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A



~~Baroody~~
Baroody

POSSIBLE QUESTIONS
FOR
PRESIDENTIAL PRESS CONFERENCE

1. Your effort to talk down General Motors' announced price increase on new cars was modestly successful. In the future, do you intend to do more "jawboning" and to personally intervene in major wage and price decisions?

Suggested answer: No, I do not. This is not to say that I will not take a personal interest in these matters and follow developments closely, but I think it would be self-defeating for the President to do this sort of thing on a regular basis. Because the GM action was so striking and came at the very start of my administration, I felt that symbolically it was important for me to say something about it. I just signed into law a bill creating a Council on Wage and Price Stability. That Council will be following wage and price developments and will be reporting to me its advice and recommendations.

2. Arthur Burns has suggested that wage price guidelines might be useful in the fight against inflation. Do you agree?

Suggested answer: I don't rule them out, but I would like to have some experience with our new Council on Wage and Price Stability and I would like to see what the participants in our Economic Summit have to recommend before making any judgment on that.

3. There are those who say that interest rates are so high now that they may be adding to inflationary pressures by adding to costs and making it impossible for some businesses to add new and needed productive capacity. What plan does the administration have to deal with this problem of high interest rates?

Suggested answer: Interest rates have been carrying a great deal of the load in the fight against inflation. Personally, I think we have gone about as far as we can go in that direction. My answer is that we are going to do the very best we can to reduce federal spending, thus making it possible for some easing of monetary policy. We obviously have to do this with great care, but I think that this is the general direction in which we should look.

Baerdy

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4. Would you favor an increase in taxes as well as a reduction in expenditures in order to permit an easing of monetary policy?

Suggested answer: It's true that we can achieve some of the same results by raising taxes as we can by cutting spending. I have not ruled out an increase in taxes, but let me just say that I think the public and the Congress both would prefer a real effort to cut spending before we go the route of the tax increase. I agree with that judgment.

5. Do you favor a program of expanded public service employment should unemployment reach some predetermined level, say 6%?

Suggested answer: This is under review right now so that I cannot give you a final answer. But I will say that I think the society at large should do everything it can to assist those individuals who are the principal victims of our battle against inflation. I don't believe that any individual or any industry should bear a disproportionate burden. Now whether an expanded public service employment program is precisely the way to deal with this, I cannot say at this time. I hope to have some decisions on these matters within the reasonably near future.

6. The housing and construction industry is facing one of the most serious crises of its history. Can you tell me what, if anything, the administration intends to do to help the industry?

Suggested answer: The first and most important thing we intend to do is bring inflation under control. Without that there can be no real solution to the industry's problems. About 20 leaders of the industry were at the White House three weeks ago for a conference to look at these problems and potential solutions, and I think it fair to say that there was agreement among those leaders that control of inflation was the number one priority. They made a number of specific suggestions which we now are evaluating and there will also be a pre-summit session devoted to the housing and construction industry. Any new actions with respect to economy will include moves to alleviate the problems of housing and construction.

Baroody

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7. Your Economic Summit is on inflation. There are a lot of people who are fearful that our economy is headed into a serious recession. Will this be considered during the Summit?

Suggested answer: Yes, it will be. We are interested in knowing where our economy is today and where it is headed. That's one thing we hope to get out of the Summit. If there is fundamental weakness in our economy, we must take account of that. We have a difficult line to walk. There are costs in fighting inflation. There are costs in letting inflation run unchecked. Our goal is to fight inflation while keeping the costs within controllable and acceptable bounds.

Baroody

August 27, 1974

QUESTIONS FOR WEDNESDAY PRESS CONFERENCE

- Q. What will be your recommendation to the Congress concerning a pay raise for Federal employees?
- A. Recommendations on a Federal pay increase are being developed but have not yet reached me. The annual survey of comparable salary rates in the private sector show a need for a 5.5% pay increase. As required by law, the amount of the increase is being discussed with various union representatives and with my Advisory Committee on Pay. I expect the recommendations of the Director of the Office of Management and Budget and the Chairman of the Civil Service Commission within the next few days.
- Q. Would you support a tax increase to balance the budget in 1976?
- A. Our current plans are focusing on ways to reduce Federal spending. That is how I hope to balance the budget in 1976. While I do not want to foreclose any options, I would say that a tax increase would be considered only after I was sure that every possible avenue of budget spending reductions had been explored.
- Q. Has the 1975 outlay estimate of \$305.4 billion been revised?
- A. No revision of the 1975 estimate has been made. Legislation already passed or pending threatens to increase that total. Increased interest costs and the effect of inflation on certain programs is also putting pressure on the budget. This means that the Administration and the Congress must work together to find ways to stop or offset further increases. And then we must work together to find ways to decrease the budget total.

OMB

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August 23, 1974

QUESTIONS FOR WEDNESDAY PRESS CONFERENCE

1. Question: What are the specific cuts that will be made in order to reduce this year's budget below \$300 billion?

Answer: I have asked the Director of the Office of Management and Budget, Roy Ash, to work with the Congress in finding ways to cut the budget. He has begun those discussions. There will be no list of specific budget cuts until agreement is reached with Members of Congress.

2. Question: The new Budget and Impoundment Control Act requires the President to send to the Congress his recommendations for deferring or rescinding funds. Do you plan to send any recommendations soon?

Answer: A number of recommendations will be sent to the Congress in the next few weeks. As you know, we plan to work with Congress in finding ways to reduce the current budget. But even before those ways are found, it will be necessary to continue to hold funds that are presently impounded. In the next few weeks, I will be sending to the Congress messages which will seek their agreement under terms of the new Act to continue to withhold funds.

3. Question: This week's National Journal says that budget ceilings have been given to the agencies which add to a figure of \$328 billion. It also says that your Office of Management and Budget cut agency spending figures by about \$11 billion to reach that figure. Is this true?

Answer: As I stated in my message of August 12, I intend to submit a balanced budget for 1976. It is true that the Office of Management and Budget has sent letters to each Federal agency asking them to develop their budget plans so as to come in with a balanced budget. This means that agencies will have to find ways to cut spending that would otherwise occur in the amount of at least \$10 to \$15 billion.

