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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

October 29, 1974

MEMORANDUM FOR: RON NESSEN

FROM: LES JANKA

SUBJECT: Morning Press Items

ITEMS TO BE ANNOUNCED OR VOLUNTEERED

1. President's Trip to Japan: I want to inform you of an announcement that will be made tomorrow night and tell you how we intend to handle it in light of our travel plans for tomorrow. On Friday morning Tokyo time, after a Cabinet meeting the Japanese Government will announce a general schedule of activities for President Ford's visit to Japan. We will have and will make available to you these schedules at the same time, which will be after we arrive in Los Angeles.

FYI: If asked whether Mrs. Ford will accompany the President you should simply say that she will probably not accompany the President.

larger, more timing. Korea, Russia added

2. Secretary Kissinger's Activities: As you know, Secretary Kissinger is in Dacca today where he is meeting with the leaders of Bangladesh. He completed yesterday a three day visit to India where he held extensive conversations with Prime Minister Gandhi and other Indian leaders. You have probably seen the joint communique issued at the conclusion of the Secretary's visit to New Delhi and I would just draw your attention to the fact that Secretary Kissinger accepted on behalf of the President an invitation from Prime Minister Gandhi to visit India in 1975.

The Secretary has been reporting regularly to the President on his conversations. The President has been following the Secretary's cabled reports carefully and is pleased that Secretary Kissinger's discussions are going well and proving extremely useful.

FYI: You are not prepared to get into any details of the Secretary's discussions concerning arms aid to Pakistan or offers of large amounts of grain to India. If pushed on our arms policy toward Pakistan you should simply say that there has been no change in that policy.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

OCTOBER 30, 1974

EMERGENCY ENERGY SHARING PROGRAM

Q. CAN CONFIRM A UPI REPORT TODAY THAT THE US WILL JOIN WITH OTHER OECD COUNTRIES IN AN EMERGENCY ENERGY SHARING PROGRAM?

A. YES. YOU SHOULD CHECK WITH STATE FOR DETAILS, HOWEVER.

FYI: THIS IS THE SHARING PROGRAM THE US PROPOSED AND TWELVE OTHER COUNTRIES WERE INVITED TO JOIN. TODAY'S ACTION WAS JUST A FORMAL NOTICE THAT THE US HAD STUDIED THE AGREEMENT AND WAS NOW READY TO GIVE FORMAL ACCEPTANCE.

NOBIG DEAL: LEAVE TO STATE.

QUESTIONS AND ANSWERS FOR THE PRESIDENT

TUESDAY, OCTOBER 29TH

Q: Has the WIN Program suffered a major setback because Arch Booth walked out and is not supporting the Program?

A: No. Arch Booth and the Chamber of Commerce have made it clear that they are supporting the Citizens' Action Committee to Fight Inflation. I expect the Committee, as it moves to implement an effective volunteer citizens' effort, will have a full and free debate and dialogue and will effectively resolve any issues that arise as it develops its program. I am confident that all members of the Committee will work together to develop the most effective citizens' volunteer program possible.

Q: What is the status of the WIN Program?

A: Sylvia Porter and the other members are working hard to organize the effort and I am confident, as I indicated in my Kansas City Speech, that the Program will be well launched by Thanksgiving.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

October 23, 1974

MEMORANDUM FOR: RON NESSEN
FROM: LES JANKA *for*
SUBJECT: Morning Press Items

ITEMS TO BE ANNOUNCED OR VOLUNTEERED

None.

ITEMS FOR RESPONSE TO QUERY

1. ~~Yesterday NBC news reported that Secretary Kissinger is carrying~~ with him a SALT proposal which would limit U.S. and Soviet launchers to 2,500 now under a new agreement with provisions to have a reduction to 2,000 in 1985. Can you confirm these details?

Guidance: As you know it has been our long standing position not to discuss the details of the SALT negotiations. I would therefore have no comment on that NBC report.

2. In the United Nations on Monday the Soviet Union introduced a resolution outlawing all forms of weather warfare. Senator Symington, a member of the U.S. delegation, called Malik's speech a superb statement. Will the UN support the Soviet resolution and how does this mesh with the July 3 U.S. -USSR agreement on environmental warfare?

