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SECRET
ATTACHMENT

SPARE 4/2/75
Press Conference Information

THE PRESIDENT HAS SEEN *St*

THE WHITE HOUSE
WASHINGTON

April 2, 1975

Mr. President:

Here are several questions and possible answers
sent by your economic advisers in Washington.

RON NESSEN

March 31, 1975

SECRET

HOUSE BUDGET COMMITTEE WORKS
BY '76 BUDGET OF \$366.7 BILLION

The new House Budget Committee has approved a Congressional spending plan for fiscal year '76 totaling \$366.7 billion. This is \$17.3 billion more than the President proposed, and would result in a Federal deficit of \$73.7 billion, \$21.8 billion more than the President proposed in February and \$13.7 billion above the \$60 billion at which you drew the line when you signed the tax bill.

What's your reaction to the House Budget Committee's proposals?

GUIDANCE: We are gratified that the House Budget Committee has taken the initiative, and although not required by law until next year, has developed its own recommendations for Federal spending in fiscal year '76.

It has been the Administration's hope that with the establishment of the Budget Committees a new sense of responsibility for total Federal spending would develop in Congress. A major sign that this hope has a chance for fulfillment is seen in their adoption of the President's proposal for a 5% limitation on the increase in pay for Federal employees and a 7% limitation on the increases for some other programs tied to the cost of living index.

All the danger signals point to total spending in 1976 that would, if not constrained, be much greater than the \$366 billion recommended by the House Budget Committee. As you know, if the Congress were to succeed in enacting the legislation its committees now have under consideration, the Federal deficit would be in excess of \$100 billion, with spending in the area of \$380 to \$400 billion.

As I stated when I signed the tax bill, I will do everything I can to keep the 1976 deficit from exceeding \$60 billion. To do this, I will, if necessary, veto bills that would increase spending, except for achieving national energy goals and certain humanitarian needs. In addition, I will

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continue to push for Congressional support for
the spending reductions that I have proposed.
I urge the House Budget Committee and the entire
Congress to reexamine the situation and join me
in working to hold the deficit to not more than
\$60 billion.

Q. Why did you specify \$60 billion as the absolute limit for the anticipated Federal budget deficit in FY 1976?

A. Throughout my public service I have been against large government deficits.

- My original budget requests for FY 1976 did include an anticipated \$52 billion deficit which realistically faced up to the sharp loss of tax revenues caused by the recession and increased outlays for unemployment compensation benefits and the creation of new jobs. But I also called for reduced spending in existing programs (through new legislation and rescissions and deferrals) totalling \$17 billion to hold the deficit at \$52 billion and a moratorium on new programs until we can reorder our national priorities.

- In drawing the line at \$60 billion I am reaffirming those budget requests for cuts in existing programs not already overturned and a firm restriction on new spending other than for achieving national energy goals and certain humanitarian needs.

- The increase in the deficit reflects: (1) Congressional action overturning some of my budget reductions; (2) recent actions to increase outlays for unemployment compensation benefits and the creation of new jobs; and (3) the congressional increase in the size of tax reductions beyond my January request for an immediate tax cut to stimulate the economy as quickly as possible. These increases cannot go on, and I have specified \$60 billion as a deficit ceiling for three fundamental reasons:

1. The massive deficits will create real problems for the financial markets, particularly as the mortgage and business borrowers increase their credit needs as the economy recovers. It is impossible to identify a specific "flash point" where the financial markets would not be able to finance a deficit but it is obvious to anyone familiar with our financial markets, particularly the historically high levels of long-term interest rates which have persisted despite the severe recession, that we are already in the danger zone and even larger deficits will add to the risks.