INTERNATIONAL AIRLINES*Domestic
Council*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

Baroody

TRANSPORTATION

INTERNATIONAL AIRLINES

- Q. The U.S. international airlines, principally Pan American and TWA, have suffered major increases in fuel costs and face serious financial difficulties. What is the government doing about this?
- A. The Administration has a special task force working 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 has been developed to assist these airlines without resorting to direct Federal subsidies. While this has helped, the problem is still very serious.

I have also asked my economic Counsellor, Ken Rush, to work closely with Secretary Brinegar and report back to me shortly after Labor Day with recommended further actions which we should be taking.

DAYLIGHT SAVING TIME

- Q. With the energy crisis behind us why are you proposing continuation of Daylight Savings Time during the winter months?
- A. The legislation which created Daylight Savings Time on a 12-month basis as a response to the energy crisis required the Department of Transportation to undertake an extensive study to determine its impact on the country as well as its energy saving potential. We find that there are energy savings associated with Daylight Savings 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 Savings Time on an 8-month period.

MASS TRANSIT OPERATING SUBSIDY

- Q. Why does the Administration oppose operating subsidies for mass transit?
- A. We are against operating subsidies if they require the

Federal Government to superimpose its judgment on local officials as to how they should run their transit systems. The Administration's comprehensive mass transit proposal, which was submitted to Congress earlier this year, permits use of Federal dollars for capital or limited operating purposes, but leaves the final decisions with local and state elected officials.

Federal approval of individual operating subsidies would force us into areas such as local fares, labor negotiations and a host of other matters where decisions should be made by local officials who understand a given city's needs and are responsive to the people of that community.

RAILROADS

- Q. Why isn't the Administration doing more about the railroads in this country?
- A. We are working on three major fronts to improve railroad service across the nation.

With regard to passenger service, AMTRAK continues to have our strong support and has embarked on a major capital expansion program. Ridership is increasing and should continue to grow.

We are moving aggressively in implementing the provisions of the Regional Rail Reorganization Act of 1974 which should bring improved service to the Northeastern and Midwestern part of our Nation. This will benefit both passenger and freight service.

Finally, Congress is now actively considering legislation which will modernize the regulation of railroads to permit them to operate with greater flexibility and efficiency. This bill would also make \$2 billion in government guaranteed loans available to improve the operations of our railroads.

HIGHWAY IMPOUNDMENTS

- Q. Are you going to continue to impound Federal highway funds.
- A. Under the recently enacted Congressional budget reform legislation, all decisions to defer or rescind spending

Baroody

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must be submitted to the Congress. Final decisions concerning highway and other program spending will be made shortly and will be reflected in my report to the Congress.

30. Arthur Burns has proposed a public service employment program if unemployment rises above 6 per cent. Do you favor that proposal?

A. If unemployment gets too high, we may very well have to ~~insitute~~ institute a program of public service employment. We will certainly consider it very seriously ~~ix~~ if such a situation arises. ~~But I am not sure~~
~~unemployment~~

News Conference

1. Nelson Rockefeller favors a freeze on all mass transit fares. How do you feel about this?

A. Mr. Rockefeller and I have never talked about this matter. ~~I don't know~~
~~how to answer that~~ That is a question that ~~needs~~ requires a tremendous amount of study. If fares were frozen while operating costs continued to go up, obviously the money to pay for those operating costs would have to come from somewhere.

Council on Wage and Price Stability

- Q. C. Jackson Grayson has alleged that the creation of the Council on Wage and Price Stability will have the effect of increasing inflation rather than dampening it. Do you agree with this assessment?
- A. No, I do not. The principle mission of this new Council will be to work cooperatively with all sectors of the economy in an effort to ensure wage and price restraint. It will keep the public focus on all of the independent actions that tend to increase inflationary pressures. In order to be successful, the Council must be able to instill a sense that all Americans must make sacrifices in battling Public Enemy Number 1. I am confident that the Council is one of many tools that we will need in order to solve this problem.

General Revenue Sharing

- Q. Many independent studies have targeted in on the program of General Revenue Sharing and are asking questions about its future. Will you seek to cut back in this area in an effort to balance the FY '76 budget?
- A. I have vigorously supported the Federal Government's objective to return decisionmaking to the people who best know what their problems are. General Revenue Sharing has been a key ingredient in meeting that goal. I feel it is very important that our efforts to help build strong State and local governments continue. In this light, the future direction of this program is being reviewed, and I can assure you that their evaluations will seek to incorporate the views of State and local governments as well as the Congress.

Council on Wage and Price Stability

- Q. Now that you have created the Council on Wage and Price Stability, can you tell us more about the way you see it functioning?
- A. First, let me repeat that it is not a step toward a policy of mandatory controls. I view the Council as a broad gauged body that will work to encourage all Americans to share the burden and make the necessary sacrifices. Naturally, we are hoping to attract to its staff the best people in the country to act as mediators and conciliators to slow the pressures of inflation. Again, we must remember that the Council is not a panacea; it is but one of the tools we will need to wage the battle.

Review of Regulatory Policy

- Q. Last month, President Nixon called for a "sweeping review" of regulatory policy as a part of his efforts to combat inflation. Do you support the need for such a review?
- A. If we are to be successful in our battle against inflation, we must examine all policies of the Federal Government which have an impact on the national economy. Clearly, Government regulation has a considerable effect on the economy. Therefore, we plan to discuss the question of the effects of regulation as part of the summit meetings and conferences on inflation to be held in the coming month. I would hope that out of these sessions would come a consensus of the type of specific regulatory areas that warrant our immediate review.

Border Enforcement Strategy

- Q. There has been considerable complaint about a recent OMB decision to reduce the Customs Service Border Enforcement role. Do you support this decision?
- A. The House Committee on Government Operations has been reviewing this matter. OMB as well as the Treasury and Justice Departments have cooperated fully with them in this deliberation. I am certain that together with Congress, we can arrive at a strategy to make sure that our border enforcement is the best possible defense against illegal drug and alien traffic.



Baroody

Q: What will be this Administration's fiscal policy?

A: In view of the present inflation, I believe that we must maintain a tight fiscal policy this year and next. For the current fiscal year we will try to reduce spending below \$300 billion. Next year I intend to propose a budget to Congress which is balanced.

The fullest cooperation of Congress will be necessary if these targets are to be met. So far, that cooperation has been forthcoming and I hope that it continues to be.

Barody

Q: Do you think that the recession condition here and abroad are cause for alarm?

