

PRESS CONFERENCE NO. 20

of the

PRESIDENT OF THE UNITED STATES

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Friday

Room 2001-B
Cobo Hall
Detroit, Michigan

THE PRESIDENT: Mr. Barnes, members of the Detroit Press Club, and guests:

A very short announcement at the outset:

As most of you know, the United States had requested last month that the Government of Poland refrain from additional purchases of U.S. grain until the October crop report. Because today's crop report contains, as we expected, an excellent crop forecast, I have today authorized that Poland be notified that it may now resume purchases.

We anticipate that their purchases will be spread out over a period of time. With respect to future grain sales to the Soviet Union, both for this year's crop and for the long-term contract, negotiations are continuing, and we hope to conclude an agreement in the very near future.

Secretary Butz will be holding a briefing in Washington at 4:30 p.m., going over the crop report and the Polish grain sale.

With that announcement, the first question from Mr. Clark Hallas.

QUESTION: Mr. President, have you urged Governor Milliken to run for the Senate seat to be vacated by Senator Hart?

THE PRESIDENT: I have not urged Governor Milliken to run for the Senate seat. Governor Milliken, I think, has to make that judgment or that decision himself.

There are already some announced, or tentatively announced, candidates, and it seems to me that that is a decision for the Governor to make. He knows the situation better than I.

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QUESTION: Would you welcome his entry into the race?

THE PRESIDENT: I think Governor Milliken has been an outstanding Governor. I think the State of Michigan has been most fortunate to have him as our Governor, but I think this is a decision that Bill ought to make himself, and I ought not to get involved.

QUESTION: May I ask you one more question?

THE PRESIDENT: Sure.

QUESTION: Has your Administration, or does your Administration plan to take any action on the "Move Detroit Forward" plan?

THE PRESIDENT: We have directed every Federal agency that would have any relationship to the "Move Detroit Forward" program to cooperate to the maximum, and there are a number of Federal agencies that do have money under their various categorical and block grant programs.

At the moment, I don't think it is feasible to go beyond what they can do within appropriations, and if they do that, there will be a substantial amount of money made available.

We are doing it as expeditiously as possible. But, at this time, I don't think we should make any commitments beyond what is authorized in the various appropriation acts.

QUESTION: Mr. President, with each passing week it would appear that the prospects for a Washington summit this year with Chairman Brezhnev become dimmer and dimmer, and I wondered if you could offer us any evidence to the contrary?

THE PRESIDENT: We have been in contact, of course, with the Soviet Union. In fact, our technical negotiators are trying to work out some of the answers to the various technical problems that have really been resolved and we are in agreement on.

There are some differences. We are continuing to explore ways to reconcile those differences, but at this moment, we are not in a position to make any announcement as to a set time when such a meeting between Mr. Brezhnev and myself will be held.

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QUESTION: Jim Harrington, WXYZ-TV.

Mr. President, the Democrats in Congress and the leaders have challenged you to be specific about what cuts you would make to match that tax cut. Could you enumerate some programs that you think could stand some trimming, and would, of necessity, aid to cities like Detroit be included?

THE PRESIDENT: I had the Office of Management and Budget put together for me over a period of several months areas in the Federal budget where we might make some reductions and they submitted to me a book about that thick and there are many more options than the \$28 billion that I think ought to be cut out of the growth of Federal spending -- and I emphasize growth -- because even with a \$28 billion reduction it means that there will be an increase over the anticipated expenditures for this fiscal year of, roughly, \$23 to \$25 billion.

So it is not a cutback in actuality, it is a cutback in growth and we have a number of target areas, and I am going to analyze those and find a sufficient number to come within the \$28 billion reduction so we can have a comparable tax cut. But let me give you several just as examples.

I believe that the f/od stamp program can be substantially reduced. There are many, many illustrations of abuse -- many, many illustrations where people have been paid where they didn't really qualify, the error rate is very high. I am going to submit as soon as Congress comes back from their fourth or fifth recess (Laughter) reductions at least that will save a billion dollars in this area.

Now, in addition, we think that there are some areas in the medical field again where there have been many, many abuses. Costs have escalated unbelievably in the medical field where the Federal Government makes payments. We think that there can be a tightening up in this area. Those are two, I think, very good illustrations where I think there can be a cutback in the growth of Federal spending.

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QUESTION: Mr. President.

