. McRey Rt 1 Box 168 Kennard
Charles E. Bobbitt		Thomas H. Bobbitt
Barney L. Lyle 2961 E. Eden, Dallas Tex.		William W. Oyle
Elmer L. Pyeatt		Kennon Kell
Jim Louell		Mrs. Kennon Kellum
Wright Sullivan		Jim Best Rt. Kennard
Mrs. Irene Sullivan		Ways Kaminsky
Sumner L. Lyle		Kenneth Hayes
Leon Lueran		Paula Hayes
Roseanne Bryan		Mrs. Ray Lee Bobbitt
William H. Sparks 7211 Superst, Houston		Mrs. Laurena Anderson
Olan D. Garbert		Faye Smith
Edgar Moore		Clara Silvers
Mrs. Ray Bobbitt		L. E. Bobbitt
Lus Kleinschmidt		Mrs. Gus Kleinschmidt
Ben L. Womack		John Dishongh
V. O. Tomme		Ray Bobbitt
Robert Dishongh		Clara Clifton
Joe Cammarano		Joe E. Bobbitt
Karl Lovett		Marlene Bobbitt
Mrs. W. H. Sparks 7211 Superst, Houston		James Moffett
Mrs. Jerry Bobbitt		Happy Morris
Sherman Lovell		C. E. Keller
		Joe Meador

NEWS ROSEBUD, TEX.

TOTAL - OR SUBTOTAL



I the undersigned do state that I am against
our government allowing importation of foreign
Beef into our country.

Calvin Mader

Mary Mc Clain

Mrs. Charles Bobbitt

James Pyle

Glades Pyle

Frank Pyle

Elsie Bobbitt

Hina Bobbitt

Kenny Pyle

Mrs. Sherman Lovell

Virginia Lovell

Paula Hayes

Darrell Bobbitt

Mrs V. J. Pyle

Daniel Eyer

Edna Landon

E. Moffatt

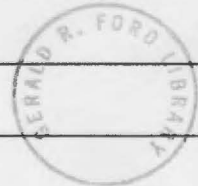
L. P. Fauer

Mr E. Moore

Tom L. Pyle

David Pyeatt

27 signers



OFFICE OF
THE SECRETARY OF AGRICULTURE

May 6, 1975

MEMORANDUM TO: Norman Ross ✓

FROM: John C. Foltz
Deputy Under Secretary
for Legislative Affairs

Attached is a packet of materials
on the vetoed Farm Bill.

First is a page of talking points
outlining our position. Next is
a series of charts illustrating
the latest Farm price picture;
and last is a series of editorials
which have appeared in opposition
to this legislation.



5-6

H.R. 4296 - Emergency Agricultural Act of 1975

CONFERENCE REPORT: As voted by the Congress, H.R. 4296 is a 1-year bill which applies to 1975 crops only. The legislation increases both loan and target price levels on feed grains, wheat and upland cotton. It mandates a loan program for soybeans, and requires 80 percent of parity support on dairy products, adjusted quarterly in accordance with an index of cost of production items. The legislation lengthens the loan period for wheat, feed grains and cotton.

<u>PRESENT AND PROPOSED LEVELS:</u>	<u>PRESENT</u>	<u>CONFERENCE BILL</u>
Corn target price	\$1.38	\$2.25
Corn loan	1.10	1.87
Wheat target price	2.05	3.10
Wheat loan	1.37	2.50
Cotton target price	.38	.45
Cotton loan	.3427	.38
Soybean loan	None	3.94

ADMINISTRATION POSITION: This is bad legislation. It offers short-range solutions, that create long-range problems. It responds to a nonexistent "emergency." While grain prices are lower than they were a few months ago, they are still well above levels of 3 or 4 years ago.

Cotton producers are not faring well, but high loan levels will hurt, rather than solve, their problems.

High loans would provide a price umbrella for competing farmers around the world. U.S. export markets would be lost. Our competitive position in future years would deteriorate.

If commercial markets were not available, farm commodities would pile up as costly surpluses which the Government would be required to buy and take over at the loan rate--handling and keeping such stocks in good condition until they finally came on the market in competition with farmer-owned stocks.

In the past, whenever such a situation has occurred, the public has very quickly brought heavy pressure on the Government to use export subsidies to force U.S. surpluses on the world market. H.R. 4296 would create just such pressure at the very time the U.S. is negotiating with other countries, asking them to remove their export subsidies and to support open competition with U.S. farmers.

Providing price protection, in excess of out-of-pocket costs of production, is highly inflationary and reduces net farm income in the long run. Most wheat and feed grain producers are coming off the highest income years they have ever known, thanks to the current policy of a free agriculture.

H.R. 4296 would move us back again to paying farmers not to farm. Moreover, it would provide only a temporary and piecemeal solution to the problem. High grain prices are good for farmers that grow grain; they are a problem for livestock and dairy farmers who have to buy livestock feed.

Artificial manipulation of supply and demand, as proposed in this legislation, is no substitute for individual farm decisions, based on market demand. Such manipulation is a mirage that could cost taxpayers about \$1.8 billion in 1975. The cost would rise still higher in subsequent years if the proposed changes were continued.



