

The original documents are located in Box 41, folder “Presidential Campaign (4)” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

CHENEY GROUP MEETING
9:15 a.m.
January 2, 1976

Scholastic Youth Poll by the editors of Scholastic Magazine

Full
176

Released weekend of January 3/4, 1976

A solid majority of teenagers recently surveyed by Scholastic Magazine believes Gerald Ford is doing a good job as President and an even better one as a father. In the survey of approximately 38,000 students 59% rate Mr. Ford's job performance as good or better. 31% say his performance is fair, and only 10% say it is poor. But the students are even more enthusiastic about Mr. Ford's activities as a man and a father. Here 40% rate him good, 27% say he is very good, and 10% say he is excellent. Only 18% rate him fair and only 5% give him a poor rating.

"To me Ford is letting things fall into place," says Randy Riekenberg, 17, of Dodge City, Kansas, referring to Mr. Ford's role as President. "He's letting Congress do all the work for him," he adds.

As far as Mr. Ford's personal qualities and private life, said Randy, "he's a normal red-blooded parent. He can relate to his kids. I'd feel comfortable around him."

This Scholastic poll tends to confirm the feeling among political pundits that Mr. Ford will appeal to young voters because he is the father of a teenage daughter and has sons in their early twenties.

The results are also significant because they show that compared with the recent Harris Survey, a greater percentage of teenagers than adults expressed confidence in Mr. Ford. In the Harris Survey, only 38% of adults rated his performance "excellent" or "good" while 59% rated his performance as "fair" or "poor."

Recently Scholastic polls asked: "How would you rate Gerald Ford on his performance as President so far?"

	<u>% Boys</u>	<u>% Girls</u>	<u>% Total</u>
A. Excellent	5	4	5
B. Very Good	16	19	17
C. Good	36	39	37
D. Fair	31	31	31
E. Poor	12	7	10

"He's really the man for the times," says 17 year old Cheryl Birch of Sacramento California. Although President Ford has been generally low-key and his administration has not come up with any bold new programs, says Cheryl, "right now the country doesn't need someone who makes super heavy decisions. People are split since Watergate. You need someone who puts things together again....Starts getting the trust of the people back in the Presidency."

"Considering he had to just take over and start up from scratch, I think he's doing great," says Mike Ebel, 17, of Bellwood, Nebraska. "It's good he made those changes in office, and I think he's going to beat Ronald Reagan because of his performance in foreign affairs." Mike feels Mr. Ford's trip to China and Europe have improved chances for global peace.

Yet some of the students are not quite as impressed. To 17-year-old Russell Colvin of Louisiana, Ford's swift action on the Mayaguez incident was impressive. But lately, says Russell, Ford's leadership has disappointed him. "He's a little bit weak in Congress, says Russell, he doesn't seem to be the leader LBJ (Lyndon Baines Johnson) was."

Sean McGee, a 14-year-old ninth grader from Rapid City, South Dakota, takes a slightly harder view. "He's okay to fill in until we get a good President. We should start looking closely at other candidates. There might be better people around."

Scholastic also asked: How would you rate President Ford looking at him as a man and as a father?

	<u>% Boys</u>	<u>% Girls</u>	<u>% Total</u>
A. Excellent	10	9	10
B. Very Good	27	28	27
C. Good	39	42	40
D. Fair	18	17	18
E. Poor	6	4	5

In the poll concerning Ford's "performance" as a father, the students give him even greater support. 76% of the respondents in the poll rank him as "good" or better.

Some of the young people say they admire President Ford because of his interest in sports and physical exercise or because they consider him a friendly man they wouldn't be nervous to meet.

"He's played football, been in a war, and he tries to keep in shape," says Ben Vonderhaar of Pennsylvania.

"He's an all-around kind of a guy," says Richard Morris of Oklahoma City. "That's the image we get from TV. I think I'd be more comfortable with Ford than I would be sitting down with Nixon."

Tom Stockton of Bellevue, Kentucky, thinks that Ford as a "nice sort of person, warm. Seems anyone can be comfortable talking to him."

But the students especially like his candor concerning problems and situations with which his children have or might be faced. Among these has been Jack Ford's admission that he has smoked marijuana. And Mrs. Ford's highly publicized statement that she wouldn't have been surprised if her daughter Susan, had an affair.

"I was really impressed by how open Mr. Ford was about his feelings, about kids smoking marijuana and Susan," says Ben Vonderhaar. "The Fords didn't cover it up. I like the way they answered everybody."

Randy Riekenberg said, "When Jack Ford said he tried dope, his father acted just like a parent. He stuck up for him. I like that."

Interestingly, other students, such as Mike Ebel, like what Ford is doing in office but aren't too sure about him as a person. Mr. Ford's openness about his son Jack's use of marijuana leads Mike to say: "Mr. Ford didn't even seem aware that Jack had tried it."

Copyright 1976 by the Chicago Tribune, New York News Syndicate, Inc.,
World Rights Reserved

Chicago Tribune - New York News Syndicate, Inc.
220 East 42nd Street
New York, New York 10017

For further information contact: M. Arthur Neiman, Vice President,
Scholastic Magazine, Inc., Telephone: 212-867-7700, ext. 212.

CHENEY GROUP MEETING
January 6, 1976
9:15 a.m.

CHENEY GROUP MEETING
9:15 a.m.
January 7, 1976



RICHARD M. ROSENBAUM
CHAIRMAN

NEW YORK REPUBLICAN
STATE COMMITTEE

The enclosed is for your information.

Cordially,

A handwritten signature in cursive script, reading "Richard M. Rosenbaum".

CHAIRMAN



-(UPI Telephoto)

A REUNION OF SORTS - Senate Majority Leader Warren M. Anderson, left, and former Gov. Malcolm Wilson chat in Albany as the Republican State Committee met to select 37 delegates-at-large for the party's national convention in Kansas City in mid-August.

State Republicans Select Delegates

By WILLIAM S. STEVENS
ALBANY, N.Y. (UPI) - The biggest names in New York Republican politics led the way Tuesday as the GOP State Committee chose 37 delegates-at-large to serve as the spearhead of a 154-member "united and uncommitted" delegation to the party's national convention in mid-August.

* * *
There were just two negative votes as the 402-member committee selected the at-large delegates and 37 alternates for the Republican presidential nominating convention in Kansas City beginning Aug. 16.

The remaining 117 delegates and 117 alternates will be elected in the state's presidential primary election April 6. Three delegates and three alternates will be chosen in each of the state's 39 congressional districts.

Vice President Nelson A. Rockefeller, who served as governor for 15 years before resigning Dec. 18, 1973, topped the list of at-large delegates selected by the state committee.

The "uncommitted" delegation to the national convention reportedly was urged by Rockefeller, who has withdrawn as a vice presidential contender but who might step into the presidential race if President Ford falters in his contest with former California Gov. Ronald Regan.

The two dissenters at the meeting - former Assemblyman John Gallagher of Queens and Mary Anne Carey, also of Queens - said they wanted to support Regan.

All of the state's top Republicans, with the exception of Sen. James L. Buckley, were chosen as at-large delegates or alternates. Buckley was invited, State Chairman Richard M. Rosenbaum said, but declined in a letter on the ground that he "probably will be engaged in a campaign for reelection" for his Senate seat.

Rosenbaum was designated to lead the state's delegation to the national convention where it will be second only to California's 167-member bloc in terms of state-by-state power.

* * *
Other ranking Republicans chosen as delegates include Senate Majority Leader Warren M. Anderson, Assembly Minority Leader Perry B. Duryea, U.S. Sen. Jacob K. Javits, former Gov. Malcolm Wilson, and veteran Attorney General Louis J. Lefkowitz.

In urging support of the at-large slate chosen by the party's Executive Committee, Rosenbaum noted women made up about a 40 per cent of the slate. He called on party officials to be "diligent" in choosing candidates for the primary to ensure good representation by minority group members and women among the other 117 delegates.

File
76



EMBARGOED FOR RELEASE UNTIL
10:00 A.M. WEDNESDAY,
JANUARY 21, 1976

JANUARY 20, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE
BRIEFING BY THE PRESIDENT
ON THE
1977 FISCAL YEAR BUDGET
THE STATE DEPARTMENT AUDITORIUM

File
'76

9:35 A.M. EST

THE PRESIDENT: Good morning.

It seems to me I have seen some of you before in the last 24 hours.

Mr. Vice President, members of the Cabinet, members of the press, and guests:

Let me welcome you to this briefing on the budget this morning. I am going to break with tradition of the recent past and begin with a very few, or very limited, remarks. Then I will respond to your individual questions about the specifics in the new budget.

I might note that over a quarter of a century ago, when President Truman used to conduct similar briefings, he sent up a budget for \$43 billion in expenditures. His message to the Congress on that occasion was over 80 pages long, and here is a copy of it.

This year the budget is \$394.2 billion, but my budget message is only four pages long. So, at least we are beginning to achieve some economies in those areas over which we have some direct control. (Laughter)

Naturally, I hope we have an equal amount of success with the Congress in this regard. I decided to conduct this briefing myself in order to emphasize how important the new 1977 budget is to the future of the United States.

We are at a critical point in our history, a point where we can either allow Federal spending and Federal deficits to mushroom and allow our economic foundations to erode, or on the other hand we can decide to restrain the growth of Federal spending and restore the vitality of our private economy.

MORE

This is what I meant when I spoke last night about striking a new balance within our economy.

Let me call your attention to a few passages from this budget that I regard as particularly important for all. The combination of tax and spending changes I propose will set us on a course that not only leads to a balanced budget within three years, but also improves the prospects for the economy to stay on a growth path that we can sustain.

This is not a policy of the quick fix. It does not hold out the hollow promise that we can wipe out inflation and unemployment overnight. Instead, it is an honest, realistic policy; a policy that says we can steadily reduce inflation and unemployment if we maintain a prudent balanced approach.

In formulating this budget, I have tried to achieve fairness, as well as balance, between the taxpayer and those who will benefit from Federal spending, between national security and other pressing needs, and between the desires to solve our problems quickly and the realization that for some problems good solutions will take more time.

The American people know that promises that the Federal Government will do more for them every year have not been kept. I make no such promises. I offer no such illusions. Notwithstanding these hard choices, I believe this budget reflects a forward-looking spirit that is in keeping with our heritage as we begin our Nation's third century.

With those introductory comments, I would like to turn to your questions. As you can see, the members of the Cabinet, along with the Vice President, and the heads of the major independent agencies are here. You should feel free to direct questions to them specifically. I will, of course, reserve the right to add to or, if necessary, even subtract from their answers. (Laughter)

With those comments, I will be glad to call on Dick Growald.

QUESTION: Mr. President, we understand that one individual is to be named with authority and scope for authority to handle welfare matters for the Administration, a so-called welfare czar, such as Mr. Zarb's activities in the energy field. Can you please tell us about that?

MORE

THE PRESIDENT: That, of course, is a possibility, although no specific decision has been made as yet. In order to achieve our welfare reform, which is needed and necessary, we have to get some additional authority, some flexibility, from the Congress.

We will ask for that authority, and once that authority is given -- and I hope the Congress will respond -- it is conceivable that we will appoint a so-called welfare czar.

QUESTION: Mr. President, there has been some criticism there might be some gimmickry in your budget. Can you tell me how you square such things as a \$10 billion tax cut with such things as a Social Security increase?

THE PRESIDENT: Fran, the way in which we achieved the spending limitation of \$394.2 billion was not any gimmickry whatsoever. We went through the process which produced this result by giving each department some spending limitation back in the early fall. They then had an opportunity to come forward with their programs within those departmental limitations.

I then made an evaluation in October, predicated on the changed economic trends. We, therefore, were in a position to revise some of those limitations to respond to some of the departmental requests, and the net result is we have been able to take care of the older people in Social Security in all Government retirement programs without any capping, so to speak.

We felt that this was the proper thing to do under the current circumstance, bearing in mind the beneficiaries as well as the failure of Congress to act on those for the current fiscal year, and at the same time be realistic and honest in asking, for example, for additional tax increases in the Social Security Trust Funds payments.

It was an even balance in seeking to impose integrity on the Trust Fund funding on the one hand and benefits for those who were retired on the other.

QUESTION: Mr. President, you have stressed the need to reduce the size of Government and, as you say, restore the vitality of the private sector. Some critics say that in doing so, you are creating additional fiscal restraints for the economy that threatens recovery and perhaps induces a new recession. How do you respond to that criticism?

MORE

THE PRESIDENT: I don't believe that an additional \$10 billion tax reduction will restrain the economy. It will probably be a partial stimulant to the economy if the Congress responds to my request and makes it effective July 1, 1976.

The other side of the coin, the restraint on Federal spending to a limit of \$394.2 billion, is not a cutback in Federal spending, but a 5 percent increase in Federal spending over the present spending growth figures for fiscal 1976.

So, I think the critics are totally wrong. We are adding to a tax cut on the one hand to keep the momentum going, and we are permitting limited growth and spending on the other side.

QUESTION: Mr. President, if I may follow up, when you measure that increase in dollars, 5-1/2 percent against your own projected rate of inflation, isn't there an actual cut in real spending?

THE PRESIDENT: It is my recollection -- and I may be in error -- that that -- no, I am sorry, I am wrong. The rate of inflation for fiscal 1977 is anticipated to be 6 percent, and the growth in Federal spending is roughly 5-1/2 percent.

But, it is growth to that degree. I think the economy will come along very well, particularly with the \$10 billion increase in a tax reduction.

QUESTION: Mr. President, to follow up on that same thing, another measure of the economic effect of the budget is what we call the full employment deficit or surplus, and this budget shows it would be actually in surplus in fiscal 1977, and I wonder how you would respond to the criticism that that is very bad policy at a time of continued high unemployment?

THE PRESIDENT: It seems to me that if we don't get a handle now on the growth of Federal spending -- and this is a critical year, it is a threshold -- we are going to be in serious difficulties in the years projected ahead.

Our projections for the reduction in unemployment show that in 1976 or 1975 it will be 8.5 as an average, 7.7 in 1976 and down to 6.9 or 6.8 in the following year. It seems to me this trend is in the right direction, and the overall balance between spending and tax reductions are in the right proportion.

MORE

QUESTION: Mr. President, you will need the utmost in Congressional cooperation to make this budget valid, as you well know, and my question is to what extent did you consult with the Congressional budget committees or with the leadership in preparing this?

THE PRESIDENT: I did not personally consult with any of the budget committees. I suspect that members of the OMB staff were in communication, but you would have to ask them particularly. I did not consult personally with any of the Members of the House or Senate budget committees.

The responsibility as President is to prepare the budget, and I prepared it. I think I spent over 100 hours in personal attention to the decision-making process as far as the budget was concerned. That is a Presidential responsibility.

The Congress, subsequently, has its responsibility, and I would assume they will undertake it.

QUESTION: Mr. President, most of these cutbacks, reductions and consolidations have been aimed at traditional targets of conservatives; that is, health, education, social services, Medicaid. If you were really and truly seeking Congressional cooperation in controlling Federal spending, do you think it would have been more effective if you were evenhanded in your reductions?

I note there is a pretty big increase in the Defense Department budget. Do you think you would have gotten more cooperation from Congress if you would have tried to be a little more evenhanded in your reductions?

