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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION
WITH LOCAL OFFICIALS OF
BROWARD, DADE, AND PALM BEACH COUNTIES

THE BAHIA MAR HOTEL

8:05 P.M. EST

THE PRESIDENT: Mayor Shaw, Congressman Louie Frey, and Congressman Bill Young, and Congressman Skip Bafalis, distinguished guests, ladies and gentlemen:

It is really a great privilege and honor to be here in Ft. Lauderdale. I am sorry my good friend, Herb Burke, could not join us tonight. Unfortunately, he is laid up with a slight bout of the flu, so he is here in spirit if not in person.

Let me say it has been a great day in Florida. It is good to be back here in Ft. Lauderdale. I am especially glad to have this chance to talk with all of you because in my 27 years in the Federal Government it has made me very aware of the communications gap that sometimes exists between Washington and other parts of the United States.

Too many Americans have difficulty making their views and their wishes known to the people with whom they must communicate in Washington.

This difficulty was probably best summed up in an envelope that I received at the White House a few weeks ago. It was plaintively addressed, and I quote, "To President Gerald R. Ford, or Vice President Nelson Rockefeller, or Secretary of State Henry Kissinger, or just plain anybody who will listen." (Laughter)

Today -- or tonight, I should say -- I am here to listen to your questions about my budget for fiscal year 1977 and answer them as completely and as totally as I can. As citizens of Florida, I think you have a very special understanding of what my budget is all about.

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The story of your great State is a story of spectacular growth. No one knows better than you the opportunities made possible by such growth. At the same time, no one knows better than you the problems that growth can bring.

Frankly, the story of the Federal budget is the same thing. The Federal Government has served Americans and made our lives more secure in many, many ways -- from a strong national defense to Social Security -- but unchecked growth, unchecked growth in Federal spending poses a threat to our economy and to the very people who the Government is supposed to protect.

We must keep Federal spending within reasonable and affordable limits and, at the same time, it is plain foolish to lump good Federal programs along with the bad.

As an example, the general revenue sharing program has proved a very effective way to serve the American people. As for administrative costs they are -- and this is almost unbelievable -- they are just one-twelfth of one cent of every dollar that is handled. That is an amazingly good record.

The Federal revenue sharing administrative personnel that will disburse this year approximately \$6 billion totals 100 people. That is an amazingly good record in the handling of that much money going back to the States and to local units of Government.

Revenue sharing combines the efficiency of the Federal revenue system with on-the-spot judgments of local Government and, as you can see from the charts on my right, Florida will have received \$900 million in general revenue sharing funds under the current program ending December 31, 1976.

This money has gone directly with a minimum of red tape to the State Government, to your county and city Governments. That money has helped to hold down local and State taxes. It has helped to fight crime. It has helped to educate children.

If this money were cut out, the inevitable result would be higher local taxes or reduced services or both. Revenue sharing is an excellent example of a common sense way that the Federal Government can help people in all 50 States. That is the sort of strength that I would like to draw on, and that is why I have proposed extending as well as increasing general revenue sharing payments to State and local units of Government.

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As you can see, under my budget proposal Florida will receive almost \$1 billion 250 million from 1977 to 1982. Bringing it closer to home, over that period, Broward County would receive over \$15 million, and the City of Ft. Lauderdale would receive \$12 million. That is almost 50 percent more revenue sharing money than they will have gotten under the four-year program ending this calendar year.

In my budget, I also have proposed tax incentives to spur capital investment in areas of high unemployment. I want to encourage industry to build new facilities to create lasting jobs. Such investment will help to build a broader, more diversified economic base in high unemployment areas like your own.

We are already on the right track. The rate of inflation has been cut almost in half, and nearly all the jobs lost during the recession have been recovered.

Let me tell you of some good news on the inflation front that was released this morning by the Department of Labor. The Wholesale Price Index, of course, has a substantial impact on the Consumer Price Index. The figures released this morning show that the Wholesale Price Index had no increase whatsoever.

The reports for this month follows the one of last month, which showed a 1.6 percent reduction in the Wholesale Price Index and the month previous it showed no increase whatsoever.

So, for a three-month span or one-quarter of one year we have had a net reduction in the Wholesale Price Index. To stay on the right track, I would like -- and would insist as a matter of fact -- to hold down the cost of living, and we can hold down the cost of living by holding down the cost of Government.

I want to foster a climate of sensible economic growth where jobs will be created by the demands of our economy, and this budget represents my view of what the Government can do and should do. When I speak of millions or billions of dollars, I see more than a number of zeros.

I see those figures in terms of people and in terms of what this money which comes from the people can actually do for the people. We must very carefully control and husband Federal spending, but we must do this by eliminating Federal programs that don't work and improving those Federal programs that do work.

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We just can't dump them wholesale in the laps of local Government and say, "Okay, fellows, you find the tax money to pay for it." With a realistic and very responsible approach, we can provide a new balance between Government and the individual citizen, a new balance between State and local communities and the Federal Government, a new balance between those who pay taxes and those who benefit from them.

My budget is a commitment to constructive action. I want to achieve a better, brighter life for all Americans, the sort of life that brought so many Americans to your State of Florida.