A GRAPHIC LOOK AT THE FARM SITUATION

The attached five charts are largely self-explanatory. They show recent and current prices for corn, wheat, cotton and soybeans, and plot the cost-price squeeze in agriculture. Here is some additional information.

GENERAL -- The world looks to U.S. agriculture as a major, reliable supplier of food and fiber. A favorable climate & soil, well-educated farm population, and technologically superior farming operations have made the U.S. the world's largest exporter of farm goods. Last year, the U.S. provided 59 percent of the world's corn exports, 44 percent of the world's wheat exports, and about 83 percent of the world's soybean exports. Nearly a fifth of the world's agricultural exports originates on U.S. farms.

CORN -- Farmers' season average corn prices rose from \$1.57 a bushel in 1972 to an estimate of over \$3 a bushel for the 1974-75 marketing season. While prices have declined about 80 cents a bushel since last October, they are still well above prices of three or four years ago. Assuming normal weather, the 1975 crop is projected at 5.7 to 6.4 billion bushels.

WHEAT -- Farmers received an average market price of \$1.76 a bushel for 1972 crop wheat. The 1974-75 marketing season average price is estimated at about \$4.00 a bushel. The projected 1975-crop price will average a little less than 1974, but well above the price of three or four years ago. With normal weather, a wheat crop in 1975 of 2.0 to 2.2 billion bushels is likely.

COTTON -- Cotton prices tumbled this season from 1973-74's high levels, due to reduced consumer demand worldwide. Textile mills are using less cotton this year than any season since the late 1930's. Farmers have adjusted by planting less cotton. March 1 planting intentions indicate 10 million acres of cotton this year, compared to 14 million last year.

SOYBEANS -- Prices received by farmers for soybeans have risen from an average of \$4.37 a bushel for the 1972 crop to a forecast of over \$6 for the 1974-75 marketing season. Soybean prices also have declined in recent months. However, prices for 1975 are expected to average well above the average of a few years ago. Total production in 1975 is anticipated at 1.45 to 1.55 billion bushels, assuming normal weather. Soybean oil is by far the leading vegetable oil in the U.S. Soybean meal is the leading protein meal.

COST-PRICE SQUEEZE -- The growing cost of farm inputs, such as fertilizer, fuel, seed, plus increased costs of transportation, farm machinery, and farm credit are direct results of inflation and energy-related shortages. As the gap narrows, between prices farmers receive when they sell their commodities and prices farmers pay for items they must have to produce, net farm income is reduced. Farmers haven't caused inflation, but they are its first and hardest-hit victims. Inflation robs farmers of both net income and incentive. Fiscal responsibility is essential if we are to assure continued farm prosperity.



