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THE WHITE HOUSE

INTERVIEW OF THE PRESIDENT

BY

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SHERATON-ISLANDER INN

6:00 P.M. EDT

QUESTION: We have a weekly public affairs program we at WJAR normally call a news conference.

Because of the stature of our guest, we have expanded the format and produced this special edition, which is being shared with 12 television stations throughout New England. All of you are most welcome.

Our guest is President Gerald Ford, who promised when he came into office a year ago to bring new openness and accessibility to the White House. His participation in this unusual sort of regional format indicates he is making that effort.

Mr. President, welcome.

THE PRESIDENT: Thank you. It is a pleasure to be on the program, Sarah.

QUESTION: Asking questions along with me tonight will be Jack Cavanaugh, on the WJAR-TV staff and Arthur Albert, News Director of WJAR radio and TV.

I think one of the subjects you will be hearing a lot about in this discussion in the next half hour is energy. Obviously, it is very heavy on the minds of the people throughout the country. Until Friday, we were braced for a massive increase in domestic crude oil because of your decision to veto the Congressional extension of price controls.

You have since changed your mind about decontrol, and you are suggesting perhaps a 60-day extension and gradual decontrol. What went into the decision to change your mind?

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THE PRESIDENT: I think first, Sarah, you have to understand that the United States, our country, has a serious energy crisis. Actually, the energy crisis in New England is more serious than it is in any other part of the country, primarily because New England is more dependent on foreign oil than any other part of the United States.

So, unless we solve the energy problem for the United States, and unless we make ourselves more free of foreign oil imports, New England is going to be in more and more trouble.

In January, I submitted to the Congress a comprehensive energy program for a ten-year period, and we made some exceptions as far as New England was concerned, recognizing the vulnerability of New England.

I had hoped that the Congress would act on a comprehensive plan, either the one I submitted or one they might put together.

Unfortunately, Congress has not acted, so after attempting to decontrol on a phased basis on two occasions--one over a 30-month period with an increase in old oil, so to speak, at a rate of about 3 percent per month--the Congress turned that down.

I made another effort of compromise and conciliation, making it a 39-month phased decontrol program. The Congress turned that down.

Under those circumstances, I had no alternative but to say unless you act, we are going to decontrol all old oil, all domestic old oil. I think at least the leadership in the Congress -- Senator Mansfield and Speaker Albert -- recognized that was not the right answer.

We had a meeting on Friday, and I said that I would hold off the veto until they could get their troops together and come up and agree to the phased program that I submitted about a month ago.

QUESTION: What you are saying is you never were in favor of intermediate and secondary control?

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THE PRESIDENT: No, I proposed two examples of phased decontrol, one a 30-month and another 39, but Congress turned both down. In order to try to avoid an abrupt end, I agreed to resubmit a 39-month phased decontrol program and, hopefully, the majority party leadership will be able to work with the Republicans in the House and get a phased program over a 39-month period.

QUESTION: Mr. President, the controls have to come off eventually but New England will have to bear the brunt of those controls because we have such problems with energy, because our economy is in such bad shape right now. What do you say to people who are unemployed here who have to bear up under this energy crisis? Or is the Federal Government going to make any kind of specific commitments to New England to help us get out of this situation?

THE PRESIDENT: Over the last three or four months I have made exceptions as far as New England is concerned. In the first imposition of the import levy, it had no effect on New England, it had an effect on the rest of the United States. When I put the second dollar on to try to prod Congress to do something, the second dollar only affected New England, I think, to 60 cents a barrel. So I tried to recognize the needs, the problems that exist in New England. As I said at the outset, New England has a greater need for a comprehensive solution to the energy problem than any other part of the United States.

So what I have tried to do is to make exceptions for New England and at the same time get the Congress moving to enact an energy program that would solve the problem not only in the short haul but the long pull. Now, in the interim while we had this unfortunate unemployment, and we do have more unemployment not only in New England but elsewhere than I certainly want, we have done a number of things. For example, we have extended the unemployment payments from 39 weeks to 65 weeks. We have broadened the coverage so that 12 million more people are covered under unemployment. I recommended, and the Congress approved, about \$450 million for the Summer Youth Program so that young people this past summer would be gainfully employed.

We have done a great deal with what they call public service employment. I recommended about \$2 billion for that program and I was talking to the Mayor of Providence today and he says it has been a very helpful program. We have also tried to expedite some public works projects. I made available a \$2 billion allocation for highway construction which has been made available in many, many States and I presume here in Rhode Island.