Now I will be glad to answer your questions.

QUESTION: What we are concerned with is the time-frame of the revenue sharing. We couldn't agree more with the setaside, but I understand that it is stalled in a Government Operations Subcommittee in the Congress.

What can we do to get going? When we heard Mr. Mill's speech at the National League of Cities last November, he was quite pessimistic about passage of general revenue sharing. What are the odds for action?

THE PRESIDENT: I think you raised a very, in fact, fundamental question. The present law expires December 31, 1976. Last July I urged the Congress in a special message to the Congress to act on the legislation last year.

We have been working with the House and Senate committees, trying to get them to hold the hearings and to report the bill and to get action on the floor of the House, as well as the Senate.

There has been, I think, unfortunate, unconscionable delay. If we all join together, we in the Executive Branch and in the Federal Government, and you in the local, as well as Governors in the State level, can get Congress off of dead center.

But, they are not moving, so it is going to take some concerted action. I have asked Vice President Nelson Rockefeller to head up a tax group in the Federal Government to work with Governors and local officials to put pressure on the Congress.

It is a proven program. All they have to do is simply extend the date from December 31, 1976 to 1982. I think we are making some headway. But, believe me, if all of you in the State of Florida would join with your friends around the country and join with us, we can get the Congress to move. But, time is essential.

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Oh, I know they say we have got lots of time. It does not end until December 31. Now, I don't know what the circumstances are in Florida, but I was talking to some mayors from Ohio the other day, and under their State law they have to have their budget for the next calendar year in writing by July 1 of this year.

So, if they don't have a general revenue sharing law on the statute books, they can't include that proposed revenue for the next calendar year, and so what they are faced with is if Congress sits on its haunches and does not move, they either have to cut services or they have to raise taxes, and I don't think that is fair to mayors and to Governors across the country.

So, twist a few arms and get them moving because this program has worked and it ought to go for another five and one-half years.

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QUESTION: Mr. President, many of us in local government are concerned about the impact that the Federal budget may have on health and social welfare programs at the local level. Could you please tell us about your proposals to the Congress?

THE PRESIDENT: At the present time the Federal Government provides something slightly under \$10 billion in various health programs throughout the country. It is provided through 15 different categorical grant programs which means there are 15 different agencies or sub-agencies that have a piece of the action. And the net result is you have a very heavy administrative burden in cost and the net result is the recipients of that Federal money for health does not get well-delivered.

So we have recommended what we call block grant health delivery services, so that the money will go from the Federal Government to the State Government with a pass-through for a proportion of the amount to local units of Government. We think this will simplify it. It will provide a far better delivery system to the beneficiaries or the recipients and we no longer would require, under my proposal, any matching funds. And we have recommended \$10 billion, which is slightly more than in the current fiscal year, and we propose another \$500 million for the following fiscal year.

Now, I think this illustrates why the current categorical grant programs don't work. This is what I call a mess chart.

Now, what it shows is -- I was wrong, instead of 15 categorical grant programs, there are 27. But that shows how the money goes from each sub-division of several departments and eventually gets down to the poor recipients.

The administrative cost is unconscionable. What we want to do is to give a block grant to the State of Florida with a pass-through to the local units of Government so that the people down at the bottom who we are trying to help will get better delivery of what Uncle Sam wants to do for them in the way of health programs.

You know, that kind of looks like one of the computer things that I don't understand, and, frankly, I don't understand that either, except I know it doesn't work. (Laughter)

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I think that is the reason for my concern. Let me give you an illustration of two years ago we got through the Congress a consolidation of urban renewal and all those programs. There were seven of them. They compressed them into one, a community development program.

Previously, when they had the categorical grant programs they had 2300 Federal employees handling it. Now if my memory serves--is correct, they have less than 300, and the cities get far better service. You have more flexibility. You get the same money. In fact, in the community development program for the next fiscal year I recommended \$440 million more, so you will not only be held harmless, you might do better. But we can do that with less overhead, fewer employees, and far better cooperation with all of you at the local level.

QUESTION: Thank you, Mr. President. I think that is the reason for my concern.

THE PRESIDENT: Thank you. We are going to try to remedy that -- help us.

QUESTION: Mr. President, my question is people say we were taken by the Russians at Vladivostok. What is your opinion of that agreement?

THE PRESIDENT: Anyone who says that does not know what he is talking about. What we did at Vladivostok was to get a cap on strategic nuclear launches, 2400 for us and 2400 for the Soviet Union, and, incidentally, we have less than 2400 so we can go up, so we got them to come down, and it gave us flexibility to go up. But we put a cap for a tentative period to 1985.

We also got an agreement for equivalency in what we call MIRV's -- for 1320. Here we were ahead but not up to 1320, but they were behind, but their program would put them significantly over 1320. So we have gotten a cap on their growth of their program and it puts equivalent MIRVing capability for them as well as for us. This is a good agreement. It provides for equivalency, it provides for a cap, so that neither country has to spend more money than what is authorized for strategic nuclear arms.