\$ PER BU.
4.00

3.00

2.00

1.00

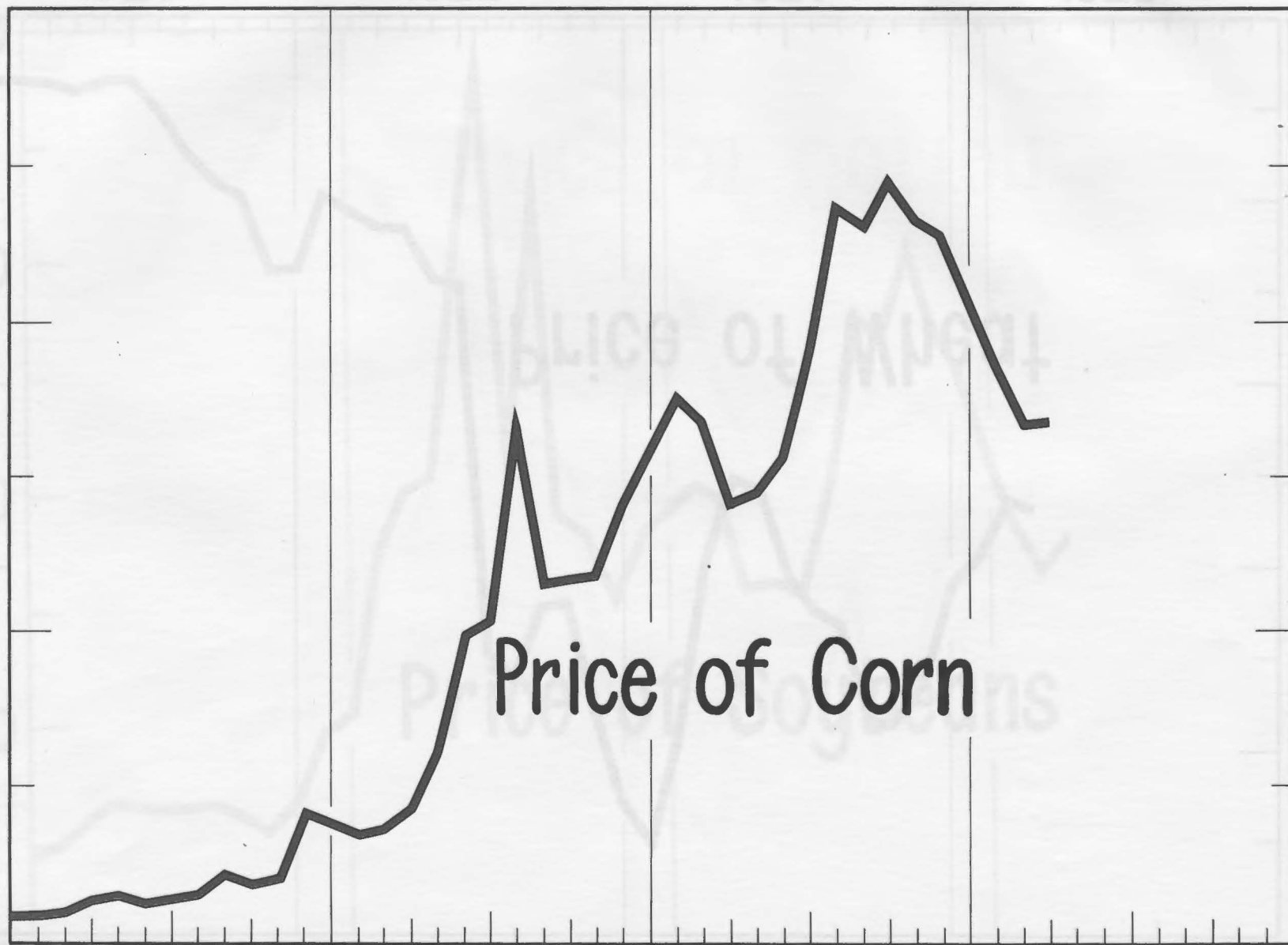
Price of Corn

