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Jim -

Duplicate of things
in the briefing book & News
Summary

Perhaps they are
Mr. Rumsfelds?

Trudy

Put with
Briefing
Book.

THE PRESIDENT'S BRIEFING BOOK

(Key Questions)

For July 12, 1975

THE PRESIDENT HAS SEEN....

THE POOR NEGLECTED FOR DEFENSE SPENDING

Q. There have been charges that while your Administration is neglecting the poor it is spending billions for defense, which keeps increasing. Is that true?

A. That is not true.

In fact, Federal aid to individuals has doubled -- from \$80 billion to \$160 billion (in dollars adjusted for inflation) -- since 1968. (These payments include Social Security, unemployment assistance, Medicare, Medicaide, and Public Assistance.) And community development programs -- in the past three fiscal years alone have grown from \$1.8 billion to \$2.75 billion.

It is also a misconception that defense spending is too high. It has been dropping steadily. In adjusted dollars, it has dropped from \$151 billion in 1968 to \$87 billion this year. We are spending only 58 percent of what we were spending in 1968.

My recent budget proposed to reverse this trend and increase real resources devoted to national security. Compared to the pre-Vietnam period, our military forces have been reduced significantly.

- * The number of Navy war ships has declined significantly to the point where our fleet today is smaller than it was before Pearl Harbor. This year we will have declined below 500 total ships.
- * Navy aircraft carriers and air wings have been reduced from 23 to 13, and Air Force tactical air wings have been cut from 25 to 22.
- * Active Army and Marine Corps divisions declined from 23 to 19, although this trend has been recently reversed.



I think it is important to point out, however, that although the numbers of these military units have declined, our Defense capabilities have not shrunk in direct proportion. In many instances, we have substituted more advanced and effective weapons systems for the ones previously available.

However, I should also point out that an increase in real Defense capability does not necessarily also bring an increase in relative capability since the military forces of our potential adversaries have also increased significantly.

And I see no uncompatibility between spending for an adequate defense and spending for other human needs. If we are to build the type of society we want, one in which every individual can develop to his or her fullest capability, we must not allow potential enemies to attack us as we work toward our goal.

JBS/7/11/75



THOMPSON CANDIDACY

Q. How do you feel about Jim Thompson's candidacy for Governor?

A. I am happy to see a man like Jim Thompson seeking public office.

As U.S. Attorney for the Chicago District, Thompson proved himself to be a man of integrity. He is a man who does what is right.

I have watched his career with interest and am sure he will be an asset to the Republican Party and to the people of Illinois should he win the office he is seeking.

BACKGROUND:

JAMES R. THOMPSON had an appointment with you to inform you of his intention to run for Governor and to resign as U.S. Attorney for the Chicago District to go into private practice. That appointment was on June 26. Thompson announced his candidacy on July 1.

Illinois primary, which has been in March in the past, is uncertain at the moment. Legislation has gone to the Governor to change the date to May, but it has not yet been signed. Thompson has opposition in the primary. There is one other announced candidate, Dick Cooper, a young millionaire from Chicago's north shore, founder and president of Weight Watchers of America.

JBS/7/11/75



PROSPECTS FOR CSCE SUMMIT

Q: Mr. President, it now appears likely that there will be a summit level conclusion of the European Security Conference at the end of this month. Will you go, and are you content with the results of the negotiation?

A: There has been considerable movement toward a late July date, and if final agreement is reached to hold such a meeting and at the summit level, I certainly will participate.

With regard to the content of the talks, there are still some matters to be resolved; we are in close consultation with other countries on these matters, and we shouldn't prejudge the outcome of specific issues still under negotiation.

The European Security talks are aimed at producing declarations that should assist in the process now underway of reducing tensions and increasing contacts between East and West.

This will represent a most positive contribution internationally.

The CSCE documents, at the same time, are not a treaty. They will not alter the legal position of any participating state on European territorial questions.



REFUGEE RESETTLEMENT PROGRAM

Q. A recent press report has called the Refugee Resettlement Program a "mess." Can you give us the facts?

A. To my mind the results so far have been impressive. The Refugee Resettlement Program, under the direction of Julia Taft, has placed about 52,000 of the approximately 131,000 Indochina refugees. The program has continued to maintain resettlement rates of approximately 700 a day and in recent days has exceeded the 1,000 mark. Yesterday I sent a letter to all of the Governors asking them to establish resettlement programs in their State. We are offering the assistance of our Federal Regional Councils to help initiate such programs.

Based on the results of the Refugee Resettlement Program, it is my assessment this difficult program has proceeded well. The results are a credit to the many people who have worked hard and successfully to help the refugees.

JSB/7/11/75



PANAMA CANEL TREATY NEGOTIATIONS

Q: In light of the Snyder Amendment approved by the House and in light of a newspaper story which says you plan to postpone conclusions on Panama Canel Treaty negotiations until after the election for political reasons, can you tell us the status of these negotiations and your views on these negotiations.

A: As you know, during the last three Administrations the United States has been discussing our differences with Panama over the canal. There are a number of questions which still remain at issue between us and the Panamanians. The discussions are continuing. The goal is to reach an agreement which would accommodate the interests of both nations while protecting our basic interests in defense and operation of the canal. Naturally any such agreement we will reach will be submitted to the full constitutional process including Senate approval, and we will be consulting closely with the Congress as the discussions continue.

There are a number of difficult questions remaining to be resolved. The President has no intention of approving or proposing to Congress any agreement that would not protect our vital defense interests with Panama or any one else.



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FROM: J. HOORNSTRA
TO: CHICAGO COMMCTR.