THE PRESIDENT: Let me take each of the consolidations. In the case of education, which includes elementary and secondary education, which includes vocational education, aid to the handicapped and libraries, the figure for fiscal 1977 is \$3 billion 300 million. We have added sweeteners of \$150 million, so there is no cutback, none whatsoever, in the Federal aid to education. It is an increase rather than a cutback.

In the case of health, we are recommending in the consolidation process taking some 15 or 16 categorical grant programs, and in this case we are increasing the Federal contributions to the States over fiscal year 1976. That is not a cutback.

In the case of social services, as I recollect, it is identical. In the case of child nutrition, where we are consolidating 15 programs, there is a cutback, but it is a very good and simple answer. We will give more money to the children at the poverty level or below, and we will cut out child nutrition programs for those families above the poverty line.

MORE

I think that makes sense. We will spend less money but we will concentrate the Federal resources on the children below the poverty line, and the people above the poverty line ought to be able to take care of their own children.

So, overall, I think you will find that in the four programs that we have consolidated, there is more spending contemplated in 1977 than in 1976, so there can't be any valid accusation that we have reduced Federal grants to States for programs that we believe should be carried on.

We simply are emphasizing with this approach a better delivery system of the services, whether it is health, social services, education or child nutrition.

QUESTION: Mr. President, if you are interested in reversing a flow of power toward Washington and giving more flexibility to State and local Government, why don't you go all the way and actually transfer those programs and the tax base to the States, as has been proposed, rather than have the money come to Washington and ship it back in block grants?

THE PRESIDENT: I think the other approach is totally impractical. I can't imagine 50 States having all of these programs dumped on them and then have to increase taxes if they want the programs continued. The better approach is the one that I have recommended. It provides an equal or greater amount in toto of funding from the Federal Government to States, but giving to the individual States the authority to decide at that level what programs they want continued and how they want individual programs to be handled.

I have talked on many occasions to Vice President Rockefeller, who served 15 years as Governor of the State of New York, and he has repeatedly indicated to me that if the approach that we are recommending was in effect, that a substantial percentage of the Federal funds could be saved by better administration.

Perhaps the Vice President, who has had some practical experience in this area of managing State and Federal programs, would be a better witness than myself.

VICE PRESIDENT ROCKEFELLER: I think you asked a very fundamental question, and for those of us who come from States where there has been a long tradition of social responsibility and where we have increased taxes, particularly income taxes, and where our neighbors have no income tax and where other States don't have income tax, we find ourselves able to finance the programs.

MORE

But, those States which don't have the income taxes don't have the programs and, therefore, we attract those who need help and we lose those who are trying to manufacture or do business and who move to the States where the taxes are lower.

There is no chance of the States on their own voluntary effort developing uniform tax structures, and we are vulcanizing America. Therefore, I think the President has followed a course which the Governors for 15 years, to my knowledge, have urged that we go to block grants, that we give the States the opportunity to develop their programs with the assistance from the Federal Government, because the Federal Government, since the time that the Federal Government was authorized to collect income taxes, has the fast growing tax source.

Some States have adopted it, but a great many have not. Therefore, we have a tremendously difficult situation as far as the tax structure of the 50 States of this country is concerned.

QUESTION: May I follow that? In that case, why are you dropping the matching funds requirement, since in that case the wealthy States will continue to match funds voluntarily and the poor States won't, and the same harmful effect you mentioned will continue?

VICE PRESIDENT ROCKEFELLER: Yes, but what you don't -- excuse me, sir. I mean, what I would like to point out (Laughter) is that with the requirement that the Federal Government has had for years that you have to enrich and improve your programs if you are going to get matching funds.

If your programs are already rich and improved and you want to get Federal funds, you have to make it more rich and more improved, and the result is that our standards in New York went higher and higher -- higher than we felt they should -- but it was the only way we could get the Federal money and, therefore, it distorted our whole structure.

I understand Congress' attitude on this. They don't want to give money and have it substitute for local tax money, but if you are already doing the job, why should you increase it when there are other things you need more or when you should reduce taxes, which is what we wanted to do, but could not do because of these laws.

This is a very complex situation, and the special interest groups -- and I understand that, too -- instead of going to 50 State Legislatures, that it was much easier for them to go to Congress. They get a constituency in Congress and in the Congressional staffs and in the bureaucracy of the Federal Government.

MORE

They have a situation going that is very powerful, and I admire tremendously the President's courage in stepping up to this thing and facing it as he has and having the confidence and the belief and the faith in the American people and their elected representatives and local Government.

This is what America is all about, and I think this is a very significant step and a turning point in our country, and is going to be welcomed by the States and local Governments, and that includes cities and counties.

Thank you.

THE PRESIDENT: I might make two added comments. We have two block grant programs at the present time; one, the community development program, which consolidated seven categorical grant programs for the aid and assistance of urban communities. That program is in effect, it works well and the communities were held harmless in the transition process.

The Law Enforcement Assistance Act was also a block grant program which gives flexibility to the States in the decision-making process. It is working well, so it can work. I believe the Congress will move, and it is a far better program than one that dumps the responsibility on the States and does not give them any assistance in the funding.

QUESTION: Mr. President, last night you placed great emphasis on your proposal to crank into the Medicare program the catastrophic insurance plan, which would cost an additional \$538 million, but in this morning's document I note that this would be more than offset by taking from Medicare recipients \$1.3 billion and from providers of health services about close to another billion dollars so that the net for Medicare is actually reduced by 2.2.

My question is, do you feel you leveled with the medical profession and the Medicare recipients last night when you told them only about the sweetener and not about the bitter pill?

THE PRESIDENT: Let me remind you, you ought to go back and read my statement. I said in the statement there will be a slight increase in the fees. It is in the sentence where I referred to the \$500 and \$250.

Now, let's talk about the facts. Under the present situation, when a person under Medicare goes into the hospital, that individual in effect gets 60 days free care. After 60 days, that person bears the total financial burden.

MORE

Under my plan, which I think is the soundest, the person pays 10 percent of the hospital care cost up to a total of \$500. After \$500 the individual pays nothing, and after \$250 for physician care the individual pays nothing.

What we are trying to do is help the three million people who are today affected very adversely by catastrophic illness, three million out of 25 million.

The financial burden, the mental fear and apprehension of the individual who is hurt by a catastrophic illness is really extremely serious. In order to protect these three million people, who have no hope, none whatsoever, of protecting themselves after they are afflicted, we think is the right group to concentrate on, and we feel that we can redistribute the financial burden across the 25 other million people in order to protect those three, and all of those who might in the future be affected.

QUESTION: Mr. President, only a month or two ago you were quite insistent that Congress commit itself to a specific spending ceiling as a precondition of any tax cut. Yet, last night, when you proposed your additional \$10 billion in tax cuts, you made no mention of a requirement for such a spending ceiling. Could you explain that?

THE PRESIDENT: I think if you reread the message you will find that I do say -- or did say, rather -- in that message that if we restrain Federal spending, we can have a tax reduction on a dollar for dollar basis. I can't remember the page, but it is in the message that I read to the Congress last night.

QUESTION: Yes, but I think that you are no longer insisting on a specific ceiling being approved by Congress as a precondition to that extra \$10 billion.

THE PRESIDENT: We say that the ceiling is \$394.2. Now, there are uncertainties that take place as we move along, and we have five and one-half months before July 1, 1976. So, there has to be some flexibility.

I have picked a ceiling. I have said that we can, with that ceiling, as of today, have a \$10 billion additional tax reduction over that the Congress has approved. We will have to wait and see how economic conditions develop in the coming months, but the concept of dollar for dollar was set forth in the message last night.

QUESTION: Mr. President, wouldn't one way to help the States and cities the most be to establish comprehensive welfare reform and take most, if not all, of the financial burden off the States and welfare cities. I notice we are just remodeling the present structure without going into any extensive welfare reform.

MORE

THE PRESIDENT: That is a possibility, and there are a number of options for complete and total reform of welfare. When I was in the Congress, on two occasions I voted for what was known as family assistance programs. But, it did not seem to us, as I said last night, that this was the time, as we are coming of the recession, to make a massive reform of welfare.

We believe that the better approach at the present time is to get legislative authority from the Congress in order to take specific actions to remedy defects in the various individual programs. I do not rule out the possibility of a total reform of welfare in the years ahead, but I think at the present time it would be very unwise.

QUESTION: Mr. President, I wanted to follow up on the bitter pill question about Medicare. As it stands now, under Medicare you get \$104 Medicare. There is a \$104 deductible for the first 60 days. That is my understanding of it. But, under your plan it would be 10 percent of that in the first 60 days.

I checked with Social Security Medicare, and your people up in Baltimore, and it turns out the average stay for a Medicare patient is 12 and one-half days. Using your formula, instead of getting \$104 in a Medicare payment for that first 60 days, you would get almost \$240.

Is that your understanding, that this would be an upfront cost to Medicare recipients, that they would have a doubling of cash out of their pocket?

THE PRESIDENT: I can't recall the precise figures, but as I said last night, there is an increase in the front end cost, but the three million people who are saved from the horrendous cost of catastrophic illness are protected.

Anyone who has known a family or had someone in a family who had catastrophic care problems knows that that is the worst thing that could possibly happen, and we think a redistribution of the cost for the people who are relatively well compared to those who are bedridden for months and months is the proper approach.

QUESTION: Mr. President, could you tell us -- or perhaps Mr. Lynn or Mr. Clements or Mr. Ogilvie -- the difference between the defense budget presented here and the one advocated by Secretary Schlesinger?

MORE

THE PRESIDENT: The defense budget that we have submitted includes all of the programs that former Secretary Schlesinger recommended. The defense budget for fiscal year 1977 calls for obligation authority of \$112.7 billion, an increase of around \$10 to \$11 billion over the current fiscal year.

It calls for expenditures of \$100.2, which is roughly \$8 billion over the anticipated expenditures for fiscal year 1976, this year.

The budget provides all of the major programs requested by the Joint Chiefs of Staff. There is virtually no difference in what has been approved in dollars or programs in what the former Secretary of Defense recommended. We keep the exact uniform personnel figures the same. 2.1 million in fiscal 1971; 2.1 million in fiscal 1977.

We do call for a reduction of 25,000 in civilian employment in the Defense Department, but I think better management can bring that about.

Bill, do you want to add any comment?

MR. CLEMENTS: I would only say, to enlarge upon your statement, that the various services and the Joint Chiefs are completely in accord with the budget as you presented it. It provides for real growth in the defense budget and in a reasonable sense it maintains the momentum of the programs that we consider our priority programs, and I would say that the Department of Defense is pleased with the budget.

We are not entirely satisfied, of course, I don't think we would ever be in that particular position. But, we are pleased with the budget. We think it meets our requirements, it maintains our momentum and it gives us the priority programs we need.

QUESTION: Mr. President, a number of leading Democrats, including virtually all the Presidential candidates, are advocating a Government policy that would guarantee a job for everyone who wants to work.

I want to know why you rejected that position, and do you challenge their contention that for every 1 percent decrease in unemployment there is a \$16 billion increase in Federal revenues and, therefore, such a policy would not increase the deficit?

MORE

THE PRESIDENT: I don't believe that the Federal Government should, out of the Federal Treasury, coming from the Federal taxpayers, provide a job for every individual. It seems to me that the better approach is to create an economic environment, so that the private sector provides jobs for those who want to work.

That is the basis of my proposal in the budget, and in the economic message. The employment of individuals by the Government, with the taxpayers paying the bill for their employment, in my opinion is not in concept the American way. We have prospered, and we will prosper in the future, by utilizing the free enterprise system and the private sector far better than making the Government the employer.

QUESTION: Mr. President?

THE PRESIDENT: Yes, Sarah, how are you? (Laughter)

QUESTION: Don't you feel that you may have 50 little nations by sending this money back to the States for this program on children and other block grant ventures? Don't you feel the States might take the money and then might use it badly or they might not have a program at all?

One State might have a better program than the other, and the people in the population might flock to that State.

THE PRESIDENT: Sarah, I think you have forgotten that the Federal Government was established by the States.

QUESTION: I have not forgotten it, sir, but I don't see how that applies here.

THE PRESIDENT: It seems to me the States have a record of handling the problems the best, as far as their individual circumstances are concerned. I believe that States and local units of Government with elected officials can make better judgments than a bureaucracy here in Washington, D.C.

I believe that the closer decisions are made to the people, the better they are. That is the concept in which I firmly believe. It is working in community development. It is working in the law enforcement assistance area.

MORE

I am not going to give up on properly elected officials at the State and local level. I think they do a good job, and all we are doing is giving them money to carry out the kinds of programs. The programs in education may be different in Florida from those in Maine. The programs in the field of health may be different in South Carolina than they are in Alaska.

I happen to believe that the Governor of Alaska and the Governor of Florida or South Carolina can make good judgments in these areas. I think we have an obligation to help give them the money so the programs can be continued and not pull the money away and tell them to undertake the programs.

QUESTION: Mr. President, I notice in your economic assumptions that you predict 7.7 percent unemployment about November of 1978.

Would you talk about politics for a moment and tell us how this might affect your chances for election?

MORE

THE PRESIDENT: Let me point out that the economic assumptions say that in 1975 they were 8.5 and the average in 1976 will be 7.7 and it will go down to 6.9 in 1978. The important point is not the average. The important point is that the trend of unemployment is down. It will be an average of 7.7, but it will start higher in January of this year, and by November of this year, I think it will be something less than 7.7. The trend is down.

What does that mean? It means that everybody who has a job has a degree of security and those who don't have a job know the prospects for getting one are better. That is the situation when the trend is down, as we projected, and it will be. So from an economic point of view, with peripheral political benefits, I think it is a good program.

QUESTION: Mr. President, can you give the specifics on what you project for November?

THE PRESIDENT: I can't give you the specific projection for November. All I know is the trend will be down.

QUESTION: Mr. President, given your difficulties with the Congress last year, and given the fact that you said the Presidential responsibility is to make the budget but, nevertheless, you did consult with the budget committees, and given the fact that many of these programs have been in effect for years and they are already tired of the Congressional way of life, so to speak, do you realistically expect, sir, that you can get cooperation from the Congress to pass the budget that you are recommending, and where will you make the compromise?

THE PRESIDENT: I expect to get full support from the Governors, from local officials. I think they can have an impact on the Congress in those proposed consolidation areas. In fact, I am meeting with some Governors and local officials before lunch -- and having lunch with them today -- just to try and generate real activity by them on behalf of what I have recommended.

Maybe the Congress won't go along, but if you look at those mess charts up there, anybody with any common sense would want to make some changes. And I happen to believe there are quite a few people in the Congress who have some common sense.

Look at those mess charts up there. It is unbelievable. And I think Congress, when they look at it, and the public sees it, will respond.

QUESTION: Mr. President, going back and following up on the medical catastrophic illness. You said there were 3 million out of 25 million with catastrophic illnesses. What have you done, sir, to provide more money for medical research? Last year the NIH medical research funds were cut. What do you provide for research in medicine for these catastrophic illnesses?

THE PRESIDENT: I believe that -- let me say this. Overall research in this budget -- this is across the spectrum -- is \$24 billion-plus, an 11 percent increase in the Federal funds for research, including an 11 percent increase in basic research. It is the largest Federal budget for research in our history -- an 11 percent growth factor. I believe, if you take all of the NIH proposed funding, that we are roughly the same as we have recommended for fiscal 1976.