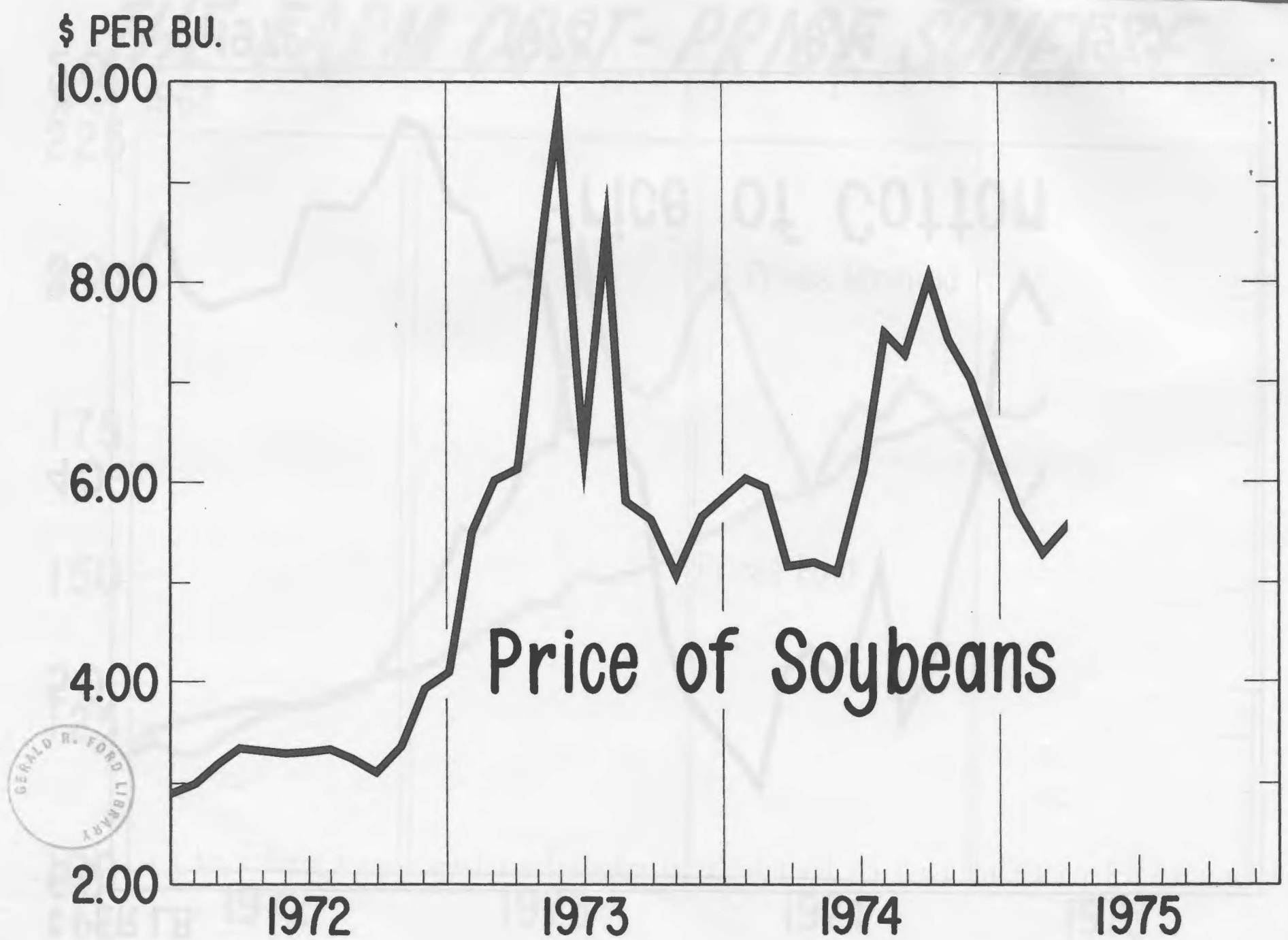
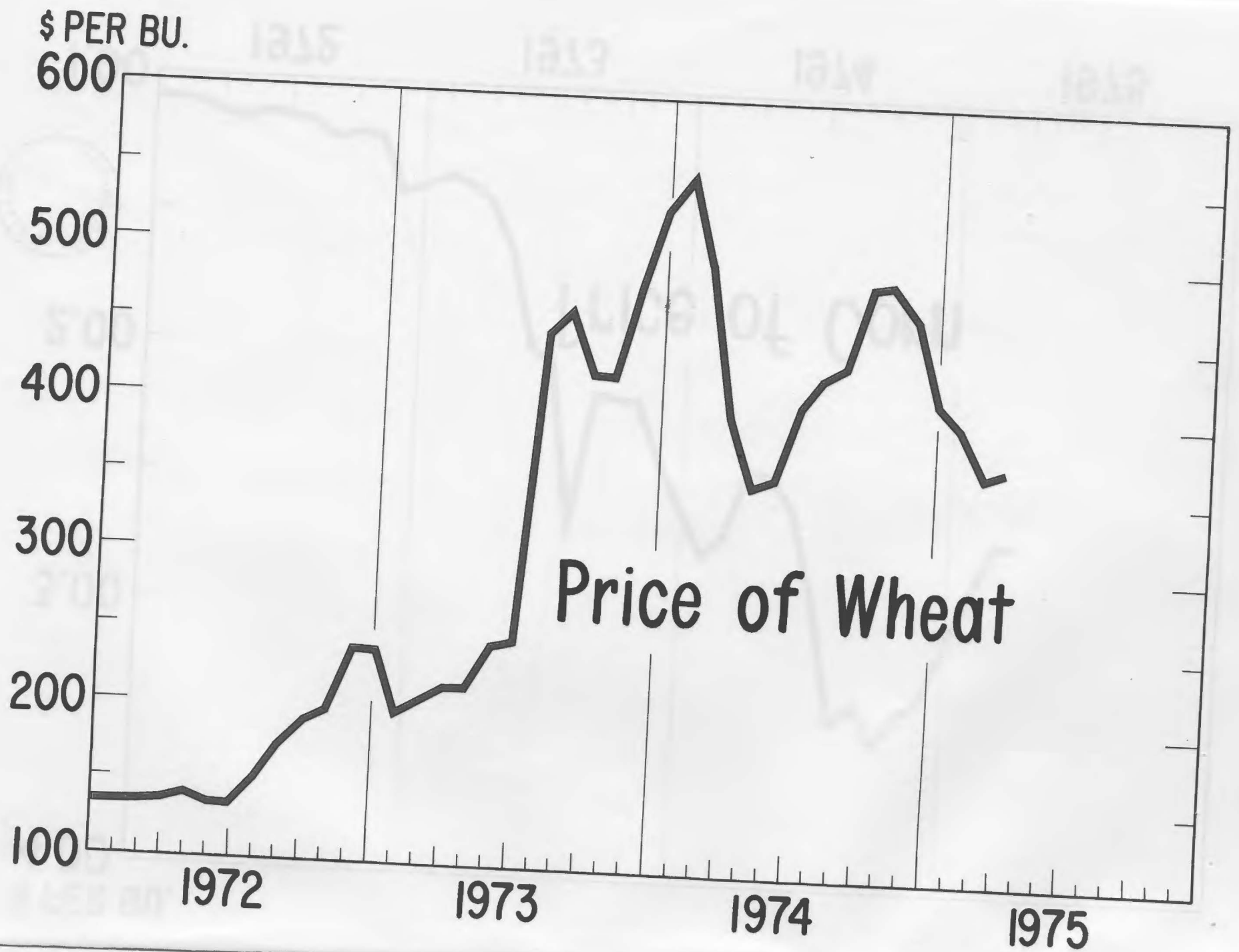
1972

