



NIXON PRESIDENTIAL MATERIALS STAFF

Tape Subject Log
(rev. 10/08)

Part of a conversation among President Nixon, Clifford M. Hardin, J. Philip Campbell, Paul Affeldt, Paul Alagia, Melvin Besemer, John E. Butterbrodt, Bill Eckles, Don Gregg, W. R. Griffith, Carlyle Hansen, Marion Edwin Harrison, Patrick J. Hillings, Wesley Johnson, John A. Moser, Harold S. Nelson, David L. Parr, Bill Powell, P. L. Robinson, Avery Vose, Frank White, Clarence D. Palmy, Richard E. Lyng, William E. Galbraith, George P. Shultz, John D. Ehrlichman, Donald B. Rice, Henry C. Cashen, II, and John C. Whitaker in the Cabinet Room between 10:35 am and 11:25 am on March 23, 1971¹

Conversation No. 51-1

President: Let me get around to say hello to everybody.

Unknown: All right. [Laughter]

President: All fifty states. I know the answers [unintelligible].

Unknown: [Laughter] [Unintelligible]

President: Yeah, right. I know you've done a good --

Unknown: [Unintelligible] Mr. President.

President: All right. It's good to see you here.

White: Frank White from Kansas.

President: It's good to see you.

Unknown: Jim [unintelligible]

Griffin: [Unintelligible] Griffin from Oklahoma.

Unknown: Mr. President, Mr. President, right back here are a couple of --

President: Oh yeah, yeah. Didn't mean to walk by you.

Hansen: Carlyle Hansen, Minnesota.

¹ The quotation marks used in this transcript are for convenience and do not indicate verbatim quotation by the speaker.

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President: Right, right. Boy, I know those two states.

[Laughter]

Unknown: [Unintelligible] from California.

President: You drink milk don't you?

Unknown: Oh sure.

[Laughter]

President: Well, good. [Unintelligible]. Wonderful time to leave, uh, you know, for that funeral for that, uh, --

Unknown: Oh, yes, yes.

President: -- fellow, uh, Whitney [M.] Young[, Jr.]. Great fellow.

Unknown: All the way from Kentucky.

Unknown: Yes, Mr. President.

President: Good to see you here. Good to see you.

Besemer: Melvin Besemer from Minnesota.

President: Yeah. Minnesota, [unintelligible]. I can tell the way you pronounce it.

Unknown: Right.

Unknown: [Unintelligible] of Texas.

Unknown: How are you?

Unknown: How are you? Good to see you.

President: You're one of our fellows.

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Butterbrodt: John Butterbrodt, Wisconsin.

President: Yes, glad to know you. Good to see you. [Unintelligible].

Unknown: [Unintelligible] Illinois.

President: Yeah, Illinois.

Unknown: Yeah.

Unknown: Right.

President: Les[lie C.] Arends' state. We just introduced [unintelligible].

Unknown: Unless you --

President: Have you got any farmers in your district? Are you kidding?

[Laughter]

Affeldt: Paul Affeldt [unintelligible].

President: Yeah.

Bishop: John Bishop, Mr. President, Iowa.

President: Right, s--, good to see you. Well, we're delighted to have you all here. Would you all sit down. Sorry to have kept you waiting, but I had the Secretary of the Treasury on the phone, and, uh, Secretary Hardin and I had to talk to him about a matter that might involve agriculture in any way, you know. Consider some of those [unintelligible] and the rest, where you're fighting the good battle in the United States and for the ag--, agriculture community. Let me, let me start this meeting with, uh, with uh, with one, uh, one, announcement that may be of some interest to you. I, uh, first wanted to say that I have been very grateful for the, the support that, uh, we have had in this Administration, uh, from this, this group. Uh, uh, I know that, uh, in American

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agriculture this is the most, uh, widely, uh, recognized -- it cuts across all of the farm organizations. It's representative of all the States. Uh, I know, too, that, uh, you are a group that are politically very conscious. Not in any partisan sense, but that you realize that what happens in Washington, not only affecting your business, but, affecting the economy, our foreign policy and the rest, affects you. And you're willing to do something about it. And, I must say a lot of businessmen and others that I get around this table, they'll yammer and talk a lot but they don't do anything about it. And you do, and I appreciate that. And, I don't have to spell it out. Uh, my friend, uh, [unintelligible] and some others keep me posted as to what you do.

The other thing I would like to say is that, that I, uh, I appreciate the fact that this group -- definite Republicans, Democrats, in this, is, uh -- and this may sound somewhat -- The, uh -- Oh, in these days it is sort of unfashionable to talk patriotism and the rest, but I still do. Now this group is, uh, uh, is uh -- coming as it does -- being sort of a bedrock, the heartland, as we call this America. The heartland exists all over America, not just in the Midwest. Uh, but, uh, that you, that you, have such a strong, deep, uh, commitment to this country for what, what it stands for. Uh, that and, and, and, the thing that -- In many, many ways, all this I appreciate. That's a part of it, in fact, that, that, uh, we, we have s--, immediate problems of great concern to you. But [unintelligible] I've been trying to say in a nutshell is this: That, uh, a great segment of agri--, agriculture has done an enormously effective job. Its, its productivity, and, and the quality of its product, *et cetera*, for America, for American consumers. And for that matter, for the world. But beyond that, uh, this group also has done a job far, uh, uh -- going far beyond it. Uh, it's done -- You, you've stood for those things that, uh, are deeply needed in this country today. And, uh, you may next, perhaps, uh, you are a relatively small group -- I just want you to know that in this, in this office, that kind of commitment, that kind of support above partisanship, this is something that I am deeply grateful for. Uh, now, with regard to another thing, I, I, uh, missed your meeting in Chicago last year, as you are aware. In fact, uh, the Secretary gave a message. But, uh, I want you to know that I have

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talked to our --

Unknown: Mr. President?

