

FOR IMMEDIATE RELEASE

SEPTEMBER 4, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Seattle, Washington)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION
TO THE
WHITE HOUSE CONFERENCE
ON
DOMESTIC AND ECONOMIC AFFAIRS

THE GRAND BALLROOM
OLYMPIC HOTEL

3:33 P.M. PDT

THE PRESIDENT: Dan, members of the Cabinet, members of the Executive Branch of the Government, all of you from the State in the Northwest, it is a great privilege and a very high honor to have an opportunity of participating in this White House Conference. I thank your great Governor for his warm welcome on this and other occasions here today and I can only reiterate that it has always been a great honor for me to work with him, on governmental, political and substantive matters and I think you are very fortunate in this State to have Dan Evans as your Governor.

Obviously, I am very pleased to be in the Pacific northwest and particularly in the great City of Seattle and the State of Washington. I know you have had a full day of White House Conference so I will try to keep my remarks brief. I might say parenthetically I know you have integrated people from the Executive Branch, from the Cabinet, I hope that you have used all your venom (Laughter) -- if you had any, on them and will be kind and considerate of me.

As you know, many of you I am sure, I have been a part of the Federal Government for 26 years and I am very concerned about the ever widening communications gap between Washington on our East Coast and our fellow Americans in all other parts of the United States. Too many Americans have difficulty making their views and their wishes known to the people with whom they must communicate in Washington. This difficulty was probably best summed up in a letter, or an envelope that I received quite recently. It was plaintively addressed as follows: To President Gerald R. Ford, or Vice President Nelson Rockefeller, or Secretary of State Henry Kissinger, or just plain anybody who will listen. (Laughter)

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As you have seen here today, I, along with other key members of the Cabinet and staff, have come to listen and to learn. I hope we have kept the speeches to a minimum and hopefully our responses to a maximum.

I do look forward to your questions, your concerns, your ideas about the future of our country, about the direction that you believe we should take. But first, let me very briefly touch on some of the basic directions I think our Nation can and should take in the months and years ahead. Obviously, the economy is one of our principal concerns, energy is another.

Over the years the American free enterprise economy has created a better life for more people than any other system of government in the history of the world. Yet in the past year we have seen it pass through some very difficult times. Recession on the one hand, inflation on the other have strained the economic security of millions and millions of Americans. Some of the causes of our economic difficulties is beyond our control. International developments prompted the sky-rocketing oil prices, others were the result of government activity, such as inflationary spending at the Federal level. But on the basis of the latest figures, the darkest days of the recession are behind us, the American economy is starting a sustained recovery that we all desire.

Let's be frank, we have a long way to go.

Unemployment is far, far too high and must be brought down. Our factories must start producing at maximum capacity again. And while we must start to fight the recession, we must also fight just as hard against rising inflation, a problem that is still with us.

Another problem is energy dependence. No one knows better than the people of the Pacific Northwest the importance of energy in the economy.

At the same time, no part of the Nation is more interested in environmental quality. You are moving to combine the two, to balance them in the interest of both the economy and the ecology. The Alaska Pipeline will ultimately make Seattle a lifeline of energy for this part of the country, at the same time recognizing the needs for alternative sources of energy, you are building nuclear energy plants.

In short, you here in Seattle and the State of Washington are making your own decisions. You are taking action to insure your future. We must do precisely the same thing at the Federal level.

You have already heard from some of the key people, some of the real experts in the Administration on energy, inflation, unemployment, new incentives, the working people and employers. I hope we can go into the issues in greater depth and into any other areas you wish to cover, so let's start your questions.

Yes, sir.

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QUESTION: Mr. President, my name is Ralph Davis, President of the Seattle Chamber of Commerce.

My question relates to the problem of inflation. You mentioned just now -- and there is a consensus within the business community -- that excessive Government spending over the years has had a very serious impact on this problem of inflation.

Could you mention for us the principal points of the programs and the plans that your Administration may have to try to bring Federal spending more within the line of revenues?

THE PRESIDENT: I will be very glad to, Mr. Davis.

