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THE WHITE HOUSE

REMARKS OF THE PRESIDENT  
AND  
QUESTION AND ANSWER SESSION  
WITH THE SAN FERNANDO VALLEY  
BUSINESS AND PROFESSIONAL ASSOCIATION

THE SHERATON UNIVERSAL HOTEL

9:05 A.M. PDT

THE PRESIDENT: Thank you very, very much, Matt. It goes without saying that I am delighted to be in this wonderful valley and to have an opportunity of making a few comments and then responding to some questions, which I am sure that you have on your mind.

But, before doing so, I would like to give you some very straight talk on the question of taxes. I say straight talk because if we could put a tax on empty rhetoric in this political year, we would have the national debt paid off in a week. (Laughter)

When we talk about taxes, we are actually talking more than just about money. Every tax dollar represents your time, your energy and your individual hard work. Those tax dollars ought to work just as hard for you as you work for them.

Mr. Carter's platform calls for new Government programs that could cost at a minimum of \$100 billion each year. If you take a further analysis, those programs would add up to \$200 billion in additional Government expenditures every year. He never puts a price tag on those programs. He just says he will soak the rich, close the loopholes and everything will be just fine.

If we put 100 percent tax on all personal income over \$50,000 a year in America, it would produce less than \$9 billion per annum. I ask in all honesty, where is the other \$191 billion coming from if you use his minimum cost of those new programs?

There are two choices. One, Mr. Carter can have a \$191 billion deficit. Two, he can do what he said he would do and raise taxes on every America family above the median income of \$14,000 per person. I say there is a better way -- cut spending, cut taxes, keep more of your own money. To me, tax reform means tax reduction.

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For ten years now Federal spending has grown at an alarming rate. The facts are it has grown at a rate of about 11 percent per year, thanks to an over-taxing, overspending, overbearing Congress. The budget that I submitted to the Congress in January of this year -- I proposed a cut in the rate of growth of Federal spending by half, from about 11 percent to 5.5 percent.

I asked for a \$28 billion tax reduction. Unfortunately, Congress gave only about a \$10 billion tax reduction. I asked for an increase in the personal exemption from \$750 to \$1,000. Congress refused to act. Just the other day I was talking to some employees in a plant in the Washington, D.C. area, and one of the questions that they asked me was about tax reduction at the Federal level.

I said, "How many children do you have?" He said three. If you took the tax reduction proposal that I recommended--an increase of the personal exemption from \$750 to \$1,000, it would mean that that individual with three children, a wife and himself would get \$1,250 additional tax exemption in his Federal income tax return.

That is understandable, that is equitable and it is right, and we are going to submit it to the Congress again in January of 1977.

But, in addition I ask for tax incentives to increase business investment in high-unemployment areas. Again Congress refused.

Many of you know that I sent back to the Congress 59 bills with a veto stamp on them. Congress has supported 43 of those 59 vetoes and, as a result, we saved \$9 billion in expenditures from the Federal budget.

If Mr. Carter's friends in Congress had been more interested in saving money than spending it, we could have saved an additional \$16 billion.

Mr. Carter calls our tax system a disgrace to the human race. If that is true, then it is a disgrace to the Democratic majority in the Congress, who has controlled both the House and the Senate, written every tax law and every tax loophole for the last 22 years.

That is where the blame belongs.

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One day Mr. Carter proposes doing away with tax deductions for every home, mortgage, interest payment, or taxing church properties other than church buildings. The next day he says that is not what he meant. One day Mr. Carter talks about balancing the Federal budget and fighting inflation. The next day he turns around and talks about new programs that would cost at least \$100 billion each year.

We have seen Mr. Carter go to labor halls and blast away at businessmen for paying less than their share of Federal taxes. He says their burden should be increased. Then he goes to Club 21 in Manhattan and tells businessmen, "Don't worry, we won't hurt you." Now you can't have it both ways.

