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THE WHITE HOUSE  
PRESS CONFERENCE  
OF  
ROBERT D. RAY  
GOVERNOR OF THE STATE OF IOWA  
AND  
CHAIRMAN OF THE NATIONAL GOVERNORS CONFERENCE

THE BRIEFING ROOM

12:54 P.M. EST

MR. NESSEN: Ladies and gentlemen: You know that Governor Ray is the Chairman of the National Governors Conference, Governor Ray of Iowa. In that capacity, he came in this morning and met for about an hour with the President for the President to go over with him the suggestions that the Governors have made over the past months and how they were accepted and fit into the State of the Union and the budget.

After that, Governor Ray had more detailed briefings from Alan Greenspan, from Brent Scowcroft and from Jim Lynn and Paul O'Neill. He will be happy to talk to you and answer your questions now about his views of the budget and the State of the Union and how they fulfill the needs of the Governors.

GOVERNOR RAY: Ron, thank you. I will be happy to answer any questions you might have within my ability to answer those questions.

I might tell you I have been here before and have seen this room absolutely mobbed with news people. I guess on Saturday mornings the Administration has more capacity to work than the news people.

MR. NESSEN: The important ones are here, Governor.

GOVERNOR RAY: Ron told you what my purpose has been in being here and what has happened this morning. I have had some briefing and have some understanding, I think, of what will be in the budget, not in great detail but to the extent I know the direction the Administration is taking with this budget and I found some very satisfying aspects to it.

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I can tell you that in the areas that we have been greatly concerned about as Governors in our respective States there appears to be a sufficient amount of money that we can continue to provide good service and perhaps improved service because the President is providing for some flexibility that Governors have long asked for and long felt was necessary.

Some of you here may remember that a few of us Governors met with the President and went over sort of a state of the States' condition back in December and, before that, we had talked to some of the people in the Administration and the Administration has been working with what we call the new coalition and I have been very pleased with what I have seen and heard this morning relative to the reception that what we have been saying has had. They seem to have taken seriously what the Governors were talking about and I think what the mayors were talking about.

Flexibility is the key to me, and I found the President is including some flexibility in this budget that will be very helpful to us.

Now, any questions?

Q Are you going to get more money for revenue sharing? Is that what you are telling us?

GOVERNOR RAY: It depends on your definition of revenue sharing. I think the President is including revenue sharing basically as we are getting it today. That doesn't include any increase and we are not expecting any increase.

The other part of it, instead of all the categorical grants it would appear to me we are going to get some of that money in a block grant fashion which would really open up the avenues for us to have some latitude and flexibility on the local level which I think every local administrator would welcome.

Q Governor, is there a general trend to get more dollars from Washington back into the State capitals so they can decide how it should be spent?

GOVERNOR RAY: When you say more dollars, I think the trend is to get the dollars which are going to be provided so the States can make the decisions how that money can best be used.

I find what they are talking about in this budget is trying to go toward a more balanced budget and at the same time not restrict the provision for needs where it is very, very important.

I hope I am answering your question. Yes, the answer is really, basically yes, but it is not necessary to get a lot more dollars but get the dollars so they can be used more wisely.

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Q Who are you going to give the money to? Who would you give the money to that is getting it now and wouldn't get it under --

GOVERNOR RAY: I am not sure it would necessarily go different places. I think those who are using the money and making the determinations on how best to use it would not be stuck with the Federal regulations and rules that come out of Washington, D. C. where programs are tailored for all 50 States notwithstanding the fact that all 50 States are not exactly alike.

So when it would come to us, it would not come with all those restrictions, regulations and rules that just bind us up with administrative costs and make us do something with those dollars we don't really need to do or we could do much better without.

Q Governor, what areas are the block grants going to come in that they haven't been in before?

GOVERNOR RAY: I can just generalize. I think you could include education, social services and health services.

Q Governor, this budget sounds like it is great for the States and the municipalities, but are you convinced that Congress is going to go along with giving you all of this money without regulations?

GOVERNOR RAY: No. I would think that Congress has always guarded very jealously their right to raise taxes and to follow the spending of that money right down through the local level. I think, unfortunately, that sometimes has hampered and handicapped those who are responsible for making the programs designed in Washington work.

So I think there probably will be much argument over that, but I think that many of those people will want to realize that locally the people they represent would much prefer to have that money come to the local people that are elected and the local people who are responsible to make those programs work have a chance to use the money wisely as it can best be done locally.

Q Governor, can we ask you, stepping aside from your nonpartisan role, do you think the President's decision to ask for block grants will help him in his campaign against Mr. Reagan and, especially in your own State, do you think this will really appeal to conservatives and show that Mr. Ford is serious when he talks about cutting down the power of the central Government?

