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Office of the Vice President
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PRESS CONFERENCE OF THE
VICE PRESIDENT AT THE
BENJAMIN FRANKLIN HOTEL
PHILADELPHIA, PENNSYLVANIA

(AT 12:40 P.M. EST)

THE VICE PRESIDENT: Ladies and gentlemen, it is a pleasure to be here in Philadelphia and to have this chance to meet with representatives from all of the Eastern Seaboard States on domestic policy and domestic programs in this review that the Domestic Council is going to take for the President.

We had some very interesting, lively discussions this morning with some very important suggestions made in various areas. I think it is most productive. We are in a period of rapid change. The old patterns are not going to answer the new problems. We have to have the flexibility and tremendous creativity that this country always had since its inception and which has brought it to its position of great strength and opportunity for its people.

I personally happen to be an optimist. I think we have this capacity still, in this country. We can get off dead center. We can get the economy rolling. Energy self-sufficiency in itself is going to provide a tremendous stimulus to the nation as a whole for employment. We are spending \$30 billion a year now in the oil prices going abroad. If we invest that at home for energy that is a million jobs right there.

Then, with the energy and the security of that energy, we can't be blackmailed. We can't have a cut off in another boycott because it will be our own production that gives us the stability for a continuing, growing economy.

We are very fortunate that we have a fantastic agricultural capacity in this country. The farm families put in 60 million new acres of land of grown grains, exporting it and have produced \$20 billion or close to it of foreign exchange. If it hadn't been for that, we would be in a very difficult situation.

Energy and food are the key to the whole thrust of our economic vitality. But jobs and the control of inflation are essential for the well being of our citizens. I am delighted to be here with you. I am delighted to try to answer any questions.

Yes, ma'am?

QUESTION: Mr. Rockefeller, Stephen Douglas, the Regional Director of Security and Intelligence of the U. S. Labor Party was arrested by the head of the Civil Disobedience Committee under your orders when he attempted to deliver a release to the press today on your personal sabotage of the conference. Do you rule by terrorist tactics, because at the conference you issued veiled threats to people who condemned your policies. You issued threats at your press conference

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in Washington against the President.

Compulsively, anyone who knows anything about psychology knows that you issued veiled threats against the President. Mr. La Rouché, the Presidential candidate from the U. S. Labor Party whose life has been threatened by the Manson family, we have documentation of your agents operating in the Manson family, and activating it.

They refused to investigate the Manson threat against the life of Mr. La Rouché and labor party organizers like myself.

THE VICE PRESIDENT: What labor organization? Are you a member of the AFL-CIO?

QUESTION: I am a member of the U. S. Labor Party, you know very well. There is a direct terrorist threat. The press here know very well. It is a matter now of breaking the press blackout.

As the Chicago Sun Times stated, the CIA has infiltrated the press, taken over the press. It is a matter now of the press having the gumption to kick the agents out and break the press blackout on the assassination threats that exist.

THE VICE PRESIDENT: Now that you have made your speech --

QUESTION: There is nobody safe from assassination. Unless Kastenmeier's congressional bill calling for the incorporation of the Nuremberg Code into the Federal Criminal Code --

QUESTION: Lady, we only have a half-hour's worth of taping.

QUESTION: If the Kastenmeier bill is passed, Mr. Rockefeller and Mr. Kissinger will be behind bars as the Nuremberg criminals were in Nazi Germany.

THE VICE PRESIDENT: All right, next question.

Wait a minute. I got two questions here. I can't hear them both. Let's take one at a time. Let me take the gentleman behind you.

QUESTION: Mr. Rockefeller, the City of Philadelphia's Finance Director this morning announced that the City was unable to sell its current bond issue. He blamed the state of the situation in New York City on the inability of the City to sell its bonds.

I was wondering if you have given any further consideration to national policy to bail New York City out, before we see this type of thing skyrocketing across the country.

