

FOR IMMEDIATE RELEASE

NOVEMBER 18, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

I regret that commitments which I believe will advance the cause of international understanding prevent my delivering this message personally. On two previous occasions when I returned to the Capitol for formal communication with the Congress, I emphasized my sincere desire for partnership with you in the interests of our country. Nothing has changed that intention on my part.

On August 12, three days after assuming the office of President, I asked the Congress to join with me in a new spirit of action and accommodation in getting America moving again. On October 8, I presented a comprehensive 31-point program to strengthen our economy, share the burdens of inflation and stagnation and significantly reduce this Nation's dependence on outside sources of energy which is both strategically and economically undesirable.

There has been piecemeal criticism of my program and I expected it. But there has been no specific and comprehensive alternative program advanced and time is passing. I do not read any mandate in the recent election so clearly as the American people's concern about our economy and their urgent demand for fiscal restraint and responsible action on the economic front.

I am still ready to meet the Congress more than half way in responding to this call from our constituents. We cannot wait and the country cannot wait until next March or April for needed action.

I will always have a special affection for the 93rd Congress -- the last one to which I was elected and in which I served both as Minority Leader of the House and as President of the Senate. But I hope this pride can be more solid than sentimental.

Time is short, but time remains for this Congress to finish its work with a real record of accomplishment. Your leaders have given me their assurance of a desire to do as much as possible.

There is much to be done. I am confident that if we all declare a moratorium on partisanship for the rest of 1974 we can still achieve much for America.

In this message I am listing those legislative actions, among the many I have proposed, to which I attach the highest priority. I respectfully request their careful consideration and resolution before the 93rd Congress takes its place in history.

NOMINATIONS

I regret that neither body of the Congress has acted on my nomination of Nelson Rockefeller to be Vice President of the United States.

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It has been nearly thirteen weeks since I nominated Governor Rockefeller. Our recent experience with the 25th amendment makes it plain that an incumbent Vice President is essential to continuity in Government. I appreciate the need for a thorough examination of this nomination, but it is in the highest national interest that I urge speedy confirmation.

Forty-three other nominations pending before the Senate lapsed with the election recess. I request that my re-submissions be given expeditious consideration so that vacancies in key executive branch posts may be filled with approval of the Senate at the earliest possible time.

I will also transmit to the Senate the names of other candidates for major Administration positions and urge their speedy confirmation. Good government makes it imperative that all pending nominations be acted upon during this session of the Congress.

### ECONOMIC ISSUES

No single issue has a higher priority than the economic health of our country. Prices rise while production lags and unemployment increases. It is a severe problem requiring specific corrective actions to start the recovery and to check inflation.

#### Expenditures

I am gratified that recent deliberations of the House and Senate have recognized the need to restrain Federal spending for fiscal year 1975. I am confident that this action reflects the strong desire of the American people.

Accordingly, for fiscal year 1975, I will recommend to the Congress next week more budget rescissions and will report on budget deferrals and administrative actions to hold down expenditures. I will also request the Congress to make changes in existing authorizations and in pending appropriation bills. I urge the Congress to support these actions and move quickly to enact the required legislative changes.

I have already reported on a number of budget deferrals totalling more than \$23 billion and requested seven rescissions of over \$675 million. Failure to support these actions would increase outlays by over \$660 million in 1975, \$2.2 billion in 1976, and even more in subsequent years. I urge the Congress to accept these deferrals and take prompt action on the over \$675 million in rescission proposals that have been submitted.

#### Employment Assistance

In addition to Government belt-tightening, I also indicated in my economic message of October 8th that special legislation was needed to assist citizens who are particularly hurt by increases in unemployment. On that same day, I sent to the Congress my proposed National Employment Assistance Act. Under this plan, employment assistance programs would be triggered into action whenever the average national unemployment rate rose to six percent for three consecutive months.

In that event, these programs would provide special jobless compensation and work opportunities in those labor market areas where the rate averages six and one-half percent for three consecutive months.

These programs should be enacted immediately, since rising unemployment indicates they will very likely be needed before the 94th Congress convenes. I hope this Congress will recognize its responsibility in this important area.

### Trade

Action is urgently needed on the Trade Reform Act which I consider absolutely essential to our economic health. Our trading partners in the industrial and less-developed world are waiting to see whether we can negotiate multilateral solutions to the common economic problems which plague us, as well as make much-needed improvements in the trading system. The unacceptable alternative is economic warfare from which no winners would emerge.