2. Increasing government spending and deficits now would be ill timed as the economy begins to show definite signs of recovery. Government actions have historically lagged developments in the economy causing exaggerated booms and busts as delayed stimulus and restraint effects distort the economy. We should avoid overreaction in coping with swings in our economy. The possible FY 1976 spending figures I see coming out of the new Congressional budget review process could eventually return us to an overheated economy and accelerating inflation.
3. While running a deficit in fourteen of the last fifteen years (ending with FY 1975) we have created an unfortunate spending momentum that increasingly locks us into old programs and limits our ability to respond to new national priorities. If we continue to increase spending beyond the levels specified in my budget requests we will lose what little flexibility is left.

U. S. Help to Refugees

Q: What are we doing and what will we do for the refugees in Vietnam?

A: At present we are concentrating on assisting the evacuation of refugees from threatened areas. Once this process is completed, we will know better what additional help they will need. The refugees will have to be fed, sheltered and resettled. When I have a clear idea of U. S. aid requirements for this humanitarian effort, I will consult with the Congress to ensure that the desperate plight of the homeless people is ameliorated.

To coordinate this effort, I have appointed Mr. Daniel Parker, the Director of the Agency for International Development, as the Special Coordinator for Disaster Relief.

THE WHITE HOUSE

WASHINGTON

April 2, 1975

Mr. President:

Here are a set of questions and suggested answers
proposed by the National Security Council.

RON NESSEN

THE WHITE HOUSE

WASHINGTON

April 2, 1975

MEMORANDUM FOR RON NESSEN

FROM: LOU THOMPSON *LT*

SUBJECT: Summary of Secretary Schlesinger's April 2 Press Conference

Before the Secretary began his press conference, Joe Lattin said the four ships are off Nha Trang and will be moving and he will give the precise location later.

Secretary Schlesinger gave an over-all assessment of the combat situation as follows:

Continued deterioration in the highlands, Cam Ranh Bay still under government control, some reduction in combat activity around Saigon and Tay Ninh, some increase in combat activity in the delta but the delta remains relatively stable. Two-thirds of the country is under Communist control and it is a situation of historic and tragic proportions.

Schlesinger said he expects the Saigon defenses will be tested within the next four weeks or less. Said there is a possible defensive area around Saigon and the delta which can be held with the present forces, however, should North Vietnam decide to move its uncommitted divisions south, the defense of Saigon will be severely tested. Relatively little movement from North Vietnam but some southward movement of NVN strategic reserve positions.

Estimated equipment losses to be \$2 billion.

Any one-for-one replacement of equipment would be what we perceive the present needs would be to stabilize Saigon and would be contingent on the President's decisions after he receives his report from General Weyand.

Concerning re-introduction of American forces, Schlesinger referred to the President's March 6 statement and said that position stands. Said he could not rule out the President asking Congress to use air power but considered the probability of such a request to be relatively low.

The Department of Defense position on the use of U. S. Marines is to adhere strictly to the law of August 15, 1973 concerning the cut-off of all combat activity in Southeast Asia. That law states that participation is not permitted and if U. S. forces were placed in a situation where they could be drawn into combat, we would be in violation of the law.

The Secretary was asked about plans to evacuate Saigon and he said that the United States government has emergency evacuation plans for all capitols around the world and there is, of course, a plan to evacuate Saigon. He further stated that the forces of the United States are available for emergency evacuation if requested by the Ambassador through the Department of State.

Schlesinger said he is not planning to go to Palm Springs this week and said he is in daily contact by phone with the President.

He was asked if U. S. intelligence was faulty concerning the events up to this point, and Schlesinger replied that the basic intelligence problem was one in which the presence of the South Vietnamese forces and their will to fight was underestimated, our intelligence concerning Hanoi's intentions was relatively accurate in that while a major offensive was not planned until 1976, Hanoi said that if other opportunities presented themselves, they would take advantage of them.

PRODUCER-CONSUMER CONFERENCE

Q: Has the US accepted the French invitation to a conference of oil producers and consumers?

A: The US has accepted the invitation of the French Government to attend a Preparatory Meeting beginning April 7 in Paris to organize a formal conference of oil producing and consuming countries.