President: In fact, that's the Vice President's chair. That's the hot seat. [Laughter] And, uh, you're in -- the Secretary of, uh, Defense, uh, belongs here. Attorney General, uh, let's see -- That's as far as we better go. We don't want to get into that. Anyway, uh, I missed your meeting in Chicago but, uh, Cliff, uh [unintelligible] about the possibility of your next meeting. And, I want you to know that, uh, at your next annual meeting, since I missed the other one, that I, uh, I'm going to do the very best I can, lacking some kind of a foreign trip, or something, to come to it. I'd like to -- I think that, one, you can't do each of these meetings each year, but, uh, one of the years while I'm in this office -- This would be a pretty good year, since it's a non-election year. And, uh, I'd like to, uh, meet with your [unintelligible] I won't talk too long. I, uh, did want to just discuss with them some of these general thoughts that I have expressed to you today. So with that introduction, uh, that I, throw the ball over to Cliff Hardin. And, uh, Cliff, uh -- you then may want to throw the ball back across the table. We are really interested in hearing what your views are. Uh, we've got many decisions at the present time, as you know, of, of the [unintelligible] made regarding imports, with regard to the, uh, price supports, and all the rest. And [coughs] so, uh --

Hardin: Well, maybe I should just make a statement, Mr. President,

President: Yes.

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Hardin: -- that, that kind of shows you where our, our differences are. We do have a couple, uh -- I don't think there's any quarrel at all in what the facts are, uh, where we are on milk production, and, uh, consumption -- these sorts of things. The situation needs to be resolved. I am told they did raise the support price of milk, uh, uh, on a more conservative range before, at one time, and you did so at that time for good reason. Uh, production was dropping; uh, it looked as though consumption might pick up a bit. And, knowing that the dairy industry is a business in which it is hard to get in and out, uh, quickly, uh, we were a little concerned that we might be short of milk by the middle seventies, and that we'd better move. Well, it did work, uh, or something worked. Uh, milk production did increase a bit. Uh, I understand it is too soon to tell whether this is a new trend or, uh, how long it will last, but the facts are that milk production is running ahead of a year ago. Uh, total consumption last year was up a little, uh, per capita consumption down a bit. And the, uh, [unintelligible] had to buy to support the price. The cost of that is a little higher this past year than the year before. Now, that's not the real issue. The real issue is, in my mind, uh, whether we dare to raise the prices, uh, which eventually results in some increase in the retail level. Uh, maybe not immediately, uh, because they're, they're drafted at market price above supports now, uh, just a bit. Uh, but, uh, uh, there is a point in these agricultural commodities where we don't control supply. Uh, where you can push over the hill. Where total returns start reducing if you boost the price up. And, uh, no one can prove whether we're at that point or not. It's a matter of judgment. And I think that's where our differences have, uh, come. We have talked to these men, that, ah, -- this is a time when I think we have to be statesmen. We have to look at what's best for the man that's pulling the teats out on the farm, if I can use that old expression.

Unknown: You do it with machines.

Hardin: And, uh --

[Laughter]

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President: I know something about that.

[Laughter]

Unknown: [Unintelligible]

Hardin: But, uh, that, that's, that's the issue. I think we'd, I'd like to hear these men --

President: Right.

Hardin: -- speak up, uh, to us on, on the point.

Unknown: Let me say that I, Harold and I stated this earlier, so --

President: That's, that's really it, that's where -- Cliff's really trying to get to do the right thing. In other words, the point is, the, you can get, uh, if you can get the, uh [unintelligible] come up with, you get the, uh, price too high, you get a situation there, you're -- It's down, it's -- Drop off something drastic, and, and, and, uh, so we'd like to know your views.

Nelson: All right.

President: We will go around the table and tell us what you want.

Nelson: First, Mr. President, uh, on behalf of all these gentlemen, I want to, uh, thank you for the opportunity. We're honored to, uh, to be here, and we know how busy you are, and, uh, we're deeply appreciative of the opportunity to be heard by you. Uh, these gentlemen all know, uh, while, uh, many people in agriculture don't think of you as having, uh, agricultural background, they all heard, uh, what you told me on the telephone talking to me at our meeting about the fact where, uh, [unintelligible] Congressmen [unintelligible] problem agricultural area. That, uh, you're deeply aware of the, uh, economic, uh, importance of agriculture and that you have an unsullied track record in support of, of, uh [unintelligible] agriculture. They all know that.

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President: My mother and father are both from Indian--, one from Indiana and one from Ohio.

Unknown: Oh.

President: And finally when they retired they went back to the farm and so I have a little bit of agriculture background.

Nelson: So at least you see -- you've seen something of the farmer. Uh, and the Secretary is, Secretary has stated, he is, uh -- We have no quarrel, uh, as to data, and, uh, it's, uh, strictly, uh, a matter of judgment. We have had an opportunity fully to discuss our views of -- with the Secretary. Uh, some points, uh, we have tried to reach, the points with which we, uh, assume are of concern to you, uh, we wish to, uh, tie this case right up to them. Uh, number one: [clears throat] affect on, uh, consumer prices. Well, with response to that, it's different. Uh, the, uh, level of receipt is really, uh, a market level at this time. And, uh, in our view it wouldn't set, uh, involve any increase in consumer prices. Uh, although we know that it's inevitable there will be an, an -- press even based on this, uh, uh, existing immediate situation there have been some increases in consumer prices of milk. And, and, uh, of course, uh, we know some more of that'll be the involved, uh, due to inflationary forces -- which we are well aware are not your inflationary forces. Uh, number two is for the need, uh, insofar as farmers are concerned, uh, I, I think that's pretty well, uh, uh, irrefuted. The, uh, feeding-milk ratio is the lowest it's been in ten years. The cost of labor, machinery, uh, fuel -- everything that farmers use to, uh, that is involved, uh, in, uh, production of milk -- uh, it's, uh, has increased, and is increasing and they are in a real, real bind. Uh, and it's our view that irreparable harm could result unless, uh, action is taken to at least try to maintain a *status quo*, uh, on this now. Mr. President, we know that, uh, all the -- everybody here is your friend. And, and, uh, I know you know as we know that sometimes it's hard to convince a friend that what you're trying to get him to do is, uh, good for him, but that's the posture that, uh, we come here in. Uh, [clears throat] the,

