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Notice to the Press: US/USSR Agreement to Limit Soviet Grain Purchases

Secretary of Treasury, William E. Simon announced conclusion of an agreement with the Soviet Union on purchases of US grain during the current crop year.

The Soviet Union agreed to limit its total grain purchases from the US this crop year to 2.2 million tons including one million tons of corn and 1.2 million tons of wheat.

An additional one million tons of grain contracted for earlier this month can be delivered from other export countries. The Soviet purchasing agency for grains will make the necessary purchases arrangement with US export firms.

The Soviet Union also agreed to make no further purchases in the US market this crop year which ends next summer. Further, the Soviet Union agreed to work with the US toward development of a supply/demand data system for grains.

The agreement followed talks in Moscow by Secretary Simon with Minister of Foreign Trade N. S. Patolichev. Secretary Simon was in the Soviet Union October 12 - 15 for the opening of the Moscow office of the US-USSR Trade and Economic Council.

The grain talks were scheduled following the Soviet's buying activity in the US earlier this month. At that time, the Soviet Union placed orders with two US export firms for the purchase of 3.2 million tons of US grain, including 2.3 million tons of corn



and 900,000 tons of wheat for delivery during the 1974/75 crop year which ends next summer. Following talks with President Ford on October 12, the Presidents of the two export firms agreed to hold these sales in abeyance until after Secretary Simon's visit to Moscow.

This year's Soviet purchases of US grain will be small compared with purchases during the past two years. The Soviet Union bought 17 million tons of US grain during 1972 and 7 million tons in 1973. The smaller purchases in 1974 are in line with smaller export availabilities of US grain as a result of the disappointing corn harvest this year. The US has harvested a record wheat crop, but the corn crop is expected to be down 16% from last year's record harvest. Total US feed grain production is expected to be down 18%.

In his talks with Soviet officials, Secretary Simon emphasized that the US wants to continue developing its agricultural trade with the Soviet Union. The Soviets advised Secretary Simon that the Soviet Union will have an adequate harvest this year, but that imports are needed for specialized live stock production units.

Secretary Simon reviewed with Soviet officials the type of grain data that the US receives from other countries that purchase US grain. The Soviets agreed to work toward the development of a data exchange system on grain between the two governments.



SECRET (when with attachments)

THE WHITE HOUSE  
WASHINGTON

December 8, 1975

Bill Greener



TO:

~~RON NEWMAN~~

FROM: RUSSELL A. ROURKE

*Rourke*

- For Direct Reply
- For Draft Response
- For Your Information
- Please advise

*For your briefing  
book.*

*RA*

THE WHITE HOUSE

WASHINGTON

December 5, 1975

Dear Rabbi Korff:

This is in further reference to our conversation concerning your request that the United States Government provide a military aircraft to bring Dr. Sakharov from Moscow to Washington for your U. S. Citizens Congress Bicentennial Awards Dinner.

It is unfortunate that your plans for Dr. Sakharov's attendance did not work out. As I indicated to you earlier there was no evidence that the Soviet authorities were, in fact, prepared to permit Dr. Sakharov to leave the Soviet Union. Further, it appears that, should they have permitted him to leave, commercial transportation was available. In addition, the Legal Counsel's Office has pointed out there is serious question as to expenditure of government funds for this purpose.

Nevertheless, let me reiterate that I have been advised that, should it prove possible for Dr. Sakharov to visit the United States, our Embassy would be only too happy to do whatever is appropriately possible to assist him.

Your very understanding manner and helpful attitude are deeply appreciated.

I enjoyed our conversations and look forward to the pleasure of chatting with you again in the near future.

Sincerely,

Russell A. Rourke  
Deputy to Presidential  
Counsellor, John O. Marsh, Jr.

