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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
• AND
QUESTION AND ANSWER SESSION

PEACHTREE HIGH SCHOOL

8:10 P.M. EST

THE PRESIDENT: Mr. Huff, Mr. Snoderly, distinguished guests, students, faculty and friends of the Peachtree High School:

It is a great honor and a very high privilege for me to have the opportunity to be back in Georgia and I obviously appreciate very, very much the wonderful and warm and cordial welcome here to Peachtree High School, the home of the red, white and blue Fighting Patriots.

You know, this is the ninth time I have been in Georgia in a very few years but, I must say, tonight proves to me that I like it better and better every time. Thank you. And I am honestly looking forward to the question and answer session tonight. But let me at the outset make a few brief remarks.

I spent most of today in Atlanta and I notice there is a pretty big Ford plant there on I-75. Now, as much as I favor a strong and prosperous American automobile economy, I have come to tell you in Georgia there is absolutely no reason to trade in your Ford in 1976.

When we look back over the past 20 months that I have had the honor and privilege to serve as your President, I think we can see a great deal of progress has been made in areas that are of greatest importance to all of you.

The worst economic recession of America in the last 40 years has been replaced by a strong and very stable economic recovery. Today, everything that is supposed to be going up is going up and everything that is supposed to be going down is going down.

Today, more Americans are gainfully employed than ever before in the history of this great country. 86,700,000 Americans were working in March of 1976, and that is over 2-1/2 million more than were on the job one year ago today.

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At the same time, unemployment is going down -- from a high of nearly 9 percent last May to 7.5 percent today. That is still not good enough, but that is progress, and there is more where that came from. The trend is in the right direction and we won't be satisfied in this country until everybody who wants a job will have a job.

Real earnings for the American worker are up dramatically from over a year ago; total retail sales are up more than 17 percent from last year. Auto sales are up 43 percent. Furniture and appliances are up more than 17 percent, food sales up more than 9 percent, general merchandise sales up 13 percent.

The index of consumer confidence, which is the real test, is double what it was a year ago. The Commerce Department announced earlier this week that the Gross National Product rose at an annual rate of 7-1/2 percent in the first quarter of 1976. The Consumer Price Index released just two days ago showed that the annual rate of inflation in the first three months of 1976 was only 2.9 percent -- the lowest quarterly inflation rate since the summer of 1972.

It is easy to get lost in a sea of statistics when we talk about the economy, but all of these statistics point to one simple undeniable fact: We are on the road to a new and lasting prosperity in 1976 and we are not about to be side-tracked now by an irresponsible Congress.

Finally, in the last 20 months there seems so much progress in making Government more responsive and much more responsible. The dangers in too much Government are clearer today than they have ever been before. We can see those dangers most clearly in the tremendous cost of big Government and in the widespread governmental intrusions in our every day life.

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As part of my effort to hold down the cost of government, I have vetoed 48 bills sent to me by the Congress in the last 20 months and there may be more. Thirty-nine of those vetoes have been sustained and those 39 vetoes will save you, the taxpayers of this country, some \$13 billion.

We made progress also toward reducing government red tape, the Community Development Program I think is a good example. On my orders Federal regulations for the community Development Program which became law in the fall of 1974. These regulations have been simplified and reduced from 2,600 pages into just 25 pages. Instead of filling out five applications totalling over 1400 pages, a community now has to complete only one 50-page application.

While process and approval of these applications used to average more than two years -- it is hard to believe but that is the fact -- we have reduced that time now to two months. When I say I want to get the Government off your back and out of your hair, it is more than just talk, it is progress. We have already started. We have a lot more to do to improve the situation, but let me assure you we are on the job and we are going to get it done.

I propose, for example, one way I think we can handle the relationship between the Federal Government, the State and the local units of Government better is the extension of the general revenue sharing program which I like to think as sort of a hometown do-it-yourself project. The Federal Government collects the money, distributes it to your State and local units of Government, but your own local officials decide how best to spend that money without any bureaucrat in Washington telling you the answer, and they have done here at the local level a very good job without a lot of bureaucratic interference from the Nation's capital.

In fact, and this is an amazing statistic, the total cost of Washington's administration of this program amounts to only one-eighth of one penny of every dollar spent in the revenue sharing program. That is pretty low administrative cost by any standard, and that is the kind of a sound, low cost management program we often take pride in.

