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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION
AT THE
ECONOMIC CLUB OF DETROIT MEETING

ROMA HALL

4:10 P.M. EDT

THE PRESIDENT: Thank you very much, Governor Bill Milliken, and especially thank you for that very kind and very generous introduction, as well as your endorsement, and to you, Ray MacDonald and Russ Swaney, distinguished members of the Michigan Congressional delegation, Bob Griffin, Congressman Al Cederberg, your own Congressman Bill Broomfield, Congressman Marv Esch, Bill Seidman from my staff -- many of you know him -- and, of course, Bishop McGehee -- he was not only the pastor of the Ford family in Alexandria, Virginia, for a number of years but he baptized two of our children so, so far they have done all right, Coleman. (Laughter)

If my memory is correct, this is my tenth trip home to Michigan since I became President, and my fourth to the Detroit area. Obviously, I am deeply grateful for your very warm welcome.

It is especially gratifying to have the opportunity to participate again in this distinguished forum with so many of my old friends. I know from our previous meeting of the breadth of interest and wealth of ability that is represented here on this occasion. I know you want in-depth understanding of various points of view of the complex issues affecting this great metropolitan area, our State and our country.

I know you share my concern for America's security, our commerce, our responsible role in the leadership of the free world. I know, too, that you are doers, the kind of people who pay more attention to how somebody does his job than how deftly he criticizes his competitors, who value performance over glowing prospectus. So at the risk of some immodesty, I am going to talk a little about the job that I have been doing for almost two years.

I want to answer as many of your questions as I possibly can but first, let me answer a very pointed but very proper question I have often asked myself: "Jerry Ford, why are you asking your fellow Americans and your fellow Michiganders to let you go on being President for the next four years?"

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My answer is very simple: Because I have done a good job and I am proud of it. Because I have turned a lot of bad things around and we are going in the right direction. Because I want a mandate from Michigan and the American people to finish that job. You know, much as I like to see new car sales going up, I just don't think this is the time to trade in your reliable Ford for a flashier model.

That is why I am heading into the second quarter of a campaign which will determine the direction our country will take in the next four years and, actually, for the future, America's economic future, in particular. But before looking ahead, consider for a moment where we were in the very first few weeks and months of my Presidency. Then, you will recall some well-known economists, labor and political leaders were predicting that we were heading into a deep depression, that unemployment would soon exceed 10 percent, that only massive action by the Federal Government could avert calamity.

Inflation had soared to an annual rate of over 12 percent. Interest rates had climbed steadily upward. And, most importantly, far too many Americans were laid off and could not find new jobs.

Just about a year ago we hit the bottom of our worst recession in 40 years. Many in Congress and elsewhere were urging that we push the panic button. In the Congress, the economic downturn set off a clamor for huge emergency Federal subsidies for more and bigger Government programs and higher deficit Government spending

But the prophets of doom were wrong, and I knew they were wrong. We did not panic. We resisted big spending schemes that would have caused larger Federal deficits and even more destructive inflation. We rejected the disproven techniques of the old politics; instead, we pursued a calm, steady policy to insure America's economic health not for a month or for six weeks or six months, but for the long, long pull.

We had faith that the American system of private enterprise would regain its strength and, as a result, we meet today not in the gloom of a depression or a recession but in the full surge of economic recovery. Everything that is supposed to be going up is going up, and everything that is supposed to be going down is going down. Our great free enterprise economic system is working and let's take a quick look at some of the indicators.

The Gross National Product rose during the first quarter of this year at an annual rate of 7-1/2 percent. Total industrial production for March of this year was 9.9 percent in real terms over the same months of 1975. The index of consumer confidence is double what it was a year ago. Consumer prices during the first quarter increased at the slowest rate in 3-1/2 years. During 1974, the annual rate of inflation stood at 12 percent. We have cut that by well over 50 percent. During the first three months of 1976, the annual inflation rate has been not 12 percent, not 6 percent, but under 3 percent, and that is progress, by any score.

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Total employment has increased by 3 million 300 thousand since the recession low of last year and now stands at an all-time high of 87 million 400 thousand, an increase of some 710 thousand jobs in the past month alone.

Unemployment is still far too high, particularly here in Michigan, but the most recent State unemployment insurance figures show that unemployment in Michigan now is dropping faster than it is in the rest of the Nation.

Nationally the unemployment rate now is down to seven and a half percent and unemployment among heads of households, male and female, is down to five percent. That is not good enough, but we are moving dramatically in the right direction.

Finally, as you know, domestic automobile production is up by 51 percent over the comparable period of last year, 1 million more cars. Sales are up and Americans are buying more American made cars again. That means more American jobs and that's good news for Michigan and the whole economy.

