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March 16, 1976

EXCHANGE OF REMARKS
BETWEEN THE PRESIDENT
AND
RICHARD OGILVIE
CHAIRMAN OF THE
PRESIDENT FORD COMMITTEE
AT THE
PRESIDENT FORD COMMITTEE HEADQUARTERS
CHICAGO, ILLINOIS

THE RESIDENCE

10:21 P.M. EST

THE PRESIDENT: Dick, how are you?

MR. OGILVIE: How are you, Mr. President.

THE PRESIDENT: I feel great. How do you feel?

MR. OGILVIE: Well, we have good news for you tonight.

THE PRESIDENT: I have heard some of the reports, and it looks very good to me, and I am not going to talk about a percentage, but --

MR. OGILVIE: Let me mention one. The last projection we saw was 62 to 35 in your favor. The reports we have are very, very encouraging about the election of four delegates from Illinois.

THE PRESIDENT: Dick, that is great news, and although I am very encouraged, and all of us should be, I think this is a great tribute to you and all of the people in the Congressional delegation, the paid workers, and most emphatically the volunteer workers. I want to thank each and every one of them for the great job they have done all over the great State of Illinois. Will you tell them I really appreciate it?



MR. OGILVIE: They are listening to you right now, Mr. President.

THE PRESIDENT: They have done a super job, Dick. I know how hard they worked, working with Art Falls and John Holt and Skip Watts and you and, well, everybody. We put together a great combination of leadership, paid workers, but most importantly those people who dedicated their time on a volunteer basis for the cause that they believe in, and we won't let them down.

MR. OGILVIE: I am sure you won't. Let me say you are being much too modest because, as I told you when I left you last Saturday, you are an easy product to sell, and we couldn't have done it without your campaign here, twice in the last week or so, and let me say the people in this country have confidence in you and Illinois is just another step along the way to success.

I am predicting the whole Midwest is going to do as well, or better, than Illinois has done for you tonight.

THE PRESIDENT: They can't do any better in Illinois. That is great. I want to thank all of you for doing a super job. But, as I said, Dick, this is a stepping stone to North Carolina a week hence, and then Wisconsin and then on to Kansas City, and Kansas City is a springboard to success on November 2, and we are going to make it.

MR. OGILVIE: Thank you, and our best wishes to you and Mrs. Ford and all the family.

Let's give the President one real loud round of appreciation and applause and then we will let him get back to other things. Okay, everybody, let's hear it for him.

THE PRESIDENT: Dick, thank you, and through you thank everybody. I love you. Betty said to give everybody her best, and this is Jack's birthday. That is a great birthday present for Jack, who went down there and helped. We just, as the Ford family, thank all of you.

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MR. OGILVIE: We are going to sing Happy Birthday to Jack after we hang up.

THE PRESIDENT: Okay, thank you.

MR. OGILVIE: Thank you. Good night.

END (AT 10:25 P.M. EST)

April 1, 1976

REMARKS OF THE PRESIDENT
AT THE RECEPTION
FOR THE
ADVERTISING COUNCIL

THE STATE FLOOR

5:38 P.M. EST

Tom Adams and Bob Keim and guests of the
Advertising Council:

I am happy to see so many of you here today on
the first day of April, a day that is sometimes associated with
practical jokes. I think I may have celebrated it last week
in North Carolina. (Laughter)

But in all sincerity, let me wish you all a very
warm welcome, and after a few brief remarks I look forward to
meeting all of you at the other end of the White House in the
State Dining Room.

I hope and I understand from Tom and Bob that
you have had a very productive and enjoyable time during your
32 days here -- but you say 33, Tom and Bob?

You are right, I am wrong. (Laughter)

We have to be a little cautious, you know.
We get picked up on some of these things from time to time.

But let me take this opportunity to again express
my deep gratitude and ever-growing appreciation for what the
Advertising Council has done over the years in service to
this country and to many, many Administrations.



I think America is a better place because of your creative and unselfish efforts, and I say this very sincerely, and the effects of your work and your sense of public spirit and good will. It has all had a very profound and very measurable impact.

Last year, fortunately, was a record year for U.S. savings bonds and thanks in large measure to the efforts of the Advertising Council and the media, people are buying stock in America and for good reason, and they are doing it in record numbers.

According to the Treasury Department, more than \$7 billion worth of Series E and Series H bonds were sold last year and the sales of Series E bonds in 1975 were the best since 1945, the last year of World War II when we had that old spirit to win that engagement.

Your campaign urging people to observe the 55 mile per hour speed limit has helped significantly in saving lives, thousands of people actually, as well as saving millions and millions of gallons of gasoline.

It is my strong conviction that the impact of your work is enormous and it is always done in the best sense of public service. And I am particularly appreciative of the media in this country that we all love so dearly who have cooperated so well, so generously contributing more than a half-billion bucks, I understand, in public service, advertising annually. It represents the best of the native American spirit, its creative genius -- the American spirit of free enterprise. It reflects America's great generosity and the ability of Americans to help their Government and in so doing helping themselves.

I think you can understand my feeling -- the Advertising Council does this, does it well and does it generously and does it often, so I thank all of you who have participated.

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One campaign proposed to the Advertising Council better than a year ago by Ambassador Fred Dent is very deserving of your best efforts. This campaign, coordinated through the Department of Commerce and strongly supported by Secretary Richardson, will be educational in nature and enhances the public understanding of America's economic system. It is built around a very simple, very readable, 20-page booklet which will be augmented by public service advertising.



I congratulate you on the completion of this project and look forward to its kick-off on April 21.

The Advertising Council can help get to the vitally important area.

A very minor outbreak of a very dangerous strain of influenza was reported recently in New Jersey. As you may know, I asked the Congress for \$135 million for the production of enough vaccine to inoculate every man, woman and child in America, and the earlier the better.

I have directed the Secretary of HEW, David Mathews, to have this vaccine ready and available for all Americans during the three-month period from September to November of this year and I have asked every American to get an inoculation this fall.

Let me now recommend that the Advertising Council urgently consider educating Americans about this disease and the absolute necessity of inoculation.

Let me give you a little history. In the 1918, 1919 epidemic -- and not many here can remember it, but if any can they can certainly recall the horrors of it -- 548,000 Americans died of swine flu and its emergence again is a terrifying prospect to consider if we don't act immediately to protect every American. So in the same spirit which you have performed in the past on so many vital projects, I urge you to act now for the future protection of all Americans.

Such campaigns are not new to you for it was your work in the 1950s which educated Americans to the miracle of the Salk vaccine thereby saving untold thousands of Americans from the crippling agonies of polio. I know that the same spirit of cooperation, the same spirit of generous public service will enhance this effort just as it has those in the past. Those efforts were the ultimate beneficiaries -- our fellow Americans.