I urge the Senate to move as quickly as possible to adopt the Trade Reform Act, and to forego any encumbering amendments. If the Senate acts promptly -- and only if it does -- there will be sufficient time remaining in this Congress for both Houses to agree on a final measure.

### Taxes

The Congress has before it the tax reform proposals sent up in April 1973; the windfall profits tax proposals submitted in December 1973, and the economy strengthening and stabilizing proposals which I recommended last month.

The economic proposals of last month include surtaxes on all corporations and on individuals with well above-average incomes. They call for change in the investment tax credit and in the tax treatment of certain limited kinds of preferred stock.

My individual surtax proposal, I must emphasize, would apply only to families and single persons whose incomes exceed \$15,000 and \$7,500, respectively, and only to that portion of their actual income above those levels. It is a very progressive tax proposal which takes much more from high bracket taxpayers than middle income taxpayers. Low bracket taxpayers would be exempt. With a \$16,000 income, for example, a family of four would pay a surtax of only \$3. On the other hand, a family of four with a \$50,000 income would pay \$482 of surtax.

I also urge Congress to enact the windfall profits tax proposals so that we will not forever lose the chance to recapture a part of the excessive profits that domestic oil producers realize this year. I reiterate my support for eliminating the foreign depletion allowance.

I have asked the Secretary of the Treasury to work with the congressional committees concerned to develop balanced legislation, including additional tax reductions for low-income individuals.

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## Financial Institutions

There is great need for action on an Administration proposal to strengthen and revitalize banks and thrift institutions through the elimination of certain Federal regulations which impede efficiency and healthy competition. While retaining appropriate safeguards to assure solvency and liquidity, the proposed Financial Institutions Act would allow more competition in our banking system to benefit the small saver as well as the institutions themselves. This could also make additional dollars available to the private citizen and to industry.

Further, this proposal would provide the added incentive of the mortgage interest tax credit for our financial institutions to enable them to devote their resources to home mortgages and thus curb the wide and disruptive swings in home mortgage credit availability.

## Regulation

The Congress has before it my proposal to establish a one-year National Commission on Regulatory Reform to examine the practices and procedures of the independent regulatory commissions. It has become clear that many regulatory activities of the Government are themselves stifling competition and producing higher prices without comparable social benefits. I urge this Congress to complete action on this important legislation. Such a Commission, to be composed of Congressional, Executive, and public members, should start now to formulate realistic proposals for reform of our regulatory system for early consideration by the next Congress.

## Food

Food prices concern everyone. The Congress must act rapidly to not only increase food production but to remove impediments to the maximum production of peanut and rice crops.

I am also recommending that we amend Public Law 480, the Food for Peace program. Additional flexibility is clearly needed to assure that our food aid programs can continue to serve the national interest and humanitarian goals.

## Competition

Activities which are illegal under the Sherman Anti-Trust Act disrupt the natural competitive forces in the marketplace and invariably result in higher prices to the American consumer. The Justice Department's antitrust efforts against monopolies and activities which operate in restraint of trade must be strengthened.

The maximum allowable penalties for violation of the Sherman Anti-Trust Act should be increased from \$50,000 to \$1 million for corporations and from \$50,000 to \$100,000 for individuals. Maximum prison sentences for individual violations should also be increased to five years.

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Current estimates by the Immigration and Naturalization Service indicate that there are some 4 to 7 million illegal aliens in the United States. Prompt action on a pending illegal alien bill would help solve this critical problem by providing sanctions against the hiring of illegal aliens. This would make more jobs available for our own citizens.

### Stockpiling

The General Services Administration has submitted stockpile disposal bills for silver, lead and tin. These would permit sale of stockpile quantities that clearly exceed our national security needs. This additional authority will assure adequate supplies of these commodities and also dampen excessive price fluctuations. The additional disposal authority for silver, lead, and tin would also provide potential budget receipts of \$1.4 billion, of which about \$150 million could be realized in fiscal year 1975 if legislation is enacted by the end of this year.

### Housing

I thank the Congress for promptly enacting housing legislation making conventional mortgages eligible for purchase by the Government National Mortgage Association. This is giving the housing and real estate industry much needed support, even though the Act did not cover apartments and condominiums. I urge you to consider legislation to correct this omission.