THE PRESIDENT: Helen, how are you today?

QUESTION: I think we can both remember a time when this city was not known for its homicide rate and recently the head of the Secret Service and several police chiefs of several metropolitan areas have testified that if there was a total ban on the manufacture, sale and use of handguns across the board that crime would be really seriously reduced. At what point do you think you could ever come to this kind of thinking?

THE PRESIDENT: Helen, as soon as I am convinced that the gun itself is the culprit. In actuality, it is the person who uses the gun that causes the trouble. What we have to do is to make certain that the people who use the gun are punished and if you will recall from the crime message that I submitted to the Congress several months ago, we provided for stricter legislation so that a person using a gun in an attempt or in the actual committing of a crime, that person had a mandatory sentence and went to jail. This is the way, in my opinion, to prevent the illegal use of guns and not penalize the people who are collectors or individuals who properly use guns.

I have not yet been convinced that the gun is the culprit. It is the person who uses the gun that ought to be punished for illegal purposes.

QUESTION: And you don't think there is an undue proliferation of guns in this country?

THE PRESIDENT: I did recommend that we ought to make it much more difficult to obtain what we call Saturday night specials. There is under existing law a prohibition against the importation of Saturday night specials. Under the legislation that I recommended, it prohibits within the United States the assembly or manufacture of Saturday night specials. These are the cheap handguns. If we do that, that will significantly help in the problem that we are talking about.

QUESTION: Mr. President, more than three months ago Jimmy Hoffa disappeared without much more than a trace by tracking dogs. Are you satisfied with the investigation by Federal agencies into that case or would you prefer a special select Congressional committee to look into that and into Teamster pension funds and mob connections with unions?

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THE PRESIDENT: The Attorney General, who is an outstanding member of the Cabinet, the Department of Justice and the FBI are doing a maximum job in investigating any Federal relationship as far as the disappearance of Mr. Hoffa is concerned. I have full faith in the Attorney General, Department of Justice and in the FBI, and where there is any Federal connection I can assure you they will continue tracking every possible lead maximizing their effort. This is a very strange case. I don't see how any Congressional committee can undertake any criminal investigation. That is not the function or the responsibility of a Congressional committee and I think we ought to leave that responsibility with the appropriate agencies in the Executive Branch of the Government where the Attorney General and others have taken their oath of office to handle matters of this sort. I can think of one recent case where, after a period of some 19 months, they finally found the individual that they were seeking to find and, apparently, in this case the problem is very difficult but I have full faith in the ability of those who have that responsibility.

QUESTION: A follow-up question, and elaborate on it.

THE PRESIDENT: Sure.

QUESTION: Would you like to see something similar to the McClellan (McCarthy) Committee back in the fifties look into reports of mob connections specifically with the Teamsters or other unions?

THE PRESIDENT: That, of course, is a responsibility of the Congress itself, the Senate, in the case as it was back in the fifties. They could do it now if they wanted to. If you are referring to allegations that I have heard about or read about concerning the Teamster pension fund and any relation to that and how it has been handled, the Congress passed last year, I believe I signed into law, a Pension Reform Act, and under that legislation, the Executive Branch of the Government has the full right to make any investigations.

Under that legislation, those who handle the pension funds have to make very specific reports on a very short-term or periodic time and it seems to me that in that area it is the responsibility of the Department of Labor to investigate that aspect of this particular case.

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QUESTION: Is that being done, sir, or do you know?

THE PRESIDENT: I am sure it is.

QUESTION: What is your prediction on the game in Lansing tomorrow?

THE PRESIDENT: Well, they are both my friends, and I like my friends. (Laughter)

QUESTION: Mr. President, I notice that former President Nixon is back in circulation with his old friends. I am wondering, given that, if you have talked to him, plan to talk to him, one; plan to see him, or if, given his interest, as expressed interest in foreign affairs, there might be a place in your Administration for him?

THE PRESIDENT: First, I am delighted to see that former President Nixon is apparently much better, feeling well. I talked to him when I was in California several weeks ago on the telephone.

He sounded better on the phone at that time, and I am very happy that his health is apparently much, much better.

I have had no request from him to participate in any way in the handling of foreign affairs. I have had no request from him to participate in the campaign. As I have said on several occasions, I run my own campaign on my own record, and I expect to do that in 1976 and, as President, I expect to conduct or handle foreign affairs as a President should, in conjunction with the recommendations of the Secretary of State.

