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Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

In my first address before a Joint Session of Congress, I spoke of "communication, conciliation, compromise and cooperation." The Congress responded. We have communicated, conciliated, compromised, and cooperated.

I thank the bipartisan leaders and all Members for this working partnership. So far, despite some spats, we have had a good marriage.

Landmark bills in the fields of Education, Housing - Community Development, and Pension Reform were passed. For these examples of cooperation of real benefit to so many Americans, I am grateful.

I had serious objections to the SBA loan legislation, Public Works Appropriations, and D.C. Medical School bill. Recognizing congressional interest in particular elements of each measure, I signed them.

No effort was made to override measures that I had to veto. Congress responded promptly to my request for a Council on Wage and Price Stability.

Of the specific proposals I am singling out today, some are in the conference stage. Others have passed only one body. A few have passed neither. But virtually all have been the subject of hearings and are in the mark-up phase.

NOMINATIONS

Of utmost importance for Congress in its fall term is the consideration of Nelson Rockefeller as my nominee for Vice President of the United States. The Administration will assist the Congress in all appropriate ways to expedite this nomination. The precedent for this procedure under the 25th Amendment to the Constitution has been established. I am sure there will be no inordinate delay in moving forward Governor Rockefeller's nomination.

There are other nominations before the Senate, some pending since last January. There are other candidates for Federal office in varying stages of clearance. I expect to be able to submit them to the Senate within a few days. I would hope Congress could expedite action on all these nominees so that none will have to be held over to 1975.

REDUCING 1975 SPENDING

Responding to the initiative of the distinguished majority leader of the Senate and other members of the Congress, I have convened bi-partisan summit meetings on

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the issue of inflation. Many of you are participating. The legislative and executive branches are working together.

We are seeking short-term answers to short-term problems and long-term answers to long-term problems.

A concerted effort must be undertaken to bring spending down to manageable proportions. An important first step in this effort is to bring Federal outlays under control in 1975, making possible a balanced budget in 1976.

I need the help of the Congress in reducing 1975 spending below \$300 billion. Several important cooperative steps by the Congress will be required to achieve this difficult target.

First, the Congress must resist temptations to add to spending totals on legislation now being considered. Responsible action calls for agreements on cuts, not increases. I solicit suggestions on any programs that might be curtailed or stopped. Let me know about any spending that seems unnecessary or inflationary.

In the same vein, I would hope the Congress could pass specific legislation proposed in the February Budget submission that would reduce 1975 spending by almost \$700 million.

Immediate action should be taken on the rescissions that I am proposing in my first message to the Congress under the newly-enacted Budget and Impoundment Control Act. Moreover, the deferrals transmitted to Congress under the same Act should be supported. Overturning these actions could increase spending by as much as \$600 million in 1975 and by far more in 1976 and future years.

As a matter of highest priority, I need your support of my recommendation to defer the next Federal pay raise from October to January. It will be my intention to deal fairly with the just concerns of Federal workers. But I am asking them to join in the sacrifice I want all Americans to share. This action will reduce 1975 outlays by \$700 million. It will also set an example of wage restraint for the private sector. Let us practice what we preach.

These efforts are essential if our cooperation is to keep spending under \$300 billion. We simply cannot afford to fail.

APPROPRIATIONS

Eight of fourteen regular appropriations bills have been enacted. These measures in total represent a reduction of \$532 million from the Administration's Budget in spending authority and \$144 million in outlays for the current fiscal year. These are helpful moves in the right direction. I urge that this momentum be maintained.

There are seven money bills that require action during the balance of the session.

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The Agriculture money bill was vetoed on the basis of excessive funding; the Defense appropriation is in conference with very sharp reductions. Levels below the House bill would be extremely unwise. State-Justice-Commerce is also in conference and undoubtedly will show a reduction in the Budget; Labor-HEW appropriations, however, appear to be moving in the direction of exceeding the Budget substantially.

Appropriations for Military Construction and Foreign Assistance have not yet passed the House of Representatives.

There is ample time to consider the remaining appropriations bills before adjournment. In addition, I will be sending essential but carefully limited Supplemental Requests for fiscal year 1975. I trust they will be considered an urgent priority.

LEGISLATION

It is unnecessary to submit a complete list of Administration legislative initiatives to this Congress. Leaders and Members know them as well as I do. I recognize that the inevitable consequence of any legislative Message in the twilight of the 93rd Congress is to suggest deferment of some desirable legislation in favor of imperatives that are realistic in the time we have left.

The Trade Reform bill has passed the House of Representatives but remains pending before the Senate Finance Committee. Efforts are underway to find a reasonable and mutually acceptable compromise to restrictive language that would deny Most Favored Nation status and Export-Import credits to the Soviet Union. I want to emphasize the importance I attach to the granting of Most Favored Nation status to the USSR. Careful attention should also be given to the importance of Title V concerning tariff preferences for developing countries and providing appropriate limits for Trade Adjustment Assistance. This legislation is close to enactment. It would be a tragedy not to pass it.

In the area of foreign policy, Congress should enact the Export-Import Bank Authorization, Asian and African Development Bank Authorizations, and the Foreign Assistance Act.

I know that a troublesome piece of legislation for me -- and perhaps one of the most important for the Nation -- is the Foreign Assistance Act. I am disturbed over the deep cuts in many essential and worthwhile programs which contribute to our overall efforts to attain peace and stability in the world. In addition, the bill contains several restrictions on the Executive which would reduce my ability to meet obligations to American security and that of our friends abroad. I respect and strongly support the role of Congress in the area of foreign policy. But under the Constitution, the Executive is the spokesman for the Nation and must have adequate freedom of action. I may recommend changes in our approach to foreign aid in the coming year and will propose realistic programs in the national interest. I strongly urge this Congress to continue the current programs unencumbered by amendments which prevent the effective implementation of policy.

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There are several significant problems in the State Department Authorization. I have requested Secretary of State Kissinger to work with appropriate leaders in an effort to resolve these differences.

The USIA Authorization has been passed by both bodies and should be finally considered by a conference committee. The House version is preferred.

Both bodies have passed an extension of the Defense Production Act. I hope the differing versions will be reconciled and sent to me for signature.

To promote more effective management of the Government's approach to our national energy resources, the Administration recommended creation of an Energy Research and Development Administration. This key legislation has now passed both Houses and hopefully will soon be considered by a conference committee. In its consideration of this legislation, I recommend to the conference committee that the provision calling for an Energy Policy Council be deleted and several other undesirable provisions be revised in accordance with current discussions.

To increase the availability of clean natural gas through competitive pricing of newly developed gas supplies, I urge this Congress to enact the Natural Gas Supply bill. As we enter the winter months, our energy resources must be effectively utilized for the benefit of all Americans. Gas deregulation which would increase supply is a vital part of the Administration's response to the energy shortage.

Of major importance to our ability to provide sufficient energy in the years ahead is a proposal for the Federal Government to grant permits for construction, licensing and operation of Deepwater Ports beyond the three-mile limit. The House has passed a bill. Hopefully, the Senate will also move forward on this key measure.

Among the many energy-related bills before Congress, is the important Energy Tax Package. This measure imposes a windfall profits tax on the selling price of domestic crude oil, eliminates the percentage depletion deduction for U.S. taxes on foreign production of oil and gas, and limits foreign tax credits available to U.S. oil and gas companies operating in foreign lands.

We learned from the recent oil embargo that we must be better prepared to reduce the impact of any future supply interruptions. At the time of the embargo our Naval petroleum reserves, set aside through the foresight of the Congress for the specific purpose of assuring adequate supplies of essential fuels, could not be used in time to contribute to our national defense requirements.

In a moment of need, oil in the ground is useless. We must have authority to produce and deliver our emergency petroleum reserves to the user. Presently, the Navy Petroleum Reserves at Elk Hills, California, have proven reserves of approximately one billion barrels. The Navy Petroleum Reserves in Alaska, although unexplored, have estimated reserves of up to 33 billion barrels. I intend

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to consult with the Congress on the best way to assure that the reserve capacities of these fields are in a state where they can contribute effectively to our national security in any future energy crisis.

The House and Senate conferees are now addressing the difficult issues involved in striking a balance between the environmental effects of surface coal mining under the proposed Surface Mining Act and the nation's need for coal as an essential source of energy. This issue has been under consideration throughout this Congress. It would greatly reduce the problem of opening new coal mines and increasing production if acceptable mined area legislation can be enacted. I am asking Secretary of the Interior Morton to continue discussions with legislative leaders in an effort to reach an agreement over troublesome provisions in this measure.

The Illegal Aliens legislation is necessary to establish clear guidelines regarding the law for employment of aliens who work in this country. The House has already passed a bill. I would hope the Senate could consider this measure during the fall term.

Real progress was made on the House floor when the Conference report on the Veterans Education Bill was substantially reduced in terms of Federal expenditures. I hope the Senate will now act in the same spirit. This can be done by reducing the benefit limit to the original Senate Bill. It provided a substantial increase -- 18.2 percent. But cost-of-living increases for our veterans in school are necessary. I urge the Senate to reaffirm its original rate increase and send the bill to me so benefits can begin.

In May of 1973, the Administration proposed the Job Security Assistance Act. This measure is an important part of our policy to assist in a period of rising unemployment. It would modernize the unemployment compensation system without violating the relationship between the States and the Federal government.

I recognize the concern of many that unemployment might rise because of the policies we must follow to fight inflation.

I am watching the unemployment rate very closely. This Administration will act with compassion. We will not permit the burden of necessary economic restraint to fall on those members of society least able to bear the costs.

The unemployment rate in August, announced last Friday, was 5.4 percent. While we certainly cannot be complacent about any American lacking work, we are thankful that the number is not larger.

The present situation calls for full use of available tools and dollars.

I have asked Secretary of Labor Brennan to accelerate the obligation of currently available funds under the Comprehensive Employment and Training Act.

The Secretary will immediately disperse \$65 million to those communities in which unemployment is highest. By the end of the month he will make available another \$350 million

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under CETA Title II. This \$415 million will finance some 85,000 public sector jobs in State and local governments. Added to the almost \$550 million obligated for public service employment in June from the FY 1974 appropriation, and about \$50 million in other funds, currently available resources will provide 170,000 public service jobs this coming winter. The effect of these actions will be to double the number of federally funded public service jobs. In addition, \$1.3 billion will be available to State and local governments for manpower programs.

Beyond this, I have requested the Secretary of Labor, in consultation with my economic advisors, and drawing on the outcome of the Conference on Inflation, to develop contingency plans against the possibility of substantially increased unemployment. If future unemployment statistics demonstrate the need, we will be ready to present plans to the Congress and to work together to assure a mutually satisfactory course of action.

There are several health authorizations that require extension this year. They are the Health Manpower Act, Health Services Act and the Health Resources Planning Act. All are necessary but, unfortunately, each currently has objectionable features in program provisions and excessive authorizations. I have requested Secretary of Health, Education, and Welfare Weinberger to cooperate fully with appropriate committees in an effort to enact reasonable legislation. I will continue to seek a sound compromise on the Comprehensive Health Insurance Plan.

The House recently passed the Federal Mass Transportation Act. While the funding was kept to a level which I can support, certain structural changes in that bill are necessary. I am asking Secretary of Transportation Brinegar to work closely with the Senate in an effort to develop an acceptable bill.

The Administration's proposal to improve the regulatory climate in the surface transportation industry is presently before the Congress. This bill, with certain modifications to ensure greater reliance on competitive market forces, would contribute substantially to the efficiency and vitality of this Nation's private sector transportation system. I urge the Congress to act promptly to complete its work on this important legislation.

The Amtrak Authorization legislation is now ready for Conference. Since major problems exist with the Senate version, I hope the Conference will adhere as closely as possible to the House measure and soon present it for my signature.

I assume the Congress will pass the Military Construction Authorization bill, including expansion of the support facility at Diego Garcia.

The Export Administration Act is ready for conference action and should be reported soon.

Legislation to restore financial integrity to the Railroad Retirement system has not been enacted by either House. I urge legislation be adopted to accomplish this objective without resorting to a subsidy from either the Social Security System or the general taxpayers.

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Court congestion impairs fair and speedy trials. The Administration supports legislation to create new Federal District Court Judgeships. While this measure has been slow to move, I would hope Congress could expedite consideration in order to alleviate overcrowded court calendars.

A bill to renew my authority to submit Executive Reorganization Plans has been sent to the Congress. During the past 25 years all Presidents have used this authority to improve management in the executive branch. I would like my Administration also to be able to utilize this effective tool of good government. I urge prompt bipartisan consideration of this bill.

It is apparent that I have referred to some legislative matters and omitted reference to others. This is not an inventory of my total legislative concerns. I will send the traditional message to the Congress in January covering the broad spectrum of legislative programs. This will afford me an interim opportunity for detailed study and review.

The 93rd Congress, in which I am proud to have served, has an opportunity to join with the Executive Branch at this turning point of history. We can respond together in the constructive harmony that ought to exist between Republicans and Democrats, between Federal and local governments, between the Executive and Legislative branches, and between America and other nations. A momentous challenge confronts me as well as the 93rd Congress. Together, we can summon forth the reserves of energy, imagination, and devotion necessary to generate a new and proud era of American achievement. We cannot and will not fail the American people.

GERALD R. FORD

THE WHITE HOUSE,
September 12, 1974

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SEPTEMBER 27, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

It is with great pleasure that I sign today H.R. 14883, the two year extension of the Public Works and Economic Development Act.

From the time the Administration's proposed Economic Adjustment Act was sent to the Congress last February, significant debate has occurred regarding the proper Federal role in the economic development and adjustment process. This legislation has benefited greatly from the debate and incorporates many improvements which will enable the Economic Development Administration and the Regional Action Planning Commissions to be more effective in overcoming or preventing problems of economic distress. I believe this legislation is a fine example of the beneficial results of consultation and compromise between the Congress and the Executive.