I know that at first there was some apprehension as to whether this was needed or necessary, but let me tell you before I made the decision we had in 15 or 20 of the top people knowledgeable in this field and after listening to Dr. Salk, Dr. Sabin and others, I asked the question, which convinced me beyond any doubt whatsoever.

I said, "Is there anyone in this room who disagrees with the decision to proceed on this program or this project?" And everybody agreed that it had to be done.

It is like an insurance policy that you buy. If you buy the insurance and you don't have any loss, well, you feel you are lucky. But, in this case, if we don't buy the insurance, if we fail to take the necessary precautions and we should have this epidemic, I can assure you that it would be a matter of utmost seriousness in this country.

With 548,000 lives lost in 1918-1919, with a population then of roughly 100 million -- now we have 215 million -- now you can't extrapolate and just double it because we have certain drugs today that can be helpful.

But, as you listen to a description of how this swine flu attacks people in the immediate seriousness of the illness, I just don't think that we can take the gamble and, therefore, I am confident that the Congress will respond, that the pharmaceutical industry will respond, and our problem is really to convince 215 million Americans that they ought to get a shot in the arm. There will be a lot of sore arms but there will be a lot more people living. And so I hope you can and will undertake this effort.

I am deeply grateful and most appreciative for all your help and cooperation in the past, and next year I am sure the debt will be larger because of the tasks that I hope we can undertake together.

Obviously, I want you to enjoy yourself in the State Dining Room, to please join me for some refreshments. I look forward to meeting each and every one of you.

Thank you very much.

END (AT 5:18 P.M. EST)

May 19, 1976

REMARKS OF THE PRESIDENT
TO THE
WHITE HOUSE STAFF
STATE DINING ROOM

9:35 A.M. EDT

I see a few more smiles this morning. (Laughter)
And for good reason.

Rog--I noticed him on television last night. He had a sun suit on. (Laughter) His hair was combed. (Laughter) He looked great. And we felt wonderful. Betty and I really enjoyed last night.

But I wanted all of you to come over and give me the opportunity of thanking everybody for going through a very difficult situation, keeping your cool, doing a first class job, maximizing the effort, and I know, to some extent, how much everybody did. And it was the accumulation of this total effort by just hundreds and hundreds of people -- the effort by all of you was very, very significant.

I know the impact on Michigan. Well, the State hasn't had that kind of a real personal interest as long as I have been in politics. And the net result was all of the right-thinking people out in Michigan (Laughter) got very, very energetic and active.

Let me just give you a figure. The City of Zeeland is a wonderful, wonderful small community of about 4,000 to 5,000 people. We got, as I recall, 1,293 votes to 88. (Laughter) So, 94 percent of the votes that were cast, and that is a big vote in a community of that size.

But the impact of what all of you did, and literally hundreds of others, brought about the change of the momentum. And Maryland, of course, was tremendous. And I want to thank everybody who helped in that regard.

So, the combination of the two Ms (Laughter) really gets us off on the right foot for the job that has to be done between now and June 8.

I had the feeling after the first five primaries -- many of us, including myself, assumed that it was going to be easy sailing from then on. Obviously, it wasn't. But now that we have generated the kind of enthusiasm, gotten the organization in good fighting trim, we will have a totally different public perception.

It will have an impact on the primaries, of which we have nine between now and June 8. It will have a tremendous impact on these convention States where, you know, delegates are a little more flexible, and those convention States can really make the difference.

We are going to be working. I am leaving Saturday for four days to Oregon and to California. Others will be out on the road doing everything and all that they can.

But, if I could just not only thank you -- which I do from the bottom of my heart, and Betty asked me to say the same -- but everything we did in Michigan and Maryland, we ought to duplicate what we can do in the other places, both convention as well as primary States. If we do, there is no doubt in my mind whatsoever that we can be successful on the first ballot out in Kansas City.

I am sure that you have as many friends in those nine primary States (Laughter) as you had in Michigan and Maryland. I know that you have as many friends in the other convention States as you have had in some of the others.

Let me cite an example of the impact of extra effort. We were supposed to get clobbered over here in the 8th District of Virginia, and Stan Paris and Wiley Mitchell got together and got their friends and instead of being wiped out on three delegates, we ended up with two out of three.

We can do that in every State in every Congressional District in those convention States yet remaining. It is just that extra effort, and all of you have done it. We are grateful.

We have got three weeks to go before the dye is cast as to that first ballot, so time is of the essence, the stakes are very high, the opportunity for victory is tremendous, and this group right here can be the real core of success between now and June 8.

Page 3

So, I thank you again. I deeply appreciate your loyalty, the team work, the extra effort, but three more weeks of this and it will be a totally different ball game in Kansas City.

So, thanks again. We are very grateful and we will smile the next three weeks. (Laughter)

END (AT 9:40 A.M. EDT)

June 8, 1976

16
TELEPHONE CONVERSATION
BETWEEN THE PRESIDENT
AND
KEITH McNAMARA
OHIO PRESIDENT FORD COMMITTEE

10:26 P.M. EDT

THE PRESIDENT: From what I hear we have got some good news in Ohio.

MR. McNAMARA: I think we are going to have very good news for you before the night is over.

THE PRESIDENT: I certainly want to thank you and Kent and Governor Rhodes and everybody else, Bob Taft, the Congressional delegation, all the county and Congressional chairmen and volunteers and everybody. It couldn't have been done without you and everybody else who did such a great job, and Jerry and Betty Ford are very, very grateful.

MR. McNAMARA: Mr. President, I believe it is a great tribute to you from the Republicans of Ohio. Their faith and confidence in you personally and in your programs and policies I think is being demonstrated tonight.

THE PRESIDENT: It is a team effort. Let's put it that way, Keith.

MR. McNAMARA: We have got literally thousands of people who have worked as volunteers here in Ohio simply because they do believe in you.

THE PRESIDENT: As I said many times yesterday and even prior to that, I knew the team of Ohio wouldn't let me down and you can count on the fact that Jerry Ford won't let them down.



MR. McNAMARA: I think you can hear the background noise.

THE PRESIDENT: Keith, that sounds great. I just wish Betty and I were there to celebrate with you because we had a wonderful time -- everywhere Betty went, everywhere I went, everybody was so, you know, hospitable and friendly and generous and dedicated. There is no way we can repay you except to do the best job we can, and that is good enough to win in Kansas City and win in November.

MR. McNAMARA: Mr. President, you can be certain of very strong support from all of us here at the President Ford Committee in Ohio. We are ready to go to work toward November right now.