1973

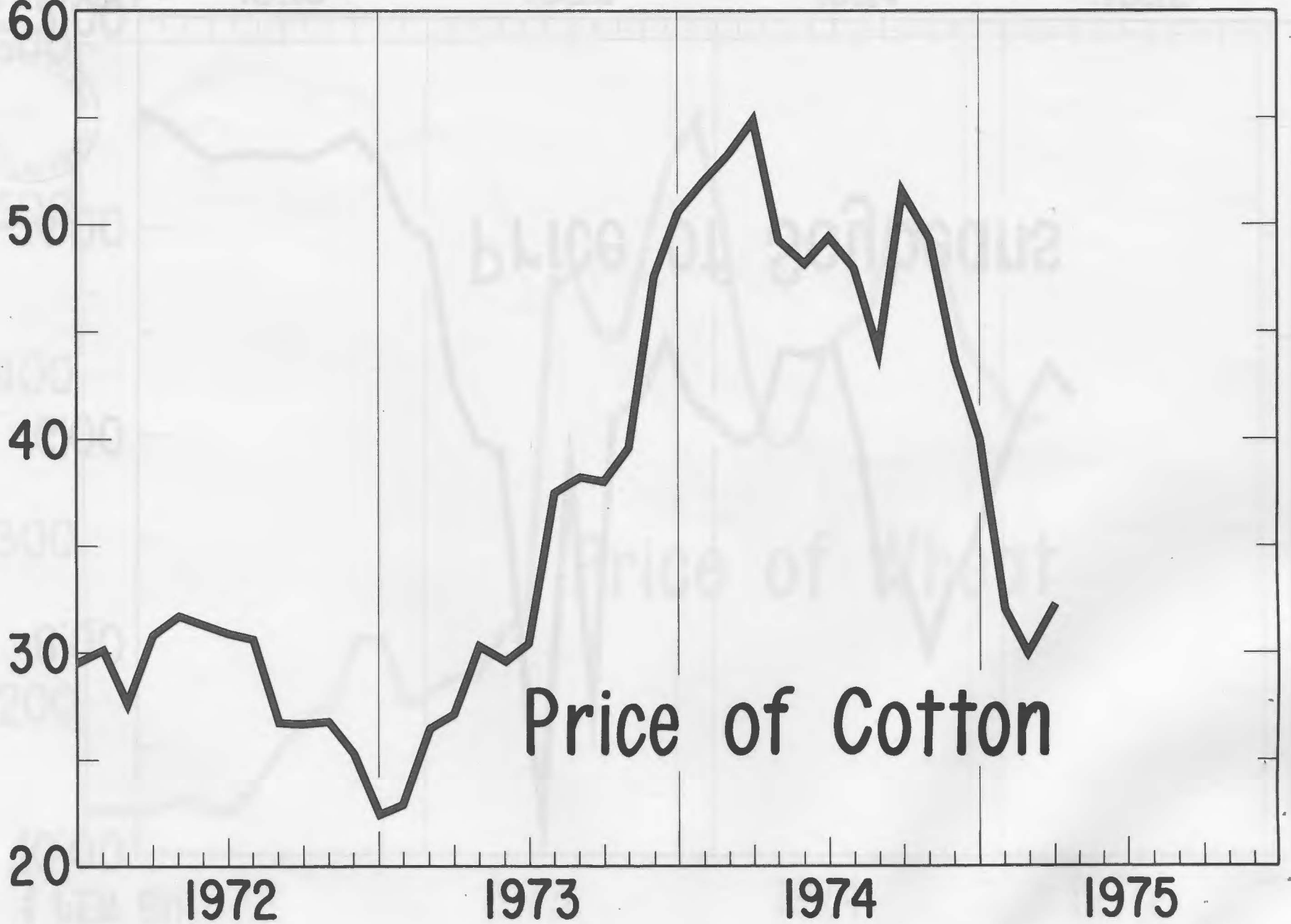
1974

1975





¢ PER LB.



THE FARM COST-PRICE SQUEEZE

% OF 1967



The Washington Star

JOE L. ALLBRITTON, *Publisher*

JAMES G. BELLOW, *Editor*

SIDNEY EPSTEIN, *Managing Editor*

SATURDAY, APRIL 19, 1975

Bad Farm Legislation



Chicago Daily News

14

Monday, March 31, 1975

Bad to worse farm bill





WGN Editorial

ROBERT D. MANEWIT
editorial director

In keeping with our policy of fairness, we will provide an opportunity for reply to qualified persons or organizations having contrasting points of view

"NEW FARM BILL"

WGN EDITORIAL #75-087
Saturday, April 12, 1975

A House-Senate conference committee has been appointed to work out differences in a new farm price guarantee program. We think the committee could do better by scrapping the subsidy and price protection program, substituting legislation which would assure farmers access to a free market at home and abroad and make international agriculture as free as other trade.

We don't need government price supports and loan guarantees if the government will allow agriculture to do what is best - not only for the farmers, but for the nation. That is a return to as free an agricultural market as is possible.

Government subsidy, as we should have learned by now, only creates a false price structure. It also creates the costly alternatives of destroying or storing excess production. And, the American consumer, the farmer included, pays the price, either at the grocery store, or through taxes, or both.

We can see the need for helping the farmer directly in time of natural or economic disaster. And we know that America's ability to produce food CAN be used as a tool of foreign policy. But, when production, marketing and trade decisions are dictated politically rather than controled in a free market, neither agriculture nor trade are free.

The time is passed when the farmer is willing to be used as a tool of foreign policy. The time also is passed when the nation, farmers included, wants the government payment to be a regular and the most significant factor in farm economy.