Perhaps the most noteworthy provisions of the Act are the changes that have been made in Title III and in the addition of the new Title IX. The improvements in Title III should strengthen State capacities to plan for and assist economic development, while preserving a strong development role for local areas and economic development districts. Title IX marks a new direction in our approach to economic adjustment and development. It permits States and local areas to develop comprehensive and flexible responses to actual or threatened severe unemployment problems. It will permit early action to adjust to economic dislocation problems, to minimize personal hardships and improve the chances of an effective long-range solution to the problems of the communities.

In conjunction with the other titles of the Act and coupled with the Comprehensive Employment and Training Act, which contains provisions for special distribution of funds to areas of high unemployment, this title provides another tool available to States and communities to increase employment opportunities and offset particular local unemployment problems.

Despite these desirable new features in this bill, it does not provide for the comprehensive reform in our economic development and adjustment programs which I believe is necessary. It retains too much direct Federal control over the allocation of the assistance funds. This reduces the ability of States and communities to realistically plan and manage their programs. It continues undue emphasis on public works as the solution to problems of unemployment and low income; and it continues to encourage a narrow categorical approach to the problems of distressed areas.

Although this Act represents substantial progress in the design of an effective Federal role in assisting economic development and adjustment, much remains to be done. During the next several months, and certainly before the expiration of this legislation, the Congress and the Administration must begin to consider changes to further improve the design of economic development and adjustment assistance. This extension, while valuable in itself, should be viewed as a transition period in which new approaches to relieving the burdens of unemployment and low incomes may be developed.

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FOR IMMEDIATE RELEASE

SEPTEMBER 27, 1974

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
ECONOMIC SUMMIT CONFERENCE

WASHINGTON HILTON HOTEL

9:07 A.M. EDT

Mr. Speaker, Senator Mansfield, Senator Scott, distinguished Members of the Congress of the United States, members of the Cabinet, participants, observers, ladies and gentlemen:

At the first session of the Conference on Inflation, I ask that we get to work on a battle plan against Public Enemy Number One.

Important work has been done throughout the country. Today, the climax of our efforts is at hand. I welcome the many distinguished Members of the Congress and citizens from all sectors of American society. I deeply appreciate your commitments and your involvement.

I am also very pleased to welcome representatives from many foreign lands. This is, as we all know, an independent world. Inflation is an international problem. The efforts of each nation can become more effective if concerted action is achieved.

The United States Government will consult with friends abroad as we move to combat an international threat. I look forward to a productive series of discussions today and tomorrow morning.

In the great tradition of the American town hall, this conference includes the widest range of views and opinions. Inflation concerns all Americans. This is a joint executive-legislative undertaking in response to a bipartisan recommendation by the Congress. It demonstrates that Americans can still come together in an effective way to confront an immediate danger threatening every citizen.

There has been much talk at the various sessions throughout the country, but there has been action and a generation of ideas that will be used as tools for us on this occasion today and tomorrow.

We have taken a good look at many, many options and we have already narrowed some of the options to those which would appear to be most effective and command the widest support.

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I appreciate your willingness to work with me on the inflationary problem, which transcends America's many special interests, whether Republican or Democratic, labor or business, urban or rural. Nor does inflation respect age, sex, race, color or creed. And inflation certainly punishes most cruelly those least able to cope with it.

Today's conference, like others that preceded it, is wide open. All views and opinions are invited. This Administration's commitment to visible and responsive Government remains intact. I might not like everything I hear, but it is my solemn duty as President of the United States to give fair consideration to all views and to carefully weigh the possible courses of action.

At the outset of this session, a word about expectations is appropriate. In searching for the very best policies, let us recognize that there are no quick or easy solutions, no miracle cure has emerged from the pre-conference meetings.

Inflation is a problem which we must deal with patiently and persistently. In this battle, there is no substitute for candor and hard work. Spokesmen from the specialized meetings will report areas of general agreements.

I have also asked them, and I think this is important, to report areas of disagreement and alternatives which the Congress and I must consider in making difficult decisions.

I, like all of you, have unlimited confidence in America. The battle against inflation will not be an easy one. It will require sacrifice and a strong common effort. It will require discipline, but I am certain and positive that we as Americans can and will win.

This Administration will seek to ensure that burdens are distributed equally. No group should be called upon to carry an unfair share of the burden. America's traditional resourcefulness and ingenuity helped build the Nation and provided an abundance unknown by most other peoples of the world.

Although Americans must increase their productive capacity, this by itself will not eliminate the scourge of inflation. Other actions and hard decisions are required. We cannot hope to satisfy all, but we will seek to act in the best interest of all.

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I intend to constantly reassess policies and to change those that are not working. My actions will not be set in concrete.

As President, I will continue to listen with all the openness with which I am capable and acting with all the decisiveness at my command. Together, with great confidence in America's capacity, let us begin.

END (AT 9:15 A.M. EDT)



FOR IMMEDIATE RELEASE

SEPTEMBER 27, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

MODIFYING PROCLAMATION NO. 3279, RELATING TO IMPORTS
OF PETROLEUM AND PETROLEUM PRODUCTS, PROVIDING FOR
THE LONG-TERM CONTROL OF IMPORTS OF PETROLEUM AND
PETROLEUM PRODUCTS THROUGH A SYSTEM OF LICENSE
FEES AND PROVIDING FOR GRADUAL REDUCTION OF
LEVELS OF IMPORTS OF CRUDE OIL, UNFINISHED
OILS, AND FINISHED PRODUCTS

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

I am advised by the Administrator of the Federal Energy Administration that certain technical changes to Proclamation No. 3279, as amended, are required. Among these technical changes are the clarification of certain definitions, a provision to eliminate conflict between the Oil Import Control Program and the Mandatory Petroleum Allocation Program, and the establishment of added capacity as the basis for import allocations to new, expanded, and reactivated refineries and petrochemical plants. In addition, the Administrator informs me that lowering the import fee schedule on natural gas products to the level assigned to crude oil will make United States interests more competitive in obtaining this valuable commodity in the world market.

The Administrator advises me that the changes set forth in this proclamation are consistent with the national security objectives of Proclamation No. 3279, as amended, and recommends that such changes be made.

I agree with the foregoing recommendations and findings of the Administrator.

NOW, THEREFORE, I, GERALD R. FORD, President of the United States of America, acting under and by virtue of the authority vested in me by the Constitution and laws of the United States, including section 232 of the Trade Expansion Act of 1962, as amended, do hereby proclaim that, effective the date of this proclamation, Proclamation No. 3279, as amended, is hereby amended as follows:

1. Subparagraph (2) of paragraph (d) of Section 2 is amended to read as follows:

"(2) Entries for consumption of imports from Canada by pipeline may be made until midnight, May 15, of the allocation period following the allocation period in which any license authorizing such imports from Canada was issued."

2. Subparagraph (3) of paragraph (b) of section (4) is amended to read as follows:

"(3) Except for (i) crude oil or unfinished oils imported under license or licenses for which a fee has been charged, (ii) crude oil sold, bought, or exchanged

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in order to comply with other Federal Energy Administration regulations, or (iii) crude oil or unfinished oils imported pursuant to specific relief granted pursuant to section 5, such regulations shall require that imported crude oil and unfinished oils be processed in the licensee's refinery or petrochemical plant, except that imported crude oil or unfinished oils other than Canadian imports may be exchanged for domestic crude or unfinished oils if such exchanges are otherwise lawful, are effected on a current basis and reported in advance to the Administrator, and if the domestic crude or unfinished oils are processed in the licensee's refinery or petrochemical plant. Canadian imports may only be exchanged for other Canadian imports, in which case the Canadian imports obtained in the exchange must be processed in the licensee's own facility."

3. Subparagraph (1) (i) of paragraph (a) of section 3 is amended to read as follows:

"(a)(1) Effective May 1, 1973, the Administrator shall, by regulation, establish a system of fees for licenses issued under allocations of imports of crude oil, unfinished oils, and finished products, over the above levels of imports established by section 2 of this proclamation. Such regulations shall require, among other appropriate provisions, that (i) with respect to imports, other than imports from Canada of motor gasoline and finished products, such fees shall be:

FEE SCHEDULE

(Cents per barrel)

	<u>May 1</u> <u>1973</u>	<u>Nov 1</u> <u>1973</u>	<u>May 1</u> <u>1974</u>	<u>Nov 1</u> <u>1974</u>	<u>May 1</u> <u>1975</u>	<u>Nov 1</u> <u>1975</u>
Crude	10.5	13.0	15.5	18.0	21.0	21.0
Natural Gas Products	10.5	13.0	15.5	18.0	21.0	21.0
Motor Gasoline	52.0	54.5	57.0	59.5	63.0	63.0
All other finished products and un- finished oils (except ethane, propane, butanes, and asphalt)	15.0	20.0	30.0	42.0	52.0	63.0

4. A new subparagraph, (4), is added to paragraph (a) of section 3 to read as follows:

"(4) Persons seeking to import natural gas products under a duly issued natural gas products license shall certify the country of origin to the appropriate customs officer at the port of entry. Such natural gas products may be commingled with crude oil or other unfinished oils for purposes of transportation and may be re-separated prior to importation or imported as a mixture; Provided, that the importer certifies the volume of natural gas products contained."

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5. Paragraph (b) of section 3 thereof, is amended by inserting a new sentence between the first and second sentences to read as follows: "In the event that such bond is terminated or the face value of the bond is reduced below the outstanding liability of licenses issued pursuant to the bond, the Administrator shall immediately revoke all licenses issued pursuant to the bond."

6. The fifth sentence of subparagraph (1) of paragraph (b) of section 4 is amended to read as follows: "Such allocations shall not exceed 75 percent of estimated refinery capacity or the percentage of petrochemical plant capacity applicable."

7. Subparagraphs (2), (3) and (4) of paragraph (g) of section 15 are amended to read as follows:

"(2) 'Gasoline' means a refined petroleum distillate, including naphtha, jet fuel, or other petroleum oils, (but not benzene which meets the ASTM distillation standards for nitration grade or cumene, ethylbenzene, isoprene, meta-xylene, ortho-xylene or para-xylene having a purity of 95 percent or more by weight) derived by refining or processing crude oil or unfinished oils, in whatever type of plant such refining or processing may occur, and having a boiling range at atmospheric pressure which falls completely or in part between 80° F and 400° F.

"(3) 'Kerosene' means any jet fuel, diesel fuel, fuel oil, or other petroleum oils derived by refining or processing crude oil or unfinished oils, in whatever type of plant such refining or processing may occur, which has a boiling range at atmospheric pressure which falls completely or in part between 400° F and 550° F.

"(4) 'Distillate fuel oil' means any fuel oil, gas oil, topped crude oil, or other petroleum oils (except refined petroleum wax) derived by refining or processing crude oil or unfinished oils, in whatever type of plant such refining or processing may occur, which has a boiling range at atmospheric pressure which falls completely or in part between 550° F and 1200° F."

8. Section 12 is amended to read as follows:

"12. Commitments and obligations contained in long term allocations heretofore made shall be unimpaired by this proclamation or regulations issued thereunder."

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-seventh day of September, in the year of our Lord nineteen hundred seventy-four, and of the Independence of the United States of America the one hundred ninety-ninth.

GERALD R. FORD

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September 28, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

ENLARGING THE BOUNDARIES OF THE
CABRILLO NATIONAL MONUMENT, CALIFORNIA

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

The Cabrillo National Monument in San Diego County, California, was established by Proclamation No. 1255 of October 14, 1913 (38 Stat. 1965), on approximately one-half acre of land that, along with other lands, had originally been set aside for military purposes in 1852. The monument was enlarged by Proclamation No. 3273 of February 2, 1959, and now is situated on approximately eighty and one-half acres of land. The present area of the monument is not adequate for the proper care and management of the historical landmarks and historical objects in the area and it has been determined that approximately fifty-six and six-tenths acres of land should be added to the monument site. That new land is contiguous to the monument site and constitutes a part of the lands set aside but no longer needed for military purposes.

The additional land is essential to the proper care and management of the historical landmarks and historical objects in the area, and it is in the public interest to redefine the boundaries of, and add those contiguous lands to the monument to preserve the historical landmarks and historical objects of the area.

Under section 2 of the act of June 8, 1906 (34 Stat. 225, 16 U.S.C. 431), the President is authorized "to declare by public proclamation historic landmarks, historic and prehistoric structures, and objects of historic or scientific interest that are situated upon the lands owned or controlled by the Government of the United States to be national monuments, and may reserve as a part thereof parcels of land, the limits of which in all cases shall be confined to the smallest area compatible with the proper care and management of the objects to be protected. The monument, as enlarged by this Proclamation, will be confined to the smallest area compatible with the protection and management of the objects to be protected.

