

Gerald Ford [2]

Folder Citation: Collection: Records of the 1976 Campaign Committee to Elect Jimmy Carter;
Series: Noel Sterrett Subject File; Folder: Gerald Ford [2]; Container 82

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Carter-Mondale%20Campaign_1976.pdf

VETOES BY PRESIDENT FORD

IN MAY, 1975, PRESIDENT FORD GAVE HIS VISION OF THE FUTURE OF THE UNEMPLOYED WHEN HE VETOED \$1.6 BILLION FOR PUBLIC SERVICE JOBS AND \$500 MILLION FOR SUMMER YOUTH JOBS WHILE NATIONAL UNEMPLOYMENT HOVERED ABOVE 8%. THE PRESIDENT TOLD US NOT TO WORRY: THE TAX CUT WOULD BE SUFFICIENT TO REDUCE UNEMPLOYMENT.

IN MAY, 1975, HE GAVE HIS VISION OF THE ROLE OF GOVERNMENT IN AN EMERGENCY WHEN HE RESPONDED TO THE DEEPENING RECESSION BY VETOING THE FIRST PUBLIC WORKS AUTHORITY THE CONGRESS HAD APPROVED IN OVER THREE DECADES - THE JOB OPPORTUNITIES PROGRAM.

IN JUNE, 1975, HE GAVE HIS VISION FOR THE FUTURE OF THE HOMEOWNER WHEN HE VETOED THE EMRGENCY HOUSING ACT OF 1975. THE BILL WOULD HAVE PROVIDED ASSISTANCE TO MIDDLE AND LOWER-MIDDLE INCOME FAMILIES IN DANGER OF LOSING THEIR HOMES BECAUSE OF THE RECESSION. HOMEOWNERS WHO LOST THEIR JOBS WOULD HAVE BEEN ELIGIBLE FOR 8% LOANS TO AVOID FORECLOSURE. EVEN THIS MINIMAL PROTECTION WAS UNACCEPTABLE TO A PRESIDENT WHO DECLARED THAT FORECLOSURES WOULD NOT RISE DURING THE RECESSION.

IN JULY, 1975, HE GAVE HIS VISION OF THE FUTURE OF MENTAL HEALTH CARE WHEN HE VETOED THE ONLY AUTHORIZATION FOR CONTINUATION OF VITAL COMMUNITY MENTAL HEALTH PROGRAMS. THE HISTORY OF MENTAL HEALTH CARE OVER THE PAST DECADE HAS BEEN A STEADY MOVEMENT TOWARD LOCAL TREATMENT CENTERS: THE PRESIDENT'S VETO, HAD IT NOT BEEN OVERRIDEN, WOULD HAVE WIPED OUT GAINS ACHIEVED WITH BIPARTISAN SUPPORT IN RECENT YEARS.

IN OCTOBER, 1975, HE GAVE HIS VISION OF THE FUTURE OF OUR CHILDREN WHEN HE VETOED THE NATIONAL SCHOOL LUNCH AND CHILD NUTRITION BILL. THE PRESIDENT SAID WE COULDN'T AFFORD IT; THE PEOPLE WHO REALLY

COULDN'T AFFORD IT WERE THE MILLIONS OF CHILDREN WHO WOULD HAVE BEEN CUT OFF FROM BENEFITS UNDER THE SCHOOL BREAKFAST, SCHOOL MILK, SCHOOL LUNCH AND OTHER PROGRAMS.

AND IN FEBRUARY, 1976, HE GAVE HIS VISION OF THE FUTURE FOR THE JOBLESS CONSTRUCTION WORKERS WHEN HE VETOED THE PUBLIC WORKS ACT OF 1975. WITH UNEMPLOYMENT IN THE CONSTRUCTION INDUSTRY AT 15%, AND ANOTHER 15% RECEIVING REDUCED WAGES AND WORKING SHORTER HOURS, THE PRESIDENT TOLD US NOT TO WORRY, THAT OTHER FEDERAL PROGRAMS WERE ENOUGH.

IN THE PAST 21 MONTHS, PRESIDENT FORD HAS VETOED 48 PIECES OF LEGISLATION - BETTER THAN A BILL EVERY TWO WEEKS. SELECTIVELY USED, THE VETO IS A LEGITIMATE INSTRUMENT OF PRESIDENTIAL POWER; BUT WHEN IT BECOMES THE PRIMARY TOOL OF PRESIDENTIAL LEADERSHIP, SOMETHING IS FUNDAMENTALLY WRONG.

WHAT IS WRONG IS THAT THE WHITE HOUSE MARCHES TO THE BEAT OF ITS OWN DRUMMER. IT IS OUT OF STEP WITH THE CONGRESS, AND IT IS OUT OF STEP WITH THE PEOPLE. IT IS OUT OF STEP BECAUSE THE VETO SYMBOLIZES THIS ADMINISTRATION'S PHILOSOPHY - A PHILOSOPHY OF OPPOSITION RATHER THAN LEADERSHIP, AND WHICH LACKS A COHERENT VISION OF THE DIRECTION IN WHICH THIS COUNTRY OUGHT TO BE HEADED.

CHANGES IN FORD'S POSITIONS WHILE PRESIDENTNIXON PARDONInitial Position

Ford testified on November 5, 1973 before the Senate Rules Committee, then considering his nomination as Vice-President, that he did not think the public would stand for a pardon of Nixon. At a press conference on August 28, 1974, Ford said that any decision on a Nixon pardon would have to await completion of any action by the judicial process.

Final Position

On September 8, 1974, Ford granted a "full, free and absolute pardon" to Nixon.

Stated Reason for Change

Ford stated that the country needed to get Watergate and the Nixon question behind it and that pardon prior to any judicial action was the best solution. In addition, Ford said that his previous responses to hypothetical pardon questions had been given too freely and fast.

PRESIDENTIAL CANDIDACYInitial Position

On October 13, 1973, Ford told reporters that he had no intention of running for President or Vice-President in 1976. On November 5, 1973, Ford told the Senate Rules Committee, then considering his nomination as Vice-President, that he stood by his earlier position and that he could foresee no circumstances under which he would run for office in 1976.

Final Position

At a press conference on August 28, 1974, Ford said he probably would be a candidate for President in 1976. On July 8, 1975, Ford formally announced his candidacy for President in 1976.

FINANCIAL ASSISTANCE TO NEW YORK CITYInitial Position

From early May of '75 through mid-November, the Administration adamantly opposed any federal programs intended to prevent defaults by NYC on its outstanding securities. On October 29, Ford said in a major address that he would veto any bill designed to prevent a NYC default. He publicly reiterated that position in a November 19 speech.

Final Position

On November 26, Ford asked Congress to approve federal loans to NYC on a seasonal basis through June 30, 1978.

FINANCIAL ASSISTANCE TO NEW YORK CITY (Continued)

Stated Reason for Change

Ford said that because the New York State and New York City had just recently taken stringent economy measures, the type of loans he wanted no longer amounted to a "Federal Bail-out." In addition, Ford said that his earlier hard-line stance had been designed to force New York State and New York City to make the changes they did.

Real Reason for Change

Many Congressional Democrats and Democratic Presidential candidates were severely criticizing Ford's position as indicative of his lack of concern for cities. Public opinion polls showed strong national support for some type of help for New York City. And Administration economists had finally concluded that the "ripple" effect of a New York City default would be strong enough to hurt the on-going economic recovery.

TAX REDUCTION

Initial Position

In an address before Congress on October 8, 1974, Ford stated that the nation's most important economic problem was inflation and that the cure was, among other things a 5% tax surcharge ("Whip Inflation Now"). Legislation designed to effect the tax surcharge was introduced in Congress for the Administration.

Final Position

Three months later, in his 1975 State of the Union Address, Ford asked Congress to pass quickly a one-year tax cut of \$16 billion.

Stated Reason for Change

Ford stated that unemployment had become a far greater economic problem than inflation.

Real Reason for Change

Administration economists had misread the economy in their earlier over-reaction to the problems of inflation: the economy was slowing down during this period instead of heating up. When they realized this, it became clear that unemployment would be a much larger problem unless the economy received the stimulus of a tax-cut.

TAX CUT EXTENSION

Initial Position

On October 6, 1975, Ford stated that he would support a tax cut extension only if (1) the amount of the cut was \$28 billion and (2) Congress made a corresponding cut of \$28 billion in spending. Any other type of tax cut, Ford stated, would be vetoed.

FINANCIAL ASSISTANCE TO NEW YORK CITY (Continued)

Stated Reason for Change

Ford said that because the New York State and New York City had just recently taken stringent economy measures, the type of loans he wanted no longer amounted to a "Federal Bail-out." In addition, Ford said that his earlier hard-line stance had been designed to force New York State and New York City to make the changes they did.

Real Reason for Change

Many Congressional Democrats and Democratic Presidential candidates were severely criticizing Ford's position as indicative of his lack of concern for cities. Public opinion polls showed strong national support for some type of help for New York City. And Administration economists had finally concluded that the "ripple" effect of a New York City default would be strong enough to hurt the on-going economic recovery.

TAX REDUCTION

Initial Position

In an address before Congress on October 8, 1974, Ford stated that the nation's most important economic problem was inflation and that the cure was, among other things a 5% tax surcharge ("Whip Inflation Now"). Legislation designed to effect the tax surcharge was introduced in Congress for the Administration.

Final Position

Three months later, in his 1975 State of the Union Address, Ford asked Congress to pass quickly a one-year tax cut of \$16 billion.

Stated Reason for Change

Ford stated that unemployment had become a far greater economic problem than inflation.

Real Reason for Change

Administration economists had misread the economy in their earlier over-reaction to the problems of inflation: the economy was slowing down during this period instead of heating up. When they realized this, it became clear that unemployment would be a much larger problem unless the economy received the stimulus of a tax-cut.

TAX CUT EXTENSION

Initial Position

On October 6, 1975, Ford stated that he would support a tax cut extension only if (1) the amount of the cut was \$28 billion and (2) Congress made a corresponding cut of \$28 billion in spending. Any other type of tax cut, Ford stated, would be vetoed.

TAX CUT EXTENSION (Continued)

Final Position

Congress did not consider Ford's proposal seriously and passed instead, on December 17 a \$8 billion tax cut for the first six months of 1976. Ford vetoed the bill. Congress then added language to the affect that if the cut was extended to the second six months of 1976, spending cuts would then be made (provided that the economy or other unusual circumstances did not make such cuts unwarranted). The new bill was passed and signed by Ford.

Stated Reason for Change

By the time the final bill was passed, Ford no longer mentioned his \$28 billion proposal. He stated that the final bill did preserve the concept he wanted: that spending cuts would be made.

Real Reason for Change

Ford decided he could not afford the political damage of allowing taxes to increase in January and have the Democratic Congress blame him solely for the increase.

COMMON SITUS PICKETING

Initial Position

Throughout 1975 the Administration (principally through Labor Secretary Dunlop) strongly supported and helped to draft a bill that would have permitted unions to picket an entire construction site in protest of a labor dispute with one contractor at that site ("Common situs picketing".) During the development of the bill, Ford gave private assurances to Dunlop and major labor leaders that he would sign the bill.

Final Position

On December 22, 1975, Ford vetoed the bill (it passed the House 229-189 and the Senate 52-43).

Stated Reason for Change

Ford's veto message said that, contrary to his earlier expectations, the bill had failed to gain the support of all parties to the common situs problem and therefore could not be an effective solution.

Real Reason for Change

The building and construction industry applied enormous pressure on the White House for a veto. Reagan announced he would veto the bill.

ANTI-TRUST BILL

Initial Position

Throughout 1975 the Administration, through Assistant Attorney General Kauper, helped to develop a Senate anti-trust bill generally considered the most significant anti-trust legislation in the last 25 years. The bill ("Anti-trust

ANTI- TRUST BILL (Continued)

Initial Position (continued)

Improvements Act) has six parts, the two most important of which would (1) ease the Justice Department's burden in trying to get an injunction to stop a merger (of \$100 million asset companies), prior to consummation, and (2) permit State Attorneys General to sue in federal court on behalf of consumers injured in their state by anti-trust violations (parens patriae section).

Current Position

The bill passed the Senate Judiciary Committee on April 6, 1976 and is currently before the full Senate. Prior to passage by the Committee, Deputy Attorney General Tyler and Treasurer Secretary Simon stated that the Administration no longer supported the injunction provisions. Ford indicated in a March letter to Congressman Rhodes that he did not support the parens patriae section and that he would veto a bill containing such a section.

Stated Reason for Change

Tyler and Simon stated that Kauper's position had not been properly cleared through Administration channels. Ford stated that he only learned of the bill's existence a few days before his letter to Rhodes.

Real Reason for Change

The business community pressure against the entire bill, but especially the injunction and parens patriae sections, has been almost unprecedented. The investment banking community, of which Simon was once part, is one of the leaders of the opposition. Ford has admitted that some of his campaign fund raisers (such as Bernard Lasker) have spoken to him about the bill's dangers.

CAMPAIGN FINANCING REFORM

Initial Position

When the Supreme Court ruled on January 30, 1976, that certain parts of the 1974 Federal Election Campaign Act were unconstitutional, Ford stated that he would only support corrective legislation which did no more than reconstitute the FEC.

Final Position

When it became clear that Congress intended to do much more than just reconstitute the FEC, the Administration abandoned its initial position and began lobbying for certain pro-business provisions in the new bill. If Ford signs the bill just passed by Congress, as he is expected to do, he will be in effect formally reversing his initial position.

FORD

President Ford Committee

1221 L STREET, N.W., SUITE 250, WASHINGTON, D.C. 20004 (202) 457-6400

March 31, 1976

Mr. Kevin J. Kelley, Secretary
Political Action Committee
Rochester Area Chamber of Commerce, Inc.
55 St. Paul Street
Rochester, New York 14604

Dear Mr. Kelly:

I hope that the following will help answer some of the questions that Joe Gilchrist discussed with you on March 16.

1. Economic growth--see enclosure A.
2. Tax Reform--(see State of the Union Factsheet, enclosure B.)
3. Business reporting of paper-work to government agencies--(see enclosure C)
4. International Trade--President Ford believes in a free trade system and favors the use of tariffs only when they are deemed absolutely necessary.
5. Federal Role in Research and Development Funding--(see enclosure D).
6. Consumer Affairs-- (see enclosure E.)
7. Energy Policy--(see enclosure F.)
8. Anti-Trust Enforcement--President Ford made the following statement in his 1976 State of the Union Message: "Now, we need reforms in other key areas in our economy--the airlines, trucking, railroads, and financial institutions. I have concrete plans in each of these areas, not to help this or that industry, but to foster competition and to bring prices down for the consumer." "This Administration will strictly enforce the Federal anti-trust laws for the same purpose."
9. We spoke on the phone about an incident you had to deal with in relation to OSHA. The following quote from the President's speech in Nashua, New Hampshire, will help clear up his feeling on trade regulation. At this time, the President said, "I have studied

Mr. Kelley
March 31, 1976

some very valid complaints about OSHA and concluded that while everyone is for safety and health in working conditions, many are troubled by the manner in which this objective is sought.

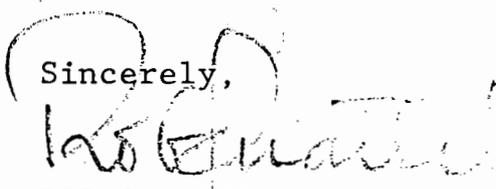
Congress wrote the law, and we must obey it. However, under my authority as President, I have appointed a new director with specific instructions to deal with citizens as friends, not as enemies...

I will not tolerate the unnecessary and unjustified harassment of citizens. If this does not stop, I want you to let me know."

10. Federal Government Reorganization--President Ford is very much interested in curbing Federal spending when it comes to the point of trimming excessive spending in the government agencies. The President has brought this point up in many of his addresses, including in The State of the Union.
11. I am also enclosing the State of the Union Address and some of Mr. Ford's comments on Small Business.

I hope that the above will be of some help to you. Thank you for your interest.

Sincerely,


ROB QUARTEL
Answer Desk Coordinator

RQ:mm
enclosures

(A)

What President Ford is doing about Curbing Federal Spending

“To hold down the cost of living,
we must hold down the cost of
government.”

President Ford said that in his State of the Union message. It illustrates his firm belief that the Federal government must be made “more manageable, more responsive, more efficient, and less costly.” President Ford believes that government should not spend more than it takes in and he honors his responsibility to the American taxpayers. President Ford wants a substantial and permanent cut in Federal taxes and a substantial reduction in Federal spending.

President Ford has called upon Congress to cooperate with him in curbing government spending. He has stood firm in his determination to check unnecessary Federal spending. This is illustrated in his proposal to cut \$28 billion in the Federal budget and include a tax cut in the same amount. Before Christmas, Congress sent him a tax-cut bill which extended for only six months the 1975 tax cuts, but failed to include any provision for a reduction in Federal spending. As promised, President Ford vetoed the bill. The result is legislation in which the Congress accepted his principle by linking a new tax cut to budgetary restraint.

Not wavering in his conviction that the American taxpayers “want their money’s worth,” he vetoed bills which saved us:

* \$10.2 billion

Further, the spendthrift Congress has overridden the President’s veto on 6 bills. It has cost the taxpayers:

* \$4 billion

President Ford has used his veto power wisely. President Ford is determined to keep this country moving ahead. He has curbed inflation and more Americans are working. To continue our progress, we must continue our responsible spending policy.

“... if we cut only taxes but do not cut the growth of Government spending, budget deficits will continue to climb, the Federal Government will continue to borrow too much money from the private sector, we will have more inflation, and ultimately we will have more unemployment.”

What President Ford is doing about

Inflation/Unemployment

Since taking office, President Ford has given top priority to inflation and unemployment. His persistence has produced these results:

- * Inflation has been reduced down from 12.2% in 1974 to an annualized rate of about 7% in 1975.
- * One million 800 thousand more Americans were working in January, 1976, than in May, 1975.
- * Unemployment Compensation benefits have been extended and increased for people out of work.
- * In the Spring of 1975, 310,000 new jobs were created through a public service program developed under the Comprehensive Employment and Training Act.

President Ford's primary goal has been to increase job opportunities in your home town. The President realizes that short-term public employment programs often postpone the real solution of the unemployment problems. Therefore, President Ford has directed his efforts towards curbing inflation and stimulating private industry, aiming for longer-term, more permanent results. As a result, the newly created jobs provide better income and are more lasting than temporary public service jobs.

President Ford realizes government spending must be reduced.

"To put it simply, we must decide whether we shall continue in the direction of recent years—the path toward bigger Government, higher taxes and higher inflation—or whether we shall now take a new direction."

President Ford's determination to curb government spending has been illustrated by his vetoing a Congressional measure which failed to link a tax cut with an overall reduction in Federal spending. As a result of President Ford's firm stand, Congress revised the bill.

President Ford is dedicated to keeping our country headed in . . .

" . . . a new direction . . . bringing to a halt the momentous growth of Government, restoring our prosperity, and allowing each of you a greater voice in your future."

What President Ford is doing about Housing & Construction Industries

The housing, construction and building industries are an integral part of our national economy. Their economic success is of critical importance to the Nation's economic well-being. President Ford has made a strong commitment to assist the recovery of the housing industry by:

- * Releasing Federal funds to enable people to purchase homes at below market interest rates.
- * Authorizing the subsidized construction of 250,000 new or rehabilitated single-family homes for low and moderate-income families.
- * Curtailing excessive Federal spending in order to reduce interest rates for home mortgages.

President Ford is equally concerned about the well-being of the construction and building industry. This concern was one factor that led to President Ford's veto of the common situs picketing.

The President had been hopeful that a solution could be found that was acceptable to all parties. President Ford would like to stimulate building activity and employment, curtail excessive building costs and reduce unnecessary strikes, layoffs and labor-management strife in the construction field. After carefully evaluating the bill and considering its advantages and disadvantages, the President decided:

“This is not the time for altering our national labor-management relations law if the experiment could lead to more chaotic conditions and a changed balance of power in the collective bargaining process.”

President Ford's decisive actions regarding the housing and construction industries were made in order to encourage economic recovery for those industries and the Nation.

What President Ford is doing about

Energy

President Ford feels a real urgency about the energy situation and has insisted upon the United States achieving energy independence as soon as possible. Throughout 1975 President Ford worked diligently with Congress to establish a national energy policy – The Energy Policy and Conservation Act. The bill is not perfect. President Ford would like to have had a bill to meet our needs better. But he felt it far more important to sign this legislation without delay than to make it a political issue. This Act is just a beginning. It is constructive and includes the first elements of a comprehensive national policy. President Ford has urged Congress to work with him on additional energy programs which are needed to accomplish complete energy independence for the United States.

The bill provides these things:

- * A stabilization of gasoline prices
- * An increase in domestic production to reduce our need for imported oil
- * Energy emergency reserves for use in the case of another embargo
- * Conversion of oil and gas fired utility and industrial plants to coal to save oil and gasoline for the average consumer
- * Mandatory automobile efficiency standards for 1980

In addition, President Ford has urged Congress to enact immediately upon additional energy laws pending in Congress. When passed, these laws will:

- * Permit production of oil from Naval Petroleum Reserves
- * Deregulate new natural gas in order to increase production for use by consumers.

President Ford is committed to finding new sources of energy and feels the use of nuclear power must be developed rapidly. The President signed into law the Energy Research and Development Administration (ERDA). This agency will develop new uses of domestic energy supplies, including fossil, nuclear, solar and geothermal energy sources.

What President Ford is doing about Crime

“For too long, law has centered its attention more on the rights of the criminal defendant than on the victim of crime. It is time for law to concern itself more with the rights of the people it exists to protect. The victims are my primary concern.”

This excerpt from the President's special Crime Message to Congress is just a sample of his concern. President Ford has taken specific actions to solve this wide-spread problem. He has asked the state and local governments themselves to pass strong laws. It is important to remember the crimes that most concern America – murders, robberies, rapes, muggings, hold-ups, break-ins – are almost wholly handled by state and local governments. But the President believes the Federal government must provide the moral leadership and provide financial and technical assistance to state and local governments and law enforcement agencies.

President Ford's legislation would:

- * Authorize substantial new federal assistance to state and local governments.
- * Establish a specific sentence, which must be served, for persons convicted of a violent Federal crime.
- * Prohibit the manufacture or sale of the so-called “Saturday-Night Specials” in the United States.
- * Extend Law Enforcement Assistance Administration another five years . . . so this agency can continue the successful HIGH IMPACT program designed to provide additional help to cities and counties with high crime rates.

President Ford believes there are two ways to attack the spiral of crime, improve the quality of the Federal laws and improve the criminal justice system. The President has asked the

- * Department of Justice to develop a program to deal with habitual criminals.
- * Congress to pass the Criminal Justice Reform Act which would provide a Uniform code covering every aspect of criminal law.

The President has recommended tough and sensible measures. Only through the combined efforts of our Federal, state and local governments can we bring an end to crime in the streets and make the streets safe for you and your family.

(B)

FEDERAL SPENDING REDUCTION
AND TAX CUT PLAN

December 22, 1975

The President signed into law today an extension for the first six months of calendar year 1976 of last year's tax cut and secured from Congress its commitment to couple tax cuts with a dollar-for-dollar reduction in Federal spending.

BACKGROUND

President Ford has repeatedly told Congress that he would veto any tax cut measure that failed to combine future Federal spending to a tax reduction plan. Earlier this year, the President proposed a fiscal year 1977 budget of \$395 billion, which represents a \$28 billion reduction in the projected growth of Federal spending. In putting forth his plan, the President asked Congress to both agree to this overall spending ceiling (determining specific cuts as a later date) and to accept a tax cut measure equal to the reduction in the Federal budget.

ORIGINAL TAX CUT MEASURE

Congress sent to the President on December 17 a measure which did not deal at all with fiscal year 1977. This original measure extended for six months, with some significant modifications, the individual and corporate tax reductions that have been in effect for calendar year 1975. It also extended the withholding rates currently in effect.

PRESIDENT'S VETO

The President vetoed this measure immediately on its receipt for three reasons, the first of which was by far the most important:

1. There was no provision to put any limit on Federal spending for the next fiscal year.
2. The President wanted the larger \$28 billion tax cut for fiscal year 1977 rather than the \$18 billion extension of this year's cuts.
3. The President sought to achieve greater tax relief for the middle-income taxpayer.

COMPROMISE MEASURE

After the House sustained the President's veto last Thursday, a responsible compromise was reached in which Congress agreed to balance certain future tax cuts with a dollar-for-dollar spending cut -- a moral commitment in accord with the President's policy of directly linking a tax cut with budget restraint. Congressional acceptance of this principle is significant because it:

1. Represents the first step by the Federal government toward achieving a balanced budget.
2. Reduces the risk of a new round of double-digit inflation prompted by Federal spending which would invisibly tax every dollar earned by Americans.
3. Provides taxpayers with a continued measure of tax relief for the first half of 1976.
4. Gives taxpayers, for the first time in our history, a pledge that future tax reductions will lead to similar reductions in Federal spending.
5. Reduces the threat of our ever-increasing Federal deficit by forcing Congress to recognize that the benefits the Federal government provides cannot be separated from revenues it receives.

11102
MARCH 3, 1976

Office of the White House Press Secretary (C)

THE WHITE HOUSETEXT OF A LETTER FROM THE PRESIDENT
TO THE HEADS OF DEPARTMENTS AND AGENCIES

March 1, 1976

Dear Sir: (Mr. Secretary)

In recent months, I have publicly expressed concern about the number of government forms in existence and the heavy burden they place on individuals, employers, and State and local governments. I am charged with responsibility for achieving the purposes of the Federal Reports Act (44 U.S.C. 3501-3512). The purposes of that Act are clear and simple: to allow necessary information to be obtained by the Federal Government with minimum burden on the public.

American citizens are understandably exasperated by the complexity of reporting to the Federal Government. To put it bluntly: Regardless of how necessary a program administrator or agency head may believe reports to be, the American people believe that they are too many, too long, too frequent, and take too much time to fill out. We simply have to reduce the Federal Government's reporting burden on the public.

To improve our overall performance, I direct you to assume personal responsibility for achieving the purposes of the Federal Reports Act, insofar as your agency is concerned. In the delegation of your authority, with respect to this responsibility, the line of delegation must be unambiguous and run directly to yourself. I regard this as a critical organizational step to assure continuing and effective attention to controlling and reducing the heavy public impact from governmental data collection.

I have directed the Director of the Office of Management and Budget to develop and transmit to you immediately following this letter a series of criteria for your use in reducing the number, length, frequency, and time required to complete reports to the Federal Government.

I expect prompt results from this effort. Specifically, I expect the number of reports which collect information from the public to be reduced at least 10 percent by next June 30. Further, I expect you to undertake a continuing effort to reduce the burden of governmental reporting.

These are important first steps toward developing a strong and permanent sense of responsibility in all departments and agencies to protect the American people from unnecessary expenditure of time and money in order to satisfy our information requirements.

Finally, I expect that the Executive Branch will cooperate fully with the Commission on Federal Paperwork in its efforts to address these matters more broadly.

I anticipate your wholehearted and effective compliance in securing these goals.

Sincerely,

GERALD R. FORD

#

SPECIAL ANALYSIS P

FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS

The significant increases in the funding of research and development (R. & D.) reflected in this analysis demonstrate the Administration's belief that science and technology are important to the Nation's future defense, economy and human welfare. The Federal Government, through its budget and tax policies, seeks also to encourage continued and expanded private funding of R. & D., which now constitutes nearly half the annual national investment in R. & D.

This analysis summarizes the funding of R. & D. incorporated in individual agency budgets. Research and development is not a separately programed or budgeted activity of the Federal Government. Its funding must therefore be considered primarily in light of the potential contributions of science and technology to meeting agency or national goals and not as an end in itself.

The first part of this analysis presents a summary and highlights of the 1977 budget as it affects Federal funding of research and development; the second part describes the longer term trends in Federal support of R. & D.; and the last portion describes the 1977 programs of the 11 major agencies which together account for about 98% of total Federal spending for R. & D.

PART I: HIGHLIGHTS OF THE 1977 BUDGET

Federal obligations for R. & D. in 1977 will total \$24.7 billion, an increase of 11% over 1976. Outlays will increase by 10% to \$23.5 billion. Specific amounts for the conduct of R. & D. and for related facilities in 1975, 1976, the transition quarter, and 1977 are shown in Table P-1.

Table P-1. TOTAL FEDERAL FUNDING FOR CONDUCT OF R. & D. AND RELATED FACILITIES (in billions of dollars)¹

	Obligations				Outlays			
	1975 actual	1976 estimate	TQ estimate	1977 estimate	1975 actual	1976 estimate	TQ estimate	1977 estimate
Conduct of R. & D.	19.0	21.3	5.4	23.5	18.7	20.4	5.4	22.9
R. & D. facilities...	.8	.9	.1	1.2	.8	.9	.2	.6
Total.....	19.8	22.2	5.5	24.7	19.5	21.3	5.6	23.5

¹ For budget analysis purposes, R. & D. includes basic and applied research, and the design, testing and demonstration of prototypes and new processes, but does not include routine product testing collection of general purpose statistics, or training of scientific manpower.

CONDUCT OF RESEARCH AND DEVELOPMENT

Increases in obligations for the conduct of research and development by major program area are shown in Table P-2.

Table P-2. CONDUCT OF R. & D. BY MAJOR PROGRAM AREA
(Obligations in billions of dollars)

Program	1975 actual	1976 estimate	TQ estimate	1977 estimate
Conduct of R. & D.:				
Defense ¹	9.6	10.6	2.7	12.0
Space ²	2.5	2.7	.7	2.9
Civilian (other than space).....	6.9	8.0	2.0	8.6
Total.....	19.0	21.3	5.4	23.5

¹ Includes military-related programs of the Energy Research and Development Administration—transferred from the AEC.

² Includes all NASA programs except aeronautical research, space applications (e.g., pollution monitoring, communications, earth observations), energy technology applications, and technology utilization, which are classified as civilian programs.

Some of the more important developments in each of the major program areas are illustrated in the following summary.

- **Defense.** Obligations for R. & D. will increase by 13%. Highlights of the 1977 budget include:
 - the start of advanced development of both the air-launched and sea-launched cruise missiles;
 - increases in programs aimed at improving ballistic missile warheads and providing options for a new intercontinental ballistic missile system;
 - development of weapons systems to modernize the tactical forces, including an advanced air combat fighter for the Air Force, an attack helicopter for the Army, and a surface-to-air missile system known as SAM-D.
- **Space.** Funds for R. & D. will increase slightly. They provide for:
 - continued development of the space shuttle, leading to an initial manned orbital flight in 1979;
 - continued development of automated spacecraft to explore the solar system;
 - initiation of a new satellite, the solar maximum mission, which will be launched in 1979 to study the Sun during the next period of peak solar flare activity in 1979-80.
- **Civilian.** R. & D. funding for civilian programs will rise by 8%. More specifically, the 1977 budget includes amounts to:
 - expand research on the basic biological processes underlying agricultural production, and expand development of additional sources of useable vegetable protein;
 - continue research on human biological processes and the causes, prevention, diagnosis and treatment of disease, including increased support for research on immunology, aging, and environmental health;
 - define and evaluate alternatives relating to mass transit and develop advanced traffic management systems;
 - increase aeronautical R. & D. to achieve more energy-efficient aircraft;

- expand the development of fusion technology and the breeder demonstration program (particularly the Clinch River Breeder Reactor) and increase efforts in the light water reactor program, especially in nuclear fuel waste management;
- accelerate the development of technologies to use domestic fossil fuel resources in an environmentally acceptable manner through gasification and liquefaction of coal, and increase assistance to industry in advancing energy conservation, solar and geothermal technologies.

The major agencies involved in energy technologies will increase their budget authority for direct energy research and development (including facilities) by 37% from \$1.9 billion in 1976 to \$2.6 billion in 1977. Indirect or supporting energy research will also increase, including research on environmental, health and safety aspects of energy systems and research in basic energy sciences. More detailed analysis of the Federal energy R. & D. effort is provided in the annual "National Plan for Energy Research, Development and Demonstration" published by the Energy Research and Development Administration.

RESEARCH AND DEVELOPMENT FACILITIES

Obligations for the construction and renovation of facilities or for the acquisition of major items of equipment used to conduct R. & D. will increase by \$0.3 billion, from \$0.9 billion in 1976 to \$1.2 billion in 1977. Of particular significance is the inclusion of funds to begin construction of the large colliding beam facility for the Stanford linear accelerator designed to develop and test new theories in high-energy physics concerning the ultimate nature of matter. Also included are funds to initiate construction of a new wind tunnel at NASA's Langley Research Center and an aircraft engine test complex at DOD's Arnold Research Center. The unique Very Large Array radio telescope in New Mexico will be placed in limited operation.

OTHER HIGHLIGHTS

BASIC RESEARCH

Included in the totals above for the conduct of R. & D. is Federal support for basic research, which will increase from about \$2.4 billion in 1976 to more than \$2.6 billion in 1977, for an increase of 11%. Within this total, support by the National Science Foundation, as the key agency in fostering basic research in all fields of science, will grow by almost 20%. These amounts exclude support for research facilities (such as the colliding beam facility mentioned above) and for major items of equipment, particularly the cost of launch vehicles for space missions devoted to basic research.

COLLEGES AND UNIVERSITIES

Federal funds furnish the largest source of support for research and development activities undertaken by colleges and universities. Federal agencies are expected to commit more than \$2.6 billion to colleges and universities for this purpose in 1977, a 9% increase over the \$2.4 billion estimated in 1976. More information may be found in Table P-10.

INDIRECT SUPPORT OF RESEARCH AND DEVELOPMENT

In addition to the amounts for direct Federal support of R. & D. reflected in the tables and analysis above, the Federal Government encourages the support of R. & D. through tax provisions which permit businesses to treat R. & D. expenditures as current costs rather than investments to be depreciated over a number of years. This results in a tax saving for industry. Assuming that R. & D. is on the average a 5-year investment, the tax saving is estimated to grow from over \$600 million in 1975 to nearly \$700 million in 1977. Tax expenditures in general are discussed in Special Analysis F.

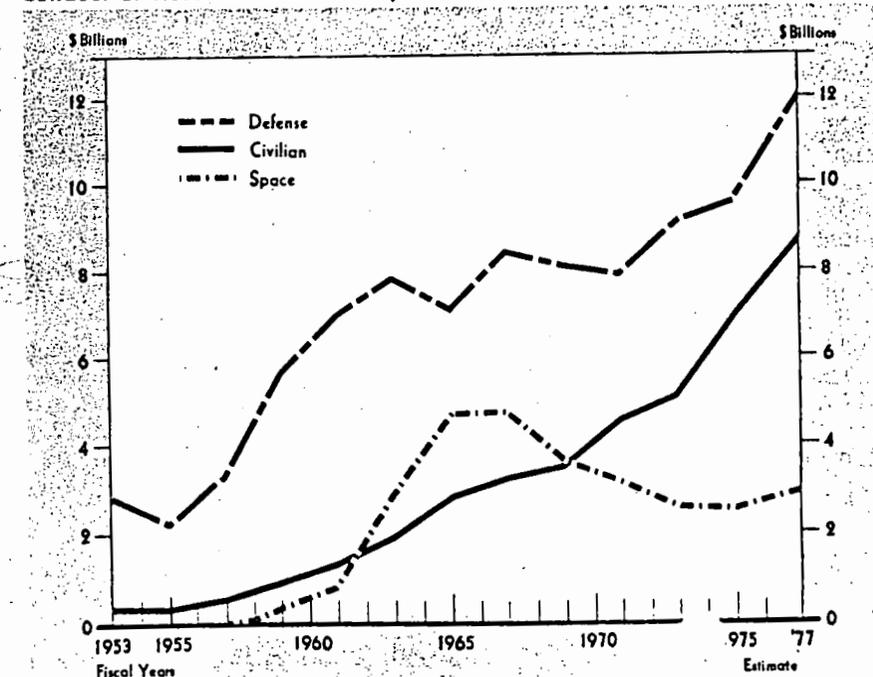
The amounts in this Special Analysis also do not reflect Federal allowances to contractors for performing independent R. & D. associated with particular contracts. These allowances are estimated to approximate \$500 million for each of the years mentioned. Further, the Federal Government provides incentives to State and local governments and to the private sector, particularly in the energy and agricultural R. & D. areas, through such mechanisms as cost-sharing in research and demonstration projects. While estimates of the non-Federal investment stimulated by these incentives are unavailable, these incentives contribute substantially to the overall national R. & D. effort.

PART II: LONG-TERM TRENDS

Federal funding for R. & D. has increased tenfold since the early 1950's and significant changes in the focus of that funding have taken place. Chart P-1 shows the trends of the Federal R. & D. effort over the last 25 years.

Conduct of Research and Development — Obligations

P-1



At the time of the Soviet launching of Sputnik in 1957 and before the establishment of NASA, Federal R. & D. funding was concentrated in Defense, the Atomic Energy Commission, and the Department of Health, Education, and Welfare (principally for medical research). Total funding for national defense, including defense-related nuclear programs of the Atomic Energy Commission, alone accounted for 87%.

Following the decision to land a man on the Moon by 1970, the space program grew rapidly in the early 1960's. Space funding reached its peak in 1966, when it represented 33% of Federal R. & D. spending. Funding for space programs thereafter declined to a level commensurate with the development of the space shuttle and the continuation of programs in space science and applications of space technology.

Funding for civilian R. & D., other than space programs, while steadily climbing since the late 1950's, has grown markedly since 1969. Energy-related R. & D. in particular has received major increases since 1974. In 1977, Federal obligations for R. & D. devoted to civilian programs will amount to approximately 37% of the total, space R. & D. will account for 12%, and defense R. & D., 51%.

PART III: AGENCY R. & D. PROGRAMS

More than 99% of Federal R. & D. is supported by 14 departments and major agencies. Table P-3 summarizes obligations and outlays for the conduct of R. & D. by these agencies, and table P-4 separately aggregates obligations and outlays for the construction and renovation of facilities used in the conduct of R. & D. and for the acquisition of major items of equipment.

DEPARTMENT OF DEFENSE—MILITARY

Department of Defense obligations in 1977 for research and development, including construction of R. & D. facilities and the cost of associated military personnel, will increase by \$1,499 million over the 1976 level, reaching a total of \$11,554 million. Basic research undertaken or sponsored by DOD will increase from \$330 million in 1976 to \$383 million in 1977. The increase in facilities obligations, from \$176 in 1976 to \$356 million in 1977, reflects funding of the Aeropropulsion System Test Facility, an aircraft engine test complex to be built at the Arnold Engineering Development Center, Tullahoma, Tenn. Obligations for the conduct of research will increase by \$279 million to a level of \$2,035 million, and obligations for development programs will increase by \$1,040 million to a level of \$9,163 million.

In the strategic area, funding for development of the Trident long range submarine and missile system and the B-1 strategic bomber will decrease as these systems enter procurement. These decreases are offset by increases in programs aimed at ballistic missile warhead improvements and at providing options for a new intercontinental ballistic missile system for fixed or mobile employment. In addition,

Table P-3. CONDUCT OF RESEARCH AND DEVELOPMENT OF MAJOR DEPARTMENTS AND AGENCIES (in millions of dollars)

Department or agency	Obligations			Outlays		
	1975 actual	1976 estimate	TO estimate	1975 actual	1976 estimate	TO estimate
Defense—Military functions.....	8,987	9,879	2,510	11,198	9,468	2,537
National Aeronautics and Space Administration.....	3,088	3,473	921	3,573	3,402	877
Energy Research and Development Administration.....	2,071	2,812	756	3,282	2,423	643
Health, Education, and Welfare.....	2,395	2,369	526	2,570	2,366	578
National Science Foundation.....	604	628	158	726	602	204
Agriculture.....	424	483	123	507	486	136
Transportation.....	291	340	76	319	307	74
Interior.....	296	332	80	316	265	83
Environmental Protection Agency.....	258	305	87	241	207	83
Commerce.....	222	247	63	243	220	64
Veterans Administration.....	99	108	28	106	99	26
Nuclear Regulatory Commission.....	61	97	23	109	88	23
Housing and Urban Development.....	57	62	16	70	52	19
Other.....	44	65	11	41	50	14
Other.....	126	138	35	164	142	37
Total.....	19,023	21,338	5,413	23,465	20,391	5,398
Total, conduct of research.....	6,759	7,150	1,860	7,782	7,192	1,835
Total, conduct of development.....	12,264	14,188	3,553	15,683	13,199	3,563

Table P-4. RESEARCH AND DEVELOPMENT FACILITIES BY MAJOR DEPARTMENTS AND AGENCIES (in millions of dollars)

Department or agency	Obligations				Outlays			
	1975 actual	1976 estimate	TQ estimate	1977 estimate	1975 actual	1976 estimate	TQ estimate	1977 estimate
Energy Research and Development Administration.....	393	461	66	638	415	418	119	454
Defense—Military functions.....	164	176	36	336	152	185	43	179
National Aeronautics and Space Administration.....	143	82	11	124	85	115	31	126
National Science Foundation.....	31	52	8	34	29	49	10	33
Health, Education, and Welfare.....	39	27	4	11	81	38	5	26
Transportation.....	13	20	3	16	15	15	3	14
Agriculture.....	8	36	1	3	8	14	3	8
Commerce.....	10	8	3	6	11	7	3	6
Environmental Protection Agency.....	2	7	1	4	11	5	1	5
All other.....	18	40	6	23	19	36	7	25
Total facilities.....	821	909	139	1,215	826	882	230	876

full-scale development of both the air-launched and sea-launched long-range cruise missiles will be initiated. In the strategic defensive area, antiballistic missile technology efforts will be continued to guard against technological surprise and to provide future deployment options if they are needed.

In the tactical forces area, a number of major programs are continued which will allow significant future modernization of the tactical forces. For example, the Air Force will continue development of the F-16 air combat fighter and systems to neutralize enemy air defenses. In conjunction with the other services, the Air Force is exploring the combat potential of remotely piloted vehicles and of high energy lasers. Army developments include a new tactical transport helicopter and an advanced attack helicopter. The SAM-D theater air defense system will enter full-scale development and the Army will continue work to adapt the French/German short-range air defense system to U.S. mission requirements.

The Navy will continue to emphasize antisubmarine warfare and fleet air defense missile systems and continue the development of the Surface Effects Ship. Full-scale development of a tactical cruise missile will be initiated to provide ships other than aircraft carriers with an improved strike capability.

