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THE WHITE HOUSE

WASHINGTON

August 6, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: DAVE GERGEN
FROM: JIM CONNOR *JEC*
SUBJECT: Two Year Report

Confirming phone call to your office, the President reviewed your memorandum of August 6 and made the following notation:

"Excellent -

How about a compilation on how many meetings with each foreign leader. Break it down individually by name and then the number of such meetings."

Please follow-up with appropriate action.

cc: Dick Cheney
Brent Scowcroft

THE WHITE HOUSE
WASHINGTON

Dave Keegan

⁶
Excellnt -

How about a competition
on how many meetings with
each foreign leader. Break it
down individually by name &
then the number of such
meetings.

THE WHITE HOUSE

WASHINGTON

August 6, 1976

MEMORANDUM FOR: THE PRESIDENT
FROM: DAVE GERGEN 
SUBJECT: Two-Year Report

To mark your second anniversary in the Presidency, your staff has prepared a "two-year report", a copy of which is attached.

Initial copies were placed in the mail last night to 60 key newspapers. Additional copies are to be distributed today. The initial distribution is to be as follows:

Out of Town Press -- 900 copies (editorial writers, publishers, broadcast executives and Washington bureau chiefs)

White House Press Corps -- 250 copies

Presidential Advocates -- 100 copies

Members of Congress -- 200 copies

Jeanne Holm -- 600 copies (for women's groups, special press)

White House Staff -- 250-500 copies

In addition, we are providing a copy to the PFC and they anticipate a printing and distribution of their own that will cover delegates, alternates, and others.

We will also have a secondary distribution to special interest groups and VIPs. Altogether, the distribution may be in the neighborhood of 10,000 copies.

Our intention in preparing this report was to be straightforward and factual, minimizing the rhetoric. In the secondary distribution, some copies will have a special spiral binding, but generally speaking we have purposely avoided making it slick in appearance -- both for cost and for general impact.

Attachment:

(The Ford Presidency: A Portrait
of the First Two Years)

THE FORD PRESIDENCY



A Portrait of the First Two Years

PREFACE

On Monday, August 9, 1976, Gerald R. Ford will mark his second anniversary as the 38th President of the United States.

Much has happened during those two years. There have been the obvious changes in the economy, the country's involvement in foreign wars, and in the trust and affection that the people place in their leaders. And there have been the more subtle changes -- the return of civility to our public discourse, a new sense of buoyancy and confidence, and a revival of old-fashioned patriotism that blossomed on July 4th.

The materials that follow are intended to a straightforward account of the first two years of the Ford Presidency. Inevitably, any report recounting how much money the Government has spent or how it has tried to reorganize its programs will miss something of the quality of the man in the Oval Office and of the country that he governs, but it is the hope of the editors that this report will provide a factual framework in which to gain a better understanding of Gerald R. Ford and the ways that the Nation has changed under his leadership.

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August, 1976

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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 American 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."

A SUMMARY OF MAJOR FORD ACCOMPLISHMENTS

1. Inflation has been cut by more than half.
 - When President Ford took office, the consumer price index was rising at 12.2% a year.
 - During the first six months of 1976, the rate of inflation was 4.6%.

2. Over 3 million people have obtained jobs.
 - A year ago, total employment stood at 84.3 million.
 - Today, 87.7 million people are at work -- an increase of 3.4 million.

3. The unemployment rate has been significantly cut.
 - In early 1975, unemployment peaked at 8.9%.
 - Today it is at 7.5%, and the President's economic advisers predict that it will dip below 7% before the end of 1976.

4. Key economic indicators are moving strongly upward.

In the past year:

 - Housing starts have risen by 40%.
 - The Gross National Product has risen by some 10%.
 - Real per capita disposable income -- money left after taxes and inflation -- has risen by nearly 5%.

5. Farmers are scaling new heights.
 - Net farm income in 1976 reached \$26 billion, a record high.
 - Farm exports in 1976 reached \$22 billion, a record high.

6. The growth of crime has been cut by more than 75 percent.
 - When President Ford took office, crime was increasing at a rate of 18 percent a year.
 - In 1975, the rate of increase was cut to 9 percent.
 - In the first quarter of 1976, the growth rate was 4 percent.

7. Dangerous downward trends in defense spending have been reversed.
 - In the decade before President Ford took office, the Congress cut proposed defense budgets -- Democratic and Republican -- by almost \$50 billion.
 - In 1976, President Ford has reversed that trend, persuading the Congress to vote the first major increase in defense spending.

8. Our alliances with the Atlantic Community and Japan have never been stronger.
 - President Ford took office at a time of great turmoil and uncertainty in the international community over the constancy of American will and leadership.
 - Today the industrialized democracies are carrying forward an ambitious program of cooperation in economics, energy, East-West diplomacy, anti-terrorism, arms control and in relationships with developing nations.

9. The Nation is at peace abroad for the first time in over a decade.
 - When President Ford took office, the United States was still deeply embroiled in Southeast Asia and tensions were high in the Middle East.
 - Today Mr. Ford is the first President since Dwight Eisenhower who can seek the highest office in the land without a single American fighting overseas.

10. Finally, the Nation is at peace with itself.
 - When Mr. Ford took office, the Nation was rocked by scandal and inner doubts about its leaders and institutions.

-- Today the strain of scandal has been erased from the White House, doubts have been replaced by growing national confidence, and the mood of the country has brightened perceptibly.

A CHRONOLOGY OF THE FIRST TWO YEARS

1974

- August 9 Gerald R. Ford becomes the 38th President of the United States.
- August 12 President Ford appears before Joint Session of Congress. He urges Congress to cooperate in fighting inflation, and to use restraint in wage and price actions. Admonished GM for price hike.
- August 20 The President selects former Governor of New York, Nelson Rockefeller for Vice President. Choice widely accepted in Congress.
- September 8 President Ford pardons former President Nixon in the National interest.
- November 17 The President departs for visit to Japan.
- November 23 President Ford and Leonid Brezhnev meet in Vladivostok, U.S.S.R. Progress is made toward a comprehensive 10 years pact for curbing offensive nuclear weapons.
- November 24 Ford and Brezhnev reach a tentative agreement to limit the number of all offensive nuclear weapons.
- December 2 Ford announces details of an agreement reached between himself and Brezhnev which puts a "firm ceiling" on the arms race.
- December 16 President Ford and French President Giscard d'Estaing announce their plan for the two countries to coordinate energy policies.
- December 17 Following the U.S. Steel Corporation decision to raise prices 10 percent, President Ford orders Wage and Price Control Council to investigate and obtain justification for such action.
- December 23 U.S. Steel says it will lower price increase after Ford Administration's challenge.

1975

- January 4 President Ford names Blue Ribbon panel to review CIA activities.
- January 13 President Ford proposes \$16 billion tax cut. Must fight inflation, recession and energy dependence.
- January 15 President Ford says State of the Union "not good." Calls for tax cut, sweeping plan to end energy dependence. Asks Congress not to tie his hands in foreign policy.
- March 10 Woman to head HUD. Carla Hills sworn in as Secretary, Department of Housing and Urban Development.
- March 20 Saigon forces withdrawing from the North -- disorderly retreat.
- March 27 U.S. airlifts refugees from Vietnam.
- April 4 Unemployment at 8.7 percent. Eight million out of work. Highest since 1941. President Ford will recommend unemployment benefits extension.
- April 15 Cambodia falls to Khymer Rouge.
- April 24 Vietnam war officially ends.
- April 30 Vietcong accept Big Minh's unconditional surrender. Saigon surrenders.
- May 12 Cambodians seize U.S. merchant ship, Mayaquez. Military action ordered by the President successfully retrieves the crew.
- June 6 Unemployment peaks at 9.2 percent in May. Number of employed increased for second month.
- September 4 Under the auspices of President Ford and Secretary of State Kissinger, Egypt and Israel sign second-stage withdrawal agreement in Geneva.
- October 6 President Ford ties tax cut to spending cuts. In TV speech he asks cut of \$28 billion in taxes and spending.

- October 8 President Ford asks Congress to establish a National Commission on Regulatory Reform.
- October 20 GNP grew at an annual rate of 11.2 percent during the third quarter.
- October 29 President Ford urges financial restraint and review for New York City. Refuses to support Federal help for New York at this time. Proposes bankruptcy legislation.
- November 2 To increase efficiency and effectiveness of the Administration, President Ford rearranges the Cabinet. Kissinger gives up National Security Council post. Schlesinger and Colby resign.
- November 4 President names Rumsfeld to Defense, Richardson to Commerce, Bush to CIA, Scowcroft to NSC, Cheney as White House Chief of Staff. Rockefeller decides not to be a candidate for Vice President.
- November 15 President Ford to Paris for economic summit.
- November 20 President awaits New York City/State move before giving aid. Awaits "concrete action."
- November 26 New York Legislature votes tax increase. Banks and teachers union agree to joint plan to avert New York City default.
- November 27 Citing new spirit of cooperation by New York officials, President Ford asks \$2.3 billion U.S. loans for New York City to help finance plan to avert default.
- Trade surplus for 9th consecutive month. Exports in October topped imports by \$1.08 billion. Productivity gaining.
- December 17 President Ford opposes U.S. combat role in Angolan War.
- December 19 Soviets to continue paying higher rate for U.S. grain.
- December 21 President Ford succeeds in fight over tax cut bill. Temporary tax cut enacted.
- December 22 President Ford signs Energy Policy Conservation Act.

- January 3 President Ford vetoes expanding picketing rights.
- January 6 Administration announces the President will name Anne L. Armstrong as Ambassador to the Court of St. James.
- January 19 President Ford delivers State of the Union to Joint Session of Congress -- proposes "new realism" -- broader role for State and local governments -- greater individual initiative -- a stronger defense budget.
- February 7 Labor Department announces the unemployment rate substantially lower in January -- the biggest monthly decline since late 1959. Jobless rate declined to 7.8 percent of the total labor force from 8.3 in December.
- February 19 President limits U.S. surveillance of citizens lives.
- February 26 President Ford edges past Reagan by 1,250 votes in New Hampshire primary, taking 17 of 21 delegates. Begins a string of victories before a loss in North Carolina.
- March 17 President Ford proposes legislation to virtually end Federal electronic surveillance of American citizens.
- March 24 President Ford sends a message to the Congress requesting a special supplemental appropriation for the production of a vaccine to combat swine influenza.
- March 27 President Ford declared today he will not "play Russian roulette" with national security by allowing Congressional Democrats to cut his military spending.
- March 30 President Ford threatens to veto any defense spending bill that he deems inadequate.

- April 16 President Ford resolves inter-agency dispute in favor of a fast buildup of the country's first strategic oil reserve as a protection against another foreign embargo.
- April 20 GNP for first quarter of 1976 has 7.5 percent "real rise." First quarter figures show inflation rate at 3.7 percent.
- May 14 President Ford urges Congress to adopt timetable for fundamental and extensive reform of government's regulatory program and agencies.
- May 18 President Ford officially revises Federal Elections Commission clearing way for resumption of Federal campaign subsidies.
- May 28 President Ford signs treaty on underground nuclear explosives.
- June 5 Joblessness cut to 17-month low. 7.3 percent out of work in May.
- June 24 President Ford sends sweeping busing legislation to Congress.
- June 27 President Ford hosts Economic Summit in Puerto Rico. Issues call for a worldwide economic effort.
- July 4 The President leads the Nation's Bicentennial celebration. Speaks at Valley Forge and Independence Hall, reviews the tall ships in New York.
- July 7 Queen Elizabeth visits the President.
- July 15 Visit by Chancellor Schmidt.
- July 17 Administration issues revised economic forecasts showing better prospects for inflation and unemployment.
- July 21 Viking lands on Mars.

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.