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uh -- not, not setting the support at, uh, approximately 85 per cent our figures, uh, show, would result in, uh, decrease in income to dairy farmers of a half billion dollars. And, uh, the, uh, cost to the Government [clears throat] of uh, setting at that figure would be an increase of thirty to thirty-five million dollars. So, the arithmetic we like to use on it is that if you take twenty percent of a half billion, you've got a half, uh, you've got a hundred million dollars. And so, uh, in that view we feel that the net cost to Government would be actually no cost, and, uh, a gain. Uh, another thing, uh, that, uh, is of concern to us, as your friends, is that, uh, the timeliness of the action.

Uh, we all know that sometimes if action is delayed, it's not appreciated as it would be if it's taken in a timely manner. And, uh, that pretty well, uh, sums the, uh, thing up, uh, as concisely as I know how, insofar as our position, uh --

President: Let me get this, uh -- [coughing] this is, uh, this is, uh -- The real point, the real point is this: what we put -- say that the, uh, the raising the thing to eighty-five doesn't bother me a bit.

Nelson: Yes, sir. Yes, sir.

President: The question is, how are you going to look a year from now? Now, does anybody have any other view on this? Is this the unanimous view? I, uh -- See, that's the concern that, uh, has been expressed as to whether or not if you, you go that you are going to eighty-five [unintelligible] said that the figure in those teems would --

Unknown: Yes, sir.

President: -- mean the budget probably work all at the same salary. That they're hard, --

Unknown: Yes.

President: -- but it can be done. But the main point is, what is it going to do in terms of, uh, of encouraging overproduction? Isn't that really what you're talking about? And that produces uh, uh, uh -- Phil,

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you want to say something?

Campbell: Sure. The figures actually show, of course Harold knows these figures, and I think most of the rest of them do around the table. And, this is of greatest, greatest concern to us, uh, to our office, because here and there for a year or so of Secretary [Robert P.?] Patterson, the price was raised, and then immediately it, it, it had to be reduced. It was reduced because of a big increase in production by about five billion pounds, and prices were reduced from three dollars and eighty-five cents a hundred in 1952 and three, down to three dollars and fifteen cents in 1954 and five, which is a seventy cent reduction. The same thing happened again, and, uh, when Secretary [Orville L.] Freeman came in a few years later. The price was raised up to a high of three dollars and forty cents in 1961-62. The production was its very height of a hundred twenty-six billion pounds and then the support price had to be dropped back to a low of three dollars and eleven cents, which is a drop of twenty-nine cents a hundred. Well, now this is the past history. This is what we look at. Uh, if we knew it wouldn't stimulate milk flow and it wouldn't go on back up to a hundred and twenty, twenty-two, twenty-three, twenty-four billion pounds, I don't think anybody would have any argument as to what would occur. But, and we don't know and we frankly don't think you people can know, either.

Nelson: All right.

Campbell: [Unintelligible] because we think everybody is in a, in a, in a vacuum here as to the point the real situation is. Because we did have a turnaround. Now, I'm not convinced this is a true turnaround personally, although we have an increase of a billion pounds, because we did have a reduction in cow milk, still, last year and I don't think --

President: Uh, uh, a reduction?

Campbell: A reduction not only in milk cows --

Unknown: [Unintelligible] total numbers --

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Campbell: So we don't really, really -- I think the increase is a result of, of, milder weather in the winter time which has quite a lot to do with production, Mr. President. Now mild winter you get much better milk flow than you do on a very severe winter.

President: Yes.

Campbell: Well, in the previous winter, there had been a very severe winter. Last winter was a mild one, and then the problems of forage and and feeding and so on.

President: So that, so there's, there's another thing we can focus on.

Campbell: Yeah. Yeah, and, uh, but, uh, we don't know that this is a real turnaround, because the conscious decision of dairymen to increase, uh [unintelligible]. The, uh, so that, that, really is, uh, is, uh, where we, uh, we're in the dark and we felt as though a little bit more time should be given to find out if this is a real turnaround, because if we were to raise the prices up to about five dollars from the present four sixty-six and we were to jump back up to a hundred and twenty, three, or four, five billion pounds, well, we would have -- unless per capita consumption increased, unless increasing population took it up in the marketplace, the same amount of milk that cost six hundred million dollars in 19, uh, 62, would cost close to a billion dollars because of the difference in price was just about five dollars instead of just over three dollars. Uh, and, uh, this is, this is, a matter of real concern that, that we have. We are just in the dark. If this is not a real turnaround, well, we still got room to raise prices.

President: All right. Who'd like to talk?

