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INDEX

HUMAN RESOURCES (INCLUDING HEW, OEO AND VETERANS)	TAB A
NATURAL RESOURCES	TAB B
GENERAL GOVERNMENT (INCLUDING CIVIL RIGHTS, BUSING, AND DRUGS)	TAB C
COMMUNITY DEVELOPMENT	TAB D
STATE AND LOCAL GOVERNMENT	TAB E
INDIANS	TAB F
TRANSPORTATION	TAB G



BLACK YOUTH UNEMPLOYMENT

Question:

Black teenage unemployment averaged about 30% so far this year. Does your Administration have plans to combat this problem?

Answer:

We are currently evaluating certain new initiatives addressing this persistent and discouraging problem. Among the possibilities being examined are:

- Putting job placement services right in high schools, including schools with high black enrollments;
- Installing practical occupational information systems in such schools and in other agencies serving youth;
- Expanding cooperative education and other work-study programs;
- Establishing special arrangements between schools and apprenticeship programs.

8/26/74

R. D. S.

VETERANS

Question:

What is your position on the Veterans Education Bill?

Answer:

As you know, last week the House rejected the Joint Conference Report and offered some amendments which probably will be unacceptable to the Senate. Until I have a definite bill before me, no decisions can be made. However, with the exception of the overall benefit increases, other proposed provisions go far beyond Administration requests. I am presently analyzing the economic impact of this legislation in relationship to the government's obligation to those men and women who have served.

Specifically, we recognize that the monthly benefits need to be raised in order that veterans can keep pace with the cost of living increases at 19 percent since the benefits were last changed. The tuition payment, the direct loan program and the entitlement extension remain objectionable provisions. They would add well over \$800 million to the 1975 budget.

8/26/74

R. D. S.

LATE VA BENEFITS CHECKS

Question:

Has the Veterans Administration solved the problem of late checks to veterans in school under the G. I. Bill, or will there be mass complaints from veterans and schools again this Fall?

Answer:

We believe the VA has solved this problem by changing the computer system and instituting the campus representative program and complaints of late checks on the part of veterans and schools should be down to a bare minimum and these cases will be cleared up in days instead of weeks.

Background:

A number of technical changes in the way the computer processed the cases were made so that most reasons for breaks in payment have been eliminated. Therefore, if the VA gets the right information on time from the veteran and the school, the educational assistance checks will be issued on time and without undue interruption thereafter. Also, VA's instructions to veterans, schools, and its own field offices have been improved.

But the most significant innovation is that the VA has now stationed a veterans counselor right on every major college and university campus throughout the Nation. This person is a fully trained ombudsman for both the veteran and the school. If a veteran's check isn't there when it should be, the VA employee will use a hot-line to the Regional Office and get an immediate response, including the issuance of a hardship payment to the veteran if necessary.

The VA's representative-on-campus will be able to help veterans with all their other veteran benefit problems as well, and he will make for very effective liaison relationships with the schools and other training institutions under the G. I. Bill program.

8/26/74

R. D. S.

VETERANS

Question:

What is the status of the Man-on-the-Campus program?

Answer:

Presently, VA has recruited and trained 1,327 people for this effort. Nearly all are Vietnam-era veterans and are in place on the campuses and are working out final details with schools in preparation for fall enrollment. Congress and the major veterans service organizations have been well briefed and generally support the program. Colleges and universities have been cooperative.

This program represents positive action to solve the educational benefit problem and that the effort will be monitored closely as the fall term begins.

Background:

Last Fall, VA received a growing number of complaints from student veterans who were not receiving their benefit checks in a timely fashion. It became obvious that some of the blame lay with VA management procedures. An OMB/VA top management effort was begun to analyze the problem and develop a solution. VA became convinced that a large part of their problem lay with their complaint-oriented management policy. As a result, the idea of place a VA employee on the campuses was developed. The primary responsibility of the man-on-the-campus is to make advance educational assistance payments, to act as focal points to assure that the veterans pay status will continue, to facilitate VA paperwork handling, and to resolve VA educational benefit problems.

8/26/74
R. D. S.

INCREASE IN VA/FHA LOANS

Question:

What was the basis for increasing the interest rate to 9-1/2% on VA and FHA loans?

Answer:

In order for these programs to be effective for home buyers, the interest rate on VA and FHA loans must be maintained at a level consistent with the demands of the loan market. If the interest rate is allowed to fall behind the market, the availability of money for loans becomes seriously impaired. Several weeks ago, all indicators pointed to a need to increase the rate above 9%, then in effect. The increase to 9-1/2% was made on August 14, narrowing the gap in relation to the loan market. In addition to improving the yield from such loans, the increase in the interest rate also effected a reduction in discounts. Both results have contributed to improving the housing outlook.

R. D. S.
August 26, 1974

VIETNAM VETS NOT GETTING A FAIR SHAKE

Question:

What is this Administration's attitude toward charges that the Vietnam veteran is not getting a fair shake?

Answer:

First of all we believe it is impossible to repay fully the sacrifices made by war veterans, regardless of the period in which they served. However, the benefits available to Vietnam veterans are comparable to and in some instances better than those available to veterans of earlier wars. There have been some lags in making cost of living increases in educational assistance allowances for Vietnam veterans. As you know, former President Nixon called for an increase in these payments last October but a bill still hasn't come out of the Congress to effect this.

Background:

Meanwhile, Vietnam era veterans make up 24.2 percent of the veteran population and 30.3 percent of VA's budget of \$13 plus billion is spent in their behalf. Some small groups of Vietnam veterans contend there has been wholesale alienation of the young veteran in our society, but nearly five million Vietnam veterans are now at work in the civilian labor force and two million more are in training. In fact, 2.6 million Vietnam veterans have trained at college level under the G. I. Bill--topping the record of the World War II programs.

8/26/74
R. D. S.

VETERANS' PENSION REFORM

Question:

The veterans' Pension "Reform" proposal of former President Nixon's Administration was highly controversial among veterans' organizations, and, although it was sent to the Congress, no member saw fit to introduce it in legislative form. What will be the position of your Administration on the veterans' Pension Program?

Answer:

When I was Vice President, I received briefings on this issue, and I am aware of the reasons why the "Reform" proposal was advanced. This entire problem will, of course, be reviewed again as we ready our legislative program for the 94th Congress. Meanwhile, it is my position that our tax dollars be spent as effectively and as efficiently as possible, whether in regard to the veteran pension program or any other Federal program.

Background:

- The present program does not give adequate help to those most in need. The payment formula should be designed so as to channel more pension to those who have little or no other income, with smaller pension amounts going to those who have outside income in the upper ranges of the statutory limits.
- The present program permits certain types or sources of income to be ignored in determining eligibility for veterans pension. This is inconsistent with a needs based program, and it gives rise to inequities in the treatment of different beneficiaries; that is, the same amount of pension may be paid to individuals whose total available resources vary widely.
- The present plan provides that a widow of a veteran receives only two-thirds of the amount paid to a veteran, even though their other resources are the same. It is not logical or fair to think that the cost of living for a widow, living alone, would be any less than for a veteran living alone. They should be paid the same rate of pension.
- The present plan provides no automatic adjustments in pension when the cost of living increases, such as under the Social Security System. Thus, increases in pension for veterans often lag far behind those given automatically to beneficiaries of other types of income.