QUESTION: If he should request to serve you in some way, would you entertain that notion?

THE PRESIDENT: I don't think I should speculate on something of that kind. He has not done it, and I have seen no indication that he might.

QUESTION: Thank you, sir.

QUESTION: Terry Murphy, WJBK-TV.

Detroit, Mr. President, has more HUD homes than any other city in the country, yet thousands of them are abandoned and rotting away. Other than Carla Hills' promised tour of this city, what else are you going to do to put people into these homes and clean up the mess?

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THE PRESIDENT: It is my understanding that the Secretary of HUD has worked out an arrangement with the city officials and with the State officials, under Governor Milliken, to have a joint effort with the Federal Government committing \$5 million to purchase and rehabilitate thousands of these homes out of roughly 14,900, as I recollect.

This is a good example of what the Federal Government, in partnership with State and local units of Government, can do with these homes, where the homes have been foreclosed and the Federal Government has jurisdiction.

If we find that this program, which I understand is to be implemented in the Northwest part of Detroit, works, then I would hope we can expand it in the months ahead.

QUESTION: The program still run, though, by the Federal Government, rather than by State and local officials?

THE PRESIDENT: As I understand it, it is a partnership arrangement. I cannot tell you who actually has the specific jurisdiction, but it is a partnership where the Federal Government not only has the legal title under foreclosure of the homes, but the Federal Government is putting up \$3 million this year and \$2 million next year for the rehabilitation of 1,000 homes. I understand they are in the process of actually implementing the program for about 250 right at the present time.

QUESTION: Mr. President, I am wondering why you removed the embargo on the Poles and not the Russians? You said the crop report, after all, was excellent, but you said you have to go ahead now with the Russian grain deal, you have to have negotiations on that.

The farmers would like to go ahead and get this money now and worry about a long-term, five-year grain deal later. Why don't you just go ahead and remove the embargo now?

THE PRESIDENT: It is very important to negotiate, and you can negotiate from strength, I think, if we make certain, make positive, that we get a long-term agreement which is in our best interest in return for additional sales to the Soviet Union on the crops that they want to buy in 1975.

It is a very simple explanation. We have the grain, we want a five-year or longer term, and we want a good arrangement. I think we are coming very close. We are working very hard at it, and I think we are probably going to have some results.

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But, it is just a matter of good, old Yankee trader actions, and Yankee traders did pretty well for a long time in this country. I just think we ought to handle it that way rather than be too soft or not tough negotiators.

QUESTION: Well, in all this tough trading, are you going to make your mid-October deadline, and also, are you horsetrading for oil? Are you holding out for that?

THE PRESIDENT: We are discussing a potential oil deal that will have some favorable aspects. If it is negotiated, as far as we are concerned, that is a little more difficult. In that case, they have the commodity and we want it.

So, they have somewhat better bargaining positions in that case than we. So, as I said a moment ago, we are trying to be good, hard-nosed, Yankee traders, and when we end up with an arrangement or a negotiated agreement, I can assure you that the United States will do as well in the areas where we want help, and I think we have to expect that they will do well in those areas where they have an interest.

QUESTION: And in that October 15 deadline?

THE PRESIDENT: The October 15 deadline, it is within the realm of possibility.

QUESTION: Mr. President, Bill Willoughby, the Royal Oak Tribune.

How does the proposed energy research corporation fit into the \$395 billion spending ceiling you proposed?

THE PRESIDENT: First, you have to understand that the Energy Independence Authority is a ten-year project, and it requires a utilization of the Federal Treasury at a very, very slow pace. In fact, in fiscal year 1977, which is the fiscal year where I think they ought to set a \$395 billion ceiling, the amount of money that would be withdrawn from the Federal Treasury is minimal.

So, it really has a very insignificant impact on fiscal year 1977, which is where I recommend that the Congress establish a \$395 billion spending limit.

In the years after that, there will be a drawdown on the Federal Treasury, but I hasten to point out that we expect the EIA to end up being a money-making proposition from the point of view of the Federal Treasury.