Our economic recovery was no accident. It just didn't happen. You made it happen and the sound policies of my Administration made it happen.

From the very beginning, I forced the Congress to abandon or to severely cut back reckless Federal spending programs. One of my most important weapons is the veto. I vetoed 49 bills sent to me by the Congress and 42 of those vetoes have been sustained, saving the American taxpayer \$13 billion.

This was done with the great help of Senator Bob Griffin and his Republican and some Democratic colleagues in the House as well as in the Senate. That saving of \$13 billion averages out to almost \$200 for every household, which my vetoes have saved, and there are plenty more of those vetoes where those 40-some have come from.

Here is a legitimate question -- where would the country be today if we had had a President in the last 21 months who had signed all of those bills into law? We would be in dire trouble. We are now engaged in a great national debate between our two great political parties and within them over the role of the government in the lives of individuals, how much government can or should do for the people and how best to go about it.

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The Federal Government can create the economic climate and the incentives to insure continued recovery through changes in tax policy and other programs which encourage the creation of productive permanent jobs in private industry and that's what I have done.

Or the Congress, on the other hand, can vote more and more money for the Federal Government to create jobs itself. This is what the opposition proposes. Make-work programs are a well-known throwback to the Great Depression and, if adopted, they would substantially add to our Federal deficit and increase the inflationary load that each and every one of us must bear.

The best place to examine the issue and to see the differences is in the two Federal budgets for fiscal year 1977, one proposed by the President and the other proposed by the Congress. This year for the very first time there is not one Federal budget recommendation but two -- mine as President and the Congressional budget to be adopted by the House and the Senate within the next few days. The differences in the two budgets tell a very vivid and dramatic story. They, the Congress, want to spend \$413 billion in the next 12 months in the next fiscal year. I propose \$395 billion, saving \$18 billion in unneeded Federal expenditures.

Their budget, the Congressional budget, being voted on in the House today, authorizes \$454 billion 200 million in new long-term spending. Mine would hold this commitment to \$431 billion, saving some \$23 billion.

Simply stated, my goal is the full restoration of the United States economy as the world's most reliable engine for producing an ever-increasing standard of living and an economic climate in which every American who wants a job, who wants to work, can find a good job.

But putting America back to work is not a job for the President alone or as a matter of fact for the Congress alone, though sometimes some Senators and some Congressmen seem to think they can abolish unemployment by passing new laws such as the deceptive and dangerous Humphrey-Hawkins bill now pending in the Congress.

This bill is a classic example of the way the misguided majority in recent Congresses has tried to apply discredited remedies to our economy. The Humphrey-Hawkins boondoggle would decree that unemployment must be no higher than 3 percent by the end of four years. If not enough private jobs are available, the Federal Government will make work. How much all of this would cost, how long such public payroll jobs would continue, what the added inflationary impact would be really defies any rational calculations. Never mind, the law would get the Federal Government deeper and deeper into economic planning on a national scale unprecedented in our history.

I am obviously against the Humphrey-Hawkins bill and all of the other schemes to give Washington more and more control over our lives. Instead, as an alternative that I think makes a lot more sense, I have proposed tax reductions and other tax reforms to create more and better jobs in private industry.

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Some were enacted last year and are obviously working, but others, such as tax incentives to stimulate investment in new plants and equipment, are stalled in the Congress and should be acted upon quickly to help the job situation in hard-hit areas, such as we have here in the great State of Michigan.

I have also recommended to Congress that starting July 1 of this year we get an additional \$10 billion tax cut, 75 percent of it going to individuals and 25 percent of it going to business to provide employment. As part of this tax reform package, I have proposed the personal exemption be raised from \$750 to \$1,000 for each individual Federal taxpayer. In addition, I want the estate tax exemption increased from \$60,000 to \$150,000 so small business owners and small farmers can have the opportunity again to pass their businesses or their farms along to the next generation.

Such proposals, as we have analyzed it, will give middle income taxpayers who have been shortchanged in recent years the kind of tax relief they both need and, obviously, deserve. As we work to insure prosperity, it is essential to remember that the American people want and demand the finest Army, Navy, Air Force and Marines that money can buy and they don't want our unsurpassed power for peace to become a political football this year.

In providing funds for new military weapons and national security needs, an area of the Federal budget that Congresses have systematically gutted by some \$50 billion over the past decade, I am happy to report that the preliminary Congressional figures are roughly the same as the record \$114 billion defense budget that I submitted to the Congress in January of this year.

In this area at least, Congress seems to be getting the message probably because I threatened to veto any defense appropriation bill that was inadequate because of Congressional reduction. In fact, if progress in some areas has been slower than it should have been since I became President, those who are critical should focus on the right target, some of the Members of the House as well as the Senate.

