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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION
AT THE
GENERAL REVENUE SHARING BRIEFING

THE MURAT SHRINE TEMPLE

9:12 A.M. EST

THE PRESIDENT: Mayor Bill Hudnut, Governor Bowen, Lieutenant Governor Orr, ladies and gentlemen:

It is really a great opportunity which I thoroughly enjoy, to have the opportunity of being here in Indianapolis, and I appreciate very greatly, Bill, your invitation to join with you on this occasion.

Bill, as you know, is a former colleague of mine in the House of Representatives, and I am honored to meet with all of the distinguished representatives of Government throughout the State of Indiana.

Our system of Government was founded on the concepts of shared responsibility. Working properly, this system let's you solve your local problems rather than looking to Washington for every answer. After decades in which more and more power accumulated in Washington, the flow fortunately has been reversed. We are on the road to restoring the balance between Federal, State and local units of Government.

The reason, as I see it, is very, very simple. It is the success that you have made of the general revenue sharing program since 1972. As the Republican leader of the House of Representatives in 1972, I was a strong and very early advocate of the revenue sharing concept.

If there is one thing that the Federal Government is good at, it is collecting taxes. On the other hand, it has been very clumsy and very unsuccessful in dealing with local problems. Since 1972, nearly \$25 billion in revenue sharing funds have been returned to the 50 States and 39,000 local units of Government throughout the United States.

Seven billion dollars has been returned in 1976 alone. Twenty-five percent of these funds were spent on public safety. Nearly 22 percent was on education and other substantial amounts went for public transportation, environmental protection and for health services.

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Perhaps the greatest success of revenue sharing is this: Washington involvement is held to the absolute minimum in the operation of the program. Only one-eighth of one penny of every revenue sharing dollar goes to the bureaucracy in Washington, D.C.

Less than 100 employees are involved in Washington in this program. That is the kind of a program we ought to extend and enlarge and broaden in all of our operations between the Federal Government and local units of Government.

Because general revenue sharing has been such a major success, last April I proposed a five-year, nine month extension of the law.

This proposal would increase funding by almost \$1 billion for a total of \$39 billion 850 million, with more than \$808 million of that going to the State of Indiana.

A year ago I urged the Congress to act quickly on this proposal, to insure that money will continue to be available for vital services in our own State and in your respective local units of Government.

Unfortunately, the Congress has been working in slow motion. I think that is putting it mildly.

Finally, last week a House subcommittee of the Committee on Government Operations took the first action on revenue sharing. The full Committee on Government Operations will consider the matter this week.

But, this is only a first step. We -- that is you and myself -- need to keep the pressure on the Congress until they pass a general revenue sharing bill that will do an even better job than the one that expires December 31 of this year.

That is where I need your help. We need the help that you have given, and I know many of you have been to Washington, talked to your Congressmen, talked to your Senators, but the real test comes this week in the House committee and next week or the following week on the floor of the House of Representatives, and then we go to the Senate to see what can happen there.

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It is a little hard for me to understand the opposition to general revenue sharing. Many, I think, seem to resent the fact that the program allows local officials rather than Washington bureaucrats to decide how your tax dollars are going to be spent.

My opponent for the Republican nomination is confused about revenue sharing. It was part of his \$90 billion blooper. He has stated his opposition categorically to revenue sharing on the grounds it is simply another Federal program piled on top of all of the others, a view which is totally contrary to the facts.

You know better, and think for a moment what this program of returning tax funds to your State and local communities has meant. In Indiana, as of one month ago, Federal revenue sharing totalled \$528 million-plus, and by the end of this calendar year some \$629 million will have been paid to the State, to the counties, to the cities and to the townships of the State of Indiana.

What will happen -- and this is the question we all have to ask -- what will happen if the critics of revenue sharing have their way? In Franklin County it could mean cutbacks in the county highway, law enforcement and many mental health programs, among many others.

If the \$16 million which Indianapolis is getting back in the current fiscal year were eliminated, the City would have to curtail police and fire protection, sanitation, public transportation, health and education, to name just a few.

