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3-5-75

- Q. By requesting additional public service employment funds is the Administration reversing its previous policy on the importance of this program to fighting unemployment? Will the Administration be requesting higher amounts as the unemployment rate climbs?
- A. The \$1.5 billion we are requesting is to continue the level of public jobs financing that the funds in the budget for this year will reach at peak effort. We estimate that level to be about 310,000 jobs by April. This new \$1.5 billion, when added to amounts already in the 1976 budget, will permit the 310,000 level to be continued through the end of fiscal year 1976. The availability of these funds will forestall any abrupt layoffs of subsidized workers that might have otherwise occurred this July. This request is in line with our previous position that we would monitor closely the public jobs programs to assess their effect before proposing further action.

However, it is still clear that the basic thrust of our efforts must be to revitalize the basic economy. Jobs in the normal work force must be our goal. Greater temporary financing of large numbers of jobs in State and local governments is not the answer. It is costly, inequitable to the vast majority of the unemployed, and, as experience with these programs has shown, it does not have a substantial impact on unemployment rates.

At this time therefore, we do not foresee any additional requests for public service jobs funds.



3-5-75

Q. Many workers will exhaust unemployment insurance benefits and have to go to welfare in the next few months, what action does the Administration intend to take to alleviate this problem? What action will you take to provide unemployment benefits for the 80,000 New York workers who will exhaust their entitlements? (New York Times 3/4/75)

A. Currently there are over 5.5 million workers receiving unemployment compensation and about 450,000 of these workers are receiving benefits under new provisions of law along the lines of my proposal of last October (the National Employment Assistance Act). We are monitoring carefully the status of unemployment benefit payments and exhaustions.

In looking at this problem several points must be kept in mind:

- Even in periods of high unemployment there are claimants who exhaust unemployment compensation.
- The recent addition of 26 weeks of benefits to the regular entitlement has just become effective by the activation of the national trigger on February 23, which provides up to 13 additional weeks of benefits in all States and the Federal/State agreements under two new pieces of legislation which provides and additional 13 weeks of benefits for covered workers. Workers covered under State laws now have benefit eligibility for up to 52 weeks - double the period under more normal economic conditions.

Q. What is the current exhaustion rate for unemployment benefits?

A. We are in the process of trying to determine this. As you know there have been substantial numbers of claimants filing for benefits and the first priority of the State agencies is to pay these workers' claims. As of now, reporting has not been sufficiently timely or detailed to provide a basis for analysis of the problem. An added element is the effect of the new legislation. Benefits have not been extended on such a wholesale basis as they are under the new laws and the program needs to operate for a longer period to give us insight into the possible problems.

3/5/75

Q. Senator Javits and the League of Cities/Conference of Mayors have stated that there is a need for a summer youth program of \$650 million for 1.1 million youth. Why is the Administration proposal so much lower?

A. The amounts already distributed to States and localities under the Comprehensive Employment and Training Act for this year provide the full equivalent of last year's summer funding. This includes \$380 million that was earmarked specifically for summer youth jobs. At last year's costs, the \$380 million provided 760,000 jobs. Since these amounts are already allocated, we expect the States and localities to put in as much as they can to meet this summer's needs. In light of the much greater unemployment problem for youth, however, we are requesting a special supplemental of \$412.7 million to augment local efforts. At this year's cost estimates, this will finance an additional 760,000 jobs.

My actions will bring the total program for this summer to over \$700 million, providing jobs for as many as 1.4 million youth.

Benefit Eligibility - Maximum DurationBasic Unemployment Insurance

	<u>Permanent Law</u>		<u>Temporary Law</u>
	<u>Regular Benefits</u>	<u>Extended Benefits 1/</u>	<u>Supplemental Benefits</u>
Workers covered by State law, veterans, and Federal employees	26 weeks	13 weeks	13 weeks
Compensated Workers <u>2/</u>	5.0 million	.5 million	.3 million

Benefits for Uncovered Workers

	<u>Temporary Law</u>
	<u>Special Benefits</u>
State and local employees, domestic service workers, and farmworkers <u>3/</u>	26 weeks
Compensated Workers <u>2/</u>	.2 million

1/ Extended benefits became available in all States on February 23, 1975.