Table P-5. DEPARTMENT OF DEFENSE—MILITARY RESEARCH AND DEVELOPMENT (obligations in millions of dollars)

	1975 actual	1976 estimate	TQ estimate	1977 estimate
Conduct of R. & D.:				
Research, development, test, and evaluation:				
Military sciences.....	405	442	115	513
Aircraft and related equipment.....	1,648	1,941	443	2,260
Missiles and related equipment.....	2,160	2,277	562	2,504
Military astronautics and related equipment.....	527	582	139	593
Ships, small craft and related equipment.....	634	608	165	736
Ordnance, combat vehicles and related equipment.....	471	556	171	751
Other equipment.....	1,844	2,096	538	2,361
Programwide management and support.....	869	935	263	1,037
Other appropriations.....	429	442	114	443
Total conduct of R. & D., obligations.....	8,987	9,879	2,510	11,198
Total conduct of research, included above.....	1,661	1,756	519	2,035
Total conduct of development, included above.....	7,326	8,123	1,991	9,163
R. & D. facilities, obligations.....	164	176	36	356
Total obligations.....	9,151	10,055	2,546	11,554

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The 1977 NASA budget—classified entirely as research and development—provides for ongoing and new programs in manned space flight, space science, space applications, and aeronautics. Funds for R. & D., including construction of facilities, will increase by \$142 million over the 1976 level, reaching a total of \$3,697 million.

Manned space flight activities will be concentrated on development of the space shuttle. The shuttle is a partially reusable vehicle which will be the key component of a transportation system... expected to

provide a major advancement in U.S. space capabilities beginning in the early 1980's. NASA will be progressing toward key schedule milestones, including the roll-out of the first shuttle orbiter in September 1976 and horizontal flight tests in early 1977. The first launch of a shuttle orbiter will follow in mid-1979.

The space science program emphasizes the exploration of the solar system and the universe using unmanned spacecraft. Two Pioneer spacecraft are continuing the exploration of the outer planets—one spacecraft is now escaping the solar system and the other will fly by Saturn in 1979. Two Viking unmanned orbiter/lander spacecraft launched to Mars in 1975 will start the search for life on that planet in July 1976. Two Mariner spacecraft are being developed for the Jupiter-Saturn flyby missions scheduled for launch in 1977. An orbiter and probe are being developed to be launched to Venus in 1978 to initiate atmospheric investigations of that planet.

In addition to these planetary missions, development will continue on spacecraft to conduct high energy and ultraviolet astronomy from Earth orbit. Development will continue on the High Energy Astronomy Observatories to be launched during 1977-79 to study X-ray and gamma-ray sources in the galaxy and distant parts of the universe. A new satellite, the Solar Maximum Mission, will be initiated in 1977 and launched in 1979 to study the Sun during the next period of peak solar flare activity during 1979-80.

In the space applications program, NASA is continuing development of a third Earth resources technology satellite (LANDSAT), scheduled to be launched in 1977, to conduct experiments on the utility of space gathered information for agricultural, geologic, and other applications. Development is proceeding on a new generation of satellites to provide improvements in weather forecasting, the first of which, Tiros-N, will be launched in 1978. Work is continuing on a spacecraft, the Heat Capacity Mapping Mission, to be launched in 1978 to locate and map potential sources of geothermal energy. Nimbus-G is being developed

Table P-6. NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—RESEARCH AND DEVELOPMENT (budget plan in millions of dollars)

Program and type of activity	1975 actual	1976 estimate	TQ estimate	1977 estimate
Conduct of R. & D.:				
Space flight.....	1,188	1,492	392	1,581
Space sciences.....	454	496	130	429
Space applications.....	186	185	48	212
Space research and technology.....	76	81	21	82
Aeronautical research and technology.....	166	175	44	189
Supporting activities.....	253	248	65	266
Research and program management.....	765	796	221	814
Total conduct of R. & D. budget plan.....	3,088	3,473	921	3,573
Total conduct of research, included above.....	795	824	215	864
Total conduct of development, included above.....	2,293	2,649	706	2,709
R. & D. facilities, budget plan.....	143	82	11	124
Total budget plan.....	3,231	3,555	932	3,697

for launch in 1978 to demonstrate the capability of monitoring pollution from space. An additional satellite, Seasat-A, is being developed to be orbited in 1978 to monitor ocean conditions (e.g., sea surface winds and wave heights). A new satellite will be started in 1977 and launched in 1980 to improve mapping of the Earth's magnetic field.

Aeronautical research and technology will continue to explore ways to reduce aircraft engine noise, to improve aircraft performance, and to mitigate undesirable environmental effects of civil and military aircraft. In 1977, NASA will also increase research aimed at ways to reduce aircraft energy requirements.

Funds are provided to continue the development of new technology for future missions in space science and applications. The areas of emphasis include improved materials, structures, propulsion, electric power sources, communications and data handling systems.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

Obligations for the conduct of research and development supported by the Energy Research and Development Administration will increase from \$2,812 million in 1976 to \$3,282 million in 1977 and obligations for related construction and equipment will total \$638 million.

Obligations for the conduct of ERDA direct energy research and development programs will increase by 26% in 1977 in order to accelerate the achievement of greater long-term energy independence.

In direct nuclear energy research and development, ERDA will expand efforts to improve the use of current commercial reactors by increasing R. & D. on the long-term management of radioactive wastes, fuel reprocessing, and safeguards against theft of nuclear materials. In addition, funding for the Liquid Metal Fast Breeder Reactor (LMFBR) program will be increased to support continued construction of the LMFBR demonstration plant. Research to determine the scientific feasibility of controlled thermonuclear fusion will also increase significantly.

In ERDA's direct nonnuclear energy research and development programs, the major funding will continue to be devoted to fossil energy development. ERDA will accelerate the development of technology to substitute coal for oil and natural gas, increase fuel conversion efficiencies, and increase the recovery of oil and gas from fields in the United States.

Significant increases will also be provided to develop those solar energy systems and applications that are economically attractive and environmentally acceptable for supplementing other available energy resources. Expanded development of drilling and exploration techniques along with the development of environmentally acceptable long-range applications will be pursued in order to stimulate commercial development of geothermal resources. All programs of conservation R. & D. will be maintained or increased, particularly those concerned with energy storage, transportation, buildings and industrial processes.

Table P-7. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION—RESEARCH AND DEVELOPMENT
(In millions of dollars)

Programs and groups of programs	Obligations				Outlays			
	1975 actual	1976 estimate	TQ estimate	1977 estimate	1975 actual	1976 estimate	TQ estimate	1977 estimate
Conduct of research and development:								
Direct nuclear energy research and development:								
Fission power reactor and nuclear fuel cycle.....	466	584	167	921	462	511	140	796
Laser and magnetic fusion.....	144	197	67	239	132	180	55	225
Subtotal.....	610	781	234	1,160	594	691	195	1,021
Direct nonnuclear energy research and development:								
Fossil.....	264	492	97	422	138	327	61	413
Solar.....	40	111	33	142	15	81	25	111
Geothermal.....	25	33	12	49	20	31	9	44
Conservation.....	34	75	16	113	21	53	13	88
Environmental control technology.....	8	13	4	16	7	11	3	14
Subtotal.....	371	724	162	742	201	503	111	670
Supporting energy research and development:								
Biomedical and environmental effects.....	142	175	46	183	135	164	43	175
Basic energy sciences.....	156	174	49	183	151	167	45	174
Subtotal.....	298	349	95	366	286	331	88	349
Nuclear weapons and naval reactors.....	620	749	212	775	613	702	196	776
Other:								
High energy physics.....	136	153	37	168	132	148	38	163
Nuclear space power and other programs.....	36	56	16	71	36	48	15	63
Subtotal.....	172	209	53	239	168	196	53	226
Total conduct of research and development.....	2,071	2,812	756	3,282	1,862	2,423	643	3,042
Total conduct of research, included above.....	563	694	186	743	509	640	169	707
Total conduct of development, included above.....	1,508	2,118	570	2,539	1,353	1,783	474	2,335
Research and development facilities.....	393	461	66	638	415	418	119	454
Total.....	2,464	3,273	822	3,920	2,277	2,841	762	3,496

A strong effort will be maintained on programs to determine the biomedical and environmental effects of nuclear and nonnuclear energy sources and to solve fundamental scientific and engineering problems that constrain the development of energy technologies. ERDA will also continue current levels of activity to develop improved nuclear weapons and naval propulsion reactors for the Department of Defense.

ERDA's budget for construction of R. & D. facilities will include \$6 million to proceed with the design and initial construction of a major new positron-electron colliding beam facility for high energy physics. Total construction costs for the facility, located at the Stanford Linear Accelerator Center in California, are estimated to be \$78 million over a 4-year period. Other major R. & D. facilities under construction include fission fuel demonstration projects, the fusion test reactor, and the fast flux test facility, which will provide data on the performance of LMFBR fuels and materials.

HEALTH, EDUCATION, AND WELFARE

Department of Health, Education, and Welfare (HEW) obligations in 1977 for the conduct of R. & D. will increase by \$201 million over the 1976 level, reaching a total of \$2,570 million. Obligations for R. & D. facilities will be \$11 million.

The largest share of the Department's R. & D. funds is devoted to the biomedical area. The National Institutes of Health (NIH) is the primary source of support for health research in the United States. R. & D. obligations by NIH will increase by \$181 million from \$1,797 million in 1976 to \$1,978 million in 1977. These funds will support research into human biological processes and the mechanisms of such diseases as cancer, heart and lung diseases, arthritis, diabetes and venereal disease. While maintaining current levels of effort in cancer and heart disease research, NIH will increase support for emerging areas of national importance such as immunology, aging and environmental health.

Preventive health care research is being pursued by other HEW components through investigation into infant and child health; new approaches to drug abuse treatment; new ways to treat, prevent and control alcohol abuse; basic and chemical research on the multiple causes of alcoholism; and development of new approaches to the causes, diagnosis, treatment and prevention of mental illness. In addition, demonstrations of health maintenance organizations, family planning, and emergency medical systems will be funded.

The National Institute for Education (NIE) is the focal point for educational R. & D. NIE supports research in the areas of equality of education; essential skills education; education and work; dissemination of research information; and school finance, productivity, organization and management. R. & D. obligations by NIE will increase by \$20 million, from \$70 million in 1976 to \$90 million in 1977.

Table P-8. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—RESEARCH AND DEVELOPMENT
(in millions of dollars)

Program areas and organizational units	Obligations			Outlays			
	1975 actual	1976 estimate	TO estimate	1977 estimate	1975 actual	1976 estimate	TO estimate
Department of Health:							
Health:							
National Institutes of Health.....	1,856	1,797	407	1,978	1,630	1,878	439
Alcohol, Drug Abuse, and Mental Health Administration.....	140	125	32	128	114	91	20
Food and Drug Administration.....	35	36	9	45	27	28	7
Center for Disease Control.....	41	44	12	50	42	43	16
Health Resources Administration.....	42	34	5	50	60	34	25
Assistant Secretary for Health.....	6	13	2	14	6	11	2
Health Services Administration.....	17	14	3	2	10	14	3
Subtotal, health.....	2,187	2,063	470	2,249	1,889	2,099	512
Education:							
Office of Assistant Secretary for Education.....	12	12		12	11	12	
Office of Education.....	59	102	7	102	51	68	19
National Institute of Education.....	70	70	20	90	83	70	14
Subtotal, education.....	141	184	27	204	145	150	33
Welfare:							
Office of Human Development.....	59	62	13	56	42	54	15
Social Security Administration.....	23	26	7	27	21	22	5
Departmental Management.....	26	25	7	25	9	32	11
Social and Rehabilitation Service.....	9	9	2	9	2	9	2
Subtotal, welfare.....	117	122	29	117	74	117	33
Total conduct of R. & D.....	2,395	2,369	526	2,570	2,108	2,366	578
Conduct of research, included above.....	1,930	1,901	437	2,070	1,681	1,932	471
Conduct of development, included above.....	465	468	89	500	427	434	107
R. & D. facilities.....	39	27	4	11	81	38	5
Total.....	2,434	2,396	530	2,581	2,189	2,404	583
							2,538

The total obligations for the conduct of R. & D. on human services and welfare programs will decrease by \$5 million, from \$122 million in 1976 to \$117 million in 1977.

The Office of Human Development will continue to fund R. & D. activities which support its role in providing ameliorative services to the aged, physically and mentally handicapped, Native Americans, children and other subgroups of the population-at-risk.

The Social and Rehabilitation Service will emphasize development of an effective child support enforcement program, upgrading long-term care, and studying child care standards.

Table P-8 displays obligations and outlays by agency within the Department.

NATIONAL SCIENCE FOUNDATION

National Science Foundation obligations for the conduct of R. & D. will increase from \$628 million in 1976 to \$726 million in 1977. In addition, \$34 million will be obligated for facilities in 1977.

Fundamental research that contributes basic knowledge in all fields of science will be strengthened and special emphasis will be given to research in the physical sciences, including physics, engineering, chemistry, and materials; to oceanography, earth, and atmospheric sciences; and to biology, especially in the plant sciences.

Emphasis in applied research programs will move away from energy research (which has been shifted to the Energy Research and Development Administration) to new areas such as productivity, where research not currently being undertaken by mission agencies can yield comparatively short-term results. The Foundation's programs in polar research and a broad range of international science and technology efforts conducted through bilateral and multinational arrangements will continue.

Funding will continue for construction of the Very Large Array radio telescope near Socorro, New Mexico; this unique instrument will be placed in limited operation by mid-1977.

DEPARTMENT OF AGRICULTURE

Obligations of the Department of Agriculture for the conduct of research and development, excluding construction of facilities, will increase from \$483 million in 1976 to \$507 million in 1977.

At no time in recent history has the need for new technology for increasing our capacity to produce food been more apparent. In addition to reductions in reserves of basic commodities, consumers face higher costs for all kinds of food and fiber products. Agricultural efficiency is increasingly vital to our national well-being. Improved efficiency in American agricultural production can also help ease critical worldwide food shortages.

Obligations for basic research will increase from \$177 million in 1976 to \$197 million in 1977. Emphasis will be in such areas as cell biology, improvements in the photosynthesis process, and new research on nitrogen fixation; increased efficiency in the production of meat animals; developing additional sources of usable proteins from vegetable sources; and protecting against devastating losses to major food crops resulting from genetic vulnerability to disease by collecting, testing, and preserving diverse germplasmic materials.

Environmental research will include the further development of nonchemical means of controlling agricultural pests, and the development of information required for the clearance of agricultural pesticides for use in cooperation with the Environmental Protection Agency.

The Department of Agriculture, in cooperation with State and private research organizations, will continue development of a national system designed to improve coordination in the planning, financing, and evaluation of agricultural research. The goal of such a system will be to increase the overall efficiency and effectiveness of agricultural research.

DEPARTMENT OF TRANSPORTATION

The research and development obligations for the Department of Transportation, including facilities, are estimated at \$360 million for 1976 and \$335 million for 1977. The \$25 million decrease is primarily a result of an unusually high level of obligations in 1976. The 1977 obligations will provide funding of research to solve the near-term transportation problems facing the Nation, as well as some funding for longer range, high-payoff technology development needed for future transportation systems. Transportation alternatives are being better defined and tradeoffs are being evaluated so that the near-term problems of energy conservation, urban mobility, environmental protection, improved safety, and cost reduction will receive appropriate emphasis and attention.

Urban mass transportation R. & D. will support the evaluation of improved transit vehicles, urban rail systems, and the development of automated guideway transit systems. The program of demonstrating improved transit service, methods, and management techniques, which encourages low-cost service and management innovation to improve the use of current urban transportation systems will be emphasized.

Highway R. & D. will seek to increase highway safety and reduce the growth rate of construction and maintenance costs. Advanced traffic management systems will be developed to investigate methods of increasing capacity and reducing delays on roadways. Efforts will be made to improve the environmental compatibility of the present and future highway system. Highway traffic safety research will emphasize accident investigation and data analysis and will support the establishment of Federal safety standards leading to improved vehicle occupant protection, the reduction of drug- and alcohol-related accidents, and the improvement of driver performance.

Railroad R. & D. funding will emphasize improved freight and safety research including studies of equipment and human failures. The industry problems and intermodal freight system demonstration programs will be expanded to reduce the cost of freight service. The energy/electrification and propulsion programs provide a knowledge base for rail transportation planners and provide options for improving future rail transportation.

Air transportation research funding will provide for continued upgrading of the air traffic control system and for increasing airport and airway capacity through improved surveillance, communication and landing aid development, and increased automation of air traffic control. Increased funding will permit the development of air traffic control equipment and systems needed to operate the air transportation networks of the 1980's. Aviation safety, aircraft noise and pollution abatement activities will also be emphasized.

Coast Guard R. & D. will emphasize pollution control and abatement, all-weather harbor traffic monitoring and control, improved aids to navigation, and programs to improve vessel safety including commercial and recreational boating safety.

DEPARTMENT OF THE INTERIOR

Obligations for the Department of the Interior for conduct of research and development will show a net decrease from \$332 million in 1976 to \$316 million in 1977, although outlays will increase to \$310 million. The \$16 million reduction in obligations results from several changes, the largest of which are: a reduction of \$6 million for direct geothermal research by the Geological Survey (which is offset by a corresponding increase for contract research in the ERDA budget), and a reduction of \$9 million in obligations by the Bureau of Mines resulting from an unusually high level of obligations in 1976.

The R. & D. activities of the Department support a broad range of responsibilities for encouraging wise development of the Nation's energy, mineral, water, land, and recreation resources, and for managing those resources on the public lands.

The research programs of the Department provide an accurate appraisal of the Nation's mineral resources, and include research on new or improved methods, techniques and instruments for mineral exploration. Basic information is developed on geologic principles and processes relating to terrain conditions and causes of earthquakes. An extensive program is aimed at new methods of coal mining which will increase productivity, improve the health and safety of mine workers, and minimize damage to the environment. Research also is conducted to improve the extraction and processing of nonenergy minerals to meet national needs.

Public land use problems, the quality of the environment, and the efficient allocation and conservation of scarce water and water-related resources will continue to be studied. Special attention will be accorded studies directed toward better understanding of basic principles of hydrology necessary for the appraisal and evaluation of the Nation's water resources for improving the quantity and quality of water for municipal and industrial uses, and for augmenting water supply by precipitation management, water salvage and improved water methods.

Electrical energy R. & D. by the Bonneville Power Administration features the development of new transmission equipment design concepts, development and adaptation of new power system control techniques, development and design of ultra-high voltage transmission systems, and participation in the Federal wind energy program.

Research is conducted to improve the management of habitat to protect fish and wildlife resources and the environment in general. Studies also support the direct management of fisheries and migratory birds. These studies include population dynamics, bird banding, fish disease prevention and control, restoration of endangered species, effects of toxic substances, and the effects of non-energy-related development.

Energy-related studies of the Bureau of Land Management and the Fish and Wildlife Service include data collection and analyses as necessary background for understanding potential impacts of energy development on the environment and as a basis for managing resource programs on the public lands.

DEPARTMENT OF COMMERCE

Department of Commerce obligations for the conduct of research and development and facilities will decrease by \$9 million, from \$258 million in 1976 to \$249 million in 1977. This reflects increases for the research and development programs of the National Oceanic and Atmospheric Administration (NOAA) and offsetting decreases for the R. & D. program of the Economic Development Administration (EDA). Other programs, including those of the National Bureau of Standards and the Maritime Administration, will be continued at about the 1976 level.

The principal objectives of the R. & D. programs in the Department of Commerce are to improve the Nation's weather prediction and warning capabilities, to improve the competitive position of the U.S. maritime industry, and to encourage general technological advancement through application of improved standards of measurement. R. & D. activities conducted by EDA will decline in 1977 as a result of a reduction of the EDA program to assist economically distressed areas.

NOAA will continue research on improving the detection and tracking of weather systems and violent storms, extending environmental forecasting and data gathering programs, and modifying severe storms and hurricanes. NOAA will also continue its development of systems and components in the area of mapping and charting, and research aimed at the conservation, development, and management of fisheries resources.

The National Fire Prevention and Control Administration will continue to conduct research to reduce the loss of life and property from fires and will provide the essential technical knowledge on which new and improved fire prevention efforts can be based.

The technology development and utilization programs of the National Bureau of Standards will continue to improve standards and measurement procedures for organic water pollution, computer security, atomic energy conservation and efficiency. R. & D. efforts of the Maritime Administration will be directed toward improving ship machinery, developing new improved ship machinery,

and increasing automation aboard ships. Maritime Administration programs also aim to improve ship operations by new communication and navigation systems using satellites; to improve ship operations management and control techniques by using computerized systems; and to improve machinery and propulsion systems for better energy utilization.

ENVIRONMENTAL PROTECTION AGENCY

EPA obligations for the conduct of R. & D. will decrease by \$64 million, from \$305 million in 1976 to \$241 million in 1977. This decrease is due in part to significant increases in budget authority in 1975 that were not obligated until 1976, and in part to planned completion of certain aspects of the energy-related R. & D. program and to reductions in some lower-priority R. & D. activities.

EPA research and development efforts are directed at determining the sources and effects of pollution and developing and testing pollution control technologies. The overall objective is to provide a strong scientific basis for development of standards and effective control strategies, as well as attempting to identify and evaluate long-range suspected environmental problems.

Air pollution R. & D. seeks to develop predictive models for pollutant emission, transport and removal, and to verify these models by actual measurements. In 1977, research will be conducted in qualitative assessment of pollutants (carcinogenic v. noncarcinogenic) and their quantitative effects (i.e., dose-response relationships) in order to determine estimates to risk in human populations. Work on acid rain will assess its extent, examine its effects upon soil fertility, and determine what techniques or natural processes may be used to restore affected areas. The industrial processes research program will be expanded to allow pollution control technology assessment and demonstration or controls for metallic particulate and industrial hydrocarbon sources.

The goals of the water quality research program are to develop: (1) criteria for clean, safe, ecologically stable water in various aquatic environments, (2) useful and validatable monitoring methods, (3) cost-effective and efficient wastewater treatment technology for both municipalities and industries, and (4) strategies for control of pollution from various nonpoint sources such as farming, mining, and oil spills. In 1977, research will be expanded on viral problems related to land application of wastewater and sludges; the ecological impacts of ocean outfalls, ocean dumping, and dredging operations; and on ecosystem perturbations caused by heavy metals, persistent organics, and petroleum hydrocarbons.

The primary purpose of water supply research is to support the Agency's mission in establishing standards for water supply systems, monitoring for compliance with these standards, and investigating potential hazards. In 1977, research will be conducted to provide recommendations on treatment processes for the removal of organics from drinking water.

Efforts in the solid waste area are directed toward the development of improved disposal and resource recovery technology to enable local agencies to handle effectively and economically their solid waste problems.

EPA conducts an extensive research program on pesticides released into the environment.

and aquatic life and to develop better analytic methods for measuring residues in plant and animal tissue. This program will continue to strengthen the data base for classification of pesticides, to support standards setting for applicator certification, and to provide information for the formulation of a national plan for monitoring pesticides.

Environmental assessment programs in coal gasification, coal liquefaction, fluidized bed combustion, coal cleaning, Eastern coal mining, and offshore oil and gas production will be completed. Standards for first-generation facilities and guidelines for the exploitation of indigenous resources will be developed. Work on flue gas desulfurization system improvements, sludge fixation processes, and studies of various pollutants will be expanded. Baseline data studies will be completed in order to provide a basis for the early assessments of the impacts of deepwater ports, floating nuclear power plants, and expanded resource extraction activities.

The socioeconomic program will be increased in 1977 to develop a comprehensive report on the benefits of water pollution control and to complete the development of a simple, understandable system for ranking pollution problems, with emphasis on human exposure. An automated regional laboratory analytical system will be implemented.

NUCLEAR REGULATORY COMMISSION

Obligations of the Nuclear Regulatory Commission for the conduct of R. & D. will increase from \$97 million in 1976 to \$109 million in 1977, and obligations for related construction and equipment will total \$8 million in 1977.

This research is directed towards the improvement of data needed on the safety of nuclear power plants in order to assure an independent technical basis for licensing these facilities; the health effects associated with the nuclear power cycle; environmental impact of nuclear power; waste treatment and disposal; and the transportation of radioactive materials.

RESEARCH AND DEVELOPMENT IN COLLEGES AND UNIVERSITIES

A portion of the funds discussed above will be committed by agencies to colleges and universities to perform R. & D. As shown in table P-10, the 1977 budget will provide \$2,635 million in obligations for this purpose as contrasted with \$2,407 million in 1976. Within this total, the National Science Foundation will increase its support activities in colleges and universities by nearly 20%, from \$465 million in 1976 to \$550 million in 1977.

Federal funds are expected to continue to furnish more than half of the total support for college and university R. & D. activities. The funds assist faculty researchers and also provide valuable experience and training for graduate students employed on R. & D. projects.

Table P-9. RESEARCH AND DEVELOPMENT IN COLLEGES AND UNIVERSITIES¹
(in millions of dollars)

Department or agency	Obligations		Outlays	
	1975 actual	1976 estimate	1977 estimate	1977 estimate
Health, Education, and Welfare.....	1,269	1,218	1,302	1,366
National Science Foundation.....	447	465	550	504
Department of Defense—Military.....	190	202	225	216
Agriculture.....	108	120	128	129
Energy Research and Development Administration.....	135	141	166	158
National Aeronautics and Space Administration.....	108	107	107	97
All others.....	142	154	157	141
Total.....	2,399	2,407	2,635	2,611

¹ Amounts reported in this table are included in totals for conduct of R. & D. in previous tables.

Jan 9
⑤

PRESIDENT GERALD R. FORD
ACTIONS AND ACCOMPLISHMENTS
ON CONSUMER AFFAIRS

In recognition of the need for greater consumer protection, President Ford, following a meeting of the Cabinet in April of 1975, directed all of the Federal departments and agencies to develop Consumer Representation Plans. These Presidential directives represented a more effective alternative to the creation of a new consumer advocacy bureaucracy. Following a second Cabinet meeting in November to review the status of these plans, President Ford stated that he "was convinced that he could resolve by better administration what Congress is attempting to accomplish by new laws and a costly new government agency." He added that "the steps he had taken will prove to be responsive to the needs of the American consumer and the concerns of the American public."

Thus far, all eleven departments and six agencies have responded with proposals for handling consumer affairs within their own existing structures and have opened their decision-making processes to the public. Each of these proposals were recently printed in the Federal Register and the public has until February 26 -- a full 90 days -- in which to comment. In April, the final version of these proposals will be published.

Contained in these proposals were many common recommendations and goals which reflected considerable sensitivity and responsiveness to the problems of the consumer. Among them were:

- * The establishment and/or upgrading of consumer offices within each agency.
- * Improved communication techniques such as direct and active solicitation of consumer views for the purpose of providing a more efficient exchange of information and feedback.
- * Greater involvement of line management and field offices in opening up the decision-making process to consumer input.
- * Better coordination with national, state and local consumer groups and public interest concerns.
- * Simplified rule-making procedures and clearly understood proposals in the Federal Register.

To further stimulate public awareness and to provide a mechanism for public response, President Ford has approved a series of White House consumer conferences to be held in ten cities during January, 1976. These conferences will further aid in opening up the processes of the Federal government to increased citizen participation.

(F)

EMBARGOED FOR RELEASE UNTIL
3:00 P.M. (EST) Thursday, February 26, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

Detailed Fact Sheet

The President's Energy Message

- Contents -

The President's Action Today..... 1

I. BACKGROUND..... 1

II. CURRENT ENERGY SITUATION..... 2

III. FUTURE ENERGY OUTLOOK..... 2

 . Near-Term (1976-1978)..... 2

 . Mid-Term (1976-1985)..... 2

 . Long-Term (Beyond 1985)..... 3

IV. THE PRESIDENT'S ENERGY PROGRAM..... 3

 A. Natural Gas..... 3

 1. Short-Term Emergency Measures (legislative)... 3

 2. Long-Term..... 4

 . Natural Gas Deregulation (legislative)..... 4

 . Expediting delivery of natural gas from
 Alaskan North Slope (legislative)..... 4

 . Liquefied Natural Gas (administrative)..... 4

 B. Nuclear Energy..... 4

 1. Uranium Resources (1977 Budget)..... 5

 2. Uranium Enrichment (legislative)..... 5

 3. Reactor Safety (1977 Budget)..... 5

 4. Improved Licensing (administrative/
 legislative)..... 6

 5. Availability of Commercial Nuclear Power
 Plants (1977 Budget)..... 6

 6. Plutonium and Uranium Reprocessing
 (administrative/1977 Budget)..... 6

 7. Commercial Nuclear Waste Management..... 7

 8. Domestic Safeguards (1977 Budget)..... 7

 9. International Safeguards and Non-Proliferation
 (administrative)..... 7

 10. Advanced Nuclear Energy R&D (1977 Budget)..... 7

 C. Coal..... 8

 1. Production..... 8

 . Resumption of coal leasing (administrative).. 8

 2. Transportation..... 8

 . Coal Slurry Pipeline (legislative)..... 8

 . Rail Transportation - Omnibus Rail
 Legislation (administrative)..... 9

 3. Coal Use..... 9

 . Clean Air Act Amendments (legislative)..... 9

 . Coal Conversion (administrative/
 legislative)..... 9

 4. Coal Research and Development
 (1977 Budget)..... 9

D. Oil.....	10
1. Naval Petroleum Reserves (legislative).....	10
2. Auto Emission Standards (legislative).....	10
3. OCS Lease Sales (administrative).....	10
4. Strategic Petroleum Reserve (administrative).....	10
5. Standby Authorities (administrative).....	11
6. Enhanced Recovery (1977 Budget).....	11
7. Oil Spill Liability (legislative).....	11
E. Energy Development Impact Assistance (legislative).....	11
F. Building Energy Facilities.....	11
1. Energy Independence Authority (EIA) (legislative).....	12
2. Synthetic Fuels Commercialization Program (legislative/1977 Budget).....	12
3. Energy Facility Siting (legislative).....	12
4. Utility Rate Reform (legislative).....	13
5. Electric Utilities Construction Incentives Act (legislative).....	13
G. Solar Energy.....	13
1. Solar Energy Development (1977 Budget).....	13
2. Solar Energy Research Institute (administrative).....	13
H. Geothermal Energy.....	14
1. Geothermal Development (1977 Budget).....	14
2. Geothermal Loan Guarantee Program (1977 Budget).....	14
3. Geothermal Leasing (administrative).....	14
I. Energy Conservation.....	14
1. Federal Energy Management Program (administrative).....	14
2. Conservation in Buildings.....	15
.. Appliance Labeling (administrative).....	15
.. Thermal Efficiency Standards (legislative).....	15
.. Insulation Tax Credit (legislative).....	15
.. Weatherization (legislative).....	15
3. Conservation in Industry.....	15
.. Industrial Energy Conservation (administrative).....	15
4. Conservation in Automobiles.....	15
.. Automobile Fuel Efficiency Standards (administrative).....	15
.. Automobile Labeling (administrative).....	15
5. Aircraft Fuel Conservation (1977 Budget).....	16
6. Conservation R&D (1977 Budget).....	16
7. State Energy Conservation Programs (administrative).....	16
J. International Energy Activities.....	16
1. Consumer Cooperation (administrative).....	16
2. Producer/Consumer Cooperation (administrative).....	16

K. President's Energy Budget.....	17
FIGURE 1 - Effect of President's Program by 1978.....	18
FIGURE 2 - Effect of President's Program by 1985.....	19
TABLE 1 - Impact of President's Short-Term Energy Program.....	20
TABLE 2 - Impact of President's program by 1985.....	21
TABLE 3 - Current status of President's Legislative Program.....	22
TABLE 4 - Breakdown of Federal Energy Outlays - 1976 and 1977.....	23
TABLE 5 - President's 1976 - 1977 Energy R&D Budget	24

The President today sent to Congress a comprehensive message summarizing progress made in moving the Nation toward energy independence, outlining actions he has taken to achieve our goals, listing legislation which awaits action by the Congress, and urging the Congress to act promptly on all the proposals that are needed to achieve the Nation's energy goals.

I. BACKGROUND

In his January 1975 State of the Union Message, the President announced the following energy independence goals:

- In the near-term, 1975-77, halt our growing oil import dependence.

- In the mid-term, 1975-1985, attain energy independence by achieving invulnerability to disruption from another oil import embargo; i.e., a 1985 import range of 3-5 million barrels per day (MMB/D), replaceable by stored supply and emergency measures.

- In the long-term, beyond 1985, mobilize U.S. technology and resources to supply a significant share of the Free World's energy needs.

Subsequently, during 1975, the President:

- Proposed to Congress the Energy Independence Act of 1975, containing a comprehensive set of measures to conserve energy, increase domestic energy production, provide strategic reserves, provide standby authorities in the event of another embargo, and pursue a vigorous energy program consistent with appropriate environmental safeguards.

- Took administrative actions to impose an import fee on crude oil to encourage conservation and reduce dependency.

- Launched major programs, to the extent possible within available authority, to conserve energy and increase domestic production.

- Proposed additional legislation to deal with energy requirements such as handling natural gas shortages, and expanding capacity for enriching uranium for nuclear power plants.

- Signed (December 1975) the Energy Policy and Conservation Act (EPCA) which contains several of his proposals including:

- A national strategic petroleum reserve to provide a stockpile for future embargoes.

- Standby allocation, rationing and other authorities for use in the event of another embargo.

more

- .. Conservation measures to improve energy efficiency by affixing energy-labels on appliances and autos.
- .. Extension of the Federal Government's authority to require utility and industrial conversions to coal from oil and gas.

The Act also contains automobile efficiency standards and an oil pricing formula that provides for decontrol after 40 months.

- . In his January 1976 State of the Union Message, the President briefly summarized the energy situation and underscored the need for Congressional action.
- . In his 1977 Budget, the President proposed major increases in funding for the Federal share of programs to achieve the Nation's energy independence goals.

II. CURRENT ENERGY SITUATION

- . Domestic oil production continues to decline. Production in 1975 averaged about 8.4 million barrels per day (MMB/D) -- a decline of about 0.7 MMB/D from the time of the embargo and about 13 percent from peak production in 1970. The United States is no longer the world's leading producer of crude oil.
- . The United States paid about 27 billion dollars for foreign oil last year --- over \$125 for every American.
- . Petroleum imports averaged about 6 MMB/D, about the same as 1974, but crude oil imports increased by almost 20 percent.
- . Natural gas production declined for the second straight year. About 20.1 trillion cubic feet (Tcf) were produced in 1975, as compared to 21.6 Tcf in 1974 and 22.6 Tcf in 1973. Curtailments have grown from 0.1 Tcf in 1970 to about 3 Tcf this year.
- . Coal production was about 640 million tons in 1975, an increase of only 6 percent from 1974.
- . The contribution of nuclear power to the generation of electricity increased from 6 percent in 1974 to about 8.5 percent in 1975 and will continue to rise.

III. FUTURE ENERGY OUTLOOK

- . Near-Term (1976-1978): In the next 2-3 years, oil imports will increase unless rapid action is taken on conservation measures, Naval Petroleum Reserve legislation, Clean Air Act Amendments, and domestic production incentives which could be allowed under current price controls. Without legislative and administrative action, imports would have been about 8 MMB/D in 1976, with action, imports can be held to about 6.5 MMB/D and vulnerability to an embargo can be reduced by 1.0 MMB/D (see Figure 1 and Table I). Vulnerability is defined as the amount of oil imports that could not be offset by use of standby measures and oil, from strategic reserves in the event of another embargo.
- . Mid-Term (1976-1985): There is considerable flexibility to improve our energy situation in the next ten years. Under assumptions of continued high imported oil prices, the

more

Nation's vulnerability to an embargo could be reduced to zero if the President's programs are enacted. Imports would have risen to about 10-15 MMB/D if none of his programs were enacted. Under the program already enacted and administrative actions being taken, about two-thirds of our potential vulnerability reductions will be achieved (see Figure 2 and Table 2). Further, the role of coal and nuclear power will be significantly expanded in the next ten years. The updated FEA National Energy Outlook to be released shortly will discuss in detail the mid-term energy situation.

- Long-Term (beyond 1985): The results of the U.S. energy research and development program will have an important effect on our long-term supply and demand situation. ERDA will soon issue an updated energy R&D plan describing Federal programs to develop advanced technology for energy conservation and for using solar, fossil, nuclear fission and fusion power, and geothermal energy sources.

IV. THE PRESIDENT'S ENERGY PROGRAM

To meet the Nation's critical energy challenges, the President's comprehensive energy program includes:

- Clear energy independence policy objectives and principles.
- Energy programs that have been started with the authorities and resources now available.
- Proposals to the Congress for additional authority and resources that are needed to meet the Nation's goals.

The principal elements of the total program are summarized in the pages that follow. The current status of the President's legislative program is shown in Table 3.

A. NATURAL GAS

- Natural gas accounts for 30 percent of total U.S. energy consumption and over 40 percent of non-transportation needs. Domestic production peaked in 1973 at 22.6 trillion cubic feet and has declined since then. Domestic proved reserves (excluding Alaska) have steadily declined since 1965. Due to the scarcity of supply, curtailments have been increasing steadily.
- To assure adequate supply, the President reiterated his support for deregulating the price of new natural gas, and for development of all secure sources of additional gas supply, including Alaskan natural gas, synthetic gas from coal, and imported liquefied natural gas (LNG).
- The elements of the President's natural gas policy include:
 1. Short-term Emergency Measures (legislative): The President urged enactment of legislation providing short-term emergency measures to provide temporary authority to deal with current natural gas shortages and dislocations in the national distribution system. This legislation would allow high-priority customers and curtailed interstate pipelines to purchase temporarily uncommitted intrastate natural gas at unregulated prices.

2. Long-Term

- Natural Gas Deregulation (legislative): The President urged prompt action to remove the Federal price regulation on new interstate natural gas production. Such action would increase domestic production by over 4 trillion cubic feet in 1985 (about 25 percent higher than with continued regulations) and more importantly, the interstate market share could double. The President indicated support for a bill which immediately deregulates new natural gas onshore and phases out offshore controls in five years.
- Expediting Delivery of Natural Gas from Alaskan North Slope (legislative): The President announced a new legislative proposal to develop expeditiously the 24 trillion cubic feet of estimated gas reserves on the North Slope of Alaska. This legislation would require that the Federal Power Commission complete its ongoing regulatory proceedings with respect to this issue on or before February 1, 1977. It also directs other designated Federal agencies (including the Environmental Protection Agency, the Departments of the Interior, State, Defense, Treasury, Transportation, and the Federal Energy Administration) to make assessments by February 1977, regarding proposals to transport the Alaskan gas to the Lower 48 States. After reviewing the assessments, the President would select a route subject to review by the Congress, which would have the right to disapprove his selection. If the President's selection were not disapproved by the Congress, judicial review thereafter would be limited. Over one trillion cubic feet of Alaskan natural gas could be delivered per year by the early 1980's.
- Liquefied Natural Gas (administrative): The President directed the Energy Resources Council (ERC) to implement a new national policy regarding imported liquefied natural gas (LNG). Each proposed new project would be subject to a careful national security and economic review, but it appears that about one trillion cubic feet per year of LNG by 1985 would be acceptable. A major factor in reviewing proposed projects will be diversification of sources. An ERC task force will establish procedures for Executive branch consideration of such issues as pricing, government financial assistance, regional import dependence, source of supply, and possible reassessment of the target if deregulation is not achieved.

B. NUCLEAR ENERGY

- Progress toward a sufficient energy supply requires expanded use of both nuclear energy and the vast domestic reserves of coal. At present, 57 commercial nuclear power plants with a capacity of almost 40,900 megawatts are on line, and a total of 179 power plants are planned or committed with a capacity of about 196,000 megawatts.

more

. If the electrical power supplied today by existing nuclear plants were provided by oil-fired plants, it would require over one million barrels of oil per day. The oil equivalent of 236,000 megawatts of nuclear powered electric generating capacity would be almost seven million barrels of oil per day. Further, the coal equivalent of 236,000 megawatts is almost 700 million tons.

. Elements of the President's comprehensive nuclear program include:

1. Uranium Resources (1977 Budget): The President's 1977 Budget provides for \$30 million in outlays (an increase of \$15 million over the FY 1976 Budget) to expand the ERDA program to provide more complete information on the extent of the Nation's uranium resources and \$5 million for the Department of the Interior's uranium assessment program. Even without this more complete information, domestic uranium resources known to be available plus those projected with a high degree of certainty, are sufficient to provide fuel for all reactors that are expected to be on line by 1990 over their entire lifetime. Uranium resources, together with the future market for nuclear energy, provide the basis for significant investment by industry in expanded capacity for mining, milling, and uranium conversion.

2. Uranium Enrichment (legislative):

. The President urged the Congress to complete action quickly on the Nuclear Fuel Assurance Act to assure the availability of enriched uranium fuel for nuclear power plants and to foster the creation of a private, competitive enrichment industry in the U.S. Action on the legislation is needed soon because existing U.S. uranium enrichment capacity is fully committed. The Act would provide the basis for ERDA to enter into cooperative agreements with industrial firms wishing to finance, build, own, and operate uranium enrichment facilities. Thus, it permits a transition from the current Government monopoly to a private competitive industry, relieving taxpayers of the financial burden of constructing additional uranium enrichment capacity.

. ERDA has proposals from four firms wishing to finance, build, own and operate uranium enrichment plants. One would use the gaseous diffusion technology; the others propose to use the gas centrifuge process. ERDA expects to submit firm contracts to the Congress this session for anticipated approval under provisions of the pending Nuclear Fuel Assurance Act.

. Another important Administration legislative proposal awaiting Congressional action is the bill proposed in June, 1975, which would increase the price of uranium enrichment from ERDA's existing production plants. This legislation will assure a fair return to the taxpayers for their investment, place the government's pricing of this service on a basis more comparable to that of the private sector, and end the unjustifiable subsidy by the taxpayer of both foreign and domestic customers.

3. Reactor Safety (1977 Budget): The President's FY 1977 Budget provides \$89 million in outlays in NRC and ERDA

more

(an increase of 49% over FY 1976) to assure the safety of commercial light water reactor nuclear power plants even beyond their present levels of safety.

4. Improved Licensing (administrative/legislative):

- . The President urged passage of legislation to reform the nuclear facilities licensing process by providing for early site review and approval, and encouraging nuclear facilities design standardization.
- . The Nuclear Regulatory Commission (NRC) has taken a number of steps to reduce regulatory delays, including issuing standardized review procedures for license applications so that applicants can have available detailed information on how NRC requirements can be met, and developing procedures to coordinate environmental siting reviews by other Federal agencies and the States.

5. Availability of Commercial Nuclear Power Plants (1977 Budget): Increasing the on-line availability of commercial nuclear power plants and reducing the time required to construct these plants can lower significantly electric generating costs. Primary responsibility for reliability improvements rests with industry which spends about \$100 million per year to improve nuclear plant technologies. The President's 1977 Budget for ERDA provides \$10 million in outlays for research on basic technologies to be used by industry in its program to improve plant reliability.

