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Office of the Vice President  
(Wichita, Kansas)

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QUESTION AND ANSWER PERIOD  
AT THE  
REPUBLICAN GOVERNORS CONFERENCE  
HOLIDAY INN PLAZA  
WICHITA, KANSAS

(AT 9:30 A.M. CST)

QUESTION: Mr. Vice President, I can't help but share your concerns about that energy bill; and actually, what it is going to do is to slow down our movement toward energy independence.

At the same time, those of us that are facing very serious natural gas shortages realize that part of that equation that will help us through the winter has to deal with the continued help in the propane field.

If the energy bill fails to reach an agreement somewhere along the line, could you give us an opinion as to what the chances are the Congress might agree to extension of the controls on propane?

THE VICE PRESIDENT: Even with the extension of controls, somebody -- if there is a cold winter -- is going to go without gas. One assumes that the allocation will be for homeowners and that therefore farmers, who are dependant in many parts of the country on gas, are going to close down, and hundreds of thousands of men and women will be out of work, in addition to those who already are.

On top of that, we were talking at breakfast, propane gas, of course, is used on farms to dry crops. While you had a good dry fall and therefore didn't need as much as you do under some circumstances, particularly the corn which dried in the field and dried in the bins, still there is going to be a shortage because the companies are going to buy up propane because they can't get natural gas and use that because they have to have it to keep their factories going and keep employment.

That will then put tremendous pressure on farm families who use it for drying crops and heating homes. Then they are going to have to go to allocation. Then you get more and more allocations; and with allocations, we can get scarcity but we don't encourage production.

The tragedy of this whole situation is the Good Lord was very generous with this country. We have the resources to become self-sufficient in all these areas. This is the tragedy. And the opportunity is here to do it; because the prices have been raised by the OPEC countries to a point where domestic production under these prices is profitable. It can be done.

Nobody knows exactly what methods. There are those, and I happen to be one, who feel that the in situ process -- and I found someone yesterday who is supporting

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it -- where you drill down into a deep coal mine, particularly narrow veins, set off an explosion, set off a fire, the heat creates the gas, you draw off the gas with a pipe, and then you can get the same process you would on the surface by mining the coal and gasification of coal. We don't know what the cost is yet.

The same is true with oil shale. We have in oil shale in this country four times as much in oil as the known reserves of the Arab countries in the Middle East. But how to get it out of the shale. If you mine the shale and heat it, you end up with oil all right. But you also end up with talcum powder, what I describe as talcum powder, and there is no water in the areas where the shale is, or not sufficient quantities to be able to hold it down. So if you fill a valley with talcum powder and the wind blows, it is going to be all over the west. So that obviously is not going to work.

On the other hand, if you go into the in situ process in oil and drill down, the oil shale, set off an explosion, set off a fire, this gasifies the oil, pull it up; again, nobody knows what the cost is.

Private enterprise can't, or feel they can't, take the risk of a couple hundred million dollars for a commercial operation. That is why I feel so strongly about the President's proposal of an Energy Independence Authority with \$100 billion authorization to finance these risk areas, gasification of coal, atomic power plants, where they cannot get capital on a self-liquidating basis with a 10 percent life limitation so it doesn't become a new, permanent bureaucracy.

We need to have the kind of imagination and enthusiasm we had when this country started, over the last 200 years, where a problem was just a challenge and we moved on it. We have all the resources. We have the brains. We have the capacity, the management, the skills. All we need to do is get off dead center.

QUESTION: I guess Jim Rhodes is in here. I hope that will include that devoting shale gas where reserve is concerned, too.

THE VICE PRESIDENT: Exactly. Jim has been to Washington twice.

There are just so many roadblocks to move, that this Nation has just to say -- and that is why I was encouraged with that Harris poll and why I read it.

The American people are way ahead of our politicians. They want to go. They believe in this country. This country is the greatest country in the world. Everybody else outside the country wants to come here than anywhere. A lot of them are doing it; some of them illegally.

So we just have to have confidence and faith in ourselves and get going. One of the things this country has been able to do in the past is it has been able to adopt different methods to achieve whatever the objectives were of

the people. We have all the elements to do this. That includes gas. And we just have got to get going.

QUESTION: Mr. Vice President, what would your guess be as to the prospects for the President to veto the energy bill?

THE VICE PRESIDENT: The bill hasn't been written yet. There was a broad agreement reached. I know that Frank Zarb feels that this is probably the best agreement that can be achieved. He has worked very hard to get an agreement.