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MEMORANDUM

July 12, 1975

TO: SIT ROOM

FROM: J. HOORNSTRA *J. Hoornstra*

SUBJECT: Distribution in Chicago of "Morning Notes"

Please distribute the attached "Morning ~~Notes~~ Notes" to the following persons:

The President	Ms. Wiedenfeld
Mrs. Ford	Mr. Mead
Mr. Rumsfeld	Mr. Shuman
Mr. Hartmann	Mr. Jones
Mr. Buchen	Mr. O'Donnell
Mr. Nessen	Mr. Goodwin
Mr. Swidman	Mr. Roberts
Mr. Greener	Mr. Carlson
Mr. Friedman	Ms. Anderson
Mr. Hushen	Dr. Kukash



MORNING NOTES

A Summary of the Morning Papers

Saturday
July 12, 1975

The Top Stories in Saturday Papers:

1. Prouty's disclosure of Butterfield's CIA relationship; Kissinger's report of progress on SALT differences; and the President in Chicago - Traverse City are Page One stories.

2. President in Chicago & T. C.:

a. R. W. Apple in the N. Y. Times (Pg. 10) led the Time's accounting saying, "President Ford counseled adherence to such traditional values as moderation, restraint, reason and steadfastness as the cure for the nation's ills in a speech that set the tone for his coming campaign." Apple says the President made no overt political appeals in either Chicago or Traverse City, but the trip "provided him, nonetheless, with an opportunity to be seen and heard in two key industrial states." Apple says like Presidents before him, Ford can be expected to schedule "many politically profitable non-political trips." The Traverse City crowds, Apple says, "gave Mr. Ford a warm but not overwhelming reception. Many... were tourists drawn (there) by the lakes and forests... and by the festival..."

b. Joel Weisman in the Post (Pg. 1) led his account by saying, "In his first trip since announcing his candidacy last Tuesday, President Ford declared to night that his Administration has put the nation 'back on the road to economic recovery.'" Weisman says the Traverse City appearance had many of the trappings of a campaign stop and the President "several times evoked screams and excitement from a crowd, .. estimated at 300,000." The President "clearly enjoyed his forays into the mob of humanity," Weisman says. (The Weisman story is 3-columns just below the fold, topped by a 3-column photo from Traverse City that runs up to the masthead).



c. Peter Kumpa in the Baltimore Sun (Pg. 5) led his report from Traverse City saying, "President Ford began his unofficial campaign for the White House yesterday as he started a 3-day Midwestern swing, making his first appearances since formally declaring himself a candidate for the GOP nomination." Kumpa says the President "won enthusiastic response from a crowd of about 300,000 vacationing Midwesterners..." The President laughed off suggestions he was campaigning, Kumpa says.

"The White House billed his appearance as a presidential trip and not a political one," Kumpa writes, (but) "the difference was only in description. In mood, in form and in other trappings, it was the beginning of his quest for an elected term of office, one which he is now the favorite of the pollsters to win."

d. Knight's Robert Boyd in the Phila. Inquirer (Pg. 1) led his account from Chicago observing, "President Ford, in a preview of his '76 campaign, went to Michigan to ride in the Traverse City Cherry Festival parade and then flew to Chicago to address a blue-ribbon business group." Boyd says the President told the businessmen that government must show " 'moderation and restraint' in stimulating the economy, and he warned against 'the promise of a quick fix' to end the recession." Boyd says the President broke no new ground in his speech, "but restated in colorful language the themes he has been stressing lately--economic recovery without massive government spending."

"More than anything, though, the outing was a perfect illustration of the immense political advantage enjoyed by an incumbent President," Boyd says. Traveling at taxpayer expense with a large staff in Air Force jets and Marine choppers, Ford before returning to Washington will make two " 'non-political' " speeches deliver a college commencement address, hold a press conference, ride in a parade, play in a golf tournament, attend a concert and meet GOP leaders of two states. The jam-packed schedule "thoroughly scrambles Ford's roles as national leader and politician seeking votes," Boyd observes.



e. Jim Wieghart in the N. Y. Daily News (Pg. 8) led saying, "President Ford accused the Democrat-controlled Congress of 'playing with fire' by passing inflationary spending bills and pledged to continue using the presidential veto to keep the economic recovery on a 'firm and steady course.'" His first trip since formally announcing his candidacy laid out what will undoubtedly be the theme of his campaign, Wieghart says: (1) The free-spending Democrat Congress must shoulder a major portion of the blame for the nation's worst economic downturn since the Great Depression and (2) that the best and surest road to economic recovery is through fiscal restraint.

Wieghart says, "Ford drew resounding cheers from the businessmen by promising to propose tax changes... and to reform federal regulatory agencies..." The weekend trip had all the trappings of a political campaign, as he received an "enthusiastic welcome" in Traverse City from an estimated 300,000, Wieghart says.

2. The CIA:

The major papers are commonly reporting this morning that both Sen. Church and Rep. Nedzi have concluded that they can find no evidence to support the charge that CIA agents secretly infiltrated the White House or other agencies.

The papers also report Ron Nessen's statement aboard Air Force One, which George Lardner of the Post called "more cautious" than Thursday's "categorical" response; and which Jos. Volz of the N. Y. Daily News called "something of a modification" from his statement that "there were not, and never had been, any undercover CIA agents at the White House." The N. Y. Times, Balt. Sun, and Phila. Inquirer, although relating the two statements, do not characterize them.

However, the N. Y. Times report by John Crewsdon says "another White House spokesman acknowledged later, however, that Theodore C. Marrs... had been associated with the CIA-inspired attempt to invade Cuba in 1961." When asked to reconcile that with Nessen's statement about the present Administration, "the spokesman said he assumed that the Presidential press secretary had been aware of Dr. Marrs's CIA affiliation when he made his remarks," Crewsdon reports.



3. Editorials:

a. The N. Y. Times lead editorial is on Solzhenitsyn's concerns about detente, which the Times says ought not to be dismissed out of hand. They should instead "serve Americans as a useful and timely reminder that detente is and has to be in no sense a unilateral expression of fatuous goodwill, but rather a practical and realistic means of establishing a mutually beneficial two-way street," the paper says.

In its #3 editorial, the Times says "President Ford's strag strange effort to slip a \$1.2 billion nuclear-powered cruiser into the \$25-billion military procurement bill... is worse than the 'fiscal irresponsibility' of which he has accused Capitol Hill. It deserves a veto from Congress."

