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SEPTEMBER 12, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

In my first address before a Joint Session of Congress, I spoke of "communication, conciliation, compromise and cooperation." The Congress responded. We have communicated, conciliated, compromised, and cooperated.

I thank the bipartisan leaders and all Members for this working partnership. So far, despite some spats, we have had a good marriage.

Landmark bills in the fields of Education, Housing - Community Development, and Pension Reform were passed. For these examples of cooperation of real benefit to so many Americans, I am grateful.

I had serious objections to the SBA loan legislation, Public Works Appropriations, and D.C. Medical School bill. Recognizing congressional interest in particular elements of each measure, I signed them.

No effort was made to override measures that I had to veto. Congress responded promptly to my request for a Council on Wage and Price Stability.

Of the specific proposals I am singling out today, some are in the conference stage. Others have passed only one body. A few have passed neither. But virtually all have been the subject of hearings and are in the mark-up phase.

NOMINATIONS

Of utmost importance for Congress in its fall term is the consideration of Nelson Rockefeller as my nominee for Vice President of the United States. The Administration will assist the Congress in all appropriate ways to expedite this nomination. The precedent for this procedure under the 25th Amendment to the Constitution has been established. I am sure there will be no inordinate delay in moving forward Governor Rockefeller's nomination.

There are other nominations before the Senate, some pending since last January. There are other candidates for Federal office in varying stages of clearance. I expect to be able to submit them to the Senate within a few days. I would hope Congress could expedite action on all these nominees so that none will have to be held over to 1975.

REDUCING 1975 SPENDING

Responding to the initiative of the distinguished majority leader of the Senate and other members of the Congress, I have convened bi-partisan summit meetings on

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the issue of inflation. Many of you are participating. The legislative and executive branches are working together.

We are seeking short-term answers to short-term problems and long-term answers to long-term problems.

A concerted effort must be undertaken to bring spending down to manageable proportions. An important first step in this effort is to bring Federal outlays under control in 1975, making possible a balanced budget in 1976.

I need the help of the Congress in reducing 1975 spending below \$300 billion. Several important cooperative steps by the Congress will be required to achieve this difficult target.

First, the Congress must resist temptations to add to spending totals on legislation now being considered. Responsible action calls for agreements on cuts, not increases. I solicit suggestions on any programs that might be curtailed or stopped. Let me know about any spending that seems unnecessary or inflationary.

In the same vein, I would hope the Congress could pass specific legislation proposed in the February Budget submission that would reduce 1975 spending by almost \$700 million.

Immediate action should be taken on the rescissions that I am proposing in my first message to the Congress under the newly-enacted Budget and Impoundment Control Act. Moreover, the deferrals transmitted to Congress under the same Act should be supported. Overturning these actions could increase spending by as much as \$600 million in 1975 and by far more in 1976 and future years.

As a matter of highest priority, I need your support of my recommendation to defer the next Federal pay raise from October to January. It will be my intention to deal fairly with the just concerns of Federal workers. But I am asking them to join in the sacrifice I want all Americans to share. This action will reduce 1975 outlays by \$700 million. It will also set an example of wage restraint for the private sector. Let us practice what we preach.

These efforts are essential if our cooperation is to keep spending under \$300 billion. We simply cannot afford to fail.

APPROPRIATIONS

Eight of fourteen regular appropriations bills have been enacted. These measures in total represent a reduction of \$532 million from the Administration's Budget in spending authority and \$144 million in outlays for the current fiscal year. These are helpful moves in the right direction. I urge that this momentum be maintained.

There are seven money bills that require action during the balance of the session.

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The Agriculture money bill was vetoed on the basis of excessive funding; the Defense appropriation is in conference with very sharp reductions. Levels below the House bill would be extremely unwise. State-Justice-Commerce is also in conference and undoubtedly will show a reduction in the Budget; Labor-HEW appropriations, however, appear to be moving in the direction of exceeding the Budget substantially.

Appropriations for Military Construction and Foreign Assistance have not yet passed the House of Representatives.

There is ample time to consider the remaining appropriations bills before adjournment. In addition, I will be sending essential but carefully limited Supplemental Requests for fiscal year 1975. I trust they will be considered an urgent priority.

LEGISLATION

It is unnecessary to submit a complete list of Administration legislative initiatives to this Congress. Leaders and Members know them as well as I do. I recognize that the inevitable consequence of any legislative Message in the twilight of the 93rd Congress is to suggest deferment of some desirable legislation in favor of imperatives that are realistic in the time we have left.