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It is a drawdown in one year, and over the ten-year period, we expect Uncle Sam to get all, or virtually all, of his money back and, in addition, the EIA will help us significantly in the development of what we call synthetic fuels or exotic fuels, where at the present time private enterprise is not willing to take the gamble or make the risk. But nevertheless, I am convinced in some of these areas -- solar energy, synthetic fuels and other areas -- this is the only way we can do it.

Therefore, I think it is a good program, and I repeat, it will have a minimal insignificant effect in fiscal 1977 when the \$395 billion ceiling is established.

QUESTION: Why is private enterprise not willing to take the risk?

THE PRESIDENT: I think you can use one or two other comparisons. Back in World War II, when we were cut off from our rubber supplies, the natural rubber supplies, the Federal Government had to go in and develop a synthetic rubber-producing capability.

At that time, private enterprise thought the research had not gone far enough, and the need was so great that private capital was not in a position to undertake such a mammoth operation.

So, the Federal Government did, and after the war, as you may recall, after the process had been developed and was a going concern, the Federal Government sold those synthetic rubber plants to private enterprise and made a profit out of them.

This is the same concept we are talking about with EIA.

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QUESTION: Mr. President, in view of the apparent success of the negotiations with the Soviet Union involving their oil and our grain, are you contemplating or planning similar discussions with the People's Republic of China on their oil reserves and their grain either here or when you go to Peking?

THE PRESIDENT: The agenda for the prospective trip to the People's Republic has not yet been established. Secretary Kissinger is leaving for the People's Republic within the next week or ten days, as I recall. Until he comes back with the agenda, I don't think I am in a position to say what it might be.

I caution you--you used one word, Saul, that I think it is going to work but you were a little overly optimistic in relationship to grain and oil. All I can say is I am optimistic but we are dealing with some tough traders and I don't want to create the impression that it is all signed on the dotted line because we have some things we want to get and they, in return, want some things that they want and until the ink is dry on it, we're not going to make any announcement.

QUESTION: You said last night that the Federal Government cannot afford to bail out the big cities, mainly New York City. Treasury Secretary Simon and Federal Reserve Board Chairman Burns have suggested that maybe New York State might impose some taxes for one, two or three year periods to help out New York City. Can States really afford to help out these floundering big cities or can they afford not to?

THE PRESIDENT: Well, I hesitate to pass judgment on the fiscal capability of any State. I don't pretend to be an expert on State financing but I have watched with considerable interest what has been happening in New York City and its relationship to the State of New York. A month or two ago the State of New York took some action, not raising any additional taxes to help New York State out, but to rearrange some borrowing and one of the requirements was that the City of New York has to present a valid plan showing that they had straightened out their financial mess, that they had a plan that would lead them out of this terrible fiscal situation they are in. I was naturally disappointed to find that this State group or board that they established turned back Mayor Beame's tentative proposal--said it was insufficient. They had not done enough.

I think that is a good role for the State and a State ought to put responsibility and if, after the State has made an honest effort to balance their fiscal situation, to take whatever hard choices they have to make, I think the next step is for a State to assist, if they have to, in whatever legitimate way there is. I have still the same reservations I had before: that the Federal Government should police the fiscal management of all of the cities in this country. I don't believe that we should decide at Washington whether a city has run its fiscal affairs properly. That is a role for the State Governments, not a role for the Federal Government.

QUESTION: You get some pretty big cities, though, that control an awful lot of money and corporations having their headquarters in these cities. If they die, there is going to be some problems.

THE PRESIDENT: There is no reason why they should die. Let's take the City of New York. Their annual budget is, roughly, \$12.2 billion. The Federal Government today contributes \$3 billion 400 million to New York City's total revenue, roughly 25 percent. It would seem to me that the city with good management could find a way to supply the rest of the revenue, and we do almost the same thing to most cities but in the case of New York, I know precisely what the facts are and the City has some responsibility and if we start managing -- what is it, 10,000 cities throughout the country, I think that is the wrong role and responsibility for the Federal Government. The people who vote in New York City ought to elect the kind of people to public office who will handle their local taxes and the money that comes from the Federal Government properly, and if they don't elect those people, I don't see why that burden should fall on the other 200-some million people all over the United States.

QUESTION: Thank you.

QUESTION: Mr. President, you have said several times that you don't intend to make Congress the main target in your campaign for election in 1976 but today your Press Secretary, Ron Nessen, said you are now referring to Congress as the "can't do" Congress and that sounds very much like a campaign slogan to me. And I wonder if you have changed your plans and now plan to make Congress the whipping boy in your campaign?

