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THE WHITE HOUSE

WASHINGTON

August 3, 1976

MEMORANDUM FOR:

RON NESSEN

FROM:

DAVE GERGEN

SUBJECT:

Two Year Report

As you know, the President will mark his second anniversary in office this coming Monday, August 9.

With the help of the Domestic Council, EPB, NSC, and others, several staff members within the Communications Office prepared a draft of a two year report. The draft has been cleared by middle level policy people, but we would now appreciate your comments if possible.

Please understand two things. This draft is still rough in parts and is being cleaned up overnight (e.g. a short, factual introduction will be added). Secondly, time is very pressing. Therefore, we must request your comments no later than noon on Wednesday.

Please return all comments to Stef Halper and George Van Cleve in my office.

Many thanks for your help.



# **THE FORD PRESIDENCY**



**A Portrait of the First Two Years**

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THE FORD PRESIDENCY: A PORTRAIT OF THE FIRST TWO YEARS

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## THE FORD PRESIDENCY

### PORTRAIT OF THE FIRST TWO YEARS

Millions of Americans were out of work. A steep inflation was eroding the money of millions more. A long and uncertain war in Southeast Asia was continuing with little hope of resolution. Allies were asking whether America had lost her will. The nation faced the serious threat of another energy crisis and, perhaps most important of all, many Americans had lost confidence in their government.

Gerald R. Ford assumed the Presidency during one of the most trying periods in American history. As he was to observe a few months later in his first full report to Congress, "The State of the Union is not good."

A Gallup Poll taken shortly after President Ford assumed office showed that a majority of Americans felt the lack of trust in government was one of the most important issues facing the nation.

A year later, again speaking to the Congress on the State of the Union, the President was able to say that he saw "America crossing a threshold ... because we have been tested in adversity. We have taken a new look at what we want to be and what we want our nation to become. I see an American resurgent, certain once again that life will be better for our children than it is for us, seeking strength that cannot be counted in megatons and riches, that cannot be eroded by inflation."

This change in America was reflected in a variety of ways. Inflation, which had reached an annual rate of 12.2 percent when President Ford took office, has been reduced to an annual rate of 4.6 percent. Unemployment, which had peaked at 8.9 percent in early 1975, has been reduced to 7.5 percent. And more significantly, over three million more Americans were at work than during the previous year; by May employment under the Ford Administration would reach the highest point in American history: 87.7 million persons. Internationally, the war in Vietnam had ended, and the threat of another oil embargo and energy crisis had become increasingly remote.

This dramatic transformation in the American economy and international situation has been brought about with foresight and care by a President who used a low keyed and determined approach to meeting national problems. He invoked the Constitutional power of the veto when necessary to hold down inflationary spending. He met with foreign leaders to work out common solutions to common problems. He began to restore confidence in government through a series of White House Conferences and meetings throughout the United States to let the people ask the questions uppermost in their minds, and to ensure that he kept in touch with the people.

The President, however, was not content merely to solve the difficult problems he had inherited. He also began drawing a blueprint for the future. He saw not another series of massive federal programs, promising much and achieving little. He called instead for a more practical approach.

"The time has come for a fundamentally different approach -- for a new realism that is true to the great principles upon which this Nation was founded," he said in his second State of the Union Address.

"We must introduce a new balance to our economy -- a balance that favors not only sound, active government but also a much more vigorous, healthy economy that can create new jobs and hold down prices."

"We must introduce a new balance in the relationship between the individual and the government -- a balance that favors greater individual freedom and self-reliance."

"We must strike a new balance in our system of federalism-- a balance that favors greater responsibility and freedom for the leaders of our State and local governments."

"We must introduce a new balance between the spending on domestic programs and spending on defense -- a balance that ensures we will fully meet our obligation to the needy while also protecting our security in a world that is still hostile to freedom."

"And in all that we do, we must be more honest with the American people, promising them no more than we can deliver and delivering all that we promise."

The President's Economic Policy: Turning the Country Around

"The big issue of economic policy for the next four years is whether government will have the foresight and stamina to stay the course with a policy of gradual expansion. On this issue Mr. Ford's record and promise are outstanding."

-- The Wall Street Journal  
July 21, 1976

When President Ford took office in August of 1974 the country was facing its most serious crisis since World War II. At home, prices were skyrocketing at a double-digit pace and forces were in motion to produce the worst recession in a generation. Abroad, there were forces at work -- including a quadrupling of oil prices -- that were disrupting the stability of the international economy. There were dire predictions that the American economy was heading out of control.

The remarkable change that has occurred during the first two years of the Ford Administration is spelled out by the numbers:

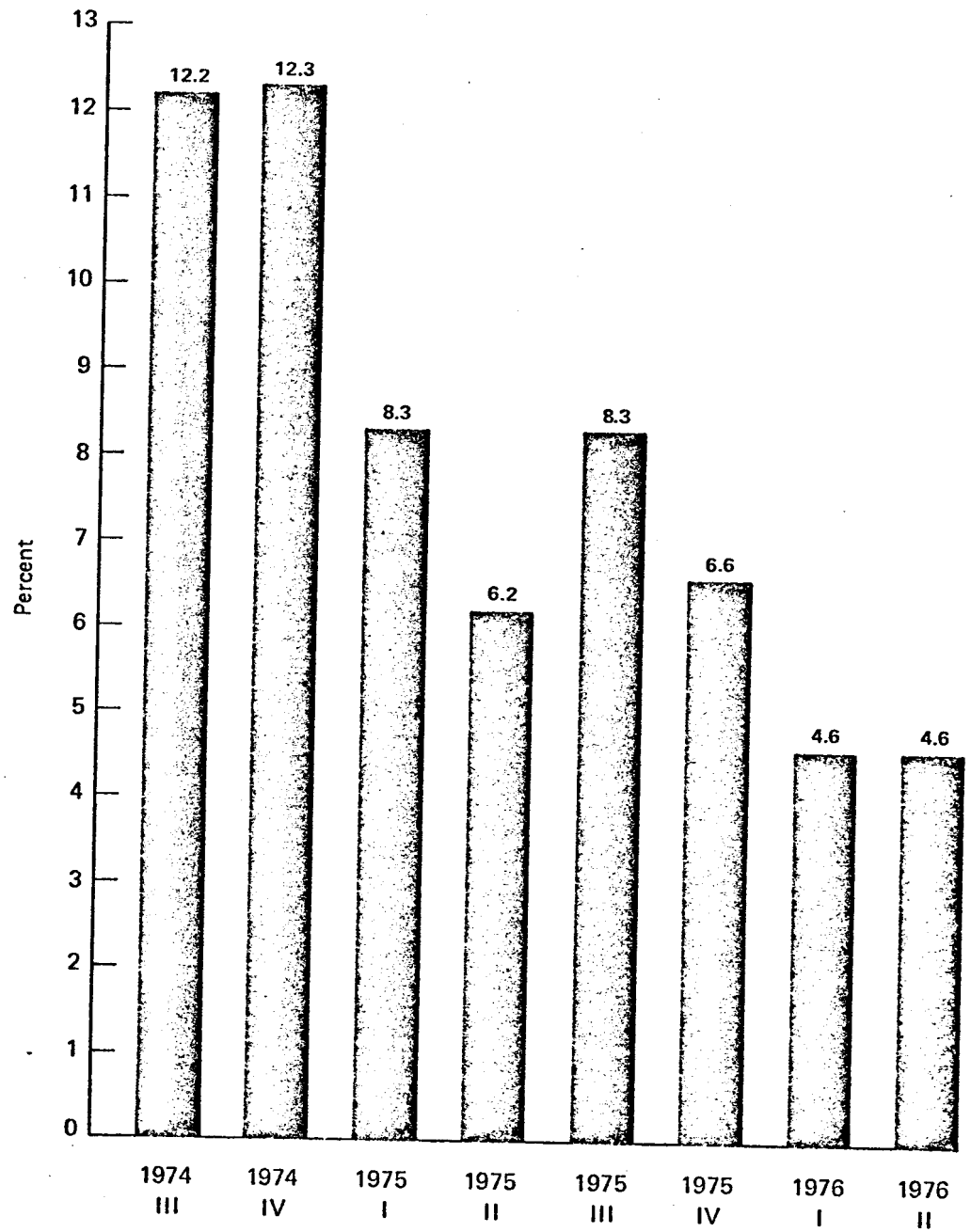
-- The 12.3 percent rate of inflation in the latter part of 1974 was reduced by more than half to 4.6 percent during the first six months of 1976.

-- Employment reached an all time high of 87.7 million persons in May.