8/26/74

R. D. S.

NATIONAL HEALTH INSURANCE
AND
VETERANS HOSPITALS

Question:

You have called upon Congress to get on with writing and enacting a National Health Insurance Plan. When NHI is adopted and goes into effect, what will happen to the Veterans Administration's system of hospitals for veterans medical care?

Answer:

This depends in large degree on whether or not the VA system is given recognition under the plan that is finally approved. We believe that the program of medical care for eligible veterans should remain intact and that the existing VA facilities for that purpose should be utilized. This can readily be achieved through appropriate provisions of the National Health Insurance legislation, including authority for reimbursement to VA hospitals which serve as providers of health care.

Background:

VA's 171 hospitals and more than 200 clinics represent an invaluable national asset that should not only be retained but which should be used in ways that will ensure the successful implementation of whatever National Health plan is ultimately agreed upon. That is, the veteran's medical care program--including its missions of health care delivery, health manpower training, and medical research--can and should be purposely engaged to strengthen and advance our National health strategy for all our people.

8/26/74
R. D. S.

LABOR SETTLEMENTS

Question:

What big contract settlements are on the near term calendar?

Answer:

In the next six months major agreements in the longshore, bituminous coal, aerospace, railroad, and oil industries will be subject to change. An agreement covering 35,000 of the 50,000 longshoremen whose contracts expire on September 30 has already been ratified. The upcoming negotiations in the bituminous coal and oil industries are of course of great importance to the Nation in terms of assuring an adequate energy supply for industry and the public. A prolonged work stoppage in either of these two industries would have serious consequences. I hope that the parties involved will be mindful of that fact. In all negotiations, of course, I am counting on everyone's support as we seek to solve the problems of the Nation's economy.

8/26/74
R. D. S.

WORKMEN'S COMPENSATION

Question:

What is the Administration's position on proposed legislation that would interject the Federal Government into the area of State Workmen's Compensation?

Answer:

A Federal task force has been organized to help the States improve their compensation systems. At the same time, we have underway a major research program to analyze fundamental issues relating to workmen's compensation and to make recommendations by the end of 1975 for further State or Federal action.

8/26/74
R. D. S.

WELFARE REFORM

Question:

Will you follow up on President Nixon's plan to propose welfare reform? And would your proposal be in the form of a negative income tax?

Answer:

As you know, Secretary Weinberger has been conducting a thorough study of our welfare system, and I expect him to have his recommendations to me in the near future. Until I receive this report, I would like to leave my options open. But I can tell you one thing for sure: Any welfare reform proposal I decide to make will be a strong one that can pass the Congress. We will be consulting with them every step of the way so that if a proposal does go up to them we can have swift action.

8/26/74

PGN

SOCIAL SECURITY

Question:

Some people have charged that our social security system is in trouble and nearing bankruptcy. Are you planning to look into that problem?

Answer:

You must be referring to estimates that predict trouble for social security in the 21st century if benefits keep rising as they have recently. Those estimates concern me too and that is why I am going to study the situation now, while we still have plenty of time to take any necessary action. The Social Security Advisory Panel is meeting this year to consider many of the issues regarding the future direction of social security. I am looking forward to receiving their report and recommendations.

Note:

There is general agreement among experts that both the benefit structure and financing of social security must be examined. The combination of an increasingly visible payroll tax, rapidly growing benefits and a population that will have more of the aged than the young could have a severe impact on the future of social security.

8/26/74

PGN

ABORTION

Question:

What will your Administration do about the Supreme Court's 1973 ruling in favor of abortion?

Answer:

As you know the Supreme Court in 1973 ruled that State laws against abortion were unconstitutional. Because of that decision there is, at this time, no proper action for the Federal Government to take on this issue.

Background:

As Minority Leader, the President co-sponsored a constitutional amendment which would restore to the citizens of each State the power to regulate abortions. While Vice President, he continued to support such an amendment. As President, he has not as yet addressed the matter.

8/26/74
PGN

SSI

Question:

Are you satisfied with progress made by the Social Security Administration in improving the administration of the new SSI program? They seemed to have some problems earlier in the year in getting checks to beneficiaries.

Answer:

Yes, despite some understandable initial computer problems, the Social Security Administration has done an outstanding job in converting over 3 million recipients from State to Federal roles. And very few people suffered any interruption in their benefits. Most importantly, for the first time these needy people are assured financial assistance from a program based on uniform eligibility requirements and basic payment levels throughout the country.

Background:

Since January 1, 1974, the Social Security Administration has been responsible for payments to the aged, blind, and disabled under the new Supplementary Security Income (SSI) program which has replaced the State programs of aid to the aged, blind, and totally disabled. SSI assures a minimum income of \$146 a month for individuals and \$219 for a couple. States may supplement the Federal payment through an optional State supplementary payment.

In the initial months of SSI many complaints were heard, most due to expected confusion in converting over 3 million recipients to the Federal program. However, the Social Security Administration worked hard to work out the kinks and has received strong praise for its success.

8/26/74

PGN

CONSUMER PROTECTION

Question:

Legislation to create a consumer protection agency is currently being debated by the Senate. The Nixon Administration was on record as being opposed to that bill. What will be the attitude of the Ford Administration?

Answer:

While I do think there is a need for a consumer advocate within the Executive Branch and even a separate consumer protection agency, I share the concerns of many who feel such legislation must be carefully written. A proper balance must necessarily be maintained between the powers of any such new agency and the duties of existing agencies. Any bill that improperly balances those powers I could not support.

8/26/74
PGN

COMMUNITY ACTION PROGRAMS

Question:

Congress considered legislation earlier this summer to retain the Community Action program of OEO but never took final action because of threats of a Presidential veto. If they should reconsider that bill now, would you veto it? And if so, why, when so many of these programs have been a success?

Answer:

While I'd carefully consider any proposal the Congress might make, there is a good chance I'd remain opposed to legislation continuing Community Action with Federal funds. Don't get me wrong -- I agree that Community Action has produced some very fine programs. We had a good one in Grand Rapids. The basic point, however, is that Community Action programs, by their very nature, are best run at the State and local level. That is where the responsibilities and decisions -- and the money -- must come from to best serve the needs of each community. The role of the Federal Government was to get these programs started and then turn them over to the local people. And after more than eight years of Federal domination, it is time that was done.

8/26/74

PGN

OEO

Question:

Is there any chance that you would agree to attempts to retain OEO as a separate, independent agency?

Answer:

The answer to that question must be no. OEO's purpose has consistently been as an agency of innovation and development regarding antipoverty programs. As programs devised in OEO proved themselves, they were spun off into the agencies or levels of government that were best equipped to maintain them. Head Start went to HEW, for instance, while Community Action is more properly a State and local program. In fact, now that the Legal Services Corporation will finally be a reality, the only major program remaining in OEO is Community Action. So you see, once Community Action is turned over to local responsibility, there is no reason to continue OEO.

8/26/74
PGN

BIOMEDICAL RESEARCH ETHICS

Question:

Mr. President, can you tell me what position your Administration will take regarding ethics in biomedical research in general and fetal research in particular?