Revenue sharing is working. Let's get the program extended and go on from there.

Another program that is helping reduce Government red tape is the community development block grant program. At my direction, since the law was enacted in 1974, Federal regulations for this program have been reduced from 2,600 pages to just 25 pages. Application forms have been reduced from 1,400 pages to only 50 pages, and the whole process between application and approval has been reduced from two years to less than two months.

So in conclusion, our goals are the same -- to restore more responsibility to local and State levels of government and to reduce the interference and the red tape of the Washington bureaucracy.

We have made some very substantial progress towards those goals in the last 21 months, and we can make a lot more in the next four years.

So now let's get to your questions. Thank you very much.

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QUESTION: Mr. President, one of the criticisms of the Federal revenue sharing program has been the local people, ordinary people on the local level do not have input in how the money is spent or the priorities in the spending of the money.

My question has two parts: Do you consider that a problem and, if so, what can be done to remedy it?

THE PRESIDENT: I do not consider it a problem because local people have won very direct control over how the money is spent, because every two or four years they can change their township or county or city officials if they don't think the job is being done properly.

In many other cases, I know because I visited a good many communities and mayors and other public officials, when they make decisions as to how general revenue sharing should be spent, they have community meetings around the city or in the local units of government and get the advice, the counsel, the recommendation of where these funds should be allocated.

So in two ways, I think, the public can be deeply involved in the expenditure of general revenue sharing at the local level: One, by the election process; and, two, by good leadership in local units of government, giving the public an opportunity to participate in the process of determination.

QUESTION: Thank you, Mr. President.

QUESTION: Mr. President, I am a member of the City Council here in the City of Indianapolis.

What is your projection for local manpower programs for the coming year and what flexibility on the local level do you anticipate?

THE PRESIDENT: Well, in the so-called CETA program, Comprehensive Education Training legislation, I requested full funding for that program and I signed just a week or so ago a supplemental appropriation which would include funds up through the end of the current fiscal year, and the Congress and myself will be working together to try and fund the program for the fiscal year which begins July 1.

I have asked for the full funding of that program, including the full funding for next year, next calendar year, of what we call the summer youth program at a figure of about \$440 million, something in that magnitude.

I think the CETA program has been a good one and I think we can look back and say that it did a good job during the economic recession that we had in part of last year.

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So I believe that we should fully fund it. I think we have to gradually phase out some of the supplemental programs as our economic progress improves in the months ahead, but not CETA as such.

QUESTION: Thank you, Mr. President.

QUESTION: I am the Director of the local community action against poverty program.

Knowing your views on such programs as reflected by the ever-decrease in recommended funding levels, the question is -- and the same question was asked Governor Carter last night, similar to the one that was asked -- is that at the demise of that program, how do we insure a meaningful citizen participation in revenue sharing and, especially, how do we improve economically deprived, at the decision-making level, regarding the use of such plan?

THE PRESIDENT: As I said earlier in response to a prior question, I think it depends to a substantial degree on the local leadership in the individual community.

I was looking over the list of projects that had been approved by the mayor and other officials in the City of Fort Wayne and although I didn't go into the detailed process of how those individual decisions were made, it appeared to me the mayor and his colleagues in local government had to have an input from the citizens of the City of Fort Wayne. I know that is true in my own former home of Grand Rapids, Michigan.

The city council, the mayor there, do get from the local citizens an active process where the local citizens make recommendations.

Now I have to concede that they don't always approve everything that is made as a final decision, but at least the process seems to work and I think it can work with the leadership of the mayor and other local officials.

QUESTION: Thank you.

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QUESTION: Mr. President, I am a small businessman. Like many in the private sector we are deeply concerned about the ability to raise capital which will allow industry and commerce to expand, provide more jobs, more meaningful jobs. How do you view revenue sharing as having impacted that area of capital formation or how it might in the future?