However, in its #4 editorial, the Times says the President has proposed "a modest but still useful step" toward further diluting the sacrosanctity of the massive Highway Trust Fund. "We hope he gives more than lip service to this measure....," says the Times.

b. Similarly, the Phila. Inquirer, in its lead editorial backs the move on the Highway Trust Fund. The paper says the President's argument is philosophical--federal versus state responsibilities, but the Inquirer says the "central question" is "our joint national responsibility to face up to the realities."

c. And the Washington Post in the #2 editorial says that while the President proposals for the Highway Trust Fund does not go as far as the paper would like, "it would be a substantial step for any President and is a particularly notable advance for Mr. Ford, who as a congressman from Michigan, used to maintain that the highway trust fund should be inviolate."

d. The N. Y. Daily News observes that the President has begun "a long overdue effort to get federal regulatory agencies to relax onerous restrictions," but major overhaul depends on the Congress. The News hopes that the President "keeps up the pressure on Congress" to act on this.

* * * * *



~~THE PRESIDENT HAS SEEN.~~

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT'S BRIEFING BOOK

(Key Questions)

For: July 12, 1975

TAB A	TEN MOST LIKELY
TAB B	ECONOMY
TAB C	ENERGY
TAB D	GENERAL DOMESTIC
TAB E	FOREIGN POLICY



ACCOMPLISHMENTS

- Q: You have just announced your intention to run for the Presidency. Would you care to review what you have accomplished during the past 11 months and why you think people should vote for you?
- A. (Note: Because this question requires a detailed answer, I've presented it in outline form to make it easier to scan the major points.)
- A. Major goal: restore confidence in Presidency and create a more open government.
 - a. Successful, to judge by newspaper columnists, editorials and other reactions.
 - B. Other goals: deal with major problems.
 - a. Creating a healthy economy
 - 1. Inflation major problem when I took office. Set out to attack it, then had to walk difficult line when it became clear that we also were being hit by a serious recession.
 - a) Now feel we have nation on right path; we are making progress in our efforts to keep the hardships to our people and the burden to our economy at a minimum.
 - 2. Tackled unemployment by working for programs that would provide proper solutions, not slogan solutions.
 - a) And Congress supported vetoes and then wrote the effective kinds of legislation requested.
 - b. Establishing an energy program
 - 1. So we would eventually be independent of foreign suppliers.
 - 2. So price increased would be held to a minimum.



Accomplishments (cont.)

Page Two

- c. Resolved international tensions
 - 1. Handled Vietnam withdrawal in as good a way as I think was feasible.
 - 2. Demonstrated U.S. resoluteness with Mayaguez incident.
 - 3. Worked to strengthen NATO.
 - 4. Worked for peace in Middle East.
 - 5. Continued detente' with the Soviet Union one milestone of which was the Vladavostock Agreement on Arms Limitation.

- C. Achieved, at least, a start on a wide variety of matters of great importance. Among them:
 - a. Crime Control
 - b. Regulatory Reform
 - c. Renewal of Revenue Sharing
 - d. Tax Amendments
 - c. Revision of Unemployment Insurance

- D. Proposals aimed at making federal government work more effectively, and to further major aim of this Administration: development of the individual. (As stated in Ft. McHenry speech)

JBS 7/10/75



ARE YOU QUIETLY TRYING TO DUMP VICE PRESIDENT ROCKEFELLER?

- Q. There seems to be a disagreement between what you have said and what your campaign manager, Howard Callaway said last Wednesday regarding whether you wanted Nelson Rockefeller to run on the ticket with you as Vice President.

Are you quietly trying to dump Vice President Rockefeller?

- A. I thought we had cleared up that question on June 16th when Ron Nessen read my statement about Vice President Rockefeller. I feel now as I did then: "My great admiration for Nelson Rockefeller is very well known. I selected him for Vice President because I respected his judgment, experience and ability. I wanted a "good partner" for a Vice President and he exceeded my expectations. He has done a fine job in every way.

Both of us in these coming months will be submitting ourselves to the will of the delegates to the Republican National Convention in 1976. I am confident both of us can convince the delegates that individually and as a team we should be nominated." --

(If there are follow up questions, a suitable reply would be:)

- Q. You haven't answered the question as to whether you are dumping Rockefeller.

- A. I have answered the question. I will be for the Vice President for nomination. The delegates will make the decision.



JBS 7/10/75

CAMPAIGN PLANS

Q. Now that you have announced your formal candidacy for election in 1976, what immediate campaign plans do you have for yourself?

A. I do not plan to do any campaigning or to travel as a candidate during 1975. I will concentrate on my Presidential duties. I expect that the Republican National Committee, as they have in the past, will request me to make appearances at certain State Republican Party fund raising events and other political gatherings. I hope to accept as many of these invitations as my schedule permits, and I will be doing so as head of the Republican Party. But, my guidelines are those I laid forth when I announced I would be a candidate for the nomination:

1. I intend to conduct an open and aboveboard campaign.
2. I will not forget my initial pledge to be President of all the people.
3. I am determined never to neglect my first duty as President.

JBS 7/10/75



REAGAN CANDIDACY

- Q. On the day you announced your candidacy, supporters of Ronald Reagan organized a Reagan for President Committee. What is your reaction to this move?
- A. As I have said before, I welcome a free and open convention. But Gov. Reagan has not yet announced, or judging from his statement on television the other night, even decided whether he will run. He said, as you'll remember, "I have a decision to make. I don't know what that decision will be...when the time comes I will announce it -- yes or no -- and I assume it will come before the end of this year." So I feel it is too early to comment.

JBS 7/10/75



UNEMPLOYMENT AND THE ELECTION

Q. Do you believe you can be elected President if the unemployment rate is 8 percent or above in mid-1976?

(This question, or a similar one, deserves a forceful answer, one that will knock down the idea that you do not care about the unemployed.)

A. I cannot accept your question.

First, I do not expect unemployment to be above 8 percent a year from now. I expect it to be below 8 percent and dropping.