6. Plutonium and Uranium Recovery and Recycle (administrative/1977 Budget):

- . The President's FY 1977 Budget provides \$31 million for ERDA (an increase of 138% over 1976) for R&D to permit the recovery and reuse of plutonium and uranium from nuclear fuel elements (called "spent" fuel) used in commercial nuclear power plants. The recovery and reuse of this plutonium and uranium fuel can reduce the consumption of this Nation's uranium resources and hold down the costs of nuclear power. The increased R&D program in 1977 will cover light water reactor fuel reprocessing (recovery) and recycle (reuse) technologies and reprocessing plant design concepts. It will provide a basis for converting plutonium to a safe form for transportation back to nuclear power plants. It will provide additional data useful for licensing reprocessing plants and encourage the establishment of a competitive reprocessing industry at the earliest practicable date.
- . ERDA is also obtaining suggestions from industry on what steps by industry or minimum actions by ERDA in cooperation with industry could overcome specific obstacles to commercial reprocessing and recycle.
- . The NRC has announced procedures that are expected, by mid-1977, to resolve the regulatory issues concerning the security and safety of the reprocessing and recycling of nuclear fuel discharged from commercial nuclear power plants.

more

7. Commercial Nuclear Waste Management (administrative/ 1977 Budget):

- The President's 1977 Budget contains \$63 million in outlays for ERDA (an increase of \$51 million over 1976 funding levels of \$12 million) for greatly accelerating research and development on, and for investigating the suitability of several sites for long-term storage of radioactive wastes. The research and development will also focus upon improved methods for processing and packaging wastes for transportation and storage.

8. Domestic Safeguards (1977 Budget):

- The President's FY 1977 Budget contains \$27 million for ERDA (an increase of 80% over the FY 1976 funding level of \$15 million) for further development of technology to prevent the theft and misuse of nuclear materials in future years. These funds will be used to design and test overall security systems and to develop the more comprehensive methods of accounting for nuclear materials that will be needed as the amounts of these materials in use increase substantially in the future.
- The President's 1977 Budget also contains \$26 million in outlays (an increase of \$12 million over FY 1976 Budget) for NRC to accelerate efforts to develop more integrated material control and accounting measures, and physical protection measures.

9. International Safeguards and Non-Proliferation (administrative):

- Agreement has been reached between the United States and other major nuclear supplier nations to follow certain stringent export principles to assure that the provision of nuclear power does not lead to the proliferation of nuclear weapons.
- The President has also decided that the U.S. make a special contribution of up to \$5 million in the next five years to the International Atomic Energy Agency (IAEA) to strengthen its safeguards program, by providing training or personnel, research and development of improved techniques and services of expert consultants, specialized equipment and other appropriate support.

10. Advanced Nuclear Energy R&D (1977 Budget):

- Fission Reactors: The President's FY 1977 Budget contains \$674 million for ERDA (an increase of 30% over FY 1976 levels of \$519 million) for research and development on improved nuclear power reactors. Most of the funds (85% in FY 1977) are for development of the Liquid Metal Fast Breeder Reactor (LMFBR), which is a proven technological concept for greatly extending supplies of fuel for nuclear power plants. The increase in FY 1977 is primarily for the continued construction of the \$2 billion LMFBR demonstration project near Oak Ridge, Tennessee.

more

(OVER)

- Fusion: The President's FY 1977 Budget provides \$304 million of outlays for ERDA (an increase of 36% over FY 1976 level of \$224 million in outlays) for research on determining the scientific feasibility of obtaining a virtually inexhaustible source of energy for the long-term (beyond the year 2000) from controlled thermonuclear fusion reaction. The budget permits the continued construction of the \$215 million Tokamak Fusion Test Reactor, near Princeton, N.J., which will represent a major milestone for the fusion development program.

C. COAL

- Coal is the most abundant energy resource available to the United States, yet production is at about the same level as it was 50 years ago. Coal now accounts for only about 17 percent of the Nation's energy consumption, and long-term production is hampered by uncertainty about environmental standards, electricity growth, utility financial conditions and possible transportation constraints.
- The President reaffirmed the necessity for a strong national coal policy as an alternative to using scarce, expensive oil and natural gas resources.
- The following comprehensive measures will assure that coal production exceeds one billion tons in 1985:

1. Production

- Resumption of coal leasing (administrative): The Secretary of the Interior has announced a new coal leasing policy for Federal lands designed to assure that coal development in the West occurs in an orderly and environmentally prudent manner. It is designed to assure the leasing of only that coal which is needed and only when it is needed, and that the taxpayer receives a fair market return on the sale of this public resource. The leasing process will make certain that adequate planning takes place before the leasing occurs and that the public and the States have full opportunity to make their views known prior to leasing decisions. Regulations have been proposed and will be issued governing coal mining operations on Federal lands, including stringent surface-mining controls. These will minimize the adverse environmental effects of mining operations and require that the mined lands be reclaimed. The proposed regulations provide for greatly expanded public participation and would allow application of State reclamation standards on Federal coal lands where those standards are more stringent than Federal standards, and there is no overriding national interest.

2. Transportation

- Coal Slurry Pipeline (legislative): Legislation currently in Congress which would allow the right of eminent domain to coal slurry pipelines is

more

supported by the Administration. This legislation would authorize the Secretary of the Interior to issue certificates of public convenience and necessity to expedite the construction of slurry pipelines which transport coal as a liquid slurry.

Rail Transportation -- Omnibus Rail Legislation (administrative): The President has signed omnibus rail legislation, which has far-reaching implications for conservation of petroleum and development of new energy sources. For many commodities, railroads provide the most energy-efficient mode of transport, and by helping the rail industry through financial assistance and regulatory reform, the energy impact will be significant. In addition, through new and improved electrification of rail lines, such as the Boston-to-Washington passenger corridor, the Nation will be less dependent on petroleum supplies.

3. Coal Use

Clean Air Act Amendments (legislative): The President again urged the Congress to enact responsible Clean Air Act Amendments to allow for full use of America's coal supplies. The Administration requested Congressional guidance on alternatives to significant deterioration policies and has suggested, as one alternative, deletion of the concept from the Clean Air Act. In addition, these Amendments would extend air quality compliance deadlines for some plants through 1985 to allow time to develop permanent pollution control systems. Enactment of these Amendments would strike a realistic balance between air quality and energy needs.

Coal Conversion (administrative/legislative): The President indicated his intention to have FEA and EPA continue aggressively the recently extended coal conversion program. Under this program, FEA can issue orders to utilities and major fuel-burning installations to convert from gas and oil to coal, and order plants under construction to burn coal instead of oil or natural gas. In addition, the President called for amendments to these authorities to remove the regional limitation provision and authorize intermittent control systems.

4. Coal Research and Development (1977 Budget): The President's 1977 Budget includes a 28 percent funding increase over the 1976 levels throughout the spectrum of coal extraction and utilization technologies. The following programs are covered:

The Bureau of Mines (Department of Interior) will increase its outlays to \$56 million in 1977 from \$47 million in 1976 for developing new coal mining techniques that will increase production.

The Bureau of Mines and Environmental Protection Agency are jointly supporting research on removing the sulfur in coal prior to burning and the development of reliable stack gas cleanup equipment. Outlays for this program will be \$31 million in 1977.

more

- The Energy Research and Development Administration's budget outlays for coal will exceed \$390 million in 1977, up from \$288 million in 1976, including efforts on converting coal into clean-burning liquid and gaseous fuels, the development of clean-burning coal fired boilers (fluidized bed combustion), and research on developing high efficiency techniques for obtaining electric power from coal combustion through topping cycles and magnetohydrodynamics.

D. Oil

- Domestic oil production peaked in 1970 and declined by about 5 percent last year. Exploration activity reached record levels in 1957. Further, while petroleum consumption has been reduced since the embargo, demand is likely to increase in 1976 as the economy recovers.
- The Nation's declining oil production must be reversed. The President has reaffirmed his intention to implement the maximum production incentives that can be justified under the EPCA and to remove price and allocation controls from petroleum products downstream as quickly as possible.
- The other aspects of his petroleum policy include:
 1. Naval Petroleum Reserves (legislative): The President indicated his support for the basic compromise reached by the House-Senate Conference Committee considering Naval Petroleum Reserves legislation which would authorize full production of NPR's 1, 2, and 3, and would transfer NPR-4 (in Alaska) to the Department of the Interior. Development of NPR-4 would take place after Congressional consideration of a proposed development plan. NPR production could reach about 300,000 barrels a day in 2-3 years, and NPR-4 could produce almost one million barrels per day by 1985. Resources from the sale or exchange of NPR production will be used for continued exploration and development of the reserves and for the strategic petroleum reserve program.
 2. Auto Emission Standards (legislative): In June 1975 the President asked the Congress to amend the Clean Air Act to continue standards applicable to 1975-76 model cars through 1981 models. This proposal was designed to achieve the best possible balance among objectives for improving air quality, increasing gasoline mileage, and avoiding unnecessary increases in costs to consumers.
 3. OCS Lease Sales (administrative): The Department of Interior will pursue aggressively lease sales in the Outer Continental Shelf, and has scheduled eight sales in 1976. The OCS, particularly in the frontier areas, provides a crucial new potential source of energy for the Nation and could produce almost 3 MMB/D by 1985.
 4. Strategic Petroleum Reserve (administrative): The FEA will implement the Strategic Petroleum Reserve Program authorized in the EPCA. The Reserve will be similar in concept to the program proposed by the President last year. The Reserve will consist of at least 150 million barrels of petroleum within three years and authorizes about 500 million barrels ultimately. It would significantly decrease our vulnerability to any future supply interruption.

5. Standby Authorities (administrative): The FEA will submit plans to the Congress establishing procedures and policies for temporarily reducing consumption and allocating products to end-users in the event of another embargo. The President's basic legislative proposal in this area was incorporated in the EPCA.
6. Enhanced Recovery (1977 Budget): The President's 1977 Budget contains \$33 million in outlays to continue the substantial R&D program on new techniques to recover large amounts of oil that remain in existing depleting oil fields. The research and demonstration projects in fluid injection, thermal procedures, and chemical methods to enhance recovery are an important supplement to the hundreds of millions of dollars being spent annually by private industry, and should accelerate adoption by industry. The FEA also intends to provide price incentives under the EPCA to optimize enhanced recovery production.
7. Oil Spill Liability (legislative): The President is asking the Congress to pass the Oil Spill Liability Act submitted last year. This Act provides a comprehensive system of liability and compensation for oil spill damages and removal costs. It would institute a procedure for fixing liability and settling claims for oil pollution damages from all sources in U.S. waters and coastlines, and implement international conventions dealing with oil pollution caused by tankers.

E. ENERGY DEVELOPMENT IMPACT ASSISTANCE (legislative):

The President asked Congress to consider quickly his major new comprehensive Federal Energy Impact Assistance Program legislation. This \$1 billion program will provide financial assistance to all areas affected by new Federal energy resource development over the next 15 years. The assistance will utilize loans, loan guarantees and planning grants to plan and finance energy related public facilities prior to production. Financial assistance would be repaid from future State and local taxes and revenues from development. Repayment of loans could be forgiven if development did not occur as expected. The assistance will be available for impacts related to the development of Federally-owned energy reserves, including OCS, onshore oil and gas, coal, oil shale, and geothermal reserves. Other approaches for impact assistance now being considered by the Congress would give too much money to areas that are unlikely to have fiscal impacts and not enough money to areas that will need assistance; and some approaches would distribute funds without regard to either the timing or magnitude of actual need.

F. BUILDING ENERGY FACILITIES

- In the next 10-20 years, American industry will have to build numerous nuclear power plants, coal-fired power plants, oil refineries, synthetic fuel plants, transportation systems, and other facilities to attain energy independence for the United States. The

more

construction of these facilities has been delayed by lengthy licensing processes and difficulties in obtaining financing.

The President has proposed a number of measures to deal with this matter, including:

1. Energy Independence Authority (EIA) (legislative): The President urged passage of the Energy Independence Authority (EIA) -- a new government corporation to assist private sector financing of new facilities. It would be able to provide up to \$100 billion for financial assistance to projects to develop, transport, or conserve energy; for commercializing new technologies; for technologies essential to the production of nuclear power; for conventional technologies involving production and distribution of electric power generated by sources other than oil or gas; and for conventional technologies involving projects of unusual size or scope, or projects which represent novel institutional or regulatory arrangements, in the production or transportation of energy.

EIA would also expedite the regulatory process at the Federal level for projects deemed critical for energy development. It would establish the FEA as the coordinator of a streamlined permit process for all new facilities which require Federal licensing.

2. Synthetic Fuels Commercialization Program (legislative/1977 Budget): The President again supported enactment of authorities to guarantee at least 350,000 barrels per day of synthetic fuels production by 1985. The synthetic fuels program would provide \$2 billion of assistance to commercial facilities for synthetic gas, coal liquefaction and oil shale, which are not now proven to be economically competitive. This program would be carried forward in ERDA until such time as the EIA is enacted and the program can be incorporated under that Authority. As a first step in implementing this program, supplemental 1976 budget funding will provide for \$503 million in budget authority to cover \$2 billion in loan guarantees for the remainder of 1976. A total of \$6 billion in loan guarantees is expected to be needed over the 1976-78 period to reach the 1985 objectives.

3. Energy Facility Siting (legislative): The President has asked the Congress to pass his Energy Facilities Planning and Development Act to assure sites for necessary energy facilities with proper land use considerations. This legislation would encourage States to develop and apply a comprehensive and coordinated process for expeditious review and approval of energy facility siting applications.

more

4. Utility Rate Reform (legislative/administrative): The President has asked for enactment of his Utilities Act to reform rate setting practices. The legislation would reform utility commission practices selectively by: setting a maximum limit of five months for rate proceedings; requiring fuel adjustment pass-throughs, including taxes; requiring that construction work in progress be included in a utility's rate base; removing any rules prohibiting a utility from charging lower rates for electric power during off-peak hours and allowing the cost of pollution control equipment to be included in the rate base.

The FEA will also continue to fund demonstration programs on a state and local level to analyze the effects of different utility rate structures and load leveling techniques.

5. Electric Utilities Construction Incentives Act (legislative): The Administration continues to support these proposals which have yet to be acted upon by Congress. They include measures to: increase the investment tax credit to 12 percent for all electric utility property except oil or gas-fired generating facilities; extend (until December 1981) rapid amortization (five years) of pollution control equipment, and apply rapid amortization to converting or replacing oil-fired generating facilities; allow depreciation of construction expenses for non-oil or gas-fired facilities prior to the completion of the project if such expenses are included in the utility rate base; and allow deferral of taxes on dividends, if they are reinvested in the utility.

G. SOLAR ENERGY

Energy from the sun presents a potentially inexhaustible and non-polluting resource. Although the basic principles for most solar energy systems have been understood for many years, solar energy has not been widely utilized because of its high cost and the abundance of inexpensive alternative fuel sources.

The President reaffirmed his desire to encourage the development of practical and economical ways to use solar energy through the following actions:

1. Solar Energy Development (1977 Budget): The President's FY 1977 Budget contains \$116 million for ERDA (an increase of 35% over an FY 1976 level of \$86 million) for increasing the research, development, and demonstration of solar energy applications. This program includes 228 projects to demonstrate solar heating and cooling in residential and commercial buildings and acceleration of the technology for the conversion of solar energy to electricity.
2. Solar Energy Research Institute (administrative): ERDA will soon be issuing a solicitation for proposals to initiate the Solar Energy Research Institute (SERI). This Institute will lend important analytical and research support to ERDA in carrying forward the solar energy technology program.

more

H. GEOTHERMAL ENERGY

- Utilization of energy from the natural heat contained in the earth's crust has been hindered by resource uncertainties, reliability problems, economics, and the institutional, legal and environmental problems associated with its development.
- The President's major actions with respect to this energy source include:
 1. Geothermal Development (1977 Budget): The President's FY 1977 Budget contains \$53 million for ERDA and the U.S. Geological Survey (an increase of 35% over an FY 1976 level of \$40 million) to develop technology to identify, evaluate, extract, and convert geothermal energy resources to useful energy forms. Technical applications include the recovery of useful heat from hot dry rock and geopressured resources, the early utilization of high temperature brine reservoirs to produce electricity, and the direct heating of buildings using geothermal energy.
 2. Geothermal Loan Guarantee Program (1977 Budget): For this program's first full year of operation, the President's FY 1977 Budget includes \$4.4 million of outlays for ERDA to guarantee loans for projects showing promise for early production of useful geothermal energy. The loan guarantee program will support technology development by helping to make funds available during the initial period of uncertain financial risks.
 3. Geothermal Leasing (administrative): The Department of the Interior will continue its leasing in known geothermal resource areas. It is expected that 15-20 lease sales will be held in both 1976 and 1977.

I. ENERGY CONSERVATION

- The American people have responded to higher energy prices and heightened awareness of our energy problem by conserving scarce energy resources. Some of the President's conservation program has already been enacted or implemented, but other aspects remain to be started.
- The President's comprehensive energy conservation program includes the following actions:
 1. Federal Energy Management Program (administrative): The President has directed that all Federal agencies continue a strong energy management program. This program has already reduced energy consumption by 24 percent in the past two years, which has saved over 250,000 barrels per day.

more

2. Conservation in Buildings

. Appliance Labeling (administrative): The FEA, Commerce Department, and Federal Trade Commission will implement the President's appliance labeling program which was enacted into law in the EPCA. It requires that energy efficiency labels be placed on major appliances so that consumers can compare operating costs of appliances at the point of purchase. Appliance efficiency targets will also be placed on major appliances to improve efficiency by 1980. These programs will save about 200,000 barrels per day by 1985.

. Thermal Efficiency Standards (legislative): The President urged enactment of his legislation establishing mandatory thermal efficiency standards for all new homes and commercial buildings. This program could save 300,000 barrels per day by 1985.

. Insulation Tax Credit (legislative): The President urged Congress to enact his proposed insulation tax credit for homes. This program could save over 100,000 barrels per day by 1985.

. Weatherization (legislative): The President again asked Congress to pass his proposed Weatherization Assistance Act under which grants would be available to States to help low-income and elderly persons improve the thermal efficiency of their dwellings.

3. Conservation in Industry (administrative): The FEA and Department of Commerce will implement the EPCA voluntary industrial energy conservation program. The program requires the setting of energy efficiency improvement goals for the top ten energy consumptive industries, and a new system to compile annual reports from industry on the progress towards achieving these goals. It is expected that the equivalent of 300,000 barrels per day could be saved by 1985 under this program.

4. Conservation in Automobiles

. Automobile Fuel Efficiency Standards (administrative): The Administration will implement the mandatory automobile fuel efficiency standards of 20 miles per gallon (mpg.) in 1980 and 27.5 mpg. in 1985 established in the EPCA. The standards could save 1 MMB/D by 1985. However, the 1985 fuel efficiency standards may be modified if auto emission standards impose too stringent a fuel penalty on new automobiles.

. Automobile Labeling (administrative): The Environmental Protection Agency will implement a program to require gasoline mileage efficiency labeling on all new automobiles.

more

5. Aircraft Fuel Conservation (1977 Budget): The President's FY 1977 Budget calls for a major increase (\$25 million in outlays vs. \$7 million in FY 1976) for NASA program to work with the aerospace industry on an R&D program to produce significant savings in transport aircraft fuel use. Improvements in aircraft propulsion, structures, and streamlining could make it possible to design new airplanes that would use 50 percent less fuel than today's transports.
6. Conservation R&D (1977 Budget): The President's FY 1977 Budget provides ERDA \$91 million (an increase of 63% over the FY 1976 funding level of \$56 million) for an expanded program to improve technology and encourage conservation of energy in buildings, industry, and transportation.
7. State Energy Conservation Programs (administrative): As provided for in the Energy Policy and Conservation Act (EPCA), the FEA will work with and assist States in planning and implementing energy conservation programs.

J. INTERNATIONAL ENERGY ACTIVITIES

- U.S. international energy policy supports and reinforces our domestic objective to end energy vulnerability. The U.S. and other major oil consuming nations have now established a comprehensive long-term energy program in the International Energy Agency (IEA) committing ourselves to continuing cooperation to reduce dependence on imported oil. By reducing over time their demand for imported oil, nations can regain influence over oil prices and end vulnerability to abrupt and unilateral OPEC price increases.
- Actions by the Administration include:
 1. Consumer Cooperation (administrative): The President has welcomed the decision by the IEA establishing a framework for cooperative efforts to accelerate the development of alternative energy sources. Implementation of the long-term energy cooperation program will focus on the establishment of large IEA energy production projects, cooperative efforts to eliminate obstacles to increased production from various energy sectors, e.g., coal and nuclear and the expansion of R&D cooperation, including the establishment of additional joint projects.
 2. Producer/Consumer Cooperation (administrative): The U.S. has proposed the creation of an International Energy Institute to mobilize the technical and financial resources of the industrialized and oil producing countries to assist developing countries in meeting their energy problems. The U.S. delegation to the new Energy Commission will pursue this proposal actively in the discussions now underway in that forum.

more

K. PRESIDENT'S ENERGY BUDGET

The President's 1977 Budget outlay estimates reflect his strong emphasis on domestic energy production, conservation and storage programs, and a substantial commitment to energy research and development. The Budget requests for energy programs are summarized in Table 4.

The President's Budget requests for energy research, development and demonstration will:

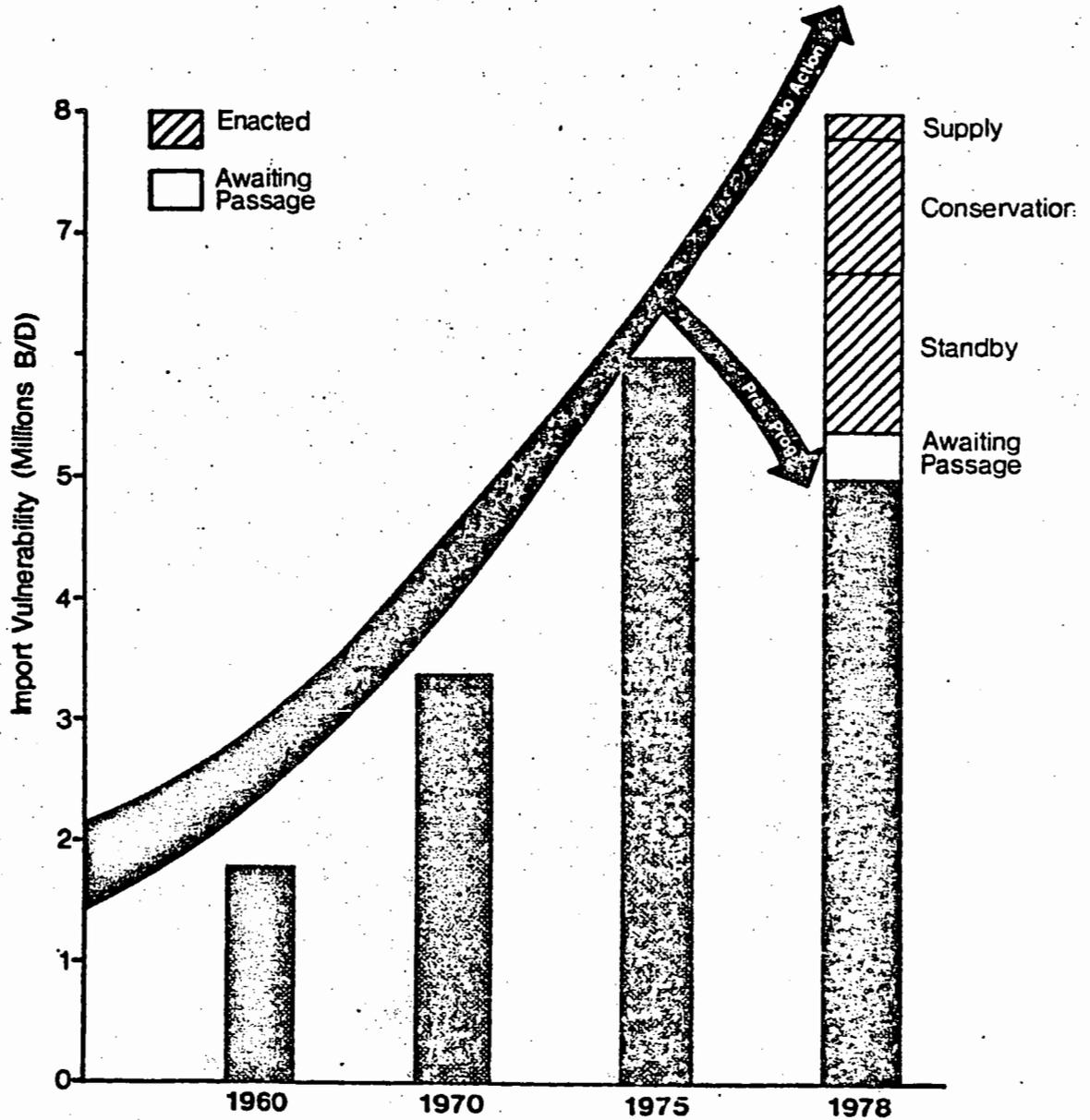
- . Fund expanded efforts to assure the continuing safety, and to improve the reliability and availability of commercial nuclear power plants;
- . Place greatest emphasis on technologies with the highest potential payoff (i.e., nuclear and fossil);
- . Increase funding of other technologies where significant long-term contributions can be made (i.e., solar, geothermal, and conservation);
- . Encourage cost-sharing with private industry;
- . Support commercial demonstration of synthetic fuel production from coal, oil shale, and other domestic resources.

The Budget requests for energy R&D are summarized in Table 5.

more

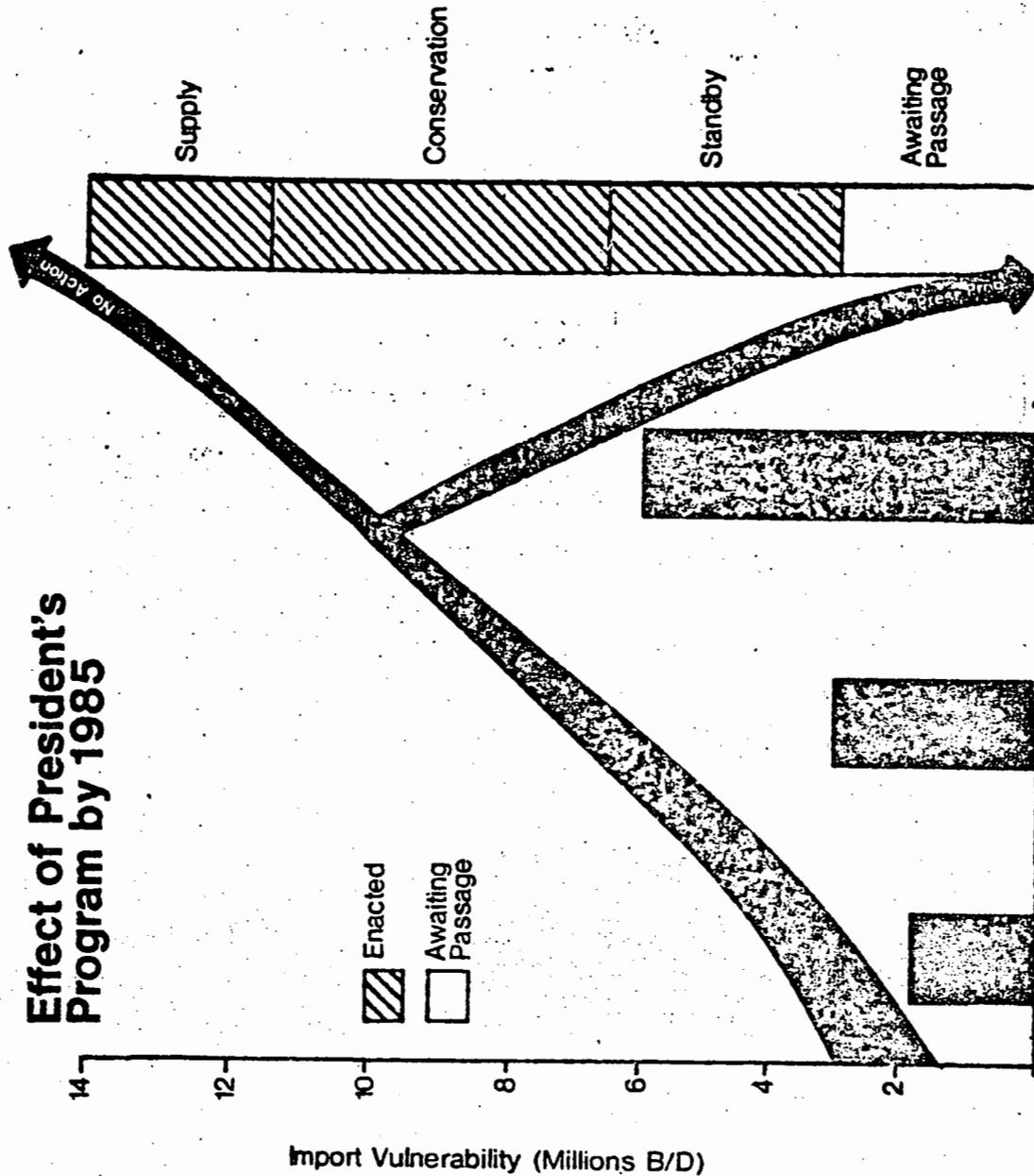
FIGURE 1

Effect of President's Program



- Imports grew from less than 2 MMB/D in 1960 to about 6 MMB/D last year.
- If no actions were taken to conserve energy, increase supply or provide standby authorities, imports would grow to about 8 MMB/D by 1978, as shown by the arrow labelled "No Action."
- However, the 1978 bar shows that supply, conservation and standby measures already enacted could reduce vulnerability to an embargo to about 5.5 MMB/D. Actually, imports would be about 6 MMB/D, but strategic reserves and standby measures could reduce vulnerability to about 5.5 MMB/D.
- Actions awaiting passage could further reduce imports by another 400,000 barrels per day by 1978, as indicated by the arrow labelled "Pres. Prog."

FIGURE 2



- If no conservation, domestic supply, or standby measures were enacted, imports could be over 13 MMB/D by 1985 (as indicated by the arrow labelled "No Action.")
- However, the 1985 bar shows that supply, conservation and standby measures already enacted could reduce vulnerability to about 5 MMB/D. Actually, imports would be over 8 MMB/D, but strategic reserves and standby measures could reduce vulnerability to an embargo to about 5 MMB/D.
- If all the President's proposals are enacted, vulnerability could be reduced to essentially zero by 1985 (as indicated by the arrow labelled "Pres. Prog.")

TABLE 1
IMPACT OF PRESIDENT'S
SHORT-TERM ENERGY PROGRAM

	1978 Reductions in Vulnerability (000 bbls/Day)
<u>Import Reduction</u>	
- Gradual Phase-out of Oil Price Controls**	220
- Legislation to Permit Production from the Naval Petroleum Reserves*	300
- Insulation Tax Credit Weatherization, and Building Standards*	135
- Improved auto fuel efficiency**	100
- Federal Energy Management Program**	225
- Industrial Conservation Program**	200
- State/Federal Conservation Program**	200
- Appliance labeling/efficiency goals**	10
- Conversion of power plants from oil and gas to coal**	160
<u>Reduced Vulnerability</u>	
- Standby authorities to deal with an embargo**	500
- Strategic Storage***	<u>830</u>
TOTAL REDUCTION IN VULNERABILITY	2880

*Passed one House or in Conference.

**Enacted

***Strategic storage figures are based on achievement of 150 million barrels of petroleum reserves by the end of 1978.

more

TABLE 2

IMPACT OF PRESIDENT'S PROGRAM BY 1985

	<u>Import Vulnerability Reductions (000 B/D)</u>
<u>Energy Supply</u>	
- OCS Leasing*	900
- NPR Production	935
- Decontrol of Oil**	1,600
- Deregulation of Natural Gas***	2,760
- Synthetic Fuels Commercialization	350
<u>Energy Conservation</u>	
- Federal Energy Management Program**	260
- Appliance Labeling/efficiency goals**	220
- Insulation Tax Credit, Weatherization, and Building Standards***	450
- Industrial Conservation Program**	290
- Auto Fuel Efficiency**	1,000
- State Conservation Plans**	250
- Decontrol of Oil**	480
- Utility Load Management**	300
<u>Emergency Measures to Reduce Vulnerability</u>	
- Standby Authorities**	1,000
- Strategic Storage System**	2,700
TOTAL VULNERABILITY REDUCTION	13,495
*Administrative Program	
**Enacted	
***Passed at least one House	

more

Current Status of
President's Legislative Program

Bills that have been enacted:

- Strategic Petroleum Reserve System
- Energy Supply and Environmental Coordination Act (ESECA) Extension
- Energy Efficiency Labeling
- Standby Authorities
- Extension of Price-Anderson Indemnification for nuclear power plants and contractors

Bills that have passed at least one House:

- Naval Petroleum Reserves (in conference)
- Winterization Assistance (passed House)
- Building Energy Conservation Standards (passed House)
- New Natural Gas Deregulation (passed both Houses)
- Emergency Natural Gas Legislation (passed both Houses; awaits conference)
- Insulation Tax Credit (passed House)

Bills that have not passed either House:

- Clean Air Act Amendments
- Utilities Act
- Energy Facilities Planning and Development Act
- Energy Development Security
- Nuclear Fuel Assurance Act
- Nuclear Licensing
- Energy Independence Authority
- Synthetic Fuels Loan Guarantees
- Electric Utilities Construction Incentives Act
- Oil Spill Liability Act
- Legislation to revise the basis for establishing the Government's charge for uranium enrichment services
- Energy Development Impact Assistance Act

New Bill:

- Legislation to expedite delivery of gas from Alaskan North Slope

more

TABLE 4

BREAKDOWN OF FEDERAL ENERGY OUTLAYS - 1976 AND 1977

(outlays in millions of dollars)
FY 1976 FY 1977Domestic energy resource development
conservation, and petroleum storage

Energy Independence Authority	-	850
Uranium enrichment (ERDA)	874	1,216
Naval Petroleum Reserves/ strategic petroleum storage	11	304
TVA and power administrations: capital	1,778	1,956
operating	1,772	1,918
subtotal	3,550	3,874
Rural electrification loans (REA)	737	849
Department of the Interior support for Outer Continental Shelf and on-shore leasing of oil, gas, and energy minerals	162	185
FEA non-regulatory programs	169	168
Other	13	13
	5,516	7,259

Energy research, development,
and demonstration

Direct energy R&D	1,659	2,239
Supporting energy R&D	506	589
Department of the Interior research for coal mine health and safety	29	30
	2,194	2,858

Regulation of the industry

Nuclear Regulatory Commission	106	120
Federal Power Commission	37	41
FEA regulatory programs	29	17
Department of the Interior regulation of coal mines	62	66
	234	244

TOTAL OUTLAYS

7,944

10,361

more

(OVER)

TABLE 5

PRESIDENT'S 1976-1977 ENERGY R&D BUDGET

Program Activities	(outlays in millions of dollars)				
	FY 1976		FY 1977		Percent Change
	\$	%	\$	%	
ERDA, total	1412	64	1975	69	+ 40
Non-Nuclear, total	(519)	(24)	(710)	(25)	(+ 37)
Fossil 1/	333	15	442	15	+ 33
Solar	86	4	116	4	+ 35
Geothermal 2/	32	2	46	2	+ 44
Conservation	56	2	91	3	+ 63
Environmental Control	12	1	15	1	+ 25
Nuclear, total	(893)	(40)	(1265)	(44)	(+ 42)
Fusion	224	10	304	11	+ 36
Fission	521	23	709	24	+ 36
Fuel Cycle/Safeguards	59	3	144	5	+144
Enrichment R&D	89	4	108	4	+ 21
EPA (Environmental Control) 3/	80	4	73	3	- 14
NRC (eg., Safety Research)	94	4	116	4	+ 23
DOI (Coal and Oil Shale Mining)	52	2	64	2	+ 23
Other	14	1	9	--	- 36
<u>Total Direct Energy R&D</u>	<u>1652</u>	<u>75</u>	<u>2237</u>	<u>78</u>	<u>+ 35</u>
<u>Supporting R&D</u>					
ERDA	373	17	403	14	+ 8
EPA	40	2	47	2	+ 18
NSF	93	4	139	5	+ 50
Total Supporting R&D	506	23	589	21	+ 16
<u>Energy Related</u>					
DOI (Coal Mine Health/Safety Research)	29	2	30	1	+ 3
<u>GRAND TOTAL 4/</u>	<u>2187</u>	<u>100</u>	<u>2856</u>	<u>100</u>	<u>+ 30</u>

- 1/ This category includes R&D on coal, oil, gas, and oil shale.
- 2/ This category does not include the resource assessment activities of the Department of the Interior.
- 3/ This category includes programs for coal cleaning and stack-gas cleanup.
- 4/ In addition, the FY 1977 Budget identifies funds to accelerate the commercialization and demonstration of energy technologies through loan guarantees: Geothermal Resources Development Fund, FY 1977 outlays of \$4.4 million; and Synthetic fuels Commercial Demonstration Fund, FY 1976 outlays of \$3.0 million.

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

As I have indicated on a number of occasions, the small business sector of our economy is vital to private job creation, technological innovation, competition and individual liberty. In this era of bigness, our Nation must maintain an environment in which small businesses can flourish.

To foster innovation and productivity gains, it is important that we have a dynamic economy in which new enterprises can be formed and will prosper. Without the ongoing search for new ideas and better ways of doing things, our competitive system would become progressively less efficient. Our historical experience indicates that innovative ideas often originate in the laboratories and workshops of small businesses. New enterprises are a basic source of innovative ideas and serve to push the entire economic system to higher levels of efficiency, thereby enhancing our competitive position in world markets. The strength of small business must be preserved if this innovative climate is to be maintained.

In addition to its economic role, small business provides the entrepreneur with a means of self expression. The chance to create, own and manage a business is one of our most important freedoms. My Administration considers the healthy individualism of the small business entrepreneur an essential element in our economic and political system. The freedom to create and operate one's own business does not exist in many parts of the world. Because of its value to our free society, this avenue for individual opportunity must be nourished and promoted.

The largest corporate complexes started as small businesses, but most small businesses never become international, billion-dollar companies. Rather, most small firms are likely to remain relatively small. In many communities throughout our Nation, the small businessman provides the leadership so vital to community life. Since this involvement in community affairs is of great value to the quality of life in our country, I am committed to the continued health and vigor of small businesses.

At a time when we so urgently need increased private job creation, I am particularly impressed by the fact that our 9.4 million small business firms employ about 55 percent of the private sector labor force in this country and produce about 48 percent of our gross business product. The continued growth and prosperity of this vital sector is critically important if we are going to generate the expanding number of private, productive jobs required in the coming years.

more

The Small Business Administration was created in 1953, during the Eisenhower Administration, to provide small businessmen with advice and assistance and to promote the interests of the small business community. The intent of this legislation was to "aid, counsel, assist and protect...the interests of small business concerns in order to preserve competitive enterprise as the basis for economic well-being and the security of the Nation." The SBA is the primary instrument of the Federal government in promoting the important interests of the small business community. I supported the creation of SBA in 1953 and strongly support it today. As evidence of this commitment, my fiscal year 1977 budget requests an increase of 33 percent in the SBA's major loan guarantee program. This will increase the ability of the SBA to assist in financing the many small businesses which cannot obtain needed financing in commercial markets.

In addition to supporting the work of the SBA, my Administration is taking a variety of actions to foster a strong small business community. Of paramount importance, of course, is our effort to achieve sustained economic growth without inflation by moderating the increases in Federal spending and by reducing our budget deficit. To also provide additional funds for business investment and growth, I have proposed a permanent extension of the corporate surtax exemption and the 10 percent investment tax credit currently in effect and have also called for a reduction in the maximum corporate tax rate from 48 to 46 percent.

I have proposed changes in the estate tax laws to encourage expansion in family businesses. This reform will help ensure the survival of smaller businesses for future generations and allow them to expand their current operations.

Vigorous competition is necessary if small businesses are to expand and flourish. Accordingly, I have increased the antitrust resources for the FTC and the Department of Justice and emphasized the importance of vigorous antitrust enforcement.

I consider it essential to reduce the burden of government imposed regulation and paperwork. I have, therefore, initiated a comprehensive review of all Federal regulation and paperwork in order to eliminate or improve those requirements and rules which are outdated or unnecessary.

I will designate Mitchell Kobelinski, our new Administrator of the Small Business Administration, as a member of the Economic Policy Board. This will help ensure small business participation in the formulation of our economic policies. It will also help provide me with the advice and expertise of the Small Business Administration in my consideration of economic policy issues.

These initiatives and efforts represent important and necessary improvements in the environment for small businesses in America.

###

1976 State of the Union: A Summary

In his State of the Union address Monday night, President Ford set forth his blueprint for America's future -- a blueprint that seeks to establish "a new balance" in our national life and to solve the Nation's problems with hardheaded common sense.

Substantial Progress Already Made

The President pointed out that under his approach, substantial progress was made in 1975:

- inflation was cut nearly in half -- down to about 7%.
- the economy was brought out of recession and is now enjoying a healthy recovery.
- two thirds of the jobs lost in the recession have been restored.
- to those critics who were asking whether we had lost our nerve, the U.S. has shown that it remains a strong and reliable partner in the search for peace.
- and through the President's efforts, much of the public's faith in the integrity of the White House has been restored.

Programs to Build Upon Past Progress

The President is now seeking to build upon the foundations laid in 1975. Specifically:

1. In the Economy

A. Curbing Inflation

- The centerpiece of the President's economic policies to fight inflation and create jobs is his attempt to cut Federal spending and to cut Federal taxes.
- The President's budget sets a limit of \$394.2 billion spending in fiscal year 1977 -- a substantial reduction under earlier projected spending for that year.
- In the last two years, Federal spending has increased by a total of 40%. The Ford budget would limit the 1977 spending increases to 5.5% -- the smallest single increase since President Eisenhower was in office.
- The President devoted more personal time to the preparation of the budget than any President in a quarter of a century; as a result, he was able to pare spending without cutting deeply into any programs essential for the health or safety of the Nation.
- To accompany the spending cut, the President is calling for a permanent tax cut of \$28 billion -- \$10 billion more than what Congress has allowed.

more

B. Creating New Jobs -- The President is seeking to create new jobs not through vast new public works programs -- programs that have been tried and failed -- but by creating conditions in the private sector that will stimulate economic growth. The tax cut/spending cut is a major part of this effort. In addition, he proposed in the State of the Union:

-- Accelerated depreciation for businesses constructing new plants, purchasing equipment, or expanding their plants in areas of 7% unemployment.