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We have, for example, been trying to get some local projects going. I talked to the Mayor of Providence today coming down here about a \$32 million Federal building in the City of Providence. I am going to give it some personal attention. when I get back to Washington. I think that kind of project would be very helpful. So we try to push forward for an energy program, which is what we need over the long haul, we are trying to take care of individual geographical problems.

QUESTION: And yet, while we are working on it, the unemployment rate in this State here is about 16 percent, 12 percent in Massachusetts, 11 percent throughout New England. Is it possible for the Federal Government to redirect some of its major installations, relocate them, transfer them, create new ones here? After 1972 when military bases were closed in Massachusetts and Rhode Island, the economies were hurt very, very hard.

THE PRESIDENT: Of course I am deeply concerned about the unemployment problem not only in Massachusetts but the 48 other States. But we have to try to rebuild the economy from an inflation-ridden economy from a year ago to one that is solidly based so that over the next few months when we get better employment -- as we are at the present time overall -- we are not going to have a reigniting of inflation like we had a year ago.

So we will do all we can through public works, through unemployment insurance, through public service employment, summer youth employment, in order to meet the unique circumstances of a particular State. But the basic way to solve our unemployment, whether it is Rhode Island or 49 other States, is to get a healthy private sector economy. And we can do that through some tax proposals that I have recommended and some of the other legislation which we will be submitting shortly.

QUESTION: Mr. President, Andrew Brimmer, who used to be a Governor of the Federal Reserve and who is a fiscal conservative, said -- I think he disagreed with you. He said that next year, thanks to the Project Independence, your energy policy, thanks to grain sales, there will be six to seven percent inflation but he says there is no chance really that excess demand will push the inflation higher. And he says now you can do it, now you can lower interest rates, now you can provide jobs by encouraging the economy without the danger of inflation. Have you considered that and talked about that with Dr. Burns?

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THE PRESIDENT: Of course, I am sure you recognize I don't control interest rates. Those are basically controlled by several factors; one, the Federal Reserve Board.

I have talked to Mr. Arthur Burns, and we have what I think are appropriate as well as private conversations. He is cognizant of the needs of an adequate supply of money, and he is very cognizant of the problem of higher interest rates.

At the same time, I think you have to recognize that if the Federal deficit goes beyond my \$60 billion deficit -- and unfortunately, the Congress is spending more money than I think they should -- that will contribute significantly to higher interest rates and a shorter supply of money available in the private sector.

So, we have to control the Federal deficit. \$60 billion is too darned big a deficit, but the Congress is continuously pressing to make it bigger.

Now, we are going to hold the deficit as low as we can, and we are hopefully expecting cooperation, and I think we will get it from the Federal Reserve Board.

I respectfully disagree with Mr. Brimmer if he alleged that the grain sales to the Soviet Union are a significant factor in inflation. I respectfully disagree with him. Does he want us to put out that grain in storage and pay \$1 million a day in storage charges, as we did in the sixties? I don't think that is a very satisfactory answer.

QUESTION: I think he did say that energy was the main component, but following up on your answer, I have been talking to people around New England in anticipation of your visit, and I keep coming up with that old folk saying: "Democrats get us into wars, Republicans into depressions." That, of course, may be oversimplified, but previous Administrations and your Administration have chosen to fight inflation first and unemployment second.

I am just wondering when will the time come to switch so that this recovery, which seems as if it is on the horizon, will recover in a hurry rather than just stumble along?

THE PRESIDENT: I would say that the recovery is doing better, and we are coming out of it more quickly now than some people anticipated. For the fifth month in a row, as I recollect, overall indicators show that we are making headway. We are seeing higher housing starts.

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We are seeing better retail sales. We are making some headway, except for the last month, in inflation, and I think that was an unusual example, and we are optimistic in the future.

One thing I would like to point out is I think it is important to talk about some affirmative things. In the last five months, we have had one million two hundred thousand more people gainfully employed in this country. We now have over 85 million people gainfully employed.

We have too many unemployed, but more and more people are being employed and the indications are that that will be a continuing trend.

So, we have to win the battle against inflation. If we let the problems of inflation reoccur, every knowledgeable economist that I have talked to says, if you went back up to 10 or 12 percent inflation, in 12 to 18 to 24 months we would be in a far worse recession than we are at the present time.