Guidance: Refer to State.

FYI: State will point out that the Soviet draft resolution has certain deficiencies and the United States will be working with the Soviet Union and other UN members in an effort to improve the resolution which the United States can not support in its present form. Discussions will be starting soon with the Soviets following up the July 3 agreement to discuss steps to overcome the dangers of military environmental modification techniques.

End FYI.

10/23/74

3. The Continuing Resolution signed by the President on October 18 provided for an immediate cutoff of military assistance to Turkey but provided for a waiver until December 10th if the President signs a determination ~~that Turkey is in compliance with foreign assistance laws and that substantial progress toward agreement is being made~~ ^{THAT} ~~in compliance with foreign assistance laws and that substantial progress toward agreement is being made~~ ^{SUSPENDING THE CUT OFF PROVISIONS UNTIL THEN IF THERE IS WILL FURTHER NEGOTIATIONS.} regarding Cyprus. Has the President yet signed such a determination to avoid the cutoff of on-going assistance?

Guidance: He has not yet signed that determination but I expect he will do so soon to permit continued military assistance to Turkey under the provisions of the Continuing Resolution.

FYI: You should not get into lengthy discussions on whether the President feels there has been substantial progress toward an agreement on Cyprus etc. For today, you should simply stand on the President's statement of October 18th. End FYI.

4. For Your Information:

We would have no comment on Hans Morgenthau's statement that the U.S. threatened to send paratroopers into ^{the} Sinai if the Soviet Union had intervened in the October 1973 war. The same reports carry a flat State Department denial which we should stand behind.

5. Do you have any comments on the CBS interview with Castro in which he said that the U.S. must lift its trade embargo before diplomatic relations with Cuba can be reestablished?

Guidance: I would have no comment on that interview and I have nothing new to add on the subject of U.S. -Cuban relations beyond what has already been said here and at the Department of State.

6. For Your Information:

We would have no comment on the current rash of political protests in Saigon. We do not comment on the internal domestic politics of another country and the U.S. Embassy in Saigon has already published a statement denying allegations that the U.S. is somehow behind these anti-Thieu demonstrations. The statement made clear U.S. support for President Thieu and his constitutional administration.

ITEMS FOR RESPONSE TO QUERY

3. FYI: The Swedish Government will announce soon that King Carl XVI Gustaf intends to make an informal visit to the United States in 1976 in connection with the Bicentennial Celebration

Q: Do you have any reaction from the President to the Swedish announcement that King Carl Gustaf will visit the U.S. in 1976?

A: The President was pleased to learn that His Majesty, King Carl XVI Gustaf of Sweden, will pay a visit to the United States in connection with the Bicentennial activities of several Swedish-American communities in this country.

4. The Continuing Resolution signed by the President on October 18 provided for an immediate cutoff of military assistance to Turkey but provided for a waiver until December 10th if the President signs a determination that such a suspension would further negotiations regarding Cyprus. Has the President yet signed such a determination to avoid the cutoff of on-going assistance?

Guidance: He has not yet signed that determination but I expect he will do so soon to permit continued military assistance to Turkey under the provisions of the Continuing Resolution.

FYI: You should not get into lengthy discussions on whether the President feels there has been substantial progress toward an agreement on Cyprus etc. For today, you should simply stand on the President's statement of October 18th.

5. Do you have any comment on a Chicago Tribune article regarding North Korean charges that the US has introduced nuclear weapons into South Korea in violation of the armistice agreement?

Guidance: I have no comment on those charges; as you know it is our long-standing policy never to confirm or deny the deployment of nuclear weapons outside the United States.

6. The United Nations will soon be voting on the expulsion of South Africa from the organization. Will the US veto any move for expulsion?

Guidance: Refer questions on this subject to the Department of State.

FYI: The US opposes any move to expel a member of the United Nations.