A: Many economies share the problem of high inflation. Their governments have imposed similar deflationary policies. However, these policies also affect our trading partners, so we have to be careful that we all together don't go too far. But so far I see no evidence that this is the case.

Baroody

Q: Does the precipitous drop in the stock market foreshadow a major recession?

A: This is certainly to be taken seriously, but the stock market is only one of many indicators of the economy and should not be overrated. Equity issues supply only a small fraction of business capital. In part, the stock market slump represents negative psychology. But while I am personally optimistic, I am not going to make promises that I can't fulfill. Based on past earnings though, the market currently offers some extraordinary bargains, and once this is discovered by the public, the market should begin its recovery. Certainly one factor in the slump is the loss of leverage attributable to high interest rates on borrowed funds. Once we begin to reduce Federal demands on the capital markets, some moderate easing of interest rates should also aid in bringing about a stock market recovery.

Baroody

Q: What is the U.S. going to do about the deliberate policies by some OPEC countries to restrict crude oil production in order to maintain the current high prices?

A: We are, of course, concerned with the artificially high price of oil that is putting an undue economic burden on the economies of oil consuming countries. However, the solution to this problem requires a close consultation among the major oil consumers and a cooperative effort between the oil producers and consumers that will serve the interests of all parties concerned. On its part, the United States is proceeding with its Project Independence to lessen dependency on expensive foreign oil. We have also reached tentative agreements with some of our allies on measures to conserve energy and share reserves in time of emergency.

Baroody

Q: What position does your Administration take on the tax reform bill?

A: The Ways and Means Committee has not yet approved a draft bill (they are expected to do so next month) so a complete answer is a little premature. I do support many of the changes the Committee has tentatively agreed to--tax simplification, the proposed change in the minimum tax so that high-income recipients will pay a fair tax no matter what their deductions, and the windfall profits tax on oil. I hope that the Congress will complete action on a responsible tax bill this session.

5. C. Jackson Grayson says the new Cost of Living Council will do little good and might even do some harm. What is your reaction to that?

A. I fail to see how the new Cost of Living Council can do any harm, and I definitely expect it to do some good. I do not look upon the Council as the answer to inflation, but I think monitoring wage and price increases is bound to have some beneficial impact. I look for other answers to come from the Economic Summit Conference.

6. Administration officials have indicated the country must wait for the development of an economic package by your economic summit conference before much of anything is done to fight inflation. That conference will not take place until late September or early October. Can we wait that long to act? What do we do in the meantime...just let prices go up and up?

A. Inflation won't wait, and that is why I immediately asked the Congress to enact Cost of Living Council ~~legis~~ legislation. But before taking any major additional actions, we should know where we are going. We should not take isolated actions that might be harmful to the economy. What we need is a package approach--and I am looking to the Economic Summit Conference to produce that package.

7. Arthur Burns has called for a \$10 billion cut in Federal spending. Is a cut of that size attainable?

A. A cut of that size may not be realistic in fiscal 1975, but I strongly believe we can bring spending in this ~~fiscal~~ fiscal year down below \$300 billion. And I do expect to submit a balanced budget to the Congress for fiscal 1976.

3. Do you agree with Burns that increased Federal spending and accumulated Federal deficits are responsible for the current inflation?

A. I believe with Arthur Burns ~~and~~ that increased Federal ~~deficit~~ spending and accumulated federal deficits are basically responsible for the current inflation. There are other ~~not~~ contributing factors, of course--such as the energy shortage and, now, the 1974 drought. But deficit spending is the chief culprit.

9. Roy Ash has said that a budget cut would have only a minimal effect on prices. Do you agree with that?

A. It ~~is not agreed that~~ remains to be seen how heavy an impact a major budget cut would have on prices. But I would not be so intent on achieving major budget reductions if I did not believe the impact on inflation would be measureable.

10. What are you going to do to get housing out of the depression it is in?

A. Housing is suffering from the current inflationary spiral just as other segments of the economy are. Housing's situation will improve as the overall inflationary ~~situ~~ situation improves. I therefore look to the Economic Summit Conference to point the way toward help for the housing industry. Meantime, HUD Secretary Lynn is preparing some recommendations for me which I feel sure will also be helpful.

11. You have said you absolutely will not return to wage and price controls. What about wage-price guidelines?

A. Arthur Burns feels that wage-price guidelines would be helpful. We shall have to wait and see what the Economic Summit Conference produces. I am not going to prejudge the matter.

19. The GAO says the decision last December to permit a \$1-per-barrel increase in the price of crude oil has not boosted production. Are you going to wipe out that increase?

A. The oil industry is using the profits from that \$1-per-barrel increase to explore for more oil. Oil exploration does not produce more oil overnight. This is a process that takes time. From a realistic point of view, I think it is too early to consider eliminating the \$1-per-barrel price increase.

--or--

A. Oil industry profits are very high. I ~~think~~ do not think the \$1-per-barrel increase is necessary to stimulate production. It is time ~~me~~ the Administration acted to bring down the price of gasoline at the service station pump. Therefore the \$1-per-barrel ~~or~~ increase in the price of oil ~~should~~ will be eliminated.

RUSH

*U.S. ECONOMIC LEADERSHIP.

Q Given current domestic and international economic problems, can the US maintain its economic leadership in the years ahead?

A. I think it can -- indeed in some respects, it must. But this leadership will be in the form of promoting international economic cooperation rather than in attempting to dominate or to solve the world's economic problems by ourselves. The world economy, under our leadership, has become increasingly integrated and thus increasingly interdependent over the past three decades. The gap between us and other nations in terms of GNP has, of course narrowed. For example, the US accounted for almost half of world output at the end of World War II, compared to a little more than one quarter now. The narrowing of this gap was again promoted by us, and it is good for us.

We must also remember that, although our economic problems are serious, most other countries are experiencing similar problems, in many cases worse than ours. Japan, for example, has an inflation rate more than double ours; prices in most Western European countries are increasing faster than ours. We are having some problems in financing the huge increases in our oil import bill, as well as in paying for various other imported raw materials. But practically every other major country is more dependent on outside sources for these commodities than we are and is thus having more difficulties. Our relative strength is thus increasing, not decreasing.