Rabbi Baruch Korff  
1221 Connecticut Avenue, N. W.  
Washington, D. C. 20036



SECRET

THE WHITE HOUSE

WASHINGTON

December 3, 1975

Date typed to file on 12/19/84  
Approved for F.I.S. 12/30/84  
Archival stamp of March 1984

By JP NARS date 12/19/84

MEMORANDUM TO: BRENT SCOWCROFT

FROM: RUSS ROURKE *RAR*

Brent, both Jack Marsh and I were concerned that Rabbi Korff might interpret any extended silence following his initial request to the White House as an indication of possible approval or, at the very least, that the request was under active consideration. It was felt, therefore, that we should start turning him off as soon as possible. We obtained, therefore, a very preliminary recommendation on the basic proposal from Dudley Chapman via Phil Buchen. Basically, Legal Counsel's initial view is that the approval of this request would constitute an inappropriate use of appropriated U. S. funds.

I then spoke with Rabbi Korff by telephone, and indicated that it appeared unlikely that the request could be approved, without citing any firm legal basis for that rejection. Specifically, I was only attempting to prepare him for the prospect of a final solid decision, in the event that decision were negative.

The following is my own recounting of Rabbi Korff's reaction to my basic message. "You have very good minds at the White House, but you tend to look at things in strictly legalistic ways. You should have an advocate look at this request from a different perspective. We send jets to get foreign leaders. Sakharov is a symbol. Nothing could help detente more than to exercise detente. This would be all to the good. Dobrynin returned my phone call a few minutes ago, but I was out when he called. I would like to come to the White House to confer with those individuals who will make this decision, and to refute their arguments. There is no question of improper use of taxpayer funds here. We are not flying dogs around like Roosevelt use to fly Fala. We could have an already-scheduled U. S. military plane stop off in Moscow and pick Sakharov up. I don't want to cause any ruckus. I don't want to embarrass anyone, but this man represents a symbol to the American



people. They would want it to happen. He is a key to the very foundations of our being. I will get on the three major networks to raise the money to repay the U. S. Government for whatever it costs."

I made no effort whatever to conduct a running debate on each of the above points. I merely thanked him for his reaction, and told him that we would be back in touch with him as soon as a final decision is made.

I would appreciate your guidance.

cc: DCheney  
PBuchen



~~SECRET~~

THE WHITE HOUSE

WASHINGTON

December 3, 1975

Determined to be an administrative memorandum  
Cancelled per E.O. 12958, RPL  
Archivist's memo of March 1977

By JP NARS date 12/19/84

MEMORANDUM TO: BRENT SCOWCROFT

FROM: JACK MARSH *Jack Marsh*

Rabbi Korff called here this afternoon on a transportation request. He had earlier tried DOD, but was advised White House approval was necessary.

His request was to bring Dr. Sakharov from Moscow to Washington, D. C., via military aircraft, in order that Sakharov might receive an award at the First Bicentennial Awards Dinner of the U. S. Citizens Congress. This event is scheduled for December 14 at the Shoreham-Americana in Washington, D. C. Other recipients this year include Secretary Bill Simon, Senator Carl Curtis and Admiral Arleigh Burke. Korff has spoken directly with Sakharov concerning prospective award. Sakharov verbally responded that he would "accept the award with pleasure", and hoped to attend. Korff purchased Pan Am ticket for Sakharov from Moscow to Washington.

Here is where the factual situation gets fuzzy. Korff advises that Russians will not permit Sakharov to leave Soviet Union. He suggests U. S. military flight is only acceptable alternative. Korff has no solid evidence that Soviet Union would permit Sakharov to leave even if a U. S. military flight was arranged. A Deputy of Korff's has discussed this matter with Dobrynin. Results of that conversation are confusing and unreliable.

After failing to reach Bill Clements, Korff presented the transportation request to Col. Ken Bailey at DOD. Korff indicates that Bailey advised him that they "would need White House approval before moving forward". Consequently my office has been contacted. Korff is staying in Washington, D. C., and has indicated he'll continue to maintain contact with my office until final decision is made.

Russ Rourke talked with Korff and gave him no encouragement and simply received his views and noted his request without encouragement of any sort.



However, because of the personality involved, it was felt best to handle this rather carefully.

Of course, we have not encouraged him and are trying to turn off the request.

cc: PBuchen  
DCheney

P.S.

Another report follows on a more recent development.