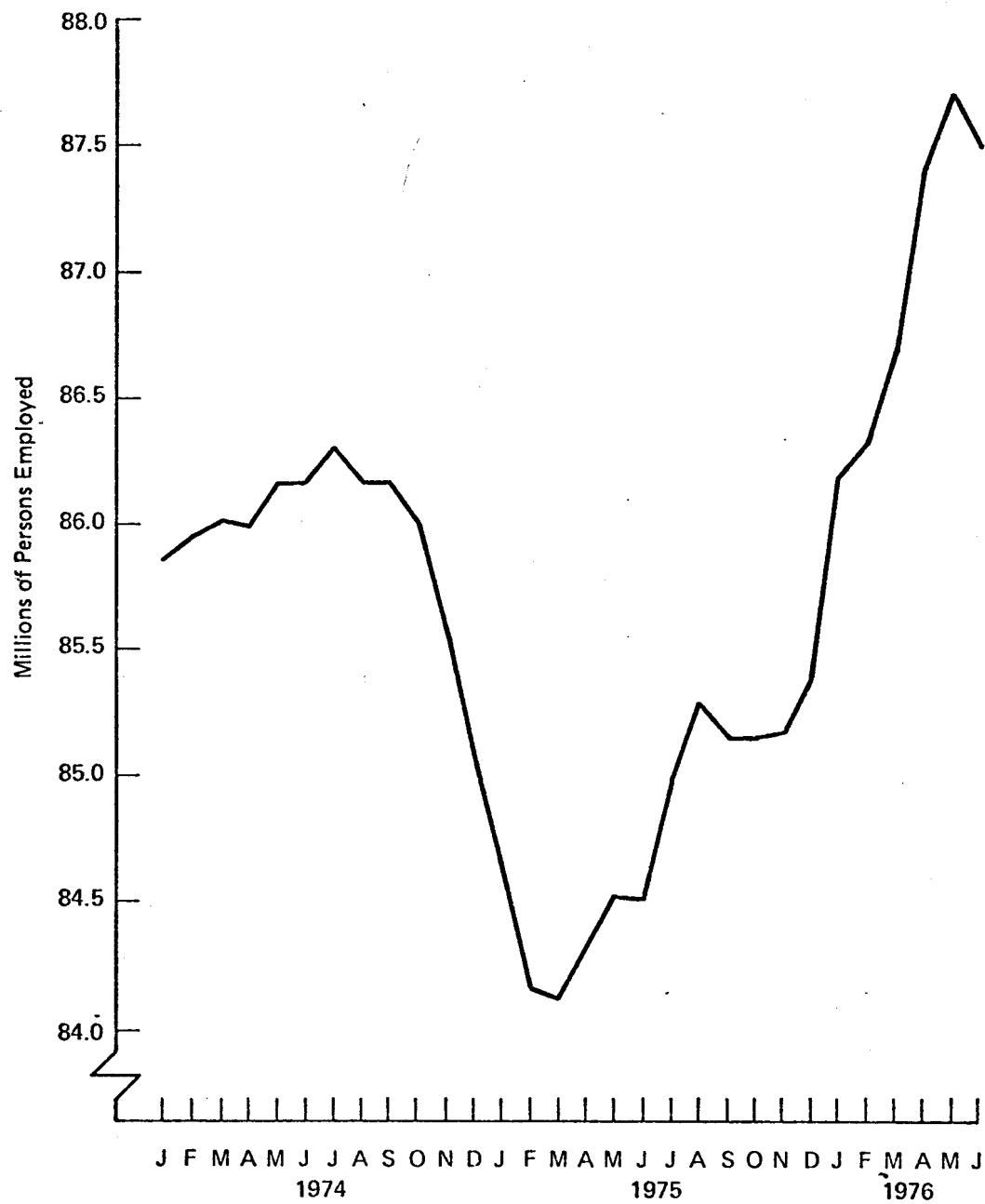
-- Unemployment, which peaked at 8.9 percent in May 1975, has been reduced to 7.5 percent.

# INFLATION

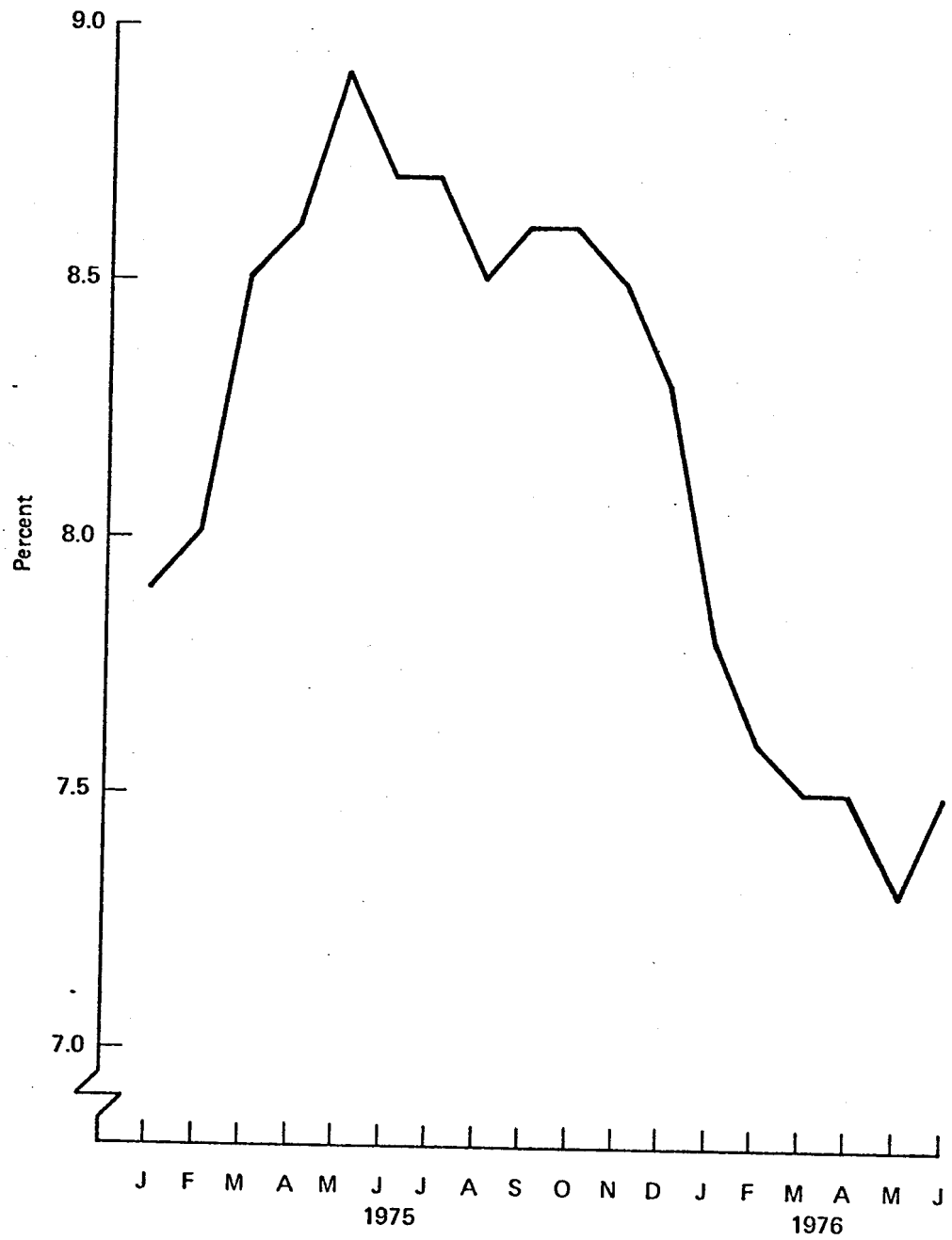
Consumer Price Index  
(Seasonally Adjusted Annual Rates)



EMPLOYMENT  
(Seasonally Adjusted)



UNEMPLOYMENT RATE  
(Seasonally Adjusted)



-- There are 3.4 million more Americans at work today than at the bottom of the recession.

The First Phase of the Ford Program: Coping with Inflation

In the summer of 1974 the President inherited an economy characterized by spiraling inflation and a declining real gross national product. He moved quickly to create the Council on Wage and Price Stability to monitor wage and price movements in both the private and public sectors. He followed this with a Summit Conference on Inflation to bring together the best economic thinkers in the nation to develop, step-by-step, a game plan for economic rejuvenation.

The Conference on Inflation was a cooperative effort on an unprecedented scale involving both the Administration and the Congress. It provided a forum for leaders from all sectors of American society to examine the economy with the President and his principal advisors and to make their recommendations. The Conference generated broad consensus that:

-- The economy faced multiple problems, the foremost of which was double digit inflation;

-- The near term outlook for the economy was a flat pattern of growth; and

-- Many government regulations which had accumulated

over the past three decades imposed significant hidden costs on the economy.

At the conclusion of the Economic Summit Conference, the President took steps to analyze and resolve the nation's economic difficulties. He created a new entity, the Economic Policy Board, to assist him in the formulation, coordination and implementation of economic policy. Chaired by the Secretary of the Treasury, William E. Simon, the Economic Policy Board is similar to the coordinating bodies advising the President on national security, domestic affairs, and the budget. It provides a mechanism for the systematic presentation of views and the orderly development of policy.

On October 8, 1974, the President delivered his first major economic address to Congress. In his address he identified inflation as the nation's foremost economic challenge and outlined a 10-point program to:

-- Ease the plight of unemployed workers through the creation of public service employment and the extension of special unemployment insurance benefits to those who had exhausted their regular and extended benefits;

-- Require the preparation of inflation impact statements for all major legislative proposals, regulations, and rules emanating from the Executive Branch.

-- Increase funds available for Federal home mortgage subsidies;

-- Achieve full agricultural production;

-- Organize a national energy effort;

-- Increase productivity and contain prices by ending certain restrictive practices and more effectively enforcing the laws against price fixing and bid rigging; and,

-- Promote capital formation through tax reductions for dividends on preferred stock and liberalized capital gains tax treatment.

gains tax treatment.

The President also announced his support for tax reductions for certain low income taxpayers balanced by a temporary surtax on upper income taxpayers.

During the following months much of the President's economic program was enacted. At the same time conditions in the economy were rapidly changing. The distortions caused by double-digit inflation were being felt throughout the nation. The closing months of 1974 witnessed an unprecedented accumulation of inventories, record high interest rates, and distortions in capital markets, all of which contributed to a decline in production. As production declined, unemployment surged.



Expressing his concern about the growing joblessness, the President said:

" . . . Unemployment is too high. We have to be compassionate. We must be concerned about the people who want to work but can't find a job and for that reason we have extended unemployment insurance and broadened the coverage."

#### The Second Phase: Responding to the Recession

As the President prepared for his first State of the Union address, the rapid decline in economic activity prompted an adjustment in the Administration's economic policy. The resulting program addressed the three inter-related problems of recession, inflation, and energy dependence.

The President faced a fundamental decision. Should economic policy rely primarily on new Federal spending programs to stimulate economic activity, or should economic policy rely primarily on a revitalized and enlarged private sector as the means to restoring prosperity?

The President decided to rely on the private sector.

In his first State of the Union message, President Ford proposed:

- A one year moratorium on new Federal spending programs to restore a measure of fiscal restraint;
- A \$16 billion temporary tax reduction;
- A series of energy conservation taxes and fees;
- A permanent tax reduction to return to the economy the energy taxes and fees.

The President's spending moratorium was a first step in redressing the pattern of deficits which have characterized the Federal Budget in 14 of the past 15 years. All of these measures were consistent with the President's goal of restoring economic prosperity through primary reliance on a dynamic private sector.

