

Two Memos on Milk Price Rise

Special to The New York Times

WASHINGTON, July 19—Following are the texts of two memorandums and excerpts from an affidavit submitted to the House Judiciary Committee by the White House in reference to the milk price increase.

March 16, 1974

MEMORANDUM FOR: JOHN EHR-
LICHMAN

FROM: RICHARD T. BURRESS

SUBJECT: Price Support for Milk

As you know, on Friday, March 12, 1971, Secretary Hardin announced that the price support level for milk would not be changed from its present \$4.66 per hundred weight, a level which is equal to 81 per cent of parity. This announcement was made despite intense pressure from certain dairy interests, spearheaded by the various Dairy Co-ops, who wanted the price support increased to 85 per cent of parity.

The decision to hold the line and not increase the price support level was based upon several factors. Chief among these was the very real concern that an increase at this time could lead to a serious surplus situation by 1972 as well as an increase in the retail price of milk.

As expected, this decision has been hit by partisan attacks and an effort has been made to require, through legislation, an increase in the price support. Senator Humphrey has called for an increase in the support level to 90 per cent. (See March 4, 1971 Congressional Record S2478.) And Congressman Obey included the refusal to raise the milk price support level in his list of Anti-Farmer actions by the Administration. (See March 15, 1971 Congressional Record H1514.)

Hyde Murray has advised that legislation would be introduced which would require that the price support level for milk be raised to 85 per cent of parity. Apparently this legislation will be introduced by Congressman Neal Smith and will have the support of the Speaker, John Byrnes, and probably Wilbur Mills. The odds that it can be favorably considered and passed by both Houses of Congress are very good. With this in mind, Page Belcher is requesting a meeting at the Agriculture Department at noon, Wednesday, March 17, 1971 to discuss the situation and to plan a course of action. This could be an important meeting and I believe the White House should be represented.

At the present time, Page is committed and will probably stand firm against this legislation if he is given a strong assurance that the Administration is opposed to the legislation and will give him the support he needs. He is presently joined in this opposition by Al Quie and Paul Findley. In addition, Chuck Teague and George Goodling, both members of the House Agriculture Committee, probably can be counted on to oppose.

On the Senate side the picture is a little murkier. Bob Dole is on record as being opposed to an increase and several other Senators should be firm on this point. However, as soon as the

be obtained. Also, a good record can be made on the House and Senate Floors as well as in the Rules Committee. If this is done, then, even if the legislation is passed and a Presidential veto is required, the veto should be sustainable. Moreover, the record would be absolutely clear that the opposition and the veto was required, not to hurt the farmers, but to protect against surpluses and to prevent further increases in the price of milk.

March 19, 1971

MEMORANDUM FOR: JOHN D. EHR-
LICHMAN

FROM: JOHN C. WHITAKER

SUBJECT: Suggested Meeting with
Secretary Hardin

I think we should have a prompt meeting with Secretary Hardin today. The prime issue is milk price supports. Contrary to what I reported in the 7:30 meeting this morning on a House count they did last night, Hardin is convinced there is a 90 per cent chance that an 85 per cent of parity price support for milk bill, sponsored by Carl Albert, will pass Congress. The issue is, if it passes, does the President veto it. Currently, we are playing a bluff game with the dairy people saying the President will have to veto a milk price increase and get credit on the consumer side, but Hardin doesn't think it will stop the bill from passing. He is now of the opinion that when the dairy meeting takes place with the President next Tuesday, the President should allow himself to be won over and go along with the argument of raising the price of milk to 85 per cent of parity. This is the key issue and I think you, Shultz, Rice, Colson and I should discuss it with Secretary Hardin.

A secondary reason for the meeting is that Hardin is still hard on the idea that the extension service in some way should be held harmless in the rural revenue sharing bill. He is convinced we can never sell the bill without protecting the extension service, and that by protecting the extension service, we have enough votes to get those people working for us and pass the bill. He said he discussed it with the President, although only briefly in a reception line, and as predicted, the President said, "If you think that is what we ought to do, then we ought to go ahead." The Secretary recognizes that the game isn't played this way and wants an honest discussion with us about it.

Excerpt From an Affidavit Submitted by Clifford Hardin

Dated March 19, 1972

10. The decision to set the price support level at \$4.93 per cwt. was based entirely on a reconsideration of the evidence on the basis of the statutory criteria.

11. Neither the decision to reevaluate the \$4.66 per cwt. support price level nor the ultimate decision to establish the price support level at \$4.93 per cwt. was based on any consideration other than the evidence. Specifically, at no time did any person