In the budget figures that were submitted to me in November, shortly after I was sworn in as President, I was reviewing the budget to be submitted to the Congress in January for the fiscal year that begins July 1.

When the figures first came to me, they showed a deficit substantially higher than the one I finally submitted. It was an astronomical figure, somewhere in the magnitude of \$60 or \$70 or higher billions.

In order to get at the basic problem that had accumulated over the years, I instructed that in the preparation of the budget, for example, we should put certain caps on spending programs that would have risen to coincide with the cost of living increases.

I suggested a 5 percent cap. This would have saved, as I recollect, \$3 or \$4 billion. It wouldn't have reduced any payments or benefits. It simply would have put a cap on the spending for a one-year period.

Unfortunately, the Congress rejected all of those recommendations.

We have also instituted what I call a "no new program" approach, which meant that any new program other than those affecting national security or energy would not be approved by me. I thought we should have a one-year moratorium on new spending programs. So far, as best I can recollect, we have been able to preclude any new programs being initiated by the Congress, and we, in the White House, did not propose any.

These are the kind of efforts that we have made, but despite that, and I want to be very frank with you, the deficit, when we added up all the income that could be anticipated and the expenditures that were frozen into the statutes, we ended up with a deficit of \$60 billion, originally 52, but the added costs of the recession made the difference between 52 and 60.

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Now, our biggest problem is trying to convince the Congress to go along with the caps, to go along with our "no new spending" program, and to show initiative in other areas.

But if we don't for this fiscal year you will have more than a \$60 billion deficit, and you will have built into the next budget figures that will probably mean as big a deficit for the following fiscal year.

That is one of our basic causes of inflation, and it has been in the past. It is now, and it will be in the future.

QUESTION: Thank you.

THE PRESIDENT: Yes?

QUESTION: Mr. President, my name is Jim Williams.

As Executive Director of the Seattle Opportunities Industrialization Center, my concern is with the position of the national Administration regarding full employment and training opportunities.

In the transmittal message accompanying your fiscal year 1976 budget recommendation, it indicated that out of the total outlay of some \$349 billion there will be a deficit of some \$60 billion or 52 or more.

If the economy were to be as fully employed in 1976 as it was in 1974, the deficit will be totally eliminated because there will be an additional \$40 billion in tax receipts and \$12.7 billion, or less, being paid out in unemployment compensation.

My specific question is, Mr. President, what exactly is the national Administration doing to reduce unemployment, at least to the levels of pre-1974?

THE PRESIDENT: In the first place, the figures you cite are accurate. If we had had a healthy economy, we would have paid out far less in unemployment compensation, public service employment and others, and we would have had higher revenues.

The net result would have been roughly a balance.

Now, unfortunately, when the economic problems started going, with inflation at 12 to 14 percent in 1974, followed by precipitous increases in unemployment, you just can't turn a spigot and stop inflation and all of a sudden get the private sector to do something about increasing employment or reducing of layoffs.

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I suppose, or at least you could try in a dictatorship kind of Government, but it doesn't happen that way in our kind of free society.

What we have tried to do is to restore public confidence against inflation by cutting back inflation. I think we have made significant headway. At the same time, to ameliorate the unemployment of those who, through no cause of their own, but cutbacks in job opportunities to cover them during this span of time.

We are making headway, but it is a lower process than it might look like on paper, and I have yet to find an economist or an expert in the field of finance or otherwise who could give me a pat answer to the precise question that you ask.

It sounds good, but I don't know of anybody who said the President or the Congress could turn a wheel or turn a spigot and achieve full employment without inflation after we were in the circumstances of 12 to 14 percent inflation and unemployment of the magnitude that we have.

The recovery from those very serious recessionary problems is a slow process. In the meantime, we are trying to, in a humane way, help those that are unemployed and to prevent the sad losses of inflation of those who are working, as well as unemployed.

Yes, sir.

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QUESTION: Mr. President, my name is John Henry. I am President of the Municipal League.

You are aware, I am sure, of the public opinion polls which show a steadily ebbing degree of confidence in Government and public officials. It is partly because of this that the Municipal League in this State took a major part in enacting one of the most comprehensive public disclosure laws of any State in the United States. Bearing this in mind, we are concerned about the Federal Election Law passed in 1974, which is presently being challenged in the courts and would appreciate hearing your comments on that act as to whether it should be strengthened. Should it be more encompassing than it is at the present?