It gives both of us adequate deterrence because nobody is going to use all that power. It would be foolhardy, and anyone who says that is a bad agreement just doesn't know what he is talking about. I happen to think it is better to keep your powder dry than to have your pistol out and launch an all-out nuclear holocaust.

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QUESTION: Mr. President, first off I would like to take this opportunity to commend you and thank you for vetoing the common situs picketing bill. And, secondly, then, I have a question concerning the revenue sharing, which is really two questions.

In talks with our Congressman, U.S. Representative Paul Rogers, and with our U.S. Senators, Mr. Chiles and Mr. Stone, previously, they have indicated to me some concern, of course, whether or not they can vote for reenactment of revenue sharing. They base this concern on two facets which I would like you to comment on.

The first is that they feel that most definitely there is perhaps a tremendous discrepancy in how the funds are disbursed and whether these are equitable to various parts of the country. It was shown to me by Congressman Rogers that Palm Beach County, and, particularly, my city, we have very, very small proportions given to us.

So I am asking whether there is anything that is going to be done to make more equitable distribution of funds, and, secondly, and I am sure I am going to draw some wrath from some of my comrades here, I have had a hard time accepting that in good conscience we can come before the Federal Government and ask for the reenactment of revenue sharing when we are facing I assume what is an \$65 billion deficit.

I certainly think the program is one of the best. It certainly deserves reenactment, but I wonder if it is, like, last on the priority list -- whether we have a right to come forward and ask to increase the Federal deficit.

THE PRESIDENT: Let me answer the first question initially. In 1971 and 1972 when general revenue sharing was drafted and enacted, the Governors, the mayors and the county officials got together and agreed on a formula and that was mandatory. Otherwise, there would not have been sufficient unanimity to get support for the legislation. But the representatives of the 50 Governors, representatives of the mayors and the county officials got together with Members of Congress on the respective committees and actually worked out a formula.

I know that there were some inequities and I had some trouble with some of my local constituents back home when one city got a certain amount and the next city got a different amount.

But, this is a very complicated formula that has three basic ingredients. One, it depends on population. Two, it cranks in a factor related to the number of disadvantaged, and, three, it has a factor of tax effort, and you take those three factors and factor it into a single formula and that is how the funds are distributed.

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Now, the cities -- those who are disadvantaged -- do get a slightly higher amount. Those communities that have a higher local tax effort get a little higher amount and, obviously, those that are large get a significantly higher amount, depending on the population.

Now the question is raised, should they change the formula. I suspect that if we tinkered with the formula so that your community would get more and the one next door would get less, Paul Rogers would have as many problems with the people that got less as he would with you.

I know a little bit about how you have to handle those problems. (Laughter)

So the best general view is that this formula, having been worked out by the three people, or three groups I mentioned, is the best possible one we could get, and if you start tinkering with it, you will probably only help those people who don't want the program anyhow.

That is what will happen, and time is running out.

Now, to turn to your second question: Yes, the Federal Government has a deficit of \$70 billion this year. It is too high. On the other hand, if my budget is enacted by the Congress, we will have a deficit of about \$41 billion in the next fiscal year, which is roughly half of the present one, and we will have a balanced budget in three years.

What I am saying is the revenue sharing legislation is a five and three-quarter year package. If we do what I have recommended in the budget for fiscal 1977 and the succeeding years, even with general revenue sharing we can have a balanced budget in three years, and the prospects are we could have one in the succeeding year, which would give us an opportunity for another Federal tax reduction when we get to that balanced budget position.

So it is a combination of getting a program that gives certainty to State and local units of Government, and, as you said, it is one of the best, if not the best, program the Federal Government had, and at the same time gradually restrains the growth in our Federal spending and have our revenues increase, as they do, as our economy improves.

QUESTION: Mr. President, I am concerned about job opportunities for Americans. I notice in the recent issue of U.S. World there are 8.7 percent of Americans out of work. Do you have any view in your particular budget whereby we can put Americans back to work?

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THE PRESIDENT: Let me give you the figures, as I understand them, from the Department of Labor. In December, we had unemployment of 8.3. In the figures for January, they dropped to 7.8. That is a half a percent drop which resulted in \$800,000 more people being gainfully employed.

Now, 7.8 unemployment is still far too high. But the trend is in the right direction. Unemployment is going down. Employment is going up. I believe that the best way for us to solve the unemployment problem is to give an incentive to the private sector. Five out of six jobs in this country are in the private sector, and what we should do is to get the private sector moving to employment, and the slack in unemployment will be overcome.

I am confident with the trend that is going at the present time, with the incentives we have for the private sector, you are going to see unemployment continuously going down.

Now in the meantime, I think the Federal Government has an obligation to carry on responsible programs, such as the highway program, and we are going to spend more money on the highway program in the next fiscal year than we have in this current fiscal year or the previous fiscal year.

At the same time, I have recommended an increase in spending for public works projects, the ongoing projects, the ones that are not quick fixes, but the ones that have been well thought out and have been available for construction for some time.