THE PRESIDENT: That is good news to my ears, because we have got a long, hard way to go, but we have got the right programs, we have got the right people and we will stick together and build a Republican Party from the courthouse to the White House, and we will have four good years.

MR. McNAMARA: Best wishes and God bless you, Mr. President.

THE PRESIDENT: Thank you, Keith. Again, I personally thank you very, very much.

MR. McNAMARA: Good night, sir.

THE PRESIDENT: Good night.

END

(AT 10:29 P.M. EDT)

July 14, 1976

REMARKS OF THE PRESIDENT
AT THE
PRESIDENTIAL SPOKESMAN MEETING

THE EAST ROOM

5:12 P.M. EDT

Members of the Cabinet and Presidential Spokesmen:

Thank you for the very, very warm welcome, and it has been a happy birthday. My wife surprised me by dropping by the office and inviting me to go to lunch, said she would pick up the check. (Laughter) I am going to wait and see until I get those bills from Sans Souci. I bought the cheapest thing on the menu because I am suspicious. (Laughter)

But, anyhow, it is great to have an opportunity to say a few words to all of you. I was looking over the records, and since this Administration took office in August of 1974, we have held five such meetings where I had the opportunity to say a few words to the people in the Executive Branch of the Government.

The first was held in August of 1974, for obvious reasons. The next was in January of 1975, where we talked about the budget that had been submitted and the State of the Union proposals. In April of 1975 Secretary Kissinger and I met with all of you and talked primarily about foreign policy. In January of 1976 we reviewed again in a meeting such as this the State of the Union proposals and what we had to do in 1976, and here in July of this year is the fifth.

In each instance we have taken a hard look at the problems that we faced. In each case, as I have looked at the agenda, we have analyzed what we had to do and what our proposals were for the solution of the problems that were on our doorstep.

It was my judgment that in each case we were honest with ourselves as to what we faced, and we submitted to the Congress and to the American people for the right constructive proposals to meet the problems that we had the responsibility to do something about.



When we look at what has happened in the last 23 months, it is my honest objective judgment that we have done a good job, and I thank all of you for being a good part of the team.

The Oval Office does not do all the work. As a matter of fact, I look around here and I know that many of you have worked hour after hour after hour, day after day, and done it tirelessly, unselfishly and with a right motivation and with the good results that we can all be proud of.

Our problem is not that we have not done a good job. Our problem is we have not sold the results as well as I think we should, and I will take full responsibility for some of that failure.

You go down that shopping list of what has been done. If you take the economy, when we took over, we were not only suffering the worst kind of inflation, but we were on the brink of a very serious economic recession. The results speak for themselves. Employment is going up, the trend in unemployment is going down, inflation is succumbing to the kind of policies that were right and there is a great feeling of security and consumer confidence throughout the country. I think we can claim an awful lot of credit for.

If you take the other problems that we face -- foreign policy -- I know that Dr. Kissinger spoke to you, as Alan Greenspan did on the economy and Jim Lynn on the budget and Don Rumsfeld on Defense. But, if you look at foreign policy, again I think we have done a superb job. Some of our friends on the other side of the aisle keep saying we should consult more with our allies.

I don't think there has been an Administration in 23 months that has had as many top-level consultations with our allies as this Administration has, and I know of no instance where we have left those conferences where we have not had success. There has not been one failure in all of those consultations, whether they were consultations with our allies in Western Europe, our friends in the Pacific.

Our relations, personally and country-to-country, are the best and I believe, for good reasons, our adversaries have respect for our power and our diplomatic skill and our willingness, on the other hand, to discuss rather than to confront.

If we look at the budget you, who have had any experience with it, know that for the last ten years the budget has been growing at the rate of about 11 percent per year. We made an honest effort to cut it by 50 percent. We submitted a budget that is a good budget that meets all of our domestic, as well as our international responsibilities, and yet, somehow we don't seem to get the credit for trying to put the proper restraint on the expenditures of the Federal Government.

Our tax policies, in my judgment, have been sound. They have been in the best interests of the United States over the long pull. We had our problems, as all of you know, with the Congress. They have hindered us in tax policy and budget matters.

The American people don't seem to understand that the Congress is at the root of most of the problems that this country faces.

Oh, I know and I read, as you do, that we have got an anti-Washington feeling in this country. I think that is understandable. The only trouble is they speak of it with a shotgun approach instead of a rifle approach. The barbs and the criticism against Washington ought to be aimed at Capitol Hill.

I think this Congress is vulnerable -- whether it is on fiscal affairs, on foreign policy, on problems involving integrity and morality. That Congress ought to be a good target and we ought to change it, and if we talk affirmatively about the things we have done and point out specifically what they have failed to do, I think the American people will respond to it and we can come back in January with a whole new opportunity to move ahead affirmatively.

Most of you, I am sure, have observed that in the last ten days, starting a day or two before the 4th of July and running over the Bicentennial Birthday, there has been a new spirit generated in this country. The news media write about it and talk about it, the correspondence we are getting reflects it. I am sure, as you travel around the country, you get it from people all over the Whole United States.

This new spirit we have got to keep moving. It is a spirit of unity; it is a rebirth of the old American patriotism; it is a reaffirmation of what we were so proud of for so many years that we sort of lost in the '60s and the early days of the '70s in some respects, but that new spirit is typified by this attitude of this Administration and the things we are trying to do.

We can claim some credit for it. We ought to be a part of it and if we look at what we have recommended and what we have accomplished, if we look at how it is in the long-range best interests of the United States, this Administration can go to the American people in October and November and say, "We are part of it." We aren't offering you the same old political programs that have been traditional for the last three decades. We have got some new ideas, we have got a new spirit, we have got a new approach, and that's what the American people want.

We aren't going to try and pull any Houdini operation on them. They don't want that. They want what we are offering, but it is our responsibility -- mine and I hope all of yours -- to give them, our fellow citizens, not only good programs but a good selling job -- yes, primarily exclusively really for the benefit of the United States and 215 million of our fellow citizens. We can do it. All of us have to work at it. I know we can. I know we will and November 3rd will be a great day leading up to January of 1977.

Thank you very much.

END

(AT 5:23 P.M.)

1 10:05 A.M. EST
2 FRIDAY, JULY 16, 1976

3
4 BUDGET BRIEFING

5 OF

6 PRESIDENT GERALD FORD
7 VICE PRESIDENT NELSON ROCKEFELLER
8 JAMES T. LYNN
9 DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET
10 AND
11 MEMBERS OF THE CABINET
12 AND GOVERNMENT AGENCIES

13 JULY 16, 1976

14 ROOM 450
15 EXECUTIVE OFFICE BUILDING
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omas/ss

P R O C E E D I N G S

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3 MR. LYNN: I think you all have the Mid-Session
4 Review now. If you don't, we will be happy to hand it out.