On the other hand, like any political group, agreements are reached depending on what the pressures are from back home and what they feel the people want. Therefore, if they feel the people want something that is a little more direct in the way of action, maybe they will amend it, modify it, before it is finally drawn and brought to the Congress; and maybe it will be amended on the floor of the Congress, both Senate and House; and then sent to Congress. So there is quite a long way to go on this.

Therefore, the President hasn't seen the bill. Until the President or a Governor sees a bill, he doesn't like to say whether he is going to veto or sign it.

But we do know the President's objective has been energy independence, and that this is not a bold step in the direction of achieving energy independence in a hurry. It is not only from the point of view of our economy and our way of life, but it is our national security.

We are totally vulnerable now -- totally vulnerable -- to a boycott, or even blackmail by a boycott, which is a position we have never found ourselves in before. It is a very serious one.

So that I cannot speak for it, and I think that he has got to keep his option open until he sees where it is and apprises under the circumstances what is in the best interest of the country.

QUESTION: Mr. Vice President, at this meeting, could you take just a moment and assess the status of revenue-sharing?

THE VICE PRESIDENT: Well, I don't think it is better than 50-50 in passage right now. Revenue-sharing to me is a conceptual approach which relates to the strength and vitality of the Federal system; namely, that it is a shared responsibility between Federal, State, and local government, and that the best government is the government closest to the people and the most responsive.

We have drifted away from that in the categorical grant system where specific allocations are made by the Federal Government, where you are required to increase your expenditures, where you are required to live within regulations and congressional legislation, and the regulations are constantly changed, and that there are 1,007 of them now.

It has put us in a situation where State and

local government really no longer can control their own destinies because if they want to get this money, then they have to conform and have all of these programs and all of these regulations and all the supervision.

Revenue-sharing is the only one that doesn't do that. It leaves the money up to the State and local government to use as the elected representatives feel it can best be used. That runs counter to a lot of thinking in Congress and a lot of special interest groups.

So that the pressures against it are great, and unless the Governors and the Mayors and the American people really make known their feeling, what can happen is just no action. A great way of killing things in Washington is just not doing things and then it doesn't get renewed and the money isn't there. And one can well ask with all the attention that is being given to the great City of New York and its fiscal problems, that if it does come up with a balanced budget and it does present that balanced budget to Congress and ask for legislation, that balanced budget is going to include \$4 billion or \$5 billion a year of revenue-sharing money.

If it isn't renewed, the balanced budgets will no longer be in process and it will be knocked into a cartal. It is a very interesting coincidence that is taking place and it isn't receiving much attention yet.

QUESTION: That can well work to our advantage.

THE VICE PRESIDENT: If they died, they want to save New York, after New York has taken the steps; and I think this is important. I agree with the President. The United States Government cannot bail out cities who spend more money than they have got, because if they do it with one city, then the rest are going to say, "Why should we go through all of this tough decision-making process when all we have to do is just spend the money and the Federal Government will pick up the check?"

So I agree with him on that. But if the City of New York, with the help of the State and the Board they have set up, go through the very tough political and social steps that have to be taken to balance their budget and come up with a balanced budget for '78, which would take three years, they are going to need help to bridge that three-year period and to take these \$3 billion 200 million short-term notes and put them into long-term. This is going to take some Federal guarantee or some assistance.

The President's position is a very wise one, that if they don't take it, which he doesn't think they will, then the bankruptcy laws have to be changed because the bankruptcy laws apply to corporations and not to cities.

It would be absolute chaos in New York City. What the implications of this would be if it went into bankruptcy now on the bond markets for municipalities and States around the Nation is hard to imagine. So they should change the bankruptcy laws, too, so there can be orderly reorganization.

I think this thing is teetering. I mentioned it in its relation to revenue-sharing simply because after they have gone through all the process and they come up with a balanced budget, somebody is going to then say, "My goodness, if we don't renew revenue-sharing, this is just going to destroy this whole structure everybody has been working on because it will have no validity."

I think this is going to pose a very distinct problem for Congress. Time is running out, though, on them.

QUESTION: Mr. Vice President, what impact or what is your assessment of the impact to the problems that have confronted the City of New York and the reasons for some of those problems that exist, what impact has that had on the Congress as it relates to programs that they engage upon of a very similar nature that might lead to the same end results for the Nation as they have for the City of New York?

THE VICE PRESIDENT: Governor, I am glad you mentioned that because, frankly, those members of Congress who, some of them with glee, pointed to New York and never liked New York anyhow -- and, you know, New York is sort of one of those things.

