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I

THE FORD PRESIDENCY

A PORTRAIT OF THE FIRST TWO YEARS

The worst inflation in peacetime history was eroding the hopes and incomes of millions of Americans. The economy was hurtling toward the worst recession in a generation. A long and divisive war in Southeast Asia was dragging on, and allies were questioning whether America had lost her nerve. No one knew whether another energy crisis might be around the next corner. And perhaps most important of all, many Americans had lost confidence in the integrity of their government.

These were challenges confronting Gerald R. Ford as he entered the Presidency on August 9, 1974. As he was to observe a few months later in his first full report to the Congress, "The State of the Union is not good."

A Gallup Poll taken shortly after President Ford assumed office showed that a majority of Americans felt the lack of trust in government was one of the most important issues facing the nation.

A year later, again speaking to the Congress on the State of the Union, the President was able to say that he saw "America crossing a threshold...because we have been tested in adversity. I see an America resurgent, certain once again that life will be better for our children than it is for us."

This change in America was reflected in a variety of ways. Inflation, which had reached an annual rate of 12.2 percent when President Ford took office, had been reduced to an annual rate of 4.6 percent. Unemployment, which had peaked at 8.9 percent in early 1975, had been reduced to 7.5 percent. And more significantly, over three million more Americans were at work than during the previous year; by May employment under the Ford Administration would reach the highest point in American history: 87.7 million persons. Internationally, the war in Vietnam had ended, and the threat of another oil embargo and energy crisis had become increasingly remote.

A new spirit was blooming, a spirit brought on by the national healing led by President Ford, and symbolized by the national unity and good feelings that marked the Bicentennial observation on July 4th.

This dramatic transformation, both here and abroad, has been brought about with foresight and care by a President who used a low key and determined approach to meeting national problems. He invoked the Constitutional power of the veto when necessary to hold inflationary spending. He met with foreign leaders to work out common solutions to common problems. He began to restore confidence in government through a series of White House Conferences and meetings throughout the United States to let the people ask the questions uppermost in their minds and to ensure that he kept in touch with the people.

The President, however, was not content merely to solve the difficult problems he had inherited. He also began drawing a blueprint for the future. He saw not another series of massive Federal programs, promising much and achieving little. He called instead for a more practical approach.

"The time has come for a fundamentally different approach -- for a new realism that is true to the great principles upon which this Nation was founded," he said in his second State of the Union address.

"We must introduce a new balance to our economy -- a balance that favors not only sound, active government but also a much more vigorous, healthy economy that can create new jobs and hold down prices."

"We must introduce a new balance in the relationship between the individual and the government -- a balance that favors greater individual freedom and self-reliance."

"We must strike a new balance in our system of federalism -- a balance that favors greater responsibility and freedom for the leaders of our State and local governments."

"We must introduce a new balance between the spending on domestic programs and spending on defense -- a balance that ensures we will fully meet our obligation to the needy while also protecting our security in a world that is still hostile to freedom."

"And in all that we do, we must be more honest with the American people, promising them no more than we can deliver and delivering all that we promise."

II. ECONOMIC POLICY

II

THE PRESIDENT'S ECONOMIC POLICY:
TURNING THE COUNTRY AROUND

"The big issue of economic policy for the next four years is whether government will have the foresight and stamina to stay on the course with a policy of gradual expansion. On this issue Mr. Ford's record and promise are outstanding."

-- Herb Stein, Former Chairman,
Council of Economic Advisers
July 21, 1976

When President Ford took office in August of 1974, the country was facing its most serious economic crisis since World War II. At home, prices were skyrocketing at a double-digit pace and forces were in motion to produce the worst recession in a generation. Abroad, there were forces at work -- including a quadrupling of oil prices -- that were disrupting the stability of the international economy. There were dire predictions that the American economy was heading out of control.

The remarkable change that has occurred during the first two years of the Ford Administration is spelled out by the numbers:

-- The 12.3 percent rate of inflation in the latter part of 1974 was reduced by more than half to 4.6 percent during the first six months of 1976.

--Employment reached an all time high of 87.7 million persons in May.

--Unemployment, which peaked at 8.9 percent in May, 1975, has been reduced to 7.5 percent.

-- There are 3.4 million more Americans at work today than at the bottom of the recession.

A. The First Phase of the Ford Program: Coping With Inflation

In the summer of 1974 the President inherited an economy characterized by spiraling inflation and a declining real gross national product. He moved quickly to create the Council on Wage and Price Stability to monitor wage and price movements in both the private and public sector.

He followed this with a Summit Conference on Inflation to bring together the best economic thinkers in the Nation to develop, step-by-step, a game plan for economic rejuvenation.

The Conference on Inflation was a cooperative effort on an unprecedented scale involving both the Administration and the Congress. It provided a forum for leaders from all sectors of American society to examine the economy with the President and his principal advisers and to make their recommendations. The Conference generated broad consensus that:

-- The economy faced multiple problems, the foremost of which was double-digit inflation;

-- The near term outlook for the economy was a flat pattern of growth; and

-- Many government regulations which had accumulated over the past three decades imposed significant, hidden costs on the economy.

At the conclusion of the Economic Summit Conference, the President took steps to analyze and resolve the Nation's economic difficulties. He created a new entity, the Economic Policy Board, to assist him in the formulation, coordination, and implementation of economic policy. Chaired by the Secretary of the Treasury, William E. Simon, the Economic Policy Board is similar to the coordinating bodies advising the President on national security, domestic affairs, and the budget. It provides a mechanism for the systematic presentation of views and the orderly development of policy.

On October 8, 1974, the President delivered his first major economic address to Congress. In his address he identified inflation as the Nation's foremost economic challenge and outlined a 10-point program to:

-- Ease the plight of unemployed workers through the creation of public service employment and the extension of special unemployment insurance benefits to those who had exhausted their regular and extended benefits;

-- Require the preparation of inflation impact statements for all major legislative proposals, regulations, and rules emanating from the Executive Branch.

-- Increase funds available for Federal home mortgage subsidies;

-- Achieve full agricultural production;

-- Organize a national energy effort;

-- Increase productivity and contain prices by ending certain restrictive practices and more effectively enforcing the laws against price fixing and bid rigging; and,

-- Promote capital formation through tax reductions for dividends on preferred stock and liberalized capital gains tax treatment.

The President also announced his support for tax reductions for certain low-income taxpayers balanced by a temporary surtax on upper-income taxpayers.

During the following months much of the President's economic program was enacted. At the same time conditions in the economy were rapidly changing. The distortions caused by double-digit inflation were being felt throughout the Nation. The closing months of 1974 witnessed an unprecedented accumulation of inventories, record high interest rates, and distortions in capital markets, all of which contributed to a decline in production. As production declined, unemployment surged.

Expressing his concern about the growing joblessness, the President said:

" . . . Unemployment is too high. We have to be compassionate. We must be concerned about the people who want to work but can't find a job and for that reason we have extended unemployment insurance and broadened the coverage."

B. The Second Phase: Responding to the Recession

As the President prepared for his first State of the Union address, the rapid decline in economic activity prompted an adjustment in the Administration's economic policy. The resulting program addressed the three inter-related problems of recession, inflation, and energy dependence.

The President faced a fundamental decision. Should economic policy rely primarily on new Federal spending programs to stimulate economic activity, or should economic policy rely primarily on a revitalized and enlarged private sector as the means to restoring prosperity?

The President decided to rely on the private sector.

In his first State of the Union Message, President Ford proposed:

- A one year moratorium on new Federal spending programs to restore a measure of fiscal restraint;
- A \$16 billion temporary tax reduction;
- A series of energy conservation taxes and fees;
- A permanent tax reduction to return to the economy the energy taxes and fees.

The President's spending moratorium was the first step in redressing the pattern of deficits which have characterized the Federal Budget in 14 of the past 15 years. All of these measures were consistent with the President's goal of restoring economic prosperity through primary reliance on a dynamic private sector.

By April, the President had signed a tax reduction measure into law and had been successful in restraining the proliferation of new Congressional spending programs through the use of his veto power.