June 1, 1976

INTERVIEW WITH THE PRESIDENT  
BY  
WASHINGTON BUREAU CHIEFS  
AND CORRESPONDENTS FROM CALIFORNIA

THE OVAL OFFICE

11:35 A.M. EDT

THE PRESIDENT: There is no opening statement so why don't we just go ahead.

QUESTION: I wanted to ask you, Mr. President, whether and if you do get the nomination, one of your first tasks will be to unify the party. In that context, how far would you be willing to go to assure yourself of not only routine but enthusiastic support by Governor Reagan. Would you give him, first of all, an effective voice in the selection of a running mate? Would you then be willing to appoint a new Secretary of State, if that became necessary, to go into November with a united party?

THE PRESIDENT: I think it would be wise to certainly seek his counsel and advice. I have no idea just what he would have in mind. I read an article or two that said that he would, as I recall the word, withhold immediate endorsement until he had had an opportunity to consult and get some of his views across.

There was an article in the Christian Science Monitor this morning which came from some interview that he apparently had. I certainly would be glad to consult and seek his advice but I don't think it is proper at this time to make any specific commitments.

QUESTION: Do you feel that if Governor Reagan is nominated, assuming that, that there is no way he could win in November?



THE PRESIDENT: I put it this way: I am absolutely convinced, as I think that most political observers are convinced, that I have a far, far better chance of winning in November than any other Republican nominee. I don't like to pass judgment on whether he can or not but I know very well that there is a strong consensus that I have a far, far better chance of winning than any other Republican nominated.

QUESTION: Mr. President, even the way things look now it is going to be very close at the convention time. Without any issue like the Vietnam War or something to galvanize public opinion or the party, doesn't Reagan's success up to this point indicate a great deal of dissatisfaction in the party with your Administration?

THE PRESIDENT: Well, it certainly would indicate that there are some who believe that on some issues there is a considerable difference of opinion, but I haven't heard any Republicans speak uncomplimentary as far as the economy is concerned and a good many Americans are interested in jobs and problems of inflation.

On the mainstream issues such as the economy and peace I don't think many Republicans differ with those basic issues. There are these emotional issues like the Panama Canal but I think most of the Republicans that have voted for my opponent would support me in a national election because they haven't been critical of my management of the economy, they haven't been critical on the basic thrust of peace and they certainly haven't been critical of the restoration of trust and confidence.

I think once we get by the convention, most of those Republicans who have voted for my opponent would support me.

QUESTION: Do you think the reverse would be true?

THE PRESIDENT: That is hard to judge.

QUESTION: Mr. President, what about next week in California? What is your prediction on how you will do?



THE PRESIDENT: I think we are an underdog. I think we have made considerable headway. Our people are working very hard. We are maximizing our efforts except for my inability to get out there.

My wife is going out for four days. Our second son has been there a week. He is going to stay through Monday, as I understand it. There are now and have been a number of Administration officials who are out there as advocates. I think we will make some more headway between now and June 8.

It is really an underdog making a lot of headway and that has been sort of the tradition in California politics, that individuals who are behind oftentimes gain some momentum and we think we have the momentum. Whether we have enough to close the gap or not it is too close to call.

QUESTION: Mr. President, have you given any consideration in the last couple of days to trying to go out there again since Reagan is obviously taking it for granted and will leave the State Saturday and be gone? Would you think of going in after he left maybe?

THE PRESIDENT: We haven't changed the decision since the one we made a few days ago. We have several problems.

Number one is a preface. I have been to California a number of times since I have been President and within the last two months I have been there twice. Number two, I have had my family out there a good share of the time. Betty has been out at least twice and is going out a third time. As I said, our second son is out there and will have been there two weeks. Our third son has been doing some campaigning while he is trying to go to school.

We think we are making all of the possible effort we can out there and I do have to spend more than a half a day in Ohio and I do have to spend at least one day in New Jersey. Plus the fact that I am sure you all recognize we have some pretty important obligations here in Washington with the King and Queen of Spain here for two and a half days.