Second, I am setting policies in place which I believe will decrease unemployment, and I am not doing this because of its effect on the election. I am doing it because I am concerned about the unemployed.

This business about who cares the most about the unemployed has got to stop. No one cares more than I do.

But I won't fall into the trap of the short-term, quick solution. I won't spend money just because that might make me look like a great humanitarian when I know that the long term effect would be disastrous, when I know it would throw us back into a period of double digit inflation which would lead to a recession worse than the one we are presently at the bottom of and when it would lead to more people out of work.

We live in a highly complex economy. And to keep all the elements in balance we must walk a fine line between inflation and recession and less jobs. That requires that we monitor the economy carefully, which we do weekly, and that we act responsibly.



JBS 7/10/75

PANAMA CANAL TREATY NEGOTIATIONS

- Q. In light of the Snyder Amendment approved by the House and in light of a newspaper story which says you plan to postpone conclusions on Panama Canal Treaty negotiations until after the election for political reasons, can you tell us the status of these negotiations and your views on these negotiations?
- A. As you know, during the last three Administrations the United States has been discussing our differences with Panama over the canal. There are a number of questions which still remain at issue between us and the Panamanians. The discussions are continuing. The goal is to reach an agreement which would accommodate the interests of both nations while protecting our basic interest in defense and operation of the canal. Naturally, any such agreement we will reach will be submitted to the full constitutional process including Senate approval, and we will be consulting closely with the Congress as the discussions continue.

There are a number of different questions remaining to be solved. The President has no intention of approving or proposing to Congress any agreement that would not protect our vital defense interests with Panama or any one else.

GF 7/10/75



CSCE

Q: Mr. President, if you go to Helsinki for a CSCE Summit, will you visit any other countries in Europe?

A: Over the past several months I have been extended a good number of invitations from foreign leaders which I hope to accept. I would expect that there will be other stopovers if I go to Europe. Once plans materialize we will let you know.



July 9, 1975

SOUTH ASIA -- INDIAN POLITICAL SITUATION

Q: What is your opinion of the wave of arrests in India and Mrs. Gandhi's imposition of emergency internal controls in that country?

A: We have not commented on recent developments in India, and I do not believe that any useful purpose would be served by doing so now. It is our intention to maintain good relations with India, and we hope India shares this view.



U. S. BASES IN TURKEY

Q: Mr. President, in retaliation for the cut-off in U. S. military aid, the Turkish Government called in mid-June for negotiations to begin in 30 days on the status of U. S. bases and facilities in Turkey. In your opinion, will a reduced U. S. military presence in Turkey have an adverse impact on U. S. and NATO security interests in the eastern Mediterranean?

A: As I have stated in the past, Turkey is one of our closest friends and allies. Reducing of our facilities there would decidedly have an adverse impact on our security interests.. I strongly support resumption of military assistance to Turkey to restore a proper relationship between the United States and Turkey. I am continuing every effort with the Congress to resolve this problem.

You have pointed to the possibility of negotiations. We are in consultation with the Government of Turkey, and again, it is my hope the problem will soon be resolved to our mutual satisfaction.



US-GREEK BASES NEGOTIATIONS

Q: Mr. President, the second round in the US-Greek bases negotiations was held in Athens April 7-29. According to the joint communique issued at the close of the session, we agreed to Greek requests to close Athenai Air Force Base near Athens and terminate homeporting. How does this affect our security commitments in the Eastern Mediterranean?

A: Our current discussions with the Greek Government on bilateral defense issues are being conducted in a spirit of cooperation and cordiality reflecting our longstanding relationship with that country. We are satisfied with the steps being taken as a result of the second round of talks. They were mutually agreed upon and insure the continued viability and strength of security arrangements in the Eastern Mediterranean. Prime Minister Caramanlis and I had a very cordial and useful review of this issue during our recent talks in Brussels.



GENERAL ECONOMY

Q. There has been much discussion in recent weeks over whether the recession has ended. What is your view?

A. I know that economists differ. Many of them, in fact, can't even agree on the definition of the word recession.

But I define recession as when you have 8 percent unemployment. So I cannot honestly say that the recession is over now.

But I can say honestly that we are at the bottom of this recession.

The leading indicators all point up.

- + Housing starts where up significantly in May. The rise from April was 14.2 percent.
- + Employment has increased for three months. The total number of Americans with jobs has grown by almost half a million persons in the last three months. The figure now stands at 84.4 million with jobs.
- + The inventory of goods in the nation was too high. The total has been dropping -- meaning the time has come when businessmen are re-ordering - and that means more jobs. One figure in this area is called "Manufacturing and Trade Inventory" -- and this declined in April at \$23 billion annual rate.
- + Unemployment: The total is still way too high. But in June it did not increase.



And just as important: Inflation is coming under control. It has fallen to 5 percent, which is as low as it seems likely to fall for awhile.

But the battle against inflation is not over. That battle is linked to government spending.

1. We'll win or lose in the next few years on basis of whether Congress can hold the line on spending.
2. And it is linked to whether industry and labor can keep prices and wages at present levels.

(This question, or a related question could also provide an opportunity to explain the philosophy behind your efforts to keep inflation down at the risk of alienating those who want to hype up the economy and who are now calling you anti-jobs and anti-people.)

- . Inflation is like a con game in which you distract someone's attention by giving him a dollar while you're stealing his wallet. Let's say, for example, we gave a city \$10 million, but the rate of inflation was 7 percent. The city and its people would think that they were ahead because they received \$10 million. But actually they would be falling behind, because that 7 percent would be across the board, cutting wages and human service programs far in excess of the \$10 million received.
- . Inflation, also, hurts the poor. It raises the price of everything.

JBS 7/10/75



B



ADDITIONAL TAX REDUCTIONS

Q. The Congressional Budget Office (CBO) has released a study which states that the early extension of the 1975 tax reductions and an additional tax reduction of \$15 billion would increase production and reduce unemployment more rapidly than your own program. Are you likely to suggest additional tax reductions for next year?