Let me give you a little advice. If I were a businessman and Jimmy Carter were President, I would be very, very worried. If I were concerned about inflation and Jimmy Carter were President, I would be extremely worried. If I were concerned about bringing unemployment down without spending billions and billions on dead-end Humphrey-Hawkins jobs and Jimmy Carter was President, I would be extremely worried.

The unemployment figures for September came out just this morning. They were announced in Washington as they are every month. Unemployment dropped nationally by one-tenth of a percent.

We are moving in the right direction. But not with makework jobs at the taxpayer's expense. We are moving in the right direction toward full employment by stimulating the private sector of our economy -- where five out of the six jobs exist in America -- and that is the right approach and that is the Ford Administration's attack on the problems of unemployment.

Let me talk very seriously for just a minute. The recent crisis in Great Britain tells us all we need to know about the dangers of too much Government, too much spending on borrowed money. The British pound has sunk to its lowest level in the history of that great country. Inflation has been running at about 25 percent. Government spending in Great Britain now accounts for 60 percent of the entire British economy.

Listen to what Prime Minister Jim Callaghan of Great Britain, a very courageous man in a serious crisis, said just last week--and he made this comment in speaking to his Labor Party convention, a party that has played a very important role in helping to create the problem. But here is what Jim Callaghan said in speaking to his own party convention: "We used to think that you could just spend your way out of a recession and increase employment by cutting taxes and increasing Government spending. I will tell you in all candor that option no longer exists and that insofar as it ever did exist it worked by injecting inflation into the economy, and each time that has happened the average level of unemployment has risen. Higher inflation, followed by higher unemployment -- that is the history of the past 20 years in Great Britain."

Then the Prime Minister continued, and again I quote, "Each time we did this the twin evil of unemployment and inflation have hit hardest those least able to stand them -- the poor, the old, the sick."

My friends, that is really what this campaign is all about in America. Mr. Carter and his party offer more promises, more programs, more spending, more taxes, more inflation. Jerry Ford says that Government is already too large, too powerful, too costly, too remote and too deeply involved in your personal lives.

I want to make your Government your capable servant, not your meddling master. That is why I am a candidate for the Presidency in 1976. I ask for your help, your support, and your vote on November 2.

Thank you very much.

I will be glad to answer questions.

Yes, sir?

QUESTION: Mr. President, the preservation of the Hollywood-Burbank Airport is extremely important to people in this area insofar as jobs and transportation alternatives are concerned. We understand that your Administration is involved very deeply in trying to help us to save that airport in providing the funds and providing the resolution of the problem which is required, an environmental impact assessment.

All I want to do is to personally, on behalf of the people in the San Fernando Valley, in my district, thank you for your involvement and your support. We understand Elliot Richardson is involved, among others.

Thank you.

THE PRESIDENT: Thank you very much. I am very personally conscious of the importance of that airport. I have flown in there a few times over the years when I have had the privilege of visiting California. The Secretary of Commerce, the head of the FAA and the Secretary of Transportation are all very cognizant not only of the importance of that airport to this area but to the State, and I can assure you that they will make a maximum effort to come to the right decision, which I hope obviously is one that will satisfy the needs of the people of this area.

QUESTION: Mr. President, do you have a time frame established for returning to a balanced budget?

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THE PRESIDENT: Let me repeat the question in case some didn't hear.

The question is, do I have a timetable for returning to a balanced budget? The answer is categorically yes.

In the State of the Union message that I gave to the Congress in January of this year, in the budget that I submitted to the Congress in January of this year, and the economic program that was likewise submitted, we pointed out that if we cut the rate of growth of Federal spending from 11 percent to 5-1/2 percent, and if we gave the \$28 billion tax reduction that I proposed -- which means that you would have, for every dollar you cut in Federal spending, you could have a dollar reduction in Federal taxes -- we could have by the budget that I submitted -- or would submit, I should say -- in January of 1978, a balanced budget.

Now we have run into a problem, but it is not insoluble. I recommended a budget for the current fiscal year of \$395 billion. The Congress has exceeded that by their resolution by approximately \$18 billion. That is more, obviously, than I think the Federal Government should spend.