THE PRESIDENT: I signed the Congressional action putting on the statute books the Campaign Election Law of 1974. I had some reservations about it. We are in the process now of trying to get the Federal Election Commission to give some interpretations under the law. The Federal Election Commission is finding some imprecise language, some ambiguities. Their decisions, I am sure, in some instances will be challenged. I am not predicting which ones because they are just getting started.

I don't think we should undertake any significant changes in it until we find out how it works in the 1976 elections, it will apply both to the Presidency and Congressional races. I suspect after we have gone through one national election, and after we find out how it works, there will be some recommendations from a wide variety of sources because any piece of legislation as complicated as that, as innovative and new as that, is bound to have some imperfections. But to pre-judge it before it has actually been used, I think, is unwise. I would wait until after November of 1976 when we have had practical experience and then take a look and see what ought to be done.

QUESTION: Virginia Foust, President of the Washington State Federation of Business and Professional Women's Club.

As part of our legislative platform passed in our 1975 National Convention, we gave full support to the extension of the United States coastal limit to 200 miles wherever geographically feasible. We were taunted by the press that this was not a concern for a woman's group. But from Maine through the Gulf Coast, up the West, through Alaska, we felt as citizens it was our concern. Do you foresee that this 200-mile limit could be in the near future be given some consideration?

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THE PRESIDENT: I was asked somewhat the same question up in Maine last Saturday, so I will tell you what I said then. The answer here will be precisely the same as the one I gave there.

I believe in the 200-mile concept. The Law of the Sea Conference, which is an international group, has been working on a comprehensive international treaty or agreement aimed at solving not only the 200-mile limit but a number of other very intricate and complicated points. They adjourned some time last fall -- early this spring, I am sorry -- and are reconvening in either January or February. Our Government's position in this negotiation on a global basis is for a 200-mile limit.

Now in the meantime the Congress, in both the House and the Senate, we have had unilateral actions taken by, or proposed, so that the United States would establish a 200-mile economic zone regardless of what the Law of the Sea Conference proposes.

It is my hope that, in light of my endorsement of the 200-mile concept, that the Congress will wait and see if we can't get an international agreement obviating the need and the necessity for U.S. unilateral action.

I would hope that the Law of the Sea Conference would be concluded some time in 1976. We are going to fight for the 200-mile concept. I think we can get that concept incorporated in the Law of the Sea Conference.

So, therefore, I urge that the Congress slow down a bit until we have been successful -- and I think we will be -- in the Law of the Sea Conference.

QUESTION: Thank you.

THE PRESIDENT: Yes, sir.

QUESTION: Mr. President, my name is Leo Bodine. I am President of the Idaho Association of Commerce and Industry.

My question roots to a problem that is developing within our State, the State of Idaho, as indeed it is elsewhere about these United States, that of a budding energy shortage. The question also roots to an awareness of a generally conceded fact that there is an awful lot of coal abundancy available to us as an alternate fuel. So I ask, what do you see as necessary to substantially increase the use and reliance upon coal to provide energy and what can be anticipated in the way of a timetable for the accomplishment of that objective, assuming a greatly increased use of coal can be conceded to be an objective?

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THE PRESIDENT: In a normal year to the last several years -- and I say "normal" because we had a strike last fall -- but in a normal year we have been using roughly 600 million tons of coal a year. Our energy program over the next ten years aims at increasing coal utilization from 600 million tons a year to 1,200,000,000 tons.

Now, in order to do that, we have to take some affirmative actions to get conversion from oil-burning utilities to coal-burning utilities. The reason for that is that we have about a 300-year, as I recollect, supply of coal in the United States, and we are rapidly running out of domestic crude oil production in the United States.

It is going down every year. So we want to get conversion. We want to, through research and development, develop new ways to use coal more efficiently, more economically, more environmentally acceptable, and we are spending, as I recollect, about \$100 million in research and development on better utilization of coal.