Under the revenue sharing extension bill that I proposed to the Congress last year but thus far the Congress has been dilatory in getting anything done -- and they better move because the present law expires December 31 -- but under the proposed extension that I recommended, DeKalb County would receive \$32 million 600 thousand and all of Georgia would receive more than \$830 million over the next five and three-quarters years.

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In proposing a new lease on life for revenue sharing and in reducing the red tape of Federal programs, I am acting on a belief I have held as long as I have been in public office. That belief can be summed up in a single sentence: A Government big enough to give us everything we want is a Government big enough to take from us everything we have.

What we need in America is not a Government that promises more and more all the time; what we need and what my Administration has sought and tried to achieve is a Government that promises only what we can deliver and delivers everything that we promise.

We all know that it was not our Government that made America great as a Nation -- the Government's role was to guarantee the people's freedom and build a Nation for themselves. With that freedom, we have built the greatest Nation in the history of the world.

America today is unsurpassed in military capability. We have the greatest industrial capacity in the history of mankind. Our farmers out-produce everyone in history. We lead the world in education, science and technology, and we have the greatest moral, spiritual and religious resources of any modern nation.

I see more progress in store for America. As we enter our third century of independence I see America regaining confidence in itself and in its destiny. I see the Nation living in peace and in freedom, in more than 200 million Americans living in dignity, security and prosperity.

This is my vision of America for the future. I think it is the vision of all Americans and I would love to work with all of you and 200 million other Americans for the next four years to get a good headstart on that vision.

Thank you very much. Now, let's get the questions underway.

QUESTION: Mr. President, here is my question: Your contender, Ronald Reagan, has been hammering away at your foreign policy, stating in effect that the United States has been pushed around long enough and that if he were elected President he would initiate a get-tough policy. As an example, his comments on the Panama Canal Zone.

My question, Mr. Ford, is: In your opinion, how would such a policy as, you know, expressed by Mr. Reagan affect the realization of our national goal for the world in peace?

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THE PRESIDENT: First, let me state categorically, the United States has not been pushed around. That is good rhetoric, but it ain't true.

Now let's talk about the Panama Canal because my opponent has made some very strong and very categorical statements in that regard. The only way you can interpret those statements are that the present negotiations between the Government of the United States and the Government of Panama should be ended.

This Administration and President Johnson's Administration, and his successor's Administration, and my Administration believe that negotiations are the responsible action to take, and those negotiations were undertaken as a result of a serious riot that took place in Panama in 1964 where 24 people were killed -- 20 Panamanians and 4 Americans. It was decided at that time that we ought to sit down and talk with the Panamanian Government.

For what purposes? For the purpose of trying to make sure that we have control over the operation, the maintenance and the defense of that Canal during its economic lifetime. That is what we want and I think if we are patient and wise and strong, eventually at a proper time we can get such an agreement, which is the responsible thing to do. And any agreement would go on into the next century -- it is not going to happen tomorrow or the next day, it is a 40- to 50- or maybe longer year agreement.

Now let's take what my opponent's arguments are. He says cut off the negotiation. What would that lead to? First, it would lead to probably a resumption of the kind of riots, the bloodshed that took place in 1964 when 24 people were killed, except probably more. It would inevitably antagonize, it inevitably would arouse the ire of 25 South American and Latin American nations that involve 309 million people. That is an awful lot of people to antagonize (Laughter) and it would undoubtedly lead to more bloodshed, it undoubtedly would require for us to protect that Canal instead of having 10,000 U.S. military personnel stationed in Panama in peace, as we do today. You would have to send another 10,000 or another 20,000 American GIs there to protect it. I just don't think that makes much sense and I think it is completely and totally irresponsible to break off those negotiations.

QUESTION: Thank you.

QUESTION: Mr. President, I was wondering, what is your evaluation of detente thus far?

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THE PRESIDENT: Detente, which I don't use as a word any more (Laughter) -- but regardless of the word, what we are really interested in is the process, the results.

All right, let's talk about what has been accomplished and let's talk with the newest plus. For a number of years, we have been negotiating in order to have a peaceful result of what we call "peaceful nuclear explosion negotiation" where we conduct nuclear explosion for peaceful purposes and the Soviet Union does likewise.

What we have tried to do is set a threshold of 150,000 KTs so that both sides can develop the peaceful use of nuclear explosions for peaceful purposes. For years and years, as long as I have been in Government, we have been trying to get on-site inspection of Soviet nuclear or other military operations. We have been doing this since Ike. I can remember President Eisenhower trying to get on-site inspection.

