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THE WHITE HOUSE

PRESS CONFERENCE
OF

MILLS E. GODWIN
GOVERNOR OF THE STATE OF VIRGINIA

OTIS R. BOWEN
GOVERNOR OF THE STATE OF INDIANA

WILLIAM G. MILLIKEN
GOVERNOR OF THE STATE OF MICHIGAN
RON NESSEN

PRESS SECRETARY TO THE PRESIDENT
AND

JIM FALK
DEPUTY ASSOCIATE DIRECTOR
FOR INTER-GOVERNMENTAL RELATIONS

CENTER FOR CONTINUING EDUCATION

10:34 P.M. EST

MR. NESSEN: As you requested, we brought three of the Governors with us. The other Governors all wanted to get back to their home states and did not come over tonight.

I think I will just tell you at the beginning that the President said that this was his fifth meal with Governors. He said it was the first time that the Democrats have been in the minority. He said, "We have always had a good, open give and take."

He said, "This is totally informal. It gives you an opportunity to tell us what you think we should do." In replying to that invitation, the Governors spoke mostly about their need for highway funds and for jobs in their states.

I think we will let the Governors speak for themselves. We have Governor Bowen, who is the host Governor from Indiana; Governor Milliken from next door in Michigan, and Governor Godwin from Virginia.

I will let them speak for themselves, and you can ask questions. Jim Falk and I both took notes, and we will come back later and fill in anything that the Governors missed.

Governors, why don't you come up to the microphone.

Q Governor Bowen, can you tell us what transpired?

GOVERNOR BOWEN: First, let me pay my respect to Father Hesburgh and Notre Dame for all of the hospitality that was shown today. It was a great day as far as Indiana is concerned to have the President here and, of course, these other fine Governors.

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This evening, we did have a delightful dinner, following which we each had the opportunity to make statements and to ask questions of the President.

I presume you want me to lead off with what was most pressing for Indiana. The most pressing problem for Indiana is the fact we are only getting back 41 cents on the dollar of our Federal gasoline tax money that we send in to Washington. This creates a tremendous problem for us. We know that it is due to the Congressional formula -- and the President, himself, cannot alter that -- but we hope that we have his support in attempting to get a fair distribution.

We suggested the possibility for many months of the Federal Government removing two or three cents of the Federal gasoline tax money and then permitting the states to reimpose that so that they can then make the best use of the money the way they feel that it should be done in their own state.

He was very receptive to it. In fact, it seemed that he was considering making that proposal as an Administration effort.

Q Governor Milliken, you suggested you still think Michigan is perhaps the worst hit state in the Nation as far as unemployment is concerned and that you are asking both the President and the Federal Government for special assistance for Michigan. Did you receive any assurances tonight from the President that Michigan will be treated differently from any other states?

GOVERNOR MILLIKEN: No, I received no assurance of that. I did point out what is true, and that is that Michigan's unemployment rate is higher than any other state in the country -- 15.8 percent, 616,000 people are unemployed. I did say that I felt it was essential that the President's proposal for a substantial tax cut at the Federal level be acted upon quickly by the Congress.

I did say I felt it was imperative that the unemployment compensation program be extended by another 13 weeks. I did say that public service jobs are vitally important to Michigan, and that we need more -- and certainly not less -- of those jobs. I felt the President was responsive in that he clearly understood the extent of the problem, not only throughout Michigan as a whole, but particularly in Detroit, where the unemployment rate is almost 21 percent.

QUESTION: You did not get any commitment, though?

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GOVERNOR MILLIKEN: No, we really were not asking tonight for commitments, but this is part of the opportunity, which I thought we all appreciated, to be able to convey directly to the President -- and through him to the Federal Government -- of the things that the Federal Government must do.

We are trying to do a great deal at the Michigan state level, but we need, also, Federal support and Federal assistance.

Q Governor, you said you favor the tax cut. The President supports one that would be \$16 billion to \$19 billion. Some Members of Congress support one that would be much larger, say, \$29 billion to \$30 billion. Do you think the President's proposed tax cut would be enough to help the Michigan situation?

GOVERNOR MILLIKEN: I think there is no question the President's tax cut would be of substantial help to Michigan and to the country. I would hope that the amount of the individual tax rebate would be sufficient not only to get money flowing generally through the economy, but could be a stimulus to the automobile industry. If the average tax cut were \$40, or \$50 or \$60, that would not do it. It would take \$200 or \$300 or \$400 per person.

Q Is \$19 billion enough?

GOVERNOR MILLIKEN: Obviously, from the point of view of our state, the more the better, but \$16 billion to \$18 billion to \$19 billion would ge a very great help and, I think, clearly the President understand that.

Q Would you prefer a higher figure like the Senate version of \$29 billion?

