

FOR IMMEDIATE RELEASE

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THE WHITE HOUSE

PRESS CONFERENCE  
OF

JAMES E. HOLSHOUSER, JR.  
GOVERNOR OF THE STATE OF NORTH CAROLINA  
AND

WILLIAM L. WALLER  
GOVERNOR OF THE STATE OF MISSISSIPPI

THE HYATT REGENCY HOTEL

7:02 P.M. EDT

MR. GREENER: Governor Waller of Mississippi, who is the Chairman of the Commission, and Governor Holshouser of North Carolina are here to answer some of your questions.

Governor Waller?

GOVERNOR WALLER: I would like to briefly inform you of the general coverage of the Conference, which we had the privilege of having the President engage in. The crux of the purpose of the Appalachian Governors meeting was the passage of the resolution.

The key phrase or paragraph in the resolution is as follows: "The Commission requests that the President instruct the Domestic Council to work with the Appalachian Regional Commission to review relevant Federal programs to the end that policies affecting these programs and their action within the region may be revised and directed to support the kind of future development in Appalachia, which reflects the values of the people who live there.

"Special attention shall be given to eliminating the duplication of planning requirements in the economic development programs. The goal that can unite regionwide development action in both the regional and national interests is to manage the opportunities inherent in increased energy production to allow the region's people to achieve for themselves a stable and diversified economy and a sound fiscal and social environment."

I believe copies of this resolution will be available to you.

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As we proceeded to discuss in dialogue fashion with the President many problems in our region and elsewhere, we developed into some discussion on forced busing, the relation in transportation and production of natural gas, the Federally owned sale of forestry products, timber and energy legislation now pending before the Congress.

I am sure there were individual Governors that had the opportunity to discuss other subjects of a wide variety, but we would conclude by saying that this was a unique opportunity for the Executive heads of State Government to have this type of exchange with the President.

On behalf of the Governors from this region, we are continuing to express our gratitude to the President for taking the time to hear us relate our problems and to engage in a two-way discussion about and in regard to the solution of those problems.

GOVERNOR HOLSHOUSER: Gentlemen, you have heard, I think, a very concise statement by Governor Waller of the resolution that was adopted concerning the coordination of economic development activities within our region; also, a general synopsis of the various ideas and points of view that came up regarding our region and its relationship with the Federal Government.

As with most meetings of Government today, I expect that a very considerable majority of the time was spent discussing energy and energy-related problems, with specific discussion in detail about the various proposals before the Congress at this time regarding natural gas.

There have been some Pearson amendments and the fact that they are on the floor of the Senate now and with the general supportive attitude of the Governors who were present.

We found the give and take very free, as most of these meetings have been, with the President on the same format somewhat as the meetings he conducted very early this year in regions.

We also had a very specific point of view involving an integrated system of transportation dealing with energy. As you know, we have a considerable amount of energy within this region dealing with coal and also specifically with the Devonian shale gas moving from West Virginia into the Ohio Basin, and the need for research there so that that gas can be economically developed and pulled from the ground.

Q Governor, on that score, do you or any of the other Governors support the President's proposal to set up a \$100 billion corporation to develop these claims of energy program?

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GOVERNOR WALLER: I had the privilege of participating in the President's economic summit approximately 12 months ago, and this was my recommendation then, and I have been privileged to meet with Governors throughout the Nation in the meantime, and I think that I could mirror the impressions of the Governors around the Nation and say that we need a Manhattan-type project for energy.

We have to have a coordinated crash type program, funded with this amount of money, to meet the needs of the people. You know, gentlemen, we are facing the winter months wherein, one, we have the energy and two, if we have it, can we afford it.

The individual who has to live by the paycheck on a weekly basis in my opinion cannot afford the cost of gasoline to get to work, cannot afford the cost of utilities, and the number one priority in the Nation today, as we see it, is the solution of the energy crisis and to become reasonably self-sufficient in energy or to drive the price of imported crude oil or petrochemical products down to a reasonable price.

Q Governor Waller, what is your position on President Ford's proposed tax and spending cut proposal?

GOVERNOR WALLER: I see it as a step forward. The Federal Government's entry into the cash market to fund the Federal deficit is a problem in my State beyond description. I think the President needs encouragement from the average voter, and certainly from the several State Governments to continue his attempt to balance the State budget.

I believe the President is dedicated, from what he told us, to a balanced Federal budget. My personal opinion is that the tax reduction and the \$395 billion limit on Federal spending is little enough for us citizens to expect in this day of inflation and in the day of deficit spending and in the day of financing the Federal deficit.

I think that every man and woman in the Nation should applaud the President for his effort. Many economists in the Nation, I am sure, will reflect upon whether or not this is the best medium to approach the solution of the problem at the present day.