5 As you know, this is an update of the fiscal
6 situation required by law. In order to prepare that update
7 we have to update our economic forecasts that we used in
8 January to prepare the President's budget. The updated
9 forecast indicates a stronger economy with lower unemployment
10 and lower inflation than we projected in January. I know
11 Mr. Greenspan and Mr. Seidman will be happy to join me in
12 answering questions on that point.

13 On the fiscal side, on the budget side, the situ-
14 ation is akin to the villager sitting at the foot of the
15 volcanic mountain. Eruption hasn't occurred yet but it is
16 about to at any moment. When you look at these figures,
17 they still do not reflect in large measure actions antici-
18 pated unless Congress should change its spots in the next
19 couple of weeks.

20 As I figure it, where we stand now is, unless
21 Congress changes its mind promptly, they will, by action or
22 inaction, in the next few weeks, be adding about another
23 \$13 billion to fiscal year 1977 spending. That is more
24 or less what they had in their projections for the first
25 concurrent budget resolution this year.

Although we have not finalized numbers in this

1 regard and we are still working on this, the total effect of
2 Congressional action and inaction on the President's budget,
3 if you take into account the effect that 1977 outlays have
4 on adding to the base for additions in years thereafter,
5 will be this: an addition of some \$18 billion over the
6 President's budget for 1977, somewhere around \$27 billion
7 or more to 1978, and at least another 27-- probably \$30 billion
8 to \$35 billion -- add-on in FY 1979.

9 In other words, if you were to give the American
10 people anywhere near the kind of tax cuts that the President
11 has proposed at any time during the period from now through fiscal
12 year 1979, you would, if Congress continues the way it is
13 going, end up with deficits somewhere around \$20 billion to
14 \$30 billion in fiscal year 1979, the year that the President
15 has chosen for us to get back to a balanced budget. That
16 doesn't allow for any major new initiatives that Congress
17 might be adding on in the period ahead.

18 A word about FY 1976: it is closed. As the over-
19 view says, it is history. The deficit is substantially lower
20 than we predicted in January, over \$6 billion lower, but I
21 urge you all to take a look at the combined figures for FY
22 1976 and one transition quarter -- and that is in the first
23 summary table. You will find that the differences for those
24 two periods together, FY 1976 and the transition quarter, is
25 about \$2.5 billion. In other words, we are only \$2.5
billion under the estimate we made in January

1 for both periods.

2 With that little bit of background, we will be
3 happy to answer your questions. You may direct them to any-
4 one here. I think you know the people we have -- Alan
5 Greenspan, Chairman of the Council of Economic Advisers.
6 We have next to him Mr. Dale McOmber, who is my chief
7 assistant for preparation of the budget; Bill Seidman, the
8 President's Assistant for Economic Affairs; Mr. George
9 Dixon, Deputy Secretary of the Treasury. Bill Simon is not
10 in town today.

11 Where is my good friend Paul O'Neill?

12 We will take your questions.

13 QUESTION: Mr. Lynn, these FY 1976 estimates,
14 are these the final sort of estimates, or do we get another
15 set the end of this month?

16 MR. LYNN: These are the last estimates. We
17 would have final figures, which are not estimates, in the
18 next week, possibly two weeks, but, hopefully, a week
19 or so. In other words, the final numbers. The year
20 will have been over then about 20 some days and we will have
21 gathered all the numbers from all the agencies and depart-
22 ments and we will then have final figures. We do not
23 as yet have all the final figures, and that is why we are
24 still in an estimating mode today.

25 QUESTION: On page 6 of the last draft, what is

1 logic of excluding the effects of five appropriation bills
2 from your expenditures?

3 MR. LYNN: The only reason we did was a matter of
4 timing. These bills were signed within the last three days,
5 I guess it is, or four days, and we had to prepare the budget
6 update with all the documents and all the tables and there wasn't
7 any way of our getting them in.

8 You will notice we have given you the effect of
9 those proposals so that you can add them in if you care to
10 do so.

11 QUESTION: You are not implying vetoes?

12 MR. LYNN: No. In fact, a number of these bills
13 have already been signed, but the President has also said
14 that he will look carefully at proper opportunities for
15 rescissions and deferrals.

16 QUESTION: Could you outline the major elements
17 that went into the improved projections?

18 MR. LYNN: I think I should call on Mr. Greenspan
19 to answer that question.

20 MR. GREENSPAN: What was the question?

21 MR. LYNN: The question is: "Can we outline the
22 major factors that went into the improved forecast?"

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THOMAS/jlr

1 MR. GREENSPAN: The major factor was our experience
2 of the past six months, which turned out to be somewhat better
3 than we had projected in the estimates which were made some-
4 time in mid-December.

5 Clearly, the growth rate of the economy has exceeded
6 our earlier projections. The unemployment rate is a good deal
7 lower than we had anticipated at the time, and so is the
8 inflation rate by a rather significant amount.

9 So what you are observing, in a way, are the attempts
10 to embody in the annual data additional information which has
11 occurred and come to us during the past six months.

12 QUESTION: What I am actually asking is why unem-
13 ployment is lower, why inflation is higher?

14 MR. GREENSPAN: I think you have to start by asking
15 why is real GNP higher? Because a substantial part of the
16 lower-than-expected unemployment rate reflects a higher-than-
17 expected growth in the economy.

18 The best way to describe that is to say that in part,
19 the improved inflation outlook, that is, the better-than-
20 expected inflation, I believe, has improved the state of
21 confidence in the economy both by consumers and by businessmen
22 at a rate faster than we had expected.

23 It is fairly evident that the exceptionally strong
24 surge that we have been seeing over the past six months on
25 the average reflects essentially the restoration of confidence

1 among consumers and business.

2 This is happening at a rate somewhat faster than we
3 had expected it would, creating a strong real GNP growth.
4 That is, a stronger overall growth in the economy and, there-
5 fore, a much more rapid increase in employment than we had
6 projected and, conversely, a sharper decline in unemployment.

7 Even so, there is a somewhat lower rate of unemploy-
8 ment than we would have expected even with the high rate of
9 growth in GNP. But unquestionably, the major and overwhelming
10 factor contributing to the downward revision is the upsurge
11 in the economy generally, which we attribute substantially to
12 the improvement in confidence.

13 QUESTION: Given the jumps in the prices of wholesale
14 food and raw materials in the last few weeks, do you think
15 that inflation estimate may improve?