-- Broadened stock ownership so that moderate income Americans will be given tax deductions for investing in American owned companies.

-- Changes in tax laws that will prevent family farms and small businesses from being wiped out by estate taxes.

-- The President will ask for additional housing assistance for 500,000 families.

C. Regulatory Reform -- The President has asked that the regulatory burden be lightened in four industries -- banking, airlines, trucking and railroads -- so that competition can be fostered and consumer prices reduced. Other areas are still under study.

2. In Energy -- Last year's comprehensive energy bill was flawed but it does provide a base upon which to build. The President is asking for swift Congressional action that would deregulate the price of new natural gas, open up Federal reserves, stimulate greater conservation, develop synthetic fuels from coal, create the EIA, and accelerate technological advances.

3. In Health -- The President proposed catastrophic health insurance for all persons covered by Medicare (the elderly and disabled), so that none of them would be required to pay more than \$500 a year for covered hospital bills or more than \$250 a year for covered doctor's bills. Slightly higher costs would be imposed upon Medicare beneficiaries to pay for the insurance.

-- Veterans were assured of high quality medical care.

-- The President spoke of the eventual need for national health insurance plan but not one dictated by Washington; the private sector must be the basis of it.

4. In Social Security -- The President called for a full cost of living increase for the elderly receiving Social Security. At the same time, he urged we face reality: the Social Security Trust Fund is running out of money. To preserve the fund and thus to protect future beneficiaries, the President asked for a small increase in Social Security taxes, effective January 1, 1977. The additional cost would come to no more than \$1 a week for any employee.

more

5. In Welfare -- The President said that current programs had to be overhauled, but that they shouldn't be dumped in the laps of State and local governments nor should we make massive changes in midst of recovery. Some reforms can be made now, the most prominent -- food stamp reform. The President called for limiting food stamps to those in true poverty.

6. In Crime -- Law enforcement remains primarily a local and State responsibility, but Washington can and must help. The President is proposing: mandatory sentencing laws, more Federal prosecutors, more Federal judges, and more Federal prisons so that judges will be willing to send more criminals to jail. The President also promised a further crackdown on drug pushers.

7. In Federal Program Consolidation -- The President proposed that some 59 Federal programs be collapsed into 4 block grants -- health, education, child nutrition and community services. The biggest block grant would be a \$10 billion health grant for medicaid and other purposes; money would be distributed on basis of which state has most low income families. Purpose of the consolidation would be to wipe out red tape, give those closest to the problems greater flexibility to solve them. They would be similar to revenue sharing, a program for which the President urged re-enactment.

8. In Defense and Foreign Policy -- The President called for a significant increase in defense spending to ensure that the U.S. never becomes second strongest power.

-- He pointed to numerous successes in foreign policy of keeping the country at peace, progress in Middle East, strengthening of relationships with Europe and Japan, progress on arms limitations.

-- But he warned against further internal attacks on foreign policy community, especially the CIA, and against further Congressional efforts to tie the hands of the President.

-- He promised action to strengthen the intelligence establishment.

#

"Government exists to create and preserve conditions in which people can translate their ideals into practical reality.

"And in all that we do, we must be more honest with the American people; promising them no more than we can deliver, and delivering all that we promise."

(From the President's 1976 State of the Union Message to the Congress.)

State of Union

EMBARGOED FOR RELEASE
UNTIL 9:01 E.S.T.

JANUARY 19, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

As we begin our Bicentennial, America is still one of the youngest Nations in recorded history. Long before our forefathers came to these shores, men and women had been struggling on this planet to forge a better life for themselves and their families.

In man's long upward march from savagery and slavery -- throughout the nearly 2000 years of the Christian calendar, the nearly 6000 years of Jewish reckoning -- there have been many deep, terrifying valleys, but also many bright and towering peaks.

One peak stands highest in the ranges of human history. One example shines forth of a people uniting to produce abundance and to share the good life fairly and in freedom. One Union holds out the promise of justice and opportunity for every citizen.

That Union is the United States of America.

We have not remade paradise on earth. We know perfection will not be found here. But think for a minute how far we have come in 200 years.

We came from many roots and have many branches. Yet all Americans across the eight generations that separate us from the stirring deeds of 1776, those who know no other homeland and those who just found refuge on our shores, say in unison:

I am proud of America and proud to be an American. Life will be better here for my children than for me.

I believe this not because I am told to believe it, but because life has been better for me than it was for my father and my mother.

I know it will be better for my children because my hands, my brain, my voice and my vote, can help make it happen.

And it has happened here in America.

It happened to you and to me.

Government exists to create and preserve conditions in which people can translate their ideals into practical reality. In the best of times, much is lost in translation. But we try.

Sometimes we have tried and failed.

Always we have had the best of intentions. But in the recent past we sometimes forgot the sound principles that had guided us through most of our history. We wanted to accomplish great things and solve age-old problems. And we became overconfident of our own abilities. We tried to be a policeman abroad and an indulgent parent here at home. We thought we could transform the country through massive national programs:

more

-- But often the programs did not work; too often, they only made things worse.

-- In our rush to accomplish great deeds quickly, we trampled on sound principles of restraint, and endangered the rights of individuals.

-- We unbalanced our economic system by the huge and unprecedented growth of Federal expenditures and borrowing. And we were not totally honest with ourselves about how much these programs would cost and how we would pay for them.

-- Finally, we shifted our emphasis from defense to domestic problems while our adversaries continued a massive buildup of arms.

The time has now come for a fundamentally different approach -- for a new realism that is true to the great principles upon which this nation was founded.

We must introduce a new balance to our economy -- a balance that favors not only sound, active government but also a much more vigorous, healthier economy that can create new jobs and hold down prices.

We must introduce a new balance in the relationship between the individual and the Government -- a balance that favors greater individual freedom and self-reliance.

We must strike a new balance in our system of Federalism -- a balance that favors greater responsibility and freedom for the leaders of our State and local governments.

We must introduce a new balance between spending on domestic programs and spending on defense -- a balance that ensures we fully meet our obligations to the needy while also protecting our security in a world that is still hostile to freedom.

And in all that we do, we must be more honest with the American people, promising them no more than we can deliver, and delivering all that we promise.

The genius of America has been its incredible ability to improve the lives of its citizens through a unique combination of governmental and free citizen activity.

History and experience tell us that moral progress comes not in comfortable and complacent times, but out of trial and confusion. Tom Paine aroused the troubled Americans of 1776 to stand up to the times that try men's souls, because the harder the conflict the more glorious the triumph.

Just a year ago I reported that the State of the Union was not good.

Tonight I report that the State of our Union is better -- in many ways a lot better -- but still not good enough.

To paraphrase Tom Paine, 1975 was not a year for summer soldiers and sunshine patriots. It was a year of fears and alarms and of dire forecasts -- most of which never happened and won't happen.

more

As you recall, the year 1975 opened with rancor and bitterness. Political misdeeds of the past had neither been forgotten nor forgiven.

The longest, most divisive war in our history was winding toward an unhappy conclusion. Many feared that the end of that foreign war of men and machines meant the beginning of a domestic war of recrimination and reprisal.

Friends and adversaries abroad were asking whether America had lost its nerve.

Finally, our economy was ravaged by inflation -- inflation that was plunging us into the worst recession in four decades.

At the same time, Americans became increasingly alienated from all big institutions. They were steadily losing confidence not just in big government, but in big business, big labor and big education, among others.

Ours was a troubled land.

And so, 1975 was a year of hard decisions, difficult compromises, and a new realism that taught us something important about America.

It brought back a needed measure of common sense, steadfastness and self-discipline. Americans did not panic or demand instant but useless cures. In all sectors people met their difficult problems with restraint and responsibility worthy of their great heritage.

Add up the separate pieces of progress in 1975, subtract the setbacks, and the sum total shows that we are not only headed in the new direction I proposed 12 months ago, but that it turned out to be the right direction.

It is the right direction because it follows the truly revolutionary American concept of 1776 which holds that in a free society, the making of public policy and successful problem-solving involves much more than government. It involves a full partnership among all branches and levels of government, private institutions and individual citizens.

Common sense tells me to stick to that steady course.

Take the state of our economy.

Last January most things were rapidly getting worse.

This January most things are slowly but surely getting better.

The worst recession since World War II turned around in April. The best cost of living news of the past year is that double digit inflation of 12% or higher was cut almost in half. The worst -- unemployment remains too high.

Today nearly 1.7 million more Americans are working than at the bottom of the recession. At year's end people were again being hired much faster than they were being laid off.

Yet let us be honest: many Americans have not yet felt these changes in their daily lives. They still see prices going up too fast, and they still know the fear of unemployment.

more

And we are a growing Nation. We need more and more jobs every year. Today's economy has produced over 85 million jobs for Americans, but we need a lot more jobs, especially for the young.

My first objective is to have sound economic growth without inflation.

We all know from recent experience what runaway inflation does to ruin every other worthy purpose. We are slowing it; we must stop it cold.

For many Americans the way to a healthy non-inflationary economy has become increasingly apparent; the government must stop spending so much and burrowing so much of our money; more money must remain in private hands where it will do the most good. To hold down the cost of living, we must hold down the cost of government.

In the past decade, the Federal budget has been growing at an average rate of over 10 percent every year. The budget I am submitting Wednesday cuts this rate of growth in half. I have kept my promise to submit a budget for the next fiscal year of \$395 billion. In fact, it is \$394.2 billion.

By holding down the growth in Federal spending, we can afford additional tax cuts and return to the people who pay taxes more decision-making power over their own lives.

Last month I signed legislation to extend the 1975 tax reductions for the first six months of this year. I now propose that effective July 1, 1976, we give our taxpayers a tax cut of approximately \$10 billion more than Congress agreed to in December.

My broader tax reduction would mean that for a family of four making \$15,000 a year there will be \$227 more in take home pay annually. Hard-working Americans caught in the middle can really use that kind of extra cash.

My recommendations for a firm restraint on the growth of Federal spending and for greater tax reduction are simple and straightforward. For every dollar saved in cutting the growth in the Federal budget we can have an added dollar of Federal tax reduction.

We can achieve a balanced budget by 1979 if we have the courage and wisdom to continue to reduce the growth of Federal spending.

One test of a healthy economy is a job for every American who wants to work.

Government -- our kind of government -- cannot create that many jobs. But the Federal Government can create conditions and incentives for private business and industry to make more and more jobs.

Five out of six jobs in this country are in private business and industry. Common sense tells us this is the place to look for more jobs and to find them faster.

I mean real, rewarding, permanent jobs.

more

To achieve this we must offer the American people greater incentives to invest in the future. My tax proposals are a major step in that direction:

— To supplement these proposals, I ask that Congress enact changes in Federal tax laws that will speed up plant expansion and the purchase of new equipment. My recommendation will concentrate this job-creation tax incentive in areas where the unemployment rate now runs over 7 percent. Legislation to get this started must be approved at the earliest possible date.

Within the strict budget total I will recommend for the coming year, I will ask for additional housing assistance for 500,000 families. These programs will expand housing opportunities, spur construction and help to house moderate and low income families.

We had a disappointing year in the housing industry in 1975 but it is improving. With lower interest rates and available mortgage money, we can have a healthy recovery in 1976.

*Might
interest
you*

A necessary condition of a healthy economy is freedom from the petty tyranny of massive government regulation. We are wasting literally millions of working hours costing billions of consumers' dollars because of bureaucratic red tape. The American farmer, who not only feeds 215 million Americans but also millions worldwide, has shown how much more he can produce without the shackles of government control.

Now, we need reforms in other key areas in our economy — the airlines, trucking, railroads, and financial institutions. I have concrete plans in each of these areas, not to help this or that industry, but to foster competition and to bring prices down for the consumer.

This Administration will strictly enforce the Federal antitrust laws for the same purpose.

Taking a longer look at America's future there can be neither sustained growth nor more jobs unless we continue to have an assured supply of energy to run our economy. Domestic production of oil and gas is still declining. Our dependence on foreign oil at high prices is still too great, draining jobs and dollars away from our own economy at the rate of \$125 per year for every American.

Last month I signed a compromise national energy bill which enacts a part of my comprehensive energy independence program. This legislation was late in coming, not the complete answer to energy independence, but still a start in the right direction.

I again urge the Congress to move ahead immediately on the remainder of my energy proposals to make America invulnerable to the foreign oil cartel. My proposals would:

Reduce domestic natural gas shortages;

Allow production from national petroleum reserves;

more

Stimulate effective conservation, including re-vitalization of our railroads and the expansion of our urban transportation systems;

Develop more and cleaner energy from our vast coal resources;

Expedite clean and safe nuclear power production;

Create a new national Energy Independence Authority to stimulate vital energy investment;

And accelerate development of technology to capture energy from the sun and the earth for this and future generations.

Also for the sake of future generations we must preserve the family farm and family-owned small businesses. Both strengthen America and give stability to our economy.

I will propose estate tax changes so that family businesses and family farms can be handed down from generation to generation without having to be sold to pay taxes.

I propose tax changes to encourage people to invest in America's future, and their own, through a plan that gives moderate income families income tax benefits if they make long-term investments in common stock in American companies.

The Federal Government must and will respond to clear-cut national needs — for this and future generations.

Hospital and medical services in America are among the world's best but the cost of a serious and extended illness can quickly wipe out a family's lifetime savings. Increasing health costs are of deep concern to all and a powerful force pushing up the cost of living.

The burden of a catastrophic illness can be borne by very few in our society. We must eliminate this fear from every family.

I propose catastrophic health insurance for everybody covered by Medicare. To finance this added protection, fees for short-term care will go up somewhat, but nobody after reaching age 65 will have to pay more than \$500 a year for covered hospital or nursing home care nor more than \$250 for one year's doctors' bills.

We cannot realistically afford Federally dictated national health insurance providing full coverage for all 215 million Americans. The experience of other countries raises questions about the quality as well as the cost of such plans. But I do envision the day when we may use the private health insurance system to offer more middle income families high quality health services at prices they can afford and shield them also from catastrophic illnesses.

Using the resources now available, I propose improving the Medicare and other Federal health programs to help those who really need more protection: older people and the poor.

more

To help States and local governments give better health care to the poor I propose that we combine 16 existing Federal programs including Medicaid into a single \$10 billion Federal grant.

Funds would be divided among the States under a new formula which provides a larger share of Federal money to those states that have a larger share of low income families.

I will take further steps to improve the quality of medical and hospital care for those who have served in our armed forces.

Now let me speak about Social Security.

Our Federal Social Security system for people who have worked hard and contributed to it all their lives is a vital part of our economic system. Its value is no longer debatable. In my budget for fiscal year 1977 I am recommending that the full cost of living increase in Social Security benefits be paid during the coming year.

But I am concerned about the integrity of our Social Security Trust Fund that enables people -- those retired and those still working who will retire -- to count on this source of retirement income. Younger workers watch their deductions rise and wonder if they will be adequately protected in the future.

We must meet this challenge head-on.

Simple arithmetic warns all of us that the Social Security Trust Fund is headed for trouble. Unless we act soon to make sure the fund takes in as much as it pays out, there will be no security for old or young.

I must therefore recommend a 3/10 of one percent increase in both employer and employee Social Security taxes effective January 1, 1977. This will cost each covered employee less than one extra dollar a week and will ensure the integrity of the trust fund.

As we rebuild our economy, we have a continuing responsibility to provide a temporary cushion to the unemployed. At my request the Congress enacted two extensions and expansions in unemployment insurance which helped those who were jobless during 1975. These programs will continue in 1976.

In my fiscal 1977 budget, I am also requesting funds to continue proven job training and employment opportunity programs for millions of other Americans.

Compassion and a sense of community -- two of America's greatest strengths throughout our history -- tell us we must take care of our neighbors who cannot take care of themselves. The host of Federal programs in this field reflect our generosity as a people.

But everyone realizes that when it comes to welfare, government at all levels is not doing the job well. Too many of our welfare programs are inequitable and invite abuse. Worse, we are wasting badly needed resources without reaching many of the truly needy.

more

Complex welfare programs cannot be reformed overnight. Surely we cannot simply dump welfare into the laps of the 50 States, their local taxpayers or private charities, and just walk away from it. Nor is it the right time for massive and sweeping changes while we are still recovering from a recession.

Nevertheless, there are still plenty of improvements we can make. I will ask Congress for Presidential authority to tighten up rules for eligibility and benefits.

Last year I twice sought long overdue reform of the scandal riddled Food Stamp program. This year I say again: Let's give Food Stamps to those most in need. Let's not give any to those who don't need them.

Protecting the life and property of the citizen at home is the responsibility of all public officials but is primarily the job of local and State law enforcement authorities.

Americans have always found the very thought of a Federal police force repugnant and so do I. But there are proper ways in which we can help to ensure domestic tranquility as the Constitution charges us.

My recommendations on how to control violent crime were submitted to the Congress last June with strong emphasis on protecting the innocent victims of crime.

To keep a convicted criminal from committing more crimes we must put him in prison so he cannot harm more law-abiding citizens. To be effective, this punishment must be swift and certain.

Too often criminals are not sent to prison after conviction but are allowed to return to the streets.

Some judges are reluctant to send convicted criminals to prison because of inadequate facilities. To alleviate this problem at the Federal level, my new budget proposes the construction of four new Federal facilities.

To speed Federal justice, I propose an increase this year in U.S. Attorneys prosecuting Federal crimes and reinforcement of the number of U.S. Marshals.

Additional Federal judges are needed, as recommended by me and the Judicial Conference.

Another major threat to every American's person and property is the criminal carrying a handgun. The way to cut down on the criminal use of guns is not to take guns away from the law-abiding citizen, but to impose mandatory sentences for crimes in which a gun is used, make it harder to obtain cheap guns for criminal purposes, and concentrate gun control enforcement in high crime areas.

My budget recommends 500 additional Federal agents in the 11 largest metropolitan high crime areas to help local authorities stop criminals from selling and using handguns.

The sale of hard drugs is on the increase again. I have directed all agencies of the Federal Government to step up enforcement efforts against those who deal in drugs. In 1975, Federal agents seized substantially more heroin coming into our country than in 1974.

more

As President, I have talked personally with the leaders of Mexico, Colombia and Turkey to urge greater efforts by their Governments to control effectively the production and shipment of hard drugs.

I recommended months ago that the Congress enact mandatory fixed sentences for persons convicted of Federal crimes involving the sale of hard drugs. Hard drugs degrade the spirit as they destroy the body of their users.

It is unrealistic and misleading to hold out the hope that the Federal Government can move in to every neighborhood and clean up crime. Under the Constitution, the greatest responsibility for curbing crime lies with State and local authorities. They are the frontline fighters in the war against crime.

There are definite ways in which the Federal Government can help them. I will propose in the new budget that the Congress authorize almost \$7 billion over the next five years to assist State and local governments to protect the safety and property of all citizens.

As President I pledge the strict enforcement of Federal laws and — by example, support, and leadership — to help State and local authorities enforce their laws. Together we must protect the victims of crime and ensure domestic tranquility.

Last year I strongly recommended a five-year extension of the existing revenue sharing legislation which thus far has provided \$19 billion to help State and local units of government solve problems at home. This program has been effective with decisionmaking transferred from the Federal Government to locally elected officials. Congress must act this year or State and local units of government will have to drop programs or raise local taxes.

Including my health care reforms, I propose to consolidate some 59 separate Federal programs and provide flexible Federal dollar grants to help States, cities and local agencies in such important areas as education, child nutrition, and social services. This flexible system will do the job better and do it closer to home.

The protection of the lives and property of Americans from foreign enemies is one of my primary responsibilities as President.

In a world of instant communications and intercontinental missiles, in a world economy that is global and interdependent, our relations with other nations become more, not less, important to the lives of Americans.

America has had a unique role in the world since the day of our independence 200 years ago. And ever since the end of World War II, we have borne — successfully — a heavy responsibility for ensuring a stable world order and hope for human progress.

Today, the state of our foreign policy is sound and strong

— We are at peace — and I will do all in my power to keep it that way.

more

-- Our military forces are capable and ready; our military power is without equal. And I intend to keep it that way.

Our principal alliances, with the industrial democracies of the Atlantic Community and Japan, have never been more solid.

-- A further agreement to limit the strategic arms race may be achieved.

-- We have an improving relationship with China, the world's most populous nation.

-- The key elements for peace among the nations of the Middle East now exist.

-- Our traditional friendships in Latin America, Africa, and Asia, continue.

-- We have taken the role of leadership in launching a serious and hopeful dialogue between the industrial world and the developing world.

-- We have achieved significant reform of the international monetary system.

We should be proud of what the United States has accomplished.

The American people have heard too much about how terrible our mistakes, how evil our deeds, and how misguided our purposes. The American people know better.

The truth is we are the world's greatest democracy. We remain the symbol of man's aspirations for liberty and well-being. We are the embodiment of hope for progress.

I say it is time we quit downgrading ourselves as a nation. Of course it is our responsibility to learn the right lessons from past mistakes. It is our duty to see that they never happen again. But our greater duty is to look to the future. The world's troubles will not go away.

The American people want strong and effective international and defense policies.

In our Constitutional system, these policies should reflect consultation and accommodation between the President and Congress. But in the final analysis, as the framers of our Constitution knew from hard experience, the foreign relations of the United States can be conducted effectively only if there is strong central direction that allows flexibility of action. That responsibility clearly rests with the President.

I pledge to the American people policies which seek a secure, just, and peaceful world. I pledge to the Congress to work with you to that end.

We must not face a future in which we can no longer help our friends, such as in Angola -- even in limited and carefully controlled ways. We must not lose all capacity to respond short of military intervention. Some hasty actions of the Congress during the past year -- most recently in respect to Angola -- were in my view very short-sighted. Unfortunately, they are still very much on the minds of our allies and our adversaries.

more

A strong defense posture gives weight to our values and our views in international negotiations; it assures the rigor of our alliances; and it sustains our efforts to promote settlements of international conflicts. Only from a position of strength can we negotiate a balanced agreement to limit the growth of nuclear arms. Only a balanced agreement will serve our interest and minimize the threat of nuclear confrontation.

The Defense Budget I will submit to the Congress for fiscal 1977 will show an essential increase over last year. It provides for a real growth in purchasing power over last year's Defense Budget, which includes the costs of our All-Volunteer Force.

We are continuing to make economies to enhance the efficiency of our military forces. But the budget I will submit represents the necessity of American strength for the real world in which we live.

As conflict and rivalries persist in the world, our United States intelligence capabilities must be the best in the world.

The crippling of our foreign intelligence services increases the danger of American involvement in direct armed conflict. Our adversaries are encouraged to attempt new adventures, while our own ability to monitor events, and to influence events short of military action — is undermined.

Without effective intelligence capability, the United States stands blindfolded and hobbled.

In the near future, I will take actions to reform and strengthen our intelligence community. I ask for your positive cooperation. It is time to go beyond sensationalism and ensure an effective, responsible, and responsive intelligence capability.

Tonight I have spoken of our problems at home and abroad. I have recommended policies that will meet the challenge of our third century.

I have no doubt that our Union will endure — better, stronger and with more individual freedom.

We can see forward only dimly — one year, five years, a generation perhaps. Like our forefathers, we know that if we meet the challenges of our own time with a common sense of purpose and conviction — if we remain true to our Constitution and our ideals — then we can know that the future will be better than the past.

I see America today crossing a threshold, not just because it is our Bicentennial, but because we have been tested in adversity. We have taken a new look at what we want to be and what we want our nation to become.

I see America resurgent, certain once again that life will be better for our children than it is for us, seeking strength that cannot be counted in megatons and riches that cannot be eroded by inflation.

more

I see these United States of America moving forward as before toward a more perfect Union where the government serves and the people rule.

We will not make this happen simply by making speeches, good or bad, yours, or mine, but by hard work and hard decisions made with courage and common sense.

I have heard many inspiring Presidential speeches, but the words I remember best were spoken by Dwight D. Eisenhower.

"America is not good because it is great," the President said. "America is great because it is good."

President Eisenhower was raised in a poor but religious home in the heart of America. His simple words echoed President Lincoln's eloquent testament that "right makes might." And Lincoln in turn evoked the silent image of George Washington kneeling in prayer at Valley Forge.

So all these magic memories, which link eight generations of Americans are summed up in the inscription just above me.

How many times have we seen it? — "In God We Trust."

Let us engrave it now in each of our hearts as we begin our Bicentennial.

GERALD R. FORD

THE WHITE HOUSE,

January 19, 1976.

#

*Gow - thought you
might get a line out of
us
file*

Why American Politicians Are So Bad

The Case History of Gerald Ford

By Richard Reeves

"... Ford may have become president of the United States by accident, but it was no accident that a Ford became president..."



On the day after New Year's, 1963, two of the younger and brighter Republican members of the United States House of Representatives met for lunch and did what younger congressmen often do—they griped. Charles Goodell, 36, of New York, and Robert Griffin, 39, of Michigan, griped mainly about their leader, 63-year-old House minority leader Charles Halleck, who thought young Republican congressmen should be neither seen nor heard very much. But with just ten years of seniority between them, there wasn't much Goodell and Griffin could do about old Charlie Halleck.

"What if we went after Hoeven?" Goodell said.

Charles Hoeven of Iowa was 67, and he was the chairman of the House Republican Conference; on paper he was the number-three man in the party leadership, but actually he didn't do much of anything—Hoeven had called only one conference meeting in two years. The two rebels—they would soon be called the Young Turks—made up a list of five younger men who might challenge

Hoeven in the caucus of 178 Republican House members. The first four men on the list said no, they were not interested in symbolic challenges. The fifth name was Ford—Gerald R. Ford Jr., 49, representative of the Fifth District of Michigan since 1949. He said yes, and in a secret caucus ballot the vote was Ford 86, Hoeven 78.

"It wasn't as though everybody was wildly enthusiastic about Jerry," Goodell said. "It was just that most Republicans liked and respected him. He didn't have enemies."

It hardly seemed a momentous event in American politics. The little rebellion rated just one paragraph in most newspapers, usually quoting Hoeven as saying, "I was picked as the lamb for slaughter." Jerry Ford was, by vote of his peers, a leader.

Characteristically, Ford avoided offending anyone during his two years as conference chairman; like Hoeven, he rarely convened the conference to discuss party policy or strategy.

Halleck, meanwhile, continued to rub people the wrong way—he was a determined, energetic leader, but he rarely consulted his troops, and one of them characterized his attitude as "detached arrogance." Came November, 1964, and Barry Goldwater's disastrous loss to President Johnson, along with the loss of 38 Republican House seats. It was clearly time for a change—and time for Goodell and Griffin to have lunch again.

This time, November 25, 1964, the two seasoned rebels were joined by three other restive young Republicans—Thomas Curtis of Missouri, Albert Quie of Minnesota, and Donald Rumsfeld of Illinois. The three original conspirators and two dozen others who later joined them considered only two choices to challenge Halleck: Ford, the favorite because he was already a member of the leadership as conference chairman, and Melvin Laird of Wisconsin. The decision was fairly easy, one of the young congressmen said at the time:

"Laird is more controversial. He's more dynamic. He's got more leadership. At the same time, he's irritated and antagonized some people, made enemies along the line. Ford has not. I don't know how you measure these things. It's a feeling, a reading you get. There were fewer people mad at Ford. . . ."

Early in December, Goodell, Griffin, and Quie informed

“... Running for office, not making our laws or debating the issues of the day, is what congressmen do for a living ...”

the man without enemies that he was the Young Turks' choice. Ford begged off for a couple of days, saying he wanted to talk with his family and a personal circle of advisers, mainly business types, executives of the automobile companies, U.S. Steel, the National Association of Manufacturers, and the U.S. Chamber of Commerce. He said yes.

“I did it because I had nothing to lose,” Ford told me almost ten years later. “I could have kept my House seat, and I was careful not to get anyone mad at me.”

The theme of the Ford campaign, announced December 19, was “better communication of the Republican message through new techniques and bold leadership.” Hardly a ringing battle cry, the theme deliberately emphasized public relations over public policy. The new technique, Ford's supporters explained, was television, and their man looked a lot bolder on it than grumpy old Charlie Halleck. Soon, Ford, at the urging of Goodell and Griffin, was taking lessons from a voice coach.

There was no overriding ideological issue in the contest. Both Halleck and Ford were to the right of the center of the Republican party; older conservatives and liberals tended to vote for Halleck, and younger conservatives and liberals tended to vote for Ford. The younger man won by a secret caucus vote of 73 to 67, and rather than promising to lead, he pledged himself as a “team player,” one of his favorite phrases.

Ford's behavior during their coup mystified and sometimes irritated Goodell and Griffin. Their candidate took three separate vacations between Thanksgiving and New Year's—sunning in Puerto Rico, golfing in Palm Springs, and skiing in Michigan before the defeat of Halleck on January 4. One night, the two campaign managers plotted to keep Ford in his office telephoning congressmen for support by bringing him sandwiches and Cokes and persuading him that the food would be wasted if he went home for dinner. It was not that Ford was lazy or without ambition—he had very much wanted to be Barry Goldwater's running mate for vice-president the summer before—but it was not his style to get actively engaged in a fight. You can lose friends that way.

But he won. Jerry Ford, quite suddenly it seemed, was a major factor in American government. Newspapers and magazines were taken aback by Halleck's defeat and were not quite sure what to make of the new minority leader, except to repeatedly label him, as did the *New York Times*, *Washington Post*, and *Time* magazine, “a former football star” and “a hard-working member of the Appropriations Committee.” (Ford, at six feet and 198 pounds, was the second-string center on the University of Michigan's national champion teams in 1932 and 1933; in 1934, he was a starter and the team's most valuable player, but Michigan lost seven of its eight games.)

There were, however, a couple of interesting bits of reporting about the new leader. “Ford,” wrote Julius Duscha of the *Post*, “is lean, well-tailored, respectably conservative, never too far ahead of the country-club crowd. He would have done as well at General Motors as he had on Capitol Hill.” *The Reporter* magazine said: “Ford was not a particularly popular choice. The young conservatives who promoted him really would have preferred the more aggressive Melvin Laird, who moved into Ford's old job as conference chairman. Similarly, his liberal backers were disappointed that they didn't

have the chance to support someone less conservative.”

The Reporter had it only slightly wrong. In fact, Ford was not a particularly unpopular choice. The congressman from Grand Rapids was the least objectionable alternative. He brought to mind James B. Bryce's words in *The American Commonwealth* in 1888:

The methods and habits of Congress and indeed of political life generally, seem to give fewer opportunities for personal distinction, fewer modes in which a man may commend himself to his countrymen by eminent capacity in thought, in speech or in administration. . . . Eminent men make more enemies, and give those enemies more assailable points, than obscure men do. They are therefore in so far less desirable candidates.

Lord Bryce's models were some of the United States' most undistinguished nineteenth-century presidents: “The only thing remarkable about them is that being so commonplace they should have climbed so high.” His judgments were not dissimilar to the off-the-record quotes of some of the Republicans who had just elevated Gerald Ford to leadership.

Eleven years after Goodell and Griffin put him fifth on their list, Gerald R. Ford became the president of the United States.

Bill Moyers, writing in *Newsweek*, commented on that extraordinary event by conducting a fantasy interview with Alexis de Tocqueville, who wrote the classic *Democracy in America* after touring the new United States in the 1830's:

“Gerald Ford spent his whole career in Congress proving that he could not possibly be President,” Tocqueville said, “and look where he is now.”

“He's an exception—a fluke,” Moyers answered.

“Politics in your country is the triumph of the flukes,” Tocqueville said with a sigh.”



Ford may have become president by accident, but it was no accident that a Ford became president. In many ways he was the very model of a modern American politician. His success was a triumph of lowest-common-denominator politics, the survival of the man without enemies, the least objec-

tionable alternative. The remarkable thing about Ford and others like him is that they have won leadership by carefully avoiding it. The act and art of leading inevitably offend and alienate some of the people some of time in a democratic universe, as Charlie Halleck discovered. His successor, Gerald Ford, built his career and life on avoiding offending anyone. Ford's discovery, shared by many in modern America, was no small thing. It was that the highest national honors and rewards could be won by limiting oneself to commonplace virtues—ambition, perseverance, and caution.

There is nothing wrong with ambition in America. It's as American as Horatio Alger, and a man obviously does not become president—or minority leader of the House—without being ambitious. Jerry Ford got where he did because he wanted to and worked like hell at it; our candidates, and thus our governors, are self-selected and self-promoted. No one persuaded Ford to run for Congress when he came home from the Navy after World War II. The path to the White House began when he told his friends at South High School in Grand Rapids that he wanted to be a congressman. He was on his way when he told his new wife in 1948 that his fourteen-hour workdays and perseverance might someday make him Speaker of the House. The hard glow of political ambition shows—it shows itself at places like the tennis court at the Washington Hilton Hotel at seven o'clock in the morning when two writers and another U.S. senator come upon Senator Lloyd Bentsen of Texas sitting alone in his whites, looking up surprised, and saying the first thing that comes to mind: "Boy, I sure would like to be president!"

Congressmen, because they run for office every two years, are our distilled politicians. Running for office, not making laws or debating the issues of the day, is what they do for a living. They are professional candidates. But if congressmen do more campaigning, the difference between them and other professional public-office seekers is only a matter of degree. Nelson Rockefeller, who was to become Ford's vice-president, had enormous power and responsibility as governor of New York for fifteen years. In 1970 at the Pulaski Day parade in Buffalo, he happened to meet a young man he had seen before at the St. Patrick's Day parade in New York City; the young man, Sandy Frucher, who was working for Rockefeller's opponent, Arthur Goldberg, said, "Governor, we seem to meet only at parades." Rockefeller answered with a wink, but perhaps with more truth than he usually does: "Son, parades are my business!"

Campaigning, too, is the business of Senator Thomas Eagleton of Missouri, one of the young men in American politics who succeeded by holding each of their public offices for as short a time as possible and doing as little as possible. Politics is one of the few businesses where accomplishment is measured by how often one changes jobs. In sixteen years, Tom Eagleton went from county circuit attorney to state attorney general to lieutenant governor to U.S. senator to Democratic nominee for vice-president.

When it became known that his climbing was periodically interrupted by emotional problems, Eagleton talked about his first secret hospitalization after being elected attorney general of Missouri in 1960: "There's a letdown mood after an election. I guess it's like the closing night of a show. It's been a huge success, let's say, and it's the last night and there's a terrific letdown. You go from frenetic activity to *nothing* . . . there isn't very much to do. There aren't any more speeches to give, there aren't any more airplanes to catch. So you sit around and this mood of depression comes on.

Nothing, in Eagleton's business, was being the chief

law-enforcement officer of a state of 4 million people. Campaigning, now that's something—mind-numbing and superficial to most observers, "interpersonal aggression" in the phrase of political scientist James David Barber, but plasma to most politicians.

Outsiders, observers like reporters and political scientists, have trouble understanding the pull of campaigning for most politicians, probably because it cannot be understood—it must be felt. I have seen Ford, a 62-year-old man, shout, "Let's go!" as color and life came back into his face after seventeen hours of campaigning when an aide told him at 11 P.M. that there was another Republican dinner he could still make that night. Robert Redford, who gets his share of adulation as an actor, told me he had never experienced anything like the power he felt pretending to be a senatorial candidate.



Even the few politicians who do not like campaigning keep at it endlessly. Perseverance is as American as the McDonald's hamburger—and the success of the Big Mac is not unrelated to the ascendancy of Gerald Ford, or Richard Nixon, or Hubert Humphrey, or Nelson Rockefeller. All are proud men, but politicians' pride is not the kind that keeps them from trying and trying again.

Without ever being called pushy, Jerry Ford has always pressed on. It took six years of his life to get a degree from Yale Law School after he was told a football player from the University of Michigan could never make it there. He did make it, sitting in on classes without receiving credit before he was allowed to matriculate, taking summer law courses back at Michigan, coaching the football and boxing teams, working as a male model, and even selling as much as \$25 worth of his blood a week as a professional donor.

McDonald's, the enormously successful institutionalization of American lowest-common-denominator marketing, would have loved young Jerry Ford, who certainly met the hamburger chain's training-manual demands for "all-American boys . . . sincerity, enthusiasm, confidence." In fact, Ray Kroc, the founder and chairman of McDonald's, loves old Jerry Ford; at least he contributes hundreds of thousands of dollars to Republican campaigns. Kroc's favorite saying, "Press On," is displayed above the desks of McDonald's executives in framed scrolls with this inspirational message:

Nothing in the world can take the place of persistence.
Talent will not; nothing is more common than unsuccessful men with talent.
Genius will not; unrewarded genius is almost a proverb.

"...Modern politicians don't try to tell people what they want to hear. They avoid telling them what they don't want to hear..."

Education will not; the world is full of educated derelicts.
Persistence and determination alone are omnipotent.

McDonald's training manuals, it happens, read like a parody of modern least-objectionable-alternative politics. These are the instructions for McDonald's managers in college towns:

"Talk to the students in a direct manner. They call it 'talking straight.' Don't 'put them on.' They would say 'tell it like it is.' Be aware of local problems, especially campus problems, but avoid taking sides and steer clear of controversial areas. Don't jeopardize your restaurant's position as 'neutral ground.'"

That kind of creative caution is as American as Congress—in fact, if caution were an art, Capitol Hill would be the Louvre. "Congress, it seems to me, exists in a force field, like an electromagnetic field; it's hard to explain unless you've been there and felt it," said Wes Vivian, a professor of electrical and computer engineering at the University of Michigan who was on Capitol Hill from 1965 to 1967 as a Democratic representative. "You can't say what you think. Almost nobody in Congress says what he believes. How can you, when you know all the words you say may come back to haunt you? If you're in a marginal district, you can't afford to offend any potential swing group, any part of your constituency. . . . The people there aren't as bad as I thought they would be—a third are pretty good, really good; there are 10 to 15 per cent who are comic, so bad they're outside discussion; and most are kind of neuter, they just fill up the seats. It's not that the neuter ones don't have the skills. They decided at some point not to use them. Congress is a personality-forming world and they're just there, inoffensive."

Ford, in Vivian's not unfriendly estimation, was near the top of the inoffensive group. "He had a great deal of freedom because he was from a safe district," Vivian said. "There's an old saying that if you get more than 55 per cent of the vote back home, you haven't used your potential—you could have offended more of your voters. Ford used his freedom in a different way because he wanted to be in the leadership. That's a very different thing from voting for things that might cause trouble but won't cost your seat—getting ahead internally depends on not offending anyone, avoiding entanglements, particularly ideological entanglements. You go to the gym, to the parties, you don't make enemies—it's a legitimate role inside the institution."

Members of Congress, of both the House and the Senate, are in many ways the worst that American politics can produce. Their career life-style—maximizing comment and minimizing responsibility—occasionally leads to frustrated and cutting self-analysis like the private words of Representative Sam Steiger, an Arizona Republican: "Being a member of Congress is 90 per cent form—you get attention, you view with alarm, you offer no solutions." Congressional debate, for instance, is a farce, a comical imitation of what the men who wrote the Constitution must have had in mind a couple of hundred years ago. Even using the word *debate* is a bit farcical, unless it has been redefined to include dramatic gesturing at empty desks and glancing at the Press Gallery to see whether the *New York Times* or the *Washington Post* is taking notes. The elders, like grandees trailed by attendant entourages, wander from cameo appearances at committee hearings to

National Airport for a quick flight, to a \$2,500 college speech or an appearance back home to dazzle the folks with the glamour that has attached to them since the television networks decided Washington was America. Capitol Hill is America only if we have become a nation accustomed to deference; doormen, drivers, devoted secretaries, determined aides, and Capitol policemen who stop traffic whenever a member is crossing the street.

"Washington," in words written by Arthur Hoppe in the *San Francisco Chronicle*, "is several miles square and about as tall, say, as the Washington Monument, give or take a little. It is surrounded on all four sides by reality." And Washington is where the great majority of American politicians stay if they retire or are defeated at home. They become Capitol lawyers, lobbyists, or bureaucrats. Like Thomas Wolfe, they can't go home again.



Ford was known as a "congressman's congressman." The description, meant as flattering and institutionalized one year in a plaque from the American Political Science Association, was essentially accurate—among other things, Ford was making as many as 238 out-of-town speeches a year, out of Washington and out of Grand Rapids. Like many senior members, he no longer represented his district as much as he represented his own leadership ambitions—even if any Grand Rapids residents could count on Ford's staff to work out personal problems with the federal government.

Any congressman is capable of making his voting record look like all things to all men. Amendments, motions to recommit, and other parliamentary parlor tricks make it possible for a Representative Ford to assert that he voted for final passage of every major civil-rights bill during his tenure. Or he can let people know that up until the final votes, he fought to block every piece of civil-rights legislation. He did both, getting caught only once, when Grand Rapids newspapers accused him of working to kill fair-housing legislation in 1966, then voting for it when passage was inevitable.

Whatever Ford's deepest feelings were about civil rights—and friends said he had no deep feelings either way—he was able and willing to use that issue and others to trade for the valuable status of having no enemies in his own party. He kept the good will of conservative Republicans opposed to civil-rights measures and of party liberals favoring those laws.

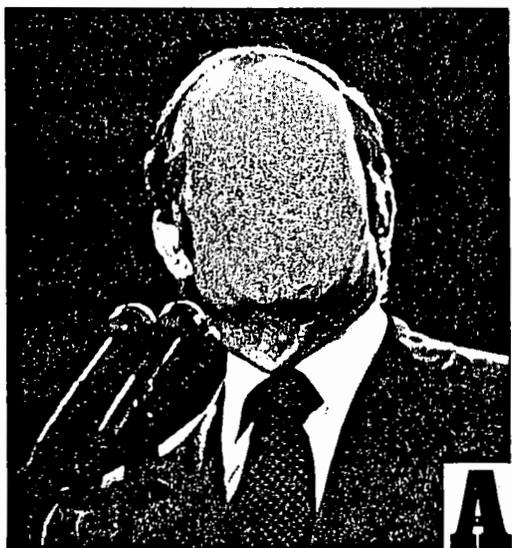
He was a certain type of leader—an accommodator. Ford was never a political compromiser in the sense of actively forging a party position out of divergent views. Rather, he allowed others, activists like Laird and Goodell, to try to build support for their positions. Then, and only then, Ford would accommodate himself to the compromise already worked out. He developed a certain genius for positioning himself just on the edge of the scene in his climb—it was no accident that Goodell and Griffin had trouble forcing him to stay on the scene in his own leadership fight—but he was always there to finally argue for the least objectionable alternative, or to be that alternative himself.