NOW, THEREFORE, I, GERALD R. FORD, President of the United States of America, under and by virtue of the authority vested in me by section 2 of the act of Congress approved June 8, 1906, 34 Stat. 225 (16 U.S.C. 431), do hereby proclaim that, subject to valid existing rights, the lands owned or controlled by the United States within the following described lands are hereby added to and made a part of the Cabrillo National Monument:

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Parcel "B"

Beginning at the southwesterly corner of said United States Naval Submarine Support Facility also being the south-easterly corner of Cabrillo National Monument as shown on Y & D Drawing No. 1112775 on file in the Department of the Navy; thence northerly along the easterly boundary of said land the following courses and distances; North $0^{\circ} 03' 24''$ East 275.68 feet (record North $0^{\circ} 28' 25''$ West 275.14 feet); thence North $89^{\circ} 56' 36''$ West (record South $89^{\circ} 31' 35''$ West) 100.00 feet; thence North $0^{\circ} 03' 24''$ East (record North $0^{\circ} 28' 25''$ West) 275.30 feet; thence East (record North $89^{\circ} 31' 35''$ East) 100.00 feet; thence North $0^{\circ} 03' 24''$ East 762.96 feet to a point that is 140.45 feet from the northeast corner of said Cabrillo National Monument, said point being on the arc of a 1235.00-foot-radius curve concave northerly the center of which curve bears North $4^{\circ} 10' 54''$ East from said point; thence leaving said east line of Cabrillo National Monument easterly along the arc of said curve through a central angle of $23^{\circ} 50' 37''$ a distance of 513.94 feet to intersection with the hereinafter described mean high tide line; thence southerly along said mean high tide line the following courses and distances; South $15^{\circ} 18' 45''$ East 52.45 feet; thence South $0^{\circ} 09' 43''$ East 184.11 feet; thence South $10^{\circ} 40' 25''$ East 142.09 feet; thence South $3^{\circ} 24' 54''$ East 76.10 feet; thence South $5^{\circ} 02' 16''$ East 236.19 feet; thence South $10^{\circ} 54' 05''$ East 317.40 feet; thence South $18^{\circ} 24' 14''$ East 188.84 feet; thence South $5^{\circ} 35' 49''$ East 232.91 feet; thence South $15^{\circ} 11' 11''$ East 117.03 feet to intersection with the south line of said Submarine Support Facility which bears North $89^{\circ} 59' 37''$ East (record North $89^{\circ} 31' 35''$ East) from the Point of Beginning; thence leaving said mean high tide line South $89^{\circ} 59' 37''$ West along said South line 723.77 feet to the Point of Beginning, containing 18.92 acres, reserving from the hereinabove described property a parcel of land consisting of 1.60 acres being a right-of-way for road purposes over, along and across a strip of land 40.00 feet wide, 20.00 feet wide on each side of the following described centerline:

Commencing at a point on the easterly prolongation of the north line of the hereinbefore mentioned Cabrillo National Monument that bears South $89^{\circ} 56' 36''$ East 378.53 feet from the northeast corner of said monument; thence South $12^{\circ} 06' 18''$ East 105.96 feet to the True Point of Beginning of the herein described centerline, said point being on the arc of a 1235.00-foot-radius curve concave northerly the center of which bears North $14^{\circ} 34' 38''$ West from said True Point of Beginning; thence continuing South $12^{\circ} 06' 18''$ East 46.84 feet to the beginning of a tangent 91.35-foot-radius curve concave westerly; thence southerly along the arc of said curve through a central angle of $31^{\circ} 25' 40''$ a distance of 50.11 feet to the beginning of a tangent 59.49-foot-radius curve concave easterly; thence southerly along the arc of said curve through a central angle of $53^{\circ} 19' 25''$ a distance of 55.37 feet to the beginning of a tangent 130.00-foot-radius curve concave westerly; thence southerly along the arc of said curve through a central angle of $55^{\circ} 08' 06''$ a distance of 125.10 feet to a point of compound curvature with a 265.00-foot-radius curve; thence southwesterly along the arc of said curve through a central angle of $15^{\circ} 42' 44''$ a distance of 72.67 feet to the beginning of a tangent

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100.00-foot-radius curve concave easterly; thence southerly along the arc of said curve through a central angle of $42^{\circ} 28' 35''$ a distance of 74.14 feet to the beginning of a tangent 527.44-foot-radius curve concave westerly; thence southerly along the arc of said curve through a central angle of $17^{\circ} 56' 20''$ a distance of 165.14 feet; thence tangent to said curve South $12^{\circ} 18' 32''$ West 107.03 feet to the beginning of a tangent 500.00-foot-radius curve concave northwesterly; thence southwesterly along the arc of said curve through a central angle of $18^{\circ} 03' 54''$ a distance of 157.65 feet to a point of compound curvature with a 90.00-foot-radius curve concave northwesterly; thence southwesterly along the arc of said curve through a central angle of $40^{\circ} 10' 08''$ a distance of 63.10 feet to the beginning of a tangent 650.00-foot-radius curve concave southeasterly; thence southwesterly along the arc of said curve through a central angle of $10^{\circ} 38' 46''$ a distance of 120.78 feet to the beginning of a tangent 103.00-foot-radius curve concave northerly; thence westerly along the arc of said curve through a central angle of $55^{\circ} 43' 47''$ a distance of 100.18 feet to the beginning of a tangent 35.00-foot-radius curve concave southeasterly; thence westerly, southwesterly and southerly along the arc of said curve through a central angle of $150^{\circ} 30' 03''$ a distance of 91.94 feet to a point of compound curvature with a 100.00-foot-radius curve concave northeasterly; thence southeasterly along the arc of said curve through a central angle of $32^{\circ} 52' 30''$ a distance of 57.38 feet; thence tangent to said curve South $67^{\circ} 44' 58''$ East 116.12 feet to the beginning of a tangent 100.00-foot-radius curve concave southwesterly; thence southeasterly and southerly along the arc of said curve through a central angle of $65^{\circ} 07' 30''$ a distance of 113.66 feet; thence tangent to said curve South $2^{\circ} 37' 28''$ East 86.76 feet to the beginning of a tangent 310.00-foot-radius curve concave westerly; thence southerly along the arc of said curve through a central angle of $18^{\circ} 37' 46''$ a distance of 100.80 feet to the beginning of a tangent 45.00-foot-radius curve concave easterly; thence southerly along the arc of said curve through a central angle of $47^{\circ} 16' 43''$ a distance of 37.13 feet to a point on the south line of the hereinabove described property that bears North $89^{\circ} 59' 37''$ East 198.59 feet from the southwesterly corner thereof.

Parcel "C"

Commencing at the southeasterly corner of Cabrillo National Monument as described in Presidential Proclamation No. 3273 of the Federal Register of the United States in Volume 24, No. 25, dated February 5, 1959, which said southeasterly corner bears South $76^{\circ} 32' 50''$ East 761.20 feet from "Old Lighthouse" as shown on said Miscellaneous Map No. 129, the coordinates of which said "Old Lighthouse" are North 185,283.08 and East 1,695,308.57 (California Coordinate Grid System, Zone 6); thence along the boundary of said Cabrillo National Monument the following courses and distances North $89^{\circ} 52' 54''$ West 630.92 feet (record South $89^{\circ} 31' 35''$ West 630.37 feet); thence South $18^{\circ} 12' 58''$ West 8.45 feet (record South $17^{\circ} 40' 23''$ West 8.47 feet) to the beginning of a tangent 170.00-foot-radius curve

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concave easterly, thence southerly along the arc of said curve through a central angle of $64^{\circ} 00' 00''$ a distance of 189.89 feet; thence tangent to said curve South $45^{\circ} 47' 02''$ East (record South $46^{\circ} 19' 37''$ East) 137.50 feet; thence South $65^{\circ} 23' 10''$ West (record South $64^{\circ} 50' 35''$ West) 75.33 feet to the TRUE POINT OF BEGINNING of the herein described property; thence retracing the previously described five courses to said southeasterly corner of the Cabrillo National Monument; thence leaving said boundary North $89^{\circ} 59' 37''$ East 723.77 feet to intersection with the hereinafter described mean high tide line; thence southerly along said mean high tide line the following courses and distances; South $9^{\circ} 49' 16''$ West 91.09 feet; thence South $32^{\circ} 04' 12''$ West 136.56 feet; thence South $55^{\circ} 30' 44''$ West 137.21 feet; thence South $42^{\circ} 14' 59''$ West 236.92 feet; thence South $38^{\circ} 38' 57''$ West 90.26 feet; thence South $11^{\circ} 46' 39''$ West 80.90 feet; thence South $3^{\circ} 09' 21''$ East 168.16 feet; thence South $24^{\circ} 11' 43''$ East 113.20 feet; thence South $19^{\circ} 28' 08''$ East 131.55 feet; thence South $13^{\circ} 54' 17''$ East 125.70 feet; thence South $7^{\circ} 18' 41''$ West 53.88 feet to intersection with a line that bears South $48^{\circ} 13' 47''$ East 1305.76 feet from the True Point of Beginning; thence North $48^{\circ} 13' 47''$ West 1305.76 feet to the True Point of Beginning, containing 17.44 acres, EXCEPTING from the hereinabove described property a parcel of land consisting of 1.12 acres being a right-of-way for road purposes over, along and across a strip of land 40.00 feet wide, 20.00 feet wide on each side of the following described centerline: Beginning at a point on the North Line of the hereinabove described property that is North $89^{\circ} 59' 37''$ East 198.59 feet from the hereinbefore mentioned southeasterly corner of Cabrillo National Monument; thence South $31^{\circ} 16' 30''$ East 12.15 feet to the beginning of a tangent 55.00-foot-radius curve concave southwesterly; thence southerly along the arc of said curve through a central angle of $28^{\circ} 36' 30''$ a distance of 27.46 feet to a point of compound curvature with a 330.00-foot-radius curve concave westerly; thence southerly along the arc of said curve through a central angle of $20^{\circ} 23' 45''$ a distance of 117.47 feet to a point of compound curvature with a 75.00-foot-radius curve concave northwesterly; thence southwesterly and westerly along the arc of said curve through a central angle of $69^{\circ} 08' 46''$ a distance of 90.51 feet; thence tangent to said curve South $86^{\circ} 52' 31''$ West 108.37 feet to the beginning of a tangent 95.00-foot-radius curve concave northerly; thence westerly along the arc of said curve through a central angle of $32^{\circ} 17' 15''$ a distance of 53.53 feet to a point of reverse curvature with a 60.00-foot-radius curve concave southerly; thence westerly along the arc of said curve through a central angle of $70^{\circ} 16' 58''$ a distance of 73.60 feet to a point of compound curvature with a 25.00-foot-radius curve concave easterly; thence southerly along the arc of said curve through a central angle of $61^{\circ} 22' 48''$ a distance of 26.78 feet to a point of compound curvature with a 175.00-foot-radius curve concave northeasterly; thence southeasterly along the arc of said curve through a central angle of $54^{\circ} 07' 46''$ a distance of 165.33 feet; thence tangent to said curve South $66^{\circ} 37' 46''$ East 88.66 feet to the beginning of a tangent 60.00-foot-radius curve concave southwesterly; thence southeasterly along the arc of said curve through a central angle of $49^{\circ} 38' 15''$ a distance of 51.98 feet

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to a point of compound curvature with a 90.00-foot-radius curve concave westerly; thence southerly along the arc of said curve through a central angle of $45^{\circ} 28' 13''$ a distance of 71.42 feet; thence tangent to said curve South $28^{\circ} 28' 42''$ West 110.68 feet to the beginning of a tangent 400.00-foot-radius curve concave southeasterly; thence southwesterly along the arc of said curve through a central angle of $8^{\circ} 05' 11''$ a distance of 56.45 feet to a point of compound curvature with a 60.00-foot-radius curve concave easterly; thence southerly along the arc of said curve through a central angle of $31^{\circ} 49' 13''$ a distance of 33.32 feet to a point of reverse curvature with a 125.00-foot-radius curve concave northwesterly; thence southwesterly along the arc of said curve through a central angle of $60^{\circ} 35' 53''$ a distance of 132.20 feet to a point of intersection with the southwesterly line of the hereinbefore described parcel of land that bears South $48^{\circ} 13' 47''$ East 729.88 feet from the True Point of Beginning thereof.

The sidelines of said easement are to be prolonged or shortened so as to terminate on the North in the North boundary line of the hereinbefore described land and to terminate on the southwest in the southwesterly boundary line of the hereinbefore described land.

Parcel "D"

Beginning at a Point in the South boundary line of the Cabrillo National Monument as described in Presidential Proclamation No. 3273 of the Federal Register of the United States in Volume 24, No. 25, dated February 5, 1959, which said point bears South $78^{\circ} 47' 06''$ West 895.86 feet from "Old Lighthouse" as shown on said Miscellaneous Map No. 129, the coordinates of which said "Old Lighthouse" are North 185,283.08 and East 1,695,308.57 (California Coordinate Grid System, Zone 6), said point being on the arc of a 1030.00-foot-radius curve concave southwesterly, the center of which curve bears South $77^{\circ} 34' 55''$ West from said point, said curve being the easterly right-of-way line of an easement 60.00 feet wide for road purposes as granted to the City of San Diego by deed recorded September 20, 1960, as file/page No. 188998 in Book 1960 of Official Records; thence easterly and southerly along the boundary of said Cabrillo National Monument the following courses and distances; South $89^{\circ} 56' 07''$ East 563.40 feet; thence South $0^{\circ} 04' 00''$ West 409.95 feet (record South $0^{\circ} 28' 25''$ East 410.00 feet); thence South $89^{\circ} 55' 50''$ East (record North $89^{\circ} 31' 35''$ East) 278.27 feet; thence North $65^{\circ} 23' 10''$ East (record North $64^{\circ} 50' 35''$ East) 37.39 feet; thence leaving said Cabrillo National Monument boundary South $23^{\circ} 35' 52''$ West 1395.70 feet to a point on the easterly right-of-way line of the hereinabove described 60.00 feet wide easement for road granted to the City of San Diego, which point bears North $87^{\circ} 33' 30''$ East (record North $87^{\circ} 01' 06''$ East) radially 30.00 feet from the northeasterly terminus of a 101.88-foot-radius curve described to said easement; thence South $87^{\circ} 33' 30''$ West along said radial line 60.00 feet to the westerly right-of-way line of said easement; thence southerly, southwesterly, westerly, northwesterly and northerly along

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said right-of-way line the following courses and distances; southerly, southwesterly, westerly and northwesterly along the arc of a 71.88-foot-radius curve concave northerly that is concentric with the hereinbefore mentioned 101.88-foot-radius curve through a central angle of $162^{\circ} 48' 38''$ a distance of 204.25 feet; thence tangent to said curve North $19^{\circ} 37' 52''$ West 154.68 feet (record North $20^{\circ} 10' 16''$ West 154.54 feet) to the beginning of a tangent 235.23-foot-radius curve (record 235.00-foot-radius curve) concave easterly; thence northerly along the arc of said curve through a central angle of $37^{\circ} 45' 00''$ a distance of 154.98 feet; thence tangent to said curve North $18^{\circ} 07' 08''$ East 100.12 feet (record North $17^{\circ} 34' 44''$ East 100.02 feet) to the beginning of a tangent 330.20-foot-radius curve (record 330.00-foot-radius curve) concave westerly; thence northerly along the arc of said curve through a central angle of $22^{\circ} 58' 46''$ (record $22^{\circ} 58' 31''$) a distance of 132.43 feet; thence tangent to said curve North $4^{\circ} 51' 38''$ West 1049.96 feet (record North $5^{\circ} 23' 47''$ West 1050.15 feet) to the beginning of a tangent 1030.00-foot-radius curve, the center of which curve is hereinbefore mentioned as bearing South $77^{\circ} 34' 55''$ West from the Point of Beginning of this description; thence northerly along the arc of said curve through a central angle of $7^{\circ} 33' 27''$ a distance of 135.86 feet to the Point of Beginning, containing 20.20 acres.