So, it is a very narrow line that we are trying to follow: To win the battle against inflation on the one hand and at the same time provide more job opportunities, and I think we are being reasonably successful.

As Jack said over here, New England, or at least Rhode Island, has some unique problems, and we are going to work on it, as I indicated.

QUESTION: Mr. President, let's return briefly to energy. We have dealt with domestic crude oil by saying the approach now is to decontrolling domestic oil prices. The OPEC countries, the oil producing countries, will be meeting to decide soon what price increases they will ask by October 1.

It is widely rumored in the oil industry that you have let it be known that an 8 percent increase in foreign oil prices would be acceptable to you. Is that true?

THE PRESIDENT: I am not familiar with that statement. A lot of statements are attributed to me. I have a pretty good memory, and I don't know where that statement came from.

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QUESTION: What are you looking for from the oil producing countries?

THE PRESIDENT: Let me put it this way, Sarah, if the Congress had passed early this year the comprehensive energy program that I recommended, we would be in a lot better position to meet the challenge of any OPEC oil price increase. Unfortunately, nothing has been done legislatively so we are now more vulnerable today than we would have been otherwise.

I have said that, as far as I am concerned we will do everything we can to defeat any OPEC oil price increase. Unfortunately, without an energy program, we don't have many tools to do that with.

QUESTION: Mr. President, schools open very soon around the country and in New England. And in Boston and Springfield, Massachusetts that means forced busing for desegregation. You have had a position on busing before. Can you take a minute and clarify your position on busing? What is your position on busing?

THE PRESIDENT: Before I say anything about what my own personal views are, I want to say most emphatically that I, as President and all that serve with me in the Federal Government, will enforce the law, no question about that.

We will, to the extent necessary, make sure that any court order is enforced.

Now I add one thing that I hope is understood. We don't want any conflict developing in Boston or any of these other communities that have court orders forcing busing on local school systems. So I have sent up the the Attorney General, and the community relations experts -- they have four or five people up there that are working with the court, with the school boards and with parents and with others. At the same time the new Secretary of HEW, David Mathews, has sent up his top man to work with the school system. And that individual, Dr. Goldberg, has authority to spend extra Federal funds to try and improve the situation in Boston.

Now, having said the law is going to be enforced, that we are going to try and moderate and work with the people in Boston, I will give you my views on what we are trying to do.

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The basic thing that everyone is trying to do is to provide quality education. There is a difference of opinion on how you achieve quality education. My personal view is that forced busing by courts is not the way to achieve quality education. I think there is a better way.

We have had court order forced busing in a number of communities. There are studies that indicate that it has not provided quality education to the young people, which is of personal concern.

I think there is a better way to do it. In my judgment, if the courts would follow a law that was passed, I think, two years ago, maybe two and a half years ago, it said that in those areas where you have a problem in seeking desegregation, the court should follow five or six rules. Busing was the last option.

There were five other proposals that courts could have followed and I think we would have avoided a lot of this conflict. That is one way I think we could have solved this problem. The other is the utilization of Federal funds to upgrade school buildings, provide better teacher-pupil ratios, to provide better equipment, that is the way, in my opinion, we achieve what we all want, which is quality education.

I just don't think court order, forced busing, is the way to achieve quality education. I think there is a better way.

QUESTION: Mr. President, if I may follow up on that, you have come up with an alternative but it would seem that because we were afraid of inflation, you have vetoed bills for more aid to education, you have vetoed bills for more public service jobs, so are you prepared, you know, to turn around on that?

THE PRESIDENT: Arthur, let me just clarify something. The appropriation bill concerning public service employment that you say I vetoed, let me give you the history of it so the matter is clarified. I recommended \$1,900,000,000, \$450 million for summer youth employment and the remainder -- which is roughly a billion and a half -- for public service employment. The Congress loaded it up with \$3 billion in non-essential spending. Sure, I vetoed it. When the Congress saw that the veto was sustained they came back and virtually approved what I sent up there in the first place.

So we had \$2 billion in summer youth employment money and we had public service employment money.

Now, the education bill, the education bill that I submitted in January for the budget that started July 1 had more money in it for education than any other year in recent years. We increased it over previous years. Again, the Congress loaded it up with some programs that I think can't be justified if you are going to have any fiscal responsibility. I hope the Congress sustains that veto, because there is a lot of non-essential spending in it. Now, having vetoed that bill, there was nothing in there, in that proposal Congress had, to do anything more in desegregation cases than I recommended. So that is a moot issue as far as the Boston case is concerned.