By April, the President had signed a tax reduction measure into law and had been successful in restraining the proliferation of new Congressional spending programs through the use of his veto.

The Third Phase: Achieving Sustained Growth Without Inflation

Consistent with his actions to address the immediate problems of inflation and recession, the President turned his attention to the long-term fundamental problems of the nation's economy and outlined a program that would place the economy on a path to sustained growth without inflation. The President's program enunciated in a series of speeches and messages to the Congress over the past year:

-- Proposes a series of tax reform measures designed to promote capital formation in recognition of the need for 10 million additional jobs in 1980;

-- Proposes to eliminate governmental regulations in transportation, energy, banking and retailing which have either outlived their usefulness or are not justified in view of the costs they impose on the economy;

-- Slashes the rate of growth of Federal spending to provide more funds for investment and reduced taxes for individuals;

-- Proposes consistent, long-term policies to provide a stable environment for private decision making. It rejects the stop-go measures which have, in the past, contributed to economic uncertainty and instability.

In keeping with his goal of relying on the private sector for a sound recovery, the President ~~had~~ proposed in October, 1975 a permanent tax cut of \$28 billion

and a \$28 billion reduction in the growth of Federal spending. These proposals were intended to stimulate the private sector by reducing the growth of the Federal government and returning more money to taxpayers so that they, and not Washington, could decide how it should be spent.

To assure the continuation of a sound recovery and sustained economic growth without inflation, the President, in his second State of the Union message:

1. Proposed a budget of \$395 billion for FY 1977, a reduction of nearly \$29 billion from the level of spending that would have occurred under Congressionally mandated legislation. He also proposed continuation of the moratorium on new spending programs for another year.

2. Reaffirmed his proposal for a \$28 billion permanent tax reduction -- \$10 billion more than the current temporary tax reduction. This deeper tax cut will save the average family of four earning \$15,000 per year a total of \$227 in taxes.

3. Proposed accelerated depreciation for new plants and equipment in areas experiencing unemployment in excess of 7 percent.

4. Proposed changing the Federal estate tax laws to make it easier to continue the family ownership of a small farm or business. Subsequently, the President proposed to increase the estate tax exemption from \$60,000 to \$150,000 and to permit the free transfer of estates between spouses.

5. Proposed tax incentives to encourage broadened stock ownership by low and middle income working Americans by allowing deferral of taxes on certain funds invested in common stocks.

6. Ordered a comprehensive review of all Federal regulatory activities to eliminate regulations which are obsolete and inefficient in today's economic environment.

In May of this year, the President continued his regulatory reform effort, submitting legislation which would require the Executive Branch to review on a systematic basis, Federal regulatory activity and determine what reforms are needed. The President has also established a series of task forces in various Federal agencies designed to produce more effective and less burdensome regulation. Agency forms will be reduced, redundant regulations removed, and rulemaking codified or clarified.

But economic progress cannot be sustained without close coordination with our allies and trading partners. Recognizing the importance of growing international economic interdependence, President Ford met with the leaders of the major industrial nations in two international economic Summit Conferences. At Rambouillet in November,

1975 the discussions focused on achieving a sound recovery.

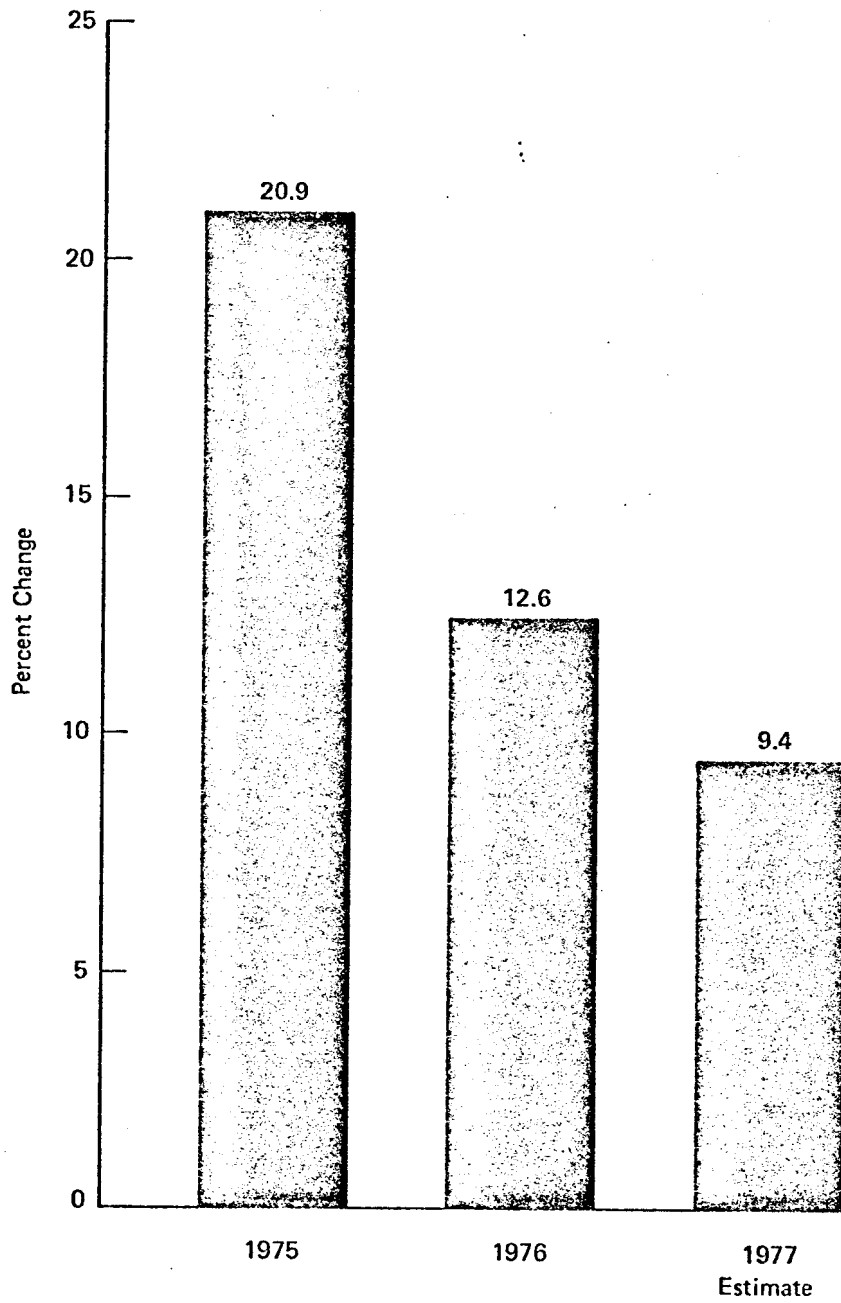
Agreement was reached on major changes providing far greater flexibility in the international monetary system. The leaders also agreed to undertake mutually supportive policies to stimulate economic activity and reaffirmed their resolve to resist protectionist pressures to restrict trade. As a result, the international trading system has been remarkably free of protectionist actions while moving toward further liberalization of trade in the Multilateral Trade Negotiations in Geneva.

At the Puerto Rico Summit, initiated by the President, the discussions focused on ensuring that the industrial economies continue to achieve sustained growth without inflation, as well as addressing relations with the developing world. The Summit Conferences served to strengthen the coordination of economic policies among the major industrial nations and to reinforce the determination of the leaders to pursue policies designed to achieve sustained prosperity.

When Gerald Ford assumed the Presidency in 1974, the economy was slipping into a recession which proved to be the worst of the post-war era. In two years, the President vetoed 53 bills; 44 vetoes were sustained -- at a saving to the taxpayers of \$11.2 billion. The Constitution provided for the veto as a check against foolish or detrimental action by Congress. Frequently Congress enacts legislation that reflects

# GROWTH IN FEDERAL SPENDING

Fiscal Years Outlays



as the concerns of special interests but is not in the national interest.

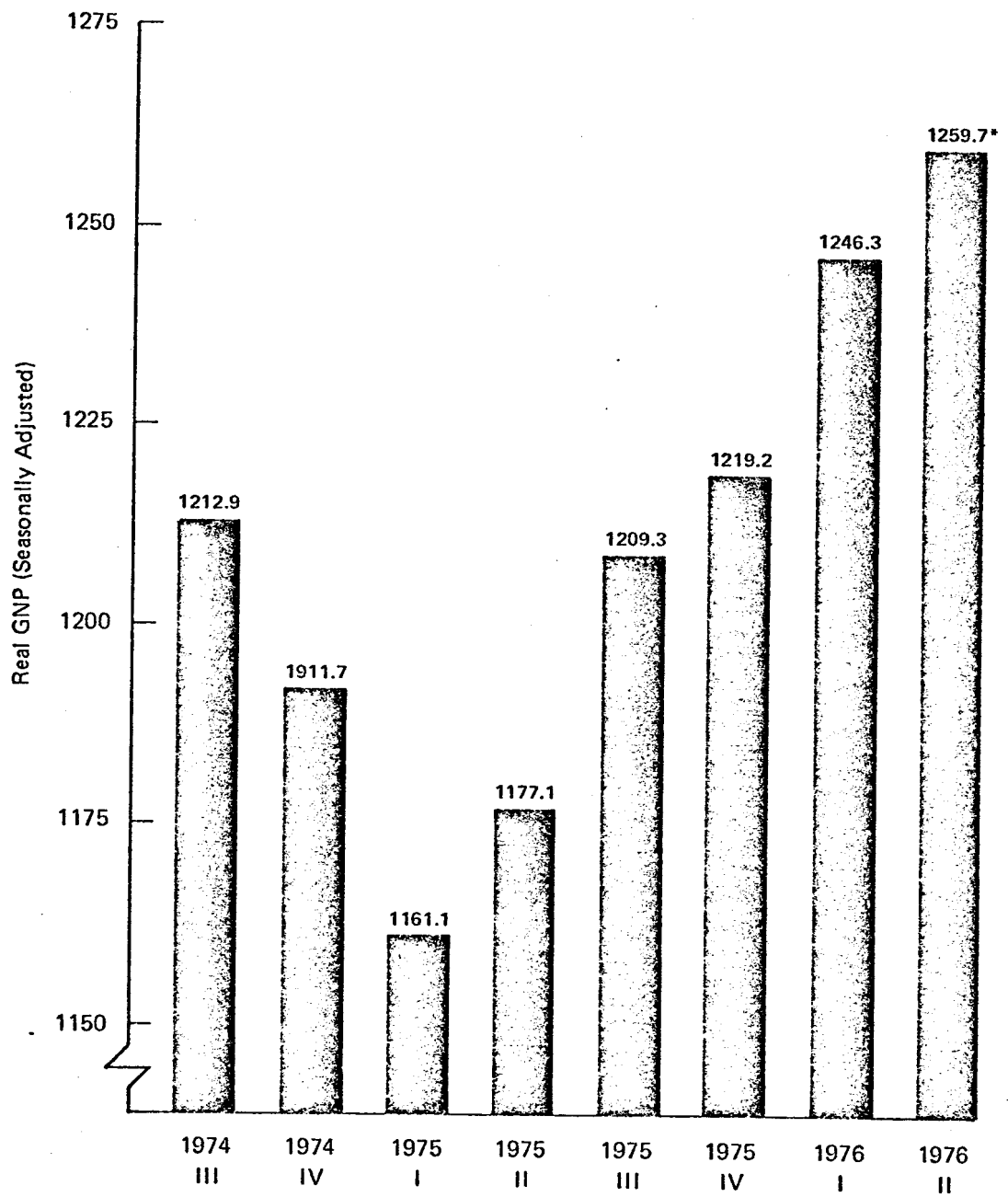
President Ford, recognizing this fact and the fact that a President must, by the nature of his office, represent the entire Nation, used the veto power to restrain the growth of an already bloated Federal government. The President reduced the rate of growth in government spending by half and has saved the average American household \$157 a year.