French President Giscard d'Estaing and I agreed in December at Martinique, and the US subsequently agreed with other consuming countries in the International Energy Agency, that a formal Producer-Consumer Conference should be organized in four carefully prepared stages:

- Satisfactory progress toward consumer cooperation in energy related financial matters, energy conservation, and the development of alternative energy sources;
- A preparatory meeting to decide on the agenda, participation and other procedural arrangements, for a formal conference;
- The intensive coordination of consumer country positions on issues to be addressed in the formal conference; and
- A formal conference between oil consumers and producers.

In January and February, we reached agreement with the other major oil consuming countries on cooperation in the financial area.

and in conservation. At its meeting of March 20, the IEA Governing Board agreed on a framework for consumer country cooperation in the development of alternative energy sources. Thus, we have now completed the first of the four sequential stages and are ready to move to the preparatory meeting.

The April 7 meeting will be purely procedural in nature. It will decide on the agenda and other procedural questions relating to the formal conference. It will not involve any substantive discussion of the world energy situation. [FYI. We expect that the meeting will last approximately one week. The US delegation will be headed at the opening of the meeting by Charles W. Robinson, Under Secretary of State for Economic Affairs.]

Possible "local" question

AMERICANS IN MEXICAN JAILS

Question

There are many Americans in jail in Mexico. Congressman Stark has charged that they are often held incommunicado, mistreated or even tortured, subjected to extortion, denied rights even under Mexican law, and that the U. S. Government is doing very little about it. Can you tell us what the Government is doing.

Answer

I can assure you that we recognize and carry out our responsibilities for the protection and welfare of Americans abroad to the fullest extent possible. Our Embassy and Consulates in Mexico are making every possible effort to render appropriate assistance to prisoners' requests, to investigate charges of any mistreatment. When such charges appear well-founded they are brought to the attention of the Mexican authorities.

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Further Background Information

Congressman Fortney Stark (D. - Calif.) introduced House Resolution 313 which has been referred to the House Committee on Foreign Affairs. The Committee has referred this Resolution to the appropriate subcommittee for hearings which have not yet been held. The resolution requests certain information concerning Americans imprisoned in Mexico. The State Department is already supplying information to the committee in the hope that the information will obviate the need for the House to pass this measure.

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HOW THE RESULTS OF VIETNAM AFFECT EUROPE

Q. Willy Brandt, the former German Prime Minister, has said that Europe will not be affected by what happens in Vietnam. Doesn't this explode the myth that our getting out of Vietnam would damage our position in Europe?

A. Perceptions of this nature are inherently difficult to measure.

Mr. Brandt is a distinguished statesman whose views are important. At the same time we have had indications from leaders in a number of NATO countries which make clear that recent developments in Vietnam have influenced their judgment regarding American reliability as an ally. The United States commitment to the security of our NATO allies has been the cornerstone of American foreign policy for more than 25 years. The continuing credibility of that commitment is based upon allied assessments of the U. S. response whenever our political will and integrity is challenged. Wherever the fidelity of the United States is called into question, as is now the case in Vietnam, American constancy as an ally is being measured. The locus of that challenge cannot dismiss the fact that it is a challenge, and there can be no doubt that our enemies as well as our friends follow our response very closely.

THE DEPARTURE OF LON NOL

Q: What part did we play in Lon Nol's departure from Phnom Penh? Does it increase the chances for peace in Cambodia?

A: we had no part in Lon Nol's decision to leave Cambodia, just as we had no part in the movement that brought him to power there. Those were Cambodian decisions. We supported Lon Nol while he was in Phnom Penh and we still support the Cambodian Government and its objectives of a free, independent and neutral Cambodia.

Whether Lon Nol's departure will help bring about negotiations for a peaceful settlement is a matter for Cambodians to decide. We will continue to urge that hostilities cease as soon as possible and that the parties reach a settlement through peaceful negotiations in accordance with the humanitarian considerations of a populace weary of war.