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GOVERNOR RAY: I don't think this is done in response to his opponent, Ronald Reagan, at all. I say that because I have talked to the President on occasions before and he has expressed to me starting way back, long before he had an opponent in this campaign, the desire to get the local people with the latitude and the flexibility to make programs work -- the responsibility would be theirs.

I think what he is doing is responding to the people that have been here and have talked to him and have discussed this with him--and I include myself as one of them--about the need for us locally to have more flexibility. We can even live with fewer dollars in many areas if we just were able to use the money as we see fit locally.

I just think that what I am seeing and hearing here today is in response to those cries that have come from the many States and the local units of government, the municipalities, and I just feel very good that we haven't been here -- like when we came here on, I think, December 18 to discuss the state of the States -- that we were not just heard for the moment and forgotten.

I found, visiting with Jim Lynn, that in many places he did express a real interest in what we were able to tell him back then. So I don't think this is something that just occurred because the President is in a campaign.

Q Yes, sir, but that is not my question. I asked, regardless of what the President's motives were, what do you think would be the political effect?

GOVERNOR RAY: I would imagine it would be helpful. I would think it would be helpful because I think it is right and I think that is the best politics, and I think the President and everyone else will find that to be the case.

Q How will he do in the Iowa caucuses?

GOVERNOR RAY: I hope very well. I think it is a little difficult to assess that because we have not had all the attention focused on our caucuses on the Republican side that they have on the Democratic side. The Democrats have had a whole host of candidates coming through our State for many, many months and those delegates selected at caucus time will be more committed than those on the Republican side.

So I don't know how exactly to assess it. I think as time goes on I think you will see people beginning to understand what each candidate is for and how each candidate would go about implementing whatever he might suggest. So I really, honestly don't know. I just think the President should do very well.

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Q And get a psychological boost?

GOVERNOR RAY: I think it would. I think you will get more of that as time goes on, as they go through the primaries. I think those will be better tests than our caucuses.

Q Governor, your description of what the President's budget will be in giving latitude and flexibility to the States and localities sounds a little bit like what Ronald Reagan is saying his proposal would do. Are the President and Mr. Reagan on the same track in that respect?

GOVERNOR RAY: No. I think there is considerable difference, if I understand Governor Reagan's proposal. As I understand it, certain programs would be eliminated on the Federal level and they would have to be financed locally.

What the President is doing here in this budget is taking the money that already is coming here and letting the money flow back so that the local people would have some means by which they could implement whatever programs they wanted on the local level.

Q Governor, now that we have gotten into the area of politics, how is Reagan's plan to use wheat as a weapon against the Soviet Union going in your State?

GOVERNOR RAY: I really don't know what that plan is. I know that some farmers have been concerned about the President's temporary embargo and I think when the farmers stop and think about it -- which many are now doing -- that this President has been very much for world trade.

Earl Butz had a hand in opening up the free world, or trading freely in the world, and I think there is some appreciation. I think that appreciation will be shown more and more.

So I think there should be some credit given to this President for helping to stabilize our economy and to help make sure that we have markets available to our farmers and that our farmers will have a chance to sell overseas.

On the other side, I really don't know what that proposal is.

Q Governor, do you think after Monday night we are still not going to know who is ahead in Iowa in terms of the Republican race?

GOVERNOR RAY: I think that is a possibility. Something might happen where one candidate shoots way out in front of the other. I don't frankly expect that, so I think it is a little soon, really, to know. The caucuses come so early that they haven't had a great opportunity to really hear from both candidates in a political sense -- in a campaign sense.

Q You are not ready to predict that Ford will carry the Iowa delegation?

GOVERNOR RAY: I expect him to.

Q Governor, does the State of the Union address, the draft you saw, have some kind of direction for the future? Is it President Ford's view of how he would conduct national affairs for years in the future?

GOVERNOR RAY: I didn't read it and I didn't have a chance to go over it. You saw about as much of it as I did when you were there. I think it is probably fair to say he will devote a considerable amount of time and attention to the domestic scene, which I certainly feel is very, very important right now.

I think it is interesting, as I listened this morning, to kind of refresh my memory to some of the things I am sure and have been sure are happening, but Alan Greenspan, for instance, is in a much better position to know than I.

But when you stop and think about it you will realize the inflation rate is about half of what it was previously, the unemployment picture is much better, the industrial output has certainly improved -- if you read this morning's paper. So there are some signs, encouraging signs for the economy and I think most people want to approach that rather cautiously. But, in any event, there are some good signs.

Q How is it that you happen to come out here and brief us on this today? It is kind of unusual to have a briefing --

MR. NESSEN: I think you asked for it, didn't you?

Q Yes.

MR. NESSEN: Then that is the answer. (Laughter)

THE PRESS: Thank you.

END (AT 1:07 P.M. EST)