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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
BRIEFING ON
GENERAL REVENUE SHARING

THE EAST ROOM

2:07 P.M. EDT

Mr. Vice President, members of the Cabinet, distinguished guests, ladies and gentlemen:

It is wonderful to have you here in the White House. As I look around the room I see many, many mayors that have been so kind and hospitable and thoughtful to me in my various travels, and I thank you for it.

It is nice to have an opportunity to reciprocate not only with this meeting here this afternoon, but when you conclude your opportunities with the Cabinet and other members, I am looking forward to joining you for some refreshments in the State Dining Room. So after you have gone through your labors, why, we will see you a little later this afternoon.

I was trying to look at some notes I put together yesterday and I was going to say something yesterday based on what I read about what you had been doing, and then I read this morning and I thought I had to change my remarks. (Laughter)

So instead of using any notes, I will just respond extemporaneously with some of the things I know you are interested in.

First, I am deeply grateful that your organization in its deliberations yesterday made a decision to not relate your problems to the national defense needs and requirements of our country as a whole.

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I think there is enough money available for all of your essential programs to be adequately funded, and I think it is important for us to have your support in a completely strong, alert military organization because if we don't have that kind of strength for national security, many of the other things we try to do cannot be sustained.

I spent 14 years of my 25 years in the Congress working on the defense appropriation bill so I know a little bit about it. We had Secretaries of Defense come before that committee every year. We had all types of military personnel coming up to justify the budget, and we in those years provided an adequate military force to protect our national security.

We didn't give them too much. We gave them enough, and the net result was our security during a very difficult period was fully adequate for the defense of this country. And I can assure you that in the presentation of a military budget by this Administration, the Army, the Navy, the Air Force and the Marines will get everything they need and not one penny more.

But we do need that as insurance for the maintenance of peace and the winning of any conflict if we should be involved in one.

I think records ought to show that some seven or eight years ago out of our total expenditures for the Federal Government, the Defense Department received roughly 43 or 44 percent, and that many of our other programs, primarily in the programs to help people--and that is used in the broadest context--the percentage that came from the total expenditures of the Federal Government was roughly 32 or 33 percent.

Now we are spending a lot more money today and out of the total pie, the Defense Department gets about 30 percent and all of the other programs are now getting over 40 percent. So we not only have a bigger percentage going to the non-defense areas, but we have a bigger piece of pie from which to make money available. And we will continue to make sure that everything we can will be done in the areas in which you have a tremendous responsibility.

But at the same time, in dividing this Federal availability in the area of money, we have to have an adequate amount for our national security.

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I think if we do it right, and I think we will, the defense will be adequately funded, our people will be adequately supplied and you who have great responsibilities out through 50 States will likewise get everything we possibly can to help you.

Now let me talk about two programs which I know you have an interest in. First, general revenue sharing.

I can recall vividly 10 years ago when the idea was first seriously proposed. It moved very slowly. Many people had serious reservations and some good areas of reservations, but gradually it was realized that general revenue sharing was a way, and perhaps the best way to strengthen local communities and States so that more decision-making could be handled at the local and the State levels.

I happen to subscribe to that because all of you -- and literally hundreds around the country -- can make most of the basic decisions better at your level than we can in Washington.

General revenue sharing was one way in which the Federal Government could make it easier for you to do this, and so I think it was 1972 that finally, after a tremendous effort by many people--individuals from your organization, Governors under the leadership of the now Vice President, Members of Congress, members of the White House staff--we finally put together a finely tuned general revenue sharing program that has been in effect now so that about \$17 billion has been made available to State and local communities out of the anticipated five-year program of roughly \$30 billion.

Now I know a little bit about the negotiations that went into getting counties, getting States, getting cities to work together on a formula. And the three parts of that formula, as I recollect, are number of people, need and tax effort.

I don't think that we want to go through that long negotiation again.

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Let me tell you why. There are still in the Congress many Members who were opposed and are opposed to general revenue sharing. If we tinker with the formula or if we try to undermine it in any other way, it would be my fear -- and it should be yours -- that the whole program would not be extended.

That serious possibility, in my judgment, should encourage us to work together to extend what we have.

I recommended a five-year extension of the program last April. It is basically the proposal that is on the statute books today. I added a little annual increment so that there could be an increase each year to take into account the cost of living increases that we are experiencing.

I think it ends up after the five-year period, Jim, of about -- it is \$39 billion in this five-year period instead of the \$30 billion in the first five years.

So, I think on dollars we can justify it. The formula is about as equitable as you can make it. More importantly, if we work together, we can get it enacted. If we fool around, in my judgment you face the possibility that it will either not be extended on the one hand or it could be confused such that you wouldn't like it.

So, there is an old adage. A bird in the hand is worth two in the bush, and I just think, and I bet Coleman Young there thinks so, too.

Let me talk about the new highway bill that I submitted a week or so ago. I probably had the reputation of being the most dedicated to the Highway Trust Fund as any Member of the Congress, and I think it did a great job over a period of some 20 years.

We have substantially built a 42,500 mile interstate highway system. Eighty-six percent of it is completed.

We have been collecting 4 cents a gallon in Federal gasoline excise tax. We have had some other Federal excise taxes go into the Trust Fund, but we are coming to the point where it can and will be completed, but it doesn't need as much funding today as it did before.

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So, I have recommended out of the 4 cents, 1 cent continue to go in to fully fund and complete the interstate highway system; 2 of the 4 cents be turned over to the general fund, and 1 cent out of the 4 cents go back to the States as soon as the respective States enact a 1 cent increase in their gasoline tax.

We keep it until they take it. If they do it under formula in your respective State, I think you will be the beneficiary, so help us out.

What else does the program recommend? Under the existing highway law, there are some 30 categorical grant programs. There has been a tendency in recent years to multiply them, not to make them less, and the net result is that Governors tell me that there is so much inflexibility they can't adequately and expeditiously go ahead with their roadbuilding program.

What we have done is to recommend that those 30 categorical grant programs be reduced to four: The interstate highway program being one, an urban program being another, a rural program a third and the safety program a fourth.

When you take that program and combine it with the mass transit bill that we got through with the help of a lot of the mayors here last year, the \$11 billion mass transit bill that was put through in the last days of the last session, if you take the urban highway program and the mass transit program, there is sufficient money and adequate flexibility for the major metropolitan areas if they desire -- that is your option -- to proceed with the development and the expansion of a mass transit system in our major metropolitan areas.

I hope that you can help us. I believe that it is good for the country, the new highway program. I believe that it will be immensely beneficial to you and the people that you so adequately and effectively represent.

So, as you talk to your Members in the House, as well as in the Senate, do a sales job. I think you will be better off with our program, and so will your constituents, than for an extension of the existing Highway Trust Fund in its present concept.

There are other things that you will hear about from members of my Administration. There are other things where you can ask some questions.

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I am an optimist about where this country is going in the future. We have gone through a rough time the last few months, and we are not totally out of the woods at the present time. But every indicator I see is turning up, or it looks like it is not as bad as it was a couple of months ago.

So, when you put them all together, it adds up to the fact that America is going to start bounding upward.

Our economy is going to improve. Job opportunities will be enhanced. Your financial affairs inevitably will improve, and I hope ours will, too. The net result is because of our faith in this Government, because of the kind of Government we have, America has bright days ahead.

All of us, regardless of political affiliation, can be the beneficiaries.

I have two final responsibilities before the good opportunity to get together with you later. One is to congratulate Moon Landrieu on his election, and secondly, to introduce to you, for some observations and comments, the Vice President of the United States, Nelson Rockefeller.

Thank you very much.

END (AT 2:23 P.M. EDT)