In this agreement, which we reached within the last two or three weeks, we have made a breakthrough. We are going to have on-site inspection of peaceful nuclear explosions in the Soviet Union. I think that is progress under a relaxation policy of relations between the United States and the Soviet Union.

In addition, if you go back a few years, you will find that this process of relaxing negotiations (tensions) has resulted in a historic agreement as to West Berlin where the parties -- the Soviet Union, East Germany, West Germany and others involved -- were able to arrange a very far-reaching agreement as far as West Berlin was concerned.

If you look at the situation in the Middle East, because of the process of relaxing tensions between the United States and the Soviet Union we have been able to act in a very constructive way in making slow but sure headway in getting progress toward a permanent and equitable and fair peace in the Middle East.

Most of you, I am sure, recognize that the Middle East has been historically the most volatile, the most complicated, the most controversial area in the world. In the last 25 years we have had four wars and every one of them has gotten bloodier but, because we were able to work in the Middle East with the Israelis trusting us and the Arabs trusting us, without the Soviet Union involving itself in undercutting our efforts, we have made slow but sure progress toward that kind of a peace that we have all wanted for a great many years in that part of the world.

I could go on and on because there are a number of things where we have been able to sit down and in an atmosphere not of confrontation but of relaxation discuss, in sanity, things that ought to be solved without a war. I think the detente, if you want to use it, or relaxation of tensions has made a lot of progress and we have got a lot of successes from it.

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QUESTION: Mr. President, I am from Cedar Grove High School. I have recently become concerned over the high deductions made from paychecks for Social Security purposes. Now by the time that I reach retirement age I will have supported the retirement of several generations, but who will be supporting me? Under current plans, won't it logically be bankrupt? ,

THE PRESIDENT: The Social Security program, which became law in 1933 or 1934, as I recall, was initially predicated on the basis that it was not to be your total retirement income but as a base or a floor, but in the ensuing years that initial concept that was put forward by President Roosevelt has been forgotten and, in most cases, today your Social Security benefits in effect are the total retirement income of many, many people.

Now the net result is that benefits have increased substantially and the consequence is that the Social Security Trust Fund, which today is at a level of approximately \$40 billion or \$41 billion, is gradually being decreased. As a matter of fact, in this 12-month period there will be a deficit between income and outgo of \$3 billion.

In the next 12-month period the deficit will be \$3-1/2 billion. In the next 12-month period, the deficit will be \$4 billion. So that \$40 billion or \$41 billion Social Security Trust Fund will be gone in a relatively short period of time.

Now what should we do about it? There are basically three alternatives: Number one, we can increase the tax on both employer and employee. I think this is the most straightforward, the most honest way to approach it, and I recommended that to the Congress.

And what does it amount to? For each employee and employer -- for each individual employee it means less than \$49 per year. That is what the extra cost would be to make the Social Security Trust Fund on an equitable and a sound basis.

The second alternative is to not add any additional taxes on the employer and employee but rather to take it out of the general fund of the Federal Treasury. Now that is an easy thing to do but, of course, if we do that we have to borrow the money in order to put it in the fund to pay the beneficiaries, and I think that also destroys the concept that people by their deduction are buying something that they would have when they retire. So I disapprove very strongly of utilizing general Treasury funds to supplement the amounts paid by employer to employee.

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Now the third alternative is, for example, you can increase the earning limitation -- that is one alternative -- or you cannot increase benefits -- that is another alternative.

So the truth is there aren't any good answers, but I think in all honesty -- at least I felt -- the most forthright, the most candid approach was the one I suggested, and I do not believe that the burden to meet this problem is onerous and unbearable. The other ones, I think, are a sort of a con game and I don't believe in that kind of operation.

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QUESTION: Mr. President, I would like to know what specific proposals you have in the area of tax reform.

THE PRESIDENT: Tax reform?

QUESTION: Yes, sir.

THE PRESIDENT: The best tax reform that I know is what I proposed in January of 1975 which provided for a \$28 billion tax reduction at the Federal level, 75 percent of it to go to individual taxpayers and 25 percent to go to business. The 75 percent of it to go to individual taxpayers would mean that we would have an opportunity to adjust the tax rates primarily in what we call the middle income group. They, over the last ten years, as far as Federal income taxes are concerned, have gotten short shrift. They proportionately have had to pay more compared to others, either those in the more wealthy brackets or those in the more disadvantaged brackets.

People between \$9,000 and \$25,000 in the last ten years have really been squeezed, and under the tax proposal that I made at that time we would have given a greater percentage of the tax relief to those in that bracket. One way I recommended was to increase the personal exemption from \$750 per person to \$1,000, and I think that is the right thing to do.

