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APRIL 7, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE
REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION
WITH
WESTERN MICHIGAN BUSINESSMEN

THE ROSE GARDEN

10:13 A.M. EST

THE PRESIDENT: Good morning, everybody.

I have seen Bob for the last hour and a half in one of our biweekly leadership meetings with the Democrat, as well as the Republican, leadership and, of course, Bob is one of the top leaders in the Senate. We have been arguing -- not Bob and myself (Laughter) -- but we have been discussing a few other things with some of our friends.

Wednesday, for the last several months, has been the day of looking over what happened on the previous day, and I can say that this Wednesday made us very encouraged. We got some excellent news from Wisconsin. We got all 45 delegates, every one of them.

We got approximately 55 percent of the vote. Obviously this gives us a big lift. We also had an election in New York State. But, in New York State, it wasn't a head-to-head confrontation.

The delegates can, if they wish, be committed but the State organization in New York on the Republican side wanted to have an uncommitted delegation.

There were some of my opponents' delegates who ran. As I recall, they picked up three out of 154. The uncommitted delegation, headed by the State organization, is an outstanding organization.

We have excellent relations with them, so I believe we will get a fair percentage of those uncommitted delegates which, added to our previous numbers, will be very significant.

Of course, then we go to the next primary, which is Pennsylvania, I am entered. My opponent is not entered, and Pennsylvania has 104 delegates, as I recollect, so I think we will do quite well in Pennsylvania.

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Then we have a couple of convention States that meet this week -- Mississippi and South Carolina. We are in there pitching; we are hoping to do well, although we recognize there are some problems. But then we go to Texas, and I am going down there Friday and Saturday.

Again, I think we have got some difficulties, but we are going to make an all-out effort. I think we have a good many friends in Texas. We have some excellent delegates, and in Texas it is not one against another, it is again a case of where the delegates run, representing one candidate or another.

I think yesterday was awfully good news. It gave us a lift, and when we get to Kansas City, I think we will do all right -- in November, too.

Now let's talk about some of the things that are of deep interest to all of you in Michigan. I want to thank Bob Griffin for the wonderful help he has given me, not only politically but also in helping on some of the most controversial and difficult problems we have had on Capitol Hill. Bob has been a tower of strength not only to me, but I think to the country, and I thank him for myself, but also for the country. You do a great job.

All of us here, and you, of course, in Michigan, are deeply concerned about where we are going on the economic front. For the last two months we have had continuous good news. We have had good results in the inflation area. The Wholesale Price Index for the last five months has had no movement upward. When you average it out, it has been flat.

The Consumer Price Index is also moving decisively in the right direction. When you consider that 19 months ago we had over 12 percent rate of inflation, now the rate of inflation is 6 percent or less. I think that trend is going to continue, and we are certainly going to keep the pressure on.

When you look at employment, the figures we got last week were extremely encouraging. In the month of March alone nationwide 375,000 more people were gainfully employed. If you look at the add-ons to employment, from the depths of the recession last spring to the present time, we have added 2,600,000 more people gainfully employed.

If you look at the overall figure that was released last Friday, we had 86,700,000 gainfully employed, the most gainfully employed in the history of the United States.

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Now, we still have unemployment that is too high, and I know in Michigan we have problems, as we have in several other States. But, the trend is in the right direction. More people will be gainfully employed, unemployment is going down and as we continue to get this consumer confidence moving, I think you are going to see these figures do even better than some of the experts forecast.

You people know better than I that the automobile industry is doing far better than they anticipated, not as well as we would like, but the trend again is in the right direction. With consumer confidence coming back very strongly, I think we can see nothing but increasingly brighter clouds every month.

Now, I will be glad to answer any questions, if you have any questions.

QUESTION: The weather was good in Grand Rapids this morning when they left. (Laughter)

THE PRESIDENT: A lot of people from Grand Rapids went over to Wisconsin last week and were very helpful, and we appreciate it. It had a good reaction. I understand Betty went out there and participated, and Tom and Dick also were there. Our son Jack went there last week and did very well, so between what the family does and friends do, I am doing all right. (Laughter)

I think there is another matter that I would like to say a word or two on. Some critics have indicated that the United States is not adequately prepared to meet any challenges militarily. That is a totally inaccurate statement. The United States is unsurpassed in military capability and when you add to that strong military strength that we have -- Army, Navy, Air Force and Marines, which I repeat is unsurpassed by any nation in this world in which we live -- if you add to that our tremendous industrial capability, which is far stronger than any other nation in the world, when you add to that the tremendous productivity of our agriculture, 5 percent of our people produce far more food and fiber than we can possibly eat or wear.