I think it is in our national interest, it helps us become less vulnerable to foreign oil sources. It is a domestic product that, if we mine it here, the money stays here, but if we don't mine it here and buy more foreign oil, our money and jobs, they go overseas. We have too much of that now with the kind of prices we are paying for overseas oil and the dependence we are getting.

So I can simply assure you through conversion, through research, through a number of other efforts, we are going to become more and more dependent on foreign oil sources.

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QUESTION: Mr. President, Bob Thompson, publisher of the Post Intelligence here.

This is sort of the second half of a question asked earlier. Public opinion polls tell us that there is a disenchantment of citizens, if you will, about public institutions and public officials. I would think as President of the United States you would be disturbed by that.

I guess the question is philosophical. How can we restore the confidence of the people in their Government?

THE PRESIDENT: I have watched those polls. I am disturbed by what I see. It is not only a lack of confidence in the Federal Government, but I think it is broader than that.

If that attitude prevails, I think it erodes the capability of Government to do its job, public officials to effectively achieve what they have to do.

It is my opinion that, at the Federal level -- and I would not want to comment beyond that because I have never served in local office -- it seems to me that whether you are in the White House or in Congress, the person holding office has to come out and solicit views and listen to the views of people so that the public doesn't get the impression decisions are made in a smoke-filled room or behind the locked door.

The people want to participate, and I think by conferences such as this and other means, the public will feel they are a part of something. Once they feel they are a part of something, in my judgment, confidence will be restored.

Yes, sir?

QUESTION: Mr. President, my name is Harvey Mesford, and I represent the Seafarer's International Union.

In 1970, the maritime industry was given a tremendous shot in the arm through the passage of the Merchant Marine Act of 1970. Now, five years later, this industry is in dire need of a booster shot in some form of cargo preference, preferably in the dry bulk import and export field.

My question is, is there any hope for legislation being passed and signed in this area?

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THE PRESIDENT: I am very familiar with the issue, and I have talked with a good many people, both in labor and management, who have been involved in this legislative effort and the basic problem -- which is what we have to solve -- our Merchant Marine is being unfairly attacked on a competitive basis by highly subsidized foreign ships and to some extent other countries are using the cargo preference approach.

I believe there is a better answer than specific cargo preference legislation, although if it were properly drafted, I said I would sign such a bill.

But let me just take a specific case. In 1972, when the first shipment of grain was sent to the Soviet Union, an agreement was reached so that one-third of that purchase would go in Soviet vessels, one-third in United States' bottoms and the other third in, I guess, any bottom.

Unfortunately, in the three years, the United States one year got up to its third, in the other two years we are between 20 and 24 percent. That is inexcusable.

One of the problems is that rates paid by the Soviet Union for the shipment have not been adequate and American shipowners have put the ships in lay-up. We are in the process now of trying to negotiate with the Soviet Union a higher freight rate per ton so that those American ships -- about 34 or 35 of them -- will be taken out of lay-up and will be used in the shipment of any grain, whatever the amount is.

This, in effect, will provide the dry cargo that you are talking about, or at least I think you are referring to.

Now, in addition, we are trying to broaden the utilization of any such ships that are in that category, so they don't come back deadheading, so to speak, but they come back with another cargo, and this is a possibility.

It seems to me that that is a better way than an arbitrary cargo preference approach.

We are working on it. We hope to get the freight rate up and, if we get it up, those 34 ships will come out and they will be a part of our active fleet.

If we can negotiate and achieve proper arrangements, we might be able to get more out without having a preference, per se. I can assure you I have talked to Paul Hall, Phil Carlip, Teddy Gleason and all of them, and I can just assure you, as I told them, we are going to get those ships in active duty, period.

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QUESTION: Thank you very much, Mr. President.

THE PRESIDENT: He is in charge. Talk to him. (Laughter)

QUESTION: Mr. President, my name is Mike Galvin. I am the President of the Washington Environmental Council.

Amongst professional economists, businessmen and just plain citizens like myself, there is a debate as to how we, as a country and economic system shall grow. Will we grow as we have in the past -- that is one question -- or can we afford to have our economic system expand at the same rate as it has in the past?