At the same time, I have increased the water treatment and sewerage programs as far as the Federal Government, so we will spend more money in fiscal year 1977 for these kinds of construction projects. In fact, it is 60 percent more than the current year, 90-some percent more than a year ago. So whether it is highways, or public works, or water and sewerage treatment plants, the Federal Government ought to do those things that build America, and we are.

Now, there are some other programs. You are familiar, I trust, with the Comprehensive Employment and Training Act--CETA. I have recommended full funding for that program for the next fiscal year and we are full funding it this year. We hope to phase it out as the economy gets better, but in this current economic problem, I think we ought to continue CETA.

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It is not the best program, but it is a stop gap on temporary basis.

I have recommended for next summer, this coming summer, the full funding for the Summer Youth Program. That I think is a a good stop gap during this period when we need to help youth in this country, particularly minority youth, in summer employment. So you have to have a combination, but the prime emphasis should be on the private sector with tax incentives, improving the economy, good public works projects, plus the CETA program, plus unemployment insurance for those who want a job but, unfortunately, can't get one.

QUESTION: Mr. President, you recently vetoed the \$6.2 billion public works program.

THE PRESIDENT: I did it this morning.

QUESTION: If the Congress does not override the veto -- and this is a program that greatly affects the construction industry in this area -- as you know, we have a tremendous amount of unemployment in that area -- if they don't override that veto, how would you feel about transferring the approximately \$6.2 billion in CETA which you just alluded to into a public works program of the same or similar to the nature of the one that was vetoed?

THE PRESIDENT: I don't think there is the flexibility under the law for CETA to transfer it from CETA to a public works program.

QUESTION: Perhaps I should rephrase that, not transfer it, but stop CETA, which only has another 18 months to go, and move that money into the public works program.

THE PRESIDENT: Let me tell you what the basic problem is with that \$6.2 billion so-called jobs program. In the first place, the Federal expense for the jobs in that project is \$25,000 for every job. It is an abnormally high cost. What it would do would be to add \$6.2 billion to the Federal deficit because it is a program over and above the budget recommendations that I made.

And if you add that much more in a deficit, you undoubtedly are helping to reignite inflation forces, whether it is wholesale or consumer price index.

As I was saying to the gentleman that spoke just before you, we have the biggest public works -- EPA, and Bureau of Reclamation and Army Corps of Engineers and the Highway Program -- that we have had, for the last three years, to my knowledge.

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I think those projects and those programs that are already on the drawing board or in the process of construction are a better way than some programs or projects that are pulled out of a hat at a high cost of \$25,000 a job. I just don't think it makes sense.

Now, let me tell you what we have, or what I said in the veto message today. There is a proposal in the Congress to add roughly \$600 million or \$700 million to the present community development program, which would add to the funds of those cities that had high unemployment, which would give those cities that had high unemployment added money to undertake local construction projects.

I think if my veto is sustained, I could support that kind of an alternative. It is a quicker way, it is a better way, and it is \$5 billion-plus less money. So I think it is a better choice.

QUESTION: Mr. President, my question is, in view of the increase in revenue sharing at the local level, what is going to happen in the direct funded programs in the area of education from the Federal Government?

In other words, what are we going to have to give up in order to get some other money under revenue sharing?

THE PRESIDENT: You are not going to have to give up anything. As a matter of fact, in the budget -- and here is a copy of it -- I have added \$150 million to the primary and secondary education funding program. But I want to add this. I could show you a mess chart for education programs just like this one from the Federal Government. It would have 15 programs and it would be just as big a mess as this one is.

Now, I have recommended that we take primary and secondary education, that we take vocational education, that we take aid for the handicapped and library programs which total roughly \$3 billion 300 million, add \$150 million to it and have a block grant program. I think that is a far better way of getting Federal money from Washington to Gainesville or Tallahassee--to your community--so that you have flexibility in the decision-making process as to where and how you want to put that money.

Now we would require that 75 percent of that total money would go to the disadvantaged under the definition, but it would do away with 15 programs and have one program.

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QUESTION: So the money will come to the States and then to the local Government as part of the revenue sharing, and then the school district will get their portion of it?

THE PRESIDENT: That would be an automatic pass-through, and it would give you the flexibility to make your decisions at your local school board level.

QUESTION: President Ford, I was down here the last time the Government grant was given out, and to my surprise the grant that was given out I really didn't understand. It looked like so many people who needed to be helped, they had no help at all. I am not seeking help for myself, but lots of organization was fully able and had papers and everything for their organization to receive some of that Government grant, but they did not receive any at all.

It was very embarrassing, the whole thing. It looked like everything was cut and dried before the meeting started.

THE PRESIDENT: I am not sure, sir, that I understand the question. Is there an appeal being made on behalf of --

QUESTION: Quite a few of us made an appeal because they would not listen to them at the meeting. They just walked out.

THE PRESIDENT: What particular program were they referring to?

QUESTION: Some of the manpower and different other organizations that were on the agenda for grants. But, they did not receive it.

THE PRESIDENT: If you would be so kind as to put some of these questions in writing, we could look them up specifically and find out why this organization or that organization did not get the grant, and we would be glad to respond and communicate with you, sir.