So it is an allocation of responsibilities as President, the fact that I have been there a number of times, the family is out there or have been there, and also it is expensive to have me go out again and we are facing the problem of bumping the ceiling as far as expenditures are concerned. We decided that the bigger advertising budget in the light of all of these others might be a better investment.

QUESTION: Mr. President, Governor Reagan seems to have reversed the standings in the polls as of the California poll at some time during the spring. One of the things that he seems to be making a lot of headway on, if audience reaction is indicative, is an anti-Washington theme.

For example, down in Los Angeles at Long Beach Harbor last week he pointed to the oil wells that have been shut down and complained that your Administration had refused to erase the differential between California crude and Texas crude, for example, and that it was now uneconomical to continue production.

Why do you think this particular anti-Washington theme has such a revolt on Republicans who you say are quite satisfied with the general turn of the economy, for example.

THE PRESIDENT: I think you can differentiate between a general satisfaction with the way we have turned around the economy and individual or specific problems such as the one that you have discussed. It is my understanding that FEA is working on trying to find a solution to that differential between California crude and crude in other parts of the country but I don't believe a decision has been made on that. But that is an individual specific that involves a segment of the population.

That doesn't mean that the public generally isn't pleased with the way we have turned around the recession and are moving up toward what I think is going to be a very good and successful era of prosperity.

QUESTION: Mr. President, on the economy, even though it has turned around, I understand there are still on the order of 900,000 jobless in California. How do you explain to them your opposition to the Humphrey-Hawkins full employment bill?



THE PRESIDENT: The Humphrey-Hawkins bill has two very serious defects. One, every economist who has analyzed it recognizes that it increases inflation rather than decreases it. Number two, the Humphrey-Hawkins bill would, in effect, put embargoes on agricultural shipments abroad and those are totally unacceptable as far as I am concerned and certainly unacceptable as far as American agriculture is concerned.

QUESTION: To follow up Bill's question, if I may, on the problem you face not only in California but nationwide, in view of your own assessment of having turned the economy around and having restored integrity, how do you explain to yourself the nip and tuck fight you are engaged in with Ronald Reagan and not only in California but going right down to the wire for the nomination? Why should he have been able to give you such a tough battle?

THE PRESIDENT: Well, he is a very skillful campaigner. He has been well-financed. He has got all of the time and he has no other responsibilities except to campaign, and there is this anti-Washington feeling which has been successfully exploited.

QUESTION: Mr. President, are you surprised by the depth of that feeling, Mr. President, because if there is that intense a feeling why then wouldn't you have taken steps during your 22 months to counteract that by changing some of the usual Washington ways of doing things?

THE PRESIDENT: I think we have made a very major effort in that regard. We have submitted a number of proposals to the Congress on deregulation of various industries -- the trucking industry, the airline industry and the railroad industry -- not only to deregulate but to get rid of some of the built-in rules, regulations and legislation that add to the cost as far as the consumer is concerned. We have taken a number of steps internally. We had to do the same thing.

I had a meeting last week with the aviation industry -- what is the title of that group?

MR. DUVAL: The General Aviation Manufacturers.



THE PRESIDENT: Every time they sold an aircraft overseas they had to go through a laborious procedure, and as I recall they filed some 4,000 of them the last year while they were using the old procedure. We cut them down so it was 13, Mike?

MR. DUVAL: Yes, sir.

THE PRESIDENT: There were 50 of these people who were various general aviation manufacturers and they were very enthusiastic that we had been able to eliminate these individual approvals that were required under old regulations. Now they get a blanket approval except in some very limited instances.

It is a hard struggle but we have the pressure on every single agency to force them to get rid of obsolescent rules and regulations and we are making headway, but it takes an awful lot of time.

QUESTION: It appears now, Mr. President, that at the conclusion of the June 8 primaries you probably will not have enough committed delegates for a first ballot victory. What are you planning to do between the end of the primaries and the start of the convention to convince the uncommitted?

THE PRESIDENT: Well, we are working on a very comprehensive plan that will involve personal communications by a wide variety of people to the uncommittee delegates because they are a very important key in this final problem in Kansas City.