THE VICE PRESIDENT: As you know, I have taken the position of supporting the President in not bailing out New York City, if they are going to spend more in terms of revenue, in terms of expenditures than they have in terms of revenue.

In other words, fiscal integrity has got to be reestablished before the Federal Government can help in the sale of bonds. The point you are raising about the problem of Philadelphia, the City of Rochester just sold a bond issue at 5.5 percent. They have very good credit.

I think that is what is happening around the country right now. That is, any city or state that has good credit rating is able to sell its bonds. Those who are having trouble in their own fiscal management are having a very difficult time selling bonds. My hope has been and my faith has been that New York City would put its house in order.

It does get \$2.6 billion in aid from the state, which I took from \$382 million to \$2.6 billion. It does get \$3.4 billion in aid from the Federal Government, which is a total of \$6 billion. I know they have tremendously difficult problems. We do have in this country a major problem of our cities, and the way to deal with these.

So, I would just like to say that we are facing, and perhaps the tragedy of New York is the most important thing that has happened in arousing the nation, in focusing attention both within the municipal areas and the nation as a whole on the problems we have.

QUESTION: Mr. Vice President, the City of Philadelphia has an A-bond rating for monies. If a city has an A-bond rating and can't sell its bonds, what is the solution?

THE VICE PRESIDENT: Well, of course, if it was a triple A, they would have no trouble, let's face it. I don't know what interest rate they put on the bonds.

QUESTION: Chase Manhattan was supposed to come through with an offer this morning, and at the last minute they didn't.

THE VICE PRESIDENT: Then I assume there wasn't a market and I assume they are waiting to see what happens on the New York City situation.

I have stated that I thought if New York City did take the tough measures to reestablish, working for the state, a balanced budget by 1978, that without any knowledge, but I just assumed that these were the basic objectives the President was trying to achieve, he might reconsider the question of the bridge over that period.

QUESTION: What is going to happen to cities like Philadelphia between now and then?

THE VICE PRESIDENT: They are not going to sell their bonds.

QUESTION: They are not going to?

THE VICE PRESIDENT: You just told me that they hadn't. That is right. So, I assume they can't.

QUESTION: Mr. Vice President, the House is today debating the Rhodes Compromise. What is your feeling about the Rhodes Compromise?

THE VICE PRESIDENT: I am not familiar with the Rhodes Compromise. If you tell me what it is, maybe I can respond to it.

QUESTION: The \$7 billion loan.

THE VICE PRESIDENT: Based on what? I mean, based on the city taking action to reestablish its fiscal integrity?

QUESTION: They seem to be trying to strike a compromise between your feelings and the original feelings voiced by the President that they do want them to take some fiscal responsibility.

THE VICE PRESIDENT: Just for the sake of the record, ladies and gentlemen, let us make it clear that the President has no power to act at the present time because there is no Congressional legislation that has been passed. The Congress has had six months to study this situation.

The Governor of New York is a former Congressman, who was on Ways and Means and is fully familiar with the procedures down there. I think we want to keep the focus where it belongs, which is on the Congress, as far as taking the action.

Secondly, both the President, who had the courage to say it and the Mayor and the Governor of New York, came to Washington two months ago with a bill to amend the bankruptcy laws which only applies to corporations. They do not effectively apply for reorganization with a municipality.

They need to be updated and that legislation should be passed. There are two major systems that should be considered by the Congress in order to put the President in a position so he can be helpful. I think this is a very difficult, tragic situation in terms of human suffering. But I have to say that these are tough realities.

The Federal Government, if you will forgive me for saying this about the Congress -- a lot of Congressmen point the finger at New York City. I would like to say Congress is subject to the same pressures that New York City has. They are concerned with a \$60 billion-deficit, not a \$2.3 billion-deficit. The only difference is, Congress can print money. Therefore, they have been able to handle a deficit. But the printing of money causes inflation.

Inflation is the most vicious taxation that exists anywhere. It hurts those least able to pay, the retired senior citizens, those on pensions and those working men and women whose paycheck is automatically taxed by this hidden inflation. So, we face difficult, complex problems. That is the point of these meetings.

