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6:00 A.M., EDT (SEPTEMBER 9, 1976)

September 8, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

TEXT OF REMARKS BY THE PRESIDENT
TO BE DELIVERED TO THE BIENNIAL B'NAI B'RITH CONVENTION
WASHINGTON HILTON HOTEL
September 9, 1976

I am honored to address this convention saluting both the 133rd year of B'Nai B'Rith and the 200th anniversary of the United States of America. You, the sons and daughters of the covenant, have kept your commitment to Judaism and to America.

As one of America's pioneer voluntary agencies, your seven candles have generated tremendous light and warmth and love.

The glow of your compassion illuminates the best of our Nation's traditional spirit of voluntary service to others.

Your devotion to family virtues and values makes me proud to serve as President of the great American family in which the Jewish community is a cherished member.

As America celebrates its 200th Anniversary, there is a new maturity to our national pride. There is a new awareness that ours is a Nation of many faiths and denominations -- Jewish, Catholic, Protestant, and others -- all equally honored and all equally separated and protected from government by the Constitution of the United States.

A new optimism grows from self-confidence and mutual trust, and from a reliable, stable, enduring philosophy of government.

Just as B'Nai B'Rith honors a sacred covenant, so does our Nation -- at home and abroad. Ours is a covenant with freedom.

As descendants of those who found sanctuary and fulfillment in this great land, we know that freedom is indivisible. Tyranny and terrorism abroad endanger freedom at home. We are our brother's keeper.

Our own Bicentennial Independence Day was enhanced by an event that day at Entebbe Airport in Uganda.

I refer to the daring rescue of the hostages.

That action of liberation freed our own hearts to fuller understanding of the universal meaning of independence -- and the courageous action sometimes required to preserve it.

A free people must never capitulate to terrorism.

That is why I long ago asked for mandatory prison sentences for airplane hijackers.

Certainty of punishment prevents crime. I support international action to stamp out terrorism wherever it may occur.

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America has always been a land of new beginnings.

Our ancestors, who came to these shores, made a new beginning. They saw America as a promised land.

As we approach the Jewish New Year, many Americans sense that we are making a new start in our national life.

Something wonderful happened to America in the last two years. Together, we transcended a time of torment at home and abroad, military involvements and economic threats, assassinations and wrongdoing in high places. We recaptured the spirit of 1776.

We believe anew in the hopes of our revolutionary founders and our immigrant ancestors. We find new meaning in their vision of free men and free women enjoying limited government and unlimited opportunity.

We renew our commitment to the proposition that we are responsible for those less fortunate than ourselves.

We know that the United States of America is sound. We are secure. We are on the march to full economic recovery, and a better quality of life for all Americans.

America's salvation is not in a revival of discredited social experiments financed by you who pay the taxes and obey the laws. I see no excuse for arbitrary quotas on the basis of race, religion, or national origin in employment and education.

In the name of justice for some, we must not do injustice to others.

Opportunities should be open to all Americans on an equal basis. That is basic to the finest American principles of liberty and justice for all.

When I became President two years ago, I pledged to be President to all of the people. I renew that pledge today and support it, not with vague plans and vacillating promises, but with a proven record of performance.

Two years ago, the scene was grim. Could we muster the unity and will to overcome our domestic turmoil? Could we stand up for freedom?

We not only could but we did.

Today, not a single American is at war anywhere on the face of this earth.

America is at peace and seeks peace for all countries.

Two years ago there were mounting tensions between the Arab states and Israel. Pessimism prevailed. Another war seemed inevitable.

Look what has happened. The United States has helped bring about a momentum towards peace that has no parallel in Middle East history. Every American can stand up with pride for what this country helped to do. Two agreements were reached for the separation of forces on the Egyptian and Syrian fronts.

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Buffer zones were created to protect against surprise attack -- and every war between Israel and its neighbors has grown out of surprise attack, or fear of it.

The forces of moderation -- leaders who were willing to commit themselves to the peace process -- were strengthened. The disruptive role of those opposed to the peace process has steadily declined.

The United States has fashioned new institutions of energy cooperation with its major allies, including contingency measures to safeguard against a new oil embargo.

America's important contacts with the Arab world grew again. The resettlement of cities along the Suez Canal, and the clearing of the Canal for international traffic, gave practical evidence of a turn towards peace.

Then, just a year ago, came the Sinai Agreement. This was a dramatic milestone. It was the first Arab-Israeli agreement that was not just an armistice in the aftermath of hostilities. It was a political as well as military step; it was intended by both sides as a significant advance toward peace.

In that agreement both Egypt and Israel pledged:

-- that "the conflict between them and in the Middle East shall not be resolved by military force but by peaceful means";

-- that "they are determined to reach a final and just peace settlement by means of negotiations called by Security Council Resolution 338"; and

-- that they will "not...resort to the threat or use of force or military blockade against each other".

The danger of war and destruction was further reduced for both sides.

Not a single young Israeli or young Egyptian has since died fighting each other in the Sinai.

There is no precedent for the promise of lasting and just peace in the Middle East which this agreement has opened up. Both Prime Minister Rabin and President Sadat hailed the agreement as a possible turning point.

Prime Minister Rabin, who has been my personal friend since he was Ambassador here and I was in Congress, reported to his Parliament on June 15:

"I note with satisfaction that during the past two years relations between the United States and Israel have become closer.

"Our governments have arrived at a common approach regarding the desirable political direction on the road to peace and in the development of the processes of peace...there has been no erosion in the position and the attitude of the Administration, the Congress, and the American public, towards Israel.

"Relations between the United States and Israel remain firm...it will never be superfluous to emphasize and re-emphasize the feeling of gratitude and appreciation that the people, the Knesset and the government in Israel maintain towards the United States for its stand on Israel's side."

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The negotiating process will continue. The progress made has withstood the dangerous conflict in Lebanon, and I believe it helped to prevent that tragic warfare from spilling over into a wider conflagration.

I intend to pursue further progress, because it is right for America, right for Israel, right for the Arabs, indeed right for all the peoples of the world.

I do not promise you it will be easy.

I can tell you what I will do.

-- There will be no imposed solutions -- but agreements whose terms are hammered out between the parties as in the Sinai Agreement.

-- There will be no one-sided concessions -- but a political quid pro quo in exchange for what is given up.

-- We will proceed, as we did before, in the closest constant consultation with Israel before, during and after any negotiations.

A strong Israel is essential to peace and to the national security interests of the United States. From the time I first ran for Congress in 1948, I recognized the justice of Israel's rebirth and its importance to the United States.

I am proud to stand on my consistent 28-year record of support for Israel. You all know where I stand.

The funds I proposed for Israel in my first two budgets totalled over four billion dollars for 27 months. These figures speak more eloquently than words.

I am proud that my ambassadors at the United Nations have stood up and spoken out for the elementary principle of fairness that Americans believe in.

I tell you now that we will fight any measure that condemns Zionism as racism or that attempts to deny Israel her full rights of membership in the United Nations.

The United States will stand firm in its commitment to Israel's security and survival.

America's policy of peace through strength has proven itself in the Middle East and throughout the world. Nobody questions our dedication to peace. And nobody doubts our willingness to use our strength when America's vital interests are at stake.

A strong defense is the best insurance for peace. But our strength has never rested upon arms alone. It is rooted in our mutual commitment to the highest standards of ethics and morality.

Take the Arab boycott for example. This involves both moral and legal questions, domestic as well as international issues. It is easy to escalate emotionally but not nearly so easy to resolve rationally.

I opposed Arab boycott practices when I was in Congress. I have always opposed discrimination.

America was born as a refuge from discrimination.

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As President, I have taken the strongest executive action in American history against foreign economic practices that discriminate against American citizens.

Last November I set forth a detailed program of administrative orders and regulations, now in force, which prohibit any discrimination in export transactions based on race, color, religion, sex or national origin.

The United States' moral and legal opposition to the Arab boycott of Israel has been made forcefully clear not only to foreign governments but to the American business community.

This campaign, together with careful diplomacy and the efforts of individual U.S. firms, has resulted in the easing of boycott practices and an effective end to open discrimination.

This morning I want to reiterate my determination to make further progress so that government officials at all levels and the American people will understand that I mean business.

A moral and ethical government promises its citizens no more than it can deliver -- and delivers all that it promises. For too long, the American people have been promised panaceas for which we are still paying in credibility and in cash.

My record is one of performance, not promises.

My record is one of realism, not rhetoric.

My record is one of experience, not expediency.

In a national election, candidates will naturally disagree on political philosophy. That is why I was delighted when Mr. Carter accepted my challenge for nationally televised debates on the real issues.

It is still my fervent hope that this campaign will be pursued in keeping with the best American traditions. America has no place for those who would set brother against brother, group against group, American against American.

America did not rise to the heights we have achieved by catering to fear and prejudice. We succeeded through courage, decency, common sense -- and the compelling knowledge that we are all equal in the eyes of God.

My Administration will go on working for a better world. We have absolutely no reason to fear our adversaries abroad as long as we remain strong and true to our principles. Our system has proven its superiority in every way. In remaining vigilant, we must never abandon our vision or our spiritual values.

"Let us," in the words of the New Testament, "follow after the things which make for peace."

We must heed the Old Testament which urges us all to "seek peace, and pursue it."

As we must never lose our vigilance, neither must we ever lose our vision.

Thank you very much.

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SEPTEMBER 15, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Ann Arbor, Michigan)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
UNIVERSITY OF MICHIGAN

CRISLER ARENA

7:50 P.M. EDT

THE PRESIDENT: President Flemming, Senator Griffin, Congressman Esch, Congressman Vander Jagt, Michigan students, faculty and guests:

President Flemming, I am deeply grateful for the opportunity to be on this great campus. I am proud of you as the President of the University of Michigan, and I am equally proud of the great record of my alma mater.

I am deeply indebted to Senator Bob Griffin, an outstanding United States Senator who has been my close personal friend and loyal supporter from the very beginning of my political career.

I am delighted to have on the platform with me your effective and able Congressman Marv Esch, who will be the next United States Senator from Michigan.

It is great to be back at the University of Michigan, the home of the number one Wolverines. After what you did to Wisconsin, I will tell you one thing -- I would rather run against Jimmy Carter than Harlan Huckleby any day of the week.

I am reminded of another Michigan football game that I attended in 1948. I had just won my first Republican nomination. Then, as now, I faced a tough challenge.

My mind wasn't on politics that Saturday afternoon. It wasn't even on football. I was on my honeymoon.

Betty and I were married the day before and tonight I would like to introduce you to my bride, Betty Ford.

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MRS. FORD: I see we are back here in Michigan, but this time not on our honeymoon.

THE PRESIDENT: That was some years ago, but as has been indicated, Michigan and Ford have been winners ever since.

I have come home to Michigan to share with you my views of America in 1976 and my hopes for America in the next four years, and beyond.

During the last two years, in the aftermath of a difficult war and a painful ordeal of economic adversity and political crisis, we reached a critical turning point in America's history.

Throughout most of your lives, America has faced turmoil. Some of our most beloved leaders have been assassinated. There was a war we could not either win or end. There were destructive riots on our streets and on our campuses. We suffered runaway inflation and the worst recession in 40 years. We were betrayed by corruption at the highest levels of our Government.

Fortunately, the skies are far brighter. My Administration has restored trust in the White House. My Administration has turned the economy around. We are in the midst of a growing prosperity. We have peace and the capability and the will to keep it.

Through all of this, we found in ourselves a basic strength which has proven mightier than our armaments, more precious than our great store of national wealth and as enduring as our Constitution.

As I said on taking the oath of office as President two years ago, "Our long national nightmare is over." In the last two years, the United States of America has made an incredible comeback, and we are not through yet.

In 200 years as a free people, much has changed in our nation, but America's basic goals remain the same:

- Americans want a job with a good future.
- Americans want homes and decent neighborhoods and schools where our children can get a quality education.
- Americans want physical security, safety against war and crime, safety against pollution in the water we drink and in the air we breathe.
- We want medical and hospital care when we are sick at costs that will not wipe out our savings.