We are the breadbasket of the world. No other nation can compete with us in agricultural productivity. When you look at our scientific and technological capability, which is again an instance where the United States is at the pinnacle, and when you add in one other ingredient, I happen to believe that the United States is morally, spiritually and religiously also at the top.

So, this package of military capability, industrial might, agricultural productivity, scientific and technological capability, plus our moral and spiritual and religious strength, the United States is number one by any standard. We should be proud to be Americans, and we should be proud of America.

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QUESTION: The people in Grand Rapids are asking when you are coming home. (Laughter)

THE PRESIDENT: We are going to Texas this Friday and Saturday, and we will be going to several of the other States where there are primaries between then and the Michigan primary, but don't worry, we will be back home. (Laughter)

Yes, sir.

QUESTION: Dick Vander Veen was running for Congress, and he said he was going to go to Washington, and he would like to support you. Are you satisfied with the support you have been getting? (Laughter)

THE PRESIDENT: I think there could be some improvement. (Laughter)

Yes, sir.

QUESTION: Do you feel the Teamsters settlement was inflationary. I asked Bill that question, and he couldn't answer it. (Laughter)

THE PRESIDENT: I can't imagine Bill having any difficulty answering it. (Laughter) He and I haven't checked signals this morning, but I think from the economic advisers, including Bill, the settlement was within the parameters of what we thought would be a defensible agreement.

I am sure the management people would have liked to have had it less and whether or not the Teamsters are totally satisfied will be determined by the votes in their respective conferences.

But, as we look at the package, on the basis of the facts we have available, I think it is within the parameters of a good settlement.

Now, we don't want to interfere with approval by the Teamsters. That is a decision for them to make, but from the economic point of view, we think it is a settlement that does fit into our overall economic plans and forecasts for the next three years.

I think you have to also, however, leaving aside the details, turn over the coin and see what adverse impact it would have had if we had had a prolonged strike. That, of course, would have been a serious impediment to any economic recovery, as we are now seeing throughout the country.

Yes, sir?

I hope that is what Bill said.

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QUESTION: He did. (Laughter)

THE PRESIDENT: Yes, sir.

QUESTION: Will the trucking industry automatically receive a freight rate increase?

THE PRESIDENT: It is my understanding that some of the trucking industry has asked for an 8 percent freight rate increase and after the settlement they have now gone to the ICC and asked for a 6 percent freight rate increase. So, it must appear to them that they did reasonably well.

I can't tell you what the ICC will do because that is an independent agency, or independent commission, but the withdrawal by themselves of a 2 percent lesser figure in the freight rate increase does signal something to us, but it is up to the ICC to make any judgment on it.

QUESTION: The ICC has the authority to do that?

THE PRESIDENT: Oh, yes, they have the authority, as I understand it, to deny it if they want to, and I presume, therefore, they could do anything up to the 6 percent. Isn't that right, Bill? That is the way I understand it.

Yes, sir.

QUESTION: Mr. President, after Jimmy Carter's win in Wisconsin yesterday --

THE PRESIDENT: I thought Mo Udall won as of 11:30 last night. (Laughter)

QUESTION: So did I, but apparently they changed their minds. Do you see him as your opponent this fall?

THE PRESIDENT: He certainly has tremendous momentum going, and if I had anything to do with the Democratic Party process, I certainly would look upon him as a very strong contender for their nomination.

On the other hand, I still stick with what I have been saying for the last year or year and a half, that I think Hubert Humphrey will end up being their nominee.

Yes, sir.

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QUESTION: Is that in any way a comment on the political system that is working apparently within the Democratic Party, that you go to the primaries and have the primaries point to one man and then have the simple historical and political tide select another? How would the American people feel about the overall selection process in the selection of candidates?

THE PRESIDENT: That is the way the Democrats might do it. (Laughter)

We in the Republican Party do it differently. (Laughter) We fight it out, and I guess we will fight it out right down to Kansas City, so the American people won't have any problems about any back room, smoke-filled room negotiations. It will just be pure mathematics, and I think we look very encouraging.

Yes, sir.

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QUESTION: Mr. President, I am for the private postal system and with some of the continuing U.S. postal system problems I would like to know what you think of the private postal system's role in today's mail being carried?