THE PRESIDENT: I don't believe that revenue sharing has had a significant impact on the Federal expenditure picture. It is somewhere between \$6 and \$7 billion a year. Our total expenditures for all Government services at the Federal level -- I recommended \$395 billion. The Congress has raised that figure to \$415 billion.

So, \$6 or \$7 billion out of either \$395, which is the expenditure figure I proposed, or \$415, which the Congress has recommended, revenue sharing is not a significant part of our overall Federal expenditures and the benefits that come from revenue sharing I think far outweigh the burden on the Federal Treasury.

Now, I do recognize the problem of business trying to get the necessary capital to expand their facilities, to update their equipment. We have tried to do the following to help in that regard. We have been steadily trying to keep pressure on so that the Federal deficit gets less and less and if the Congress follows my budget recommendations this year and for the next two years, we will have a balanced budget in fiscal year 1979, and that means that there will be no additional Federal spending or borrowing, I should say, in the capital markets of this country, which makes it easier for private industry to go to the capital markets. They won't be crowded out, as they have been in the past on some occasions, by the Federal Government.

In addition, tax policy has an impact on capital formation. I have recommended a year ago a very substantial reduction in Federal taxes -- \$28 billion in a 12-month period, 75 percent of it to go to individuals with an increase in the personal exemption from \$750 to \$1,000 and to give to business more rapid amortization, to give business other tax incentives so that they can more easily establish their financial credibility and more easily borrow to expand their facilities.

QUESTION: Thank you.

QUESTION: Mr. President, I am a member of the Board of Public Safety in Indianapolis. I would like to ask in regard to the vital area of law enforcement and fire protection, and in important areas of the police and fire pensions, what are your thoughts about this area and particularly with the use of revenue funding?

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THE PRESIDENT: The money that is given to Indianapolis or Fort Wayne is literally without strain, some very broad guidelines, but nothing that really ties the local units of Government down to any specific program. I assume that the judgment of the local officials will be to properly allocate them and if they need that money to hire more policemen or more firemen or buy more equipment, that is possible.

The pension, the matter between local Government and the beneficiaries, is a contractual arrangement. How that is financed is a local determination. It is not something that is dictated one way or another by general revenue sharing. That money goes to Indianapolis. Indianapolis has the right to allocate its resources, including that money, as it sees fit and the financial or contractual relationship between the city and any pension fund is a matter between those parties, not the Federal Government.

QUESTION: Mr. President, I am an executive in the philanthropic and volunteer association field. Since revenue sharing has a kind of parallel in respect to the way in which the Government deals with the whole volunteer area of our life, I wonder if you would care to comment about your attitudes on the question of whether the Government should or should not continue to give incentives for private giving and other incentives for volunteer associations? It seems to me this is a very important part of the whole question of our sharing these obligations.

THE PRESIDENT: All my life, including my political life, which includes 25 years in the Congress and about a year as Vice President, and 21 months as President, I have strongly supported voluntary organizations that raise money and try to solve local problems, whether it is the Red Cross, the United Way, family services, a number of organizations that are so important to involving local people both individually and financially to meet local problems.

Therefore, I strongly support the provisions in our Federal tax laws that provide an incentive for individuals to give to voluntary organizations so that voluntary organizations can continue to do the fine job that they have at the local level. I vigorously oppose those who propose that we do away with these tax incentives for individual charitable giving, whether it is to church, to the Red Cross or to any one of the local organizations.

QUESTION: Thank you, sir.

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QUESTION: Mr. President, I am from Troop 240, local city, and this is kind of off the subject, but we are making a Bicentennial trip to Washington, D.C. this summer and I wonder if there is any chance of talking to you? (Laughter)

THE PRESIDENT: Let me say the chances are very good. (Laughter) But if you will give one of my aides your name and the time you will be there, and if I am in town, we will see that you get to the Rose Garden and I have the opportunity of meeting you and all of your associates individually.

QUESTION: Thank you, Mr. President.