MORE

-- We want the time and opportunity to enlarge our experience through recreation and travel.

We Americans are proud people. We cherish our inalienable rights; the right to speak our minds -- the right to choose the men and women who enact and enforce our laws -- the right to stand equal before the law regardless of sex, age, race or religion -- the right as a farmer, businessman, worker and consumer to bargain freely in the economic marketplace -- the right to worship as we choose.

MORE

It all adds up to the great "American dream."

These are the goals which every politician, every citizen, has for America. They are not some mystic vision of the future. They are the continuing agenda for action.

So, the question in this campaign of 1976 is not who has the better vision of America. The question is who will act to make that vision a reality.

The American people are ready for the truth, simply spoken, about what Government can do for them and what it cannot and what it should not do. They will demand performance, not promises; specifics, not smiles.

There are some in this political year who claim that more Government, more spending, more taxes and more control on our lives will solve our problems.

More Government is not the solution. Better Government is.

It is time we thought of new ways to make Government a capable servant and not a meddling master.

Let's get down to cases.

Let's talk about jobs.

Today, 88 million Americans are gainfully employed -- more than ever before in American history. But, that is not good enough.

My immediate goal is two and a half million new jobs every year with emphasis on youth, especially the minority. I don't mean the demeaning, dead-end jobs paid for out of the Federal Treasury but permanent jobs with a future generated by the demands of a healthy economy.

Can we do it? We have done it.

We proved once and for all that you can cut inflation in half and add four million new jobs in just 17 months. We did it with tax cuts that allowed Americans to spend more of their own money. We did it with tax incentives that encouraged job production. We did it by letting our free economic system do what it does better than any other system in the world -- produce.

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But, I won't be satisfied until every American who wants a job can find a job.

I am particularly concerned that there are too many young Americans who cannot find a good job or get the training and the experience they need to find a job.

Americans have long since recognized the importance of assuring that every high school graduate who is willing, able and qualified be able to go to college. We have done so through grants, loans and scholarships.

I believe we can apply the same principle to create a program for young people who choose not to go to college, but want a job at which they can learn a trade, a craft or practical business skills.

It can be done. Let's put America -- all of America -- to work.

Once a good job is secured, it is an American tradition to put some of these earnings toward a family home, but nowadays, with interest rates too high, down payments too high and even monthly payments too high-- home ownership is not within the reach of many Americans, particularly young Americans beginning a career or marriage.

My goal is home ownership for every American family that wants to own a home and is willing to work and save for it.

Here is how I will meet that goal: First--I will continue to pursue economic policies, including tight control of unnecessary Federal spending which will hold inflation down, reduce interest rates, cut your taxes, increasing your purchasing power and making more funds available for home mortgages.

Second--it is time we did something more about the down payment requirements, which so many people can't afford. I will recommend changes in the FHA loans to reduce down payments on lower and middle priced homes by up to 50 percent.

Third--I will direct the Department of Housing and Urban Development to accelerate implementation of a new Federal guarantee program to lower monthly payments in the early years of home ownership and gradually increase them as the family income goes up.

MORE

A good job; a good home. Now let's talk about the good health we must have to appreciate both. My goal is an America where health care is not only the best in the world but is both accessible and affordable. But raising Federal taxes by \$70 billion a year for Government-dominated health insurance program is not the way to do it. That path leads to more bureaucracy, more fraud, more taxes and second-class medical care.

That is what I am against. Here is what I am for:

As our first priority, I have recommended protection against the cost of a catastrophic or prolonged illness for the aged and the disabled--insuring that never again will they have to pay more than \$750 a year for medical care. People should not have to go broke to get well.

Next, I proposed to the Congress last spring a major reform in Federal health programs. We should combine 16 overlapping and confused Federal health programs, including the scandal-ridden Medicaid program, into one \$10 billion program that distributes the Federal funds more equitably among the States and insures that those who need these services get first-class care.

It is sad but true, America is still awaiting action by the Congress on this urgently needed legislation.

Now, let's turn to an area of special concern to this audience -- education.

One of the most urgent problems is to create a climate in every classroom where teachers can teach and students can learn.

Quality education for every young American is my Administration's goal. Major reforms are necessary in the relationship between the national, State and local units of Government, so that teachers can spend their time teaching instead of filling out Federal forms. Federal aid is necessary but Federal aggravation must stop.

Nine months ago I proposed to the Congress that we replace 24 paper shuffling educational bureaucracies with a single Federal program which would provide \$3 billion 300 million in direct aid to elementary and secondary schools throughout this country.

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The Congress has not acted. Once again this Congress has shown itself to be sitting dead in the water and, I might add, addicted to the status quo. The American people deserve better representation than that, and they will demand it on November 2.

We must insure that low income students have access to higher education.

We must also find ways through the tax system to ease the burden on families who choose to send their children to nonpublic schools and to help families cope with the expenses of a college education. In this Administration the education needs of America's middle income families will neither be forgotten or forsaken.

Education is the key to a better life. The prevention of crime is essential to making our lives secure.

The Constitution demands that we insure domestic tranquility and that is what I called for in my crime message to the Congress about a year ago. Most crimes are committed by hardened career criminals who know no other life than the life of crime. The place for those people is not on our streets but in the jails. The rights of the law-abiding society, the rights of the innocent victims of crime must be fully protected.

Finally, we must give Americans the chance to enjoy America. I have outlined a \$1 billion 500 million program to expand and to improve our national park system over the next ten years. This means more national parks, more recreation areas, more wildlife sanctuaries, more urban parks and historic sites. Let's make this America's Bicentennial birthday gift to all of our future generations.

Today, America enjoys the most precious gift of all. We are at peace. No Americans are in combat anywhere on the earth and none are being drafted, and I will keep it that way.

We will be as strong as we need to be to keep the peace, to deter aggression and to protect our national security.

But if our foreign policy is to have public support, it must represent the moral values of the American people.

What is more moral than peace with freedom and security in the United States?

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As the leader of the free world, America has a special responsibility to explore new paths to peace for all mankind. It is a responsibility we have not shirked. We have been a force for peace in the Middle East, not only in promoting new agreements, but in building a structure for a more lasting peace.

We have worked for peace with the Soviet Union, not only in resolving our many conflicts, but in building a world where nuclear armaments are brought under control.

We are working for peace in Europe where the armies of two major coalitions confront each other.

We will continue to build our relationship with the People's Republic of China, which contributes importantly to peace and stability -- throughout the world.

Now, in the face of a new challenge, we are on a mission for peace in southern Africa.

This is the first Administration in America's history to develop a comprehensive, affirmative African policy. This policy has won respect and trust on that troubled continent.

At my direction, Secretary Kissinger is now engaged in an intensive effort to help all the parties, black and white, involved in the mounting crisis in southern Africa, to find a peaceful and just solution to their many and complex differences.

The African parties in the very grave and complicated problems of Namibia and Rhodesia have encouraged us to help them in the search for peace and justice. We are also backed in our efforts by our European allies with traditional bonds to the African Continent. In particular, we are working in close collaboration with the United Kingdom which has historical and legal responsibility on Rhodesia.

Success will depend fundamentally on the cooperation of the parties directly concerned. We will not and we cannot impose solutions, but will depend upon the goodwill and determined efforts of the African parties themselves to achieve negotiated settlements.

We seek no special advantage for ourselves in these negotiations. We share with the people of Africa these fundamental objectives: a peaceful outcome; a future of majority rule and minority rights; a prospect of widening human dignity and economic progress; and a unified and independent Africa free from outside intervention or threat.

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The tortuous path that leads to these goals is not an easy one. The risks are great. But America's interests and America's moral purpose summon our efforts.

Despite the rigors of a great national election, I have persisted in carrying out this new policy toward Africa -- not because it is expedient -- but because it is right.

I pledge to you that under my Administration, American foreign policy will serve the interests of our country and our people -- it will be true to our great heritage of the past, fulfill our purposes in the present, and contribute to our best vision of the future.

It is not enough for anyone to say "trust me." Trust must be earned.

-- Trust is not having to guess what a candidate means.

-- Trust is leveling with the people before the election about what you are going to do after the election.

-- Trust is not being all things to all people, but being the same thing to all people.

-- Trust is not cleverly shading words so that each separate audience can hear what it wants to hear, but saying plainly and simply what you mean -- and meaning what you say.

I am proud of the maturity of the American people who demand more honesty, truthfulness and candor of their elected representatives.

The American people, particularly its young people, cannot be expected to take pride -- or even participate -- in a system of government that is defiled and dishonored -- whether in the White House or in the halls of the Congress.

Personal integrity is not too much to ask of public servants. We should accept nothing less.

As we enter the last seven weeks of this national election, a new poll indicates that as many as 65 million Americans will not vote in November.

Some people have said that they are not excited about any of this year's candidates. Let them be excited about America.

Let them be excited about their own capacity to grow and change -- about our nation's capacity to grow and change -- and even about the evolution, with their help, of the candidate of their choice.

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In this year of 1976, I stand before you as the last President of America's first 200 years. But with your help, I also intend to be the first President of America's new generation of freedom.

Working together we can build an America that does not merely celebrate history, but writes it -- that offers limited government and unlimited opportunity -- that concerns itself with the quality of life -- that proves individual liberty is still the key to mutual achievement and national progress.

And when the history of this great era is written, future generations will look back at America in 1976 and say -- yes -- they were two hundred years old -- but they had really only just begun.

Thank you very much.

END (AT 8:23 P.M. EDT)

FOR IMMEDIATE RELEASE

OCTOBER 7, 1976

Office of the White House Press Secretary
(Los Angeles, , California)

THE WHITE HOUSE

FACT SHEET

The President today directed the Secretary of Commerce to take appropriate steps to permit, prospectively, the public inspection and copying of boycott-related reports filed with the Department of Commerce. Only business proprietary information regarding such things as quantity and type of goods exported, the release of which could place reporting firms at a competitive disadvantage, will not be made publicly available.

During the past year there has been a growing interest in and awareness of the impact of the Arab boycott on American business. Disclosure of boycott-related reports will enable the American public to assess for itself the nature and impact of the Arab boycott and to monitor the conduct of American companies. The Department of Commerce will commence public disclosure of reports regarding boycott-related requests received by American companies on or after October 7, 1976.

Public disclosure of boycott reports will complement positive steps already taken by the Ford Administration to oppose the boycott and to insure that American citizens and firms will be fully protected from any discrimination on the basis of race, color, religion, national origin, or sex that might arise from foreign boycott practices. These steps have included the following:

1. In March, 1975, the President established a special White House task force under the direction of the Office of the White House Counsel to conduct a study and to make recommendations regarding actions which could be taken in connection with various aspects of the impact of foreign boycotts and related discrimination.
2. Effective October 1, 1975, the Department of Commerce made it mandatory rather than optional for United States firms to inform the Department whether or not they had complied with requests from foreign governments for information on boycott-related matters.
3. In November, 1975, President Ford announced the most far-reaching Executive Branch actions ever directed at foreign boycott practices. This action was the culmination of the study which the President had directed be undertaken earlier in the year. The President announced decisions and actions to insure that American citizens and firms will be fully protected from any discrimination on the basis of race, color, religion, national origin or sex that might arise from foreign boycott practices. The President further issued specific directives to implement his decisions.
 - (a) The President signed a Directive to the Heads of All Departments and Agencies which prohibited under Executive Order 11478 and relevant statutes, any Federal agency from taking into account in making selections for overseas assignments any exclusionary policies of a host country based upon race, color, religion, national origin, sex or age. Federal agencies were requested to inform the State Department of visa rejections based on exclusionary policies and the State Department would attempt through diplomatic channels to gain entry for those individuals.