QUESTION: I will be very happy to. I communicate with Senator Burke each time he comes down here.

THE PRESIDENT: I will talk to Congressman Burke and find out.

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QUESTION: Mr. President, I would like you to give me a general observation of the Federal revenue sharing as allotted to migrant education and for migrant workers and for workers throughout the United States.

THE PRESIDENT: The general revenue sharing is not earmarked for any particular program in a State or in a local community, a county or a city. There are some broad guidelines -- I think there are six broad guidelines given -- that are supposed to be followed by the local or State Government, but there is no definite allocation, when the money goes to Ft. Lauderdale or Broward County or to the State of Florida.

There are other programs, however, that are aimed at helping the educational problems related to migrant workers, but they are not included within the general revenue sharing program.

QUESTION: Is that good?

THE PRESIDENT: I think the concept of the general revenue sharing is to help a local or State unit of Government meet its financial problems and for the decision-making at the local level, but at the same time the Federal Government does recognize that the migrant worker education problem is a serious one, so there are certain programs that focus indirectly on that, but I don't think you ought to write in to the general revenue sharing specifics as to how the money ought to be spent, or it is not general revenue sharing.

QUESTION: I spoke of that in general simply because I think there is a diminishing of funds in that area when it comes to migrant education programs and farm workers.

THE PRESIDENT: In the education block grant program that I talked about a minute ago -- which is different from general revenue sharing -- there would be money to help the migrant labor education problem, including money for bilingual education, et cetera.

So, there would be money either in block grants or categorical grants for that specific problem.

QUESTION: Mr. President, I have a general question here, sir. Your Federal budget for this year shows in excess of a \$75 billion deficit. Your projected 1977 budget, which you are promoting tonight, shows in excess a \$55 billion deficit.

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THE PRESIDENT: Let me correct you. It is \$43 billion.

QUESTION: That is counting the cuts in the trust fund. The operational fund shows in excess of \$55.5 billion deficit. It also shows a total budget deficit at the end of fiscal 1977 of over \$700 billion, \$719 billion.

THE PRESIDENT: Of what?

QUESTION: That is what your projected Federal deficit is at the close of fiscal 1977.

THE PRESIDENT: No, you are talking not about the deficit, sir. You are talking about the Federal debt.

QUESTION: Debt, yes. That is what I meant, sir. You also show personal income taxes increasing by \$23 billion, the largest single jump in the last decade. Looking at these pages, 56 and 57, we see a trend that is steadily and increasingly downhill, and I just don't see how our Federal Government is going to turn that around into a balanced budget in three years with these kinds of statistics.

THE PRESIDENT: If you will take a look at the full budget -- I have the budget in brief there -- you will see that for the current fiscal year there will be a \$73 billion deficit. Next year we are forecasting a \$43 billion deficit. I think the next year it is \$19 billion, if my memory is correct, and the next year it is balanced.

Now, these are figures that are put together by the experts who make the projections based on the statistics that they spend their lifetime studying. Now, there is one factor that we can't crank into this--what the Congress is going to do.

Let me put it this way: In the bills that I have vetoed, which the Congress has sustained, we have saved \$7.5 billion, which is not a bad plus. On the other hand, there are some bills that I vetoed that the Congress overrode that added to the deficit.

So, on the assumptions that we have made, with all the computers and the experts, the figures are accurate and I will stand by them.

QUESTION: Mr. President, we are vitally concerned with the private property rights that are being taken away from individual citizens by our Federal Government, by our State Government. We have been informed that there are probably over 600 bills in the Congress and the Senate, and the different legislatures around the country that further limit the rights of private property without compensation, and this goes all the way back to the rights given us by our Constitution.

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We are vitally concerned with these bills that are being proposed, being enacted. I am sure you are familiar with some that are being proposed by Senator Proxmire. We are also concerned about our business. We feel that a lot of the small business people's rights are being taken away from from us.

For example, we understand that HUD is training approximately 60,000 people per year -- are these figures correct -- to operate Government subsidized building around the country.

Now, I would like your thoughts on these trends, how you can help us, and what your program is in connection with these matters?

THE PRESIDENT: In reference to the first point, I assume you are talking about the proposals for Federal land use legislation, is that correct?

QUESTION: That is correct.

THE PRESIDENT: I am opposed to it, period.

I think the State and local units of Government can make better decisions as to land use in the State of Florida than the Federal Government can.

On the second question, I am dumbfounded by the statistics that you quote. I am certain they are not accurate. I can tell you why, because the Department of HUD actually will have slightly fewer employees, if my memory is correct, in fiscal year 1977 than they have in fiscal year 1976, so it is not possible to have any kind of a mass increase in Federal employment for the purposes that you stipulated.

As a matter of fact, what we are trying to do -- not only in the Defense Department, but in other departments -- is to contract out to private industry some of these maintenance contracts on housing facilities, on Federal installations, which is just the reverse of what I think you were talking about.

I can assure you that it is not possible for that kind of an increase in Federal employment, for one reason. I became President August 1974, and within two weeks after I was President I issued an order that there should be a 40,000 person cutback in Federal employment.