C. The Third Phase: Achieving Sustained Growth Without Inflation

Consistent with his actions to address the immediate problems of inflation and recession, the President turned his attention to the long-term problems of the Nation's economy and outlined a program that would place the economy on a path to sustained growth without inflation. The President's program which has been enunciated in a series of speeches and messages to the Congress over the past year:

- Proposes a series of tax reform measures designed to promote capital formation in recognition of the need for 10 million additional jobs by 1980;
- Proposes to eliminate governmental regulation in transportation, energy, banking, and retailing which have either outlived their usefulness or are not justified in view of the cost they impose on the economy;

-- Slashes the rate of growth of Federal spending to provide more funds for investment and reduced taxes for individuals.

-- Proposes consistent, long-term policies to provide a stable environment for private decision making. It rejects the stop-go measures which have, in the past, contributed to economic uncertainty and instability.

In keeping with his goal of relying on the private sector for secondary recovery, the President, in October of 1975, proposed a permanent tax cut of \$28 billion and a \$28 billion reduction in the growth of Federal spending. These proposals were intended to stimulate the private sector by reducing the growth of the Federal government and returning more money to taxpayers so that they, and not Washington, could decide how it should be spent.

To assure the continuation of a sound recovery and sustained economic growth without inflation, the President, in his second State of the Union Message this past January:

1. Proposed a budget of \$395 billion for FY 1977, a reduction of nearly \$29 billion from the level of spending that would have occurred under Congressionally mandated legislation. He also proposed continuation of the moratorium on new spending programs for another year.

2. Reaffirmed his proposal for a \$28 billion permanent tax reduction -- \$10 billion more than the current temporary tax reduction. This deeper tax cut will save the average family of four earning \$15,000 per year a total of \$227 in taxes, each year.

3. Proposed accelerated depreciation for new plants and equipment in areas experiencing unemployment in excess of 7 percent.

4. Proposed changing the Federal estate tax laws to make it easier to continue the family ownership of a small farm or business. Subsequently, the President proposed to increase the estate tax exemption from \$60,000 to \$150,000 and to permit the fee transfer of estates between spouses.

5. Proposed tax incentives to encourage broadened stock ownership by low and middle-income working Americans by allowing deferral of taxes on certain funds invested in common stocks.

6. Ordered a comprehensive review of all Federal regulatory activities to eliminate regulations which are obsolete and inefficient in today's economic environment.

In May of this year, the President continued his regulatory reform effort, submitting legislation which would require the Executive Branch to review on a systematic basis, Federal regulatory activity and determine what reforms are needed. The President has also established a series of task forces in various Federal agencies designed to produce more effective and less burdensome regulation. Agency forms will be reduced, redundant regulations removed, and rulemaking codified or clarified.

But economic progress cannot be sustained without close coordination with our allies and trading partners. Recognizing the importance of growing international economic interdependence, President Ford met with the leaders of the major industrial nations in two international economic Summit Conferences. At Rambouillet in November of 1975, the discussions focused on achieving a sound recovery. Agreement was reached on major changes providing far greater flexibility in the international monetary system. The leaders also agreed to undertake mutually supportive policies to stimulate economic activity and reaffirmed their resolve to resist protectionist pressures to restrict trade. As a result, despite enormous pressures, the international trading system has been remarkably free of protectionist actions and there has been progress toward further liberalization of trade in the Multilateral Trade Negotiations in Geneva.

At the Puerto Rico Summit this summer, convened at the initiative of President Ford, discussions focused on ensuring that the industrial economies continue to achieve sustained growth without inflation, as well as addressing relations with the developing world. The Summit Conferences served to strengthen the coordination of economic policies among the major industrial nations and to reinforce the determination of the leaders to pursue policies designed to achieve sustained prosperity.

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D. Opposition to the Humphrey-Hawkins Bill

"Let me say very categorically, I do not think that it will work. Therefore, I am against it."

Gerald R. Ford
Question and Answer Session
Bowling Green State University
June 7, 1976

President Ford has emphasized, whenever he has been asked about the provisions of the Humphrey-Hawkins Bill, that the success his Administration has had in getting over 4 million Americans back to work since the bottom of the recession has come about because we are giving the free enterprise system a chance to work.

Critics of the bill have pointed out that requiring the government to serve as the "employer of last resort" forces wage scales in private industry to a higher level. Otherwise there would be a steady drain of labor away from jobs in private industry into "last resort" jobs. A much higher set of minimum wages would result.

Furthermore, the bill cannot work unless permanent wage and price controls are implemented, because the bill assures runaway inflation.

The key to a sound economy, in President Ford's view, is incentives for high employment in the private sector.

In addition, Mr. Ford has pointed out that the tax burden to the American people of the Humphrey-Hawkins Bill as currently amended would cost American taxpayers, by a conservative estimate, over \$10 billion in the first full year of operation.

E. Use of the Presidential Veto

In seeking to restore fiscal integrity to the Federal budget, the President has vetoed 53 bills; 44 vetoes have been sustained--at a savings to the taxpayers of \$9.2 billion. The veto provided by the Constitution as a check against excessive action by Congress, has ensured that special interests are not advanced to the detriment of the national interest. President Ford, recognizing this fact and the fact that a President must, by the nature of his office, represent the entire Nation, has used veto power to restrain the growth of an already bloated Federal government.

The President reduced the rate of growth in government spending by half, gaining the average American household more than \$150 a year.

To place the President's actions in perspective, during his first two years in office, President Ford averaged 26.5 vetoes per year. In comparison, Franklin D. Roosevelt averaged 52 vetoes a year, and Harry S. Truman averaged 35 vetoes per year.

F. The Administration's General Tax Reform Proposals

The Administration has consistently advocated basic reforms of the complex Federal tax system to achieve three basic goals as outlined by Treasury Secretary Simon on July 8, 1975, before the House Ways and Means Committee (and reiterated again on March 17, 1976, before the Senate Finance Committee):

"Tax equity. We must reinforce taxpayers' confidence that when they pay their fair share everyone else does, too.

"Simplification. Many provisions of tax law that affect large numbers of individual taxpayers are extraordinarily complicated. The annual tax return form may never provide pleasure, but it need not be a nightmare.

"Economic growth. The tax system must be conducive to the stable growth of our domestic economy and the long-run improvement of our position in world markets. Any change in the tax law that impedes the productivity of our national economy will risk the loss of the prosperity we now enjoy. We must see that the tax system does not unduly impede the savings and capital investment necessary to economic health."

The Administration has proposed and supported:

-- A tax on Minimum Taxable Income as a substitute for the current minimum tax to insure that taxpayers with high gross incomes pay a tax which bears some reasonable relation to that income.

-- Limitations on artificial accounting losses as a means of limiting tax shelters.

-- As steps toward simplification, restructuring the retirement income credit, repealing the sick pay exclusion, repealing the deductibility of State gasoline taxes, restructuring the medical and casualty loss deductions, limiting a miscellaneous deductions, and introducing a standard "simplification deduction" for those who itemize.

-- Repeal of the withholding tax on interest and dividend payments to foreigners in order to encourage inflow of foreign capital.

-- The Ways and Means Committee's 1974 proposals to lower capital gains taxes.

* -- As a means of stimulating construction of electric utility facilities and creating new construction jobs, several changes in the tax code including a permanent 12 percent investment tax credit for electric utility properly (except generating facilities fueled by petroleum products) and an immediate investment tax credits on progress payments for construction.

(The changes in the investment tax credit and depreciation would require that the benefits be "normalized" for ratemaking purposes. These proposals were recommended by the President's Labor-Management Committee.)

* -- Elimination of the double tax on income from savings invested in corporate equities by a combination of corporate deductions for dividends paid and individual tax credits to be phased in over six years beginning January 1, 1978.

* -- A Broadened Stock Ownership Plan that would allow low and moderate income individuals to defer taxes on funds invested in common stock.

* -- Legislation to ease the burden of estate taxes on family farms and small businesses.

* -- An increase in the estate tax exemption from \$60,000 to \$150,000 and accompanying revisions in estate tax rates to be phased in over five years. Also, proposed tax-free interspousal transfers to assets under gift and estate taxes effective January 1, 1977.

* -- A temporary program of rapid amortization for investments in new and expanded nonresidential buildings, and equipment placed in such buildings, in areas of high unemployment.