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- (b) The President instructed the Secretary of Labor to require Federal contractors and subcontractors that have job applicants or present employees applying for overseas assignments to inform the Department of State of any visa rejections based on the exclusionary policies of a host country. The Department of State would then attempt, through diplomatic channels, to gain entry for those individuals.
 - (c) The President proposed the Economic Coercion Act of 1975 to prohibit a business enterprise from using economic means to coerce any person or entity to discriminate against any U.S. person or entity on the basis of race, color, religion, national origin, or sex.
 - (d) The President directed the Secretary of Commerce to amend the Export Administration Act's regulations to:
 - (1) prohibit compliance with any boycott request which would discriminate against U.S. citizens or firms on the basis of race, color, religion, sex or national origin.
 - (2) extend the reporting requirements to any person or firm other than the exporter handling any phase of the export transaction (such as banks, insurers, shipping companies, and freight forwarders).
 - (e) The President stated that his Administration would not tolerate discriminatory commercial banking practices or policies based upon the race or religious belief of any customer, stockholder, employee, officer or director of a bank and that such practices or policies are incompatible with the public service function of a banking institution in this country.
 - (f) The President supported legislation to amend the Equal Credit Opportunity Act, which covered sex and marital status, to include prohibition against any creditor discriminating on the basis of race, color, religion, or national origin against any credit applicant in any aspect of a credit transaction. This legislation passed the Congress and was signed by President Ford on March 23, 1976.
 - (g) The President urged the Securities and Exchange Commission and the National Association of Securities Dealers to take whatever action necessary to insure that discriminatory exclusion in the investment banking industry was not tolerated and that non-discriminatory participation was maintained.
4. On December 1, 1975, the Secretary of Commerce ceased Commerce Department dissemination of information on trade opportunities containing boycott requests.
5. On January 16, 1976, the Department of Justice filed a civil antitrust suit against an American company charging it with implementing an agreement to refuse to deal with U.S. subcontractors blacklisted by certain Arab countries and to require U.S. subcontractors to refuse to deal with blacklisted persons or entities.

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6. On April 29, 1976, the Secretary of Commerce directed that all charging letters issued for violations of the Export Administration Act regulations relating to the boycott be made public.

7. On October 4, 1976, President Ford signed the Tax Reform Act under a provision of which foreign source income attributable to certain boycott-related activity will lose the tax benefits of the foreign tax credit, the Domestic International Sales Corporations (DISCs), and the deferral of United States tax on foreign source income.

These actions have put an effective end to foreign discrimination against American firms or citizens on the basis of religion, national origin, race, color, or sex. Public disclosure of boycott reports will further strengthen existing policy against the Arab boycott of Israel without jeopardizing our vital interests in the Middle East.

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FOR IMMEDIATE RELEASE

OCTOBER 7, 1976

Office of the White House Press Secretary
(Los Angeles, California)

THE WHITE HOUSE

MEMORANDUM FOR THE SECRETARY OF COMMERCE

Would you please assure that the Department of Commerce takes steps to permit the public inspection and copying of boycott-related reports to be filed in the future with the Department of Commerce. Only business proprietary information regarding such things as quantity and type of goods exported, the release of which could place reporting firms at a competitive disadvantage, should not be made available to the public.

During the past year, there has been a growing interest in and awareness of the impact of the Arab Boycott on American business. Disclosures of boycott-related reports will enable the American public to assess for itself the nature and impact of the Arab Boycott and to monitor the conduct of American companies.

I have concluded that this public disclosure will strengthen existing policy against the Arab Boycott of Israel without jeopardizing our vital interests in the Middle East. The action I am directing today should serve as a reaffirmation of our national policy of opposition to boycott actions against nations friendly to us.

GERALD R. FCRD

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FOR IMMEDIATE RELEASE

OCTOBER 7, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Los Angeles, California)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
GOP FUND-RAISING DINNERS
OVER CLOSED CIRCUIT TELEVISION

THE BEVERLY HILTON HOTEL

7:52 P.M. PDT

Bob, Governor Reagan, Mrs. Reagan, Holmes Tuttle, Margaret Brock, Cardinal Manning, Rabbi Magnin, distinguished guests at 22 dinners across the land, ladies and gentlemen:

It has been seven weeks since Kansas City. We have got the issues, we have got the momentum, and we have got less than four weeks to win a great victory for the America people, and we will.

I said in Kansas City that we wouldn't concede a single vote, we wouldn't concede a single State -- and we haven't and we won't. Governor Reagan and I are teaming up to say we are going to carry California with its 45 electoral votes, we are going to elect a Republican Senator and a number of new Republican Congressmen America can be proud of in the next session of the Congress.

I told you in Kansas City that I was ready and eager to debate Mr. Carter face to face on the real issues. I still am, if I can ever pin him down. (Laughter) I don't think he knows what the real issues are.

We have heard a lot of double-talk from Mr. Carter, a lot of conversation, a lot of irresponsible promises. I still don't know where Mr. Carter stands on most issues, and I am not sure he does, either.

I can sympathize when he says he will have to take a few years of study to examine the problems and get all of the facts. That is reasonable. Let's give Mr. Carter a few more years to prepare himself, but not on the taxpayer's money or time.

You know what I will do, because you know what I have done for the past 26 months.

MORE

You know where we were then and you know where we are now -- at peace, recovering from a recession, rebuilding pride in America; America's 200 years of freedom.

You know what I have done as President despite the blockade of a Congress stacked two to one against me.

We heard before the Convention that our party was sick and dying. Now we hear the voters are overcome with apathy, and don't really care who wins this great election. I don't believe that. I don't believe the American people believe that. There will be a big election and we are going to win.

The American people do have a clear choice; they do care. Our job is to get them to the polls November 2 to register the right choice for this country for the next four years.

Make no mistake: This election is about the direction that America will take in its third century of independence. Mr. Carter can be deficient on details but the general direction of his philosophy is very plain -- it is unstable, it is unreliable. It won't work because it hasn't worked.

Mr. Carter wants more Federal Government. I want less. Mr. Carter wants higher Federal taxes for middle income taxpayers. I want lower taxes for middle income taxpayers. I want lower taxes for everybody, especially the overburdened man in the middle. Mr. Carter wants less defense. He wants it on the cheap. I want the strongest and best military capability that science and money can provide, and we will keep it under the Ford Administration.

Mr. Carter wants to reduce our commitments to our allies. I must maintain America's leadership for peace and for freedom around the world, and we will, during the next four years. There are serious differences; real choices to be made. Mr. Carter and his party's platform chart one course for this country. No matter how he zigs and zags, there is no doubt where he wants to go.

The direction Mr. Carter would take us is the same one that brought us double-digit inflation, a tax load that kills initiative and slows expansion, a slowdown in research and development and oppressive interference by a know-it-all Federal Government. I want a new direction, a direction with more freedom and more liberty for 215 million Americans.

MORE

This year my budget cut the rate of Government growth by half. Congress added \$18 billion more. Despite the extravagance of a majority in the Congress, I will submit a balanced budget by 1978. I have cut 11,000 jobs from Federal bureaucracy. Next year, with a better Congress, I will make our Government more responsive and more responsible to you, the taxpayers.

My 59 vetoes saved the American taxpayers over \$9 billion. Mr. Carter constantly criticizes.

If his party's Congress had not overridden 12 of my vetoes, I would have saved all of you \$16 billion more for the middle income taxpayer. That would save each hard-pressed family \$200, and that is what we have got to do in the months and years ahead.

When I say I stand for smaller Government, my performance proves it. Mr. Carter says he is for reforming and reorganizing bureaucracy, but his performance tells a far different story. Ask your friends from Georgia.

What do you think you will get from a liberal President and another two-to-one liberal Congress? One guarantee--you certainly will get more spending and bigger deficits, and you can depend on that.

Another thing you will get is more runaway inflation. You certainly won't get lower Federal taxes.

You won't get less Federal Government. So, the choice before our country is clear. You know where I stand.

As dedicated Americans, we are not motivated by the love of governmental power, but by the concern and the fear of it. I am talking about those who worked hard, pay their taxes, obey the laws and want to enjoy their God-given liberties.

We are committed to a policy of peace through strength in a world where freedom is still threatened by aggressors who would destroy our freedom. The United States of America must remain and will remain number one.

MORE

I know how deeply all of you are devoted to these wonderful principles. I thank you for your steadfast support. But, there is one more effort I ask of you.

Republicans alone cannot win this election. The principles we hold are just as dear to millions of our friends and neighbors who prefer to be Democrats and Independents.

Between now and November 2, I ask every Republican to persuade just one Independent and one Democrat -- two concerned citizens who feel as we do about the new direction that this country must take -- to go to the polls and vote their true conviction.

If you do this -- person to person, friend to friend -- we can win, and we will win a great victory for the American people.

We must go forward together. There is no way we can lose except by resting before the last poll closes.

Together, not as partisans but as proud Americans, let's get America off to a good start on our third century of freedom and liberty.

Thank you.

END (AT 8:05 P.M. PDT)

OCTOBER 9, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Dallas, Texas)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE

PRESIDENT FORD COMMITTEE RECEPTION

THE APPAREL MART

5:55 P.M. CDT

Thank you very, very much, Bill, and let me express from the bottom of my heart my gratitude and appreciation for all of you 1,500 to 2,000 wonderful Dallas County, Tarrant County Texas workers for the Ford-Dole ticket.

We arrived this morning, and let me say to all of the wonderful people of the Lone Star State that we have had, I think, one of the finest days in this campaign, one of the finest days in my two years and plus of the Presidency. I can't express my gratitude deeply enough. It has been a super day -- the State Fair, a great football game and then this great rally.

I would like to make three points, three points that I think are principal and crucial in this campaign.

Number one, trust; number two, the national security of the United States; and number three, taxes.

Some may have seen the debate last Wednesday. It was 90 minutes. I hold in my hands here an eight-page document that shows that Jimmy Carter in 90 minutes made 14 distortions, misrepresentations or inaccuracies. If my mathematics is right -- don't some Professor cross me up (Laughter) -- that is about one inaccuracy, distortion, misrepresentation or untruth each six minutes, and that is too darn many for a President of the United States.

He made a few others in the first debate, and let me remind you of one. The Governor says he is going to come in and reorganize the Federal Government. I think the Federal Government has to be tightened up, to be more responsible and more responsible to the American citizen.

But I don't think I trust turning that job over to Jimmy Carter, based on his record and more.

MORE

(OVER)

The record shows that in the four years that he was the Governor of the great State of Georgia, employees went up 25 percent, the cost of Government went up over 50 percent, and when he left the State of Georgia the bonded indebtedness was \$200 million more than when he came in. That is a lot of difference.

With that kind of a record, just imagine what he would do with the Federal Government.

Let's take one other totally inaccurate statement. I said last Wednesday that he had advocated a \$15 billion reduction in the Defense Department. He denied it. The record shows that in a meeting in Savannah, Georgia-- it shows that when he was interviewed in Los Angeles-- on two occasions he said in print, quoted, that he had advocated a \$15 billion reduction in the Defense Department. That is a matter of fact, and his denial is a total untruth, period.

Now let's talk about what he wants to do to the Defense Department. He wants to reduce it \$15 billion. That was a year ago. He now wants to reduce it 9 to 7 or 7 to 5. I really don't think he understands what the Defense Department is all about, except he wants to either cancel or delay the B-1 bomber.

Let me just take that as an illustration to show how irresponsible his ideas are on what we need to protect the peace and to keep the United States number one. The B-1 -- it is a replacement for the B-52 bomber. The B-52s are about 20 years old. Before the B-1s come in in any sufficient number, it will take another four to five years.

Jimmy Carter wants to cancel or delay the B-1, which means that the young men -- the pilots, the co-pilots and the crew -- if Jimmy Carter wins and he cancels the B-1, our young pilots and crews will be flying aircraft older than they are. That is not the way to run the Defense Department.