Chicago Tribune, Sunday, April 13, 1975

Patrick Buchanan

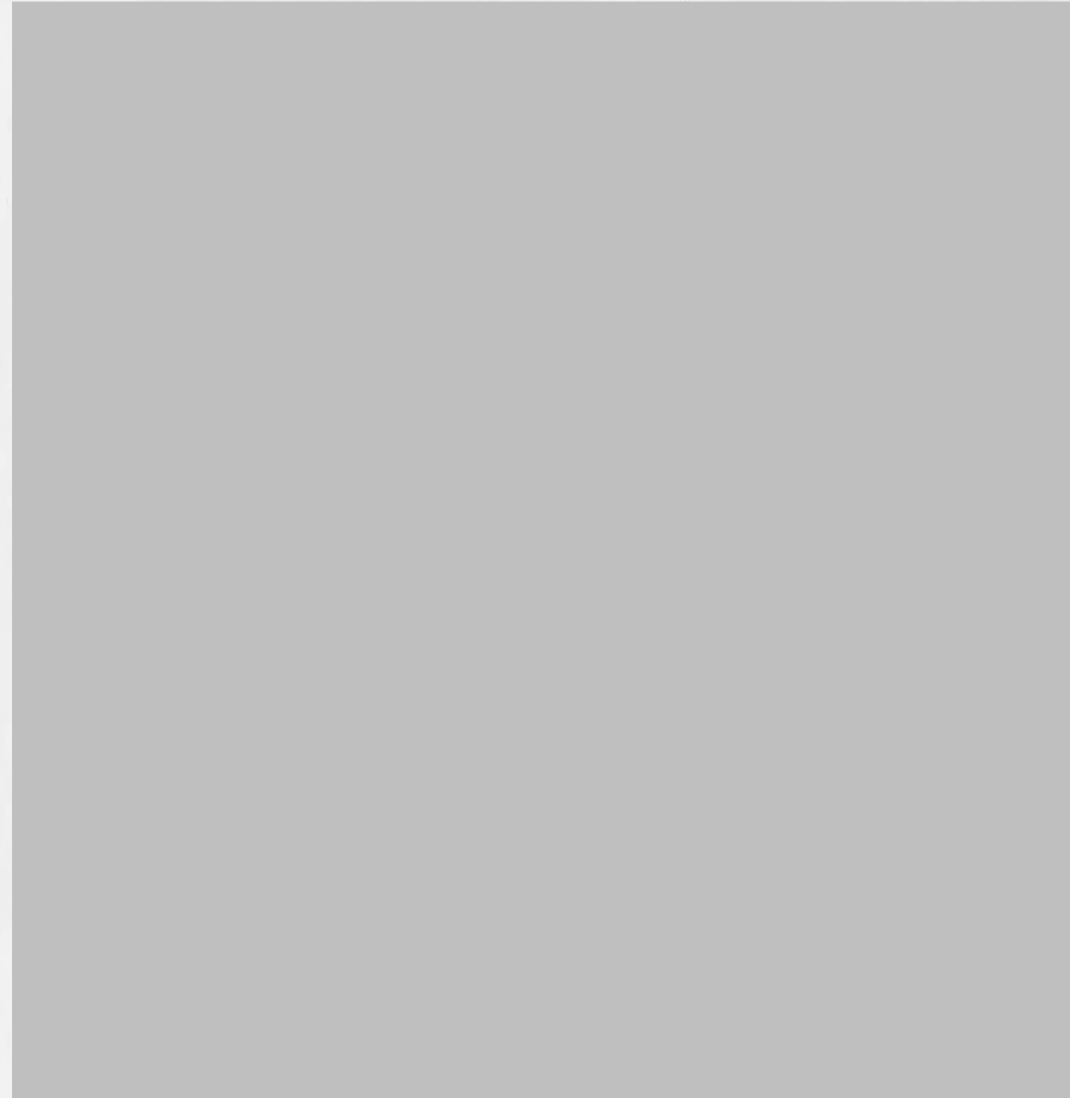
Ford has chance to draw the line



ins fell at times that farmers were

New York Times Special Features

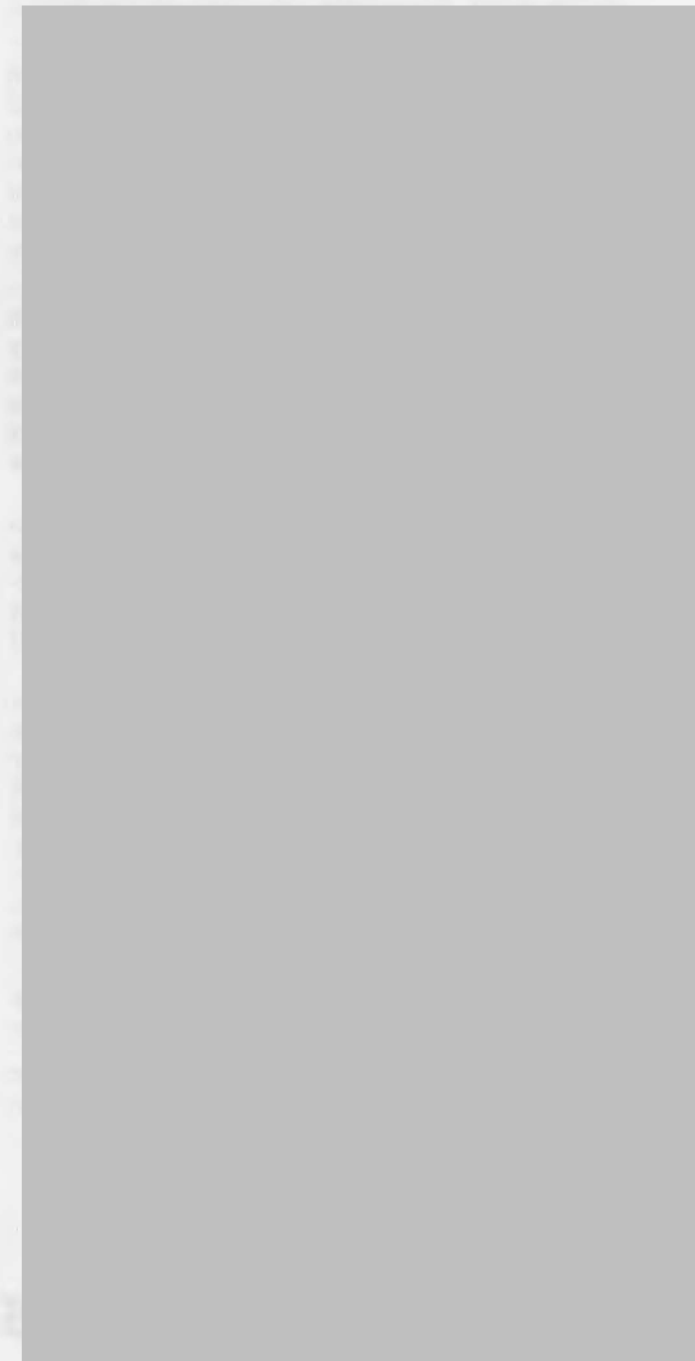
