

FOR IMMEDIATE RELEASE

JANUARY 30, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND QUESTION AND ANSWER SESSION
AT THE RECEPTION
FOR THE
RADIO AND TELEVISION
NEWS DIRECTORS ASSOCIATION

THE STATE FLOOR

5:30 P.M. EST

THE PRESIDENT: Let me welcome all of you again to the East Room and to say I hope you have had a fruitful, beneficial day in meeting with the many experts in the Executive Branch -- the White House staff. I hope it has been beneficial and helpful.

I can't help but make the comment that Betty and I have a friend in your organization. If any of you happen to watch the Mary Tyler Moore Show, the last week or so you may have noticed that we do have a friend in Lou Grant of ~~WNY~~ of Minneapolis. But I have had the opportunity of getting to know some of you as we have traveled a bit, but I think before submitting myself to questions, I might make a comment or two as to what we have been trying to do with the State of the Union, the budget and the Economic Report.

In the foreign field, I think you all know that in this past week I have had rather extensive meetings with Prime Minister Rabin concerning the situation in the Middle East. These meetings with Mr. Rabin followed comparable meetings with President Sadat of Egypt. The Middle East, as we all know, is a very, very potentially volatile area for wars in the last several decades.

We have made substantial progress with the Sinai Agreement which is moving along on schedule with a minimum of difficulties. Both President Sadat and Prime Minister Rabin have indicated that everything is in place, moving as anticipated and agreed to.

We now are faced with the problem of making certain and positive that the negotiating process continues. It is very difficult to pinpoint precisely how it will move, but we cannot afford and will not permit, to the extent that we can, any stalemate or stagnation. That, of course, would greatly enhance the possibilities of another blow-up in that very difficult area of the world.

MORE

Just a few weeks ago, Secretary Kissinger came back from a visit to the Soviet Union where further efforts were made to try and minimize differences between the Soviet Union and ourselves as far as a SALT II agreement is concerned. It is important that we do what we can, if possible, to put a cap on a runaway race in the nuclear arms field. We are operating under a SALT I agreement, but I think it is not sufficient to really find an answer, in the long run, to the dangerous potentialities of a nuclear arms race.

We have not reached an agreement. We still have some unresolved problems, but we are slowly and, I think, constructively narrowing the gap. I think it is in the national interest if we can find a good agreement, to take further action in this important area.

In the State of the Union and the budget and the Economic Report, we have, of course, tried to attack constructively the domestic problems that we face, one of which is trying to determine a proper balance between the role of the private sector on the one hand and the governmental sector on another. Also, an attempt to find a balance between the role of the taxpayer and the beneficiary of governmental expenditures; the role of the Defense Department on the one hand and the balance on the other side between domestic programs.

MORE

I think we have taken some constructive steps and made some proper recommendations.

In the area of the growth of Federal expenditures, we found that in the last 10 years the rate of growth in the Federal Government in expenditures was about 10 percent -- 10 to 11 percent. In the budget that I recommended, that rate of growth has been cut to approximately 5-1/2 percent.

We have also made some redistribution in the expenditure of funds proposed for fiscal year 1977, and this relates to the balance between domestic programs and the Defense Department.

About 10 years ago the domestic programs were getting an allocation of approximately 30 to 32 percent and the Defense Department was allocated roughly 40 to 42 percent. In this current fiscal year the domestic programs are getting somewhere between 42 and 43 percent and the Defense Department is getting 24 percent, almost a total reversal of the allocation of Federal resources. The net result is that the Defense Department has been squeezed down and some of our domestic programs have gotten out of hand.

For the first time in 10 years we are giving to the Defense Department a slight increase in the total Federal pie that goes from roughly 24 percent to 25 percent and we are putting some ceiling on domestic program expenditures. I don't mean to indicate that domestic programs are being unfairly treated, and let me give you some illustrations.

In the case of energy, we have recommended a 30 percent increase in Federal expenditures. In research and development, both basic and applied research, we have recommended an 11 percent increase, an increase particularly important in the area of basic research.