Answer:

I know this is an issue of much concern to many people so let me say that I am glad the Congress has taken action toward resolving some of the controversies surrounding biomedical research. What the Congress did was pass a bill requiring the Secretary of HEW to appoint an 11 member commission to study and make recommendations regarding basic ethical principles in biomedical research. And the bill mandated a moratorium on fetal research in this country until that panel makes its report. So, until the panel makes its recommendations to the Secretary, I think it is a good idea for me to keep an open mind.

8/26/74

PGN

LEGAL SERVICES

Question:

What is the status of legal services under the Ford Administration?

Answer:

This Administration plans to continue to implement the legal services legislation that was recently signed into law. In fact, we are currently in the process of considering appointments to the Legal Services Corporation board so that we can get on with the business of assuring legal assistance for all Americans.

Background:

Compromise legislation establishing a Legal Services Corporation was signed by former President Nixon in late July. Private and nonprofit, the Corporation will provide financial support for legal services in noncriminal matters to persons unable to afford legal assistance. It will be governed by an 11 member Board of Directors appointed by the President, no more than 6 from one party. In addition, the Governor of each State will be requested to appoint a 9 member Advisory Council which would notify the Corporation of any violations of the Legal Services Act.

8/26/74
PGN

BIOMEDICAL RESEARCH

Question:

The Federal Government has a tremendous impact on the direction of biomedical research in this country. Some have been critical of its priorities in that research and the manner in which funds are spent. Will your Administration do anything about that problem?

Answer:

Yes, I'm aware of the concerns of our scientific community and that is why I will soon be appointing a Presidential Commission on Biomedical Research, as provided for in the 1974 Cancer Act extension. This panel, to be comprised of leading scientists as well as private citizens, will study such issues as the appropriate Federal role and level of support, priorities and organization and the changing relationship of biomedical research to our health needs. I will be looking forward to the Commission's recommendations.

8/26/74

PGN

HEALTH INSURANCE

Question:

There has been a lot of talk about compromise concerning the various health insurance proposals. Would you be willing to accept a version of the Mills-Kennedy or Long-Ribicoff bills?

Answer:

First of all, let me say that no one is more interested in working out a compromise on this issue than I am. I recognize that not one of the major proposals is strong enough by itself; a final bill will have to be worked out through compromise. And I think that the talk and interest within the Congress on health insurance shows we can work something out with them. But there is one basic principle upon which we will not compromise: Any health insurance bill I sign must be a true partnership among the private sectors, State and local governments, and the Federal Government. A plan that sets up Federal domination would be unacceptable.

8/26/74

PGN

OLDER AMERICANS

Question:

Last week you met with representatives of older Americans organizations and listened to their concerns. What will the Ford Administration do for those people?

Answer:

First of all let me say that the major concern of older Americans is inflation. They are the people that are hit hardest by it. The greatest service I could do for our senior citizens is to continue the battle against inflation. Second, this Administration is dedicated to helping older Americans live lives of dignity and self-sufficiency in their own homes as long as possible. As I said to the older American representatives last week, I'm not going to make any promises until I'm sure I can follow through. My staff is in the process now of studying the suggestions put forth in that meeting and will then be submitting their recommendations to me as to what further actions we can take.

8/26/74
PGN

HEALTH INSURANCE .

Question:

Does the Administration still expect some form of health insurance legislation to be passed by the Congress this year?

Answer:

Yes, we are still very optimistic about getting a bill down here before the end of 1974. As you know, Secretary Weinberger and others in the Administration will continue to work with Chairman Mills and Senator Long to reach agreement on an acceptable plan. I think if the Congress continues to concentrate on the issue as it has in the last few weeks they can get a bill to me this year.

8/26/74
PGN

HEALTH INSURANCE

Question:

But why are you continuing to press for a national health insurance bill this year? Some say the issue is just too complicated and that there is a danger in having a bad bill if Congress rushes through it.

Answer:

First, I agree that the issue of national health insurance is complicated but so is the matter of a financially catastrophic illness. Every day we delay in providing needed insurance coverage, more families go hopelessly in debt through health care costs. They are the people that suffer if we put this matter off any longer. Second, this isn't an issue that suddenly developed from nowhere. National health insurance has been considered for years and the Congress has been studying the issue in great detail for the last year.

8/26/74
PGN

B



OUTLOOK FOR FOOD SUPPLIES AND PRICESQuestion:

What is the outlook for food supplies and prices for the remainder of 1974?

Answer:

Adverse weather conditions over much of the nation earlier this year, along with increased costs of marketing food products, are likely to cause further increases in retail food price. With smaller crops of feed grains and soybeans in prospect, livestock feed prices are expected to remain strong, resulting in smaller supplies of fed beef, pork and poultry products this Fall and Winter than would have been realized with larger feed crops.

Background:

These reductions may be at least partially offset by larger supplies of non-fed beef as more cattle and calves by-pass the feed lot on the way to consumers. Supplies of most crop-related foods are expected to equal or exceed last year's levels, although markets will remain generally tight due to the drawdown of stocks which has occurred over the past two years.

The corn crop will be down to 5 billion bushels because of the droughts, compared to 5.7 last year. However, we will have the largest wheat crop in history and the second largest soybean crop, although both will be below earlier forecasts.

Food prices are expected to rise overall in 1974 by 15%. The rise between now and the end of the year is expected to 3-4%. Only one-fourth of this rise is due to increased farm prices; the remainder is retail margins.

M. Duval (N. R.)
8/26/74

COAL STRIKEQuestion:

United Mine Workers went out on a memorial five-day shutdown last week. This is only a prelude to the threatened national shutdown when their contract with the coal operators expires on November 12. We understand that this could have a disastrous effect on the economy of this nation, and I wonder if you would tell us what you and your Administration are doing to avoid such a calamitous situation?

Answer:

As you know, I have been meeting with my advisers within the Administration and labor leaders, generally, concerning problems which face the nation's economy. There is no question that a national coal strike would have very serious consequences and, thus, I am taking steps to insure that the Administration does everything in its power to protect the national interest.

Although I am concerned about any work stoppages like the one by the United Mine Workers on August 19-23 -- because of the impact this will have on our critical need for energy -- the normal avenues of collective bargaining are open and I believe that it is through direct communication between the parties that these disputes can most successfully be resolved.

Background:

Although we had a 46-day national coal strike in 1971, the economic impact was not too severe overall, primarily due to the large stocks of coal which the users had on hand. However, current coal stocks are substantially lower than they were in 1971 and a prolonged strike could have a severe adverse impact on this nation's economy.

Your Special Assistant, Bill Usery, who is also Director of the Federal Mediation and Conciliation Service, has been working with all parties to this dispute for many months. He, in coordination with other officials of your Administration, are developing comprehensive plans to insure that the government actions are designed to provide maximum help to both sides, in order to avoid, if possible, a national shutdown this Fall.

M. Duval
8/26/74

ENERGY ORGANIZATION

Question:

Former President Nixon kept Bill Simon as his energy "czar" when he became Treasury Secretary. Will you continue to use Simon in this dual role?

