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January 4, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

EXECUTIVE ORDER

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ESTABLISHING A COMMISSION ON CIA
ACTIVITIES WITHIN THE UNITED STATES

The Central Intelligence Agency as created by the National Security Act of 1947 fulfills intelligence functions vital to the security of our nation, and many of its activities must necessarily be carried out in secrecy. Such activities are nevertheless subject to statutory limitations. I have determined that in order to insure scrupulous compliance with these statutory limitations, while fully recognizing the statutory missions of the Agency, it is advisable to establish a Commission on CIA Activities Within the United States.

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and statutes of the United States, and as President of the United States, I hereby order as follows:

Section 1. Establishment of the Commission. There is hereby established a Commission on CIA Activities Within the United States (hereinafter referred to as the Commission"), to be composed of a Chairman and other members to be appointed by the President.

Sec. 2. Functions of the Commission. The Commission shall:

- (a) Ascertain and evaluate any facts relating to activities conducted within the United States by the Central Intelligence Agency which give rise to questions of compliance with the provisions of 50 U.S.C. 403;
- (b) Determine whether existing safeguards are adequate to prevent any activities which violate the provisions of 50 U.S.C. 403;
- (c) Make such recommendations to the President and to the Director of Central Intelligence as the Commission deems appropriate.

Sec. 3. Cooperation by and with Executive Departments and Agencies. The Commission is authorized to request, at the direction of the Chairman, from any executive department or agency, any information and assistance deemed necessary to carry out its functions under this order. Each department or agency shall furnish such information and assistance to the Commission, to the extent permitted by law. The Commission shall furnish to the Attorney General any evidence found by the Commission which may relate to offenses under the statutes of the United States.

Sec. 4. Compensation, Personnel, and Finance. (a) Each member of the Commission may receive compensation for each day he or she is engaged upon the work of the Commission at not to exceed the daily rate now or hereafter prescribed by law for

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persons and positions in GS-18, as authorized by law and may also receive travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5703) for persons in the government service intermittently employed.

(b) The Commission shall have an Executive Director who shall be designated by the President and shall receive such compensation as may hereafter be specified. The Commission is authorized to appoint and fix the compensation of such other personnel as may be necessary to enable it to carry out its functions, and is authorized to obtain services in accordance with the provisions of 5 U.S.C. 3109.

(c) All necessary expenses incurred in connection with the work of the Commission shall be paid from the appropriation for "Unanticipated Personnel Needs" P.L. 93-331, 83 Stat 617, or from such other funds as may be available.

Sec. 5. Administrative Services. The General Services Administration shall provide administrative services for the Commission on a reimbursable basis.

Sec. 6. Report and Termination. The Commission shall present its final report to the President not later than three months from the date of this order. It shall terminate within one month after presenting its final report.

GERALD R. FORD

THE WHITE HOUSE,

January 4, 1975.

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JANUARY 21, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

Before we go into the questions, I would like to take a moment to briefly review with you several critical energy issues.

The energy decisions I announced as a part of my State of the Union Address resulted from the most comprehensive review this Nation has ever made of its energy problems.

This study demonstrated that there are only three basic alternatives. The first is to do essentially what we have been doing. I have rejected this because, if we follow that policy, we will be importing 25 percent more oil by 1977. By 1958, we will be dependent on foreign sources for more than half of our oil. This would subject the economy of the United States to very serious disruption if these supplies were once again curtailed. The embargo of 1973 occurred during a period when a little more than one-third of our oil came from foreign sources. The disruptions we suffered then were just a small taste of what would likely happen in the event of another embargo when we would be far more vulnerable.

Some have suggested rationing as the second alternative. I can understand why many in Congress, and elsewhere, are attempting to find a solution which does not entail sacrifice and hardship. But there is no easy solution. I never promised one.

I believe that those who propose rationing do not have a clear understanding of what their plan would entail for the American people.

Many of us, of course, remember rationing during World War II, and I have no doubt that this Nation is capable of sustaining a rationing program during a short emergency. However, to really curb demand, we would have to embark on a long-range rationing program of more than five years. Those favoring rationing must be thinking of a short-term program, not a serious long-term effort to end energy dependency.

Further, there is simply no way to reach our goals by rationing. Rationing provides no stimulus to increase domestic petroleum supply or accelerate alternative energy sources. By concentrating exclusively on gasoline rationing many other areas for energy conservation are overlooked.

In addition to being ineffective, gas rationing is inequitable. Even a rationing system that is designed with the best motives in mind and implemented by the most conscientious administrators would not be fair. If you were to go around the country and ask individuals what they should get under a "fair" rationing system, you would find that there would simply not be enough gasoline to go around. In fact, to reach our 1975 goal of reducing oil imports by one million barrels per day, a gas rationing system would limit each driver to an average of less than 9 gallons a week.

Inequities would be everywhere -- how would people in remote areas of the country get enough gas to drive into town? How would farmers get enough gas to harvest their crops? What would happen to people who must drive a long way to work? And who would make those decisions?

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It is essential that we recognize the size of the problem which we are attempting to solve. As a consequence, we must evaluate each energy program to see whether, in fact, it confronts -- and solves -- the problem. It does us little good to impose rationing or a gasoline tax or simply shutdown gas stations on Sunday. These will not give us energy independence. The alternative I have chosen relies on freedom of individual choice, giving people and businesses an incentive to save energy. That is the only way to achieve our energy goals. The need for action now is clear.

Therefore, later this week I will sign a Presidential Proclamation which will set in motion the most important and far reaching energy conservation program in our Nation's history. It is the first step toward regaining our energy freedom.

We must reverse our increasing dependency on imported oil. It seriously threatens our national security and the very existence of our freedom and leadership in the free world.

The Proclamation is designed to impose higher fees on imported oil which are equitable and fair. For example, it will contain special provisions to avoid undue hardships on certain regions of the country, -- such as the Northeast -- which are heavily dependent upon high-cost foreign oil. On Thursday, I will meet with the governors of the northeast states on their special problems.

However, it is absolutely critical that Congress act quickly if we are to achieve energy independence. The increased revenues which the government will collect from energy taxes must be returned to consumers and businesses through my proposed tax cut. To insure speedy enactment of the program, I will work with Congress.

I will not sit by and watch this Nation continue to talk about an energy crisis and do nothing or take half-way measures which will not change the direction that has put our Nation in this position. We have the resources in this country, the technological capability and the spirit to regain our energy independence.

I will use all of my powers as President to make certain that we succeed.

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PRESS CONFERENCE NO. 6

of the
PRESIDENT OF THE UNITED STATES

2:04 P.M. EST
January 21, 1975
Tuesday

In Room 450
Old Executive Office Building
Washington, D. C.

THE PRESIDENT: How do you do. Sit down, please.

Before getting into questions, I would like to take a few moments to briefly review with you several critical energy issues.

The energy decisions which I announced as a part of my State of the Union address resulted from the most comprehensive review this Nation has ever had of our energy problems. This study demonstrated that there are only three basic alternatives, the first to continue doing what we have been doing.

I have rejected this because if we do continue, we will be importing 25 percent more oil by 1977. By 1985 we will be dependent on foreign sources for more than half of our oil. This would subject the economy of the United States to very serious disruption if these supplies were once again curtailed.

The embargo of 1973 occurred during a period when a little more than one-third of oil came from foreign sources. The disruptions we suffered then were just a small taste of what would likely happen in the event of a future embargo when we would be far more vulnerable.

Some have suggested rationing as the second alternative. I can understand why many in Congress and elsewhere are attempting to find a solution which does not entail sacrifice and hardship, but there is no easy solution, and I never promised one.

I believe that those who propose rationing do not have a clear understanding of what their plan would entail for the American people. Many of us, of course, remember rationing during World War II.

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Those favoring rationing must be thinking of a short-term program, not a serious long-term effort to end energy dependency.

Further, there is no simple way to reach our goals by rationing. Rationing provides no stimulus to increase domestic petroleum supply or accelerate alternative energy sources. By concentrating exclusively on gasoline rationing, many other areas for energy conservation are overlooked.

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If you were to go around the country and ask individuals what they should get under a fair rationing system, you would find that there would be simply not enough gasoline to go around. In fact, to reach our 1975 goal of reducing foreign oil imports by one million barrels per day, a gas rationing system would limit each driver to less than nine gallons a week.

Inequities would be everywhere. How would people in remote areas of the country get enough gas to drive into town? How would farmers get enough gas to harvest their crops? What would happen to people who must drive a long way to work each day and who would make those decisions?

It is essential that we recognize the size of the problem which we are attempting to solve. As a consequence, we must evaluate each energy program to see whether in fact it actually confronts and solves the problem. It does us little good to impose rationing or a gasoline tax or simply shut down gasoline stations on Sunday. These will not give us energy independence.

The alternative I have chosen relies on freedom of individual choice -- giving people and businesses an incentive to save energy. This is the only way to achieve our energy goals.

A need for action is obvious. Therefore, later this week, I will sign a Presidential Proclamation which will set in motion the most important and far-reaching energy conservation program in our Nation's history. It is the first step toward regaining our energy freedom. We must reverse our increasing dependency on imported oil. It seriously threatens our national security and the very existence of our freedom and leadership in the free world.

The Proclamation is designed to impose higher fees on imported oil which are equitable and fair. For example, it will contain special provisions to avoid undue hardships on certain regions of the country, such as the Northeast, which are heavily dependent upon high cost foreign oil.

On Thursday, I will meet with the Governors of the Northeast States on their special problems. It is absolutely critical that Congress act quickly on my energy proposals. The increased revenues which the Government will collect from energy taxes must be returned to consumers and businesses through my proposed tax cut. To insure speedy enactment of the program, I will, of course, work with the Congress. I will not sit by and watch the Nation continue to talk about an energy crisis and do nothing about it. Nor will I take halfway measures which fail to change the direction that has put our Nation in this position.

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We have the resources in this country, the technological capability and the spirit to regain our energy independence. I will, of course, use all of my powers as President to make certain that we succeed.

Mr. Cormier, please.

QUESTION: Mr. President, you just said that you are willing to work with the Congress on this package. How flexible are you in compromising with those Democrats who argue that your tax plan plus the higher gas, crude oil levies bear most heavily on the poor?