* -- Tax cuts that, when fully effective on January 1, 1977 would:

- Increase personal exemptions from \$750 to \$1,000.
- Set standard deductions at \$2,500 for a couple filing jointly and \$1,800 for single taxpayers. (Simplification would be fostered by eliminating the percentage standard deduction.)
- Reduce individual income tax rate schedules.
- Lower maximum corporate rate from 48 percent to 46 percent.

- Make permanent current, temporary corporate tax reductions on the first \$50,000 of corporate income.

- Make the 10 percent annual tax credit permanent.

* -- As a part of the Financial Institutions Act, eliminating current deductions for excess bad debt reserves by thrift institutions and introduce a tax credit based on residential mortgage interest income for all financial institutions.

-- Federally-subsidized, but fully taxable, municipal bonds as an option to tax-exempt bonds issued by State and local governments.

The Republican Platform also calls for tax credits for child-care for working parents and for tuition to institutions of higher education.

* These proposals are part of the 1977 Budget.

III. DOMESTIC POLICY

III

THE PRESIDENT'S DOMESTIC POLICY

INTRODUCTION

President Ford's domestic policy is based on a philosophy summed up in two statements, which he made in his State of the Union Message to the Congress on January 23, 1976.

"Government," he said, "exists to create and preserve conditions in which people can translate their ideas into practical reality."

But he noted that government alone can't solve all problems. "In a free society," he said, "the making of government policy and successful problem-solving involves much more than government. It involves a full partnership among all branches and levels of government, private institutions and individual citizens."

The President has put that philosophy into practice in the last two years. A close reading of the Ford programs presented in the following pages will disclose that the President has begun the process of putting America on a new road. This new road emphasizes individual freedom in every aspect of American life and uses government only to nurture and enhance that freedom. It is not a novel approach; men such as Jefferson and Madison wrote about it many years ago. But it is very different from the path the country has been traveling in modern times.

A. INTEGRITY IN GOVERNMENT

President Ford took office when the Watergate scandal was at its height -- and public esteem for the Presidency as an institution was at its low point. The President acted quickly to restore public trust and confidence in the Presidency and the Executive Branch of the government.

There were three major means the President chose to employ to restore public trust.

First, he appointed men and women of high moral character and recognized excellence to fill the major posts in his Administration. He has continued this pattern in his appointments to the major regulatory commissions and to the Supreme Court.

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Second, the President immediately decided to conduct -- and has continued to conduct -- an open Presidency. The President has held 35 national press conferences to date. He has met in White House Conferences on the issues of the day with more than 10,000 Americans. Shortly after he became President, Gerald Ford began to travel through the United States in an effort to speak directly to the American public about the issues he knew the country must resolve.

Action in Congress on "Sunshine Laws" governing the accessibility of the meetings of Federal agencies is pending final action. The President is expected to act on the bill as soon as Congress completes its deliberations.

When the President decided that the best interests of the United States required that former President Nixon be pardoned in order to get the country on the move, he became the first President in United States history to offer to appear and testify and submit to questioning by Members of the United States Congress. He did in fact testify in a public hearing held by a Congressional Committee and a transcript was made for the public. His Presidency has become the most open in modern times.

Finally, the President has instigated significant reforms in government handling of a wide variety of ethical problems:

-- The President promulgated a strict code of conduct for his White House staff.

-- The President gave strict instructions to all Cabinet Members with regard to the conduct of their agencies.

-- The President appointed the Rockefeller Commission to investigate and report on abuses of power and invasions of privacy by the American intelligence community which had occurred under several previous Administration and issued guidelines for that community to insure that the community could effectively carry out its mission without infringing on the rights of Americans.

-- The President supported the Attorney General in his actions in creating new limitations on investigative action by the FBI.

-- The President appointed the Richardson Commission to investigate and recommend action on the problem of international corporate bribery.

-- And this summer the President made a series of proposals, including one to set up a Special Prosecutor's office in the Department of Justice which would serve to make the government more open and accountable to the American people.

The Republican Platform adds:

"Control of the United States Congress by the Democrat Party for 40 of the past 44 years has resulted in a system dominated by powerful individuals and riddled with corruption. Recent events have demonstrated an unwillingness and inability by the Democrat Party to cleanse itself. Selective morality has been the order of the day. Positive Republican initiatives have languished in Democrat-controlled Congressional Committees while business as usual has continued in Washington. The American people demand and deserve reform of the United States Congress. We offer these proposals of far-reaching reform:

- . Repeal of legislation which permits automatic increases in the salaries of Members of Congress, congressional staffs, and official expense allowances. Public accountability demands that Members publicly vote on increases on the expenses of their office. Members' salary increases should not become effective until a new Congress is elected.
- . Elimination of proxy voting which allows Members to record votes in Committee without being present for the actual deliberations or vote on a measure.
- . Elimination of Democrat Caucus rules which allow a Party to bind its Members' votes on legislation. Each Member of Congress represents his constituency and must be free to vote in accordance with the dictates of his constituency and individual conscience.
- . A complete audit by the General Accounting Office of all congressional allowances and appropriate disciplinary measures for those who have violated the public trust.

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- . Full public disclosure of financial interests by Members and divestiture of those interests which present conflicts of interest.
- . Changes in the House rules which would allow a House majority to require the House Ethics Committee to conduct an investigation into alleged misconduct by any Member of Congress if the Committee refuses to act on its own.
- . A complete overhaul and streamlining by the system which has permitted the proliferation of subcommittees with over-lapping responsibility, vague jurisdictional definitions and a lack of legislative production.
- . Quarterly publication of names, titles, and salaries of all Congressional employees.
- . Improved lobby disclosure legislation so that the people will know how much money is being spent to influence public officials.

"Citizens are demanding the end of the rapid and wasteful increase in the size of Washington government. All steps must be taken to insure that unnecessary federal agencies and programs are eliminated and that Congress carefully scrutinize the total budget of each agency. If it is determined that sunset laws and zero-based budgeting can accomplish these ends, then they will have our support. Washington programs must be made as cost-effective as those in the states and localities. Among the many serious complaints that we wish to register on behalf of the American people is the poor operation of the United States Postal Service.

"We note the low respect the public has for Congress -- a Democrat-controlled institution -- and wonder how the Democrats can possibly honor their pledge to reform government when they have utterly failed to reform Congress."

The following answer was supplied to the President as a suggested answer to a possible question on the pardon in preparation for his July 19 press conference:

- Q. Do you think your pardon of Richard Nixon will be an issue in the Fall campaign?
- A. Absolutely not. Governor Carter has made it clear on many occasions that this will not be an issue, and he says he is a man of his word.

I have said many times on my own that I pardoned the former President because the Nation had to put the matter behind us, cleanse the air, and get on about our business.

I also issued the pardon because I thought Mr. Nixon, his wife, and his children had suffered enough. Those who campaign now by calling for more compassion among the American people should ask themselves: Was not this pardon an act of compassion? Indeed, was it not an act of Christian charity? I think it was.

B. Returning Power to State and Local Governments

As Minority Leader in the House of Representatives, Gerald Ford fought hard to preserve a balance of power between the Federal and State and local governments. It was his view throughout the 1960's that too many new programs, too many new bureaucracies, and too many new regulations were sprouting up along the Potomac. When President Eisenhower left office, there were some 100 Federal categorical grant programs on the books; by the end of the 1960's there were over 1,000 and the number was rapidly growing.

As President, Mr. Ford has sought to reverse that flow of power and to establish more productive, more cooperative relationships between the White House and Governors and Mayors across the country.

Specifically, the President has:

-- Spearheaded efforts to re-enact General Revenue Sharing, a program that would provide \$39.85 billion to State and local governments over the next five years. The current program expires at the end of 1976, and many State and local governmental units are already hard-pressed in planning their future budgets.

-- Submitted to the Congress four new block grant proposals that would consolidate 59 categorical programs in the areas of health, education, child nutrition, and social services.

-- Proposed the Allied Services Act, which provides for the consolidation of grant programs in the areas of human services.

-- Signed the Funding Simplification Act which cuts down the red tape for State and local governments seeking government grants.

-- Sought and obtained the participation of State and local government officials in the preparation of the Federal budget each year.

-- Held six regional conferences around the country to talk with State and local officials about their concerns.