During his first two years in office, President Ford averaged ~~26.5~~ 26.5 vetoes per year. In comparison, Franklin D. Roosevelt averaged 52 vetoes a year, and Harry S. Truman averaged 35 vetoes per year.

When Gerald Ford assumed the Presidency he inherited an economy with multiple difficulties. The key economic indicators -- inflation, unemployment, real gross national product -- were all moving in the wrong direction. Judged by almost any objective measure, the President's program of revitalizing the private sector has succeeded. Substantial progress has been achieved in addressing the twin problems of inflation and unemployment. Patient and prudent policies, with primary reliance on creating the conditions for a revitalized private sector, have placed the economy on a path of sustained economic growth without inflation.

# GROWTH IN THE GROSS NATIONAL PRODUCT

Real GNP  
Third Quarter 1974 to Second Quarter 1976  
(billions of 1972 dollars)



\*Preliminary.

## THE PRESIDENT'S DOMESTIC POLICY

### Introduction

President Ford's domestic policy is based on a philosophy summed up in two statements, which he made in his State of the Union Message to Congress on January 23, 1976.

"Government," he said, "exists to create and preserve conditions in which people can translate their ideas into practical reality."

But he noted that government alone can't solve all problems. "In a free society," he said, "the making of government policy and successful problem-solving involves much more than government. It involves a full partnership among all branches and levels of government, private institutions and individual citizens."

The President has put that philosophy into practice in the last two years. A close reading of the Ford programs presented in the following pages will disclose that the President has begun the process of putting America on a new road. This new road emphasizes individual freedom in every aspect of American life, and uses government only to nurture and enhance that freedom. It is not a novel approach; men such as Jefferson and Madison wrote about it many years ago. But it is very different from the path the country has been traveling in modern times.

## INTEGRITY IN GOVERNMENT

President Ford took office at the height of the Water-gate scandal -- and public esteem for the Presidency as an institution was at its low point. The President acted quickly to restore public trust and confidence in the Presidency and the Executive branch of government.

There were three major means the President chose to employ to restore public trust.

First, he appointed men and women of high moral character and recognized excellence to fill the major posts in his Administration. He has continued this pattern in his appointments to the major regulatory commissions and to the Supreme Court.

Second, the President immediately decided to run -- and has continued to run -- an open Presidency. The President has held 35 national press conferences to date. He has met in White House Conferences on the issues of the day with more than 10,000 Americans. Shortly after he became President, the President began to travel through the United States in an effort to speak directly to the American public about the issues he knew the country must resolve.

When the President decided that the best interests of the United States required that former President Nixon be

pardoned in order to get the country on the move, he became the first President in United States history to offer to appear and testify and submit to questioning by members of the United States Congress. He did in fact testify in a public hearing held by a Congressional Committee and a transcript was made for the public. His Presidency has become the most open in modern times.

Finally, the President has instigated significant reforms in government handling of a wide variety of ethical problems:

-- At the President's direction, Donald Rumsfeld, the White House Chief of Staff, promulgated a strict code of conduct for White House Staff members.

-- At the President's direction, the members of the Cabinet were given strict instructions with regard to the conduct of their agencies prior to the 1976 election.

-- The President appointed the Rockefeller Commission to investigate and report on abuses of power and invasions of privacy by the American intelligence community which had occurred under several previous Administrations, and promulgated guidelines for that community to insure that

the community could effectively carry out its mission without infringing on the rights of Americans.

-- The President supported the Attorney General in his actions in creating new limitations on investigative action by the FBI.

-- The President appointed the Richardson Commission to investigate and recommend action on the problem of international corporate bribery.

-- And this summer the President made a series of proposals, including a proposal to set up a Special Prosecutor's office in the Department of Justice, which would serve to make the government more open and accountable to the American people.

## REGULATORY REFORM

From the time he assumed office, President Ford has made the reform of costly and duplicative Federal regulations a principal goal of his administration. He stated that "we will establish as national policy this basic fact of economic life, that government regulation is not an effective substitute for vigorous American competition in the marketplace."

### The Reform Program

The President's reform program has proceeded simultaneously on three fronts against interrelated problems.

The three fronts are:

1. An attack on the inflationary problems created by excessive government regulation and spending proposals;
2. Creation of a mechanism for a complete and comprehensive review of the economic and social consequences of all major actions by the Federal bureaucracies; and,
- 3.. Repeal of federal laws and regulations which restrict rather than enhance competition in the private marketplace.

#### I. ATTACK ON INFLATION

On the first front, the attack on inflation, the President began his reform program on October 8, 1974 in an address to Congress in which he proposed:

1. Assigning the Council on Wage and Price Stability a watchdog role over the inflationary costs of government;
2. Requiring all major agencies to prepare inflation impact statements for all major regulatory and legislative proposals;
3. Creation of a National Commission on Regulatory Reform to examine the independent regulatory agencies from this new perspective; and,
4. Encouragement for the state and local governments to review their own regulations.

## II. REFORM OF THE FEDERAL BUREAUCRACY

On the second front, reform of the Federal bureaucracy the President has introduced legislation, called the Agenda for Government Reform, which would compel a complete review of all the regulatory activities of the Federal bureaucracy.

The Act, which was sent to Congress by the President on May 13, 1976, would:

- Require a careful consideration of the views of the American public on the problem of regulatory reform.
- Require a complete analysis of the costs and benefits of all Federal Government regulatory activities.

-- Commit the President to develop and submit major reform proposals to Congress no later than the end of January in each of the next four years.

-- Encourage more effective Congressional oversight of operations of government and commit Congress to act on needed reforms each year.

The Agenda for Government Reform represents a commitment by the Ford Administration to a complete and searching review of the functioning of all major elements of the Federal bureaucracy. Each major regulatory activity would be examined in detail during one of the four years of the Reform Act to determine if the regulatory activity is fair, efficient, and appropriate under current economic conditions. In essence, the Administration has committed itself to break the Washington logjam in meaningful regulatory reform with a complete overhaul of the Federal bureaucracy.

Taken together with the legislation discussed below, the Agenda for Government Reform Act promises to make Federal regulation once again a viable Federal government activity at a large savings to the American taxpayer. The law is written in such a manner that neither the President nor the Congress will be able to avoid carrying out needed reforms without violating its pledge to an informed and involved American public.

LEGISLATION

III. ~~LEGISLATION~~ TO REMOVE COMPETITIVE BARRIERS

Securities

On June 4, 1975, the President signed the Securities Act Amendments on 1975. The Act requires open competition within the securities industry, thereby permitting individual investors to shop around for the best brokerage commission rates. This competition will make it easier for private companies to raise capital.

Transportation

The President has taken significant steps to reform ~~the~~ transportation regulation which restricts the effective performance of our rail, airline, and truck systems. On February 5, 1976, he signed the Railroad Revitalization and Regulatory Reform Act, providing long overdue reform of rate regulation, allowing more price competition in the railroad industry and prohibiting specific anticompetitive practices.

In addition, the President has submitted two other transportation reform bills to the Congress: The Aviation Act of 1975, submitted on October 8, 1975, and the Motor Carrier Reform Act, submitted November 13, 1975. These bills would make it possible for companies in these industries to compete more freely. Consumers would be offered a wider choice of prices and services, rather than having Washington dictate what transportation services could be offered, over what routes, and at what rate.

In the development of these initiatives, the President has sought the advice of all interested parties including consumer groups, industry and labor representatives, and academic experts.

#### Fair Trade Laws

On December 12, 1975, the President signed into law the repeal of the Federal fair trade laws which had allowed manufacturers to dictate artificially high retail prices for their products for many years. The Consumer Goods Pricing Act makes it possible for consumers in all states to benefit from discount prices on all brand name merchandise.

#### Financial Institutions Act

Besides the reforms listed above, the Administration introduced and has supported the Financial Institutions Act, the first major reform legislation for the banking industry since the 1930's. This legislation would introduce competition in segments of the banking industry which until recently have been legally required not to compete with each other -- at a large cost to the consumer in lost interest payments and poorer services.

#### Overall Antitrust Law Reforms

In addition the reform legislation the Ford Administration has proposed for making specific segments of the economy more efficient, the Administration has supported and introduced

legislation to strengthen the nation's basic antitrust laws, which are an important force in maintaining competition throughout the economy. The Administration proposed reforms would make it significantly easier for certain antitrust actions by government agencies to proceed and would toughen the penalties for certain types of antitrust legislation.