A. We are constantly reviewing the economic situation. We believe that a significant recovery will be getting underway during the second half of the year. The CBO study concludes that additional fiscal stimulus and a larger budget deficit would not pose additional inflationary risks. I do not agree with that assessment. Inflation has been greatly reduced but it remains at unsatisfactory levels. Interest rates have already begun to increase and the additional capital market pressures from larger federal borrowing is a danger which cannot be ignored.

By later in the year we will know what actions have been taken on energy and we will be in a much better position to evaluate the strength of the recovery and the inflation and interest rate situation. At that time we will be making decisions on fiscal policy for next year and I do not want to prejudge the outcome at this point.



CONGRESSIONAL BUDGET OFFICE STUDY

Q. The Congressional Budget Office study concludes that a significant increase in oil prices would dampen the recovery. To avoid this they suggest offsetting tax cuts and an easier monetary policy. Do you agree with this assessment?

A. Last January I proposed a comprehensive energy program to the Congress. The Congress has refused to act. We are re-examining our policies in light of the congressional delays. We must move on our energy policies.

It is my judgment that our energy program should not forestall the economic recovery and for that reason my original energy proposals included a series of tax reductions which would return to the economy the revenues from the energy taxes. Our policies will continue to reflect this view.

July 9, 1975



LAST HIRED - FIRST FIRED

- Q. The NAACP has taken the position that lay-offs based on seniority unfairly impact on blacks and women. Therefore, they have advocated the prohibition of lay-offs based strictly on seniority. What is your Administration doing with respect to this issue?
- A. This is one of those dilemmas that can never be solved satisfactorily. On the one hand you have people who have devoted a major part of their life to one employer. It is unfair to them to disregard their loyalty. On the other hand, you have minorities which have waged a relentless struggle for jobs. It is unfair to them to allow those gains to be lost just when they have started to reach their goal.

The only solution is not only to get everyone back to work, but to create an economy that has room for everyone - people of all races, and creeds.

JBS 7/10/75



C



D



Question:

The Justice Department has apparently decided to drop their investigation of any possible violations growing out of the 1972 wheat sales to Russia. Do you have any comment?

Answer:

The Attorney General recently advised the White House Counsel's office that the Department of Justice, after thorough consideration, was closing its files on any possible civil violations growing out of the wheat sales without litigation or other action. As you may know, the Department declined criminal prosecution with respect to all possible violations, save for manipulation of wheat futures which is still pending, in March of 1974. The White House played no role whatsoever in this action by the Department of Justice. Any further inquiries should be directed to the Attorney General.

PB (4) 7/7/75



RESPONSE TO CRITICISM OF THE USE OF THE VETO

Q: Does your use of the veto amount to an attempt at minority rule? (Or any similar challenge to your use of the veto.)

A: Several points about the veto power should be kept in mind.

First, it is a constitutional power of the President, written into the Constitution for a clear purpose and with the expectation that there will be occasions when it ought to be used. We have separation of powers, but the veto power gives the President some role in the legislative process.

Second, it is misleading to speak of using the veto to rule. It is not an absolute veto but a veto that can be overruled by the Congress.

Third, the two main purposes of the veto, in my mind, are to require, first, that there be very thorough reconsideration of a controversial matter when the President and a majority of the Congress disagree; and, second, that there will be no new law unless a two-thirds majority of both Houses, widely representative of the entire nation, supports it.

Finally, I think anyone is on weak ground who objects to the constitutional use of a constitutional power for constitutional purposes. This is not a question of majority or minority rule. It is a matter of constitutional rule, and I suppose it is safe to assume everyone supports the Constitution, in the Congress and throughout the nation.

*Some constitution grants
right of Congress to over-ride by 2/3
This is another illustration of
system of checks & balances & the
strength of our separate powers.*



E



CUBA POLICY

Q: Secretary Kissinger has said that the conditions exist for a dialogue with Cuba if the OAS sanctions are lifted. Will the U. S. support lifting the OAS sanctions at the upcoming meeting in Costa Rica?

A: We have said repeatedly that we would be willing to consider changing our policy toward Cuba when we see evidence of a real change in Cuban attitudes and policies towards us. As you have noted, the OAS sanctions remain in effect and we continue to respect them. The question of the Cuban sanctions may be addressed at a meeting in Costa Rica which begins July 16th and will be dealing with amendments to the Rio Treaty, including an amendment relating to the vote necessary to lift sanctions in general. However, until we see whether and how the matter is presented, it would be difficult to state what our position might be. We certainly hope that any resolution there would be one the U. S. can support.

Q: If the sanctions are lifted, will the U. S. enter into bilateral discussions with the Cuban Government?

A: Should the sanctions be modified, we would then consider our own position in terms of Cuba's actions and policies, but there would be no automatic change in U. S. policy toward Cuba.



July 7, 1975

MIDDLE EAST--AID LEVELS

Q: What kind of aid commitments to the Middle East have you made and what recommendations do you plan to make to the Hill regarding both Egypt and Israel, especially taking into account the letter signed by 76 Senators in May urging substantial aid for Israel?

A: No final decisions on aid for the Middle East will be made until our general reassessment has been concluded. We will send our recommendations to Congress in due course.

The subject of aid has come up in my talks with Middle East leaders and I reaffirmed our interest in continuing U. S. support for economic development and progress in the area. We will be discussing the question of aid to Middle East countries further through diplomatic channels.



July 9, 1975

MIDDLE EAST -- POLICY REASSESSMENT

Q: When will the policy reassessment be terminated? Will there be a US plan? Are you planning any other personal meetings with Mid-East officials?

A: I am not prepared at this point to give you a specific time for the conclusion of our reassessment process. In due course I will be making US positions known, but final decisions as a result of our reassessment have not yet been made.



July 9, 1975

MIDDLE EAST -- INTERIM AGREEMENT

Q: How close are Egypt and Israel to an interim agreement on the Sinai front? What is the reason for the reported delay by the Israeli Government in establishing its position? If no interim agreement is possible, is the next step Geneva, and have we discussed this with the Soviets? .