The withdrawal order of February 26, 1852, is hereby revoked as to the lands described above.

The lands added to the monument by this Proclamation are hereby transferred from the jurisdiction of the Department of the Navy to the jurisdiction of the Department of the Interior, and Proclamation No. 1255 establishing, and Proclamation No. 3273 enlarging, the Cabrillo National Monument are amended accordingly.

Warning is hereby expressly given to all unauthorized persons not to appropriate, injure, destroy, deface, or remove any feature of this monument and not to locate or settle upon any of the lands reserved by this Proclamation.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-eighth day of September, in the year of our Lord nineteen hundred seventy-four, and of the Independence of the United States of America the one hundred ninety-ninth.

GERALD R. FORD

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SEPTEMBER 28, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

The President announced today the formation of a new Economic Policy Board which will oversee the formulation, coordination and implementation of all economic policy, and named Secretary of the Treasury, William E. Simon, as chairman.

Secretary Simon will act as the principal spokesman for the Executive Branch on matters of economic policy. The new Board will be the focal point for economic policy decision-making, both domestic and international. Secretary Simon will also chair an Executive Committee of the Board which will meet daily.

The President also announced the appointment of L. William Seidman as Assistant to the President for Economic Affairs. In addition to a wide range of other duties, Mr. Seidman will serve as a member and Executive Director of the Economic Policy Board and its Executive Committee. In his new roles, Mr. Seidman will be responsible for coordinating the implementation of economic policy and providing liaison with the Presidential staff and with other governmental activities.

Secretary Simon and Mr. Seidman will have responsibility for ensuring that there is adequate coordination among existing and proposed committees relating to economic policy. Secretary Simon will serve as Chairman, and Mr. Seidman as Deputy Chairman, of the Council on Wage and Price Stability as well as the Council on International Economic Policy, the National Advisory Council on International Economic Policy, the National Advisory Council on International Monetary and Financial Policies, and the President's Committee on East-West Trade Policy.

The other members of the Economic Policy Board will be:

Secretary of State Henry A. Kissinger
Secretary of the Interior Rogers C. B. Morton
Secretary of Agriculture Earl L. Butz
Secretary of Commerce Frederick B. Dent
Secretary of Labor Peter J. Brennan
Secretary of Health, Education, and Welfare Caspar W. Weinberger
Secretary of Housing and Urban Development James T. Lynn
Secretary of Transportation Claude S. Brinegar
Director of the Office of Management and Budget Roy L. Ash
Chairman of the Council of Economic Advisers Alan Greenspan
Executive Director of the Council on International Economic Policy
William D. Eberle

Mr. Greenspan, Mr. Eberle, and a senior member of the Office of Management and Budget, will serve as member of the Executive Committee. Dr. Arthur F. Burns, Chairman of the Federal Reserve Board, will attend both Board and Executive Committee meetings when appropriate.

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October 1, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

EXECUTIVE ORDER

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ESTABLISHING THE PRESIDENT'S ECONOMIC POLICY
BOARD, AND FOR OTHER PURPOSES

By virtue of the authority vested in me by the Constitution and laws of the United States, it is hereby ordered as follows:

Section 1. There is hereby established the President's Economic Policy Board (hereinafter referred to as the Board).

Sec. 2. The Board shall consist of the Secretary of the Treasury, who shall be its Chairman, the Assistant to the President for Economic Affairs, the Secretary of State, the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, the Secretary of Transportation, the Director of the Office of Management and Budget, the Chairman of the Council of Economic Advisers, and the Executive Director of the Council on International Economic Policy. The Chairman of the Board of Governors of the Federal Reserve System is invited to attend meetings of the Board.

Sec. 3. The Economic Policy Board shall provide advice to the President concerning all aspects of national and international economic policy, will oversee the formulation, coordination, and implementation of all economic policy of the United States, and will serve as the focal point for economic policy decision-making. The Chairman of the Board shall act as the principal spokesman for the Executive Branch on matters of economic policy.

Sec. 4. (a) There is hereby established the Executive Committee of the Board. The Executive Committee shall consist of the Secretary of the Treasury, who shall be its Chairman, the Assistant to the President for Economic Affairs, the Director of the Office of Management and Budget, the Chairman of the Council of Economic Advisers, and the Executive Director of the Council on International Economic Policy. The Chairman of the Board of Governors of the Federal Reserve System is invited to attend meetings of the Executive Committee.

(b) The Executive Committee shall meet daily to consider matters involving responsibilities of the Board.

Sec. 5. The Assistant to the President for Economic Affairs shall be the Executive Director of the Board and of the Executive Committee, and, as such, shall be responsible for coordinating the implementation of economic policy and providing liaison with the Presidential staff and with other Governmental activities.

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Sec. 6. (a) The Secretary of the Treasury shall be a member of the Council on Wage and Price Stability and be its Chairman. The Assistant to the President for Economic Affairs shall be a member of the Council and be its Deputy Chairman.

(b) The Secretary of the Treasury shall be the Chairman of the Council on International Economic Policy. The Assistant to the President for Economic Affairs shall be a member of that Council and be its Deputy Chairman.

(c) Section 1(b) of Executive Order No. 11269, as amended (prescribing the composition of the National Advisory Council on International Monetary and Financial Policies), is further amended by inserting after "the Secretary of the Treasury, who shall be Chairman of the Council," the following "the Assistant to the President for Economic Affairs, who shall be Deputy Chairman of the Council,".

(d) (1) Section 1 of Executive Order No. 11789 (prescribing the composition of the President's Committee on East-West Trade Policy) is amended to read as follows:

"(1) The Assistant to the President for Economic Affairs."

(2) Section 2 of that Order is amended to read as follows:

"Sec. 2. The Secretary of the Treasury shall be the Chairman of the Committee, and the Assistant to the President for Economic Affairs shall be its Deputy Chairman."

Sec. 7. All departments and agencies shall cooperate with the Board, including the Executive Committee thereof, and shall, to the extent permitted by law, provide it with such assistance and information as the Chairman or the Executive Director of the Board may request.

GERALD R. FORD

THE WHITE HOUSE,
September 30, 1974

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October 1, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

EXECUTIVE ORDER

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CONTINUING THE REGULATION OF EXPORTS

By virtue of the authority vested in the President by the Constitution and statutes of the United States, including section 5(b) of the act of October 6, 1917, as amended (12 U.S.C. 95a), and in view of the continued existence of the national emergencies declared by Proclamation No. 2914 of December 16, 1950, and Proclamation No. 4074 of August 15, 1971, and the importance of continuing (a) to exercise the necessary vigilance over exports from the standpoint of their significance to the national security of the United States; (b) to further significantly the foreign policy of the United States and to aid in fulfilling its international responsibilities; and (c) to protect the domestic economy from the excessive drain of scarce materials and reduce the serious inflationary impact of abnormal foreign demand, it is hereby ordered:

Section 1. Notwithstanding the expiration of the Export Administration Act of 1969, as amended, the provisions for administration of that act contained in Executive Order No. 11533 of June 4, 1970 as continued in effect by Executive Order No. 11683 of August 29, 1972, shall continue in full force and effect and shall authorize the exercise and administration of export controls, under the authority vested in me as President of the United States by section 5(b) of the act of October 6, 1917, as amended (12 U.S.C. 95a).

Sec. 2. Except to the extent another basis is provided in the second sentence of section 3 of this Order, all rules and regulations issued by the Secretary of Commerce, published in title 15, chapter III, subchapter B, of the Code of Federal Regulations, parts 368 to 399 inclusive, and all orders, regulations, licenses and other forms of administrative action issued or taken pursuant thereto, shall until amended or revoked by the Secretary of Commerce, remain in full force and effect, the same as if issued or taken pursuant to this Order, except that the maximum fine which may be imposed under part 387.1(a)(1) shall not exceed \$10,000 and that the civil penalty provided for under part 387.1(b)(3) will not be applicable to any violation of the regulations under this Order.

Sec. 3. The delegations of authority in this Order shall not affect the authority of any agency or official pursuant to any other delegation of Presidential authority, presently in effect or hereafter made, under section 5(b) of the act of October 6, 1917, as amended. Those regulations

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issued under the Export Control Act of 1949, as amended, to implement foreign policy set forth in Executive Orders Nos. 11322 of January 5, 1967 and 11419 of July 29, 1968, shall until amended or revoked by the Secretary of Commerce continue to apply as regulations issued under such orders.

GERALD R. FORD

THE WHITE HOUSE,
September 30, 1974



FOR IMMEDIATE RELEASE

OCTOBER 3, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

The President today announced his intention to nominate Paul H. O'Neill, of Fairfax, Virginia, to be Deputy Director of the Office of Management and Budget. This will be the first time that this position will be filled by a nomination to the Senate. He succeeds Frederick V. Malek who was appointed February 2, 1973, and whose resignation was accepted on August 12, 1974.

Since 1973, Mr. O'Neill has served as Associate Director for Human and Community Affairs for the Office of Management and Budget. In 1971, he became Assistant Director of the Office of Management and Budget for Human Resources and General Government Programs after having served as Chief of the Human Resources Programs Division. From 1969 to 1970, he was Associate Division Director for Program Coordination in the Office of Management and Budget. He was Budget Examiner for the United States Bureau of the Budget from 1967 to 1969. From 1961 to 1966 he was a Systems Analyst with the Veterans Administration.

He was born on December 4, 1935, in St. Louis, Missouri, and received his B.A. degree from Fresno State College. He received his M.B.A. from Indiana University in 1966. He also did graduate work at Claremont Graduate School and George Washington University.

Mr. O'Neill is married to the former Nancy Jo Wolfe and they have four children. They reside in Fairfax, Virginia.

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FOR IMMEDIATE RELEASE

OCTOBER 7, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

EXECUTIVE ORDER

ADJUSTING RATES OF PAY FOR CERTAIN STATUTORY PAY SYSTEMS

By virtue of the authority vested in me by subchapter I of chapter 53 of title 5 of the United States Code, it is hereby ordered as follows:

General Schedule

Section 1. The rates of basic pay in the General Schedule contained in section 5332(a) of title 5 of the United States Code are adjusted as follows:

"GENERAL SCHEDULE

Grade	Annual rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1	\$5,294	\$5,470	\$5,646	\$5,822	\$5,998	\$6,174	\$6,350	\$6,526	\$6,702	\$6,878
GS-2	5,996	6,196	6,396	6,596	6,796	6,996	7,196	7,396	7,596	7,796
GS-3	6,764	6,989	7,214	7,439	7,664	7,889	8,114	8,339	8,564	8,789
GS-4	7,596	7,849	8,102	8,355	8,608	8,861	9,114	9,367	9,620	9,873
GS-5	8,500	8,783	9,066	9,349	9,632	9,915	10,198	10,481	10,764	11,047
GS-6	9,473	9,789	10,105	10,421	10,737	11,053	11,369	11,685	12,001	12,317
GS-7	10,520	10,871	11,222	11,573	11,924	12,275	12,626	12,977	13,328	13,679
GS-8	11,640	12,028	12,416	12,804	13,192	13,580	13,968	14,356	14,744	15,132
GS-9	12,841	13,269	13,697	14,125	14,553	14,981	15,409	15,837	16,265	16,693
GS-10	14,117	14,588	15,059	15,530	16,001	16,472	16,943	17,414	17,885	18,356
GS-11	15,481	15,997	16,513	17,029	17,545	18,061	18,577	19,093	19,609	20,125
GS-12	18,463	19,078	19,693	20,308	20,923	21,538	22,153	22,768	23,383	23,998
GS-13	21,816	22,543	23,270	23,997	24,724	25,451	26,178	26,905	27,632	28,359
GS-14	25,581	26,434	27,287	28,140	28,993	29,846	30,699	31,552	32,405	33,258
GS-15	29,818	30,812	31,806	32,800	33,794	34,788	35,782	36,776*	37,770*	38,764*
GS-16	34,607	35,761	36,915*	38,069*	39,223*	40,377*	41,531*	42,685*	43,839*	
GS-17	40,062*	41,397*	42,732*	44,067*	45,402*					
GS-18	46,336*									

"*The rate of basic pay for employees at these rates is limited by section 5308 of title 5 of the United States Code to the rate for level V of the Executive Schedule (as of the effective date of this pay adjustment, \$36,000)."



Schedules for the Department of Medicine and Surgery
of the Veterans' Administration

Sec. 2. The schedules contained in section 4107 of title 38 of the United States Code, for certain positions within the Department of Medicine and Surgery of the Veterans' Administration, are adjusted as follows:

"Section 4103 Schedule

"Associate Deputy Chief Medical Director, at the annual rate provided in section 5316 of title 5 of the United States Code for positions in level V of the Executive Schedule.

"Assistant Chief Medical Director, \$46,336*.

"Medical Director, \$40,062 minimum* to \$45,402 maximum*.

"Director of Nursing Service, \$40,062 minimum* to \$45,402 maximum*.

"Director of Chaplain Service, \$34,607 minimum to \$43,839 maximum*.