Answer:

I intend to continue to rely on my Cabinet-level Committee on Energy, which is chaired by Secretary Simon, as a mechanism to coordinate energy policy during the critical months immediately ahead of us.

I am considering proposals to better organize the Executive Branch energy functions on a permanent basis, but changes are not likely before the next session of Congress.

M. Duval
8/26/74

WATER POLLUTION FUNDINGQuestion:

The Federal Water Pollution Control Act of 1972 authorized the sum of \$18 billion to finance the construction of sewage treatment facilities by States and municipalities. Of that amount, \$5 billion was authorized for fiscal year 1973, \$6 billion for fiscal year 1974, and \$7 billion for fiscal year 1975. Why has the Administration released only half of that amount -- a total of \$9 billion -- for the three years?

Answer:

The President's decision was based primarily on his commitment to control spending in order to avoid pressures of renewed inflation or a requirement for increased taxes. The amounts allotted provide for a continued expansion of the construction grants program while giving appropriate consideration to competing national priorities for our limited Federal resources.

Background:

The \$4 billion which was released for fiscal year 1975 established a level of Federal funding five times higher than the breakthrough level of \$800 million in the budget for fiscal year 1970. And it is almost 20 times higher than the funding of \$214 million per year before that.

M. Duval (N. R.)
8/26/74

EXPORT CONTROLS ON COMMODITIESQuestion:

Shouldn't export controls be placed on feed grains and other commodities to give American consumers their proper priority over foreigners during the current world supply shortage?

Answer:

I am reluctant to impose export controls if they can reasonably be avoided because of the disruptive effect on our needed foreign markets. The entire matter, however, is under the closest continuing review and, as I am certain you recognize, there are complicated considerations which have to be taken into account in deciding whether to impose or not impose controls on commodities.

Background:

One of these considerations is the effect which export controls would have on our PL-480 programs. One of the reasons for the proposals for new export control legislation was precisely to permit the continuation of PL-480 program, when it is in the national interest to do so, even during a period of export controls. In no event will we permit exports to cause deprivation among our own citizens.

M. Duval(N.R.)
8/26/74

RUSSIAN GRAIN SALEQuestion:

Can you respond to the charges that the Administration's profound lack of foresight regarding the effects of the massive wheat sale to Russia which emptied American pocketbooks to put bread in the hands of the Soviets?

Answer:

The sale of grain to the Russians last year helped dramatically in reducing our negative international trade balance and also reduced government payments to farmers by hundreds of millions of dollars.

Background:

It is indeed true that had a number of circumstances that developed after the sale been known in advance, it could have been handled differently. Our negotiations, however, would not have been expected to foresee a monsoon failure in India, a poor rice crop throughout most of Asia, drought in Australia, drought in South Africa, the collapse of the Peruvian anchovy industry (which normally is an important source of protein for livestock feed), and a series of production problems caused by unseasonable weather during the harvest period in the United States. This unfortunate parade of unrelated events that occurred after the sale could not possibly have been anticipated during the period in which the grain was being sold to Russia. The Russian sale of itself added, at most, a half-cent to the cost of a loaf of bread, and had virtually no impact on the price of beef. On balance, it was good for this country, good for the Russians, and most useful in cementing the fabric of peace.

M. Duval (N.R.)
8/26/74

ABANDON ENVIRONMENTAL GOALSQuestion:

On August 15, Secretary Morton delivered a speech for you which is sharply critical of those who are trying to improve the environment. Does this mean that your Administration will be working against environmental goals?

Answer:

Since 1970, we have achieved significant improvements in the quality of the Nation's environment, particularly in the case of air pollution. My Administration will push for continued progress toward greater improvement. However, this does not mean that we should or will pursue environmental objectives at the expense of other very important national objectives -- such as an adequate supply of energy or economic and social growth. The key is balance -- and my policies will reflect the need for achieving the best possible balance so that we will move toward achieving all our important national goals, rather than one goal at the expense of others.

Background:

- . While speech was delivered by Secretary Morton, it was reported by media as the President's statement.
- . Initial media commentary has largely been critical -- suggesting that speech unfairly ascribes "no growth" motives to environmentalists.

M. Duval (G.S.)
8/26/74

DEREGULATION OF NATURAL GASQuestion:

Why is your Administration opposing the efforts of Senators Stevenson and Pearson and others in the Senate Commerce Committee to come up with an acceptable compromise on natural gas price regulation?

Answer:

It has been clear for months -- or even years -- that Federal regulation of natural gas prices has been a major factor contributing to our growing shortage of natural gas. We must deal with the matter in a way that encourages new natural gas production but does not result in sharp increases in prices to the consumer. I believe both objectives can be achieved by removing Federal price regulation from new natural gas and continuing regulation of "old" gas. A bill to do this has been pending before the Congress for over a year.

My Administration has opposed legislation which would change the way we regulate but, in effect, continue the basic approach of Federal regulation that has proven to be so damaging. Such legislation will not solve the problem and might only delay the time when effective action is taken. The need for action is critical since more and more natural gas consumers are being hit by curtailments of supply which are likely to have a serious economic impact.

Background:

- . A proposal was submitted in April 1973 to remove Federal price regulation from "new" natural gas.
- . Senate Commerce Committee has held hearings on natural gas price regulation and considered several approaches -- but none calling for total deregulation of new gas. The Committee is now considering a proposal by Senators Stevenson and Pearson which would transfer price setting responsibility for some "new" gas from FPC to FEA. But the bill would maintain price control and even tighten the control over "old" gas. This approach was opposed in a Simon-Sawhill August 12, 1974 letter to Senator Cotton (Senior Minority member of the Committee) -- which letter has caused unhappiness on the part Senator Pearson and most Committee Democrats.

M. Duval(G.S.)
8/26/74

PROJECT INDEPENDENCE

Question:

Energy experts both inside and outside the Government have indicated that President Nixon's goal of meeting "America's energy needs from America's own energy resources" by 1980 can't be achieved and doesn't make sense. Yet, in your address to the Joint Session of Congress, you indicated that you would continue pushing "Project Independence." Just what do you mean by "Project Independence"?

Answer:

I certainly intend to continue pursuing the goals of Project Independence. There are many ways these goals can be defined but, simply stated, I believe that "energy independence" means adequate and reliable energy supplies at reasonable prices. We must not be vulnerable to an embargo on essential energy supplies of the type we experienced last winter which would permit other nations to control our policy or our national well-being.

Achieving energy independence will require a major national effort, including actions to conserve energy without stinting economic growth and to increase production from domestic energy resources.

Work is underway under the leadership of the Federal Energy Administration (FEA) to identify alternative ways in which the Federal Government can provide the leadership necessary for achieving Project Independence goals.

Background:

On November 7, 1973, President Nixon announced Project Independence. His emphasis on "self sufficiency" and on "America's own resources" led to the interpretation that Project Independence meant zero imports. A zero import goal has been criticized widely as unrealistic in the 1980 timeframe and probably not in the national interest.

M. Duval (G.S.)
8/26/74

OIL COMPANY PROFITSQuestion:

Oil companies are continuing to report high profits. Do you think that this ripoff of the American consumer should continue or are you going to do something about it?