The Trade Reform bill has passed the House of Representatives but remains pending before the Senate Finance Committee. Efforts are underway to find a reasonable and mutually acceptable compromise to restrictive language that would deny Most Favored Nation status and Export-Import credits to the Soviet Union. I want to emphasize the importance I attach to the granting of Most Favored Nation status to the USSR. Careful attention should also be given to the importance of Title V concerning tariff preferences for developing countries and providing appropriate limits for Trade Adjustment Assistance. This legislation is close to enactment. It would be a tragedy not to pass it.

In the area of foreign policy, Congress should enact the Export-Import Bank Authorization, Asian and African Development Bank Authorizations, and the Foreign Assistance Act.

I know that a troublesome piece of legislation for me -- and perhaps one of the most important for the Nation -- is the Foreign Assistance Act. I am disturbed over the deep cuts in many essential and worthwhile programs which contribute to our overall efforts to attain peace and stability in the world. In addition, the bill contains several restrictions on the Executive which would reduce my ability to meet obligations to American security and that of our friends abroad. I respect and strongly support the role of Congress in the area of foreign policy. But under the Constitution, the Executive is the spokesman for the Nation and must have adequate freedom of action. I may recommend changes in our approach to foreign aid in the coming year and will propose realistic programs in the national interest. I strongly urge this Congress to continue the current programs unencumbered by amendments which prevent the effective implementation of policy.

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There are several significant problems in the State Department Authorization. I have requested Secretary of State Kissinger to work with appropriate leaders in an effort to resolve these differences.

The USIA Authorization has been passed by both bodies and should be finally considered by a conference committee. The House version is preferred.

Both bodies have passed an extension of the Defense Production Act. I hope the differing versions will be reconciled and sent to me for signature.

To promote more effective management of the Government's approach to our national energy resources, the Administration recommended creation of an Energy Research and Development Administration. This key legislation has now passed both Houses and hopefully will soon be considered by a conference committee. In its consideration of this legislation, I recommend to the conference committee that the provision calling for an Energy Policy Council be deleted and several other undesirable provisions be revised in accordance with current discussions.

To increase the availability of clean natural gas through competitive pricing of newly developed gas supplies, I urge this Congress to enact the Natural Gas Supply bill. As we enter the winter months, our energy resources must be effectively utilized for the benefit of all Americans. Gas deregulation which would increase supply is a vital part of the Administration's response to the energy shortage.

Of major importance to our ability to provide sufficient energy in the years ahead is a proposal for the Federal Government to grant permits for construction, licensing and operation of Deepwater Ports beyond the three-mile limit. The House has passed a bill. Hopefully, the Senate will also move forward on this key measure.

Among the many energy-related bills before Congress, is the important Energy Tax Package. This measure imposes a windfall profits tax on the selling price of domestic crude oil, eliminates the percentage depletion deduction for U.S. taxes on foreign production of oil and gas, and limits foreign tax credits available to U.S. oil and gas companies operating in foreign lands.

We learned from the recent oil embargo that we must be better prepared to reduce the impact of any future supply interruptions. At the time of the embargo our Naval petroleum reserves, set aside through the foresight of the Congress for the specific purpose of assuring adequate supplies of essential fuels, could not be used in time to contribute to our national defense requirements.

In a moment of need, oil in the ground is useless. We must have authority to produce and deliver our emergency petroleum reserves to the user. Presently, the Navy Petroleum Reserves at Elk Hills, California, have proven reserves of approximately one billion barrels. The Navy Petroleum Reserves in Alaska, although unexplored, have estimated reserves of up to 33 billion barrels. I intend

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to consult with the Congress on the best way to assure that the reserve capacities of these fields are in a state where they can contribute effectively to our national security in any future energy crisis.

The House and Senate conferees are now addressing the difficult issues involved in striking a balance between the environmental effects of surface coal mining under the proposed Surface Mining Act and the nation's need for coal as an essential source of energy. This issue has been under consideration throughout this Congress. It would greatly reduce the problem of opening new coal mines and increasing production if acceptable mined area legislation can be enacted. I am asking Secretary of the Interior Morton to continue discussions with legislative leaders in an effort to reach an agreement over troublesome provisions in this measure.

The Illegal Aliens legislation is necessary to establish clear guidelines regarding the law for employment of aliens who work in this country. The House has already passed a bill. I would hope the Senate could consider this measure during the fall term.

Real progress was made on the House floor when the Conference report on the Veterans Education Bill was substantially reduced in terms of Federal expenditures. I hope the Senate will now act in the same spirit. This can be done by reducing the benefit limit to the original Senate Bill. It provided a substantial increase -- 18.2 percent. But cost-of-living increases for our veterans in school are necessary. I urge the Senate to reaffirm its original rate increase and send the bill to me so benefits can begin.