Farm Bill's Cost to Consumers Should Earn Presidential Veto



The Miami Herald

Sunday, March 23, 1975

The Senate Votes A Farm Handout

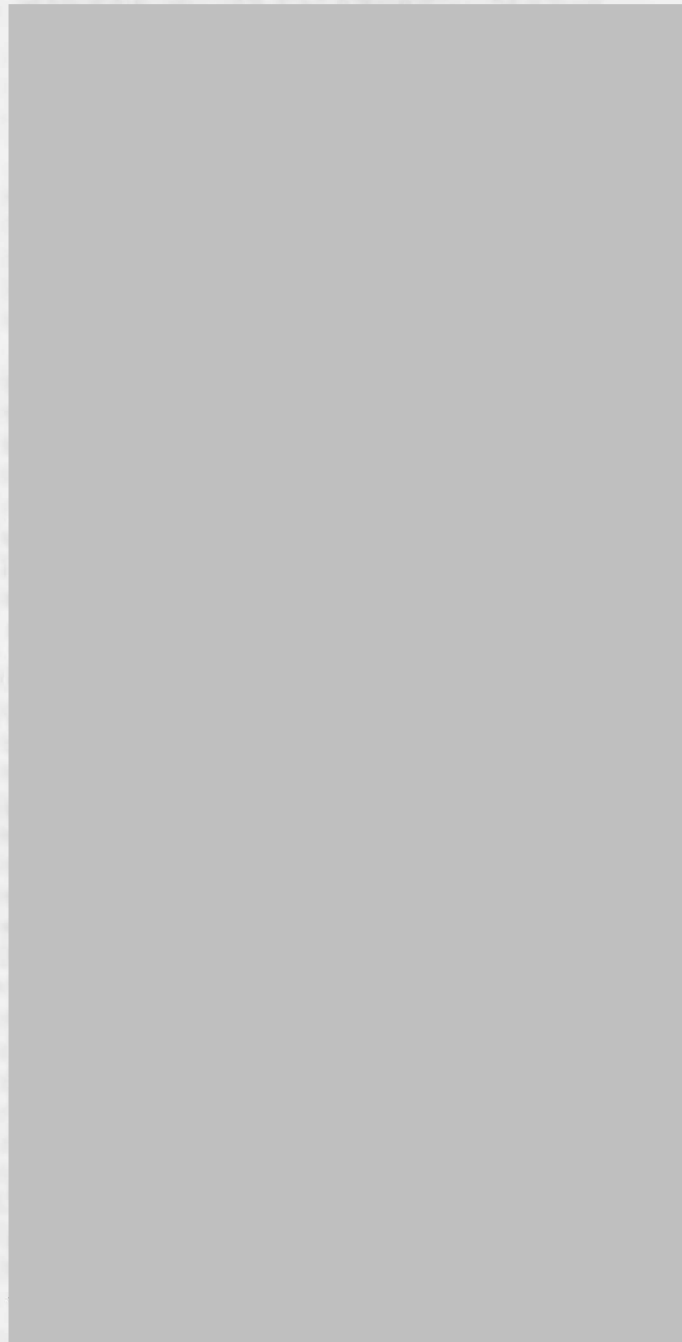


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San Francisco Chronicle
THE VOICE OF THE WEST