The term "least objectionable alternative" is adapted from another business, one that has been an important factor in molding new American politicians—television. Paul Klein, a former vice-president for audience measurement of the National Broadcasting Company, has used the phrase to discuss theories of television programing:

"The point of nearly every strategy and tactic of a network is to get the largest possible share of that audience in each half-hour. . . . I call it the theory of the Least Objectionable Program. . . . You view television irrespective of the content of the program watched. . . . You take what is fed to you because you are compelled to exercise the medium.

"A very old law has also become more and more useful in figuring out program popularity. . . . I mean the First Law of Motion, the one that says a body at rest tends to stay at rest. Once a viewer chooses his L.O.P., he may have to fiddle with a lot of knobs should he decide to switch channels.

"The best network programers understand this. They are not stupid. . . . [They] know a program doesn't have to be 'good.' It only has to be less objectionable than whatever the hell the other guys throw against it."



and the people who run our lives and country are not that stupid either. Many of them have figured out that the incredible reach of television has made coalition-building and the kind of leadership it took to build those coalitions a thing of the past. Going right into living rooms with situation comedies and cop shows, modern politicians can survive as long as they don't offend large numbers of voters. You don't have to like them or follow them as long as you don't get aggravated enough to take the energy to switch channels.

Many of the new generation of "leaders" are not slaves of public-opinion polls, as they are sometimes represented, and they are not trying to tell people what they want to hear. Rather, they are avoiding telling people what they don't want to hear. Redefined political pragmatists are

not afraid to oppose popular programs if a significant minority of voters are against those programs. The voters to watch out for are aroused negative voters. Most politicians, particularly incumbents, have nothing against apathy, boredom, or disdain among the electorate. They don't need enthusiasm; what can kill them is an excited minority.

The survival of George Wallace as a major political force is a case in point. Over the past few years I have talked with almost every other presidential-class American politician about the Alabama governor, and their assessments of him are just about identical. He is, in their minds, an ignorant and dangerous demagogue, playing on the fears and darkest impulses of a segment of the nation. But even though national polls indicated that as many as two-thirds of the American people were strongly anti-Wallace, those judgments stayed locked inside the minds of Humphrey, the Kennedys, McGovern, Rockefeller. They said nothing—even when Wallace's national support was at only about 10 per cent and their united voices might have destroyed him. The inertial two-thirds was not their problem: they were afraid of an aroused 10 per cent.

A mark of modern political technicians, the campaign managers, is that they have come to understand that elections today are not so much a contest between opponents as a contest first for access to the media, particularly television, and then for effective use of the media. In California in 1974, the governorship was won by Edmund G. ("Jerry") Brown Jr., who had access to media because of his name—his father was a former governor—and because he already held public office, secretary of state. The Brown strategy, as explained *after the election* by his 31-year-old manager, Thomas Quinn, was: "We didn't want to offend or excite anyone. We were ahead, so we wanted a dull, dull, dull campaign. We found obscure, boring issues and talked about them—Jerry's real ideas were dangerous, but we were generally successful in avoiding them. It was sometimes hard to restrain him because he is essentially an activist. But obviously we were successful, we won."

Brown's campaign slogan, "The New Spirit," was creatively meaningless, as is a great deal of modern political rhetoric. Perhaps, when a candidate is as young as Jerry Brown, he has to restrain himself to master the art of speech without substance or offense, but with practice the conditioning becomes the condition—leaders incapable of leadership. One of the essential techniques for television campaigning—John F. Kennedy was an early master—is the art of talking about public problems without commitment to any solutions. It is solutions that make people mad, so the modern candidate defines and deplors the problem—many like to refer to themselves as nonideological "problem solvers" because no voter is against solving problems—and promises we can do better. He shows that he cares and then talks about the future, preferably the far future.

Or the candidate can talk about the past—it's almost as safe as the far future. What does the slogan "Come Home, America" mean? I don't know, and I don't think John Lindsay, Edmund Muskie, or George McGovern knew, or cared, when they used it in their 1972 presidential campaigns. It was creatively meaningless, and the reason all three used the same slogan at different times was that its creator—a bright young speechwriter named Robert Shrum—moved successively from Lindsay's staff to Muskie's, then to McGovern's.

Like their slogans, politicians tend to sound better, more profound, than they actually are. These are quick people; their intelligence is like an oil slick, always spreading, and usually about as deep. This is what three

“...The reward for Ford’s loyalty was disdain; John Ehrlichman, in his White House office, said, ‘What a jerk Jerry is’...”

pretty bright modern politicians sound like in action:

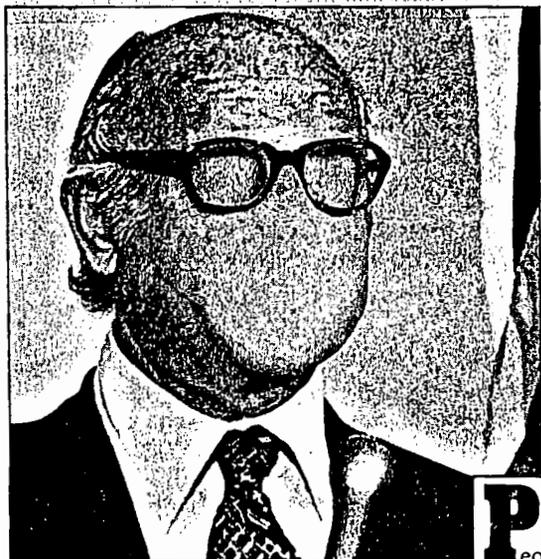
Senator Jacob Javits of New York dodging questions on Watergate and the scandals of Richard Nixon: “It’s dismaying. . . . It would be pointless of me to blame it on anybody. The point is to look forward. . . .”

Senator Edward Kennedy of Massachusetts tackling the energy crisis by storming into his office and snapping at the staff: “Get me an energy program by next week—I’m sick of Scoop Jackson being called ‘Mr. Energy.’”

Then there was Senator George McGovern running for the Democratic nomination for president in 1972 by touring the Massachusetts Correctional Institution at Concord—a typical media-attracting event. He walked through the yard with the warden, James O’Shea, and their conversation was questions and answers: How many men do you have in here? Six hundred and seventy-eight; the capacity, though, is 550. What would be the ideal size for a prison like this? One hundred men, 150 tops.

When the tour was over and the television lights went on, McGovern had a crisp opening statement: “There are more than 600 men here in an institution designed for only 550. Now, I believe that the ideal maximum capacity for an institution like this is 150—one hundred would be even better. I think the superintendent here would readily agree.” O’Shea blinked and nodded dumbly as the television lights swung toward his face.

The politician will usually tell you that his greatest strength is “getting along with people”—a euphemism for not making enemies. In fact, however, most politicians seem to have a guarded contempt for the people they get along with, represent and lead, or pretend to lead.



P eople, when you see too many of them for the briefest and most artificial moments, when too many of them want something from you, become so many objects to be quickly stroked and manipulated. The communication of politics becomes a series of conditioned moves—the speech of American clichés, the hearty laugh, the wave, the slap on the back, the fondled bicep: “Hi, howareya? Good to see ya!”

Congressman Jerome Waldie was another Democrat in the 1974 campaign for governor of California. He had no inherited access to the media, so he walked the 1,000 miles from the bottom to the top of the state to try to attract television cameras. His comments on the experience revealed more than he realized:

“I love this. . . . In all my years in politics, I’ve done what politicians do, talk to people in the power centers. This is different. I see people who have never seen a politician in their lives. . . . on the street, for that twenty seconds I’m shaking his hand and looking at him and saying, ‘Hi, I’m Jerry Waldie. What’s your name?’ That is more honest and direct communication than the voter ever gets. . . .”

Only a professional would think twenty seconds was meaningful human communication. But Jerry Ford had figured it out years before Jerry Waldie. In the corner of Ford’s Capitol office, there was a Polaroid camera permanently mounted on a tripod facing his desk for the purpose of taking an endless series of ten-second photographs showing him shaking hands with constituents visiting Washington or, if he was not around, of constituents sitting in his big red chair. When they left the office the folks were handed a bumper sticker that said “We visited Congressman Jerry Ford.”

Gerald Ford the minority leader was always something of a joke in Washington. But the Ford jokes usually had a touch of affection in them. He was, after all, a nice guy, and beyond that there was the feeling that if you were drowning, Jerry Ford would jump in after you. That is a rare quality in a city where most men would publicly comfort your widow and introduce water-safety legislation.

The jokes were about Ford’s brains—or lack of same. President Johnson, in tired legend, was the source of the most repeated, about playing football too long without a helmet, and “Jerry Ford is so dumb he can’t walk and chew gum at the same time.”* Then there was the time the minority leader was opposing the president’s Model Cities legislation and Johnson told one of his assistants, “Joe, you’ve got a little baby boy. Well, you take his little building blocks and go up and explain to Jerry Ford what we’re trying to do.”

Ford, a good-humored man without any particular sense of humor, always pretended that he didn’t mind the jokes. But of course he did, and he sometimes reacted by telling people that he graduated in the top third of his class at South High School in Grand Rapids and at the University of Michigan and at Yale Law School. Without knowing the lower two-thirds of South High’s class of ’31, it is fair to say that Ford is slow.

“Johnson thought Ford was stupid because he was predictable—he could maneuver around Jerry,” said his friend Charlie Goodell. “Ford is a solid, inertial guy. He is genuinely naïve, and he has no instinct for power, for manipulation. . . . It took him a year or two to adjust to being minority leader. He continued to act as if he were still just a congressman from Grand Rapids.”

The congressman from Grand Rapids, however, was being treated as a national leader, and as Goldwater supporters had complained about reporters in 1964, there were people out there writing down everything he said. Because of Ford’s new title, what he said was suddenly news—even his campaign in the spring of 1966 to persuade the House Space Committee or Armed Services Committee to investigate reports of unidentified flying objects in Michigan. When Air Force investigators reported that the sightings were swamp gas and clever college boys using flares to impress the girls at Hillsdale

*What Johnson actually said was, “Jerry Ford is so dumb he can’t fart and chew gum at the same time.” The late president’s aides and history have cleaned up the remark.

College, Ford still wanted a congressional investigation because "it would make people feel better." And when the rest of Congress still said no, the minority leader had one more shot: "There are people who ridicule my call for a congressional investigation of UFO's but my mail is overwhelmingly in favor of my stand."

If substituting mail counts for judgment was fatuous, Ford was as willing to play games with larger issues. In a 1966 economic double reverse that he would repeat on a larger stage nine years later as president, Ford managed to get on three sides of the same question within twelve days.

On April 22 of that year, Minority Leader Ford called a press conference to denounce "Johnson Inflation" and asked when the president would "apply the brakes."

On the morning of May 3, Ford saw a report that automobile sales were down in the first two weeks of April and issued a statement attacking Johnson, saying the president "has applied the brakes too hard, and this may throw the economy into a tailspin." When he was asked what brakes the president had applied, Ford said he was referring to the effects of higher interest rates ordered by the Federal Reserve Board. The board, which is independent, had indeed raised interest rates, but that had been five months earlier, and Johnson had vehemently objected.

But there was more to come. On the afternoon of May 3, General Motors, Chrysler, and Ford Motor all announced that their sales had hit a record high in the last two weeks of April. The next day Ford attacked "Johnson Inflation."

Politicians might argue that shoveling smoke at the opposition is a legitimate partisan function of any minority leader, but Ford's judgment was also suspect in the inner circles of his own party. Richard J. Whalen, a speechwriter for Richard Nixon in the 1968 campaign, remembers Ford's contribution to a Vietnam strategy discussion: "I listened in disbelief one morning as House Minority Leader Gerald Ford earnestly told a breakfast gathering that the answer to Tet was to *Americanize* the war effort."

If Ford's advice was sometimes ignored, his loyalty to the party and all its members—unbending, undying, unthinking loyalty—never was. When the Senate voted not to confirm President Richard Nixon's appointment of G. Harrold Carswell to the Supreme Court, Ford loyally and foolishly acted as the president's tool of vengeance. With the help of a friendly young lawyer named Benton Becker, the minority leader collected a garbage can of files from the office of Attorney General John Mitchell and tried to make a case for the impeachment of Supreme Court Justice William O. Douglas. He saw things like that as part of the job, once telling friends that John Anderson of Illinois would be the best choice to succeed him as minority leader, except that Anderson had a flaw: "He's the smartest guy in Congress, but he insists on voting his conscience instead of party."

Ford's devotion to party and Nixon also led him to lie—or at least consciously deceive—on the floor of the House. He was one of the handful of congressional leaders who had been informed of secret American bombing of neutral Cambodia for two years before the 1970 incursion by South Vietnamese troops. Then, on November 16, 1970, after the South Vietnamese action, when Nixon said that the United States had scrupulously avoided previous violations of Cambodian neutrality, Ford spoke in the House: "I can say without hesitation or qualification that I know of no presidents . . . who have been false or deceptive in the information that has come from the White House."

But he did know. More careful House Republicans

were sometimes outraged watching Ford mouthing little speeches delivered moments before by White House messengers from the offices of Nixon aides Charles Colson and Kenneth Clawson. "He didn't even bother to read the damn things," said a colleague. "If the White House wanted something said, Jerry just jumped up and said it."



Republican frustration with Ford, however, was a fleeting thing. As much as the word can be used between politicians, Ford was loved by the men and women he led in the House. His Republican colleagues tended to repeat themselves in discussing Ford's personal qualities and eight years of leadership—"straight . . . very fair . . . decent . . . open-minded . . . understanding . . . no arm-twisting."

"He didn't keep us together with intellectual brilliance, persuasion, or pressure," said Guy Vander Jagt of Michigan. "He kept us together with his personality. We did it for Jerry!" And Paul ("Pete") McCloskey of California, one of the most independent of the Republicans, who was still receiving favors from Ford even though he was speaking out against Nixon and the war in Vietnam, added: "I can get tears in my eyes when I think about Jerry Ford. We love him."

It was not an easy job, marshaling a minority party whose membership ranged from McCloskey and Donald Riegle of Michigan on the left to John Schmitz of California and John Ashbrook of Ohio on the right. But after a very sloppy start, Ford performed adequately by the standards Congress sets for such things. His scorecard was not quite as good as Halleck's, but when the Republican Policy Committee took an official position on bills, Ford usually delivered 85 to 95 per cent of his party in futile opposition to Great Society legislation in the Johnson years of 1965 to 1968, and the same percentage in support of Nixon programs from 1969 to 1974. Robert L. Peabody, a Johns Hopkins University political scientist, evaluated Ford's performance during the Johnson years by interviewing 75 Republican House members. His conclusions included the following:

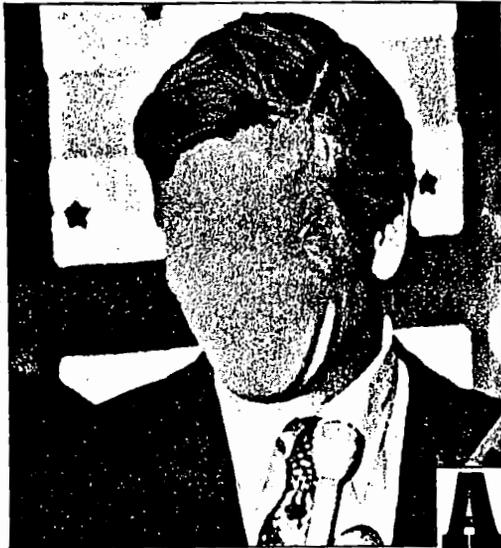
"A few Republicans thought Ford made a good overall impression on the floor, despite his lack of debating skill and parliamentary adeptness. . . . Others thought that Halleck, unlike Ford, drove some of his colleagues too hard. If anything, Ford appeared to err in the opposite direction.

"Certainly, his openness and sense of fairness were sources of strength. Members admired and appreciated these qualities. But other members deplored what they conceived to be a basic lack of political instinct and a hesitancy on Ford's part to utilize the full powers of his office. A comment from another party leader sums up the

“...House Republicans were sometimes outraged watching Ford mouthing speeches delivered by White House messengers...”

situation: ‘Ford is very open-minded. Most of his problems come from the fact that he’s too damned fair. . . . You can’t help but like and admire him. But when it comes to implementing a plan which requires a delicate sense of timing, a concern for the intricacies of details, an interweaving of the component parts, Ford is at a loss.’”

“He called us together on every important issue,” said Barber Conable, an upstate New York congressman who later moved into a leadership position under Ford. “He was very, very reluctant about deciding issues himself. He encouraged divergent views . . . and he always wanted to be sure he hadn’t forgotten anything. He liked to be well prepared.”



Among Ford’s problems in his first couple of years of leadership were Melvin Laird and the press. In some ways, Laird is everything Ford is not—one was apparently reading Machiavelli, while the other was memorizing football play books—and one of the things Laird did as an “aide” to Ford in 1965 was to relieve the minority leader of the “burden” of hiring and directing minority staff. Ford went along with that, and Laird, with control of the staff, was well on the way to leading the minority leader. Charlie Goodell and Bob Griffin invited Ford to lunch for another talk about the facts of political life.

With the press, Ford consistently fell into an old trap, the one baited with the question, “What if that doesn’t work, would you . . . ?” The minority leader would wake up with the next morning’s *New York Times* and *Washington Post* to realize that reporters had led him into advocating the invasion of North Vietnam and into the middle of the flamboyant Democratic fight over seating Representative Adam Clayton Powell of Harlem. More lunches—Goodell and Griffin began to rehearse Ford at mock press conferences.

Not that Ford didn’t want to invade North Vietnam. He probably did. But he didn’t want to talk about it because by then Republican strategy was to blame the whole thing on Lyndon Johnson. Ford was a superhawk on Vietnam, and if that was essentially a conservative position, it was consistent with his congressional record.

As a congressman, Ford always made much of the fact that he was representing a conservative city—“Forget the voting record, that’s Grand Rapids,” he said after becoming vice-president. But Grand Rapids, which elected

a liberal Democrat to Congress as soon as Ford left, has almost certainly been more liberal than Gerald Ford for a good many years; his Grand Rapids, in fact, was a place and time crystallized in memory. During his last ten years in the House, Ford’s real constituency was the 139 to 191 Republican congressmen he led, and in the last five years his constituency was often one man, the man who led him, President Richard Nixon.

“The Nixon Presidency was to be something less than pure joy for House Minority Leader Ford,” wrote Ford’s old friend Jerald terHorst of the *Detroit News*. And that was an understatement. The new White House and Richard Nixon, Ford’s friend of 25 years, played him like a yo-yo, sending him on improbable and unpleasant public errands, like flip-flopping for and against a contempt-of-Congress citation for CBS because the network refused to release research material on a controversial television documentary, “The Selling of the Pentagon.” The reward for such blind loyalty was disdain; John Ehrlichman sat in his White House office one day in 1971, saying, “What a jerk Jerry is.”

It was a confusing time for Ford, a man of very limited emotional range and discrimination—his enthusiastic assessment of almost anyone he meets is, “Gee, what a great guy!”—and bitterness is generally outside that range. The most he could do was occasionally say to a friend, “I wonder if the president knows what people are doing in his name.”

Still, he did what he was told. He dropped his evangelical opposition to wage and price controls and “red imperialism” as soon as Nixon changed directions and decided to impose controls and to visit the reds in Peking and Moscow. And he did more than that to prove his devotion.

On September 25, 1973, following reports that the United States attorney in Maryland was preparing to seek an indictment of Vice-President Agnew for bribery and income-tax evasion while he was a county executive, governor of Maryland, and vice-president, Agnew called on House Speaker Carl Albert to request “a full inquiry”—in effect, an impeachment.

Agnew, of course, was trying to prevent court action and possibly jail by moving the investigation into the more comfortable climes of the House. And Ford, after conferring with the White House, was with him. When Albert rejected Agnew the next day, Ford called the decision “political . . . unfortunate.”

What was really political and unfortunate was that Ford knew there was overwhelming evidence that Spiro Agnew was a crook and had taken envelopes filled with cash even as vice-president. The minority leader had been informed of the evidence by Attorney General Elliot Richardson in a vain attempt to keep him from playing partisan politics with the Agnew matter or making a fool of himself. Agnew resigned fifteen days later, pleading “no contest” to income-tax-evasion charges and signing a 40-page statement of other charges—and sending Ford a note of “gratitude and affection.”

Maybe the slowly dawning realization that Agnew and Ehrlichman and the others doing things in the president’s name were not such great guys was beginning to take its toll on Ford. He sometimes promised his wife, Betty, that he would retire when his next term ended in January, 1977. They had sat in the kitchen of their \$75,000 split-

“... In a 1966 economic double reverse, Ford managed to get on three sides of the same question within twelve days...”

level on Crownview Drive in Alexandria and calculated his pension rights against the costs of putting the children through college. Maybe it was time, he said, although Betty told friends she wasn't sure he would really do it.

Some friends thought Betty Ford was wrong, that her husband really did plan to quit—he had, in fact, begun consulting his businessman buddies about becoming a “corporate representative,” a lobbyist—but all that changed on October 10, 1973, when Agnew resigned. Within ten minutes of the news of the resignation, two Republican representatives, Jack Kemp of New York and Dan Kuykendall of Tennessee, were circulating petitions on the House floor urging Nixon to appoint Ford as vice-president—and the minority leader happily watched them.

The ceremony to introduce Nixon's choice was set for the night of October 12, but the name of the vice-president-designate was still a secret that evening. Nixon loved his surprises. At 7:30, as the Fords were getting ready for dinner before going over to the White House for the announcement, President Nixon telephoned and said, “Jerry, Al Haig has a message for you.” The White House chief of staff came on the line and said, “I've got good news for you. The president wants you to be vice-president.”

For months after that, Vice-President Ford began almost every speech with a charming family-at-home anecdote about how surprised all the Fords were that night. The other Fords may have been surprised, but Gerald Ford surely was not. He had gotten the word that morning from Melvin Laird, who was then a counselor to Nixon. In the afternoon, Barber Conable had told Ford on the House floor that he was going back to Rochester that night to make a speech instead of going to the scheduled presentation of the new vice-president. “You might want to be there, Barb,” Ford said.

“The only reason I'd go there is if it's you,” said Conable, who thought the secrecy of the announcement and soliciting of sealed vice-presidential ballots from Congress was another Nixon charade. “I'll only go if you ask me.”

“I'm asking you,” Ford said.

“Can I draw any inference from that?” Conable said with a smile.

Ford smiled back. “I'm asking you.”

Gerald Ford was not Richard Nixon's first choice. He was his last choice, in more ways than one. In the privacy of his own White House, Nixon had contempt for Ford—to the point, according to one man on the president's staff at the time, that he had Haig deliver the “good news” to Ford because he literally could not bring himself to do it.

The man Nixon wanted to appoint, insisted on appointing, was John Connally, the former Democratic governor of Texas who had become a Republican and his secretary of the treasury. The president insisted while his advisers—particularly Alexander Haig, his chief of staff, and Melvin Laird, his most important counselor—argued vehemently that Connally would never be confirmed by Congress. The Texan was too controversial and too dangerous, he was a political turncoat whose extensive business dealings at home and in Washington were too vulnerable to FBI checks and confirmation hearings under the Twenty-fifth Amendment.

The Nixon presidency was already in serious trouble

because of investigations of “dirty tricks” in his 1972 campaign, and Haig and Laird repeatedly warned Nixon in the days after Agnew resigned that he could not afford a battle with Congress. Even Nelson Rockefeller and Ronald Reagan, the governors of New York and California, would mean trouble—they had too many enemies in both parties. It had to be Jerry Ford, one of Congress's own.

“Nixon hated the idea, but he had to go along,” said a White House staffer. “There was also the other thing, that so many people thought Ford was too dumb to be president. Impeachment really didn't seem possible then, but certainly no one would think of doing it if it was going to put Jerry Ford in the White House. It seemed perfect.”

So it did. House Speaker Carl Albert lobbied for Ford. Senator Strom Thurmond of South Carolina, the mean, surviving soldier of the Old Confederacy, was “extremely pleased.” Senator Charles Percy of Illinois, a more liberal Republican, praised the nominee as “an exceptional man.” Senator Walter Mondale of Minnesota, a liberal Democrat, said: “The president is to be congratulated.”

The Ford appointment was the first test of the Twenty-fifth Amendment to the Constitution, adopted in 1967, providing that a vacancy in the office of vice-president would be filled by appointment of the president and confirmation by both houses of Congress. The process proved to be historic in style and journalistic in substance. Senators and representatives reacted to the issues and stories of the day and proved conclusively that Gerald R. Ford was not Spiro T. Agnew. The former vice-president had left office legally declining to contest federal charges that he was a thief. The confirmation hearings proved that the prospective vice-president was not, concentrating on matters such as the Ford family's financing of a condominium in Colorado ski country. He was earning about \$75,000 a year in salary and speech fees, paying his taxes, buying a little property, and putting his children through school—all of which was relief and refreshment to a country whose vice-president was on court-ordered probation and whose president had bought two palmy estates in three years, a guarded villa on the Atlantic for short weekends and a guarded villa on the Pacific for long weekends.

The Senate approved the Ford nomination by a vote of 92 to 3 and the House by 387 to 35. On December 6, 1973, Gerald Ford was sworn in as the fortieth vice-president of the United States.

Ford's qualifications for national leadership, which might have been examined in an election or at least questioned by opponents, were not a major public concern for his congressional fellows. The press, too, focused on his tax returns, although there were occasional printed reminders that Ford was quite accurate in pointing out that he was no Abraham Lincoln.

Nixon, too, was still mocking his new vice-president, if the words of the men around Nelson Rockefeller are to be trusted. After the former New York governor had met with the president, his aides told a few reporters that Nixon had leaned back laughing and said: “Can you imagine Jerry Ford sitting in this chair?”

A second excerpt from Richard Reeves's A Ford, Not a Lincoln will be published in these pages next week.

The Canal Problem: a Way Out for Ford

Panama's Gloomy Outlook May Have Saved Him a Clash With Congress

BY ROGER S. LEEDS

By acknowledging in a gloomy official report last week that Panama and the United States are still far apart on essentials, the Panamanian government virtually scuttled any hope for agreement on a new canal treaty before the 1976 general election in this country.

Unlikely as it may seem, Panama's action may well have brought a sigh of relief from the White House, which has been wishing for a way out of the problem. The Ford Administration has long believed that congressional opposition to any new treaty would be more than the President could overcome—particularly in an election year.

The Administration's belief is, of course, not without foundation. As one veteran senator recently remarked, if the White House were to send a new Panama Canal treaty to the Senate at this time, "It would be rejected by at least 20 votes." The President has no reason to wish that kind of defeat on himself.

This situation is particularly interesting if one recalls that a little more than a year ago executive dominance of the foreign-policy apparatus was a source of considerable alarm. Influential members of the press, as well as many congressional spokesmen, warned that unchecked executive power (personified by Secretary of State Kissinger) was a danger to the nation.

While that argument unquestionably held some validity, the pendulum now seems to have swung to the opposite extreme. As the dispute over a new canal treaty, the Turkish arms embargo and the controversy over Hawk missile sales to Jordan all illustrate, both houses of Congress have recently impeded the President's ability to conduct foreign policy.

Last June, for example, the House of Representatives voted 246 to 164 to deny the use of federal funds "to negotiate the surrender or relinquishment of United States rights in the Panama Canal." Yet according to Article II, Section 2 of the Constitution, the President has the right to make the treaties with the advice and consent of the Senate. There is no mention in the Constitution of the House of Representatives' role in the treaty-making process.

The Senate, however, has acted in an equally irresponsible fashion. Last May, while the sensitive negotiations with Panama were in progress, Sen. Strom Thurmond (R-S.C.) introduced a resolution demanding that the United States retain sovereignty over the Canal Zone. Thurmond was able to muster 36 cosigners, three more senators than would be required to reject a new treaty.

These senators are playing to a highly vocal constituency, who may not be so much uninformed about the canal treaty as they are misinformed. For example, Thurmond has expressed the opinion that the Panamanians "are too unstable and too vulnerable to communism" to be given control of the canal, which he righteously claims as U.S. property because "we bought it."

Sen. Barry Goldwater (R-Ariz.) has publicly suggested that the canal is so vitally important to our national interests that the American public would support "sending forces to maintain our position on the canal." Rep. Robert E. Bauman (R-Md.), one of the 264 who voted in favor of the House resolution, unabashedly claimed that the Canal Zone "is as much a part of the United States as Talbot county," a portion of his own district. With inflammatory statements such as these, it is little wonder that the issue has been distorted almost beyond recognition in the public mind.

But the guidelines for a new treaty are not extreme. The Panamanians, for example, understandably want to eliminate the provision giving the United States exclusive control over the Canal Zone "in perpetuity." It would be replaced by a fixed termination date for

Roger S. Leeds is an associate dean of the school of advanced international studies at Johns Hopkins University in Washington, D.C.

U.S. control sometime toward the end of the century. A new treaty would also give Panama a more substantial share of the economic benefits derived from the canal's operation and a gradually larger role in matters pertaining to its operation and defense.

How would all of this actually affect America's strategic, economic and political interests? Contrary to the impression conveyed by Thurmond and Goldwater, the military value of the canal to the United States is marginal in this era of sophisticated weaponry and guerrilla warfare. No matter who controls the canal, it will always be an easy target for sabotage. The Vietnam experience should have taught us that the mere presence of U.S. forces is not a guarantee of protection against guerrilla warfare.

Other strategic justifications for retaining control of the canal are equally outdated. Though it was once considered essential for the rapid transport of men and material, many of the larger ships in the U.S. flotilla are now too wide to squeeze through the canal. Today, the Canal Zone is no more a defensive outpost for the protection of the continental United States than Greenland.

From a commercial standpoint, the canal no longer has the value it once did. A recent stu-

dy, for example, indicated that only 9% of total U.S. trade passed through the canal in 1972. As modern vessels have become too large to use the canal, and as other modes of transport have become more efficient, reliance on the canal as a principal channel for trade has understandably diminished. Therefore, should a Panamanian-controlled canal be closed to U.S. shipping—an unlikely eventuality—American trade would not be seriously affected.

But most important, it is erroneous to associate the "loss" of the canal with a decline in America's prestige. On the contrary, refusal to accept a new treaty would adversely affect the United States on bilateral, hemispheric and global levels. Not only is it likely to lead to open hostility and bloodshed in Panama (where thousands of American lives will be endangered), but the United States will also draw the unified wrath of every nation in Latin America.

Alejandro Orfila, the new secretary general of the Organization of American States, said shortly after assuming his new post that a failure of Congress to approve a new treaty "would set back relations between . . . the United States and Latin America many, many years."

According to Ambassador Ellsworth Bunker, chief U.S. negotiator with the Panamanians, "The Latin American nations have made our handling of the Panamanian negotiations a test of our intentions in the hemisphere." If the United States fails to come to terms with the Panama Canal question in the near future, there is great likelihood that the loss of American prestige in this hemisphere and throughout the Third World will be far greater than if the treaty remains unchanged.

But due to domestic political considerations, the likelihood of a new treaty, after a year and a half of serious negotiations, is dim. The same legislators who have introduced resolutions to thwart a new treaty are considered vitally important to President Ford's prospects for reelection.

Kissinger, ostensibly a strong supporter of a new agreement with Panama, seems to be too busy fighting fires elsewhere in the world to exert his leverage on an issue that does not pose an immediate problem for superpower relations.

Thus the President and the Congress, preoccupied with election-year politics, will probably sweep the canal issue under the rug—at least until after 1976. This strategy seems likely to work, unless a few dissatisfied Panamanians unilaterally resolve that their little country has been "had." The consequences of that eventuality are also something which candidate Ford—and Congress—should consider.

21 Years of 1854

somewhat, I suppose, been very lucky," said Mr. Ness, 47. "People are very good about being here and the furnishings."

Mr. Ness purchased the hotel in 1972, his fourth time. It is only its fourth owner since he bought it from the family in 1923 to 1972. Previous owners were from 1880 to 1923 and 1880.

"I am tired and bored," Ness exclaimed. "I am looking for a grand old hotel for 121 years. I am no longer

The hotel up to its original owner and his wife, Nan, who bought a two-room suite in the National Hotel for \$250,000 renovation.

Mr. Ness deliberately are not disturbed in charm of the old

plant, floors are warped, but the water heaters installed by 1900 are still intact.

Mr. Ness said. "I want to retain as much of the Victorian and early-day character as we can," Ness said.



GOLD RUSH LANDMARK—The National Hotel, which opened 121 years ago, is still operating.

Times photo

WE HOPE YOU'LL PLAN TO SPEND SOME TIME THIS WEEK WITH US AT BULLOCK'S WILSHIRE

WANT TO
E
ANELLI



President's Statement Worries Ford

Jules Witcover

Washington Post Staff Writer

Vice President Gerald R. Ford yesterday expressed concern that President Nixon may have opened himself up to accusations of obstructing justice by not reporting a year ago that he was told that hush money had been paid to Watergate defendants.

"I'd think anybody would be [concerned]," the Vice President told a breakfast group of reporters when asked about Mr. Nixon's failure to tell authorities of the payments. He has said former White House counsel John W. Dean III advised him of on March 21, 1973.

"I think in retrospect it probably would have been the better procedure [to report the information], if it's perfectly clear that was what was told him," Ford said. "I think I would have, yes."

Ford acknowledged that the accusation of obstruction of justice—by convicted Watergate conspirator James W. McCord Jr. in a petition to the House to impeach Mr. Nixon—could be argued. He added, however, that "you can also get good legal questions" in support of the President.

But when asked for one, Ford—after thinking for a moment—said "I can't give you a legal defense because I don't have the specific details" on how knowledge of the payments came to Mr. Nixon.

Ford then was reminded that the President in his press conference last Wednesday said Dean "told me that payments had been made to defendants for the purpose of keeping them quiet, not simply for their defense." Last Aug. 15, in a televised talk, Mr. Nixon had said just the opposite—that payment went "for attorneys' fees and family support, not that it had been paid to procure silence from the recipients."

"I want to refresh my memory on what he said and what the other evidence might be," Ford said. In doing so, he said, he might reconsider his earlier decision not to listen to tapes the White House has said can exonerate the President.

Ford has contended that if he listened to the tapes, and they didn't clear the President, he might disclose their contents and lead some to accuse him of using them for his own political advantage—presumably to replace Mr. Nixon.

Asked whether determining the facts on the President's actions in this matter were not more important than protecting himself against this kind of hypothetical accusation, Ford said:

"I'll make that decision, but not at this table."

While "I haven't changed my mind as of this moment" about listening to the tapes, he said, in light of the obstruction of justice charge "I think it raises" another question, yes.

Ford has said he has had the opportunity to read summaries of the critical tapes but has declined, preferring to take the word of Senate Minority Leader Hugh Scott (R-Pa.), who says he has read them, that they clear the President.

The Vice President's remarks came a day after the President's chief Watergate lawyer, James D. St. Clair, told The New York Times in an interview that the President as the nation's chief law enforcement officer was obliged when hearing of a crime only to see that the judicial process was set in motion and carried out. He then cited the recent indictment of seven men in the Watergate cover-up as evidence that Mr. Nixon had done so.

McCord is contending that the President's failure to tell U.S. District Court Chief Judge John J. Sirica of the hush-money payments amounted to tampering with a defendant, a federal crime, because two days after the Nixon-Dean conversation, McCord and the other six defendants went before Sirica for sentencing. Had Sirica known of the hush-money payments, McCord has contended, all seven convictions would have had to be overturned.

In yesterday's breakfast meeting, Ford said he thought refusal by the President to turn over tapes requested by the House Judiciary Committee could be a "catalyst" to impeachment by the House.

Refusal to respond to a reasonable House request "certainly adds fuel to the fire when you consider 435 members have to make up their minds," Ford said, and would be a factor particularly among members who have not decided on impeachment or are leaning one way or another.

Ford said he has read correspondence between John Doar, counsel for the committee's impeachment inquiry, and St. Clair, and wants to talk to St. Clair to determine whether the request is reasonable or not. It is his impression, he said, that the request "goes far beyond any act relevant to" the constitutional definition of impeachable crimes.

At the same time, however, Ford said he believes that "any indictable crime" can be grounds for impeachment, including tax fraud.

Rowland Evans and Robert Novak

... Bringing the GOP Together

The nature and strength of Vice President Ford's party leadership were solidified in San Jose, Calif., April 20 when he ignored intense pressure and embraced embattled liberal Rep. Paul N. (Pete) McCloskey of California without sustaining the slightest damage.

While stopping short of endorsing maverick McCloskey's uphill battle for renomination in the June 4 primary, Ford left no doubt he is Pete McCloskey's pal. That infuriated the California Republican hard core who seem near an old dream: driving McCloskey from Congress. Nevertheless, the incident ended with McCloskey's prestige enhanced and Ford as strong as ever.

This reaffirms that Gerald Ford's ascendancy in the Republican Party today is such that he can offend the sacrosanct hard core with impunity. More important, his embrace of McCloskey reveals a Republicanism totally at odds with President Nixon's. Whereas the McCloskeys on the extreme Republican left lead Mr. Nixon's voluminous hate list, Ford truly wants to keep them in a broad-based party.

Actually, McCloskey's mercurial attacks on fellow-Republicans often are hard to take even for moderates. When Ford was proposing impeachment of Justice William Douglas, he felt McCloskey's sting. Nevertheless, in seeking good relations with all sorts of Republicans, Ford as House Minority Leader became McCloskey's friend.

Thus, last fall McCloskey was one of only four Republican congressmen (the other three were conservatives) whom Ford requested to testify at Senate confirmation hearings for Vice President. McCloskey responded with a ringing endorsement.

It soon became McCloskey who needed help. Obnoxious to hard-core Republicans ever since a win over

"While the McCloskeys on the GOP left lead Mr. Nixon's hate list, Ford truly wants to keep them in a broad-based party."

Shirley Temple Black sent him to Congress in 1968, McCloskey became anathema with his aborted 1972 presidential race against Mr. Nixon. He now faces his toughest congressional challenge from multi-millionaire conservative Republican Gordon Knapp.

So, late last month, McCloskey took out full-page newspaper advertisements with this headline: "Republicans Like Gerald Ford Are Proud of Pete McCloskey."

Outraged conservatives mailed the ad to Ford and confidently asked him to repudiate both it and McCloskey. What they got was quite the opposite. "The wording in the advertisement was accurate," Ford wrote in reply. "... I am proud of my personal relationship with Pete McCloskey. He is a good friend of mine."

Encouraged, McCloskey asked to introduce Ford to the Republican State Convention in San Jose April 20 but was turned down flat by Republican State Chairman Gordon Luce. "If that happened," Luce told a friend, "I could never show my face around the party."

Undaunted, McCloskey next invited Ford to appear that same day at "a discussion of the future of the Republican Party" to be held at the Hyatt House Hotel down the street from the convention. Ford accepted, and McCloskey

sent out invitations in envelopes embossed with the vice presidential seal.

Not only the fanatically anti-McCloskey hard core but State Chairman Luce went into orbit. What one Ford lieutenant calls a "tremendous pressure campaign" sought Ford's cancellation. Protests poured into Ford political aide Gwen Anderson and the Republican National Committee. Even Sen. James Buckley of New York, scheduled to address the convention at the same time as the Ford-McCloskey seminar, complained that the Vice President was upstaging him.

Ford did not flinch, but did insist that conservative Rep. John Rousselot of California (a John Birch Society member, though a longtime McCloskey friend) appear at the seminar as originally scheduled. When congressional business called Rousselot back to Washington, Ford indicated he would not appear with McCloskey alone. Rousselot agreed to return to California.

In San Jose, Ford told an overflow crowd at the Hyatt House that the Republican "wide spectrum" has room for McCloskey and Rousselot. While he made no overt endorsement, the Palo Alto Times headlined: "Gerald Ford Boosts McCloskey Campaign." McCloskey was ecstatic. "Ford is the one guy who brings all us Republicans together," McCloskey told us.

Nobody at the state convention dared confront the Vice President. Although Luce had been firing back rockets to Washington accusing Ford of political blundering, he entertained the Vice President in his hotel suite without uttering a word of criticism.

The reason is explained by a conservative congressman with no love for McCloskey: "Nobody is about to knock Jerry Ford. He's all we've got." That spells boundless opportunity for the Vice President, in sharp contrast to Spiro T. Agnew and Richard M. Nixon, to embark on a mission of conciliation within the Republican Party.

G.O.P. Begins to Rally Around Ford; Growing Crowds Hail New Boldness

NYT
Sun March 10, 1974

By MARJORIE HUNTER
Special to The New York Times

WASHINGTON, March 8—As Vice President Ford's jetliner slipped through the darkened skies just after midnight earlier this week, one passenger glanced at the gathering of Cabinet members and Senators aboard and jokingly observed, "Maybe this is the making of a cabal."

It wasn't, of course. The politicians aboard Air Force Two had just attended a fund-raising dinner in New York City for Senator Jacob K. Javits and had hitched a ride back to Washington with the Vice President.

'Your Next-Door Neighbor'

It with President Nixon's popularity near its nadir and with former Nixon aides and other associates being indicted, tried or sentenced with growing frequency, it has become increasingly apparent in recent weeks that Mr. Ford has emerged as the one national Republican political leader around whom the party faithful are beginning to rally.

"I'm pretty well sold on Jerry Ford," said Harold Turner, an Arizona precinct captain, after the Vice President's appearance at a series of Republican campaign functions in Phoenix last weekend. "He's a switch from most politicians," Mr. Turner added. "Down to earth like your next-door neighbor."

While Mr. Ford is generally regarded as a conservative, his support at this time of Republican party crisis appears to cut across philosophical lines. A liberal Senator, one of many party members who hope that President Nixon will resign soon, said this week: "I could live with Jerry Ford. He's a decent guy."

And Gov. Francis W. Sargent of Massachusetts, a moderate said Wednesday that the country would be better off if Mr. Nixon stepped down and Mr. Ford took over as President.

It was perhaps inevitable that the Vice President should find himself with at least a nucleus of a constituency of his

own, despite repeated pledges of loyalty to President Nixon, and disclaimers of any interest in seeking the Presidency in 1976.

In the three months since he took office, Mr. Ford has traveled nearly 30,000 miles around the country, speaking in gymnasiums of small but proud towns, and in the goldleaf and crystal ballrooms of large cit-

ies, trying to put back together what he senses is a badly shattered Republican party.

In the beginning, the crowds that turned out to see him or hear him were small. They gazed at him with questioning eyes, they yawned at his speeches, they applauded only perfunctorily.

But during the last few weeks, particularly since the indictment of seven former close Presidential associates a week ago, the tenor of these forays into the heartland of America has changed dramatically.

There has been a noticeable swelling of the crowds that line the streets when he arrives at or departs from his hotel headquarters. The applause, too, is friendlier and more spontaneous. And the yawns are less frequent.