GOVERNOR MILLIKEN: I am sensitive, of course, to the problems of the Federal deficit and the fact that the extent the Federal Government's budget goes up, it tends to accelerate or keep up the high interest rates and without lower interest rates, we are not going to get the housing market, among others, going.

So, I would be very pleased if the Congress would move quickly on the President's proposal for tax cuts.

Q Getting back to the proposal to the switch on the gasoline tax, how did the President indicate that he was receptive to the idea of removing two or three cents of the Federal gas tax and letting the states take that, and what did he say that made you all, or any of you believe, he was considering making a proposal to that effect?

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GOVERNOR MILLIKEN: I think the fact that he asked a number of questions about it seemed to indicate a great deal of interest. He asked a member of his staff to look further into it. All of those things, to me, indicated that the President was at least responsive and sensitive to it.

Q Maybe I am in error here, but I have three to four cents, and Ted said two to three. Which is right?

GOVERNOR MILLIKEN: The figure two to three sticks in my mind.

Q Governor Godwin, are you in favor of that for Virginia? You are not hit as badly as Michigan with unemployment. Would that highway tax help you at all or how would it help, if at all?

GOVERNOR GODWIN: Anything would help us that would grant more revenue in order that we might get some of our highway construction program underway. Virginia is one of the few states that profits not at all from the \$2 billion that was released from the impoundment funds.

We, likewise, are in the position of having put up our 10 percent of the interstate money and we are naturally interested in seeing that we are not prejudiced in any way by having paid ours because of having been on schedule and somewhat ahead of schedule, and that other states might not have to pay theirs.

But I share the views expressed by Governor Bowen and Governor Milliken, that certainly the discussions tonight indicate to me that the President and the Administration has a clear understanding of what the Governors would like to see and that they are going to try to be as helpful as possible. But there are some problems in this.

I think one of the things that was mentioned tonight that is of great importance is as we look at the recession problem across the country the housing industry represents one of the major points of great interest because it would indicate revival of the housing construction -- it would indicate some turn-around, perhaps, in our economic situation.

It was pointed out that the key to this would be a continuous downward move of the mortgage interest money that might be made available. There was some optimism expressed that that figure might continue downward.

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Being from the only costal state here at the conference, and in consideration of the Supreme Court's decision today about the Outer Continental Shelf and the oil and gas exploration on the Outer Continental Shelf, we expressed the view -- and I think this is fair to say -- of all the Governors of the Atlantic Coastal States that some dialogue be established between the states immediately affected and the Federal Government looking toward the finding, locating and development of oil resources on the Continental Shelf.

Q What was his reaction to that?

GOVERNOR GODWIN: I think the reaction was very favorable.

Q In what way?

GOVERNOR GODWIN: In that there would be discussions carried on with the states to determine just what the impact would be on the states whenever the development of oil might occur so far as onshore refineries and the transportation of oil from offshore.

We have gotten environmental concerns that are affecting all of the states. We think that due consideration should be given to those concerns. But we also, particularly Virginia, much moreso than some of the other states, are in favor of going foward with exploration as quickly as we can to find out whether the oil deposits are out there.

Q Governor Godwin, you declined to sign the so-called loyalty statement supporting President Ford that has been circulated among some Republicans. Did the President ask you why you failed to sign that?

GOVERNOR GODWIN: I did not sign it. I did not refuse to sign it as any indication of any lack of confidence in President Ford, and I think I said that at the time.

Q What was your reason?

GOVERNOR GODWIN: I did not sign it because there were some statements contained in the statement that I felt I could not subscribe to.

Q Which ones were those?

GOVERNOR GODWIN: I think I put out all the comments on that locally that I would want to make. I thought it was too inclusive. I think a party should have certain principles upon which it stands and then have an open door to all the people who subscribe to those policies. That is basically my philosophy.

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Q Did you get any feeling from the President that he was going to do anything for your housing industry?

GOVERNOR GODWIN: I think he is very much interested in it. I would leave it up to Ron Nessen, and Mr. Falk for any further comment on what he said in that regard.

Q Governor, on off-shore oil, did you press the President as to whether he was going to give the states some money to help plan for that off-shore development.

GOVERNOR GODWIN: I would say it would be more a question of sharing of some revenues perhaps later on from the development out there than it would so far as the granting of revenues now.

I think the encouraging thing was that there was an indication that the Administration was interested in the problems that the state would have in the development of the Outer Continental Shelf with the oil exploration and production there.

Q Governor, I wonder if I could ask you and Governor Milliken -- I get the impression from listening to you that you each had an opportunity to express individual concerns. I wonder if you could comment on rebates big enough to take care of an auto industry, and Governor Milliken, from an interior state, could comment on the need to share revenue with the shore states.