FYI: NATO made an announcement in Brussels today that a meeting of its Nuclear Planning Group scheduled for Rome on November 7-8 has been postponed. There will be reports that it was postponed to avoid the participation of Portugal because of the possible inclusion of Communists in the current Portuguese government. All questions on this matter should be answered with the statement that the decision was an Alliance decision agreed to by NATO Ministers. Any questions should be referred to Brussels.

7. President Giscard d'Estaing of France gave a press conference yesterday, and announced that he is calling a major meeting of oil producers and consumers early next year. Will the US attend this meeting and how does this mesh with US plans for consumer coordination and cooperation?

Guidance: We have only seen press reports of the French Presidents press conference and I would not want to comment only on the basis of press reports.

FYI: If asked whether this means that we were not consulted officially in advance, you should say "yes". If asked whether we agree with his statement that we are heading into a worldwide depression, you should say that both the President and Secretary Kissinger have pointed out in recent speeches the economic problems facing the world and those speeches express the US position.

World Food Problem

Q: What is the United States doing to help meet the world food crisis? What will be the U. S. position at the World Food Conference in Rome?

A: As I said at the United Nations, the United States recognizes the special obligation we bear because of our extraordinary agricultural productivity, advanced technology and our tradition of humanitarian assistance. This is why we proposed a World Food Conference and we are determined to make a contribution equal to the magnitude of the problem.

We are convinced that an international cooperative response to the problem of food is essential to the kind of world we seek. Secretary Kissinger will put forth comprehensive U. S. proposals when he speaks in Rome next week.

SALT

Q: Reports say you have assured the Soviet leaders of extensive efforts to further arms limitation negotiations. Other reports say the US has no agreed SALT position. Where do you plan to go next on SALT?

A: Shortly after I took office, I sent a message to General Secretary Brezhnev reaffirming our commitment to further substantive negotiations on the limitation of strategic arms. I personally gave this same message to Soviet Foreign Minister Gromyko during our discussions in Washington last month.

The SALT negotiations resumed in Geneva in mid-September and have now been in continuous session for almost six weeks. As agreed at the recent Moscow Summit, this round of negotiations is focusing on an agreement covering the period until 1985. The US Delegation in Geneva has been putting forth the US position on the framework for the 1985 agreement. The Soviets have similarly been putting forth their position. Obviously, at this stage of the negotiations we have not resolved all the differences in the positions of the two sides. We believe, however, there is common ground which can form the basis for an agreement.

Secretary Kissinger was in Moscow last week discussing a number of topics of mutual interest with the Soviet leadership. SALT was a major topic of discussion and some progress was made in narrowing our differences with the Soviets and laying a foundation for movement toward an agreement. I am looking forward to additional discussions on SALT in the Vladivostok meeting.

ATTACHMENT TO PRESS GUIDANCE

The Honorable Sol Linowitz
Chairman, Commission on
U. S. - Latin American Relations
1660 L Street, N. W.
Washington, D. C.

Dear Mr. Ambassador:

Thank you for sending me a copy of the Commission's Report on Latin American Relations, which I look forward with interest to reviewing. I am personally very much committed to strengthening our relations with Latin America, as I tried to demonstrate last week by holding my first meeting with a foreign Chief of State in Mexico.

I know you and the distinguished members of your Commission have given much time and careful thought to the Report on our relations with Latin America, and I appreciate the constructive spirit with which you have approached this important policy issue. I have asked Secretary Kissinger to meet with you and members of your Commission to review the findings and recommendations of the Report following his return from his present trip.

Please express my thanks to all the distinguished members of your Commission for their work.

Gerald Ford

5. FYI: If asked you can confirm that the President has signed a Presidential Determination which suspends the provisions of the Turkish aid cutoff amendment in the continuing resolution until December 10 as the amendment provides, because such a suspension will further negotiations of a peaceful solution of the Cyprus conflict. The Determination was signed yesterday and will be published in the Federal Register.

6. FYI: If asked about Jack Anderson's column reporting that the CIA has placed an operative in the US mission in Peking you should say that you would have no comment on such allegations and suggest that the Department of State is the proper place to address questions about personnel assigned to US missions abroad.