But I believe with a new and better Congress -- and I hope we get one -- we can make some adjustments that in my opinion will make up for the extravagance of this past Congress. In other words, we have two more budget cycles where I think we can put the lid on, keep the spending under control and still achieve our balanced budget that would be submitted in January of 1978.

QUESTION: Mr. President, I would like to ask you what is your feeling on the taxation of church-owned property, not the church itself but on parochial schools?

THE PRESIDENT: As I indicated in my remarks, Mr. Carter -- in an interview he gave to a magazine called Liberty, which is a magazine published by the Seventh Day Adventist faith -- said he was in favor of taxing all church property other than the church itself.

I categorically say that that is a wrong approach, because in effect, in many cases, you would be taxing your hospitals, orphanages and other such operations that churches undertake.

As far as tax provisions to give nonpublic schools an opportunity to get more financing from individuals who send their children to nonpublic schools, I have long advocated, endorsed and supported a change in the Internal Revenue legislation that would permit either a tax exemption or a tax deduction for those who, as a matter of choice, send their children to nonpublic schools.

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I am a personal product of public schools -- elementary, secondary and higher education -- except I went to Yale Law School, which is not a public institution, but from kindergarten through college I was a product of public education.

I believe in it. But I also believe -- and believe very strongly -- that the competition of nonpublic schools to public schools is good for education, the education of our children, and if you don't have that competition I think the public schools would get in a monopoly situation.

I don't like monopolies, period. So, I think we have to give some tax relief to those individuals who as a matter of choice want to send their children to nonpublic schools, whether they are Lutheran, Catholic, Christian Science or Jewish or whatever the sponsorship. The best way to do it is to give some tax relief to those who make that choice.

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QUESTION: Mr. President, I am a registered Democrat.

THE PRESIDENT: It is nice to see you, sir.  
(Laughter)

QUESTION: You are going to see more than just myself. The question I wanted to ask, in the interim while you are trying to get the Federal Government out of our business here locally, what can you do to help us cut the red tape and what is happening regarding the red tape for revenue sharing matters and so forth?

THE PRESIDENT: Let me respond this way. When I became President on August 9, 1974, one of the first things I found was that the previous Administration had projected for the then current fiscal year an increase of 40,000 Government employees, Federal employees. I made an order almost the first day I took office: We are not going to continue that authorization for an increase of some 40,000. We were able to make it stick, and actually in the two years that I have been President, we have reduced Federal civilian employment by 11,000. I think that is some progress.

Now, in addition, we have in the last 12 months on an order by me to the Office of Management and Budget, reduced the so-called paperwork, forms, et cetera, by 12 percent in the Federal establishment. Let me give you one specific illustration. In 1974 Congress passed what was called the Community Development Act, which would replace the seven categorical programs for urban renewal, model cities, et cetera, and made it one single block grant approach.

Let me illustrate what that can do. Under the old program for the applications to proceed from the city to the regional office to the Federal office, it took 31 months. Now, I am sure there are some city officials here who can confirm that was about the time it took. Under the present time it takes three months. Furthermore, those applications under those old seven categorical grant programs, they were 1800 pages. Today they are 25 pages.

The net result is we have reduced the processing time and we have reduced the paperwork from the point of view of city managers and others. We are going to keep on that kind of pressure in order to make the Government more responsive and responsible.

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QUESTION: Mr. President, would your new Administration be interested in, and amenable to, tax credit and tax incentives, maybe, to put small minority businessmen on a par with their majority counterparts?

THE PRESIDENT: What we have recommended is that there be tax incentives for any businessman who either moves the plant into the inner city or expands and modernizes his business within the inner city, where unemployment is 7 percent or higher, if I recall the precise figure.

That, to me, would be an incentive and a very substantial part to the black businessman who wants to give jobs in the inner city to the unemployed, particularly the disadvantaged and the blacks within the city.

