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NOVEMBER 19, 1975

Office of the White House Press Secretary

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THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I am gratified that the leaders of New York appear to have accepted primary responsibility for solving the financial problems of the City and are proceeding in the direction of a long-term solution in accordance with the State Constitution and laws. I am impressed with the seriousness of their intentions as described by Governor Carey in his letter to Secretary Simon and await further concrete actions by the State and the other parties concerned.

The bail-out bill now before the House of Representatives is irrelevant because it does not address the current situation and I would veto it.

I am convinced that if New York continues to move toward fiscal responsibility, all parties concerned can look forward to a satisfactory resolution despite the current obstacles.

If they continue to make progress, I will review the situation early next week to see if any legislation is appropriate at the Federal level.

In the meantime, should New York leaders fail to implement their intentions, New York City could still be forced into legal default. Therefore, I am asking the Congress once again to enact special amendments to the Federal bankruptcy laws which would ensure that such a default, if it occurs, would be orderly.

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