THE PRESIDENT: Well, I am just being objective about their record. (Laughter) And I casually said at our meeting this morning with Mr. Nessen--we were ticking off the things that Congress has not done--and I casually said that sounds like a "can't do" Congress.

What haven't they done? They have not passed an energy program and I recommended it to them in January of 1975 -- nine months. They first said "give us sixty days and we will pass it" and then they said a few more months and we will pass it and another few months -- it has been nine months and they have not passed an energy bill. Apparently, they can't do it. After I announced the \$28 billion tax reduction and a \$28 billion cutback in the growth of Federal spending, all I heard from Congress was, "We can't do it. The rules of the Congress won't permit us to do it."

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And then they had a lot of other alibis. Well, their plaintive plea was, "We can't do it." Now I cited, as you know, Mr. Barnes, last night two instances -- one in 1967, one in 1968 -- where those Congresses did it. All they have to do is go back and look at their history books, the Congressional Record, and they will find it can be done. I hasten to add, and very seriously, this Congress is called, or was called, a reform Congress -- they reformed a lot of other rules.

Now, it would seem to me to satisfy the legitimate desires of the American people that they get a \$28 billion tax reduction and get a reduction in the growth of Federal spending, that this Congress of 535 elected people ought to find a way in the parliamentary situation to respond to the desires of the American people. It takes a little imagination. It takes a little effort. Instead of whining and whimpering, as Ron Nessen said, they ought to get out there and do the job.

QUESTION: Is that a slogan you are going to be using, though, about a 'can't do Congress'? (Laughter)

THE PRESIDENT: Well, as soon as they pass a tax reduction of \$28 billion and a reduction in spending growth of \$28 billion, we will stop using the term.

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QUESTION: Mr. President, the name is Mitch Kehetian of the Macomb Daily.

In our county, and in counties across this State and Nation, again we have local elections coming up next month and again the local candidates are talking about forced busing. Others say it is rhetoric, but just several weeks ago you yourself reaffirmed your position opposed to forced busing.

We hear it in Congress, we hear it on Capitol Hill, we hear it in Lansing, we hear it in Macomb County, Oakland County, yet the buses keep rolling and the judges keep ordering more buses.

Could you tell me what I can go back and tell our readers in Macomb County as to what the truth is on the question of busing? Is it rhetoric, or are they coming?

THE PRESIDENT: We have a Constitution, and the courts have the obligation to interpret the Constitution, and the court, back in 1954, made the basic decision, which in effect has precipitated the numerous court decisions that result in court-ordered, forced busing to achieve racial balance in public school systems.

They allege that this is the way that the courts ought to achieve quality education. I strongly, vehemently disagree with the court's decision, based on the Constitution, as the best way to achieve quality education.

I have had that view for ten years or more.

Until the courts decide that there is a better way to achieve quality education under their interpretation of the Constitution, there is nothing that a President can do, there is nothing that the Congress can do, except what the Congress did a year ago under the leadership of Congressman Marv Esch, who introduced an amendment in the House of Representatives, which was passed and approved in both the House and the Senate, which listed seven or eight steps to achieve the Constitutional handling of how to achieve quality education, and the last of that criteria was busing.

Unfortunately, few courts, few Federal courts, have followed the guidelines of the Esch amendment. I wish they would. But, until the court either uses that criteria, or changes their way in which they want to Constitutionally achieve quality education, there is nothing a President can do, and not much more than a Member of the House or Senate can do.

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I think it is deplorable, I think it is the wrong answer, and I just hope that the judges will use in their wisdom a way to find a better answer to what is going on at the present time.

QUESTION: Thank you, Mr. President.

THE PRESIDENT: How are you, Mr. Irwin?

QUESTION: Mr. President, when you spoke, sir, of Congress using its imagination in developing a way to respond to your tax cut proposal, did you have in mind the possibility of a nonbinding resolution that would set them on a course as an interim step?

THE PRESIDENT: Mr. Irwin, I have no intention of recommending a nonbinding resolution establishing a spending ceiling of \$395 billion, which is \$25 billion above what the ending figure is for the present fiscal year. I want the Congress to put a little meat on the bone. I want the Congress to do something in a meaningful way.