More Sure of Himself

The man has changed, too. He appears more sure of himself. He frequently tosses away prepared speeches and speaks whatever happens to be on his mind. He breaks into a smile when confronted with even the toughest, most politically embarrassing questions at news conferences.

And, as the storm clouds thicken over the White House, the Vice President has all but abandoned earlier efforts to improve the President's image. Instead, in his one-night stands around the country, he is intent on salvaging the Republican party.

"I'm doing everything I can to put the party back together," he said one night recently as his plane winged its way back toward Washington from Cincinnati.

"It's a real tragedy to see us so disastrously damaged by Watergate," he continued, "I believe in the principles of the party. I love the party. I want to get us back to the party that the voters elected in 1972. I consider this a real mission."

Still a Nixon Loyalist

Mr. Ford is still a Nixon loyalist. He defends the President when questioned at news conferences — adding, however, that he thinks the President should release materials bearing on the Watergate and impeachment inquiries.

But one senses that his defense of the President lacks the conviction it once had, and that the Vice President is no longer as sure as he used to be that Mr. Nixon had no part in covering up the Watergate affair.

It is obvious, too, that he is easing out of the tight grasp that the White House has traditionally kept on Vice President

The first sign of this came in the aftermath of a speech he made in Atlantic City, just a month after he became Vice President, in which he harshly criticized what he called "a few extreme partisans" intent on impeaching Mr. Nixon by waging "a massive propaganda campaign."

Target of Criticism

Critics, even some within his own party, were aghast. Some suggested that the White House was trying to convert the new Vice President into another Spiro T. Agnew. Some suggested he had become little more than a "patsy" for the White House, an apologist for the President, and this appeared to be reinforced when it was learned that White House aides had written the speech.

Some of those close to the Vice President now say that certain persons at the White House have attempted to undercut him, believing that he would be easy to manipulate. But these associates exclude the President and his chief of staff, Gen. Alexander M. Haig, from the list of those who tried to make Mr. Ford an extension of the White House operations.

As word reached the Vice President that he was considered by some people in the White House as a pushover, he moved quickly to shore up his own position. He recruited a speech writer of his own, Milton Friedman, a former aide to Senator Javits, and started sifting through applications to select a second.

Furthermore, Mr. Ford had planned, for the sake of economy, to operate with a smaller staff than the 57 persons on the Agnew payroll. Now he has decided to fill most of the slots with men and women of his own choosing.

Running My Own Show

"I'm running my own show," the Vice President said at a news conference a few days after his Atlantic City speech. There was further evidence of the Vice President's easing away from the White House after a Lincoln Day speech in Omaha in mid-February. There, certain that he was amid solidly partisan Republicans, he had asked his audience: "Do you know any President who has been more effective in maintaining peace than Dick Nixon?" Only a few faint "no's" echoed through the vast hall.

Undaunted, Mr. Ford tried again, this time praising what he called "the most fabulously successful era of foreign policy." Only a few persons applauded. And when, on a third try, he praised "the foresight, the leadership and diplomatic skill" of President Nixon, the applause was even fainter. The Vice President appeared stumped.

Later, as she walked out of the hall after the speech, a woman was heard to complain, "I wish he'd talk less about Mr. Nixon and more about himself."

Since Omaha, Mr. Ford has seldom mentioned the President in his speeches. When he does, he almost always mentions Mr.

Nixon only in conjunction with Secretary of State Kissinger as the joint architects of foreign policy. Often, he mentions Mr. Kissinger more frequently than he mentions the President—and it is the mention of Mr. Kissinger, not that of Mr. Nixon, that draws the applause.

Even more recently, there have been further indications that the Vice President is trying to keep at least a sliver of daylight between himself and the Nixon White House.

Two weeks ago, he dutifully showed up, along with other Nixon loyalists and Cabinet members, at a \$100-a-plate luncheon sponsored by the Citizen's Committee for Fairness to the President, a nonprofit group opposing the impeachment of Mr. Nixon.

The Vice President's speech, while warmly praising Mr. Nixon's foreign policy, was far more subdued than those of other speakers, including Agriculture Secretary Earl L. Butz and Senator Strom Thurmond, Republican of South Carolina.

Fairness to All

Instead of defending the President against his critics—as other speakers had done—Mr. Ford appealed for fairness to all branches of the Government—the Presidency, Congress and the courts.

"Do we not also need fairness to Congress?" he asked. "Do we not also need fairness to the courts?"

With Congress and the courts heavily involved in Watergate investigations, the Vice President's comments were received with noticeable coolness by the pro-Nixon audience.

A few nights after, addressing a Bnai Zion dinner in New York, Mr. Ford again praised Mr. Nixon and Mr. Kissinger for their foreign policy. But, departing from his prepared text, he put in a good word for Congress, too.

Republican losses of House seats in special elections in recent weeks also appear to have played a part in the Vice President's decision to avoid mention of President Nixon whenever possible during campaign appearances.

A Jolt From Michigan

The heaviest jolt came on the night of Feb. 18, when election returns showed that Mr. Ford's old House seat in Grand Rapids, Mich., had been won by a Democrat—the first Democrat elected to that seat in 64 years.

Pale and shaken, the Vice President delayed his departure from the airport in Chattanooga for an hour as he hurried from telephone to telephone to confer with aides in Washington and Michigan.

Later, he was to recall his reaction that night as one of real disbelief.

"I was shocked," he said recently. "At first, I just couldn't believe it."

Mr. Ford conceded that Watergate was in part responsible for the Republican loss in Michigan. And he is determined to

do all he can to stop what he calls "the Democratic stampede" in other Congressional elections this year.

So far, he says ruefully, his batting average is not too good. Republicans have lost in the three Congressional districts—in Michigan, Pennsylvania and Ohio—where he has campaigned on their behalf this year, winning only in California, where he did not appear.

New Campaign Approach

The loss of traditionally Republican seats has prompted the Vice President to adopt a new campaign approach. Instead of merely praising individual candidates or citing Republican accomplishments, he is, in his own words, "trying

to scare hell out of our party."

A sampling of this new approach came last weekend in Phoenix, where he told a gathering of 2,000 Republicans that continued Republican losses this year could mean "the destruction of the two-party system" in America, leaving liberal Democrats free to spend the country into economic collapse.

Until two weeks ago, the Vice President had expressed confidence that he and Mr. Nixon were working in tandem to repair whatever damage had been done to the party by the Watergate scandals.

"Aren't you doing the campaign work for two, both you and the President?" he was asked several weeks ago.

"Oh, I don't think so," he replied. "The President is doing it in some areas; I'm doing it in others."

Watching the President

But two weeks ago, as he sat in a motel room just before crossing the icy boardwalk in Atlantic City to address a gathering of school administrators, Mr. Ford watched the President's televised news conference.

During the news conference, Mr. Nixon was asked if he would consider resigning if fellow Republicans felt he was an albatross that threatened to sink the party.

"No," the President replied. "I want my party to succeed, but more importantly, I want the Presidency to survive and it is vitally important in this nation that the Presidency of the United States not be hostage to what happens to the popularity of a President at one time or another."

Later that night, on his way back to Washington, Mr. Ford was asked how he thought the President had done at his news conference.

"I thought he did well in some areas," the Vice President replied hesitantly, "but I thought he did poorly in others."

It was the first open criticism

of the President that Mr. Ford had uttered since taking office last December.

A further indication of Mr. Ford's determination to take stands of his own, without prior checking with the White House, came in Phoenix last week, when he said at an impromptu news conference that the contents of a secret report compiled by a Federal grand jury in the Watergate case should be turned over to the House Judiciary Committee, which is considering the impeachment of Mr. Nixon.

At the time, the Vice President was the only top official in the Administration to say publicly that the report should be given to the House committee.

Despite such signs that he may be gradually moving away from the President, Mr. Ford insists that he is still close to Mr. Nixon.

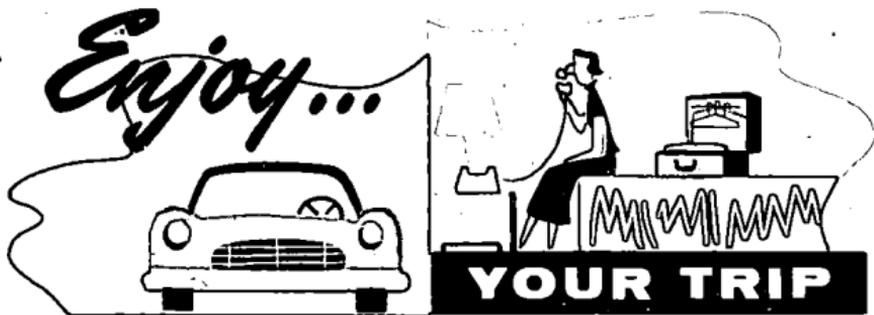
On orders of the President, Mr. Ford receives daily intelligence reports. He attends all meetings of the National Security Council, the Domestic Council, the Cabinet and other high-level White House conferences.

Meets Foreign Diplomats

The Vice President also has met with most foreign diplomats—and has been the host at three receptions for them. And he has been assigned by the President to draw up proposals to assure privacy for American citizens.

"My personal contacts and relationship with him [the President] have broadened, rather than narrowed," Mr. Ford said recently.

Yet, with the Watergate scandals threatening to damage both the President and the party, the Vice President gives every appearance of a man aware that, in the months ahead, he will find it increasingly difficult to walk the fine line between loyalty to the President and loyalty to his fellow Republicans facing the electorate.



Carol Wild Scott
Staff Counsel

CCCO/SRO

848 Peachtree St. NE

Atlanta, GA. 30308

881-6666

ex-Staff Counsel Clemency
Information Center - ~~St.~~

The telephone keeps you in touch

[civilian counsel at
Joint Clemency Processing
Center for National
Council of Churches.]

Ford: conservative, 83; liberal, 0

By Richard L. Strout

Washington

Gerald Ford is more conservative than many people realize.

The conservative, right-of-center Americans for Constitutional Action (ACA), in a compilation of his recent House voting before he became Vice-President, Dec. 6, 1973, gave him a high score of 83 percent.

The liberal, left-of-center Americans for Democratic Action (ADA), rated him exactly zero.

Fine, you may say, if you are a conservative! But I am not trying to rate ideologies, I am trying to rate likable Mr. Ford among ideologies. He was a quarter-century fixture in Michigan's conservative 5th district. Take his rating, for example, among two other political pressure groups which annually list congressmen. Each has its own bias.

The AFL-CIO Committee on Political Education (COPE) gave Mr. Ford a low rating of 22 percent on labor-related issues.

The National Farmers Union (NFU) which lobbies for the family-sized farm as contrasted with the big consolidated establishment, rated him 15 percent on farm-related issues.

Mr. Ford says he isn't running for president. Whether he is or not, he seems to be significantly pulling away from Mr. Nixon. He disassociated himself sharply last week from the "arrogant, elite guard of political adolescents like CREEP," that, of course, referred to the 1972 Committee for the Re-election of the President.

On the matter of these pressure group listings let me, just for the sake of comparison, show what the scorecard of a regular left-of-center liberal looks like. Let us take a member from Mr. Ford's own state of Michigan, Rep. John Conyers Jr., a Democrat from Detroit. The difference is vivid. Mr. Conyers scores 72 with ADA; a perfect 100 with COPE; 83 with NFU, and a low 11 with ACA.

Scores like these, of course, tell as much about the scorers as the scored. Americans for Democratic Action was founded in 1947 "to map a campaign for restoring the influence of liberalism in the national and international policies of the United States." Founders included Mrs. Franklin D. Roosevelt and Hubert Humphrey.

Its opposite number is Americans for Constitutional Action, founded in 1958. Conservative senators wanted a group to aid in the election of more "constitutional conservatives." In latest polls it found three 100 percent senators, Norris Cotton (R) of New Hampshire, Jesse A. Helms (R) of N.C., and John C. Stennis (D) of Miss. It gave zero ratings to four senators, Muskie, Humphrey, Williams (N.J.) and Abourezk (S.D.) (all Democrats). It also found nine perfect members of the House (all Republicans) and gave zero ratings to five in the House (all Democrats).

The labor group, COPE, whose chairman is George Meany, found perfection in four Democratic senators — Pastore, Pell, Jackson, Magnuson — and in one Republican, Schweiker. It gave one zero rating to Harry F. Byrd Jr. (independent) of Virginia. The ACA, by the way, gave Mr. Byrd 86 percent, or a shade higher than Mr. Ford's 83 percent.

The National Farmers Union goes back to 1903. Its goal is "to strengthen and enrich the farm family." It wants price supports and rigid production controls. Its heroes who score 100 are 28 senators (all Democrats). No senator scores zero. In the House, 63 representatives (all Democrats) get 100 percent, and two (Republicans) get zero.

These compilations are put in parallel columns annually by the helpful Congressional Quarterly, Inc.

Coming back to Mr. Ford, his views as president (if he ever became president), might be different from those as minority leader. His job in the House was to lead the shifting opposition, which generally meant making concessions to conservatives of both parties. Mr. Ford favors three constitutional amendments to reverse Supreme Court decisions, on abortion, on busing, and on school prayers.

The London Economist, Dec. 1, notes his decent and honorable attributes, which are hailed widely, and adds: "His popularity with members of both parties is indeed surprising in view of his strongly partisan and archconservative voting record, which shows him almost consistently supporting big business at the expense of the disadvantaged." Whatever value judgment is used on issues, Mr. Ford is widely respected for his qualities of character.

4 cohorts may not act
on a parcel. This
is illegal.
Ford must sign parcel

Political
Enforcement

700

in jail for
other offenses
no chance
hearts chance
for parole.

in chancy not act as
as president.

Stewart Baskin grant from Ford Fund.
through Notre Dame (200,000)
Pres. of Notre Dame was on Chancy
Board. (anti evoker)

Ford ~~had~~ can't back out on this
or he destroy the president of a
parcel on every chancy case.

1000 deserters in Emergency Program
?

Ford-watching in Washington

By Godfrey Sperling Jr.

Washington

Twenty-six newsmen sat around a table over breakfast and stared hard at the Vice-President for a little more than an hour, asking nearly 100 questions, many of which were follow-up queries and almost all on the subject of the President and Watergate.

This group of reporters which meets frequently, often two or three times a week, was sizing up Gerald Ford in this same forum for the second time since he was elevated to the No. 2 spot. On the earlier occasion, only a day or two after Mr. Ford had become Vice-President, an informal polling of reporters after the breakfast gathering found opinion running along these lines: Mr. Ford had been less than scintillating and he had revealed very little in the way of insights as to how he would perform in his new role.

But this time Mr. Ford was telling much more about himself. Afterward, I purposely talked privately with several reporters whose views — or whose newspaper's views — would be expected to represent some differences along the political ideological spectrum. To the question: "How did you size up the Vice-President today?" there were the following answers:

Pete Lisagor, Chicago Daily News: "His performance was a good mirror of the ambivalence of Republicans in general over Watergate: They want to believe the best but constantly are confronted with the worst.

"I thought the Vice-President was in a painful dilemma this morning and was revealing it. He openly questioned the President's behavior when he learned about the cover-up. And he said he was concerned about how the President had reacted. Ford was trying to show his loyalty — but, at the same time, he was trying to remain at arm's length from the President over Watergate."

Roscoe Drummond, columnist: "He again convinced most of us that he's a man of great decency. I thought he showed a maturity beyond that which he showed us at our first meeting with him right after he became Vice-President.

"The Vice-President is showing a growing wisdom in knowing where he could be candidly responsive to questions and where his response would be inappropriate."

Jack Germond, Washington Star-News: "What strikes me about him is this — he's a very experienced, very savvy politician. Except for that slip in Atlantic City, he's making a point of keeping some white space between himself and the President. That was very evident today."

Frank Starr, Chicago Tribune: "I saw daylight today between Jerry and the President."

Rowland Evans, columnist: "The Vice-President seems to be walking a line that gets narrower and narrower in trying to accommodate opposing forces — the President's position and the adversary position that is growing every day in the Republican Party."

Joseph Kraft, columnist: "It struck me as particularly interesting and surprising that the Vice-President should talk for an hour about the possible guilt of the President — as if this were perfectly normal. At no point did he say: 'The President is innocent.'"

This was the breakfast meeting where Mr. Ford was asked if the President should have turned the "hush-money" information over to the Justice Department immediately instead of holding it. Mr. Ford answered: "In retrospect it probably would have been the better position." A reporter then asked: "Would you have turned the information over immediately?" Mr. Ford answered: "I think I would have. Yes."

Asked, too, if he might, under some circumstances, "split" with the President over impeachment, Mr. Ford said that this was possible: "I think I could make up my own mind."

And this was the same gathering where Mr. Ford said that White House refusal to comply with a House subpoena, should one be issued, might be the catalyst that would bring about President Nixon's impeachment. He said, however, that he did not foresee such a train of events — that, instead, the President, in the end, would "cooperate."

The Vice-President, an early riser, was his usual, cheery self as he grappled with the tough questions from the veteran newsmen. He had been out on a speaking tour and had not got to bed before 1 a.m. But neither his eyes nor his geniality were in any way dimmed. He wore a lavender shirt with a lavender-on-

black tie. The bowl of his pipe was a bright blue. He grinned frequently (that broad Gerry Ford grin) and joshed at times as he sparred with his questioners.

Several reporters volunteered their assessments of the Ford performance as we filed out of the room: "This was a good one." "A great breakfast." "I got a lot out of this one." Soon the Vice-President's answers, particularly those which reflected his differences with the President over Watergate, were to get prominent play on radio, TV, and in the press of the nation.

Mr. Sperling is chief of the Washington News Bureau of The Christian Science Monitor.

4-5-74

Ford: conservative, 83; liberal, 0

By Richard L. Strout

Washington

Gerald Ford is more conservative than many people realize.

The conservative, right-of-center Americans for Constitutional Action (ACA), in a compilation of his recent House voting before he became Vice-President, Dec. 6, 1973, gave him a high score of 83 percent.

The liberal, left-of-center, Americans for Democratic Action (ADA), rated him exactly zero.

Fine, you may say, if you are a conservative! But I am not trying to rate ideologies, I am trying to rate likable Mr. Ford among ideologies. He was a quarter-century fixture in Michigan's conservative 5th district. Take his rating, for example, among two other political pressure groups which annually list congressmen. Each has its own bias.

The AFL-CIO Committee on Political Education (COPE) gave Mr. Ford a low rating of 22 percent on labor-related issues.

The National Farmers Union (NFU) which lobbies for the family-sized farm as contrasted with the big consolidated establishment, rated him 15 percent on farm-related issues.

Mr. Ford says he isn't running for president. Whether he is or not, he seems to be significantly pulling away from Mr. Nixon. He disassociated himself sharply last week from the "arrogant, elite guard of political adolescents like CREEP" that, of course, referred to the 1972 Committee for the Re-election of the President.

On the matter of these pressure group listings let me, just for the sake of comparison, show what the scorecard of a regular left-of-center liberal looks like. Let us take a member from Mr. Ford's own state of Michigan, Rep. John Conyers Jr., a Democrat from Detroit. The difference is vivid. Mr. Conyers scores 72 with ADA; a perfect 100 with COPE; 83 with NFU, and a low 11 with ACA.

Scores like these, of course, tell as much about the scorers as the scored. Americans for Democratic Action was founded in 1947 "to map a campaign for restoring the influence of liberalism in the national and international policies of the United States." Founders included Mrs. Franklin D. Roosevelt and Hubert Humphrey.

Its opposite number is Americans for Constitutional Action, founded in 1958. Conservative senators wanted a group to aid in the election of more "constitutional conservatives." In latest polls it found three 100 percent senators, Norris Cotton (R) of New Hampshire, Jesse A. Helms (R) of N.C., and John C. Stennis (D) of Miss. It gave zero ratings to four senators, Muskie, Humphrey, Williams (N.J.) and Abourezk (S.D.) (all Democrats). It also found nine perfect members of the House (all Republicans) and gave zero ratings to five in the House (all Democrats).

The labor group, COPE, whose chairman is George Meany, found perfection in four Democratic senators — Pastore, Pell, Jackson, Magnuson — and in one Republican, Schweiker. It gave one zero rating to Harry F. Byrd Jr. (Independent) of Virginia. The ACA, by the way, gave Mr. Byrd 86 percent, or a shade higher than Mr. Ford's 83 percent.

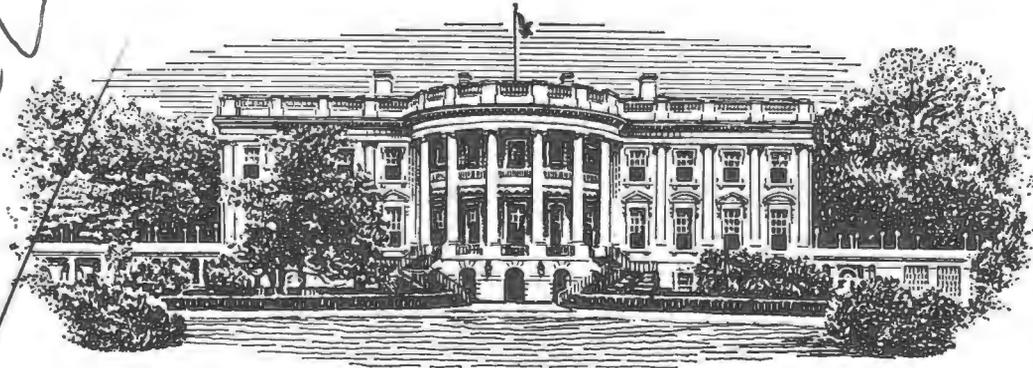
The National Farmers Union goes back to 1903. Its goal is "to strengthen and enrich the farm family." It wants price supports and rigid production controls. Its heroes who score 100 are 28 senators (all Democrats). No senator scores zero. In the House, 63 representatives (all Democrats) get 100 percent, and two (Republicans) get zero.

These compilations are put in parallel columns annually by the helpful Congressional Quarterly, Inc.

Coming back to Mr. Ford, his views as president (if he ever became president), might be different from those as minority leader. His job in the House was to lead the shifting opposition, which generally meant making concessions to conservatives of both parties. Mr. Ford favors three constitutional amendments to reverse Supreme Court decisions, on abortion, on busing, and on school prayers.

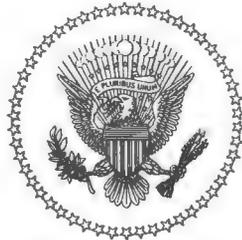
The London Economist, Dec. 1, notes his decent and honorable attributes, which are hailed widely, and adds: "His popularity with members of both parties is indeed surprising in view of his strongly partisan and archconservative voting record, which shows him almost consistently supporting big business at the expense of the disadvantaged." Whatever value judgment is used on issues, Mr. Ford is widely respected for his qualities of character.

SOLD



Weekly Compilation of
**PRESIDENTIAL
DOCUMENTS**

Monday, March 3, 1975



Volume 11 • Number 9

Pages 209-233

Discerning Gerald Ford's Economic Philosophy

Post
5-2-74

Suppose Gerald Ford were to become President? What would his economic policies be like? Beyond the assumption that the Vice President is a conservative fellow and probably "safe" from business' point of view, very little has been known about this subject.

Happily, the Vice President himself has attempted to rectify this void in the public's knowledge with a speech last week to the American Bankers Association in White Sulphur Springs, W. Va.

Because Mr. Ford intended to stake out a position on virtually all key economic problems of the day, the speech deserves more attention than it got. As might be expected, the language is very general (which is why it didn't make newspaper headlines).

But a careful reading provides a rather complete picture of a classic, old-fashioned Republican, a step to the right of President Nixon.

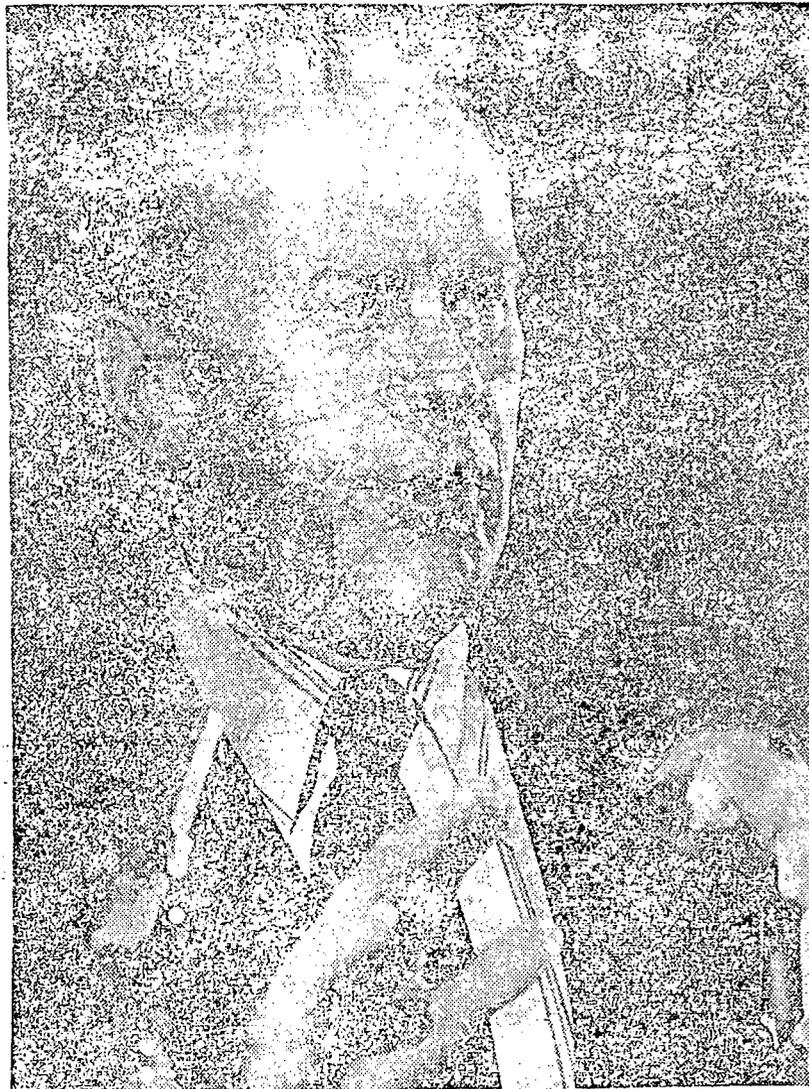
The speech labels inflation "world public enemy No. 1" and proposes to deal with it in a "hard way," which includes not only shunning a tax cut but a tougher government spending policy; reducing civilian consumption; and open ^{commitment} of a "restrictive monetary policy that means, among other things, the discipline of high interest rates."

The Vice President, moreover, was venturesome enough to put forward four "clear reasons" for the present inflation:

(1) Because natural resources are limited, the worldwide demand for a higher living standard pushes prices up. "More people," he said cryptically, "are dipping into a limited pot."

(2) The failure of the Johnson administration to raise taxes to pay for the Vietnam war created massive government deficits that "are still haunting us."

(3) The two devaluations of the dollar forced by the unrealistic exchange rates of the 1950s and 1960s have now cheapened American goods so sharply that foreigners are able to import them in increasing quantities, improving



"By implication, Ford is ready to accept higher unemployment to help control inflation."

their standard of living while worsening U.S. shortages.

(4) Finally, and "most important," governments around the world haven't learned the trick of maintaining full employment without inflation.

In drafting the speech, Ford's aides

say, he consulted un-named officials of the Federal Reserve Board, as well as the White House Domestic Council now run by Kenneth Cole.

By implication, Ford is ready to accept higher unemployment to help control inflation. At one point, he said:

"Government's 'hard way' also includes some hard thinking on new and innovative ways to meet our inflation problem. The first quarter of 1974, with a 5 per cent drop in GNP and a 10 per cent inflation rate, makes it imperative that we come up with some new and better ideas. We must find ways to increase production and meet any problem of unemployment caused by economic restraint."

L. William Seidman, an accountant, lawyer, and long-time Michigan associate who is helping Ford build a staff, thinks that Ford's views on controlling inflation "may be even stronger" than the administration's.

Seidman, who contributed some thoughts to the White Sulphur Springs speech, believes that the government must pull out all stops to stimulate production.

"The tax and regulatory systems," Ford told the bankers, "must be used to increase production in industries where shortages exist." Seidman says that tax credits and special write-offs are among the devices that can encourage industry, and that regulatory agencies—such as the Federal Power Commission and the Environment Protection Agency—"might ease up where necessary" to stimulate production.

None of this is likely to charm labor, liberals, or environmentalists, but it is clear that Ford's major goal is to establish solid rapport with other constituencies.

Recognition of the inflation problem as the overwhelming problem facing the country, he said, "is much more important than Watergate or even our energy problems."

Mr. Ford deserves great credit for spelling out his economic views with candor. Whether they are "safe" for the business community or any other sector of the nation is another question. One can only hope that he means what he says about searching for "new," "innovative" and "alternative" solutions to the inflation problem, and will therefore open his door to a broader spectrum of advice than is indicated in his speech.

2 copies



(SE)

'No Simple Way'

Ford vs. Rationing

◆ President Ford, in an opening statement before a press conference, last week defended his energy program and explained his opposition to gasoline rationing. Here is that statement:

BEFORE getting into questions, I would like to take a few moments to briefly review with you several critical energy issues.

The energy decisions which I announced as a part of my State of the Union Address resulted from the most comprehensive review this nation has ever had of our energy problems. This study demonstrated that there are only three basic alternatives, the first to continue doing what we have been doing.

I have rejected this because if we do continue, we will be importing 25 per cent more oil by 1977. By 1985 we will be dependent on foreign sources for more than half of our oil. This would subject the economy of the United States to very serious disruption if these supplies were once again curtailed.

The embargo of 1973 occurred during a period when a little more than one-third of oil came from foreign sources. The disruptions we suffered then were just a small taste of what would likely happen in the event of a

future embargo when we would be far more vulnerable.

Some have suggested rationing as the second alternative. I can understand why many in Congress and elsewhere are attempting to find a solution which does not entail sacrifice and hardship, but there is no easy solution, and I never promised one.

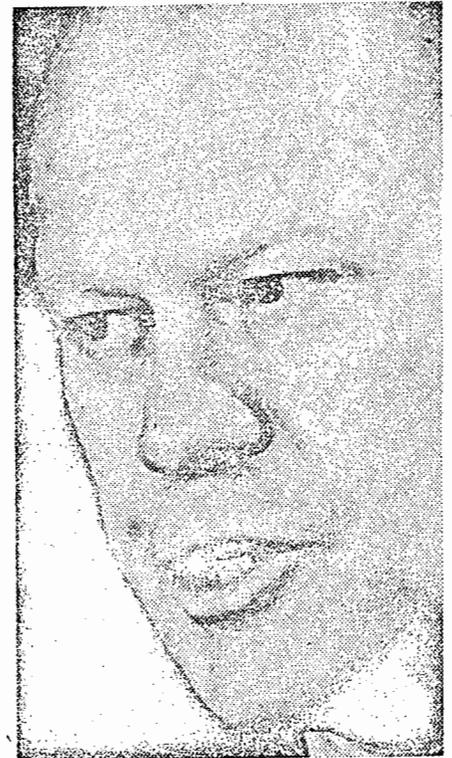
I believe that those who propose rationing do not have a clear understanding of what their plan would entail for the American people. Many of us, of course, remember rationing during World War II.

I have no doubt that this nation is capable of sustaining a rationing program during a short emergency. However, to really curb demand, we would have to embark on a long-range rationing program of more than five years.

Those favoring rationing must be thinking of a short-term program, not a serious long-term effort to end energy dependency.

Further, there is no simple way to reach our goals by rationing. Rationing provides no stimulus to increase domestic petroleum supply or accelerate alternative energy sources. By concentrating exclusively on gasoline rationing, many other areas for energy conservation are overlooked.

In addition to being ineffective, gas



-UPI

rationing is inequitable. Even a rationing system that is designed with the best motives in mind and implemented by the most conscientious administrators would not be fair.

If you were to go around the country and ask individuals what they should get under a fair rationing system, you would find that there would be simply not enough gasoline to go around. In fact, to reach our 1975 goal of reducing foreign oil imports by one million barrels per day, a gas rationing system would limit each driver to less than nine gallons a week.

Inequities would be everywhere. How would people in remote areas of the country get enough gas to drive into

Continued on Next Page

'Rationing Provides No Stimulus to Increase Domestic Supply'

Continued From Page 2

town? How would farmers get enough gas to harvest their crops? What would happen to people who must drive a long way to work each day, and who would make those decisions?

It is essential that we recognize the size of the problem which we are attempting to solve. As a consequence, we must evaluate each energy program to see whether in fact it actually confronts and solves the problem. It does us little good to impose rationing or a gasoline tax or simply shut down gasoline stations on Sunday. These will not give us energy independence.

The alternative I have chosen relies on freedom of individual choice—giving people and businesses an incentive to save energy. This is the only way to achieve our energy goals.

A need for action is obvious. Therefore, later this week, I will sign a Presidential proclamation which will set in motion the most important and far-reaching energy-conservation program in our nation's history. It is the first step toward regaining our energy freedom. We must reverse our increasing dependency on imported oil. It seriously threatens our national security and the very existence of our freedom and

leadership in the Free World.

The proclamation is designed to impose higher fees on imported oil, which are equitable and fair. For example, it will contain special provisions to avoid undue hardships on certain regions of the country, such as the Northeast, which are heavily dependent upon high-cost foreign oil.

On Thursday I will meet with the governors of the Northeast states on their special problems. It is absolutely critical that Congress act quickly on my energy proposals. The increased revenues which the Government will collect from energy taxes must be re-

turned to consumers and businesses through my proposed tax cut. To ensure speedy enactment of the program, I will, of course, work with the Congress. I will not sit by and watch the nation continue to talk about an energy crisis and do nothing about it. Nor will I take halfway measures which fail to change the direction that has put our nation in this position.

We have the resources in this country, the technological capability and the spirit to regain our energy independence. I will, of course, use all of my powers as President to make certain that we succeed.



FORD SIGNING PROCLAMATION



GOVERNORS FROM NORTHEASTERN STATES MEETING WITH PRESIDENT

THE NATION

THE ADMINISTRATION

I - Domestic

10-19, 13-11, 18-3

FORD

8-6

Ford: Facing a Fresh Gusher of Criticism

Not since he pardoned Richard Nixon had President Gerald Ford aroused such a furor. Last week he signed into law the first phase of his economy and energy program, provoking a veritable gusher of criticism from across the political spectrum. It is an outpouring that will be hard for him to cap, and it could ultimately swamp his ambitious, multi-faceted program.

The Democratic-controlled Congress threatened to hold up and reject his proposals. A bipartisan group of Governors from the Northeast pledged to go to court to thwart his plans. A summit meeting of organized labor denounced his Administration in terms that they used to reserve for Herbert Hoover. Even on the right, former California Governor Ronald Reagan was sharply disapproving.

Further Drain. What Ford had done was to bite the bullet as he had been urged, though people had differing views of the bullet he should bite. He signed a proclamation that raises the tariff on imported crude oil by \$1 per bbl. starting Feb. 1 and moving up to a maximum \$3 per-bbl. on April 1. The tariff hike is only part of his total program, which calls for a dramatic increase in the price of oil to reduce consumption, along with a \$16 billion tax cut to reimburse consumers. By launching the first part of his energy program,

Ford hopes to goad Congress into enacting the remainder. But many Congressmen and economists fear that the program will set off another round of inflation. Exactly how much is a matter of conjecture.

While the Federal Energy Administration estimates that the program will cost the average family of four an extra \$171 in energy bills a year, a Library of Congress report released last week puts the annual increase at a whopping \$723. But for the President, the important point seemed to be to take immediate action. On signing the proclamation, he declared: "Each day that passes without strong and tough action results in a further drain on our national wealth. The tactics of delay and proposals, which would allow our dependency and vulnerability to increase, will not be tolerated by the American people."

Even before Ford moved on tariffs, Senators Henry Jackson and Edward Kennedy had sponsored a Senate resolution to postpone the tariff increase for 60 days; in the meantime Congress, if it has the will, would be able to draft its own energy-saving program. In the House, Pennsylvania Democrat William Green offered a similar motion to defer the hike for 90 days, which the House Ways and Means Committee promptly voted, linking the deferral to an increase in the federal debt limit to \$531 billion.

Ford needs that increase and thus might find it difficult to veto the bill. When Treasury Secretary William Simon testified before the Ways and Means Committee, Green denounced the Administration for acting in the tradition of Watergate. "We are being treated in an ultimatum fashion," he complained. "We are beginning this exercise in an atmosphere not of compromise but in one of confrontation." Said new Ways and Means Chairman Al Ullman, who had tried to persuade Ford to put off the proclamation: "We're extremely disappointed with the President. I wonder if the President might be playing games with Congress."

Death of Economy. Ten Northeastern Governors who met with the President just before he signed the tariff hike were equally angry (see THE PRESIDENCY). Since their region is more dependent on foreign oil than the rest of the country, it will be hardest hit by the new fees. "By this unilateral action," objected New York's Hugh Carey, "the President is going to coerce the Congress and the country." Said Connecticut Governor Ella Grasso: "The program will mean the death of our economy." The Governors pledged to file a lawsuit challenging the President's right to take unilateral action under authority of the 1962 Trade Expansion Act.

Most indignant of all were some 350

labor leaders of the AFL-CIO, who met in a Washington summit to hammer out their own economic plan. In a characteristically colorful diatribe, AFL-CIO President George Meany called the President's program "disastrous, the weirdest one I have ever seen." He drew the loudest applause when he attacked the oil-producing Arab nations along with Secretary of State Henry Kissinger. "Kissinger had a new quotation for the history books: 'Pay.' And pay we did, and we will continue to pay until the U.S. deals with the blackmailers in the manner they deserve. No tribute, no foreign aid, no trade, no jet fighters to these people—nothing until the blackmail stops."

The AFL-CIO called for a total ban on oil imports from the Arab nations, as well as quotas on other foreign oil. Instead of deregulating the price of domestic oil and gas, as Ford has proposed, the union leaders asked for a program of oil allocation and gasoline rationing. They called for a tax cut of \$20 billion, in the form of reduced withholding taxes for middle- and lower-income families. Interest rates, they insisted, should be reduced to 6% or 7% and credit allocated to housing and other "high priority so-

cial and economic activities." They wanted a massive federal jobs program and extended unemployment benefits.

The White House was prepared for the onslaught of criticism, and Ford fought back all week in newly confident and authoritative style. In his press conference, Ford defended his program as the most comprehensive ever proposed in the energy field. "It is so well integrated," he insisted, "that every piece is essential if we're to achieve the maximum result, which is no vulnerability against foreign sources after 1985." Talking tough to the Conference Board, a group of businessmen meeting in Washington, Ford declared: "It seems to me that the Congress, individually or collectively, should not nitpick. If they do not agree, they ought to step up with a comprehensive alternative rather than to try to move in a backward way."

Goose Egg. The President's strategy was to put the Democrats on the spot, and that is where they may be despite their heavy majorities on the Hill. Under divergent pressures from their own varied constituencies, they will not have an easy time devising an alternative to Ford's program. As Meany put

it, the President at least has a program. "The Democrats' approach adds up to a great big goose egg." If the Democrats reject Ford's proposals, he will be able to attack them as a "do-nothing Congress" in the celebrated style of Harry Truman. If they replace his program with some kind of rationing or mandatory allocation, they will have to take the blame if their tactics misfire.

After a week of brandishing the stick, Ford finally offered a kind of carrot. In a winning, low-keyed interview with NBC-TV, he acknowledged that his program may not be "100% right." For the first time, he suggested a fallback position. He might have to accept an oil allocation program, though he continued to view gasoline rationing or a high gasoline tax as a last resort (see ECONOMY & BUSINESS). For all the rhetorical smoke, the President and the Democrats are not that far apart on many other aspects of the program: the need for an immediate tax cut, or the long-range energy independence proposals. What is needed is some bridge building between the White House and the Hill—just the job for a onetime Congressman skilled in the art of compromise.

Three New Chairmen for the House

BANKING AND CURRENCY

"I'm the Kraut with clout," joked Henry Schoellkopf Reuss last week after House Democrats voted him chairman of the Banking and Currency Committee. For 20 years as Representative from his Milwaukee district, Reuss had suffered Congress's archaic seniority system, waiting impatiently in the wings for his turn.

An intense, scholarly man, Reuss has had a longtime interest in the abstrusities of fiscal and monetary policy, a passion shared by his wife Margaret, an economics professor. Reuss describes himself as Lincolnian in economics. "The Government should do for people that, and only that, which they can't do for themselves, like standing up to conglomerates and multinationals, and other examples of giantism," he said. "I believe in low interest rates, fair prices and jobs for all. If that be Populism, I'm a Populist."

His program for jobs would call for expanded manpower training and a sizable increase in public-service employment. He would make better use of existing manpower resources by creating regional labor exchanges with computerized job data banks. He thinks that monetary policy must protect interest-sensitive parts of the economy from the harmful effects of tight money. To that end, he thinks that the Federal Reserve must be able to direct more credit toward small businesses and low- and moderate-income housing. To do this, he

would encourage banks to make high-priority loans in return for the right to hold lower reserves.

Some Government agencies, he argues, give perverse incentives to export scarce goods like wheat and cotton, and to export credit, which allows rich countries to buy U.S. goods at less than market prices. Last year Reuss suggested the creation of a congressional price-supply ombudsman to act as watchdog over rising prices. Finally, he would finance a tax reduction for low- to middle-income Americans by, among other things, clos-

ing loopholes such as untaxed capital gains at death, hobby-farm deductions, and tax-exempt interest on bonds.

Reuss (the name rhymes with Joyce) was born 62 years ago into a Milwaukee banking family headed by his grandfather, a German immigrant. He studied at Cornell University, graduated from Harvard Law School in 1936, and won the Bronze Star in World War II for action in the crossing of the Rhine. Back home, he ran unsuccessfully for mayor, helped organize an anti-Joseph McCarthy drive called Operation Truth, and was defeated in a campaign for the Senate in 1952. But two years later, Reuss stumped Wisconsin's fifth district, mak-

BANKING CHAIRMAN HENRY REUSS



ARMED SERVICES CHAIRMAN MELVIN PRICE



State of the Union/Ford pushes program in face of strong criticism

by Daniel J. Balz and Joel Havemann

Under heavy criticism from Democrats in Congress and some private economists, President Ford is continuing to push for swift enactment of his combined program to stimulate a sagging economy and make the nation invulnerable to another oil embargo.

Critics are suggesting that the Ford policy, as announced in his Jan. 15 State of the Union address, might fuel inflation without providing adequate stimulus to the economy. They wonder whether the program would cut energy consumption as much as the Administration says it would.

So far there is broad support only for the politically easy part of Ford's fiscal stimulus package: a quick tax cut for individual taxpayers. Even here, Democrats say they want to shape it to help low income workers more than Ford's proposal would.