I would have to look into whether it is constitutional to give a tax incentive to a particular race or color or religion under the Constitution. I just would have to give that some thought, but I do believe that the program we have recommended would be a stimulant in the direction in which you think it would be wise.

I would have to, in all honesty--rather than give an answer that I might have to change a week from now--take the thoughtful and, I think, responsible course. I will let you know, but I know that the program we have proposed would be very helpful to the inner city where unemployment among the youth, particularly the minority groups, is much too high. If we could have that kind of a program, I think it would be a substantial solution to the problem that you raised.

QUESTION: Mr. President, I am with Hydraulic Research Textron in Valencia. Mr. Carter keeps evading the questions asked by the panel that probe his weaknesses. Why aren't you forcing him to answer the questions directly?

THE PRESIDENT: There is no question that in, for example, his three-minute discussion on foreign policy raised a lot of rhetorical partisan issues and in the two minutes of rebuttal, if you are going to make a forthright, accurate answer and you don't have time to answer all of the, I think, purely partisan charges that he makes.

But, then we do find, even when you say he is totally inaccurate -- as I said that he had advocated a \$15 billion reduction in the defense budget -- he denied it, and if you read the Los Angeles Times this morning, he had made that statement in an interview with a Los Angeles Times reporter.



I think it was in the late winter or early spring of 1975. It was quoted in the paper. It was reaffirmed by the reporter that talked to him. I happen to believe that newspaper account of what he said rather than a denial, which I don't believe was the fact. So, even when you pin him down he varies, I think, from an accurate answer. I could have used stronger language, but --

QUESTION: Mr. President, I am Commissioner of Airports of LAX and several others. In August of this year, Secretary Coleman made a recommendation to OMB relative to noise abatement programs as it affects retrofit and the phasing out of the aircraft.

Are you going to be prepared to give us an answer prior to November 2 as to what we can expect on noise abatement in LAX?

THE PRESIDENT: I have spent a great deal of time with Secretary Coleman in the last month on just that question, and I have also spent a good bit of time with others within the Administration. And let me give you some idea of what the problem is as well as what the solution might be.

I don't want to preempt precisely what we are going to do. But the problem is that there are about 25 airports in this country where there is a noise problem. It involves roughly 6 million people who live adjacent to or within the area of those airports. The noise standards that were established by FAA, as I recall about two years ago, required that all new aircraft that are going to use those, or any airports in this country, must meet those standards.

Under that kind of a program, as I recall, it will take 8 to 10 years to go through the whole cycle of abandoning those present planes that don't meet the standards and replacing them with planes that do meet the standards. I am very concerned that we have not been tougher in this regard.

Now when you say that, in effect you are saying that today we are going to impose on all aircraft who use our many, many airports in this country the same standards, the new ones as well as those that are unable to meet the problem, which, if you did it today, would force the aircraft industry to replace, as I recall, roughly two-thirds of their present fleet.

Now the commercial airliners say that under their restrictions imposed on their ticket cost they cannot go into a program that permits them immediately to buy the aircraft that would meet this problem. They say that the CAB won't give them enough price relief.

So the answer is one of two approaches -- either we get the regulatory reform that I recommended to the Congress which would force the CAB to permit certain price adjustments in their fares without going through a lengthy process before the CAB and, if they got that relief, if Congress stood up and passed the regulatory reform that I recommended, then the CAB and the industry itself, would have the capability of meeting the problems that they face in financing the procurement of the two-thirds of the planes that don't meet the noise standards.

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Now, the other option. At the present time, there is an 8 percent Federal tax on commercial plane tickets. That money goes into an aircraft, into an airport trust fund. That trust fund presently has a surplus.

There is a suggestion that that be reduced from 8 percent to 6 percent, and that a financing plan be worked out that would take that 2 percent and permit the airlines to immediately be a beneficiary of that so that they could buy more modern aircraft more quickly. It is very complicated but it is a solution.