In the environment, we recommended the expenditure of \$3,800,000,000, a 60 percent increase over the current fiscal year, a 95 percent increase over the expenditures a year ago, so the environment is getting an increase, a domestic program that is vitally important.

We have also made some recommendations for a better delivery of Federal services and I speak here of the Federal investment in health, the Federal investment in education, the Federal investment in child nutrition and the Federal investment in social services.

MORE

Now what we have tried to do is to consolidate a wide range of categorical grant programs -- 15 in health, 27 in education, roughly 15 in child nutrition -- and avoid the duplication and the overlapping that exists in the present categorical grant program. We recommend virtually the same amount of money in the health, education and social services and, in fact, we actually recommend more money. In the case of child nutrition we made some reductions because we found that at the present time under the existing system money was going to families where they were above the poverty line and families were being short-changed in many instances below the poverty line.

We think the money ought to go in those areas for those below the poverty line and I can see no justification for those programs servicing individuals or families above the poverty line.

What we have tried to do is eliminate this overlap that you may have seen in the various charts -- we call them mess charts. Have you seen those?

Well, how anybody could run a program, how anybody could possibly receive the benefits in an effective and a proper way under the existing system is beyond comprehension, and I think these categorical grant programs contribute very significantly to the complaints that we get from recipients. I think the existing programs invite poor management and I think the net result is we spend too much money and don't get a proper benefit from them.

Let me speak rather categorically about one other area because it is very pertinent. A big decision is going to be made in the House of Representatives next week. We have at the present time Federal control over the distribution of natural gas, both as to distribution and as to price. The consequence is that natural gas supplies have been dwindling and in 11 States it was anticipated we would have severe shortages this winter. Those shortages have not materialized to the degree that we anticipated primarily because of a rather mild winter, but there are shortages and they could materialize.

The net result would be, interruptible service would be eliminated. We would have a number of factories shut down, jobs lost, and the consequence would be a severe setback to our economy.

The Senate passed before Christmas a good bill that is called the Bentsen-Pearson bill, which takes care of the immediate problem and also the long-range problem. The House of Representatives is taking up next week, as I understand it, the same legislation. If the House of Representatives does not take action to free the distribution of natural gas, if the House of Representatives continues Federal regulation, we will not provide a needed incentive for more supplies and the House of Representatives will in effect be saying that the shortages that exist today will continue in the future.

So I hope and trust that you will be watching what develops next week. It is one of the most crucial issues that the Congress will face in 1976.

The regulation has contributed to the shortage. Deregulation, in my opinion, will provide the necessary incentives to generate more supplies and, therefore, I strongly hope that the House will act and follow the vote of the Senate. It is the only long-range solution to this very serious energy shortage.

With those observations and comments I will be glad to answer any questions.

QUESTION: Mr. President, could you touch briefly on the situation in the U.S. Supreme Court concerning the campaign situation?

THE PRESIDENT: I have had Ron Nessen issue a statement. I have not had an opportunity to personally analyze the decision. As I understand it, there are four separate decisions, 220-some pages.

What we are doing, the President Ford Committee, we are going to voluntarily comply with the existing law. We think that is the proper procedure as far as my own campaign is concerned.

Secondly, I have asked or will ask the Attorney General to review the decision and to make any recommendations to me. In addition, next week I will request the leaders of the House and the Senate, Democratic as well as Republican, to come down and work with me in trying to see what can be done in a legislative way.

In the meantime, I have also urged all Presidential candidates to comply with the spirit of the law that the Supreme Court has acted on.

QUESTION: Mr. President, you mentioned your campaign chairman was in Tallahassee about a week ago -- Mr. Callaway. He said at the time your campaign was not picking up the kind of momentum it was in New Hampshire and that if it did not gain this momentum your campaign was in trouble. Some other people in Florida had complained about statements like that.

Would you react on how well or badly you think your campaign is running in Florida?

THE PRESIDENT: I think we are on the right track. I think the campaign will produce results. We are moving and I am optimistic as to how we will do in Florida.