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Harrison: Mr. President, these organizations which are, have discussed with my clients represent about eighty-thousand dairy producers. First thing I had to learn when they came to us was that the producer is not the cow, but the farmer, so I've had to learn a lot since then. We think that under the base plans which your administration has been so helpful and the Secretary of Agriculture so helpful to promote it, plus the new promotional legislation which permits money to be spent for certain types of promotion, which your administration also has enthusiastically supported. That so far, except the last week or two, there has been almost nothing that the dairy industry has wanted that this administration has not been pretty enthusiastically for. Uh, the combination of those factors plus the turnaround the last two quarters for last year -- putting the two together, the dairy industry is doing a more effective job than it's ever done before in controlling production. But, I suppose as a lawyer and sitting in the Attorney General's seat I'd have to say that there, that, uh, Secretary Campbell is right to this extent, there's nobody that can absolutely swear on a stack of Bibles and absolutely guarantee that this turnaround might not be permanent, because --

President: [Unintelligible]

Unknown: We don't know absolutely for sure.

Harrison: That's right.

Unknown: No --

Harrison: But, uh, Mr. President, the odds are that it will.

Campbell: But the weath -- Mr. President, the weather will even out. The weather is not -- that's the great factor.

President: Yes.

Campbell: It will not stimulate total overproduction.

President: That's just -- Check first.

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Nelson: But, uh [clears throat] the analysis being made are the same people who've been right now, seven years in a row. Uh, in any case that, uh, that, this is not a turnaround. That's their projections. And, uh, we have been right -- I mean they've got an enviable track record, that this is not, uh, a turnaround. And, uh, as they, uh, I forget whether it was Secretary Hardin or Secretary Campbell, I believe it was Secretary Campbell, pointed out that, uh, there has been a turnaround in total, uh, consumption. I mean there has been, uh, --

President: Right.

Nelson: -- a change for the better.

President: Yeah.

[Several voices]: Yeah.

Nelson: There is -- now, I don't say that's a turnaround either.

President: More, more consumption.

Nelson: Yes sir, and, uh, as Mr., uh, Harrison pointed out, uh, we, uh, we do have the means now to do more about controlling consumption with, uh, production, with this base-plan legislation, under this [unintelligible] legislation. Over a six state area of this organization, we have voluntarily invoked base plans which have demonstrated the ability to tailor production to the consumers it meets. Now, this new legislation we feel we can spread to these other areas so we have that going for us that we hadn't had before. We have, one additional item, which is very close to the Secretary's, uh, heart -- I'll use a more better term, which will be acceptable to him, and that is, this promotion legislation. Uh, this route has demonstrated this. He says eighty-thousand dairy farmers representing thirty billion pounds of milk is willing to spend money for promotion. And we're now embarked upon a program developing a promotional and marketing program that are tied together which is the first time this has ever happened.

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But, if we're going to be able to take the money to do this, we've got to get it at a time when we are at least holding our own, and not in a time of falling, uh, uh, regarding land prices.

President: Yeah, one thing about that I insisted -- a little aside -- is that, uh, the, uh, the, to get the, uh, I don't know what, what can be done about it, but the medical profession don't really know much about cholesterol. Uh, that you're being a little more cooperative, talking about it. I mean that's -- If you fix a glass of milk and have a heart attack; well, I can think of a lot of other things that's going to give you a heart attack. A lot sooner, too.

[Laughter]

President: But, uh, incidentally, I, uh, do happen to drink a lot of milk. Well, but, uh, uh, -- What, what's the medical profession doing in that respect?

Nelson: Uh --

President: There is cholesterol that goes up and down, you know. They say, "No eggs, no milk, no [unintelligible]."

Unknown: Now --

President: They're not sure.

Unknown: Yes.

President: Cholesterol, as you know, is related to stress, it's related to -- You, you'll have a test made one, uh, one week, or, uh, above normal, and next week, uh, [unintelligible] be below, which, uh, uh, maybe you were drinking the things that were, other people drink here, uh --

[Laughter]

Nelson: We've had some breakthroughs on research in the last six months.

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It, uh -- For the first time it appears to be, uh, uh, favorable [unintelligible] reports and so on. And I've just formed a new organization that has, uh, widespread support among the producer organizations, that is, uh, providing research money. And we're talking about basic research, pure research, uh, for the first time, which we --

President: You are?

Nelson: Yes sir, yes sir, yes sir; we are. For pure research. And, uh we feel that this can't help but, uh [unintelligible] and good results.

President: You've got one point. It's simply not to get into your business at all, but, uh, in your promotion, every --, everybody is going for gimmicks these days, you know.

Nelson: Yes, sir.

President: Take, take sleep inducers. Now, uh, uh, an article in *Reader's Digest* a couple of months ago in regard to sleeping pills -- enormous use of them -- But, but almost any, any, uh, person who really studies sleep will tell you probably that, that, that lacking a pill -- I mean which some, which has side effects, which many times are not [unintelligible] -- the best thing you can do is milk. Any kind of thing, you can just, just a glass of milk. You don't have to talk with it or anything like that. It could be warm. It could be, uh, tepid, or it could be cold, but, uh, but it has a certain soothing effect. Uh, you get people started on that.

Unknown: Well, that's --

President: And that's, that's my marketing picture.

[Laughter]

Unknown: It didn't help sleep yesterday.

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President: I already got that. [Laughter] Look, but let me tell you that the sleep problem is of course the, it's, uh, it's, uh, an American psychosis at the moment. In all advanced societies, over fifty percent of the American people that are adults, uh, at this time take some form of sedative. Uh, now, here's, here, here's, here's the mountain. You can go to work all the time, maybe -- if some -- sometimes you've just got so many problems you're not going to sleep. But, that's all psychological, too. If you get people thinking that a glass of milk is going to make them sleep, I mean, it'll do just as well as a sleeping pill. It's all in the head.

Griffin: Mr. President?