A: We are continuing diplomatic exchanges with the parties to determine the prospects for agreement. There must be movement towards a settlement. If not, there will inevitably be a drift toward war, with disastrous consequences. Our interests in the Middle East, including our commitment to Israel's survival, are best served by a peaceful settlement. We believe that it is the responsibility of all parties involved to ensure that the momentum of the negotiating process is maintained, and are determined to prevent stagnation or stalemate.

As for Geneva, we regard the Conference to be an important part of the peacemaking process. We would naturally consult with the Soviet Union as co-Chairman of the Conference on any plans to reconvene.



July 9, 1975

POSITIONS ON OCCUPIED TERRITORIES
IN THE MIDDLE EAST

Q: Have your talks with the parties revealed any changes in their positions on territorial issues?

A: I do not believe it would serve any useful purpose for me to get into the details of negotiating positions of particular parties. There is hope for progress toward peace if all parties exercise flexibility. It is essential that there be such progress, that there be no stalemate, and therefore that none of the parties fix preconditions which would block the possibility of negotiations.



OCCUPATION OF U.S. FACILITIES IN VIENTIANE

Q: What is the U.S. going to do about the Embassy facilities that have been taken over by demonstrators in Vientiane?

[FYI: Students and other Communist inspired demonstrators seized three Embassy compounds and the USIS library about a week ago. The library has since been returned to U.S. hands. The other three compounds are still being held by the demonstrators although U.S. personnel have some access to them.]

A: We obviously cannot accept the continued occupation of U.S. Embassy facilities. We have made a strong protest to the Lao Government over these illegal seizures. The USIS facility has already been returned to us, and discussions are continuing regarding the return of the other Embassy facilities.



July 9, 1975

U. S. ROLE IN LAOS

Q: What is the U. S. role going to be in this new situation in Laos? Will we continue to provide aid? Will we terminate diplomatic relations? Is Ambassador-designate Stone still going to go to Vientiane?

A: As you know, there has been considerable pressure on our Embassy in Vientiane including harassment of our personnel.

We are prepared to maintain diplomatic relations with Laos as long as we are assured that our Mission can operate safely and effectively. We have the situation there under constant review.

We have terminated our military and economic aid missions and have withdrawn all personnel who served in them. Our future aid relationship with Laos is under review.

Ambassador-designate Stone is currently on leave here in the United States.

(FYI - We are keeping Ambassador-designate Galen Stone here indefinitely, until we get a better reading on our long range relationship with Laos.)



DETENTE

Q: Mr. President, in light of recent events on the international scene, notable in Vietnam, Portugal and the Middle East, how do you see our relations with the Soviet Union developing? Are US-Soviet relations entering a cooling period?

A: From the outset of my Administration, I have stressed my commitment to working for improved relations with the Soviet Union in the interests of world peace. The effort to achieve a more constructive relationship with the USSR expresses the continuing desire of the vast majority of the American people for easing international tensions and reducing the chances of war while at the same time safeguarding our vital interests and our security. Such an improved relationship based on strict reciprocity is in our real national interest.

I have observed that during this process, we have had no illusions. We know that we are dealing with a nation that reflects different principles and is our competitor in many parts of the globe.

However, through a combination of firmness and flexibility, the United States has in recent years laid the basis of a more reliable relationship based on mutual interest and mutual restraint. Only last November, at Vladivostok, General Secretary Brezhnev and I reaffirmed the determination of the United States and the Soviet Union to develop our relations further and to continue the search for peace. I believe the prospects for further improvements in US-USSR relations -- taking into account recent international developments -- remain good.



MBFR PROGRESS

Q: The MBFR negotiations have been going on for over a year and a half now and appear to be stalemated. We have heard reports that the US intends to offer to reduce some of its tactical nuclear forces in Europe in an effort to get the talks moving. Do you plan to make such an offer? Is there any reason to think this would move the talks forward? Could some reductions be made while the talks continue?

A: We have known from the start that these negotiations would be very complex and difficult, and that we should not expect quick results. The issues being addressed in the MBFR talks go to the very heart of the structure of European security and affect the vital interests of some 19 participating countries.

The discussions have been treated seriously so far and neither side has used them as a propaganda forum. I said at the recent NATO summit that NATO should be prepared to take appropriate initiatives in these negotiations if that will help us meet our objectives. But the Soviet Union and its allies should also be prepared to work in good faith on the common objectives both sides should be seeking -- undiminished security for all but at a lower level of forces.

We remain optimistic that the talks ultimately can achieve a successful result. Until that time, there will be no US troop withdrawals from Europe. The level of US forces currently in Europe should be no lower given the threat presently posed by the other side.



SALT

Q: What is the status of the SALT negotiations? Are you still optimistic about conclusion of a new SALT agreement?

A: The formal SALT negotiations resumed in Geneva on July 2.

We are making progress toward a new SALT agreement based on the outlines agreed at Vladivostok in December. There are a number of technical problems which remain to be resolved.

As you know, SALT was one of the topics which Secretary Kissinger has been discussing with Soviet Foreign Minister Gromyko during their meetings this week in Geneva. I am confident we will be able to find solutions to the outstanding problems.



PANAMA CANEL TREATY NEGOTIATIONS

Q: In light of the Snyder Amendment approved by the House and in light of a newspaper story which says you plan to postpone conclusions on Panama Canel Treaty negotiations until after the election for political reasons, can you tell us the status of these negotiations and your views on these negotiations.

A: As you know, during the last three Administrations the United States has been discussing our differences with Panama over the canal. There are a number of questions which still remain at issue between us and the Panamanians. The discussions are continuing. The goal is to reach an agreement which would accommodate the interests of both nations while protecting our basic interests in defense and operation of the canal. Naturally any such agreement we will reach will be submitted to the full constitutional process including Senate approval, and we will be consulting closely with the Congress as the discussions continue.