When I say Congress, I mean, of course, the controlling majority of the Congress, not the responsible minority which includes members of both political parties who have stood with me for the principles of national security and deficit restraint. It is not Washington that is the problem, but the wrong people in Washington who are the problem.

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The majority of the present Congress are the problem in the economic field. By their own budget decisions, they have said that they want to spend \$18 billion more next year than I have recommended. They have said that the American people cannot have instead the additional \$10 billion tax cut that I want to give them on July 1. This Congressional majority has decided that they know much better how taxpayers' money that they have earned should be spent to help the economy than the people who earned it.

They, the majority in the Congress, are the problem. I have been trying to hold them back but the American people in this election will have an opportunity to help.

The same Congressional majority for almost a decade before I became President have been hacking away each year at the defense budget to pay for their favorite social programs. They went on cutting another \$7 billion from the first defense budget that I submitted. Fortunately, it looks like we have turned them around, but, nevertheless, they are the problem. We are converting them, but the American people in this election will again have to help.

Frankly, that is why I am in this race, why I want a mandate from the American people in 1976, why I want to be your President for the next four years. I seek election to the Presidency not for myself, but as the only way to insure the continuity of realistic, responsible policies that are right for America and, what's more, are being proven right every passing day.

I want to maintain the peace that we now enjoy, advance the prospects for peace among all nations, secure that peace through strength and perseverance, and make certain that legacy of peace continues for our children and our grandchildren.

I want to continue the policies of reliance on the private economy, reduction of taxes, cutting back bureaucracy and useless regulation, and budgetary and spending restraint that have brought us up from the depths of recession to a sustained recovery and to make certain that runaway inflation never again robs us or our loved ones of the rewards of honest work and lifetime savings.

Finally, I want to finish the most important job that I have begun -- the restoration of faith and trust in the Presidency itself. As I did not seek this office, neither shall I shirk it.

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I have always believed that truth is the glue that holds government together. I will tell the truth to the American people as I see it -- promising no more than I can deliver and delivering everything that I promise.

The Executive Branch of the Federal Government will be as honest, as open and as candid as I can make it, and so will my campaign for the high office that I have the honor to hold. I run for President as I ran successfully 13 times in Michigan on my record of performance -- peace, prosperity and trust and my record of performance in the nearly two years since I became President. The reason I am in this race to stay is to insure peace, prosperity and trust for the future.

The future really does not belong to us, it belongs to those who come after us. As we look back over 200 years as a Nation, there is one thread that runs all the way through our history. We Americans come from many lands, many races and many religions. Our ancestors came here, or we came here to find freedom and justice, to escape oppression, to make new lives. What do we all have in common? We know this -- life will be better for our children than it was for us. Why do we know this? Because life for us has been better than it was for our parents. That has been true for every generation of Americans and it will continue to be true as long as we make it true.

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I see an America once again tested in adversity -- more sure of what we want to be and what we want our Nation to be or to become. I see an America certain, once again, that life will be better for our children than it was for us and our children are also certain that their heads and hands and hearts can help make it so.

I see a strong and confident America, secure in a strength that cannot alone be counted in megatons and rejoicing in riches that cannot be eroded by inflation or taxation.

I see an America where life is valued for its quality as well as for its comfort where the individual is inviolate in his constitutional rights and where the Government serves and the people rule.

Thank you very much.

Bill.

GOVERNOR MILLIKEN: Thank you very much, Mr. President.

I have a series of questions which have been addressed to you by members of the Economic Club, and I will start reading those questions immediately.

The first one is, how can we best increase our supply of energy to lessen our dependence on foreign oil?

THE PRESIDENT: In the first place, we have to free the energy-producing portions of our economy from the kind of regulation and control that has been imposed on it for a number of years.

In January, a year ago, I recommended the deregulation of all new natural gas. Unfortunately, the Congress has not done that although the Senate did pass an acceptable bill. We have to deregulate the exploration and development of crude oil in this country. We have on the statute books a law that will permit us to deregulate that industry domestically over a period of over 40 months. It was not the legislation I wanted but it is the best we could get.

We have to make some realistic appraisals and adjustments in how we use our coal more effectively and more efficiently. We have 300 years', they tell me, supply of coal. We have got to increase it from 600 million tons to 1 billion 200 million tons by 1985. We have to spend research and development money on solar energy, on geothermal energy and some of the other exotic fuels, and I am glad to report to you that in these areas of research and development in the budget that I submitted for the next fiscal year, we increased the R and D money by over 35 percent.

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So we have to have a broad approach because every passing day our dependence on foreign oil becomes more acute. In 1973, it was 31 or 32 percent. Today, 40 percent of the oil we use in this country comes from foreign sources and it is going to get worse unless we do something along the lines that I have recommended.