President: Yeah.

Griffin: Speaking as a dairy farmer, the difference in this four dollars and sixty-six cents and the five dollars is just about your breaking point as to whether the average dairy farmer in Oklahoma makes it or doesn't make it. Now, uh, I believe that I'm as familiar with dairy operations as anybody in the state of Oklahoma. Uh, in fact, all of the farm programs we've had over all these years. But, we're a unique bunch of people, the dairy farmers are, uh -- We started out back when we could just use ten gallon cans and an old cooler and get by. Mr. President, that doesn't exist today. The, the inspectors say you have to have tile walls. You got to have the latest equipment. Uh, you're talking about, uh, in our loan corporation -- I was looking the other day, -- in our average size loan to dairy farmers today is about - thirty-nine thousand dollars loan. [Unintelligible].

Harrison: [Unintelligible]. That's a loan corporation that's owned by the farmers.

President: Sure.

Griffin: Look, those, those farmers can't --

Unknown: Co-op.

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- Griffin: Mr. President, but, but, we're -- I'm, I'm really conscious of this thing because I'm the fellow that, that approves those loans and I can see this gradually growing. And, uh, I, I, can see the Mr. Secretary's, uh, problem here of, if you just knuckle down with it -- cost us -- and not make us any money. If we had bigger farmers that has to make "x" amount of dollars, and if he gets a higher price, he'll take those dollars or if he doesn't get a higher price he's going to fix you enough milk out there to get them anyway. So it helps both ways. But, I, I can see his point, but you can, if you got to have so many dollars and it takes more pounds to get it, why, he's going to produce those pounds, Mr. President. And that, and that's --
- Unknown: Based on a short [unintelligible] basis.
- Griffin: Right, but I'm talking from a -- You've heard these professional people, but I'm talking from, uh, from a dairy farmer because that's exactly what I am.
- Unknown: Would you say you would not milk any more cows than necessary. In other words, you don't milk an extra cow just because you like to.
- Griffin: You, you would, you don't, you're not looking for a job, I'll tell you.
- Unknown: I think that's the point. What is honest.
- Unknown: Yeah, what could they do.
- Unknown: Make it again. You mean that, uh
- Unknown: I think the whole point in this is that dairymen, because of inflation, a necessity of certain return of income -- he's looking for so much.
- Unknown: Gross.
- Unknown: He's not milking gross. He's not milking additional heads of cow

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just because he has a love for the dairy industry cow.

President: Okay.

Unknown: Although he does have a love.

President: But, uh, so you're -- Are you suggesting then that a raise in the price in, in the support is not going to mean, uh, necessarily --

Unknown: We don't think it'll mean necessary to the increase, because he has judgment.

President: Yeah.

Unknown: And I'm -

President: Sure, sure, sure.

Griffin: But, uh --

President: Really, what we'll really get down to here is psycho -- is, is psychology.

Unknown: Psychology of it.

President: Isn't it? And that's something

Unknown: The dairyman today has changed.

President: You fellows know more about than we do.

Unknown: The dairyman today has changed over years ago.

President: Your, your judgment on the psychology is that he is likely not to, to yield production.

Unknown: Absolutely.

Unknown: Yeah. He isn't one of them.

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Parr: People around the group -- we're in about a hundred and twenty different organizations.

President: Uh hm.

Parr: They consolidated now just recently. I mean, this is the last two, three years.

President: Yeah.

Parr: This eighty-thousand are now -- we're at one time a hundred-twenty different board of directors.

President: Yeah.

Parr: We just got together. Now, uh, as, as you say, uh, as somebody said -- as Marion said a while ago that, uh, this administration has been, uh -- We publicized this, uh, uh -- You've been one of the best administrations we've had. Just put it plain. I come from long roots Democrats, as you well know, from Arkansas. I'm just being very frank about it. But, uh, this, uh, we got, uh, more --

Unknown: There's some hope for him, Mr. President.

[Laughter]

Unknown: Not much.

Parr: I was also campaign manager for John Paul Hammerschmidt.

Unknown: Yeah.

President: That's right.

Parr: In the third dis--, district. And the point here is that all of a sudden we get together and ride them real good, and, uh, boy, this, this should be a real terrific blow. We're trying to get in

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a position of self-help.

President: Um hm.

Parr: Which we're doing.

Unknown: We're close to it.

Parr: We're closer to it than we've ever been.

President: Self-help.

Parr: Self-help it is. We, we eliminate the, uh, our, our dogmatic type of position of fighting one another.

President: That seems important.

Parr: And, and the, and the --

President: Yeah.

Parr: -- support program we want to get in position so we can run our own self-help support program.

Unknown: Right.

Parr: [Unintelligible] sit there and get it now, that we talked about it before. And, uh, so we get all these organizations together and, and here we are. And costs are still going up, and, and all of a sudden our -- starts with these people start looking up, says, "Well, what happened to your -- what happened?"

President: Um hm.

Parr: Then we're, then our organization structure, an organization structure, we cannot get it all, uh -- We can't keep on moving towards it, see, by consolidating, getting ourselves -- eliminating our inefficient plants like we're doing right now.

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Unknown: [Unintelligible].

Unknown: Right.

President: When you say eliminate your, uh -- tell me about that. Do you --
How do you do that?

Parr: Well, see you've got --

President: How do you get -- Do you, your members do that, --

Parr: No.

President: -- or -- You can't tell a guy to --

Parr: Oh, no, no. What I'm talking about is a milk plant, say, in
Minnesota. You got one every seven miles.

Unknown: Manufacturing plant.

Parr: Manufacturing --

Unknown: Owned by processors.

Parr: Owned by processors.