There are a number of difficult questions remaining to be resolved. The President has no intention of approving or proposing to Congress any agreement that would not protect our vital defense interests with Panama or any one else.



REFUGEE RESETTLEMENT PROGRAM

Q. A recent press report has called the Refugee Resettlement Program a "mess." Can you give us the facts?

A. To my mind the results so far have been impressive. The Refugee Resettlement Program, under the direction of Julia Taft, has placed about 52,000 of the approximately 131,000 Indochina refugees. The program has continued to maintain resettlement rates of approximately 700 a day and in recent days has exceeded the 1,000 mark. Yesterday I sent a letter to all of the Governors asking them to establish resettlement programs in their State. We are offering the assistance of our Federal Regional Councils to help initiate such programs.

Based on the results of the Refugee Resettlement Program, it is my assessment this difficult program has proceeded well. The results are a credit to the many people who have worked hard and successfully to help the refugees.

JSB/7/11/75



NUCLEAR WEAPONS EMPLOYMENT POLICY

Q: Would you clarify the United States' policy on the employment of nuclear weapons?

A: The United States develops and deploys nuclear weapons for one reason -- to deter attack. If deterrence fails our nuclear forces provide the ultimate guarantee that our conventional forces will not be overwhelmed. I believe the debate of the past three weeks has made clear the distinction between "first strike" and "first use." The United States' position on both first strike and first use has remained essentially unchanged for many years. It has served us well and there is no plan for any fundamental change in our doctrine.



PROSPECTS FOR CSCE SUMMIT

Q: Mr. President, it now appears likely that there will be a summit level conclusion of the European Security Conference at the end of this month. Will you go, and are you content with the results of the negotiation?

A: There has been considerable movement toward a late July date, and if final agreement is reached to hold such a meeting and at the summit level, I certainly will participate.

With regard to the content of the talks, there are still some matters to be resolved; we are in close consultation with other countries on these matters, and we shouldn't prejudge the outcome of specific issues still under negotiation.

The European Security talks are aimed at producing declarations that should assist in the process now underway of reducing tensions and increasing contacts between East and West.

This will represent a most positive contribution internationally.

The CSCE documents, at the same time, are not a treaty. They will not alter the legal position of any participating state on European territorial questions.



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As far as I know
there are no people presently
employed in the White House
who have a relationship with
the CIA of which I am
UNAWARE - -

"We have no information to substantiate the allegation that a member of the previous administration was a secret CIA agent or indeed any kind of CIA agent, nor have we heard of such information. The questions apply to previous administrations. Those questions could best be addressed to those who were involved in the administrations.

"To the best of our knowledge, and we have no reason to believe otherwise, there is no employee working at the White House who has, or who has had, a CIA connection of which we are unaware. We have no reason to believe that anyone currently working at the White House, either as an employee of the White House or on detail from another agency, is surreptitiously reporting information on White House activities to any other government agency.

"I failed to make clear, in responding to questions in this area yesterday, and maybe I should have made clear, that I was speaking specifically of the present White House. I can only speak for this administration. I don't want you to think that this qualification I am mentioning today means we have discovered that any CIA agent infiltrated the White House in the past. We have no reason to believe there ever has been such an agent, but I want to make clear that I speak only for this administration and this President." (End of statement).



ALLEGED FHA-HUD FRAUD

- Q. The Chicago Tribune recently published a series of articles alleging massive fraud and mismanagement in the HUD-FHA single family mortgage programs in Chicago. Is there any truth to these allegations and what are you and Secretary Hills doing to investigate these allegations and correct any abuses?
- A. Mrs. Hills sent a personal representative to Chicago to review the situation and I understand she received a complete report on the allegations from the HUD Acting Regional Administrator in Chicago on July 9. Thursday she announced she would name a five-member task force to recommend reforms, with an interim report due in two weeks. And I am hopeful that we can quickly correct these problems and institute reforms nationwide so that they do not happen elsewhere.

JBS/7/11/75



HUD task force to rebuild Chicago mortgage program

By Bill Neikirk

Chicago Tribune Press Service

WASHINGTON—Carla Hills, Housing and Urban Development secretary, said Thursday she's naming a five-member task force to recommend reforms in Chicago's scandal-ridden government mortgage insurance program.

Mrs. Hills said she wants an interim report from the panel within two weeks, but added that she's already decided on several steps to strengthen administration of the city's housing programs.

As a result of an investigation by HUD officials that followed a Tribune series on the housing scandals, Mrs. Hills said she wants to institute a series of government spot checks to halt improper collection of federal insurance on foreclosed homes and inaccurate certification of a homebuyer's job status.

THE TRIBUNE SERIES uncovered instances in which mortgage companies had collected insurance on Chicago houses that had been vandalized or burned after they had been certified as being in good condition.

Mrs. Hills said one reform is definite: "There will be an inspection of property [on foreclosed homes] before claims are paid" to the mortgage company.

She also disclosed at a luncheon meeting with reporters from Chicago newspapers:

1/2 Shortly after she took office, she asked for and received written reports from all HUD field offices. She said John Waner, Chicago area director of the department, "didn't address any specific problems" in his written reply.

After the disclosures, she said she asked Waner why he didn't. "In essence, he said 'I'm sorry,'" Mrs. Hills said. But she said she has no plans to fire Waner, who was very cooperative during the Tribune investigation.

1/2 As a result of an investigation predating the Tribune series, HUD's inspector general has referred to the Justice Department for possible prosecution for malfeasance the names of three mortgage companies. Mrs. Hills did not name the companies, but an aide said it involved false certifications by the firms.

MRS. HILLS SAID the five-member panel will be composed entirely of HUD officials. They include Donald Glascoff, assistant deputy general counsel of the department; Don Morrow, acting director of HUD's region 5, which includes Illinois and four other states; and yet to be designated officials from the Chicago office, from the Federal Housing Administration, and from HUD's Mortgage Management division.

She said that while the panel would confine itself to charges of wrongdoing in Chicago and how to correct them, the reforms would be nationwide in application.