Answer:

It was quite clear last December that the actions by the oil producing nations to restrict supplies and increase royalties would lead to substantially increased market prices and crude oil profits.

President Nixon announced a proposal last December for a special tax on windfall profits that would have addressed this problem in a way that was in the long term interest of both the industry and the American consumer, but that legislation still awaits Congressional action.

We must move to recaptured windfall profits but do it in a way that does not interfere with the enourmous investments that must be attracted in order to increase domestic energy production.

I am not satisfied with the lack of action to deal with windfall profits but I am pleased to note that oil industry investments for exploration and production are increasing sharply and that those investments exceed profit levels substantially during the second quarter of 1974.

Background:

- . President Nixon announced a windfall profits tax proposal on December 19, 1973. This proposal was described in detail in Secretary Shultz' testimony before the House Ways and Means Committee on February 4, 1974.
- . Bill reported by House Ways and Means Committee (and then retracted for combining with tax reform bill) would institute a windfall profits tax but most of the tax would in fact be forgiven. Committee bill relies instead on phasing out of domestic depletion allowance for higher taxes on petroleum indstury -- a move not supported by the Administration.

M. Duval (G.S.)
8/26/74

STRIP MININGQuestion:

Both the House and the Senate have passed tough bills to control strip mining and a Conference Committee in meeting to resolve differences between the two bills. What do you believe are the prospects for getting a bill that you can sign?

Answer:

I am still hopeful that the House and Senate will agree on a bill that strikes a reasonable balance between our objective for environmental protection and reclamation and our urgent need for producing more coal. Every ton of coal we can produce domestically will permit us to avoid importing about 4 barrels of oil -- so the legislation is important from the standpoint of energy independence and balance of payments as well as protecting the environment.

I hope the Conferees can come up with an acceptable compromise bill by selecting the best provisions from the two that have been passed but the job will be difficult because there are provisions in each bill that present serious problems.

Background:

- . Bills now in Conference passed the Senate in October 1973, and the House in July 1974.
- . Secretary Morton wrote to the Conferees on August 6, 1974, expressing the Administration's desire for legislation which strikes a balance but which solves a number of problems including:
 - (a) Major changes in property rights,
 - (b) Disruption of unemployment and economic assistance policies,
 - (c) Increased Federal spending,
 - (d) Unnecessary Federal involvement in regulatory activities that can be carried out by the States.

M. Duval (G.S.)
8/26/74

REMOVING PRICE CONTROLS FROM OILQuestion:

Are you going to take price controls off petroleum and let the consumers contribute even more to outrageous oil company profits?

Answer:

I have no plans at this time to remove price controls from petroleum. I understand that the Federal Energy Administration (FEA) and a working group of the Committee on Energy are developing alternatives and recommendations for dealing with the problems for petroleum deallocation and price control, but no recommendations have come to me. I will review any recommendations that I get in this area very carefully because of the potential impact on:

- (a) Consumer prices
- (b) The independent sector of the petroleum industry, and
- (c) Our ability to increase domestic oil production.

Background:

- . Press accounts on August 23 of plans to remove price controls have sparked criticism from Senator Jackson and others.
- . FEA now allocates crude oil and petroleum products and controls prices under authority of the Emergency Petroleum Allocation Act which is due to expire on February 28, 1975. Objectives of this Act are to protect independents and consumers. The Senate is moving on legislation to extend the Act to June 30, 1975.
- . Price controls are still in effect for about 60% of domestic crude oil (so called "old" oil - \$5.25 per barrel) but not on the other 40% of domestic crude or on imports (about \$9-12 per barrel). Price controls are still maintained on most petroleum products but the higher cost of domestic and imported crude and of imported products can be "passed through" to consumers.
- . On May 25, 1974, President Nixon directed FEA to come up with a plan to move away from petroleum deallocation -- with the objective of increasing domestic oil production. Work on a plan is under way in FEA and a working group of the Committee on Energy (chaired by Bill Simon). Recommendations have not yet gone to the Committee.
- . Problem is complex. General consensus is that action to remove crude price differential must precede deallocation or independent sector of the industry will suffer.

M. Duval (G. S.)
8/26/74

ENERGY CONSERVATIONQuestion:

Now that gasoline and other energy supplies are more plentiful, most everyone seems to have forgotten the idea of energy conservation. Will the Ford Administration demonstrate any interest in this area?

Answer:

Energy conservation is an essential part of our national effort to achieve energy independence. I expect to continue pushing energy conservation by:

- . directing Federal agencies to continue energy conservation programs
- . continuing cooperative energy conservation programs with industry which are being led by the Federal Energy Administration and Commerce Department
- . continuing to encourage all Americans to conserve energy in all their activities.

Background:

- . Assumptions persist -- particularly among environmentalists -- that the Administration is interested only in increasing energy supplies, not in conservation.
- . Example of accomplishment: During the first nine months of fiscal year 1974, Federal agencies reduced energy consumption 26% below what had been anticipated. The energy savings were the equivalent of 75 million barrels of oil with a dollar value in excess of \$600 million.
- . Industry, by reducing anticipated demand by 5% -- which is considered realistic, could save the equivalent of 425 million barrels of oil in one year.

M. Duval (G. S.)
8/26/74

OUTER CONTINENTAL SHELF (OCS) LEASING
AND OIL AND GAS DEVELOPMENT

Question:

President Nixon ordered Secretary Morton to institute a ten-fold increase in leasing of OCS lands for oil and gas development despite strong objections to such action by environmentalists and by people along the East Coast and West Coast and from Alaska. Do you plan to push ahead with that objective or are you prepared to back off and set a more realistic target?

Answer:

I plan to continue all reasonable efforts to increase this Nation's domestic energy supplies. We now import over 6 million barrels of oil a day and -- even with strong energy conservation measures -- imports will increase in the future unless we increase greatly domestic production of oil and other energy resources.

The Interior Department is studying the question of whether 10 million acres of OCS lands can be leased in 1975 and what the environmental impact of such a leasing program would be.

Interior Department is holding public hearings and providing opportunities for public contribution to the study and I hope that all concerned will take advantage of these opportunities whether they are interested in the environment, in increased domestic energy production, or both.

Background

- . About 1 million acres of OCS lands were leased for 1973.
- . Target for 1974 was 3 million acres but current estimates are that about 1.8 million acres will be leased.
- . President Nixon's January 23, 1974, energy message directed Secretary Morton to increase leasing to 10 million acres in 1975.
 - .. In February, Interior requested industry and public views as to the best frontier areas for oil and gas development.
 - .. In May 1974, Interior announced plans for doing an environmental impact statement with EIS on the 10 million acre proposal.
 - .. The conclusions, published in June, were that the Gulf of Alaska, the Mid-Atlantic and the North Atlantic were the most promising frontiers from a resources point of view.
 - .. Work on the environmental impact statement is continuing, hopefully to be completed by January 1975.

M. Duval (G.S.)
8/26/74

OIL AND GAS LEASING AND DEVELOPMENT OFF
SOUTHERN CALIFORNIA

Question:

The people of Southern California are extremely unhappy with Secretary Morton's recent announcement concerning oil and gas leasing off their coast. Are you going to let him go ahead with his plans and destroy the Southern California coast?