ITEMS FOR RESPONSE TO QUERY

3. Q: What is the President's reaction to the report of a Commission on U. S. - Latin American Relations made public yesterday by its chairman, Sol Linowitz?

A: Mr. Linowitz as chairman of the Commission sent a copy of the report to the President on Monday. In response the President sent a message to Mr. Linowitz thanking him for the report and noting that he was looking forward to reviewing it. The President also asked Secretary Kissinger to meet with Mr. Linowitz and members of his Commission to review the findings and recommendations of the report. The President has not had an opportunity to read the report or review any of the recommendations of the report.

See attached cable.

4. In his press conference yesterday the President referred to the possibility of negotiations between Israel and Jordan or the PLO. Does the President's reference to Israeli-PLO negotiations represent a change in U. S. policy? Will the US accept the PLO at the Geneva talks? Will you force Israel to negotiate with the PLO?

Guidance: (The following should apply to all questions resulting from the Rabat conference and the President's remarks thereon): The President was making a general statement yesterday and it does not represent a change in our policy which has been stated by Secretary Kissinger on a number of occasions. The President was responding on the basis of preliminary and ~~uncompleted~~ reports of the Arab summit and stated clearly that we could not draw any conclusions at this stage. (If asked about our position on the PLO you should refer questioners to the record of Secretary Kissinger's remarks and to the Department of State for any elucidation.)

FYI: State Department has extensive guidance on this subject based on previous public statements including Secretary Kissinger's on-the-record statements to his travelling press corps: "I do not believe that the door to all negotiations in the Middle East is closed but in what framework there can be negotiations -- that will have to be seen. Probably I will go to the Middle East but that decision will be made only in the next 72 hours."

If asked about our reaction to the Arabs setting up a major financial aid program to permit Arab countries to buy arms you should have no comment on the basis that this is a matter between the Arab countries and that we have not had an opportunity to review the details of the results of the Rabat Conference.



MEMORANDUM

THE WHITE HOUSE
WASHINGTON

CONFIDENTIAL UNTIL RELEASED

October 25, 1974

MEMORANDUM FOR: RON NESSEN
FROM: LES JANKA *les*
SUBJECT: Announcement of Vladivostok Meeting

The following announcement is to be issued jointly in Washington and Moscow tomorrow, Saturday, October 26, at 11:00 a.m. Washington time. (6:00 p.m. Moscow time).

"It has been agreed that a working meeting between General Secretary of the Central Committee of the USSR Leonid I. Brezhnev and President Ford will take place on November 23-24, 1974 in the vicinity of Vladivostok to exchange views on matters of mutual interest."

Background Questions and Answers:

- Q: What is the meaning of "in the vicinity of Vladivostok?" Will the meeting take place somewhere outside of the city?
- A: No specific site has been worked out yet. So you should read nothing significant into that wording.
- Q: Is this the last stop or are there other stops yet to be announced?
- A: There are no other stops planned at this time.
- Q: Can you confirm or deny a rumor that no press will be taken to the Vladivostok meeting?
- A: I know of nothing to give any basis to that rumor. We certainly expect to have press accompany the President, but until a survey is made of the facilities in Vladivostok I cannot be specific about plans for press coverage of that meeting.

CONFIDENTIAL UNTIL RELEASED

Q: Can you tell us what Brezhnev and the President will discuss?

A: The President is looking forward to the working meeting in Vladivostok as an opportunity to become acquainted with General Secretary Brezhnev and to exchange views with him on matters of mutual interest, as the announcement states. This will be their first meeting and the discussions will cover a broad range of issues in U. S. -Soviet relations and a general review of the international situation. They will also be looking ahead to the General Secretary's visit to the United States next year.

FYI: You cannot be more specific on topics or rule in or out any particular item. No date has been set for Brezhnev's visit to the United States.

1. Mr. President, you have endorsed C. R. Lewis, a John Birch Society member who is running for the Senate in Alaska. But you have not endorsed Mrs. Judy Petty, the Republican opponent of Congressman Wilbur Mills in Arkansas. Why is that?