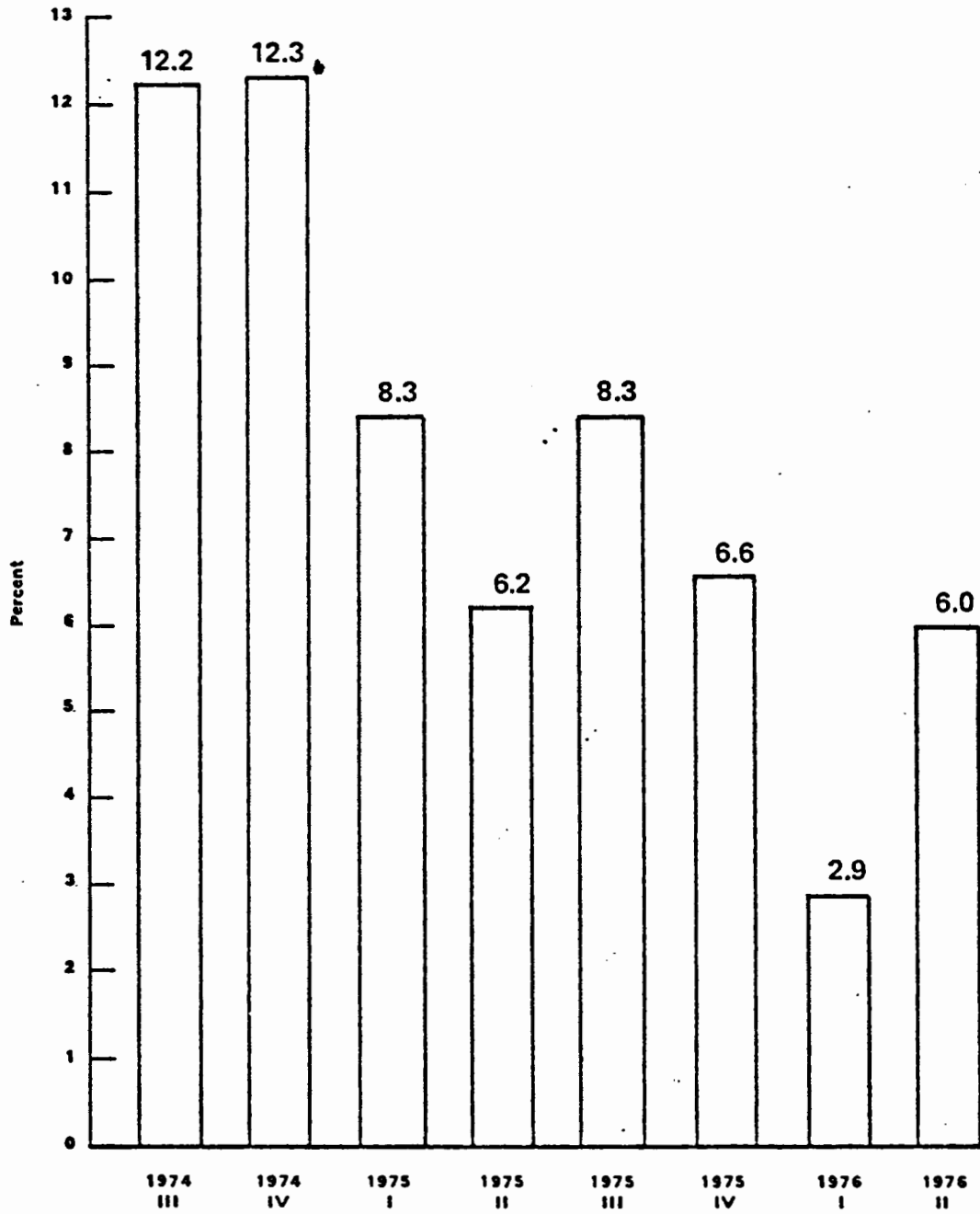
-- There are 3.4 million more Americans at work today than at the bottom of the recession.

The First Phase of the Ford Program: Coping With Inflation

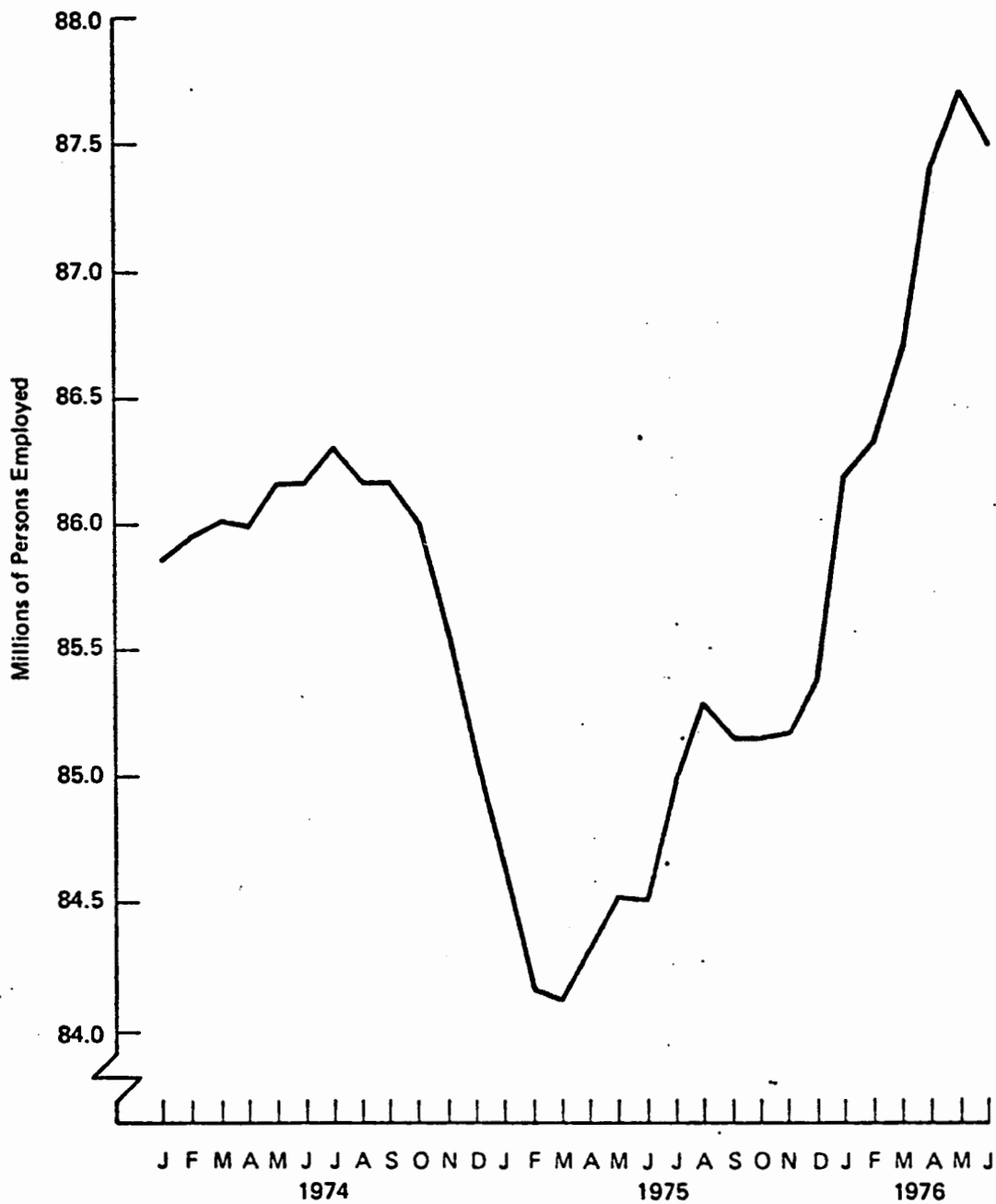
In the summer of 1974 the President inherited an economy characterized by spiraling inflation and a declining real gross national product. He moved quickly to create the Council on Wage and Price Stability to monitor wage and price movements in both the private and public sector.

INFLATION

Consumer Price Index
(Seasonally Adjusted Annual Rates)

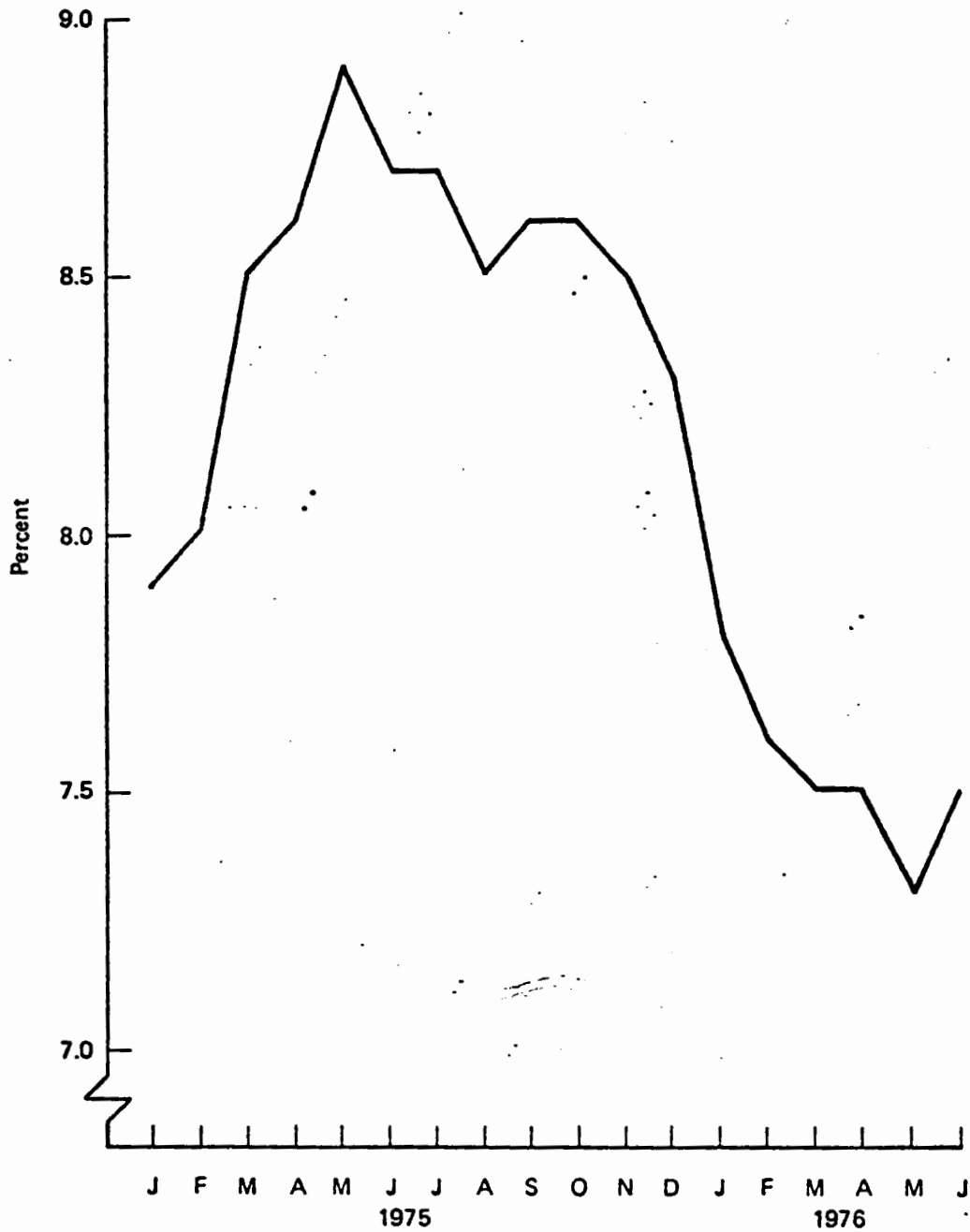


EMPLOYMENT (Seasonally Adjusted)



UNEMPLOYMENT RATE

(Seasonally Adjusted)



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."

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.

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 second 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.

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

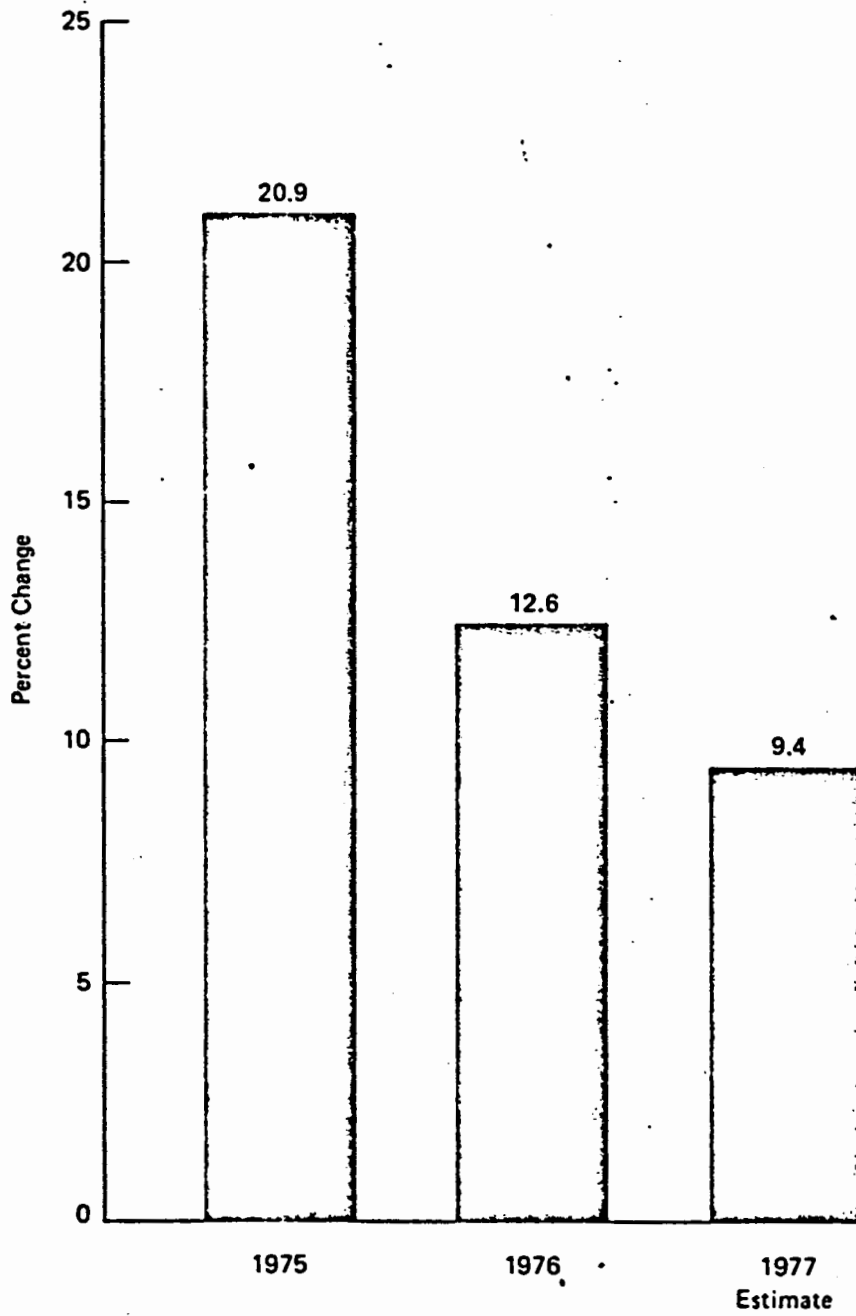
by the Constitution as a check against excessive action by Congress, has ensured that special interests are not advanced to the detriment of the national interest. President Ford, recognizing this fact and the fact that a President must, by the nature of his office, represent the entire Nation, has used 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.