QUESTION: Will you be seeing some of them personally?

THE PRESIDENT: I presume I will see some of them personally but it is far broader than my own participation.

QUESTION: Will you be traveling in the various States?

THE PRESIDENT: We haven't made a final decision on that.



QUESTION: You mentioned Governor Reagan has made some in-roads with emotional issues like the Panama Canal and some other things. I was wondering why it is that you apparently decided fairly early on to give him, in effect, a free ride on his own record as Governor of California. While you are running on your record by choice and necessity, his record has not been an issue. Why shouldn't it be, particularly in California?

THE PRESIDENT: Well, we think it is better for people in California, spokesmen for me, not to make any attacks against his record and I think it was the right decision. My decision was to talk affirmatively about what we have done and if local authorities in California have differed with his record for eight years, I think they ought to point that out to the voters rather than myself.

QUESTION: Mr. President, when the Vice President recently was speaking in Frankfurt at the Bicentennial celebration there he went, it seems to me, farther than anybody recently in your Administration at that level in talking about Soviet imperialism.

And he said, if I can quote here, that we are faced with a new and far more complex form of imperialism -- and going on down -- a continuing attempt is underway to organize the world as a new umpire on which the Soviet sun never sets, and he talks about economic and political and military initiatives and adds that the time is at hand to greatly accelerate the rebuilding of the free world's naval power.

First of all, do you agree with that and isn't that closer to what Mr. Reagan has been saying than what you have been saying?

THE PRESIDENT: I wouldn't agree with the general thrust of that. The Soviet Union has moved in certain areas, Angola being the principal example. They have built a growing navy. It is not a seven seas navy but it is a growing problem.



We are in the process of expanding and modernizing our Navy to meet that challenge and our naval capability is far stronger than theirs on a world concept basis.

So I wouldn't go as far as the Vice President, according to the language you have quoted, and I read this speech, but I think we have to recognize that the Soviet Union has ambitions.

We have our own program, our own ambitions, and where they come in conflict we have to sit down and talk about trying to resolve the problems by negotiation rather than confrontation.

QUESTION: Mr. President, were you disappointed that the American consortium that had bid for the peaceful use of power, the generation of power by nuclear means in South Africa, that their offer at the last minute was turned down by the South African Government in favor of the French consortium?

THE PRESIDENT: Yes, I was. I think it was unfortunate and I think it points out that this is a very competitive world. Although I know there were some objections by individuals in the United States to our prospective sale to South Africa, when the facts are laid out on the table if we didn't sell them, the French were in a position to do so. So even if the United States Government had refused, that wouldn't have precluded South Africa from getting a nuclear capability.

QUESTION: Does this mean now that as to the safeguards we would have insisted on, we have no guarantee that they will be observed?

THE PRESIDENT: Well, there is an international group that meets regularly and as a matter of fact we are trying to upgrade those safeguards through this group and I would expect that those safeguards that are set in this international group would be applicable as far as the French sale to South Africa.



QUESTION: Mr. President, last Friday out in California Governor Reagan said that your Administration plans to, in the words he used, sacrifice Taiwan in the interest of a longer term relationship with Mainland China and that your plans to do that are being concealed and won't go into effect until after the election. He gave as his basis for making that assessment a report he had from some journalists who were briefed by our Embassy in Taiwan.

Is there any basis in fact for that statement?

THE PRESIDENT: Our policy since 1972 has been predicated on the Shanghai Communique. It is a long range program for what is called "normalization of relations." There has been nothing secret about it. There has been no expediting of the process. There is no timetable set. In the meantime, we have excellent relations with the Government of Taiwan.

I read the statement by my opponent and there wasn't anything that he said in there that hasn't been on the public record for a long, long time -- well, since 1972.

QUESTION: Mr. President, you mentioned earlier that you did not consider the uncommitted delegates to be committed and you were going to keep after them in your attempt to get the nomination. Vice President Rockefeller was instrumental apparently in helping some uncommitted both in New York and Pennsylvania to switch to you. I am wondering if as the Vice President has said over the weekend, if this thing gets down to the wire and you need 20 or 30 more and he in effect uses his good offices in your behalf and he obtained the nomination that way, whether you might not been weakened by the perception of many people in your party that you really owe your nomination then more to Nelson Rockefeller than to your own success in the primaries. Would that perhaps be a potentially weakening factor?