Our problems are global problems. We can't solve them alone and neither can any other one country. But that does not mean that we are helpless. We still have by far the largest economy in the world, larger even than the entire European Community combined. Our size gives us additional responsibilities, but it also gives us strength. In fact, more of the world's economic problems, such as food, energy, or trade inequalities, cannot be solved without our active cooperation. Our leadership thus is necessary and it is in our best interests to provide it.

RUSH

INTERNATIONAL ECONOMIC OUTLOOK

2

Q We hear many pessimistic assessments of the state of the world economy. Are we headed for a serious economic slump?

A No. We do expect a period of slow growth rates but no depression. Most of the problems troubling the world economy have come about from a simultaneous economic expansion around the world, the energy crisis, and bad luck in the weather which has hurt food production. These events have spurred world-wide inflation, but we have not seen nor do I expect any serious increase in unemployment. For the coming year we can expect a rate of growth in the developed countries of about 3%, which is certainly not indicative of a recession, much less a depression.

I believe our main concern is to reduce inflationary pressures by a measured increase in growth. This will ease cost pressures and help to forestall further rapid price increases.

So I foresee no world-wide economic slump, but rather a modest rate of real growth. The culprit is not unemployment but inflation, and the best place to begin the cure is with the world's largest economy, that of the United States.

1 Question: Real gross national product has declined now for two consecutive quarters. Do you believe that this constitutes a recession?

Answer: Recessions are defined by the National Bureau of Economic Research taking into account a number of factors such as the severity and the duration of the decline in economic activity and the extent to which it is diffused through the economy. The past two successive quarterly declines in real GNP have not been accompanied by movements in other important indicators that would be typical of a recession. Industrial production has fallen much less than real GNP, the reverse of the normal recession pattern. Manhours worked and other broadly based measures of economic activity have not paralleled the real GNP downturn. And the real volume of business investment has not declined as it has in every recession period.

Yet, perhaps more important while the economic indicators may not suggest a recession yet the economy is not expanding as we would like.

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QUESTION - Is a world recession developing?

ANSWER - Public enemy #1 -- for both the U.S. and the world -- is inflation. If it is not controlled it will destroy our social and political framework. It has to be curbed. Unfortunately no one -- here in the U.S. or abroad -- has found a way to curb inflation without slowing the rate of economic growth. Slower growth does not mean a world recession, however, and if governments, businessmen and consumers cooperate, inflation can be brought under control without a recession. I am confident that moderate growth can and will be achieved.

RUSH

3 Question: What economic conditions do you anticipate during the second half of the year?

Answer: During the second half of this year we expected only a very mild growth of output. Business investment and the recovery of automobile and other energy related goods whose use was severely curtailed last winter will help lift the economy. But these sources of strength will be largely offset by the low pace of housing construction and the sluggishness of real personal consumption expenditures.

RUSH

4 Question: What is the outlook for business investment?

Answer: The overall outlook for business investment continues solid.

A Department of Commerce survey of May shows \$112 billion will be invested on new plant and equipment in 1974, an increase of 12.8% over 1973. Two-thirds of this represents inflation, and one to two percentage points represents investments for environmental protection. Thus, real increase in investment in productive plants and equipment will be about 3% in 1974.

Manufacturers have raised spending plans slightly. Steel is moving ahead strongly. Electric and gas utilities, mining and communications are down substantially. Railroads and other transport, excluding air, are up.

RUSH

5

Question:

Are there still capacity and materials shortages?

Answer:

Capacity and material shortages continue, but the latter are easing in some sectors.

The shortage of petroleum products has eased substantially.

A Department of Commerce report of August 23 indicates:

- Ferrous scrap supplies remain tight and foreign demand continues strong. Prices were at their highest monthly rate (\$126.33) in July.
- Steel mill products also continue to be in short supply, with the situation aggravated by the decline in imports and the rise in exports. Steel makers are worried about raw material availability, principally coal.
- Polystyrene and other plastic materials have been in very short supply for the past year. Dow Chemical recently announced price increases, explaining that the increases were needed to generate over \$1 billion for expansion of styrenic production facilities.
- Heavy earthmoving machinery production has been slowed by shortages of steel, forgings, castings, and bearings.

6

Question:

Some people feel that the Federal Reserve is following too restrictive a monetary policy. Do you agree with this view?

Answer:

The Federal Reserve has been publicly committed to a restrictive monetary policy since last February. Yet only in the last month has the growth of the money stock, which fluctuates greatly on a monthly basis, been brought to a really low rate. The 5 1/2 percent rate over the last 12 months is not extremely tight except in comparison to the very great current inflation, which the tight money policy is intended to depress. Although monetary austerity is staining the financial structure of the economy we feel that this has been necessary in order to slow the inflation eventually.

7 Question: Some economists such as Mr. Galbraith advocate tax increases to reduce inflation. Others advocate tax reductions to lessen the burden of inflation. Do you believe there should be a tax increase or reduction at this time?

Answer: We do not believe that an increase in taxes is appropriate at this time. It takes time to propose tax changes and get them adopted. We believe that a decrease in taxes would be completely inappropriate at the present. It would add to inflationary pressures at the very time we are struggling to bring the budget into control.

The expenditure side of the budget is the key to the control of inflation. We propose to slow the rapid increase of Federal spending and achieve the anti-inflationary impact of a balanced budget through control of expenditures.

8

Question: What is the status of tax reform? Is tax reform a matter of priority for the Administration?

Answer: Genuine tax reform has been and will continue to be high on the list of goals we must accomplish in cooperation with the Congress. Last year the Administration proposed to the Congress major tax reform. This proposed legislation seeks both to simplify the tax system for the average citizen and to make our tax laws more equitable. We would assure that those who enjoy a high income and have an ability to pay do not--by so-called tax shelters or other devices--escape paying their reasonable and fair share of income tax.

This year, the Treasury for many months worked with the Ways and Means Committee on tax reform. Much, but not all, the tax reform that we asked for is already reflected in this tax reform bill that the Committee is now writing.

We will continue to provide leadership in tax reform and to work in close cooperation with the Congress to achieve fully our joint goal of making the tax system as equitable, as fair and as efficient as possible.