THE PRESIDENT: The present problems we have with the Postal Service are some of the most perplexing that, frankly, I face domestically. We had a political patronage system for 170 or 180 years. Politics was rampant in the Post Office Department, career people had little or no opportunity to ever achieve top positions in the Post Office Department. The delivery of the mails under that political patronage system was deteriorating very rapidly.

Now we went to the Postal Service. Everybody recognized it would take a period of time to get rid of politics and run the Post Office Department as a business. The transition has taken longer than any of us wanted but I think they are making headway.

Now we are faced with at least three bad alternatives at the present time because the transition has not been as rapid as we wanted it. The Postal Service wants a substantial additional increase from general revenues. They are now subsidized to the tune of about a billion dollars a year and, as I understand it, the head of the Postal Service is talking about another billion dollars, making a \$2 billion subsidy in a 12-month period. Those of us who have to guard with great caution and care the expenditures of monies from general revenues are deeply concerned about that.

The other alternative is to cut back service, get rid of some of the uneconomic postal stations, services, and, of course, we get -- not we, because it is an independent agency -- the Postal Service is getting a good many complaints about any reduction of service even though economically they can prove beyond any doubt that it ought to be discontinued. So that is an alternative that has some peril.

The other is to increase postal rates. They went up -- what was it, January 1 -- from 10 to 13 cents for first class. That raises questions. At the moment the alternatives all look bad.

Let me give you one sign, however, that I think is indicative of an improving management process there. When the Post Office Department ended its career, when the political patronage was eliminated, the Post Office Department had roughly 800,000 employees. At the present time they have roughly 700,000. So they have made substantial progress in trying to lower their personnel numbers and, of course, their cost. So it isn't all bad. It just hasn't moved as rapidly and as effectively as I think most of us want.

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Now to get to your question, how about letting private industry move into it as a competitor? I am told that if private industry went into major metropolitan areas -- where they would go because that is where the concentration of mail users are -- it would take the cream off of the business and maybe they would do all right. But then the Postal Service would have lost a great deal of its revenue and all of these uneconomic services that the Post Office Department renders in rural areas and small towns, the cost to the Federal Treasury would be far greater, so, again, it is a tough problem how to balance what is good for service, management and revenues.

It is a very perplexing problem. We are working on it. We have a serious study going on with the Office of Management and Budget, as well as with the Postal Service.

Yes, sir?

QUESTION: Mr. President, would you care to comment on the future of Henry Kissinger since your campaign manager had some comment on that? (Laughter)

THE PRESIDENT: I thought that the results in Wisconsin certainly fully justified my faith in Henry Kissinger. That was an issue in Wisconsin because my opponent made it an issue. I fully defended our foreign policy. We are at peace. We are strong. We are meeting every challenge, and the people in Wisconsin believed what we said and they were supportive of our foreign policy.

So as far as I am concerned, my full support for Secretary Kissinger is fortified by the decision in Wisconsin. I think he is one of the greatest Secretaries of State in the history of the United States. I challenge anybody to say that we haven't been successful. We have peace, we are strong, and we are going to continue from that position in trying to help solve some of the problems around the world, and all of these allegations to the contrary, I think you have to take in the political context of an election year.

Yes, sir?

QUESTION: Do you see any improvement in the American-Canadian relations?

THE PRESIDENT: Basically they are good, although we from time to time have some differences. But, basically, our relations with Canada are good.

I was talking to some foreign dignitary the other day. They don't understand how Canada and the United States can have a border of the length of our border without a soldier from Canada or a soldier from the United States being on either side. They don't understand that.

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So we start from that premise -- that the United States and Canada have good relations, have had, and we try to work out whatever individual differences we have in a responsible way and, sure, we have some now but they are not serious and I think the two responsible Governments will solve them.

Yes, sir?

QUESTION: It appears right now that the Nation seems to be taking a less liberal and more moderate stance. Has this meant that the Democrats are tending now to be moving more or less toward a traditional Republican stance?

THE PRESIDENT: It is my impression that they have, as Democrats, caught the public sentiment which, in my opinion, is a more moderate stance, particularly when it comes to the Federal spending. The only problem some of my Democratic friends might have is that we have been talking about it, we are used to the words, we are used to the programs of trying to have fiscal responsibility and they seem a little awkward (Laughter) in using those programs or those words.

But maybe their learning curve will improve. (Laughter) Maybe they will do what we have been trying to do and, if they do, the country will be better off.