You can depend on this: Jerry Ford won't send an American pilot in combat in an aircraft older than he is. We want the most modern weapons. We want the best trained crew. We want the best leadership, and under our Administration we have it and we will keep it that way.

A \$5 a \$7 or a \$9 or \$15 billion cut in the Defense Department will gut our defense strength. We won't stand for it, and we are going to win on it.

Now let's take the third issue. This last January I recommended to the Congress of the United States that we ought to have a \$28 billion limitation reduction in the rate of growth of Federal spending, and in return we ought to have a \$28 billion tax cut.

MORE

For every dollar that we save in spending we should have a dollar reduction in Federal taxes. Jimmy Carter, what does he want? He talks in platitudes, he talks in inconsistent positions, flip-flops one day, from one position to another.

Let me say this very seriously: The best tax reform that I know is tax reduction for the American taxpayer.

The middle income taxpayers in this country that are the strength of America are the people that have gotten shortchanged in the last ten or 15 years in our tax legislation. They are the people that pay the taxes, obey the laws, give us the strength and the inspiration in this great country. They have been shortchanged, short shrift.

The best way I know to give them the kind of a fair tax break is to increase the personal exemption from \$750 per person to \$1,000. That is what we ought to get, and that is what we will get.

Let me make one other observation. I think everybody in this great gathering this afternoon, if they look back over the great, great Presidents of the United States they would say that Teddy Roosevelt was pretty high on the list; Teddy Roosevelt, one of the Rough Riders, one of the individuals who really did what he said he was going to do.

Teddy Roosevelt made a tremendous comment that I think is very apropos to the circumstances today. Teddy Roosevelt said, "We should speak softly and carry a big stick." If you look at the record of Jimmy Carter, what he wants to do to our Defense Department, what he wants to do to weaken the national security of the United States in the next ten years -- Jimmy Carter, he wants to talk loud and carry a fly swatter. (Laughter)

In Kansas City I said that we would not concede a single State, we would not concede a single vote, we were going to campaign from the snowy banks of Minnesota to the sandy plains of Georgia. We are doing it, and when I see this tremendous crowd, when I hear about the wonderful effort that you make in the Dallas area, when I see how enthusiastic you are, when I know of the record that you have made in the past, let me say the momentum is with us. We are going to carry Texas and win in November.

END

(AT 6:07 P.M. CDT)

O.C.
FOR IMMEDIATE RELEASE

OCTOBER 9, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Dallas, Texas)

THE WHITE HOUSE

QUESTION AND ANSWER SESSION
WITH THE PRESIDENT

THE APPAREL MART

6:17 P.M. CDT

QUESTION: Hi, Mr. President. What kind of day has it been for you?

THE PRESIDENT: It has been a tremendous day in Texas. I don't think we could have had a better day. The response from literally thousands and thousands of people in Texas has been very, very encouraging--the State Fair, the football game and the wonderful rally here. We are very, very encouraged about Texas, and we are delighted to be here.

QUESTION: Mr. President, how do you assess your chances in Texas in November?

THE PRESIDENT: Well, we are an underdog, but I think we are going to surprise some people.

It is real nice to see you all.

THE PRESS: Thank you.

END (AT 6:18 P.M. CDT)

FOR IMMEDIATE RELEASE

OCTOBER 12, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO ETHNIC LEADERS

I appreciate this opportunity to meet with you today because I want to set the record straight on an issue that has received prominent attention in the past week -- the question of Soviet domination of Eastern Europe.

Let me be blunt: I did not express myself clearly when this question came up in the debate last Wednesday night. So that there can be no doubt about where I stand, let me spell out precisely what I believe:

- First, the countries of Eastern Europe are, of course, dominated by the Soviet Union. Were it not for the presence of more than 30 Russian divisions there now, the countries of Eastern Europe would long since have achieved their freedom.
- Second, the United States never has, does not now, and never will recognize, accept or acquiesce in this Soviet domination of Eastern Europe.
- Third, the peoples of Eastern Europe yearn for freedom; while their countries may be physically dominated, their spirit is not. Their spirit has never been broken and never will be. And some day they will be free.

That, ladies and gentlemen, is the essence of my position. It is what my commitment to the dignity of man and his inalienable right to freedom compels me to believe. It is what my whole record of public service has demonstrated I believe. And any man who seeks to persuade you that I think otherwise is engaging in deceit and distortion.

The original mistake was mine. I did not express myself clearly; I admit it. But in the last analysis, my record of 30 years of service in the Congress, as Vice President, and as President must speak for itself. More than a year ago, in July of 1975, I said that, "It has always been my policy ever since I entered public life, to support the aspirations for freedom and national independence of the peoples of Eastern Europe -- with whom we have close ties of culture and blood -- by every proper and peaceful means." I stand by that record today, and I am proud of it. I welcome making it an issue in this campaign.

But another critical issue -- one which you with particularly close ties to Eastern Europe, as well as the American people as a whole, should consider -- is whether a man who shows so little appreciation of America's strength, America's respect, and America's needs -- as my opponent has done in this campaign -- should be allowed to guide the fortunes of the most powerful nation on earth.

The American people have a right to ask whether a political candidate who has variously called for a \$15 billion cut, or a \$7 or 8 billion cut, or a \$5 to 7 billion cut in the defense budget, and who then complains that we are "not strong anymore," as Governor Carter has done, is truly the man to govern the only country in the world that can assure the defense of freedom and give hope to the millions of oppressed in Eastern Europe and throughout the world.

(MORE)

Finally, let me address the critical question of leadership, which Governor Carter has rightly raised. Do we want to entrust the leadership of this great Nation to a man who seeks to lift himself up to the White House by running down the reputation of the United States? Is the leadership we want that which claims that America "is not respected anymore" when it is the United States -- and the United States alone -- that is trusted by all sides in the Middle East, and by both black and white in Southern Africa?

America is the leader of the free world, and the American people are proud of it. But the kind of leadership America seeks for itself, the kind of leadership America offers the world, the kind of leadership we need for the future is the leadership of example, compassion and common sense. And if that is what we are, if that is what we want to be, then phrases such as "a disgrace to our country" -- phrases that demonstrate moral conceit rather than example, compassion, or common sense -- have no place.

I want the American people to understand the profound differences between us in areas of policy as well as philosophy. Therefore, I intend to fight Mr. Carter on the issues with all the ability I can command.

The challenges before us are immense if we are to successfully defend the principles of freedom and independence we celebrate this Bicentennial year. The free world looks to us as the last best hope for preserving this heritage. To be successful we must be strong. The fact is we are, and I intend to assure that in this critical hour America remains the strong, steady defender of freedom for all humanity.

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Office of the White House Press Secretary
(Pittsburgh, Pennsylvania)

THE WHITE HOUSE

TEXT OF REMARKS BY THE PRESIDENT
TO BE DELIVERED TO THE
PITTSBURGH ECONOMIC CLUB

GRAND BALLROOM
PITTSBURGH HILTON HOTEL

Some 29 years ago, speaking before the League of Women Voters, President Eisenhower was asked about the goals of United States foreign policy.

"The foreign policy of our nation is not difficult to state," he said. "We are for peace -- peace first, last and always."

Today that remains the central purpose of American foreign policy. It has been the purpose of every Administration since I went to Washington more than a quarter of a century ago.

In fact, looking back over those years, through the terms of six Presidents -- three Democrats and three Republicans -- you will find that while the emphasis may have changed from one Administration to the next, the foundations of American foreign policy have remained essentially the same.

There have been misjudgments. Sometimes we have made commitments that have exceeded our capabilities. Sometimes we have been heavy-handed. But the record of achievement far exceeds that of failure.

Throughout my time as President, I have shaped our foreign policy according to these four basic principles:

- First, we have sought to maintain America's unquestioned military strength;
- Second, we have tried to maintain and strengthen our friendships with our allies;
- Third, working from a position of strength, we have sought to reduce tensions in the world and to avert the threat of a nuclear holocaust;
- Finally, we have tried to act as leader and as peacemaker in resolving the many difficult problems that have arisen within a community of nations that has been constantly expanding.

There is no better testimony to the wisdom of our policies than the fact that today America is at peace. Not a single one of our men is fighting or dying on any foreign battlefield. The draft no longer hangs over the heads of the younger generation.

Today America is strong, ready to meet any challenge to our security. Our relationships with our allies have never been better -- a point that has been echoed repeatedly as leaders of other nations have streamed to our shores to share in our Bicentennial celebration. And our adversaries respect us; they respect our commitment to freedom and they respect our strength and our will to protect it.

The peace that exists today is directly related to our collective hard work and skillful diplomacy. I am very proud of what we have accomplished. I am very proud to be the first President since Dwight Eisenhower to seek election with America at peace.

MORE



What now concerns me is that during the closing weeks of this Presidential campaign, it has become apparent that America is now being asked by my opponent to make a fundamental change in the direction and conduct of U. S. foreign policy. As citizens and as voters, you are being asked to decide whether you wish to build on the great traditions of American foreign policy-- the traditions that can keep us strong and at peace-- or whether you wish to break from those traditions, venturing into the unknown with a doctrine that is untested, untried, and in my view, potentially dangerous.

This doctrine deviates substantially from the solid principles of the bipartisan foreign and defense policies of the past 30 years. It has a strong flavor of isolationism. If it is applied in practice in the same way that it is described in campaign oratory, there is a significant risk it could lead to major international crises. Let us look a few moments at the most significant differences between the policies of my Administration and those that are offered as an alternative.

During the two and a half years of my Presidency, I have fought hard to strengthen our national defense. When I took office, defense spending was a smaller share of the national budget than at any time since before the Korean War. We were at the razor's edge in defense strength. If the Congress had continued cutting our defense budgets, we would assuredly have drifted into a position of military inferiority.

One of the most significant achievements of this Administration is that we have now reversed that slide. And as long as I am President, we are going to have an Army, a Navy, an Air Force and a Marine Corps that are unsurpassed in military capability. I know it is costly. As President Eisenhower once said, "A good defense is never a cheap defense." But for the sake of peace and freedom we must be willing to make the sacrifices that maintain America's military might.

Now consider the alternative that is being offered to the American people in this election. Instead of maintaining our military strength, the alternative proposed is to slash billions from our defense budget, stripping us not of waste but of military muscle. The B-1 bomber is a prime example. I believe it is essential to our security to go forward with production of this new aircraft which has met and surpassed every test to date. It would replace the aging B-52, so that our pilots can defend America in aircraft that give us a reliable capability for penetrating improved air defense systems of our potential adversaries. So the differences in defense spending are clear: I want to continue on a course which I believe will keep us strong and free; the alternative is to head down a road which could raise doubts about our strength and determination on the part of our friends and potential adversaries.

A second basic principle of America's policy is to maintain strong, durable relationships with our allies.

When I took office, America was in the midst of a constitutional crisis. We were still suffering from the bitterness of Vietnam. And we were faced with a deteriorating economy. The world was watching to see if we would recover. They knew it was critical to their own future, because if America became mired in self-doubts, then the peace of the world would be jeopardized.

I am proud of our record during this period of testing:

- We have led the world out of the most dangerous recession since the 1930's and launched our economic recovery without producing another round of devastating inflation.

-- The economic comeback of the industrialized democracies is being accomplished not with the beggar-thy-neighbor policies of the 1930s but with an unprecedented degree of cooperation, as witnessed by the Summit Meetings in France and Puerto Rico of the leading industrial democracies.

-- In Europe, we have injected new vigor into the Atlantic alliance. We have successfully resisted Congressional pressures to reduce our NATO troop commitments, we have worked closely with our allies on the energy crisis, on the non-proliferation of nuclear weapons, on economic policies and on coordinating our approaches to East-West diplomacy. The alliance in Europe has never been stronger.

-- We have also made significant progress in the Middle East. The United States stands staunchly by Israel, supplying in just two years time over 40% of all U.S. aid to that country since its founding in 1949. At the same time, we have earned the respect and confidence of the Arab nations. Today, the United States is the only major leader trusted by both sides in the Middle East; they want our leadership, and we will continue to provide it.