"Director of Pharmacy Service, \$34,607 minimum to \$43,839 maximum*.

"Director of Dietetic Service, \$34,607 minimum to \$43,839 maximum*.

"Director of Optometry, \$34,607 minimum to \$43,839 maximum*.

"*The salary for employees at these rates is limited by section 5308 of title 5 of the United States Code to the rate for level V of the Executive Schedule (as of the effective date of this pay adjustment, \$36,000).



"Physician and Dentist Schedule

- "Director grade, \$34,607 minimum to \$43,839 maximum*.
- "Executive grade, \$32,129 minimum to \$41,768 maximum*.
- "Chief grade, \$29,818 minimum to \$38,764 maximum*.
- "Senior grade, \$25,581 minimum to \$33,258 maximum.
- "Intermediate grade, \$21,816 minimum to \$28,359 maximum.
- "Full grade, \$18,463 minimum to \$23,998 maximum.
- "Associate grade, \$15,481 minimum to \$20,125 maximum.

"Nurse Schedule

- "Director grade, \$29,818 minimum to \$38,764 maximum*.
- "Assistant Director grade, \$25,581 minimum to \$33,258 maximum.
- "Chief grade, \$21,816 minimum to \$28,359 maximum.
- "Senior grade, \$18,463 minimum to \$23,998 maximum.
- "Intermediate grade, \$15,481 minimum to \$20,125 maximum.
- "Full grade, \$12,841 minimum to \$16,693 maximum.
- "Associate grade, \$11,070 minimum to \$14,391 maximum.
- "Junior grade, \$9,473 minimum to \$12,317 maximum.

"*The salary for employees at these rates is limited by section 5308 of title 5 of the United States Code to the rate for level V of the Executive Schedule (as of the effective date of this pay adjustment, \$36,000)."



Foreign Service Schedules

Sec. 3. (a). The per annum salaries of Foreign Service officers in the schedule contained in section 412 of the Foreign Service Act of 1946, as amended (22 U.S.C. 867), are adjusted as follows:

"Class 1	\$43,851*	\$45,313*	\$46,336*	-----	-----	-----	-----
Class 2	34,373	35,519	36,665*	\$37,811*	\$38,957*	\$40,103*	\$41,249*
Class 3	27,221	28,128	29,035	29,942	30,849	31,756	32,663
Class 4	21,816	22,543	23,270	23,997	24,724	25,451	26,178
Class 5	17,726	18,317	18,908	19,499	20,090	20,681	21,272
Class 6	14,628	15,116	15,604	16,092	16,580	17,068	17,556
Class 7	12,285	12,695	13,105	13,515	13,925	14,335	14,745
Class 8	10,520	10,871	11,222	11,573	11,924	12,275	12,626

"*The salary for employees at those rates is limited by section 5308 of title 5 of the United States Code to the rate for level V of the Executive Schedule (as of the effective date of this pay adjustment, \$36,000)."

(b). The per annum salaries of staff officers and employees in the schedule contained in section 415 of the Foreign Service Act of 1946, as amended (22 U.S.C. 870(a)), are adjusted as follows:

"Class 1	\$27,221	\$28,128	\$29,035	\$29,942	\$30,849	\$31,756	\$32,663	\$33,570	\$34,477	\$35,384
Class 2	21,816	22,543	23,270	23,997	24,724	25,451	26,178	26,905	27,632	28,359
Class 3	17,726	18,317	18,908	19,499	20,090	20,681	21,272	21,863	22,454	23,045
Class 4	14,628	15,116	15,604	16,092	16,580	17,068	17,556	18,044	18,532	19,020
Class 5	13,114	13,551	13,988	14,425	14,862	15,299	15,736	16,173	16,610	17,047
Class 6	11,758	12,150	12,542	12,934	13,326	13,718	14,110	14,502	14,894	15,286
Class 7	10,541	10,892	11,243	11,594	11,945	12,296	12,647	12,998	13,349	13,700
Class 8	9,450	9,765	10,080	10,395	10,710	11,025	11,340	11,655	11,970	12,285
Class 9	8,473	8,755	9,037	9,319	9,601	9,883	10,165	10,447	10,729	11,011
Class 10	7,596	7,849	8,102	8,355	8,608	8,861	9,114	9,367	9,620	9,873."



Salary Limitation

Sec. 4. Notwithstanding the rates of basic pay or salaries established by sections 1, 2, and 3 of this order, under section 5308 of title 5 of the United States Code no rate of basic pay or salary may be paid which is in excess of the rate now or hereafter provided for level V of the Executive Schedule.

Prior Orders Superseded

Sec. 5. The following orders are hereby superseded:

- (1) Executive Order No. 11413 of June 11, 1968;
- (2) Executive Order No. 11474 of June 16, 1969;
- (3) Executive Order No. 11524 of April 15, 1970;
- (4) Executive Order No. 11576 of January 8, 1971;
- (5) Executive Order No. 11637 of December 22, 1971;
- (6) Executive Order No. 11691 of December 15, 1972,
as amended; and
- (7) Executive Order No. 11739 of October 3, 1973.

Effective Date

Sec. 6. This order shall take effect as of the first day of the first applicable pay period beginning on or after October 1, 1974.

GERALD R. FORD

THE WHITE HOUSE,
October 7, 1974



FOR IMMEDIATE RELEASE

OCTOBER 8, 1974

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

ADDRESS OF THE PRESIDENT
TO THE
JOINT SESSION OF CONGRESS

THE HOUSE CHAMBER

4:02 P.M. EDT

Mr. Speaker, Mr. President, distinguished guests, my very dear friends:

In his first inaugural address, President Franklin Roosevelt said, and I quote: "The people of the United States have not failed...They want direct, vigorous action, and they have asked for discipline and direction under our leadership."

Today, though our economic difficulties do not approach the emergency of 1933, the message from the American people is exactly the same. I trust that you are getting the very same message that I am receiving: Our constituents want leadership, our constituents want action.

All of us have heard much talk on this very floor about Congress recovering its rightful share of national leadership. I now intend to offer you that chance.

The 73rd Congress responded to FDR's appeal in five days. I am deeply grateful for the cooperation of the 93rd Congress and the Conference on Inflation, which ended ten days ago.

Mr. Speaker, many -- but not all -- of your recommendations on behalf of your party's Caucus are reflected in some of my proposals here today. The distinguished Majority Leader of the Senate offered a nine-point program.

I seriously studied all of them and adopted some of his suggestions.

I might add, I have also listened very hard to many of our former colleagues in both bodies and of both the majority and the minority, and have been both persuaded and dissuaded. But in the end I had to make the decision, I had to decide, as each of you do, when the rollcall is called.

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(OVER)



I will not take your time today with the discussion of the origins of inflation and its bad effect on the United States, but I do know where we want to be in 1976 on the 200th birthday of a United States of America that has not lost its way, nor its will, nor its sense of national purpose.

During the meetings on inflation, I listened carefully to many valuable suggestions. Since the summit, I have evaluated literally hundreds of ideas, day and night.

My conclusions are very simply stated. There is only one point on which all advisers have agreed: We must whip inflation right now.

None of the remedies proposed, great or small, compulsory or voluntary, stands a chance unless they are combined in a considered package, in a concerted effort, in a grand design.

I have reviewed the past and the present efforts of our Federal Government to help the economy. They are simply not good enough, nor sufficiently broad, nor do they pack the punch that will turn America's economy on.

A stable American economy cannot be sustained if the world's economy is in chaos. International cooperation is absolutely essential and vital, but while we seek agreements with other nations, let us put our own economic house in order.

Today, I have identified ten areas for our joint action, the Executive and the Legislative Branches of our Government.

Number One: Food.

America is the world's champion producer of food. Food prices and petroleum prices in the United States are primary inflationary factors.

America today partially depends on foreign sources for petroleum, but we can grow more than enough food for ourselves.

MORE



To halt higher food prices, we must produce more food, and I call upon every farmer to produce the full capacity. And I say to you and to the farmers, they have done a magnificent job in the past, and we should be eternally grateful.

This Government, however, will do all in its power to assure him, that farmer, he can sell his entire yield at reasonable prices. Accordingly, I ask the Congress to remove all remaining acreage limitations on rice, peanuts, and cotton.

I also assure America's farmer here and now that I will allocate all the fuel and ask authority to allocate all the fertilizer they need to do this essential job.

Agricultural marketing orders and other Federal regulations are being reviewed to eliminate or modify those responsible for inflated prices.

I have directed our new Council on Wage and Price Stability to find and to expose all restrictive practices, public or private, which raise food prices. The Administration will also monitor food production, margins, pricing, and exports.

We can and we shall have an adequate supply at home, and through cooperation, meet the needs of our trading partners abroad.

Over this past weekend we initiated a voluntary program to monitor grain exports. The Economic Policy Board will be responsible for determining the policy under this program.

In addition, in order to better allocate our supplies for export, I ask that a provision be added to Public Law 480 under which we ship food to the needy and friendly countries. The President needs authority to waive certain of the restrictions on shipments based on national interest or humanitarian grounds

Number Two: Energy.

America's future depends heavily on oil, gas, coal, electricity, and other resources called energy. Make no mistake, we do have a real energy problem.

MORE



One-third of our oil -- 17 percent of America's total energy -- now comes from foreign sources that we cannot control, at high cartel prices costing you and me \$16 billion -- \$16 billion more than just a year ago.

A primary solution has to be at home. If you have forgotten the shortages of last winter, most Americans have not.

I have ordered today the reorganization of our national energy effort in the creation of a National Energy Board. It will be chaired with developing, or I should say charged with developing a single national energy policy and program. And I think most of you will be glad to know that our former colleague, Rog Morton, our Secretary of Interior, will be the overall boss of our national energy program.

Rog Morton's marching orders are to reduce imports of foreign oil by one million barrels per day by the end of 1975, whether by savings here at home, or by increasing our own sources.

Secretary Morton, along with his other responsibility, is also charged with increasing our domestic energy supply by promptly utilizing our coal resources and expanding recovery of domestic oil still in the grounds in old wells.

New legislation will be sought after your recess to require use of cleaner coal processes and nuclear fuel in new electric plants and the quick conversion of existing oil plants.

I propose that we, together, set a target date of 1980 for eliminating oil-fired plants from the Nation's base-loaded electrical capacity.

I will use the Defense Production Act to allocate scarce materials for energy development, and I will ask you, the House and Senate, for whatever amendments prove necessary.

I will meet with top management of the automobile industry to assure, either by agreement or by law, a firm program aimed at achieving a 40 percent increase in gasoline mileage within a four-year development deadline.

MORE



Priority legislation -- action, I should say -- to increase energy supply here at home requires the following:

One, long-sought deregulation of natural gas supplies.

Number two, responsible use of our Naval petroleum reserves in California and Alaska.

Number three, amendments to the Clean Air Act, and

Four, passage of surface mining legislation to insure an adequate supply with common-sense environmental protection.

Now, if all of these steps fail to meet our current energy saving goals, I will not hesitate to ask for tougher measures. For the long range, we must work harder on coal gasification. We must push with renewed vigor and talent research in the use of nonfossil fuels. The power of the atom, the heat of the sun and the steam stored deep in the earth, the force of the winds and water, must be main sources of energy for our grandchildren, and we can do it.

Number Three: Restrictive Practices.

To increase productivity and contain prices, we must end restrictive and costly practices, whether instituted by Government, industry, labor or others. And I am determined to return to the vigorous enforcement of antitrust laws.

The Administration will zero in on more effective enforcement of laws against price fixing and bid rigging. For instance, non-competitive professional fee schedules and real estate settlement fees must be eliminated. Such violations will be prosecuted by the Department of Justice to the full extent of the law.

Now I ask Congress for prompt authority to increase maximum penalties for antitrust violations from \$50,000 to \$1 million for corporations, and from \$50,000 to \$100,000 for individual violators.

MORE



At the Conference on Inflation, we found, I would say, very broad agreement that the Federal Government imposes too many hidden and too many inflationary costs on our economy. As a result, I propose a four-point program aimed at a substantial purging process.

Number one, I have ordered the Council on Wage and Price Stability to be the watchdog over inflationary costs of all Governmental actions.

Two, I ask the Congress to establish a National Commission on Regulatory Reform to undertake a long overdue total re-examination of the independent regulatory agencies. It will be a joint effort by the Congress, the Executive Branch and the private sector to identify and eliminate existing Federal rules and regulations that increase costs to the consumer without any good reason in today's economic climate.

Three, hereafter, I will require that all major legislative proposals, regulations and rules emanating from the Executive Branch of the Government will include an Inflation Impact Statement that certifies we have carefully weighed the effect on the Nation. I respectfully request that the Congress require a similar advance Inflation Impact Statement for its own legislative initiatives.

Finally, I urge State and local units of government to undertake similar programs to reduce inflationary effects of their regulatory activities.

At this point I thank the Congress for recently revitalizing the National Commission on Productivity and Work Quality. It will initially concentrate on problems of productivity in Government -- Federal, State and local.

Outside of Government, it will develop meaningful blueprints for labor-management cooperation at the plant level. It should look particularly at the construction and the health service industries.

The Council on Wage and Price Stability will, of course, monitor wage and price increases in the private sector. Monitoring will include public hearings to justify either price or wage increases. I emphasize, in fact re-emphasize, that this is not a compulsory wage and price control agency.

Now, I know many Americans see Federal controls as the answer, but I believe from past experience controls show us that they never really stop inflation, not the last time, not even during and immediately after World War II, when, as I recall, prices rose despite severe and enforceable wartime rationing.

MORE



Now, peacetime controls actually, we know from recent experience, create shortages, hamper production, stifle growth and limit jobs. I do not ask for such powers, however politically tempting, as such a program could cause the fixer and the black marketeer to flourish, while decent citizens face empty shelves and stand in long waiting lines.

Number Four: We Need More Capital.