I support the President because no other Congressman or Senator has come forward with a better solution.

Q Governor, can you tell us what some of the other Governors might have said on the matter of budget control?

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GOVERNOR HOLSHOUSER: I don't think it was specifically discussed at the meeting. I don't think it was really brought up and discussed at all. I think generally you are going to find Governors supportive of a proposal. The Southern Governors at their meeting in Orlando less than two weeks ago endorsed the concept of a Constitutional amendment that would require a balanced Federal budget. Obviously, the goal of reduction in the growth of Federal spending is going to be one of the very necessary steps that will have to be taken to meet that goal.

Q Governor, where would you like to see the Federal Government's budget cut, specifically?

GOVERNOR HOLSHOUSER: Well, of course we are not talking about cutting it, frankly. We are talking about slowing down the growth rate. The proposal that comes still has an increase in spending tied with it.

Q \$28 billion?

GOVERNOR HOLSHOUSER: That is correct.

We are talking about slowing down that growth rate. You know, all of us face the same problem that a Congressman does when he gets ready to vote on a bill. We have bureaucracy people coming to us every day saying, "We want you to go to Washington and lobby for more money in this particular program."

We have a pretty good standing rule in North Carolina that nobody goes to Washington to lobby for more money unless the Governor signs off on it personally, and we don't do much of that because, frankly, even though it means we have some bullets to bite at the local level, we think it is time we started looking at the broader picture of our national problems so that we don't nationally get in the same shape that New York City is in.

Q Governor, according to the pool report here, Governor Moore started off the whole meeting by pointing out how your funding is producing less and less for you in Appalachia's program, and it immediately became involved in the idea of the President's tax proposal and the fact that it just might not provide you with the kind of money you want.

GOVERNOR HOLSHOUSER: That is a perfect example of the conflicts that all of us face, and we know that we are going to have to restrain our own requests in terms of increased Federal spending if we are going to do our part.

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You know, even where we know that, it means we have to tighten our own belts and do a better job of efficiency. We feel like we have got our obligation to do as well.

Q Do you think that is a majority sentiment of the Governors, they would support the President's proposal, which really does call for cutting back on programs which would naturally exceed his new budget ceiling?

GOVERNOR HOLSHOUSER: First of all, having worked on that resolution at the Southern Governors Conference, which I think all the Governors here today were participants, that resolution on the balanced budget passed unanimously.

I know a major part of the discussion of the other resolutions that came before the Resolution Committee were that we cannot have our cake and eat it, too, and that if we are going to ask for a balanced Federal budget, we cannot be putting out resolutions asking for more and more Federal spending in the variety of programs that we are naturally interested in.

Frankly, State and local Governments can do it more efficiently at times than the Federal Government can.

Q How do you propose to do this in North Carolina, with inflation up 30 percent, unless you ask the President to get more money?

GOVERNOR HOLSHOUSER: Of course, I don't think inflation is going to be up 30 percent between now and next year, first of all.

Q On highways, it is 30 percent.

GOVERNOR HOLSHOUSER: Inflation in the highway sector is up, there is no question, and frankly it means that probably some of those projects will have to be slowed down.

Now, we have some States in our region that are not going to be ready technically through the engineering and planning process to use all their funds, and we will probably go in and borrow and get an advance on our allocations in order to try to keep on schedule.

They will get theirs back from us later, but there is no question that it requires some balancing of concepts and priorities.

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GOVERNOR WALLER: I think there is one thing that rises above what we are talking about here, and that is that the President suggests a decrease in the increase. What you need to reflect upon, I believe, if I understood him correctly, is that the decrease in the increase is an increase of \$22 billion rather than some \$50-odd billion, as the projection had been stated earlier.

So, the President is recommending to the Governors, and we concur, in a decrease in the increase with the \$28 billion in income tax reduction with 75 percent of that going to individuals, which is an indirect infusion into the economy by having additional cash dollars to spend and to circulate in the economy.

Q Governors, other than exchanging a lot of rhetoric today, what did you accomplish?

GOVERNOR HOLSHOUSER: First of all, I think the occasion offered a very great opportunity for us to bring some problems to the attention of the President himself that we would never have the opportunity to do otherwise.

For example, Western North Carolina faces some very severe problems in our forestry industry as a result of a recent West Virginia Federal decision. It restricts the sale of timber from the national forests.

It gave Governor Rhodes from Ohio the opportunity to lobby pretty hard for additional money for research on that development of the Devonian shale gas. It gives Governor Waller the opportunity to talk about waterway transportation for coal. It gave Governor Carroll the chance to talk about the need for development of an intermodal system of transportation for getting coal out of Kentucky into places like North Carolina and Georgia, involving a better rail system out to where they can get on to the -- it also gives the opportunity to point out the need for some help where that ICC decision is concerned on unit trains, which if it is not corrected is going to severely hamper the transportation of coal all over the country.