Background on current tax reform nearing completion
in the Ways and Means Committee

RUSH

1. The Committee has not provided as much tax reform as we proposed. Our proposals would have effectively eliminated tax shelters and assured that everyone pay an amount of tax which is reasonable in proportion to his income. Committee's version won't accomplish that--but is a limited step in the right direction.
2. The "tax simplification" measures adopted by the Committee along the lines of our proposals are good. A new "simplification deduction" from \$350 to \$650 will replace a number of hard-to-compute deductions which have caused taxpayers difficulties in filling out returns. Most taxpayers will pay less tax under the simplified system. (Over-all the substitution loses about \$300 million of revenue.)
3. The total package is progressive--gives more to lower income people than higher income.
4. The bill also contains some relief for small business and the Committee adopted most of our recommendations to remove existing tax discrimination against public utilities and to help them meet the energy needs of their customers.
5. Total package gains a little revenue in FY 1975. That is a most important feature. We have been careful not to recommend any changes which will cause the total package to lose revenue.
6. Over-all, the bill presents a reasonable balance and some significant accomplishments, although we would have preferred stronger action to eliminate tax shelters and strengthen the minimum tax.

9 Question: What will the impact of the drought in by Midwest be on food prices?

Answer: It is difficult to know at this juncture but we do estimate that the drought will mean a larger increase in food prices over the next year or so than had been anticipated.

Neither the full impact of the crop shortfall in the U.S. nor the final size of foreign harvests can yet be accurately determined. We are watching these developments closely and have underway a program of close consultations with other countries.

10 Question: What are the specific cuts that will be made in order to reduce this year's budget below \$300 billion?

Answer: I have asked the Director of the Office of Management and Budget, Roy Ash, to work with the Congress in finding ways to cut the budget. He has begun those discussions. There will be no list of specific budget cuts until agreement is reached with Members of Congress.

11 Question: The new Budget and Impoundment Control Act requires the President to send to the Congress his recommendations for deferring or rescinding funds. Do you plan to send any recommendations soon?

Answer: A number of recommendations will be sent to the Congress in the next few weeks. As you know, we plan to work with Congress in finding ways to reduce the current budget. But even before those ways are found, it will be necessary to continue to hold funds that are presently impounded. In the next few weeks, I will be sending to the Congress messages which will seek their agreement under terms of the new Act to continue to withhold funds.

12 Question: This week's National Journal says that budget ceilings have been given to the agencies which add to a figure of \$328 billion. It also says that your Office of Management and Budget cut agency spending figures by about \$11 billion to reach that figure. Is this true?

Answer: As I stated in my message of August 12, I intend to submit a balanced budget for 1976. It is true that the Office of Management and Budget has sent letters to each Federal agency asking them to develop their budget plans so as to come in with a balanced budget. This means that agencies will have to find ways to cut spending that would otherwise occur in the amount of at least \$10 to \$15 billion.

RUSH

13 Q. - Will future offerings of Treasury securities provide for \$1,000 minimum purchases or possess other features designed to permit the small investor to participate?

A. - The Treasury traditionally issues notes and bonds in \$1,000 minimum denominations and Treasury bills in \$10,000 minimum denominations. I would note that the Treasury has a note maturing on September 30 and a bond and note maturing on November 15. It is likely to expect that these securities will be refunded in the traditional manner.

14 QUESTION - Will you advance the date on which Americans can own gold? Will the Government sell its own gold stocks to Americans?

ANSWER - I recently signed a bill which provides that Americans may freely own gold after December 31, 1974. While the legislation permits the President to advance the date, I have no present plans to do so.

We have the option at any time of selling gold from Treasury stores. Obviously such sales would reduce or eliminate the need to import more gold if demand increased when the prohibition on ownership was ended. We are considering whether to exercise the option to sell but have made no decision.

8/23/74

RUSH

15 Question: What role do you foresee for the Council of Economic Advisers when Alan Greenspan becomes Chairman?

Answer: I foresee a significant role -- just as has been the case under Mr. Stein; who is leaving the Council after 5 years of dedicated but difficult service.

Housing and Community DevelopmentQuestion:

Why does the Administration have housing programs for homebuyers with higher incomes but little for the less well-to-do?

Answer:

Reducing the rate of inflation in rents and home prices is the best housing program that all Americans could have.

The Administration's housing credit programs are intended to cushion the housing industry decline and retain our home building capacity as well as to assist homebuyers. For our lower income people, we have a new leased public housing program and are funding it at 400,000 units in 1975.

Question:

The new Housing and Community Development Act you signed last week authorized a new program of community development block grants. How quickly can these grants be expected to have an impact in local community development activities?

Answer:

I understand from the Department of Housing and Urban Development that efforts to frame regulations and requirements are proceeding on schedule toward the expected starting date of January 1, 1975. HUD will be able to begin immediate consideration of applications at that time. As you know, the new block grant procedures are less complicated than those for the categorical programs to be replaced. Consequently, much activity may be expected under the new program during 1975.

Question:

Given the priority of fighting inflation, will the Administration request full funding for the new community development block grants?

Answer:

The Administration is prepared to request the full amount contained in the Budget, \$2.5 billion, of which \$320 million has already been appropriated.

Question:

The Housing bill which you signed into law on August 22 provides for the continuation of the public housing program and the Sections 235 and 236 subsidy programs. Does your administration intend to continue the suspension on new commitment under these programs?

Answer:

As you probably know, the bill authorizes a new leasing program as the primary means of providing housing assistance. The old programs were continued simply as a backstop to the new leasing program. Although we now can't foresee instances where the old programs would be needed, we intend to carry out the intent of the law and make these programs available where it can be demonstrated that the new leasing program won't work.

Question:

In a 1973 Housing Message, the previous Administration announced its intention to make a decision on a direct cash assistance approach to our low-income housing problems by early 1975. Do you intend to hold to this time table?

Answer:

The Department of Housing and Urban Development is continuing to test the direct cash assistance approach to housing in a set of experiments underway around the country. I understand that some of the early findings from these experiments are now being assembled. At the same time the Department of Health, Education, and Welfare is putting together some options for general welfare reform. These efforts must be considered together along with other existing income assistance programs, in reaching a final decision. Significant progress in these areas should allow for a decision on a direct cash assistance approach, but I am unable to pinpoint when this might be.

Question:

Shouldn't credit controls be used to assist housing?

Answer:

Besides all the problems with credit controls, diverting funds into housing would do more harm than good. The funds would have to come from more needed business investment that would otherwise increase our productivity and thus reduce inflation. In the longrun, the way to restrain inflation is by increasing capacity through business investment.

Question:

What are you doing to help the housing industry which is plagued by high interest rates and tight credit?