MORE

QUESTION: In the briefing today between Mr. Greenspan and Mr. Lynn had no solution, apparently, or didn't appear to have an answer to the short-term unemployment problem, and they talked about the long-term problems. In my hometown of Rockford, Illinois we have led the State in unemployment for over a year.

What proposals have you made or are you making that will solve the problems in towns such as those?

THE PRESIDENT: We have had for the last 12 or 18 months several programs. One, the public service jobs program -- I think we recommended the appropriation and I think Congress approved the funds for roughly 300,000 such jobs throughout the country. We have a summer youth program which I requested full funding for around \$450 million for the last summer and I have recommended the same full funding for the coming summer.

We also, of course, recommended the extension of the unemployment insurance to 65 weeks and in that way we are trying to cushion the unemployment for those who have lost their jobs, and we are trying to provide on the short term some public service programs.

In addition, last year I recommended an additional \$2 billion in expenditures for the Federal highway program over and above what was the program at that time. We have recommended several other less well-known programs but the main problem is to get the economy going so that permanent jobs will exist in the private sector.

Five out of six jobs in this country are in the private sector and they are the permanent jobs, not make-work, quick-fix employment, and what we hope to do is to stimulate the economy with investment tax credits, with incentives for industry to go into high unemployment areas, build a plant more quickly than they would have done otherwise because they could have an accelerated depreciation schedule. That is the best way in my opinion on the short run as well as the long haul.

MORE

QUESTION: Within the last couple of days the leader of the Belgian Government said that the United States could no longer be trusted to defend its allies. First, do you feel that there is justification for that, and, second, how would you respond to that?

THE PRESIDENT: The United States can be trusted to work with its allies. The United States will live up to all its alliance commitments. I think what was intended by that comment was the action of the United States Senate and the House of Representatives in precluding the Executive Branch from spending funds in Angola in support of organizations that we think ought to have an opportunity to participate in the Angolan Government.

The Soviet Union has spent roughly \$200 billion in Angola. Cuba has at least 10,000 highly trained military personnel in Angola. The net result is the MPLA is the dominant political organization in Angola and the two other groups, the FNLA and the UNITA are being beaten militarily by Soviet forces and Cuban forces. We think that the two other organizations ought to have an opportunity to participate and not be driven out of their country.

I am told that the two organizations represent more than a majority of the population. We think there ought to be an Angolan solution to the problem there and we don't like the fact that the Soviet Union and Cuba are trying to impose their will. But what bothers the Belgian officials, and the others -- many other responsible officials around the world -- is that where there is a direct effort by the Soviet Union, and in this case Cuba in addition, the United States stands by helplessly and they are concerned, and I think they have a right to feel that way, even though I know we will live up to any alliance commitments that we have.

QUESTION: Are you hopeful that you can convince the Congress to provide aid in Angola?

THE PRESIDENT: The vote was not encouraging. I have not made a decision whether we will come back and try. The possibility exists. I think it was a serious mistake on the part of the Congress and I think we will live to regret it.

QUESTION: Mr. President, as to military spending, when will we get some dates and word as to when bases will be closing and what bases will be closed in military installations or reductions?

MORE

THE PRESIDENT: The Defense Department is always reviewing their base operations. The Defense Department, I am told, has under review a number of prospective base operations. They have not finalized that paper or those recommendations. I can't tell you because until they do, they are not going to send anything to me. But there is a requirement in the budget for a reduction of about 26,000 employees for the Defense Department--civilian employees. There is no reduction in military manpower, and as they reduce their civilian employment, there will have to be some actions taken to make certain that they operate effectively and efficiently, but the Defense Department has not finalized, as I understand it, any decision in this area.

QUESTION: There are reports that you are with the situation in Florida to the degree that you want to remove Congressman Lou Frey as the Florida Campaign Manager. One, are there any plans to remove Congressman Frey, and, two, if there are, who will be his replacement?

THE PRESIDENT: There are no plans to remove Lou Frey. He is a good friend of mine. I think he has done a good job and any speculation to that effect is not well-founded.

QUESTION: Mr. President, the former Governor of California has adopted, apparently, an 11th Commandment and now he charges dirty tricks, apparently, on the part of your Administration. I wonder if you would comment on that?