Q Governor Holshouser, I am puzzled by one thing you are saying. It sounds to me as if all of you presented the President with special projects that would cost more money, and yet all of you are saying that you want less money spent.

Now, these don't jibe, in my opinion.

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GOVERNOR HOLSHOUSER: No. It may have sounded that way, but that ain't the way it is. First of all, ERDA, as you know, has a significant amount of money already in hand for research on energy. I think the point with the Governors today was to stress the fact that there is a significant amount of that money that needs to go into the development of the gasification of coal, of the development of that Devonian shale gas.

When we talk about transportation, that is a problem that is in our region and has to be part of the solution to the energy problem. Part of it will cost some money, there is no question about it, but then that is not to say that because one project costs money that that makes it no good because you still have some give and take within that Federal budget.

You cannot say that because one project costs money that that makes it no good in light of the overall concept.

Q Governor, I think that what bothers us is no matter where we go in the country, to one of these very similar meetings, everybody's project there is a good one and all we ever hear following the President around is more projects, and they all do cost money.

GOVERNOR HOLSHOUSER: Not much of what we have talked about today will cost money. Now, the transportation part does cost money when you talk about that rail process out of Kentucky or West Virginia, but with that exception, you are not talking about money except money that is already in hand and is not going to be in next year's budget. It is in this year's budget, and it has already been appropriated.

Let me say this: The Appalachian Regional Commission, gentlemen, has been in operation for ten years. We are basically talking about \$300 million, 45 to 55 percent of which is on a corridor highway system. Now, we Governors in that area or that region of the Nation have been content with a level, a plateau of spending. We did not go to the President today for a 50 percent increase. We went to the President reciting the benefits to the underprivileged families of the Appalachian region and what we can do with those dollars in the future.

True, there is an inflationary factor reducing considerably the number of miles of corridor highways that can be constructed with, we will say, \$150 million annually but, at the same time, we adjusted our thinking to the current circumstances in the Federal fiscal planning. We established camaraderie with the President over his plans to have a balanced Federal budget.

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Frankly, the Nation is going down in bankruptcy, if the entire body politic -- and that is from the lowest political subdivision to the highest -- does not address itself to less Federal spending in terms of increase.

We have to increase to account for inflation, but this is not a session where we have our handout. We are justifying the validity of and the continuation of Federal programs already onstream, not new ones.

Q Governor, you indicated that the President should beef up highway corridors in Northeastern Mississippi.

GOVERNOR WALLER: Yes, sir.

Q Are you going to give it up?

GOVERNOR WALLER: No, sir. I want my share of the dollars that are already there.

Q Governor Waller, you have indicated that the President should be encouraged by the average voter for what he is trying to do in limiting Government spending and so forth. I would like to ask you a two-part question.

Number one, do you think the Democratic-controlled Congress is being unfair to the President in not trying to work with him. Number two, will you support the President in his 1976 Presidential campaign?

GOVERNOR WALLER: The second question, I am a Democrat, and I don't expect to support a Republican next year at this juncture.

GOVERNOR HOLSHOUSER: If we talk to you, maybe you will.

GOVERNOR WALLER: Okay. (Laughter)

The President's efforts are, I think, actually what any taxpayer's efforts should be; that is, not to spend more than you have. If you bought a house tomorrow, you are paying probably 2 or 2-1/2 percentage points annually more than you should because the Federal Government is buying up all of the available cash.

All I am saying is that the poor people of my State need a balanced budget so that they can afford a washing machine, a three-bedroom house or whatever their needs are in the future. I am not here today to address myself to Republican politics or to Democratic politics, but to peoples' politics.

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Q But do you think the Democratic-controlled Congress is trying to work with the President?

GOVERNOR WALLER: On issues that from time to time -- for example, on energy legislation -- I think that there has to be a better understanding between Congress, and to that end I would say they are not. You are going to pay 20 percent more to get home tonight or to go to the airport than you did a year ago because I think the Congress hasn't solved or offered legislation or passed legislation solving the energy crisis.

So, I can't stand here and tell you that Congress is working with the President, but I am not going to say the President is right and Congress is wrong. I think it is time, and we face an emergency in this Nation.

I don't know how you write it or how you see it, but it is time that we exorted each other to get together and not to engage in partisan political folderol to the detriment of the average man in America.

GOVERNOR HOLSHOUSER: Governor, that was very eloquent. I think if you come to the Governors Conferences you will find more Democratic Governors and Republican Governors getting along on issues like this than you will find in the Congress these days.

THE PRESS: Thank you very much, Governors.

END (AT 7:24 P.M. EDT)