During the Ford Administration the Justice Department has continued to vigorously prosecute an antitrust action brought against IBM corporation, the world's largest computer manufacturer and the Department has begun an antitrust divestiture action against AT & T, America's largest private employer. In addition, the FTC brought a successful antitrust action against the nation's three largest car rental firms. The Department of Justice has itself been strengthened by the President's appointment of Edward H. Levi, a nationally known and respected antitrust lawyer to be Attorney General.

#### Administrative Actions

Along with reform legislation, the President has initiated a number of administrative actions. At his insistence, the growth of Federal paperwork requirements has been reversed. By July, 1976, the number of federal forms required was cut by over 12 percent. Because significant problems still remain in this area the President directed the Cabinet on July 23, 1976 to:

-- Direct the departments and agencies subject to the Federal Reports Act to cut their total reporting requirements by 7 million hours by the end of fiscal year 1977, a 5 percent reduction.

-- Make recommendations for ways <sup>to</sup> ~~that~~ cut the reporting requirements by an additional 20 million hours by the end of the fiscal year 1978, an additional 15 percent cut. This extra time would permit legislative proposals to be made, enacted and implemented, to help reach <sup>the President's</sup> ~~our~~ goal.

On July 10, 1975, the President met with commissioners of the ten independent regulatory commissions and stated that "some government regulation costs the country more than it returns in benefits, and that the regulatory process often benefits special interests at the expense of the general public." He asked that each commissioner concentrate on four areas of concern: the elimination of outdated regulations; a better representation of consumer interests; a better analysis of the economic costs and benefits of agency actions; and a reduction of regulatory delays.

A progress report was received from each agency and reviewed by the President. On April 8, 1976, he met again with the Commissioners to discuss other needed reforms within the Executive Branch.

Within the Executive Branch, the President has met with his Cabinet and top advisors on several occasions to discuss needed administrative reforms. The Department and Agency heads have begun reform actions to simplify regulation language and procedure, to reduce delay and to improve the analysis required to justify new regulatory activities. This effort is continuing. To assist this effort, the President established several task forces to re-examine and reform department and agency administrative regulation. These task forces will rewrite regulations and streamline agency procedures so that consumers and businesses will find it easier to deal with the overly complex government requirements.

## RETURNING POWER TO STATE AND LOCAL GOVERNMENTS

As Minority Leader in the House of Representatives, Gerald Ford fought hard to perserve a balance of power between Washington and State and local governments. It was his view throughout the 1960's that too many new programs, too many new bureaucracies, and too many new regulations were sprouting up along the Potomac. When President Eisenhower left office, there were some 100 Federal categorical grant programs on the books; by the end of the 1960's there were over 1000 and the number was rapidly growing.

As President, Mr. Ford has sought to reverse that flow of power and to establish more productive, more cooperative relationships between the White House and Governors and mayors across the country.

Specifically, the President has:

- Spearheaded efforts to re-enact General Revenue Sharing, a program that would provide \$39.85 billion to State and local governments over the next five years. The current program expires at the end of 1976, and many State and local governmental units are already hard-pressed in planning their future budgets.

- Submitted to the Congress four new block grant proposals that would consolidate fifty-nine categorical programs in the areas of health, education, child nutrition, and social services.

- Proposed the Allied Services Act, which provides for the consolidation of grant programs in the areas of human services.

- Signed the Funding Simplification Act which cuts down the red tape for State and local governments seeking government grants.

- Sought and obtained the participation of State and local government officials in the preparation of the Federal budget each year.

- Held six regional conferences around the country to talk with State and local officials about their concerns.

- Appointed a Special Assistant for Intergovernmental Affairs at the White House.

-- Proposed budgets which have increased the total amount of funding for State and local governments from \$49.7 billion to an estimated \$61.9 billion in FY 77 -- an increase of 24% over two years.

Have these changes made a practical difference for State and local governments? The record speaks for itself: two years ago, a local government seeking grant assistance for community development had to fill out an application that averaged 1400 pages in length; today that same application is 25 pages in length; the length of processing for this application dropped from 31 to 8 months; and the regulations governing the program dropped from 2,600 pages to 50.

Civil Rights

"Our nation's strength is based upon the concept of equal opportunity for all citizens," the President told his Cabinet early in his Administration.

Ensuring that this truth would become a reality has been a principal goal of the Ford Administration.

The President recommended and signed extension of the Voting Rights Act, which would have expired on August 6, 1975. The extension broadened the <sup>protections of the Act</sup> ~~scope of the~~ law to include Spanish-surnamed Americans, Native Americans and Asian Americans.

The President has met frequently with representatives of ethnic communities in order to receive their advice. He has addressed the National Conference of the N.A.A.C.P., and has met with members of the Leadership Conference on Civil Rights, the Black Caucus, Hispanic American leaders, the Captive Nations' leaders, the National Conference of Christians and Jews, and a host of other groups representing minority interests. And he has carried out his belief in equal opportunity for all in his actions as well as in his words. Notables such as Secretary of Transportation James Coleman; John Calhoun, Special Assistant to the President; Arthur Fletcher, Deputy Assistant to the President for Urban Affairs; and Constance Newman, Assistant Secretary for Consumer Affairs, in the Department of Housing and Urban

Development, lead the list of Black Americans appointed to positions of leadership and responsibility in President Ford's Administration.

### Women's Rights

The President has long been a strong supporter of greater opportunity for American women.

*Title IX?*  
In 1970, when he was serving as House Minority Leader, Mr. Ford was instrumental in lining up some of the last signatures to obtain a "discharge petition" to free the Equal Rights Amendment from committee, where it had languished for 47 years, and bring it to the floor of the House of Representatives.

In his 1976 Women's Equality Day Proclamation, President Ford said "...it would be most fitting for the ratification of the Equal Rights Amendment to be accomplished during our Nation's two-hundredth year."

On July 1, 1976, the President directed the Attorney General to review the entire United States Code to determine the need for revising sex-based provisions that are not justified in law nor supported by wise policy.

In March of this year, the Secretary of the Treasury presented the Administration's tax proposals. The President recommended the elimination of the estate and gift tax on all transfers between spouses. This proposal is now under consideration by the Congress.

The President has also supported the establishment and appointment of the National Commission on the Observance of International Women's Year and he signed the legislation which directs the National Commission to plan and convene a National Women's Conference to be preceded by 56 state and territorial conferences. On July 1st of this year the President accepted the report of the National Commission in a ceremony at the White House.

In March of 1975 the President directed the heads of Federal Departments and agencies to guarantee that all persons have an opportunity to compete on a fair and equal basis for employment and advancement in the Federal government. The Chairman of the Civil Service Commission was directed to evaluate this program and report back to the President on an annual basis.

President Ford has also supported and signed the following legislation:

-- The Housing and Community Development Act, which prohibits discrimination on the basis of sex in housing and mortgage credit lending.

-- The Equal Credit Opportunity Act of 1974, which prohibits discrimination on the basis of sex and marital status in the granting of consumer credit. The Federal Reserve published regulations to ensure enforcement of equal credit opportunities last October.

-- The Education Amendments of 1974, which includes a section entitled the Women's Education Equity Act, to provide funds for the development of curricula and textbooks to advance equality in education.

-- The military procurement bill of 1978, which permits women to be eligible for appointment and admission to the service academies for classes entering in the calendar year 1976.

President Ford has directed his Special Assistant for Women to maintain open liaison with over 300 national women's organizations with a combined membership of over 100 million.

Since taking office, the President has also emphasized the need to increase the number of women in high-level positions in the Federal government. As a result, 14% of all new appointments have been women. This is higher than any previous administration.

Among the President's appointments are: Carla Hills, Secretary of Housing and Urban Development; Marjorie Lynch, Undersecretary of Health, Education and Welfare; Juanita Ashcraft, Assistant Secretary of the Air Force; Judith Connor, Assistant Secretary of Transportation; Constance Newmann, Assistant Secretary of Housing and Urban Development; Anne Armstrong, Ambassador to the Court of St. James; Shirley Temple Black, Chief of Protocol; Rosemary Ginn, Ambassador to Luxembourg; Margui Maytag, Ambassador to Nepal; Mary Olmsted, Ambassador to

Papua, New Guinea; Betty Southard Murphy, Chairman, National Labor Relations Board; Katherine Bailey, Member, National Transportation Safety Board; Betty Jo Christian, Commissioner, Interstate Commerce Commission; Barbara Anne Simpson, Commissioner, Federal Power Commission; Georgiana Sheldon, Commissioner, Civil Service Commission; Ethel Bent Walsh, reappointed as Vice Chairman, EEOC; Margita White, Commissioner, Federal Communications Commission; Eloise Clark, Assistant Director, National Science Foundation; Mary Richey, U.S. District Judge, Arizona; Elizabeth Kovacavish, U.S. District Judge, Middle District of Florida.

On his own staff, in the White House, he has appointed Gwen Anderson, Deputy Assistant to the Counselor to the President; Jeanne M. Holm, Special Assistant to the President; Judith Hope, Associate Director of the Domestic Council; Barbara Greene Kilberg, Associate Counsel; and Virginia Knauer, Special Assistant to the President for Consumer Affairs.

#### Privacy

"There will be no illegal (tappings); cavedropping, buggings, or break-ins by my Administration," he told the Congress. "There will be hot pursuit of tough laws to prevent illegal invasion of privacy in both government and private activities..."

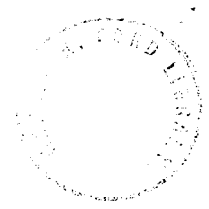
Since August 9, 1975, the President has compiled an unequalled record of achievements in protecting personal privacy.. He

- \* Supported and signed the landmark Privacy Act of 1974 covering Federal record-keeping systems.
- \* Urged Congress to include in the Amendments to the 1974 Freedom of Information Act provisions which would strengthen personal privacy.
- \* Appointed a Commission on CIA activities chaired by Vice President Rockefeller, which investigate and exposed abuses, including invasion of privacy
- \* Reorganized the U.S. intelligence community to limit governmental intrusion into the private lives of Americans and to provide improved oversight of its activities (Executive Order 11905, March, 1976).
- \* Restricted White House access to income tax returns (Executive Order 11805).