16 MR. GREENSPAN: No. In fact, the data that we have
17 doesn't actually confirm what you are suggesting. There has
18 not been an upsurge of any great significance within those
19 particular components.

20 On the contrary, I would say the evidence we have at
21 this point actually implies a somewhat better-than-expected
22 pattern of prices than we had envisaged earlier in the year.

23 The projection we are making implicit from here
24 through the end of the year is somewhere in the area of 5-1/2
25 percent to perhaps 5.7 percent on the average in the consumer

1 price index. It is quite possible that estimate may be a bit
2 high.

3 In fact, the President said yesterday to me, "You
4 know, I wonder whether given the marked improvement in the
5 crops that we are now seeing, and the stability of energy
6 prices, especially in oil, whether in fact we might basically
7 see a somewhat better rate than we are in fact projecting?"

8 If I were to look at the odds and where we are
9 apt to be wrong, given the very most recent evidence, I
10 suspect that we may do better on this issue than we have
11 implicitly put into these numbers.

12 QUESTION: Mr. Greenspan, this is a question of
13 policy, but it will be directly related to the projections.

14 There has been a short fall in agricultural produc-
15 tion in Eastern and Western Europe and yet the American farmer
16 is expecting a surplus crop.

17 Now, the State Department has made indications that
18 we would intend to pressure the Administration to use both
19 sale of agricultural products, as well as the question of
20 drought in the Eastern European Bloc as political pressure
21 points rather than opening up other things.

22 Would you state the Administration's position on
23 this?

24 MR. GREENSPAN: First of all, I was not aware the
25 State Department was independent of the Administration.

1 QUESTION: I can give you the sources.

2 MR. GREENSPAN: I am just referring to the nature
3 of -- I mean, the State Department as an institution by
4 definition is part of the Administration, I hope.

5 QUESTION: Right.

6 MR. GREENSPAN: First of all, I do think we are
7 aware of the fact, as you point out, there has been a signifi-
8 cant drought throughout Western Europe. From what we can judge
9 on the basis of crop estimates throughout the world, the crops
10 around the world actually are better, rather than worse.

11 In fact, certainly our crops at this time look
12 surprising. We do not envisage any particular problems with
13 respect to food shortages or crop shortages.

14 With respect to the other questions you raised, I
15 think that I would direct them specifically to the State
16 Department. I have no knowledge of the statement you are
17 making.

18 QUESTION: Under public expenditures notes, it looks
19 now as if it is going to be higher than President Ford desired
20 and you estimate earlier in the year for the next year, and
21 yet, your general inflation forecast for next year is also
22 improved.

23 Would this suggest that the Congressional budget
24 is still a relatively modest one with regard to inflation?

25 MR. GREENSPAN: First, I meant to follow up on one

1 point of the previous question and then I will come to this.

2 Let me say the President has stipulated that there
3 will be no restrictions on exports of farm commodities and
4 that is the policy of this Administration.

5 With respect to the next question, I think that
6 what we are dealing with is a trend that is basically involved
7 in the longer term. When one looks at inflation and the
8 budget, it is essential to view not the immediate short-term
9 factors, which are basically what these changes have been,
10 but to look at the longer term thrust.

11 The essential forecast that is made here with
12 respect to the inflation rate is not based on Congressional
13 budget numbers. It is the President's budget numbers, and
14 as far as I can see, if we can get the type of budgetary
15 trends which were built into these numbers, we have every
16 reason to expect the continued unwinding of inflation and
17 eventually the ending of the very exceptionally strong
18 unstabilizing forces which are involved which inflation has
19 imparted to our economic process.

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1 QUESTION: Do you really think it is going to make
2 any difference to our inflation forecasts for next year whether
3 the budget spending is \$413.1 billion or \$400 billion? You
4 said you used the President's. Does it make a difference?

5 MR. GREENSPAN: Yes, I think the difference basically
6 is described not in very specific numbers. It is exceptionally
7 difficult to do a direct translation. But what you can say
8 is that the higher the budget and the greater the deficit,
9 the greater is the risk that we are reigniting inflationary
10 forces. Unfortunately, we do not have the capacity, once
11 those inflationary forces are rekindled, to unwind the
12 process.

13 In other words, what we have to be aware of is that
14 once you trigger inflationary accelerations, it is exceptionally
15 difficult to unwind them. Therefore, I think that the risk
16 implicit in levels of spending higher than those proposed by
17 the President, at least in my view, takes an imprudent risk
18 considering the problems that will exist in this country if
19 we rekindle inflation.

20 Inflation is the most job-destructive type of force
21 that this economy as it stands now knows.

22 MR. LYNN: If I could add to that two things.

23 One is it is not just the effect of what Congress
24 does or fails to take action on for 1977. I think one of
25 the real shortcomings of the processes of our government over

1 a number of years has been inadequacies in looking at the
2 out-year effect, the effect in future years of new bases that
3 are built in the budget.

4 What is implied in these add-ons by the Congress is
5 an escalating amount of deficit in the future years, at least
6 if you are going to do anything to try to periodically reduce
7 taxes.

8 The other thing I would say, a lot depends, too,
9 on how you have a deficit. Congress shows a preference for
10 having stimulation come through government programs. These
11 are add-ons of government programs.

12 They try to reduce the deficit by cutting out the
13 proposed tax cuts that the President has put into his budget
14 for 1977. We think that if you are looking at things like
15 productivity, if you are looking at things like investment
16 in the private sector to get more goods and services, if you
17 are looking at real rewarding jobs, the best way to do it is
18 a combination of factors.

19 Surely, we have spending in this combination --
20 public works projects are up I think 17 percent year over year,
21 between 1976 and 1977 in the President's budget -- but he pro-
22 poses taking the additional action on the tax side: lowering
23 the amount of tax to the working people, 200 million people,
24 roughly, for the average american family; also giving some
25 further tax relief, although it is modest to business;
and at the same time having a special program for

1 new construction on the tax side for the areas of the
2 highest unemployment. For example, if you build a new
3 building or new project in the course of this year you get
4 a special kind of tax treatment.

5 Therefore, I am just saying it makes a difference
6 on how you get to a stimulus a deficit, whether it's make-
7 work on the one side by spending or whether it is by inno-
8 vative tax proposals on the other side and tax cuts.

9 QUESTION: The Congressional Budget Office or
10 congressional budget committees have stated that the tax bill
11 now on the Senate floor would result in a tax revenue loss
12 of about \$5 billion a year after five years, and I know the
13 Administration has not commented yet on the impact of those.
14 How do you all feel?

15 MR. LYNN: I must say to you that we have been
16 trying to do some work on this ourselves between Treasury
17 and OMB. I have been so immersed in getting this budget out
18 in the last three, four days, I probably have in my briefcase
19 some numbers but I haven't seen them yet.

