

Federal Civilian and Military Retirement Systems

The President's Message to the Congress Urging Enactment of Bills To Repeal the One Percent Add-On Feature of the Systems. March 24, 1976

To the Congress of the United States:

My 1977 Budget recommends a program of tax reduction and spending restraint designed to reduce the growth of Government, help sustain our economic recovery, and give our citizens a greater say in managing their own affairs. It proposes changes in many programs in order to hold Federal spending below the levels that would otherwise occur in 1977 and in later years.

One of these changes, as indicated in the budget, is elimination of the provision in Federal civilian and military retirement systems which over-compensates retirees for cost-of-living adjustments. Since 1969, these retirees have been paid \$1.6 billion more than the amount needed to adjust their retirement pay for changes in the cost of living. Unless the law is changed, the taxpayer will be forced to shoulder an ever-larger burden to pay for benefit increases far exceeding real changes in the cost of living.

Under existing law, when annuities under the Civil Service, Foreign Service, Central Intelligence Agency, and military retirement systems are adjusted to reflect changes in the cost of living, an extra one percent is added automatically. Because the extra one percent has been compounded each time the system has been adjusted, retirement payments are running substantially ahead of the actual rise in the cost of living. This procedure threatens the financial integrity of the retirement systems.

Since the one percent add-on became a part of the law in 1969, Government retirement annuity adjustments have led to increases totaling 63 percent. Yet during this same period, the actual increase in the Consumer Price Index was 50 percent. As a result, annuitants under these retirement systems received \$1.6 billion more by the end of fiscal year 1975 than they would have if the adjustments had simply kept pace with the *actual* increases in the CPI. Furthermore, the liability for future Federal personnel retirement payments increased \$11.2 billion in just six years because of the one percent add-on. Each future increase, under current law, will mean at least \$1.9 billion in added liability for future payments.

Retired Federal employees deserve to be protected from the ravages of inflation. The Federal retirement system is a good one and its guarantee of automatic adjustments directly related to rises in the CPI is not widespread in the private sector. But the Federal systems are unique in providing one percent over and above the actual rise in the CPI. It is neither appropriate nor fiscally responsible

for the Federal government to continue to provide such an added benefit.

Accordingly, the Civil Service Commission, the Department of State, the Department of Defense and the Central Intelligence Agency are submitting bills to repeal the one percent add-on feature in the civilian and military retirement systems they administer:

I urge the Congress to consider these proposals and act on them promptly and favorably.

GERALD R. FORD

The White House,
March 24, 1976.

Northern Mariana Islands

The President's Remarks Upon Signing H.J. Res. 549 Approving a Covenant Establishing Commonwealth Status for the Islands. March 24, 1976

Distinguished representatives of the Northern Marianas, distinguished Members of the Congress, members of the executive branch, ladies and gentlemen:

The signing today of the joint resolution of the Congress providing the Northern Mariana Islands Commonwealth Covenant marks a very important moment in our Nation's history. It reaffirms our commitment to the principles of self-determination, and it honors the freely expressed wishes of the peoples of these islands for the political union with the United States.

Those wishes have been recorded formally through the resolutions, referendums, and petitions to the United Nations and to the United States, dating as far back as 1950. We can be proud of the fact that open democratic negotiations led to the Covenant. The plebiscite conducted in the islands last June resulted in a resounding 78.8 percent popular approval of the Covenant. The final vote in the House and Senate reflected equally impressive majorities.

I congratulate all those involved in the process—the Marianas Political Status Commission, Ambassador Haydn Williams, members of the American delegation, and those Members of the Congress who worked very closely with Ambassador Williams during the negotiations. Let me also thank the distinguished Members, past as well as present, of the House and Senate Interior Committees, particularly Senators Bennett Johnston, Paul Fannin, Cliff Hansen, Chairman James Haley, Congressmen Phil Burton, Joe Skubitz, and Bill Ketchum.

To the people of the Northern Marianas, I extend my personal greetings and my best wishes as you move closer to your goal of self-government within the political framework of the American family. I warmly welcome your eventual entrance into the union with the United States.