David, do you want to comment on that?

SECRETARY MATHEWS: To be concise, your budget recommends an increase of \$185 million for all of the institutes under NIH, that is roughly a 10 or 11 percent increase

QUESTION: Mr. President, now that Congress has attached its salaries to this equation and it has also attached the Government pay raises to inflation and the Government pensions to inflation, isn't it true this guarantees we are going to have inflation and also guarantees a continuous erosion of private pensions and private salaries which are not attached to inflation?

THE PRESIDENT: The experience we had this last year worked out very well in getting some restraint on the growth of pay increases in the Federal Government, including the Congressional pay increases. The cap was 5 percent. The proposed increase was 8.6. So, yes, there will be some growth, but I think the connection between the two gives us a better handle on doing it responsibly than the way it was before. I think Government employees should not have their pay frozen ad infinitum. The way it worked last year worked out quite well.

QUESTION: Mr. President, I have a two part question. One, a lot of people -- poor people, rightly or wrongly -- are depending on Medicaid to pay their doctor bills. What will happen in States without that social responsibility that Governor Rockefeller talks about when they decide not to match the Federal payment with the State money.

And, secondly, in States such as New York, when the Medicare gives out, people go over onto Medicaid and this is a de facto catastroaorphic illness plan. What is the improvement here?

THE PRESIDENT: I don't believe that the public in any State will permit a State Legislature or a Governor from failing to meet their responsibilities. They have the same public interest and pressure on them that the Congress does. The record is good and the money that we plan to give to the States in the health consolidation program is \$10 billion in fiscal 1977, it goes to \$10-1/2 billion in fiscal 1978, and to \$11 billion in fiscal 1979. We are showing our responsiveness, and I believe that States will respond as their citizens want them to.

MORE

Now, on the question of going from Medicaid to Medicare -- or Medicare to Medicaid -- under the catastrophic program that I have, the individual has not reason to do so -- none whatsoever.

QUESTION: Mr. President, in your budget, why is it that proposed outlays for military programs go up 9 percent while proposed outlays for education go down 12 percent, and for such things as community development down about 5 percent?

THE PRESIDENT: It relates precisely to our national security. We have had, over the last ten years, a trend totally in the opposite direction. Ten years ago the Department of Defense got, roughly, 40-some percent of the Federal outlays and domestic programs got 32 or 33 percent. And in fiscal 1976, it was almost reversed. And if we are going to have an adequate national security, if we are going to have a capability and conventional or strategic arms, we have to increase our expenditures in fiscal 1977. It is just that our national security dictates it. We have been pinching the national security forces in the last ten years, and I think we have to have a slight change in that direction.

QUESTION: If I might follow up -- there, of course, are a great many people in this country that think that education is involved in our national security, and I would like to ask you, with a 6 percent projected rate of inflation and a 12 percent cut in Federal education programs, how is education in the United States possibly going to keep up?

THE PRESIDENT: As I recall, the percentage of money spent on education nationwide by the Federal Government is a relatively small part of it, and, actually, in our education program we are recommending \$150 million more, so we are adding to the pot as far as the Federal Government is concerned.

I will ask Secretary Mathews to give you a more complete answer, but the Federal contribution to education is a relatively small part of the total that is spent by States and local communities for education. So the switch here I don't think is significant, particularly when the Federal Government has the total responsibility for our national security, and that is our prime obligation in this complicated world in which we live.

SECRETARY MATHEWS: Up until a minute ago, Mr. President, I thought that our increase in the block grant was \$263 million, but, roughly (Laughter) an increase there of some several hundred million dollars. The figures we have indicate that for your 1976 budget, revised, you have recommended \$6 billion 451 million. This year you are requesting \$6 billion 916 million, which is an increase.

MORE

QUESTION: Mr. President, I would like to ask you about the Social Security tax increase. An increase in Social Security tax rates hits people below the poverty line as well as those up to the wage base. It also raises labor costs to employers and helps cause higher prices. Why did you opt for a Social Security tax rate increase instead of either increasing the wage base very substantially or doing what the original task force that helped create Social Security programs recommended, which was to turn to general revenue financing for the welfare components of Social Security, that initial unfunded liability you create when you raise benefits?

THE PRESIDENT: If you go to the program that you have indicated in the last option, you are in effect losing the concept that a person working is paying for his or her retirement. I think it is important for us to retain that concept, that a person, through Social Security, is in effect contributing to his or her capability to retire at a date certain. I strongly oppose dipping into general funds to supplement the Social Security Trust Fund.

The option of increasing the tax three-tenths of one percent I think is the most responsible way to do it. To broaden the base, as I said last night, it will mean that the person at the wage ceiling of \$15,400 will pay no more than \$47.00 a year or less than one dollar a week. The person at the lower wage base will pay significantly less -- very limited increase.

So I think it is a fair way to distribute the burden for having a retirement certainty at 65.

QUESTION: Mr. President, on the question of jobs again, the Democrats are likely to ask why it is proper, in your view, for the Federal Government to spend \$17 billion on unemployment compensation and not take a portion of that money to create jobs for the people who are out of work. How do you respond to that?

THE PRESIDENT: It has never been proposed in the Congress during the 25 years I was there -- and the Democrats dominated the Congress in all but two years -- that they would use that concept while they were controlling the Congress. This must be a new idea of spending unemployment payments to create jobs. I have never heard of that approach before.

What we think is the better way is to not take that money, which is a well-accepted concept, and stimulate the economy so that we get more people off the unemployment rolls and reduce our unemployment payments and get people working for private enterprise rather than for Government on the one hand or unemployment on the other.

MORE

QUESTION: If I may follow up, Dr. Burns suggested, among other people, that it would be well to limit the period of unemployment compensation and instead provide jobs through Government means.

THE PRESIDENT: Yes, Dave, I saw what Dr. Burns said and I was very interested in what George Meany said in response. Dr. Burns proposed that people who work for the Government under this guaranteed employment program of his, that they be paid less than the going wage, or they be paid less than the minimum wage, and the minute Dr. Burns raised that question, George Meany said he would have no part of it.

So there is not unanimity among those who, in one way or another, indicate that the Federal Government should be the employer of last resort.

QUESTION: Mr. President, I did not have my follow up question. I would like to ask Mr. Lynn, if I might -- I asked him yesterday in our briefing in the Old EOB why it was there was nothing in the State of the Union Message about handling the excessive increases of Federal pensions whereas they were talking of maybe possibly eliminating the increases in Social Security? Can you answer that, sir?

MR. LYNN: Yesterday, you recall, I had my problem of trying to stick to a briefing on the State of the Union. Today I have no such problem. If you will notice, one of the initiatives of the President in this budget is to eliminate the so-called one percent kicker, which is a provision that, in addition to adjustments for cost of living, adds another one percent and which we feel is not appropriate in the way to address the problem.

There, of course, has to be an overall look constantly in every program in the Federal Government, and this is no exception, but we do believe that this is an important step to be taken to bring that program into better long-range prospective.

QUESTION: Mr. President, can you tell us, sir, how much is in your new budget for Angola and, also, the CIA spending?

THE PRESIDENT: The budget for fiscal 1977 follows the long tradition of not identifying the budget recommendations for the intelligence community. I think that is a good procedure. It has worked well, with some exceptions in the last few months, and I don't think that I should comment either on the amount or the specifics for any undertaking in any definite way.

MORE

QUESTION: Mr. President, Mr. Lynn has just indicated that you are going to propose eliminating the one percent kicker on Federal pensions. Have you proposed or are you planning to propose anything which would deal with the so-called flaw in the Social Security cost of living increase which is said to give a double jump to Social Security beneficiaries?

THE PRESIDENT: It is my recollection that we seek to remedy those defects in all cases. Am I correct?

MR. LYNN: That's right, Mr. President. We do address this question and I think the book that you have been handed on 70 issues goes into that in somewhat more detail.

QUESTION: Mr. President, in your Medicare program you suggest that you are going to limit Medicare payment increases to 7 percent for hospitals and 4 percent for physicians. The medical profession has not been known for limiting their increases. If they ignore this plea, would the burden go on to the recipient and would that be over the maximum amount that we have been told they would pay in catastrophic?

THE PRESIDENT: That limit of 7 percent increase on hospitals and nursing care homes and 4 percent limit on physicians fees applies only to those programs where the Federal Government pays the hospital, the nursing home or the physician. And I believe that a physician or a hospital under those programs can't charge extra where the Federal Government has the principal responsibility.

David or Paul?

SECRETARY MATHEWS: Roughly, the theory we are operating on here is -- everybody knows the costs in health care delivered. They are running well above any of the other inflationary costs. Some figures are up to 40 percent. These are two remedies we seek to restrain that cost, but we are obviously operating on the assumption that there can be some moderation both in hospital fees and in doctors fees in this case.

THE PRESIDENT: Paul, do you want to add anything?

MR. O'NEILL: One thing. Under the Medicare program now and under this new proposed legislation, a doctor or a hospital, if they agree to accept assignment -- that is to say, if they agree to work directly with the Medicare program -- they must agree to accept the fees without any further billing to the patient. They do, of course, have the ability, if they wish to take advantage of it, not to deal directly with the program, but rather to deal directly with the patient, but I don't think we would expect the doctors and hospitals to turn down so-called assignments under these new provisions.

MORE

QUESTION: Mr. President.

THE PRESIDENT: Yes, Tom.

QUESTION: Your mess charts and the other indications is that Health, Education and Welfare is a bit huge. Have you given any thought to breaking up the Department?

THE PRESIDENT: I do not think it is needed and necessary to divide the Department of Health, Education and Welfare. The enactment of the necessary legislation to move to the block grants in health, child nutrition, social services and education, will relieve very substantially, Secretary Mathews' administrative problems. As you can well see from the chart, if we were able to do that, which I hope we can, I see absolutely no need and necessity for tearing apart the Department of HEW.

QUESTION: Mr. President, in the defense section of your budget, you refer to the possibility of the need for developing a new generation of ICBM missiles. How likely a possibility do you think that is, and what do you anticipate its cost to be?

THE PRESIDENT: I think it is still in the R&D stage. We have not gone beyond that. We always are looking down the road to make sure that we don't rest on our oars. We know our adversaries are not, so this is one of several programs that takes a look at the future and the need and necessity for the best weapons for our national security.

Bill, do you want to add any comment?

SECRETARY CLEMENTS: That is exactly right. I have nothing to add.

QUESTION: If I could follow up -- there has been some defense theory that holds that land-based ICBM's should be phased out entirely and replaced with sea-based. Since you are calling for an increase in Trident appropriations, I wonder what do you think of that theory and do you envision us maintaining ICBM's as a deterrent?

THE PRESIDENT: I believe our ICBM's Minutemen, various versions, are a very strong deterrent and a very capable military weapon. We do have the Poseidon and potential Trident. We have to have a mix. I think it is important, not only to have land-based, but submarine-launched missiles, ballistic missiles, but I think it is also important to have the manned aircraft, the B-52's and the P-1's that are coming along. We are going to be progressive. We are going to be flexible in our strategic weapon capability. It may mean moving to some version of mobile missiles. It may mean development, as we are, in the cruise missile area. We can't stay static. If we ever get on a plateau and stay there, our national security will be seriously in jeopardy.

MORE

QUESTION: Your budget this year includes Federal assistance for 500,000 housing units. Even with this support I believe you are forecasting 1.4 to 1.6 million units. This is well below the two million units that has been presented for current needs.

How do you answer criticism that this Administration is taking away these units and increasing shortages in housing?

THE PRESIDENT: We think the 500,000 housing construction and rehabilitation program is a good base for a sound Federal housing program. The number of starts in calendar 1975 was roughly one million one hundred thousand.

We are optimistic that the figure will be improved, particularly with interest rates going down and with mortgage money being available.

I would like to ask the Secretary of HUD to add anything to that. She just went down and did not get run out of town in Dallas when she spoke to the homebuilders, so she must have a good program that will be better in 1976.

SECRETARY HILLS: I agree, Mr. President, that the remedy to truly help housing is to get the inflation down so that we close the gap between the actual cost of housing and the real income of people. Now, to correct what I think was implied there, our assistance is to people, not to construction, when we address our over 500,000 units.

That reflects 100,000 units which will give an opportunity for home ownership through a home subsidy program. In addition, we have 400,000 units, which is comprised of new, existing and substantially rehabilitated, where the assistance is in the form of rental subsidy whereby we provide the difference between 15 or 25 percent of the person's income and the fair rental value of a modest unit.

In addition, we have reflected in this budget 6,000 units of housing for our Indians, so we are over 500,000 units. But, I think the real remedy is to expand home ownership for all of our people, and we certainly have done that in an emergency basis through our tandem program where great numbers of dollars -- indeed, over \$15 billion of mortgage purchase assistance -- has been provided over the past 22 months for single family dwellings.

MORE

Just two weeks ago we have released \$3 billion for multifamily assistance. I regard these as purely emergency measures, and by 1977, if our economy continues on the track which it is on now, we can be sure we won't need these emergency measures, but that people will be able to enter the housing market and buy the home of their choice.

QUESTION: Mr. President, if I could follow up on the question on housing and ask either you or Mrs. Hills, we have at least nine million people in this country living in slums or paying a disproportionate share of their income for housing.

Some estimates are up to 15 or 16 million. Congress has set a goal of 2.8 million new housing units in this country as necessary to assure every American decent housing and you are proposing 500,000.

How do you justify that?

THE PRESIDENT: The Congress passed several years ago a ten-year program for two million two hundred thousand homes per year. That is the target over a ten-year period. We did not meet that target last year. We met about 50 percent of it. I think in only one year, in the four or five years, has the housing industry been able to meet that \$2.2 million program.

Now, the best way to get more housing is to make more money at lesser interest rates available to the home purchaser, and as long as you have the Federal Government going in this year with a deficit of \$70 to \$75 billion, you can't possibly have enough money out there in the capital field to make money available to build two million two hundred thousand homes.

Now, the 500,000 program that Secretary Hills mentioned is what the Federal Government can do, and I think that is a good base from which the industry can operate and still give enough capital in the capital market for the private sector to meet the rest of the challenge.

Carla, do you want to add anything?

SECRETARY HILLS: I would only say that Congress suggested 600,000 units to assist our poor. We are over 500,000 units at HUD, and there is a substantial rural assistance program in the Department of Agriculture. For the first time in many years, this Administration has truly addressed the housing needs of our poor, and I think it is a program that fits within budget constraints so that we are not at the same time prejudicing others who would be adversely affected by an increase in the mortgage interest rate.

MORE

QUESTION: Mr. President, a year ago you and your staff made a series of projections in terms of economic performance and budget deficit. I wonder what sort of assurances you can give us that these projections are going to be closer to the mark?

THE PRESIDENT: The projections on the budget deficit last year -- and I was checking them this morning -- were not as accurate as I would certainly have liked. As I recall, we projected a \$50 million deficit, and it is going to be somewhere between \$70 and \$74 billion.

But, bear in mind that budget was put together in October and November and December of last year when we were going through a serious inflationary problem, with inflation over 12 percent and not many, if any, experts were telling us we were going into the kind of unemployment that we experienced in 1975.