-- We can also look to Asia with new confidence today. We now enjoy the strongest links ever with Japan. This was symbolized by the first visit ever of the Emperor to the U.S. and my own visit to his homeland -- the first visit to Japan by an American President.

We have remained steadfast in the Korean peninsula. We have put the Vietnam war behind us in a way which has protected our essential interest and maintained America's respect in that part of the world.

-- We have opened the door to better relations with China.

Now let us look at the alternative that is being offered in this election.

-- Instead of holding firm in Asia, we are told that we should pull our troops and major weapons systems out of Korea -- an invitation to disaster not only there but in Japan as well.

-- In Europe, we are told that we should not "close the door" to consultations and "friendships" with the communist leaders of Italy, France and Portugal. I am deeply concerned over the impact that such an approach would have upon the democratic parties that have, for decades, waged a struggle to preserve freedom against communist tyranny.

-- In the Middle East, the alternative appears distinctly hostile to our friendships with moderate Arab states. I can tell you from experience that such a total departure from current policies could drive these countries into the arms of the Soviets, threatening the stability of the area and eventually inflicting enormous harm upon the very country that it purports to help, the State of Israel.

Let us look now at still another basic principle of our foreign policy: to reduce tensions with our adversaries and reduce the threat of nuclear war.

Over the past two years, we have taken significant strides down the path toward halting and reversing the strategic arms spiral. Early in my Administration I met with General Secretary Brezhnev in Vladivostok, where we pledged our mutual efforts to reach a new agreement limiting nuclear armaments. Today an agreement embodying the Vladivostok accords is 90% complete. I am confident that it can be successfully concluded in the near future, and that we can work for even further reductions in nuclear weapons. When that agreement is reached, the prospects for reducing the dangers of a nuclear holocaust will brighten around the world.

But let us never forget American Presidents have learned that tough talk by itself is insufficient; it is too easily dismissed as bombast. Our rhetoric must be backed by substance, a strong national defense, strong alliances, and strong diplomacy.

In place of a strong defense, the alternative called for in this election is a weakened defense. In place of strong alliances, we are offered troop pullbacks and sweeping reviews of America's commitments to its allies. In place of the strategic arms agreement at Vladivostok--which provides for equal numbers at a level requiring Soviet reductions--the alternative proposed is a freeze at current levels. This major step backward would lock us into force levels which for the Soviet Union would be higher than agreed at Vladivostok and for the United States significantly lower.

In the past, American Presidents have always known they should never say in advance precisely what course of action this country would take in the event of an international crisis. The reason for such an approach ought to be obvious enough. When a potential adversary knows what you will and won't do in advance, your flexibility is limited and his is increased. He can probe with impunity or redirect his efforts at more tempting targets. The acquisition of knowledge about such intentions in advance is one of the major reasons why countries spend vast sums for intelligence activities. Thus, it was with some surprise that I heard a specific proposal for total economic warfare against the Arabs in the event of another oil embargo. I thought such a statement of a specific course of action in advance was a singular mistake which, once made, would not be repeated. I was, therefore, surprised to hear him make the same mistake at Williamsburg in his ill-advised comments concerning what he might or might not do if the future security of Yugoslavia was threatened. Statements of this kind, as we learned over twenty-five years ago, instead of serving the cause of peace, invite conflict. They invite aggression rather than deter it. I have to assume that this statement simply reflects inexperience.

Ladies and gentlemen: Even though America is at peace today, we must recognize that we continue to live in a dangerous world--a world hostile to freedom. Unrest is still seething in many parts of the globe.

The challenge to American diplomacy during these next four years will be equal to any other period in our lifetime. We must complete negotiations on a SALT agreement to replace the current treaty, which expires in October of 1977. We must continue our efforts to defuse the powderkeg in Southern Africa. We must work to achieve a just, stable peace in the Middle East. We must restore prosperity. And we must deal intelligently and compassionately with the new agenda of world issues such as nuclear proliferation, economic interdependence, food, energy, pollution, and growing populations.

We can succeed in these tasks only if we remain true to the great principles that have guided United States foreign policy for more than a quarter of a century.

This is not a time to weaken to our own defense, to refuse to equip our troops with essential new weapons, to undermine democratic leaders by hinting at new relationships with communist leaders in Western Europe, to withdraw our troops from South Korea, to upset the balance in the Middle East, or to concede such nations as Yugoslavia to the Soviet sphere.

This is a time to benefit from and build upon the wisdom we have inherited.

MORE

The peace we enjoy today is not an accident.

The peace we have today is a product of the patient diplomacy and the determination of the past.

To preserve the peace, we must be willing to pay the price for a mighty military force.

To preserve the peace, we must be willing to shoulder the burdens of our alliances and friendships.

To preserve the peace, we must be tough-minded and persistent in dealing with our adversaries. Never -- not once -- can we drop our guard.

To preserve the peace, we must apply the enormous talent and technology of America to advancing gains made in far-flung corners of the world, stretching from the Middle East to Africa.

To preserve the peace, we must be generous and compassionate toward others less fortunate than ourselves.

Finally, to preserve the peace, we must be true to the ideals of America -- to our love of freedom and dignity and justice for all humankind.

These are my goals as your President. They are the goals of a great nation. With your help, with your prayers, I will continue their pursuit during the next four years. And I pledge to you today, that as long as I am your President, I will never let you down.

Thank you.

END

Office of the White House Press Secretary
(Pittsburgh, Pennsylvania)

THE WHITE HOUSE

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GRAND BALLROOM
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This doctrine deviates substantially from the solid principles of the bipartisan foreign and defense policies of the past 30 years. It has a strong flavor of isolationism. If it is applied in practice in the same way that it is described in campaign oratory, there is a significant risk it could lead to major international crises. Let us look a few moments at the most significant differences between the policies of my Administration and those that are offered as an alternative.

During the two and a half years of my Presidency, I have fought hard to strengthen our national defense. When I took office, defense spending was a smaller share of the national budget than at any time since before the Korean War. We were at the razor's edge in defense strength. If the Congress had continued cutting our defense budgets, we would assuredly have drifted into a position of military inferiority.

One of the most significant achievements of this Administration is that we have now reversed that slide. And as long as I am President, we are going to have an Army, a Navy, an Air Force and a Marine Corps that are unsurpassed in military capability. I know it is costly. As President Eisenhower once said, "A good defense is never a cheap defense." But for the sake of peace and freedom we must be willing to make the sacrifices that maintain America's military might.

Now consider the alternative that is being offered to the American people in this election. Instead of maintaining our military strength, the alternative proposed is to slash billions from our defense budget, stripping us not of waste but of military muscle. The B-1 bomber is a prime example. I believe it is essential to our security to go forward with production of this new aircraft which has met and surpassed every test to date. It would replace the aging B-52, so that our pilots can defend America in aircraft that give us a reliable capability for penetrating improved air defense systems of our potential adversaries. So the differences in defense spending are clear: I want to continue on a course which I believe will keep us strong and free; the alternative is to head down a road which could raise doubts about our strength and determination on the part of our friends and potential adversaries.

A second basic principle of America's policy is to maintain strong, durable relationships with our allies.

When I took office, America was in the midst of a constitutional crisis. We were still suffering from the bitterness of Vietnam. And we were faced with a deteriorating economy. The world was watching to see if we would recover. They knew it was critical to their own future, because if America became mired in self-doubts, then the peace of the world would be jeopardized.

I am proud of our record during this period of testing:

- We have led the world out of the most dangerous recession since the 1930's and launched our economic recovery without producing another round of devastating inflation.

MORE

-- The economic comeback of the industrialized democracies is being accomplished not with the beggar-thy-neighbor policies of the 1930s but with an unprecedented degree of cooperation, as witnessed by the Summit Meetings in France and Puerto Rico of the leading industrial democracies.

-- In Europe, we have injected new vigor into the Atlantic alliance. We have successfully resisted Congressional pressures to reduce our NATO troop commitments, we have worked closely with our allies on the energy crisis, on the non-proliferation of nuclear weapons, on economic policies and on coordinating our approaches to East-West diplomacy. The alliance in Europe has never been stronger.

-- We have also made significant progress in the Middle East. The United States stands staunchly by Israel, supplying in just two years time over 40% of all U.S. aid to that country since its founding in 1949. At the same time, we have earned the respect and confidence of the Arab nations. Today, the United States is the only major leader trusted by both sides in the Middle East; they want our leadership, and we will continue to provide it.

-- We can also look to Asia with new confidence today. We now enjoy the strongest links ever with Japan. This was symbolized by the first visit ever of the Emperor to the U.S. and my own visit to his homeland -- the first visit to Japan by an American President.

We have remained steadfast in the Korean peninsula. We have put the Vietnam war behind us in a way which has protected our essential interest and maintained America's respect in that part of the world.

-- We have opened the door to better relations with China.

Now let us look at the alternative that is being offered in this election.

-- Instead of holding firm in Asia, we are told that we should pull our troops and major weapons systems out of Korea -- an invitation to disaster not only there but in Japan as well.

-- In Europe, we are told that we should not "close the door" to consultations and "friendships" with the communist leaders of Italy, France and Portugal. I am deeply concerned over the impact that such an approach would have upon the democratic parties that have, for decades, waged a struggle to preserve freedom against communist tyranny.

-- In the Middle East, the alternative appears distinctly hostile to our friendships with moderate Arab states. I can tell you from experience that such a total departure from current policies could drive these countries into the arms of the Soviets, threatening the stability of the area and eventually inflicting enormous harm upon the very country that it purports to help, the State of Israel.

Let us look now at still another basic principle of our foreign policy: to reduce tensions with our adversaries and reduce the threat of nuclear war.

Over the past two years, we have taken significant strides down the path toward halting and reversing the strategic arms spiral. Early in my Administration I met with General Secretary Brezhnev in Vladivostok, where we pledged our mutual efforts to reach a new agreement limiting nuclear armaments. Today an agreement embodying the Vladivostok accords is 90% complete. I am confident that it can be successfully concluded in the near future, and that we can work for even further reductions in nuclear weapons. When that agreement is reached, the prospects for reducing the dangers of a nuclear holocaust will brighten around the world.

But let us never forget American Presidents have learned that tough talk by itself is insufficient; it is too easily dismissed as bombast. Our rhetoric must be backed by substance, a strong national defense, strong alliances, and strong diplomacy.

In place of a strong defense, the alternative called for in this election is a weakened defense. In place of strong alliances, we are offered troop pullbacks and sweeping reviews of America's commitments to its allies. In place of the strategic arms agreement at Vladivostok--which provides for equal numbers at a level requiring Soviet reductions--the alternative proposed is a freeze at current levels. This major step backward would lock us into force levels which for the Soviet Union would be higher than agreed at Vladivostok and for the United States significantly lower.

In the past, American Presidents have always known they should never say in advance precisely what course of action this country would take in the event of an international crisis. The reason for such an approach ought to be obvious enough. When a potential adversary knows what you will and won't do in advance, your flexibility is limited and his is increased. He can probe with impunity or redirect his efforts at more tempting targets. The acquisition of knowledge about such intentions in advance is one of the major reasons why countries spend vast sums for intelligence activities. Thus, it was with some surprise that I heard a specific proposal for total economic warfare against the Arabs in the event of another oil embargo. I thought such a statement of a specific course of action in advance was a singular mistake which, once made, would not be repeated. I was, therefore, surprised to hear him make the same mistake at Williamsburg in his ill-advised comments concerning what he might or might not do if the future security of Yugoslavia was threatened. Statements of this kind, as we learned over twenty-five years ago, instead of serving the cause of peace, invite conflict. They invite aggression rather than deter it. I have to assume that this statement simply reflects inexperience.