THE PRESIDENT: Well, we have submitted a tax rebate program that is aimed at getting money back into the hands of individuals to the extent of \$12 billion-plus as quickly as possible, with a cap on the 12 percent rebate. The cap being a \$1,000. We think this is fair and equitable, particularly, when you combine it with the method of returning the \$19 billion to individual taxpayers under the energy program.

The two, in my judgment, do provide equity in that we increase the low income allowance, and we try to equalize the burden on the less well off. At the same time, giving the people in the middle income brackets a fair share. Now, that is our proposal.

Of course, the Congress will have witnesses; they will act independently, but I think, if they take a good look at our program, they will see that it is well-balanced, giving the poor a fair break, giving the people in the middle income a fair opportunity to get their funds. And I hope the Congress won't make too many changes in it.

Miss Thomas.

QUESTION: On recent occasions, several times you have warned of the serious possibility of another war in the Middle East. Why, then, is the United States contributing so heavily to the military build-up there, and I have a follow-up?

THE PRESIDENT: The United States does feel that the danger of war in the Middle East is very serious. I have said it repeatedly, and I say it again here today. But in order to avoid that, we are maximizing our diplomatic efforts with Israel as well as with several Arab states.

In order to maintain the internal security of the various countries, in order to maintain equilibrium in arms capability, one nation against the other, we are supplying some arms to various states in that region. I think, while we negotiate, or while we expand our diplomatic efforts, it is important to maintain a certain degree of military capability on all sides.

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QUESTION: Mr. President, both you and Secretary Kissinger have said that in case of strangulation of the West by the oil producers you would use military force, and you were hypothetically speaking. I think on that same basis the American people would like to know whether you would require a Congressional declaration of war or whether you would bypass that Constitutional process, as some of your predecessors have done?

THE PRESIDENT: I can assure you that on any occasion where there was any commitment of U.S. military personnel to any engagement we would use the complete Constitutional process that is required of the President.

QUESTION: Mr. President, I believe I have detected the subtle thunder of politics interwoven among the bid by Washington officials to come up with a program for the Nation's energy and the economy. My question goes to you, sir.

Do you feel that your political future is tied directly to turning the economy around and, more specifically, can a man be elected to your office when polls show that a large majority of the public does not have confidence in his handling of the economy?

THE PRESIDENT: I think any President or any candidate for the Presidency is affected by the status of the economy. In my judgment, the program I have submitted both to answer the energy problem and to meet the difficulties we are having in the economy today will be reflected in a definite improvement in our economy in the months ahead.

The plan for energy, if approved by the Congress, will get us on the road to meet our difficulties in the field of energy. It will make us less vulnerable to outside or foreign sources.

I am convinced both programs are sound. We may be at a low point now, but I am convinced that the months ahead will prove that we were right and that political prospects, if they are affected by that, will likewise be improved.

QUESTION: Mr. President, are there circumstances in which the U.S. might actively re-enter the Vietnam war?

THE PRESIDENT: I cannot foresee any at the moment.

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QUESTION: Are you ruling out the possibility of bombing, U.S. bombing over there, or naval action?

THE PRESIDENT: I don't think it is appropriate for me to forecast any specific actions that might be taken. I would simply say that any military actions, if taken, would be only taken following the actions under our Constitutional and legal procedures.

QUESTION: Mr. President, some critics of your energy and tax proposals say that it looks like a "made in Detroit" plan, and that it is more an effort to rescue or revive the auto industry in that it does not attack the horsepower and weight of automobiles and the gas-guzzling machines.

I would like to ask you whether you considered these options and if so, why you rejected them.

THE PRESIDENT: I can assure you, Mr. Lisagor, we considered every option, including the options that some are talking about, gas rationing, closing gas stations on Sunday and things of that nature, but we did not think any of those proposals were the right solution.

Let me just take one that you mentioned -- a tax on new automobiles, I assume, that had a high horsepower.

I really do not think that is any solution because automobiles in that category are not the ones that are bought by most people. So, the impact really would be minimal.

All of these little pieces that people talk about are not a part of a comprehensive plan, the kind of a program that I have submitted to the Congress and to the American people.

Until someone comes up with a total plan, such as we have come up with, I think it is unfortunate to have this rather limited criticism.

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QUESTION: Would your plan come apart if any piece of it were not approved by the Congress?

THE PRESIDENT: I think it is so comprehensive that one piece not being implemented would not bring about its downfall. But I can assure you that it is so well integrated that every piece is essential if we are to achieve the maximum results, which is no vulnerability against foreign sources of energy after 1985.

QUESTION: Mr. President, in recent days the Democratic Caucus seems to have emerged as the power up in the House. How can you, as a President, deal with the Caucus instead of the more traditional power base such as Speaker, Minority Leader, committee chairmen?

THE PRESIDENT: I know and have worked with many of the new forces that have emerged in the House of Representatives on the Democratic side. I will, of course, concentrate my working relationship with the Speaker and with the Majority Leader and the other elected leaders, but I will also, of course, be required to work with the committee chairmen, whoever they may be. We will have to be very pragmatic as we try to get our legislation through and that means working with the Majority from the top to the most junior Member.

QUESTION: Mr. President, I would like to follow up on Helen Thomas's question. There has been considerable discussion, as you know, about this question of military intervention in the Middle East and you and others have said it might be considered if the West's economies were strangled. Mr. President, as you know, the charter of the United Nations says that all members shall refrain in their international relations from the threat of the use of force against a territorial integrity or political independence of any state.

Now, Mr. President, I would like to know whether this section of the charter of the United Nations was considered, taken under consideration before these statements were made by members of the Administration and, if not, why not?

THE PRESIDENT: Well, the hypothetical question which was put to Secretary Kissinger, a hypothetical question of the most extreme kind, I think called for the answer that the Secretary gave and I fully endorse that answer.

I can't tell you whether Secretary Kissinger considered that part of the United Nations' charter at the time he made that comment, but if a country is being strangled, and I use "strangled" in the sense of the hypothetical question, that, in effect, means that a country has the right to protect itself against death.

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QUESTION: Mr. President, would a new oil embargo be considered strangulation?

THE PRESIDENT: Certainly none comparable to the one in 1973.

QUESTION: Mr. President, your fiscal austerity program, because of that, will you have to abandon plans for national health insurance?

THE PRESIDENT: Unfortunately, the "no new program guideline" that I laid down does mean the deferral of any recommendation by me of a national health insurance program.

Yes?

QUESTION: Mr. President, when you were Minority Leader of the House, would you not have been horrified by a President who proposed -- who predicted a \$30 billion deficit and then proposed a big tax cut on top of it?

THE PRESIDENT: Well, I am horrified as President . (Laughter). But unfortunately, because of the economic problems we have, the recession, our revenues have dropped very substantially and because of the recession, we have had to pay out substantially more in unemployment compensation and for the Public Service Employment Act, and the net result is that we were looking at a \$30 billion-plus deficit, whether we did anything.

And in order to stimulate the economy and to provide jobs and to get money back into the hands of the American people, I felt that in these extenuating circumstances that a tax reduction or rebate was absolutely essential and I believe that it is the right medicine for our current illness. And I think if we had done nothing, the patient would have been in much worse condition.

MORE



QUESTION: Mr. President, does the state of the American economy permit additional military and economic aid to Vietnam or Cambodia?

THE PRESIDENT: I believe it does. When the budget was submitted for fiscal 1975, in January of 1974, the request was for \$1.4 billion for military assistance. The Congress cut that to \$700 million.

The request that I will submit for military assistance in a supplemental will be \$300 million. I think it is a proper action by us to help a nation and a people prevent aggression in violation of the Paris accord.

QUESTION: The deadline for draft deserters and draft dodgers is about to run out to apply for your amnesty program. I was just wondering, are you considering extending that deadline or will it die?

THE PRESIDENT: I am in the process right now of analyzing whether there should be an extension of the amnesty program beyond the January 31 deadline. I have not made a final decision on that at this point.

QUESTION: Could you bring us up-to-date with an evaluation of the state of detente with the Soviet Union in the light of what happened to the trade agreement?

THE PRESIDENT: It is my judgment that the detente with the Soviet Union will be continued, broadened, expanded. I think that is in our interest, and I think it is in the interest of the Soviet Union.

I, of course, was disappointed that the trade agreement was canceled, but it is my judgment that we can continue to work with the Soviet Union to expand trade regardless. And I would hope that we could work with the Congress to eliminate any of the problems in the trade bill that might have precipitated the action by the Soviet Union.

QUESTION: Mr. President, would you consider gasoline rationing if that was the choice you were given by Congress and they rejected your plan for increased taxes?

THE PRESIDENT: I think it is the obligation of the Congress, if they favor gas rationing, to make it mandatory. I do not approve of it because I think it is the wrong solution to the problem.

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Gas rationing, as I indicated, does not provide any stimulant whatsoever for alternative sources of energy. It would not provide us any of the wherewithal to find new sources of energy, whether it is solar, geothermal -- it would not provide us any capability of further exploration of crude oil.

I think gas rationing would provide many inequities. As I illustrated in my opening statement, in my judgment, gas rationing would provide an inflexible answer to a problem that has to be solved by some new initiatives, and a five year to ten year gas rationing program, which is what it would have to be, would hamstring rather than help our solution.

QUESTION: If requested by Congress, would you consider postponing, for a time -- 90 days perhaps -- your plan to increase the tariff on imported oil?

THE PRESIDENT: I think it is important for the Congress to understand, in the solution of the energy program, that we should move forward and not take a backward step.

If we were to postpone the imposition of the \$1 extra per barrel on imported oil, it would start the momentum going against the cutback of one million barrels per day in foreign oil imports, and the sooner we start that, the better it will be in the conservation of energy, which is essential to our present and future well-being.

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QUESTION: Mr. President, a two-part, follow-up on Vietnam.

What is your assessment of the military situation there, and are you considering any additional measures beyond a supplemental of assistance to the South Vietnamese government.

THE PRESIDENT: The North Vietnamese have infiltrated with substantial military personnel and many, many weapons in violation of the Paris accords. They are attacking in many instances major metropolitan areas and province capitals.