A substantial increase in the deficit for the current fiscal year is in the additional amount, some \$12 billion, in unemployment compensation.

Now, we believe that the economy is moving in a much steadier way and with no anticipated, unexpected events coming up, so our projections should be much more accurate.

Alan, do you want to add something to that?

MR. GREENSPAN: Yes, Mr. President. It is certainly true that we overestimated the decline in economic activity in 1975 in the last year's report. We had a 3 percent decline in real GNP, and it was actually only 2. The unemployment figures, however, were miscalculated because of very difficult problems with respect to the period in which the estimate between the economy and unemployment was taken.

It is exceptionally difficult to make estimates, both of economic activity and its reflection on the budgetary process. I think if you go back and look at the data last year, I think you will find that the forecasts were reasonably accurate, specifically in the context of how active you intend to be and that the translation to the budget was, I think, missed in part on the deficit side, as far as economic assumptions were concerned, by our misestimating the relationship between the levels of economic activity and the level of unemployment.

MORE

Even though, as you recall, at the time we had a very high rate of unemployment and at the meeting a year ago we sort of startled everybody by the type of level of unemployment we were forecasting. We were still too low by several tenths.

QUESTION: Mr. President, I want to get back to jobs.

THE PRESIDENT: Somebody who has not asked a question.

QUESTION: Mr. President, last night Ways and Means Chairman Al Ullman said it seemed to him that what you were saying was that if Congress has any spending over \$394.2 billion, that you would veto it.

Was that the case? Would you veto everything over that level?

THE PRESIDENT: I would not hesitate to veto any legislation or appropriations that would go beyond \$394.2 billion.

QUESTION: Is there no room for compromise?

THE PRESIDENT: I carefully used the words. I would not hesitate to veto anything over that spending limitation.

QUESTION: Mr. President, do you think your budget is fair to Federal employees? There have been charges you have been making Federal employees wage scales go down by putting a 5 percent cap on Federal spending.

The basis of the Rockefeller Commission report is that it would in essence lower Federal pay.

THE PRESIDENT: The Rockefeller Commission made a number of specific proposals. One, as I recall, on the basis of comparability, took computer operators and secretaries and said that their pay vis-a-vis the private sector was higher, that they were doing better than comparable employees in the private sector so they made a recommendation for revision there.

There is evidence, I think, that although the aim and objective was comparability for Federal employees, in the last three or four or five years since that program has been in effect, there has been some distortion, and the net result is we have had to take some correction action.

MORE

I think it is also fair to point out that another factor does have some significance. Most Federal employees, once they become qualified, are seldom laid off. That is not true in the private sector. In the private sector, they are subject to much more uncertainty, so you have to balance, not only pay but reliability for continuous employment, and when you add it all up, I think in most instances Federal employees are reasonably fairly paid.

Bob?

QUESTION: Mr. President, in the area of military pay, your defense budget makes several cuts in the area of -- reductions in the area of military pay. Do you feel that military members are adequately paid now or are they underpaid or are they overpaid? What is your feeling on military pay?

THE PRESIDENT: The military pay formula for the last several years is predicated on comparability with the private sector. That was the legislation passed. That is the formula that has been used, and the situation is precisely this, for the benefit of background.

Ten years ago the total pay-related cost of the Department of Defense was 40 percent of the total defense expenditure. At the present time, pay-related expenses of the Department of Defense are 52 percent of what the department gets to spend.

It is getting to be a very serious problem as far as the total piece of Defense Department spending. Now, you take the suggestion that we have made for a three-year phase-out of the direct hire of employees in commissaries. The pay of the employees, military personnel in the Defense Department, is predicated on comparability with the civilian work force.

The commissaries, with a Federal subsidy of about \$180 million a year, gives them an added advantage. They ought to at least absorb the direct hire cost. I think that is a responsible and reasonable request.

QUESTION: Is it fair to say because of the commissary benefits, in regard to comparability, you feel military members are overpaid by that amount?

THE PRESIDENT: I did not say overpaid. I think they are paid properly.

MORE

QUESTION: Overcompensated?

THE PRESIDENT: I said they were paid properly. I don't use your words. I use my own. (Laughter)

QUESTION: In light of what you just said about the seriousness of the problem of 52 percent of military budget being spent on pay, would you consider returning to the old nonvoluntary system, the draft system?

THE PRESIDENT: I firmly believe in the all-volunteer military force. I believe that the experience in the last three years has been good. All of the services have been able to recruit all of the manpower they needed.

They have been able to increase the educational requirements and still get all the manpower that they wanted in a voluntary way. So, I strongly believe in an all-volunteer military force, a career force, and the experience in the last several years has been very encouraging, and I think we should continue it.

QUESTION: Mr. President, your last budget message and your last budget placed emphasis on steps to get the Nation out of the recession. Does this budget represent a shift in emphasis to fighting inflation?

THE PRESIDENT: It is a budget that aims at a balanced economy, continued efforts against inflation and the establishment of a healthy civilian economy that will provide for greater jobs in the private sector.

It is a combination well-balanced Federal in that regard.

Bob?

QUESTION: On page 66 of your budget you say you call for a full-scale development of long-range strategic cruise missiles. Does that mean you have given up hope for achieving some kind of controls or restraints on cruise missiles in Moscow?

THE PRESIDENT: The research and development program on cruise missiles, whether they are from aircraft or submarines, or surface ships, or land-based, is a program that must continue.

Secretary Kissinger is now in Moscow to continue negotiations on SALT II. We certainly expect to continue the research and development in this new weapon system area until we find out whether or not we can negotiate SALT II.

MORE

SALT II may have -- I say may have -- some impact on what we do in the future in cruise missiles, but certainly I can't predicate funding on a research and development program in the budget that begins October 1, 1976 on decisions that have not been made in December of 1975.

It just makes sense to put the money into continued research and development, and we will see what happens in the negotiations.

QUESTION: Mr. President, in May, sir, the Congress is due to invoke its first tentative ceiling on the fiscal 1977 budget. If Congress' ceiling is higher than your \$394.2 level, will you permit the current tax rates to be extended for the rest of the year?

THE PRESIDENT: I think the Congress, when they take a look at the fact, will come to the same conclusion I do, that \$394.2 is a responsible and attainable figure. I don't want to prejudge what they might do, and if they do that, then I will do something else.

I will stand by my figures and hope that they will act responsibly and do the same.

QUESTION: Mr. President, in answer to an earlier question you used the phrase "B-1 bombers that are coming along." Does that mean the decision has already been made?

THE PRESIDENT: The money in this budget, as I recall, provides for the procurement of the B-1 bombers.

Bill, is that right?

MR. CLEMENTS: That is right. And the long lead items related to limited production. I would further add, Mr. President, that the R and D development program with the plans we now have is progressing beautifully. We have not run into any great difficulties with the program, and we are extremely pleased with it.

QUESTION: Can I just follow that? I thought the decision was going to be made at the end of this year on whether to procure them or not, am I wrong?

THE PRESIDENT: We put the money in, as Bill said, for the long lead time items. This is for a budget that begins October 1, 1976. But, we have to make some decision because of the time lag, and it is our judgment at this time that those long lead time items be recommended.

MORE

MR. CLEMENTS: Mr. President, your budget is anticipating that production will start in FY 1977, and we are asking, as I said, for that long lead time money to make that production as efficient as possible and as less costly as possible.

QUESTION: Mr. President, if I could get back to jobs, because that is a central area of disagreement between you and the Democrats, while nobody disputes your contention or your statement that it is better to have people working in private enterprise than for the Government, isn't it common sense that it is better for people who are now unemployed, especially the young, to have temporary jobs than to have them be on unemployment compensation, on welfare or standing around on street corners figuring out how to commit crimes?

THE PRESIDENT: We have recommended in this budget full funding for the summer youth program. The money is about \$450 million. That is a very good program that helps substantially in major metropolitan areas in the undertaking of getting young people off the streets and getting them working.

We have also recommended the full funding of the comprehensive education training program--I think that is around \$1.6 billion--to get people who are unemployed to be trained for subsequent employment. Those are good programs.

I mentioned them last night in the State of the Union Message. Those are constructive. I think they have been proven, but to go into a massive \$17 billion Federal employment program I don't think is the right approach when a better way is to get the private sector to do it.

QUESTION: Mr. President, in nonmilitary terms, in your budget, what are the nonmilitary expenditures aimed at achieving and maintaining peace as opposed to the Defense Department budget? Are they more or less than last year?

THE PRESIDENT: The foreign aid programs, is that what you refer to?

QUESTION: Foreign aid.

THE PRESIDENT: The foreign aid programs, as a whole, are in the magnitude of approximately \$6 billion. They provided traditional economic supporting assistance for a number of countries. There is a heavy concentration in the Middle East.

MORE

As I recall, it is about 30 percent of the overall total, but it is a program designed for economic assistance and some military assistance for nations around the world.

Secretary Sisco, do you want to add anything to that?

MR. SISCO: Mr. President, I would just add that, as you indicated, the emphasis in the AID program is on the high level of economic aid to the Middle East for the obvious reasons that this is a very volatile area. In addition, we are supporting new multilateral development assistance initiatives that are an outgrowth of the statement that we made before the U.N. General Assembly, the economic session, about a year ago, and we are implementing this particular program.

Likewise, there are important elements on the bilateral development aid assistance, as well as maintaining the U.S. food aid at about two-thirds of the worldwide target of ten million tons of food.

QUESTION: Mr. President, will you comment on your energy budget for 1977?

THE PRESIDENT: The energy budget for 1977 shows in the research and development area about a 40 percent increase in the non-nuclear field. In the nuclear field, it is somewhere between 35 and 40 percent, if I recall.

So, overall, the research and development programs in energy are increased very substantially.

Does anybody here want to give any more specific answer?

Here is Dr. Seamans, head of ERDA.

MR. SEAMANS: Just to confirm what you said, Mr. President, that we do show in our energy research and development demonstration budget a very substantial increase in all areas. The largest increase will be in conservation. That is up around 60 percent. The solar, the geothermal and nuclear will run around 35 percent, as you indicated.

We do show a very marked increase on the nuclear fuel cycle. That shows an increase of around 55 percent.

THE PRESS: Thank you, Mr. President.

THE PRESIDENT: Thank you. We all enjoyed it. See you next year.

END (AT 11:00 A.M. EST)

James Stewart
88 Pine St., New York, N.Y. 10005
Telephone 952-1200
Cable Address - Estewart

J. telephon
call - early
next week

cc: Paul Leach
for gift
reply

Campaign
176

January 26, 1976

Mr. James Cannon
Special Assistant to the President
The White House
Washington, D.C.

Phone
list

Dear Mr. Cannon:

Most of the insurance industry gets copies of the National Association of Insurance Brokers' weekly letter, called the FRIDAY FLASH.

Herewith a copy of the January 23, 1976 issue.

I hope you will read it, with particular attention given to those parts I have underlined in red. I, and many others, got frantic election-year letters from the Republican National Committee, from President Ford, from others promoting his election campaign - all a) asking for money, b) saying we need to elect a Republican and that Republican should be Mr. Ford.

I have told all those who write that all politicians consider us as milk cows, to be used in election years and then ignored, but this year seems to be the election year where they not only want to milk us, but either give evasive answers to reasonable questions, or simply not answer,

The business community is not everything or everyone, but, collectively corporations are the biggest employers in the U.S., and to that degree represent an important part of cash flow, taxes, and the hoped for economic recovery.

We may all be believers in a Christ like attitude, but we don't always respond to a kick in the butt with smiles, money and votes.

Sincerely,

James Stewart
James Stewart

JS:af1





FRIDAY FLASH

NATIONAL ASSOCIATION OF INSURANCE BROKERS
SUITE 316, 1611 K STREET N.W., WASHINGTON, D.C. 20005 • (202) 223-2393

NUMBER 4

JANUARY 23, 1976

STATE OF THE UNION

BUSINESS BRIEFED ON BUDGET

NAIB and a bunch of other trade associations attended a budget briefing at the White House this week where three key Administration spokesmen romped through everything from President Ford's economic program philosophy to Child Nutrition Reform. Administration honchos on stage were James Cannon, special asst to the President and Chmn of the Domestic Council; Paul O'Neil, Deputy Director of the Office of Mgmt & Budget (OMB); and Alan Greenspan, Chmn of the Council of Economic Advisors. The following picks off some topics covered which are of particular interest to the insurance business.

ANTITRUST & THE McCARRAN ACT -- While Domestic Council Chmn Cannon didn't specifically discuss the Justice Dept probe of the McCarran Act now in progress, his remarks about the Administration's "de-regulation" goals generally can be taken as the operating philosophy guiding it. Cannon acknowledged that the various inquiries have shown the subject to be very sensitive, and feedback from the investigations has been "almost totally negative." He said it's the people who are regulated who are protesting. "We expected heavy opposition....These parties have had regulation thrust upon them for so long it's a way of life...they just don't want to change their way of doing business." Cannon said the President feels it is necessary to initiate change because some industries, intentionally or not, have abused the immunities from antitrust provisions that they enjoy, and the Administration intends to alter that. "The whole program is aimed at strengthening free and open competition," he added, emphasizing that "no industry will escape thorough investigation, and action if necessary." Someone asked a very good question--can these investigations be viewed as likely to produce more controls rather than less? Cannon replied, "The way the antitrust system works now is a reversal of what it was meant to do. The President is looking at the long-range effect here." That was the only answer (That's an answer???) forthcoming.

AGENCY FOR CONSUMER ADVOCACY -- Calling legislation creating a new federal agency to handle consumer affairs a "copout," OMB Deputy Paul O'Neil asserted the President will veto the bill if Congress sends it to him. Although there has been a lot of flack directed to the White House by consumer groups about this stand, O'Neil made plain the Administration intends to hold firm. "We told Congressman Rosenthal that it's ridiculous to start a new agency to cure the ills of the system we've already got," O'Neil said, insisting that it's the job of both the Legislative and Executive branches to assure that the federal system is responsive to the needs and rights of consumers. The Administration view is that the country doesn't need a new agency; instead, the current federal agencies should be streamlined to be more responsive and that's "just what Mr. Ford plans to do." The streamlining O'Neil spoke of contemplates massive cuts in the federal payroll, decreasing government spending and, according to O'Neil, increasing efficiency and responsiveness. While he didn't elaborate on that, the inference to be drawn appears to be that they mean to chop out the deadwood and put the remaining bureaucracy on notice to do the job right or get lost.

CATASTROPHIC HEALTH COVERAGE -- On comprehensive national health insurance, Cannon said "Realistically, the country cannot afford that type of program. The money just isn't there." Instead, the President will press for a new catastrophic coverage plan mainly to help the elderly. It would aim to cut the "paid time" for hospitalization under Medicare. Cannon granted that it would add to the cost of short-range illness for some, but the "devastating expense of major illness at a later time would be reduced both for the elderly and their families who most often have to pay for the treatment at great



personal expense." Under the present system there's no incentive for the patient, the hospital or the doctor to terminate a hospital stay, Cannon said, because the "paid time" under Medicare is so long. All three Administration spokesmen agreed the new system would prevent abuse of the privilege of hospital treatment at taxpayers' expense.