2/ As of February 15, 1975 - some data incomplete.

3/ Most are not covered by State law.

Fact Sheet

Necessity of the Prompt Appropriation of
\$5 billion for Unemployment Benefits

This appropriation would provide funds for:

- Extended Unemployment Compensation for covered workers - Half of the cost of these benefits is financed from the Federal Unemployment Tax Act revenues under P.L. 91-373. As the national extended benefit trigger has been activated since February 23, all States are paying these benefits and revenues are insufficient to fund the costs.
- Federal Supplemental benefits for covered workers is fully financed from FUTA revenues. These benefits are also available in all States.
- Loans to States with inadequate balances for the payment of regular State benefits and half of the extended benefits for covered workers authorized by Sections 1201 and 1203 of the Social Security Act.

Five States are presently borrowing from this fund and the present balance is about \$350 million. Should some of the larger States request loans the available funds could be exhausted before the end of the fiscal year. The States presently borrowing from the fund are Connecticut, Vermont, Rhode Island, New Jersey and Washington.

- Payments to workers previously not covered under State unemployment compensation law as authorized by the Emergency Jobs and Unemployment Assistance Act of 1974.

ENERGY - SENATOR JACKSON'S BILLS

Question

Senator Jackson is moving several bills through the Senate concerning standby rationing authority and oil price decontrol. What is your reaction to his bills?

Answer

I am pleased that the Senate Interior Committee has begun to consider portions of my Energy Independence Act which contain the comprehensive legislation necessary if we are to regain our energy independence.

I do think it is critical that the Senate Interior Committee and other concerned Congressional committees consider the energy proposals in a comprehensive fashion. This subject is far too complex to be considered piecemeal. Each specific piece of energy legislation must work well with the other parts of the energy plan; otherwise, we are likely to create more problems than we solve.

Of course, the Senate Interior Committee proposals will have to be reconciled with the Pastore-Wright outline and the Ullman plan before I can compare their approach to the comprehensive legislation I have proposed.

Concerning the specific legislation reported by the Senate Interior Committee, there are a number of serious problems. Perhaps the two most important are:

- 1) Their attempt to take away my power to remove price controls as a method of stimulating domestic production and encouraging conservation.
- 2) I proposed standby conservation and rationing authority for use only in the event of an emergency such as another embargo. Under the Committee bill, this forced government controls would be imposed even without such an emergency.

M. Duval
3/7/75

STRIP MINING BILL

Question:

Both the House and Senate Interior Committees have reported out strip mining bills which adopted only a few of the changes which you indicated are "critical" to overcome the objections that led to your pocket veto of the bill last December. Are you going to veto the new bill?

Answer:

The Senate Committee just reported the bill yesterday (Wednesday, March 5) and neither the full Senate nor House have considered the bill so it is too early to reach a final judgment. I understand that only one or two critical changes have been made in the bill but I expect additional changes to be considered on the House and Senate floor.

Background:

A preliminary review indicates that the House and Senate Interior Committees have corrected satisfactorily only 2 of the 8 changes in the strip mining bill that were identified as "critical" to overcome your objections. Both Committees rejected proposed changes in citizen suits provisions and refused to provide authority to define ambiguous terms (to reduce chances of production-delaying litigation).

M. Duval(G. R. S.)
3/6/75

NAVAL PETROLEUM RESERVES LEGISLATION

Question:

Congressman Melcher has indicated that the White House has sent an "unofficial" signal that you would be "delighted" to have the Congress pass his bill which transfers the Naval Petroleum Reserves to the Interior Department? Do you favor his bill?