QUESTION: Mr. Vice President, many Congressmen, especially Republican Congressmen say they would be willing to take action to bail New York City out. But they are waiting for further word from President Ford.

THE VICE PRESIDENT: The word "bail" New York City out is not going to go through Congress. If New York City

puts its house in order they are going to need guarantees or loans or something during this three-year period, until 1978. That is what is being talked about.

If you talk about bailing out a city, you are going to have every city in the United States spending more money than they make because if the Federal Government picks up the check, why not?

That word is a very deceptive word. Congress would never vote for it. If you talk about helping the city out until they rebalance their budget, I understand that. We are here to discuss major questions about the whole welfare system, the whole question of cash payments versus services and so forth.

I think we have got to look at this, not only this immediate problem, but what are the indications of this problem and how can they be dealt with? I think we have got to come up with some radical thinking on these subjects in order to understand them.

QUESTION: Mr. Rockefeller, have you or has the Domestic Council as a body, considered asking the Treasury to get out of the bond market or to shrink from more borrowing so as to ease the effect on long-term interest rates?

THE VICE PRESIDENT: Of course, if they did, they would stop salaries to employees just like New York City got out of the bond market business. That is the whole problem they got. The Federal Government is financing through the use of bonds as is the local government.

QUESTION: The problem in New York is the same situation.

THE VICE PRESIDENT: That is what I said. That is why I said Congress is appropriating more money than revenue. Therefore, they had to sell bonds. This is exactly right.

QUESTION: Mr. Rockefeller, you heard a couple of Governors this morning propose that welfare be taken over by the Federal Government. I wondered what is your reaction to that proposal?

THE VICE PRESIDENT: I used to recommend it myself when I was Governor. That is the Governors' Committee position. If you remember, I asked Governor Byrne or Governor Shapp whether they were for national standards. They said yes. As a matter of fact, I think both of them said yes. This is the key to this question.

H. R. 1, which was proposed by the previous administration, I supported. It was the first step towards national minimum standards. I think it is essential. I do not see why a citizen in this country, who through no fault of their own needs assistance, has to leave a state and go to another state, Philadelphia or New York, in order to get that assistance and why the taxpayers of that state should be responsible for carrying that load.

That is why I happen to believe that at least minimum national standards are essential and a larger role by the Federal Government. We have a plethora of programs, a confusion that is just unbelievable in terms of bureaucracy and red tape.

QUESTION: In terms of this conference addressing itself to the energy needs of this country, would you favor nationally making public utilities out of the oil companies or do you think it should be a total hands off policy?

THE VICE PRESIDENT: I wouldn't do either. I think the Federal Government has already taken a position. We want now a national independence in energy production. Up to that point, energy was an international free market.

QUESTION: What --

THE VICE PRESIDENT: Would you be courteous enough to be quiet? I am trying to answer the question.

QUESTION: You have no policy to stop this stuff. This is a policy laid out by Mr. La Rouché.

THE VICE PRESIDENT: Would you please keep still? I gave you a long chance to make your standard speech.

QUESTION: You haven't answered any questions.

THE VICE PRESIDENT: You haven't asked any.

To go back to your question, when the President took this position, he then really changed the whole free market structure in energy. He said now we are going to have a domestic market. That is a totally new relationship between the free enterprise system and the Government. That is where the basic confusion has been, in my opinion, we have to develop a new relationship.

The President has proposed an energy independence authority with \$100 billion of equity and loan capital on a self-liquidating basis, 10 years in order to take those risks, stimulate the production of energy, whether it is nuclear, whether it is coal, whether it is in Situ, a process to get this country moving on the road to energy independence.

I think this is essential. This is a combination. It isn't the government taking over, nor is it government hands off. It is a combination of cooperative effort, which I think increasingly we are going to have to develop in the country.