SOCIAL SECURITY TAXES -- Anticipating that the Social Security Trust Fund will be broke by 1980 or 1982 at the present levels of taxation and benefits payment, Ford has asked Congress to increase the tax rate to 6.15 percent, 12.30 percent for employee and employer combined, on a maximum wage base of \$16,500, effective next January. (Last year it was a combined 11.7 percent on \$14,100; this year it's 11.7 percent on \$15,300. While the Administration is playing it soft-pedal, i.e., "...will cost each covered employee less than one extra dollar a week..." the hard facts are the maximum combined bite as of 1/1/77 would be \$2,029.50, up \$379.80 over the rate in effect 13 months earlier.) The speakers talked gloom 'n doom about "salvaging the very valuable Social Security System" but when pressed for details they alluded to "more complete reports which will be available soon." They dogged questions about whether the budget proposed is realistic, and would not speculate on its chances of getting through Congress.

[COMMENT: The alleged purpose of this briefing session was to give the business community a chance to ask questions, the better to gain greater insight into Administration plans and positions. Instead, there was more electioneering than hard information, more key issues untouched than treated, more (and better) questions from the audience than answers from the spokesmen. It was an opportunity for some to-the-point communication, possibly to the benefit of both the Administration and business, but they blew it. Too bad.]

OF INTEREST

BERNSTEIN SAYS JUSTICE DEPT MAY BE ACTING BLINDLY in its investigation of antitrust provisions in the McCarran Act because the realities of the insurance industry are not fully understood there. Addressing the Annual Meeting of the Insurance Information Institute, the former Federal Insurance Administrator said, "Rate regulation may be appropriate in a public utility...but it has no merit when applied to a competitive industry like insurance..." Bernstein said Justice Dept officials understand that the p/c industry is a competitive one, but he charged "Justice failed to demonstrate that it appreciates the extent and depth of that competitiveness." He warned, however, that elimination of the McCarran Act is a real possibility but predicted that, if it does happen, it won't be this year because of the paradox in the Administration's position of seeking less regulation while promoting more state autonomy.

NOTICE

The Friday Flash will not be published next Friday, January 30, because our printing press will be on a moving van somewhere between Washington, D.C. and New York City, which is a sneaky way of announcing that NAIB's headquarters is relocating to New York City. Please take a moment right now to note that, as of February 1, all communications meant for NAIB's Hqs office, The Friday Flash, and Executive Director Ron Remington, should be addressed to:

111 John Street, Suite 2700
New York, NY 10038

No, we are NOT abandoning our Washington base; actually we're beefing it up and expect to concentrate more future man-hours on the federal scene than we have in the past. While you're recording new addresses, please make note also that the Washington office, under the direction of Deputy Director Steve Ellis, will continue to operate at:

1511 K Street, N.W., Room 314
Washington, DC 20005



Campaign '76

FOR IMMEDIATE RELEASE

JANUARY 31, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Dearborn, Michigan)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
MIDWESTERN REPUBLICAN CONFERENCE

THE HYATT REGENCY HOTEL

11:06 A.M. EST

*Republican Party -
When it stands*

Thank you very, very much, Chuck, Governor Milliken, Governor Bennett, Senator Griffin, Congressman Vander Jagt, other distinguished members of the House of Representatives and the Senate, Mary Louise Smith, our wonderful Chairman, members of the National Committee, delegates to the Midwest Republican Conference, I thank you very, very much for this warm welcome and I congratulate you for this tremendous turnout which is important as we move into 1976.

I remember very vividly the warm welcome that many of you gave me two years ago when, as Vice President, I attended the Midwest Conference in Chicago. at the start of the 1974 campaign. Our party was in very low spirits and some people said our party was dead and gone. The burden of my remarks, as I recall, was that we would come back fighting, if we remembered and remained faithful to the historic mission of the two-party system in America.

The parties exist to mobilize the grass roots participation of citizens to forge party principles from a broad spectrum of opinions and goals, and to recruit, train and support candidates who will carry out and advance those principles in public office at all levels.

Over the past two years we have all given freely of our efforts to accomplish this. Thank goodness, as we start our Bicentennial of independence, the whole world knows the two-party system of free choice is still very much alive in American and we must continue to preserve it.

And very early in this landmark year, the contending principles and the basic issues before the voters are coming through loud and clear. Already emerging is a great national debate, not only between our two great political parties, but within both of them, over the role of Government in the lives of individuals, how much Government can or should do for the people and how best to go about it.

MORE



It is very fitting and it is profoundly encouraging that Americans in 1976 are still so deeply concerned and still as heatedly arguing the basic questions that face the founders of our Republic in 1776.

And these are not philosophical abstractions any more than they were then. The political decisions which the American people will make this year will determine our Nation's future course in the kind of a country our children and our grandchildren will inherit just as surely as the decisions made by the colonial legislatures and the Continental Congress in Philadelphia 200 years ago.

The new realism that I spoke of in my State of the Union Message is not the property of any political party, but the prevailing mood of the American people, the length and breadth of our country.

Realism requires that continuing economic recovery and the creation of more meaningful and rewarding jobs must have our highest priority in 1976 and beyond. Here the issue has already been joined and this is how I see it. Without war-time mobilization, there are two main ways the Federal Government can act to put more people to work. The question is which way should we go?

The Federal Government can create the economic climate and the incentives through changes in its tax policies and other programs which encourage and expedite the creation of productive, permanent and private jobs. This is what I propose to do. Or, the Federal Government can try to create jobs itself. This is what the opposition proposes.

The Congress can vote more money to pay people directly for doing things such as the public works projects of the Great Depression. It can provide funds to State and local units of Government to perform public services, as spokesmen for the other side of the question say we should be doing on a more massive scale. Such programs, of course, add substantially to our Federal deficits with all the evils that flow from that danger.

I am not here to argue the opposition's case, but the main objection I have heard is that my proposals to encourage job creation in private business and industry would take too long to show results; that the economic loss we suffer through unemployment levels justifies much greater Federal spending for Federal job programs.

It is true what I am proposing is not going to get the unemployed back to work overnight, but it will get them back to work with lasting and secure jobs, not dead-end jobs supported by the Government.

MORE



Public service jobs or programs have the ring of an instant solution but they won't solve the problems and may very well inhibit the restoration of a healthy economy. First, the record shows that public service jobs largely displace State and local Government jobs which would have been filled anyway. After a year, less than half of such jobs actually add to the total national employment, and after another one or two years, the net additions to jobs is negligible. The record also shows that these make-work programs take months and years to get started, and once begun, even when they fail or are no longer needed, the programs go on and on and on. Such deadend jobs seldom lead to regular promotion or a meaningful career in the way private employment usually does. Even with the immense growth of governmental levels in recent decades, the fact remains that five out of every six jobs in this country are still in the private sector.

Simple arithmetic tells us this is the place to look for new jobs and more better jobs. This is where the people have been laid off and where they must first go back on the payroll.

I don't need to say that twice here in Michigan where automobile workers and all the other jobs that depend upon them have been especially hard hit. The good news, however, is that the United States automobile industry is turning around, and in the first 20 days of 1976, new car sales were up 37.2 percent over 1975, but even the most sincere proponents of Federal public works and public service job programs don't contend that the cure for unemployment in the American automobile industry is to build Federal factories to make Federal cars. (Laughter)

I doubt that the United States Government could make a Model T for less than \$50,000. (Laughter)

But that is where the argument leads you when you take it to extremes. Common sense, however, avoids extremes or arguments or action. One thing the Government in Washington certainly can do and the Congress should do quickly is open up more jobs through my tax incentive proposal for high unemployment areas. Where unemployment is over 7 percent, employers would be given tax incentives for new plant expansion and equipment. This would create new jobs both in the plants that are built and among those who construct the plants and supply the equipment.

And to make sure of prompt results, expansion and modernization would have to start right away, this year. I know this plan will make better jobs faster than another quick fix public jobs program. The clinching argument for stimulating private jobs rather than making public payroll jobs is that it is already working, not fast enough.

MORE



with
the word

That is why we need to focus on areas of high unemployment right away. The job creation tax incentives I have recommended at the start of the recession have already helped provide a climate in which total employment has risen by 1 million 300 thousand jobs since last March.

We have already recovered three-fifths of the jobs lost during the recession and people are now being hired faster than they are being laid off. In the meantime, of course, we will continue unemployment insurance to cushion the hardship of those who want work and still can't find it.

We will continuing proven job training and opportunity programs as we work our way out of this recession.

MORE



One cannot promise full employment overnight and I hope nobody does in the coming debate, because it is a cruel illusion. I am determined to stick to the steady course that has brought down the unemployment rate from what it was at the bottom of the recession in March or April of this year without reviving the double-digit inflation that was soaring when I became President.

The rate of inflation that surpassed 12 percent during the year ending December 1974 has been cut almost in half. If my recommendations to the Congress are heeded, we can hold it at 6 percent or less in 1976. This will benefit everybody, especially the needy and those on fixed incomes. But if Congress exceeds my budget and enacts spending programs that increase the deficit and add to inflationary pressures, everybody will lose -- particularly the unemployed and the poor and the senior citizens who depend upon retirement pensions.

Although unemployment remains much too high, we are reducing it. Our economy is growing in real terms at over 6 percent a year and we are reducing substantially the rate of inflation. In addition, the real earnings of those who have jobs now -- over 85.2 million -- are now growing instead of shrinking. Sustaining sound economic growth with increased production and greater competition to lower costs must be our primary long-range goal.

This goal was reflected in my State of the Union message and the \$394.2 billion budget I submitted last week, which looked to achieving a balanced budget by 1979. This would permit another major tax cut if we continue the kind of budgetary restraint that I have recommended to the Congress.

The heart and the soul of my program is to hold down the growth of Federal spending, which has been averaging 10 percent or more each year for the last 10 years. By matching Federal spending cuts with Federal tax cuts, we can return to the people who work hard and pay taxes more of their own money to spend for themselves, and that is what we must do.

This is not merely a matter of reversing recent trends which has clearly led to government taking too much money from the people and borrowing even more, it is also a matter of reviving freedom -- the freedom of each individual and family to make day-to-day decisions affecting their own lives.

I recently saw a survey of the 158 nations in the world which concluded that only the United States and 39 other countries provide their citizens with what we call freedom. But even in the free world freedom can be invisibly threatened by overtaxing and overregulating people to the point where they no longer have the time or the money to do anything except make ends meet.

MORE



These are not philosophical abstractions any more than the tax on tea in Boston was 200 years ago. The people are about as fed up with the petty tyranny of the faceless Federal bureaucrats today as they were with their faraway rulers in London in 1776.

But we should remember that our American revolution was unique in that it did not destroy and root up all the institutions of law and representative government which had been implanted on this side of the Atlantic. Instead, it cherished the great principles of the past and improved upon them. The American experiment has been one of trial and error and improvement for its full 200 years, and it is far from finished.

For more than 40 years we have experimented with the notion that the Federal Government can effectively control the economy, provide everybody not only with their needs but also with their wants, decide what is best for Michigan in the same sweeping law that decides what is best for Mississippi, and regulate people in California by the same regulations as in Connecticut.

We have found that much of this just does not make sense. We have found that individuals and families and neighborhoods and communities and cities and counties and states and regions have more important things in common but also important concerns that are different. They know what they need and what they don't need. They can solve their own problems better providing they have the resources to do it. *and in fact f.g.*

The Federal Government can help them in the following ways:

Through Federal revenue sharing, a concept long advanced by our party, which has returned \$23.5 billion of Federal taxes to State and local authorities to spend as they see fit under local citizen control.

Through consolidating scores of complicated, overlapping, wasteful Federal programs into a few broad and flexible grants. With this Federal money, the fifty States and their subdivisions can better handle their obligations in such fields as health, education and welfare. We are all familiar with the food stamp scandals. We all know about the shocking abuses in other welfare programs.

I have asked the Congress for authority to make reforms that will focus necessary Federal help on the needy instead of the greedy.

MORE



I am shaking up and shaking out inefficiency and waste wherever I find it and I will do even more if the Congress will let me.

Waste and inefficiency are not only rampant in Government, too often they are actually promoted by outworn Government policies. We remove the shackles of Federal regulation from the Nation's farmers with astonishing and beneficial results and we are lucky to have Earl Butz as our Secretary of Agriculture.

But we still cling to Federal price regulations on natural gas which discouraged the development of new supplies and distorts the distribution of our dwindling domestic production. We need my long-range proposed deregulation if we really want to stimulate production and make more jobs.

I say to my old friends in the House of Representatives -- some of who are here today -- who keep talking about stimulating production and making more jobs, let's vote for deregulation and do it now before the winter is over.

Every day this over-regulation of an essential energy resource continues, shortages spread to factories and schools across America. Only a warmer than normal winter in most parts of the country has saved a number of States from critical shortages of natural gas, among them Indiana, Iowa, Kansas, Missouri and Ohio, but the short term crisis can still hit us and certainly the long-range problem remains as long as we have this regulation.

The House of Representatives next week has an opportunity, and I think an obligation, to act affirmatively as the Senate did just before the holidays in 1975. So I urge you to contact your Members of the House because the date for action is next week. Convince them, as you can, that they should vote for deregulation and provide an incentive so we can get over the short as well as the long-range problem.

In all of these practical improvements I propose that we steer the same steady course the patriots of 1776 took in their political revolution. They did not renounce the Magna Carta and we are not going to repeal Social Security.

They did not throw off a distant Government to become 13 totally sovereign nations; rather they brought representative Government and rule closer to home; they devised the Federal system that combined the blessings of freedom with the strength of unity. They were realists and men of experience, practical problem solvers as well as political philosophers. We can be everlastingly grateful that they looked forward instead of backward and we should do likewise. In today's developing debate, I am proud to say that our party is the party of change, and the other party, or at least many of its leading spokesmen, the party of the status quo.



In American politics the pendulum has swung back and forth from the first debates of Hamilton and Jefferson, always coming down on the side of the ultimate wisdom of the people. The first President of our party is remembered more for himself than for his wonderful words. Yet among the wisest advice he ever gave to practicing politicians was that you can't fool all of the people all of the time. Lincoln's advice is just as true today. I believe we are heading in the right direction as a nation and I say to you that we must also head in the right direction as a party.

It was particularly encouraging to me to hear the spokesman for the other party agree that we can't go back to the old days, that we must not be afraid of change and that there be no man made problems that we as people cannot solve.

Yes, this year we are the party of change. We have turned our back on those old ways. We have turned away from the discredited idea that the Federal Government can solve every problem just by spending more of your tax money on it. Yes, we know that a government big enough to give us everything we want is a government big enough to take from us everything we have.

We are on the side of individual freedom. We are on the side of common sense and we are going forward to victory in November of 1976.

Thank you.

END

(AT 11:32 A.M. EST)



OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Orlando, Florida)

THE WHITE HOUSE
REMARKS OF THE PRESIDENT
AT THE
PRESIDENT FORD COMMITTEE
VOLUNTEERS' RECEPTION
OLD McCOY OFFICERS' CLUB
ORLANDO JETPORT

*Feli
President
on
taking
over
as
President*

5:30 P.M. EST

First, I want to thank Lou, Skip, Phil, Paula, and I want to thank all of you. I can't express my appreciation and gratitude adequately. I have heard rumors to the effect that I did not have any volunteers, that we had a hard time finding people who were interested in going out and working hard on a voluntary basis.