Answer:

My legislative proposal (Energy Independence Act of 1975) calls for Congressional action to permit us to move forward with exploration, development and production of the Naval Petroleum Reserves. After careful consideration, I did not propose transferring the reserves from Navy to Interior because my objective for sound use of the reserves can be met without transferring the reserves from Navy to Interior. I continue to believe that my proposal is the best approach.

M. Duval(G. R. S.)
3/6/75

CONSERVATION AND IMPORT-REDUCTION GOALS

Q. It has been charged that the 1975 1 million barrel per day conservation goal pulled out of the air and a program structured to them because Secretary Kissinger thought it was right. Would you comment?

A. I chose the near term goals of 1 million barrels in 1975 and 2 in 1977 for two basic reasons:

1) There is no way to reach our 1985 goal of invulnerability unless we begin at this level of conservation now - in 1975.

2) We must insure ourselves against the massive disruption to our economy that would result from another embargo. My conservation goals will maintain our level of vulnerability at the 1973, pre-embargo, level. I balanced the cost of my conservation goals - a one-time 2% increase in inflation - against the risk of damage to our economy of an embargo without that level of conservation. In short, we need as much conservation as we can afford and we need it right now when the danger of disruption is the greatest.

Duval 3/6/75

Q: You have repeatedly stated in describing the impact of your Proclamation increasing oil import fees that steps were being taken to insure that no one section of the country, and particularly New England, would bear a disproportionate share of the burden imposed by these higher import fees. Since your decision to delay the planned increases to \$2.00 and \$3.00, however, some members of Congress have been saying that the promised relief for New England has not been forthcoming, and that since the Federal Energy Administration has eliminated product imports from its entitlements program New England is in fact unfairly affected by the first phase of your program, which you plan to continue in affect for the next sixty (60) days. Could you comment on these allegations.

A: I do not believe that there is any truth to this claim. FEA has assured me that the impact of the \$1.00 per barrel fee on crude oil is spread evenly across the country by its crude oil entitlements program. With regard to product imports, on which New England is very dependent, we have to date imposed no additional fee at all, in order to maintain an approximate parity with domestic products and compensate for the removal of

product imports from FEA's entitlements program. In view of the questions that have been raised, however, I have asked Frank Zarb to review this matter very carefully and to consult with members of New England's Congressional delegation regarding our analysis and further measures which can be taken in both the short- and long-terms to alleviate the very real problems of that region.

FEDERAL ENCLAVE

Question:

Mr. President, Why do you support the repeal of the National Capital Service Area legislation in the Home Rule Bill?

Answer:

I see no reason why the Federal Government should attempt to run a special Federal district within the District of Columbia. While the Congress felt at one time that a Federal Enclave was a necessary reservation of authority, upon closer inspection the Congress apparently sees that the Enclave presents administrative and jurisdictional headaches without increasing the authority of the Congress or the Executive Branch. The Federal Government and the District of Columbia continue to administer to the needs of the Enclave as well as to that of the overall District of Columbia.

Background:

Article I Section 8 of the U.S. Constitution grants legislative authority to the Congress for the District of Columbia. The Home Rule Act delegated, to the District Government, authority over matters which are essentially local in nature. The Enclave Provision, known as the "Green Amendment", attempts to preserve the Enclave from the District Government by making it a separate jurisdiction. This proved impractical for the following reasons:

1. The expense involved in separate jurisdictions was prohibitive.
2. The administrative difficulties were extensive.
3. The Enclave could be resented by the local citizens.
4. The District of Columbia is the Nation's Capital throughout its entire boundaries not just on the Mall.
5. The Federal interest throughout the District of Columbia is not "essentially local in nature and therefore does not require special legislation in that regard."

Supporting repeal legislation: Sterling Tucker, Chairman of the City Council; Mayor Washington; Mathias; Eagleton; Gude.