-- Appointed a Special Assistant for Intergovernmental Affairs at the White House.

-- Proposed budgets which have increased the total amount of funding for State and local governments from \$49.7 billion to an estimated \$61.9 billion in FY 77 -- an increase of 24 percent over two years.

Have these changes made a practical difference for State and local governments? The record speaks for itself -- two years ago, a local government seeking grant assistance for community development had to fill out an application that averaged 1,400 pages in length; today that same application is 25 pages in length; the length of processing for this application dropped from 31 to 8 months; and the regulations governing the program have dropped from 2,600 pages to 50.

Aid to New York City

"I have been steadfastly opposed to any Federal help for New York City which would permit them to avoid responsibility for managing their own affairs. I will not allow the taxpayers of other States and cities to pay the price of New York's past political errors. It is important to all of us that the fiscal integrity of New York City be restored and that the personal security of eight million Americans in New York City be fully assured.

"...Because the private credit markets may remain closed to them, representatives of New York have informed my Administration that they have acted in good faith but that they still need to borrow money on a short-term basis for a period of time each of the next two years in order to provide essential services to the eight million Americans who live in the Nation's largest city.

"Therefore, I have decided to ask the Congress for authority to provide a temporary line of credit to the State of New York to enable it to supply seasonal financing of essential services for the people of New York City. There will be stringent conditions."

President Gerald R. Ford
November 26, 1975

President Ford signed a bill that allowed the Federal government to loan New York up to \$2.3 billion a year through mid-1978 to cover the city's seasonal cashflow problems. The loans would have to be repaid with interest each year by the city.

For the year ending June 1976, New York City had paid back all monies borrowed for that period plus interest. New York City is presently in the process of drawing down monies for the year ending June 1977.

C. Regulatory Reform

From the time he assumed office, President Ford has made the reform of costly and duplicative Federal regulation a principal goal of his Administration. He stated that "we will establish as national policy this basic fact of economic life, that government regulation is not an effective substitute for vigorous American competition in the marketplace."

The Reform Program

The President's reform program has proceeded simultaneously on three fronts against interrelated problems. The three fronts are:

(1) An attack on the inflationary problems created by excessive government regulation and spending proposals;

(2) Establishment of a disciplined timetable to produce comprehensive and fundamental changes in Federal regulatory activities; these reforms would follow an exhaustive review of the economic and social consequences of all major actions by the Federal bureaucracies; and,

(3) Repeal of Federal laws and regulations which adversely affect consumers by restricting rather than enhancing competition in the private marketplace.

Attack on Inflation

On the first front, the attack on inflation, the President began his reform program on October 8, 1974 in an address to Congress in which he proposed:

-- Assigning the Council on Wage and Price Stability a watchdog role over the inflationary costs of government;

-- Requiring all major agencies to prepare inflation impact statements for all major regulatory and legislative proposals;

-- Creation of a National Commission on Regulatory Reform to examine the independent regulatory agencies from this new perspective; and,

-- Encouragement for the State and local governments to review their own regulations.

Congress did not pass legislation to create the National Regulatory Commission. But the Administration has acted where it could and has used the Council on Wage and Price Stability and the Inflation Impact Statement program to guide Administration economic policy.

Reform of the Federal Bureaucracy

On the second front, reform of the Federal bureaucracy the President has introduced legislation, called the Agenda for Government Reform, which would establish a four-year program of fundamental reform of all the regulatory activities of the Federal bureaucracy.

The act, which was sent to Congress by the President on May 13, 1976, would:

-- Require a careful consideration of the views of the American public on the problem of regulatory reform.

-- Require a complete analysis of the costs and benefits of all Federal Government regulatory agencies.

-- Commit the President to develop and submit major reform proposals to Congress no later than the end of January in each of the next four years.

-- Commit the Congress to subject the President's proposals to an up or down vote on the Floor of each House each year and encourage more effective Congressional oversight of government operations.

The Agenda for Government Reform represents a commitment by the Ford Administration to comprehensive reform of the functioning of all major elements of the Federal bureaucracy. Each major regulatory activity would be examined in detail during one of the four years of the Reform Act to determine if the regulatory activity is fair, efficient, and appropriate under current economic and social conditions. In essence, the Administration has committed itself and has asked Congress for a commitment to break the Washington logjam in meaningful regulatory reform with a complete overhaul of the Federal bureaucracy.

Taken together with the legislation discussed below, the Agenda for Government Reform Act promises to make Federal regulation once again a viable Federal government activity at a large savings to the American taxpayer. The law is written in such a manner that neither the President nor the

Congress will be able to avoid carrying out needed reforms without violating its pledge to an informed and involved American public.

Legislation to Remove Competitive Barriers

Securities -- On June 4, 1975, the President signed the Securities Act Amendments of 1975. This Act, which has been proposed by the President, introduces open competition into the securities industry, thereby permitting individual investors to shop around for the best brokerage commission rates. Competition will also make it easier for private companies to raise capital.

Transportation -- The President has taken significant steps to reform transportation regulation that has in recent years seriously restricted performance of our rail, airline, and truck systems. On February 5, 1976 -- a year after proposing such legislation -- he signed the Railroad Revitalization and Regulatory Reform Act, providing long overdue reform of rate regulation, allowing more price competition in the railroad industry and prohibiting specific anti-competitive practices.

In addition, the President has submitted two other transportation reform bills to the Congress -- the Aviation Act of 1975, submitted on October 8, 1975, and the Motor Carrier Reform Act, submitted November 13, 1975. These bills would make it possible for companies in these industries to compete more freely. Consumers would be offered a wider choice of prices and services, rather than having Washington dictate what transportation services could be offered, over what routes, and at what rate.

In the development of these initiatives, the President has sought the advice of all interested parties including consumer groups, industry and labor representatives, and academic experts.

Fair Trade Laws -- On December 12, 1975, the President signed into law the repeal of the Federal fair trade laws which for many years had allowed manufacturers to dictate artificially high retail prices for their products. The Consumer Goods Pricing Act makes it possible for consumers in all states to benefit from discount prices on all brand name merchandise.

Financial Institutions Act

In addition to the reforms listed above, the Administration has supported the Financial Institutions Act, the first

major reform legislation for the banking industry since the 1930s. This legislation would introduce competition in segments of the banking industry which until recently have been legally required not to compete with each other -- at a large cost to the consumer in lower interest payments and inferior services.

Overall Antitrust Law Reform

In addition to the reform legislation the Ford Administration has proposed for making specific segments of the economy more efficient, the Administration has supported and introduced legislation to strengthen the Nation's basic antitrust laws, which are an important force in maintaining competition throughout the economy. The proposed reforms would make it significantly easier for antitrust actions by government agencies to proceed and would toughen many of the penalties for antitrust violations.

During the Ford Administration the Justice Department has continued to vigorously prosecute an antitrust action brought against IBM Corporation, the world's largest computer manufacturer and the Justice Department has begun an anti-trust divestiture action against AT&T, America's largest private employer. In addition, the Federal Trade Commission brought a successful antitrust action against the Nation's three largest car rental firms. The Department of Justice has itself been strengthened by the President's appointment of Edward H. Levi, a nationally known and respected anti-trust lawyer to be Attorney General.

For additional material see "Justice Section
this topic Page IIIK4.

Administrative Actions

Along with reform legislation, the President has initiated a number of administrative actions. At his insistence, the growth of Federal paperwork requirements has been reversed. By July, 1976, the number of Federal forms required was cut by over 12 percent -- exceeding a goal the President set last fall. However, as the President recognized, the number of manpower required to fill out Federal forms actually increased during this same period. Therefore, on July 23 of this year, the President acted again by:

-- Directing the departments and agencies subject to the Federal Reports Act to cut their total reporting requirements by 7 million hours by the end of FY 1977, a 5 percent reduction.

-- And directing the departments and agencies to find ways to cut the reporting requirements by an additional 20 million hours by the end of the FY 1978, an additional 15 percent cut. This extra time would permit legislative proposals to be made, enacted, and implemented to help reach the President's goal.