## ENERGY

In addition to my deep concern over the economy, I am committed to resolving the problems of achieving sufficient energy supplies for ourselves and our children. I repeat my earlier requests for action during this session on several energy bills under consideration.

First, we need legislation to help increase the supply of natural gas and permit competitive pricing of these new supplies. Our worsening shortages are directly attributable to more than 20 years of unsuccessful Federal regulation of natural gas. Unless we remove Federal regulatory impediments with respect to new sources, supplies of environmentally clean natural gas will remain in the ground. The shortage of natural gas is already forcing curtailment of service to industry in many areas, resulting in increasing unemployment and greater use of imported oil. New homes are being denied natural gas service, forcing the use of alternative fuels that are more costly and far less clean.

I urge the Congress to complete action quickly on legislation to establish a system of permits for the construction and operation of deepwater ports. This system is a far superior means -- from both a cost and environmental point of view -- for handling that portion of oil which we cannot avoid importing for some years ahead. I have asked the Secretaries of Interior and Transportation to work with the Senate and House conferees to develop a bill that I can sign within the next few weeks.

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Last March, legislation was proposed to speed the licensing and construction of nuclear plants, allow more meaningful public participation at early decision points relating to their design and siting and encourage standardization of new nuclear plants. I urge that the Congress pass this bill to speed the development of domestic energy supplies, reduce dependence on imported oil, and help hold down electrical power costs.

The House and Senate conferees are now addressing the difficult issues in the proposed Surface Mining Act. I am still hopeful that the conferees can agree on provisions which strike a reasonable balance between our desire for environmental protection and reclamation and the need to increase the production of domestic coal supplies.

I must emphasize that some provisions of the bills now in conference are not acceptable. I have asked the Secretary of the Interior to continue working with the conferees to develop a bill, which I can sign.

As a necessary step toward conserving fuel and saving lives, I urge the Congress to make permanent the 55 mile-per-hour speed limit. I also ask the House of Representatives to approve an extension of the carpooling provisions in the Emergency Highway Energy Conservation Act which expires December 31, 1974.

I have asked the Secretaries of Interior, Defense and Navy to work with the Congress in finding satisfactory ways of dealing with our emergency petroleum reserves to balance our domestic energy needs. We must proceed with development of the oil reserves at Elk Hills, California, and with exploration and development of the reserve in northern Alaska. We must not wait for another energy crisis to force action, perhaps too late, on these vital resources.

#### APPROPRIATIONS

There are four regular appropriations bills still to be enacted -- Agriculture-Environmental and Consumer Protection, Labor-HEW, Military Construction and Foreign Assistance -- and the important First Supplemental Appropriations bill.

Action has not yet been completed in the Senate on the Agriculture-Environmental and Consumer Protection Appropriation Bill for fiscal year 1975. This bill was vetoed by President Nixon on August 8th because it would have substantially increased Federal spending. I urge the Congress to complete action on this appropriation measure as soon as possible within reasonable funding limits.

The Labor-HEW and Related Agencies Appropriations bill is currently in conference. Unfortunately, the totals are excessive. Unless the Congress reduces funding in both the House and Senate versions, I will have no choice but to veto this measure.

Appropriations now pending for Military Construction and Foreign Assistance should be given high priority.

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The First Supplemental Appropriation bill has passed the House and is pending on the Senate calendar. However, I am concerned about the inflationary aspects of the Senate version and hope final action will produce an acceptable bill.

#### VETOES

During the adjournment, it was necessary for me to pocket veto five bills. Two were private relief measures and three were legislative issues: National Wildlife Refuge System, Farm Labor Contractor Registration, and Rehabilitation Act Amendments.

I have determined on advice of the Attorney General that the absence of my signature from these bills prevented them from becoming law. Without in any way qualifying this determination, I also returned them without approval to those designated by the Congress to receive messages during the adjournment period.

If the Congress should elect to challenge these vetoes by overriding them, there could be a prolonged legal uncertainty over this legislation. However, I would welcome new legislation to replace the measures which were vetoed.