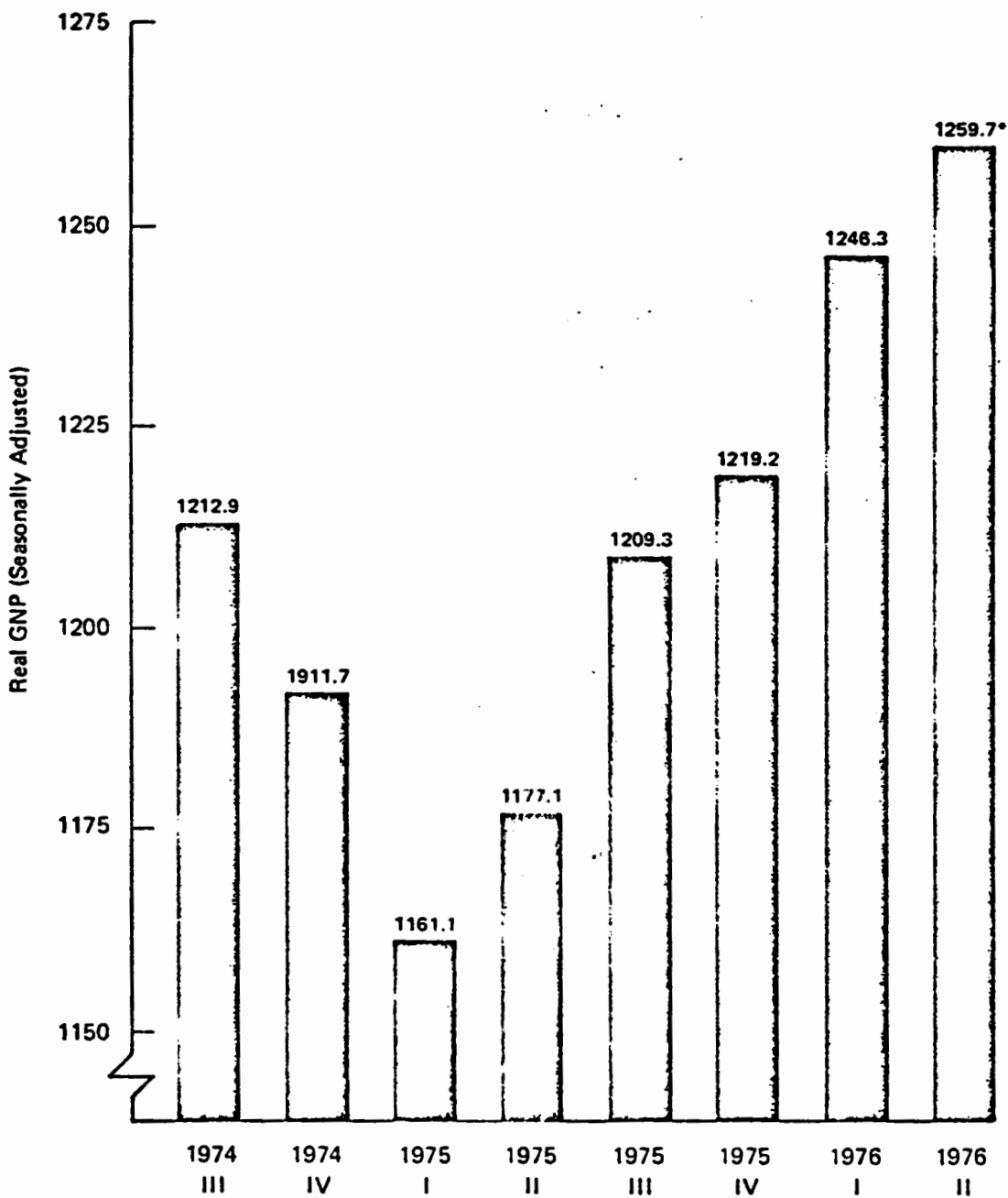
GROWTH IN FEDERAL SPENDING

Fiscal Years Outlays



GROWTH IN THE GROSS NATIONAL PRODUCT

Real GNP
Third Quarter 1974 to Second Quarter 1976
(billions of 1972 dollars)



*Preliminary.

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.

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.

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.

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 Administrations 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.

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 anticompetitive 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 antitrust 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 antitrust lawyer to be Attorney General.

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 fiscal year 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 fiscal year 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 ten 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 advisors 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.

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 1960s 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 fifty-nine 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.

INDIVIDUAL RIGHTS

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 of over 100 percent between 1975 and 1977. The Administration is continuing a successful program begun in 1970 to increase the deposit 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. Notables 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.

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 women's 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 of the Air Force; Judith Connor, Assistant Secretary of Transportation; Constance Newman, Assistant Secretary of Housing and Urban Development; Anne Armstrong, Ambassador to the Court of St. James; Shirly 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; Barbara Anne Simpson, Commissioner, Federal Power 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 staff, 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 no illegal (tappings); eavesdropping, buggings, or break-ins by my Administration," the President told the Congress upon taking office. "There will not be hot pursuits 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 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 oversight 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.

Consumer Rights

As President, Gerald Ford has also taken strong steps to protect the consumer from high prices and taxes caused by government overregulation and unfair business practices.

The President launched a major program to reform the regulatory agencies in October of 1974, 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.
- Received major regulatory agencies such as the CAB to reduce delays, increase reliance on market competition and improve consumer access to regulatory decisions.

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 public on how to make agencies more responsive to consumers. The suggestions will form the basis for further action by the Administration.

On March 13, 1976, the President signed into law P.L. 94-239, which expands the Equal Credit Opportunity Act, making it illegal for creditors to discriminate against consumers on the basis of race, color, religion, sex, marital status, age, national origin or receive public assistance. Under this act, consumers must also be told precisely why they were denied credit.

DOMESTIC TRANQUILITY

Combating Crime

When President Ford came into office in 1974, crime was increasing at the rate of 18 percent a year. By the end of 1975, the rate had dropped to 9 percent and the latest figures -- covering the first quarter of 1976 -- show only a 4 percent increase.

No one claims that those improvements are a direct result of actions undertaken by the President, but they do reflect the vigorous effort taken at all levels of government -- local, State and Federal -- to combat the most recent crime wave.

The President's most notable statements on crime were contained in a speech he gave at Yale University in 1975 in which he urged a nationwide effort to "ensure domestic tranquility" and in a special crime message that he sent to Congress on June 19, 1975.

In that message, Mr. Ford identified three important areas of responsibility for the Federal Government:

-- To provide leadership through improvements in Federal laws and the Federal justice system;

-- To enact and vigorously enforce laws covering criminal conduct that cannot be adequately regulated at the State and local level; and,

-- To provide financial and technical assistance to State and local law enforcement authorities.

The President's crime message specifically called for:

-- Enactment of a comprehensive criminal code to replace the highly complex and confusing set of laws now on the books;

-- Enactment of a mandatory minimum sentence law which would make imprisonment a certainty for persons convicted of a Federal offense involving the use of a dangerous weapon and those convicted of extraordinarily serious offenses such as hijacking, kidnapping and trafficking in hard drugs. The mandatory minimum sentence would also apply to repeat offenders who are convicted of crimes that could cause personal injury to others.

In that same crime message, the President also set forth a number of proposals to improve the criminal justice system at the Federal level. Among his proposals:

-- Establishment of "career criminal" programs designed to assure quick identification and prosecution of persons who repeatedly commit serious offenses.

-- Continuation and expansion of programs designed to divert certain first offenders into rehabilitation prior to trial.

-- Creation by the Congress of additional Federal District Court judgeships and expansion of the criminal jurisdiction of United States Magistrates.

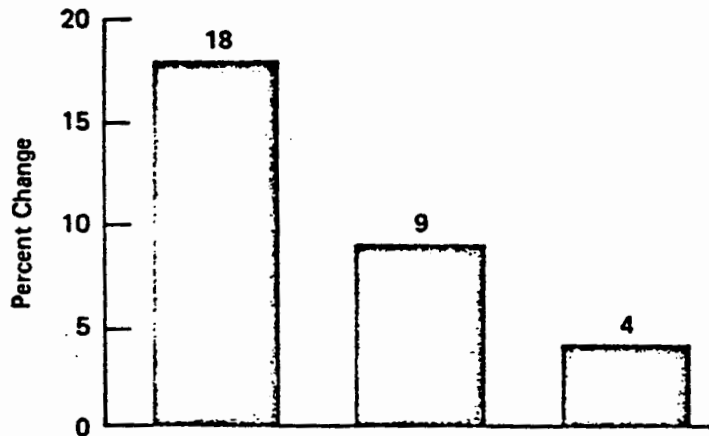
-- Upgrading of prison facilities, including the replacement of large, outdated prisons with smaller, more modern ones.

-- Enactment by the Congress of legislation to provide limited compensation to victims of Federal crimes who suffer personal injury.

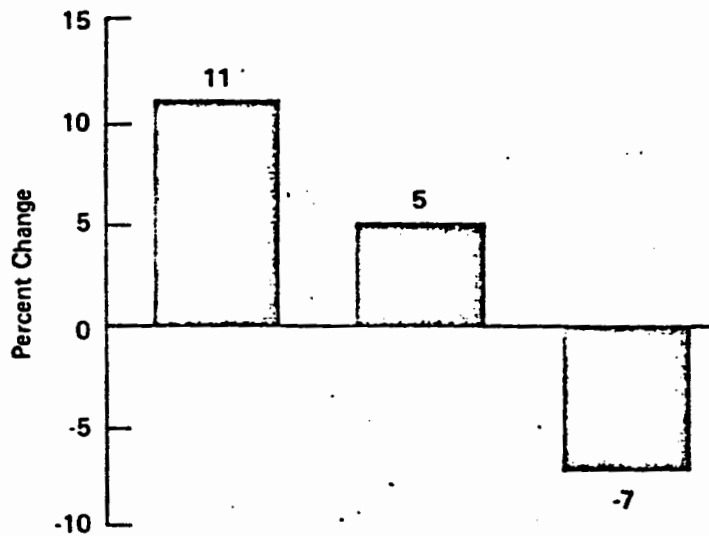
As for Federal financial aid for State and local law enforcement, the President in 1976 proposed that the Congress continue the Law Enforcement Assistance Administration through 1981 at a higher authorized funding level. The President's bill, now making its way through Congress, will authorize \$6.8 billion for the Law Enforcement Assistance Administration through the next five years. The bill places additional emphasis on improving State and local court systems and on funding "High Impact" crime-prevention projects in crime-ridden urban areas.

CRIME INDEX TRENDS

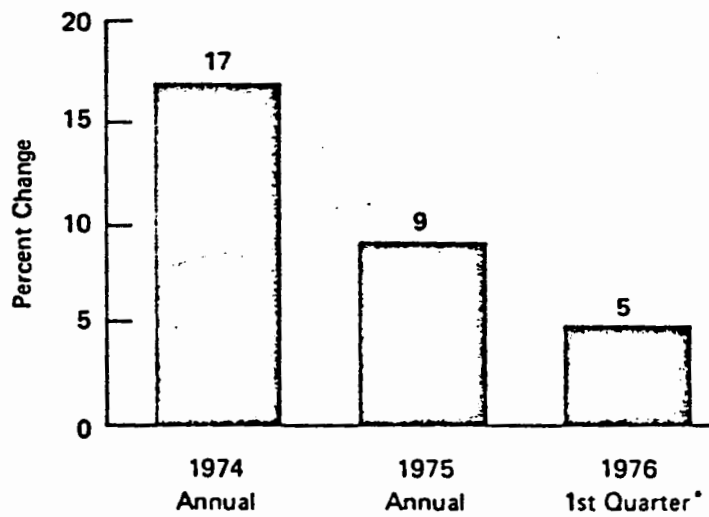
Crime Index, Total
A Marked Decline
in the Growth of
Crime



Violent Crime
A Notable Decrease
in Violent Crime



Property Crime
A Marked Decline
in Crimes Against
Property



FBI Uniform Crime Reports

*Compared to 1st quarter of 1975.