So, when you come down to it we are in the process of making a final decision as to whether we should -- well, the alternatives are Congress must pass the regulatory reform that gives the industry itself an opportunity to meet the problem or, if Congress will sit on its hands, as it has in other regulatory reform proposals, if they won't take the one option, then I think the other option is a necessity because I am not going to tolerate an 8-to 10-year program of trying to solve the noise problem at airports, the 26 -- Los Angeles, La Guardia, Kennedy, O'Hare, and the others.

It is not right to the 6 million people when we have a better answer, either regulatory reform on the one hand or a financing program as I have suggested on the other.

QUESTION: Mr. President, I am a reservist with the Strategic Air Command. I can tell the B-52s will not go another ten years. When are we going to get the B-1?

THE PRESIDENT: I made a speech on that point yesterday out at the Rockwell plant, and I made precisely the point you are talking about. The B-52s today are an integral part of our three-pronged strategic programs for the defense of this country.

We need high-performance, long-range aircraft. We need our land-based ballistic missile systems. We need our submarine-launched ballistic missile systems.

We are improving our land-based programs with the MARK-III, and we are moving into the MX missile development. We are building the Trident submarine to replace the present nuclear-powered ballistic missile submarine. But, we cannot permit the 25-year-old B-52s to continue for another 10 or 15 years.

As I said yesterday, I am not going to permit pilots to fly in aircraft which is older than the pilots themselves. And that is what you do if you go on with the B-52. The B-1 has met every test, not only as to performance but as to cost. And I am very much opposed to those who want to cancel it or delay it and, unfortunately, Mr. Carter, in the form that he espouses, either wants to delay it or cancel it.

I think we owe something to the young people who are called upon to fly those aircraft to give them the best equipment that this country can buy.

QUESTION: Mr. President, by the way, I support you all the way. We fill the galleys that go in your commercial airlines.

I personally am more concerned about the minority expression in the Eastern European countries over the Communist rule than I am in what is going on in Rhodesia and South Africa. Can we get Kissinger to go over there and start doing work along the lines which you are talking about here today?

THE PRESIDENT: The question raised is about the status of Eastern European countries.

This Administration does not concede that there should be Soviet domination of the Eastern European countries. It has been alleged by some that I was not as precise as I should have been the other day. (Laughter)

But, let me explain what I really meant. I was in Poland a year ago, and I had the opportunity to talk with a number of citizens of Poland, and believe me, they are courageous, they are strong people. They don't believe that they are going to be forever dominated -- if they are -- by the Soviet Union. They believe in the independence of that great country, and so do I, and we are going to make certain to the best of our ability that any allegation of domination is not a fact.

I went to Poland, I went to Yugoslavia, I went to Rumania to emphasize that the United States of America believes in freedom, independence of all Eastern European countries, and that is what I believe in and that is what this Government stands for.

QUESTION: On your desk is a piece of legislation by Congressman Corman dealing with the extending of the Federal unemployment insurance program. Question: Are you going to sign it or veto it?

THE PRESIDENT: I have always felt, Pete -- and I am sure you would agree from your long experience in Government -- that you should read the fine print, particularly anything coming from this Congress. (Laughter)

I think this Administration's record is one of compassion in this area. When we were faced with the worst recession in 40 years, I not only recommended but signed legislation to extend the unemployment compensation from 26 weeks to 67 weeks and to broaden the qualifications so that more people who had not previously been covered would be covered.

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Now, as long as we have the problem we have -- even though it is getting less severe -- this Administration will show the same compassion, and if it is necessary to sign that legislation, with the brief description you gave of it -- (Laughter)

QUESTION: I didn't want to give you the wrong impression, Mr. President.

THE PRESIDENT: I will repeat what I said. I am going to take a good look at it because that fine print sometimes does not always reflect what the headlines show in the newspapers, so when it comes to the desk, we will take a good look and if we think it is needed, we will do it. If not, we will take other action.

Thank you all very, very much.

END (AT 9:40 A.M. PDT)