I have heard rumors that our organizations just did not exist. I never believed it in the first place, and this is the best proof right here that we have got it. So, let me just say thanks again.

Now, I know this is a hard job. It takes a lot of time making phone calls, going door to door, distributing material and all the footwork that you have to do. I have done it. In fact, I was thinking as we drove over here, I got involved in a Presidential campaign first in 1940 on behalf of Wendell Willkie.

I did on that occasion just what a lot of you are doing, and so I know that a little shoe leather and all the other things, it does make a difference, and what you are doing and what you have done and what you will do will make a difference, and I thank you very much for just the fact that you are, but even more importantly the fact that you are interested in good Government and you are interested in good programs and you are interested in the future of that country.

Now, if I might take just a minute, I was also thinking flying down here back to August 1974. It was a great responsibility that fell on my shoulders. We had a traumatic experience in this country. We had to re-establish public trust and faith. We had to meet the problems of a domestic economy where prices were going up and everything else was going down -- employment, all the other industrial problems that we face.

MORE



We had the problem of our allies not being certain or positive what kind of job a new President would do, and the solidarity of our alliances around the world involved the peace and security of this country.

It has a big impact on the peace and security of the world. But, ever since August of 1974 I have been very fortunate. A good many Americans prayed, a good many Americans understood the traumatic experiences we have had. A lot of fine Americans went to work.

So, we are coming out of all those sad experiences, we are making great headway, whether it is in getting more people employed--some two million one hundred thousand more Americans employed today than last March--with the unemployment going down and the employment going up.

We had some great news today. You know inflation is an insidious factor in our society. We got a report today that the Wholesale Price Index showed no upward movement at all, so for the last three months we have actually had a downward trend in wholesale prices.

This is the kind of news we want to have -- a strong economy. It will add to the public confidence that is returning generally. So, I think we can look down that road and say that the path is going to get rosier and rosier for 215 million Americans, but if we are going to have a strong society and a strong economy at home, we have to be strong as we meet our challenges abroad.

As Lou and Skip and Bill know, I have submitted to the Congress the biggest, the best defense program this country has ever had. Bill helped me get it through the Congress. Then we can continue a policy of peace with strength, which is what has been successful as we have reassured our allies, whether they were in Western Europe or in the Pacific, and have kept our negotiating capability with our adversaries, whether they are the Soviet Union or the People's Republic of China.

So, we are really making headway. But, we have got some other problems that I think have to be faced, too. We recognize that we have to have Government -- local, State, as well as Federal -- but I want to get the Government off your backs to the extent that we can and yet have the Government do the job that it has to do.

One of the guiding things that has always affected me can be summarized in a sentence or two. Some of my staff give me a bad time because I use it, but I think it really says in a few words what it is all about. I feel it very strongly and very deeply, and let me put it this way:

MORE

We should never forget that a Government big enough to give us everything we want is a Government big enough to take from us everything we have.

So, as we move our private sector -- that is where the jobs are -- as we get a handle on inflation, as we meet the challenges internationally, I think we can say America has a great future, as it has had a great past. The things that are going to come, whether it is in science or technology, the things that are going to come through individual initiative, the things that are going to be good for the young people here will be much better than the things we had in my day and age.

We made a lot of progress, but our kind of Government stimulates progress, and we have got to keep this Government so that we can give to these generations, our children and their children, a good America.

As I close, let me just say this: We have gone through difficulties, we have had some hard decisions to make, we have to work extra hard, all of us, and all of you, when you come right down to the bottom line, I am proud to be an American, and I am proud of America just like you are.

Thank you very, very much.

END (AT 5:40 P.M. EST)

I congratulate you for this fine and I think exceptional effort.

Frankly, I have had it with terrorism of the kind that recently killed so many innocent people at LaGuardia Airport in New York City and has plagued the South Florida area. The FBI has reported that bombings in the United States in 1975 killed 69 people.

The time has come for society to act in its own self-defense.

I favor the use of the death penalty in the Federal criminal system in accordance with proper Constitutional standards. The death penalty in appropriate instances should be imposed upon the conviction of sabotage, murder, espionage and treason. Of course, the maximum penalty should not be applied if there is duress or impaired mental capacity or similar extenuating circumstances. But in murders involving substantial danger to the national security, or when the defendant is a coldblooded hired killer, the use of capital punishment is fully justified.

We realize today that passivity and permissiveness invite crime and that the certainty of punishment prevents crime, and I mean positive, swift and just punishment. But the criminal justice system need not be vindictive to be effective.

As President, I will give no comfort to those who make false allegations of police brutality but excuse the real brutality that exists in America today, the brutality of hoodlums in the streets of our cities throughout America.

I have no patience with those who would portray the violent criminal as the helpless victim of society when such offenders are actually anti-social criminals.

MORE



OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Miami, Florida)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
FEDERAL BAR ASSOCIATION DINNER

EVERGLADES HOTEL

9:30 P.M. EST

Thank you very much, Bob, Maurice, my good friend, Louis Frey, members of the Judiciary, distinguished guests, ladies and gentlemen:

As I had the privilege and honor of going through the reception, a number of very kindly remarks were made concerning the fact that I had apparently picked up some Florida sunshine. I am delighted that that happened.

It is wonderful to be here in Florida and, of course, the sunshine was great and the receptions were exceptional. But let me just say it is a great privilege and pleasure to be here on this occasion with this very distinguished group, and I thank you for the invitation.

It is a great honor and privilege to address the fellow members of the Federal Bar Association, the leading professional organization representing attorneys, civilian as well as military, in Federal service and formerly employed by the United States Government. The Federal lawyer serving in every department or agency of our Government has never had more important responsibilities than today in our rapidly -- very rapidly -- changing society. And this is especially true in law enforcement.

In South Florida, you have done an outstanding job to provide speedy justice and mobilize State and local cooperation. Indeed -- and I am delighted to hear it -- I understand that some of the Federal courts in your district remain in session as late as 11:00 P.M. to speed trials and to prevent backlogs. I congratulate you.

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Ft. Lauderdale, Florida)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
PRESIDENT FORD COMMITTEE VOLUNTEERS

THE BAHIA MAR HOTEL

*File
President
on folders
over*

8:25 A.M. EST

Thank you very, very much, Joel, Lou and all the distinguished public officials, all of you wonderful youngsters and oldsters, and everybody else.

We get the combination of energy from these young people, real experience and enthusiasm from all the rest of you -- we just have to win. We are bound to win.

We have had, as Joel said and as Lou indicated, a wonderful reception from the time we landed in Orlando, and this group here is another indication -- despite what some of the skeptics have said -- that we not only have the numbers but we have the talent, we have the enthusiasm.

Our organization is good and we are going to win with them.

The nicest thing for a candidate to have -- and I think Lou and the others would agree with me -- is to find when the chips are down, when the going, in the minds of some, is at least rough, that all of your old friends from a good many years back or some of your new acquaintances, or some of the neighbors that you lived next to, or people you went to school with or were associated with in business, come to help. And as I walked through this wonderful crowd this morning, I must admit, 50 people fitted into one category or another that were friends of the past or newly made acquaintances.

This is what makes a candidate feel good, because of their feeling of closeness, their feeling of knowledge about whether you are good or bad, and I want to thank not only all those old friends, but to thank all of you who have done so much and are so important in this crucial campaign.

MORE

Let me just take a minute to talk about what has happened in the last 18 months. About 18 months ago, the burden fell on me to become President of the United States under very difficult circumstances. I think we have made a tremendous amount of progress. We have restored the public faith in the responsibilities of the Oval Office.

But as I look back in the month of August of 1974, we were suffering as a Nation from inflation of over 12 percent. We were on the brink of a very serious economic recession. Our allies abroad had some fear and apprehension as to whether or not a new President could rally the American people and contribute to the growing and essential strength of our alliances abroad.

Instead of panicking, we took a firm, steady, realistic, common sense course of action. The net result is we made tremendous progress, and we are not coming up with any quick fixes that look good on paper, but burn up about as quickly as it possibly could.

So here we are in February of 1976, roughly 18 months after those circumstances faced us squarely in our eye. I would like to add a little extra comment. I know from the mountains of mail that I have received and Betty has received over this 18 months, we have had the prayers of young people and old people. We have had the prayers of the American people, and that has been extremely helpful to us, and we thank all of those who were kind enough and thoughtful enough under those circumstances.

But here we are, in February of 1976, and the skies, all of a sudden, seem to be opening up and brightening considerably and they are that way because we have done the right thing. We are coming out of the recession. Employment is going up. Since March of last year we have added 2 million 100 thousand more jobs. We regained 96 percent of the jobs lost during the recession. The unemployment trend is down and it is going down.

We had some encouraging news just yesterday in two respects. One, the wholesale price index, which is the basis of the consumer price index -- if you get that under control, you have a great big handle on trying to cut back the cost of living for the consumer -- for the month of January there was no increase in the wholesale price index. The month before there was a 1.6 drop. The month before, it was zero, so we are really doing something effective in the wholesale price index and that will have a beneficial impact for young and old and people in every one of our 50 States.

MORE

But to create jobs we have to have our economy really moving, and, again, yesterday we got some excellent news, that industrial production was up again.

So as we look across the domestic spectrum, I find a great reason for encouragement, even more so than I tried to say during the State of the Union Message about a month ago. But it does not do us much good to get things straightened out and problems corrected at home unless we are sure that our national security is in the right direction.

I said last week, and I reiterate it here -- the policy of this Administration is one of peace through strength.

I submitted, in January, the largest defense budget, I think, in the history of the United States -- \$112.7 billion. This is the first real step to make certain that we have not only the capability to deter war, but the capability to make certain that our security is secure.

More importantly, we are making the right kind of headway because we are strong in our re-establishment of our alliances abroad. I have had some excellent personal contacts with the heads of government in Britain, in France and West Germany and other Western European countries. Today, the NATO alliance is in the best shape it has been since its inception.

It is important that we keep a strong partner and many friendships in the Pacific. Our relations with Japan today are the best they have ever been. That is a bulwark of strength in that vast ocean area.

At the same time, we can look with great pride in what has been accomplished in the Middle East. We have moved forward to a just and permanent peace in the Middle East. Why? Because the Israelis trusted us and the Egyptians trusted us. And it is the trust they have in us which convinced them they could move toward a settlement of some of their differences. This is the result of America being strong and America being trusted.

But we do face some adversaries around. We face the People's Republic of China. It is important that we continue the negotiations and the open relations that we have with them. We recognize that their ideology, their political philosophy, is totally different from ours, but you can't ignore 800 million people. And we will deal with them in a way that we benefit and in a way that is good for the world as a whole.

MORE

We face the problem of dealing with the Soviet Union. Let me say one thing categorically. I am a good Yankee trader and we are not going to get out-traded in dealing with the Soviet Union.

I think it is important, as we negotiate with the old traditions of American Yankee traders, to recognize that if we can put a cap on the nuclear arms race and push back the vast expenditures for more and more and more nuclear arms, it is in the best interest of all of us. We will keep our powder dry, but we are going to be darn sure that that agreement comes about. It is in our interest and in the interest of world peace as a whole.

I don't think it is in the best interest for us to do two things: One, to increase the proliferation of nuclear arms all over the world, and I don't think it is in the best interest of the world to deal in this area with your finger on the trigger. I think it is better to be strong and keep your powder dry.

Now, let me close with just one final comment. I reiterate my appreciation for your all being here. I know how hard you worked and I know how much of an impact you have had. You have about a month to go. What we do in the weeks ahead, the days before us, is vitally important. The reception we have received here in Florida has been tremendous and I am deeply grateful, but campaigns are won, and this kind of a campaign will be won, by what all of you do and the policies that we pursue.

We are going to try, as we move ahead in the policy decisions of this Administration, to have just a kind of a balance. I want a balance between the taxpayer on the one hand and the recipient of Federal assistance on the other. I want a balance between the private sector and the Government sector. I want a balance between the Federal Government and the State Government and local units of Government. It is vitally important that we have that balance. I want to free the individual from as much Government control as possible.

I will make one statement that sort of puts all of my philosophy in a very simple fashion. I say it often because I believe it. Some of you may have heard it, but it wraps it all up. A Government big enough to give us everything we want is a Government big enough to take from us everything we have.

We want that balance. We want honest Government. We want strong Government. We want fair Government. And let me conclude with this final comment -- as we move ahead, as we are moving ahead, I get prouder and prouder of the fact that I am an American, and I get prouder and prouder of America. I know you do, too.

Thank you.

END

(AT 8:42 A.M. EST)

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Ft. Myers, Florida)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION

FT. MYERS EXHIBITION HALL

4:07 P.M. EST

Thank you very, very much, Skip, Congressman Louis Frey, Colonel Lou Antol, Cas Peacock, Reverend Browning, ladies and gentlemen:

Let me say it has been a great, great experience to come to Ft. Myers in Southwest Florida. Thank you very much.

Nothing would be more unwise than for me to pass judgment on where the largest crowds were. I love every one of them and this one I love especially. Thank you very much.

I am especially pleased, also to be here in the second home of Thomas Edison. It is clear from the great Pageant of Light Celebration today with the parade I understand you are having this evening, that all of Ft. Myers is proud of Edison's very long association with this great community. Edison, as all of you know, was a truly remarkable man and I can't help but add this feature. Thomas Edison was a friend of a man by the name of Henry Ford. (Laughter.)

I am a Ford from Michigan, but the other Fords would never admit I was a relative. (Laughter)

Well, Edison was a great man. Besides his inventive genius, he was also a man of very clear vision. His views on hard work are legendary. "There is no substitute for hard work," he once said, and he defines genius as one percent inspiration and 99 percent perspiration.

His views on Government were equally forthright. He knew the importance of fiscal responsibility in Government, of holding taxes down and of keeping private enterprise strong. He was a very perceptive man and he once said, "There is far more danger in public than in private monopoly, for when Government goes into business, it can always shift its losses to the taxpayers. Government never makes ends meet. And that is the first requisite of business."

MORE

In those very few words, I think Thomas Edison summed up much of what has gone wrong in this country. Government never makes ends meet. We have had a balanced budget. It is hard to believe, but it is true -- only seven times in the last 44 years. It is a terrible record. No business could match that record and ever hope to survive, much less prosper.

I think we can turn that dangerous trend around. I think we must and I think we will turn it around, because if we don't, if we don't draw the line right now and make ends meet soon, we are going to be in very serious, very deep, very considerable trouble.

You and I know very well, but it looks like it might take another Thomas Edison to make the United States Congress -- the majority, anyhow -- see the light.

I have to concede, it won't be easy. A budget already blotted by years of excesses can't be slimmed down overnight, but it can be put on a rather rigorous diet. If the Congress can resist the temptation to feed it in between meals, I will veto any attempts to do that -- we can get it down to the right size where it ought to be.

And the best part of this budget which I submitted to the Congress in January is that if we do what I recommended this year and what I have proposed would follow on, we can make our ends meet and we can have a balanced budget in three years and have another tax decrease. I think that makes headway.

None of you, as I look across this great audience, would run a household the way the Federal Government has been run in the past. You just could not get away with it. You have to balance your budget at home or you are in darn serious trouble.