The South Vietnamese are fighting as skillfully and with firmness against this attack by the North Vietnamese. I think it is essential for their morale as well as for their security that we proceed with the supplemental that I am recommending, which will be submitted either this week or next week.

Now, I am not anticipating any further action beyond that supplemental at this time.

QUESTION: Mr. President, you have painted a pretty bleak picture of the economy. Just what can the American people expect in the months ahead, how high will unemployment go and how soon will your medicine start taking hold?

THE PRESIDENT: You can get a variety of answers as to how high unemployment will go, but you can take one figure of 7.5 percent, some say over 8 percent. Either figure is too high and my program, if implemented by the Congress, will remedy the situation.

Now, it seems to me that by the late summer we ought to see a turnaround both as to economic activity, and I hope a betterment in the unemployment figures.

QUESTION: Mr. President, in your State of the Union Message, you urged Congress not to restrict your ability to conduct foreign policy. Did you have in mind Senator Jackson's amendment on the emigration of Soviet Jews, and do you consider this to be an example of meddling by Congress in foreign policy?

THE PRESIDENT: I don't wish to get in any dispute with Members of Congress. I think that such restrictive amendments as the one that was imposed on the trade bill and the Ex-Im bank legislation and the limitation that was imposed on several pieces of legislation involving the continuation of military aid to Turkey, those kinds of limitations, in my judgment, are harmful to a President in the execution and implementation of foreign policy?

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I don't think that I should speculate as to what actually precipitated the action of the Soviet Union in the cancellation of the trade agreement.

QUESTION: Mr. President, in an earlier Vietnam question you left open the option for yourself of possibly asking Congress for the authority to engage in bombing or naval action in the future.

In light of the lengthy involvement by the United States in Vietnam and the pains that created, can you say now whether or not there are any circumstances under which you might foresee yourself doing that, or would you care to rule out that possibility?

THE PRESIDENT: I don't think it is appropriate for me to speculate on a matter of that kind.

QUESTION: Mr. President, you have proposed a 5 percent ceiling on the automatic cost of living increase attached to Social Security and your Administration has, in addition, proposed an increase in the amount of money that the elderly poor must pay for food stamps.

Do you stick by both of those conditions? What do you say to those who argue that the elderly poor are being asked to assume an unfair burden of the hardships and sacrifices?

THE PRESIDENT: I think it is proper to indicate that I am not requesting Congress to keep the Social Security payments at the present level. I am saying that in order to have a total effort in this country, to combat inflation and to help the economy, that there should be a 5 percent increase, but no more.

I think that is a fair recommendation under the circumstances, and I would say that the requirement -- that requires that people who want food stamps pay 30 percent of their income -- is also a proper requirement.

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QUESTION: Mr. President, in view of the rapport you seem to have established with Mr. Brezhnev in Vladivostok, can you shed any light on the conflicting reports about his current political and personal health?

Specifically, have you had any direct contact with him since your trip?

THE PRESIDENT: I have not had any direct contact. We have communicated on several occasions but we have had no personal or direct contact.

QUESTION: Mr. President, can we assume by your comments here, an objection to gas rationing, that you would veto a gas rationing program if it were to come to the White House for you to sign?

THE PRESIDENT: I have said that I would not hesitate to veto any additional spending programs or new programs that would cause new spending. I have pretty well outlined the objections which I think are valid against any gas rationing program.

Now, if the Congress wants to require mandatory gas rationing, that is a judgment they can make, as bad as I think it would be, and a program of that kind that was a superficial answer, in my judgment, I would veto.

QUESTION: Mr. President, as we all know, the State of the Union says that the price of fuel oil in this country is so great now that people cannot pay it. They are telling their Congressmen this. You propose to put an additional price on that on February 1st and then give them back, as an offset, a rebate in tax in May and September. How are the people going to pay these fuel bills in the meantime?

THE PRESIDENT: I think you have not analyzed the energy tax reduction in full. The money that would go back to individuals -- \$19 billion -- because of added energy costs, would go back to them through the change in the withholding tax, and to the poorest, an \$80 payment per person, any individual who was an adult.

So, I think the payback or the reduction in taxes would coincide with any added energy payments they would have to make.

QUESTION: Mr. President, the figures show that last year the United States had an inflation of 12.2 percent -- the highest in peacetime history. You have expressed in the State of the Union, and elsewhere, your fear that your programs for stimulating the economy may bring back a new surge of inflation in future months. Under those circumstances, don't you think it would be prudent to ask Congress for standby authority for wage and price controls and some restraint on profit margins if this happens?

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THE PRESIDENT: I do not believe in the economic environment we are in today that standby price and wage controls are the right remedy. I do not think that any profit control is a proper remedy, either.

The free economy over the years has proven to be the best answer and our experiences in the last several years with wage and price control has been not a very good one. So, I personally think, in the current circumstances, that we should not have standby or mandatory price and wage controls.

QUESTION: In that event, Mr. President, have you and your advisers been concerned, or had any anxiety that this cycle of inflation and recession -- inflation and recession -- this dreary cycle really, will just continue year after year and at some point one or the other of them will get completely out of control.

THE PRESIDENT: My economic program is aimed at stimulating the economy sufficiently to get us over the immediate recession we are in at the present time. And I believe if the Congress will take the actions that I have recommended to slow down the growth of spending and at the same time, pass the energy program that I have recommended, we can continue to make headway against inflation and at the same time, get over the hump of our current recession.

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QUESTION: Mr. President, you are now approaching six months in office. Could you tell us a little bit about how you like the job, about your personal philosophy towards it?

THE PRESIDENT: I think I have said several times that I enjoy the challenge of the job. It is not an easy one, but I enjoy the day-to-day responsibilities, challenges. I work hard at it. I try to have an open door policy to Members of Congress, to the public and to the Administration members individually, as well as collectively.

I feel we are making headway and we can and will make more headway if the Congress will work with me on some of these problems.

QUESTION: Mr. President, I would like to ask you, please, in view of the lack of confidence which has been expressed in the economy to date, what makes you think that your proposal for tax rebates would provide any real stimulus to buying power so the public would spend its way out of a recession?

What makes you think it won't all be eaten up in higher fuel taxes and the rest will be put in the bank for lack of public confidence?

THE PRESIDENT: The \$12 billion tax rebate predicated on 1974 income taxes, if the Congress acts promptly so we can make the first payment in May, will provide a stimulant and the tax refunds, or tax reductions that will be predicated on the energy package, will also, in my opinion, be helpful as far as the economy is concerned.

Now, I can't tell you how people are going to either spend or save the money that they will get in the rebate, but, if they spend it, that is good. If they save it, that might be helpful, too, because it will go into a bank or savings and loan and it will provide funds for the housing market, for the sale of automobiles.

In either case, I think there will be benefits and advantages to the rebate.

THE PRESS: Thank you, Mr. President.

THE PRESIDENT: Thank you very much. It is nice to be here. We will do it more often now.

END (AT 2:42 P.M. EST)



January 23, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

MODIFYING PROCLAMATION NO. 3279, RELATING TO
IMPORTS OF PETROLEUM AND PETROLEUM PRODUCTS,
AND PROVIDING FOR THE LONG-TERM CONTROL OF
IMPORTS OF PETROLEUM AND PETROLEUM PRODUCTS
THROUGH A SYSTEM OF LICENSE FEES

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BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS the Director of the Office of Civil and Defense Mobilization found pursuant to Section 2 of the Act of July 1, 1954, as amended (19 U.S.C. 1352a), "that crude oil and the principal crude oil derivatives and products are being imported in such quantities and under such circumstances as to threaten to impair the national security;" and

WHEREAS, Proclamation No. 3279 as well as modifications thereof, including Proclamation No. 4210 which suspended tariffs on imports of petroleum and petroleum products and established a system of license fees for such imports, was issued pursuant to this finding; and

WHEREAS, although conditions in world oil markets have changed significantly in recent years, the above finding continues to be valid at the present time; and

WHEREAS, the Administrator of the Federal Energy Administration who maintains constant surveillance of imports of petroleum and its primary derivatives in respect to the national security, and who has reviewed the current status of imports under Proclamation No. 3279, as amended, has recommended that the method of adjusting imports of crude oil and the principal crude oil derivatives and products be modified; and

WHEREAS, I agree with this recommendation; and

WHEREAS, pursuant to Section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862), the Secretary of the Treasury having made an appropriate investigation to determine the effects on the national security of imports of crude oil and the principal crude oil derivatives and products and having considered the matters required by him to be considered by the Trade Expansion Act of 1962, as amended, has reported the findings of his investigation and has advised me that crude oil, the principal crude oil derivatives and products, and related products derived from natural gas and coal tar, are being imported in such quantities and under such circumstances as to threaten to impair the national security and has recommended that I take action to reduce such imports; and

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WHEREAS, having considered the matters required by me to be considered by the Trade Expansion Act of 1962, as amended, I agree with the said advice; and

WHEREAS, I find and declare that adjustments must be made in imports of crude oil, the principal crude oil derivatives and products, and related products, so that such imports will not so threaten to impair the national security; and

WHEREAS, I judge it necessary and consistent with the national security to further discourage importation into the United States of petroleum, petroleum products, and related products, in such quantities or under such circumstances as to threaten to impair the national security; to create conditions favorable to domestic crude oil production needed for projected national security requirements; and to increase the capacity of domestic refineries and petrochemical plants to meet such requirements; and to encourage the development of other sources of energy; and

WHEREAS, in order to achieve the above objectives, I determine that a supplemental fee should be imposed on all imports of petroleum and petroleum products, and that certain other changes in the existing license fee system be made; and

WHEREAS, I have instructed the Administrator of the Federal Energy Administration to evaluate the structure and scope of coverage of those aspects of the existing Mandatory Oil Import Program which are not changed by this Proclamation, and to report to me within three months with his recommendations;

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 the laws of the United States, including Section 232 of the Trade Expansion Act of 1962, as amended, do hereby proclaim that, effective as of February 1, 1975, a new system of oil import fees is instituted, and accordingly, Proclamation No. 3279, as amended, is hereby further amended as follows:

