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THE PRESIDENT HAS SEEN....

SUGGESTED TALKING POINTS: BEFORE DELEGATION OF U.S. MAYORS
THURSDAY, JANUARY 29, 1976

Let me welcome you to the White House and thank you for making this visit a part of your Mid-Winter Meeting of the U.S. Conference of Mayors. A dialogue between the White House and the leaders of our Nation's cities is essential if we are to forge an effective Federal, State and local partnership to meet the many challenges that we face.

As Mayors, you are keenly aware of the impact of the most severe recession in post war history. I think we can all agree that we are now seeing significant signs of real recovery. Nonetheless, two elements of this waning recession still linger. . . inflation and unemployment.

Although the rate of inflation has been cut almost in half from 12 to 7 percent, it is still at an unacceptable level. The number of people employed has risen significantly in the past year, but the rate of unemployment still remains high and some of the highest unemployment is found in our inner-city areas.

The resolution of these economic issues remains a top priority for me and my Administration. Solutions to these problems must be real and permanent, and must not rekindle the fires of inflation.

I have now submitted to the Congress, both immediate and long-term proposals to meet these problems head on.

First, my budget includes funding of programs necessary to provide cushions for the unemployed during this difficult period. These programs provide continued support for public service jobs through December and continuation of job training (CETA)-- but they should be viewed only as temporary remedies. They are not substitutes for good, solid, permanent jobs in the private sector.

Secondly, and most importantly, I have proposed a plan to stimulate real and permanent employment in the private sector, with particular emphasis on job creation in areas of high unemployment.

This program would permit:

(1) Rapid amortization for businesses that construct new plants and;

(2) Investment credits for the purchase of new equipment or the

expansion of existing facilities in areas experiencing unemployment of 7 percent or more.

These proposals would stimulate construction in areas where industry has been hardest hit by the recession. They would help to provide jobs for minorities and the disadvantaged who are concentrated in these areas. By encouraging productive investment, this proposal would create good, well-paying permanent jobs.

Another area of concern to me, as I'm sure it is to you, is the nature of Federal assistance to States and localities. I've given special attention to simplifying Federal assistance and providing more flexibility to you as local elected officials. I am well aware of the problems that you've had in dealing with excessive governmental requirements and regulations, and of

the cost you've had to incur in administering these federal programs.

Block grant proposals in the areas of health, community services, nutrition and education reflect our commitment to overcome these problems. Specific provisions -- for consolidation of grants, for reduction in administrative costs, for relief of the local matching share, for appropriate transition periods -- are aimed at placing decisions closer to the people and doing it in a way that directs aid to those most in need. I'm sure Jim Lynn will give you additional details on these proposals.

Many of these concepts grew out of discussions which I and my staff have had with many of you. To ensure that your contribution to these policy decisions continues, I have directed my staff to meet with representatives of your organization and others as we develop our legislation for submission in February. I hope that by working together, we can ensure favorable Congressional action -- on these most important proposals.

Finally, I would like to comment on the reenactment of general revenue sharing. Last year I called for the continuation of this program for sharing Federal revenues with State and local governments through 1982. This program has been an effective means for providing Federal assistance and has greatly strengthened the responsiveness of government at all levels.

Although the general revenue sharing program does not expire until December of 1976, I urged prompt Congressional action in a special message on April 25, 1975, in order to ensure that State and local governments can make sound fiscal plans. The Congress did not share my sense of urgency and revenue sharing renewal remains unfinished business.

Revenue sharing funds have been used as you think best, for a wide range of essential public purposes. The record shows that you have done a very good job with this program. There is also compelling

evidence to indicate that a cut-off from revenue sharing funds would force further cutbacks on essential services and public employment, and require significant increases in taxes and local borrowing. Such steps would hamper economic recovery and defeat the objective of our efforts to stimulate real economic growth. The fact that the Congress had failed to act last year has already caused serious fiscal problems and the situation becomes more acute as time passes.

In view of these conditions, this is no time to delay action on general revenue sharing renewal. Last minute efforts to change the existing formula or make other changes in the program will only jeopardize its reenactment.

I urge you to intensify your efforts to gain prompt renewal to revenue sharing. This program represents an important element of our efforts to return power and resources to the level of government that is closest to the people. It is imperative that the Congress act now on

proposed legislation to renew this program to provide \$39.8 billion in federal revenue sharing funds for State and local governments.

In closing, let me emphasize how welcome and how important we consider the participation of Mayors and other State and local officials in the development and evaluation of federal programs. Many of the proposals I have submitted in my State of the Union and Budget Messages reflect suggestions we have received from you. I hope this dialogue will continue, and I pledge my Administration's support and interest to ensure that it does.

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