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And as I sign this bill, we might recall that these islands were once the scene of bitter armed conflict. My hope now is that they will contribute to the continuing maintenance of peace and stability and friendship among all the peoples in all of the nations in the Western Pacific.

Thank you all very much for coming. I can't say enough for the cooperation that came from not only the people of the Northern Marianas, but the Congress and all others associated. And to you, Ambassador Williams, we owe a great debt of gratitude.

NOTE: The President spoke at 3:14 p.m. in the East Room at the White House.

As enacted, the bill (H.J. Res. 549) is Public Law 94-241, approved March 24, 1976.

Northern Mariana Islands

Statement by the President Upon Signing H.J. Res. 549 Approving a Covenant Establishing Commonwealth Status for the Islands. March 24, 1976

I am signing today an historic document—H.J. Res. 549, the Joint Resolution of the Congress approving the Northern Mariana Islands Commonwealth Covenant.

It is an important occasion. First, it is a significant step in carrying out our obligations under the United Nations Trusteeship Agreement which has been the basis of the United States' administration of these islands since 1947. Second, it confirms our national commitment to the principle of self-determination by honoring the freely expressed wishes of the peoples of these islands for political union with the United States. And third, the joining together of all of the Marianas under one flag and one common citizenship represents the first major addition to United States territory in the Pacific since 1898.

History will show that this action has been in clear response to the persistent desires of the Marianas people to become permanently associated with the United States—a desire recorded formally through resolutions, referendums, and petitions to the United Nations and to the United States dating as far back as 1950. History will also show that the negotiations leading to the Covenant were conducted in an open and highly democratic fashion, and that the Covenant's provisions are responsive to the wishes of both the people of the Northern Mariana Islands and the Congress of the United States.

Those who were involved in this careful and thorough process are to be congratulated: The Marianas Political Status Commission, Ambassador Haydn Williams and members of the American Delegation, those members of the Congress who worked closely with Ambassador Williams during the negotiations, and those who provided the leadership in moving the joint resolution through its final stages in the House and the Senate. I refer to the members of the Senate and House Interior Committees

including Senator J. Bennett Johnston, Senator Paul J. Fannin, Senator Clifford P. Hansen, Chairman James Haley, Congressman Phil Burton, Congressman Joe Skubitz, and Congressman William M. Ketchum.

The decision to approve the Covenant was not taken lightly by either the people of the Northern Mariana Islands or by the Congress of the United States. Its provisions and the significance of the islands becoming a part of the United States were subjected to careful scrutiny and weeks and months of debate in the Marianas and in Washington. The plebiscite of last June was conducted in a fair and impartial manner under the able supervision of Mr. Erwin D. Canham, the Plebiscite Commissioner. U.N. observers were also present. The final plebiscite vote, with 95 percent of those eligible to vote casting their ballots, was a resounding 78.8 percent popular approval of the Covenant. Following months of open hearings the final vote in the House and Senate resulted in equally impressive majorities in favor of the Commonwealth of the Northern Mariana Islands in political union with the United States of America.

Next will come the challenge of planning carefully and well for the new government of the Northern Marianas under its own locally drawn and ratified Constitution. The framers of that Constitution will draw on our 200 years of experience as an independent democracy, and those residents of the Northern Marianas who will one day be citizens of the United States will receive the full protection of our Bill of Rights which protects the rights of all American citizens.

As I sign this bill, I cannot help but remember that these islands were once the scene of bitter armed conflict. My hope now is that they will contribute to the continuing maintenance of peace and stability and growing cooperation and friendship among all of the peoples and nations of the Western Pacific.

Finally, to the peoples of the Northern Marianas, I extend to you on this historic day my personal greetings and my best wishes as you move progressively closer to your long-sought goal of self-government within the political framework of the American family. Your entrance into union with the United States is warmly welcomed in this our Bicentennial Year.

NOTE: As enacted, the bill (H.J. Res. 549) is Public Law 94-241, approved March 24, 1976.

Swine Flu Inoculations

The President's Remarks Announcing Actions To Combat the Influenza. March 24, 1976

I have just concluded a meeting on a subject of vast importance to all Americans, and let me report to you the results of that meeting.