THE PRESIDENT: Any allegations as to dirty tricks is completely without foundation. We are running a campaign in full support of the law and we are running a campaign in full support of the Campaign Fair Practices Committee, and we will stand firmly on that comment.

QUESTION: Mr. President, you say on politics your return to Michigan tomorrow will address a meeting of the Midwestern Republican Conference. Can you give us something on what you want to tell them or what you hope that meeting will accomplish?

THE PRESIDENT: Well, I think I might undercut the speech I am going to make tomorrow if I gave you a preview of it, so I think we will have to wait until I give it tomorrow morning.

QUESTION: Mr. President, you commented on your own campaign a moment ago and I thought it was very interesting. I wonder if you would care to comment on the campaign of George Wallace. Some people seem surprised at the kind of crowds he has been drawing in Massachusetts -- CBS did. Were you, and would you comment on his importance in this campaign?

MORE

THE PRESIDENT: Quite frankly, I have not had time to survey the campaigns of the ten or eleven or maybe twelve Democratic candidates or the one other candidate in the Republican Party. I am fairly well pre-occupied trying to be President and make sure that our own campaign runs effectively.

MR. HESSEN: Do you want to end the questions, Mr. President?

THE PRESIDENT: We will take another question or two.

QUESTION: Mr. President, do you feel that the Fairness Doctrine is still a constructive force as it applies to broadcasting?

THE PRESIDENT: I think, generally, yes. I quite frankly have not gotten into the details of it recently so -- we don't have any complaints. I have not heard of any great complaints, so, generally, I would say it seems to work all right.

QUESTION: Mr. President, under your catastrophic health insurance plan, what help might there be for the family or the elderly couple who is below the poverty line and, therefore, not eligible for Medicaid, but who would be wiped out by the \$500 in Medicaid?

THE PRESIDENT: Well, under the program of social service I believe there is a program that would take care of that, but I can't be absolutely certain. Under the Medicare, we do take care of the 25 million who participate. We would ask that they pay the first day of hospitalization, then they pay 10 percent of the next 59 days, but they never pay more than \$500 in any one year and they never pay more than \$250 in doctors' bills in any one year. That takes care of the 25,000 (million) in Medicare and there are 3 million out of that 25 million who would qualify according to our statistics as recipients of catastrophic aid. I think under the social services program, and I will have to check this, to be honest with you, that there is care taken for those people, but I will have to double-check it.

QUESTION: The House was told today by an Under Secretary of State that there never really was a grain embargo. I think the farmers in Iowa and other Midwestern States don't agree with that statement. He said he did recognize that there were problems in using agri-power in the world diplomacy. If that is so, how would you solve those problems?

MORE

THE PRESIDENT: Well, the Soviet Union, about through the first six months of last year, had purchased roughly 9 million tons of grain including corn, wheat and so forth. They then came in and wanted to buy a substantial amount more and they eventually bought another 4 million tons, as I recollect. At that time, there was some concern about the production of the corn crop, the wheat crop was not all in and the net result was we sat down with the Soviet Union and worked out the grain deal on a five-year basis that provides a certain market of 6 million tons every year and up to 8 million tons, with an escape hatch over the 8 million tons, and we authorized them to purchase another 6 million tons in this 12-month period.

You may have noticed this morning that there is a solid rumor, as I understand it, that the Soviet Union has come in and bought some additional corn, a fairly sizable purchase. I think this is probably going to be done not only in this case, but others. I am not saying there was an embargo -- there was a hiatus period while we were negotiating a further sale this year and a five-year agreement overall.

QUESTION: Mr. President, in your State of the Union speech you talked about estate taxes, particularly as they apply to farmers and the father handing the farm down to the son. One farm group in Missouri has indicated that you are trying to pull the wool over the farmers' eyes in that you were just deferring payment of those taxes, not raising the exemption. Would you favor raising the exemption on estate taxes?