Answer:

The most important thing we can do to ease the housing situation is to reduce the rate of inflation, which will then result in lower interest rates and more mortgage money. We already have underway a \$16.9 billion program aimed at increasing the supply of mortgage funds, which will help cushion the decline in housing starts. In addition, the Housing Bill which I signed last week provides a shot in the arm for housing by allowing lower downpayments and larger mortgages. Housing will be one of the priority matters to be taken up at the economic summit next month.

OUTLOOK FOR FOOD SUPPLIES AND PRICES*Domestic
Council*Question:

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

OMB

AGRICULTURE

Question: In view of the drought and the tight feed grain situation, are you considering export controls to avoid runaway prices?

Answer: I do not believe that the present situation warrants export controls. It is generally regarded that such controls hurt U. S. consumers more than they help them. As you know, we are keeping close tabs on the feed situation and will keep the public advised.

OMB

Foreign Food Aid Program

- Q. The Midwest drought has resulted in disappointing crop forecasts and increasing prices of some of those commodities which are also sent to needy countries abroad under our P.L. 480 (Food for Peace) food aid program. Will we continue the program?
- A. The food aid program will continue. We are well aware of our humanitarian responsibilities abroad. Given our own uncertain agricultural commodity situation, however, the level of food aid shipments, particularly for those commodities in tightest supply and with rising prices, is currently under review. This review will balance our domestic price stabilization and fiscal policy goals against our foreign assistance objectives. While difficult choices will be necessary, I believe that the most pressing needs at home and abroad can be met, even though expectations that our food aid program can be substantially expanded this year probably are not realistic.

AUG 26 1974

COAL STRIKE

Question:

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

OMB

COAL STRIKE

Question: What preparation is the Government making to deal with a coal strike in the event that labor negotiations are unsuccessful?

Answer: We have been assured that bargaining between the UMW and the coal industry will begin by the end of this month. Both industry and union representatives have promised that bargaining will be serious and conducted in good faith. I am optimistic about the prospects for a new wage agreement before expiration of the present agreement.

Question: Are you giving serious consideration to the use of a Taft-Hartley injunction?

Answer: No, not at this time.

OMB

8-27-74

LABOR-MANPOWER

PUBLIC SERVICE JOBS

- Q. All the economic forecasts seem to agree that we are in for a period of sustained high unemployment. In view of this, and of the disproportionate share of the burden of inflation which falls on the poor, why haven't you accepted Arthur Burns' proposal for a large scale public service jobs program?
- A. The problem of unemployment and the potential for ameliorating it through public service jobs has been a major item on the agenda of my discussions on the economy. There are compelling arguments made both for and against it. At this point I can assure you I have not ruled out the possibility. It is one of several options now before me.

PRIVATE PENSION REFORM

- Q. When are you going to sign the private pension reform bill?
- A. I'm itching to sign it as soon as Congress actually send it to me.

GOVERNMENT EMPLOYMENT

- Q. President Nixon had announced a 2% cut in Government employment. How can agencies like the Department of Labor take on major new assignments, like the minimum wage amendments and the new pension reform bill, if it has to reduce rather than expand employment?
- A. I believe it is extremely important to keep the Federal payroll down, so more of our work force can produce private goods and services for people to buy. Of course, new and expanded programs require some Federal workers. But every Department can take steps to operate more efficiently and reduce employment as conditions change. The Department of Labor, for instance, is studying how the new manpower training law will

affect its need for Federal employees now that it will have under 1,000 contracts to handle, rather than the 10,000 under the old laws.

OCCUPATIONAL SAFETY AND HEALTH - SMALL BUSINESS

- Q. Do you favor amending the Occupational Safety and Health Act to stop the Department of Labor from inspecting businesses with twenty-five or fewer employees?
- A. First, let me say that my Administration will continue to support a strong program for the protection of the safety and health of the American workers. I recognize the difficulties of small employers in meeting the difficult and sometimes complex standards issued under that important law. The House amended the appropriation for OSHA to grant money to States to help small businesses comply with the law. It seems to me far better to help small business improve health and safety conditions than to say they don't have to make such improvements.

ECONOMIC IMPACT OF OCCUPATIONAL SAFETY AND HEALTH REGULATIONS

- Q. Recent statement by officials of the Department of Labor indicate that there are those within the Executive Branch who don't mind trading off dollars and the lives and safety of American workers by requiring DOL to study the economic impact of all its occupational safety and health standards before issuing them. Will you require DOL and other agencies to produce economic impact statements prior to assuring standards having potentially great economic impact?
- A. First of all, let me say that I believe that there are many ways of protecting the lives and health of the American worker without trading off lives for dollars. But I am still concerned with the possible adverse impact of government regulation, especially unnecessary regulations, on the performance of our economy. Our overriding concern with inflation and economic productivity tells us that we must minimize the adverse economic impact whenever we can. But I am less concerned with who performs economic impact studies than I am with the need to have the economic impact of a government regulation clearly understood. I am also aware that emergency situations will always occur when quick action is necessary and lengthy study prior to government action is contrary to the public interest.

B



Suggested Qs & As for Presidential Press Conference (continued)

Q Will Governor Rockefeller be active in the campaign?

A His first priority, of course, is confirmation -- which I very much hope will come before the October adjournment -- and he has to remain available for the proceedings in both houses. Consistent with that first order-of-business, I would expect that Governor Rockefeller would be able to fulfill some of the commitments he made to Republican incumbents before his nomination as Vice President.

Q What's your prediction? With the Watergate issue defused, do you foresee Republican gains in the Congress?

A I generally leave my predictions until after the votes are counted: it's safer that way. But let me just say that we have a fine stable of Republican candidates, I foresee a hard-fought campaign on issues of real substance and importance to the American people -- and I'm willing to leave the outcome to them.

1. Why were there hints of a rightwing plot to eliminate Nelson Rockefeller as your Vice Presidential choice when the questions raised were posed by a single individual, Hamilton Long of Philadelphia?

A. We had no way of knowing whether more than one individual was raising the questions...although it was only Mr. Long who had come forward. And we felt it was very important to ~~check~~ check out the allegations made by Mr. Long because they were serious charges.

2. What role do you see for Nelson Rockefeller as Vice President in your Administration?

A. I see an activist role for Mr. Rockefeller, assuming he is confirmed as Vice President. He has a tremendous background and vast experience. Such resources should be used for the good of the Nation.