QUESTION: Mr. President, I am Mayor Bob Campbell of Lebanon, Indiana, a town of 10,000. My question, Mr. President, is will the formula under the new law, will it be revised so much as to affect the smaller cities and towns? In other words, what I am asking, will the new formula be near the old formula?

THE PRESIDENT: When I submitted the proposed extension of the present law for an additional period of five years and nine months, we wrestled with the problem of whether to tinker and tinker, so to speak, with the formula that was agreed upon four years ago between the Governors, the Mayors and the county officials.

It was my judgment--although there are, I think, some inequities in the formula--that if that whole issue was reopened, it would be a substantial roadblock in trying to get the legislation extended. So, with some reservations on my part, it was my decision that in order to facilitate getting the legislation extended we would not reopen this very controversial issue of how to divide the money, the formula by which the money is spent, or allocated, I should say.

So, with these reservations we submitted, for all intents and purposes, the same formula. That formula, of course, is based on need on the one hand, on tax effort on the other and population as the third factor.

Inevitably when you are dealing with 50 States and with 39,000 local units of Government all over this great country, there always will be some inequity. But basically I think it has been sound and if we had opened that can of worms, we would be a lot further away today from getting the legislation than we are at the present time.

QUESTION: Thank you, Mr. President.

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QUESTION: Mr. Ford, I was lucky enough to come today. My father is out of town. He is at the Hoosier Associates. I just wanted to say Mr. Carter has accused you of being weak and backing off from Mr. Reagan's political pressure. On the contrary, I would like to commend your campaign style. Instead of attacking and degrading other candidates, instead of spending a lot of time defending your positions against malicious rumors and unreasonable criticisms, you and your campaign workers are dealing with your qualifications and standing on your own platform and beliefs instead of concentrating on the flaws and faults of other candidates.

Thank you very much.

THE PRESIDENT: Thank you.

QUESTION: Mr. President, I am State Senator Elgin Tipton. I am from the other party. (Laughter) I want to make a slight statement, but I am one of the public officials in Indiana, especially in my area where the tax base has been so eroded by both State and Federal Government, that no responsible public official there challenges or opposes revenue sharing but, Mr. President, is it not true that when the State Government and Federal Government has excess funds or surplus funds that they can use to revenue share, have they not overtaxed the people, sir?

THE PRESIDENT: I don't necessarily think so as far as the Federal Government is concerned. In our case I speak only with authority about the Federal Government. I will let each of the 50 Governors respond to your question vis-a-vis State Government.

But, the Federal Government for primarily economic reasons will have a peak and valley situation where revenues will be less than we anticipated and for economic reasons expenditures must be greater than might have been anticipated so that a program such as revenue sharing, which is a fixed program that we can count on as far as the Federal Government is concerned, and you at the State and local units of Government can count on in your situation, shouldn't be varied predicated on the deficit or the surplus of the Federal Government.

We can solve our Federal Government deficit without injuring or taking away general revenue sharing. We are in the process right now, if Congress will go along with my budget recommendations, of not only slightly expanding general revenue sharing but we will also achieve a balanced budget. So, I think the two programs, one a balanced budget, which we are going to get under my Administration, and general revenue sharing can go down the same road at the same time.

QUESTION: Thank you, Mr. President.

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QUESTION: I am from Carmel, which is one of the fastest growing communities in the country, and we are now in the process of having our third special census in three years.

I was wondering what the chances are of having the allocation recognize special census figures?

THE PRESIDENT: On the basis of equity, I would think it ought to. I am somewhat surprised, to be frank, that those special census figures are not inked in the annual allocations of general revenue sharing.

May I ask you, if you have a special authorized special census and it does indicate that you have expanded significantly in population in the next year, are not those new census figures inked in the funds that are made available?

QUESTION: No, they recognize part of it but not the total.

THE PRESIDENT: As I said, I think there is equity in your position. I will have somebody on my staff, and I will personally take a look and see what that situation is.