Friday, March 28, 1975



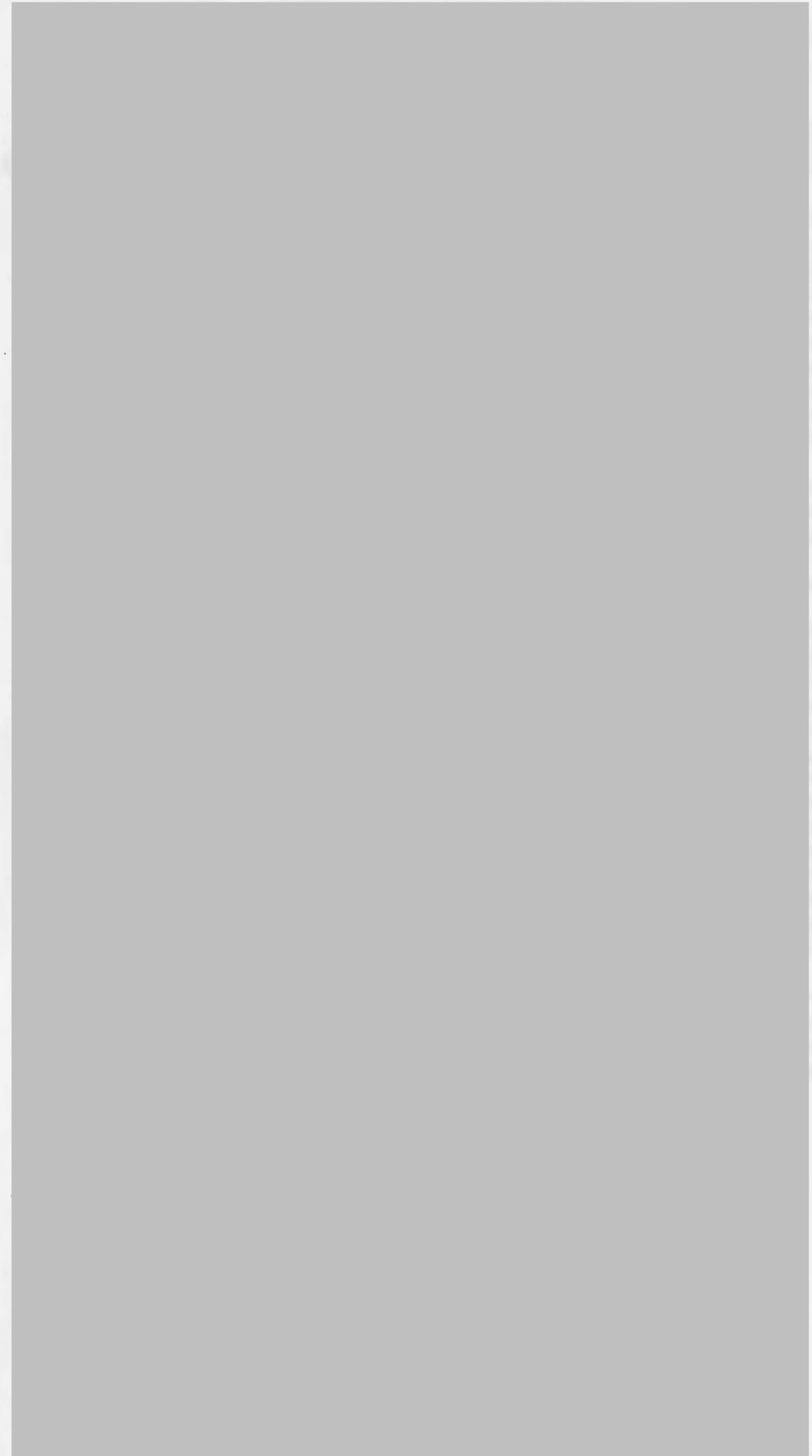
Farm Price Tumble



The New York Times

April 2, 1975

Back to the Farm Dole



THE WALL STREET JOURNAL,
TUESDAY, MARCH 25, 1975



Wheat, Corn and Milk



The Washington Post

SUNDAY, MARCH 16, 1975

A farm bill to plow under



Chicago Tribune

Monday, March 17, 1975 ☆



Farm Follies



The New York Times

THURSDAY, MARCH 13, 1975

Faint, illegible text from the newspaper's masthead and first section, appearing as bleed-through from the reverse side.

Chicago Tribune

Farm Prices and Politics



The Washington Star

TUESDAY, MARCH 18, 1975

Faint, illegible text from the newspaper's masthead and first section, appearing as bleed-through from the reverse side.

The Washington Star



May 13, 1975

MEMORANDUM FOR

WARREN HENDRIKS

FROM:

NORM ROSS

SUBJECT:

Presidential Accomplishments
since August 1974

Per your request. The Administration recognizes that some farmers have experienced 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 1976 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 agreements 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.

NEROSS/ee