When Government does not make ends meet year after year after year, it breeds inflation, and that is real trouble -- and you know it right in your own pocketbooks. You know it precisely every time you buy a very simple item like a jar of peanut butter and compare the price stamped on it with the one jar in your cupboards. Boy, it is obvious -- we have trouble. And those of you on fixed incomes really know when you are giving up not only luxuries, but, unfortunately, in many cases, necessities.

I happen to believe, and believe very strongly, we can win this battle against inflation. When I took office, as Skip Bafalis said, the rate of inflation was over 12 percent per year. We have already cut it in half from what it was just a year or so ago, and with the support of hard-working taxpayers, we can cut it even more in the future.

MORE

Yesterday we got some good news. The Department of Labor announced that wholesale prices were unchanged in January. The facts are wholesale prices have shown no appreciable gain or change, I should say, since last October. And if we can lick the battle against wholesale prices, it will have a truly beneficial impact on consumer prices--the cost of living for all of you. And we are going to keep that pressure on.

In my State of the Union Message, which I delivered to the Congress and to the American people, I spoke of the need for more common sense and a better balance between Government activity and private efforts.

Those are not just slogans -- they are underlying themes and commitments of my Administration, and they are necessary ingredients for the Nation's success in its third century of independence.

Government will do its part, but it is time we face the fact that Government must stop trying to do everything. That won't work. It never has.

I have said it before, some of you may have heard it but it sums up so cogently my basic philosophy. I live by this principle, I think it is sound, and let me phrase it for you very rapidly. A Government big enough to give us everything we want is a Government big enough to take from us everything we have.

MORE

*File -
objective*

This Federal budget that I proposed for fiscal year 1977 reflects that truth. It arrests the rapid growth in Federal spending, cutting in half the average annual increase or growth rate for the last ten years.

It strikes a better balance between those who pay taxes on the one hand and those who benefit from Federal spending on the other. It proposes tax cuts for individuals and tax incentives for business investment and economic gain.

It strikes a better balance between our national defense requirements and our domestic needs, and makes certain that our national defense will continue to be second to none, as it must be.

It strikes a better balance between Federal control and State and local authority through such programs as general revenue sharing. Revenue sharing has already brought a total of some \$2 million to Ft. Myers since 1972, and I have proposed for a five and three-quarter year extension.

Under that extension, this amount would be increased to \$3.4 million for the period between 1977 and 1982. Dade County has received \$4.3 million since 1972, and I am asking the Congress to raise that to \$10 million in the new extension of the legislation.

With this fine program, which gives Federal money to State and local officials to make local decisions based on your needs and wants, I hope we can restore the truly Federal system which our forefathers envisioned and established under the Constitution.

I don't want to dismantle the Federal Government. I want to make it work better, more efficiently, more humanely, and far more effectively, and we can do it, and we will.

Before answering your questions, which I really prefer to do, let me ask each and every one of you for this: With your help, your support, your mandate, and borrowing some of Thomas Edison's fabled determination, I think we can make Southwest Florida, Ft. Myers, our whole 50 States, a better and better place in which to live, and make us all very, very proud of being Americans and very proud of America.

Thank you very, very much.

MORE



Thank you, that is a great reception, just as warm and just as friendly and just as much appreciated as those wonderful people out on the route as we came into town.

Now, the first question.

QUESTION: I am from Grand Rapids, Michigan.

THE PRESIDENT: I have heard of that place.
(Laughter)

QUESTION: You served lunch to me at school 43 or 44 years ago. Do you remember me? (Laughter)

THE PRESIDENT: I have to get my glasses on. Those lights are bad.

QUESTION: Oh, you know me, Jerry. (Laughter)

Can I shake your hand, then I will leave you.
Can I?

THE PRESIDENT: Well, have you got a question, first?

QUESTION: I haven't got anything. You are doing a good job.

THE PRESIDENT: Okay. (Laughter)

I am glad to see a good Michigander down here enjoying all the benefits and blessings of this area.

QUESTION: Thank you for coming to Ft. Myers, Mr. President,

The question. Now that Susan has left her position and will be joining you in helping in your re-election, do you anticipate any other members of the immediate family to follow suit, hopefully?

THE PRESIDENT: Well, Betty is a tremendous asset. She could not come down on this trip. But, I am sure if and when I think we will come to Florida again, she will come on that trip.

And Steve is out training horses in California, and that is a long way from Florida.

MORE

Mike is up in divinity school in Massachusetts. He was with us in New Hampshire and will probably join us the next time.

Jack has a new job, and he has to go to work so -- (Laughter)

QUESTION: Thank you, Mr. President.

THE PRESIDENT: They are great kids, and I have a wonderful wife, and they are a better asset than I am.

QUESTION: Good afternoon.

First, I would like to thank you for sending me the autographed picture for Christmas, and I have a question. What can you or will you do to speed construction of Interstate 75 throughout Southwest Florida?

THE PRESIDENT: How fast do you want it done? (Laughter)

Well, I have talked to your fine Congressman and others about it. I happen to be a person that believes very strongly that we ought to finish the interstate system as quickly as possible, period.

Now, it is my understanding that there is a bill in the House and in the Senate -- they each have a slightly different version -- one has \$12 million extra for the area and one has \$25 million extra.

Somewhere in between \$12 and \$25 million will be made available to the State of Florida to expedite your interstate system. I would expect that that legislation would be through the Congress in a relatively short period of time.

Unless something happens that I don't foresee, it will be signed by me. It will be made available, or the funding will be made available to the State, and then the State has to make a decision where it wants to allocate that money.

Now, I think with the extra money and a little push from you all and a little suggestion from us, maybe we can get a good share of it over here in Southwest Florida.

MORE

QUESTION: Mr. President, prior to the 1974 elections you indicated a need for special 5 percent increase in income taxes. The only response you got from the Democratic majority was that they used it against you at the election time.

Just a few weeks ago you announced the necessity for an increase of Social Security taxes and the cost of Medicare. Now, no doubt the only response you will get from the Democrats is that they will use it against you again in November elections.

Now, while I agree with you that these increases are a necessity, my question from the standpoint of practical politics, how do you justify the timing of the tax announcements?

THE PRESIDENT: I think that is an excellent question, and it is one that ought to be answered. If we make decisions about the integrity and certainty of the Social Security Trust Fund on the basis of politics, a person does not deserve to be elected President.

The truth is that everybody knows that in this current fiscal year the receipts for taxes for the Social Security Trust Fund are \$3 billion less than the expenditures, and everybody knows that next year there will be \$3.5 billion more going out of the Trust Fund than comes in in new taxes, and it is going to get progressively worse under the present set-up.

Eventually, if we don't do something, there won't be any Trust Fund for the people who are already retired and the people who are going to retire.

Now, I don't think we ought to play politics with that kind of situation, and I don't intend to.

MORE

QUESTION: Mr. President, first I would like to welcome you to Ft. Myers. I would like to know if you have any ideas for programs in which to create jobs to alleviate the unemployment situation.

THE PRESIDENT: I have, I think, the best program for permanent jobs, for jobs that offer a future. I have a program that is not a quick fix--that is a phony answer. I happen to believe because five out of the six jobs in this country are in the private sector, that is where we ought to try and find more jobs for more people.

Now, how do we do that? Number one, we have recommended and we are still pushing for additional tax incentives. Let me cite one. We believe that with a tax incentive, business will build a plant more quickly, so in an area of high unemployment, my recommendation is to give a tax incentive to a company to build a plant to buy equipment. If they will do it within a relatively short period of time, it gives them a more rapid amortization. It is an incentive for them to create jobs right now.

That is the whole philosophy that I think is the right one to get our economy moving. Now there are some other things that we are doing in this temporary hiatus. For example, I have recommended more expenditures for local water and sewerage treatment plants than this year and 90 percent more than last year. This is constructive, beneficial local public works. We have more money put in the budget for the next fiscal year for highway construction than at any time in the history of the United States.

We have more money in the budget for ongoing fully justified public works program, not quick fix proposals that really don't do much. So between incentives for the private sector and responsible public works programs at the local and State level, I think we are going to accelerate the increase in job opportunities and reduce the unemployment rate.

QUESTION: Mr. President, the veterans of the State of Florida and the United States are quite concerned about the deterioration of the veterans benefits and the closing of the veterans hospitals over our country.

Now I understand this deterioration is happening in Washington, D. C. and we are quite concerned about it, and we would like some sort of explanation on it as to where we stand and what is going to happen.

MORE

THE PRESIDENT: First, let me talk about the situation in Florida. I understand you have four VA hospitals here. Today I visited Bay Pines. I went through the hospital facility. It is a 600 bed hospital. They are anxious to get a supplemental hospital to add 900-plus beds.

Two years ago, at the suggestion of the Congressman from that district and others in the area, I directed that we have an immediate study as to the need and necessity for rapid construction of the Bay Pines facility. That report is to be on my desk sometime next week.

After looking at the facility and seeing the need, I am quite sure that the proponents of that facility will not be disappointed with my decision, but I do have to look at the report.

But now let's talk about hospitals generally. I am not familiar with any closing of VA hospital facilities. As a matter of fact, in the budget for the current fiscal year, based on a recommendation of a survey made, I added \$404 million to get quality care for VA hospitals throughout the country and added 7000 more medical personnel, and in the budget right here I added 1700 more medical personnel and \$250 some million to continue the increase in quality care for the veterans throughout this country.

We are going to see it. We are going to demand that it be done.

QUESTION: This is most wonderful, and it is quite a different story than what we have been hearing. This I really love to hear and I certainly appreciate it. I can certainly pass it about. We certainly want to welcome you to the fair city of Ft. Myers and we will see you in Washington next month.

THE PRESIDENT: Okay. Nice to see you.

QUESTION: Mr. President, I am from Norwalk, Connecticut. Welcome to God's country.

THE PRESIDENT: Where -- Norwalk or Ft. Myer?

QUESTION: Ft. Myer.

I would like to ask a question. You have not been in our State. We would like to have you up there soon, when it gets a little warmer. Right now it is cold. Can I get an answer from you?

MORE

THE PRESIDENT: Well, I would like to stay in Ft. Myers and Southwest Florida for a long time, but it just so happens that I have a quite significant job to do as being President of the United States.

QUESTION: You are doing a good job, Mr. President. Nobody had the guts to take it, believe me.

THE PRESIDENT: Let me be serious for a minute. It is vitally important as we meet the problems, both at home and abroad, for the President to be on the job as long as is required, and it is no eight hour day, I can assure you. But we will do that job and we will get to Florida and we will get to Norwalk, Connecticut, as often as we can.

QUESTION: Bravo -- we expect you.

QUESTION: Good afternoon, Mr. President. I am from Precinct 79. We would like to know what you are going to do about the monopolies in the United States, such as oil and gas and food. Our food prices are atrociously high in our area and we are all concerned about them.

We also would like to know about the taxes that the middle class is paying and why are not some of the other larger income people paying taxes, too, sir?

THE PRESIDENT: On the first question, since I have become President, I have, first, appointed an outstanding Attorney General. That man has put added emphasis in the Department of Justice on antitrust activities, trying to break up monopolies or to eliminate monopolistic practices of any company and this year, again, in this budget he asked me -- the Attorney General -- for extra antitrust personnel and I recommended, as I recall, about 50 extra top grade people to help him pursue antitrust monopolistic developments.

So under the laws we have, you can depend that the Department of Justice will do a good job. And I might add that last year I recommended that the penalties for violation of the antitrust laws be increased. They were ridiculously low. They have been substantially increased so now that those who perpetrate monopolistic trade practices will really be penalized in dollars, as well, if it is criminal, any criminal penalties as well.

Now on the question of food prices, it is true that in 1973, just about the time we had the oil embargo, food prices soared. In the meantime, the farmers of this country have really turned to, and last year we had an all time record of wheat production, an all time record of corn production, and the net result is that instead of the increase in food prices of 15 to 20 percent in 1973, they are down now to an annual rate of about four to five percent. That is still too high.

MORE

But I can tell you that the farmers are producing. Our big problem -- let's be frank about it -- it is the middleman profit. The farmer doesn't get it and the consumer doesn't get it, and one of the jobs that the Department of Justice must do, the Federal Trade Commission must do, and others, is to find out why there is such an abnormally high differential between what the farmer gets and what the consumer pays, and we are going to go after it.

QUESTION: Mr. President, I have a question to ask you. In the interest of stopping inflation and attaining economic stability, what would you say is the primary thing that we citizens can do to help you attain your all important objective of balancing the Federal budget within three years?

THE PRESIDENT: Let me be quite specific. I have vetoed 47 (46) bills which, by the latest tabulation, means we have spent \$10.5 billion less than we would have spent because 38 or 39 of them have been sustained.

We have a new one that I just vetoed yesterday, \$6 billion or more -- extremely inflationary. It will add Federal jobs, if it does, at the rate of \$25,000 a job. The jobs will come after we have come out of the recovery. It is totally unjustified. I would hope that you would write your Senators and your Congressmen and tell them to vote to sustain that veto. That is in the best interest of this country.

MORE

QUESTION: Mr. President, my question is, do you have any idea how long the CETA program is going to last?

THE PRESIDENT: The CETA program -- maybe I ought to explain what it is. It is the Comprehensive Employment and Training Act. It was passed roughly three years ago, as I recall, maybe four.

What it seeks to do -- for the benefit of those who don't know what it is -- it provides funds to train people who have lost a job, to train them to acquire a skill in a new job.

In addition, it provides authority for what we call the summer youth employment program. The regular funding of that program is about \$1 billion 600 million, the non-youth part.

I have recommended full funding for that through December 31 of this calendar year, and as I recollect, about 60 percent funding for the remainder of that fiscal year. For the current year, we are spending roughly \$440 million for the summer youth program, and for the following summer, the summer of 1977, I recommended about \$410 million for the summer youth program.

Now, that is as far as we can go under the law. I have recommended that kind of funding for the fiscal year 1977, which ends September 30, 1978. But, that is, I think, a justified program. It really is one of the better programs we have in the Federal Government to meet the problems.

QUESTION: I do want to thank you for CETA because without that, I would be without a job. I really appreciate it.

THE PRESIDENT: I think it is one of the best programs in this area in the Federal Government.

QUESTION: Thank you, Mr. President.

QUESTION: I would like to know the difference between these different Bars or associations and the difference between unions which continue to raise our prices mandatorily through the years.

They need an increase, but we need a reduction, such as medical malpractice. The insurance rates have soared to the extent that the poor doctors cannot even operate. What is your opinion on this, sir?

MORE

THE PRESIDENT: Well, let's take the problem that affects doctors, the malpractice insurance that they want to have for their protection. The judgments that have been granted in court cases have increased rates very substantially.

It is really a State matter, not a Federal matter. Some States have moved in. In Michigan it has been solved by some cooperation between the medical profession and the State. I can't give you the details except I know it has been settled.

In contrast, we have had a controversy in California between the doctors and the State. Apparently, they can't find an answer. Since it is not a Federal matter, I can't give you any specific solution to it. I do think that we, in the typical American fashion, are getting some reasonably better settlements between labor and management as competition has increased in our economic situation and if we can keep these settlements down and increase productivity, that is the main thing.

I don't think we will have an inflationary impact from the wage settlements in 1976.

QUESTION: Mr. President, we welcome you to Ft. Myers. We are rooting for you, and we are also praying for you.