THE PRESIDENT: That \$60,000 limitation probably ought to be adjusted, but I think in lieu of that, or as part of that, what we have recommended makes sense. There is a five-year moratorium on such taxes. In other words, for five years there would not be any Federal estate tax paid and then for the next 20 years they could make annual payments with four percent interest. Now, that is a pretty good way to finance the transfer of a farm from a father to a son. I think that is a reasonable, fair method to permit a family to keep a farm in the family. I think it is fair to the rest of the taxpayers as well.

Now, there probably ought to be an increase in the \$60,000 because that was established a number of years ago and there has been an escalation or an increase in the cost of living, but that ought to be for everybody, farmers included, but the main problem that farmers have is they have a \$300,000 or \$500,000 farm and that is not unusual in this day and age, some of the big farms in Iowa, Illinois, Montana, et cetera, the son can't afford to pay the existing taxes as required under our estate tax laws.

MORE

The proposal I made permits a five-year moratorium while he gets his house in order, so to speak, and then he gets a 20-year span and he pays it on annual installments at four percent interest. So I think it is a good proposition.

QUESTION: Mr. President, busing is very definitely in some States an issue in the campaign. You said previously that you didn't think it was the most agreeable answer to desegregation. Do you plan to propose any other alternative?

THE PRESIDENT: I never felt that court ordered busing was the proper answer to quality education. On the other hand, as President, I am obligated to see that the law is enforced. I signed a bill in 1974 or early 1975 that provided a list of steps that should be taken by the Executive Branch and the court has guidelines in resolving the problem of segregation in school systems. I think that the courts ought to follow those guidelines. I think the Executive Branch ought to follow those guidelines. If they do, I think it is a better way to achieve desegregation and to provide quality education.

MORE

QUESTION: Do you have any other alternative to forced busing as we now know it in several states?

THE PRESIDENT: I think the courts themselves are beginning to find some better answers. They have implemented, beginning this last week, a modified plan in the City of Detroit and to my knowledge there has been a minimum of difficulty.

Now what happened was the original order of two or three years ago was a very harsh order, it called for massive busing, not only in the City of Detroit but in the County of Wayne. A new judge took jurisdiction of that problem. He modified the court order, modified it very substantially, and apparently it is working. So I think some good judgment on the part of the courts following the guidelines set forth in what is called the Esch Amendment is the proper way to treat the problem.

QUESTION: Mr. President, why was American involvement in Angola initially secret and do you think that has something to do with heavy Congressional opposition to further involvement in Angola?

THE PRESIDENT: Well, the initial involvement in Angola was a covert operation as there are in many cases. It was relatively small. Eight committees in the House of Representatives and the Senate were properly notified as required under our arrangement with the Congress. Probably 75 Members of the Congress, House and Senate, knew precisely, quickly, accurately what we were doing there. So there was no lack of knowledge as required in the arrangement between the Executive and the Legislative Branch but it was a typical covert operation such as have been going on for 25 years in this country.

QUESTION: Are you satisfied that the typical covert operation really gets results in foreign policy with respect to Vietnam or Angola that you haven't publicly commented on?

THE PRESIDENT: There was no real covert operation in Vietnam, it was pretty obvious, but there have been a number of covert operations that have been very successful. The covert operations that have been successful have not been well publicized and should not be.

One more.

QUESTION: Mr. President, the tone of your Administration's policy for an economic recovery has been that it will be slow and difficult and much of the impetus will come from the private sector. Since the private sector's mood is generally gauged by the stock market, my question is this. Would you attribute the recent dramatic gains in the stock market to (a) moves by your Administration to make them feel happier or (b) is it overly optimistic on the part of the market or (c) (Laughter) do the blue chip boys know something that we don't?

MORE

THE PRESIDENT: I am no expert in the stock market so I am not going to make any comment on what it really reflects other than it must reflect the growing confidence of a great many people in the steps that we are taking to improve the economy, and what is more indicative is the increase in the various surveys that are made of consumer confidence. Within the last two months in every one that I have seen there has been a very perceptible increase in consumer confidence. That is a good sign and the stock market in a different way must be reflecting the same thing, and I think for good reason.

THE PRESS: Thank you, Mr. President.

THE PRESIDENT: Thank you all very, very much.

END

(AT 6:06 P.M. EST)