Congressman Del Latta of Ohio, a very senior Member of the House of Representatives, introduced the day before yesterday a resolution which is a binding resolution, and I hope and trust that when the Congress returns they will approve the Latta amendment or the Latta resolution, which does put a firm ceiling of \$395 billion, which is roughly \$25 billion more than we will spend in this fiscal year, but \$28 billion less than the projected spending for the next fiscal year. I want something meaningful, not a lot of verbage.

QUESTION: Thank you, Mr. President.

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QUESTION: Terri Jones, WJPR-TV.

Mr. President, families in Detroit and around Michigan are still suffering from massive layoffs. There is a bill that is currently under consideration, bill H.R. 7887, that would give food stamp applicants food stamps immediately upon application without waiting for the qualifying period and then, if found ineligible, they would be cut off.

What is your reaction to that bill?

THE PRESIDENT: I believe that there should be a determination as to a person's qualification. There is too much room for abuse. That program has had more abuses per capita than any other welfare or any other program that I am familiar with in the Federal Government.

Under the proposal that I am going to submit when Congress returns, it will add benefits to the people who need food stamps, but it will take a substantial amount away from, or eliminate a lot of, people who don't need food stamps.

The net result will be a minimum reduction in the overall cost of about \$1 billion plus.

Speaking of the food stamp program, five or six years ago, when it got started, it cost about \$30 million a year. The present cost on an annual basis of the food stamp program today is almost \$7 billion. It has had the greatest growth in dollars of any program in the Federal Government in the last few years because they have had too many abuses, and the program you speak of, in my opinion, opens the door to more abuse.

People who should qualify can qualify and can get the benefits, I think, expeditiously, and even under that present set-up, the abuses are horrendous. So, I think we ought to tie it down, give more to the needy and less to those that should not qualify.

QUESTION: Mr. President, I have a two-part question involving Governor Reagan..

There are some reports in the past few weeks that are confusing. One report one time will say that you have managed to blunt Governor Reagan's conservative attempt, and then a few days later we have a report that your campaign organization is in disarray and that your people are really worried about Governor Reagan.

I would like to know if you are really worried about Governor Reagan challenging you for the Presidential nomination?

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THE PRESIDENT: Phil, I am not worried about any Democrat or any Republican competitor. I expect to be nominated, and I think the prospects are excellent to be elected President in 1976, and I don't sit around worrying about any competitor, whether it is Republican or Democrat.

We are going to run our own campaign. I think we will have a good record to run on, on foreign policy and domestic policy, and I will take my chances on that record. I am not going to worry about what some other candidate does, whether it is a Republican candidate or any one of 20 Democrats.

QUESTION: Senator Goldwater has been quoted as saying that he might support Governor Reagan for the nomination rather than you. What is your reaction to this, or do you think it will have any effect on your nomination?

THE PRESIDENT: Senator Goldwater is a very close, personal friend of mine. I admire his record in the Senate. I saw the report. It is a newspaper story. I have heard nothing --

QUESTION: What do you mean by that? (Laughter)

THE PRESIDENT: Well, it speaks for itself.
(Laughter)

-- and until I hear that there is a change from what I think the attitude is of Barry Goldwater, I am not going to comment about it.

QUESTION: Mr. President, Dennis Pajot of the Oakland Press.

Back here, we hear a lot of concern about unemployment and a lot of talk about your record of unemployment as the election year comes up. We understand that one proposal by Congress to address unemployment would be to increase Federal funding for public works.

I was wondering if you would veto such a program?

THE PRESIDENT: If you are talking about the \$5 billion program, which I understand is somewhere in the House of Representatives, based on what we know about those kinds of programs in past years of economic disability or difficulty, I believe that it is uneconomical, it won't solve the unemployment problem, and the probability is I would veto it.

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We find, and this has been done historically, that if you have unemployment in one year and take the kind of program you are talking about and approve it, you are out of the recession or you are over your economic difficulties before you put any number of people back to work.

It just takes a long time. If we are going to do anything in this area, I think we ought to expedite our highway construction program, our water and sewer pollution programs, which are going programs that are in the bill. But, to take the program I think you are referring to, I think the help would come much too late and it would not provide for the kind of meaningful things that we could get from EPA.

QUESTION: Is that just that program or any Federal funding for public works?