Question:

Many workers will exhaust unemployment insurance benefits and have to go on welfare in the next few months, what action does the Administration intend to take to alleviate this problem? What action will you take to insure that these benefits do not expire?

Answer:

Currently, there are over 5.5 million workers receiving unemployment compensation and about 450,000 of these workers are receiving benefits under new provisions of law along the lines of my proposal of last October (the National Employment Assistance Act). We are monitoring carefully the status of unemployment benefit payments and exhaustions. In looking at this problem several points must be kept in mind:

Even in periods of high employment there are claimants who exhaust unemployment compensation.

The recent addition of 26 weeks of benefits to the regular entitlement has just become effective by the activation of the national trigger on February 23, which provides up to 13 additional weeks of benefits in all states and the federal/state agreements under two new pieces of legislation which provides an additional 13 weeks of benefits for covered workers. Workers covered under state laws now have benefit eligibility for up to 52 weeks, double the period under more normal economic conditions.

I have indicated a concern about the possibility of unemployment workers exhausting their unemployment benefits and asked that a study of this problem be completed promptly for his review.

O. M. B.
3/5/75

Question:

What is the current exhaustion rate for unemployment benefits?

Answer:

We are in the process of trying to determine this. As you know there have been substantial numbers of claimants filing for benefits and the first priority of the state agencies is to pay these workers' claims. As of now, reporting has not been sufficiently timely or detailed to provide a basis for analysis of the problem. An added element is the effect of the new legislation. Benefits have not been extended on such a wholesale basis as they are under the new laws and the program needs to operate for a longer period to give us insight into the possible problems.

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3/6/75

TAX REBATE

Q. Speaker Albert has indicated that the proposed 12% rebate on 1974 taxes is unfair because 43% of the rebate would go to the wealthiest 17% of the population. If this is true, doesn't this give an unfair share of the tax reduction to high income taxpayers?

A. The numbers Speaker Albert was using do not correspond to our estimates, but the point he made is an important one and deserves clarification.

Under the proposal, every taxpayer would get back 12% of the taxes that he paid, except that high-bracket taxpayers would get less than 12% because of the \$1,000 maximum.

Under our very progressive tax system, most of our income taxes are paid by a relatively few individuals. Any tax refund that is even roughly proportional to what people have paid will give a substantial amount to those who have, in fact, paid the most.

Returns with more than \$20,000 of adjusted gross income account for only 12% of the total returns and only 35% of total incomes, but they pay 52% of all of the individual income taxes collected. Under the proposals, they would receive only 43% of the income.

Roughly 80% of the total rebate would go to taxpayers with adjusted gross incomes less than \$30,000; and roughly 90% to taxpayers with adjusted gross incomes less than \$40,000.

The share of the total tax burden paid by a relatively small proportion of higher income taxpayers will, in addition, increase further under the other component of the President's program of tax reduction. The permanent tax reductions that he has proposed will benefit mainly low- and middle-income taxpayers through an increase in the minimum standard deduction and reductions in tax rates in the low- and middle-income range of the tax schedule.

Q. What's your reaction to the millions of illegal aliens working in this country?

A. I am very concerned about this problem and that is why, in January, I established a new Domestic Council Committee on illegal aliens. This Committee is to develop, coordinate, and present to me programs for dealing with this national problem. The Attorney General is serving as Chairman of this Committee.

In addition, when I met with the President of Mexico, we decided to establish a Joint U.S./Mexican Commission to discuss this same area. We will have more information on this soon.

THE WHITE HOUSE

WASHINGTON

March 6, 1975

Ron:

The President, after his meeting with Ikard, et. al., talked with Zarb and Duval about the depletion allowance.

Duval and Zarb then together worked up this Q&A. Mike tells me it represents the President's view. You will notice that the second, direct, question is not answered as directly because there are too many variables to be discussed in a Press Conference. The second point in the first answer is the umbrella under which we should find shelter.

Mike asks that this Q&A be substituted for the one Treasury sent over last night. He and Zard promised the President they would get back to him with this.

warren
2:00 p.m.