On July 10, 1975, the President met with commissioners of the 10 independent regulatory commissions and stated that "some government regulation costs the country more than it returns in benefits, and that the regulatory process often benefits special interests at the expense of the general public." He asked that each commissioner concentrate on four areas of concern -- the elimination of outdated regulations; a better representation of consumer interests; a better analysis of the economic costs and benefits of agency actions; and a reduction of regulatory delays. A follow-up meeting was held with the commissioners on April 8, 1976, and future meetings are expected.

Within the Executive Branch, the President has met with his Cabinet and top advisers on several occasions to discuss needed administrative reforms. The department and agency heads have begun reform actions to simplify regulation language and procedure, to reduce delay and to improve the analysis required to justify new regulatory activities. To assist this effort, the President established several task forces to re-examine and reform department and agency administrative regulation. The task forces will rewrite regulations and streamline agency procedures so that consumers and businesses will find it easier to deal with the overly complex government requirements.

D. The Rights of the People

Civil Rights

"Our Nation's strength is based upon the concept of equal opportunity for all citizens," the President told his Cabinet early in his Administration.

Ensuring that this truth would become a reality has been a principal goal of the Ford Administration.

In 1975, the President recommended and signed an extension of the Voting Rights Act, which would have expired on August 6, 1975. The extension broadened the protections of the Act to include Spanish-surnamed Americans, Native Americans, and Asian-Americans. In addition, in 1976 the President formally repealed the Executive Order issued by Franklin D. Roosevelt which established government-controlled refugee camps for Japanese Americans during World War II.

The Ford Administration budget for FY 1977 calls for an increase of \$1 billion for civil rights activities over the \$2.9 billion figure in 1975. Federal outlays for civil rights enforcement activities will increase by 24 percent over 1975 to \$430 million under the President's budget. This includes a better than 20 percent increase in the funding for activities of the Equal Employment Opportunity Commission.

The funds requested by the President will make possible an increase in Small Business Administration loan and loan guarantee funding for minority enterprises over 100 percent between 1975 and 1977. The Administration is continuing a successful program begun in 1970 to increase the deposits held by the Nation's 71 minority-owned banks.

The President has met frequently with representatives of ethnic communities in order to receive their advice. He has addressed the National Conference of the N.A.A.C.P., and has met with members of the Leadership Conference on Civil Rights, the Black Caucus, Hispanic American leaders, the Captive Nations' leaders, the National Conference of Christians and Jews, and he has carried out his belief in equal opportunity for all in his actions as well as in his words. Notable men and women such as Secretary of Transportation William T. Coleman; John Calhoun, Special Assistant to the President; Arthur Fletcher, Deputy Assistant to the President for Urban Affairs; and Constance Newman, Assistant Secretary for Consumer Affairs in the Department of Housing and Urban Development, lead the list of Black Americans appointed to positions of leadership and responsibility in President Ford's Administration.

President Ford is committed to the goal of eliminating discrimination in employment in both the public and private sectors. He has said:

"Decisions motivated by factors not related to the requirements of the job have no place in the employment system of any employer and particularly the Federal government.

"But more is required than non-discrimination and prohibition of discriminatory practices. What is needed are strong affirmative actions to assure that all persons have an opportunity to compete on a fair and equal basis for employment and advancement in the Federal government."

The President is convinced that the use of inflexible, mechanical means of achieving equality of opportunity -- such as quotas -- is inappropriate and, in the long run, detrimental to the overall effort. Rather, he believes that methods must be developed which, while promoting equal opportunity, do not place unreasonable burdens on Federal contractors.

Women's Rights

The President has long been a strong supporter of greater opportunity for American women.

In 1970, when he was serving as House Minority Leader, Mr. Ford was instrumental in lining up some of the last signatures to obtain a "discharge petition" to free the Equal Rights Amendment from committee, where it had languished for 47 years, and bring it to the floor of the House of Representatives.

In his 1976 Women's Equality Day Proclamation, President Ford said "... it would be most fitting for the ratification of the Equal Rights Amendment to be accomplished during our Nation's two-hundredth year."

On July 1, 1976, the President directed the Attorney General to review the entire United States Code to determine the need for revising sex-based provisions that are not justified in law nor supported by wise policy. The President made it clear on that occasion that he was determined to eliminate all vestiges of discrimination within the Federal government.

In March of this year, the Secretary of the Treasury presented the Administration's tax proposals. The President recommended the elimination of the estate and gift tax on all transfers between spouses. This proposal is now under consideration by the Congress.

The President has also supported the establishment and appointment of the National Commission on Observance of International Women's Year and he signed the legislation which directs the National Commission to plan and convene a National Women's Conference to be preceded by 56 state and territorial conferences. On July 1st of this year the President accepted the report of the National Commission in a ceremony at the White House.

In March of 1975 the President directed the heads of Federal departments and agencies to guarantee that all persons have an opportunity to compete on a fair and equal basis for employment and advancement in the Federal government. The Chairman of the Civil Service Commission was directed to evaluate this program and report back to the President on an annual basis.

President Ford has also supported and signed the following legislation:

-- The Housing and Community Development Act, which prohibits discrimination on the basis of sex in housing and mortgage credit lending.

-- The Equal Credit Opportunity Act of 1974, which prohibits discrimination on the basis of sex and marital status in the granting of consumer credit. The Federal Reserve published regulations to ensure enforcement of equal credit opportunities last October.

-- The Education Amendments of 1974, which includes a section entitled the Women's Education Equity Act, provides funds for the development of curricula and textbooks to advance equality in education.

-- The Military Procurement Bill of 1975, which permits women to be eligible for appointment and admission to the service academies for classes entering in the calendar year 1976.

President Ford has also directed his Special Assistant for Women to maintain open liaison with over 300 national womens' organizations with a combined membership of over 100 million.

Since taking office, the President has emphasized the need to increase the number of women in high-level positions in the Federal government. As a result, 14 percent of all new high-level appointments have been women. This is higher than any previous Administration.

Among the President's appointments are: Carla Hills, Secretary of Housing and Urban Development; Marjorie Lynch, Undersecretary of Health, Education and Welfare; Juanita Ashcraft, Assistant Secretary for the Air Force; Judith Connor, Assistant Secretary of Transportation; Contance Newman, Assistant Secretary of Housing and Urban Development; Anne Armstrong, Ambassador to the Court of St. James; Shirley Temple Black, Chief of Protocol; Rosemary Ginn, Ambassador to Luxembourg; Marquita Maytag, Ambassador to Nepal; Mary Olmsted, Ambassador to Paupa, New Guinea; Betty Southard Murphy, Chairman, National Labor Relations Board; Katherine Bailey, Member, National Transportation Safety Board; Betty Jo Christian, Commissioner, Interstate Commerce Commission; Georgiana Sheldon, Commissioner, Civil Service Commission;

Ethel Bent Walsh, reappointed as Vice Chairman, EEOC; Margita White (nomination pending), Commissioner, Federal Communications Commission; Eloise Clark, Assistant Director, National Science Foundation, Mary Richey, U.S. District Judge, Arizona; Elizabeth Kovacavish, U.S. District Judge, Middle District of Florida.

On his own behalf, in the White House, he has appointed Gwen Anderson, Deputy Assistant to the Counselor to the President; Jeanne M. Holm, Special Assistant to the President; Judith Hope, Associate Director of the Domestic Council; Barbara Greene Kilberg, Associate Counsel; and Virginia Knauer, Special Assistant to the President for Consumer Affairs.

Privacy

"There will be no illegal (tappings); eavesdropping, buggings, or break-ins by my Administration," the President told the Congress upon taking office. "There will be hot pursuit of tough laws to prevent illegal invasion of privacy in both government and private activities..."

Since August 9, 1975, the President has compiled an unequalled record of achievements in protecting personal privacy. Specifically, he has:

-- Supported and signed the landmark Privacy Act of 1974 covering Federal record-keeping systems.

-- Urged Congress to include in the Amendments to the 1974 Freedom of Information Act provisions which would strengthen personal privacy.

-- Appointed a Commission on CIA Activities chaired by Vice President Rockefeller, which investigated and exposed abuses, including invasion of privacy.

-- Reorganized the U.S. intelligence community to limit governmental intrusion into the private lives of Americans and to provide improved over-sight of its activities (Executive Order 11905, March 1976).

-- Restricted White House access to income tax returns (Executive Order 11805).