THE PRESIDENT: I don't think that is a valid point. After all, if I get 1100 delegates on my own, I don't think I would owe the nomination to any one individual in the Republican Party.



I add, however, I am very grateful to the Vice President for his assistance in the New York delegation and the impact that he had on the Pennsylvania delegation, although that was mainly a Pennsylvania effort through Hugh Scott, Bill Scranton and the Pennsylvania group.

Any candidate certainly in this campaign primarily gets what he has achieved by his own campaign efforts and I will have been in every primary so that what we pick up from the Vice Presidents help or from the people in Pennsylvania, or from others, are gratefully received but not necessarily are we indebted to them for the nomination.

QUESTION: Mr. President, both Vice President Rockefeller and Secretary of State Kissinger are of great interest to conservative Republicans in California. Could you tell us as precisely as you can what their future is as far as you are concerned? I know what they say.

THE PRESIDENT: I haven't talked to them about their future other than what I have said publicly.

QUESTION: Well, is the Vice President still possibly being considered for the ticket even though he has said he doesn't want it? Is he on your list?

THE PRESIDENT: I don't exclude any Republicans. He has written me and indicated in that communication, which you are all familiar with, that he did not want to be considered. Governor Reagan has indicated publicly, not to me privately, either directly or by letter that he would not want to be considered.

But as far as I am concerned I consider all options open.

QUESTION: Mr. President, I was just wondering whether in retrospect now you are satisfied with the way your campaign has been managed and the way it has been run? Particularly looking back the way things have happened, did you make a mistake in deciding to go into every primary or should you have been more selective?



THE PRESIDENT: Not at all. I think it was a very valid decision and certain right for me to go into every primary. I made a very specific decision on that and I wouldn't do it differently if I were starting all over again.

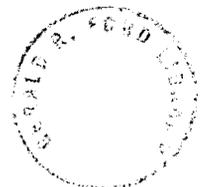
QUESTION: If you had stayed away from Texas and spent that time in California, though, mightn't you be better off in terms of delegates?

THE PRESIDENT: You can be a Monday morning quarterback and come to certain conclusions but I think it was important for me to get down to Texas. We hoped and expected to win it in November and the campaigning that I did there in the spring I think will pay dividends in the fall.

QUESTION: Mr. President, Mrs. Ford was quoted in the press I think on Friday saying Mr. Hays was a fine gentleman and the things that he is noticed doing happened when he was a bachelor. What do you feel about Mr. Hays?

THE PRESIDENT: I think this is a matter that is solely within the jurisdiction of the coordinate branch of the Federal Government and I don't think it is appropriate for me to comment on his fate as far as the Congress is concerned. That is something for them to decide.

I have known Wayne Hays since the first day we were both sworn in. We were both sworn in the same day. We had lots of contact on the floor of the House. I have never had any social contact with him at all.



QUESTION: You don't feel that that might be the Democrats Watergate then, as someone said?

THE PRESIDENT: I don't think that I ought to pass judgment on that. It is a matter that is solely within the jurisdiction of the coordinate branch of the Federal Government and I will let them do their own house-keeping matters and I will keep the record of this Administration where I have restored it, where I think it is a record of trust and confidence and integrity.

QUESTION: Mr. President, you have often talked in this campaign about the irresponsible Congress, and we haven't asked any questions about how you think the election is shaping up in that area. Do you regard your candidacy as superior to Governor Reagan's in terms of increasing the number of Republicans that are elected to the Congress?

THE PRESIDENT: I am absolutely convinced that I can go do a far better job in electing more Republican Members to the House as well as to the Senate. I think this is recognized by Republican Members of the House and Senate, and I am told by several California Members of the Congress that during the time that the Governor was Governor of California, the Republican Members of the House and Senate in California decreased very substantially.