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I am glad to report that at the end of the fiscal year, as a result of the pressure, we had about 50,000 fewer Federal employees, and we have not increased the total Federal employment in the fiscal 1977 budget, so it is just not possible to have the kind of situation develop that you describe.

QUESTION: Thank you, Mr. President. I am glad to hear that because we were greatly disturbed.

A recent speaker brought this out to us. He said out of these 60,000 people there was not one realtor, so I am very happy to hear that because we love our profession and we love private enterprise, and we know you are going to help us. Thank you.

QUESTION: Mr. President, I wonder if you are aware there is a large percentage of middle-class America that wished we would maybe call a Constitutional convention and change our form of Government, maybe keep the Defense Department, the President -- I am not too sure about the Supreme Court -- the Justice Department and a few other necessities and have everybody else in Washington turn out the lights and shut the doors and go home, and we won't have to send our \$6 billion to Washington and have some bureaucrat collect one-twelfth of 1 percent of it. That is the feeling we have in the United States today, Mr. President.

THE PRESIDENT: I am not sure that that would work too well in some cases. The Federal Government does a great deal of good in the National Institutes of Health, in research on heart, cancer, and arthritis. The Federal Government does a lot of research on energy for solar energy, for geothermal energy, for nuclear energy.

I just don't think the State of Florida or your community could handle that kind of problem. I respect your point of view, if that is your point of view, but I just don't think it will work.

What we have to do is have the Federal Government run a good tight Defense Department, carry on the other legitimate areas and work with the States and local units of Government.

But, if you are suggesting that we do away with the National Institutes of Health or some of those very essential programs, I respectfully disagree with you.

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QUESTION: Mr. President, I am proud of my profession and we are proud to have a lawyer as President of the United States. We have been talking about revenue sharing and I want to mention something about revenue raising for South Florida.

As you well know, the price and availability of gasoline seems to be very critical to our economy in South Florida. I would like to know, sir, what steps your Administration is taking to prevent an increase in the price of gasoline to the American consumer, and what is your opinion as to whether or not there will be an increase in the near future?

THE PRESIDENT: We had a very substantial increase in the cost of gasoline and fuel oil following the Egyptian-Syrian-Israeli war in October of 1973 because of the oil embargo and the increase in price. Unfortunately, we are now importing from OPEC nations 40 percent of our domestic oil consumption -- 40 percent. It has gone up from 33 percent in the last three years.

They control the price. We don't control the price. That is why we have to have an energy program, to stimulate domestic production and, in the meantime, we have to have conservation. But an interesting thing -- if I could take just a minute -- since 1972, our domestic oil and gas production has gone down every year. Today we are buying from overseas sources 40 percent of the oil that we use in this country and it is going up every day -- and we don't control that price.

Now, what we have done -- it was not precisely the way I recommended it -- but in a compromise, the Congress and I agreed on an energy program and I signed it into law in December of last year. What it does is, more or less, stabilize the price of gasoline and fuel oil for the first year. As a matter of fact, it might even dip a cent and I understand in most areas of the country it has dropped about a cent as far as gasoline in the last several weeks, but, anyhow, it is supposed to stabilize.

But, then, in order to stimulate domestic production, we use our oil and not Arab oil, so you are going to have some slight increases. You can't expect people to go out and drill wells if they are not going to, at least, get their money back. And if they are going to get their money back, they have to have some incentive.

Now, I know some people criticize that, but I would rather have that money go for jobs in America than for jobs over in the Middle East and the Arab countries.

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Now, I think the Congress and I have agreed to a bill that will be helpful over a period of 40 months, will conserve more and produce more. In the meantime, we have got to deregulate natural gas. In the meantime, we have got to accelerate our research and development on solar, geothermal, and other exotic fuels, because if we don't, we are going to become more and more vulnerable to foreign oil sources.

I think we can keep the lid on for a year on gasoline prices, but it will probably increase slightly over the next five years, simply because we are buying 40 percent of our oil from Arab nations and they control the price. We don't. If we want the oil, we have to pay the price. The better way is to get our oil out of the ground and use it and keep the jobs here.

QUESTION: Mr. President, during the last Federal census, our city fell just under the 50,000 mark in population which did not entitle us to some of the Federal funds that are available for cities of 50,000 and over. In order to stimulate our economy, it has been desired within the city to take a census ourselves that we could present to the Federal Government and prove that we have now reached the 50,000 level in order to get some of the funding that is not now available to us to stimulate our economy and create new jobs, and I just would like to know what you would think of an interim type of census?

THE PRESIDENT: Isn't there a provision that if you have an authorized interim census and the figures are verified and accepted that you can go from one category to another?

QUESTION: We have not been successful.

THE PRESIDENT: It is my impression that it is permissible. If it is not, it ought to be because there are unique situations. Certainly, in a State like Florida or Arizona or, maybe, California, where you have had great growth in a ten year span, if there is not such an opportunity, you are penalized unfairly.

So if there is not such permission available, it darn well ought to be.

QUESTION: Mr. President, there is a great concern in South Florida concerning the Panama Canal Treaty. I would like to know your position on that, sir.