Now as far as business is concerned, 25 percent of the recommendations came in that category. I believe that if we are going to provide the kind of active economy, if we are going to give the stimulant to the economy, if we are going to provide the incentive to business to provide more jobs, that is what we want. We had to give to business some added incentives, such as the investment tax credit, on a permanent basis. We made some recommendations also that would give to business an opportunity to move into areas of high unemployment more rapidly so that they could get a quicker write-off or a more rapid amortization.

There were several other specific recommendations as far as business was concerned to give them this incentive. These are the kinds of tax reforms that I think make sense and those are the kinds of tax reforms that, in my opinion, the Congress ought to enact.

QUESTION: Would you not agree, then, with dropping all deductions and just having where you pay just a certain percentage of your income in taxes so everyone pays, say, a percent, or something like that, of their income or are you against that proposal?

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THE PRESIDENT: I am categorically against that proposal and I can tell you very simply why. In the first place, I know from 25 years experience in the Congress that Congress won't pass it. You can argue about it in theory, but let me tell you -- President Johnson recommended that approach about eight or nine years ago and the approach was you do away with all exemptions, all deductions, you just handle it this way. Let me tell you what happened as a practical matter.

Now some people say all those things are loopholes, but I think we found out in Congress that what is somebody's loophole is some other person's opposite reaction. So when Mr. Johnson made this recommendation, every educational institution -- colleges, universities -- were up in arms because they get a lot of their income from these deductions which are available under our Federal income tax.

Then every person who had a mortgage on their house who was paying interest -- and that interest payment is deductible under your Federal income tax -- all of the homeowners, and I cannot tell you how many millions of those there are, didn't want that taken away from them. So you can argue in theory that if you could just do away with all exemptions, all of this and all of that and give a flat rate, that maybe that would be the best answer, but I think in each case every one of those present provisions in law were put in there for a good purpose. We did that for people buying a home because we wanted to stimulate the home building industry. We think -- or I think, anyhow -- that more people who own homes, the better America will be.

So on the basis of equity and practicality, I just don't think you are ever going to get to that kind of approach that you are suggesting. On paper -- in theory it looks good, but it just won't work.

QUESTION: Mr. President, I am President of the Student Body, Columbia High School. I would like to know what exactly the situation on the NORAD Commander and first Black four star Air Force General Chappie James is.

THE PRESIDENT: Well, I know Chappie very well but I didn't get what you asked about him.

QUESTION: I was reading the Jet Magazine recently and it mentioned his power to push the button in case of emergency.

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THE PRESIDENT: Well, let me say that Lieutenant General Chappie James is one of the outstanding Air Force officers in this country. I was pleased to see that down in Florida just a few days ago I think the State Legislature passed a resolution commending him. He had grown up on, I think, Pensacola Naval Air Station as the son of a Marine officer, a Naval officer, and he is the first black Lieutenant General in the history of the United States.

He is a great man and he earned it by his combat capability, his leadership qualification, and I was pleased to assign him to the highest ranking assignment in the history of any black officer in any of our military services. He was the head of the Military Air Command down in Rantoul, Illinois, I think it is. Chappie James has had a tremendous record and he is not through. He certainly is eligible for greater honors and greater promotions.

QUESTION: Mr. President, I would just like to know what are the remaining primaries which you are most concerned about and why? (Laughter)

THE PRESIDENT: Well, I am concerned about them all. (Laughter) We started being concerned about them in New Hampshire and we have not stopped being concerned. The next one that comes up, of course, is Texas. I have had my son, Jack, down there and I have been there once. Betty has just been down there four days with her CB set, or whatever it is. (Laughter) I talked to her last night and she said she had talked to 25 or 50 truck drivers and she said, "Dear, I got the truck drivers' vote for you in Texas." (Laughter)

Well, Texas is an important primary and we take them one at a time. Three or four days later, on May 4, we have Indiana, Georgia and Alabama. Those, all three, are very important, and I get more optimistic every day.

QUESTION: Mr. President, I would like to know what will be the position of your country in years when I become an adult in having enough energy resources?

THE PRESIDENT: That is a very important question and I appreciate your asking it because we all know that when the Arab oil embargo took place in 1973 at the time of the Yom Kippur war in the Middle East between Israel and Syria and Israel and Egypt we had an oil embargo. At that time the United States was importing about 32 percent of its total domestic use of oil, and let me tell you what the facts are today.