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

"Sec. 3(a)(1). Effective February 1, 1975, the Administrator shall issue allocations and licenses subject to fees, on imports of crude oil, unfinished oils, and finished products. Such licenses shall require, among other appropriate provisions, that:

(i) with respect to imports of crude oil and natural gas products, over and above the levels of imports established in Section 2 of this Proclamation, such fees shall be \$0.21 per barrel;

(ii) with respect to imports of motor gasoline, unfinished oils, and all other finished products (except ethane, propane, butanes, and asphalt), over and above the levels of imports established in Section 2 of this Proclamation, such fees shall be \$0.63 per barrel;

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(iii) with respect to imports of crude oil, natural gas products, unfinished oils, and all other finished products (except ethane, propane, butanes, and asphalt) entered into the customs territory of the United States on or after February 1, 1975, there shall be a supplemental fee per barrel, of \$1.00, rising to \$2.00 on imports entered on or after March 1, 1975, and to \$3.00 on imports entered on or after April 1, 1975;

(iv) with respect to the fees imposed pursuant to paragraphs 3(a)(1)(i)-(iii), the amount of such fees shall be reduced, on a monthly basis, by an amount equal to any applicable duties paid less any drawbacks received during the same period, except that where duty drawbacks exceed the duty paid during that period, the net differences shall be applied to subsequent periods;

(v) with respect to all licenses issued prior to the effective date of this Proclamation, such licenses shall be subject to paragraph 3(a)(1)(iii), regardless of whether such licenses were issued as a result of payment of fees or an allocation not subject to fee;

(vi) with respect to licenses issued prior to the effective date of this Proclamation, not subject to the license fee prescribed in paragraph 3(a)(1)(i)-(ii) or licenses issued by prepayment of such fees, payment of the fees prescribed in paragraph 3(a)(1)(iii) shall be made no later than the last day of the month following the month in which such imports were released from customs custody or entered or withdrawn from warehouse for consumption, whichever occurs first. With respect to licenses subject to the fees prescribed in paragraph 3(a)(1)(i)-(ii) but issued against a surety bond, payment of the fees prescribed in paragraph 3(a)(1)(iii) shall be made simultaneously with payment of the fees prescribed in paragraph 3(a)(1)(i)-(ii). Notwithstanding the provisions of paragraph (b) of Section 3, surety bonds need not be increased to cover the additional fee liability on licenses issued prior to the effective date of this Proclamation;

(vii) with respect to licenses issued on or after February 1, 1975, for imports entered into the customs territory of the United States prior to April 1, 1975, an amount of fees under paragraph 3(a)(1)(iii) equal to those due on April 1, 1975, shall be payable, subject to refund of the difference between the amount of the fee applicable at the time the imports are entered and the amount already paid;

(viii) with respect to licenses issued pursuant to paragraph 3(a)(1)(iii) for imports other than (A) crude oil as defined for purposes of the Old Oil Allocation Program which is imported for refining or (B) products refined in a refinery outside of the customs territory as to which crude oil runs to stills would qualify a refiner to receive entitlements under the Old Oil Allocation Program, the Administrator may by regulation reduce the fee payable by the following amounts, or by such other amounts as he may determine to be necessary to achieve the objectives of this Proclamation and the Emergency Petroleum Allocation Act of 1973:

- for imports entered into the United States customs territory during the month of February, 1975, \$1.00 per barrel;

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- for imports entered during the month of March, 1975, \$1.40 per barrel;

- for imports entered during the month of April, 1975, and thereafter, \$1.80 per barrel.

(ix) with respect to licenses issued pursuant to paragraph 3(a)(1)(i)-(iii), the Administrator:

(A) with respect to imports of crude oil, to the extent that such imports are refined into products or incorporated into petrochemicals exported from the United States and its territories and possessions, shall refund any fee collected; provided, that the Administrator may limit the quantity of exports to which refunds under this provision may be applicable;

(B) with respect to unfinished oils, may, by regulation, provide for refunds to the extent that such unfinished oils are refined into products or incorporated into petrochemicals which are exported from the United States and its territories and possessions; and

(C) with respect to petrochemicals, shall specify, by regulation, those petrochemicals which qualify an importer for a refund under this subparagraph.

Sec. 2. In addition to the foregoing amendments, which in themselves are intended to achieve the objectives of this Proclamation, the following additional and conforming amendments are made to Proclamation No. 3279, as amended:

(a) Paragraph (c) of Section 1 is amended to read as follows:

"(c) In Districts I-IV, District V, and in Puerto Rico, no department, establishment, or agency of the United States shall without prior payment of the fees provided for in Section 3(a)(1)(i)-(ii) of this Proclamation, import finished products in excess of the respective allocations made to them by the Administrator. Such allocations shall, except as otherwise provided in this Proclamation, be within the maximum levels of imports established in Section 2 of this Proclamation. No such department, establishment, or agency shall be exempt from the fees provided in Section 3(a)(1)(iii)."

(b) Section 2 is amended in the following respects:

(1) The first sentence of paragraph (a) of section 2 preceding subparagraph (1) is amended to read as follows:

"Sec. 2(a). Except as otherwise provided in this Proclamation, the maximum level of imports, from sources other than Canada and Mexico which may be made without prior payment of the fees provided in Section 3(a)(1)(i)-(ii) of this Proclamation, of crude oil, unfinished oils, and finished products (other than residual fuel oil to be used as fuel) shall be:"

(2) Subparagraphs (1), (2), (5) and (6) of paragraph (a) of section 2 are amended by deleting the word "calendar" wherever it appears.

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(3) Paragraph (c) of section 2 is deleted, and paragraph (d) is redesignated as paragraph (c).

(4) Subparagraph (1) of paragraph (d) of section 2 preceding the portion of subparagraph (1) designated (i) is amended to read as follows:

"(c)(1) Except as otherwise provided in this Proclamation, the maximum levels of imports from Canada of crude oil and unfinished oils to which license fees under section 3(a)(1)(i)-(ii) are not applicable shall be:"

(5) Subparagraph (1) of paragraph (d) of section 2 is amended in the portions designated (i) and (ii) by deleting the word "calendar" wherever it appears.

(6) Paragraph (e) of section 2 is redesignated as paragraph (d), and is amended by deleting the word "calendar."

(7) Paragraph (f) of section 2 is redesignated as paragraph (e).

(c) Section 3 is amended in the following additional respects:

(1) Subparagraph (2) of paragraph (a) of section 3 is amended in its proviso to read as follows:

"Provided, that such rate shall apply also in cases where the holder of the license establishes to the satisfaction of the Administrator that he made a good faith attempt to arrange shipment by vessel under United States registry and that no such vessel was available at reasonable rates for the purpose at the time this shipment was made."

(2) Subparagraph (3) of paragraph (a) of section 3 is amended to read as follows.

"(3) The Administrator is authorized to refund or reduce fees, whether in whole or in part, (i) for payment to the importer of record, on a monthly basis, of sums equal to the sums collected by way of duties, by the United States Customs Service, less any applicable drawback pursuant to paragraph 3(a)(1)(iv); (ii) for payment to the importer of record of the sums required to be refunded by paragraphs 3(a)(1)(vii) and (viii); (iii) where the licensee failed to use, wholly or in part, the license issued to him; (iv) where refunds of license fees, whether in whole or in part, are ordered by the Oil Import Appeals Board; (v) where refund of a license fee, whether in whole or in part, is called for by reason of a person having exported finished products or petrochemicals; (vi) where crude oil imported by virtue of a license for which a fee was paid has been manufactured into asphalt; (vii) where refund of a license fee is called for by reason of the same having been improperly charged."

(3) Paragraph (b) of section 3 is amended to read as follows:

"(b) Applications for allocations and licenses for imports subject to fee under this section shall be accompanied by the applicant's certified check, or a cashier's check, payable to the order of the Treasurer of the United States in the amount chargeable pursuant to this section, or by a bond

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with a surety on the list of acceptable sureties on Federal bonds maintained by the Bureau of Government Financial Operations, Department of the Treasury, in a sum not less than the amount chargeable pursuant to this section, conditioned upon payment of such amount to the order of the Treasurer of the United States, by the last day of the month following the month in which such imports were released from customs custody or entered or withdrawn from warehouse, whichever occurs first, or within such other period as the Administrator shall specify. 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. Except as to a department, establishment or agency of the United States, applications not accompanied by a certified check, cashier's check, or bond in the amount required shall not be considered. Payment of fees by or for the account of a department, establishment, or agency of the United States shall be accomplished by transfers, as appropriate, from appropriation accounts available to such department, establishment, or agency, to the suspense account provided by subparagraph (1) of paragraph (c) of this section."

(4) Subparagraph (1) of paragraph (c) of section 3 is amended to read as follows:

"(c)(1) All monies received by the Administrator under the terms of paragraph (b) of this section shall be held by the Administrator in a suspense account and may be drawn upon by the Administrator for the payment of refundable license fees. Balances remaining in such suspense account and not required to be reserved for payments hereinabove provided shall be deposited at the end of each fiscal year in the Treasury of the United States and credited to miscellaneous receipts."

(5) Subparagraph (2) of paragraph (c) of section 3 is redesignated as subparagraph (3) and a new subparagraph (2) is added to paragraph (c) to read as follows:

"(2) Any importer, paying fees pursuant to this section, shall, with respect to each such payment, receive the refunds authorized by subparagraph (1) (iv) of paragraph (a) of this section by submitting to the Administrator, simultaneously with or subsequent to the payment of license fees, such evidence of tariff payment as the Administrator shall specify. Said importer shall also certify the amount of drawback received during the same period for which a refund is requested."

(d) Section 4 is amended in the following respects:

(1) Subparagraphs (1), (2), and (4) of paragraph (b) of section 4 are amended by inserting the phrase "under section 3(a)(1)(i)-(ii)" after the words "license fees" wherever such words shall appear.

(2) Subparagraph (5) of paragraph (b) of section 4 is amended in the first sentence by inserting the phrase "under section 3(a)(1)(i)-(ii)" after the words "license fees", and in the third and fourth sentences by inserting the words "to which fees under section 3(a)(1)(i)-(ii) shall not be applicable" after the word "allocations", wherever such word shall appear.