We cannot "eat our seed corn." Our free enterprise system depends on orderly capital markets through which the savings of our people become productively used. Today, our capital markets are in total disarray. We must restore their vitality. Prudent monetary restraint is essential.

You and the American people should know, however, that I have personally been assured by the Chairman of the Independent Federal Reserve Board, that the supply of money and credit will expand sufficiently to meet the needs of our economy and that in no event will a credit crunch occur.

The prime lending rate is going down. To help industry to buy more machines and create more jobs, I am recommending a liberalized 10 percent investment tax credit. This credit should be especially helpful to capital-intensive industries, such as primary metals, public utilities, where capacity shortages have developed.

I am asking Congress to enact tax legislation to provide that all dividends on preferred stocks issued for cash be fully deductible by the issuing company. This should bring in more capital, especially for energy-producing utilities. It will also help other industries shift from debt to equity, providing a sounder capital structure.

Capital gains tax legislation must be liberalized as proposed by the tax reform bill currently before the Committee on Ways and Means. I endorse this approach and hope that it will pass promptly.

Number Five: Helping The Casualties.

And this is a very important part of the overall speech. The Conference on Inflation made everybody even more aware of who is suffering most from inflation. Foremost are those who are jobless through no fault of their own.

MORE



Three weeks ago, I released funds which, with earlier actions, provide public service employment for some 170,000 who need work. I now propose to the Congress a two-step program to augment this action.

First, 13 weeks of special unemployment insurance benefits would be provided to those who have exhausted their regular and extended unemployment insurance benefits, and 26 weeks of special unemployment insurance benefits to those who qualify but are not now covered by regular unemployment insurance programs.

Funding in this case would come from the general treasury, not from taxes on employers, as is the case with the established unemployment program.

Second, I ask the Congress to create a brand new Community Improvement Corps to provide work for the unemployed through short-term useful work projects to improve, beautify and enhance the environment of our cities, our towns and our countryside.

This standby program would come alive whenever unemployment exceeds 6 percent nationally. It would be stopped when unemployment drops below 6 percent. Local labor markets would each qualify for grants whenever their unemployment rate exceeds 6.5 percent.

State and local government contractors would supervise these projects and could hire only those who had exhausted their unemployment insurance benefits. The goal of this new program is to provide more constructive work for all Americans, young or old, who cannot find a job.

The purpose really follows this formula. Short-term problems require short-term remedies. I therefore request that these programs be for a one-year period.

Now, I know that low- and middle-income Americans have been hardest hit by inflation. Their budgets are most vulnerable because a larger part of their income goes for the highly inflated costs of food, fuel and medical care.

The tax reform bill now in the House Committee on Ways and Means, which I favor, already provides approximately \$1.6 billion of tax relief to these groups. Compensating new revenues are provided in this prospective legislation by a windfall tax, profits tax on oil producers and by closing other loopholes.

If enacted, this will be a major contribution by the Congress in our common effort to make our tax system fairer to all.

MORE



Number Six: Stimulating Housing.

Without question, credit is the lifeblood of housing. The United States, unfortunately, is suffering the longest and the most severe housing recession since the end of World War II. Unemployment in the construction trades is twice the national average.

One of my first acts as President was to sign the Housing and Community Development Act of 1974. I have since concluded that still more help is needed, help that can be delivered very quickly and with minimum inflationary impact.

I urge the Congress to enact before recess additional legislation to make most home mortgages eligible for purchase by an agency of the Federal Government. As the law stands now, only FHA or VA home mortgages, one fifth of the total, are covered.

MORE

Number Eight: International Interdependency.

The United States has a responsibility not only to maintain a healthy economy at home, but also to seek policies which complement rather than disrupt the constructive efforts of others.

Essential to U.S. initiatives is the early passage of an acceptable trade reform bill. My special representative for trade negotiations departed earlier this afternoon to Canada, Europe, Japan, to brief foreign friends on my proposal.

We live in an interdependent world and therefore must work together to resolve common economic problems.

Number Nine: Federal Taxes and Spending.

To support programs, to increase production and share inflation-produced hardships, we need additional tax revenues. I am aware that my proposal for new taxes just four weeks before a national election is, to put it mildly, considered politically unwise. And I am frank to say that I have been earnestly advised to wait and talk about taxes anytime after November 2.

MORE



I am very glad that the Senate, thanks to the leadership of Senator Brooke and Senator Cranston, has already made substantial progress on this legislation. As soon as it comes to me, I will make at least \$3 billion immediately available for mortgage purchases, enough to finance about 100,000 more American homes.

Number Seven: Thrift Institutions.

Savings and loan and similar institutions are hard hit by inflation and high interest rates. They no longer attract, unfortunately, adequate deposits. The Executive Branch, in my judgment, must join with the Congress in giving critically-needed attention to the structure and the operation of our thrift institutions which now find themselves for the third time in eight years in another period of serious mortgage credit scarcity.

Passage of the pending financial institution bill will help, but no single measure has yet appeared, as I see it, to solve feast or famine in mortgage credit. However, I promise to work with you individually and collectively to develop additional specific programs in this area in the future.

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MORE



But I do say in sincerity that I will not play politics with America's future.

Our present inflation, to a considerable degree, comes from many years of enacting expensive programs without raising enough revenues to pay for them.

The truth is that 19 out of the 25 years I had the honor and the privilege to serve in this Chamber, the Federal Government ended up with Federal deficits. That is not a very good batting average.

By now, almost everybody -- almost everybody else, I should say -- has stated my position on Federal gasoline taxes. This time I will do it myself. I am not -- emphasizing not -- asking you for any increase in gas taxes.

I am -- I am asking you to approve a one-year temporary tax surcharge of 5 percent on corporate and upper-level individual incomes.

This would generally exclude from the surcharge those families with gross incomes below \$15,000 a year. The estimated \$5 billion in extra revenue to be raised by this inflation-fighting tax should pay for the new programs I have recommended in this message.

I think, and I suspect each of you know, this is the acid test of our joint determination to whip inflation in America. I would not ask this if major loopholes were not now being closed by the Committee on Ways and Means' tax reform bill.

I urge you to join me before your recess, in addition to what I have said before, to join me by voting to set a target spending limit -- let me emphasize it -- a target spending limit of \$300 billion for the Federal fiscal budget of 1975.

When Congress agrees to this spending target, I will submit a package of budget deferrals and recissions to meet this goal. I will do the tough job of designating for Congressional action on your return those areas which I believe can and must be reduced.

These will be hard choices and everyone of you in this Chamber know it as well as I.

MORE



They will be hard choices, but no Federal agency, including the Defense Department, will be untouchable.

It is my judgment that fiscal discipline is a necessary weapon in any fight against inflation. While this spending target is a small step, it is a step in the right direction, and we need to get on that course without any further delay.

I do not think that any of us in this Chamber today can ask the American people to tighten their belts if Uncle Sam is unwilling to tighten his belt first.

Now, if I might, I would like to say a few words directly to your constituents and, incidentally, mine.

My fellow Americans, ten days ago I asked you to get things started by making a list of ten ways to fight inflation and save energy, to exchange your list with your neighbors, and to send me a copy.

MORE

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I have personally read scores of the thousands of letters received at the White House, and incidentally, I have made my economic experts read some of them, too. We all benefitted, at least I did, and I thank each and every one of you for this cooperation.

Some of the good ideas from your home to mine have been cranked into the recommendations I have just made to the Congress and the steps I am taking as President to whip inflation right now. There were also firm warnings on what Government must not do, and I appreciated those, too.

Your best suggestions for voluntary restraint and self-discipline showed me that a great degree of patriotic determination and unanimity already exist in this great land.

I have asked Congress for urgent specific actions it alone can take. I advised Congress of the initial steps that I am taking as President. Here is what only you can do: Unless every able American pitches in, Congress and I cannot do the job.

Winning our fight against inflation and waste involves total mobilization of America's greatest resources, the brains, the skills and the will power of the American people.

Here is what we must do, what each and every one of you can do. To help increase food and lower prices, grow more and waste less. To help save scarce fuel in the energy crisis, drive less, heat less. Every housewife knows almost exactly how much she spent for food last week. If you cannot spare a penny from your food budget -- and I know there are many -- surely you can cut the food that you waste by 5 percent.

Every American motorist knows exactly how many miles he or she drives to work or to school every day and about how much mileage she or he runs up each year. If we all drive at least 5 percent fewer miles, we can save almost unbelievably 250,000 barrels of foreign oil per day by the end of 1975.

Most of us can do better than 5 percent by car pooling, taking the bus, riding bikes or just plain walking. We can save enough gas by self-discipline to meet our one million barrels per day goal.

MORE



I think there is one final thing that all Americans can do, rich or poor, and that is share with others. We can share burdens as we can share blessings. Sharing is not easy, not easy to measure like mileage and family budgets, but I am sure that 5 percent more is not nearly enough to ask, so I ask you to share everything you can and a little bit more. And it will strengthen our spirits as well as our economy.

Today I will not take more of the time of this busy Congress, for I vividly remember the rush before every recess, and the clock is already running on my specific and urgent request for legislative action. I also remember how much Congress can get done when it puts its shoulder to the wheel.

One week from tonight I have a longstanding invitation in Kansas City to address the Future Farmers of America, a fine organization of wonderful young people whose help, with millions of others, is vital in this battle. I will elaborate then how volunteer inflation fighters and energy savers can further mobilize their total efforts.

Since asking Miss Sylvia Porter, the well-known financial writer, to help me organize an all-out, nationwide volunteer mobilization, I have named a White House coordinator and have enlisted the enthusiastic support and services of some 17 other distinguished Americans to help plan for citizen and private group participation.

There will be no big Federal bureaucracy set up for this crash program. Through the courtesy of such volunteers from the communication and media fields, a very simple enlistment form will appear in many of tomorrow's newspapers, along with a symbol of this new mobilization, which I am wearing on my lapel.

It bears the single word WIN. I think that tells it all. I will call upon every American to join in this massive mobilization and stick with it until we do win as a Nation and as a people.

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Mr. Speaker and Mr. President, I stand on a spot hallowed by history. Many Presidents have come here many times to solicit, to scold, to flatter, to exhort the Congress to support them in their leadership.

Once in a great while Presidents have stood here and truly inspired the most skeptical and the most sophisticated audience of their co-equal partners in Government.

Perhaps once or twice in a generation is there such a Joint Session. I don't expect this one to be. Only two of my predecessors have come in person to call upon Congress for a declaration of war, and I shall not do that.

But I say to you, with all sincerity, that our inflation, our public enemy number one, will, unless whipped, destroy our country, our homes, our liberties, our property, and finally our national pride, as surely as any well-armed wartime enemy.

I concede there will be no sudden Pearl Harbor to shock us into unity and into sacrifice, but I think we have had enough early warnings. The time to intercept is right now. The time to intercept is almost gone.

My friends and former colleagues, will you enlist now? My friends and fellow Americans, will you enlist now? Together with discipline and determination, we will win.

I thank you very much.

END (AT 4:47 P.M. EDT)



FOR IMMEDIATE RELEASE

OCTOBER 8, 1974

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE
PRESS CONFERENCE
OF
WILLIAM E. SIMON
SECRETARY OF THE TREASURY
FREDERIC W. HICKMAN
ASSISTANT SECRETARY FOR TAX POLICY
ROY ASH
DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
L. WILLIAM SEIDMAN
ASSISTANT TO THE PRESIDENT FOR ECONOMIC AFFAIRS
JAMES T. LYNN
SECRETARY OF HOUSING AND URBAN DEVELOPMENT
ROOM 450
OLD EXECUTIVE OFFICE BUILDING

2:40 P.M. EDT

SECRETARY SIMON: Let me first apologize for the delay in the receipt of these documents. I probably will not find out what happened for about three weeks but I apologize for the inconvenience.

What you are receiving now are the fact sheets, The speech does not contain all of the information, obviously. There are more fact sheets on the way.

Ladies and gentlemen, I had originally scheduled this, as you know, to be all prepared by 2:30, and I was going to speak for about 45 minutes and then accompany the President to the Hill for the speech to the joint session. As a result of this snafu, we are late and we obviously would not have had much time even if we had adhered to that schedule.

Instead of going to the Hill with the President, we will stay down here and respond to your questions until after the President speaks, certainly, and then we have to go to the Hill and brief the bi-partisan leadership.

So, this is an effort, a small effort on our part to accommodate you any way we can for this, as I said before, gross inconvenience to you and your time.

But, let me start now. Bill Seidman is still with the President and he will join us here in a minute and I just have a few opening comments, and we have the experts in several areas here to respond to any questions supplementary to my answers, or to answer technical questions.

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We have the Assistant Secretary of the Treasury for Tax policy, Fred Hickman, in the area of taxation.

I am glad to be here today to discuss the President's program to control inflation and maintain a healthy and growing economy. Now, I guess there are some people who are expecting a block buster, something that we are going to announce today that is going to be an instant cure for the problems that we have.

The fact of the matter is, as we have said so often, there are no instant cures, no magic formula that is going to cure our inflation immediately.

If the economic problems were simply the temporary inflation that often happens after the peak of a boom or the problem of temporary unemployment that occurs in a recession, the President's program could be quite straight-forward and simple.

For the first part of it he could put on the brakes of fiscal and monetary restraint and in dealing with the second, he could apply policies that could turn expansive. In either case, balance would be restored fairly promptly.

This time we have an inflation in an economy that is also suffering from severe basic imbalances and it is a very complex problem. We all recognize that our inflation didn't develop from just one or two factors, but rather a combination of factors. It is multi-dimensional in nature.

In addition to the pressures that are caused by the cartel pricing practices in oil, we have also suffered from some misfortunes including bad weather, which has affected crops, bad timing, cyclical convergence of a worldwide boom and bad policies that reflect years of excessive government spending and monetary expansion.

We now have to accept the responsibility for these government policies and recommend policies that fully take into account the circumstances in the world in which we find ourselves.