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THE PRESIDENT: Five Presidents and many Administrations have been negotiating the situation since 1964 when they had the unfortunate killings of about 26 Panamanians and about ten Americans. Now those negotiations are very complicated. They are deadlocked. I can assure you that I will not do anything that will jeopardize the defense of the Canal or the operations of the Canal.

I can't tell you whether there will be an agreement or not. I can simply tell you how I feel about it, and I will reiterate, that the defense and the operations of the Canal are mandatory, from our point of view.

QUESTION: Mr. President, I have two questions. Question number one, is the United States, or your particular Administration, going to stand fast by what Moynihan has done in the UN--has spoken out in a strong attitude for the nations around the world to start to respecting us a little bit?

THE PRESIDENT: I selected Pat Moynihan. He was my appointee, and I selected him because he wrote an article in a magazine -- I think it is called Commentary -- where he said precisely what we ought to do. It appealed to me. I appointed him. He did exactly as he said he would and as I wanted him to, and I regret very much that he has resigned because he is a first class UN Ambassador.

But, I sent him up there and he carried out my policy. Now the man that will succeed him will do exactly the same thing.

QUESTION: In other words, you are saying whoever goes there next will be echoing, basically, what Moynihan has been doing, speaking out as an American should speak out?

THE PRESIDENT: He certainly will. I am not sure he will be as flamboyant as Pat, but the substance will be precisely the same. And I reiterate, I put Pat in there and he carried out my policy, and the next one will do exactly the same thing, so don't worry.

QUESTION: My second question, Mr. President. You mentioned the fact we have no control because of the Arab prices on the Arab oil. We do have something that could be a control, if we were to use it, on the domestic level, and that is food--wheat. Why are we, at this time, not using this commodity? Unfortunately, we shouldn't say, "Well, the people should not eat over there." I am not saying that.

However, at the same time, they are saying to us they are going to charge us for this fuel which our people need in this country for heat, for energy, right down the line.

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You made the comment to deregulate the natural gas. Many communities will not be affected by the deregulation of natural gas. Some of us who have natural gas systems will be affected because the price will go up so, therefore, we are going to have to raise those prices to our consumers.

So why can't we use the food in the stockpile, keeping the jobs here in this country, and until they bring down the price of oil, we hold back the wheat?

THE PRESIDENT: Let me make a comment, first. If you are in a community that is getting natural gas, that natural gas -- and everyone I am personally familiar with, and I am familiar with quite a few -- is on a contract with a producer and that contract usually runs for a significant period of time at a fixed price. So you are not going to have your natural gas price increased because it is under a fixed price with a producer today, but the ones that want new gas, they either have to buy fuel that comes from the Middle East or they can buy a cleaner fuel in the United States under deregulation.

Now, one other comment on the main question you asked. If we could just trade 25 million metric tons of food for the oil of the Arabs, that would be fine, but there are not that many Arabs that want to eat that much food. (Laughter)

QUESTION: But they sure can't eat what oil they got either, Mr. President. There just are not that many that want that. So you can't do it on a one-for-one basis. I am all for using our food, which our farmers produce in such quantities, and we are very lucky because if we did not have the American farmer producing that food, we would have a horrendous adverse balance of payments with the oil we buy from the Arab nations. Now we ought to use our food for two purposes. Number one, for humanitarian purposes, and, number two, we ought to use it for the execution or the supplementing of our own national security policies, and we are doing both of it, and we are going to continue doing it.

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QUESTION: Mr. President, it is nice to see you, sir, in South Florida. We talked two weeks ago Monday in the White House. I thank you for the time you gave us in the White House for the benefit of the counties and local Government.

Sir, I asked you then the question about Social Security and the cap. Would you please tell the audience here in South Florida there is no cap on Social Security for me, please, sir?

THE PRESIDENT: In the budget I have recommended for fiscal 1977, there is no cap on the cost of living increases on Social Security. Whatever the formula provides, there will be an increase under the law for all beneficiaries of Social Security. I recommend it, and I strongly favor it.

QUESTION: Mr. President, would you believe me, sir, if I told you we here in South Florida see a Ford in our future?

THE PRESIDENT: Thank you very much.

QUESTION: Mr. President, this year -- with a deficit budget -- I would like to know how you feel about a national health insurance plan and, if one is passed, how it would be funded.

THE PRESIDENT: I did not recommend a Government sponsored national health insurance program. I did not for two reasons.

Number one, I don't think that a national Government sponsored health insurance program has worked very well as far as the patient is concerned in any country where it has been tried, and that is particularly true in Great Britain and several other countries, so I don't think it is the best way to improve health care.

Number two, it would be very expensive, and I don't think we could afford it. But, the principal reason I am opposed to it is that it has not worked, and I don't think it will work.

Secondly, the cost would be substantial, and the Federal budget could not afford it at the present time.

Now, we have recommended under Medicare two things: One, that as far as Federal payments to hospitals and doctors, nursing homes, there should be a 7 percent increase in price or cost for hospitals and nursing homes and a 4 percent increase for doctors' bill payments by the Federal Government to the categories.