In addition, the President has directed the Domestic Council Committee on The Rights of Privacy (which he chaired as Vice President) to improve Federal information as it affects the right of privacy.

Spanish-Speaking Americans

President Ford has met with leaders of virtually every ethnic community in this Nation and has, with pride, asked members of all of America's ethnic communities to serve in his Administration.

The Ford White House has followed an open-door policy. The President has welcomed discussion of the problems affecting these communities and has taken pride in his, and the Nation's, achievements in this area.

-- Through the Immigration and Naturalization Service, created an Advisory Committee for the Spanish-speaking people.

-- Added to the Bureau of the Census an Ad Hoc Committee for Spanish-speaking people.

-- Created a statistical census base for Hispanics by signing into law H.J.92.

-- Appointed the first Hispanic Special Assistant to the President.

-- Advocated and signed legislation extending the Protection of the Voting Rights Act to the Spanish-speaking and other Americans who do not speak English.

-- Increased from \$42 million to \$70 million Federal assistance for bilingual/bi-cultural education programs.

Native Americans

The President stated on January 4, 1975: "My Administration is committed to the furthering of the self-determination of American Indian Communities without terminating the special relationships between the Federal government and the Indian people."

This policy rejects two extreme approaches of the past: (1) paternalism, under which the Federal government dominates decision-making in programs conducted within Indian communities and (2) termination, under which Indian people would have to lose the protection of Federal trusteeship responsible for their natural and financial resources to gain some measure of control over their future.

The President has signed the Indian Self-Determination and Educational Assistance Act, which increases the ability of Indian tribes to plan and manage the programs serving their communities.

The President's budget for fiscal year 1976 includes appropriations to the full extent authorized in the Indian Financing Act of 1974 for direct loans, guaranteed loans, interest subsidies, and business development grants for Indians. The Bureau of Indian Affairs' budget was more than doubled from the \$10 million spent in fiscal year 1975.

On January 2, 1976, the President signed into law a bill amending the Alaska Native Claims Settlement Act of 1971 to rectify inequities, authorize additional benefits for native corporations (including some land belonging to the Tongass National Forest), and provide other benefits.

Americans Abroad

During a news conference on April 10, 1976, held at Dallas, Texas, President Ford said:

"We of course, expect every foreign government to work with us in the protection of the rights of American citizens.

"On the other hand, we repeatedly tell Americans who go to other countries that they have to live up to the laws of those countries. It's a two-way street. We don't condone violence in this country in violation of our laws, and I don't think we should condone violence in other countries in violation of their laws."

The Department of State attempts to assure that the rights of any American citizen arrested abroad are adequately protected and that legal representation is made available.

New AmericansNaturalized Citizens

On July 5, 1976, President Gerald Ford traveled to Monticello, Thomas Jefferson's home in Virginia, to speak at Naturalization Ceremonies. He began:

"I am very proud to ewlcome all of you as fellow citizens of the United States of America. I invite you to join fully in the American adventure and to share our common goal and our common glory.

"But you have given us a birthday present beyond price-- yourselves, your faith, your loyalty, and your love. We thank you with full and friendly hearts.

"After two centuries, there is still something wonderful about being an American. If we cannot quite express it, we know what it is. You know what it is or you would not be here today. Why not just call it patriotism?"

He continued:

"Immigrants came from almost everywhere, singly and in waves. Throughout our first century they brought the restless drive for better lives and rugged strength that cleared the wilderness, plowed the prairie, tamed the western plains, pushing into the Pacific and to Alaska.

"Such transfusions of traditions and cultures, as well as blood, have made America unique among nations and Americans a new kind of people. There is little the world has that is not native to the United States today.

"The essential fact is that the United States--as a national policy and in the hearts of most Americans--has been willing to absorb anyone from anywhere.

"You came as strangers among us and you leave here as citizens, equal in fundamental rights, equal before the law, with an equal share in the promise of the future."

Refugees

President Ford said on December 24, 1975:

"Eight months ago, I initiated a program designed to open America's doors to refugees from Indochina seeking a new life . . . Initial fears that the refugees would become an ongoing problem are now allayed. The refugees have proven themselves to be hard working and industrious people with a thirst for education and a deep-seated desire to improve themselves. I am confident that they will follow the example of former immigrants who have so richly contributed to the character and strength of the American system. The warmth and generosity that have characterized the welcome that Americans have given to the refugees serve as a reaffirmation of American awareness of the roots and the ideals of our society."

On April 18, 1975, the President established the Special Interagency Task Force to coordinate the evacuation from Vietnam. Shortly thereafter he:

-- Signed the Executive Order for establishing the President's Advisory Committee on Refugees on May 19, 1975.

-- Signed the Indochina Migration and Refugee Assistance Act of 1975, on May 23, 1975, authorizing \$405 million for the special assistance of Indochinese refugees.

-- Signed the Special Assistance to Refugees from Cambodia and Vietnam Bill on May 23, 1975, enabling the U.S. to render assistance to the refugees for other expenses not otherwise appropriated.

President Ford submitted a final report to the Congress on December 19, 1975, describing the activities of the Interagency Task Force and a report regarding the retrieval of assistance funds to Cambodia and South Vietnam.

-- On December 20th, the final refugees were sponsored from Fort Chaffee and the last reception center closed.

-- On December 31st, the Interagency Task Force for Indochina Refugees ceased operations. HEW was designated as the agency to monitor and assist refugees during their long-term resettlement process.

Education

One-time-only grants have been made to help defray emergency costs of instructing refugee children in school districts with refugee enrollments.

HEW announced on July 11, 1975, that refugees wishing to enroll in post-secondary institutions are eligible for financial assistance under the Basic Educational Opportunity Grants, Guaranteed Student Loan Program, Supplemental Educational Opportunity Grant Program, the College Work Study Program and the National Direct Student Loan Program.

On October 22, 1975, funds were made available to assist the States in programs for adult refugees in speaking, understanding, reading, and writing English. This program does not require matching funds as is the case with the usual Adult Education programs.

On December 1, 1975, the final five -- of seven -- contracts were signed with institutions for the conduct of Educational Commission for Foreign Medical Graduates (ECFMG) preparatory courses. An estimated 512 refugee physicians are eligible for this four-month program.

Welfare and Health

Social and Rehabilitation Service on June 9, 1975, announced that 100 percent reimbursement will be provided to the States for welfare, medical assistance, and social services costs incurred on behalf of the refugees. February 29, 1976, figures show 24.3 percent of the refugees receiving income supplement payments.

HEW Support Services

On February 27, 1976, a contract was awarded to the American Red Cross to share the cost of family reunification for refugees from Indochina.

On March 10, 1976, a contract was signed with the American Bar Association (ABA), Young Lawyers Section, to share the cost of a nationwide toll-free telephone line to a central Chicago exchange for refugees seeking legal advice. The caller's name is given to a volunteer ABA member who lives in the caller's area and who provides legal assistance free of charge.

Military

Department of Defense established a policy concerning the employment and recruitment of Indochina refugees on June 20, 1975, stating that only individuals admitted as permanent resident aliens are eligible for enlistment in the Regular and Reserve Forces and for appointment as officers in the Reserve Forces.

Civil Service

The Civil Service Commission authorized on July 16, 1975 an exemption from the competitive examination for refugees to permit those agencies to appoint for up to two years non-citizens previously employed by Federal agencies in Vietnam and Cambodia for work directly assisting the refugee program.

Illegal Aliens

President Ford stated on February 7, 1976:

"We have anywhere from 6 million to 8 million illegal aliens in this country, which is roughly the total amount of unemployment in numbers in this country. It's a very serious matter, and let me tell you what we are trying to do about it.

"Number one, we are working very closely in a new program with the Mexican government. That is one point of entry where there has been this tremendous increase. The cooperation that we are developing with the Mexican government, I think, will produce some results in stopping the flow on the one hand.

"Number two . . . we have recommended additional employees for the Immigration and Naturalization Service so that they can do a better job of finding illegal aliens and seeking to get them deported."

President Ford created the Domestic Council Committee on Illegal Aliens on January 6, 1975, to develop, coordinate, and present policy issues that cut across agency lines to provide better programs for dealing with the illegal aliens problem.