Part of this debate reflects the concern that historical growth patterns cannot, in fact, be maintained in view of diminishing net energy and raw materials and increased pollution related to the doubling of the Gross National Product every two decades.

In addition, a critical question associated with this growth debate is how to keep people employed however we choose to grow.

I would like to ask you, is it the Administration's position that our economic system must expand at past growth rates in order to maintain employment levels or can we channel some of our great resources and abilities to different sectors of the economy in order to achieve greater energy efficiency, greater employment levels and more sensible use and preservation of our national resources and environment? (Laughter)

THE PRESIDENT: Let me emphatically say that I believe this country can and must continue its growth at a high level -- and I am not going to define the level here. But if we are to provide about 1,600,000 new jobs every year for the young people entering the labor market, we have to have growth. It is mandatory.

We can't bear these children and then not provide jobs when they become of an employable age. We have to have a society that gives them an opportunity for work, and we are going to.

I can't predict with precision what that growth rate ought to be, whether it is higher or lower than what we have had, but we are going to have a sufficient growth to provide that job opportunity.

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Secondly, I happen to be sufficiently optimistic that if we manage our resources adequately, we can provide those job opportunities and still not despoil our environment, like we have for the last 20 or 50 years.

We have been trying to catch up, to make up for the deficiencies in this area that were our responsibility for the last two or three decades. We have made substantial progress.

I think we are reaching a point now where there can be a balance to recovering our environment, preserving it and saving it in the future and, at the same time, maintain an economy that has a growth factor to take care of the job requirements of the young people entering our society.

Russ Train is here. I don't know whether it came from his shop or not, but I do know a little bit about the Great Lakes. We were in a serious problem five years ago, and through a wide variety of activity forcing municipalities to improve their pollution controls, forcing industry to take creative action, I saw something over the last several days that the Great Lakes have stopped their degeneration and are now affirmatively being cleaned up.

Believe me, that is an important factor in that area where some ten or 11 States depend on that fresh water for their livelihood.

QUESTION: Thank you, sir.

THE PRESIDENT: Yes, sir?

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QUESTION: Mr. President, my name is Kemper Freeman, Sr. I am President of the Bellview Chamber of Commerce and I am here representing the Puget Sound Chambers of Commerce.

The savings institutions are looked to as a primary housing source of financing with all the benefits for better living and the stimulation of the construction energy and our whole economy as an outgrowth.

The question will the Federal Government require private savings institutions to operate under Federal price ceilings on savings interest rates and at the same time permit Federal Government agencies to out-compete for savings dollars by paying higher than the legal limits for interest, and thus causing the savings to be withdrawn from the home financing?

THE PRESIDENT: I think the best evidence that this Administration doesn't believe in that is the fact that over the last eight months the in-flow, the net in-flow in savings and loans has been the biggest in the history of the United States.

So, that situation proves that this Administration is not going to set artificially high interest rates and force -- not force them -- but entice people to buy Government securities instead of utilizing the savings capabilities of the savings and loan.

As far as I know, we have no intention of moving in the direction that you are concerned about. We want the savings and loans to have lots of money so they will aggressively go out and try to sell houses with the homebuilders. You have a lot of money, get it out there and let's get some homes built.

QUESTION: Thank you, and good for you, Mr. President. (Laughter)

QUESTION: Mr. President, I am John Hogness of the University of Washington.

What are the chances of passage of a comprehensive national health insurance bill this year or next?

THE PRESIDENT: As I said in my remarks or in answer to one of the questions, I decided for the budget year of 1976, that I would not advocate any new programs and that, of course, included a comprehensive national health insurance program.

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I had, when I was in the Congress, advocated a program that was, I believe, one that would use the private sector and not a monopolistic Federal Government program that could be financed and, in effect, would improve our health care facilities and institutions.

But it would have imposed -- let me be very frank -- new budget problems on the Federal Government. In my opinion, because of the deficit that we faced and the need to control fiscal deficits, that we couldn't -- at least for fiscal 1976 -- endorse or support what I had supported when I was a member of the House of Representatives.

That is my view.