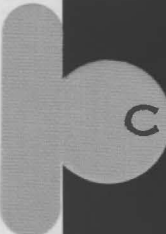
Answer:

No decision has been made to proceed with a lease sale of Southern California. On August 12, 1974, Secretary Morton announced that 1.6 million acres of OCS lands in Southern California off-shore waters had been selected for further environmental study prior to any decision on a lease sale. State and local officials and citizens have been invited to participate fully in the studies that are being conducted. No decision on leasing will be made until the environmental study is completed and this will not be until early next year. Our Nation needs new domestic sources of oil and gas and we must determine whether it can be produced safely off Southern California.

Background:

Despite numerous attempts by Interior officials to assure Southern California residents that no decision has been made, the preparations for an environmental study leading to a decisions on a possible lease sale has led many Californians to think that a decisions has in fact been made. Earlier this month, the California State Attorney General brought suit to enjoin all actions on a lease sale pending completion of the necessary environmental impact statement. Those statements are being prepared.

M. Duval (G.S.)
8/26/74



GUN CONTROL

Question:

Last week, a Washington attorney was shot to death near his car by a 15-year old child. What do you think should be done on the issue of gun control?

Answer:

I am sure everyone in this room joins me in condemning the illegal use of firearms, as well as all other crime of violence. But the question on gun control is whether further Federal legislation is appropriate. I think it is in the area of Saturday night specials - those cheap junk handguns which are flooding our country - but I think it more appropriate for State and local governments to decide for themselves whether more stringent gun control statutes are necessary for their individual locality.

Background:

The issue of gun control is a violent emotional one. Gun enthusiasts are "one issue voters" who many claim have totally lost touch with reality on this issue. They are generally conservative and have supported the Administration on the other really big issues.

Saturday night special legislation, although easy in concept, proved impossible to draft in the last Congress: Conservatives wanted objective standards which no one could draft, and Liberals wanted "concealability" to be the standard which would be the first step in banning handguns.

The basic statutory framework is that the Federal government sets certain nationwide minimums: Federal licensing of dealers, no mailorder purchases, stringent Federal restrictions on machine guns, sawed off shotguns, and other automatic weapons, and restrictions on ownership by convicted felons, addicts, and mental incompetents. Within this framework, state and local governments are able to tailor individual restrictions to suit local conditions.

MARIJUANA

Question:

Do you think marijuana use should be legalized, or decriminalized as the Marijuana Commission recommended?

Answer:

I am opposed to the legalization of marijuana, especially since medical evidence on its effects is still being explored. I do think that penalties for simple possession have been far too harsh in the past and am pleased that over 35 states have now adopted our Model Statute on Drugs which makes these penalties more realistic.

I am also opposed to the decriminalization of marijuana because I believe this Nation learned during prohibition that such an answer is really no answer at all.

Background:

Advocates of legalizing marijuana claim it is no worse than alcohol or tobacco, but that is hardly sufficient reason for the government to encourage its use through legalization. Marijuana may well be a passing fad of the 60's, but legalization would assure it being a problem far into the future.

The Marijuana Commission recommended, near the end of its report, that simple possession of small amounts of marijuana be decriminalized. Under the Model Drug Statute such possession remains a misdemeanor. Measures permitting the possession of small amounts of marijuana to be legal without decriminalizing the production or sale of it would create an ostrich effect in the law in this area. Lawful possession would necessarily entail unlawful trafficking.

ILLEGAL ALIENS

Question:

What do you intend to do about the increasingly serious illegal alien problem facing this country?

Answer:

It is true that this country is flooded with illegal aliens. This year, the Immigration and Naturalization Service located 790,000 illegal aliens and removed a major portion of them. We estimate that only one out of four or five who entered illegally was apprehended. The attraction that brings these millions here is economic, the jobs and the pay. The attraction is so great to so many from everywhere that organized rings are now bringing them in through smuggling and fraud operations.

Background:

Our most recent estimates suggest that there are upwards of five million illegal aliens in this country. They have an adverse impact on our society in a number of ways. Since they are willing to work for lower wages, they displace U.S. citizens from jobs and thereby create unemployment. They create a substantial drain on state and local community services including schools, welfare systems, and health services. The financial burden they create is borne by all Americans.

Now awaiting passage by the Senate is H.R. 982, which was introduced by Chairman Rodino of the House Committee on the Judiciary, making it a crime to knowingly employ an illegal status alien or one who is otherwise ineligible to accept employment. This legislation has been approved and passed by the House of Representatives and its enactment into law will significantly reduce the incentives for further illegal entry.

In addition to a need to pass legislation which would discourage the employment of illegal aliens, there is a need for us to strengthen, improve and make more effective the operations of the Immigration and Naturalization Service of the Department of Justice. Last month this Administration asked Congress to amend our earlier budget submission by adding \$3.5 million for programs in this area.

GCS
8/26/74

CIVIL RIGHTS

Question:

You say you intend to be President of all the people. What will be your civil rights enforcement policy?

Answer:

The Administration is firmly committed to ensuring equal rights and opportunity for all Americans, regardless of race, color, religion, sex or national origin.

I expect the Civil Rights Division of the Department of Justice to continue vigorous enforcement of the civil rights statutes enacted in the last decade. These laws state a firm national policy of equal opportunity -- in education, employment, housing, voting and other fields. The law must be enforced to the end that all citizens in our society should have an equal chance to vote, equal opportunity in jobs, equal access to decent housing, equal opportunity to a good education. We need to insure the right of all Americans to the opportunity to achieve his or her best, and to be judged solely on the merits. Particularly in these difficult economic times, the field of equal employment opportunity is of major importance. Access to jobs on a fair and meritorious basis, without either racial bias or favoritism, is critical to insuring everyone's access to a full and rightful place in our society.

While we have made progress in the field of civil rights in recent years, there are still many areas where Americans are the victims of unequal treatment because of their color, national origin, or sex. In my view, even one such instance is too many, and I expect the Civil Rights Division to use its resources to help make the American ideal of equal treatment for all a reality.

GCS
8/26/74

INTERNATIONAL TERRORISM

Question:

What do you plan to do to prevent international terrorism from spreading further into the United States.

Answer:

International terrorism must be fought at every level of society. The killing and maiming of innocent people has no place in the world today.

Background:

As you know, there is a Cabinet Committee to Combat Terrorism, chaired by the Secretary of State. The Committee has worked hard to improve the liaison and coordination of our efforts both at home and abroad. Congress appropriated an additional \$20 million to improve the security of U.S. Embassies abroad and most of that is now being spent. Our approach to the control of terrorism is nondiscriminatory, and we are attempting to cooperate with all foreign governments in this important effort.

Although we have taken many public and private steps to discourage the use of terrorism, constant vigilance is of the utmost importance. The American people can be sure that my Administration will take all possible precautions to reduce the risks of attacks by international terrorists.

GCS
8/26/74

CRIME RATE INCREASE

Question:

FBI statistics show a 25 percent crime increase in first quarter of 1974. What is your Administration going to do about rising crime rates?

Answer:

The FBI and the Department of Justice are hard at work on this problems. And to the extent that inflation, economic insecurity, and unemployment are major factors in the recent increases, all of us who are trying to solve those problems are also hard at work on crime as well.