20 Perhaps Mr. Dixon or Mr. Seidman would like to
21 follow up with an answer to that.

22 MR. DIXON: I have not seen those numbers either.
23 Charlie Walker, can you comment?

24 MR. WALKER: We are endeavoring to keep track of
25 the motion as it takes place and until they finally decide

4 1 what they are going to do all we can do is try to provide some
2 immediate revenue impact of isolated pieces. But until the
3 entire program gets done there is no way to evaluate its
4 overall impact.

5 QUESTION: Would you take your average unemploy-
6 ment figure for calendar 1976 of 7.3 and translate it
7 into an end-of-the-year figure, which you have done before,
8 but before the official revisions, and also translate it into
9 the October figure, which will be the last one published before
10 the elections. And then I would like to address also a ques-
11 tion to anyone else who cares to comment. Do you think the
12 Administration has gotten sufficient credit for the economic
13 improvement that is reflected in these numbers?

14 MR. LYNN: On the first one, how is your translation
15 today?

16 MR. GREENSPAN: It hasn't changed. I stated
17 recently, and it is implicit in the forecast, the unemployment
18 rate is projected to be under seven percent at the end of the
19 year.

20 I wouldn't want to characterize what it is going
21 to be between now and then or for any specific month because
22 I think we have enough problems trying to get annual state-
23 ments. Monthly statements are exceptionally difficult to
24 do.

25 MR. LYNN: As to whether we are getting sufficient

5 1 credit, I have been in government seven years and the one
2 thing one always has to resist is a temptation to have the
3 feeling or an inclination to have the feeling that anybody
4 understands what a great job he is doing or that the President
5 is doing. I think there is a growing awareness by the Ameri-
6 can people that our economy is coming back at a very healthy
7 rate, that we are getting a handle on inflation, that we are
8 improving the employment situation. I am fully confident that
9 that as further months go by the vast majority of the American
10 people will understand what is happening in this economy by way
11 of improvement and will give the credit to the President.

12 MR. SEIDMAN: I would like to add one thing to
13 that. I think what has not received sufficient credit is
14 the fact that we are being led out of this recession by the
15 private sector without new spending programs, and within the
16 budget, substantially within the budget that the President
17 has proposed, and it is the private sector and revitalization
18 of this sector under the President's policies that have brought
19 us out. I think the key factor that hasn't come across is
20 that this kind of a thing is being done as a private sector
21 recovery.

22 QUESTION: How do you reconcile ---

23 MR. LYNN: We have one here.

24 QUESTION: If you had known a year ago that a year
25 later you were going to announce in fact a \$70 billion budget

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1 deficit for FY'76, would you have also thought at the same
2 time you could take pride in a lower inflation rate and the
3 kind of inflation prospect Mr. Greenspan outlined? Would you
4 put the two things together?

5 MR. LYNN: I think that is pretty difficult to
6 answer from this. We had economic assumptions back in January
7 of this year and those assumptions include the deficit numbers
8 that were in the budget and the deficit numbers for FY'76
9 were pretty well established. The die was cast, so to speak,
10 by January, as it usually is, half way through a fiscal year.
11 So that our statements on what would happen to inflation at
12 that time were based on the kind of deficit we faced.

13 Now I will say to you, as I have said very often,
14 no one knows with exact precision where a deficit or a manner
15 of getting to a deficit gets you by way of inflation and when
16 it reaches critical mass proportions. Nobody does. Anybody
17 that says they do within a billion dollars or two billion
18 dollars or three billion dollars is simply fooling you.
19 But as I also said on a number of occasions, it is a little
20 bit like the person wandering around on top of a cliff on
21 a moor at night with no light. I would far better walk slowly
22 and cautiously than I would run around out there and find
23 myself off the edge of the cliff.

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1 QUESTION: This Administration and you, particularly,
2 Mr. Greenspan, also associated high deficits with the high risk
3 of inflation.

4 MR. LYNN: We still do.

5 QUESTION: What my question really related to was,
6 aren't you somewhat surprised with the \$70 billion deficit
7 you can still point to a fairly good record on inflation in
8 the last six months and you are looking forward to, as Dr.
9 Greenspan said, to perhaps even a lesser rate?

10 MR. GREENSPAN: I think it is the time frame which
11 is causing the problem. First, I think it is a mistake to
12 tend to associate specific deficits in a current period of
13 time with specific price changes.

14 One of the problems I think we have always had in
15 this country and in fact it is the type of problem I think
16 is probably universal, is that the effect of deficits on
17 inflation is usually quite delayed.

18 It is a long process you go through. The problem
19 that we confront is not the short-term ups and downs of prices
20 which are affected by such things as larger or lesser crops and
21 external things -- petroleum prices, for example.

22
23 The best way to look at a relationship with deficits and
24 inflation is to recognize that the effects of today's deficit,
25 its financing, its impact upon the economy and the like, is

1 unlikely to be felt for a year, 18 months or longer. It is
2 a longer term, cumulative process.

3 Now, I think that what is very important in looking
4 at an inflation rate is not a quarter's deficit or a year's
5 deficit, probably not even two years' deficit. I think the
6 question is where is the system headed. I would think at this
7 particular point the issue is not the immediate deficit,
8 the question is largely, where are we going.

9 The one thing I think is very important to focus on
10 is that -- this is a very important issue -- if we have set
11 into motion a set of fiscal policies which will lead to a
12 significant rekindling of inflationary forces a year or so
13 out, I say that we will not be able at that point to very
14 easily pull in the reins without doing very significant
15 damage to the economy.

16 I, therefore, think that it is most important that
17 we focus on the relationship between deficits and inflation,
18 to recognize that the larger the deficits that we are putting
19 into place right now, the higher the risk in the future.

20 If we knew exactly what the translations were, you
21 could be a bit more exact on what the relationships are. We
22 don't, but we believe that because inflation is really, as I
23 indicated before, the biggest job-destruction program that
24 you can imagine, we must be very cautious in recognizing these

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1 relationships and not say, "Well, for God's sake, the deficit
2 is very large, inflation is going down, therefore we are okay."
3 That is a non sequitur.

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2 QUESTION: Do the transition quarter figures in
3 this report reflect any as yet unannounced rescissions or
4 deferrals?

5 MR. LYNN: Do they reflect any?

6 QUESTION: As yet unannounced rescissions or
7 deferrals?

8 MR. LYNN: No, there won't be anything in any of
9 these documents that reflects anything unannounced. As I
10 did say, there are some appropriation bills where the
11 President will give consideration to deferrals and rescissions,
12 but there is no reflection in this document of anything we
13 may have on our mind that we haven't announced yet.