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Our production in America is going down and we are importing more and more foreign oil, most of it Arab oil, and today instead of importing 33 percent of the oil we use, we are importing 40 or 41 percent of it and it is probably going to get worse because the Congress has not acted affirmatively on what I think was a sound energy program that we recommended in January of 1975.

The thrust of the program that I proposed was to increase our conservation measures and to stimulate more domestic production of both oil as well as gas. We have made some progress in conservation, not as much as we should. In 1975 the latest statistics show that we used roughly two and a half to three percent less energy than we did in 1974, so that is some progress because heretofore we had been going up at the rate of about 5 percent more energy use every year. But where we have failed is in not getting more production, and the only way you can get more production of domestic oil and gas is to take Government regulation off of it.

In January of 1975 I said we should deregulate natural gas -- Congress has not done it yet. The Senate passed a bill, the House fouled one up and the net result is they won't pass one in 1976. Two years lost.

In 1975 I recommended that by April 1 of that year we have total deregulation of American oil production. They finally sent me, eleven months later, a marginally acceptable bill, that instead of getting deregulation on April 1, 1975, we have to do it in a series of steps over a 40-month period.

The problem is that we don't seem to realize -- or Congress doesn't, I think the American people are smarter than they are -- they don't seem to realize that every day and every week and every month we delay in getting the stimulant to more domestic production at home we become increasingly dependent on foreign oil.

Now over the long run, by 1985, if we do the right thing, we can find some alternative sources to our domestic production and to our imported production. We can work hard at making our nuclear energy facilities safer, better protected and more reliable.

The Federal Government is spending a significant amount of money in research and development to achieve those three results as far as nuclear power is concerned.

In the time span between now and 1985, we can do much more research and development on solar energy, geothermal and improving the efficiency and the clean air aspects of coal.

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Let me just give you as an illustration in the fiscal year that we are in now in the Federal Government we are spending roughly \$120 million on solar research, an increase from \$80 million or \$90 million in the last fiscal year but for the next fiscal year's budget in the Federal Government I recommended, instead of \$120 million for solar research, \$160 million.

So we are investing a lot in some of these exotic systems, and I understand here in the Atlanta area you have a high school or a school that is in the process of testing whether you can heat and air cool a building of that size or that magnitude. It is going to take a lot of research and development but we are spending a lot and private industry is spending a lot.

I am optimistic that by 1985, if we can get by for the next few years without another oil embargo, we will solve the problem of energy and become energy independent in America.

QUESTION: Mr. President, I am a retired Pastor of Central Congregational Church in Atlanta. As one who has been an admirer of your record in leadership, especially in foreign policy, I feel you had very able assistance in that regard from your Secretary of State, Henry Kissinger.

My question is, in the event of your re-election will you do your utmost to keep Dr. Kissinger as Secretary of State?

THE PRESIDENT: Well, let me repeat what I have said but repeat with emphasis. I have told Secretary Kissinger that he can stay as Secretary of State as long as I am President, and let me tell you why. I think on the record our foreign policy has been one of success.

Let me give you a criteria -- it is not the only one but it is a very responsible criteria. I am the first President, Democrat or Republican, in the last 20 years who would seek election and say that the country was at peace. And we are at peace because we have the military capability to deter aggression to maintain the peace and to protect our national interest. That is the kind of a military program that fits in well with a diplomatic capability to work with our allies on the one hand, and our alliance in Western Europe today is stronger than it has ever been and our relationship with Japan in the Pacific is the best it has ever been.

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The net result is of a strong military capability plus a diplomatic capability, the United States foreign policy today is in the best shape it has been in years and years and years, and we should be proud of it.

QUESTION: Mr. President, I think we have time for one more question.

THE PRESIDENT: Let's have two more.

QUESTION: All right, sir.

QUESTION: Hi, Mr. President. My name is Bonnie Ruder.

To break the monotony of the questions that have been asked you about detente and Nixon and all this, (Laughter) I would like to ask if you would ask your son, Jack, to take me to the Junior-Senior Prom on May 8th.

THE PRESIDENT: Well, I am very proud of him and I think he is very attractive, but, you know, if I became prejudicial or preferential toward Jack, I have got another son, Steve, and I don't want to get in any family hassle. (Laughter) And Steve is a darn nice looking kid, too. (Laughter)

Thank you.

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QUESTION: Mr. President, as I understand it, your Administration has predicted a 6 percent inflation rate for the next three years; is that correct?