Curbing Drug Abuse

"For nearly a year," President Ford said this April, "I have been devoting increasing attention to a problem which strikes at the very heart of our national well-being, drug abuse. I have initiated and then endorsed a major study of this issue. I have met with foreign heads of state, Members of Congress and members of my Cabinet to express my deep concern and the need for action, and I have publicly spoken about this as one of the most serious and tragic problems our country faces.

"Today I am sending to the Congress a special Message on Drug Abuse which outlines, in very frank terms, the severity of this problem and which proposes definitive steps which must be taken to meet the challenge posed by the worsening drug situation.

"I am requesting the Congress to enact specific legislation to improve our ability to put the traffickers who sell drugs into prison. I am also calling for a renewed commitment to a program that balances the law enforcement effort with the provisions of humane and effective treatment for drug abusers.

"Finally, since our ability to control the supply of illegal drugs in this country depends to a very large degree on the interest and the capability of foreign governments in controlling drugs which originate in or move through their territory, I renew this government's commitment to providing support for foreign allies in this fight."

The comprehensive drug program announced by the President calls for action on many different fronts. It would:

-- Require minimum mandatory prison sentences for persons convicted of high-level trafficking in heroin and similar narcotic drugs.

-- Enable judges to deny bail in the absence of compelling circumstances if a defendant arrested for trafficking heroin or dangerous drugs is found (1) to have previously been convicted of a drug felony; (2) to be presently free on parole; (3) to be a non-resident alien; (4) to have been arrested in possession of a false passport; or (5) to be fugitive or previously convicted of being a fugitive.

-- Require masters of ships--including pleasure vessels--arriving in the United States to report immediately to Customs upon arrival, rather than within 24 hours, as is now required.

-- Expand Customs' authority to search for cash and other monetary instruments being smuggled out of the country.

The President during his first two years in office also acted to improve the management of drug programs and to enhance international cooperation by:

-- Establishing two new Cabinet committees to provide direction for, and coordination of, Federal drug programs and activities.

-- Directing the Secretary of HEW and the Attorney General to develop plans to improve coordination between the treatment and criminal justice system, so that drug users in the criminal justice system are identified and provided with treatment and rehabilitation services.

-- Directing one of the new Cabinet Committees to give high priority to identifying specific ways to improve job opportunities for former addicts.

-- Directing the Secretary of the Treasury and the Commissioner of the Internal Revenue Service, in consultation with the Attorney General and the Administrator of the Drug Enforcement Administration, to develop a tax enforcement program aimed at major drug traffickers.

-- Intensifying diplomatic efforts at all levels in order to encourage the greatest possible commitment from other governments and continuing to provide technical and equipment assistance, formal training of foreign enforcement officials, and assistance through cooperative enforcement efforts of U.S. agents stationed abroad.

-- Urging the Congress to expedite approval of the 1971 Convention on Psychotropic Substances, an international treaty which would provide a system for the control of synthetic drugs similar to that which exists for narcotic drugs.

-- Proposing the expansion of Federal treatment capacity to ensure that those who are addicted have an alternative to crime.

Although drug abuse remains a serious problem, progress has been made during the past two years.

-- There have been 36 percent more arrests of heroin users in 1976 than 1975.

-- There has been a 65 percent increase over the past year in the number of DEA arrests of high level traffickers.

-- The seizure of heroin by all Federal agencies has increased 54 percent since the third quarter of 1975.

-- The seizure of marihuana by all Federal agencies is up 63 percent from the third quarter of 1975.

-- There has been a 137 percent increase in the number of seizures of heroin and morphine by the combined forces of foreign and U.S. agencies since the the third quarter of 1975.

-- There has been a 201 percent increase in the number of seizures of heroin and morphine by the combined forces of foreign and U.S. agencies since the third quarter of 1975.

-- The number of marihuana users in federally-sponsored treatment has decreased significantly over the past year.

URBAN COMMUNITY DEVELOPMENT AND HOUSING

Throughout its first two years, the Ford Administration has battled to return decision-making power to State and local government through its revenue sharing and block grant programs.

The Community Development Act and the General Revenue Sharing Program are cornerstones of the President's urban policy. They inaugurated a major change in the way the Federal Government deals with urban communities -- instead of telling local officials exactly how they must handle their problems, these programs provide flexible resources for elected officials to meet the particular needs of their constituents. Revenue Sharing also aids communities to plan their budgets by giving greater certainty that funding levels will not vary from year to year.

When he signed the Housing and Community Development Act of 1974, President Ford observed:

"I think we can say without any reservation that the move from the narrow programs of the past in community development to programs that are very broad gauged -- a consolidation of programs such as model cities and urban development -- will give a real impetus to local decision-making, local action and local responsibility."

The Administration is concerned with the growing problem facing many older cities and neighborhoods. On June 30, 1976 the President established a Commission on Urban Development and Neighborhood Revitalization chaired by Carla Hills, Secretary of Housing and Urban Development. The Commission is charged with recommending to the President by October 1 ways to revitalize urban areas and neighborhoods. The Commission is now conducting a review of all Federal programs that impact upon urban areas and is soliciting the views and recommendations of local officials and neighborhood organizations.

Over the past two years, the President also has met frequently with mayors and other elected officials on revenue sharing and other community development issues.

Housing

The Ford Administration has also worked hard to improve the quality of housing available to low and moderate income families. The emphasis of the past on construction and maintenance of large Federal housing projects has been replaced with a program providing rent supplements for lower income families. The Housing and Community Development Act of 1974 provides programs which emphasize the use of existing housing rather than new construction. This approach allows for more families to be assisted at lower cost to the taxpayer, and maximizes freedom of choice for lower income families seeking housing, by relying on the private sector for the construction, financing, and management of housing for these families. The President's 1976 budget authorized HUD to enter into subsidy agreements with over 400,000 families. The Ford Administration has also increased the maximum Federal mortgage insurance moderate income families can obtain toward the purchase of a new home: The Housing and Community Development Act of 1974 increased mortgage credit for single family homes by \$10,000 to \$20,000 for various types of insurance programs.

The basic home purchase policy of the Ford Administration has been to make available to homeowners sufficient mortgage credit repayable over an extended term at reasonable interest rates, and to moderate extreme changes in the availability of mortgage credit. To accomplish these goals, the President:

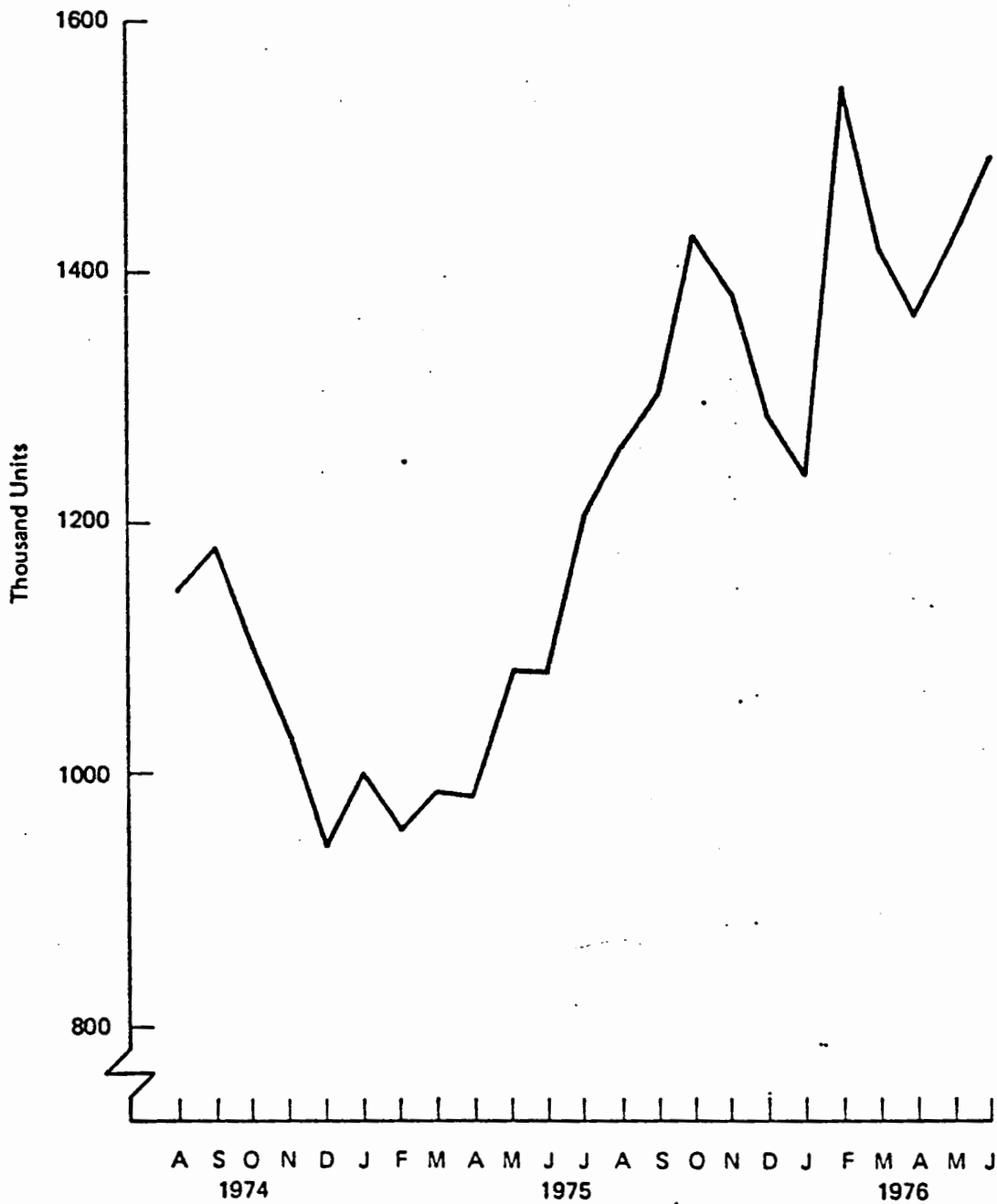
Signed the Emergency Home Purchase Act of 1974 which extends Government National Mortgage Insurance on a limited basis to conventional mortgages;

Signed the Emergency Housing Act of 1975, which provides emergency mortgage foreclosure relief; and,

Signed the Tax Reduction Act of 1975, which provides up to a \$2,000 tax rebate for the purchase of new homes in 1975.

HOUSING STARTS

(Seasonally Adjusted Annual Rates)



HUMAN RESOURCES

Better delivery of services, a greater concentration of resources on those who truly need help, fewer resources for those who can look after themselves, greater dignity for those who receive help, and less red tape -- those are the hallmarks of the President's approach to health and social services.

"The Federal Government should help, within the limits of national resources, those who are in need; but we should not give \$1 of Federal assistance to those not in need."

Health Care

President Ford is committed to the goal of insuring that every American has access to quality health care.

Toward that end, the President has taken action on a wide front:

-- In his 1976 State of the Union Address, he proposed a catastrophic health insurance program that would protect the elderly against the devastating impact of a serious illness. Under the President's proposal, anyone eligible for Medicare would, after reaching the age of 65, have to pay no more than \$500 a year for covered hospital or nursing home care nor more than \$250 a year for doctors' bills.

-- A central feature of the President's 1976 medicare reforms is his proposal to hold down the inflationary surge in health costs. The President proposes to limit increases in Federal reimbursements for medicare to 7 percent a year for hospital costs and to 4 percent a year for physicians' services. By holding down the increases in reimbursements, the government can in effect hold down the increases in charges to the patient.

-- In his 1976 State of the Union Address, the President also proposed that sixteen Federal health programs, including Medicaid, be consolidated into a single \$10 billion block grant to the states. The total aid to states under this program would increase and each state would have far more independence in deciding what needs ought to be met.

-- The President has also strengthened the nursing home improvement program so that the quality of life and health care in skilled nursing facilities is improved through higher standards and better enforcement.

-- The President has pushed for expansion of the National Health Services Corps which places health professionals in critical health manpower shortage areas.

-- The President initiated the coordination of rural health activities to serve individuals in those rural areas.

-- This spring, after conferring with many of the Nation's leading medical authorities, the President initiated a program of unprecedented scope to immunize all Americans against a possible outbreak of swine flu. That program has encountered snags, but through a series of meetings, phone calls, and letters, the President is working with industry, science and the government to create a working partnership and to make the vaccine available on a nationwide basis as quickly as possible. Without the President's leadership, it is very doubtful the program would ever have gotten off the ground.

On the question of a national health insurance plan, the President said in his 1976 State of the Union Address that "we cannot realistically afford Federally dictated national health insurance providing full coverage for all 215 million Americans. The experience of other countries raises questions about the quality as well as the cost of such plans. But I do envision the day when we may use the private health insurance system to offer more middle income families high quality health services at prices they can afford and shield them also from catastrophic illnesses." At the President's direction, the Domestic Council staff and others in the government are now studying alternative means of providing health insurance to those Americans -- currently less than 20 percent of the population -- who are not adequately insured.

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 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 1976 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

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.