I believe the program that we are presenting to you today, that the President is presenting today, does just that. It is going to be perhaps a disappointment to those who argue for more government regulation, wage and price controls, credit allocations and gasoline rationing. Instead, we are presenting a program aimed at minimizing government controls.

You know, we mounted I think -- and I have been told by people who have been in government a good deal longer than I -- the most comprehensive effort ever undertaken in the Government to deal with the subject of economic policy.

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It was an effort that cut across the whole line of the cabinet officers with much participation and discussion.

This effort dealt with every area of the government and private sector activity. We drew heavily upon the many recommendations made at the Pre-Summit as well as the Summit meetings. We met continuously with President Ford to discuss all of the facets and all of the options that we had in front of us.

During this effort, I think a lot of things became apparent to us and one that certainly sticks out in my mind is that we have in the United States of America more government than we need. We have more government than most people want, and we certainly have more government than we are willing to pay for.

Now, in this balanced program that we are presenting, balanced as to fiscal and monetary policy approach, it includes firm and persistent restraint of both public as well as private demand. At the same time it provides the means for healthy, long-run growth and the capacity of our economy, programs aimed at correcting these imbalances that have developed in recent years and alleviating the inequitable hardships that have been imposed upon the poor.

Some further rise in unemployment is probable and we are going to take steps to deal with that. However, we can and will achieve our goals without a large rise in unemployment.

This is going to be a joint effort. It is going to be an effort of both the Congress and the Executive Branch.

As you go through this fact sheet, I think you will identify over 30 pieces of legislation, about a third of them new legislation that goes with our new proposals and the rest of them recent legislation that has been proposed but not enacted, to which we attach some great sense of urgency. This is a complete package, one that will deal with the whole problem and we should not look at it by just taking bits and pieces out and picking the parts we like and don't like because it is a program that requires some sacrifice in certain areas.

As we have said on many occasions, this is not going to be painless, nor is it going to be a swift process in the cure. We are dedicated to once and for all solving the problem of the insidious inflation that we are today experiencing.

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It starts out, the economic program, amending the Employment Act of 1946, which means that we must add something that some people have thought was implicit in this and that is the maintenance of price stability along with our other goals in that worthy act.

In the international area, our efforts are directed at cooperative activities in broad areas of food, and fuel, and many others which are well known to you, and they are here in the fact sheet. I am being necessarily brief in some of these areas so that I can maximize the question and answer period, which I am sure you would like.

Food prices are a major concern in our fight against inflation. Because of the weather and heavy demands from around the world, current forecasts anticipate price increases. We are committed and remain committed to all-out food production.

There are presently no restrictions government-wise on wheat and feed grain and soybeans. In addition, we are going to offer new legislation to remove restrictions on peanuts and long staple cotton in addition to the rice legislation where we support quick passage -- that is already up there on the Hill -- as long as it has a non-inflationary support price.

The farmer must also be assured of adequate supplies of fuel and fertilizer. The Secretary of Agriculture has been directed to work with the Inter-Agency Fertilizer Task Force to establish a reporting system. Fuel will be allocated if it is necessary. We will work with fertilizer companies to initiate voluntary efforts to reduce non-essential uses of fertilizer. We will also seek, if necessary, the necessary powers to allocate fertilizer.

It will be our policy and continue to be, to provide conditions that are going to enable the farmers to dispose of their entire output of agricultural commodities at reasonable prices. The Federal Government, as you know, will monitor food exports to assure that we retain adequate supplies at home while doing our best to maintain and meet the needs of our friends abroad.

Over this past weekend we initiated a voluntary program to monitor grain exports. The Committee and the Economic Policy Board will be responsible for looking at the entire situation after the crop report comes out, I believe the 10th of this month.

USDA and the Council on Wage-Price Stability have been directed to help reduce the cost of food by improving efficiency in the agricultural sector. Upward pressure on U.S. food prices will be reduced by helping developing nations to become more self-sufficient in the production of their own food.

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In the energy area, expensive petroleum from insecure foreign sources jeopardizes our national security. It increases worldwide inflation and places strains on the international financial system. In order to reduce our dependence on foreign supplies, we have decided upon the following program to meet this energy challenge: Our immediate objective is to reduce oil consumption by one million barrels per day in 1975. I am confident that this target can be achieved without affecting any industrial output.

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This energy program calls for both mandatory and voluntary efforts. If these reductions are not achieved through the energy program that is presented today, we will seek more stringent means to insure that our dependence is reduced.

We have to develop conservation methods. We must continue and reaffirm our desires to conserve energy. You all know -- we warned many times after the embargo ended -- that the American people might go back to sleep, and while we are still saving energy below what was originally forecast, the amount of the reduction is not, in our judgment, satisfactory.

So we have to reaffirm our dedication to again work toward the areas of conservation that the American people responded to so well last winter.

In order to accomplish this goal, we are going to do it in many ways, not only on the demand side but on the supply side as well. We will submit legislation to require the use of coal and nuclear power for new electric power generation and conversion for existing plants.

We are setting a target date to eliminate oil-fired plants from the Nation's mainland base load electric capacity where it is feasible to convert to coal without endangering public health. We will use the Defense Production Act selectively to insure sufficient supplies of scarce materials that are needed for energy development projects. This Act was recently invoked to help get materials for the construction of the Trans-Alaska pipeline.

The automobile industry is going to be asked to develop programs for gasoline savings. During the past several sessions of Congress, legislation to require fuel savings has been considered and the nature of this legislative effort really has often caused confusion. We passed some additional costs to the consumer and perhaps subjected them to some unworkable deadlines. Therefore, we are requesting the automobile manufacturers to submit to the President a five-year schedule of their plans to produce more-efficient automobiles.

Goals on efficiency for industry are going to then be established by the Government. If necessary, the President will present legislation to the Congress for consideration.

The President has requested the Secretary of Commerce to develop energy-use guidelines which will suggest ways for industry to use energy more effectively.

Also, of course, we need more rigid compliance with the maximum speed limit. We all get many reports. I know many of you have spoken to me about "Everybody is back in business as usual." I don't think it is quite true but I still think that we need more rigid adherence to the 55-mile-an-hour speed limit.

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Not only has it saved a good amount of petroleum -- our estimates are 250,000 barrels a day are saved because of this speed limit -- but it has also resulted in a significant reduction in the highway death toll, which I consider equally as important.

Next is further conservation within Government. In your fact sheet you will see many actions there that are very familiar to you, recalling the days of the past winter. We are going to mandate these actions as far as Government is concerned. We recognize the difficulty of mandating reduction of thermostats in people's homes because we can't have thousands of people running all over checking on people's thermostats at home. We have found wonderful compliance with that last winter. We also expect and hope for the same compliance again.

As I said at the outset, if our targets are not met we will be suggesting stronger action to meet them. I will not go through all of the mandatory actions or the voluntary actions.

We are also asking for legislation that will increase domestic supplies of energy and there are some short-run actions that we can take.

I don't put the deregulation of natural gas as a short-run problem but it certainly isn't a long-run problem because in three to four years we could see some benefit from deregulation of natural gas and the attendant additional exploration that we would have comes upon us very quickly, so we are pushing for the deregulation of natural gas.

There is a short-run action -- Naval Petroleum Reserve Number 1. The President will submit legislation so that we can utilize and maximize the production in NPR 1. It can immediately be brought up to 160,000 barrels a day and, within a short period of time, be brought up to slightly over a quarter of a million barrels a day and perhaps more.

In addition, the President will propose legislation to explore NPR 4 in Alaska. This supposedly, according to the experts, has 30 to 40 billion barrels of reserves.

I hasten to add it is unproven because we don't have one developed well there. We will seek that legislative authority immediately.

As to the Clean Air Act amendments, the 13 amendments or 12 that were submitted to Congress just a few months ago, are going to be resubmitted in the same form.

On surface mining, an acceptable strip-mining bill must be passed by Congress. We have some problems with the bill that is in the Congress right now and we hope to work these out. We think that these problems can be resolved, and our obvious need for increased coal production is important.

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There is the nuclear plant licensing bill, the deep water port facilities, ERDA, and all of the other actions. We are going to change the definition of secondary and tertiary recovery, which, as you all know, is a more expensive method of producing oil and, at the controlled oil prices, it is not economic for most of these to be explored. As a result, they will be redefined as new oil where practicable.

We will resume leasing of Federal land in 1975 to develop the vast coal resources underlying these lands -- leasing public land for oil shale and geothermal, and re-evaluate our entire oil shale and geothermal leasing program.

We will have completion of plans next year hopefully to bring Alaskan gas to our market. As I say, I am skipping over a great deal of these areas. You can read these and the details in your fact sheet.

There is increasing investment to accelerate the growth of capital investment. The President is calling for an increase and a restructuring of the investment tax credit. The credit will be increased from 7 to 10 percent for utilities. The actual increase is from 4 to 10 percent, although in the present Ways and Means Committee bill it already brings utilities up from 4 to 7.

The restructuring of the credit will eliminate existing restrictions which now limit the incentive value of the credit and discriminate unfairly between the types of taxpayers and investments that qualify for the credit.

We also must strengthen our capital markets. The capital markets are the centerpiece of our free-enterprise economy. The most important thing that we can do to restore the glow of health to these markets is to get control, of course, over inflation. A rapidly rising price level is the bitter enemy of savings and investment.

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As part of the anti-inflationary effort we will take a step that will also have a direct beneficial impact on our financial markets and that step is to work toward a balanced budget and to keep it balanced. A balanced budget means that all of the savings generated by our economy that we would preempt as we go through our deficit spending could be used for new and productive investment.

Of course, we are also going to take into account, as we work toward this, the budget agencies. We must create a better environment in the financial markets for equity capital.

In recent years corporations have been unable to raise adequate new equity capital. They have been adding heavily to their debt and, as a result, the capital structure of business has been getting out of balance with too much debt and too little equity.

This is especially true for our electric utilities.

To aid in this area and also to improve the health of our financial markets and to encourage investment, the President is proposing tax legislation to provide that dividends paid on qualified preferred stock be allowed as a deduction to the paying corporation.

We are also working with Congress to revise, as is in the Ways and Means bill, the treatment of capital gains and losses in such a way as to increase the efficiency.

In addition, we support strongly the pending legislation to eliminate the tax on interest and dividend income accorded to foreign holders of U.S. securities, and elimination of this impediment.

The elimination of this tax would remove an impediment from the flows of capital into the United States.

In the area of anti-trust the elimination of outmoded government regulation must, of course, be accompanied by dedicated and vigorous enforcement of our anti-trust laws.

To support this effort we have asked for two legislative enactments: First, increasing the penalties associated with anti-trust violations. For corporations, the maximum penalty will be increased from \$50,000 to \$1 million, while for individuals it will be increased from \$50,000 to \$100,000.

Second, we have to strengthen the investigation power of the Anti-Trust Division of the Department of Justice. This is going to be accomplished by speedy passage of the Administration legislation now pending before the Congress.

Government regulation: The government imposes many hidden and inflationary costs on our economy. The broad programs going to be undertaken to attack this problem and identify opportunities for change.



These are the so-called "sacred cows" that you all wrote about after many of our pre-summit meetings. The Council on Wage-Price Stability will act as a continuing watchdog on the inflationary actions of the federal government, to uncover the laws and regulations that raise costs and stifle economic flexibility and initiative.

We have to eliminate these restrictive practices of the government in areas such as transportation, labor, and agriculture.

The National Commission on Regulatory Reform: The President is going to submit legislation to create a national commission on regulatory reform to examine the policies, practices and procedures of those agencies and develop appropriate legislative and administrative recommendations.

This membership will include Members of the Congress, the Executive and private sector representatives.

The President will require all executive agencies to develop inflation impact statements to assess the inflationary and employment consequences of major legislation or regulations prior to any action that the agency might contemplate.

The President also recommends that Congress take similar steps.

New approaches are required to eliminate the interminable delays often created before these regulatory matters are resolved. There are several important pieces of legislation in your fact sheet we will also push in the area of regulation for immediate enactment.

The Council on Wage and Price Stability will devote primary emphasis to two functions: First, it will act as a watchdog on the actions of government which raise costs and impedes competition. It will recommend needed changes in legislation.

Second, it will monitor price and wage movements in the private sector. In general, the Council will carry out this function by seeking the full voluntary cooperation of labor, industry and the public to solve all of the problems of our mutual concern.

The Council will work with the President's new Labor-Management Committee. In addition, the Council also has the power to and will, indeed, conduct public hearings.

Among other duties, we will work with the Cabinet Committee on Food, the Fertilizer Task Force, and the new Construction Industry Advisory Group.

The Council, however, will not be a wage-price control agency. Controls do not stop inflation. They did not do so the last time around, and they did not do so in World War II when prices increased despite severe rationing.

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Controls make inflation just worse. They create shortages and hamper production and stifle growth and ultimately cause unemployment.

The National Commission on Productivity will spend a substantial amount of its energies to extend and deepen the drive to increase productivity in government. That is federal state and local. The rest of its effort will be devoted to the private sector with meaningful emphasis on programs at the plant level.

Special attention is going to be devoted to construction and health services. We are proposing the National Employment Assistance Act of 1974. It is going to provide standby authority to help alleviate the impact of unemployment should unemployment rates rise.

This Act would authorize, during the next 12 months, two programs.

Here is the one error that we have been able to find in the fact sheet. I hope it is the only one. I believe your fact sheet says 18 months. Make that 12 months.

QUESTION: That is on page 25.

SECRETARY SIMON: All right, page 25, thank you.

It is 12 months instead of 18 months and, consequently the day it ends is December 31, 1975 and not June 30, 1976. I say we believe that is the only error, but maybe there may be others.

Page 29 has the same error on the fourth line. June 30 should be December 31, 1975.

This Act would authorize during the next 12 months two programs which would begin to operate, should the national unemployment rate average six percent for three months, one, temporary programs of income replacement known as special unemployment assistance programs for experienced unemployed workers in areas of high unemployment would exhaust all other unemployment compensation not eligible for such compensation; and, two, a program of employment projects for these same areas known as the community improvement program.