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(4) Paragraph (c) of section 4 is amended by adding, at the end of said paragraph, the following sentence:

"In exercising this authority the Administrator will consult with the Secretaries of State, Treasury, and Defense, as appropriate."

(5) Paragraph (d) of section 4 is deleted.

(e) Section 5 is amended in the following respects:

(1) Paragraph (a) of section 5 is amended by deleting the last sentence.

(2) Paragraph (b) of section 5 is amended in clause (1) of the first sentence by deleting the words "on applications for allocations of imports under such regulations," and by inserting the words "under implementing regulations," in the last sentence by deleting the word "fee" and inserting the words "from the fees established in section 3(a)(1)-(11)", and by adding a new sentence after the last sentence to read as follows: "Any allocations granted by the Board, however, shall be subject to payment of the fees established in section 3(a)(1)(11)."

(f) Section 10 is redesignated as section 7 and is amended to read as follows:

"Sec. 7. The Administrator shall provide policy direction, coordination, and surveillance of the mandatory oil import program, and shall, from time to time, in consultation with the Secretaries of State and the Treasury and other federal agencies as appropriate, review the status of imports of petroleum and its primary derivatives in respect to the national security. In this connection, he shall inform the President of any circumstances which might indicate the need for further Presidential action under Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862), as amended."

(g) Section 11 is redesignated as section 8 and is amended by adding after the words "fee" or "fees", wherever they shall appear, the phrase "under section 3(a)(1)(1)-(11)", and by deleting the proviso.

(h) Section 12 is redesignated as section 9, and is amended by substituting a comma for the period, and by adding the words "except that all such allocations shall be subject to the payment of fees prescribed by section 3(a)(1)(11) of this Proclamation."

(i) Section 13 is redesignated as section 10.

(j) Section 14 is deleted.

(k) Section 15 is redesignated as section 11 and is amended by adding, after the last paragraph, the following paragraphs:

"(m) The term 'Administrator' means the Administrator of the Federal Energy Administration, or his delegate.

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"(n) The term 'Old Oil Allocation Program' means the program adopted pursuant to the Emergency Petroleum Allocation Act of 1973 for Allocation of Old Oil, 39 F.R. 42246 (December 4, 1974), 10 C.F.R. 211.67."

(1) Section 16 is redesignated as section 12, and is amended to read as follows:

"Section 12. Effective with respect to articles entered, or withdrawn from warehouse for consumption on or after February 1, 1975, tariffs upon imports of petroleum products listed in schedule 4, part 10 -- "Petroleum, natural gas, and products derived therefrom" -- of the Tariff Schedules of the United States shall be and are reinstated."

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

GERALD R. FORD

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FOR IMMEDIATE RELEASE

JANUARY 28, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Two years ago the Paris Agreement was signed, and several weeks later was endorsed by major nations including the Soviet Union, the United Kingdom, France and the People's Republic of China. We had succeeded in negotiating an Agreement that provided the framework for lasting peace in Southeast Asia. This Agreement would have worked had Hanoi matched our side's efforts to implement it. Unfortunately, the other side has chosen to violate most of the major provisions of this Accord.

The South Vietnamese and Cambodians are fighting hard in their own defense, as recent casualty figures clearly demonstrate. With adequate U.S. material assistance, they can hold their own. We cannot turn our backs on these embattled countries. U.S. unwillingness to provide adequate assistance to allies fighting for their lives would seriously affect our credibility throughout the world as an ally. And this credibility is essential to our national security.

Vietnam

When the Paris Agreement was signed, all Americans hoped that it would provide a framework under which the Vietnamese people could make their own political choices and resolve their own problems in an atmosphere of peace.

In compliance with that Agreement, the United States withdrew its forces and its military advisors from Vietnam. In further compliance with the Agreement, the Republic of Vietnam offered a comprehensive political program designed to reconcile the differences between the South Vietnamese parties and to lead to free and supervised elections throughout all of South Vietnam. The Republic of Vietnam has repeatedly reiterated this offer and has several times proposed a specific date for a free election open to all South Vietnamese political groups.

Unfortunately, our hopes for peace and for reconciliation have been frustrated by the persistent refusal of the other side to abide by even the most fundamental provisions of the Agreement. North Vietnam has sent its forces into the South in such large numbers that its army in South Vietnam is now greater than ever, close to 289,000 troops. Hanoi has sent tanks, heavy artillery, and anti-aircraft weapons to South Vietnam by the hundreds. These troops and equipment are in South Vietnam for only one reason -- to forceably impose the will of Hanoi on the South Vietnamese people. Moreover, Hanoi has refused to give a full accounting for our men missing in action in Vietnam.

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The Communists have also violated the political provisions of the Paris Agreement. They have refused all South Vietnamese offers to set a specific date for free elections, and have now broken off negotiations with the Government of the Republic of Vietnam. In fact, they say that they will not negotiate with that Government as it is presently constituted, although they had committed themselves to do so.

Recent events have made it clear that North Vietnam is again trying to impose a solution by force. Earlier this month, North Vietnamese forces captured an entire province, the population centers of which were clearly under the control of the South Vietnamese Government when the Paris Agreement was signed. Our intelligence indicates, moreover, that their campaign will intensify further in coming months.

At a time when the North Vietnamese have been building up their forces and pressing their attacks, U.S. military aid to the South Vietnamese Government has not been sufficient to permit one-to-one replacement of equipment and supplies used up or destroyed, as permitted by the Paris Agreement. In fact, with the \$700 million appropriation available in the current fiscal year, we have been able to provide no new tanks, airplanes, trucks, artillery pieces, or other major equipment, but only essential consumable items such as ammunition, gasoline, spare parts, and medical supplies. And in the face of the increased North Vietnamese pressure of recent months, these supplies have not kept pace with minimally essential expenditure. Stockpiles have been drawn down and will soon reach dangerously low levels.

Last year, some believed that cutting back our military assistance to the South Vietnamese Government would induce negotiations for a political settlement. Instead, the opposite has happened. North Vietnam is refusing negotiations and is increasing its military pressure.

I am gravely concerned about this situation. I am concerned because it poses a serious threat to the chances for political stability in Southeast Asia and to the progress that has been made in removing Vietnam as a major issue of contention between the great powers.

I am also concerned because what happens in Vietnam can affect the rest of the world. It cannot be in the interests of the United States to let other nations believe that we are prepared to look the other way when agreements that have been painstakingly negotiated are contemptuously violated. It cannot be in our interest to cause our friends all over the world to wonder whether we will support them if they comply with agreements that others violate.

When the United States signed the Paris Agreement, as when we pursued the policy of Vietnamization, we told the South Vietnamese, in effect, that we would not defend them with our military forces, but that we would provide them the means to defend themselves, as permitted by the Agreement. The South Vietnamese have performed effectively in accepting this challenge. They have demonstrated their determination and ability to defend themselves if they are provided the necessary military materiel with which to do so. We, however, may be judged remiss in keeping our end of the bargain.

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We -- the Executive and Legislative Branches together -- must meet our responsibilities. As I have said earlier, the amount of assistance appropriated by the previous Congress is inadequate to the requirements of the situation.

I am, therefore, proposing:

- A supplemental appropriation of \$300 million for military assistance to South Vietnam.

The \$300 million in supplemental military assistance that I am requesting for South Vietnam represents the difference between the \$1 billion which was authorized to be appropriated for fiscal year 1975 and the \$700 million which has been appropriated. This amount does not meet all the needs of the South Vietnamese army in its defense against North Vietnam. It does not, for example, allow for replacement of equipment lost in combat. It is the minimum needed to prevent serious reversals by providing the South Vietnamese with the urgent supplies required for their self-defense against the current level of North Vietnamese attacks.

I believe that this additional aid will help to deter the North Vietnamese from further escalating their military pressure and provide them additional incentive to resume the political discussions envisaged under the Paris Agreement.

All Americans want to end the U.S. role in Vietnam. So do I. I believe, however, that we must end it in a way that will enhance the chances of world peace and sustain the purposes for which we have sacrificed so much.

Cambodia

Our objective in Cambodia is to restore peace and to allow the Khmer people an opportunity to decide freely who will govern them. To this end, our immediate goal in Cambodia is to facilitate an early negotiated settlement. The Cambodian Government has repeatedly called for talks without preconditions with the other Khmer parties. We have fully supported these proposals as well as the resolution passed by the United Nations General Assembly calling for early negotiations among Khmer parties.

Regrettably, there has been no progress. In fact, the Communists have intensified hostilities by attacking on the outskirts of Phnom Penh and attempting to cut the land and water routes to the capital. We must continue to aid the Cambodian Government in the face of externally supported military attacks. To refuse to provide the assistance needed would threaten the survival of the Khmer Republic and undermine the chances for peace and stability in the area.

The Cambodian Government forces, given adequate assistance, can hold their own. Once the insurgents realize that they cannot win by force of arms, I believe they will look to negotiations rather than war.

I am, therefore, proposing:

- Legislation to eliminate the current ceilings on military and economic assistance to Cambodia, and

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to authorize the appropriation of an additional \$222 million for military aid for Cambodia, and

-- An amendment to the fiscal year 1975 budget for the additional \$222 million.

To provide the assistance necessary, the present restrictions on our military and economic aid to Cambodia must be removed and additional money provided. The \$200 million in military assistance currently authorized was largely expended during the past six months in response to the significantly intensified enemy offensive action. In addition, I have utilized the \$75 million drawdown of Department of Defense stocks authorized by Congress for this emergency situation. Since the beginning of the Communist offensive on January 1, ammunition expenditures have risen and will exhaust all available funds well before the end of this fiscal year. To meet minimum requirements for the survival of the Khmer Republic, I am requesting an additional \$222 million in military assistance and the elimination of the present \$200 million ceiling on military assistance to Cambodia. I am also requesting elimination of the \$377 million ceiling on overall assistance to Cambodia. This is necessary to enable us to provide vital commodities, mostly food, under the Food for Peace program, to assure adequate food for the victims of war and to prevent the economic collapse of the country.