Now, what is the Congress going to do? I have noticed of late that there has been less enthusiasm, apparently, in the Congress for such a program. For example -- this was in the paper so I am not telling any secrets out of school -- Senator John Tunney, who has long been an advocate of the so-called Kennedy Health Insurance Program, publicly announced about two weeks ago that he was withdrawing his support because of the fiscal situation.

I believe that there is a feeling that the approach ought to be thought out more carefully. We have the Kennedy approach, which is pretty much a government monopoly. We have the approach that I endorse, which is one that uses the private institutions. You have the American Medical Society that uses what they call Mediscredit, you have the American Hospital Association that has some program.

I think, for the time being, we have to do a little more in-depth study before we commit ourselves to any program of that kind.

QUESTION: Mr. President, it is a real pleasure having you here in Seattle with us today. My name is Ken Bostock. I am representing the Washington Committee on Consumer Interest.

Recently in a widely reported speech before the Hardware Manufacturers Association in Chicago, you promised to get Government out of their business, their lives, their pocketbooks and their hair. (Laughter)

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Now this same theme has been echoed throughout today by your staff and Cabinet members. Virtually everyone agrees with that laudable goal, even consumer advocates. Unfortunately from our perception, too many times the perpetrators of unnecessarily restrictive governmental regulations is not consumers, rather it is a business, an industry or a protection that seeks to limit the ability of others to enter the marketplace and compete with them.

My question to you is: it has been reported in the news media that you intend to veto the legislation creating the Agency for Consumer Protection when it reaches your desk. First, is that true, and, secondly, if so, given the best efforts of previous Administrations to accomplish this same goal, and the continuing failure of Federal agencies to lessen these regulatory burdens, why are you rejecting this opportunity for instituting significant regulatory reform?

THE PRESIDENT: I am going to veto the bill. I so indicated that to the House and Senate. I am going to veto it for several reasons. One, it fits into the category of no new programs. Secondly, it would, under the legislation as it has been introduced, would cost over a two or three year period, just for administrative costs, \$60 million. Thirdly, I think there is a better answer to the adequate protection of consumer interests as far as the Federal Government is concerned.

All the Cabinet members here as well as their associates in the Cabinet know that Virginia Knauer, who is the White House consumer head, has gone to every department and sat down with the Secretary and his staff saying, "What are you doing in your department to protect consumer interests?"

And in some instances we have found that Cabinet officers or their departments weren't doing enough and were doing a lousy job.

Virginia has my full support to make sure that departments perform.

I think that is the way to do it rather than to establish a separate agency that, in my judgment, is unnecessary and is costly and I prefer the approach that I outlined because I think it can work, and it is better and it will do the job without the establishment of another bureaucracy, another layer. It is not that we don't support protecting consumer interests but we think there is a better way to do it rather than a new bureaucracy.

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QUESTION: Thank you, Mr. President.

QUESTION: Mr. President, my name is Bob Polachek and I am here representing the Washington Bankers Association.

In his remarks, Mr. Seidman, I believe, mentioned that the Executive Branch would be taking a hard look at the effectiveness of all the regulations, particularly those that have been laid on business and industry in recent years, as to their real public benefits versus cost. We see more rather than less regulation in the immediate future.

What is actually being done at the Executive level to address this problem realistically?

THE PRESIDENT: I don't deny that the trend has been for more regulation rather than less. We have initiated efforts to work with regulatory agencies to get them to knock out some of the regulations that have been in effect that are no longer necessary, that are obsolete or obsolescent. This is going to be, unfortunately, a slow process.

One thing that is forgotten -- and I will bet that 99 percent of the regulations that are in effect are mandated by Congressional action and are included in statutory law. I just know that is true.

So, one of the problems we have is to get Congress to modify existing law or to rescind present law.

I am not saying that we can't make any improvement. I think we can. But we are hamstrung unless we get Congressional support.

Now, in order to get this action going, I had a meeting with all of the pertinent committee heads and their minority counterparts about a month or two ago. They are as interested as we are and I believe the White House, working with the Congressional committee leadership, can get some laws amended or laws rescinded and then we can really start knocking out some of these unnecessary obsolete, obsolescent regulations.