(Laughter.)

But anyhow, they have just got to look in a mirror. You have put your finger on it. They are doing what New York has done, only in spades. They have a \$60 billion deficit, whereas New York is down to a billion something. They have an accumulated deficit, but an accumulated deficit of the Federal Government.

You are absolutely right. The same pressure groups are working on Congress. The same forces that are leading them to be fiscally irresponsible are the ones that led New York to be fiscally irresponsible. The only difference is that Congress has a printing press.

Now, the trouble is, when you print money, you debase the money, you devalue the money and, therefore, you have inflation. Inflation results in a hidden tax because it reduces, but it hits those who can least afford it. It is the senior citizens; it is the people on retired pensions; it is working men and women whose paycheck just has the money taken out of it because the buying power is down.

So Congress really, I think, has to sooner or later do it and it is going to do it when the American people say to Congress, "Look, take a look at yourself and see what you are doing."

QUESTION: That leads to the second aspect of what I want to ask you to comment upon. It seems to me that as a political vehicle of the Republican Party, that we have an opportunity to put the blame where much of the blame lies when the people of this country are concerned about excessive spending and deficit financing and the budget that continues to spend far more money than we ever hope to be able to receive in revenues. It is the Congress that

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has been in control of the situation.

The President doesn't appropriate money. He can't spend any money except that which Congress appropriates or borrows. It seems to me like one of our great opportunities this year is to point out to the American people where much of the blame lies. The other party has been in control of the Congress most of 40 years now.

THE VICE PRESIDENT: No question you are right; politically you are right. But the American people, in my opinion, have gone beyond the politicians and they want the Republican Party to come up with an alternative.

In other words, it is fine to place the blame and say, "These people have caused this. They are spending all this money." But then they want an, "All right. So that is where the blame belongs. But now what do we do about it?"

The thing the Republican Party has to do is not only point that out but has to come up with a program as to how we as a Nation are going to meet these problems and get our house in order, just like everybody is telling New York to get its house in order.

We have to do this on a national scale. It is not easy. It is going to be tough.

QUESTION: Doesn't that take place by our position that we ought to approach a balanced budget, that we ought to cut out the excessive spending? I realize you can't balance a budget overnight, in a year or two years perhaps. But we have to move in that direction.

THE VICE PRESIDENT: No question.

QUESTION: It seems to me this is a strength of our basic position before the American people in 1976.

THE VICE PRESIDENT: It is great, and I agree with you that is what has got to be done. But it is how do you do it realistically?

We can sit back here. This is a very nice, very friendly, warm atmosphere. We all agree on the problems. But the question is how do we actually achieve this for the American people? How do you take these 1,007 specific programs, each of which is helping some individual group, each of which has got a huge bureaucracy and all kinds of regulation, and each of which has a constituency, how do we come up with a plan -- to me it is the challenge of the Republican Party -- how do we come up with a plan that is realistic and doable that the President will present to the Congress as an alternative?

It is good to identify the problem, and it is good to place the blame. But you can't stop there. You have to go on and come up with a solution.

The American people, in my opinion, are way ahead of us, as I said before. What they are now looking for is a solution. They are ready to go. We have got to have the

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imagination and creativity and the depth of understanding to come up with solutions to these problems, other than just saying, "We should balance the budget," because that is not going to happen just by saying it.

We have got what, 18 percent of the people registered and we have got one-third of the Congress, and we have less than that in terms of Governors. So that maybe we say all of these things, but there must be some message out there that the people haven't quite gotten around yet to accept it without something a little more substantive as to how the needs of the Nation can be met and restore fiscal integrity, on the basis of which we can only continue as we establish our strength.

QUESTION: Haven't we got to help the American people to understand --

THE VICE PRESIDENT: No question.

QUESTION: -- that we re-establish our priorities a little differently than what we are now. It just doesn't relate to money. It relates to programs.

THE VICE PRESIDENT: No question.

QUESTION: It seems to me we are on solid ground on some of those programs that will help reduce the problems we have. It is a simplistic way of saying it.

I don't have any bill of particulars for the questions you have posed. But we do it with people who take a different approach to governmental problems and trying to educate the American people to not necessarily demand the kind of things that Congress has been willing to give them, just upon request almost, over the past two or three decades.