14 QUESTION: Could you give us some idea what you
15 think of the operation of the Congressional budget process?

16 MR. LYNN: Yes; I think it has accomplished some
17 good. One thing it has done, it has acquainted members of
18 the committees particularly and, to a lesser extent, the
19 Congress as a whole, as to how a billion dollars here and
20 a billion dollars there after a while adds up to real money,
21 and that is a plus. I think that it has accomplished
22 some restraints.

23 I have to say that as to 1976, in staying under
24 their ceiling, I would point out two things. I doubt very
25 much if they would have made it except for the effect of
the Presidential vetoes when you do the mathematics of it,

1 and, secondly, as I have said before, it reminds me a little
2 of a high jumper setting the bar at two and a half feet and
3 crowing when he managed to get over it.

4 In 1977 I would say they moved the bar up slightly.
5 They moved it to maybe three, three and a half feet, but I
6 do think the process is something that has to be made to
7 work, and I think they have made some progress but they have
8 a lot more to make.

9 What I have a fear of is that because of respect
10 and deference to the individual jurisdictions of authorizing
11 and appropriating committees and subcommittees, the exercise
12 could be too much of one simply adding up numbers and then
13 applying a little minor restraint here and there to the
14 numbers and not looking hard at major policy options -- like
15 the trade-off of tax cuts, which the President proposes
16 against major spending, like the kinds of reforms that the
17 President is proposing in education bloc grants and health
18 services' bloc grants, the social services' Title XX bloc
19 grants and so on.

20 In other words, budgeting is a process that
21 should bring out new innovative solutions to problems of
22 government, to get rid of red tape, to deliver services
23 better, more effectively. But unless the budget committees
24 work out an effective arrangement with the chairmen of those
25 committees, of those multiple committees around, all the

1 budget committee will end up doing over the years is adding
2 up numbers with small mechanical reductions. And I have
3 fears in that regard, and I sincerely hope that we will see
4 some coordination between the other committees and the budget
5 committees so they can do something a lot more substantive
6 with more spending restraint than they have been able to
7 do this year.

8 QUESTION: You have numbers, changes in levels of
9 wages and salaries; part of that is due to growth in employ-
10 ment. Can you tell us what your expectation is now, perhaps
11 using average hourly wages or compensation per hour for
12 increases in labor costs this year and next year and what
13 the settlements of major collective bargaining agreements
14 so far this year have done or not done?

15 MR. GREENSPAN: Well, we don't ordinarily release
16 what implied projections are on wages. I don't think we
17 intend to break that precedent.

18 I will say that, first, as you know, the straight
19 time average hourly earnings figures have done somewhat
20 better than, I think, any of the forecasters had expected.

21 As you know, from June to June -- that is the
22 year ending June -- as I recall, the private, non-farm total
23 earnings were up 7 percent from the last six months and
24 the annual rate, as I recall, was something in the area of
25 6.5 percent.

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2 The detailed data we are going to get on the
3 second quarter will be available on collective bargaining
4 agreements, I think, next week, as I recall, next Friday.

5 I don't want to comment on any individual settlements
6 or the like or their implication, but I think that as best
7 we can see at this moment the type of inflation estimates --
8 I shall go backwards -- one of the things that is implicit
9 in our inflation forecasts, obviously, is some judgment about
10 what wage trends would be, so that, that has been factored
11 in. We are not, as you can see, expecting an acceleration
12 in inflation, and I think one could infer from that that we
13 are not expecting an acceleration in labor costs.

14 QUESTION: Back to the question of credit. Some
15 people on the other side, Congress, for instance, are saying
16 it was they who have caused this upsurge in the recovery --
17 specifically referring to the tax cut that they raised some
18 \$10 billion or whatever it was in a year when credit will
19 be important.

20 How do you think you will counter this argument,
21 the fact the Democratic Congress did cause the upsurge?

22 MR. LYNN: I think we will counter that kind of
23 argument from the other side on the facts, and the facts are
24 the President came forth with a program for an initial tax
25 cut. The President came forth with a combination of various
ways of working our way out of this recession, helping the

1 people that could not help themselves during the recession,
2 but creating the stage for the economy to come back.

3 I think that his going to the American people on
4 this issue and directly to the Congress did restrain the
5 Congress from where they were headed otherwise to upwards
6 of \$100 billion of deficits, and I do think by holding down
7 that growth in government spending, the tax cuts that were
8 given, the further tax cuts that the President proposes,
9 government reform and so on, are setting a path for this
10 country to balance the budget, that has given a confidence
11 that has allowed the private sector, the individual consumer
12 and business, to say to themselves things are going to get
13 better. And we have now seen the results, things are getting
14 better.

15 MR. NESSEN: Could I interject? I have to go do
16 my own briefing, and I thought your audience might want to
17 hear the President's reaction to the budget revisions that
18 you are announcing today.

19 I talked to him this morning, and he asked me to
20 come over and relay the fact that the President is pleased
21 that today's budget revisions show that unemployment is
22 coming down faster than expected, that inflation is coming
23 down faster than expected and that the economy is improving
24 and growing faster than expected.

25 The President believes that his economic policies

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2 are the major reason for this improvement. The President
3 intends to continue to pursue his economic policies vigorously.
4 These policies are aimed at encouraging further growth in the
5 private economy without rekindling inflation, without
6 imposing more bills of deficits on the American taxpayers
7 and without imposing a more complex bureaucracy on the
8 American people.

9 The President, as I said, is pleased at these
10 revisions today, but he wanted me to speak of his continuing
11 concern that he is not going to be satisfied until the
12 inflation rate is even lower, that inflation is truly and
13 fully under control, and he certainly continues to be con-
14 cerned about the number of people out of work, and he is
15 not going to be satisfied there and his goal is going to be
16 that he will be satisfied only when every American who wants
17 a job can go and get a job.

18 QUESTION: It has been widely said that consumer
19 confidence, presumed consumer confidence, led the country
20 out of the recession. I am wondering how do you project
21 retail sales for the coming 12 months? Do you have some
22 thoughts on that?

23 MR. GREENSPAN: Well, since retail sales are the
24 major part of the Gross National Product, one can assume they
25 will move roughly in line with the Gross National Product.
We are expecting investment to pick up somewhat, but we have

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2 every reason to expect fairly strong retail sales trends,
3 perhaps not as large as some of the earlier surges that have
4 occurred because confidence can come back only to normal,
5 and it is not quite there, but it is getting a good deal closer.
6 And, obviously, when you get to it, sales move closely with
7 disposable income.