Ladies and gentlemen: Even though America is at peace today, we must recognize that we continue to live in a dangerous world--a world hostile to freedom. Unrest is still seething in many parts of the globe.

The challenge to American diplomacy during these next four years will be equal to any other period in our lifetime. We must complete negotiations on a SALT agreement to replace the current treaty, which expires in October of 1977. We must continue our efforts to defuse the powderkeg in Southern Africa. We must work to achieve a just, stable peace in the Middle East. We must restore prosperity. And we must deal intelligently and compassionately with the new agenda of world issues such as nuclear proliferation, economic interdependence, food, energy, pollution, and growing populations.

We can succeed in these tasks only if we remain true to the great principles that have guided United States foreign policy for more than a quarter of a century.

This is not a time to weaken to our own defense, to refuse to equip our troops with essential new weapons, to undermine democratic leaders by hinting at new relationships with communist leaders in Western Europe, to withdraw our troops from South Korea, to upset the balance in the Middle East, or to concede such nations as Yugoslavia to the Soviet sphere.

This is a time to benefit from and build upon the wisdom we have inherited.

MORE

The peace we enjoy today is not an accident.

The peace we have today is a product of the patient diplomacy and the determination of the past.

To preserve the peace, we must be willing to pay the price for a mighty military force.

To preserve the peace, we must be willing to shoulder the burdens of our alliances and friendships.

To preserve the peace, we must be tough-minded and persistent in dealing with our adversaries. Never -- not once -- can we drop our guard.

To preserve the peace, we must apply the enormous talent and technology of America to advancing gains made in far-flung corners of the world, stretching from the Middle East to Africa.

To preserve the peace, we must be generous and compassionate toward others less fortunate than ourselves.

Finally, to preserve the peace, we must be true to the ideals of America -- to our love of freedom and dignity and justice for all humankind.

These are my goals as your President. They are the goals of a great nation. With your help, with your prayers, I will continue their pursuit during the next four years. And I pledge to you today, that as long as I am your President, I will never let you down.

Thank you.

END

W.C.
FOR IMMEDIATE RELEASE

OCTOBER 21, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(New York City, New York)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
ANNUAL DINNER OF THE
ALFRED E. SMITH MEMORIAL FOUNDATION

THE WALDORF ASTORIA HOTEL

7:37 P.M. EDT

Your Eminence, I thank you very, very kindly for your very warm and exceedingly kind introduction.

Members of the Smith family, Governor Carey, Senator Javits, Senator Buckley, Mayor Beame, Mr. Silver, Dr. Rusk, distinguished officials, guests, ladies and gentlemen:

Let me say first how busy it is, keeping running the country and the campaign at the same time. We seem to go from one place to another without pausing. Sometimes it gets confusing, but it is always nice to come back here to Philadelphia. (Laughter) I should say thank you and good night. (Laughter)

But, you are not going to get off that easy. You know one of the first speeches I made when I became Vice President-designate in 1973 was here at the Alfred E. Smith Memorial Dinner. I got out a copy of that speech and read it.. It was very short. I have in mind Al Smith's famous political maxim, "Don't speak until you have something to say." He also had a favorite line with a surprisingly modern ring, "Never promise anything you are not perfectly sure you can deliver."

It is no wonder that so many politicians of both parties come here every year to pay tribute to Governor Al Smith's memory. But, the dinner also gives opposing candidates a chance to meet in good fellowship for a brief respite from the ardors of their campaign, and I sincerely regret that Governor Carter is not here yet. (Laughter)

We are coming into the home stretch of this great campaign, and tomorrow is our last debate, only this one is going to be a little different from the others. Governor Carter is going to answer his questions and I am going to quetsion my answers. (Laughter)

MORE

I do have a message for Governor Carter. It is about some new security measures we have taken. We just installed a special lock on the front door of the White House. (Laughter) It is "Jimmy-proof."

I wish I had time to mention all of the distinguished Americans who are here this evening. Looking around this head table, I am not sure whether it is October at the Waldorf or Thanksgiving at Hugh Carey's. (Laughter)

Let me just say a word about your exciting Senatorial race right here in the great Empire State. Before the program, I asked Cardinal Cooke what significance he would attach to the fact that this year Jim Buckley and Pat Moynihan -- two good Irish Catholics -- are running for the United States Senate. Cardinal Cooke said it meant only one thing -- God answers prayers. (Laughter)

Tonight, rather than talking about what divides us, I would rather focus on what unites us: a deep belief in the Almighty, a deep belief in the dignity of human life, a deep belief in the morality of American leadership.

Earlier this week Cardinal Cooke dedicated a church on Staten Island which had been destroyed by fire only a few years ago. The people of that church had rallied and worked together to restore what they had originally created, and so deeply believed in.

Similarly, in the last two years the American people have rallied. We have restored our belief in ourselves and in our system of Government. During our great Bicentennial celebration this past July, we felt that renewed spirit. The sight of those tall ships from all over the world made every American stand taller.

It is one thing to cite the problems that we have in America, to list our complaints and to note the frustration over things that don't work, the disillusionment with Government that has grown so widespread.

But, we should do more. Our politics ought to mean more than noting a negative tone or negative mood in America and becoming its champion. Our politics ought to be able to capture the hope that there is in America and to find out how to nourish it in specific ways.

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There is a wide range of institutions in between which can bridge the gulf between the person and the huge, impersonal institutions of modern life. These same institutions can solve problems which are beyond the power of men and women to meet as individuals and beyond the power of Government to even understand. They are the communities which a free people freely formed -- the communities of families, of neighborhoods, of friends, the communities of faith and charity.

The Jewish-Christian tradition from which this great country emerged encouraged people to help other people in need, especially the stranger, the newcomer. Those of us who were called upon to serve a people born into that tradition do well to recognize the abundance of good will and neighborliness that characterizes such people.

If we ask everything of Government, as powerful as Government in America is today, we soon may end up looking to Government to set the standards for compassion and for care.

We may soon forget that the highest standards were already set for us -- not on Capitol Hill, but long ago on two loftier peaks: On Sinai and the Mount of Olives.

So, it has been a great honor, Your Eminence, to take part in this evening's demonstration, of how good and how great is the heart of this great city and how strong are the bonds of compassion and concern that unites us as Americans.

Before I go, I note that among those absent tonight is one distinguished American who has brought his infectious good humor to many gatherings just like this one, one we can justly call the rightful heir in our time of Al Smith's nickname, "The Happy Warrior." My good friend and the good friend of many people here, Hubert Humphrey, is fighting another battle just tonight in Sloan-Kettering Hospital. He should know that he has our heartfelt prayers for a very speedy and complete recovery. We look forward to having him with us again next year, and I may dare say that vote among us all is unanimous.

Many years ago I shared a banquet podium just like this with the then Vice President Hubert Humphrey. What I said then I say again to you, to all my supporters and to all Governor Carter's supporters, and to Governor Carter himself: As we head into the final days of this great campaign, the things that unite us as Americans are far more enduring than the things that divide us. Let's all remember that both Democrats and Republicans are striving together to create a more perfect union with liberty and justice for all.

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Our unwritten compact of respect for the convictions of others and faith in the tendency of others allows Americans the luxury of rugged political competition. Let's all work to banish war from our shrinking world and hate from our expanding hearts, to make this whole planet as full of friendship and felicity as this room tonight.

Thank you and good night.

END

(AT 7:50 P.M. EDT)

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Three years have now passed since the Arab oil embargo demonstrated that the Nation had become overly dependent on other countries for our energy supplies. We have made progress in dealing with our energy problems but much more must be done if we are to achieve our objective of assuring an adequate and secure supply of energy at reasonable prices.

Action by the Congress is vitally important in the coming year on a number of matters affecting energy supply and demand. The outcome of that action will affect the Nation's security, economic strength and role in world affairs. Decisions made during this critical period will affect the health, welfare, quality of life and freedom of choice of our people for years to come.

A new Congress and change in Administration provide an appropriate occasion to review our energy situation, to summarize and share the knowledge that has been gained from analysis and debate over the past two years, and to outline the remaining need for action.

I am pleased that we have made a good start towards a comprehensive national energy policy; that we have taken major steps forward on programs to conserve energy, increase domestic energy production, develop strategic petroleum reserves, and develop new technology; and that our imports are less today than they would have been had we not begun taking the steps I outlined in my State of the Union address two years ago.

But our imports are higher today than they were three years ago, and we have not yet as a Nation faced up to many of the hard decisions and choices that are necessary before we can achieve our energy objectives.

The lack of better progress is regrettable but I believe the reasons for it are quite clear:

- First, the real nature of the Nation's energy problem and the implications of leaving it unresolved are not fully understood or appreciated by many people.
- Second, many of those who recognize the problem and the implications of not solving it have looked for easy solutions. This has led often to proposals which:
 - promise far more than can be delivered; or
 - expand significantly the role of the Federal Government.

We are now beginning to recognize more clearly the dangers of a greatly expanded Federal role in energy. We

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also now realize that other "easy" answers are turning out to be impractical, ineffective, or oversold.

FUNDAMENTAL ISSUES AND CHOICES

The decisions which must be made are difficult and the implications of the choices are far reaching. Thus, the Congress and the public should have the best possible understanding of the fundamental issues and choices that are involved in my proposals and in the proposals that will be forthcoming from the new Administration and Congress. There are five matters that deserve special attention:

- The high cost to the Nation of delay in solving our energy problem.
- The illusions and false hopes that are involved in some of the "easy" answers that have been proposed.
- The dangers of expanding the Federal role in energy.
- The need to recognize the interdependence of the U.S. and other consumer nations in energy matters.
- The necessity of facing up to the hard choices that must be made in order to achieve a balance among our Nation's security, energy, economic, consumer price, and environmental objectives.

HIGH COST OF DELAY IN SOLVING OUR ENERGY PROBLEM

A better understanding of our energy problem and the high cost of delay in solving it should help restore the sense of urgency that was lost when the embargo ended, the gasoline lines disappeared, and an adequate supply of most forms of energy became available -- though at higher prices.

Our Energy Problem

The principal energy problem now facing the United States is our excessive and growing dependence on imported oil from a relatively few foreign nations that own the majority of world oil reserves and have the ability to control world oil prices and production. We are also faced with a problem of shortages of natural gas in some areas. This problem will become more serious this winter if unusually cold weather continues and will grow each year as production and interstate sales decline -- resulting in job losses and economic dislocation.

Our situation is the result of several factors. For example, our economy and style of life -- neither of which can be altered quickly -- have been built upon cheap and abundant energy. Low prices, resulting from government regulations and policies, and heightened environmental concerns encouraged excessive reliance on oil and natural gas, rather than coal which we have in plentiful supply. This led to wasteful and inefficient uses of oil and gas.

Our domestic production of oil and natural gas peaked in the early 1970's and has been declining steadily as cheap, easily developed reserves have dwindled. In the early 1980's, oil and natural gas from Alaska and the Outer Continental Shelf -- our last frontiers -- will help offset the decline

in production from on-shore areas. But, overall, domestic oil and gas production will again decline precipitously unless higher prices are available to cover the costs of developing resources which are not now economically feasible to produce.

Meanwhile, our energy demands are increasing to meet the needs of a growing economy. We are not expanding the use of coal and nuclear energy fast enough as substitutes for oil and gas, where this is possible, or to meet growing energy requirements. Instead we have turned to imports, and imports will continue to grow as we face declining production and depletion of oil and gas reserves.

The Costs of Dependence

The real price paid for our growing dependence on imported oil is our vulnerability to significant economic and social disruption from the interruption of oil imports. Apart from the inconvenience experienced by millions of people, the 1973-74 embargo and the resulting higher prices caused a loss of about 500,000 jobs and approximately \$20 billion in our Gross National Product. The sudden four-fold increase in OPEC oil prices contributed significantly to inflation. Since 1974 our dependence on imports, particularly from Arab nations, has grown by a million barrels per day, so that an interruption of supply today would be even more disruptive of our economy than the 1973-74 embargo.