It is my judgment that there ought to be recognition where you have an authorized special census taken and those figures indicate a significant increase in population. It seems to me there ought to be some consideration given to it in the next year's allocation of revenue sharing.

QUESTION: What would you suggest I do to follow-up on it?

THE PRESIDENT: Well, I will follow-up on it. (Laughter) But I would suggest that in the consideration of the legislation by the House as well as the Senate, certainly you could go to your Senators or your Congressmen and point that problem out. If it is true in Carmel--Carmel, Indiana--it undoubtedly is true in many other communities throughout the country. And it seems to me that in the legislative process some recognition could be given to that particular problem.

QUESTION: Thank you.

QUESTION: Mr. President, I am the Director of the Indianapolis Skill Center. I would like to know, based upon CETA and funds coming through CETA, the fiscal year money has already been determined, how much money we should receive this year, and looking at that, I feel that the unemployment rate is still high, at least in our communities, in the poor communities.

What can be done in terms of getting more funds through the prime sponsor if the prime sponsor feels that it is needed to reach more unemployed and under-employed people?

THE PRESIDENT: Who do you mean by the prime sponsor? The city, or the --

QUESTION: I mean both -- the city and State.

THE PRESIDENT: I think that is a matter that you have to deal with at the local level. We do expect to have the CETA program fully funded at the Federal level and the disbursements made to the local units of government, as far as the Federal Government is concerned.

There are some very limited contingency funds at the Federal level which are available for unusual circumstances, so the Federal officials can meet a crisis in one area or another, but they are relatively small in comparison to the total.

But the basic problem I think you raise, within the funds that are given by the Federal Government to the local officials, your problem is dealing at the local level except for the contingency funds which I mentioned at the Federal level.

QUESTION: Thank you.

QUESTION: Mr. President, I am the Indiana superintendant of public instruction. As you know, education funds in the Federal Government sometimes come in such categories, so tightly wound about with both red tape and categorization that local schools cannot fully utilize them.

How can you help us in the face of a Congress that seems to want to exercise more and more control over education to turn that back?

THE PRESIDENT: The best way to do it, Mr. Superintendant, is to get the Congress to approve what I recommended in January, which is a consolidation of the 26 categorical grant programs of the Federal Government in the field of education into one block grant program so that \$3 billion 200 million for primary and secondary education can be divided between the 50 States and the various school districts throughout the country.

We have a provision in what I recommended to hold school districts harmless and we added \$200 million in there to get some more enthusiasm by State school superintendants and, as I understand it, most of you have supported what we are trying to do and are trying to get local units of government to also back us.

The problem, as you have validly pointed out, is we have 26 categorical education programs, each at the Federal level having its own bureaucracy, and they all require forms to be filled out, applications to be processed and rigid, inflexible distribution of funds, and in education, as you undoubtedly know better than I, the problems of education in Indiana aren't necessarily the problems of local education in Tennessee or those in California are not identical with those of New York.

So, what we want to do is to give more money to local education with local authorities having more flexibility so that the end result is that educators are not filling out applications, they are teaching children. That is what we want.

Well, we are working hard to get our program through and I appreciate the support of your State school superintendants' organization. I hope we can get the support of local school administrators because it is just as important to them as it is to you at the State level and certainly the principal beneficiary would be the students, the children, and that is why I think all of us are working as hard as we can to convince the Congress to do something about it.

QUESTION: Thank you, Mr. President.

QUESTION: Hi. My name is Andrea and my grandfather is City Councilman in Lebanon, and he brought me with him.

THE PRESIDENT: It is nice to see you, Andrea.

QUESTION: And we have to have an excuse --
(Laughter)

THE PRESIDENT: You want me to write you an excuse? (Laughter)

QUESTION: No, my mother already wrote it.
(Laughter) And would you please sign it? (Laughter)

THE PRESIDENT: I better read it before I sign it. (Laughter)

Thank you very, very much, Andrea. It is nice to see you. (Laughter) Good luck to you.

QUESTION: Mr. President, I am an Indianapolis lawyer.