A large, stylized handwritten signature in black ink, appearing to be the name 'Warren', written over the typed name and time.

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Answer

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I do think it is critical that the Senate Interior Committee and other concerned Congressional committees consider the energy proposals in a comprehensive fashion. This subject is far too complex to be considered piecemeal. Each specific piece of energy legislation must work well with the other parts of the energy plan; otherwise, we are likely to create more problems than we solve.

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M. Duval
3/7/75

March 6, 1975

Question: The Administration seems to be merely reacting to congressional proposals to stimulate economy. What is the difference between your proposals and congressional proposals to stop the recession?

Answer: First of all, the most important proposal to stimulate the economy was--and is-- the tax cut that I proposed in my budget. Secondly, the problem is not thinking up ways for spending money or of increasing the deficit, the problem is to choose among the large number of possibilities and thereby to develop a balanced program that will work and work quickly. This is what my Administration is doing. We have released additional funds for highways after careful analysis and discussions with our State governors. In this way we were able to determine the amount of funds that could be quickly and effectively used and that would therefore increase employment soon. We have also requested that the Congress provide \$1.9 billion for public service employment and for summer youth programs. This request reflected deliberations over the past two weeks by the Economic Policy Board and its recommendations to me.

There are many other suggestions in the Congress to increase spending or decrease taxes, all being put forth in the name of stimulating the economy. Some favor higher tax cuts for middle income tax payers, others want the government to buy new automobiles; still others want to provide additional funds to State and local governments.

The problem is that no one in the Congress seems to be coordinating these efforts and if all or even a substantial portion of these proposals come to pass, we will have a huge deficit and far more stimulus than is needed or than is prudent.

Lynn 3/6/75
OMB

CIA ASSASSINATION PLOTS

Question

Are the reports true that the CIA actively engaged in three assassination plots involving leaders of foreign countries?

Answer

I am not in a position to comment on the accuracy of the reports. However, I wish to point out that the reports involve allegations going back to the early 1960's and they have no relevance to the present practices and policies of the CIA. The important issue involves what my policy would be and I can assure you that I would never allow any intelligence agency under my Administration to engage or threaten to engage in activities of the sort which were alleged to have occurred in the early 1960's.

Question:

What is your position on the Green Amendment which repeals the oil depletion allowance. If it is retained as a part of the tax cut legislation, will you veto the tax bill?

Answer:

I oppose the Green Amendment for two fundamental reasons:

First, it was added as a rider to the tax cut bill which the American people need now. Our economy needs an immediate stimulant and I am opposed to any delay. Linking the controversial oil depletion amendment will delay passage of the tax cut. This is intolerable.

Second, as I made my energy decision, it became clear that the Nation needs a comprehensive program. It is impossible to consider bits and pieces of energy policy. Depletion must be considered along with my windfall profits tax proposal and other related matters. Therefore, I support the current efforts of the House Ways and Means Committee and the Senate Finance Committee to consider the entire energy tax issue as a whole and in relation to other aspects of my comprehensive energy plan.

Therefore, I urge the Congress to quickly pass the tax cut without any riders and consider the oil depletion question as a part of the energy legislation.

Follow-up Question:

I understand your position on the Green Amendment, but what is your general policy concerning the oil depletion allowance?

Answer:

As I have repeatedly stated, the following principles should be applied when deciding this issue;

- 1) The private sector -- big companies and the small independents -- must have sufficient financial incentives to fully develop America's energy resources.

- 2) At the same time, we must be certain that if profits exceed levels required to provide proper incentives, then some form of wind-fall profits tax should be applied.

Taken together, these principles will insure that we will achieve energy independence, but at the same time they prevent any sector enjoying excess profits because of our National energy policy.

Zarb/Duval
3/5/75

M. Duval(G. R. S.)
3/6/75

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PB 3/6/75

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Zarb/Duval
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