8 We haven't reached that point yet, but we would
9 expect, as a general statement, retail markets will behave
10 in the strong way that they have and expect, for example,
11 this Christmas' buying season to be quite a big one.

12 QUESTION: Do you have a specific number on retail
13 sales?

14 MR. GREENSPAN: No.

15 QUESTION: All three of the latest confidence surveys
16 have been pointing down. How do you explain that?

17 MR. GREENSPAN: I think that these changes of
18 confidence as measured by those indexes go up and they go
19 down, and I frankly find looking at the pattern of retail
20 markets currently is usually a better gauge of what consumers
21 are in fact doing. The confidence indexes tend to be some-
22 what delayed in their measurement, and while I think they
23 are quite useful for a number of things, and I think they
24 do very roughly measure the trend in confidence, I think it
25 is more important to look at what the consumers are actually
doing with their money. What they are doing with their

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2 money suggests that they are confident and more confident
3 than I think the data have shown in quite a long period of
4 time.

5 QUESTION: When would you expect the budget to
6 move back into surplus under Congressional targets for
7 spending?

8 MR. LYNN: The question was, when would I expect
9 the budget to come back into balance under the Congressional
10 resolution that was passed this year?

11 I would say, never. They way they are going
12 it is manana. You get the balanced budget manana. You
13 know what that Spanish word means. It is always tomorrow,
14 but tomorrow never comes.

15 It is a little like the camel on the desert
16 approaching an oasis. As you get closer it turns out to be
17 a mirage. That is what I meant when I said earlier when you
18 translate the kind of things they proposed in their budget
19 by way of additional government spending to future years,
20 adding on at that same rate of growth, or anywhere even
21 close to it, adding it into bases, for 1978 and 1979, you
22 are up to \$20 billion or \$30 billion more spending than we
23 have in our lines for those out years. There is just no
24 way they will ever get there. They could have one. They
25 could have it if they decided to increase taxes in the
country.

1 QUESTION: The \$40 billion surplus projected for
2 1980, that would indicate they would be in surplus one year
3 after?

4 MR. LYNN: Take a look at the charts for years and
5 years past, whether done by my good friends at Brookings,
6 or my good friends in the Bureau of Budget, or the Office
7 of Management and Budget. They always show that out there,
8 but this President, I will tell you, is bound and determined
9 to get there. What we do is we never show out-year numbers
10 after the Congressional action is taken. Then when it is all
11 taken, we show the out-year numbers the next year, and guess
12 what, the year of the balanced budget has moved one year.

13 Did you notice how carefully Congress did not show
14 the out-year effect of their Congressional resolution?
15 There is nothing on it.

16 In the preliminaries, if I recall correctly, one
17 House or the other in a report showed some out-year numbers,
18 but the other one didn't. And when they got to the conference
19 report and went back on the Floor, I don't believe they gave
20 any indication of out-year numbers to the people in the
21 Congress.

22 QUESTION: How much of those out-year spending
23 effects would be offset by continued rejection of your tax
24 cut proposals?

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1 MR. LYNN: Somewhat, but not in its entirety. I
2 can provide that for you. I don't have it with me today. I
3 have some numbers I can provide for you.

4 QUESTION: Thank you.

5 MR. LYNN: Of course the answer to your question
6 is, too -- what you are saying then is that you are going
7 to doom the American people to having inflation eat away in
8 the tax rates at their income and never even compensate for
9 that by way of further tax reductions. That is something I
10 don't want and the President doesn't want.

11 END (10:45 A.M., EST)

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July 27, 1976

EXCHANGE OF REMARKS
BETWEEN THE PRESIDENT
AND
JOHN CONNALLY

THE WEST WING LOBBY ENTRANCE

3:50 P.M. EDT

THE PRESIDENT: Good afternoon.

I have a very old and very good friend. I have known John Connally since 1961, when he was Secretary of the Navy and I was on the Mahon subcommittee. He was an outstanding Secretary of the Navy. I followed his political career as Governor of the State of Texas for three terms. He came down to be Secretary of the Treasury.

I have had a number of opportunities to work with him as the Minority Leader of the Republican Party in the House of Representatives. Over the years John Connally and I have not only had a professional relationship in a political sense but we have also been close personal friends.

We have had a number of meetings over the last two years and we had a meeting this afternoon that followed in the natural course of events.

He was in town, and I asked him to stop by.

I think Governor Connally has an announcement that may be of some interest to you, and I want to thank him for what I think he is going to say.



GOVERNOR CONNALLY: Mr. President, you don't know exactly what I am going to say because I am not sure I do myself, except I came to tell the President that notwithstanding my neutrality in the Presidential primaries all spring, I think the time has now come when no useful purpose has been served by my maintaining that position but rather, the best interests of the country will be served by my stating my unequivocal position that I do support President Ford for the nomination and will support him in the election with every resource that I have and all the ability that I have.

I am delighted to make that announcement and I just hope that I can be helpful to him in securing the nomination and I certainly hope that I can figure something as a Republican in the effort to win the Presidency in November and to capture additional seats in the Congress in both the House and the Senate.

QUESTION: How about getting on the ticket?

GOVERNOR CONNALLY: That subject was not discussed today. I do not know what the President proposes with respect to his running mate. He has not told me. He has not hinted who it might be. I have not asked him, nor will I ask him.

QUESTION: Can we ask you, Mr. President, have you made up your mind?

QUESTION: Did Mr. Reagan's announcement yesterday have anything to do with your announcement today?

GOVERNOR CONNALLY: Yes, Governor Reagan's announcement yesterday does have something to do with my announcement today, only in the sense that I think it is quite clear that as between the two men it is quite clear now that the President is unmistakably the better choice, not only for the party but for the country, and so his announcement yesterday certainly does have something to do with my statement today.

QUESTION: Mr. President, would you like to have the Governor on the ticket with you as a Vice Presidential candidate?

THE PRESIDENT: I said repeatedly that I don't exclude any potential Republicans as my Vice Presidential running mate. I have indicated my long association and great respect for Governor Connally, but I think it is premature to make any comment because there are others, of course, that I will talk to as I have talked to Governor Connally on this occasion.

QUESTION: But his announcement here today certainly does not hurt his chances.

THE PRESIDENT: Well, let the future speak for itself.

GOVERNOR CONNALLY: May I add to that my statement here today has nothing to do with the chances--good, bad or indifferent--so far as I am concerned. I am doing this because I think I should do it. I think the time has come when I think we ought to try to end this nomination as quickly as we possibly can, and I think it should be ended with President Ford being the nominee. The sooner that can be made clear, the better it is for the party and for the country.

THE PRESS: Thank you.