The rest of Ford's program could end up in splinters, and the President went public to defend his new program at a press conference, a speech and a television interview.

Economy: Ford said at his Jan. 21



President Ford delivering his State of the Union address on Jan. 15

the economy late this year, output in 1976 may be lower than it would be without the program.

Rep. Al Ullman, D-Ore., chairman of the House Ways and Means Com-

parts, it would achieve the goals of holding down imports in future years.

But that package, according to some private economists, may fall short of Ford's desire to cut imports by a million barrels a day below expected 1975 levels. And while the President blocked consideration of a tax on gasoline, his new program would add about 10 cents a gallon to the price not only of gasoline but of other fuels as well.

Economic impact

Just how far and how fast the Ford Administration hopes the economy will improve in the next year remains something of a mystery. Missing from the materials distributed with Ford's program was any explanation of the goals which Ford and his advisers had established when they put the package together.

L. William Seidman, assistant to the President for economics, said Jan. 15 that he and others had trouble trying to project how the economy would be affected by the program. As he put it, "The computers have been wrong for the last 18 months," and so any computer projections on the effects of the program are suspect.

Specifics: A few specifics have come out in the various briefings which accompanied Ford's speeches. Seidman said the program would add about 2 percentage points to the general price level, but did not say how high the level otherwise might be. He also said that the Administration's projection of an unemployment rate peak of 8 per cent probably would be revised lower in light of the program.

President Ford's economic and energy policies are coming under fire from critics who say the program would not accomplish its purposes. Ford proposed hefty tax cuts both to stimulate the economy and to offset energy tax increases designed to discourage energy consumption. Critics contend that the tax package provides too little economic stimulus, too much inflationary pressure and inappropriate energy conservation measures.

press conference that if his program were enacted, the problem of unemployment, now at 7.1 per cent of the labor force, would be remedied. Neither he nor his advisers have been much more specific about economic results the program would have.

The new package could be both more inflationary and more deflationary than Ford has predicted. While his advisers predict the energy and economic programs will add about 2 percentage points to the inflation rate, some other economists say it could be as much as 4 points.

But as the energy package pulls \$30 billion to \$50 billion out of the economy, while returning at the most only \$30 billion, the result a year from now could be a drag on economic activity. Several economic forecasting organizations predict that while Ford's program would provide some strength to

mittee, said Jan. 21 his panel will hold quick hearings on the temporary tax cut proposal. Beyond that the timetable for action is less certain.

Energy: Ford used his press conference to push hard for his energy conservation program. He said his solution—the price mechanism—to the problem of reducing consumption of foreign oil was superior to a plan of rationing and allocation advanced by some Democrats. He said he would veto a rationing bill.

"In addition to being ineffective, gas rationing is inequitable," he said. Ford said rationing "provides no stimulus to increase domestic petroleum supplies or accelerate alternative energy sources."

Ford called his energy package "the most comprehensive review in this nation's history," and said that even if Congress failed to enact some of its

Major Points in Program

The major elements of President Ford's economic and energy packages include:

- a 12 per cent rebate on 1974 individual income taxes, worth about \$12 billion;
- a one-year increase in the investment tax credit to 12 per cent, worth about \$4 billion;
- a temporary levy of up to \$3 a barrel on the price of imported crude oil, to be replaced later by
- a \$2 a barrel excise tax on the price of domestic and imported crude oil worth about \$9.5 billion;
- an excise tax on natural gas of 37 cents per thousand cubic feet, worth about \$8.5 billion;
- decontrol of the price of "old oil" by April 1, accompanied by a windfall profits tax worth about \$12 billion the first year;
- deregulation of the price of newly discovered natural gas;
- permanent tax cuts for individuals through reduced tax rates, worth about \$16.5 billion annually;
- a reduction in the corporate tax rate from 48 per cent to 42 per cent, worth about \$6 billion annually;
- payments of \$80 to each adult who does not now earn enough money to pay taxes, totaling \$2 billion annually;
- tax credits for home improvements which conserve energy, totaling about \$500 million annually;
- payments of about \$2 billion annually to state and local governments to compensate for higher fuel costs;
- a one-year moratorium on new spending programs (except energy);
- an 18-month ceiling of 5 per cent on increases in the salaries of federal workers and on all programs whose expenditures are tied to the consumer price index.

Edgar R. Fiedler, assistant Treasury secretary for economics, said at a Jan. 16 briefing that the program would cut about 0.4 percentage points from what the unemployment rate would be at the end of 1976, but did not predict what that level would be then.

Another Administration economist, Marvin H. Kusters, who works on Seidman's staff, said there was more difficulty in establishing goals for the economy than for energy conservation. "Just where it will come out is a little uncertain," he said.

Inflation: The Administration has received the most criticism for its estimates on the inflationary impact of the new energy program. Seidman and other Administration officials still hold to the figure of 2 percentage points used in the White House fact sheets released along with Ford's speech.

Seidman was later quoted as saying the price increases induced by the program could hit about 3.5 percentage points, but there is some confusion about the Administration's numbers. Kusters said the 2 per cent figure represents the equivalent of a full dollar-for-dollar pass through of higher energy taxes. It excludes the possible

ripple effects of those higher prices on such things as wage contract escalator clauses.

Michael Evans, president of Chase Econometrics Inc., said that an analysis by his organization supports the Administration's estimates of 2 percentage points on the inflation rate. "We don't find the secondary effects are as great as others do," he said.

But other private economists disagree. Eric Herr, an economist at Data Resources Inc., a Boston economic consulting firm headed by Otto Eckstein, a former member of the Council of Economic Advisers, said a DRI analysis estimates the energy package will add 3.5 to 4 percentage points to the gross national product deflator by the end of 1976. He said about 2 to 2.5 points would be added during the middle six months of this year.

Herr and Evans disagreed on how wages would be affected by the higher prices. Herr said the price increases could translate into higher wage demands, but Evans said he is skeptical. "There's a very long lag time on wages," he said.

Kusters and other Administration

economists said they would hold to their 2 per cent estimate because it is possible that the full costs of the energy package would not be passed through to consumers. Kusters said that the slack in the economy could mean that markets would not support the higher prices. And Frederic W. Hickman, assistant Treasury secretary for taxation, said the proposed reduction in the corporate income tax rate from 48 to 42 per cent would allow corporations to absorb some of the higher energy prices without passing them along to consumers.

Deflation: The irony of the Administration's new program is that it could be both more inflationary and more deflationary than Ford hoped for. At least one Administration economist, who is unhappy with the shape of the package, said the program would not stimulate the economy as much as the economy needed.

The Administration officially estimated that its energy tax package would provide \$30 billion in revenue in its first year—\$19 billion from consumers, \$6 billion from business and \$5 billion from governments. It said its proposed tax rate changes would pump exactly \$30 billion back into the economy, and its 1974 tax rebate and investment tax credit boost for business would provide a net stimulus of \$16 billion. This calculation was challenged by three private economic groups.

David M. Rowe, an economist at the Wharton Economic Forecasting Associates Inc., said his organization had done some tentative analysis of the Ford program and found that while it provided some stimulus in 1975, the effect of the energy package in 1976 was a lower rate of output than might be expected without the program.

Chase Econometrics examined the impact on consumers. Evans said the energy tax package, by directly and indirectly forcing prices up, would cost consumers \$42 billion annually, not just \$19 billion. Under Ford's permanent tax cut program, the government would return only about \$19 billion annually to the public, leaving a \$23 billion drag on consumers.

Data Resources Inc. found that the energy package could pull not just \$30 billion but up to \$50 billion out of the economy annually.

Quick stimulus: The President's program has received criticism for its failure to pump any money into the

Budget Impact of New Program

The following chart, released by the White House Jan. 15, shows the expected economic impact of President Ford's energy and economic packages, if enacted as proposed. Negative numbers represent money injected into the economy; positive numbers represent money withdrawn. The impact is broken down into

quarters and shows the effect of each of the major elements of Ford's proposals. For example, the figures show that in the first quarter of 1975, the combined packages would take \$200 million out of the economy, while in the second quarter, they would inject \$5.7 billion into it (figures are in billions of dollars):

	1975				1976			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Energy taxes	+0.2	+4.1	+12.6	+7.6	+7.6	+7.5	+7.5	+7.5
Return of energy taxes to economy								
Tax cut (personal, corporate)	.0	-3.2	-9.0	-9.0	-5.6	-7.9	-6.3	-6.4
Payment to non-taxpayers	.0	.0	-2.0	.0	.0	.0	-2.0	.0
State, local government rebate	.0	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Federal government	.0	.0	-0.8	-0.7	-0.8	-0.7	-0.8	-0.7
Temporary tax cut	.0	-6.1	-7.9	-0.6	-0.8	-0.9	.0	.0
Net effect	+0.2	-5.7	-7.6	-3.2	-0.1	-2.5	-2.1	-0.1

SOURCE: White House

economy until May, the month when the first rebate check would be mailed if Congress acts quickly on the fiscal stimulus package.

A White House chart on the net fiscal effect of the energy and economic program showed the programs actually take money out of the economy in the January-March quarter of this year — although the amount is only \$200 million — rather than inject more money into the economy.

The reason is that none of the tax cut proposals will be enacted before then, but the levy on imported oil will be in effect as of Feb. 1, unless Congress prohibits Ford from instituting the levy. Sens. Edward M. Kennedy, D-Mass., and Henry M. Jackson, D-Wash., have introduced legislation to block Ford's plan.

Seidman said the Administration could conceive of no plan that would have put money into the hands of the public during the first quarter, but decided to go ahead with the oil levy during that period anyway. Several Administration economists said they regarded the impact of withdrawing \$200 million as negligible.

"A \$200 million increase in a \$1.5 trillion economy does not impress me," Fiedler said, "although I'd be glad to accept contributions of that size."

The Administration said that if its program went into effect as planned, the biggest stimulus to the economy would come in the second and third quarters of this year.

In the second quarter, the program would pump \$5.7 billion into the economy, while in the third the figure would be \$7.6 billion.

But those figures assume that by June, Congress will have passed the \$12 billion rebate on 1974 taxes, the \$4 billion investment tax credit hike, all the energy taxes and the various permanent tax reductions totaling \$30 billion annually.

If, for example, Congress tried to follow Ford's schedule, and passed the tax rebate plan and the new higher energy taxes, but got bogged down in the permanent tax reduction plan, the program in the second quarter would add only \$2 billion to the economy. That would be far less stimulation than the projected \$5.7 billion.

The White House fact sheet said the Ford program assumes certain stimulation or restraint based on expectations of the timing of the new proposals, but there is little assurance that Congress will abide by the schedule of his proposals. If that is the case, then judging the economic effects of the Ford program is more difficult.

Another potential problem with the Ford program comes from the plan to phase in the permanent reduction in individual income taxes. This proposal is coupled with the higher taxes on oil and gas and amounts to \$16.5 billion annually. The tax cut would be passed along to the public in the form of lower withholding on each paycheck.

Since the Administration does not expect the tax cut to be passed until

late spring, it plans to distribute the \$16.5 billion in seven months of lower withholding, rather than the full 12 months.

In January 1976, wage earners will revert to the withholding cycle of 12 months and actually will take home less money than they did during the last months of 1975. That, in effect, could be like a small tax increase.

Kosters said that although the amount of additional money taken from paychecks would be minimal, it would affect low income workers more than upper income workers.

Budget deficit: The other aspect of Ford's program where the economic impact is uncertain is the size of the budget deficit. For fiscal 1975, the Administration estimates the deficit at \$32 billion to \$34 billion; for fiscal 1976 the deficit is estimated at \$45 billion to \$47 billion.

No one can predict accurately how much pressure this will put on capital markets and in turn on the Federal Reserve Board.

Administration officials like Seidman said the key to the recovery of the housing industry, which saw housing starts fall to an annual rate of 868,000 in December, is lower interest rates. But with the government borrowing an estimated \$28 billion over the next six or seven months, the pressure could force interest rates back up again.

This is the prospect which has caused Treasury Secretary Simon to say he is "horrified" at the size of the deficits.

Some economists said the big budget deficits put the onus back on the shoulders of the Federal Reserve Board. The apparent choices facing the Fed are either to fund the big debt, which could refuel inflation, or to ignore the huge demands of the federal government, which could send interest rates back up.

Data Resources estimated that to fund the debt, the Fed would have to allow the narrow money supply—currency and deposits in checking accounts—to grow at a rate of 13 per cent to accommodate the deficit.

But Simon's worry is not held by other Administration economists. Roy L. Ash, outgoing director of the Office of Management and Budget, said in an interview that he does not think the deficit will be inflationary because the economy is operating far below capacity. He also said he thinks the country's capital markets are large enough to accommodate a deficit in the range of \$40 billion to \$50 billion.

A Fed economist said he agrees with Ash. "He is much nearer the truth than Simon," he said.

The economist said the Fed might fear a program which had too much stimulus in it, but said the \$16 billion tax cut package was not excessive.

He also said that historically, when the budget shows a big deficit, interest rates decline and when it shows a large surplus, interest rates rise. A strong recovery by the economy could bring problems for the Fed, he said.

Evans, of Chase Econometrics, said his group estimates that the big deficit could add 1 percentage point to interest rates, if the Fed chooses not to expand the money supply to accommodate the borrowing.

Economic debate

The most publicized debate among Ford's advisers took place over the issue of federal spending, but there was disagreement as well on the economic impact of the combined energy and economic packages.

One government economist who worked on the development of the program expressed bitterness over the way the program finally turned out. "This one hurts me too much to talk about it," he said.

He said a fundamental flaw in the Administration's approach stemmed from the concept of making the program as two packages, one to stimulate the economy and the other to reduce dependence on foreign oil.



Roy L. Ash



L. William Seidman

Although Administration officials said throughout the month before the State of the Union message that energy and economic problems were linked closely, the economic effects of the solutions to the two problems were not linked by the policy makers.

The economist who expressed disappointment over the final program said the fiscal stimulus package was conceived as a solution to the problem of declining output and rising unemployment. The energy program, however, was conceived of as a solution to the problem of reducing consumption of imported oil, but its economic effects were considered, in the words of one economist, "a wash." That means the intention was to put back into the economy all the money pulled out through new energy taxes. Since that would mean, theoretically, no net difference in the amount of money in the economy, the economic effects of the energy package were considered unimportant.

But that concept may prove to be inaccurate when the package meets the test of political reality. "The concept is okay," said one government economist, "but it won't work that way."

The problem is one of timing. Assuming the Ford program is passed—and that is a large assumption given the reaction of Democrats in Congress—it is not likely to be passed on the schedule outlined by Ford. That means the economic effects of the energy package will be more significant than some Administration policy makers anticipated.

Unless Congress blocks Ford's desire to put a \$3 levy on imported oil, money will be withdrawn from the

economy within the next month without complementary action by Congress to redistribute those revenues.

Some economists in the Administration, according to one of them who asked not to be identified, also questioned the shape of the fiscal stimulus package. "They feel that it is an ineffective way to do a tax cut," he said.

The criticism, which may be as much psychological as economic, is that a one-time rebate based on 1974 incomes is not as effective as a reduction in tax rates for individuals.

The argument behind this is that the most effective tax cut increases the expectations of workers for higher wages. A rebate tends to be perceived as a bonus, which workers may decide to save instead of spend. If that is the case, then the tax cut is less of an economic stimulant than it otherwise might be.

The other criticisms of the rebate plan are that it gets money into the economy too late in the year and that because it is temporary it provides less stimulus.

Another economist, who works for Seidman, said the size of the rebate remained open until the last moment, as did the level of the ceiling on the payment (which was set at \$1,000).

The Administration settled tentatively on a 10 per cent personal rebate, but shifted to 12 per cent shortly before Ford's Jan. 13 fireside address.

The Administration used 1974 taxes as a base for two reasons. One was a desire to get the money into the economy as quickly as possible. The other was the expectation that 1974 income will be higher than 1975 income because more people are unemployed.

Committee Workload Could Become Major Factor

Even if all went smoothly, Congress would have trouble completing action on all the tax proposals in President Ford's new program.

The House Ways and Means Committee, under the leadership of its new chairman, Rep. Al Ullman, D-Ore., and potentially slowed by the addition of 18 new members without experience in tax legislation, will decide for itself just how it will handle the Ford package.

While Democratic desires to pursue an energy program that stresses rationing and allocation rather than taxation could reduce the workload of the committee, the Ford tax plans could get bogged down early in the year by other taxation issues not included in Ford's recommendations.

Ford plan: At a minimum, Ford's plan amounts to three separate tax bills and possibly a fourth.

Stimulus—The first is the \$16 billion fiscal stimulus package, which includes a 12 per cent rebate on 1974 taxes for individuals and an increase in the investment tax credit to 12 per cent. Currently the rate is 7 per cent for all corporations except utilities, which receive only a 4 per cent credit. Ford wants this bill passed immediately.

Energy—The second bill is the \$30 billion package of new energy taxes. This includes a \$2 excise tax on imported and domestic crude oil, a natural gas excise tax of 37 cents for each thousand cubic feet (the equivalent of the \$2 per barrel oil tax) and a \$12 billion plan to take away some of the revenues earned by oil companies who will benefit from higher prices of crude. Ford wants these taxes passed by April 1.

Redistribution—The third tax bill is Ford's plan to redistribute the revenues raised by the energy taxes. The Administration wants these tax cuts to go back into the economy beginning in June.

Reform—The fourth bill would be tax reform. Democrats have included tax reform in all their economic programs, and some Administration officials have said in recent weeks that they would like to see some tax reform issues pursued this year.

Oil depletion: A major tax issue not covered in Ford's plan is the oil depletion allowance. Ullman has said he would like to get rid of it and it has become one of the principal reform issues among Democrats.

Ways and Means failed in 1974 to get the depletion allowance removed because its energy tax bill never reached the House floor. But it is almost certain to come up again in this Congress. Depending upon when it is raised—on the first tax bill or the second—it could slow the committee's deliberations, and complicate Senate

procedures. Sen. Russell B. Long, D-La., chairman of the Senate Finance Committee, has shown no interest in the past in eliminating the allowance.

Corporations: Another issue likely to cause lengthy debate is a tax cut for corporations. The Administration's plans call for both an increase in the investment tax credit and a reduction in corporate tax rates.

The investment tax credit change would be included in the first tax bill as part of the \$16 billion stimulus package. It follows a proposal made in October 1974 to increase the credit to 10 per cent, and the new recommendation is a variation of the old.

In October the Administration also proposed permanent restructuring of the tax credit. The Treasury Department referred to the changes as technical, but if enacted they would affect significantly the benefits derived by different kinds of industries. The changes would have eliminated the useful life classification of assets and adjusted the basis for depreciation of equipment. The net effect of those changes, combined with the increase in the credit to 10 per cent, actually would have cost some industries more than if no changes were made.

Companies with short-lived or quite long-lived assets (less than 7 years or more than 14 years) would have benefitted by the changes, particularly utilities, which would have received several incentives. Other industries, with medium-lived assets, would have been hurt by the plans.

Frederic W. Hickman, assistant Treasury secretary for taxation, said the permanent restructuring had been eliminated in the stimulus package to help ensure speedy consideration by Congress. He also said that Treasury still wanted to make the changes recommended in October. That desire could complicate consideration of the stimulus package. Or it could be raised as part of the second tax cut bill, or as a part of other tax reform issues.

The reduction in corporate taxes from 48 to 42 per cent is also likely to draw fire in Congress, in part because it is structured to help companies with larger profits more than companies with profits below \$25,000, and because corporate tax rate reduction is a politically volatile issue.

Other tax reform issues could come up during the year that also would delay enactment of either Ford's proposals or separate programs by the Democrats. Even for a Ways and Means Committee filled with members, experienced in the tax field, it would be a heavy load.

Administration economists also debated how to return the money, which will go back to persons in two payments. "I don't think the main reason for two payments was to split the deficit (across two fiscal years)," said Marvin Kusters. Arguments for a single payment, for two and for three payments were advanced, he said, and two payments were chosen partly as a compromise.

Although the combined program has been criticized for withdrawing \$200 million from the economy in the first quarter, Kusters said Administration advisers felt the effect was outweighed by the energy program's potential impact on public confidence.

Ford drew criticism in October for his failure to put forward an energy program that was perceived as tough and forward-looking. Administration

officials, Kusters said, believe that the major factor in the lack of public confidence is the absence "of a coherent energy policy."

He said it could be argued that the absence of a strong energy policy could have a more detrimental effect on business activity and public confidence than the institution of an oil levy in February.

The other major debate among Ad-

ministration advisers centered on federal spending. Simon especially wanted to cut the budget significantly because he links the long-run problem of inflation to a history of big budgets. He also expressed concern about the effects of the deficits on the country's capital markets, which he said must be used to finance expansion of plant capacity in future years.

But Ash's technical knowledge of the budget carried him through most of the debates, and while he has not favored expansionary spending or big deficits, he convinced Ford and some other advisers that the budget was cut as much as it could without significant legislative changes from Congress, and perhaps more importantly, that the big deficit expected in fiscal 1976 would not be as inflationary as it appeared on its face.

Energy impact

Ford's goals for energy are much more clearly stated in his State of the Union address than are his economic objectives. He intends to:

- cut oil imports by a million barrels a day below levels they would reach by the end of 1975 if the government did not act;
- cut oil imports by 2 million barrels a day below levels they would reach by the end of 1977 if the government did not act;
- reduce oil imports, now approaching 6.5 million barrels a day, to no more than 5 million barrels a day by 1985, so that emergency stockpiles and emergency conservation measures will be able to blunt the impact of an oil embargo.

During the next few years, the President's proposals rely on higher prices both to cut energy consumption and to provide industry with incentives to produce more domestic energy. He would lift price controls from domestic crude oil and newly discovered natural gas, and he would tax both energy sources as well.

High prices: Ford said his proposals would result in an increase of about 10 cents a gallon in the price of gasoline, home heating oil and other petroleum products. He estimated that as a result, oil imports would decline by 900,000 barrels a day by the end of 1975 and 1.6 million barrels a day by the end of 1977. He said his import reduction goals then could be reached through use of oil from the naval reserve in California and conversion of utility plants from oil to coal.



Frank G. Zarb

Ford's estimates of the savings from higher oil prices have been the targets of considerable questioning and criticism. Edgar Fiedler, assistant Treasury secretary for economic policy, said the Administration assumed that for every 20 per cent increase in the price of gasoline (about what Ford's program would do), consumption would drop by about 4 per cent in the first year. Eric R. Zausner, acting deputy administrator of the Federal Energy Administration, said the assumption was a 2 per cent decline in consumption for a 20 per cent increase in price.

Private economists have tried to compute the impact of Ford's proposals, and they have obtained different results because no two economists agree on how oil consumers behave when they are faced with price increases.

The Rand Corp., in a study of gasoline conservation published last October, estimated that a 1 cent increase in the cost of gasoline would produce a 1 per cent drop in gasoline consumption. Under this assumption, a 20 per cent price hike would produce a 10 per cent decline in consumption, and the Administration's estimates of savings would be too modest.

"Gasoline price change measures can lead to large and lasting savings in gasoline consumption by automobiles," the Rand study found.

But Ford has proposed to increase not just gasoline prices, as some of his advisers urged him, but the prices of all other petroleum products as well. Most economists believe the public will have to continue using many other products, such as heating oil, no matter how much they cost.

Data Resources Inc. estimated total oil savings if Ford's entire package of energy price hikes were enacted quickly. Susan Haltmaier, a DRI economist, said the savings by the end of 1975 would be about 400,000 barrels a day of oil and an equivalent amount of natural gas. If all these savings could be translated into reduced oil imports, they would correspond closely to the Administration's estimates of import reductions.

Chase Econometrics Inc. arrived at still a third answer. Michael Evans, Chase's president, said Ford's proposals would result in a savings of only 500,000 barrels a day by the end of 1975 and not much more than that in subsequent years. He said the Administration's estimate is "wishful thinking."

Evans said his computations assumed that gasoline use would be cut by 4 per cent for each 20 per cent increase in price but that consumption of heating oil for residential and commercial use would be cut hardly at all. The Administration's mistake, he said, was to base its estimates of consumption patterns on the experience of 1947 through 1973, when oil prices were dropping in relation to the cost of living. Very different consumption patterns have developed during the previous year of rising oil prices, Evans said.

Windfall profits: The oil industry is most concerned about the impact of the windfall profits tax proposed by Ford. The President asked for a graduated tax on oil prices beyond \$6.20 a barrel—the \$5.25 level of price-controlled oil since December 1973 plus 95 cents to adjust for subsequent increased costs.

The tax would begin at 15 per cent of the first 20 cents beyond \$6.20 and rise rapidly to 90 per cent of everything over \$9.20 a barrel. So if oil prices rise to \$11 a barrel when Ford decontrols them on April 1, the tax on each barrel would be \$3.60.

Ford said the tax would cost oil companies \$12 billion in its first year. The White House said this represents all excess oil company profits that would result from decontrol of oil prices plus the \$3 billion in untaxed excess profits that the oil companies made in 1974.

Administration officials said the windfall profits tax would be phased out month by month, but they refused to disclose the timetable until they submit legislation to Congress.

Oil industry officials were horrified by the size of the tax. They asked for an exemption from the tax for industry profits that were plowed back into additional energy production. B. R. Dorsey, chairman of the Gulf Oil Corp., said any new taxes on the oil industry will make it difficult for the industry to help meet the President's national energy goals.

Environment: As a way to increase automobile fuel economy, Ford proposed that Congress relax auto emission standards in the Clean Air Act. Standards for 1975 and 1976 cars call for 1.5 grams per mile of hydrocarbons, 15 grams per mile of carbon monoxide and 3.1 grams per mile of nitrogen oxides.

Current 1977 standards reduce these three figures to 0.41, 3.4 and 2.0, and 1978 standards are even tougher on nitrogen oxides. Ford proposed that the 1977 standards be relaxed to 0.9, 9.0 and 3.1, and that they be held there through 1981.

He said tougher environmental standards make fuel economy more difficult to achieve. He said the big automobile manufacturers have agreed to meet his goal of a 40 per cent in fuel economy by 1980 if Congress adopts his proposed environmental standards.

But it is not clear that Ford's proposed environmental standards would make fuel economy any easier to achieve. The National Academy of Sciences, in a report entitled "Motor Vehicle Emissions" published in November 1974, found that several ways are being developed to meet the 1977 environmental standards as currently set.

"These systems . . . should provide improved fuel economy over 1970 and 1975 vehicles," the academy reported. It said environmental standards do not begin cutting into fuel economy until the 1978 standards as currently set.

Energy debate

The origins of Ford's energy policy trace back to March 1974, when the Federal Energy Administration (FEA) began work on the *Project Independence Report*. The report, published in November, made no recommendations, but its analysis of policy options provided the basis of Administration decision making.

Ford's top energy advisers assembled at the presidential retreat at Camp David on the weekend of Dec. 14-15 for their first comprehensive

Energy Options Reflect Dilemma

An analysis of energy conservation options prepared by Administration officials in December reflects the dilemmas that the energy advisers faced as they groped toward a national energy policy.

The analysis, prepared by the staff of the Energy Resources Council for a meeting at Camp David on Dec. 14-15, looks at the advantages and disadvantages of many strategies. It finds no way to meet all the Administration's energy goals simultaneously.

Gasoline rationing and petroleum allocation already had been written off as ineffective ways to reduce energy consumption. The analysis calls these strategies "inherently inefficient and disruptive" ways of reducing consumption by "brute force."

An excise tax on crude oil—President Ford's ultimate choice as the best way to force energy conservation—still was getting little attention from the President's advisers in mid-December. The 47-page analysis discusses a crude oil tax as a domestic counterpart to an increased tariff on oil imports, not as a policy tool in its own right.

Other measures to cut energy consumption by forcing prices higher get the most attention. But the analysis recognizes that domestic measures to increase prices do nothing to relieve the problems that have been caused by skyrocketing costs of imported oil. (*For a report on the issues under discussion at Camp David, see Vol. 6, No. 50, p. 1863.*)

Gasoline tax: Although Ford publicly had ruled out a steep tax on gasoline, the analysis examines taxes ranging from 10 to 40 cents a gallon. "An option to reduce demand for gasoline is targeted on that petroleum product in which there is the most waste and whose curtailment will have the most limited effects on the economy as a whole," the analysis says.

Price decontrol: The analysis supports removing old domestic crude oil from price controls and using a windfall profits tax to keep the oil companies from reaping all the benefits of higher oil prices. Ford plans to decontrol oil prices on April 1 unless Congress prevents him.

The analysis finds that decontrol is an effective way to cut energy consumption, but it is not as optimistic as Ford has been about the effect that higher prices would have on energy production. "While decontrol will not affect supply in the short-run," it says, "it may encourage long-run supply additions."

Tariffs: The analysis looks carefully at various possible tariffs on oil imports. It finds that tariffs are effective both as an energy conservation tool and as a way to protect the U.S. energy industry from price competition from abroad in the event of "overly aggressive OPEC (Organization of Petroleum Exporting Countries) price reductions."

The analysis examines floating tariffs designed to hold the price of oil imports at \$11 a barrel or prevent them from falling below \$8.50 or \$7 a barrel. It also looks at flat tariffs of \$2 or \$4 a barrel.

Quotas: The analysis studies the possibility of a mandatory oil import reduction of 1 million barrels a day. One possibility, it says, is an import quota negotiated with individual exporting countries to "invite chiseling by awarding country-by-country quotas based on price and reliability."

effort to work out State of the Union energy policy. They outlined the options to Ford at the White House on Dec. 19, but the President did not make his key decisions until a second meeting on Dec. 27 during his skiing vacation at Vail, Colo.

The Energy Resources Council, chaired by Interior Secretary Rogers C. B. Morton and including 16 other agency heads, had responsibility for coordinating advice to Ford on energy policy options.

After the Camp David meeting, an

informal working group acted as a steering committee for the Energy Resources Council. This group comprised FEA administrator Frank G. Zarb, the council's executive director; Alan Greenspan, chairman of the Council of Economic Advisers (CEA); L. William Seidman, assistant to the President for economic affairs; Assistant Secretary of State Thomas O. Enders; Assistant Treasury Secretary Gerald L. Parsky; John A. Hill, Zarb's deputy when Zarb was associate director of the Office of Management

and Budget (OMB); and Eric Zausner, Zarb's acting deputy at the FEA.

The key figure was Zarb, who made peace among Administration officials who had been warring over energy policy for a year. "Zarb really pulled this show off," said another energy adviser.

Crude oil tax: The *Project Independence Report* emphasized that energy conservation is the only short-run way to reduce reliance on oil imports, because domestic energy production cannot grow before 1977.

In November the Energy Resources Council staff drew up an energy conservation package that included a gasoline tax. Morton told reporters on Nov. 12 that he favored a gasoline tax. Ford responded during a Nov. 14 press conference in Phoenix that he would not recommend a tax on gasoline because the American people did not want one.

Still the Energy Resources Council did not drop a gasoline tax from its list of conservation options. "We felt it was our obligation to give the President all the options," said one FEA staff member.

But the Energy Resources Council staff also began thinking about a tax on crude oil that could be translated into consumer price increases for all petroleum products, not just gasoline.

Camp David—By the time of the meeting at Camp David, the energy advisers had decided that the use of price increases was the best way to cut energy consumption. A staff analysis prepared for the meeting wrote off rationing, allocation and a mandatory reduction of oil imports as "inherently inefficient and disruptive."

An energy price increase, according to the staff analysis, "avoids the administrative burden of curtailing supply by brute force (allocations, rationing, mandatory conservation, etc.)." The price measures analyzed by the staff were decontrol of oil and natural gas prices, a variable tariff designed to keep oil imports from falling below \$11, \$8.50 or \$7 a barrel, a flat tariff of \$2 or \$4 a barrel, a gasoline tax, a crude oil tax and a natural gas tax.

Vail—At the meeting with his energy advisers on Dec. 19, Ford indicated his support for energy conservation measures that relied on higher energy prices. "It was clear to me that he favored this package over import quotas," said one energy adviser present at that meeting.

The President chose the specific



William E. Simon

policies—price decontrol and excise taxes on crude oil and natural gas—at Vail on Dec. 27. Ford was given a choice of how fast the excise taxes should come and how big they should be, and he chose maximum speed and size.

How could Ford support a crude oil tax when he consistently opposed a gasoline tax? Ford himself has provided no public explanation, and his advisers have nothing but theories.

One theory is that John C. Sawhill, who was asked to resign as FEA administrator on Oct. 29, killed the gasoline tax by proposing it publicly shortly before the Nov. 5 election. Opinion polls showed the public was heavily opposed to a gasoline tax, and Ford was convinced that Sawhill's public statements cost Republicans votes in the election.

Another theory is that Ford felt a crude oil tax was more fair than a gasoline tax because it spread the burden of higher prices among all petroleum products, not just gasoline.

Price floor: Another controversial issue among Ford's energy advisers was a price floor for energy products to guarantee oil companies that energy production would remain profitable.

Secretary of State Henry A. Kissinger wanted a price floor so that he could convince the Arabs and the Europeans that the U.S. was serious about trying to cut oil imports. Treasury Secretary Simon wanted no floor at all; he felt a floor, just like the current ceiling on old domestic crude oil, was government interference in the free market system.

The energy advisers who met with Ford at Vail decided to support legis-

lation that would authorize but not require the President to set a price floor guaranteed by the government. Simon was present at that meeting but Kissinger was not.

Kissinger was dissatisfied with the Vail decision and called a meeting soon after Vail to reconsider. He succeeded in changing the Administration recommendation to call for legislation requiring the President to set energy price floors that will enable the U.S. to reach energy self-sufficiency by 1985.

The legislation, which is now being drafted, will not define the necessary price levels. Zarb told reporters Jan. 15 that a price of \$7 to \$8 a barrel of oil should be sufficient, while Kissinger has been arguing within the Administration for a range of \$8 to \$9 a barrel.

Other issues: Among the other major issues settled at Vail were the tax credits for home insulation costs and the special benefits for the utility industry.

The opening of naval petroleum reserves in California and Alaska was not settled until after Vail, when Ford had a chance to meet with Defense Secretary James R. Schlesinger. Other less crucial issues settled after Vail by Ford's energy advisers included legislation to accelerate decisions on where energy facilities should be located.

Environment: Formulation of the relaxed environmental standards in the State of the Union address is the result of a running battle between the Environmental Protection Agency (EPA), which fought to maintain current standards, and representatives of the Commerce and Treasury Departments and the FEA, who sought to cut them back.

One participant in the negotiations said Simon tried to make automobile emission standards weaker than they are now and to eliminate requirements for scrubbers that take sulfur oxides out of utility plant smokestacks. He said EPA Administrator Russell E. Train would have quit if Simon had prevailed.

Compromise was reached that would make environmental standards less strict than they are scheduled to become in several years but more strict than they are now.

An EPA official, who asked not to be identified, said the EPA could live with the relaxation of future auto emission standards because the goal of a 40 per cent improvement is environmentally sound. □

2 ABORTION ACTION COALITION CONFERENCE, WOMEN'S NATIONAL SUB 1/C
 3 ABORTION ACTION COALITION, NATIONAL ORG 4-7/C
 4 ABORTION ALLIANCE, METROPOLITAN ORG 1/C
 5 ABORTION CLINIC AND COUNSELING SERVICE (HILLCREST) ORG 1/C
 6 ABORTION COUNCIL, WOMEN'S NATIONAL ORG 1/C
 7 ABORTION EXPERIENCE, THE (BOOK) SUB 1/C
 8 ABORTION INFORMATION AGENCY INC ORG 4-7/C
 9 ABORTION LAWS, NATIONAL ASSN FOR REPEAL OF ORG 8-15/C
 10 ABORTION RAP (BOOK) SUB 1/C
 11 ABORTION REFERENDUM COMMITTEE (MASSACHUSETTS ORGN) ORG 2-3/C
 12 ABORTION REFORM ASSN ORG 1/C

B//1 PICK TERMS-VIEW MORE=A//TERM # PICK TERMS-NEXT STEP=B//TER #
 MORE TERMS=C XRF=D//TERM # NO TERMS=E

1 FORD, GERALD RUDOLPH JR (MRS) PER MRS/TTL 512-1023/C
 2 FORD, GERALD RUDOLPH JR (PRES) PER PRS/TTL 1974-1974 XRF 4096-8191/C
 3 FORD, GERALD RUDOLPH JR (PRES) PER PRS/TTL 1975-1975 XRF 8192-16383/C
 4 FORD, GERALD RUDOLPH JR (PRES) PER PRS/TTL 1976-1976 XRF 2048-4095/C
 5 FORD, GERALD RUDOLPH JR (REPR) PER REP/TTL 1969-1973 512-1023/C
 6 FORD, GERALD RUDOLPH SR PER 2-3/C
 7 FORD, GERALD RUDOLPH SR (MRS) PER MRS/TTL 2-3/C
 8 FORD, GERALDINE BLEDSOE (JUDGE) PER JUD/TTL 1/C

*** END OF DISPLAY ***

B//4 IS TERM LIST COMPLETE? YES=A NO=B

A PERSONAL NAME MODIFIERS=A BIBLIOGRAPHIC MODIFIERS=B
 ALL MODIFIERS=C NO MODIFIERS=D

D LINK TERMS-VIEW MORE=A//LOGIC LINK TERMS-SEARCH=B//LOGIC
 VIEW MORE TERMS=C

1 ABORTION SUB 2048-4095/C
 2 FORD, GERALD RUDOLPH JR (PRES) PER PRS/TTL 1976-1976 XRF 2048-4095/C

*** END OF DISPLAY ***

B//1A2 EARLIEST DATE=A MOST RECENT DATE=B

NUMBER OF ITEMS RETRIEVED = 19

B VIEW ON SCREEN=A DEFERRED PRINT=B

NUMBER OF ITEMS RETRIEVED = 19

A PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C

(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION

1 OF 19 NYT/JNL 1976- 5-28 1: 12: 6 4/WGT 8/LIN
 148-76-15 PHO/ILS 1161177/IDN

MRS FORD CAMPAIGNS FOR HUSBAND IN NJ ON MAY 27, VISITING MORRIS COUNTY AND TRENTON AREAS; ANTI-ABORTION GROUP HOLDS SILENT DEMONSTRATION AT MORRISTOWN AIRPORT ON HER ARRIVAL; SHE AND REPR MILLICENT H FENWICK TOUR GIRALDA, 340-ACRE GERALDINE

ROCKEFELLER DODGE ESTATE, MADISON, WITH PHYLLIS SCHMUCKI, CHMN
OF MO-LONG BENEFIT AT ESTATE CONDUCTED BY WOMEN'S ASSN OF
MORRISTOWN MEMORIAL HOSPITAL; MRS FORD ILLUS GREETING VISITORS
TO GIRALDA (M)

2 OF 19 MG /JNL 1976- 4-18 : 10: 1 4/WGT 11/LIN

NO FICHE 1166413/IDN

PETER JENKINS REPORTS CAMPAIGN OUTLOOK AMONG DEM PARTY
CANDIDATES; SAYS PRIMARY ELECTIONS HAVE FAILED TO AROUSE MUCH
INTEREST; SAYS NO ISSUE HAS CAUGHT ON BUT THAT PEOPLE ARE
PROBABLY INTERESTED IN ABORTION AND SCHOOL BUSING; SAYS FOREIGN
POLICY IS ISSUE BETWEEN PRES FORD AND RONALD REAGAN BUT NOT
AMONG DEMS; COMPARES CANDIDATES; NOTES IMPROVING ECON
CONDITIONS; SAYS PEOPLE ARE INTERESTED IN JIMMY CARTER, WHO
WINS HEARTS NOT MINDS; SAYS HE STRIKES CHORDS OF RELIGIOSITY,
NOSTALGIA AND POPULISM; CITES CARTER'S MISTAKES; SAYS HE MIGHT
CARRY SOUTH FOR DEMS BUT WARNS THAT DEMS MUST CARRY CALIF TO
WIN ELECTION (M)

~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C
(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION

3 OF 19 NYT/JNL 1976- 4-12 : 24: 6 4/WGT 6/LIN

102-76-13 1139369/IDN

WIVES OF PRESIDENTIAL ASPIRANTS PRES FORD, RONALD REAGAN, JIMMY
CARTER, SENS FRANK CHURCH AND HENRY JACKSON AND REPR MORRIS
UDALL AND GOV GEORGE WALLACE COMMENT ON CONTROVERSIAL ISSUES;
LEGALIZATION OF ABORTION AND MARIJUANA, EQUAL RIGHTS AMENDMENT
AND REACTION TO CHILD'S ANNOUNCEMENT OF SEXUAL AFFAIR DISCUSSED
(M)

4 OF 19 NYT/JNL 1976- 4-11 11: 36: 1 4/WGT 3/LIN

101- 4-41 LR /TOM 1140313/IDN

NJ RIGHT TO LIFE COM CHMN JUDY NOVAK LR SAYS MOVEMENT IS
ENCOURAGED BY PRES FORD'S PUBLIC RECOGNITION OF ABORTION AS
GRAVE ISSUE IN NEED OF ACTION

5 OF 19 LAT/JNL 1976- 3- 4 2: 7: 1 4/WGT 9/LIN

NO FICHE EDC/TOM 1139170/IDN

PLANNED PARENTHOOD PRES JACK HOOD VAUGHN SEVERELY CRITICIZES
PRES ASPIRANTS FOR BRINGING ABORTION ISSUE INTO CAMPAIGN,
STATING POSITIONS TAKEN BY JIMMY CARTER AND PRES FORD WILL ONLY
SERVE TO MAKE '73 SUP CT RULING INTO TRAVESTY; FEELS IF FORD
REVOKES RULING AND RETURNS DECISION TO STATES IT WILL
EFFECTIVELY DISCRIMINATE AGAINST THE POOR, YOUNG AND MINORITY
GROUPS AND VIOLATE PRIVATE RIGHTS OF CITIZENS; CLAIMS THERE IS
NO 'MODERATE' POSITION ON ISSUE AND SCORES ANY ASPIRANT WHO
ATTEMPTS TO ESTABLISH ONE

~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C
(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION

6 OF 19 NYT/JNL 1976- 3- 4 : 1: 7 6/WGT 32/LIN

63-76-25 GPH/ILS 1110766/IDN

NY TIMES/CBS NEWS POLL OF VOTERS IN MASS PRES PRIMARY SHOWS
POTENTIALLY DAMAGING DIVISIONS AMONG DEM VOTERS ON EMOTIONAL
ISSUES OF RACE, SOCIAL POLICY AND FOREIGN AFFAIRS;
FRAGMENTATION IS UNDERScoreD BY FACT THAT MANY WHO VOTED FOR
GEORGE C WALLACE OR JIMMY CARTER REFUSED TO NAME THEIR 2D
CHOICE AMONG DEM CONTENDERS, AND SO MIGHT RESIST COALESCING
BEHIND ANOTHER DEM IF THEIR CHOICE FAILS TO WIN NOMINATION;
POLL SHOWS WALLACE AND CARTER VOTERS MUCH MORE LIKELY THAN
OTHER DEMS TO SAY THEY WOULD VOTE FOR PRES FORD RATHER THAN
ANOTHER DEM; FINDS LITTLE DIFFERENCE IN WAY VOTERS FOR FRONT
RUNNERS WALLACE, UDALL AND HENRY JACKSON STAND ON ECON ISSUES,
WITH 84% OF DEMS WITH OPINION ON ISSUE FEELING THAT GOVT SHOULD
REDUCE POWER OF BIG BUSINESS, BUT GREAT DIFFERENCE ON RACE
ISSUE, WITH WALLACE AND JACKSON VOTERS FEELING, BY 3-1 AND 3-2
MARGINS, THAT GOVT PAYS TOO MUCH ATTENTION TO NEEDS OF BLACKS
AND OTHER MINORITIES, AND UDALL VOTERS DISAGREEING WITH THAT
OPINION BY 3-1 MARGIN; FINDS VOTE ALSO SPLIT ON ISSUES OF
DETENTE, MIL SPENDING, POLLUTION; FINDS UDALL GOT LIBERAL VOTE
ON THOSE ISSUES, AND WALLACE AND JACKSON SPLIT CONSERVATIVE

VOTE; FINDS JACKSON GOT ANTIBUSING BLOC, BUT THAT ANTI-ABORTION
CANDIDATE ELLEN MCCORMACK GOT SMALL PERCENTAGE OF VOTE OF DEMS
WHO FEEL ABORTION IS IMPORTANT ISSUE; FINDS JACKSON'S
~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C
(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION
~CONSTITUENCY IS MUCH LESS LIBERAL THAN HE HAD HOPED; NOTES HE
ONLY GOT 1/3 OF JEWISH VOTE, WHILE UDALL GOT NEARLY 40%; FINDS
CARTER BACKERS ON ECON CONSERVATIVE SIDE, WITH OVER HALF
OPPOSED TO NOTION OF GOVT AS EMPLOYER OF LAST RESORT; FINDS
EVIDENCE THAT VOTES WERE CAST MORE FOR PERSONALITIES THAN FOR
ISSUES; FURTHER FINDS THAT HAD SENS HUBERT H HUMPHREY AND
~EDWARD M KENNEDY BEEN LISTED ON BALLOT, 24% OF VOTE WOULD HAVE
GONE TO HUMPHREY AND 35% TO KENNEDY; CHART SHOWING ISSUES ON
WHICH SUPPORTERS OF UDALL, JACKSON AND WALLACE AGREE AND
DISAGREE, BASED ON NY TIMES/CBS NEWS POLL (L)

~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C
(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION
7 OF 19 NYT/JNL 1976- 3- 2 : 21: 2 4/WGT 16/LIN
61-76-80 1110844/IDN

JAMES KILLILEA, AIDE OF ANTI-ABORTION PRES CANDIDATE ELLEN
MCCORMACK, EXPECTS MCCORMACK TO WIN MORE THAN 8% OF VOTE NEEDED
TO WIN DELEGATES IN MOST OF MASS'S 12 CONG DIST AND TO WIN
SOME AT-LARGE DELEGATES IN ADDITION; MCCORMACK, NOTING PRES
~FORD'S MARGIN OF VICTORY IN NH, SAYS AS LITTLE AS 2% OF VOTE
WOULD BE SUFFICIENT TO WORRY PROFESSIONAL POLITICIANS; SAYS SHE
IS AS ANTIBUSING AS SHE IS ANTI-ABORTION; RACIAL ASPECTS OF
CAMPAIGN ARE COMPLICATED BY FACTS THAT LEADER OF LOCAL
RIGHT-TO-LIFE MOVEMENT IS DR MILDRED JEFFERSON, A BLACK, AND
THAT PROPONENTS OF CONST AMENDMENT OUTLAWING ABORTION CITE DRED
~SCOTT CASE AS INSTANCE OF BAD SUP CT DECISION THAT REQUIRED
CHANGING CONST; ALTHOUGH OPPONENTS OF ABORTION APPEAR TO HAVE
COME FROM SAME GROUP THAT ACCEPTED PATRIOTIC JUSTIFICATION OF
VIETNAM WAR, MANY MEMBERS OF MOVEMENT ARE BEEN RADICALIZED
RETROACTIVELY ON WAR ISSUE; MCCORMACK AIDES BERNIE SHANNON AND
FARLEY CLINTON COMMENT (M)

8 OF 19 USN/JNL 1976- 3- 1 : 16: 1 4/WGT 4/LIN
NO FICHE CTN/ILS 1143735/IDN

RONALD REAGAN'S AND GERALD FORD'S POSITIONS ON FED SPENDING,
BUSING, ABORTION, EQUAL RIGHTS AMENDMENT, WELFARE REFORM,
UNEMPLOYMENT, NATL HEALTH INSURANCE, INTL REL, DEFENSE
SPENDING, CRIME AND GUN CONTROL CITED; CARTOON (M)

~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C
(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION
9 OF 19 NYT/JNL 1976- 2-19 : 25: 1 6/WGT 13/LIN
50-76- 7 1100834/IDN

REPUB WOMEN ARE DETERMINED TO ACHIEVE LARGER ROLE FOR WOMEN IN
THEIR PARTY AND TO PROMOTE FEMINIST CAUSES AT PARTY'S NATL
CONV; SEE ELECTION OF WOMEN DELEGATES TO CONV AS THEIR TOP
PRIORITY; ARE EXPECTED TO ADD STRENGTH TO PRES FORD'S CAMPAIGN;
~WANT PARTY TO TAKE UNEQUIVOCAL STAND IN FAVOR OF SUP CT
DECISION PERMITTING UNRESTRICTED ABORTION, AND EXPECT BATTLE
OVER THAT ISSUE; ARE PREPARED TO COUNTER ANY MOVE TO DILUTE
REPUB'S '72 PLANK SUPPORTING RATIFICATION OF EQUAL RIGHTS
AMENDMENT OR PLANK ENDORSING FED FINANCIAL SUPPORT FOR DAY CARE
CENTERS; ARE EXPECTED TO CONSTITUTE ABOUT 40% OF DELEGATES AT
~CONV, COMPARED WITH 30% IN '72; IN STATES THAT HAVE NOT YET
RATIFIED EQUAL RIGHTS AMENDMENT, REPUB WOMEN ARE CONCENTRATING
ON DEFEATING OPPONENTS OF AMENDMENT IN STATE LEGIS (M)

10 OF 19 NYT/JNL 1976- 2-16 : 18: 3 4/WGT 2/LIN
47-76- 9 LR /TOM 1098900/IDN

JOSEPH SCHRANK LR SCORES PRES FORD'S 'MODERATE POSITION' ON
ABORTION THAT PERMITS ABORTION
~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C
(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION
11 OF 19 NYT/JNL 1976- 2-13 : 1: 5 6/WGT 30/LIN

44-76-23 CMB/ILS 1101383/IDN

FIRST NY TIMES/CBS NEWS POLL ON PRES ASPIRANTS INDICATES THAT PERSONALITIES, NOT ISSUES, ARE MORE IMPORTANT SOURCE OF SUPPORT AMONG POTENTIAL VOTERS; SHOWS THAT NONE OF MAJOR DEM CANDIDATES HAVE EMERGED IN MINDS OF PUBLIC AS LEADING SPOKESMAN ON ANY ISSUE, WITH EXCEPTION OF GEORGE C WALLACE ON BUSING QUESTION AND SEN HENRY M JACKSON ON DETENTE; SHOWS ISSUES THAT DO GENERATE OPINIONS PRO OR CON ARE ABORTION, BUSING, PROPOSALS THAT GOVT PROVIDE JOBS FOR ALL AND FOR TRANSFERRING FED SOCIAL PROGRAMS TO STATES; SEES JIMMY CARTER, WHO TENDS TO BE SEEN AS ALL THINGS TO ALL PEOPLE, AS CHIEF BENEFICIARY OF LACK OF CLARITY AMONG VOTERS; POLL FINDS THAT WHILE MORE REPUBS RATE RONALD REAGAN HIGHER THAN PRES FORD ON LEADERSHIP AND COMPETENCE, MORE REGARD FORD AS STRONGER CANDIDATE; FINDS LITTLE DIFFERENCE BETWEEN FORD AND REAGAN BACKERS; SHOWS DEMS WHO HAVE LEFT CLEAREST IMPRESSION THUS FAR ARE JACKSON, CARTER AND SARGENT SHRIVER; SHOWS THAT 3/4 OF DEMS WHO HAVE IMPRESSION OF CARTER HAVE FAVORABLE OPINION; SHOWS WALLACE TO BE LEAST FAVORABLY REGARDED OF DEM CANDIDATES; INDICATES THAT SEN HUBERT H HUMPHREY MAY NOT HAVE ENOUGH SUPPORT TO BE UNIFYING FORCE FOR NATION IF OTHER DEM CANDIDATES KNOCK EACH OTHER OUT OF CAMPAIGN; POLL REVEALS INCONSISTENCIES AND CROSS-CURRENTS IN PUBLIC ATTITUDES ON ISSUES, WITH 70% WANTING FED GOVT TO

~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C

(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION
~PROVIDE JOBS, BUT 48% CALLING FOR FED GOVT TO SPEND LESS ON SOCIAL SERVICES AS MEANS OF BALANCING BUDGET; SHOWS MAJORITY ON LIBERAL SIDE OF ABORTION, BUT ON CONSERVATIVE SIDE OF BUSING QUESTION; SHOWS REPUBS SEE FORD AS BEING QUITE HONEST; CHART SHOWING RESPONSES TO QUESTIONS ON MAJOR ISSUES; ILLUS OF FRED R HARRIS, SHRIVER, CARTER, JACKSON, FORD, REPR MORRIS K UDALL, SEN BIRCH BAYH, HUMPHREY, WALLACE AND REAGAN, AND CHART SHOWING HOW THEY ARE PERCEIVED ON LIBERAL/CONSERVATIVE SCALE (L)

12 OF 19 LAT/JNL 1976- 2- 9 2: 7: 3 4/WGT 9/LIN
NO FICHE EDC/TOM 1124675/IDN

GEORGIE ANNE GEYER COMMENTS ON NATIONAL BACKLASH AGAINST ABORTION WHICH HAS CAUSED PRES FORD TO PUBLICLY CONTRADICT HIS WIFE AND DENOUNCE ABORTION; CLAIMS LAW, ENACTED TO HELP TRAPPED AND DESPERATE WOMEN AS A LAST RESORT, HAS BEEN MISUSED BY IRRESPONSIBLE PERSONS INTENT ON 'COITAL GAMESMANSHIP'; FEELS THESE PEOPLE OPT FOR ABORTION AS ALTERNATIVE TO CONTRACEPTION UNDER BANNER OF FREEDOM; CRITICIZES EXTREMIST FEMINISTS, SUCH AS NOW PRES KAREN CROW, WHO CLAIM RIGHT TO ABORTION UP TO NINTH MONTH

~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C

(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION

13 OF 19 NYT/JNL 1976- 2- 9 : 1: 2 6/WGT 31/LIN
40-76-23 SVY/TOM 1100058/IDN

NY TIMES SURVEY FINDS THAT PRES FORD AND RONALD REAGAN ARE ADVOCATING DIFFERENT TACTICS TO ACHIEVE SUBSTANTIALLY SIMILAR GOALS; LISTS BASIC PRINCIPLES ON WHICH THEY SEEM TO AGREE, BASED ON THEIR PUBLIC STATEMENTS; NOTES THEY BOTH FEEL ROLE OF FED GOVT SHOULD BE REDUCED, WITH STATES AND LOCALITIES GIVEN MORE RESPONSIBILITY, THAT INFLATION IS MORE IMMEDIATE NATL PROBLEM THAN IS UNEMPLOYMENT, THAT CURE IS BALANCED FED BUDGET AND BETTER CLIMATE FOR BUSINESS AND THAT ADDITIONAL MIL SPENDING IS NECESSARY; NOTES DIFFERENT MEANS THEY HAVE SAID THEY WOULD EMPLOY; NOTES REAGAN'S PROPOSAL FOR WHOLESALE ELIMINATION OF 6 BROAD CATEGORIES OF FED PROGRAMS, AND SHARP REDUCTION IN FED INCOME TAXES, WITH UP TO 1/3 OF FED TAXES RETAINED IN STATES WHERE THEY ARE PAID; CLAIMS FORD HAS TAKEN MORE TRADITIONAL APPROACH, OUTLINING PLAN FOR CONSOLIDATING 59 SEPARATE GOVT PROGRAMS INTO 4 BLOCK GRANTS IN BROAD AREAS OF EDUC, HEALTH, SOCIAL SERVICES AND CHILD NUTRITION; NOTES BOTH SUPPORT SCHOOL INTEGRATION, BUT OPPOSE INVOLUNTARY BUSING; NOTES REAGAN IS CONCERNED ABOUT 'COLOSSAL DEBT' THREATENING SOCIAL SECURITY SYSTEM WHILE FORD WOULD RAISE SOCIAL SECURITY

TAX PAID BY EMPLOYERS AND EMPLOYEES; NOTES BOTH SUPPORT LIFTING PRICE CEILINGS ON OIL AND GAS, BUT THAT REAGAN OPPOSES FORD PROPOSAL FOR CREATION OF \$100-BILLION GOVT CORP THAT WOULD
~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C
(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION
~ENCOURAGE COMMERCIAL DEVELOPMENT OF NEW SOURCES OF ENERGY;
NOTES BOTH SUPPORT 'FREE MKT' SYSTEM OF FARMING; RECALLS REAGAN'S CRITICISM OF FORD FOR IMPOSING 3-MO EMBARGO ON SALE OF GRAIN TO USSR; NOTES REAGAN'S OPPOSITION TO ANY FORM OF GUN CONTROL, AND FORD'S PROPOSED LEGIS THAT WOULD PROHIBIT MFR AND SALE OF 'SAT NIGHT SPECIALS'; RECALLS FORD SUPPORT OF EQUAL RIGHTS AMENDMENT, AND REAGAN'S OPPOSITION; NOTES REAGAN'S SUPPORT FOR CONST AMENDMENT OUTLAWING ABORTION EXCEPT TO SAVE MOTHER'S LIFE, AND FORD'S OPPOSITION TO SUCH AMENDMENT (L)
~ 14 OF 19 NYT/JNL 1976- 2- 8 4: 3: 1 4/WGT 3/LIN
39- 2-47 1096646/IDN

REV OF ABORTION STANDS OF PRES FORD, REPUB PRES ASPIRANT RONALD REAGAN AND DEM PRES ASPIRANTS JIMMY CARTER, SARGENT SHRIVER AND SEN BIRCH BAYH (S)

~ 15 OF 19 LAT/JNL 1976- 2- 5 2: 4: 1 4/WGT 5/LIN
NO FICHE ED /TOM 1122507/IDN

LOS ANGELES TIMES ED CRITICIZES PRES FORD FOR HIS STAND ON ABORTION; SUGGESTS '73 SUPREME CT DECISION HAS SETTLED ISSUE AND TO OVERTURN RULING AND LEAVE DECISION UP TO STATES, AS FORD PROPOSES, WOULD CIRCUMVENT UNIFORMITY OF LAW; STATES ABORTION SHOULD NOT BE CONSIDERED AN ISSUE IN PRESIDENTIAL CAMPAIGN

~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C
(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION

~ 16 OF 19 NYT/JNL 1976- 2- 5 : 30: 2 4/WGT 7/LIN
36-76-15 ED /TOM 1089541/IDN

ED ON PRES FORD'S MIDDLE-OF-THE-ROAD STANCE ON ABORTION; SAYS DANGER OF STATES' RIGHTS APPROACH IS THAT IT LEADS TO CHECKERBOARD OF LAWS AND PROHIBITIONS FAVORING WOMEN WITH SUFFICIENT MEANS OVER THE POOR; SAYS FORD WOULD DO BETTER TO USE INFLUENCE OF HIS OFFICE TO EXPLAIN TRUE MEANING OF SUP CT RULING; SAYS CT HAS LEFT DECISION WHERE IT BELONGS--WITH PREGNANT WOMAN AND HER PHYSICIAN

~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C
(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION

~ 17 OF 19 NYT/JNL 1976- 2- 5 : 15: 1 4/WGT 15/LIN
36-76-63 AP /SRC 1089540/IDN

PRES FORD'S STATEMENT IN FEB 3 TV INT, THAT HE WOULD OPPOSE CONST AMENDMENT PROHIBITING ABORTIONS AND THAT STATES SHOULD HAVE RIGHT TO DECIDE ISSUE, IS CRITICIZED AT HR CONST RIGHTS SUBCOM OF JUDICIARY COM; MARCH FOR LIFE, ANTIABORTION GROUP, CALLS FORD'S STATEMENT NEGATIVE AND USELESS AS BASIS FOR PROTECTING DIGNITY OF HUMAN LIFE; CYRIL C MEANS JR, CONST LAW PROF, OPPOSES ANY CONST AMENDMENT THAT WOULD ERODE '73 US SUP CT ABORTION DECISION; LAW PROF JOSEPH P WITHERSPOON CONTENTS THAT CT DECISION STRIPPED UNBORN CHILD OF ALL PROTECTION AFFORDED BY CONST; REPR LEONOR K SULLIVAN BACKS CONST AMENDMENT TO PROTECT UNBORN BUT SAYS STATES RIGHTS AMENDMENT SHOULD BE USED ONLY AS LAST RESORT; REPR DON EDWARDS DOUBTS AMENDMENT WILL EMERGE FROM SUBCOM; CARDINAL TERENCE COOKE SUPPORTS FORD'S CONTENTION THAT CT HAD WENT TOO FAR IN STRIKING DOWN STATE LAWS, ANNUAL DINNER OF CATH YOUTH ORGN (M)

~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C
(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION

~ 18 OF 19 NYT/JNL 1976- 2- 4 : 1: 3 4/WGT 17/LIN
35-76-62 TXT/TOM 1089528/IDN

PRES FORD, IN TV INT CONDUCTED BY WALTER CRONKITE OF CBS, SAYS US SUP CT 'WENT TOO FAR' IN STRIKING DOWN LAWS AGAINST ABORTION BUT HE IS OPPOSED TO RESTORING ABORTION LIMITS NATIONALLY THROUGH CONST AMENDMENT; REITERATES WHAT HE CALLS 'MODERATE POSITION' ON ABORTION, ISSUE THAT HAS BECOME INCREASINGLY PROMINENT IN '76 PRES CAMPAIGN; SAYS HE OPPOSES 'ABORTION ON

DEMAND BUT RECOGNIZES CASES, INCLUDING RAPE AND THREAT TO LIFE OF PREGNANT WOMAN, WHEN 'ABORTION SHOULD BE PERMITTED'; STOPS SHORT OF STAND TAKEN BY RONALD REAGAN, WHO ENDORSES SO-CALLED 'HUMAN LIFE AMENDMENT' THAT WOULD OUTLAW ABORTIONS EXCEPT IN RARE CASES; FORD'S POSITION HAS BEEN SUBJECT OF INTENSE DISCUSSION IN WHITE HOUSE; FORD HAS REJECTED MORE LIBERAL STANCE MADE BY HIS WIFE, BETTY, WHITE HOUSE LEGAL COUNSEL PHILIP W BUCHEN AND HIS NEW POL COUNSELOR, ROGERS C B MORTON; MRS FORD AND AIDES RECOMMENDED THAT FORD EXPRESS OPPOSITION TO ANY CONST AMENDMENT OR THAT HE SAY ONLY THAT HE WOULD ENFORCE LAW AS DEFINED BY CT; EXCERPTS FROM INT WITH CRONKITE (M)

~B~PRINT ABSTRACTS=A//# NEXT=B OR B//# END INQUIRY=C
(C)NYTIMES.SEE ABSTRACT FOR YEAR.NONTIMES MATERIAL BY PERMISSION
19 OF 19 NYT/JNL 1976- 1-28 : 36: 2 4/WGT 15/LIN
28-76-12 1084802/IDN

RABBINICAL COUNCIL OF AMER 1ST VP RABBI WALTER WURZBURGER AND EXEC VP RABBI ISRAEL KLAVAN REBUKE JEWISH GROUPS FOR PROJECTING WHAT THEY HOLD IS 'FALSE IMAGE' TO GEN PUBLIC THAT JUDAISM SANCTIONS ABORTION, COUNCIL'S ANNUAL TORAH CONVOCATION; ALTHOUGH WURZBURGER DOES NOT NAME GROUPS, HE IS SPEAKING OF RELIGIOUS COALITION FOR ABORTION RIGHTS, WHICH REPRESENTS 22 PROT, JEWISH AND ETHICAL CULTURE ORGNS; MEMBERS ARE UNION OF AMER HEBREW CONGREGATIONS, AMER JEWISH CONG, NATL COUNCIL FOR JEWISH WOMEN, NATL FED OF TEMPLE SISTERHOODS, B'NAI B'RITH WOMEN AND WOMEN'S LEAGUE OF CONSERVATIVE JUDAISM; COALITION HAS CRITICIZED RC BISHOPS FOR APPROVING PLAN TO CREATE ANTI-ABORTION GROUPS TO MOBILIZE PUBLIC SUPPORT AGAINST PERMISSIVE ABORTION; PRES FORD, IN MESSAGE TO CONV CHMN RABBI SOLOMON SHAPIRO, HAILS ORTHODOX RABBIS FOR 'SPIRITUAL AND MORAL LEADERSHIP' (M)

*** END OF DISPLAY ***

~C~BEGIN ANOTHER INQUIRY=A TERMINATE=Z

~A~ENTER TERMS=A//TERM//TERM//ETC.

~A//VICE PRESIDENT~PICK TERMS-VIEW MORE=A//TERM # PICK TERMS-NEX STEP=B//TER
MORE TERMS=C XRF=D//TERM # NO TERMS=E

1 VICE PRESIDENT 1/C
SUB
2 VICE PRESIDENTIAL RESIDENCES 0/C
SUB XRF
3 VICE PRESIDENTS AND VICE PRESIDENCY 1024-2047/C
SUB XRF

*** END OF DISPLAY ***

~B//3~XRF CONTINUATION=A NEXT STEP=B

VICE PRESIDENTS AND VICE PRESIDENCY
SUB XRF 1024-2047/C

NTE USED ONLY IN CONJUNCTION WITH UNITED STATES AND
NTE PRESIDENTIAL ELECTION HEADINGS.

~A~PICK TERMS-VIEW MORE=A//TERM # PICK TERMS-NEXT STEP=B//TERM #
MORE TERMS=C NO TERMS=D

VICE PRESIDENTS AND VICE PRESIDENCY
SUB XRF 1024-2047/C

1 SAL NT SUB RESIDENCES (VICE PRESIDENTIAL)

*** END OF DISPLAY ***

~D~ACCEPT TERM=A REJECT TERM=B

VICE PRESIDENTS AND VICE PRESIDENCY
SUB XRF 1024-2047/C

~A~ IS TERM LIST COMPLETE? YES=A NO=B

~A~PERSONAL NAME MODIFIERS=A BIBLIOGRAPHIC MODIFIERS=B
ALL MODIFIERS=C NO MODIFIERS=D

~C~BYLINE=ABT,BYL SKETCH=BRF,DTL MODIFIERS=A//TERM #<ABBRE
VIEW TERMS=B NEXT STEP=C

Ford's 1976 Fund Raiser: a Tough Job

BY BILL BOYARSKY
Times Political Writer

PALO ALTO—No job in American politics will be subject to more suspicious scrutiny in coming months than that of finance chairman for President Ford's election campaign.

That is because of the conduct of the last finance chairman for a Republican presidential candidate—Maurice H. Stans, who in 1972 set a national political fund-raising record of \$60 million.

In doing so, Stans, President Richard M. Nixon's finance chairman, used tough methods that became part of the Watergate scandal. In the end, Stans pleaded guilty to violating the reporting requirements of the federal election law and to receiving illegal corporate contributions. He was fined \$5,000.

Stans protested that the charges were technical. Whether they were or not, the case left Mr. Ford with a major problem—finding someone with both the wealth and the integrity to serve as his finance chairman.

Wealth because the affluent are reluctant to contribute unless the request comes from someone who is rich enough himself to donate. Integrity because of the GOP's need to live down Watergate.

The search ended in the foothills south of Stanford University, in a relatively plain office that is the headquarters of Hewlett-Packard Co., one of the world's most successful makers of electronics equipment.

It is the office of David Packard, a 62-year-old, 6-foot-5, onetime end on Stanford's football team—a man now worth hundreds of millions of dollars because of the success of the company he founded in 1939 with his friend and fellow engineer, William R. Hewlett.

"The President had to have a guy who was clearly above reproach and Dave Packard is clearly above reproach," said Howard H. (Bo) Callaway, the President's campaign director. "I think that is one of the assets the President was looking for."

One reason the President may have felt comfortable with Packard was that he had been thoroughly investigated during hearings before his confirmation as deputy secretary of defense in the Nixon administration.

A main point in those hearings was Packard's ownership of \$300 million in Hewlett-Packard stock. (Hewlett-Packard gets 15% of its business from the federal government, down from almost 40% in 1967).

Packard put the stock in trust, later giving to charity the \$22 million in dividends that accumulated from 1969 to 1971, his years in the Defense Department. But critics wondered if there was still conflict of interest. In a 1969 column in the Washington Post, Hobart Rowen summed up the criticism:

"There would be a clear conflict of interest between his duties and his relationship to his company . . . and his appointment raises again, in a very specific way, the question of the military-industrial complex and its powerful role in shaping policy."

But no hint of questionable practices emerged in the hearings. And in

FUND RAISER FOR PRESIDENT FORD

Continued from First Page

his three years as deputy to Defense Secretary Melvin R. Laird. Packard was an unusually frank critic of the defense industry and of the practices of the military-industrial complex.

He unsuccessfully opposed the move to bail Lockheed Aircraft Corp. out of its financial troubles. And, speaking of the way the Pentagon buys weapons from the defense industry, he told defense contractors that "we have a real mess on our hands."

And, after he left Washington, he lectured Southern California aerospace manufacturers. "Learn how to build reliable equipment at reasonable cost . . . Stop looking to the government to bail you out when you fail to do your job," he said.

Laird, close to both Packard and the President, also was a factor in the choice. "Laird spends a lot of time at Packard's ranch, they are the closest of friends," said Los Angeles attorney Douglas Kranwinkle, who got to know Packard when they ran Houston I. Flournoy's Republican campaign for governor of California last year. Kranwinkle said that, about a year ago, supporters of former California Gov. Ronald Reagan had begun "wooing" Packard. But Packard decided to help the President.

"He is very loyal to the Presidency, to the concept of the Presidency," Kranwinkle said.

That loyalty caused a lot of trouble to California Republicans in the 1974 gubernatorial election.

Flournoy was resisting the urging of most of his advisers that he criticize Mr. Nixon. By then, evidence of Mr. Nixon's involvement in the Watergate coverup was accumulating rapidly and Flournoy was being hurt by his reluctance to speak.

Kranwinkle said Packard opposed Flournoy's saying anything. "He said none of us knew all the facts," Kranwinkle said. "He said we need a strong Presidency." But once Flournoy decided to speak, Packard went along.

Packard talked about being Mr. Ford's finance chairman in an interview recently in the offices of Hewlett-Packard.

It was late in the morning, his last appointment before going hunting on his ranch with some old Hewlett-Packard employes who had been particularly loyal and helpful during a corporate crisis.

He has a booming voice and brusque manner that tends to intimidate people. He is impatient with anyone who bores him, getting up and walking around the room, making no attempt to conceal his boredom.

He was dressed in a white short-sleeved shirt that looked simple and sturdy enough to have come from Penney's basement. His socks sagged below the bottoms of his trousers.

Packard said he wanted a chance to prove that an election campaign could be conducted honestly and



David Packard

openly under the new election laws.

"It was a chance to operate under these new federal election laws," he said, "to see if we can finance a campaign under the new regulations. The laws are a step in the right direction. Fundamentally, they are all right."

Packard pledged an "open campaign" with periodic disclosures of campaign contributors available at state campaign headquarters. Much of that information is normally available only in Washington and sending the data to the states means that local reporters around the country will have more information about the campaign.

This goes beyond the reporting requirements of the new federal law.

"We're going to try to keep this as open as we can, and this is consistent with the new law," Packard said.

As an example of the new openness, Packard cited the operation of the Ford presidential campaign headquarters in Washington.

While newcomers must still present themselves to the receptionist, and wait to be escorted inside, the atmosphere of the place is different from that at Mr. Nixon's Committee for the Relection of the President headquarters in Washington in 1972. Then it was all security, status, plush furnishings and expensive office equipment.

"We don't even have a shredder," said campaign manager Callaway.

And, as a constant reminder of the bad old days, in the reception room is a picture of Mr. Ford, with the words of his first presidential speech on it—"My fellow Americans, our long national nightmare is over."

Still, the Ford campaign, even at this early stage, has not escaped controversy over campaign finances, or accusations of a lack of candor.

The Republican National Committee has spent about \$300,000 on White House political activities, such as the trip Mr. Ford made to the West Coast last week, and has budgeted \$200,000 more for the rest of the year.

This is not charged against the new \$10 million spending limit required by federal law. Democrats have

protested, but the Republican National Committee has insisted Mr. Ford is campaigning for the party and not himself.

Packard's friends say the best evidence of his resolve to run an open campaign can be found in his company.

Hewlett-Packard makes and sells almost \$1 billion a year in electronic equipment ranging from hand calculators and small computers to measuring devices so complex a layman cannot comprehend their use.

The company was founded by Packard and Hewlett in a backyard garage in Palo Alto.

Their initial capital amounted to slightly more than \$500, but money began to come in when they sold an oscillator invented by Hewlett to Walt Disney for use in measuring sound for the film "Fantasia."

That has been their formula for success ever since—inventing something nobody else knows how to make.

The work goes on in somewhat informal and open surroundings.

A visitor to corporate headquarters walks across a huge room, as big and as plain as a retail discount store, the floor covered with inexpensive-looking vinyl tile.

The visitor finds his way past desks placed side by side, only a few separated by partitions. Most executives do not have private offices at Hewlett-Packard, nor do they have an executive dining room.

Hewlett-Packard has another policy rare in the electronics and aerospace industries. It will not accept a contract if it means hiring large numbers of extra workers who will have to be laid off. That means a stable work force.

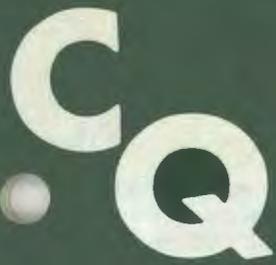
During the recession of 1971-72, when profits dropped sharply, Hewlett-Packard avoided the layoffs of other companies although everyone's pay and workweek were reduced 10%.

Nor does Hewlett-Packard like debt. "We operate on a pay-as-you-go basis," Hewlett said. "It helps prevent you from getting into debacles."

Politically, Packard is conservative. "He talks like an ideological guy," said former Flournoy campaign manager Kranwinkle. "He uses phrases like 'radical.' But when you get down to practical matters, he is very pragmatic."

Will Packard be just a campaign figurehead? During the Flournoy campaign he often took a hand, most notably when he heard that Flournoy aides were beginning to investigate derogatory rumors about the Democratic opponent, Edmund G. Brown.

One Republican recalled how Packard had called the Los Angeles headquarters and "blistered" the staff, saying that was the sort of thing the Nixon campaign was accused of doing in 1972 and it had "damn well better stop or he would come down to Los Angeles and denounce the campaign."



CONGRESSIONAL QUARTERLY
Weekly Report

Vol. XXXI No. 42

Budget

Pages 2757-2828

Oct. 20, 1973

mail to Jimmy Carter Plains, Pa - Steve!!

Save

Jody hold J

The Public Record of Gerald R. Ford

PROFILE: Background (2762); mediocrity issue (2763); charges and replies (2765); political career (2767)

VOTING RECORD: Interest group ratings (2763); CQ voting studies (2764); votes on major issues (2768)

POLITICS: Maneuvering over confirmation (2759); race for House leadership position (2761); texts (2772)

IN COMMITTEE

- ✓ Deep water ports (2791)
- ✓ Trade reform (2793)
- ✓ Rhodesian chrome (2796)
- ✓ Nerve gas (2798)

ON THE FLOOR

- ✓ Amtrak (2804)
- ✓ School lunch (2815)
- ✓ Weapons procurement (2823)
- ✓ Fuel allocations (2825)



The GOP's Lonely Eight
and other Editorials

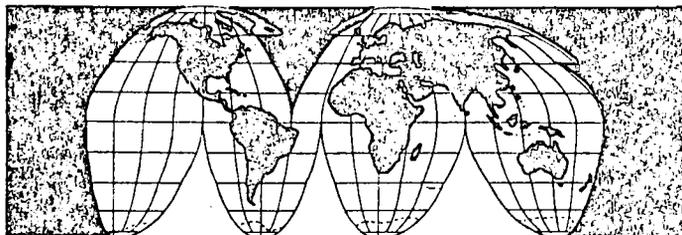
Ford's Budget and Tax Policies
Representative David R. Obey

Labor and the Democrats
Ray Majerus

Health Care Nightmare
Governor Patrick J. Lucey

*and news of legislative and
Democratic Party activities in Wisconsin*

RIGHT AWAY, DANGER SPOTS CONFRONT THE PRESIDENT



President Ford probably can count on a breathing spell in relations with Russia and China—but in other regions potentially dangerous problems litter the world stage.

That was the warning the new Chief Executive received from his foreign-affairs advisers in his first days at the White House. The problems spring mainly from local conflicts that could erupt overnight and lead to an international crisis as occurred over Cyprus in mid-July and again in August.

What follows is an assessment of potential trouble spots based on latest official intelligence information.

CYPRUS: First test for Ford. The on-again-off-again war on this Mediterranean island confronted President Ford with a prime example of how seemingly remote problems can suddenly blow up, demanding immediate U. S. attention.

The latest crisis on Cyprus erupted less than a week after the new Chief Executive's inauguration when Turkey's 40,000-man invasion force, violating a cease-fire, attacked Greek Cypriot militia. The Turks seized one third of the island with the aim of establishing by force an autonomous state for the minority Turkish Cypriot population.

The repercussions in Athens were immediate. Greece announced its withdrawal from the NATO military command and threatened cancellation of all American bases.

President Ford, forced to divert his attention from urgent political and economic problems at home, faced a seemingly impossible dilemma as he sought to limit damage to U. S. interests in the Eastern Mediterranean.

The Greek action, if fully implemented, would lead to disintegration of NATO's southern flank and force the American Sixth Fleet to fall back on Italy for support facilities. Russia would stand to gain significantly.



Turkish troops attack Greeks on the island of Cyprus. Renewed war confronted President Ford with his first foreign crisis.

U. S. advisers warned Mr. Ford that he would risk even greater losses in Turkey if he tried to placate Greece by pressuring Ankara too hard for a compromise settlement.

MIDEAST: Two main dangers. Despite the prospect of early Arab-Israeli peace negotiations sponsored by the U. S., this is still the world's most explosive powder keg.

Tension in the area began building up again in August as Jewish and Arab leaders charged each other with menacing military activities and an arms build-up.

Washington planners pinpoint two dangers:

First, a renewed assault on Israel by heavily armed Arab forces if the search for peace bogs down and another protracted Mideast stalemate develops.

Second, the spiral of violence triggered whenever Palestine terrorists strike civilian targets in Israel or Jewish forces hit guerrilla bases in Lebanon by air, by sea or by land. Whenever the violence escalates, pressure grows on Egypt and Syria to intervene.

For the U. S., the stakes in this region are higher than ever. Another round of war could force Washington once again to support Israel. That would not only jeopardize impressive U. S. gains achieved in the Arab world in recent months, but even damage America itself because of its growing dependence on Mideast oil.

Furthermore, an Arab-Israeli war would subject the Soviet-American *détente* to great strains, could end up with the superpowers drawn into a dangerous test of strength.

VIETNAM: A time bomb in Asia. American forces are gone but war drags on—despite a U. S.-sponsored cease-fire.

A year after the departure of the last American troops President Nguyen Van Thieu and his forces are holding up better than most experts expected. U. S. economic aid and military equipment continue to play a vital role in the ongoing struggle with the Communists for control of an area where 56,261 Americans lost their lives in 12 years of war.

Nevertheless, the official Washington prognosis for South Vietnam is grim. The economy is critically shaky. A growing political malaise threatens to sap the country's will to resist. And North Vietnam is always capable of mounting a new drive to conquer the South if it wants to pay the price.

The U. S. then would face a critical decision—how far would it go to support a non-Communist Government in South Vietnam against an unremitting Communist campaign to drive it into the sea?

PERSIAN GULF: Dangerous rivalries. Massive oil reserves, wealth running into many billions of dollars, sophisticated weapons and bitter local rivalries—all of these form an explosive mixture that places this part of the world high on Washington's list of global danger spots.

One rivalry pits Iran against Iraq, two nations that have fought sporadic battles in recent years for control of the waterway that marks the southern portion of their common frontier. They also are rivals for control of potentially valuable offshore oil deposits. Both aspire to become the dominant power in the Persian Gulf.

An open collision between the two countries is considered in Washington to be an ever-present danger. In any local test of strength, there would be risks of a Soviet-American

confrontation—given the fact that Washington is Iran's main supporter and arms supplier. Russia is Iraq's ally and arms supplier.

SINO-SOVIET FRONTIER: Communist vs. Communist. Russia is steadily building up strategic power against its great Communist neighbor and adversary—China. American planners contend that a military move by the Soviets cannot be ruled out.

At latest count, 45 Russian divisions were deployed along the 4,500-mile Sino-Soviet frontier. A second track is being built north of the trans-Siberian railroad—and much farther from the exposed China border—to add to Moscow's military flexibility in the East.

Official American assessments envisage two potential crisis periods in Soviet-Chinese relations:

1. The installation by China of nuclear missiles capable of hitting Moscow. This may be no more than a year or so away.

2. Mao Tse-tung's death, followed by the near certainty of violent struggles over the succession—a time Russia might view as opportune for a swift military strike against a demoralized enemy.

In either situation, the U. S. aim would be to deter Russia from taking military action against China. A successful Soviet attack would shift the global balance of power against America. An unsuccessful attack would involve the two Communist giants—Russia and China—in a protracted conflict that could easily spread.

YUGOSLAVIA: Tempting target for Russia. President Tito is 82 and ailing. Washington planners assume that political chaos will follow the death of the tough Communist leader who has ruled the country since World War II. Rival political factions and ethnic groups are expected to struggle for power once Tito's strong grip is gone.

Kremlin leaders will be sorely tempted to take advantage of Yugoslavia's internal turmoil to drag the maverick Com-



Political chaos in Yugoslavia is predicted after the death of President Tito, 82 and ailing. The danger: meddling by Russia.

munist country back into the Soviet camp. Any Soviet military move would open the doors to an explosive international crisis, possibly bringing Europe to the brink of war. The reason: a successful Russian operation swinging a nonaligned Yugoslavia back into the Communist Warsaw Pact would upset the balance of power and produce a crisis of confidence inside the North Atlantic Treaty Organization (NATO).

INDIAN SUBCONTINENT: Cockpit of war. Once again, India and Pakistan are accusing each other of massing troops along their common border. The two nations have fought three major wars in 25 years.

American planners view the charges and countercharges by Moslem, Pakistan and predominantly Hindu India as not immediately dangerous. But in the long run, renewed hostilities seem inevitable for these reasons:

• Indian leaders all along have resented the British decision in 1947 to establish an independent Moslem country on the subcontinent. They grew even more resentful as Pakistan and China moved closer together. China and India have fought border wars high in the Himalayas.

• Pakistanis fear that India, backed by the Soviet Union, is bent on carving up their country. Pakistan lost all of its eastern territories, now an independent Bangladesh, in the 1971 war.

Pakistan in 1974 is on the defensive and largely isolated. India, on the other hand, feels it has a legitimate claim to recognition as the dominant power in this region. The claim is based on New Delhi's impressive military victory over Pakistan in 1971 and its underground atomic test explosion in May, 1974.

Washington's assessment of the outlook:

"This is one of those local conflicts that seem to be irreconcilable and which almost inevitably will erupt again in violence."

SOUTHERN AFRICA: A struggle for supremacy. Signs that Portugal's new leftist military regime is preparing to pull out of its African territories send shock waves through the white-dominated southern area of the continent.

Whites in the Portuguese-controlled areas are fearful that negotiations between Lisbon and the African nationalists will lead to black rule. There are rumors of an early attempt by the settlers to seize power themselves—a unilateral declaration of independence similar to the take-over by a white minority in Rhodesia in 1965.

These developments leave white leaders in the Republic of South Africa facing a potentially dangerous dilemma.

On one hand, their vulnerability to pressures from black African neighbors would be greatly increased by a take-over of the Portuguese territories by black nationalists.

On the other hand, a unilateral declaration of independence by white settlers in Mozambique and Angola would saddle all South Africa with another costly and embarrassing liability. South Africa could also be drawn into an endless racial war.

Whatever happens in the Portuguese colonies, American planners see an inevitable rise in tensions in southern white-ruled Africa.

LATIN AMERICA: Uncertainties abound. The overthrow of Salvador Allende's Marxist regime in Chile reduced American anxieties about the course of events in Latin America. Nevertheless, three "danger spots" still are listed as areas that could bring difficult times for the U. S.:

• Argentina—With the death of President Juan Perón and the accession to power of his widow, a period of serious instability and uncertainty is seen ahead. The Argentine Army, sooner or later and against its will, may be forced to take over.

• Peru—The left-wing military regime in this country feels threatened by neighbors—Chile, Bolivia and Brazil—that are ruled by right-wing Army officers. The danger: a squeeze play to eliminate the present Peruvian leadership.

• Mexico—A social revolution that sent workers' hopes soaring seems to be going sour with disillusionment spreading fast. One result that directly concerns the U. S.: a rising flood of illegal immigrants across the American border to escape the worsening economic pressures in Mexico.

To sum up the lesson for President Ford underlined by this survey: In an era of Soviet-American *détente*, the world may be safer than in the recent past. But it still has a wide range of dangerous local conflicts that affect the interests of Americans, yet are almost entirely beyond their control.



A LOOK AT THE FORD RECORD

FOR STAFF ONLY

11-11-77
11-11-77
11-11-77
11-11-77