Unknown: They're owned, they were owned by co-ops.

Unknown: Co-ops.

Unknown: Farmer owned.

President: I see.

Nelson: And it's a very inefficient thing, see, because they don't have
volume, uh, to do it.

President: So how do you, how you do get that done?

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Parr: We, we, we put those consolidations together. We say, "Okay, you were x' cooperative and you [unintelligible] percent to this plant, and now we're all together, so there's no use of having that plant anymore. Let's cut that volume over here at another town."

President: Um hm.

Parr: And make it -- So we do that, then we raise the productivity --

President: Um hm.

Parr: -- of our own opera -- uh, ability to pay in a cooperative, see.

President: Wha-- why are -- You're able to do that now because you've brought the organizations together.

Parr: Right.

Unknown: Efficiency.

President: When did the organizations -- when were they brought together?

Parr: Last few years.

President: The last --

Unknown: -- two years.

President: That's quite an achievement.

Parr: It's not an experiment.

Unknown: [Unintelligible]

Unknown: Don't say that while I'm sitting here.

President: Oh, I won't go that far. [Laughter] Matter of fact, the room is not tapped. [Laughter] Forgot to do that. [Laughter]

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Unknown: Mr. President, I think probably so far as experience is concerned, I've had about as much in the dairy business as anyone. I was born and raised there and haven't been away from it since. And, I think I know what dairy farmers are thinking and I think I know what kind of a job it is to get information, communicate with dairy farmers. As it's been mentioned here we have done remarkably well during this administration getting the, uh, check-off programs as we call it, for advertising, promotion, and the, and the class-one base plan. Now, these plans. We want to augment them, we want to put them into, into force. But as long as these dairy farmers feel that the price of milk is declining and, uh, going down, it's going to be difficult to sell them and use these programs that we've already gotten you, ya, yeah, by working with the Administration -- the Administration working with us. Uh, these dairy farmers are not a peculiar lot, or anything like that. They're just good businessmen. They live it seven days a week, sixteen hours a day. And I, I think that, uh, with all due respect to the economists, uh, they have overlooked a lot of the things in the economy because I come up through a period when they said: "Well if you get four dollars a hundred for milk they'll get it on the rocks." Well, they didn't, because people went into other activities, occupations, because they don't like these hours. And unless the individual is dedicated to the dairy business, he's not going to stay there that way. Now, I'll admit that, uh, the increase in prices -- I mean the, uh, increase in production is going up to, uh, prevails now and that, uh, it's a matter of facts and figures, beyond a doubt, but that it's going to influence things that much. Experience has taught me you just don't do it.

Alagia: Well, another point, Mr. President, is that in the Southeast with these, uh, dairymen, here, uh, uh, they're very conscious that they're, uh, uh, caught in this inflation which is not, not certainly yours. And, uh, uh, their --

Unknown: [Unintelligible]

Alagia: -- costs are up and, uh, yet their prices, uh, uh, are now,

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because of support, are going to be going down. It will cost them uh, uh -- Well, they're just going to lose ground and they're going to be, uh, to put it, uh, brutally frank, I'm satisfied that there'll be more dairymen going out of business. That's for sure.

President: What part of the Southeast are you referring to? The Georgia, South Carolina --

Alagia: Kentucky,

Unknown: Tenne--, Tennessee.

Alagia: Virginia,

President: Kentucky.

Alagia: Mississippi, Louisiana, Alabama,

Unknown: Delaware.

Alagia: Georgia.

Unknown: Tennessee.

Alagia: Tennessee. Uh, and uh --

President: That's uh, that's pretty, pretty heavy milk producing area, is it not?

Alagia: Well, we have, -- It's approximately about, uh, six million pounds of -- we market a year, in Dairymen Incorporated. And there's about fourteen or fifteen billion Grade-A pounds in the Southeast. Uh, and, uh, we're satisfied in our judgment, as well as in the judgment of these other men at the table, that, uh, uh, uh, production isn't going to be, uh, ah, going, uh -- It is not going to be on the increase.

President: Let me ask you, uh, let me, let me come to the key point. Suppose it does? Let's, uh - What, what do you think you'd do then?

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What?

Alagia: I, I think, Mr. President, in the, uh, in the latter part --

President: [Unintelligible] Wouldn't you hate to have to do something next year?

Unknown: I think the dairymen will take care of themselves.

Alagia: I think we can take care --

Unknown: They'll take care of themselves.

Unknown: Base plans --

Unknown: Individually.

Unknown: We have to put your base plane in [unintelligible]. This is the self-help, that, uh --

Griffin: Mr. President, we have in Texas, Oklahoma, Arkansas and part of New Mexico base-plan now [unintelligible] the total net transaction in Kansas is total net [unintelligible]

President: Yeah.

Griffin: But, but it's, uh, doing an excellent job and, and that's the point that we are getting over when we get over this hump, that's exactly what -- We don't want no hand out, uh, we want to control exactly what the consumer needs and that's all.

Nelson: And, it'll give good -- Uh, I think it's utterly, uh, uh, I think everybody would have to agree it's utterly impossible to, or, uh, unthinkable that production would turnaround so dramatically as, uh, to create a problems by next year.

President: Let me ask -- Uh, uh, [unintelligible] the problems create [unintelligible] next year. I wondered what process were, was available. Uh, you, you really mean that your organiz--, that you

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were so well organized that you think you might be able to, uh, do something.

[Several voices]: Yes, sir. Yes, sir.

President: And you couldn't have done that, say, when, uh, Ezra [T.] Benson [unintelligible].

Unknown: [Unintelligible].

Unknown: No, not, uh, when Ezra Benson or [unintelligible] Orville Freeman.