Background:

But we must recognize that under our federal system the prime law enforcement authority rests with state and local governments. Congress recognized this fact in 1968 when it created the Law Enforcement Assistance Administration to provide additional federal funding to state and local criminal justice agencies. That program is going well and will continue at full strength throughout this Administration.

But I think we should also recognize that only a portion of the solution to the crime problem can be supplied by the criminal justice system. Law enforcement may now rapidly be reaching the limits of its effectiveness in this area. We could, and we may, seek to redirect some ongoing efforts into new areas or to provide additional programs, funding and personnel to work on these problems, but any dramatic increase in law enforcement effectiveness will have to be the result of a genuine demand and a strong individual commitment from the people that criminal activities be reduced.

GCS

8/26/74

CAMPAIGN REFORM

Question:

Why do you not support public financing for Federal campaigns?

Answer:

As Vice President, I worked carefully on the Administration's proposals for comprehensive and realistic reform, which is described in the message of March 8, 1974. Taken together, those proposals would shorten campaigns, reduce their costs, deter unsavory campaign practices, and disclose to the voters an individual candidate's method of financing his campaign.

As you are aware, we stopped short of recommending the Federal taxpayer bear the burden for a politician's campaign. These proposals, instead, would limit the amount any particular individual could give and would greatly reduce the power of special interest groups in elections by prohibiting campaign donations to individual candidates by any organizations other than political parties. I believe that disclosure of financing methods, as well as limits on giving by individuals and groups, is far preferable to diverting Federal tax dollars from other urgent domestic needs to pay for political campaigns. I believe these proposals meet the abuses of past campaigns without all of the disadvantages of Federal financing.

GCS
8/26/74

DRUG ABUSE

Question:

What is the current status of our efforts to control drug abuse in America?

Answer:

Results are dramatic. The active heroin addict population has been halved and drug-related street crimes are down substantially. The epidemic of drug abuse among our troops in Vietnam did not come home with them; today, only a small percentage of those who served are civilian addicts.

Recent developments, however, indicate that some slippage may be occurring which, if unchecked, could lead to a resurgence of the drug abuse problem. There has been a very recent upsurge in treatment demand, particularly in the West and in medium and small cities across the country. Mexican brown heroin has spread far beyond its traditional Southwestern area and now is estimated to supply over 60 percent of all the heroin available in the country. And the prospect of renewed Turkish opium production could significantly worsen the supply situation, depending on the effectiveness of the controls implemented.

Thus, there is plainly a need to renew our vigilance in this priority area, and to reaffirm our national commitment to it.

GCS
8/26/74

ANTITRUST

Question:

What is your attitude toward antitrust enforcement?

Answer:

I believe that the antitrust laws should be enforced vigorously and, equally important, in an evenhanded manner. Whenever violations are uncovered they should be prosecuted. I regard vigorous enforcement as especially important in a time of inflation since anticompetitive practices -- such as private agreements among competitors fixing the prices consumers will pay -- and anticompetitive structures in various industries all serve to insulate businesses from the rigors of competition. The antitrust laws reflect the nation's commitment to preserving a competitive marketplace and to the belief that such a marketplace will produce the best possible products at the lowest possible prices. I share that commitment and that belief.

GCS
8/26/74

BUSING

Question

What is your position on busing?

Answer:

Americans of all races have felt great concern in recent years over the busing issue. This has been an emotional, divisive issue in many communities. It is an issue that has confused parents, educators, courts, and government officials.

Like most Americans, I believe in the neighborhood school. I am against busing to achieve racial balance, and I am against excessive busing under any circumstances. I believe that what has been most lacking on both sides of the issue has been a spirit of compromise -- what the Supreme Court, in deciding Brown v. Board of Education, called "adjusting and reconciling public and private needs."

Background:

Recent actions of Congress and the Supreme Court many provide a basis for such a reconciliation.

In the Equal Educational Opportunities Act of 1974, which I have signed recently, I agree with the Congressional declaration that it is the policy of the United States that "all children enrolled in public schools are entitled to equal educational opportunity without regard to race, color, sex, or national origin; and (that) the neighborhood is the appropriate basis for determining public school assignments." (Sec. 202(a))

I am also encouraged by the Chief Justice's statement in the Supreme Court's Detroit decision, which limits busing across school district lines, that "without an inter-district violation and inter-district effect, there is no constitutional wrong calling for an inter-district remedy."

The policy of this Administration will continue to be to avoid whenever possible federally imposed busing requirements in cases under the jurisdiction of federal executive agencies. Second, it will continue to be our policy to seek fair and workable remedies for unlawful denials of equal educational opportunity, and to work with school authorities and civil rights advocates in a cooperative, non-adversary spirit. Finally, it need hardly be stated that the law, as determined by the courts, must and will be obeyed. I believe that within this framework, we can begin to come to grips with the busing issue in a constructive way.



D



HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

Question:

Administration spokesmen have said the Housing and Community Development Act of 1974 will provide a shot in the arm for housing. In what ways?

Answer:

In a number of ways, affecting various Federal credit agencies and financial institutions. But let me cite one particular example. In a home that costs \$35,000 that is bought with an FHA-insured mortgage, the down payment is cut roughly in half, from \$3,450 to \$1,750.

8/26/74
trh

HOUSING INDUSTRY

Question:

What is being done to prevent a further collapse in the housing industry?

Answer:

The problems faced by the housing industry and by prospective home buyers result from the same inflationary pressures that affect the rest of the economy. I have asked the Department of Housing and Urban Development in consultation with my economic advisers and other agencies in the Federal government, to advise me promptly as to whether there are any new initiatives we might take to bring some relief to the housing sector without adding to the inflationary pressures that brought about the problem in the first place.

8/26/74

trh

HUD SOCIAL PROGRAMS

Question:

Why are HUD social programs being deleted in the new legislation?

Answer:

The Housing and Community Development Act of 1974 does indeed eliminate HUD's old rigid categorical grant programs and replaces them with a single "block grant" program for community development. This new approach will put Federal funds to work on behalf of our cities and towns far more effectively than before. In a very real sense, this bill will help to return power from the banks of the Potomac to people in their own communities. Decisions will be made at the local level; action will come at the local level; and responsibility for results will be placed squarely where it belongs -- at the local level. I believe this transfer of responsibility will indeed improve the social programs of our country.

8/26/74
trh

E

GERALD R. FORD LIBRARY

STATE AND LOCAL

Question:

What is your position on the reenactment of General Revenue Sharing?

Answer:

As I told the State and local leaders, I was, am and will continue to be an advocate for General Revenue Sharing. I would hope it could be extended at an early date in substantially its present form.

Background:

You stated your view that General Revenue Sharing should be extended in your meetings with these officials and all groups referred to this position in their public statements.

The consensus of State and local government views this as the best Federal program that they administer.

JHF-8/26/74

STATE AND LOCAL

Question:

How have State and local elected officials reacted to your domestic policy positions?

Answer:

In the first days of my Presidency I have met with groups of Governors, Mayors and County Officials and will soon meet with State Legislative leaders. I will have a personal and continuing relationship with State and local officials, as will my staff.