Specifically, while the Farm Labor Contractor Registration Act Amendments contained worthwhile provisions to protect migrant farm workers, an unrelated rider arbitrarily would have reclassified and elevated certain Federal employees to important Administrative Law Judge positions, regardless of their qualifications. I, therefore, urge the Congress to pass the essential sections of the vetoed bill without the personnel provision which would create serious pay inequities by legislatively over compensating a particular class of employees in one executive department.

Similarly, the intent of the Rehabilitation Act Amendments section of H.R. 14225 is worthwhile. But the features which would force the creation of new and unnecessary bureaucracies in the Department of Health, Education and Welfare prompted my veto.

I have requested the Secretary of HEW to work with Congressional leaders in an effort to correct the serious difficulties in administration and accountability contained in the vetoed bill.

Although it was necessary to return to the Congress without my approval the Freedom of Information Act Amendments on October 17th, the day the Congress adjourned, I continue to endorse the intent of that legislation. I have already submitted to the Congress amendments which would eliminate the national security information problems and the damage to effective law enforcement inherent in the bill which I vetoed. I pledge the full efforts of the Administration in working out a fair, responsible way to increase public access to Federal papers and records without impairing individual rights and essential Government activities.

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Just before adjournment, I also vetoed the Atomic Energy Act Amendments. I objected to a provision I consider to be unconstitutional. Because of this provision, the bill would not have become effective, even had I approved it, unless a Joint Committee of the Congress subsequently took affirmative action. I urge passage of a new measure removing the constitutional objection to section 12 of the vetoed bill, thereby eliminating the legal uncertainties which would becloud the entire nuclear energy program.

During the adjournment, I signed into law a bill overhauling the Commodity Exchange Act. This is an important step to assure full confidence in Federal regulation of commodity futures trading. Nevertheless, there are several provisions which need revision. First is the requirement for concurrent submission to the Congress and to the President of both the new Commission's budget and legislative proposals, and second is the need for Senate confirmation of a non-Presidential appointee. These provisions run contrary to good management of the Executive Branch by the President and the traditional separation of powers. I hope these Constitutional and policy questions can be resolved.

#### OTHER MAJOR LEGISLATION

In addition to pending nominations, economic legislation and energy issues, there are a number of other important bills awaiting final action by the Congress.

In today's world, all nations are interdependent. The United States owes it to itself, as well as to others, to provide military and economic assistance which may mean the difference between stability and instability in a global or regional context. Where there is instability, there is danger -- danger of conflict which can involve the greatest as well as the smallest.

The Foreign Aid Authorization bill before you represents a sincere effort to reflect the realities of today's world. It remains my assessment of the minimum which is needed to sustain our peaceful objectives.

I urge the Congress to move quickly to enact legislation which will help to achieve these objectives and meet our moral, political and security obligations. If such legislation is to enable us to effectively carry forward the foreign policy of the Nation, it must not tie the hands of the President nor restrict his authority and ability to act when action is called for.

Also important to the achievement of our objectives overseas is legislation to enable the United States to contribute its fair share to the various multilateral development institutions and, at the same time, provide continued incentives to other nations to join in these international assistance efforts.

In order for the United States to maintain its strong position in foreign markets, it is important that the Congress pass the Export-Import Bank bill and avoid attaching unnecessary encumbrances.

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The Congress is making good progress on the Administration's proposal to improve the regulatory climate in an important portion of the transportation industry. The Surface Transportation Act, as reported by the House Committee on Interstate and Foreign Commerce, is a beginning in the overall area of regulatory reform. This bill, with certain modifications to insure greater reliance on competitive market forces, would contribute substantially to the efficiency and vitality of this Nation's railroad system. I urge the Congress to complete its work on this vital legislation without waiting for the establishment of the National Commission on Regulatory Reform.

Earlier this year, legislation was submitted to provide reasonable increases in the size and weights of trucks traveling on interstate highways. These increases were to offset the economic disadvantages to truckers resulting from lower permissible speed and higher fuel costs. The Senate passed a bill containing most of the features of the Administration's proposal while a similar bill did not pass in the House. I ask the Congress for early action on this issue in the interest of economic efficiency and fuel conservation.

I also urge the Congress to act promptly to pass the National Mass Transportation Assistance Act of 1974. This bill has been developed through close cooperation between the Congress and the Administration. It will provide the Nation's cities with the Federal financial assistance needed to help them meet priority urban mass transportation needs. This bill establishes a long-term assistance program for mass transit -- actually, for six years -- and distributes a significant portion of the funds according to a simple and equitable formula. It also provides for an enhanced role for the Governors and local officials in mass transit decisions.