QUESTION: Can I move you along to another area completely, and that is fishing, which is of some importance to the New England States. Our fishing industry is dying, and it would appear that foreign fleets, modern fleets, are perhaps wiping out fish for a long time, perhaps forever.

The Senate has passed the 200 mile limit bill, and the House probably will, too. Will you sign it?

THE PRESIDENT: If my recollection is accurate, in this session of the Congress the Senate has not acted. I think they acted last year.

QUESTION: Right.

THE PRESIDENT: The House committee has acted, and it will be on the House agenda shortly. What we are trying to do, through the Law of the Sea Conference, is to settle all of the controversies on a worldwide basis involving fishing, the 200 mile zone, et cetera.

I am for the concept of a 200 mile zone. I think it is better to settle it on a worldwide basis rather than to do it unilaterally just for the United States.

QUESTION: The problem, Mr. President, is that while we are waiting for the international treaty our fish supplies are being depleted.

THE PRESIDENT: We had the second meeting of this Law of the Sea Conference ending earlier this year.

They have a draft proposal at the present time. They are going back to negotiations early next year. It is my hope we can do it on a worldwide basis and the United States, at my direction, is going to fight for a 200 mile zone.

I think that is a better way to solve it than to do it on a unilateral basis, just the United States.

QUESTION: How long are you willing to wait?

THE PRESIDENT: We hope that the Law of the Sea Conference will be completed early next year. As I recollect, the conferees are getting together in January.

We have made a lot of progress and, if we can get it on a worldwide basis in 1976, that is far preferable to unilateral action just by the United States.

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QUESTION: One quick question for New Hampshire. New Hampshire would like to know if you are planning to come up sometime before September 16 and campaign for Louie Wyman?

THE PRESIDENT: It is my expectation that I will. We are working on a date. Louie Wyman is a very good friend of mine. I served with him in the House. I think he would make a fine Senator. I certainly expect to go up sometime between now and September 16 to help him if I can.

QUESTION: Mr. President, why can't the Northeast New England States share in the profits from the leasing of off-shore oil rights off the coast?

THE PRESIDENT: Under the legislation that we are working on -- and there are about ten different alternative proposals -- I think that the coastal areas ought to get some help.

There is a bill in the Senate. It goes, I think, further than it should. Of course, there are many inland States who say, well, this is a United States resource. Why can't we share equally with the coastal States? So, we have these competing interests.

I believe, without any question of a doubt, that coastal States ought to get a high priority, the highest priority, and then we will have to work out some formula where I think we can equitably take care of any other interests that are involved.

Mr. President, two quick ones on politics. We presume you will be back in New Hampshire next winter --

THE PRESIDENT: I am looking forward to it.

QUESTION: -- and that between now and then there will be a lot of pressure on you from the Reagan forces, some people will call them the Connally forces, to dump Mr. Rockefeller.

If it is necessary to do that to get the nomination, will you do it?

THE PRESIDENT: I wouldn't put it that way. I picked Nelson Rockefeller for Vice President because I thought he was an outstanding public servant. He has exceeded any expectations that I have had. He has done a superb job. He has been a good teammate. I don't dump good teammates.

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QUESTION: Okay.

Mr. President, in 1972 when the Soviets bought 15 million tons of grain, food prices went up. Now they would like to buy 21 million tons. Will they get it all? Will they get part of it? Will food prices go up?

THE PRESIDENT: You have more information than I have. They bought about 10 million tons. There are rumors to the effect that they want to buy additional amounts.

I have indicated that we will make no more sales until we get the September crop report. All the indications are that we will have a record crop in wheat, in corn and feed grains, including soybeans.

If we get a record crop and if we can work out some fair and equitable arrangement, I think it is in the best interest of the farmer, the consumer, our relations on a worldwide basis, and best for the country, if we do make some additional sales to the Soviet Union.

QUESTION: Mr. President, I have never seen a President end so neatly. You finished up the question, and we don't have to cut you off.

Thank you. The time went awfully fast.

THE PRESIDENT: Thank you, and I enjoyed it. I thank all of you very much.

QUESTION: Thank you and good night.

END (AT 6:28 P.M. EDT)