I find that there is broad agreement with and support for our domestic legislative goals among State and local elected officials of both political parties.

Background:

From all press accounts and personal contacts your domestic policy positions and your goals have met with broad support from State and local leaders.

JHF-8/26/74

STATE AND LOCAL

Question:

What are some of your key domestic goals?

Answer:

Without giving you a laundry list, I would say simply that the key priority is to control inflation.

Background:

We obviously need to develop programs to meet urgent needs in several areas with which you are all familiar. To name a few:

- Agriculture
- Energy
- Environment
- Transportation
- Housing

But, in these as in all other areas, progress in real terms will depend on how well we fight inflation.

JHF-8/26/74

STATE AND LOCAL

Question:

Won't the deep cuts in the Budget affect vital city programs and be felt first and sharpest by minority groups and the poor, and, therefore, hurt cities as a whole?

Answer:

The '75 Budget requests more money than ever before for grants to State and local governments and for human resources programs.

Grants to State and local governments are estimated at \$51.7 Billion in FY '75; or, one out of every six Federal dollars to be spent.

Background:

As Governor Winfield Dunn of Tennessee said in my meetings with the Governors, with more flexibility, State and local governments could get the job done with less money. They have added tremendous numbers of people in recent years just to administer Federal programs. Almost all are highly paid specialists. Governor Dunn felt he could save \$50 million if Federal aid came with fewer strings.

STATE AND LOCAL

Question:

What about the formation of this "New Coalition" of Governors, Mayors and County Officials? What does this indicate?

Answer:

I think this "New Coalition" is a step in the right direction. I encouraged the idea of this effort when we discussed it in our meeting and I wish them great success. The people will be the beneficiaries if State and local governments are given greater responsibility and their elected officials are able to adopt a unified position on priorities which is one of their primary goals.

Background:

You met with Governors, Mayors and County officials in your first week as President and will meet with State Legislators this week. In all cases, you have met with their bipartisan leadership.

JHF-8/26/74

STATE AND LOCAL

Question:

Does the Administration plan to close more military bases this year?

Answer:

No, there are no new base shutdowns planned in the '75 budget.

Question:

Likely follow-up: Is this a reversal of past Administration policy for political reasons?

Answer:

Not at all. Our plans are based on economic and defense considerations --not politics.

Background:

The FY 75 budget did not provide for new base closures. There were some shifts of personnel and missions but no closure projections in the budget.

JHF-8/26/74



F

GERALD R. FORD LIBRARY

INDIANS

Question:

Do you remain committed to the Nixon Administration's policy of self-determination for Indians?

Answer:

Very much so, and we will do all we can to encourage Indian tribes to make the decisions about their lands and the funds appropriated for their benefit. We will meet our responsibilities, but without telling the Indian people what to do and how to do it.

M. Duval (N. R.)
8/26/74



G

HIGHWAY IMPOUNDMENTS

Question:

What is your policy concerning the impounding of federal highway funds, as was done in the previous Administration?

Answer:

Under the recently enacted Congressional budget reform legislation, the Administration is now required to submit to Congress, for its consideration, a statement of our intention to withhold funds. My advisers, principally the Office of Management and Budget, are reviewing this intensively and will report to me on their findings. I will then make a decision concerning highway and other program funding and this will be reflected in my report to the Congress.

M. Duval
8/26/74

DAYLIGHT SAVING TIMEQuestion:

Daylight Saving Time was instituted during the energy crisis as a method of saving energy. Since the crisis is over, why do we need it, and are you proposing that we continue it?

Answer:

The legislation which created Daylight Saving Time on a 12-month basis as a response to the energy crisis required the Department of Transportation to undertake an extensive study in coordination with my energy advisers, and others, to determine its impact on the country as well as its energy saving potential. We find that there are some energy savings associated with Daylight Saving Time but that during certain months of the year, other considerations outweigh this benefit. Accordingly, we have indicated our agreement with a bill in Congress designed to put Daylight Saving Time on an eight-month period.

Background:

The eight-month period will begin on the last Sunday in October and end on the last Sunday in February.

M. Duval
8/26/74

MASS TRANSIT OPERATING SUBSIDY

Question:

Why does the Administration oppose operating subsidies for mass transit?

Answer:

We are against operating subsidies only if they require the Federal Government to make the decision on how local officials should run their transit systems. The Administration's comprehensive transit proposal, which was submitted to Congress in February, permits use of federal funds for capital or limited operating purposes, but this decision must be made by local and state elected officials.

If we were to go along with certain other proposals, the Federal Government would end up making decisions concerning the amount of local fares, labor negotiations between unions and the transit company and a host of other decisions which can only be made by the local officials who understand a given city's needs and are responsive to the people of that community.

Background:

The House recently passed their \$11 billion six-year mass transit bill entitled, Federal Mass Transportation Act of 1974. You have indicated your pleasure at the funding levels because this represents a substantial cut from the Committee bill which was \$20 billion. We do have difficulties with the House program structure, but we expect that this will be improved as the bill goes through the Senate.

M. Duval
8/26/74

INTERNATIONAL AIRLINES

Question:

The U. S. international airlines, principally Pan American and TWA, have suffered massive increases in fuel costs and thus face serious financial difficulties. What is the government doing about this?

Answer:

The Administration put together a special task force to work on this problem under the chairmanship of Secretary Brinegar. As a result of intensive consultations with the airlines and all interested parties, as well as the participation of many other federal agencies and key members of Congress, a plan was developed to help the airlines, short of providing direct federal subsidy. This has helped, although Pan American is still in very serious financial condition.

I have asked my economic Counsellor, Ken Rush, to work with Secretary Brinegar specifically on the Pan American problem and report back to me shortly after Labor Day with a recommended course of action for the government.

Background:

Pan Am is in very serious condition and faces bankruptcy. Secretary Brinegar is developing an options paper for you which will cover, at least, direct federal subsidy, managed liquidation, private consortium (like Amtrak) and merger.

M. Duval
8/26/74

RAILROADS

Question:

What is the Administration doing about the railroads in this country ?

Answer:

The Administration, in cooperation with the Congress, has developed a three-pronged attack on the deteriorating railroad service in the nation.

First, we have well underway an ambitious plan to create a profitable new railroad serving the Northeast and Midwest, which will be run by a private corporation and made up of the bankrupt railroads now serving that area, principally, the Penn Central.

Second, Amtrak continues to receive our strong support and, as a result, their ridership is up substantially over preceding years and they are beginning to cut down on their losses.

Third, Congress is now actively considering a bill which we proposed to modernize the economic regulation of railroads to permit them to operate with greater flexibility and efficiency. This bill would also provide government guaranteed loans to improve the capital assets of our nation's railroads such as railroad trackbeds.

Background:

The problem of the bankrupt railroads is being solved pursuant to the Regional Rail Reorganization Act of 1974, and although there are problems with implementation plans and legal challenges, this is basically on track. The deregulation legislation proposed by the Administration has been superseded by the House Interstate and Foreign Commerce Committee's Surface Transportation Act. This bill is moving rapidly through Committee and contains most of the Administration's recommendations.

M. Duval
8/26/74