TROOP COLLAPSE IN VIETNAM

Q: In your statements, and in statements by Administration witnesses seeking aid for Vietnam from the Congress, the argument has been that with arms and equipment the South Vietnamese could defend themselves. And yet the experience of the past two weeks reflects Vietnamese fleeing the battlefield without even a fight leaving American equipment behind. Isn't it clear that your confidence in the Vietnamese was misguided?

A: We have to put what has happened into perspective.

President Thieu found himself faced with two very difficult problems. On the one hand were the unmistakable signs of an all-out offensive by North Vietnam in total and massive violation of the Paris Accords. On the other were the signs of sharply diminishing US assistance, emphasized by the reports brought back by Senate Chairman Tran Van Lam of his experiences with the Congress and by the votes of the Democratic caucuses against aid to Vietnam.

Faced with such formidable problems, President Thieu decided he had no choice but to withdraw to lines more easily defended with reduced assistance. Unfortunately, such a maneuver is militarily both difficult and dangerous. In addition Vietnamese troops normally have their families in close proximity to them. The result was that the troops, inexperienced in executing quickly so complex a move, and faced with the prospect of leaving their loved ones to the invaders, became panicked.

But it is important to remember that, prior to this most recent reversal, South Vietnamese troops have fought bravely and skillfully. Given an indication of U. S. support, there is no reason to think they will not do so now.

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CHANCE FOR SURVIVAL OF SOUTH VIETNAM

Q: What is the situation now in Vietnam? Does the country have any chance for survival?

A: The stability of South Vietnam under the Paris Accords was based on the twin assumptions of some enforcement machinery and an adequate level of assistance to Vietnam.

With respect to enforcement machinery, it was destroyed ^{SUMMER} in the / of 1973, in legislation which prohibited direct or indirect combat activities by US forces in, over, or off the coast of Vietnam, Laos or Cambodia. In fact, there was virtually no possibility that US military force would ever again have been used in Vietnam, with or without such a law. What the law did, however, was to remove the possibility of US reentry as an inhibiting influence on the North Vietnamese.

As for aid, it was cut in FY 74 by about 30 percent and in FY 75 by ~~two-thirds~~ *more than half*, this in the face of sharply rising costs -- a quadrupling of oil prices, for example. As a result, neither of the assumptions on which the Paris Accords were based proved valid.

In the face of the recent blatant and massive North Vietnamese aggression, with the prospect of adequate funds

and supplies fading away, the South Vietnamese forces tried to withdraw to a defensive perimeter which they thought could be held with the reduced supplies available. Without adequate preparation, this difficult and dangerous military maneuver proved too much for the forces involved and panic ensued.

Although the northern half of the country has been captured or abandoned, the Saigon Government still retains control of the vast majority of the population, most of the productive areas of the country, and very significant armed forces.

Whether South Vietnam survives depends on a number of factors, the most important of which are adequate U. S. military and economic assistance and the will of the South Vietnamese to continue to defend themselves. The spirit, the morale, and the expectations of the Vietnamese are contingent to a great extent on their perceptions of the support and constancy of U. S. assistance.

I will be meeting with General Weyand upon his return from Vietnam to hear his assessment of the situation there. I will make final judgments after receiving his report.

BLAME FOR MIDDLE EAST TALKS SUSPENSION

Q: How do you reconcile the statements you and Secretary Kissinger made about not ascribing blame in the failure of the Mideast peace talks with your Hearst interview in which you called the Israelis "inflexible."

A: Levying blame for the suspension of Secretary Kissinger's negotiations does not help us achieve our objective -- further progress on the road to a just and lasting peace in the Middle East. Rather than indulge in recriminations, we want to concentrate on where we go from here.

However, it is my view that Israel, which had the most to gain from a process of negotiation with the U. S. as the mediator, should have shown greater flexibility. It was my disappointment with the demonstrated lack of flexibility that I was expressing in my interview.