QUESTION: What happens to the information you have gathered in the past four meetings, plus the next two? Where will that go?

THE VICE PRESIDENT: That information is now being collated under the various subjects, with the various suggestions and people about the burden of growth. Then we will present to the President for his consideration, all tentative approaches to the basic problems in the various policy and program areas related to the domestic economic, social, financial problems.

QUESTION: The purpose of this meeting is to get new ideas and new input into the State of the Union Message. Has this meeting produced anything new?

THE VICE PRESIDENT: I think it has produced a lot of new ideas.

QUESTION: What new ideas do you think you have come out of here to take back to Washington?

THE VICE PRESIDENT: All across the board, whether it was in housing, whether it was in social welfare, whether it was in the field of energy, whether it was in the field of a stimulation of economic development, the two Governors, the various citizens groups, all I think made a wide variety of interesting suggestions.

QUESTION: Any that you haven't heard before?

THE VICE PRESIDENT: Well, varying forms of them. They have different angles to them. I think Governor Shapp carried some of his ideas further than I have heard presented. But each time you get a little broader, deeper understanding.

There was one very interesting discussion at the meeting before this one, about the block grants which the Governors have always supported as distinct from categorical grants. The middle level HEW management was under a block grant, was using the discretion of the bureaucrats themselves to block programs that were not indicated by the Congress or by the regulations.

That was something that I hadn't heard. One of the things we are talking about, going with block grants, is the state plan, where the state comes up with the plan approved by the Federal Government. That goes back to the point I tried to make at the meeting. That is, Congress does not like to approve appropriations without specifying how they will be spent.

They get more and more detailed regulations, which is what local government and state government are resenting. This same thing is true in relation to regulatory bodies relating to private enterprise.

QUESTION: How would you feel about export tariffs on food products, agricultural products to offset the higher costs of petroleum products coming into the country?

THE VICE PRESIDENT: I don't think they will be very well received by the farm people. For instance, Canada has imposed export tariffs on oil. We ship to Canada their coke and coal. We haven't put an export tariff in retaliation to Canada.

We, in this country, have tried to stay out of an export tariff competitive race, hoping to preserve to the maximum degree possible, maximum freedom of trade. That has been the policy of the country.

QUESTION: Mr. Rockefeller, I want to make sure I understand you. You said a while ago in answering some questions about the New York situation, you did not feel that New York's troubles caused the situation like we have in Philadelphia today, with a failure to get bond sales.

THE VICE PRESIDENT: I didn't answer that as a matter of fact. I analyzed the problem. I didn't say whether it directly had or had not.

QUESTION: Could you answer that?

THE VICE PRESIDENT: I think it has an influence on it. But I think that tight money is also another factor. So, there are two factors there. I think the tight money policy has affected those communities with a lower credit rating.

So, you have a combination of the two. I think right now investors are very, very worried or sensitive until they know what is going to happen with the New York situation, as to what might happen if there were a bankruptcy in New York.

I made a speech a month and a half or two months ago on this subject. I said I thought it would be a catastrophe. I think there are a lot of other people who do, although you can find a great many people who don't.

So, this is one of those things. But there are enough people who do think it might. I think while this hangs over the market it is going to have an influence.

QUESTION: While this hangs over, what can cities like Philadelphia reasonably do to keep themselves solvent when they can't sell bonds?

THE VICE PRESIDENT: They have a very tough problem.

QUESTION: There is no answer to it?

THE VICE PRESIDENT: Not that I know of. It is the same problem New York has. The problem is being faced, hopefully, by New York State. Maybe you have an answer. If you do, I am glad to transmit it. I don't see really what the answer is. I think we are in a very serious situation, myself.

QUESTION: Mr. Rockefeller, I believe it was Mr. Corbett from the New York AFL-CIO who said he can see the danger of recession returning. Does the Administration feel this is still a possibility?

THE VICE PRESIDENT: Yes, I think they do, if there were a restoration of inflation. This is why the President has been vetoing popular measures in order to try to hold down the deficit.