We are going to try, I will tell you that.

QUESTION: Thank you, sir.

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QUESTION: Mr. President, I am John Murray. I am President of the Washington Newspaper Publishers Association.

Incidentally, I am number 13 on the program. If anybody thinks this was a put-up job, I have had to change my question three times. (Laughter)

I also serve as Chairman of the Oceanographic Commission of the State of Washington.

My question -- which I just wrote, so I know you don't know it -- does the Administration have any specific plan to aid or promote oceanographic programs such as fish farming, ocean mining and other new economic uses of oceanographic resources?

THE PRESIDENT: I know in general we do have such a program. It is under the control and jurisdiction of the Department of Commerce. Rog Morton can give you the specifics, but we have a program. It probably ought to be expanded because the potential in the seas is really unbelievable.

Many people think there is a greater potential for society on a global basis in the sea than there is in the atmosphere.

So, I suspect there will be pressure, increasing pressure to expand that particular program.

SECRETARY MORTON: There will be.

THE PRESIDENT: Roger just said because I said that he is going to recommend more. (Laughter)

QUESTION: Thank you, Mr. President.

I would like to particularly point out that Puget Sound is a great place to start. (Laughter)

THE PRESIDENT: Yes, sir.

QUESTION: Mr. President, my name is Bruce McPhaden. I am the Regional Vice President of Kaiser Aluminium and Chemical Corporation, located in Spokane, Washington in the beautiful, warm, sunny Eastern part of this great State of ours.

THE PRESIDENT: You couldn't do any better than you had today in Seattle. (Laughter)

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QUESTION: Come to Spokane.

My company operates three major plants in the State of Washington, with a total employment of approximately 3,500 people. Our company is one of seven major aluminium companies located in the Northwest representing approximately one-third of the domestic aluminium industry.

Today, I am representing the Association of Washington Business, of which I am a Director.

Like you, Mr. President, and your distinguished Administration, business and industry in the Northwest has been concerned about three fundamental problems; one, getting our economy moving again and people back to work, but doing so without further inflation; two, solving our serious energy problem so that we can continue to have reliable and low-cost power essential to the health of our economy and financial system; and three, making the best use of our limited capital to improve productivity to better compete and produce jobs.

We have been pleased to note that your Administration has recognized the necessity for greater flexibility in the use of our limited capital to achieve these objectives.

For example, when there is only so much money available for improving productivity, saving energy through conversion to alternate sources, instituting major conservation programs and improving our environmental control systems, you have recognized their needs to be flexible in the law and administration of the law to permit the best and most productive use of these limited capital resources.

In this connection, your Administration has indicated a need to provide some flexibility and relief in the Clean Air Act. The goal of protecting human health and improving our environment is the mutual goal of your Administration, industry and the general public.

But to move too fast is counterproductive in attaining our environmental as well as our economic goals. As your Administration has recognized, we must have some flexibility through amendments in the Clean Air Act.

Yet, on August 8, the Muskie subcommittee of the Senate Public Works Committee published a 98-page document of subcommittee recommendations and staff proposals for the Clean Air Act amendments which moves 180 degrees in the opposite direction. It inserts several new layers of regulation, it establishes new deadlines, it allows for almost all pervasive regulation by the EPA, and it increases penalties. The tone is punitive, it tightens and makes more rigid rather than relaxes or makes more flexible.

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Mr. President, if I may be excused, a personal reference, our company has alone spent approximately \$110 million since 1973 just to meet increasingly stringent environmental control standards.

During the first half of this year, we spent as much money on environmental and OSHA programs as we made in profits in our aluminium business.

Mr. President, my question to you is this: (Laughter) What is your Administration's position on the Clean Air Act amendments, and will you continue to urge Congress to provide relaxation of schedules and standards to provide for the flexibility needed to properly address this problem in context with all the other economic and energy problems we face, and will you continue to explain to the public the economic and financial constraints we face and the need for accepting more realistic and attainable environmental goals and the programs?

THE PRESIDENT: In the energy bill I submitted to the Congress in January, going along or coinciding with my State of the Union Message, I proposed certain Clean Air Act amendments which would have accelerated conversion and had other beneficial impacts.