The Department of Justice has contracted a \$1 million study to determine the numbers, location, and economic impact of illegal aliens.

The Secretary of State established an Interagency Committee for Study of Problems Related to Illegal Mexican Migration into the United States.

The American Family

The Republican Platform takes the position that "Families must continue to be the foundation of our nation.

"Families -- not government programs -- are the best way to make sure our children are properly nurtured, our elderly are cared for, our cultural and spiritual heritages are perpetuated, our laws are observed and our values are preserved.

"If families fail in these vitally important tasks, there is little the government, no matter how well-intentioned, can do to remedy the results. Schools cannot educate children adequately if families are not supportive of the learning process. Law enforcement authorities are nearly helpless to curb juvenile delinquency without family cooperation in teaching young people respect for property and laws. Neither medicine nor school feeding programs can replace the family's ability to provide the basis for good health. Isolation from meaningful family contact makes it virtually impossible for the elderly to avoid loneliness or dependence. The values of hard work and responsibility start with the family.

"As modern life brings changes in our society, it also puts stresses on families trying to adjust to new realities while maintaining cherished values. Economic uncertainty, unemployment, housing difficulties, women's and men's concerns with their changing and often conflicting roles, high divorce rates, threatened neighborhoods and schools, and public scandal all create a hostile atmosphere that erodes family structures and family values. Thus it is imperative that our government's programs, actions, officials and social welfare institutions never be allowed to jeopardize the family. We fear the government may be powerful enough to destroy our families; we know that it is not powerful enough to replace them.

"Because of our concern for family values, we affirm our beliefs, stated elsewhere in this Platform, in many elements that will make our country a more hospitable environment for family life -- neighborhood schools; educational systems that include and are responsive to parents' concerns; estate tax changes to establish more realistic exemptions which will minimize disruption of already bereaved families; a position on abortion that values human life; a welfare policy to encourage rather than discourage families to stay together and seek economic independence; a tax system that assists rather than penalizes families with elderly members, children in

day care or children in college; economic and employment policies that stop the shrinkage of our dollars and stimulate the creation of jobs so that families can plan for their economic security."

Children and Youth

"The Nation's most precious resource is our children."

Gerald R. Ford
December 30, 1974

Child Nutrition

President Ford is a firm advocate of providing Federal assistance to needy, hungry children. "Good nutrition is a key factor in the physical, mental, and social development of the Nation's children," he has said. "It is essential that children not be denied a healthy diet because of limited family resources."

At the same time, President Ford is concerned by the proliferation of child nutrition programs and by evidence that many dollars spent on these programs have been going to the wrong children -- to those whose families could afford wholesome meals -- and not those truly in need.

To remedy these defects, the President on March 23, 1976, proposed the Child Nutrition Reform Act of 1976, which would:

-- Provide Federal financial assistance to states based on the cost of feeding all needy children;

-- Consolidate 15 complex categorical and overlapping programs into a single block grant to states;

-- Save the taxpayers nearly \$900 million a year by reducing assistance to non-needy children;

-- Remove unnecessary restrictions and red tape governing the way that meals are provided to needy children; and

-- Give concerned organizations and individuals in each State a greater opportunity to become involved in the planning of child nutrition programs.

The Administration has proposed that Congress allocate funds for child care programs by means of block grants to the States rather than through narrow, detailed, categorical grants. In the face of the failure of Congress to enact block grants such as the (Child Nutrition Reform Act and the Financial Assistance for Health Care Act) the Administration has supported continued funding of existing categorical programs:

- \$193.9 million (estimated) in grants to the states in FY 1977 for maternal and child health.
- The early and periodic screening, diagnosis, and treatment for medically needy families financed under the Medicare Program.
- \$190 million in 1976 to provide cash grants to State health agencies to supplement the diets of pregnant and lactating women and infants and children up to age 5 who suffer from malnutrition due to inadequate family income.

During FY 1975, the Department of Health, Education, and Welfare level of investment in activities which benefit children reached an estimated \$14.7 billion.

Child Day Care

The President believes that standards for child day care should be developed and enforced at the State level. He does not support the Title XX Federal Interagency Day Care requirements (FIDCR) which are strict, Federally-determined standards.

In a veto message of a day-care bill on April 6, 1976, the President said, "I am firmly committed to providing Federal assistance to States for social services programs, including child day care. But I am opposed to unwarranted Federal interference in States' administration of these programs."

On February 23, 1976, the President presented to the Congress the Financial Assistance for Community Services Act.

This proposal is designed to improve and strengthen the program of social services established under Title XX of the Social Security Act. It will provide a \$2.5 billion block grant annually to the States on a population basis. It will eliminate the requirement for State matching funds, as well as most Federal requirements and prohibitions on the use of Federal funds.

As part of the Social Services block grant proposal, the President has recommended that FIDCR, and particularly the costly and controversial staffing standards, be deleted from Federal law. Under the President's proposal, each State would be required to have in effect its own appropriate mandatory standards, including requirements relating to safety, sanitation, and protection of civil rights, for day-care services provided under Title XX.

On April 6, 1976, the President vetoed HR 9803, a bill which would perpetuate rigid Federal child day-care standards for all the States and localities in the Nation, with the cost to be paid by the Federal taxpayer.

Child Abuse

In Fiscal Years 1976 and 1977, the President's Budget proposed \$18.9 million to fund the National Center on Child Abuse. The Center was established in 1974 to conduct a program of research and demonstration in the care and prevention of child abuse.

The programs sponsored by the National Center have been designed to increase public awareness of the problem of child abuse, inform offending parents where they may receive help, and bring together professional people in a community who are in a position to detect and deal with child abuse.

The Center provides States with funds to support counseling or other programs to help local communities, organizations, or individuals to deal with child abuse. It seeks to encourage a non-punitive, family-oriented approach to preventing child abuse by providing local assistance to troubled families.

The Disadvantaged

Welfare Reform -- In his 1976 State of the Union Address, President Ford called upon the Congress for cooperation in cleaning up the Nation's welfare programs.

"Government at all levels is not doing the job well," he said. "Too many of our welfare programs are inequitable and invite abuse. Worse, we are wasting badly needed resources without reaching many of the truly needy. Complex welfare programs cannot be reformed overnight. Surely, we cannot simply dump welfare into the laps of the 50 states, their local taxpayers or private charities, and just walk away from it. Nor is it the right time for massive and sweeping changes while we are still recovering from a recession. Nevertheless, there are still plenty of improvements we can make."

Toward that end, the President has:

-- Proposed a variety of legislative amendments to improve the administration and effectiveness of welfare programs;

-- Proposed reforms in the food stamp program as noted above;

-- Announced his intention to seek special authority to modify the rules governing existing welfare programs (specific legislation is currently being developed for submittal to Congress); and,

-- Directed that a careful study be made of more comprehensive long-range welfare reform alternatives.

Food Stamps -- In his State of the Union message of 1976, the President urged Congress to reform the Food Stamp Program, saying:

"Let's give food stamps to those most in need.
Let's not give any to those who don't need them."

President Ford wanted to restructure the program in a way that would target limited resources on assisting families truly in need, while excluding those with incomes well above the poverty level. Under his program submitted to the Congress on October 20, 1975:

-- Costs would be reduced by \$1.2 billion.

-- Twenty-four percent of the recipients, those who are truly poor, would receive increased benefits.

-- Seventeen percent of those currently participating would no longer receive benefits because their income is above the poverty level.

The Congress, however, gave little sign that it intended to act so that in February of 1976, the President ordered the Department of Agriculture to carry out the program through administrative reform. The USDA issued its proposed regulations on February 27; those regulations have not yet been implemented because they have been challenged in court.

Employment Opportunities

On becoming President, one of Gerald Ford's main priorities was strengthening of the American economy and providing enough jobs so that every American who wants to work can go to work.

In doing so, the President has shown an awareness of the special problems of particular segments of our society. The President recognized that the unemployment rate of American youth, especially youth from low income families, was often twice or three times the rate for all Americans.

The President acted to redress this situation by proposing and signing into law a CETA Summer Youth Employment Program allocated \$528.4 million to finance 888,000 jobs for needy youth. In addition, on June 30, 1976, President Ford's Administration allocated \$35 million in additional monies to the CETA Summer Youth Employment Program to be used in 45 designated cities having populations over 150,000 and greater than 9 percent unemployment.