In addition, the President has directed the Domestic Council Committee on The Rights of Privacy (which he chaired as Vice President) to improve Federal information policy as it affects the right of privacy.

#### The Consumer

Gerald Ford has long been concerned with true protection of the rights of the American consumer. As



President, he has taken strong steps to protect the consumer from high prices and taxes caused by government overregulation and unfair business practices.

The President launched a major program to reform the regulatory agencies in October of 1974.

The Ford Administration has also:

- \* Reduced government-imposed paperwork requirement
- \* Proposed legislation to repeal fair trade laws.
- \* Increased competition in the securities industry
- \* Eliminated outdated anticompetitive railroad regulations.
- \* Received major regulatory agencies such as the CAB to reduce delays, increase reliance on market competition, and improve consumer access to regulatory decisions.

The President also ordered a series of White House Conferences, which were held in January of this year, in nine cities across the country to gather suggestions from the public on how to make agencies more responsive to consumers. The suggestions, slated for final publication soon, will form the basis for further action.

On March 13, 1976, the President signed into law P.L. 94-239, which expands the Equal Credit Opportunity Act making it illegal for creditors to discriminate against consumers on the basis of race, color, religion, sex, marital status, age, national origin or receipt of public assistance. Under this act, consumers must also be told precisely why they were denied credit.

## DOMESTIC TRANQUILITY

When President Ford came into office in 1974, crime was increasing at the rate of 18% a year. By the end of 1975, the rate had dropped to 9% and the latest figures -- covering the first quarter of 1976 -- show only a 4% increase.

No one claims that those improvements are a direct result of actions undertaken by the President, but they do reflect the vigorous effort taken at all levels of government -- local, State, and Federal -- to combat the most recent crime wave.

The President's most notable statements on crime were contained in a speech he gave at Yale University in 1975 in which he urged a nationwide effort to "restore domestic tranquility" and in a special crime message that he sent to Congress on June 19, 1975.

In that message, Mr. Ford identified three important areas of responsibility for the Federal Government:

- To provide leadership through improvements in Federal laws and the Federal justice system;

- To enact and vigorously enforce laws covering criminal conduct that cannot be adequately regulated at the State and local level; and

- To provide financial and technical assistance to State and local law enforcement authorities.

The President's crime message specifically called for:

- Enactment of a comprehensive criminal code to replace the highly complex and confusing set of laws now on the books;

- Enactment of a mandatory minimum sentence law which would make imprisonment a certainty for persons convicted of a Federal offense involving the use of a dangerous weapon and those convicted of extraordinarily serious offenses such as hijacking, kidnapping and trafficking in hard drugs. The mandatory minimum sentence would also apply to repeat offenders who are convicted of crimes that could cause personal injury to others.

In that same crime message, the President also set forth a number of proposals to improve the criminal justice system at the Federal level. Among his proposals:

- Establishment of "career criminal" programs designed to assure quick identification and prosecution of persons who repeatedly commit serious offenses.

- Continuation and expansion of programs designed to divert certain first offenders into rehabilitation prior to trial.

- Creation by the Congress of additional Federal District Court judgeships and expansion of the criminal jurisdiction of United States Magistrates.

- Upgrading of prison facilities, including the replacement of large, outdated prisons with smaller, more modern ones.

- Directing that the Attorney General, as Chairman of the Cabinet Committee on Crime Prevention and Rehabilitation, ensure that the Federal Government is making the best possible use of its resources in the area of offender rehabilitation.

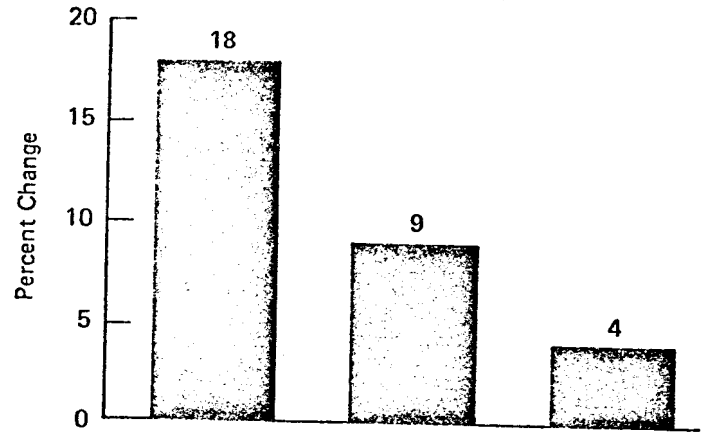
- Enactment by the Congress of legislation to provide limited compensation to victims of Federal crimes who suffer personal injury.

As for Federal financial aid for State and local law enforcement, the President in 1976 proposed that the Congress continue the Law Enforcement Assistance Administration through 1981 at a higher authorized funding level. The President's bill, now making its way through Congress will authorize \$6.8 billion for the Law Enforcement Assistance Administration through the next five years. The bill places additional emphasis on improving State and local court systems and on funding "High Impact" crime-prevention projects in crime-ridden urban areas.

## CRIME INDEX TRENDS

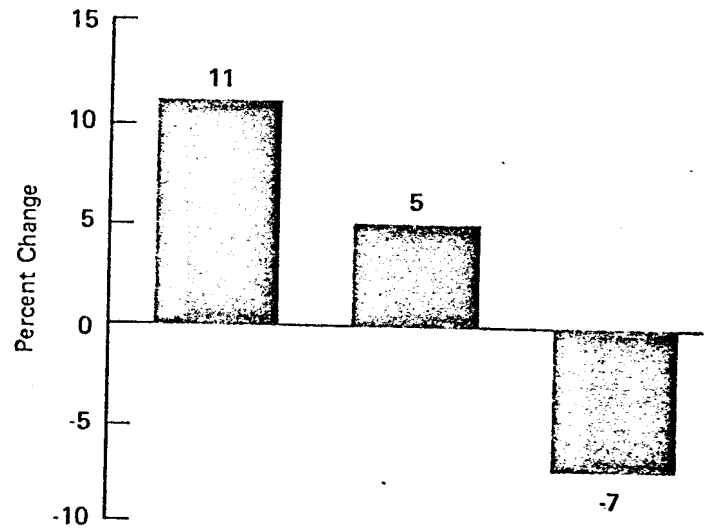
### Crime Index, Total

A Marked Decline  
in the Growth of  
Crime



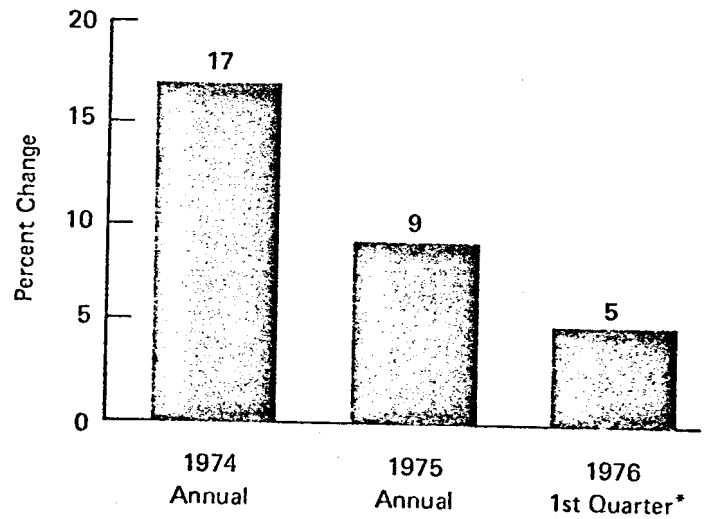
### Violent Crime

A Notable Decrease  
in Violent Crime



### Property Crime

A Marked Decline  
in Crimes Against  
Property



FBI Uniform Crime Reports

\*Compared to 1st quarter of 1975.

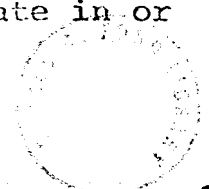
## Curbing Drug Abuse

"For nearly a year," the President said this April, "I have been devoting increasing attention to a problem which strikes at the very heart of our national well-being, drug abuse. I have initiated and then endorsed a major study of this issue. I have met with foreign heads of state, Members of Congress and members of my Cabinet to express my deep concern and the need for action, and I have publicly spoken about this as one of the most serious and tragic problems our country faces.

" Today I am sending to the Congress a special Message on Drug Abuse which outlines, in very frank terms, the severity of this problem and which proposes definitive steps which must be taken to meet the challenge posed by the worsening drug situation.

" I am requesting the Congress to enact specific legislation to improve our ability to put the traffickers who sell drugs into prison. I am also calling for a renewed commitment to a program that balances the law enforcement effort with the provisions of humane and effective treatment for drug abusers.

" Finally, since our ability to control the supply of illegal drugs in this country depends to a very large degree on the interest and the capability of foreign governments in controlling drugs which originate in or



move through their territory, I renew this government's commitment to providing support for foreign allies in this fight."

The comprehensive drug program announced by the President calls for action on many different fronts. It would:

- Require minimum mandatory prison sentences for persons convicted of high-level trafficking in heroin and similar narcotic drugs.

- Enable judges to deny bail in the absence of compelling circumstances if a defendant arrested for trafficking heroin or dangerous drugs is found (1) to have previously been convicted of a drug felony; (2) to be presently free on parole; (3) to be a non-resident alien; (4) to have been arrested in possession of a false passport; or (5) to be a fugitive or previously convicted of being a fugitive.

- Require masters of ships -- including pleasure vessels -- arriving in the United States to report immediately to Customs upon arrival, rather than within 24 hours as is now required.

- Expand Customs' authority to search for cash and other monetary instruments being smuggled out of the country.

The President during the first two years also acted to improve the management of drug programs and to enhance international cooperation by:

- Establishing two new Cabinet committees to provide direction for, and coordination of, Federal drug programs and activities.