THE PRESIDENT: I appreciate both.

QUESTION: This is not a very nice question, but I think it is one that should be asked. What is your opinion, Mr. President, of Richard Nixon as President?

THE PRESIDENT: I think the best answer to that will come when the historians write the pages of history.

QUESTION: Mr. President, I was just wondering when you played football, what team did you play on?
(Laughter)

THE PRESIDENT: That was so long ago, it was back when the ball was round, and I have forgotten. To be serious, I played high school football in Grand Rapids, South High, and at the University of Michigan after I got through South High School.

QUESTION: Can I shake your hand?

THE PRESIDENT: You sure can.

MORE

QUESTION: Thank you very much for coming to Southwest Florida. I was wondering what your ideas about Amtrak rail passenger service are?

THE PRESIDENT: When I was in the Congress, I voted for the Amtrak concept. I think it is important for us, for a wide variety of reasons, including saving energy, and in certain areas saving time, to develop or to maintain or to expand rail passenger service.

We certainly need it in what they call the Northeast Corridor, from Boston to New York to Washington, and I am sure there are other equally important areas throughout the country. Unfortunately, however, there are some cases where the Congress has added -- just pure pork barrels -- in adding or requiring Amtrak to run passenger service where it cannot, under any circumstance, be justified.

Now, if they keep doing that, it will destroy the basic concept, which is sound for Amtrak. So, I just hope we show some restraint and good judgment because we need a good passenger rail system in certain parts of the country, but we can't afford to run it all over the country and strain the taxpayers' pocketbook.

QUESTION: Maybe you could have a few words with Amtrak, too. Thank you very much.

QUESTION: Mr. President, I am the one who wrote the letter to you. (Laughter)

THE PRESIDENT: I can't remember that exact one. (Laughter) Tell me about it.

QUESTION: I told you how old I was.

THE PRESIDENT: You have gotten older since then, though.

QUESTION: I know.

QUESTION: James Gorman is my name.

THE PRESIDENT: Yes, I remember. You did tell me that you were going to send me something, and it is very nice to see it, and I would like to receive it.

QUESTION: Can I shake your hand?

THE PRESIDENT: Sure.

MORE

QUESTION: Mr. President, I was wondering if you had any plans to help out the economic systems in the colleges and universities across the country?

THE PRESIDENT: The answer is yes, in this way: I don't think that the Federal Government should put its money in the brick and mortar of State and private colleges and universities.

I think the Federal Government should help students go to school. The net result is that again in this budget I have recommended \$1 billion 100 million for what we call the basic opportunities grants program so that needy and deserving students can go to colleges and universities, plus other various programs such as the work study program, the loan guarantee program, and there are two or three others.

I think we ought to, from the Federal level, concentrate in making it possible for students to have help to get an education. I think it is the responsibility primarily of the State to finance the construction and the operation of State universities and State schools.

QUESTION: Do you think there will ever be a woman President?

THE PRESIDENT: Well, maybe you would. Let me say this. I think it is perfectly feasible. I don't think it is going to come in the relatively short future, but we have got some very brilliant, outstanding women, and I am certain that at some point we will have a lady or woman President. I better say that or my wife, Betty, would really give me a hard time.

QUESTION: May I shake your hand?

QUESTION: Mr. President, I would like to know if you think that we should have better Federal aid going to Americans, such as helping orphanages and needy people, instead of going out of the country to other people?

THE PRESIDENT: I think we ought to do all we can to help the needy at home, but let me just raise a very fundamental question with you, which you have raised yourself, whether we should help other nations throughout the world.

Many people in the audience recall the devastation that existed in Western Europe following World War II. If we had not helped Western Europe rehabilitate itself, I am confident today that all of Western Europe would be behind the Iron Curtain.

MORE

I think that for humanitarian reasons we ought to help disadvantaged people in other areas of the world. We have to have a greater consideration for our own citizens, but a country as rich as ours, a country that has, I think, the destiny of America, ought to look beyond its shores, ought to have a broad vision.

It is a responsibility we have that we ought to accept willingly. America is great because it is good. I think we ought to take that position all over the world.

QUESTION: May I shake your hand?

QUESTION: Mr. President, I personally appreciate the great leadership you are giving to our country. One of the big issues before our country, of course, is spending and cost and it has been one of the issues we have been discussing a lot here today.

Related to it is a major issue before Congress, the B-1 bomber. What is your point of view on this?

THE PRESIDENT: I have from its very inception supported the research and development, and in this budget I have recommended the procurement funds for the B-1 bomber.

Let me tell you why. Our main strategic, high-performance aircraft today is the B-52. We have some B-52s today that are over 20 years old. Would you want your son or your close friend flying on a combat mission in a plane that was over 20 years old? I wouldn't.

I think if we are going to keep America strong -- and I think it is needed and necessary so we can have peace with strength -- we have to phase out those weapon systems as they become obsolete and follow on with other weapon systems, such as the B-1 replacing the B-52.

I think it is an essential for our security. I think it is essential for peace through strength, to have that new high-performance strategic aircraft.

Thank you very much.

END (AT 4:55 P.M. EST)

C-15

Thanks for Nothing

(Editorial, excerpted, Manchester Union Leader)

Those Republicans in the state who voted for President Ford in the presidential primary now have their thanks. A Coast Guard Admiral waltzed into Governor Thomson's office last Friday and announced that the Coast Guard is taking over the control of Lake Winnepesaukee and other waters in N.H.

So, you see, after the President gained you votes, he didn't need you any more -- and now you see what happens to you. As this newspaper has said before, the grab for power in N.H. by the Coast Guard is the most outrageous example conceivable of the arrogance of the Washington establishment and its determination to control every segment of our lives.

No one in N.H. has complained about conditions on the lakes. No one in N.H. has requested the Coast Guard to come in. They simply decided that here was another place where they could gain power and have some nice cushy jobs, so they moved in.

The great battle of our day is to stop the expansion of the federal government. Otherwise, one of these days freedom as we know it will be as dead in this country as it is in Communist Russia, where they also run everything from one central government with disastrous results. -- (3/16/76)

THE WHITE HOUSE
WASHINGTON

3/24/76

TO: JIM CANNON

FROM: JIM SHUMAN


COAST GUARD AND INLAND WATERWAYS

Q. The recent Coast Guard decision that waters of Lake Winnispesaukee, Lake Winnisquam, the Merrimack River and their related waterways are navigable waters of the United States means a loss of revenue to the State of New Hampshire and seems an unwarranted intrusion of the federal government into the affairs of a State. Do you have any comment?

A. I understand that the Coast Guard ruling represents a change in practice and loss of revenue.

It would seem to me that the simplest solution would be to enact a ramp tax so that people would pay a fee when they unload their boats. This fee would replace the lost revenue.

This answer was suggested by Rogers Morton. Additional background material follows.



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

February 3, 1976

MEMORANDUM FOR Dr. James Connor
The White House

The following outlines the situation with respect to Lakes Winnepesaukee and Winnisquam, the Merrimack River and their interconnected waterways.

- (1) In late 1971 or early 1972 the Federal Highway Administration circulated an Environmental Impact Statement in connection with a highway project which included a bridge to be built over the narrows at the southern end of Lake Winnisquam. In the course of review, the Coast Guard, who has the responsibility for the issuance of bridge permits, discovered that the normal procedure had not been followed which is that any jurisdiction which desires to build a bridge over navigable waters requires a permit and, if there is any doubt as to whether the body of water is navigable, within the meaning of Federal law, then a determination must be requested.
- (2) The Coast Guard finally determined on September 2, 1975, that the waters mentioned above were in fact navigable waters of the United States. The consequence of this action, and its immediate impact on the State of New Hampshire, is that the State, no longer having jurisdiction, is restrained from imposing fees upon out-of-state recreational boats which sail on these waters. The State of New Hampshire has traditionally charged boat owners and operators of other states a special fee when they enter these lakes which are entirely within the State borders.

After being advised by his Attorney General that the courts would most probably uphold the Coast Guard's ruling, Governor Thomson of New Hampshire, in a letter of December 9, 1975, to me, requested a two-year moratorium in order to seek some form of legislative relief from the Coast Guard action.



There are other remedies available. Congressman Jim Cleveland of New Hampshire has requested that the Coast Guard's legislative drafting service provide a bill which would exempt New Hampshire from the provisions of the Boating Safety Act of 1974. This bill, if enacted into law, would enable the State to continue to collect revenues from out-of-state boaters in the traditional manner while still giving Coast Guard jurisdiction over all other aspects of the Federal navigable waters. Should the bill fail to pass Congress, the State of New Hampshire may enact legislation which would enable them to collect revenue from boat ramp fees as a substitute for the revenue lost for boat registration fees. We would support either alternative.

I am writing a letter to Governor Thomson which I will get off today outlining the alternatives as I see them and offering our help and expertise in resolving this problem.

Bill

William T. Coleman, Jr.





THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

February 4, 1976

Honorable Meldrim Thomson, Jr.
Governor of New Hampshire
Concord, New Hampshire 03301

Dear Governor Thomson:

Your letter of December 9, 1975, raised several issues respecting a recent jurisdictional determination of the U. S. Coast Guard concerning Lakes Winnepesaukee and Winnisquam, the Merrimack River and their interconnecting waterways in the State of New Hampshire. Because a bridge was built over these waterways in connection with the building of highways, it was necessary to make a determination whether such waterways were navigable waters. The U. S. Coast Guard made a determination that they were. I understand that at least some members of the Attorney General's office of New Hampshire agree with this determination. Of course, if the State of New Hampshire has any basis for disagreement, it is possible to resolve the issue by a law suit and we would certainly join and take all steps in cooperation to get the matter resolved as soon as possible.

The determination that the waterways are navigable does raise the question of whether New Hampshire can still charge the registration fees it has been charging for boats which use the waters. I am looking into the question as to whether under the statutes I have the power by administrative action to exempt New Hampshire so that it can continue to collect revenue as it has done in the past. If Federal statutes do not permit me to grant administrative exemptions, the matter can be handled in one of two ways. The New Hampshire Legislature can enact a statute which would substitute boat ramp fees for the present fees. This new source of revenue would equal what New Hampshire would be losing if it could no longer charge boat registration fees, particularly if New Hampshire at the same time enacted a statute setting forth boating safety standards comparable

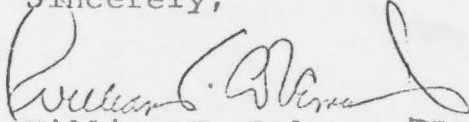


to the Federal law as then New Hampshire would be entitled to a Federal grant. If the above method is not the one the citizens of New Hampshire, under your leadership, wish to pursue, then I would suggest that the New Hampshire Congressional delegation introduce a bill into Congress which would modify the Boating Safety Act as it relates to New Hampshire until the State Legislature could develop alternative revenue sources. This has been done with respect to a few other states and, as Secretary of Transportation, I pledge my support of such legislation. It would be my prediction that Congress would react favorably to a reasonable request to give the State adequate time.

In conclusion, I would like to say that I will be as cooperative as I can because I feel it is important that a Federal public official take all possible steps to meet the concerns of the Governor of a State.

I look forward to discussing this question with you if you have any problems or to meet with you on any other matter at your convenience.

Sincerely,



William T. Coleman, Jr.



ARTHUR SPITZER

1011 NO. CRESCENT DRIVE
BEVERLY HILLS, CA. 90210
TELEPHONE 213/274-6155

*File
Campaign
1976*

April 13, 1976

President Ford Committee
Office of the Finance Chairman
1828 L Street, N.W. Suite 250
Washington, D.C. 20036

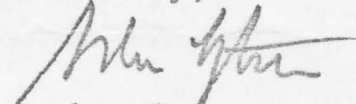
Attention: Mr. Robert Mosbacher, Chairman

Dear Mr. Mosbacher:

I appreciated your letter of April 1st, and I want you to know that I am a single man and that on February 19, 1976, I gave \$1,000 to the President Ford Committee. I also gave \$5,000 on September 25, 1975 to the Republican National Finance Committee. Also, I am a close friend of Evelle Younger, our Attorney General, and I try and raise money for the California National Committee.

I am very much interested in seeing President Ford re-elected and if I can be of any further assistance, please do not hesitate to call on me.

Sincerely,


Arthur Spitzer

AS:clb

cc: Mr. Jim Cannon



Cannon FYI

Campaign 76

April 23, 1976

MEMORANDUM FOR:

JIM SHUMAN

FROM:

STEVE MCCONAHEY

SUBJECT:

Louisiana and Texas Issues

Listed below are some topics and issues relating to the Louisiana and Texas trip.

Louisiana

1. General Revenue Sharing - There is strong support amongst local officials for this program. The President's support should be well received along with a restatement of his belief in local decision making.
2. Prisons - Many local Louisiana jurisdictions along with the State are under a court order to improve their penal facilities. The problem has reached a point in some areas where no additional prisoners can be assigned to existing facilities. The President could emphasize his proposals for prison construction and the importance of adequate facilities to strengthen our criminal justice system.
3. Grain Scandal - Although the President will not visit the port cities in Louisiana, he should be aware of a broad scale investigation of grain fraud involving most of the major grain companies. The President may be asked about his grain inspection program.
4. North-South Highway - There is considerable support for construction of a major highway running north-south in Louisiana. This project has been under planning for almost eight years, and Congressman Joe Waggoner has been working to secure funding in the new highway legislation.
5. Red River Project - Local Officials have expressed strong support for a project to make the Red River navigable up through Shreveport and into Texas. The Corps of Engineers is involved and local officials are seeking additional Federal support.



6. Oil and Gas Regulation - Louisiana citizens are somewhat protective about their natural gas resources and feel that the regulation of these supplies for the use by other states may undermine their ability to meet their own future energy demands.

Texas

As a supplement to my earlier memo, the following should be noted:

1. Revenue Sharing - There is strong support; however, Mayor Hofheinz of Houston has expressed opposition to General Revenue Sharing under the present formula. He does not feel that Houston receives a fair share.
2. Welfare Reform - There is strong support for a crackdown on welfare and an improvement in the management of this program.
3. Energy - There is continued concern over the President's signing of the Energy Bill; however, my sources indicate that the President's approach to explaining what he originally asked for and what Congress was not willing to do received very positive response.
4. Airline Regulatory Reform - Many smaller Texas communities are worried that the Administration's reform measures will reduce their local air service. The President should stress the amendment to the Aviation Act of 1975 which will provide for more protection and financial support for this local service.
5. Big Government/Excessive Regulation - The President received good press on his recent meeting with Chairmen of the Regulatory Agencies. Statements about his desires to curb regulation, red tape and paperwork will be well received.
6. Dallas/Ft. Worth Airport - These cities are asking the Federal Government to be a friend of the court in their efforts to force Southwest Airways to move from Love Field to the new airport. There is a feeling that the FAA has not upheld its pledge to support the new airport facility.



7. Airport and Highway Legislation - The local officials are eager for passage of these two bills. The President may be asked where he stands vis-a-vis his original proposals and those which the Congress is currently considering.

8. Voter Registration

Governor Briscoe has inquired about the President's interest in supporting a voter registration drive. The purpose of the President's involvement would be to encourage military and Federal facility participation. We are awaiting details of the Governor's proposal before making a formal response.