I have a question about currently pending anti-trust legislation which is of concern to businessmen here in Indiana. As you know, Congress is currently considering an antitrust package which includes a so-called *parens patriae* provision which would enable a State Attorney General to sue for damages on behalf of citizens alleged harmed by Federal antitrust violations. I know that you have expressed reservations about this *parens patriae* concept.

My question is, if a bill is passed which includes this provision, will you veto it?

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THE PRESIDENT: I am basically opposed to the concept of *parens patriae*, particularly as it originally appeared in the House version and, as a result, we worked with the House Committee on the Judiciary and got some major modifications in that particular provision.

For the benefit of those who might not know what was the original thrust, it would give to the 50 States' Attorney Generals the right to sue on the basis of Federal law. I think the Federal authorities ought to handle any antitrust action predicated on Federal law.

Now if the State of Indiana or any other State wants to have any antitrust legislation, or price fixing legislation, that is fine; that is their responsibility and the State's Attorney General then could carry out the mandate of the State legislation.

But I basically have serious reservations about the concept of *parens patriae*. There is a possibility that it will be a part of a large package of antitrust legislation. I do believe there ought to be some updating of present antitrust legislation and I won't get into the details.

So what we have to do is try and either to get *parens patriae* out of the legislation or to get it so significantly modified that it is carefully restricted, because there is the possibility that some good things in antitrust legislation will come to my desk and, like any other piece of legislation, as the Governor knows, at least we at the Federal level don't have an item vetoed -- we have to weigh the good and the bad and then make a final judgment.

I want it excluded -- if not excluded, significantly modified -- and we will have to wait and see what actually comes down before I make a final decision.

QUESTION: Thank you.

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QUESTION: Hi, I am a medical student, but you don't have to write me an excuse for today. (Laughter)

As a Hoosier taxpayer it always seems that we are never the bottom of the totem pole when it comes to the amount of money that we get compared to the amount of money we have put into the Federal Government. What can we do, as Hoosier taxpayers, to get more of that money back?

THE PRESIDENT: That is a real tough problem, and I think you have to understand the historic background of it. Thirty or 40 years ago a number -- I don't say all, but a number -- of the Southern States were not as economically successful as some of the Northern States, more disadvantaged people there, lower per capita income, et cetera.

In order to try and make all States relatively even for a period of time, the Federal Government was putting more Federal tax money on a proportionate basis into some of those less well-off States.

Now, however, there has been a vigorous bludgeoning of economic activity and success in many of those Southern States, so the situation isn't quite the same today as it was 40 years ago.

But, once you get a program on the books, it is very difficult to get any changes in it. We have to recognize that some of the circumstances are changed. Today in many of our Northern major metropolitan areas we have more disadvantaged than in some of the larger metropolitan areas in the South.

It would seem to me that the commission, which we have been discussing in the White House, would be a way at least to study the problem and to perhaps within a relatively short period of time recommend to the Congress some readjustment in these overall formulas which have to be updated, I think, on the basis of equity for the years ahead.

QUESTION: Thank you.

QUESTION: Mr. President, I am sorry but we have time for only one more question.

THE PRESIDENT: Yes, sir.

QUESTION: Mr. President, I am a city councilman from Madison, Indiana and we have a Government installation near our city, the Jefferson Proving Ground, and this installation is engaged in testing powder and equipment, Army type equipment, and it is pretty much self-supporting.

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I understand that they get paid for most of their work that they do and they have very little Army personnel. Most of it is civilian personnel, and it is a great asset to the community as far as income and so forth. There is a proposed rumor that this place is to be closed. I would like your comment on what you think about closing these types of installations?

THE PRESIDENT: It is my understanding, if my recollection is accurate, that at the present time there are roughly 4,200 people employed there. It is my understanding that the Department of Defense is not undertaking an examination as to the closing but as to a reduction from around 4,200 to 3,600 and no final decision has been made because under the guidelines that were established by the new Secretary of Defense, whenever there is a major modification or in some cases a closure of a military facility, there first has to be an economic impact statement, and number two there has to be a public opportunity to see whether on a military basis that facility ought to be reduced or terminated.