I consider the total dollar level of \$11.8 billion over a six-year period to be at the upper limits of fiscal responsibility. The needs of the cities and the uncertainties and delays that would result from waiting until the next Congress for a transit bill make it imperative that this Congress act before adjournment sine die.

In 1972, the Judicial Conference of the United States recommended the creation of 51 additional Federal District Court judgeships in 33 separate judicial districts across the country. Senate hearings on legislation incorporating this proposal were concluded in 1973. To date, however, this legislation has not been scheduled for floor action. The increasing backlog in the Federal courts makes this measure an urgent national necessity of a non-partisan nature -- for justice delayed is too often justice denied.

Earlier this session, the House passed a bill to codify, for the first time in our history, evidentiary rules governing the admissibility of proof in Federal courts. This bill is the culmination of some 13 years of study by distinguished judges, lawyers, Members of the Congress and others interested in and affected by the administration of justice in the Federal system. The measure will lend uniformity, accessibility, intelligibility and a basis for reform and growth in our evidentiary rules which are sadly lacking in current law. I strongly urge final action on this important bill prior to the conclusion of this Congress.

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With respect to the Vietnam Era Veterans' Readjustment Assistance Act, I urge the Congress to reconsider the action it has taken to date and send me instead legislation providing a straightforward 18.2 percent cost of living increase, effective January 1, 1975. Increased payments for our veterans in school are necessary. But while acknowledging our great debt to those who served during the Vietnam era, I must insist on a fiscally responsible bill on behalf of all Americans. I object to the inflationary 22.7 percent rate increase, retroactive to September 1, 1974, the direct loan program which the Congress has added and the extension of educational benefits allowing Vietnam era veterans to attend school for 45 instead of the present 36 months. This extra entitlement goes beyond the standard for World War II and Korea veterans.

The Energy Transportation Security Act of 1974 would require a percentage of imported petroleum to be carried on U.S. vessels. Although I fully support a strong U.S. merchant marine, I am seriously concerned about problems which this bill raises in the areas of foreign relations, national security, and perhaps most significantly, the potential inflationary impact of cargo preference.

Administration officials have testified during congressional hearings on our concerns about the impact of this bill.

The House-Senate conferees adopted new language concerning the waiver provision so that the requirements of this bill "may be temporarily waived by the President upon determination that an emergency exists justifying such a waiver in the national interest." However, the legislative history of the waiver does not expressly demonstrate that the Congress intends it to be broad in scope.

The potential problems which could arise if this bill becomes law require a provision which will permit the President to waive its requirements for economic as well as foreign affairs and national defense reasons. Since the waiver language in the bill is not explicit, the Conference Committee Report should make it clear that the Congress intends to grant broad waiver authority.

Other provisions in the bill which concern me are: the narrowness of the definition of which ships are eligible to participate in this trade, the rebate of oil import fees and the unnecessary anti-pollution requirement that vessels serving certain ports be built with expensive double bottoms.

Another measure on which action is required is comprehensive health insurance. I will continue to seek agreement with the Congress on legislation centered on principles incorporated in the Comprehensive Health Insurance Plan. To keep this program from feeding inflation, however, the Congress will have to join with me in cutting Federal expenditures before we can afford this program.

Included in the Military Construction Authorization and Appropriation bills now before the Congress are funds for completing projects and initiating new ones at installations in 42 States and the District of Columbia. I reiterate my strong conviction that the limited expansion of facilities on Diego Garcia in the Indian Ocean is of critical importance.

CONCLUSION

This list of legislative priorities represents a streamlined action program for the Nation. To achieve results will require partnership, not partisanship, on the part of both the executive and the legislative branches. It will mean long days and nights of hard work -- of communication, conciliation, compromise, and cooperation between the White House and the Congress, the House and the Senate, and majority and minority within the Congress itself.

But it must be done for one overriding reason: America needs these actions. And the American people rightly expect us to do everything we can to accomplish them.

I pledge my full cooperation with the Congress in the weeks ahead. I am confident that the Congress will respond in the same spirit.

GERALD R. FORD

THE WHITE HOUSE,

November 18, 1974.

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