The Handicapped

In November of last year, the President called for a White House Conference on Handicapped Individuals to stimulate a national assessment of the problems facing such individuals and to develop recommendations. The conference is scheduled to be held in May, 1977.

In his announcement, the President commented that the Nation's handicapped citizens "have a right to live with self-reliance, with the same dignity as all of their fellow citizens, and to achieve personal and professional fulfillment."

The President has also been a strong supporter of the Rehabilitation Act of 1973. In April of this year, he issued a directive (Executive Order 11914) setting up a special enforcement plan to ensure that any private organization using Federal funds does not discriminate against handicapped individuals.

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 fifty 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.

Education

The President's philosophy with regard to the Federal role in education is summarized in his March 1, 1976 message to Congress on education:

"The education of our children is vital to the future of the United States. From the start, our Founding Fathers knew that ignorance and free government could not coexist. Our Nation has acted from the beginning on the sound principle that control over our schools should remain at the State and local level. Nothing could be more destructive of the diversity of thought and opinion necessary for National progress than an excess of control by the central government."

Because the President places a high value upon education, he has initiated a series of structural and financial reforms consistent with his philosophy:

-- On March 1, 1976, the President proposed the Financial Assistance for Elementary and Secondary Education Act. This proposal stresses the President's belief that Federal intrusion into State and local educational affairs must be minimized. "Too often we have found ourselves asking whether Federal forms have been properly filled out, not whether children have been properly educated," the President noted.

The President's proposal is an effort to return the responsibility and initiative for educational decision-making to the local level. The proposal insures that no state will receive less money than it did in FY 1976. To assure that students with special needs receive proper attention, the proposal provides that at least seventy-five percent of a state's allocation be spent on the educationally deprived and handicapped.

-- The President has asked the Congress to increase support for the National Institute of Education, focal point for the conduct of education research and development, by a twenty-eight percent increase over the 1976 appropriation.

-- President Ford has supported the concepts of equal educational opportunity for handicapped children by signing into law the Education of All Handicapped Children Act of 1975.

-- The President believes that no student should be denied access to a post-secondary education because of financial barriers. Those in need should receive grants while others with higher family income should be helped to borrow to meet the costs. Further, he has supported the concept that higher education aid should be provided to individuals rather than institutions. In this way, the student -- who is the ultimate consumer in the education process -- can exercise choice, not on the basis of the aid that a school receives, but on the basis of the kind of education the student wants.

To carry out these beliefs, the President requested full funding of the Basic Education Opportunity Grants program both in 1976 and 1977, which will enable needy students to receive up to \$1,400 per year but no more

than one-half of the funds they need to meet their educational costs. Additional funds to meet the remainder of student needs are obtained through loans, work study programs and the student's own resources. When it was determined earlier this year that far more students were going to request funds under this program than was anticipated when the 1976 budget was submitted, the President requested an additional \$612 million for this program.

Busing

President Ford has long been concerned about the fact that the controversy over court-ordered busing has detracted from the search for ways of achieving the critical national goal of providing quality and equality in education for America's schoolchildren.

In the President's view, there are times when school busing is constitutionally required to achieve school desegregation, but there are many instances in which it has been used when it was not constitutionally required, when better methods of solving school problems were readily at hand.

Therefore, the President ordered the Department of Justice in November of 1975 to begin a search for legal means of controlling the use of court-ordered busing as a remedy in school desegregation suits. After months of study by Administration officials and meetings held by the President with large numbers of concerned groups, the President sent to Congress on June 24, 1976, the School Desegregation Standards and Assistance Act of 1976.

This legislation was designed to limit busing to those instances only where it is constitutionally required, and to provide alternative means of solving school desegregation problems. The legislation does this by requiring Federal courts to look carefully at the cause of racial concentrations in affected schools and to order busing only when the cause of the racial concentration is one for which school officials can appropriately be held responsible. After carefully consultation with respected legal scholars throughout the United States -- most notably Attorney General Levi -- the President is convinced that his solution is constitutional, that it is feasible, and that it will place the emphasis in school suits where it ought to be placed.

In his message to Congress accompanying the bill, the President said:

"At the outset, let me set forth certain principles governing my judgments and my actions.

"First, for all of my life I have held strong personal feelings against racial discrimination. I do not believe in a segregated society. We are a people of diverse background, origins, and interests, but we are still one people -- Americans -- and so must we live.

"Second, it is the duty of every President to enforce the law of the land. When I became President, I took an oath to preserve, protect and defend the Constitution of the United States. There must be no misunderstanding about this -- I will uphold the Constitutional rights of every individual in the country. I will carry out the decisions of the Supreme Court. I will not tolerate defiance of the law.

"Third, I am totally dedicated to quality education in America -- and to the principle that public education is predominantly the concern of the community in which people live. Throughout the history of our Nation, the education of our children, especially at the elementary and secondary levels, has been a community endeavor. The concept of public education is now written into our history as deeply as any tenet of American belief."

Later in the message, the President described the objectives of and means proposed by the legislation:

"To maintain progress toward the orderly elimination of illegal segregation in our public schools, and to preserve -- or, where appropriate, restore -- community control of schools, I am proposing legislation to:

1. Require that a court in a desegregation case determine the extent to which acts of unlawful discrimination have caused a greater degree of racial concentration in a school or school system than would have existed in the absence of such acts.

2. Require that busing and other remedies in school desegregation cases be limited to eliminating the degree of student racial concentration caused by proven unlawful acts of discrimination.

3. Require that the utilization of court-ordered busing as a remedy be limited to a specific period of time consistent with the legislation's intent that it be an interim and transitional remedy. In general, this period of time will be no longer than five years where there has been compliance with the court order.

4. Create an independent National Community and Education Committee to help any school community requesting citizen assistance in voluntarily resolving its school segregation order."

The President closed his message with the following words:

"Let me here state, simply and directly, that this Administration will not tolerate unlawful segregation.

"We will move swiftly and effectively against anyone who engages in violence.

"I assure the people of this Nation that this Administration will do whatever it must to preserve order and to protect the Constitutional rights of our citizens.

"The strength of America has always been our ability to deal with our own problems in a responsible and orderly way.

"We can do so again if every American will join with me in affirming our historic commitment to a Nation of laws, a people of equality, a society of opportunity.

"I call on the Congress to write into law a new perspective which sees court-ordered busing as a tool to be used with the highest selectivity and the utmost precision.

"I call on the leaders of all the Nation's school districts which may yet face court orders to move voluntarily, promptly, objectively, and compassionately to desegregate their schools.

"We must eliminate discrimination in America.

"We must summon the best in ourselves to the cause of achieving the highest possible quality of education for each and every American child."

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.

A CLEAN ENVIRONMENT

President Ford is firmly committed to achieving a balance between the needs of the environment and the needs of a dynamic, growing economy.

"I am committed to the Nation's effort to clean up the environment," the President told the Council on Environmental Quality this February. "At the same time, I am concerned about the costs and impact on the economy. We can't do it all tomorrow." In responding to a question in February on this issue, the President re-emphasized the need for a careful balance when he said: "I think there is realization now in and out of government that we can't make up in a few years for all the environmental evils we perpetrated on the country over a period of a hundred years."

In pursuing a balance between these goals, the President has:

- Supported the enactment of toxic substances legislation that would control the introduction of toxic substances into the environment;
- Proposed a 60 percent increase in outlays for wastewater treatment plant grants during fiscal year 1977;
- Signed the Safe Drinking Water Act to enhance the safety of public drinking water supplies through the establishment and enforcement of national drinking water standards.
- Proposed a 38 percent increase in funding for implementation of the Safe Drinking Water Act for fiscal year 1977;
- Signed a wetlands loan advance to facilitate public ownership of rapidly disappearing wetlands;
- Proposed the Alaska Conservation Act dedicating 80 million acres to conservation purposes;
- Provided for full funding of the Land and Water Conservation Fund for fiscal year 1977; and,
- Increased appropriations for National Park Service maintenance and operations. This added 400 more park rangers and other National Park Service employees.

ACHIEVING ENERGY INDEPENDENCE

"I will not sit by and watch the Nation continue to talk about an energy crisis and do nothing about it. Nor will I take half-way measures which fail to change the direction that has put our Nation in this position. We have the resources in this country, the technological capability, and the spirit to regain our energy independence. I will ... use all my powers as President to make certain that we succeed."

President Ford
January 21, 1975

In his first State of the Union Address, President Ford pointed out that America's vulnerability to economic disruption at the hands of a few foreign nations would continue to grow unless the U.S. had a comprehensive energy policy and program.

He outlined three major goals:

- To halt our growing dependence on imported oil during the next few critical years.
- End our energy dependence and vulnerability by 1985. This would be done by reducing oil imports to between 3 and 5 million barrels per day -- with an accompanying ability to offset any future embargo with stored petroleum and emergency standby measures to conserve energy.
- Mobilize our technology and resources to supply a significant share of the free world's energy needs beyond 1985.

The President's plans and actions for achieving these goals have been based on three fundamental principles:

- Energy should be provided at the lowest cost consistent with our need for adequate and secure supplies;
- We should rely on the private sector and market forces as the most efficient means to achieve the goals; and

- We must achieve a balance between our efforts to preserve the environment and our need for energy.

Building upon the goals and principles set out early in his Administration, the President developed the Nation's first comprehensive blueprint for achieving energy independence for the United States.

That program envisions:

- Reducing the rate of growth in energy consumption by cutting waste and improving energy efficiency.
- Increasing coal production from 640 million tons to 1 billion tons per year by 1985.
- Increasing domestic oil and natural gas production.
- Increasing the share of electricity generated by nuclear power from the current 9 percent to 26 percent by 1985.
- Completion of a strategic petroleum storage program.
- The development of advanced technology needed to maintain energy self sufficiency in future years.

How far have we come in two years? By one measurement, we have actually gone in the wrong direction. Two years ago, the United States was dependent upon imports for 37 percent of its oil needs; today that dependence has grown to 40 percent. But this level of imports is less than would have occurred without the actions that have been taken.

By another measurement, however, the energy outlook is considerably brighter today than it was two years ago. For the first time, the United States is now moving forward within the framework of a comprehensive energy program -- a program set forth by President Ford. We are making progress but this does not mean the problem has been solved.

To be specific, the Congress over the past two years has passed six of the President's major energy proposals which achieve some of his objectives and thus puts the United States in a much stronger position over the long term:

- Naval Petroleum Reserves Act -- This new law authorizes production of oil and gas from the government-owned petroleum reserves in California and in Wyoming. It also authorizes further exploration for oil and gas on the large government-owned reserve in Alaska with the expectation that it could eventually be developed and ready for production.
- Strategic Petroleum Reserves -- This new provision establishes petroleum reserves which would help to reduce the impact of another emergency such as an embargo. Reserves of at least 150 million barrels would be established within three years and about 500 million barrels in about seven years.
- Coal Conversion -- This provision extends the authority to require electric utilities and large industrial users of oil and gas (which are in short supply) to switch their facilities to the use of coal (which is plentiful in the U.S.).
- Energy Labeling -- This provision requires manufacturers of automobiles and major appliances to include labels on their products informing consumers of the amount of energy used and permitting comparison of relative energy efficiency of products.
- Emergency Standby Authority -- This provision authorizes the President to promulgate -- with the approval of Congress -- standby energy conservation and rationing plans which could be used in the event of a serious energy emergency such as another embargo.
- Energy Development Impact Assistance -- The Coastal Zone Management Act Amendments signed by the President this summer included elements of his February, 1976 proposal to assist communities significantly affected by the development of Federal energy resources by providing financing for public facilities (such as roads, schools, and hospitals) required to accommodate large increases in population. The new amendments apply to coastal states and states touching the Great Lakes.

While six Presidential proposals have been adopted, seventeen others are still caught in a Congressional log-jam. They include:

- Natural gas: The President has asked for the removal of Federal price controls from new natural gas supplies and legislation to permit expediting selection of a route and constructing the transportation systems to bring natural gas from Alaska to the lower 48 states.
- Nuclear Power: The President is still awaiting action on his proposals to improve nuclear plant licensing, to authorize commercial pricing for government-supplied uranium enrichment services, and to increase the Nation's capacity for producing enriched uranium for domestic and foreign nuclear plants. The latter bill provides the authority to begin the transition to a private competitive uranium enrichment industry, ending the 30 year government monopoly and avoiding the need to commit \$30-50 billion in tax funds to new plants over the next 15-20 years.
- Coal: President Ford has proposed measures which would increase coal production from 640 million tons in 1975 to one billion tons by 1985 to help relieve America's dependence on foreign oil. These measures include extension of authority to require use of coal instead of oil or gas in energy using facilities and amendments to the Clean Air Act to permit the use of more coal.
- Energy Facilities: President Ford has submitted several legislative proposals, including bills to create an Energy Independence Authority that would assist private sector financing of new energy facilities to authorize loan guarantees to aid in construction of synthetic fuel plants (e.g., from coal and oil shale), to expedite siting of energy facilities, to reform utility rate structures, and to encourage construction of coal and nuclear power plants.
- Energy Conservation: The President has proposed legislation providing \$55 million in weatherization assistance for low-income and elderly persons, providing a 15 percent tax credit for energy conservation improvement in existing residences, and setting thermal efficiency standards for new buildings.