That process will take anywhere from six months to a year. There will be ample opportunity for people who differ with it to come in and present their case on either the impact statement or the other statement.

Now, without saying this is going to happen -- and I am not saying it is going to happen because I am not going to interfere in that process -- but let's be realistic about it. We had a military establishment of 3,600,000 men on active duty during the Vietnam War. The war is over.

Today we have 2,100,000 military personnel. We have cut back about 1,500,000 in active duty military personnel. So, you cannot have the same base operation with 2,100,000 as you can when you had 3,500,000 or 3,600,000. You just can't do it, and particularly if you are not using ammunition today as you did in 1965 to 1972.

So, there has to be some contradiction someplace and from the point of view of efficient operation, as you contract the size of your military, you have to take a look at your base operations.

Number two, I think it is well to point out that from ten years ago until this year the Congress cut military appropriations by \$50 billion. They cut last year from the budget that I submitted, which was the highest military budget in the history of the United States, Congress cut \$7 billion.

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What does that mean? That means if we were predicating a base operation of a military installation operation on \$100 billion and they cut it \$7 billion plus, we have to find some way to make some adjustment. So Congress, if there are cutbacks in military installations, Congress is a substantial, if not the major, contributor to those reductions and so I would urge you take a look how your Senators and Congressmen voted and find out whether they voted to cut the defense appropriation.

We are trying right now to convince the Congress they should not make those kinds of reductions in the budget that I submitted in January. We are making some headway, I think they are finally getting the word, but some of them ought to answer to you and others in that area because if you have a cutback, they -- the Congress -- could be a major contributor to that situation.

QUESTION: Thank you, Mr. President.

I am a member of the City Council in Columbus, Indiana. We are quickly running out of our nonrenewable fossil fuels, and we have about 25 years to find an alternate energy source and I don't feel we are facing up to this problem. I wonder what is being done and what we can do?

THE PRESIDENT: A year ago in January I submitted to the Congress a comprehensive energy program which was predicated on two concepts. One, we had to stimulate conservation of energy in this country, and I am encouraged to read a report that came across my desk a few weeks ago that showed that overall we saved between 3 and 4 percent in the conservation of the use of energy last year.

That isn't enough. We have to also stimulate more production of domestic energy sources. I think we have to stimulate more exploration and drilling of domestic oil. I think we have to do the same in natural gas. You can't do it as long as you have the heavy hand of Government regulation on the industry. People are not going to make any investments.

So, what I have tried to do is to get the Congress to decontrol gas and oil so we can do more domestically. Let me tell you why. When I became President, we were importing roughly 31 percent of our total use of oil in this country, petroleum. Today, we are now importing from foreign sources 40 percent or more of our total petroleum use in this country.

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We have got to do more to stimulate domestic production or we will be at the control, or we will be controlled by foreign oil importers and we don't want that.

At the same time, we have to stimulate greater production of domestic coal. We are now producing about six hundred million tons of U.S. coal at the present time. By 1985 we have to produce about 1,200,000 tons of U.S. coal, which happens to be our greatest fossil fuel availability in this country.

Beyond that, we have to do research and development in nuclear energy to make it safer and to make it more reliable because nuclear energy in the long run is a very economical way to produce energy in this country.

Thirdly, I think we have to do some increased research and development in what we call exotic methods of producing energy. Solar energy, for example, I increased in the budget I submitted for this coming fiscal year a 35 percent increase in funds for research and development in solar energy and about a 25 percent increase in geothermal energy research and development.

These are the things that in time will be very productive. But, we can't say tomorrow we are going to have an answer with these exotic fuels. But unfortunately we are not moving as fast as we should on new sources, and I am working with the Congress very hard to get them to act rather than to roadblock us.

Thank you very much.

QUESTION: Thank you, Mr. President.

END (AT 10:02 A.M. EST)