Unknown: [Unintelligible]

President: Why, this is very important, that's why -- What are y-- Uh, this, this is, uh, this means, uh, uh, a new back to the, uh [unintelligible] did not have before.

Unknown: Yes, that's correct.

Unknown: Uh --

Griffin: Mr. Secretary, I'd like to say that this -- What you just said [unintelligible].

Unknown: [Unintelligible] not the Secretary [unintelligible].

Unknown: I'm sorry.

President: [Unintelligible] Yeah. Excuse me. Go ahead.

Unknown: No, that's, that's, uh, uh --

President: You did -- I did -- I didn't realize though that you -- You really think you can --

Unknown: Yes.

Unknown: They demonstrated in, uh --

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Unknown: [Unintelligible]

President: Go ahead

Unknown: No, I was just going to say, you talk about this psychology --

President: Yeah, that's really it.

Unknown: Yes. We've got the response --

President: The individual person, who is the free enterprise system, --

Unknown: Right.

President: -- the guy [unintelligible]. He's going to go breaking out there. Uh, like, for example, I've been -- Well, uh, I tell you we're talking about inflation out there, you know. You know, one of the basic causes, one of the major, uh, uh, leaders of the inflation -- the construction trade. I had to take a very hard decision [unintelligible] --

Unknown: Right.

Unknown: Yes, of course.

Griffin: Right.

President: -- the other day. All right, it had to be done, because they had a twenty-two percent increase since last year. And so, uh, these are my good friends, too, believe me -- those construction trade. My, my o--, my old man was a carpenter -- I, I respect those guys. They're, they're carpenters, and the painters and all those -- They're good Americans, and decent people, but some of their leaders went too far in this thing, and now they priced themselves out of the market. So, now we're getting them together. We're saying, "Look here." Because what this, this Davis-Bacon thing in effect said to them that as far as the government's fourteen million dollars worth of contracts are concerned, that we will not

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be bound by a law passed in 1933 that requires us to go to a union contractor. We will go to a non-union contractor because the union contractor has priced himself out of the market. Now, so therefore, it has an enormous wobble. Now, the -- So, what happens is these guys are all sitting down. The problem they've got, the problem they've got gets back to the psychological. The problem they've got -- It's not -- And, uh, I sit, I sit around with their national leaders here, but they got local leaders, and others that say, "Well, gee, I can't speak for that fellow -- Oh, oh, that guy up in New York is too tough. That fellow in Kansas City, Kansas City one was too tough" -- the Chicago one, the Omaha one. Now, the real question that I am asking here is quite fundamental is whether you fellows will be that, that, I mean, you've got that kind of cooperation.

Unknown: Well --

President: Do you want to talk about that?

Unknown: Yes. I, I, uh, we're, uh -- What you're looking at here is, uh, in this group, uh, dairy farmers, about twenty states, and most of the heavy, heavy milk production areas, I guess, except out on the West Coast.

President: They're in part of your organization, aren't they? The West Coast?

Unknown: No, n-.

President: They're not?

Unknown: Not yet.

Unknown: Not yet.

[Laughter]

President: Why do they keep you, I mean [unintelligible] get lawyers from the Midwest.

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Unknown: We're working on it, Mr. President. Two year, uh, profits, the two year profits of California that, uh, make it difficult at this stage to bring them in.

[Laughter]

Unknown: Mr. President.

Unknown: I don't think he bought that.

President: Oh, I understand. Oh, that's right. California -- there is a problem. I know Land-O-Lakes. Go ahead.

Unknown: Yes, they do.

President: I know, I know the difference.

[Laughter]

President: Let's get your view.

Unknown: But, but I think the psychology that you're talking about, uh, is important.

President: Yeah.

Unknown: And I think it needs the organizational structure that we now have, plus what is on the drawing board for continuing this consolidation move. Uh, that we can be, uh, the spreader of this psychology as far as dairy farmers are concerned. Uh, there's, uh -- We have this authority as far as the classical need for it, you give us. The other thing that's going on in the, uh, non-Grade-A statement of this dairy industry is that we have, uh, standards that are being imposed on these dairy farmers at the farm where they're not going to be able to produce milk in the barn yard, under a shade tree. Going to have to have facilities. So, they're going to have to make a decision, many of these ten cow, fifteen cow operations, as to whether they're going to be a

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dairyman or not when these standards are imposed. And many of them are going to get out. They're going to say my age is such, the average age is about fifty-six -- He's, he's just going to get out of it.

President: Sure.

Unknown: Mr. President, here's what the real catch to it is. You ask the question: "Can -- Do we have the organization to put base-plans in?" Uh, uh, the big challenge here is, if you challenge us, you say "yes," but you reconsider this idea of proprietorship and at at same time you've got to be told that production, that we don't want to drop -- doesn't do much in '72. The answer is an unqualified "yes." If we move it up to a hearing immediately the cooperation of the administration and [unintelligible] from the Canadian border to the Gulf of Mexico right down through the, the middle part of this country plus the Southeast. That, we got the capability of doing.

Nelson: That's demonstrated, uh, Mr. President, uh, I want to repeat. Uh, we demonstrated our ability to do this and in six states plus the states --

Unknown: Right.

Nelson: -- that he just referred to. And you may wonder, well, you sold farmers on this, uh, uh, idea, number one, because it works in their best interests. But number two, this base immediately becomes worth money to them. The base that they hold. They, they increase their capital, uh, worth, by many cows. To do this --

Hardin: Uh, there's a little problem there. It's, it's -- you create a value by government order.

Nelson: Well --

Hardin: And, uh, in a sense.