THE PRESIDENT: No, that is not accurate. We predicted when we submitted the January budget for the next fiscal year, and when we put together our economic plan for the next fiscal year we had to make certain forecasts based on the facts as we saw them then and, as I recollect, we estimated that in the next fiscal year the rate of inflation by the end of that fiscal year period would be 6 percent.

At the same time, we said that the increase in the gross national product would be 5 to 5-1/2 percent. At the same time, we said that the unemployment rate at the end of that fiscal year, at the end, would be 7 percent.

Well, the economic blue skies have changed, at least my forecast of what those figures are going to be. We have not made any official change, but as I have said several times today, the cost of living increases for the first three months of 1976 averages out 2.9 percent. So we are doing an awful lot better right now on the inflation rate than we forecast we would do when we submitted the budget in January.

Now I am not sure we can sustain a 2.9 percent inflation rate the rest of this calendar year, but that is about half of what we said we would have, and I think we will be substantially below 6 percent. Also, if we can get reasonable negotiations in the labor-management field, in rubber, in automotives, in electrical appliances and in any of the other contract negotiations that are going on, and if we can keep down the rate of Federal spending, I think we will make significantly better progress than 6 percent on the rate of inflation.

QUESTION: Mr. President, when you said reasonable settlements, do you consider the Teamsters settlement reasonable?

THE PRESIDENT: It was marginally so, marginally.

QUESTION: Wasn't that a 33 percent increase?

THE PRESIDENT: I don't think it averages out that much and it certainly does not average out that much if we get the rate of inflation down, because they did get an unlimited escalator. But if the rate of inflation is down at the range we are now talking about, it will be less than 33 percent. So that is one reason we have got to concentrate on keeping the rate of growth in Federal spending not 11 percent, as it has been for the last 10 years, but cut it to 5 or 5-1/2 percent and, at the same time, do what we possibly can in the area of labor-management negotiations because those are important.

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QUESTION: Thank you, Mr. President.

QUESTION: Mr. President, I would like to ask you, realizing the way in which you became President under Mr. Nixon, it seems that you might be obliged to carry through some of his policies. If elected in 1976, would you change any of these policies and, specifically, I would like to know in foreign relations.

THE PRESIDENT: Well, the policies that I have had, both domestically and internationally, for the last 20 months, have been my policies, and in the next four years -- let me just give you an example.

Based on my analysis, I decided that when I looked at what Congress had been doing to the military budget for the last 8 or 9 years we could not stand those kinds of slashes. They cut anywhere from \$40 billion to \$50 billion in appropriations that had come from Mr. Johnson and Mr. Nixon. I decided we could not tolerate that, so in January of 1975, four months after I became President, I submitted to the Congress the largest military budget in the history of the United States. That was my policy, a decision made by me.

This year, in January I added and again submitted the largest military budget in the history of the United States.

I believe that what Congress has done to the budget for the Army, Navy, Air Force and Marines, if we let it go down as it had been going down it would have been serious, so it was myself and not my predecessor who decided that we needed more for the Army, the Navy, the Air Force and Marines 18, 20 months ago. So those are the policies where I have differed with my predecessor and where I think we are on the right track.

QUESTION: On defense, you want to spend more on -- I know you came out very strongly in its favor -- where do you propose to take the money from to spend more on defense, to increase the budget?

THE PRESIDENT: Well, what we did -- and that is a very good question -- when the budget was put together this year, as I indicated, I thought we had to increase defense -- what we call "obligation authority" -- \$14 billion, an increased spending by \$9 billion.

Now what that meant was, and let me go back one step further, about 10 years ago, when you take all of the expenditures of the Federal Government -- all of them, domestic and international -- 10 years ago the Federal Government was spending on defense about 40 to 41 percent and on domestic programs roughly 30 or 31 percent.

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But in the span of 10 years, up until last year, the percentage that went to domestic programs had gone from 30 or 31 percent up to 50 percent of the total Federal expenditure, and the amount spent for the Army, Navy, Air Force and Marines went from 40 or 41 percent down to 24 percent. That is what was happening.

The two budgets that I recommended for the military turned that trend, and I have recommended as far back as January of 1975 the turning of the declining trend of defense expenditures and appropriations to turn it up and to turn the domestic programs down. So we have made some reductions in a number of domestic programs that I think could be reduced that could not be justified, and what we have tried to do is to make available to the military -- this year they got an 11 percent increase in spending, a 6 percent increase in real dollars, which is the biggest increase in defense spending in the last 10 years.

Thank you all very, very much.

END (AT 9:00 P.M. EST)