

'State of Union Not Good,' The President Says in Somber Talk to Congress

Washington

President Ford declared yesterday that "the state of the union is not good."

He urged the Democratic Congress to speedily enact his new plan for stimulating the economy and to approve a sweeping program aimed at achieving energy independence.

He also asked Congress to refrain from tying his hands in the conduct of foreign policy.

It was the gloomiest State of the Union message delivered by a president since the great depression of the 1930s in terms of his description of the domestic scene.

"Millions of Americans are out of work," Mr. Ford told a somber joint session in a 41-minute address. "Recession and inflation are eroding the money of millions more. Prices are too high and sales are too slow. This year's federal deficit will be about \$30 billion, next year's probably \$45 billion. The national debt will rise to over \$500 billion. Our plant capacity and productivity are not increasing fast enough. We depend on others for essential energy."

The acknowledgment of deep, internal distress — which Mr. Ford sought to offset by expressing confidence that the government can turn the situation around — was in sharp contrast to the tone of state-of-the-union messages of the past, most of which were reassuring about the national condition even in bad times.

At the same time, however, Mr. Ford cast himself as an activist, take-charge president as he outlined the details of his plan for a \$16-billion tax cut, a new tax on gasoline and oil that would return \$30 billion a year to the economy, part of

Back Page Col. 1

Temporarily abandoning his lifelong devotion to fiscal conservatism, Mr. Ford invoked the memory of two activist Democratic presidents, Harry Truman and Franklin D. Roosevelt.

"Now, I want to speak very bluntly," he said. "I've got bad news, and I don't expect much, if any, applause. The American people want action and it will take both the Congress and the President to give them what they want. Progress and solutions can be achieved. And they will be achieved."

Although most details of the Ford economic and energy plan have been disclosed previously by administration officials, the following points were among those officially announced by the President yesterday:

- State and local governments would receive about \$2 billion a year in additional revenue sharing from the oil and gasoline taxes in order to offset their increased energy costs.

- The negative income tax provision of the president's plan would provide about \$80 a year to persons of very low income who do not pay an income tax. And some families who now pay income taxes — for example, a family of four earning \$5600 and paying \$185 in taxes — would pay no tax.

- Homeowners who install insulation equipment would be granted tax credits of up to \$150 and all new buildings would be required to meet minimum thermal efficiency standards.

The burden of the President's 41-minute speech was that the administration wishes to set aside environmental protection and balanced budgets for now in order to pull the country out of recession and to make it invulnerable to another embargo by oil producing countries.

"Quite frankly, at stake is the future of the industrialized democracies, which have perceived their destiny

in common and sustained it in common for 30 years," Mr. Ford said.

He said his energy goals are to:

- Reduce imports of foreign oil by one million barrels per day by the end of the year and by 2 million barrels per day by the end of 1977.

- End vulnerability to economic disruption by foreign oil suppliers by 1985.

- Develop U.S. energy technology and resources sufficiently that this country can "supply a significant share of the energy needs of the free world by the end of this century."

Rather than a ceiling on oil imports and gasoline rationing, Mr. Ford proposed to encourage conservation by imposing a \$3 per barrel fee on imported oil by April 1 — driving gasoline prices up — and de-regulating natural gas to encourage exploration.

He called for a windfall profits tax to guard against excessive profits by oil companies. Administration officials said the White House will also ask for stand-by authority to impose rationing if the steps proposed yesterday are not effective.

To help the automobile industry meet a goal of cutting gasoline consumption by 40 per cent in new cars, the President asked that planned pollution emission standards be set aside for five years.

To achieve independence from oil exporters by 1985, the President envisioned an enormous construction and development program.

He said he foresees within the next decade:

200 major nuclear power plants, 250 major new coal mines, 150 new coal-fired power plants, 30 new oil refineries, 20 major synthetic fuel plants, thousands of new oil wells, and the insulation of 18 million homes.

Though the President did not spell it out, the United States will apparently continue to import almost as much oil as it does now, even if the President's proposed measures drive consumption downward.

Mr. Ford said while his program could reduce consumption of foreign oil to three to five million barrels per day by 1985, he wants further insurance against a cutoff by producers.

He asked Congress to allow commercial oil sales from the Elk Hills Naval Petroleum Reserve in California, providing some 160,000 barrels per day this year and 300,000 barrels a day by 1977.

He called for a "strategic storage program" under which the U.S. would stockpile one billion barrels of oil for emergency domestic use and another 300 million barrels for military use.

Mr. Ford linked his economic plan to foreign policy. "A resurgent American economy would do more to restore the confidence of the world in its own future than anything else we can do," he said. "The program that this Congress will pass can demonstrate to the world that we have started to put our own house in order. It can show that this nation is able and willing to help other nations meet the common challenge."

Mr. Ford offered a direct challenge to Congress in asking that he have an unfettered hand in the conduct of foreign policy.

"In recent years, under the stress of the Vietnam war," he pointed out, "legislative restrictions on the President's ability to execute foreign and military decisions have proliferated. As a member of Congress, I opposed some and approved others. As President, I welcome the advice and cooperation of the House and Senate."

"But if our foreign policy is to be successful we cannot rigidly restrict in legislation the ability of the President to act," he continued. "The conduct of negotiations is ill suited to such limitations."

"For my part," he said. "I pledge this administration will act in the closest consultations with the Congress as we face delicate situations and troubled times throughout the globe."

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