If there was a sharp increase in spending and an increase in inflation, their concern is that that could then do exactly what happened before, overheat the economy, then go back into a recession.

That is what they are trying to avoid. What they want to do is to do what is happening so far, which is to have a steady upward trend in the development of the economy. There have been a million jobs since March.

QUESTION: Mr. Vice President, this morning you alluded to the possibility of another oil embargo and what that might do to the country. I am hoping you can tell us what kind of contingency planning is going to happen.

THE VICE PRESIDENT: Nothing. The Congress has given the President no powers whatsoever. It is a tragedy. There is no storage of oil on the East Coast. It isn't very easy to develop a billion-barrel capacity. It would take quite a bit of money.

This energy independence authority can be done in six months. But that is not being done. We are totally vulnerable. With the inflammatory developments in the Middle East, I think it is an extremely grave situation, myself.

QUESTION: Mr. Rockefeller, as you sample the sentiments of these various forums and you are looking for radical directions or programs, are there any that you can take back to Washington, that you think realistically would have Congressional support?

THE VICE PRESIDENT: Congressional or Presidential support?

QUESTION: Congressional.

THE VICE PRESIDENT: Well, the Congress is one of those establishment institutions which felt the impact of change a little later than some of the other establishments did, but which has felt it during this last year.

Therefore, there has been some change in leadership, change in patterns and so forth. It is very hard to see exactly what areas the Congress will take decisive action in. I think that the President will present a program to the United States in January, in the State of the Union Message.

That should be a comprehensive program, trying to deal as we have discussed here, with basic problems facing this country, what Congress' reaction is going to be. It is a political year which is unfortunate in the sense that political years are years where people are a little more attuned to what they think might be the reaction of their constituents.

I happen to preside over the Senate. There is a very large number of candidates in the Senate for the Presidency. Each one has got to give consideration to each measure as to how he thinks it would effect his posture before the American people.

That is why I feel, myself, we have got to take a longer term view of our national interests, rather than the short-term view, in order to best reflect. Just like this compromise energy bill that came out the other day that rolls back gasoline prices for two years and then lets them go forward after the elections are over.

But the problem is that the bill sets back energy independence for as much as four years. We can't afford, in my opinion, this kind of development.

QUESTION: Mr. Vice President, are you then saying that Congress is playing politics with the oil prices in this country?

THE VICE PRESIDENT: I didn't say that. But I have never known a politician yet who wasn't aware of political implications of some of the actions. They have got to then make their judgment. This is really the heart of this. The judgment is how sophisticated is the American people? I happen to think the American people are very sophisticated.

I happen to think the American people want their government to solve their problems. I think they know that to be dependent to the tune of \$30 billion a year on foreign imported oil, which is 40 percent of our energy, where 80 percent of the East Coast is dependent on it, is just foolhardy. We are in the most vulnerable position.

I don't think a short two-cent, three-cent reduction of prices at the pump at the expense of getting energy independence is going to fool the American people. I just have great respect for the American people. They know where their interests lie. They want to be in a strong position, wherein, an industrial society and a mode of life which we have, which depends on energy, that we have got that capacity. The American workers are going to produce it here.

QUESTION: Mr. Rockefeller, one more question. I am sure everybody is dying to know. A man with your interest in national affairs, you are getting into and you are learning about them. What kind of plans do you have for the future of anticipating this kind of development of programs and solving these kinds of problems now that you are no longer running for the Vice Presidency?

THE VICE PRESIDENT: Before I came down here I was Chairman of the Commission on Critical Choices for Americans. The President asked me to be Vice President, which I was delighted to accept. Although, other than the honor of presiding over the Senate, there is no function except to be a staff assistant to the President, which I am delighted to be.

At the end of 14 months from now, I will then be out of a job. But I will continue to find methods of serving this country which I love. I believe that that will be it.

Thank you.

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(AT 1:05 P.M. EST)