I know we all seek the same goals for Cambodia -- a situation wherein the suffering and destruction has stopped and the Khmer people have the necessary security to rebuild their society and their country. These goals are attainable. With the minimal resources and flexibility I am requesting from you, the Congress, we can help the people of Cambodia to have a choice in determining their future. The consequences of refusing them this assistance will reach far beyond Cambodia's borders and impact severely on prospects for peace and stability in that region and the world. There is no question but that this assistance would serve the interests of the United States.

GERALD R. FORD

THE WHITE HOUSE,
January 28, 1975

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JANUARY 30, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

THE WHITE HOUSE MADE PUBLIC TODAY THE
FOLLOWING LETTER FROM THE PRESIDENT TO
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES
AND THE PRESIDENT OF THE SENATE

Dear Mr. Speaker: (Dear Mr. President:)

In my State of the Union address earlier this month, I outlined the dimensions of our interrelated economic and energy problems and proposed comprehensive and far-reaching measures for their solution.

The measures I described included both Executive and Congressional actions. Because further delay is intolerable, I have already taken administrative action to deal with our energy problems, including issuance of a proclamation to impose increased fees on imported oil. The Secretary of the Treasury has already presented my detailed energy tax proposals to the House Ways and Means Committee.

I am enclosing a proposed omnibus energy bill -- the Energy Independence Act of 1975 -- which, along with the tax proposals already presented, will provide the combined authorities that are necessary if we are to deal seriously and effectively with the Nation's pressing energy problems.

We have delayed too long in taking decisive actions to reduce our dependence on foreign energy sources and to eliminate our vulnerability to energy disruptions such as we experienced last winter -- or worse.

In the near term, enactment of the proposed legislation along with certain Administrative actions would reduce oil imports by one million barrels per day by the end of this year, and two million barrels per day by the end of 1977. Over the mid-term (1975-1985), enactment of the proposed legislation will insure that domestic supplies of energy are substantially increased, that the growth in energy demand is reduced substantially and that we develop effective protection from future energy embargoes or energy emergencies. In the long term, my proposals will allow our Nation to once again supply a significant share of the energy needs of the free world.

The legislative program I have proposed will:

- (1) encourage early development of our oil, natural gas and coal resources;
- (2) help speed the siting and construction of nuclear and other energy facilities;
- (3) reduce energy consumption by mandating thermal standards for new homes and commercial buildings and assisting persons with low incomes in winterizing their homes;
- (4) encourage investments in the development of new domestic energy resources;

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(5) establish a strategic petroleum reserve to guard against future import disruptions; and

(6) authorize certain standby authorities to cope with potential embargoes or energy emergencies.

A more detailed summary of my legislative proposals is enclosed.

My tax proposals already presented by the Secretary of the Treasury would:

(1) place an excise tax of \$2 per barrel on all domestic crude oil and an import fee of \$2 on all imported crude oil and petroleum products to help reduce the demand for oil, promote domestic refining and encourage the development of new sources of energy;

(2) impose a tax on all domestic crude oil in order to capture windfall profits;

(3) place an excise tax on natural gas equivalent to the \$2 tax on oil to reduce natural gas demand;

(4) provide additional tax credits for public utilities to provide equal tax treatment with other industries and promote the construction of needed electric generating facilities;

(5) provide tax credits for homeowners who install additional insulation to reduce energy consumption,

(6) return to the economy the revenue from energy conservation taxes to offset higher energy costs, particularly for low and middle income citizens, and to help restore jobs and production.

The 13 titles of this bill, coupled with appropriate tax measures, are essential to the eventual attainment of our common goal of energy independence. Prompt action on all these measures is essential.

I cannot stress too much the sense of urgency I feel about these proposals and the need for their swift consideration by the Congress as a basis for the earliest possible enactment into law. Without these measures, we face a future of shortages and dependency which the Nation cannot tolerate and the American people will not accept.

Sincerely,

GERALD R. FORD

The Honorable
The Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nelson A. Rockefeller
President of the Senate
Washington, D.C. 20510

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SUMMARY OF PROPOSED LEGISLATION TO INCREASE
DOMESTIC ENERGY SUPPLY AND AVAILABILITY

Title I of the Energy Independence Act of 1975 would authorize the production of petroleum from the Naval Petroleum Reserves to top off Defense Department storage tanks, with the remainder sold at auction or exchanged for refined petroleum products used by the military or used to fill a National Strategic Petroleum Reserve. Revenues generated from the sale of oil produced from the Naval Petroleum Reserves would be used to finance the further exploration, development and production of the Reserves, including NPR #4 in Alaska, as well as to create the National Strategic Petroleum Reserve. At least 20%, or such other amount as determined by the President, of the oil eventually produced from NPR #4 would be earmarked for military needs and for the National Strategic Petroleum Reserve and the remainder made available to the domestic economy. Although the oil reserves contained in NPR #4 are largely unexplored and significant production is not expected before 1982, it is anticipated that NPR #4 will provide a minimum of 2 million barrels of oil per day by 1985. Title I would also grant the Department of the Navy authority to acquire, construct, fill and maintain a military strategic petroleum reserve of 300 million barrels as part of the National Strategic Petroleum Reserve.

Title II would authorize the establishment of a civilian national strategic petroleum reserve of up to 1 billion barrels of petroleum. Once created, this strategic reserve, together with the exercise of certain standby authorities provided for in Title XIII, will minimize disruption from future embargoes or other energy emergencies. This Title would authorize the Federal government to acquire, construct and maintain petroleum storage facilities, to purchase petroleum or require industrial set-asides for a strategic reserve, and to utilize petroleum from the reserve to offset disruptions in foreign imports. Most of the funds required to finance this program, as well as a large amount of the oil to be stored would come from the production of NPR #1 in Elk Hills, California. Within one year of enactment, a report would be prepared and submitted to the Congress detailing actions taken and proposed plans for developing a strategic petroleum reserve system.

Title III is designed to reverse the declining natural gas supply trend as quickly as possible and to insure increased supplies of natural gas at reasonable prices to the consumer. Under the proposal, wellhead price controls over new natural gas sold in interstate commerce would be removed. This action will enable interstate pipelines to compete for new onshore gas and encourage drilling for gas onshore and in offshore areas. In order to discourage further conversions to natural gas and to encourage greater natural gas conservation, the President is also proposing an excise tax of 37¢ per thousand cubic feet on natural gas which is equivalent to the proposed \$2 tax on oil.

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Titles IV and V contain amendments to the Clean Air Act and the Energy Supply and Environmental Coordination Act of 1974 (ESECA). The amendments are needed to pursue a vigorous program, consistent with appropriate environmental safeguards, to make greater use of domestic coal, and thus to reduce the need for natural gas and imported oil. The proposed amendments would serve to reduce the need for oil imports by 100,000 barrels per day in 1975 and 300,000 barrels by 1977.

The amendments to ESECA would expand and extend the Federal Energy Administration's authority to issue and enforce orders prohibiting power plants and other major installations from burning petroleum products and natural gas. One of the amendments to the Clean Air Act would eliminate the regional requirement which prohibits major fuel burning sources from burning coal where the violation of health-related standards is caused by other sources. Another amendment would permit certain isolated plants to use intermittent control systems on an interim basis where they do not pose a threat to public health. In addition, the amendments seek a better balance between automobile fuel economy and air quality by stabilizing auto emission requirements for five years at the level of California's 1975 standards for hydrocarbons and carbon monoxide emissions, and holding at national 1975 standards for oxides of nitrogen.

Title VI would delete the "significant deterioration" requirement from the Clean Air Act. There may be more appropriate ways to deal with the issues associated with significant deterioration than through the Clean Air Act, and Congress should undertake a prompt and comprehensive review of this issue.

Title VII is designed to restore the financial health of public utilities. It would eliminate undue regulatory lags involved in approving proposed rate changes, assure that rates adequately reflect the full cost of generating and transmitting electricity, and remove prohibitions that now prevent lower prices from being charged to consumers during off peak hours. Though many states have already adopted similar programs, enactment of Title VII will establish certain standard regulatory procedures across the Nation, resulting in more equitable treatment of utilities.

Treasury Secretary Simon has presented to the House Ways and Means Committee proposals for tax changes including increased investment tax credits for public utilities. Presently only a 4% tax credit is available to utilities while a 7% tax credit is available to other industries. The proposed legislation would raise the tax credits to a level of 12% for one year with the 12% rate being retained for two additional years for all electric generating facilities not fired by oil or gas. Utilities would also be allowed to increase from 50% to 75% the portion of their 1975 tax liabilities that can be offset by the investment tax credit. The percentage would phase back down to 50% by 1980. Corporate tax deductions would also be allowed for preferred stock dividends issued by utilities and other industries. These legislative proposals would reduce the cost of capital for needed utility expansions and stimulate equity rather than debt financing.

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Title VIII is designed to expedite the development of energy facilities. The Federal Energy Administration would be required to develop a National Energy Site and Facility Report with appropriate Federal, State, industry and public input. Information in this report would be utilized by the Federal government, the States and industry in developing and implementing plans to insure that needed energy facilities are sited, approved and constructed on a timely basis. At the Federal level, FEA would be responsible for coordinating and expediting the processing of applications to construct energy facilities.

States would be required to develop management programs to expedite the process by which energy facility applications are reviewed and approved at the State level, to insure that adequate consideration is given to national and regional energy requirements in the State's siting and approval processes, and to provide that decisions of State regulatory authorities on energy facility applications are not overruled by actions of local governments. FEA would provide grants and technical assistance to the States in developing their programs. If a State does not develop an acceptable management program, FEA would promulgate an appropriate management program for it. The Federal government would not be authorized to override any State decision on a particular site of facility application.

Title IX would provide needed authority to prevent foreign oil producing countries from undercutting U.S. efforts to develop domestic petroleum energy resources or achieve energy independence. The Federal Energy Administration would monitor the effect of oil price fluctuations on the economic viability of conventional petroleum development and production projects. Upon the finding that this viability is being threatened, tariffs, quotas, or variable import fees would be imposed.

Two other measures are being developed that will affect domestic energy supplies. One proposal would assure more rapid siting and licensing of nuclear facilities while retaining sufficient safeguards to protect the environment and public health and safety. The other proposal, to regulate surface mining, would provide the appropriate balance between the urgent need to increase coal production and the need to protect the environment.