While the primary purpose of the two programs is to alleviate the hardships of unemployment upon individuals, it will also alleviate the adverse impact on those local economies hardest hit by unemployment.

The assistance benefits serve to cushion the effects of protracted unemployment by providing additional income replacement to workers who have exhausted their unemployment benefits or to individuals with a demonstrated labor force attachment not otherwise eligible for U.I. benefits.

You can read the balance of that including the chart that is in your fact sheet. That shows how you have this triggered and the amounts of money that accompany each percentage of unemployment three months and it triggers out after three months below six percent as well, as it states there.



In the area of housing President Ford today is proposing extending on a temporary basis the advantages offered by GNMA to mortgages which are not FHA or VA, so-called conventional. Initially, \$3 billion will be dedicated to this. This is an amount that is sufficient to finance approximately 100,000 homes. The proposed program will be in addition to the over \$19 billion of federal funds that have been made available over the past year for the purchase of mortgages to supplement the buying power of the hard-pressed thrift institutions.

By making conventional mortgages on new homes eligible for purchases by GNMA, builders and homebuilders are going to be assisted where mortgage credit is scarce or even nonexistent. Authority will expire in 12 months and the rest of it tells you that the commitments cannot exceed \$7-3/4 billion being purchased and not yet resold. The maximum mortgage amount is \$45,000.

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Public utilities, I will skip over that. I have already mentioned that, and the tax credit, the increase from four to 10 percent.

On thrift institutions there is the Financial Regulation Act that was submitted a year ago August, as well as a study of the additional ways to alleviate the problems of disintermediation that affects the thrift institutions during periods of high interest rates.

Control of the federal budget is a vital exponent of our anti-inflation efforts in reducing the fiscal '75 budget. Obviously, it is not going to have a major impact on the rate of inflation but it is a first step in reducing the powerful momentum of our rapidly climbing federal budget and thereby gain the spending control that is so necessary for '76 and beyond. Over the long-term, this budget control is going to substantially reduce inflation.

Now, our program for fiscal discipline has elements on both sides of the budget. On the revenue side, we propose a surcharge on high income taxpayers and corporations. The increased revenues from the surcharge will pay for the additional unemployment insurance, the community improvement program, the increased and restructured investment tax credit and the revised tax status of the preferred stock dividend.

On the expenditure side, the President has reaffirmed his intention to hold budget outlays for fiscal '75 to at or below \$300 billion. Cutbacks are going to be needed to achieve that goal.

The President is asking Congress to enact a bill establishing a budget outlay ceiling for '75 of \$300 billion. In establishing that target, the bill outlines a plan for a set of actions which will result in the necessary outlay reductions as stated. Upon Congress' return we will have the measures of deferral and recession and will work with them in the interim for their enactment.

A surcharge of five percent, a corporate surcharge, will be requested effective January 1, 1975 and continuing through December, 1975. A five percent individual tax surcharge will also be imposed for '75 on income tax liabilities attributable to income above what we call an upper income threshold.

In general, the proposal is designed to exclude from surcharge families with adjusted gross incomes below \$15,000 and single persons with adjusted gross incomes below \$7500. However, because income tax liabilities are based on taxable income rather than adjusted gross income, it is necessary to translate on some average formula basis the \$15,000 and \$7500 in comparable tax income figures.

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This was done by the chart that you will find in your book.

The proposal to change the investment, tax credit has three principal parts -- the elimination of existing limitations and restrictions on the credit which tend to discriminate unfairly between the types of taxpayers and investments which qualify for the credit, and increase in the rate of the present credit from seven to 10 percent, and making the credit a reduction in basis for depreciation purposes.

Increasing the rate from seven to 10 percent will increase the cash flow to all companies in the immediate future. It, of course, is going to be offset in future years by lesser depreciation deductions, eliminating the limitations based on useful life so that all properties with life in excess of three years are going to qualify for the full credit. That is to eliminate the discrimination against public utility property.

It will replace the present limit on the maximum credit which may be claimed with eventual full refundability of the excess of credits over tax liability. Credits in excess of the present limitations may be carried back three years and into the succeeding three years to offset tax liability, after which time remaining excess credits are going to be refunded directly to the taxpayer.

This is going to help growing companies that have large present investments in comparison with their current incomes, and also it helps companies that are in financial difficulties that have no income tax liability at present against which to apply the existing credit.

Deductions on dividends and certain preferred stocks -- they are in the process of writing the regulations in the Treasury on this proposal now. Preliminary preferred stock would be required to be non-voting to qualify, limited and preferred as to dividends and entitled to a liquidating preference. The intention to qualify for preferred stock under this new provision of the Internal Revenue code would be required to be clearly indicated at the time that the stock was issued. This is going to give them the ability to issue stock so that the dividends would be deductible, so they will have an alternative means and this will hopefully broaden their market to other classes of investors.

We support the tax reform bill now pending in Ways and Means that provides about \$1 billion 400 million of tax relief for individuals with incomes of less than \$15,000. In addition, the bill will provide another \$500 million to \$600 million beginning in fiscal '76 and we support using those revenues we received also to provide income tax reductions for these lower income people.

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Then we talk about the tax reform bill that is in the Congress right now. Our proposals are a compliment and a supplement really to the tax reform bill. As I say, the President is endorsing the investment credit in the present bill utilizing the treatment of capital gains and the elimination of the withholding for foreigners.

That is what we attempted to do and hoped that will happen with our limited tax proposals. We tried to take a rifle approach rather than a shotgun approach and to attack the specific problems and hope that the Congress would enact this piece of legislation as is without amendments and separate from the tax reform bill that is going through the Ways and Means Committee now.

This is what the President will urge.

The President, in a speech next week, is going to announce a very comprehensive voluntary program, the very beginnings of which you will find right at the back of your fact sheet.

With that, gentlemen, I guess we will have questions.

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QUESTION: There is a promise that we can leave here at 3:40 so that we can file at 4 p.m. from the White House, and we would request permission for that.

SECRETARY SIMON: I will be delighted to do anything that you want. That is all right. We will pass out the speech. We will try to get more fact sheets.

QUESTION: How much would the corporate and individual surtax raise in taxes?

SECRETARY SIMON: In your chart it is \$4.7 billion.

QUESTION: A lot of that is going to be taken out in consumer purchasing power. Isn't this going to tend to more recession?

SECRETARY SIMON: When you say consumer purchasing power, you are talking about taxing individuals over \$15,000 a year, which represents 28 percent of the tax returns, individual tax returns.

QUESTION: What was that figure?

SECRETARY SIMON: 28 percent.

QUESTION: Did I hear you say \$4.6 billion on the surcharge? I am looking at the budget impact statement on page 35, and it says \$1.6 billion.

SECRETARY SIMON: I am giving you the gross amount that would be collected over a year, and what you have there is the two-year impact because there are lags to the collection of taxes and on the impact of the investment tax credit. It doesn't all come in within one year and, as a matter of fact, most of it comes in the following year, and that is the reason the numbers are different.

QUESTION: What is that \$7 billion breakdown there?

SECRETARY SIMON: That is 4.7 billion. It is 2.6 billion for individuals and 2.1 billion for corporations.

QUESTION: This proposal to permit deductions of dividend payments on preferred stock -- do you see that as a starting move that you hope some day to have the budgetary room to extend to all dividend payments?

SECRETARY SIMON: We did not have that in mind when it was proposed, Miss Shanahan. The ultimate integration of corporate and income taxes which has occurred in most of the industrial countries of the world would have a severe revenue impact, and I would say that would have to be looked at in the context of major tax reform. I guess it could be described as a limited step in that direction, but we thought this was a very useful tool to give public utilities in particular and other companies in general a chance to expand their equity base.

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QUESTION: Mr. Simon, I don't think that you answered my question. I was asking what effect a \$2.6 billion cut in consumer purchasing power would have on the economy and on the retail industry in particular.

SECRETARY SIMON: We did not believe that the impact was significant, of a 2.6 billion one-year surcharge.

QUESTION: Mr. Secretary, what do you regard as the most significant mandatory aspect of this, the mandatory energy portion of it?

SECRETARY SIMON: I would say the toughest proposal is asking the President for the powers to switch, federally, utilities in this country from oil to coal, number one, and the amendments of the Clean Air Act, number two, and the de-regulation of natural gas. All of these are very strong actions and they are designed really to bring out additional supplies really in the short run.

QUESTION: Are they all dependent upon further Congressional action?

SECRETARY SIMON: They are dependent upon Congressional action, yes, sir.

QUESTION: What percentage is 1 billion barrels a day?

SECRETARY SIMON: Today we are importing approximately 6 and 1/2 million barrels a day, and we are consuming about 16 and 1/2.

QUESTION: How much did you anticipate that we will need of imported oil, that we will not need to import after this program is under way, the whole million?

SECRETARY SIMON: I believe by the end of 1975 we will have achieved a reduction of 1 million barrels a day.

QUESTION: That is foreign oil?

SECRETARY SIMON: Yes, in our imports.

QUESTION: Without deferrals and recessions, what would spending in fiscal '75 come out at?

SECRETARY SIMON: Our budget as submitted last January was approximately \$305 billion.

QUESTION: What has Congress added to that?

MR. ASH: It could be another \$2 billion, but we don't know how that legislation will come out.

SECRETARY SIMON: The legislation in process now could be in the area of \$2 to \$3 billion, but the President has announced that he will veto legislation in excess of the budget as presented and furthermore will take the necessary actions to bring it down from the original approximately \$305 billion to at or below \$300 billion, and he is asking Congress to enact the legislation setting that as a ceiling.

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QUESTION: Mr. Secretary, you spoke of taxes for individuals with incomes at the level of \$15,000. How do you reconcile that with the surcharge on the income of individuals above \$7500?

SECRETARY SIMON: Well, it talks about families, Mr. Levine, at \$15,000 and individuals at \$7500 and then it adjusts through this formula that we have here.

Instead of adjusted gross income, it has to be translated into the taxable income.

QUESTION: I understand that, but I am referring to the comment here, "We support the tax reform bill now pending in the Ways and Means Committee which provides for tax relief for individuals with incomes of less than \$15,000."

You are providing tax relief for individuals with less than \$15,000 on the one hand while providing a surcharge for individuals over \$7500.

SECRETARY SIMON: No, this would be computed.

Isn't this computed in the tax reform bill basically the same way, Fred?

MR. HICKMAN: The income distribution in the tax reform bill is broken out simply according to adjusted classes but we are talking about the bill providing this relief. It provides more relief than that, but this is the portion that is attributable to adjusted gross incomes of less than \$15,000.

For those purposes they are not strictly comparable. It doesn't make any difference whether one is single or not.

QUESTION: Could you tell us what these are in the nature of, the benefits of the program? If you put it all into effect, what would the economy look like at the end of the full year of taxation?

MR. HICKMAN: I think we have put into place the necessary programs to stimulate the investment in our productive capacity in this economy that are required. We at the same time put into place a policy of budgetary restraint to match our monetary restraint and the unemployment assistance that is going to take cognizance of the fact that there are going to be those that bear a disproportionate burden of disinflation policies.

We have taken care of housing by those steps in recognition of that.

QUESTION: Could you tell us what the inflation rate would be if you got this whole program put into effect, what the unemployment picture would be?

MR. HICKMAN: Well, when one looks a year in advance and attempts to forecast anything, that is a pretty precarious business. You have seen all of the recent forecasts on what our inflation rate would be and I would certainly say it will be below double-digit inflation that we are experiencing, but I would not like to speculate as to what that single figure would be.



QUESTION: The President has set a goal of bringing inflation under control by July 4, 1976. What rate of inflation would satisfy that goal?

MR. HICHMAN: I think the President has studiously avoided setting what one might call an acceptable rate of inflation. There should be no acceptable rate of inflation.

We have experienced in the past year an inflation rate that has continued in the upward spiral. We are attempting -- and we believe we can, with these actions -- to reverse that upward spiral and start inflation in a downward pattern.

If we continue with determined efforts and through all of these measures that we are suggesting, if we are fortunate and everything is implemented in the near future, which we certainly hope and believe it will be, that we will have the inflation rate moving down a year from now.

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QUESTION: You would expect it to turn down a year from now?

MR. HICKMAN: I most certainly would.

QUESTION: The corporations will pay \$2.1 billion more in taxes and how many millions of dollars in tax benefits will they get under your program?

MR. HICKMAN: Well, on the tax benefits, if the investment tax credit is increased, that gives them an annual benefit of approximately \$2.7 billion, so in the first year the benefit is small but in subsequent years, obviously -- it is a one-year surcharge -- they would benefit to the tune of \$2.7 billion with an additional \$100 million for the preferred stock change.

QUESTION: What kind of regulation would be unacceptable by a Government regulatory agency that is counterproductive in your view?

MR. HICKMAN: When we talk about "unacceptable," this is why we have to go into this whole regulatory process without identifying at this point and making sure that we pick out areas where there are good reasons for regulation. Regulation is supposed to protect people and not impede. There is some strong feeling that many of our Government regulations today impede the competitive process and raise the price to consumers.

You have areas in the trucking industry that are an illustration of that, and they are very emotional issues. There is the midway problem where, if a truck is driving 100 miles, very often it is forced to drive around an additional "X" number of miles because it is not allowed to take a certain route.

The back-haul problem is another area, but we have to recognize at the same time that everybody's back-haul is somebody's front-haul.

QUESTION: If you want to save 1 million barrels a day of imported oil, why didn't you impose an oil import quota of 1 million barrels a day?

MR. HICKMAN: We had discussed that and we discussed everything, but we didn't want to set in place a rigid program of a dollar limit or a barrel limit. We believe we can accomplish the same thing or more by imposing all of the measures that we have recommended.

THE PRESS: Thank you, Mr. Secretary.

END (AT 3:38 P.M. EDT)