Another cost of energy dependence is the outflow of U.S. dollars to pay for imported oil, totalling about \$34 billion in 1976 or \$160 for each American, eleven times that in 1972.

Still another cost is the limitation on our freedom of action in international affairs due to our vulnerability to the threat of another interruption.

Realistic Energy Goals

In my first State of the Union Message two years ago, I outlined a comprehensive energy program for the Nation with goals of:

- Halting our growing dependence on imported oil.
- Attaining energy independence by 1985 by achieving invulnerability to disruptions caused by oil embargoes, by reducing oil imports to between 3 and 5 million barrels per day with an accompanying ability to offset any supply interruption with stored petroleum reserves and emergency standby measures.
- Mobilizing our technological capability and resources to supply a significant share of the free world's energy needs beyond 1985.

These goals do not mean that we should seek to eliminate all energy imports, because generally it will be in the Nation's best interest to continue importing energy when it can be obtained at lower cost -- as long as we have the ability to withstand interruptions of supply from insecure sources.

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The goals do mean that we should reduce and then eliminate our vulnerability. In the longer term, we should better use our resources and technological capability to regain our ability to assure the reasonableness of energy prices.

Whether the date I set for achieving energy independence and the level of imports I proposed are realistic has been the subject of considerable debate. I believe the goals could be attained if the Congress approved the critical legislation I proposed, but that is not the major point. The essential point now is that we recognize that our excessive dependence and vulnerability are costly and that it is in the Nation's best interest to solve the problem as soon as possible.

AVOIDING ILLUSIONS

A number of well-intentioned proposals have been advanced for dealing with our energy problems which, when evaluated, are found to have far less potential or merit than is claimed by their proponents. Four such proposals warrant special attention: advanced energy technologies, energy conservation in lieu of increased production, abandoning nuclear fission energy or coal, and oil company divestiture. All four are likely to receive Congressional consideration this year.

Contribution of Advanced Technologies

There are repeated claims that fusion, solar or geothermal energy, or some other advanced technology, will soon provide a virtually risk-free answer to our energy needs. Such claims warrant and have been given very careful consideration because new technological developments have helped us solve many problems in the past.

There are three common myths about fusion, solar and geothermal energy:

- That major contributions to our energy supplies can be expected soon from these sources.
- That there are no serious economic, safety, technological or environmental problems to be overcome before these technologies are available for widespread use.
- That the remaining problems can be quickly resolved by greatly increasing Federal funding for R&D.

The facts are that major economic, safety and environmental problems must be solved and major technological breakthroughs are needed before these emerging technologies will be available for widespread commercial use.

Practical and economic applications are already available in the case of energy from geothermal steam. However, geothermal steam resources are geographically limited, and major technical, environmental and economic hurdles must be overcome before other sources of geothermal energy will be available for practical application.

Heating with solar energy is expected to become economically competitive soon in some areas with electrical heating by electricity -- but not by oil and gas. Costs will have to be reduced substantially before solar heating and cooling systems will be competitive for widespread use. Major breakthroughs are needed before fusion and solar energy will

produce economical electric power. Costs must be reduced and problems of safety and environmental impact must be solved.

Advanced technologies cannot contribute significantly to our energy supply in the near or mid-term. Even with intensive efforts to achieve necessary breakthroughs, solar, geothermal and fusion energy are expected to provide no more than one percent of our total energy supplies by 1985 and no more than five-seven percent by the year 2000. Until these advanced technologies are available and are acceptable from the standpoint of cost, safety and environmental impact, we must rely on resources and technologies which are available.

Federal funding for the development of advanced technologies has been increased substantially over the past two years in my budgets -- to the point where Congressional additions above my requests generally cannot be used productively. When major breakthroughs are required, the necessary ingredients are ideas and time. Large funding increases are likely to be wasteful and often merely contribute to overly optimistic expectations.

Energy Conservation in Lieu of Production

There are some who believe that our energy needs for a growing population and expanding economy and workforce can be satisfied by eliminating wasteful and inefficient uses of energy. They point out correctly that the ready availability of cheap energy in the past tended to encourage uses of energy which now are wasteful.

There is no question but that energy conservation can and must contribute to the solution of our energy problems. In many cases it will be cheaper, more efficient, and involve less environmental impact, to reduce energy waste than it will be to produce a comparable amount of new energy. We have begun major efforts in energy conservation, and progress is being made in reducing growth in energy consumption. However, it takes time to achieve results from energy conservation because energy-intensive plants and equipment and consumer products (such as automobiles and appliances) will only be replaced gradually as they wear out.

Growth in our energy demands simply cannot be eliminated without severe economic impact. We must have both energy conservation and sharply increased energy production if we are to meet the needs for energy in a growing economy. To rely solely on energy conservation would soon mean a lower standard of living for all, and insufficient energy to keep people employed in productive and meaningful work.

Abandoning Coal Energy or Nuclear Fission

Some believe that we should not continue or expand the use of coal and others have the same view about nuclear energy. But a careful look indicates that we do not have a choice between increasing the use of coal or nuclear energy. Instead, we must increase the use of both coal and nuclear energy until more acceptable alternate energy sources are available. Even with strong efforts to conserve energy, and increased efforts to produce domestic oil and natural gas, we must increase the use of both coal and nuclear energy if we are to meet the demands for energy for a growing economy. The only alternative is to increase our growing dependence on imported oil.

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One example will illustrate the point: Nuclear energy now provides about nine percent of our electrical requirements. If this nuclear energy were not available and we substituted imported oil, our imports would increase by about one million barrels of oil per day. If we were to substitute coal for existing nuclear energy, additional annual production of 100 million tons would be required.

Divestiture

Some suggest that our energy problem would be relieved by divestiture of the major oil companies -- either by barring investments in other energy sources (horizontal divestiture) or by barring integrated operations whereby one company engages in production, refining, and marketing activities (vertical divestiture). They claim that divestiture would increase competition and thereby reduce petroleum prices and lead to a more intensive pursuit of alternative domestic energy resources and alternative energy technologies.

Experience has demonstrated important advantages from vertical integration in commercial and industrial activities in terms of efficiency of operation. Vertical divestiture may merely mean that petroleum products pass through the hands of more middle men -- resulting in higher consumer costs. Horizontal integration has helped make private capital and managerial talent available to develop other alternative energy resources which will be used to supplement our declining oil and natural gas resources.

Proponents of divestiture have yet to present concrete evidence that divestiture would either increase domestic energy production or provide cheaper and more secure energy supplies. Such evidence should be required and weighed carefully along with the evidence against divestiture before the Congress acts.

DANGERS OF EXPANDING THE FEDERAL ROLE IN ENERGY

Much of the dispute over energy legislation has resulted from differing views as to the appropriate role of the Federal Government.

The primary responsibility for providing the Nation's energy needs has been and should continue to rest with the private sector. The amount and forms of energy that are produced and used depend upon literally millions of decisions reached daily by individuals and organizations throughout the country. Since energy is such a pervasive component of our economy and our daily lives, special care must be taken to assure that Federal actions affecting energy -- including changes in the Federal role -- will help solve the problem rather than make it worse or cause new problems.

The Congress should give particular attention to the growing concern throughout the country about the size and cost of Government, the extent of Government intrusion in individuals' activities, and the burden of regulations which restrict freedom of choice. Unfortunately, the people who develop Government rules and regulations often do not understand adequately the conditions they are regulating nor appreciate fully the impact of their decisions on the millions of people who are affected.

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The question of the proper role of the Federal Government in energy has become important in the case of:

- Controls over decisions that would normally be made in the marketplace.
- Mandatory conservation measures.
- Resource exploration and energy production.
- Energy research, development and demonstration.

Government Controls or Marketplace Decisions

Many legislative proposals will involve the question of whether there should be greater reliance on decisions made in the marketplace or upon regulations, standards and controls developed by the Federal Government.

Recent experience has again demonstrated that Federal price and allocation controls on energy ultimately work against the best interests of consumers because they reduce incentives to produce new supplies, they reduce competition and they reduce freedom of choice. For example, Federal price controls on natural gas have been a major factor leading to declining production and to wasteful and inefficient use of this resource. Also, controls on crude oil have contributed to a decline in production.

Federal price and allocation controls inevitably mean that the Government must employ people to develop, issue and revise regulations; to sit in judgment on requests for exceptions when the regulations do not fit real world circumstances; and to enforce the regulations. Federal controls mean that millions of decisions by producers, distributors, wholesalers, retailers and consumers must conform with Government-developed regulations -- even when the people directly involved know that another course of action makes more sense and would still be in the national interest.

The principal alternative to Federal regulation and controls is to allow prices and allocation of energy supplies to be determined in the marketplace -- with decisions made by individuals most directly affected. In some cases, avoiding or eliminating price controls can mean somewhat higher consumer prices in the short run. But the higher prices help stimulate new production and cut down on wastefulness. Market decisions are also made faster and more efficiently, and often result in cheaper prices than if the government made the decision. For example, the higher prices that will result from removing price controls from new natural gas would be less costly for consumers than the expense of switching to higher priced alternative fuels.

Mandatory Conservation Measures

Most of the problems resulting from Federal price controls also result from Federal attempts to dictate specific actions by individuals to conserve energy. The prospect of higher energy prices already is stimulating major efforts by individuals and organizations throughout the country to use existing products and develop new means to reduce wasteful and inefficient uses of energy. Such voluntary action by consumers is far preferable to mandatory measures selected and enforced by a larger and more obtrusive Government.

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Resource Exploration and Energy Production

The Congress will again be faced with the question of whether the Federal Government should be directly involved in energy resources exploration, development, production and refining activities.

Some argue that such activities can be performed better by the Federal Government, that it is necessary to have a Government "standard" to evaluate private industry performance and prices, or that subsidized Government performance is necessary to hold down consumer prices. Others argue that the Government should itself explore Federal lands to better ascertain the value of lands that it leases for the production of energy resources.

In fact, the Federal Government can seldom perform these functions faster, more efficiently or at lower cost than private industry. There is no convincing evidence that the competitive leasing system now used does not provide a fair return and adequately protect the public interest.

Despite this, proposals undoubtedly will continue to surface which would expand the size and role of the Federal Government to include exploration, production and related activities. Accordingly, the best course of action will be to insist upon hard facts to support the proposal and close scrutiny of each measure to see whether the advantages outweigh the disadvantages.

Energy Research, Development and Demonstration

Still other questions before the Congress involve the Federal role and funding for developing, demonstrating and promoting the use of new technologies for energy production and conservation.

I believe that Federal funding is necessary and appropriate for the development of new energy technologies which show promise of providing a significant and economical way of producing or conserving energy -- but only when such technologies would not be developed by the private sector. During the past two years, I have requested major increases in funding for energy R&D to carry out this policy.

However, continued vigilance is needed to prevent the use of Federal funds to duplicate or displace funds which industry would otherwise spend, and to insure that the Federal Government does not fund efforts which industry has rejected for lack of merit.

In addition, new energy technologies must find acceptance and application in the private sector -- unlike the situation in military and space exploration programs where the Federal Government is the only customer. This presents a special challenge because those responsible for managing Federal funds for energy R&D often are not in a good position to determine which technologies are likely to meet success in the private sector.

The Federal Government is not well equipped to carry out commercialization, marketing, promotional and technical assistance for particular energy technologies, products and services. Such activities should be left to private industry.

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At present, the Federal activities that would contribute most to the resolution of our energy problem are:

- Adopting changes in laws, policies and programs that will lead to a framework within which individuals and organizations outside the Federal Government can make efficient, effective and equitable decisions about energy. Laws and policies which discourage energy production or energy conservation should be modified.
- Providing carefully targeted support for energy R&D.
- Providing incentives and assistance where necessary -- such as tax relief -- in order to encourage energy conservation and aid low-income people in adjusting to higher energy prices which are necessary to generate new, adequate supplies.