Action by the Congress on the President's legislative proposals is essential, but the President has also moved ahead wherever possible under existing authorities. For example:

- Nuclear Power: On January 19, 1975, the President activated the independent Nuclear Regulatory Commission (NRC) with responsibility to assure the safety, reliability and environmental acceptability of commercial nuclear power facilities. He requested increased funding in his 1977 Budget to increase the safety of nuclear plants, improve safeguards, and provide long-term nuclear waste storage. On July 27, 1976, President Ford announced plans for a comprehensive review of nuclear power policies and options, including exports and reprocessing.
- Coal: At the President's direction, an improved program for leasing and reclaiming Federal coal lands has been implemented by the Secretary of the Interior, coal conversion has been stepped up, and R & D programs have been expanded to develop means for increasing coal production and utilization in ways that are environmentally sound.
- Energy Conservation: In response to requests by the President, Federal agencies have reduced energy consumption by 24 percent in the past two years, saving the equivalent of over 250,000 barrels of oil per day. The Government is assisting States and industry in developing energy conservation plans, and implementing auto and appliance energy labelling programs. Funding for research and development in energy conservation was increased by 63 percent in the President's 1977 Budget request. The voluntary agreements achieved with the automobile industry to increase automobile fuel economy were also enacted into law. These will lead to a 40 percent improvement in fuel economy by the 1980 model year.
- Energy R&D: President Ford requested \$2.9 billion for energy research and development in 1977, an increase of 30 percent over the \$2.2 billion provided in 1976. These funds will permit working in the industry to develop advanced technologies in nuclear energy, coal, synthetic fuels, solar energy and geothermal energy and thus permit the country to maintain energy independence beyond 1985.
- Removing counterproductive regulations: Under President Ford's leadership, petroleum price and allocation

controls -- which have discouraged conservation, stifled competition, misallocated supplies, and increased bureaucracy to administer -- are now being removed. During the past six months, controls have been removed from residual oil, diesel fuel, kerosene and fuel oil. Controls on the price of crude oil -- which have discouraged production from domestic sources -- are being phased out over the next three years.

SMALL BUSINESS

At the Bicentennial Salute to Small Business last May the President said:

"In the earliest days of American history, small businessmen and women were among the first to revolt against the tyranny and the oppression of a far away government. Seeking the freedom to control their own lives and economic destinies hundreds and hundreds of merchants and shopkeepers as well as craftsmen helped wage and win the fight to America's independence. With that independence, small business has played a very major role in building America to a greatness in the two centuries that have followed."

To ensure that small business not only survives but thrives, the President has attacked three primary problem areas for small business: inflation, overregulation, and overtaxation. His economic policies have cut the rate of inflation by more than half. In the other two areas, President Ford has:

-- proposed legislation to raise the state tax exemption for both small businessmen and farmers from \$60,000 to \$150,000; to stretch out the payments at low interest rates over 25 years; and to exempt from taxation the transfer of a business between spouses;

-- reduced by 12 percent the number of Federal forms required of small business -- forms that cost an estimated \$18 billion a year to complete, not to speak of the cost of having people read them;

-- proposed a retention of the \$50,000 corporate surtax exemption and a two percent reduction in the maximum corporate income tax rate;

-- advocated a 33 percent increase in the Small Business Administration's loan guarantee program;

-- begun a thorough reform of government regulation which too often strangles small business in excessive and unnecessary red tape; and,

-- sought to revitalize urban neighborhoods whose residents are the lifeblood for thousands of small, family-owned businesses.

NATIONAL TRANSPORTATION

One of the greatest unsung successes of the Ford Administration has been its progress in improving the Nation's transportation system.

The President's goal in transportation policy is to promote a fully coordinated and balanced national transportation system. At the heart of the President's philosophy is the view that the Federal Government has a special responsibility to promote those elements of national transportation that are essential to interstate commerce and national defense. Beyond that, he believes that State and local government authorities should assume a large measure of responsibility, assisted but never dictated to by Washington.

One year after entering office, the President enunciated a comprehensive policy on national transportation, and since that time he has taken steps in many different areas to carry out that policy.

Rail Transportation

In May of 1975, the President submitted the Railroad Revitalization Act, calling for the elimination of outdated regulation and increased reliance on competition in the railroad industry.

In September of 1975, the Department of Transportation and the United State Railway Association (USRA) jointly proposed the Second Regional Rail Reorganization Act to implement the Final System Plan. This plan called for a new corporation, ConRail, to provide essential freight service in the Northeast and Midwest.

In November of 1975, the Administration offered its plan for improvement in high speed, intercity passenger service between Boston and Washington.

Then in February of this year, the President signed into law one of the most important transportation bills of the 1970s: the Railroad Revitalization and Regulatory Reform Act of 1976. Through a \$6.4 billion program of appropriations and loan guarantees, this bill encourages the revitalization of the deteriorating rail freight system both in the Northeastern United States and across the Nation. It provides badly needed financial assistance to help the railroads improve their physical plant.

It encourages a desired restructuring of the railroad system. And it makes substantial improvement possible in rail passenger service in the densely populated Northeast.

Air Transportation

-- The Administration has endorsed a seven-point program to assist U.S. international airlines to compete more effectively with subsidized foreign carriers.

-- The President, on March 17, 1975, submitted new Airport and Airways Development legislation to increase and improve the financing and planning of airport facilities and to provide more equitable collection of aviation user charges.

-- The Administration, on August 19, 1975, advocated the direct pass-through of energy in setting airline fares.

-- The President, on October 8, 1975, submitted to Congress the Aviation Act of 1975 to improve the regulatory environment of the airlines.

-- On July 12, 1976, the President signed the Airport and Airway Development Act of 1976 to help modernize our Nation's airports, take needed steps to deal with airport noise, and simplify airport grant procedures.

The Concorde

In 1975, the President directed Transportation Secretary William Coleman to conduct a thorough investigation in the controversial issue of whether the Concorde should be allowed commercial landing rights in the United States.

On February 4, 1976, Secretary Coleman decided to permit the Concorde to conduct limited scheduled commercial flights into the United States under stated conditions for a 16-month test period. The President in his press conference of February 8, 1976 fully supported this decision. The Secretary of Transportation has asked the Secretary of State to enter into an agreement with France and Great Britain to establish a monitoring system for measuring ozone levels in the stratosphere.

Federal Highway Program

The President in January of 1975 signed the Highway Amendments of 1974, adding approximately \$500 million for rural highways and providing for selected program restructuring.

On June 5, 1975, he signed H.R. 3781, the Federal Aid Highway Land Bill to provide States with greater flexibility in the use of Federal-Aid Highway funds and to enable them to defer temporarily their matching share for certain projects.

The President in July of 1975 sent to the Congress his proposals for renewing and revising the Federal-Aid Highway program. Emphasis was put on completing the Interstate System and providing greater flexibility in State and local transportation decisions.

In February of 1975, President Ford released an additional \$2 billion in highway construction funds to stimulate employment in the construction industry.

In May of 1976, the President signed the Federal Aid Highway Act of 1976, which will provide \$17.6 billion over the next 27 months for highway construction, restoration, rehabilitation and safety programs. Although the Bill will not change the operation of the Highway Trust Fund, past Presidential statements and Congressional debate clearly indicate that the next Congress must carefully review this important issue. The current bill does consolidate three existing highways categories under a new, basic primary system, and gives the States greater flexibility to shift funds between non-Interstate categories.

Regulatory Reform in Transportation

The President, on October 8, 1974, proposed to the Congress establishment of a National Commission on Regulatory Reform to examine practices and procedures of the independent regulatory agencies.

The President on October 3, 1975, submitted to the Congress the Aviation Act of 1975 to reform and simplify Government regulation of the airline industry.

The President on November 13, 1975, submitted to the Congress the Motor Carrier Reform Act to modernize and simplify the regulation of the motor carrier industry.

Rural Transportation

The Department of Transportation is implementing a new special rural mass transportation program for which \$500 million is authorized through fiscal year 1980.

The Federal-Aid Highway Act of 1976, signed by the President, allows for the transfer of funds between system categories to allow States increased flexibility in the use of highway funds where they are needed.

The President has also proposed a program of partial Federal financial assistance to maintain rural branch rail lines for two years.

Energy Conservation in Transportation

The Department of Transportation has issued regulations requiring urbanized areas to develop energy conservation and operating efficiency programs as a prerequisite for receiving Federal mass transit assistance.

The President has endorsed the 55 mph speed limit to improve efficiency of automobile operations.

The Department of Transportation has initiated proposals for the possible electrification of railroad rights-of-way, and for increasing load factors within the airline industry.

The Department of Transportation, Environmental Protection Agency and the National Transportation Safety Board have worked jointly on new automobile designs to, among other things, achieve greater fuel economy.

The Administration has coordinated a voluntary joint industry-government automobile fuel economy improvement program that should achieve 40 percent improvement in fuel economy by 1980.

Finally, the Federal Aviation Administration is implementing a seven-point program for jet fuel conservation.

AGRICULTURE

"Over one-half of the grain moving across international boundaries throughout the world is grown by you, the American farmer, and we are proud of your efforts and your results... It is imperative that you maintain the freedom to market crops and to find customers wherever you can. Strong agricultural exports are basic to America's farm policy and the freedom of every farmer to manage his own farm..."

- President Gerald R. Ford
January 5, 1976

The two years of President Ford's Administration have been among the best years in the history of agriculture.

Combining a new market-oriented, full-protection food policy with expanded markets and a leveling trend in production costs, producers have increased net farm income from an average of \$24 billion in 1972-73 to a \$26 billion average during the past two years.

Freed of production controls on wheat, feed grains, and cotton, growers have put over 57 million "set-aside" acres back to work. Peaceful world conditions coupled with growing demand have enabled U. S. farmers to expand their exports in 1976 to an expected \$22 billion -- an all-time high. By comparison, farm exports in 1972 were at \$8 billion.

The President's inflation efforts, which have lowered the rate of annual inflation from twelve percent in the 1973-74 period to roughly six percent today, have also stabilized the long upward surge in farm production expenses. These efforts slowed retail food prices rises to three to four percent in 1976 compared to a fourteen and one-half percent rise in the 1973-early 1974 period.

The President also launched, in 1974, a far-reaching effort to relieve emergency global foods needs and to provide developing nations with economic, trade, credit and other self-help assistance. He asked all nations to join in a global food and energy strategy at the 1974 World Food Conference. In the last year, he consummated a five-year grain sales agreement with Russia that will benefit both American producers and American consumers. In addition, the Administration set up a system to continuously monitor export sales of farm commodities following global shortfalls in grain production.

Under the leadership of President Ford and Secretary Butz, the Administration has also:

- Taken steps to assure that global grain reserves will be held in private hands and by consuming nations.
- Made it clear that farm embargoes would be a thing of the past.
- Launched a strong effort to reduce Federal estate taxes to enable farmers to keep their farms in the family.
- Cleaned up abuses in grain export inspections.
- Supported bonding of livestock packers so farmers will receive payment for livestock in case of packer bankruptcy.
- Negotiated voluntary import quotas on beef.
- Announced in July, 1976 a "School Lunch" beef purchasing program that will help alleviate unprofitable conditions faced by beef producers.
- Provided emergency relief to numerous rural areas affected by drought, flood and other adverse weather conditions.
- Increased Commodity Credit Corporation loan rates (in February, 1976) for corn from \$1.10 to \$1.25 and for wheat from \$1.37 to \$1.50, while reinstating a soybean loan program with a loan rate of \$2.50 per bushel.

President Ford also stopped evasion of non-fat dried milk import quotas, increased the support price of milk three times during the past two years to bring it to 80 percent of parity, and embarked upon a massive effort to relieve farmers and others of unnecessary, costly and unwise regulation and red tape flowing from Federal departments and agencies.

As a result of actions by the Ford Administration net farm assets increased from \$313 billion in 1973 to \$427 billion in 1975. During the last two years the decline in the number of operating farms has been reversed, and the farm population has been stabilized. In short, progress on the farm front has been solid and substantial.

CIVIL SERVICE

The President has proposed and the U.S. House of Representatives has now passed a measure creating a controlled experiment on the use of flextime and compressed time schedules in Federal government. This proposal reflects the President's concern for those who cannot meet normal work schedules like the single heads of families and families where it is necessary for both parents to work. The proposal also recognizes that these individuals represent a pool of untapped talent and productivity from which the Federal government can benefit.

The President also resisted a threat to the non-political nature of the Civil Service System of the Federal Government when he vetoed a bill passed by the Congress that would have repealed the Hatch Act restrictions on political campaign activity by Federal workers. The Hatch Act allows the full exercise of voting rights by members of the Civil Service, but for many years it has been regarded as a safeguard against the politicization of Federal workers.

SCIENCE AND TECHNOLOGY

"It (science and technology) has been instrumental in helping develop the America we know -- its agriculture, industry, economy, health, national security, and many of the amenities we enjoy. Science, engineering and technology have combined to become a basic underlying force in American life -- a force that America has shared with the world to the ultimate benefit of all mankind.