DEMAND RESTRAINT MEASURES

Each of the demand restraint measures contained in Titles X-XII is an essential element in achieving our overall goal of reducing oil imports and lowering the demand for coal, natural gas and electricity. These proposals will serve to reduce wasteful energy use, create jobs, and lessen economic hardships, while not impeding economic output.

Title X would establish mandatory thermal (heating and cooling) efficiency standards for all new homes and commercial buildings. It is anticipated that this program will save the equivalent of 500,000 barrels of oil per day in 1985. The Secretary of Housing and Urban Development in consultation with engineering, architectural, consumer, labor and industry representatives would be responsible for developing thermal efficiency standards. Standards

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for residential dwellings would be promulgated and implemented within one year, and performance standards for commercial and other residential buildings developed and implemented as soon thereafter as practicable. State and local governments would assume primary responsibility for enforcing standards through local building codes.

Title XI would establish, within the Federal Energy Administration, a grant program for States to assist low income persons, particularly the elderly, in winterizing their homes. Title XI is modeled after a successful pilot project that was conducted in the State of Maine during 1974. Annual appropriations of \$55 million would be authorized to fund the three year grant program, and enable States to purchase winterization materials for dwellings of low-income persons.

Title XII would authorize the President to require energy efficiency labels on all new major appliances and motor vehicles. This title would insure that consumers are fully apprised of the efficiency of various appliances and motor vehicles and would encourage the manufacture and greater utilization of more efficient products.

EMERGENCY PREPAREDNESS PROGRAMS

In addition to taking measures to increase domestic supplies, reduce demand and create a strategic reserve system, we must be in a position to take immediate and decisive actions to counteract any future energy emergency.

Title XIII would provide the President with certain standby authorities to deal with future embargoes or other energy emergencies and to carry out the International Energy Program agreement, including provisions for international oil sharing, mutual energy conservation programs, and international cooperation on various energy initiatives. This title would include authority to allocate and control the price of petroleum and petroleum products, promulgate and enforce mandatory energy conservation programs, ration petroleum products, order increases in domestic oil production, and allocate critical materials needed for the maintenance, construction and operation of critical energy facilities. All or a portion of these authorities would be invoked upon a determination that emergency conditions exist.

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FOR IMMEDIATE RELEASE

FEBRUARY 1, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
PRESS BRIEFING ON THE
1976 FISCAL YEAR BUDGET
BY THE OFFICE OF MANAGEMENT AND BUDGET

DEPARTMENT OF STATE AUDITORIUM

10:02 A.M. EST

Thank you very, very much, Roy, and your associates and the Office of Management and Budget, members of the press, guests:

It is a great privilege to be here, even though the news may not be good. I come here this morning following in the footsteps of another President by coming here personally face to face to present my budget proposals for fiscal year 1976.

That President was Harry Truman, and the last such occasion was January 19, 1952, when he met with the press to discuss the budget for fiscal year 1953, a budget, I might add, that had jumped to \$85 billion, described at that time as astronomical.

In the discussion, President Truman said, and I quote, "This budget has been the biggest headache I have ever had." Well, as I look at the Federal budget for the fiscal year 1976, I can only say, "Harry, I hope you left some aspirin for me." (Laughter)

Let me begin by saying that the President's annual budget is a carefully considered and integrated set of policies, programs and priorities that a President recommends to the people and to the Congress to set our national course into the future. Thus, the budget is one of the President's major policy pronouncements each year.

I want to talk to you about some of the key features of the budget for fiscal year 1976, which I will submit to the Congress next Monday.

It is a big budget, calling for expenditures of \$349 billion -- almost \$1 billion a day -- during the year starting next July 1. It will result in a large deficit for the year -- \$52 billion -- and this deficit, large as it is, would increase by another \$17 billion to nearly \$70 billion if the Congress does not agree to all of the reductions I have requested in this budget.

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It is essential that the Congress be very mindful of this fact.

I do not like to see deficits of this size, nor any, for that matter. I know most Americans agree. I am resolved to take those steps that will make such deficits unnecessary in the future. That requires, most of all, the restoration of a vigorous economy in this country, but we must be realistic.

We must recognize that in times like these, it is good national policy both to provide financial support to those unemployed and to introduce a measured amount of additional stimulus into the private economy by a tax reduction. My budget, as an integral part of the total economic recovery and energy independence plan I have proposed to the Congress, does just that.

Overcoming the recession is, however, not the only goal of my budget. It is equally essential that we not rekindle the fires of inflation. I have carefully gone over the programs proposed by the various Executive departments for the inclusion in the budget.

I have concluded that for this year, at least, it would be imprudent to initiate any new spending programs, except for energy. None is proposed. Further, it has been a popular notion to consider some government expenditures as uncontrollable; that is, they would go on and on whether we like it or not.

I categorically reject that view. They are controllable, if the Congress on the one hand and the President on the other do something about them.

My budget proposes significant reductions in a number of programs up to now considered to be uncontrollable. Together, the reductions I am proposing amount to \$17 billion for fiscal year 1976. I urge the Congress to join me to work with me so that we can bring spending under control.

For a while, the one-time tax reduction I have proposed will aid the economy in overcoming the present recession. The more permanent program expenditure reductions are necessary if we are not to embark on a course of future spending that will be highly inflationary.

Aside from the effects of my proposed tax reduction, the deficits anticipated for both 1975 and 1976 are largely the result of aspects of the budget and the tax system that respond automatically to changes in the economy; that is, in the case of an economic downturn Federal tax collections slow down as incomes and profits slide and unemployment benefits rise very sharply.

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These factors cushion the economy, but they also cost money. Specifically, aid to the unemployed, including the special measures that I proposed and were enacted, will be \$12.7 billion larger in fiscal year 1976 than they were in fiscal year 1974. This will provide income support for more than 14.5 million beneficiaries and their families.

Federal receipts for fiscal year 1976 would be more than \$40 billion higher if the economy were operating normally. These factors, apart from any other consideration, more than account for the deficit in fiscal year 1976.

In short, if the economy were operating at the rate of only a year ago, I would not be forecasting such a large difference between revenues and expenditures. In fact, we would have balanced budgets both this year and next.

Government expenditures at all levels -- Federal, State and local -- together account for one-third of our Gross National Product. An increasing proportion of these expenditures are payments for individuals such as Social Security, Medicare, public assistance and other programs.

But if these kinds of expenditures continue at anywhere near their past rate of growth--more than twice that of GNP--total government expenditures could slice away more than half of our GNP in two decades.

When I submit my budget for this year, I especially urge the budget committees of the House and the Senate to take advantage of the provisions of the new Congressional Budget Control Act.

This permits them in those two committees to set overall budget goals for the year and live within the totals set. In taking this action, the committees in both the House and the Senate should make a detailed study of the \$349 billion budget for fiscal year 1976.

The two committees should note that unless the goals set by the committees for the Congress hold my \$17 billion in budget cuts; in other words, if they don't keep the budget reductions at the levels that I have suggested, the deficit for fiscal year 1976 will rise to nearly \$70 billion, and for 1975 and 1976 together to about \$100 billion.

I, of course, will work very closely with the Congress in all of these matters. I will walk the extra mile and give all of my strength to getting the national economy in shape. I ask the Congress to walk that extra mile with me so that together we will lead the country with strength and purpose to a fuller life for all Americans.

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In view of the fact that this briefing is under embargo, except for my remarks, which I have just made, I am advised that a question and answer session by me at this time would not be appropriate. However, I will be available to answer questions at a news conference next Tuesday.

It is now my pleasure to turn the meeting over to the Director of the Office of Management and Budget, Mr. Roy Ash.

Let me say at this point I know firsthand what a superb job Roy Ash and his people have done at the Office of Management and Budget. I am particularly grateful for the outstanding service that he has given, and I think the American people should consider themselves most fortunate to have had in this important office, Roy Ash.

I wish to publicly thank him and express my indebtedness to him for doing an outstanding job for me, as well as the country.

I will turn Roy over to you. Ask him all of the tough questions, and I will be glad to answer the easy ones next Tuesday.

Thank you very much.

END (AT 10:15 A.M. EST)



February 3, 1975

Office of the White House Press Secretary

THE WHITE HOUSEMEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

I have issued this Executive Order to strengthen the occupational safety and health programs of all Federal agencies. It sets forth specific duties for the heads of Federal agencies to establish and maintain effective occupational safety and health programs in these agencies. It also authorizes the Secretary of Labor to assist in those duties and to issue guidelines tailored to individual agency needs.

As the Nation's largest employer, the Federal Government must set an example in the maintenance of safe and healthful working conditions for its employees. The Federal Government has reduced the rate of workplace injuries since 1965, but we cannot be satisfied as long as any avoidable accidents or illnesses occur.

The purpose of the Occupational Safety and Health Act of 1970 is to assure safe and healthful working conditions for all workers in the Nation. That Act contains special provisions to afford protection to Federal employees. It assigns responsibility to the head of each Federal agency to maintain an effective and comprehensive program consistent with the standards issued by the Secretary of Labor for private employees.

The issuance of this Executive Order and the attached guidelines of the Secretary of Labor, together with forthcoming actions by the Office of Management and Budget to promote agency awareness of the budgetary aspects of this program, should aid in your efforts to provide safe and healthful working conditions for the employees of your department or agency. Only your personal attention can ultimately achieve the goals we desire. The Secretary of Labor stands ready to assist you in your efforts. I look forward to receiving the evaluations of the Secretary of Labor regarding your achievements under the new Executive Order and the guidelines issued by the Secretary.

GERALD R. FORD

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OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
UPON THE SIGNING
OF THE ECONOMIC REPORT

THE CABINET ROOM

12:17 P.M. EST

This is the morning of good news.

Let me thank everybody for joining with me today for the signing of the Economic Report of the President, which goes to the Congress with the report of the Council of Economic Advisers.

Neither the report of the Chairman, Alan Greenspan, nor my own is light reading. Yet, they both come to grips with the problems of recession, inflation, and our need to scarcer and less accessible energy supplies.

The remedies proposed for these new problems are not easy. They require our country to take a new direction. They require prompt action by the Congress. And from all Americans, we must ask for a perseverance and a willingness to tolerate some very painful measures to regain good economic health.