3. Do you think Rockefeller should make full disclosure of his financial worth including making public his income tax returns for the past seven years, as you did?

A. Yes, I think he should make full disclosure. I think the American people are entitled to know what his holdings are, just as they were entitled to know all about my finances when I went through the Vice Presidential confirmation process.

C



15. A House Republican task force has recommended repeal of any executive orders allowing Federal agencies to use Social Security numbers as identifying numbers. Are you going to accept that recommendation?

A. There is no question that action must be taken to more adequately protect the privacy of American citizens. My Administration will work with the Congress to fashion truly effective legislation in this area. If executive action is indicated in the meantime, appropriate action will be taken.

16. What is going to happen to the Committee on Privacy which you headed? Will Nelson Rockefeller be the Chairman? What about the recommendations made by the Committee while you were still Chairman of it... since you have already, in effect, approved these recommendations?

A. I am continuing to chair the Committee on Privacy. And since I approved certain recommendations of that Committee while I was Vice President, that approval stands. The net result is that I will be acting to implement those committee recommendations ~~xxx~~ already approved by both the Committee and myself.

QUESTION - Have you changed your position on the revised Weicker Amendment to the White House Payroll Bill--to limit White House access to income tax information?

ANSWER - The bottom line answer is no, my position remains the same.

FURTHER INFO - Let me explain briefly why I feel this not the proper approach to take. For a number of months now, almost a year, the Internal Revenue Service has been developing a comprehensive legislative proposal which would tighten up access to income tax returns. Senator Weicker's intent is to accomplish this same purpose--we are in agreement on the need for this. The Administration's proposal is currently in the final stages of review by the Office of Management and Budget, where it is being carefully examined to determine the valid needs of the Executive for access to information. For example, here in Treasury our tax policy people must be able to compile statistical data and work up revenue estimates upon which sound tax policy can be developed and recommendations made to the tax writing committees of the Congress. Also, Presidential access to tax information may be necessary or helpful in a variety of situations. To name a few: evaluation of the financial affairs of prospective appointees as well as the financial integrity of existing office holders; review of economic analyses of major policy options, such as, tax policy; and, review of major enforcement developments (i.e., ITT-Hartford Insurance matter).

I am confident that our proposal which will be sent to the Congress very shortly will deal with this subject in a comprehensive fashion. I will make every effort to work with the Congress in reaching total accord and final approval.



Frederick L. Webber

X2037/Home: 768-1083/8-22-74

D



23. Congressman Vigorito has called Secretary Butz's farm policy "disastrous" and has called for his resignation. Are you planning to replace Secretary Butz?

A. I have asked all of my Cabinet members to stay on. They are all doing a good job. Secretary Butz has done an outstanding job.

24. The United Mine Workers are demanding the ouster of mine safety administrator Jim Day. Are you going to withdraw Day's nomination?

A.

12. Is it true that you favor a cutback in the Office of Management and Budget's policy making role?

A. That, as you know, is one of the recommendations of my ~~Team~~ Transition Team. I am not yet prepared to make my decision on that matter known.

(If President has made a decision, he could announce it...and this would be a news-maker.)

13. Does this mean you are going to replace Roy Ash?

A. I have asked all Cabinet members and Mr. Ash to stay on with me for an indefinite period. Mr. Ash is a valuable member of the Administration team.

14. Are you going to reduce the power of the chief of staff and instead operate with six top advisers of roughly equal status?

A. I am mulling over a number of recommendations made by my Transition Team. When I am ready to announce my decisions based on their recommendations, I will do so.

25. Is there going to be a midwestern White House in Michigan... say,
at Mackinac Island?

A. I have no plans for a midwestern White House.

E



22. Do you agree with Nelson Rockefeller that former President Nixon has "suffered enough"? VFW Commander Soden says amnesty for draft dodgers is tied to amnesty for Richard Nixon. Is that so?

A. My remarks ~~is~~ about conditional amnesty for those who evaded service in Vietnam were not tied to amnesty for anyone else. Whether the former President will be prosecuted is a matter for ~~Special~~ Special Prosecutor Leon Jaworski.

--or--

A. I agree that Richard Nixon has suffered enough--and I hope Special Prosecutor Leon Jaworski will take that into consideration in his decision-making on the subject.

29. St. Clair and Buzhardt have decided that the Nixon Administration tapes belong to former President Nixon. What is your view of the matter?

A. I am looking to my legal counsel, Mr. Philip Bucher, for a recommendation.

F



OMB

27 AUG 1974

Consumer Protection Agency

Consumer Protection Agency Legislation

Question: A consumer protection agency bill is being filibustered in the Senate and may fail to be enacted, in part due to your opposition. Why is the Administration opposed to a consumer agency?

Answer: I favor the enactment of responsible legislation creating a consumer advocacy agency. I have indicated that I would be prepared to accept any consumer agency bill that gives such an agency powers commensurate with its role and the responsibilities of existing Federal regulatory agencies to act in the public interest and to assure fairness to all citizens affected by their actions.

Baroody

ECONOMIC DEVELOPMENT ADMINISTRATION

Q: The Congress has recently passed legislation extending and expanding the activities of the Economic Development Administration. How will these new programs be financed in the light of the tight budgetary situation?

A: We are working closely with officials of the Department of Commerce to estimate the costs of these programs. Although no final decisions on funding have been made, provision was made in the FY 75 budget estimates for new economic adjustment programs.

SMALL BUSINESS ADMINISTRATION

Q: Given the high priority of your Administration to fight inflation, how can you reconcile your recent approval of the Small Business Amendments of 1974 Act (S. 3331) which requires increased federal spending in FY 75 from \$40 million to \$400 million?

A: The Small Business Amendments of 1974 Act provided for a change of Congressional authority to increase the SBA Direct Loan Program from \$40 million to \$400 million. As I indicated in the signing message, I will not approve of any inflationary appropriation under this Act. The Act also contained many provisions that were needed to provide assistance to the small businesses of this country.

CARGO PREFERENCE

Q: The oil cargo preference bill is pending in the Senate. In light of its strong inflationary impact, would you veto the bill if passed?

A: We do have serious concerns about its effect on oil imports, inflation and national security. Amendments have been introduced to accommodate some of these problems; additional amendments are likely. A decision on veto will be made when the final form of the bill is clear and our evaluation is complete.

