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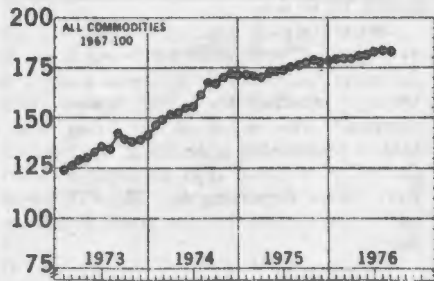
STREET JOURNAL

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Wholesale Prices



WHOLESALE PRICES in August, before seasonal adjustment, fell to 183.7% of the 1967 average from 184.3% in July, the Labor Department reports. (See story on page 3.)

Quarter Horses Run A Third of a Minute For 7/10 of a Million

Monday Sprint Ends Process That Began in January '75; The World's Richest Race

By DOUGLAS MARTIN

Staff Reporter of THE WALL STREET JOURNAL

RUIDOSO, N.M.—A light morning dew blankets the red dirt Ruidoso Downs track. In the starting gate, 10 sleek horses quiver in anticipation. Ten brightly clad jockeys whisper soothing words in their ears. "It's like sitting on a keg of dynamite," says jockey Betty Harless. "They're ready to explode."

Suddenly the gate slams open, thundering horses shoot dirt 15 feet in the air, jockeys shout, the crowd roars, whips crackle like gunfire. In about a third of a minute, a mere 440 yards, it's all over.

Nobody's disappointed by the brevity of the race. To this assemblage of cowboys, blue-jeaned blondes and millionaire oilmen, the quicker the better. The horses are quarter horses, a powerfully muscled breed famed in Western legend for its blazing speed at distances up to a quarter of a mile. Hence their name.

This race was one of 22 held a week ago today to determine the 10 entrants in the richest horse race in the world, the All American Futurity on Labor Day. (The horse ridden by Betty Harless, the only woman jockey at the track, didn't qualify.) The purse for Monday's 18th annual running of the race is \$766,000—more than the Kentucky Derby, Preakness and Belmont Stakes combined.

The Crown Jewel

Washington Wire

A Special Weekly Report From The Wall Street Journal's Capital Bureau

FORD AND CARTER both begin the campaign in weaker shape than they hoped.

The President's organization is still far from ready. His team was long preoccupied with the fight against Reagan; some think Ford's week in Colorado was largely wasted. A few Reaganites come aboard, but Ford emissaries recently failed to see Reagan himself. Ford's men feel unsure of his campaigning durability. They fear continued high unemployment will hurt him.

Carter failed to use the past month to strengthen his organization, reassure skeptics about his presidential potential. Carter laid an egg in this week's speech to labor leaders. He looks bad in waiting on the abortion issue. The candidate fails to draw well in fund-raising appearances. Carterites worry the debates may shrink the front-runner's lead.

Ford won't do much early campaigning, so his strategists plan to put a 30-minute version of his acceptance speech on TV Tuesday.

FORD READIES positive-sounding proposals to show leadership, impress voters.

Most won't be really new, but some could make a splash anyway. White House men consider anti-crime ideas: a recycled proposal for mandatory sentencing, a modified gun-control plan. Ford may appeal to white ethnic voters with a "neighborhood-preservation" package now being developed, perhaps an effort to channel more aid to parochial schools.

The President may seek to placate critics of Washington bureaucracy by offering "bloc grants" for housing; communities could spend the money any way they want. Ford may try stealing Carter's stuff on reorganization, by proposing that half-a-dozen agencies be combined into a new Department of Energy and Natural Resources.

Ford will delay some touchy decisions until after election; for example, he won't submit planned legislation ending gasoline price controls.

NEW VETO FIGHTS loom as Ford and Congress battle toward election.

A veto of the Labor-HEW appropriations bill, \$4 billion over the budget, looks sure. So does rejection of a special public-works appropriation; Congress would probably override. A bill for government-financed auto-engine research moves ahead despite warnings of administration opposition; a veto

Spending Surge

Firms Start Boosting Outlays on Facilities; Bolstering Recovery

Higher Sales, Profits Spur Expansion; Auto Makers Plan the Biggest Increase

Laggards; Oils and Utilities

By LINLEY H. CLARK JR.

Staff Reporter of THE WALL STREET JOURNAL

NEW YORK—The long-awaited surge of business spending on new plants and equipment appears to be under way.

Until recently, capital outlays had been lagging while the recovery from the recession had been fueled by consumer spending. Inevitably, economists doubted that consumers would continue for long to supply so much of the impetus. So a sharp climb in business spending could help prolong the current economic recovery and, by increasing productive capacity, help to reduce inflationary pressures later on.

"While business attitudes are certainly cautious, the statistical data indicate a good-size rate of increase for business fixed investment," says Otto Eckstein, president of Data Resources Inc., a Lexington, Mass., economic consulting firm.

The cautious attitude of businessmen stems from the deep 1973-75 recession and the double-digit inflation that accompanied it. Although the economy has been recovering for more than a year, both inflation and unemployment remain unusually high. And retail sales have flattened out in recent months, slowing the pace of the recovery and increasing concern about the future.

Planning Far Ahead

Businessmen, however, had seen a steady improvement in sales and profits for a year after the recession touched bottom in March 1975—an improvement then marred only slightly by the current slowdown. "Companies recognize that the lead times are long when they plan new facilities," says Leif H. Olsen, senior vice president and economist of Citibank. "They're extrapolating out over two or three years the gains they've already experienced."

The latest evidence of a capital-spending pickup is a report released today by the Conference Board, a nonprofit business-research group. The report analyzes capital appropriations, which represent authorizations to spend money in the future and thus are the first step in the capital-spending pro-