QUESTION: It would be helpful if they would vote the way they talk.

THE PRESIDENT: A friend of mine over here -- and I won't identify him -- says it might be helpful if they would vote the way they are talking.

One thing that you mention, the budget (Laughter) -- and I know all of you are vitally interested -- when I sat down for about a hundred hours in November and December working with the people from the Office of Management and Budget trying to put the budget for the next fiscal year together, we first came to the conclusion that if we didn't add a new program, not a single new program in the Federal Government, and just had the escalation in cost predicated on the cost of living increases that come in many, many programs and, at the same time, more people become eligible for benefits under many existing programs, the added expenditures for the next 12 months would be \$53 billion, if you don't change a program. That is an 11 percent increase in Federal spending without Congress doing what it has been doing lately of adding one program after another, and this 11 percent increase in Federal spending has been more or less the case for the last 10 or 12 years, and if you extend that over the next 25 years, believe me, it scares you.

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So I made a very firm decision to cut that rate of growth in Federal spending from 11 percent to 5-1/2 percent. Now that took some belt-tightening. Some of these programs had to be squeezed, but we came up with a budget expenditure figure for the next 12 months of \$394.4 billion. In effect, we cut off about \$28 billion of spending anticipated under the curve of the rate of growth that had existed.

At the same time, we had to make a tough decision to add more money for the Army, Navy, Air Force and Marines because Congress, in the last six years, has cut \$32 billion in defense expenditures. Last year, after I submitted the largest military budget in the history of the United States, Congress cut \$7.5 billion out of it. This tendency of the Congress in the past to slash our defense budget cannot be tolerated.

So I added \$14 billion in more funding for the Department of Defense, comparing this year to next year; \$14 billion -- it went from \$98 billion up to \$112 billion -- wasn't it, Paul? And in spending we went from the figure of about \$92 billion or \$93 billion up to \$101 billion, just because we had been faced with this Defense Department slashing by the Congress for the last six years.

Now the trend, if the Congress goes along with my budget for the Defense Department in the coming fiscal year, and if we continue that line, our military capability will continue to be unsurpassed--continue to be unsurpassed.

I added \$1 billion 800 million in additional funding for strategic forces, \$4.8 billion more for our conventional forces, \$1 billion more for research and development. I added, as I indicated, \$14 billion for next fiscal year over the current fiscal year.

Now the Congress has to be responsible and they can't go through this exercise they have been going through for the last six years. They have just got to stand with us and, if they do, we will continue to be unsurpassed militarily throughout the world.

One more and I guess I have to go, don't I, Terry?

QUESTION: Mr. President?

THE PRESIDENT: Yes?

QUESTION: What is the status of the plan to cut down on the ever-growing --

THE PRESIDENT: Red tape and forms and --

QUESTION:--obligations that businesses are being subjected to by regulatory agencies?

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THE PRESIDENT: You have two problems: The regulatory agencies, such as the ICC, FCC, FTC -- I think there are 11 or 12 of them -- I have had one meeting with all of the chairmen and one or more members from each of them, telling them that they had to do something to clean up their individual commissions, get rid of some of the obsolete, obsolescent regulations, and speed up the processes. I am meeting with that group again, I think next week, to get a report on how well they have done.

In addition, within each department of the Executive Branch -- and they aren't independent, they do come under the President -- we have given instructions to every Cabinet officer, every other Executive head, that they have got to reduce 10 percent of their forms and so forth by July 1 of this year. As I understand it, they have now achieved about a 5 percent reduction, but we are going to get a report from them July 1 and we will judge their performance by how well they do.

One more.

Yes?

QUESTION: Since the ladies are in a minority here today, I was wondering, if you are elected, if you have any plans to appoint a woman to an important post?

THE PRESIDENT: I think we have done very well. We have a Cabinet officer, Mrs. Carla Hills, who is Secretary of Housing and Urban Development. We have the head of the NLRB, Betty Murphy. We have a number of other top Executives in sub-Cabinet posts that are occupied by outstanding women. Of course, we appointed for the first time to the Court of St. James, Great Britain, an Ambassador, Anne Armstrong, the first time in the history of U.S.-British relations. I have also appointed within the last month two additional women as top grade Ambassadors, non-career, so we are doing very well, I think. I hear about that at home occasionally.
(Laughter)

Thank you all very much. It is good to see you.

END (AT 10:43 A.M. EST)