- Directing the Secretary of HEW and the Attorney General to develop plans to improve coordination between the treatment and criminal justice system, so drug users in the criminal justice system are identified and provided with treatment and rehabilitation services.

- Directing one of the new Cabinet Committees to give high priority to identifying specific ways to improve job opportunities for former addicts.

- Directing the Secretary of the Treasury and the Commissioner of the Internal Revenue Service, in consultation with the Attorney General and the Administrator of the Drug Enforcement Administration, to develop a tax enforcement program aimed at major drug traffickers.

- Intensifying diplomatic efforts at all levels in order to encourage the greatest possible commitment from other governments and continuing to provide technical and equipment assistance, formal training of foreign enforcement officials, and assistance through cooperative enforcement efforts of U.S. agents stationed abroad.

-- Urging the Congress to expedite approval of the 1971 Convention on Psychotropic Substances, an international treaty which would provide a system for the control of synthetic drugs similar to that which exists for narcotic drugs.

-- Has called for the expansion of Federal treatment capacity to ensure that those who are addicted have an alternative to crime.

## URBAN COMMUNITY DEVELOPMENT AND HOUSING

The Ford Administration has sought to return decision-making power to State and local government through its revenue sharing and block grant programs.

The Community Development Act and the General Revenue Sharing Program are the cornerstones of the President's urban policy. They inaugurated a major change in the way the Federal Government deals with urban communities: instead of telling local officials exactly how they must handle their problems, these programs provide flexible resources for elected officials to meet the particular needs of their constituents. Revenue Sharing also aids communities to plan their budgets by giving greater certainty that funding levels will not vary from year to year.

When he signed the Housing and Community Development Act of 1974 President Ford said,

"I think we can say without any reservation that the move from the narrow programs of the past in community development to programs that are very broad gauged -- a consolidation of programs such as model cities and urban development -- will give a real impetus to local decisionmaking, local action and local responsibility."

The Administration is concerned with the growing problems facing many older cities and neighborhoods. On June 30, 1976 the President established a Commission on Urban Development

and Neighborhood Revitalization. The Commission, comprised of Cabinet Officers and agency heads, is charged with recommending to the President by October 1 ways to revitalize urban areas and neighborhoods. The Commission has already begun to solicit the views and recommendations of local officials and neighborhood organizations.

Over the past two years, the President also has met frequently with mayors and other elected officials on revenue sharing and other community development issues.

#### Housing

The Ford Administration has also worked hard to improve the quality of housing available to low and moderate income families. The emphasis of former Administrations on construction and maintenance of large Federal housing projects has been replaced with a program providing rent supplements for lower income families. The Housing and Community Development Act of 1974 provides programs which emphasize the use of existing housing rather than new construction. This approach allows for more families to be assisted at lower cost to the taxpayer, and maximizes freedom of choice for lower income families seeking housing, by relying on the private sector for the construction, financing, and management

of housing for these families. The President's 1976 budget authorized HUD to enter into subsidy agreements with over 400,000 families. The Ford Administration has also increased the maximum Federal mortgage insurance moderate income families can obtain toward the purchase of a new home:

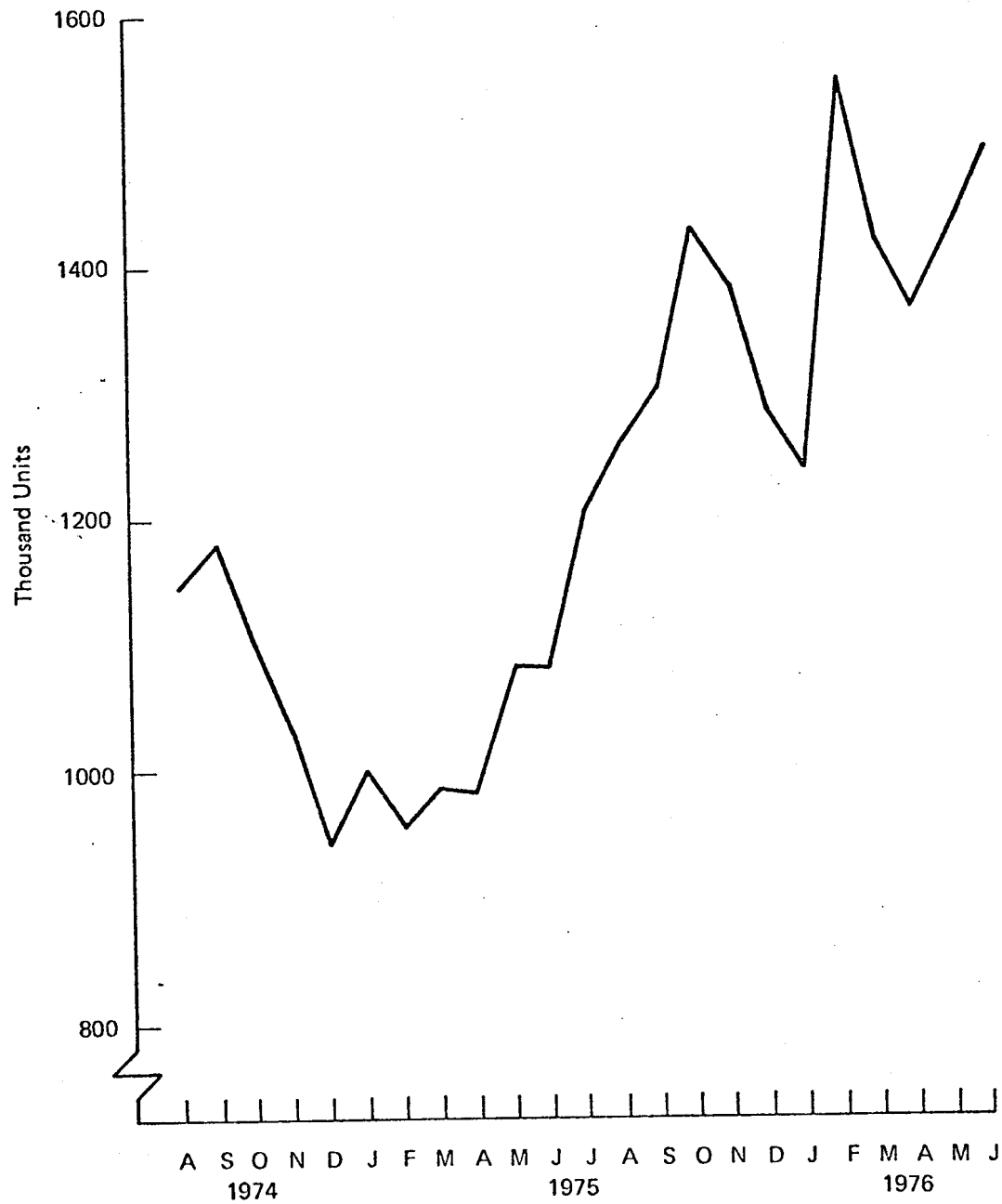
The Housing and Community Development Act of 1974 increased mortgage credit for single family homes ~~from~~ <sup>by</sup> \$10,000 <sup>to</sup> \$20,000 for various types of insurance programs.

The basic home purchase policy of the Ford Administration has been to make available to homeowners sufficient mortgage credit which is repayable over an extended term at reasonable interest rates, and to moderate extreme changes in the availability of mortgage credit. To accomplish these goals the President:

- Signed the Emergency Home Purchase Act of 1974 which extends Government National Mortgage Insurance on a limited basis to conventional mortgages;
- Signed the Emergency Housing Act of 1975 which provides emergency mortgage foreclosure relief; and,
- Signed the Tax Reduction Act of 1975 which provided up to a \$2,000 tax rebate for the purchase of new homes in 1975.

# HOUSING STARTS

(Seasonally Adjusted Annual Rates)



## HUMAN RESOURCES

Better delivery of services, a greater concentration of resources on those who truly need help, fewer resources for those who can look after themselves, greater dignity for those who receive help, and less red tape -- those are the hallmarks of the President's approach to health and social services.

"The Federal Government should help, within the limits of national resources, those who are in need; but we should not give \$1 of federal assistance to those not in need."

## HEALTH CARE

President Ford is committed to the goal of insuring that every American has access to quality health care.

Toward that end, the President has taken action on a wide front:

-- In his 1976 State of the Union Address, he proposed a catastrophic health insurance program that would protect the elderly against the devastating impact of a serious illness. Under the President's proposal, anyone eligible for Medicare would, after reaching the age of 65, have to pay no more than \$500 a year for covered hospital or nursing home care nor more than \$250 a year for doctors' bills.

-- A central feature of the President's 1976 medicare reforms is his proposal to hold down the inflationary surge in health costs. The President proposes to limit increases in Federal reimbursements for medicare to 7% a year for hospital costs and to 4% a year for physicians' services. By holding down the increases in reimbursements, the Government can in effect hold down the increases in charges to the patient.

-- In his 1976 State of the Union Address, the President also proposed that sixteen (16) Federal health programs, including Medicaid, be consolidated into a single \$10 billion block grant to the States. The total aid to States under this program would increase and each State would have far more independence in deciding what needs ought to be met.

-- The President has also strengthened the nursing home improvement program so that the quality of life and health care in skilled nursing facilities is improved through higher standards and better enforcement.

-- The President has pushed for expansion of the National Health Services Corps which places health professionals in critical health manpower shortage areas.

-- He has initiated the coordination of rural health activities to serve individuals in those rural areas.

-- This spring, after conferring with many of the Nation's leading medical authorities, the President initiated a program of unprecedented scope to immunize all Americans against a possible outbreak of swine flu. That program has encountered snags, but through a series of meetings, phone calls, and letters, the President is working with industry, science and the government to create a working partnership.

On the question of a national health insurance plan, the President said in his 1976 State of the Union Address that "we cannot realistically afford Federally dictated national health insurance providing full coverage for all 215 million Americans. The experience of other countries raises questions about the quality as well as the cost of such plans. But I do envision the day when we may use the private health insurance system to offer more middle income families high quality health services at prices they can afford and shield them also from catastrophic illnesses." At the President's direction, the Domestic Council staff and others in the Government are now studying alternative means of providing health insurance to those Americans -- currently less than 10% of the population who are not adequately insured.