Now, that was about a 200-page document. I regret to say not one page of that has been enacted by the Congress from January 14 to this date. But, nevertheless, we submitted, I think, a good balance.

As a matter of fact, Russ Train and Frank Zarb, the head of the FEA -- and they have somewhat conflicting responsibilities -- both agree on the approach that was included in the package that I submitted.

If the Congress would approve that approach, then I think many of the fears you would have, many of the apprehensions that environmentalists would have, wouldn't exist.

The report that you refer to -- I am told by Russ Train -- is not a committee action but it is a staff report of a Senate subcommittee. So, it is only the promotion of a staff -- and I must admit from some experience, they promote a lot of things (Laughter), not all good, incidentally -- but nevertheless they have produced this subcommittee staff report and, if I were you or those associated in business such as yourselves, which would be scared to get, from the way you describe their recommendations. I know how you go out and fight to oppose them and support the Ford Administration's recommendations in the energy bill in January. (Laughter)

MR. BAROODY: We have time, unfortunately, for only one more.

THE PRESIDENT: We will have one wild card. (Laughter)

MORE

QUESTION: Mr. President, Kay Fanning, Publisher of the Anchorage Daily News, Anchorage, Alaska.

The Alaska delegation here today are interested in your feelings about a possible Alaska gas pipeline. Could you perhaps comment on the fact that there is a projected natural gas shortage in the lower 48 States this coming year? Do you see putting the weight of your office behind an expedition of a choice between a Canadian and an Alaska pipeline, and the second part, if it is to be a Canadian pipeline, do you believe a treaty can be negotiated with Canada that will make it a completely safe proposition?

THE PRESIDENT: First, there is a serious and growing more serious natural gas shortage. And this winter, at least ten States -- assuming the usual winter -- will have serious economic repercussions -- North Carolina, New Jersey probably being the most vulnerable, but eight others -- and I understand the State of Washington has some serious problems here also. Now, it just makes me sick that, if the Congress three years ago had deregulated natural gas in interstate commerce, we wouldn't face the problem that we face now.

Unfortunately, Congress decided that we would keep low prices and end up with no natural gas. That is not a very sensible solution but that is what is going to happen. Isn't it better to pay a higher price and have adequate gas, particularly if you want jobs and industry? Nevertheless, we have a real crisis coming up this winter.

Now, there are some things that are being done by the Federal Power Commission, and hopefully by the Congress, to meet a short-term emergency.

Now to get to your problem, there are two proposals, one, the Trans-Alaskan natural gas pipeline and the other, the so-called McKenzie Trans-Canada pipeline for natural gas.

The mix of El Paso -- which is the Alaskan or Trans-Alaskan pipeline -- is before the Federal Power Commission now. And I understand that some of the others are intervening to object to it. So it is before the Federal Power Commission. I do not think, under the circumstances, that I should interject myself or our Administration in that proceeding.

We want them to act, but I don't think we -- since they are an independent regulatory agency -- I don't think we should be a participant in the proceeding.

Now, I did meet with a Canadian energy boss -- or whatever his title is (Laughter) -- Mr. McDonald up at the dedication of the Libby Dam in Montana, which is a joint project between Canada and the United States. I talked to him about it because the Trans-Canadian project is under the jurisdiction of his Government and he has some authority.

MORE

But they have a similar situation. As I understand it, there is a study now going on before their comparable Federal Power Commission as to whether the Trans-Canadian line is the better procedure. His Government won't interfere with that proceeding.

Just what the outcome will be in light of the hearings and action, or potential action before the two independent agencies, I think we can't make any judgment.

I am familiar with the problem. There may have to be some legislative action taken such as we did in the case of the Alaskan Pipeline. I am not saying for sure that is needed but we aren't going to let it languish and linger and get no answer.

I am not pre-judging which is the right answer but we are not going to let it sit there and have no action. We have to have a decision, whether it is in the Federal Power Commission or in the Congress.

I do think I have to go. Would you excuse me?

Thank you very, very much.

END

(AT 4:30 P.M. PDT)