GOVERNOR BOWEN: I am not sure I understand the question.

GOVERNOR GODWIN: I don't know that I do either, frankly.

Q This is the fourth or fifth one of these we have been to, and in each case individual Governors get up and refer to individual states. By and large, they are very isolated, single state problems, and you get the feeling that everybody is telling the President about their little individual concerns and there is no consensus.

I am wondering if you have opinions on the other guy's special problem; if the President tried to bring all this together or if it was anything but a group of Governors honestly sharing with the President individual concerns that really did not affect maybe the other Governors in the group.

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GOVERNOR GODWIN: I would say, first of all, that the concerns that you speak of as being little, they are not very little to the Governors involved, and we talk about our little concerns because they are big concerns when it affects us.

I think it was a great deal of the sameness about the concerns that all of the Governors had, about the highway program, about all of the problems that were discussed. There may be varying differences of opinion as to how best to solve them, but I found a similarity running through all of the concerns, whether it was housing, highways or public jobs or whatnot.

Q If I could get back to the highway question, did the Governors indicate to the President that they would use that money to start building more highways this year so that it would affect the unemployment rates, or was it just that they needed or wanted more money?

GOVERNOR MILLIKEN: I indicated that the \$2 billion of impounded funds that were released will directly translate into jobs in our state. Some \$90 million is Michigan's share, and those job contracts are already being let, and within a matter of several weeks they will be immediately translatable into the jobs for many hundreds and thousands of people in our state. So, they are already at work.

Q My question is, on the next two or three cents, would you do the same thing? Did you tell the President that you would hasten construction with that money?

GOVERNOR MILLIKEN: No question about that. I think that applies in every state that would be affected. Going back to your question, I would simply corroborate what Governor Godwin has said, that our problems are really interrelated.

They may vary in detail and they may vary in intensity, depending on the part of the country, but we are all in varying degrees facing problems of unemployment brought on us by the inflation, by the recession.

As I see it, the most immediate need -- and I made it clear tonight -- was to attempt to get immediate relief for those people who are suffering because of loss of jobs through no fault of their own. Then, of course, are the longer term approaches to the problem of the economy generally, but we have the short-term and we have the long-term problems.

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Q Governor, did you talk specifically about the \$6 billion bill pending in the Senate now that the House passed --

GOVERNOR MILLIKEN: Public service?

Q -- and did the President indicate he might be favorable to that?

GOVERNOR MILLIKEN: No, I would not say that. I simply, from my point of view, and with the acute unemployment problems in Michigan, said we have been able to commit and, in fact, by two and a half times over-commit the jobs which are available to us under the public service program and that we needed more than we were able to get.

Q Did you urge him to sign the bill, if the Senate passes it?

GOVERNOR MILLIKEN: I urged his sensitivity to the needs of our state. There are problems of how many other elements are attached to that particular bill and whether it becomes an unpalatable bill overall, but I certainly urged the strongest support.

Q Could I ask Governor Bowen a question.

Governor Bowen, you talked about a 2 to 3 cents a gallon turnback to the states. How much money is that, and what would you use it for?

GOVERNOR BOWEN: We send to Washington with our 4 cent Federal gasoline tax -- 4 cents a gallon -- we send to Washington about \$180 million a year, and we are getting back about \$70 million of that. This is an unfair distribution, we think.

Q But I gather you want this turned back to the states across the board, state by state?

GOVERNOR BOWEN: We want the Federal Government to repeal 2 or 3 cents out of the 4 cents and then let the states reimpose that at their own state level so that they can utilize it the way that they feel it should be utilized without all of the restrictions that are applied by the Federal Government.

We have 12,000 miles in Indiana of highways that we need to resurface. We should do these at least once every ten years. We are able to do only about 350 to 400 miles a year, which means we are developing a backlog of 800 or so miles each year that should be resurfaced.

As you can see, we are soon going to have more chuckholes than the people are going to tolerate, and I can't blame them, but this is one of the big problems -- highway maintenance.

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Q Would you reimpose the 2 or 3 cents, you yourself, in Indiana?

GOVERNOR BOWEN: Yes, I think we would. I know we would. This would not raise the total cost of gasoline. It would just permit the states to use it. The interstate highway system is essentially going to be completed in the next very few years, and we think this is a feasible thing for the Federal Government to do.

Q You would use it then on other roads in the state?

GOVERNOR BOWEN: We would use it as we are using our present state gasoline tax money. This would be primary and secondary, in assistance in cities and towns, and maintenance and reconstruction of bridges and berm work to make the highways more safe.

Q I would like to ask a final question of Governor Godwin.