"Now as we enter our third century, science, engineering and technology are more important than ever in meeting the challenges which lie ahead for this Nation and the world."

President Ford, on signing the National Science and Technology Policy, Organization and Priorities Act of 1976, May 11, 1976.

Since taking office President Ford has taken several steps to realize the contributions which science and technology can make to the strength and vitality of the Nation. For example:

- In June, 1975, Mr. Ford submitted to the Congress his proposal to establish an Office of Science and Technology Policy (OSTP) in the Executive Office of the President and announced that the Director of the Office would also serve as the President's adviser on science and technology. A year later, the President signed into law the National Science and Technology Policy, Organization and Priorities Act of 1976. This act created the OSTP and the President's Committee on Science and Technology to study Federal science and technology policies, programs, and organization.
- The President's 1977 budget provides for significant increases in Federal funding for scientific and technological activities. He proposed a total of \$24.6 billion for research and development, an increase of 11 percent over the amount estimated for 1976. This request includes \$2.6 billion for basic research, which provides fundamental knowledge upon which future advances in science and technology depend.

THE PRESIDENT'S FOREIGN POLICY

Gerald Ford became 38th President amidst doubt and bitterness at home and great uncertainty abroad. The character and future of American international leadership had been drawn into question by the turmoil of the preceding decade. In two years, the international atmosphere changed dramatically. The changes have not been breathtaking; but through quiet, creative diplomacy, there has been a steady accumulation of achievements so that today:

- The Nation is at peace. For the first time in over a decade no American is engaged in battle anywhere in the world. American military forces, where they have been used, have been used to save lives -- to save Americans and Vietnamese fleeing from tyranny in Indochina, to rescue the ship and crew of the *Mayaguez*, to save the lives of Americans and others in Lebanon.
- Under the President's leadership, the Nation has finally reversed the ten-year trend of Congressional cutbacks in the Nation's defense strength. We are expanding our Army from 13 to 16 divisions. Badly needed new programs are underway to strengthen the Navy and Air Force. We are proceeding with the Trident strategic submarine and missile; the B-1 strategic bomber; air and sea-launched cruise missiles; a new heavier ICBM for the 1980's; the F-15, F-16, and F-18, new anti-tank missiles; a new attack helicopter; a new advanced tanker cargo aircraft; a new generation of naval ships and a new battle tank. Research and development, the key to America's technological pre-eminence, has been substantially increased.
- Our alliances with the great industrial democracies of the Atlantic community and Japan have never been stronger or closer. They are now the basis for close collaboration among the democracies in economic policy, energy, East-West diplomacy and arms control; and have demonstrated their ability to bring solutions to many of the complex issues before us.
- The President has met at the Summit level with his allied colleagues over sixty times -- including two summits with NATO leaders in 1975 and the milestone Economic Summits at Rambouillet (November, 1975) and Puerto Rico (June, 1976). Our allies look upon the United States as a dependable, creative leader of the free world.

- The Ford Administration has accordingly dedicated itself to fulfilling a role of free world leadership in the United Nations. American Ambassadors to the United Nations have spoken out forcefully and with conviction for the principles of fairness. They have made it clear that one-sided bloc majorities and pressures will be resisted while constructive cooperation between industrial and developing nations will be welcomed. Unacceptable resolutions, such as the resolution condemning Zionism, will be fought or vetoed in the UN and in its specialized agencies. Constructive UN actions for mediation or peace-keeping in the Middle East or Cyprus or elsewhere will be supported. Speaking in Constitution Hall earlier this year, the President said: "Like or not, we are a great power and our real choice is whether to succeed or fail in a role we cannot shirk. There is no other nation in the free world capable of stepping into our role."

- Administration leadership has resulted in the initiation of many new programs in international forums. The United States is today an acknowledged leader in promoting international cooperation in energy conservation and development, efforts to expand the world's supply of food and other scarce resources, combatting terrorism, nuclear nonproliferation, disaster relief, population control, space exploration, drug control, environmental protection, the Law of the Sea, and the special plight of the poorest nations.

- President Ford seized the initiative to reorganize the United States intelligence community for the first time since 1947 through issuance of his February 18, 1976 Executive Order. The President found management and operation of the Intelligence Community was fragmented and uncoordinated. To cure this problem, he established a new command structure emphasizing accountability to the President. Through the policy guidance of the National Security Council, the substantive intelligence production leadership of the Director of Central Intelligence and the management and resource control of the newly created Committee on Foreign Intelligence, this reorganization will strengthen the capability of the Intelligence Community so that it can provide timely, relevant information to both national leaders and field commanders. It will ensure that all the Nation's intelligence assets are fully utilized to protect the national security from military, political and economic threats.

THE INTERNATIONAL ECONOMY: ADMINISTRATION ACTIONS

The American economic recovery has led the world economy out of a sharp recession. This was made possible not only by our own vigorous recovery but, by the improved coordination of economic strategies among the major industrial nations as a result of the Economic Summits at Rambouillet and Puerto Rico and the International Monetary Fund meeting.

-- At the Rambouillet Economic Summit in November 1975, the United States and other industrialized democracies agreed to coordinate their national economic policies to promote recovery.

-- At the Puerto Rico Economic Summit, convened at President Ford's initiative, the major industrial democracies reached agreement that their countries would:

-follow non-inflationary policies at home in order to avoid setting off another worldwide round of inflation.

-cooperate in the international monetary area by following policies that would avoid any long-term balance of payments problems for any country; and,

-work closely together in future economic decisions, giving special consideration to means of assisting developed nations with balance of payments problems, tying that assistance to a commitment by the nations to follow sound economic policies.

At the International Monetary Fund meeting held in Jamaica in January 1976, a series of broad reforms were agreed upon. These reforms, including agreement on floating exchange rates and greater assistance to member nations, represent the first major revision of the world monetary system since the 1944 Bretton Woods conference.

In the United Nations, the American Delegation -- at the direction of President Ford -- presented to the Seventh Special Session of the General Assembly a far-reaching initiative to promote mutually constructive relations between the industrial nations and the developing nations and thereby facilitating global economic progress.

At the World Food Conference in November, 1974 -- which was convened at U.S. initiative -- the United States took the lead in promoting international efforts to expand the world's food production and increase food assistance.

In the Conference on International Economic Cooperation in Paris, a long-awaited, improved dialogue on specific problems is taking place between the energy-producing and energy-consuming nations, and between the industrial and developing nations. These relations will be vital to the health of the world economy -- and indeed international political stability -- for the remainder of this century.

THE SOVIET UNION

Speaking at the Conference of Christians and Jews in Cleveland this year, the President said:

"The differences between nations that keep us apart are less important than the similarities that bring us together as people. This is the lesson of our common humanity. Our foreign policy today is based on man's respect for man; on our understanding that we are indeed ... riders on the earth together ...; and a constant effort to make reason the strongest force in the conduct of nations."

In this spirit, the President has pursued with realism and dedication a more reliable relationship with the Soviet Union.

- The Vladivostok Agreement of November, 1974, broke a two and one half year deadlock and laid the groundwork for a new long-term SALT agreement. This agreement, negotiated by the President provided for the first time for on-site inspection and observation in monitoring nuclear explosions in the Soviet Union.
- The five-year grain sale agreement concluded by this Administration assures income to American farmers and foreign exchange for our commercial traders, while protecting our market against disruption and protecting consumers against inflation. This was a solid agreement which provided clear benefits to the American people.

-- At the Helsinki Conference, the President declared publicly to the Communist leadership that America insists on human rights, self-determination, and freer movement of peoples and ideas as the true basis for security in Europe and throughout the world.

-- President Ford visited Poland, Yugoslavia, and Romania in the summer of 1975 to demonstrate our support for the well-being and independence of these nations.

While Mr. Ford has been willing to negotiate fair, mutually beneficial agreements with the Soviet Union, he has fought hard, in the face of strong opposition, for the basic principle that Soviet military adventurism must be resisted if there is to be a stable peace in the world. The President has guaranteed by his actions that the United States will maintain its defenses. Among the important signals sent to the Russians of our intentions were the President's requests for aid to Angola, which made clear his determination to resist Soviet expansionism, and the recovery of the S.S. Mayaguez, which showed unmistakably that we intend to guarantee the freedom of the high seas to the vessels of the United States (and to those of its allies).

The President believes that America should welcome peaceful competition with the Soviet Union. We are prepared for it and we welcome it. The relationship established by the President has helped to insure that this competition does not lead to uncontrollable confrontation and conflict.

THE MIDDLE EAST

The Ford Administration has achieved one of the most significant steps toward a just and lasting peace in the Middle East since the Arab-Israeli conflict began.

-- The Sinai Agreement of September, 1975 was hailed by both Israel and Egypt as a possible turning point in the Middle-East's history. It was the first Arab-Israeli agreement that was not the immediate result of hostilities. It was an unprecedented political step toward a secure peace between Israel and its Arab neighbors. The United States has given substantial support to the administrative mechanisms needed to see that the agreement is carried out.

- The President has conferred regularly with Israeli and Arab leaders to maintain the momentum the United States has helped to achieve toward a permanent settlement to the Arab-Israeli dispute.
- As Prime Minister Rabin of Israel has said, "The relations between the United States and Israel are firm." President Ford has stood by Israel with over \$4.2 billion in economic and military assistance in his two years in office -- an event that is the equivalent of over two-thirds of all the aid Israel has received from the United States in its previous 28 years of existence.
- The survival and security of Israel remain a non-negotiable American commitment. Our increased contacts with moderate countries in the Arab world are in the interests of global stability and the achievement of peace in the Middle East.

ASIA

In November of 1974, Mr. Ford became the first American President to visit Japan, thus reaffirming America's stake in the security and well-being of Asia in the wake of the tragedy of Indochina. Our alliance with Japan has never been on firmer ground as our countries work together to solve common problems such as monetary reform and pollution control.

In December of 1975, the President visited Peking (which he had visited in 1972 as a Congressional leader), thus establishing the continuity and durability of our new relationship with the People's Republic of China. America's new relationship with China, based on the Shanghai Communique of 1972, holds promise for the continuation of peace throughout Asia as well as for the expansion of American world markets.

THE DEVELOPING NATIONS

Through a number of forward-looking economic proposals -- on issues such as aid, monetary reform, and others -- and through patient, constructive diplomacy, the United States during the past two years has begun to build new bridges to the developing nations of Latin America, Africa, and elsewhere around the globe.

Two missions on the President's behalf by Secretary Kissinger to Latin America in 1976 have restored mutual confidence and practical cooperation with our friends in the Western Hemisphere. Initiatives by the United States are once again welcomed in Hemispheric forums; the atmosphere of friendship and mutual respect is clearly evident.

In Africa, in an historic initiative taken in April of this year the U.S. is working with moderate African states to achieve peaceful solutions and to avert further bloodshed and unwanted interference in the racial conflict in Southern Africa. We have urged a negotiated peaceful solution for majority rule and protection for minority rights in Rhodesia and Namibia. We have proposed intensified international cooperation for economic development. The President has requested more than three-quarters of a billion dollars for economic assistance for Africa in Fiscal Years 1976 and 1977. Secretary Kissinger, Secretary Rumsfeld, and Ambassador Scranton have visited Africa to make clear our willingness to help. African states, white and black, regard America's role as critical and have welcomed this initiative. America is now in a position to influence the course of events in a direction consistent with our beliefs in racial justice and racial peace.

At the same time, the President has made it clear that he will not tolerate collusion in international terrorism by any nation. The President personally congratulated the Israelis on the Entebbe airport raid. The President also strongly urged support for anti-Soviet forces in Angola.

LOOKING TOWARD THE FUTURE

President Ford's foreign policy has maintained peace and has helped to put the world economy back on the road to prosperity. In the future, the President proposes to:

- Continue the steady expansion of the U.S. economy, which not only provides jobs and well-being for Americans, but enhances our military and diplomatic leadership and brightens the economic prospects for every nation.

- Commit all the resources that are necessary to ensure that America is fully capable of defending her national interests. President Ford's defense votes over 27 years in the Congress and in submitting the two largest defense budgets in our peacetime history speak for themselves.
- Maintain the closeness of our friendships with our allies, the great industrial democracies of the Atlantic Community and Japan -- those key nations which have demonstrated their willingness and ability to work with us and to promote peace, moderation, and economic progress.
- Conduct our relations with our Communist competitors from a position of strength. As the President has made clear, we will use our strength for peace. We will pursue realistic and promising measures to reduce international tensions and resolve dangerous conflicts.
- Continue to build cooperative relationships with the developing nations of the world to strengthen the global economy and political order for the long term. The President's policy is to continue resisting pressures and one-sided bloc voting in international forums, but to be prepared for cooperation on the basis of mutual respect.
- Ensure that the American ideals of freedom for all men and women, dignity and security of the individual, and the sanctity of law are at the heart of and are reflected in both our foreign and domestic policies.
- To continue close cooperation with the Congress so that American foreign policy will enjoy the strongest possible support and will reflect the full wisdom of the country. The Congress is more than ever a decisive arena of foreign policymaking. For the first time in a decade, the basic goals of U.S. foreign policy seem agreed upon by almost all Americans -- Republicans and Democrats, Congress and the Executive. Bipartisan consensus is being gradually restored on basic issues. The President is determined to make this the basis of a truly national foreign policy for America.