I know that we lost two Republican Senators from California while he was Governor, and I think we lost four or five House seats during that period of time.

I am positive as a national candidate I can do far, far better in improving the Republican ratios in the House as well as in the Senate.

QUESTION: Mr. President, the Congress has passed the first concurrent resolution on the budget, I believe. They are also going right along toward extending the tax cut. Now, their budget ceiling is something like \$18 billion more than your program. Can you say at this point whether you will veto the tax cut extension if they passed a budget that is substantially above yours?



THE PRESIDENT: Let me fill out the whole picture. Their budget resolution calls for \$18 billion more in spending. It adds somewhat significantly to the national debt. It does not approve the extra \$10 billion tax cut that I recommended to go into effect as of July 1. So, the Democratic Congress is on record in favor of more spending, more national debt and against a further tax cut.

We are going to do all we can to first reduce expenditures below the \$414 billion level that they set. We are going to do all we can to force the further tax reduction. I am not in a position at this point to make a commitment on the extension of the present tax laws. I am in favor of an additional tax reduction which includes, of course, an increase in the personal exemption from \$750 per individual to \$1,000 per individual.

So, we are going to do our best to try and get that extra \$10 billion in tax reductions, but just how it will work out, I don't know, because I haven't seen what they are proposing yet.

As I understand it, in the Senate version they have tied in the extension of the present tax laws with a lot of these proposals that involve other tax changes, so it is not a clear-cut issue at this point, and until it becomes one, I don't think I should make any commitment.

QUESTION: Mr. President, you do renew, however, your commitment of last Christmas that you would veto any tax cut extension if it is not accompanied by a corresponding total cut in spending?

THE PRESIDENT: I still believe very firmly that is a solid position, and I think the pressure of that has made the Congress more responsible because they have certainly come down from what they were talking about last December, \$425 billion in expenditures. They are down to \$414, so we have got them going in the right direction even though they are some \$18 billion off my target at the present time.

But again, I think it is premature because the parliamentary situation is very complicated, as you know, and to make any commitment at this point is just premature.



I am encouraged by the fact that, you know, last November and December when we were talking about \$28 billion in tax reduction and \$28 billion in spending reduction, they were lamenting the fact that I was going to take it from \$423 billion or \$425 billion down to \$394 billion. Apparently they have received the word that it can be done at least to that extent, roughly \$10 billion, so I think the pressure that I have exerted and the continuous pressure will actually get it down below their \$414 billion spending figure.

MR. CARLSON: Mr. President, we have just about used up our allotted time.

THE PRESIDENT: We can take a little more. They look like they are eager.

QUESTION: Whom do you feel at this point will get the nomination from the Democrats in the present picture?

THE PRESIDENT: I still think Hubert is a good dark horse potential, although Carter's momentum is still moving. It has been slowed. The results today will be further evidence whether it is really slowing or whether he can keep it going.

He is in a tight race in Rhode Island. I am not as familiar with Montana, but South Dakota -- today is a pretty crucial day, I would think, for Carter.

QUESTION: Will the outcome of the Democratic Convention have any significant impact on what the Republicans decide at their convention?

THE PRESIDENT: I wouldn't think so. I think the issue will be decided between myself and my opponent. I don't think the delegates to our convention will be materially affected by what the Democrats do.

QUESTION: Has Senator Baker moved up, in your estimation, after you pulled out that primary in Tennessee?

THE PRESIDENT: He certainly was very helpful and very dedicated, for which I am extremely grateful. He has always been, you know, one of the top contenders out of a number, but we haven't tried to winnow it down or put people on a priority list at the present time.

Can we take one more?



QUESTION: Mr. President, what kind of Vice Presidential candidate will you need to be successful in November, to be supportive and helpful in winning the election?

THE PRESIDENT: Certainly that person ought to be perceived as a potential President. I think that is something that the American people feel is essential in a Vice Presidential candidate, and that will be a very important criteria as far as I am concerned.

QUESTION: Thank you, Mr. President.

THE PRESIDENT: Thank you very much.

END (AT 12:10 P.M. EDT)