## CHILD NUTRITION

President Ford is a firm advocate of providing Federal assistance to needy, hungry children. "Good nutrition is a key factor in the physical, mental and social development of the nation's children," he has said. "It is essential that children not be denied a healthy diet because of limited family resources."

At the same time, Mr. Ford is concerned by the proliferation of child nutrition programs and by evidence that many dollars spent on these programs have been going to the wrong children -- to those whose families could afford wholesome meals -- and not those truly in need.

To remedy these defects, the President on March 23, 1976 proposed the Child Nutrition Reform Act of 1976 which would:

- Provide Federal financial assistance to States based on the cost of feeding all needy children;

- Consolidate 15 complex categorical and overlapping programs into a single block grant to States;

- Save the taxpayers nearly \$900 million a year by reducing assistance to non-needy children;

- Remove unnecessary restrictions and red tape governing the way that meals are provided to needy children; and

- Give concerned organizations and individuals in each State a greater opportunity to become involved in the planning of child nutrition programs.

## THE ELDERLY

The President has pledged "... to do everything in my power to help our nation demonstrate by its deeds a deep concern for the dignity and worth of our older persons. By doing so, our nation will continue to benefit from the contributions that older persons can make to the strengthening of our nation."

High on the list of the President's priorities are the income and health security for older Americans:

-- In his 1976 State of the Union Address, the President proposed that Social Security benefits be expanded by the full cost-of-living increase. This benefit became effective on July 1 of this year.

-- To protect the integrity of the Social Security Trust Fund -- a fund that is rapidly depleting -- the President in his 1976 State of the Union Address also proposed a small increase in both employer and employee social security taxes. This increase would become effective January 1, 1977 and would cost workers a maximum of \$1 a week.

-- As noted earlier, the President has also proposed a catastrophic health insurance program to limit the out-of-pocket amount that elderly people must pay for medical and physicians' fees each year.

-- In November of 1975, the President signed Amendments to the Older Americans Act that is intended to deliver coordinated, comprehensive services and meals to the elderly at the community level and to enable older persons to live independent lives in their own homes.

## VETERANS

The President has acted decisively to maintain the quality of health care services that the Nation's veterans now receive:

-- He has ordered the construction of eight new VA hospitals and has sought \$249 million in FY 1977 for design of all eight and the construction of the two assigned the highest priority by the VA -- Richmond, Virginia and Bay Pines, Florida.

-- He will also request construction funds for the other six hospitals at the rate of two a year over the succeeding fiscal years. These hospitals will be built according to VA priority ranking -- Martinsburg, West Virginia; Portland, Oregon; Seattle, Washington; Little Rock, Arkansas; Baltimore, Maryland and Camden, New Jersey.

--- In the last two budgets the President has also requested approximately 9,000 new staff positions for the VA medical care program and \$600 million for repair and construction of VA facilities. In his FY 1977 budget alone, he allocated \$4 billion for VA medical care activities -- a record high.

## THE HANDICAPPED

In November of last year, the President called for a White House Conference on Handicapped Individuals to stimulate a national assessment of the problems facing such individuals and to develop recommendations. The conference is scheduled to be held in May, 1977.

In his announcement, the President commented that the Nation's handicapped citizens "have a right to live with self-reliance, with the same dignity as all of their fellow citizens, and to achieve personal and professional fulfillment."

The President has also been a strong supporter of the Rehabilitation Act of 1973. In April of this year, he issued a directive (Executive Order 11914) setting up a special enforcement plan to ensure that any private organization using Federal funds does not discriminate against handicapped individuals.

## WELFARE REFORM

In his 1976 State of the Union Address, President Ford called upon the Congress for cooperation in cleaning up the nation's welfare programs.

"Government at all levels is not doing the job well," he said. "Too many of our welfare programs are inequitable and invite abuse. Worse, we are wasting badly needed resources without reaching many of the truly needy. Complex welfare programs cannot be reformed overnight. Surely, we cannot simply dump welfare into the laps of the fifty states, their local taxpayers or private charities, and just walk away from it. Nor is it the right time for massive and sweeping changes while we are still recovering from a recession. Nevertheless, there are still plenty of improvements we can make."

Toward that end, the President has:

- Proposed a variety of legislative amendments to improve the administration and effectiveness of welfare programs;

- Proposed reforms in the food stamp program as noted above;

- Announced his intention to seek special authority to modify the rules governing existing welfare programs (specific legislation is currently being developed for submittal to Congress later this year); and

- Directed that a careful study be made of more comprehensive long-range welfare reform alternatives.

## FOOD STAMPS

In his State of the Union message, the President urged Congress to reform the Food Stamp Program, saying:

"Let's give food stamps to those most in need.  
Let's not give any to those who don't need them."

President Ford wanted to restructure the program in a way that would target limited resources on assisting families truly in need, while excluding those with incomes well above the poverty level. Under his program:

-- Costs would be reduced by \$1.2 billion.

-- 24 percent of the recipients, those who are truly poor, would receive increased benefits.

-- 17 percent of those currently participating would no longer receive benefits because their income is above the poverty level.

The Congress, however, gave little sign that it intended to act so that in February of 1976, the President ordered the Department of Agriculture to carry out the program through administrative reform. The USDA issued its proposed regulations on February 27; those regulations have not yet been implemented because they have been challenged in court.

## Education

The President's philosophy with regard to the federal role in education is well summarized in his March 1, 1976 Message to Congress accompanying an education bill:

The education of our children is vital to the future of the United States. From the start, our Founding Fathers knew that ignorance and free government could not coexist. Our nation has acted from the beginning on the sound principle that control over our schools should remain at the State and local level. Nothing could be more destructive of the diversity of thought and opinion necessary for national progress than an excess of control by the central government.

Because the President places a high value upon education, he has initiated a series of structural and financial reforms consistent with his philosophy:

-- On March 1, 1976, the President proposed the Financial Assistance for Elementary and Secondary Education Act. This proposal stresses the President's belief that Federal intrusion into State and local educational affairs must be minimized. "Too often we have found ourselves asking whether Federal forms have been properly filled out, not whether children have been properly educated," the President noted.

The President's proposal is an effort to return the responsibility and initiative for educational decision-

making to the local level. The proposal insures that no State will receive less money than it did in FY 1976. To assure that students with special needs receive proper attention, the proposal provides that at least seventy-five percent of a State's allocation be spent on the educationally deprived and handicapped.

-- The President has asked the Congress to increase support for the National Institute of Education, focal point for the conduct of education research and development, by twenty-eight percent increase over the 1976 appropriation.

-- Mr. Ford has supported the concepts of equal educational opportunity for handicapped children through the signing into law of the Education of All Handicapped Children Act of 1975.

-- The President believes that no student should be denied access to a post-secondary education because of financial barriers. Those in need should receive grants, others with higher family income should be helped to borrow to meet the costs. Further, he has supported the concept that higher education aid should be provided to individuals rather than institutions. In this way, the student -- who is the ultimate consumer in the educational process -- can exercise choice, not on the basis of the aid that a school receives, but on the basis of the kind of education the student wants.

To carry out these beliefs, the President requested full funding of the Basic Education Opportunity Grants program both in 1976 and 1977, which will enable every needy student to receive up to \$1,400 per year but no more than one half of the funds he or she needs to meet his full education costs. Additional funds to meet the remainder of student needs are obtained through loans, work study programs and the student's own resources. When it was determined earlier this year that far more students were going to request funds under this program than was anticipated when the 1976 budget was submitted, the President requested an additional \$612 million for this program.

## BUSING

President Ford has long been concerned about the fact that the controversy over court-ordered busing has detracted from the search for ways of achieving the critical national goal of providing quality and equality in education for America's schoolchildren.

In the President's view, there are times when school busing is constitutionally required to achieve school desegregation, but there are many instances in which it has been used when it was not only not constitutionally required, <sup>and</sup> ~~but~~ when better methods of solving school problems were readily at hand.

Therefore, the President ordered the Department of Justice in November, 1975 to begin a search for legal means of controlling the use of court-ordered busing as a remedy in school desegregation suits. After months of study by Administration officials, and meetings held by the President with large numbers of concerned groups the President sent to Congress on June 24, 1976, the "School Desegregation Standards and Assistance Act of 1976."

This legislation was designed to limit busing to those instances only where it is constitutionally required, and to provide alternative means of solving school desegregation problems. The legislation does this by requiring

a little  
vague, but  
seems to be  
picked up  
later on in  
the draft.

federal courts to look carefully at the cause of racial concentrations in affected schools and to order busing only when the cause of the racial concentration is one for which school officials can appropriately be held responsible. After careful consultation with respected legal scholars throughout the United States, including Attorney General Levy, the President is convinced that his solution is constitutional, that it is feasible, and that it will place the emphasis in school suits where it ought to be placed.

In his message to Congress accompanying the bill, the President said: "At the outset, let me set forth certain principles governing my judgments and my actions.

" First, for all of my life I have held strong personal feelings against racial discrimination. I do not believe in a segregated society. We are a people of diverse background, origins, and interests, but we are still one people -- Americans -- and so must we live.

" Second, it is the duty of every President to enforce the law of the land. When I became President, I took an oath to preserve, protect and defend the Constitution of the United States. There must be no misunderstanding about this -- I will uphold the Constitutional rights of

every individual in the country. I will carry out the decisions of the Supreme Court. I will not tolerate defiance of the law.

^ Third, I am totally dedicated to quality education in America -- and to the principle that public education is predominantly the concern of the community in which people live. Throughout the history of our Nation, the education of our children, especially at the elementary and secondary levels, has been a community endeavor. The concept of public education is now written into our history as deeply as any tenet of American belief."

Later in the message, the President described the objectives of and means proposed by the legislation:

"To maintain progress toward the orderly elimination of illegal segregation in our public schools, and to preserve -- or, where appropriate, restore -- community control of schools, I am proposing legislation to:

1. Require that a court in a desegregation case determine the extent to which acts of unlawful discrimination have caused a greater degree of racial concentration in a school or school system than would have existed in the absence of such acts.