Governor, President Ford this evening in his press conference gave a strong endorsement of Vice President Rockefeller and said rather unequivocally that he wanted him to be his running mate in 1976.

As a conservative Republican, how do you feel about that? Are you in favor of Rockefeller being on the ticket?

GOVERNOR GODWIN: I was in favor of the confirmation of Governor Rockefeller for Vice President.

Q Will you support him?

GOVERNOR GODWIN: I expect to be supporting the President for re-election next year, and we only vote once, as you know.

MR. NESSEN: Thank you very much, gentlemen. Thank you for being here.

Let me clear up just two points which I think will answer some of these other questions. The highway proposal is not new. In fact, I think it came up at one of these other Governor's meetings.

In the President's budget, he promised he would have a highway program, and he will in about a week or two. The features of that will be a decision to complete the interstate highway system by 1980, to combine some of the categorical grants which are earmarked for certain kinds of highways and certain kinds of uses into block grants, and let the states decide how they want to use their highway money.

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Q Ron, when you say that, they could use the money not for interstate, but for --

MR. NESSEN: For anything they want.

Under consideration -- and again, this is not new because it came up at another one of these Governors meetings -- was a reduction in the Federal 4 cent gasoline tax by 2 cents, and states would be urged to add 2 cents to their state gasoline tax and then use the money as they wished for their own highways.

Q So, he has already bought that idea?

MR. NESSEN: I say that is under consideration, Jim, and the bill will be coming out in a week or two.

Q How much would that raise?

MR. NESSEN: I don't have a dollar figure, unless John does.

Q Were all the Governors tonight in favor of that? It sounded like these three were.

MR. NESSEN: Well, there was no vote taken, but I detected --

Q Did anybody oppose that?

MR. NESSEN: Not while I was there, Jim.

The other matter that the Governors spoke about was the matter that Governor Milliken brought up of the unemployment problem in his state. He did ask that the unemployment compensation be extended beyond its 52 weeks now because he said people in his state would be seen running out of their unemployment compensation.

The President said, "We will take a look at that program." He pointed out that unemployment compensation already had been extended from 26 to 39 and then to 52 weeks.

He said, on the subject of the \$5.9 billion public service jobs bill, that the heart of that is his program, which is an extra \$1.6 billion to extend the public service jobs for six months, and the \$400 million plus for the summer youth jobs.

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He said, "However, Congress is trying to add \$3.9 billion on top of my proposal," and then he began to point out parts of that which he did not favor, such as \$900 million for the Postal Service so they would have to buy new vehicles when most of their vehicles are less than two years old now and don't need replacement.

He said he would have to look very hard at the Congressional bill, "...if Congress continued to load us up with irresponsible things." But he did not go beyond that into what to do about the bill.

I do not think you really need much more than that, do you?

Q Ron, there was not one Democrat here tonight. Is there any particular reason for that? Were they in agreement with everything that was said?

MR. NESSEN: Governor Carroll had a plane waiting at the airport, or something like that.

MR. FALK: Governor Carroll actually came to the press center, but had to depart from here.

Q Were they in agreement with everything we heard from the Republicans here?

MR. NESSEN: I did not make any notes on Governor Carroll.

MR. FALK: Governor Carroll gave the President an extensive written proposal and indicated he felt he really, rather than raise several individual items which were covered by other Governors, would prefer to give them that written proposal, which I have with me here.

MR. NESSEN: Also, Governor Carroll, when the President described this highway program that he is going to introduce in about two weeks, said, "That is a good program." The President said, "If you like it, why don't you push it in Congress." Governor Carroll said, "It is almost exactly what the Governor's Conference recommends."

Q Did Governor Rhodes of Ohio comment on that at all?

MR. FALK: Yes, he did. Governor Rhodes commented on that at some length. One of the aspects of it was that the proposal, which would permit the states to adopt 2 cents of what is presently a Federal tax, provides a real political problem in some states; that is, state legislatures won't impose that 2 cent tax themselves.

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At that point, the discussion turned to a possibility that the Federal Government might, instead of dropping that 2 cent tax, take the 2 cent tax and continue to collect it, but return it by the general revenue sharing formula which would be essentially one-third to the states and two-thirds to local communities.

Governor Rhodes, I think, indicated that he would favor that because of the difficulty in having state legislatures impose taxes.

Q Is that within the context of each state getting back everything that was raised in its state under that, or would it be distributed nationwide, according to the revenue sharing program?

MR. FALK: I think the latter. I don't think there was any attempt to really rationalize the return of all collected dollars on a per capita basis of absolute equality. No one feels that is really possible, absolutely.

Q Jim, does one penny bring \$1 billion, roughly?

MR. FALK: Roughly.

THE PRESS: Thank you, gentlemen.

END (AT 11:00 P.M. EST)