THE PRESIDENT: If you will recall, back early last fall I met with ten or 12 Governors, and at their request, I did approve an extra allowance of \$2 billion for highway projects that could be initiated by June 30.

That program was in a going program where they had projects that were ready for contracts to be let. I did that. We have been trying to expedite the Environmental Protection Agency programs for water and sewer projects.

Those are the kinds of projects that have specific meaning and can be gotten underway quickly, rather than pulling projects out of a grab-bag, which I understand is what the legislation involves that I believe you mentioned.

QUESTION: Mr. President, you said last night that the tax program has as one of its central purposes, if I understood you correctly, building more equity into the tax system as it applies to individuals.

If that is the case, would you explain why it is equitable to give a tax cut of slightly more than \$300 to people with incomes of \$50,000, and to take away the tax credit of \$300 for those whose incomes are \$5,000 or less?

THE PRESIDENT: What you are talking about, Mr. Naughton, is that in the 1975 Tax Act, Senator Russell Long got the Senate to approve what is called an earned income credit, and in effect, that was not a tax reduction. It was paying people who didn't pay taxes so that it was not a tax reduction -- they were not paying taxes anyhow.

What my proposal does is to treat that group of taxpayers just like all other taxpayers. They don't pay any more taxes, and the amount that is going to a well-off person is roughly the same in my proposal as it was in the 1975 Tax Act.

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But, where we would provide equity, we give a larger tax reduction to those people who have a family income between \$8,000 and \$25,000. This is the group that got short shrift in the 1975 Act, and this is the group that are hard working, industrious people who deserve a better break instead of getting cut short on every tax reduction.

So, I have complete faith in the way in which this tax reduction bill that I am proposing is handled.

The poor pay no more taxes than they were required under the 1975 Act. The very wealthy get no more tax reduction. But, the middle-income people are the ones who will be the biggest beneficiary and get a larger tax reduction, as they should, under my tax proposal.

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QUESTION: Bill Black, WJR News.

Mr. President, despite recent improvements in the economy, one of four in the Detroit area are still out of work, some for more than two years. One, what would you say to those who have been out of work for more than two years, and, two, how much impact will unemployment and the economy have on the next election?

THE PRESIDENT: We are making headway in a good many areas in trying to eliminate unemployment. Even though the unemployment statistic has not gone down, except it went from 9.1 down to 8.3, the encouraging thing is that in the last six months we have had 1 million 600 thousand more people added to the employment rolls and the trend is going up. There are longer hours being worked. The economy is out of the recession and starting toward a better time and this is going to have an impact in Detroit in the automobile industry.

The automobile industry has responded very well to the needs in the energy program, and let me tell you how it is going to help employment. The automobile industry in the last two years has increased gasoline efficiency by 27 percent -- 14 percent this year over last year. I think the automobile industry, by responding to the needs of people, is going to have an excellent year and that will have a very good impact here in Detroit and in other automotive centers like Flint and Lansing, et cetera.

Now, we believe that there will be a continuing downward trend in the unemployment rate between now and the end of calendar year 1976. It won't be as low as we want it, but it will be going down and, furthermore, we will be making continuous improvement in the rate of inflation. I believe, with those trends -- a lesser rate of inflation, a downward trend in the unemployment statistic -- it will be a good environment politically for the right candidate.

QUESTION: Would you consider yourself a cinch next year?

THE PRESIDENT: No, I sure don't. I never enter a ball game thinking I am going to win, but I sure work at it as though I am going to lose; and I think if we do, with the programs we have, our prospects aren't bad.

QUESTION: Thank you, sir.

THE PRESIDENT: I will take one more. I am being prompted to --

MORE

QUESTION: Mr. President, would you expand on your answer about where you think Congress should make the \$28 billion in cuts besides food stamps -- for example, in revenue sharing -- and what cuts should be made in defense spending?

THE PRESIDENT: As I said in my speech the other night, I think it was Monday night, I said that there had to be a sharing of reduced spending and I included in my remarks the Defense Department. I think they can manage the Defense Department better than they have been managing it. I think we can be harder bargainers with weapons suppliers. I think we can cut out some of the frills in the military -- frills that I don't like, that have been there just because they are there by tradition. I think we ought to cut them all out. I think that the Defense Department can run a tighter ship, and they will have to.

Thank you very much.

THE PRESS: Thank you, Mr. President.

END

(AT 5:05 P.M. EDT)