In May of 1973, the Administration proposed the Job Security Assistance Act. This measure is an important part of our policy to assist in a period of rising unemployment. It would modernize the unemployment compensation system without violating the relationship between the States and the Federal government.

I recognize the concern of many that unemployment might rise because of the policies we must follow to fight inflation.

I am watching the unemployment rate very closely. This Administration will act with compassion. We will not permit the burden of necessary economic restraint to fall on those members of society least able to bear the costs.

The unemployment rate in August, announced last Friday, was 5.4 percent. While we certainly cannot be complacent about any American lacking work, we are thankful that the number is not larger.

The present situation calls for full use of available tools and dollars.

I have asked Secretary of Labor Brennan to accelerate the obligation of currently available funds under the Comprehensive Employment and Training Act.

The Secretary will immediately disperse \$65 million to those communities in which unemployment is highest. By the end of the month he will make available another \$350 million

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under CETA Title II. This \$415 million will finance some 85,000 public sector jobs in State and local governments. Added to the almost \$550 million obligated for public service employment in June from the FY 1974 appropriation, and about \$50 million in other funds, currently available resources will provide 170,000 public service jobs this coming winter. The effect of these actions will be to double the number of federally funded public service jobs. In addition, \$1.3 billion will be available to State and local governments for manpower programs.

Beyond this, I have requested the Secretary of Labor, in consultation with my economic advisors, and drawing on the outcome of the Conference on Inflation, to develop contingency plans against the possibility of substantially increased unemployment. If future unemployment statistics demonstrate the need, we will be ready to present plans to the Congress and to work together to assure a mutually satisfactory course of action.

There are several health authorizations that require extension this year. They are the Health Manpower Act, Health Services Act and the Health Resources Planning Act. All are necessary but, unfortunately, each currently has objectionable features in program provisions and excessive authorizations. I have requested Secretary of Health, Education, and Welfare Weinberger to cooperate fully with appropriate committees in an effort to enact reasonable legislation. I will continue to seek a sound compromise on the Comprehensive Health Insurance Plan.

The House recently passed the Federal Mass Transportation Act. While the funding was kept to a level which I can support, certain structural changes in that bill are necessary. I am asking Secretary of Transportation Brinegar to work closely with the Senate in an effort to develop an acceptable bill.

The Administration's proposal to improve the regulatory climate in the surface transportation industry is presently before the Congress. This bill, with certain modifications to ensure greater reliance on competitive market forces, would contribute substantially to the efficiency and vitality of this Nation's private sector transportation system. I urge the Congress to act promptly to complete its work on this important legislation.

The Amtrak Authorization legislation is now ready for Conference. Since major problems exist with the Senate version, I hope the Conference will adhere as closely as possible to the House measure and soon present it for my signature.

I assume the Congress will pass the Military Construction Authorization bill, including expansion of the support facility at Diego Garcia.

The Export Administration Act is ready for conference action and should be reported soon.

Legislation to restore financial integrity to the Railroad Retirement system has not been enacted by either House. I urge legislation be adopted to accomplish this objective without resorting to a subsidy from either the Social Security System or the general taxpayers.

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Court congestion impairs fair and speedy trials. The Administration supports legislation to create new Federal District Court Judgeships. While this measure has been slow to move, I would hope Congress could expedite consideration in order to alleviate overcrowded court calendars.

A bill to renew my authority to submit Executive Reorganization Plans has been sent to the Congress. During the past 25 years all Presidents have used this authority to improve management in the executive branch. I would like my Administration also to be able to utilize this effective tool of good government. I urge prompt bipartisan consideration of this bill.

It is apparent that I have referred to some legislative matters and omitted reference to others. This is not an inventory of my total legislative concerns. I will send the traditional message to the Congress in January covering the broad spectrum of legislative programs. This will afford me an interim opportunity for detailed study and review.

The 93rd Congress, in which I am proud to have served, has an opportunity to join with the Executive Branch at this turning point of history. We can respond together in the constructive harmony that ought to exist between Republicans and Democrats, between Federal and local governments, between the Executive and Legislative branches, and between America and other nations. A momentous challenge confronts me as well as the 93rd Congress. Together, we can summon forth the reserves of energy, imagination, and devotion necessary to generate a new and proud era of American achievement. We cannot and will not fail the American people.

GERALD R. FORD

THE WHITE HOUSE,
September 12, 1974

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