"Don't say I'm studying it to death," she said. "I'm moving as fast as I can. . . . I think we will rapidly get rules that will correct this problem."

THE PANEL'S primary job will be to strengthen existing regulations. But it will be up to HUD's inspector general and the Justice Department to investigate past wrongdoing, she said. In response to a question, Morrow said investigations of possible violations had been stepped up.

Mrs. Hills said that the series pointed out "defects with which I cannot disagree" and underscored the need for better surveillance of mortgage companies from the time a mortgage is originated to the time it is foreclosed.

Glascoff said one problem is that mortgage firms aren't really familiar with the standards for inspection of property.

HE ALSO SAID the government needs to spell out more clearly what it means by the concept of "prudent lender," which is what the regulations require mortgage firms to be.

For example, where 60 days of payment default might now cause foreclosure, 120 days might be required before foreclosure in the future, Mrs. Hills said.

Mrs. Hills responded "absolutely" when asked if she would like to see existing legal and administrative obstacles removed which bar foreclosed homes from being occupied.

THE PROBLEM WITH the foreclosure process is that it's so long and complicated that it often is more than two years before the government can officially take title, she said.

The Tribune series pointed out how many of these homes, sitting unoccupied for long periods, had been vandalized and burned even though mortgage firms were supposed to keep them in good repair under government contract.

Mrs. Hills said that contrary to a conclusion in the Tribune series, there is "no-profit" in foreclosure. One of the problems in Illinois is a one-year waiting period before redemption, she said.

In addition, Mrs. Hills said she hopes the Task Force's work will result in a nationwide computer system that will have the ability to pinpoint default rates in different areas and which lending institutions have high default rates.

Glascoff said the computer program would provide a "good early warning system" to check for possible abuses of the FHA insurance program.

Chicago TRIB.



THOMPSON CANDIDACY

Q. How do you feel about Jim Thompson's candidacy for Governor?

A. I am happy to see a man like Jim Thompson seeking public office.

As U.S. Attorney for the Chicago District, Thompson proved himself to be a man of integrity. He is a man who does what is right.

I have watched his career with interest and am sure he will be an asset to the Republican Party and to the people of Illinois should he win the office he is seeking.

BACKGROUND:

JAMES R. THOMPSON had an appointment with you to inform you of his intention to run for Governor and to resign as U.S. Attorney for the Chicago District to go into private practice. That appointment was on June 26. Thompson announced his candidacy on July 1.

Illinois primary, which has been in March in the past, is uncertain at the moment. Legislation has gone to the Governor to change the date to May, but it has not yet been signed. Thompson has opposition in the primary. There is one other announced candidate, Dick Cooper, a young millionaire from Chicago's north shore, founder and president of Weight Watchers of America.

JBS/7/11/75



THE POOR NEGLECTED FOR DEFENSE SPENDING

Q. There have been charges that while your Administration is neglecting the poor it is spending billions for defense, which keeps increasing. Is that true?

A. That is not true.

In fact, Federal aid to individuals has doubled -- from \$80 billion to \$160 billion (in dollars adjusted for inflation) -- since 1968. (These payments include Social Security, unemployment assistance, Medicare, Medicaide, and Public Assistance.) And community development programs -- in the past three fiscal years alone have grown from \$1.8 billion to \$2.75 billion.

It is also a misconception that defense spending is too high. It has been dropping steadily. In adjusted dollars, it has dropped from \$151 billion in 1968 to \$87 billion this year. We are spending only 58 percent of what we were spending in 1968.

My recent budget proposed to reverse this trend and increase real resources devoted to national security. Compared to the pre-Vietnam period, our military forces have been reduced significantly.

- * The number of Navy war ships has declined significantly to the point where our fleet today is smaller than it was before Pearl Harbor. This year we will have declined below 500 total ships.
- * Navy aircraft carriers and air wings have been reduced from 23 to 13, and Air Force tactical air wings have been cut from 25 to 22.
- * Active Army and Marine Corps divisions declined from 23 to 19, although this trend has been recently reversed.



I think it is important to point out, however, that although the numbers of these military units have declined, our Defense capabilities have not shrunk in direct proportion. In many instances, we have substituted more advanced and effective weapons systems for the ones previously available.

However, I should also point out that an increase in real Defense capability does not necessarily also bring an increase in relative capability since the military forces of our potential adversaries have also increased significantly.

And I see no uncompatibility between spending for an adequate defense and spending for other human needs. If we are to build the type of society we want, one in which every individual can develop to his or her fullest capability, we must not allow potential enemies to attack us as we work toward our goal.

JBS/7/11/75



Office of the White House Press Secretary
(Chicago, Illinois)

NOTICE TO THE PRESS

ORDER OF QUESTIONS FOR WHITE HOUSE AND REGIONAL
PRESS AT THE CHICAGO PRESS CONFERENCE

1. Neil Mehler, Chicago Tribune
2. Carl Leubsdorf, Associated Press
3. Robert Suro, Chicago Sun-Times
4. Richard Lerner United Press International
5. Barbara Welch, City News of Chicago
6. John Cochran, NBC
7. Peter Nolan, WMAQ-TV (NBC Affiliate)
8. John Hall, Hearst
9. Hugh Hill, WLS-TV (ABC Affiliate)
10. John Mashek, U.S. News and World Report
11. Susan Anderson, WBBM-TV (CBS Affiliate)
12. Thomas Girard, Westinghouse
13. James Doutez, WIND Radio
14. Gene Risher, Cox
15. R. W. Apple, New York Times
16. Robert Schieffer, CBS
17. Forrest Boyd, Mutual
18. Rudy Abramson, Los Angeles Times
19. Aldo Beckman, Chicago Tribune
20. Walt Rodgers, AP Radio
21. Jim Deakin, St. Louis Post Dispatch
22. Jeff Skov, Golden West
23. Don Fulsom, UPI Audio
24. Fred Barnes, Washington Star
25. Ann Compton, ABC

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