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The Domino Theory

Q: Does the domino theory really have any validity in the interdependent world of the 1970s?

A: For many years the United States has enjoyed a position of strength in the world. The confidence that our allies have in us has global influence for peace. When the constancy and credibility of American commitments is shaken in one nation that relies on us, the repercussions must necessarily shake the confidence of other friendly nations similarly situated. We have the strength and the capability to be a major force for peace throughout the world. But our leadership is dependent on the respect -- and credibility others place in it. Nations will inevitably judge us by our actions and not merely by our words and gestures, however well-intentioned they may seem.

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VIABILITY OF SOUTH VIETNAM

Q: Doesn't the collapse of South Vietnam prove that it was nothing but a fictitious entity propped up by massive US involvement?

A: Not at all. In the eighteen months following the conclusion of the Paris Accords in January 1973, South Vietnam was in every sense a "going concern." Its troops were alert, confident and aggressive and without notable exception fought well. The economy was stabilizing and there was every indication of growing economic vigor and strength. Indeed, my offer to terminate US assistance after three more years of substantial help was based on our projections of dynamic progress.

Unfortunately, reductions in US assistance began to erode this sense of self-confidence. In FY 74, military and economic assistance to Vietnam was cut 30 percent. In FY 75, in the face of sharply rising costs, including, for example a quadrupling of oil prices, military assistance was cut 66 percent and economic aid 62 percent.

In the face of these sharp declines in assistance, a deterioration of morale occurred. In addition, the bleak prospects for future aid triggered a South Vietnamese decision to withdraw to an area more easily defended with the reduced means available. As we all so tragically see, the Vietnamese were unable to execute so complicated and difficult a maneuver and panic set in. We are now in the process of assessing where we go in the face of the new situation which now confronts us.

REPLACING ABANDONED EQUIPMENT

Q: Why should we support the South Vietnamese by giving them more equipment when they have let a billion dollars worth fall into North Vietnamese hands? Aren't we just throwing good money after bad? How much would it take to help the South Vietnamese now that they have lost so much?

A: I do not want to judge at this point what South Vietnamese needs will be, or what our next steps should be. I want to await General Weyand's report and then to consult with my advisors before making my decisions.

What we need to do is look at the requirements of the situation which now faces us and try to determine where to go on that basis. I will let the American people know as soon as I have made a final judgment.

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GENEVA CONFERENCE

Q: Since Egypt asked the Co-Chairmen of the Geneva Conference -- the U.S. and USSR -- to reconvene the conference, how does the United States view a reconvening of this conference?

A: We are prepared to take any steps to help promote a lasting peace in the Middle East, including of course the reconvening of the Geneva Conference. We will be consulting with the parties involved about next steps.

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THE WHITE HOUSE

WASHINGTON

April 2, 1975

Mr. President:

Here are the questions I believe are most likely to be asked at your news conference at San Diego.

They are based on the questions which have been asked at my briefings and at this week's news conferences by Secretary Schlesinger and Assistant Secretary Habib.

I believe that almost all the questions at your news conference will deal with Cambodia and Vietnam.

All three television networks plan to broadcast your news conference live.

RON NESSEN

What is your assessment of South Vietnam's chances of holding out?

How long do you think South Vietnam can hold out?

Isn't it all over for South Vietnam?

Will you seek the approval of Congress to reintroduce American military presence in Vietnam?

Do you have any plans to use American airpower or other military force to try to save South Vietnam?

What impact do you think it has on the American public
when you spend all day on the golf course while South Vietnam
is overrun by the Communists?

Vice President Rockefeller has said that it is too late for the U. S. to reverse the turn of events in South Vietnam. Was he reflecting your views when he said that.

The North Vietnamese have far exceeded anyones expectations.
Why were we caught by surprise and are you reassessing our
military intelligence as a result?

You told us at your last news conference that a non-Communist government in Cambodia was essential to the national interest of the United States. If that is true, what effect will its fall have on America's security?