President Ford believes that the task before us today in foreign affairs is great. Americans recognize, as the President said at Independence Hall on July 4:

"The world knows where we stand. The world is ever conscious of what Americans are doing, for better or for worse, because the United States remains today the most successful realization of humanity's universal hope."

CITIZEN INVOLVEMENT: THE COMMON SENSE GOAL

Meeting with leaders of the Nation's ethnic organizations at the White House in May of this year, the President said:

"A sense of community has been eroded in some of our largest cities. A sense of neighborhood, a sense of belonging, of cultural identification, are threatened. I can appreciate your deep concern for the future of institutions which you worked so very hard to establish -- the ethnic church, the school, the credit union, the fraternal lodge.

"As we enter our third century, I believe that we can have a rebirth of individual freedom and that we can protect the divine heritage which gives so much strength and so much richness to our society. Working together, we can achieve these goals."

President Ford's remarks underscore his conviction that cultural diversity is one of America's greatest strengths.

When he assumed office, President Ford established an ethnic affairs office in the White House with responsibility to ensure a rich and continuing dialogue between the White House and the Nation's ethnic communities.

In the two years of his Presidency, Mr. Ford has:

-- Invited over 500 Italian, Eastern European, Greek, Hispanic and Black ethnic leaders to the White House for discussions and review of Federal policy affecting ethnic communities.

-- Provided funds for an ethnic heritage studies program.

-- Established a Presidential Committee on Urban Development and Neighborhood Revitalization to develop better Federal programs for our Nation's neighborhoods.

-- 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.

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.

PRESIDENT FORD'S CONTACT WITH HEADS OF GOVERNMENT AND
CHIEFS OF STATE

1974

1. August 16	King Hussein	Jordan	Private Visit/US
2. August 16	Prime Minister Rifai	Jordan	Washington
3. Sept. 10, 12, & 13	Prime Minister Rabin	Israel	Official Visit
4. Sept. 21	Prime Minister Tanaka	Japan	Private Visit
5. Sept. 25-26	President Leone	Italy	State Visit
6. October 1	Prime Minister Mujib Rahman	Bangladesh	Private Visit
7. October 4	Prime Minister Whitlam	Australia	Private Visit
8. October 8-9	First Secretary Gierak	Poland	Official Visit
9. October 11	President Siad	Somalia	Private Visit
10. October 18	President Gomes	Portugal	Private Visit
11. October 21	President Echeverria	Mexico	US/Mexico Border (Nogales)
12. November 5	President Tolbert	Liberia	Private Visit Washington
13. November 12	Chancellor Kreisky	Austria	Official Visit
14. November 19-22	Emperor Hirohito	Japan	Tokyo and Kyoto, Japan
15. November 19-22	Prime Minister Tanaka	Japan	Tokyo and Kyoto, Japan
16. November 22-23	President Park	Korea	Seoul, Korea
17. November 22-23	Prime Minister Kim	Korea	Seoul, Korea
18. November 23-24	General Secretary Brezhnev	USSR	Vladivostok, USSR

19. December 4	Prime Minister Trudeau	Canada	Official Visit Washington
20. December 5-6	Chancellor Schmidt	West Germany	Official Visit US
21. December 14-16	President Giscard d'Estaing	France	Martinique

1975

1. January 9	Sultan Qabus	Oman	Private Visit
2. January 30-31	Prime Minister Wilson	Great Britain	Official Visit
3. February 5	Prime Minister Bhutto	Pakistan	Official Visit
4. February 21	Prime Minister Williams	Trinidad/ Tobago	Private Visit
5. March 3	President Katzir	Israel	Private Visit
6. March 19	Prime Minister Bijedic	Yugoslavia	Official Visit
7. April 19	President Kaunda	Zambia	Private Visit
8. April 29	King Hussein	Jordan	Private Visit
9. April 29	Prime Minister Rifai	Jordan	Private Visit
10. May 1	Prime Minister Nouria	Tunisia	Official Visit
11. May 7	Prime Minister Rowling	New Zealand	Private Visit
12. May 7	Prime Minister Whitlam	Australia	Private Visit
13. May 7	Prime Minister Wilson	Great Bri- tain	Private Visit
14. May 8	Prime Minister Lee	Singapore	Private Visit
15. May 14	Prime Minister den Uyl	Netherlands	Private Visit
16. May 15-16	Shah of Iran	Iran	State Visit
17. May 22	President Senghor	Senegal	Private Visit

Trip to Europe

18. May 28-29	King Baudouin I	Belgium	Brussels
19. May 28-29	Prime Minister Tindemans	Belgium	Brussels
20. May 29	Prime Minister Thorn	Luxembourg	Brussels
21. May 29	Prime Minister Caramanlis	Greece	Brussels
22. May 29	Prime Minister Demirel	Turkey	Brussels
23. May 29	Chancellor Schmidt	West Germany	Brussels
24. May 29	Prime Minister Jorgensen	Denmark	Brussels
25. May 29	President Giscard d'Estaing	France	Brussels
26. May 29	Prime Minister Goncalves	Portugal	Brussels
27. May 30	Prime Minister Trudeau	Canada	Brussels
28. May 30	Prime Minister Hall- grimsson	Iceland	Brussels
29. May 30	Prime Minister Bratteli	Norway	Brussels
30. May 30	Prime Minister Wilson	Great Bri- tain	Brussels
31. May 31- June 1	General Franco	Spain	Madrid
32. May 31	President Arias Navarro	Spain	Madrid
33. June 1-2-3	Chancellor Kreisky	Austria	Salzburg
34. June 1	President Kirchsclaeger	Austria	Salzburg
35. June 1-2	President Sadat	Egypt	Salzburg
36. June 3	President Leone	Italy	Rome
37. June 3	Prime Minister Moro	Italy	Rome
38. June 3	Pope Paul VI	Vatican	Rome

End European Trip

39. June 11-12	Prime Minister Rabin	Israel	Official Visit
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40. June 11	President Ceausescu	Romania	Private Visit
41. June 16	President Scheel	Germany	State Visit
42. July 5	President Suharto	Indonesia	Private Visit Camp David
<u>Trip to Europe</u>			
43. July 27	President Scheel	Germany	Bonn
44. July 27-28	Chancellor Schmidt	Germany	Bonn
45. July 28-29	First Secretary Gierek	Poland	Warsaw, Krakov
46. July 28-29	President Jablonski	Poland	Warsaw
47. July 28-29	Chairman Jaroszewicz	Poland	Warsaw
48. July 29-30	President Kekkonen	Finland	Helsinki
49. July 29-30	Prime Minister Liinamaa	Finland	Helsinki
50. July 30-31	Prime Minister Wilson	Great Britain	Helsinki
51. July 30 & August 2	General Secretary Brezh- nev	USSR	Helsinki
52. July 30	Prime Minister Caramanlis	Greece	Helsinki
53. July 31	Prime Minister Demirel	Turkey	Helsinki
54. July 31 & August 1	President Giscard d'Estaing	France	Helsinki
55. July 31	Chancellor Schmidt	Germany	Helsinki
56. August 1	Prime Minister Moro	Italy	Helsinki
57. August 1	Prime Minister Arias	Spain	Helsinki
58. August 2-3	President Ceausescu	Romania	Bucharest, Sinai.
59. August 2	Prime Minister Manescu	Romania	Bucharest
60. August 3-4	President Tito	Yugoslavia	Belgrade
61. August 3-4	Prime Minister Bijedic	Yugoslavia	Belgrade
<u>End Trip to Europe</u>			

62. August 5-6	Prime Minister Miki	Japan	Official Visit
63. Sept. 25-26	President Lopez	Colombia	State Visit
64. Sept. 30	Prime Minister Ram- goolam	Mauritius	Private Visit
65. Oct. 2-4	Emperor Hirohito	Japan	State Visit
66. Oct. 3	Chancellor Schmidt	Germany	Private Visit
67. Oct. 10	King Olav	Norway	Private Visit
68. Oct. 27-28	President Sadat	Egypt	State Visit Washington
Nov. 2			Jackson, Fla.
Nov. 5			Washington
69. Nov. 12	Prime Minister Thorn	Luxembourg	Private Visit
70. Nov. 13	Prime Minister Jorgensen	Denmark	Private Visit
<u>Economic Summit</u>			
71. Nov. 15-17	President Giscard d'Estaing	France	Rambouillet
72. Nov. 15	Prime Minister Chirac	France	Rambouillet
73. Nov. 15-17	Chancellor Schmidt	Germany	Rambouillet
74. Nov. 15-17	Prime Minister Wilson	Great Britain	Rambouillet
75. Nov. 15-17	Prime Minister Moro	Italy	Rambouillet
76. Nov. 15-17	Prime Minister Miki	Japan	Rambouillet
<u>End Economic Summit</u>			
<u>Trip to PRC, Indonesia, & Philippines</u>			
77. Dec. 2	Chairman Mao Tse-tung	PRC	Peking
78. Dec. 5-6	President Suharto	Indonesia	Jakarta
79. Dec. 6-7	President Marcos	Philippines	Manila
<u>End Trip</u>			

1976

1. January 27-29	Prime Minister Rabin	Israel	Official Visit
2. March 17	Prime Minister Cosgrave	Ireland	Official Visit
3. March 30-31	King Hussein	Jordan	State Visit
4. March 30-31	Prime Minister Rifai	Jordan	State Visit
5. April 5	King Gustaf	Sweden	Private Visit
6. April 8	Governor General Leger	Canada	Private Visit
7. May 11	Queen Margrethe II	Denmark	Private Visit
8. May 17-20	President Giscard d'Estaing	France	State Visit
9. May 28	President Stevens	Sierra Leone	Private Visit
10. June 2-4	King Juan Carlos	Spain	State Visit
11. June 9	President Khama	Botswana	Private Visit
12. June 10	President Nimeiri	Sudan	Private Visit
13. June 16	Prime Minister Trudeau	Canada	Private Visit
<u>Rambouillet II</u>			
14. June 27-28	Prime Minister Trudeau	Canada	San Juan, P.R.
15. "	President Giscard d'Estaing	France	"
16. "	Prime Minister Callaghan	Great Britain	"
17. "	Chancellor Schmidt	Germany (West)	"
18. "	Prime Minister Miki	Japan	"
19. "	Prime Minister Moro	Italy	"
<u>End Summit</u>			
20. June 30	Prime Minister Miki	Japan	Private Visit
21. July 7-8 & 10	Queen Elizabeth II	Great Britain	State Visit Newport, R.I.
22. July 15-16	Chancellor Schmidt	West Germany	Official Visit
23. July 27	Prime Minister Fraser	Australia	State Visit
24. August 3	Dr. Urho Kekkonen President	Finland	State Visit

Summary

In his first two years in office, President Ford ---

- had 121 meetings with foreign leaders.
- met in the United States with 46 leaders from foreign nations.
- visited 14 countries, often seeing as many as five leaders from different governments at one stop.
- traveled 235,316 miles in the pursuit of world peace and economic progress.

THE PEOPLE WHO SERVE

Gerald Ford has spent most of his professional life in public service -- devoting 25 years as a Congressman from the 5th Congressional District of Michigan and nearly three years as President and Vice President of the United States. Throughout these years he had been deeply impressed by the fact that the progress and moral strength of an Administration are largely dependent upon the honesty and foresight of those who serve the Nation.

Because of his commitment to this type of leadership, the President has sought, through his appointments, to select people of demonstrated talent and integrity.

The President's Cabinet, perhaps most clearly, reflects this.

The members of the Cabinet are distinguished by the diversity of their professional careers, expertise, and educational backgrounds.

The eleven officials heading Cabinet departments have the following profiles:

- Four from the Academic Community: Earl Butz, Henry Kissinger, Edward Levi (President of the University of Chicago), and David Matthews (President of the University of Alabama).
- Three Former Elected Officials: Thomas Kleppe, Donald Rumsfeld, Elliot Richardson.
- Two from the practice of Law: William T. Coleman, Carla Hills.
- One each from the Business and Labor Communities: William E. Simon and William Usery, respectively.

Of this group, one is a Black American and one is a woman.

Because of the President's personal involvement in all of his appointments, the results have been a balance of interests and backgrounds that warrant review:

- In the history of this country there have been nineteen women appointed as Ambassadors; twenty-six percent were named by Gerald Ford; these include Anne Armstrong, the first woman to serve as Ambassador to the Court of St. James, and Shirley Temple Black as White House Chief of Protocol.
- Fourteen percent of all personal appointments made by President Ford have been women; this is the highest percentage of any President, and virtually every Department has a woman in a key policy-making position.
- Seventy-eight percent of the President's appointees hold advanced degrees.
- Twenty-seven percent of the President's appointments have come from the business community, and, of that 27 percent, over half have come from small businesses.
- The President's senior level appointments have covered every geographical region of the United States.

In keeping with the President's commitment that his Administration represent all of the people of the United States, his appointments reflect a cross section of nearly every educational, ethnic, geographical, professional, and age group.