Recognizing that 11.3 million American workers are not covered by the regular Unemployment Insurance program and that some of these individuals have not yet benefitted from the Nation's ongoing economic recovery, the President acted to assist them in April, 1976 recommending to the Congress a one-year extension of the Special Unemployment Assistance Program.

In a related matter demonstrating fiscal responsibility and concern for a program essential to the security of working Americans, the President proposed an unemployment insurance

bill to restore the financial soundness of the Unemployment Trust Fund. On July 20, 1976, the House of Representatives adopted many of the President's suggested amendments which will prevent the predicted 1979 deficit of \$16.5 billion in state unemployment funds from occurring.

Meeting with newsmen earlier this year, President Ford commented that one of his greatest disappointments during the year 1975 was that no one -- himself included -- could flip a light switch putting everyone back to work. The process of creating new jobs is, in fact, one of the most troublesome issues facing the Nation.

In President Ford's view, the solution is not to create massive make-work programs through the government, and the President has consistently opposed many of the new public jobs programs such as the Humphrey-Hawkins measure now pending in the Congress. The alternative, the President has said again and again, is to revive and expand the private economy. That has been the heart of the Administration's approach to creating new job opportunities, and over the past year that program has begun to pay rich dividends.

Since the depths of the recession in the spring of 1975, over 3.4 million new jobs have been created and all of the jobs lost during the recession have been replaced. Today, as the President ends his second year in office, 87.7 million Americans are at work -- a record number -- and the President is pushing new programs such as greater incentives for capital investment that will create the 10 million new jobs that the country will need by 1980.

The Elderly

The President has pledged "...to do everything in my power to help our Nation demonstrate by its deeds a deep concern for the dignity and worth of our older persons. By doing so, our Nation will continue to benefit from the contributions that older persons can make to the strengthening of our Nation."

High on the list of the President's priorities are the income and health security for older Americans:

-- In his 1975 State of the Union Address, the President proposed that Social Security benefits be expanded by the full cost-of-living increase. This benefit became effective on July 1 of this year.

-- To protect the integrity of the Social Security Trust Fund -- a fund that is being rapidly depleted -- the President in his 1976 State of the Union Address also proposed a small increase in both employer and employee social security taxes. This increase would become effective January 1, 1977 and would cost workers a maximum of \$1 a week.

-- As noted earlier, the President has also proposed a catastrophic health insurance program to limit the out-of-pocket amount the elderly people must pay for medical and physicians' fees each year.

-- In November, 1975, the President signed Amendments to the Older Americans Act that is intended to deliver coordinated, comprehensive services and meals to the elderly at the community level and to enable older persons to live independent lives in their own homes.

Veterans

Health Care

The President has acted decisively to maintain the quality of health care services that the Nation's veterans now receive:

-- He has ordered the construction of eight new VA hospitals and has sought \$249 million in FY 1977 for design of all eight and the construction of the two assigned the highest priority by the VA -- Richmond, Virginia, and Bay Pines, Florida.

-- He will also request construction funds for the other six hospitals at the rate of two a year over the succeeding fiscal years. These hospitals will be built according to VA priority ranking -- Martinsburg, West Virginia; Portland, Oregon; Seattle, Washington; Little Rock, Arkansas; Baltimore, Maryland; and Camden, New Jersey.

- In the last two budgets the President has also requested approximately 9,000 new staff positions for the VA medical care program and \$600 million for repair and construction of VA facilities. In his FY 1977 budget alone, the President allocated \$4 billion for VA medical care activities -- a record high.

Termination of the GI Bill

With the ending of the Vietnam era and the creation of an all volunteer army it is appropriate to terminate GI Bill benefits for those who serve only in peacetime. Such action is consistent with steps taken after the conclusion of World War II and the Korean War.

On May 7, 1975, the Administration transmitted to the Congress a bill to terminate veterans educational benefits. All of the major veterans organizations support the Administration's position. The House has passed a bill which would terminate the educational benefits for new entrants into the armed services. The Senate has taken no action to date.

The Handicapped

"Of the 28 million adults with physical and mental handicaps, only 800,000 are currently employed and many of these have jobs below their abilities. This Nation's handicapped citizens have a right to live with self-reliance, with the same dignity as all of their fellow citizens, to...realize their full capacity as human beings, to achieve higher levels of personal and professional fulfillment."

President Gerald R. Ford
November 22, 1975

In keeping with his active support of programs to aid the handicapped, President Ford has proposed that the Library of Congress' appropriation to provide reading material for the blind and the physically handicapped be increased from \$15.9 million in 1976 (estimated) to \$22.6 million in 1977. He has also proposed that the funding for the following programs be increased from \$199.0 million in 1975 to \$226.4 million in 1976 to \$236.4 million (estimated) in 1977:

-- Grants to States to assist in initiation, expansion, and improvement programs and projects for education of handicapped children at pre-school, elementary, and secondary school level;

-- Funding for regional centers for deaf and blind children and their families to provide diagnosis, education, and related services;

-- Funding for special programs for the severely handicapped and some State programs for those with specific learning disabilities, and

-- Funding for regional programs for deaf and other handicapped in vocational, technical, post-secondary, and adult education.

With the exception of the deaf-blind regional centers, the Administration has proposed that all these educational programs to aid the handicapped be incorporated into one large block grant program to the States in order to give each State more flexibility in determining priorities and in developing needs under the Financial Assistance for Elementary and Secondary Education Act.

The President's Committee on Employment of the Handicapped in the Department of Labor conducts a continuing program of public information and education to advance employment of the handicapped.

On April 28, 1976, the President issued an Executive Order on Nondiscrimination With Respect to the Handicapped in Federally Assisted Programs. The purpose of the Executive Order is to provide for consistent implementation within the Federal Government of Section 504 of the Rehabilitation Act of 1974.

The Housing and Community Development Act of 1974 provides Federal financing to non-profit sponsors of new construction or substantial rehabilitated housing for the elderly or handicapped. An amount of \$375 million in loans was released in 1976 and the Administration has requested \$375 million for the same program in 1977.

On November 22, 1975, the President announced that a White House Conference on Handicapped Individuals will be held in December, 1976. Prior to the White House Conference, a series of State conferences are being held to assist in determining the agenda and priorities for the national meeting. The Secretary of Health, Education and Welfare has appointed a 28-member National Planning and Advisory Council to the Conference. The purpose of the Conference is to (1) stimulate national awareness and assessment of problems faced by individuals with physical and mental handicaps, and (2) develop recommendations for legislative and administrative actions to allow individuals with handicaps to live their lives independently, with dignity, and with integration into community life.

E. Consumer Protection

As President, Gerald Ford has taken strong steps to protect the consumer from high prices and taxes caused by government overregulation and unfair business practices. Mr. Ford believes that the best way to serve the interests of the American consumers is to control inflation and strengthen production of goods and services.

The President's Special Assistant for Consumer Affairs, Virginia H. Knauer, was director of the State of Pennsylvania's Bureau of Consumer Affairs before assuming her present duties. She also serves on the Council on Wage and Price Stability, the Energy Resources Council, and heads the Office of Consumer Affairs in the Department of Health, Education, and Welfare.

President Ford is opposed to the establishment of a Consumer Protection Agency, saying "at a time when we are trying to cut down on both the size and cost of government, it would be unsound to add another layer of bureaucracy instead of improving the underlying structure."

The President has launched, however, a major program to service consumers through reform of the regulatory agencies as noted earlier. The Ford Administration has also:

- Reduced government-imposed paperwork requirements.
- Proposed legislation to repeal fair trade laws.
- Increased competition in the securities industry.
- Eliminated outdated anticompetitive railroad regulations.
- Revised major regulatory agencies such as the CAB to reduce delays, increase reliance on market competition, and improve consumer access to regulatory decisions.

In early January, 1975, Mr. Ford signed the Magnuson-Moss Warranty Act (P.L. 93-637) which provides more stringent standards for consumer product written warranties and amends the powers of the Federal Trade Commission to improve their consumer protection activities.

The President also ordered a series of White House Conferences, which were held in January of this year in nine cities across the country, to gather suggestions from the