THE VICE PRESIDENT: I understand what you are saying, and I agree. But I think the added ingredient in that needs to be a clear -- and there is a marvelous opportunity here in our 200th anniversary, the Bicentennial, to have the President present to the United States in his State of the Union message an approach to our national problems which is sound, which builds on the great heritage of our country, the strength of our country, that meets the realities of what we face right now in just the things you are talking about: the fact we are spending \$60 billion to \$70 billion more than we have in money, causing inflation; we have high unemployment; the economy is not rolling.

He has got the chance to come up with specific recommendations for congressional action. Then we have got one year before elections -- not a year, but during that entire year -- during that period, depending on what Congress does, the American people then have a chance to judge between the President's Republican program and the action of a two-to-one Democratic-controlled Congress.

That to me crystallizes the issue around substantive solutions and not just that we are in trouble and that we are spending too much; because that spending has got a lot of support by people who either are the bureaucrats who paid under the programs or are those who

get the trickle end of benefits, what is left that is not spent by the bureaucrats on the way through.

(Laughter.)

So that I understand what you are saying, and I am just adding really to your position one more, which is if we were in power, what would we do? Seeing the President is in power, he has got a great chance to show what he does, even though the Congress doesn't act on it. I hope they will.

I think what impresses me, you mentioned Democrat-Republican. Democrat Governors, whether it is in California or Massachusetts or New York, or wherever it is, they are talking just exactly the way you are on this. So they are coming around.

But that message hasn't gotten through the Congress yet. So that I am hopeful. But it will help if they crystallize.

One more and then I will go.

QUESTION: Maybe the one more is, I hope you will take back a message. I guess in the words of one of our distinguished colleagues from the other side of the political aisle, it is time we sent Washington a message. I think that message can do what Mills is talking about, and to do what you are talking about, and that is as Republican Governors, it seems to me we have a particularly good opportunity.

I hope we will take it, Kitt, as an organization to attempt to get to the President before his State of the Nation message and point out that probably too many people in the country believe that when you talk merely about balancing the budget, they are going to be the ones balanced out.

THE VICE PRESIDENT: That is right.

QUESTION: If we can point up the insanity of these categorical programs and that we are willing as Governors in States to take some less money if there were a change from categorical to block grant programs, and at the same time we would help to balance the budget, we would help eliminate the highest-priced welfare program in the country, and those are all the Federal auditors and program managers we have got. The more money, they would ultimately be beneficiaries of those programs.

It seems to me there is an opportunity that won't ever get across to the President from the Republican or Democratic members of Congress. Somehow we have got to get that message through, because I think it is a message that would do both what you are talking about as well as what Mills is talking about.

THE VICE PRESIDENT: I think that is right. The President understands this. You are right that his colleagues in Congress are perhaps less sensitive to it than you Governors are, because you are on the firing line and you

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have to make the decisions in this, with too many buck stops of the executive, whether it is the White House or Governor's mansion, the Capital.

But I just think that a clearcut program -- the Republican Party has been known, in my opinion, and is respected for its ability to solve problems, that we are doers as a party. When the people really want something done, then they elect Republicans; and that this is the time and that they expect us to come up with solutions to the situation we are in.

So I think that if the President presents those solutions to the Congress, along the lines you are talking, then it crystallizes this issue for next year, believe me.

This is a great period in the Bicentennial as we look ahead to the next 200 years to lay the foundation, face realistically the problems; and tragically, the people, I think, and I have been traveling with Jim Cannon and other Cabinet members on the Domestic Council review hearings. Instead of government in Washington being the solution to their problems, people are beginning to feel that it is the problem; and they really are worried, and this message comes through loud and clear everywhere, they are worried about bureaucracy and red tape and the inability to get a decision which permits them to do their thing -- whether they are Governors or whether they are business corporate executives or a housewife or an individual. They just want to be free so that they can get back to being able to do.

I think government has to create more of a framework and less getting involved in the decision-making in everybody's life and try to tell them how to do it.

Now if we take this -- but the reason I feel about what Mills is saying, that we need to come up with an intelligent, clear program or action, such as you say, take these categorical grants and pull them into block grants, the very moment you eliminate a large number of categorical grants, all the staff and all the red tape goes with it. Then you get that greater freedom in a block grant with perhaps a State plan as to how they would use it. Then that gives the Federal Government its opportunity.

Of course, the 16th Amendment is really what did this back in 1913 when the Federal Government got the right to impose the income tax. The income tax is the fastest growing tax. That is why the money in Washington, that we have to have this money. That is why they have got these programs. This just keeps rolling up on them.

Mills will be out for appealing the 16th Amendment.

(Laughter.)

I would just like to thank you very much.

(Applause.)