QUESTION: Thank you, Mr. President.

Here is a question I think of particular interest to us in Michigan.

Will you invoke Taft-Hartley if the rubber strike shuts down one or more auto manufacturers for one week?

THE PRESIDENT: The Taft-Hartley Act I support and, I might say parenthetically, I am completely opposed to the repeal of Section 14 (b), but Taft-Hartley is a legislative tool that is available. I do not think that at this stage the President of the United States should commit himself to what we might do if something happens.

The rubber strike which has now gone on for what -- three weeks -- they tell me there is roughly three weeks more or thereabouts of tires available for the American automobile plants.

I can assure you that the Department of Labor, the Federal Mediation Service, are working on the problem, but a comment saying yes in this situation, I think, would be more harmful than helpful in the negotiations that are going on at the present time.

QUESTION: Who, in your opinion, will be the Democratic nominee for the Presidency? (Laughter)

THE PRESIDENT: Well, better than a year ago I started campaigning for Hubert. (Laughter) But I became less and less confident of my competence as Jimmy Carter sort of swept the field.

But what I understand developed in Nebraska yesterday, in Jimmy's case, we might have a whole new ball game. So, depending on what happens in Maryland, where I am told by my Democratic friends Governor Brown might win and Carter lose, they could end up, as I suspected they might, with a brokered convention and Hubert, under those circumstances, I think, would emerge.

He is a good friend of mine. We have totally different ideologies, as far as domestic matters are concerned, but a Ford-Humphrey contest would be a very healthy one for this country. (Laughter)

QUESTION: This is three questions, and I will quickly run through them because they relate to the same subject.

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What specific attributes will you look for in selecting a Vice President? Do you look favorably on Senator Brooke as a Vice Presidential possibility? Would you consider having a woman as a running mate should you win the nomination? You can see some sentiment being expressed out there.

THE PRESIDENT: Governor Bill, the two names that have -- well, the one name that has been mentioned, Senator Brooke, along with John Connally, Howard Baker, Bill Brock, a number of Republican Governors -- they are all people of great competence and potential strength to build a ticket. I think it is very premature for me to indicate that I would lean this way or lean that way. There is plenty of time left between now and mid-August and I think we are just fortunate that we have people like those that I have mentioned.

Since the last question indicated would I be receptive to a woman on the ticket, I have been asked that question before and I have said that someone like the Secretary of HUD, Housing and Urban Development, Carla Hills, certainly-- on the basis of brains and ability and experience--would be one that ought to be considered, but I don't want to tilt one way or another at this point. We have got our own problems we better solve first. (Laughter)

QUESTION: Mr. President, Russ advises me that this is the last question.

THE PRESIDENT: Two questions. (Laughter)

QUESTION: We know who is in charge here, that is right. (Laughter)

THE PRESIDENT: Can't I be the good guy for a change? (Laughter)

QUESTION: There will be two more questions, Russ. (Laughter)

Will you please briefly define your Middle East policy?

THE PRESIDENT: The Middle East policy is aimed at following the UN Resolutions 242 and 338, which were agreed to by, I think, almost a unanimous vote in the United Nations a few years ago. Those two resolutions are the guidelines for the settlement of a long and controversial problem in the most volatile area of the world. It means that we have to have a permanent peace, we have to have readjustments in territory, we have to have the disavowal of military actions.

It will follow, of course, the two successive steps that this Government, our Government, has been involved in -- first the settlement of the Yom Kippur War and then the very major step of a few months ago when we were able to get an agreement between Egypt and Israel for the Sinai Agreement. This was a very important step, but it is not the final answer. We have to follow the guidelines, as I indicated, of Resolutions 242 and 338 to the United Nations.

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QUESTION: Thank you.

And the final question, what do you consider your top priority for this country?

THE PRESIDENT: Let me put it this way: The first century of our country was devoted to the establishment of a viable working government, the great experiment in self-government by people.

The second century of our country was a century of industrial progress where America became the most powerful industrial Nation in the history of mankind. As we moved to the establishment of the kind of government that we have, that we love, and as we move to become the most productive Nation in the history of mankind, whether it is in industry or agriculture, almost inevitably we have found that we are the victims of mass government, mass industry mass labor, mass education, maybe mass religion.

I think the third century of this country ought to be focused on the rights of the individual, the individual in our next 100 years, and I would like to start the first four of it with emphasizing the right of individuals, whether it is the right of the individual to participate to a greater degree in our economic system; the right of an individual to participate as an individual in education and religion, profession.

It seems to me as I travel around the country and meet many people such as you, this is the yearning that people have and if I could make a contribution in that way for the next four years, kicking off the next century, that would mean more to me than anything else.

Thank you very much.

END (AT 4:45 P.M. EDT)