Nelson: Yeah. Well, not when you, uh, uh, well, you may say that, but of

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course, we've had them, you know, on these states we're talking about now without government orders within regulated areas for the government, uh, uh, where you have federal orders. And, uh, uh --

Hardin: Yeah. We, we, we do have some protection in the law --

Unknown: Yes.

Hardin: -- on them against this [unintelligible] risk.

Campbell: Yes, you might get it.

Unknown: Right.

Nelson: Yes, there's, uh, so, uh, I, I, I, I really don't view that as a problem. I'd say that the, uh -- illegally -- we think, that, uh, we represent a rather significant geographical area, where there's sufficient cohesion among dairy producers to put in these base-plans. And, uh, one of the names that you mentioned, Land-O-Lakes, that's not a part of our controlled organization, but I think they'd have to follow us, on this. If you really got into this base thing.

Unknown: Mr. President, uh, I'd like to make a point. I think you have some [unintelligible] here with regards to the relationship of the Fifties, uh, during the Benson Administration, and the situation then as compared to today. At that time, there was quite a potential of milk in the country that wasn't being marketed and that potential is almost nil today. So that the, the, the price structure will not have the same reflection as it did at that time, because there was a lot of non-marketed milk that came to market with that price situation at that time. And the cow numbers today are the lowest in almost a century.

Unknown: [Unintelligible]

Unknown: Do you want to move that production up -- takes cows --

Unknown: And its more important than that if you go back and look at the

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[unintelligible] interest and the calves are not there.

Unknown: There -- that's right. There, the, uh --

Unknown: Reflects the country.

President: Tell me about this going into the dairy business. Uh, how big an operation is it?

Unknown: It's a high capital item.

Unknown: That's, uh--

Unknown: But, but, well I'm going to let one of these dairy farmers talk to that [unintelligible]

President: What about that?

Unknown: Well, Mr. President, it's a very expensive business to get in any more.

President: In other words if somebody's going to -- First of all, you've got people in the business. Uh, the question is what can they do to prevent -- The question, what about somebody going into the business. What does it cost? Is it a big deal? A hundred thousand dollars?

Unknown: At least that.

Unknown: A hundred thousand won't do it. It takes more than a hundred thousand dollars.

President: It does?

Unknown: It takes --

President: In other words, it's not a business that can be expensible particularly by new people coming in.

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[Several voices]: [Unintelligible]

Gregg: Mr. President, back in the Fifties, uh, uh, when the costs weren't such, it wasn't anything for a man with a few cows, to, to [unintelligible] and go into business. This no longer exists.

President: Um hm.

Unknown: And you see, and they say it costs --

[Several voices]: [Unintelligible]

Gregg: Mr. President, one more point that I would like to bring out. It affects what you said at the very beginning when you came to the room. And that this is the philosophy of living in our rural communities. Basically, Mr. President, I'm from Iowa, and, as you drive along the road, you see farmstead after farmstead empty, falling into disrepair, in the, these changing times. And the exodus from the farm sphere has been to the urban areas. We want, not from subsidies or anything else, uh, but invested with our own self-help, to preserve this way of life out there, because this is really where the, as you said, the rock-rib heritage, the religious heritage, is there. And, uh, I live in that country and I love it and I wouldn't want to live anywhere else, but we want to preserve it, and we need this help.

Unknown: [Unintelligible]

Gregg: This is, this is, uh, very, very important at this time.

President: Well, I want to preserve it, because that - It's, uh, not only important economically to the country, that's important everywhere. It's far more important spiritually, in fact.

Gregg: Right.

President: I refer to spiritually in the broadest sense of the -- And I [unintelligible] mean by that, the cities are all corrupt. People placed in there are not -- But I do mean that you, you, show me a

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country that loses its rural heartland. It sometimes, inevitably, it almost always follows that it loses its character. And, uh, and, uh, it's funny, this afternoon, in my view, a, a, uh, the, this, this solid, uh -- Well, the new frontier basically is now in the center of the country, not on either coast. Closer though, because in a sense, uh, because the center is emptied out, and now we have to find a way of not only to see that that -- We have all the farmers out there, but ways that you can have your rural communities keep up with us there, and so forth so that people who live in that part of the country and find the schools, the doctors and all the other things that make life worthwhile -- that's what we're all for. On that point, I think we'll have very good -- Well, I, I appreciate this, uh, chance to talk to you and we, uh, I always try to, uh, a distinguished group comes up here to give you a little, uh, memento. Today, uh, you're going, you're going to get the press, uh. [Laughter] Uh, all kidding aside, I have some Presidential cufflinks for everyone here and, uh, with the Presidential Seal. And, uh, doesn't have anybody, any President's name on it, so you can wear it whatever you are. [Laughter] And this, since your wives will wonder where you really were today, uh, you can, uh -- it's a little bow that she can wear if she likes, and the Presidential Seal. Uh, they're, uh, they're rather nice little trinkets. The, uh, the, I think the, the main, the main point about them is that they look more expensive than they are. Uh, you know the old story is that your children will tell you when they go to school, that kings and emperors are -- only give gifts of gold. Well, these are not gold, but only Presidents can give them. [Laughter] Thank you very much.

Unknown: Thank you.

Nelson: Mr. President, one thing you didn't respond to was, uh, your statement that you'd said privately, uh, considerably earlier at today's meeting, that you wanted to attend our next meeting. We're looking forward to your being there, and we'll tell you now we'll have thirty-five thousand dairy farmers with their wives and families.

President: Who's going to milk the cows?

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[Laughter]

Nelson: Well, the cows are going to [unintelligible]

[Laughter]

Unknown: Harold should have told you last Monday: we're going to cut production. [Laughter] We're not going to milk them.

Unknown: Mr. Secretary --