The budget which I sent to the Congress today includes a number of underlying economic projections, including estimates of the changes which we expect in the prices and in the economy.

The Council of Economic Advisers will go more fully into the details of these projections at a press briefing tomorrow.

The projections are presented as averages for the entire year in the budget. What they do not show is that we will have turned the economy in a new and more favorable direction well before the end of this year.

We expect an increase in total production between mid-1975 and the end of 1976 in excess of a five percent annual rate. This will add some two million workers to the Nation's payroll over this period, so that unemployment -- though still high -- will be going down.

We estimate a rate of inflation between December of 1974 and December of 1975 of a little more than nine percent. A little less than two percentage points of this will be due to higher energy costs, much of which will be rebated to the economy in the form of tax cuts. We expect price increases of slightly more than seven percent during 1976.

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While these projected figures present no rosy picture, they forecast the real improvement we expect in the coming months.

Light reading or not, these two reports provide the underpinnings for both the budget and for the policies which I have proposed to deal with our problems squarely. You will find no attempt to evade the plain truth in either document. The figures used are honest and conservative and we hope to do better than the forecasts.

Some of our current problems have been growing for years. I have asked the Congress to join with me in establishing a new direction for our economy -- not in parceling out blame. I repeat the request -- this time with an even greater urgency.

If we fail to act jointly, there will be blame enough for every one among us.

Thank all of you for the fine work that you did on the preparation of the report. And I think we can promise everybody next year will be better, won't it.

Thank you very much.

END

(AT 12:24 P.M. EST)



FOR IMMEDIATE RELEASE

APRIL 14, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

The President today announced his intention to nominate John L. Petersen, of Aurora, Illinois, to be Administrator of the National Fire Prevention and Control Administration. This is a new position created by Public Law 93-498 of October 29, 1974.

Mr. Petersen is presently a partner in the law firm of Matthews, Jordan, Dean, Eichmeier and Petersen of Aurora, Illinois. He has been involved in fire prevention since 1961 when he joined the Sugar Grove Fire Department. He was appointed by Governor Richard Ogilvie of Illinois to the Illinois Fire Protection Personnel Standards and Education Commission in January, 1972, and later reappointed to the Commission by Governor Daniel Walker in 1974. He has been Chairman of the Commission since January, 1972.

Mr. Petersen was born on March 24, 1936, in Aurora, Illinois. He received his B.A. degree from the University of Illinois in 1958 and his LL.B. degree from DePaul University in 1961. He has been a lecturer and instructor at the University of Illinois Fire College and the Illinois Fire Chief's Advanced Training Seminars.

Mr. Petersen is married to the former Shirley Teichen and they have five children.

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APRIL 18, 1975

FOR IMMEDIATE RELEASE

Office of the White House Press Secretary

THE WHITE HOUSE

The President today announced his intention to nominate John L. Petersen, of Aurora, Illinois, to be Administrator of the National Fire Prevention and Control Administration. This is a new position created by Public Law 93-498 of October 29, 1974.

Mr. Petersen is presently a partner in the law firm of Matthews, Jordan, Dean, Eckmister and Petersen of Aurora, Illinois. He has been involved in fire prevention since 1961 when he joined the Sugar Grove Fire Department. He was appointed by Governor Richard Ogilvie of Illinois to the Illinois Fire Protection Personnel Standards and Education Commission in January, 1972, and later reappointed to the Commission by Governor Daniel Walker in 1974. He has been Chairman of the Commission since January, 1975.

Mr. Petersen was born on March 24, 1936, in Aurora, Illinois. He received his B.A. degree from the University of Illinois in 1958 and his L.L.B. degree from DePaul University in 1961. He has been a lecturer and instructor at the University of Illinois Fire College and the Illinois Fire Chief's Advanced Training Seminars.

Mr. Petersen is married to the former Shirley Teichen and they have five children.

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FOR IMMEDIATE RELEASE

APRIL 11, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

The President today announced his intention to nominate David A. Lucht, of Columbus, Ohio, to be Deputy Administrator of the National Fire Prevention and Control Administration. This is a new position created by Public Law 93-498 of October 29, 1974.

Mr. Lucht is currently Chief Deputy State Fire Marshal in Columbus, Ohio. He was First Assistant State Marshal from April 1973 until April 1974. He has held various fire prevention positions since 1960, including being a member of the Volunteer Fire Department of Middlefield, Ohio; Inspector of the Ohio Inspection Bureau; Research Associate, Building Research Laboratory, Engineering Experiment Station of Ohio State University, and Chief, Bureau of Inspection, Ohio Division of State Fire Marshal.

Mr. Lucht was born on February 18, 1943 in Warren, Ohio. He received his B.S. degree from the Illinois Institute of Technology of Chicago, Illinois in 1965.

Mr. Lucht is married to the former Flora Wright and they have three children.

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FOR IMMEDIATE RELEASE

APRIL 15, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

The President today announced his intention to nominate William N. Walker, of Winnetka, Illinois, to be Deputy Special Trade Representative (Geneva). This is a new position created by Public Law 93-618 of January 3, 1975. He has been Director of the Presidential Personnel Office since December 3, 1974.

Mr. Walker was General Counsel of the Federal Energy Office from January 8, 1974 through June 30, 1974, where he was responsible for the petroleum allocation and price control regulations. During the summer of 1974, he conducted a study of international petroleum pricing policies for FEO. Before joining FEO, he served from August, 1972 as General Counsel of the Cost of Living Council. In that position, he prepared the wage and price control regulations administered by the Cost of Living Council.

From May, 1971, to August, 1972, Mr. Walker was Deputy Director of the Office of Consumer Affairs. Prior to that he served from September, 1969, in various positions in the Office of Economic Opportunity.

Before coming to Washington, Mr. Walker was an attorney in private practice with the law firm of Price, Cushman, Keck & Mahin in Chicago. He was a resident of Evanston, Illinois.

Mr. Walker was born in Newton, Massachusetts, on April 3, 1938 and attended the Newton public schools. He graduated cum laude from Wesleyan University in 1960 and received his J.D. degree from the University of Virginia in 1963.

He is married to the former Janet Mason Smith. They have two children and reside in the District of Columbia.

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JUNE 5, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

The American economy has grown and prospered over the years through a system of free enterprise more vigorous and successful than any other economic system in the world. Capital investment has produced millions of jobs and thousands of business opportunities for Americans. The success of that investment system is convincingly demonstrated in every index of the magnitude and basic strength of our economy, and in comparison with the economies of other nations.

Today, our economy is faced with serious challenges. An unprecedented supply of new capital will be required over the next few years to help restore and broaden a sound, expansionary capital base through business and Government investment. In order to insure that our capital markets continue to function fairly and efficiently to meet these challenges, it is vital that we constantly seek ways to improve their operations. Among other things, we must be sure that laws and regulations written 30 or 40 years ago do not unfairly interfere with the need for changes in our modern-day markets. It is with this important goal in mind that I am very pleased to have signed into law the Securities Act Amendments of 1975.

The Importance of Competition

This act will provide important new directives to the industry and its regulators to insure that competition is always a prime consideration in establishing or abolishing market rules. And it will continue to strengthen the rules calling for high standards of financial capability and ethical behavior on the part of those individuals and institutions which perform important market functions. (In this regard, I understand that the legislation contains an inadvertent technical error concerning the presence of a transfer agent as a jurisdictional basis for state or local taxation of securities transactions. I also understand that legislation to correct this error retroactively is being prepared, and that such legislation will receive prompt consideration in Congress. When such corrective legislation is presented to me, I intend to sign it.)

The act seeks to insure that market participants function with the highest degree of efficiency and that the capital markets will themselves be orderly and accessible. The key to reaching this objective will be a new National Market System for Securities. The act charges the industry and the Securities and Exchange Commission to work cooperatively, but in the words of the House-Senate Conferees, it is intended that "the national market system evolve through the interplay of

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competitive forces, as unnecessary regulatory restrictions are removed." No Government formula nor any industry system of exclusionary rules can match the incentives and rewards for innovation and improved efficiency which natural competition provides.

This legislation encourages greater use of available improvements in electronic and communications technology as the basis for a fully-integrated trading system. A system in which buyers and sellers are aware of the full range of securities prices will help insure that artificial restrictions on competition no longer distort the market's true expression of supply and demand. It will also help reduce the cost of transacting trades.

The act also directs members and supervisors of securities exchanges to examine rules which tend to limit the number and variety of participants eligible for membership. Open competition within exchanges is just as important as competition among different markets. The right to enter these markets and provide a necessary public service should not be subject to arbitrary institutional rules which limit competition. It is my hope also that the SEC will, in the process of helping to shape the National Market System, take steps to eliminate obsolete or overlapping regulations which unnecessarily constrain the market.

I also want to stress the importance of the SEC's decision to disallow all fixed rates of brokerage commission previously set by those firms and individuals which comprise the securities industry.

It is my strong belief that Government has unwisely condoned a wide range of anti-competitive price regulation. My Administration will continue to press for legislative reforms to amend or abolish such practices. I commend the SEC for its efforts, and the industry for its cooperation, in reaching the important goal of freely competitive pricing for a full range of brokerage and other services. I am confident that, in the long run, this policy will produce a much healthier industry.

New Protections for Investors

Public confidence is a vital ingredient if our capital markets are to continue to attract a wide variety of investors. Though large institutions have become increasingly active as owners and traders of securities, individuals still represent the backbone of the American capital system. This act provides important new safeguards which will help insure public trust in the securities markets. Among these safeguards are new rules for brokers' financial strength and accountability. The act imposes new restrictions on "self-dealing" to eliminate a potential conflict of interest and deny institutions a special advantage over individual investors. The act further requires periodic disclosure by institutional investors of their holdings and transactions in securities.

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Conclusion

My Administration is seeking major reforms in many Federal regulatory agencies to eliminate unnecessary restrictions and promote more efficient and competitive industries.

This legislation is the product of ten years of intensive work by several Administrations, the Congress, the Securities and Exchange Commission and the many elements of the securities industry.

The product is a good one, and it represents the first of what I hope will be a long series of much-needed regulatory reforms.

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