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Now, at the same time, I have seen enough, I have seen a sufficient number of tragedies involving catastrophic illnesses -- and I suspect everybody in this room knows a family or knows a person who has had an extended illness, and if they had any resources, they were gone as they were bedridden with horrendous costs -- hospital, nursing home and doctors for an extended period of time.

I think it is the greatest tragedy. As a matter of fact, there are about three million of those people who are today under Medicare. Three million out of 24 million. I have recommended that the Federal Government institute a program to take care of catastrophic illnesses and how would it be done.

It would be done by saying that no patient would pay more than \$500 a year for hospital or nursing home care or no more than \$250 a year in doctor bills. That is a national ceiling and after that, Medicare would take care of the total cost.

The individual under Medicare would make his payments as he is doing it today. I think it is the right thing to do. It takes care of a critical, crucial problem that I have seen; some real tragedies all over the country.

QUESTION: I would like to ask two questions. The first is housing, as we all know, is the biggest problem or at least it is one of the biggest problems facing the majority of the citizens in this country, and we made a national commitment to provide a decent home for every American citizen, and I think we have made efforts along that line in forums such as the 235 program, which was very unsuccessful for various reasons, the 236 program and various other programs, Section 8 which we have now.

Sir, I would like to ask you whether or not we could not perhaps apply a little bit of a common sense approach toward the solution of some of these problems. For example, if we would simply extend the length of a mortgage that the average citizen would receive to 40 years, this in itself would make homeownership possible for a great number of people who otherwise would not have the benefit.

Another thing that I think is very obvious -- at least in this area where we have a tremendous amount of houses, apartments, condominiums available with no takers -- if we could take the Section 8 program in this area, for example, and apply it to some of these existing newly constructed buildings, which as I understand are not eligible under the present regulations, this in itself would create housing for a lot of people in this area.

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THE PRESIDENT: You are very familiar with the various programs we have had -- 235, 236, Section 8, public housing, the whole thing. There are more than that, but those are the better known ones. Most of them really have not worked too well, some of them less well than others.

I think Section 8, if given a fair chance, it being the newest one, will be the best approach. It is only actually less than a year old, as I recollect. The regulations under the new Secretary of HUD were out about a year ago, and I think we ought to give it a chance.

Now, whether it could be redesigned to meet the kind of particular problem you are talking of, I would have to talk to Secretary Carla Hills. I would hesitate to give you a quick, off-the-cuff answer.

QUESTION: That was the purpose of my asking the question. I would hope that you would.

THE PRESIDENT: If we can get your name and address, I will find out from her why it is not done and, if she has a good reason, okay. If she does not, we will do it.

QUESTION: It sounds good.

THE PRESIDENT: I have to talk to her first. She is tough. (Laughter)

QUESTION: We know that, but she is good.

THE PRESIDENT: She is a good, outstanding member of the Cabinet.

QUESTION: Secondly, sir, you are probably aware that the Greater Miami Chamber of Commerce and the people of South Florida are in a process now of preparing a celebration for our Nation's birthday, which we plan to celebrate during the month of July, the whole month of July.

Elaborate plans are being made presently to have this celebration covered nationwide. I understand all three major networks will cover this, and we look forward to having a wonderful celebration in this area.

Even though I have not been authorized by anyone to do this, I just can't resist the opportunity to extend to you, sir, on behalf of the Greater Miami Chamber of Commerce, and the people of South Florida, an invitation to participate with us -- if your schedule permits you -- in this celebration during the month of July, and I am sure that we would be delighted if you would accept.

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THE PRESIDENT: Thank you very much. I am grateful. Let me assure you that if the situation is such that I can do it, I would be delighted to come down to Florida to visit all of you who are celebrating that great circumstance, our 200th birthday. We will look into that. You give me your name and address and we will answer the one question and we will try to --

QUESTION: You know our former President Sidney Levine. I will tell him and he will get in touch with you.

THE PRESIDENT: Okay. There is a promoter.
(Laughter)

QUESTION: Mr. President, we want to thank you tonight for taking time out to come down and visit with us and, as the concluding question, I would like to know what can be done about the reports that are being leaked; for instance, the CIA reports.

THE PRESIDENT: Let me preface a direct response. I think it is completely wrong, what has happened with some people trying to destroy the CIA and our intelligence community.

The intelligence community is vitally important in wartime, but it is equally important in peacetime. It is the best insurance policy we have that we won't get caught napping.

So, we have to keep it strong, and I will resist to the utmost any dismantling of it, believe me.

Now, the leaks that have come out of highly classified information -- secret, top secret information -- is unconscionable. If I had a quick way I could find out who does the leaking, I would do whatever I could the next day.

But, they are skillful. Leakers have a devastating impact on good Government, and I personally have offered to the Speaker of the House the full forces of the Executive Branch to try and find out who leaked that latest report. After all, it is a Congressional report that was leaked.

So, it is not something that I have jurisdiction over or the Executive Branch has jurisdiction over. If the Speaker will ask us to do anything within the law, we will do it, to try and find out the person that I think has damaged our national security.

Thank you all very, very much.

END (AT 9:20 P.M. EST)