Baroody

Q. Does the Administration support the Mass Transit Legislation that passed the House last week?

A. Support for mass transit is important, but we must emphasize the need for cost-consciousness and cost-effectiveness as we develop new transit solutions in our urban areas. I was encouraged to see the House pass a bill with lower funding levels than they had originally contemplated. Of course, I would still prefer to see the \$9.3 billion in our budgeted plan, rather than the \$11 billion which passed. However, I was very disappointed with the structure of the House bill which might serve to stimulate excessive and very expensive fixed rail construction in cities that should be seeking less costly, more effective transit solutions. This structure also provides an objectionable mechanism for allocating operating subsidies. I hope that the Senate will take action on a version which brings the funding into line with \$9.3 billion and provides funds directly by a formula without unnecessary Federal involvement. We are willing to work with the Congress to develop mutually acceptable legislation which could still be enacted during this session.

Q. Do you intend to restrict access to IRS records?

A. You are aware of my personal commitment to protecting individual privacy; restricting access to IRS data is an important step in this direction. As a first step we are drafting an Executive Order to restrict the number of White House staff personnel with access to tax records and to formalize the method of requesting such information.

My Administration will also be interested in working with the Congress to develop broader legislation limiting general access to IRS records. In the near future I expect to submit to the Congress an Administration draft bill restricting the authority for inspection of Federal tax returns and limiting disclosure of such information.

32. The AAA says the Department of Transportation favors a big increase in maximum truck weights on interstate highways. What is your view of such an increase?

A. Your question is too general for me to give you a specific answer. I would have to have a specific proposal in front of me before I could make any kind of decision.

4. The Senate has cut defense appropriations by \$5 billion. Do you think this is a dangerous cut or can you live with it?

A. I think this is too deep a cut. I would agree that the Defense Budget can be cut ~~some~~ somewhat, but it should be cut judiciously and I think some of these cuts are unwise. Consequently, I look for a better bill to come out of a House-Senate Conference.

21. Are you going to sign the bill passed by Congress to establish a \$350 million Federal program to combat juvenile delinquency?

A.

20. Are you going to veto a G.I. Bill with a 23 percent benefits boost in it?

A. That question is academic. I ~~to~~ don't think I am going to get a G.I. Bill with a 23 per cent benefits boost in it. At the same time, I want it ~~emphasize~~ emphatically know that I favor a benefits increase which will make it possible for veterans to keep pace with cost of living increases since the benefits were last changed. The tuition payment, the direct loan program and the entitlement extension ~~xxxxxxx~~ still are objectionable to me. They would add more than \$800 million to the 1975 budget.

17. Do you think there is any chance of getting a health care bill this year?

A. Yes, I am still optimistic about getting a health care bill enacted into law this year--and I certainly will do everything I can to bring that about. Secretary Weinberger and others in the Administration will continue to work with Chairman Mills and Senator Long to try to reach agreement on an acceptable plan.

HEALTH INSURANCE.

*Domestic
Council*

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

Domestic
Council

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

HEALTH INSURANCE

*Domestic
Council*

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

HealthNational Health Insurance

Question: Recent discussions in the Ways and Means Committee on a national health insurance proposal indicate major areas of disagreement on the basic elements of such a bill. In your first address to Congress, you identified national health insurance as one of your major priorities. The Republican membership of the Ways and Means Committee, however, is not supporting the Administration's proposal. Do you still believe a national health insurance bill will be enacted in the 93rd Congress?

Answer: Just last week, I spoke with Chairman Mills and reaffirmed my strong desire to have national health insurance enacted in this Congress. We have worked and we are continuing to work with both Republican and Democratic members of Congress to devise a responsible compromise bill and we will continue to press for enactment of legislation in this Congress.

Doctor Bonus Legislation

Question: President Nixon signed legislation authorizing payment of a bonus to military physicians in May. The regulations implementing this legislation require your approval, but have not been issued. When will the regulations be issued?

Answer: I have reviewed the options on implementing the bonus payment authority for military physicians. A decision will be made within the week and the regulations will be implemented to take effect on September 1, 1974.

18. You say yours is an open Administration and yet you have threatened to veto a bill that would strengthen the 1966 Freedom of Information Act. How do explain that?

A.

Congressional Relations
Consumer Protection

- Q. What is your position on the Consumer Protection legislation currently being debated in the Senate?
- A. I favor Consumer Protection along the lines of the substitute to the House bill offered by Congressman Brown of Ohio. Either the House bill or the Senate version, which goes much further than the Brown substitute, would be a strong candidate for a veto.

Congressional Relations
Trade Reform

- Q. Do you expect to receive a Trade Reform bill for signature by the end of this Congress?
- A. Progress is being made toward a reasonable compromise to restrictive language that would deny Most Favored Nation status and Export-Import credits to the Soviet Union. This important legislation is so close to enactment that it would be a tragedy if it were not passed by this Congress and I believe it will be.

Congressional Relations
Tax Reform

- Q. Do you support Chairman Mills' effort to have a meaningful Tax Reform package on your desk before Congress adjourns?
- A. Although Tax Reform is of high priority, other measures such as Trade Reform and Health Insurance which fall under the jurisdiction of the same Committees make final action most difficult to achieve.

Congressional Relations
Lame Duck Session

- Q. Can Congress pass the legislation and confirm the nominees that you have requested without a lame duck session after the November elections?
- A. Yes. There are several weeks remaining before October 11th, the target date that the Congressional leaders have set for adjournment. A lame duck session will not be necessary if everyone puts his shoulder to the wheel and makes the most of the remaining weeks.

Congressional Relations
Legislative Agenda

- Q. Do you plan to provide Congress with a list of legislative priorities for the remainder of this Congress?
- A. Yes. I intend to send to them a special message in this regard when they return after the Labor Day recess.

Congressional Relations
Cargo Preference

- Q. What is your position on Cargo Preference?
- A. Although the previous Administration opposed this bill, I have asked for a re-examination of the issues involved in the hope of finding a meaningful compromise on the legislation.

Congressional Relations
Campaign Reform

- Q. What is your position on Campaign Reform legislation currently in Conference?
- A. The conferees are currently considering two objectionable versions of Campaign Reform legislation. I am adamantly opposed to forcing taxpayers to foot the bill for politicians to get elected.