If the survival of a non-Communist Cambodia is essential to America's national interest, then why don't we send American military force in to save it?

South Vietnam and Cambodia both appear to be on the brink of being captured by the Communists. Does this mean that the Administration policy of the last 20 years and the expenditure of American blood and money in that part of the world were wasted?

Considering what Congress has already said about aid to Vietnam, do you realistically think that any additional money will be forthcoming?

You have requested \$300 million from Congress for additional military aid to South Vietnam. In light of the situation there now, can that money do any good at all? Or, will you have to ask for a lot more money to re-equip the South Vietnamese forces?

Do you think the present situation in Vietnam shows Vietnamization to be a failure?

Is Congress to blame for the debacle we are seeing in
South Vietnam?

Why didn't the U. S. accelerate military shipments to South Vietnam when it became evident that the situation was beginning to worsen?

Does the U.S. blame poor South Vietnam leadership and poor military tactics for the rapid deterioration in South Vietnam?

Is there anything at all you can do about the situation in Vietnam?

How do you feel about what's happening in Vietnam?

Frustrated?

Angry?

Saddened?

Resigned?

There have been graphic news reports of South Vietnamese soldiers trampling women, children and old people to get on evacuation planes and ships.

How can we call people like this our allies and why should we give any help to people who behave like this?

Why have we spent so much money and so many lives helping the South Vietnam army when they have revealed their true colors by acting like animals, shooting and trampling civilians in an effort to get away?

QUESTION:

Do you have any plans to try to help the millions of refugees in Vietnam?

The President of World Airways and a number of people in this country are trying to bring plane loads of Vietnamese orphans to the U. S. but they say that they cannot get the necessary permission.

Can't you do something about this?

ANSWER:

Arrangements are being made to admit about 1,500 South Vietnamese orphans who are in the process of being adopted by Americans. They are being admitted under the Attorney General's power exercised by the Immigration and Naturalization Service. There are three different groups of orphans involved. The first group of orphans numbering possibly 90, is expected to arrive in San Francisco this week, if they are not already here.

(from Ted Marrs)

The only thing the United States has done in the past four months to try to stop the war is a letter sent January 11 to the signatories of the Paris accord.

Why have our efforts been so minimal and what other diplomatic efforts has the United States made in this area or will make?

In your speech to Congress next week will you outline new American policy toward S. E. Asia, the Middle East, or other areas?

American foreign policy seems to be collapsing all over the world: Indo-China, the Middle East, Portugal, Greece, Cyprus and Turkey and within NATO. Are you responsible for this collapse?

Most of the foreign policy problems you have now result from the failure of policies Henry Kissinger developed. Now that all of his policies are failing, why have you asked him to stay as Secretary of State?

Doesn't the fact that you had to send General Weyand to South Vietnam for a personal assessment indicate either that our military intelligence was inadequate or that you were stalling for time?

Has your Administration failed to accurately assess the military strength and fighting ability of the South Vietnamese forces?

Have you had any report from General Weyand?

Does President Thieu still enjoy your full support and do you think it would rally the South Vietnamese army if he were to step down?

There are more than 6000 Americans presently in Saigon.
Will you use military force to insure their safety in the event
of a North Vietnamese takeover or if the South Vietnamese
try to prevent their evacuation?

What would be the effect on South Vietnam morale in the
event of an American evacuation from Saigon?

What would you do if South Vietnam tried to stop an American
evacuation or if anti-American riots broke out?

You have always claimed to be open and accessible,
but when a reporter tried to ask you a question about
Vietnam this week, you ran.

Does that mean you are no longer willing to answer tough
questions from reporters?

I know you have said the law forbids you to use American military forces in Indo-China but I want to know your personal opinion.

If it were not for the law, would you use American military force to save Cambodia and Vietnam?

Do you have any plans to see Lon Nol?

Does his retirement improve the chances for negotiated peace in Cambodia?