INTERDEPENDENCE OF THE U.S. AND OTHER CONSUMER NATIONS

The 1973-74 embargo, and the impact of sharply increased prices for OPEC oil, demonstrated clearly that the interests of the United States are tied closely to those of other nations which are net importers of energy. Events in the last three years have demonstrated further that the economies of all nations are interrelated and that no nation can be truly economically independent in the world today. Many of our allies, and particularly the developing countries, do not have major undeveloped energy resources and therefore are even more dependent upon imported energy than is the United States.

Much progress has been made in strengthening energy cooperation among the industrialized nations through the International Energy Agency. Together we have coordinated efforts to reduce our collective vulnerability by establishing a long-term program for conservation and development of new energy sources, and an energy-sharing program to safeguard against supply interruptions. It is in the best interests of the United States to continue to work with and assist other energy-consuming countries in meeting their energy needs -- by reinforcing their conservation efforts, accelerating development of conventional and new energy sources, and encouraging the application of practical new energy technologies.

Such efforts will help to achieve our objective over the long term of a better equilibrium between energy supply and demand in the world, so that no one group of nations will be able to impose its will on others. Unless we are willing to cooperate with others, and provide adequate assistance in this area, continued dependence by many nations on a few countries for energy supplies will remain a major source of world political instability, uncertainty, and economic hardship.

At the same time, of course, we must continue our efforts to strengthen relations between oil-importing and exporting nations, recognizing that cooperation is important to the future well-being of both.

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ACHIEVING BALANCE AMONG CONFLICTING OBJECTIVES

In recent years, we have been faced more and more with the dilemma that actions taken to achieve one important objective conflict with efforts to achieve other objectives. For example, we learned that tough standards and deadlines applied in the early 1970's to reduce pollution from automobiles and improve air quality resulted in lower gasoline mileage and higher gasoline consumption, poorer vehicle performance and higher consumer costs.

Conflicting objectives are becoming more and more apparent as we recognize that the easy solutions are illusions and that there are major dangers in expanding the Federal role. The Nation must, therefore, face up to the task of achieving a balance among conflicting objectives involving energy.

Low Consumer Prices vs. Adequate and Secure Energy Supplies

The reality that must be faced which appears to cause the most difficulty for elected officials is the inevitability of higher energy prices. Energy prices, particularly for consumers, will increase in the future principally because prices in the past have been held artificially low through Government controls, because cheaper domestic energy resources are being depleted, because past energy prices have not reflected the costs of environmental protection, and because foreign nations are charging more for the energy that they export. There simply are no cheap energy alternatives. Higher prices will continue to be a major factor in obtaining adequate and secure energy supplies.

This difficulty is compounded for elected officials because it takes a long time in energy matters for our actions to show results -- a condition that is not readily accepted in a Nation that prefers quick results. The prospect of higher prices will provide the incentive for increased energy production but it then takes up to five years, for example, to bring a new off-shore oil well into production and up to ten years to bring a new nuclear electric generating plant on line.

Environment vs. Energy

An equally difficult problem is that of finding the best possible balance between our energy and environmental objectives. Our environmental objectives are also important in protecting health and welfare, improving our quality of life, and preserving natural resources for future generations. On the other hand, an adequate energy supply is essential to our objectives for a strong economy, national defense and role in world affairs, and in achieving a better life for all.

The conflict between energy and environmental objectives will require attention when the Congress considers amendments to the Clean Air Act, changes in laws governing the development of Federally-owned energy resources, improvements in the processes for siting and approving energy facilities, and controls on domestic energy production activities such as the surface mining of coal.

More specifically, air quality requirements forced shifts away from the use of domestic coal to the use of oil and natural gas which are now in short supply. Some air quality

requirements -- particularly emission standards set by states -- are far tighter than necessary to meet standards which have been set to protect human health.

Efforts are now underway to reverse this trend but it is clear that increased production and utilization of domestic coal in the short term requires either billion dollar investments in controversial control equipment or some relaxation of existing air quality requirements. Most such requirements were set before we were aware of our energy problems, and often without sufficient regard to energy or consumer price impact. They often prevent substitution of coal resources for oil and gas and prevent construction of new coal producing and burning facilities.

As another example, concerns about environmental protection and reclamation requirements for surface mining activities led to legislation -- twice vetoed -- which would have imposed unnecessarily rigid requirements, cut domestic coal production and employment and led to even greater reliance on imported oil. Under these bills, Federal regulations and enforcement activities -- which would contribute to a larger more cumbersome Federal Government -- would have supplanted State laws and enforcement activities which are now in place and which require reclamation as a condition of mining.

Limiting Growth

The concept of limiting growth and development is an important ingredient in some efforts to halt increased domestic energy production or to develop and use newer energy technologies. Limits on growth and development may be necessary in particular areas, but I oppose strongly the concept of limiting growth as an objective in itself. For the Nation, I continue to believe that our best hope for increasing the standard of living and quality of life for all our people is to expand and strengthen our economy and, in this way, create meaningful and productive jobs for all who are willing and able to work. The energy policies and goals that I have advocated do not require limiting our economic growth below historic rates.

Eliminating Risk

In some cases, attempts to increase domestic energy production -- particularly from nuclear energy and coal and oil and gas resources from Outer Continental Shelf -- are met with demands that virtually all safety and environmental risks be eliminated.

There should be no disagreement that major efforts are necessary to protect human health and the environment. For example, strong efforts have already been made in the case of nuclear energy and an excellent record of safety and minimum environmental impact has been achieved. However, it must be recognized that there is no practical way of completely eliminating all risks. Further, each additional precaution adds cost in terms of reduced supplies or higher prices. Risk levels that have already been achieved in many energy producing activities are often far lower than those readily accepted in other human activities.

Because different Committees of Congress have responsibility for competing objectives, it is especially difficult to achieve a satisfactory balance among our national objectives in new legislation. This will be a continuing problem in the new Congress and I can only urge that each measure affecting

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energy supply and demand, which also involves other objectives, be evaluated carefully to assure that the resulting costs, risks and benefits are truly in the national interest.

THE NEED FOR SUBSTANTIVE LEGISLATION AFFECTING ENERGY

We have made significant progress over the past two years toward establishing the framework of law and policies that are needed to permit decisions and actions that will help solve our energy problem.

Nine of the proposals that I submitted have been enacted into law. However, there remains a long list of requirements for early Congressional action.

Highest Priority

Because of the large number of legislative proposals that need action, I want to make clear that I believe highest priority should be given to measures which:

- Remove Federal price regulation from new natural gas supplies. This action is crucial to increasing domestic production and reducing wasteful and inefficient uses.
- Revise domestic crude oil price controls to allow greater flexibility in establishing a pricing formula that will encourage increased domestic production and assist in phasing out controls. This action is needed to overcome problems in the current law and to reduce market distortions that have resulted.
- Make clear our determination to expand capacity in the United States, principally through the efforts of private industry, to enrich uranium needed to provide fuel for nuclear power plants. This action is necessary to permit increased use of nuclear power in the U.S. and to assure other nations that we will be a reliable supplier of uranium enrichment services -- a step that is critical to our nuclear non-proliferation objectives.
- Amend the Clean Air Act to:
 - Change the statutory requirements for meeting auto emission standards so that there can be a better balance among our environmental quality, energy, economic and consumer price objectives.
 - Provide flexibility in meeting national air quality standards applicable to power plants and major industrial facilities so that the use of coal can be continued and expanded, and so that new energy-producing facilities can be constructed in selected areas that have not yet attained national air quality standards.
 - Remove the requirement imposed by the courts for preventing significant deterioration of air quality in areas already meeting air quality standards -- until information is available on the impact of such actions and informed decisions can be made.

Other Important Proposals

In addition to the above select list, favorable action is needed from the Congress on legislation in all the following areas:

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-- Natural Gas

- Temporary emergency legislation to allow pipelines and high priority users to obtain intrastate gas at unregulated prices for limited periods -- to help cope with shortages and curtailments.

-- Oil

- Authorization for the President to impose fees and taxes as standby emergency measures to reduce energy consumption in the event of another embargo -- to avoid the inefficiencies and burdens of mandatory conservation measures in such emergencies.
- An Oil Spill Liability Act -- to establish a comprehensive system of liability and compensation for oil spill damage and removal costs.
- Authorization for private competitive exploration and development of the National Petroleum Reserve in Alaska.

-- Coal

- Extension of the authority to require utilities and other major fuel-burning installations to convert from oil and gas to coal.
- Changes in provisions of the Coal Leasing Amendments Act of 1976 which unnecessarily delay or restrict leasing and development of coal on Federal lands.
- Authority for the use of eminent domain in the construction of coal slurry pipelines and authority for the Secretary of the Interior to issue certificates of public convenience and necessary to expedite slurry pipeline construction.

-- Nuclear Energy

- Authority for the Energy Research and Development Administration to enter into cooperative agreements with firms wishing to finance, build, own and operate uranium enrichment plants -- to assure the availability of required capacity and avoid the need for billions of dollars in Federal outlays when the private sector can provide the financing.
- Authority to increase the price for uranium enrichment services performed in Government-owned plants -- to assure a fair return to the taxpayers for their investment, to price services more nearly comparable to their private sector value, and to end the unjustified subsidy by taxpayers to both foreign and domestic customers.
- Criteria for the control of nuclear exports which is necessary to round out the comprehensive non-proliferation, export control, reprocessing evaluation and waste management program I outlined in my October 28, 1976, statement on nuclear policy.
- Reform the nuclear facilities licensing process by providing for early site review and approval and encouraging standardization of nuclear facility design.

-- Building Energy Facilities

- Establishment of an Energy Independence Authority (EIA), a new government corporation, to assist private sector financing of new energy facilities.
- Legislation to encourage states to develop comprehensive and coordinated processes to expedite review and approval of energy facilities siting applications, and to assure the availability of sites.

-- Energy Conservation

- Tax credit for homeowners to provide up to \$150 for purchasing and installing insulation in existing residences.
- Reform of rate setting practices applicable to public utilities -- to expedite consideration of proposed rate changes and assure that rates reflect full costs of generating and transmitting power.

1978 BUDGET REQUESTS

My 1978 Budget which will soon be forwarded to the Congress will include major new funding to:

- Continue and expand our extensive program of energy research and development in cooperation with private industry which is directed toward new technologies for conserving energy and for producing energy from fossil, nuclear, solar and geothermal sources.
- Implement the Early Storage Program as part of the Strategic Petroleum reserves which will provide up to 500 million barrels of oil for use in emergency situations such as an embargo.
- Implement my comprehensive nuclear policy statement issued on October 28, 1976.
- Continue ERDA's development program on the liquid metal fast breeder reactor -- to resolve any remaining environmental, safety and safeguards questions -- so that this technology will be available to bridge the gap until advanced technologies can make their contribution to our energy needs.
- Provide increased operating funds for other Federal energy activities.

I urge the Congress to approve these funding requests.

REORGANIZATION OF FEDERAL ENERGY ACTIVITIES

Under the provisions of the Energy Conservation and Production Act of August 1976, I am called upon to make recommendations to the Congress with respect to the reorganization of Federal energy and natural resource activities. At my direction, a major study of alternatives had already been undertaken in May 1976 under the leadership of the Energy Resources Council and the Office of Management and Budget.

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I have reviewed the findings and recommendations from the study. Within the next few days, I will forward my recommendations to the Congress.

TIME TO ACT

The Nation has waited far too long for completion of a sound and effective national energy policy. In many cases, the issues are complex and controversial, the decisions are tough to make -- particularly because the right decisions will be unpopular in the short run. The costs of continued energy dependence are far too great for further delay.

The Congress can act. It is a matter of organizing itself to make the tough decisions and choices and moving ahead with the task. I urge the Congress to weigh the alternatives carefully and proceed promptly.

GERALD R. FORD

THE WHITE HOUSE,

January 7, 1977.

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