A. I have said that I wish Mrs. Petty well. My stance in this situation is a purely pragmatic one. Should Mr. Mills be reelected, I would expect his cooperation with regard to tax legislation. That cooperation is important to me and to the American people.

Alternative answer --

I have said that I wish Mrs. Petty well. I do wish her well, and that is all I am going to say about the matter.

2. Well, Mr. President, are you endorsing Mrs. Petty or not?

A. I am not going to make any further comment.

3. Mr. President, the John Birch Society recently referred to you as a hustler for Chairman Mao. Do you have any comment on that?

A. I do not think a statement of that kind is one that deserves comment.

4. Mr. President, how do you feel about the propriety of Senator Javits asking the CIA for a tape of Ramsey Clark's news conference in Hanoi?

A. As I understand it, Senator Javits asked for the tape under the Freedom of Information Act. Any citizen may seek information in this way, so I see nothing wrong with Senator Javits having done so.

5. But what about the fact that Senator Javits used the tape in his campaign for reelection to the Senate?

A. That is something you will have to ask Senator Javits about.

6. Mr. President, what do you think you have accomplished by campaigning in more than 20 states in advance of the election November 5?
 - A. I think I have helped the Republican Party. Certainly my appearances have been successful from the standpoint of fund-raising. I don't know the extent to which any President's campaigning actually alters the results on election day, but I think my appearances have been helpful to all the candidates on whose behalf I have appeared.

7. Mr. President, if your appearances have been helpful, then why have some of the candidates involved publicly said they thought your appearances might have done more harm than good. Why did Jim Rhodes of Ohio avoid an appearance with you?
 - A. I know of no such instances, but in any case I think that question should be directed to the candidates about whom you are speaking. As for Mr. Rhodes, you would have to direct your question to him.

8. Mr. President, what Democrats have you been talking about in your campaigning when you have lashed out at big spenders and extremists?
 - A. I am not going to name names. The people I was speaking about know very well who they are.

9. Mr. President, would you give us your prediction as to how many seats the Republican Party will lose in the House and in the Senate?
 - A. I am not going to get into a numbers game. I will say that I think GOP chances have improved since a week or two ago.

10. Mr. President, Japanese Prime Minister Tanaka has become involved in an income-related scandal and there have been demonstrations in Japan against your upcoming trip there. Do you think it wise for you to visit Japan next month under those circumstances?
 - A. I know of no good reason to abandon my trip to Japan.

11. Leon Jaworski has said he believes Congress should make 64 White House tapes available for broadcast to the general public. Do you agree with Mr. Jaworski?
 - A. The transcripts of the tapes have been published. Watergate is a matter which has deeply disturbed the American people. In view of this and in view of the fact that the tapes contain obscenities, I do not see that public airing of the tapes would serve any useful purpose. However, this is a matter for the Congress to consider.

12. Mr. President, Mike Mansfield says it is just a matter of time before we are forced to impose wage and price controls. What is your comment on that?
 - A. I respectfully disagree with Senator Mansfield. I believe we will work our way out of inflation without wage and price controls and that we will also work our way out of the economic slump we are in.

13. Senator Mansfield also says gasoline rationing is needed. Do you agree?
 - A. I am opposed to gasoline rationing. If the situation demands it, we may have to return to allocation of gasoline supplies but I do not foresee gasoline rationing.

14. Mr. President, what do you hope to accomplish in your mini-summit meeting with Leonid Brezhnev November 23 and 24?
 - A. Apart from the fact that the mini-summit will give Mr. Brezhnev and me a chance to get acquainted, I think the meeting will make it possible for me to lay to rest any doubts the Soviets may have with regard to my administration's commitment to detente. It may also lay the groundwork for future agreements between our two countries.

1. Leon Jaworski says he feels he should have been consulted about the Nixon pardon. Mr. President, why didn't you talk with Jaworski before making your decision?

2. A Gallup Poll shows 81 per cent of Americans see inflation as their number one problem, and 63 per cent say the Democrats are better able to handle the country's problems than Republicans. Yet you are campaigning for Republicans, Mr. President, by asking the people to elect an inflation-proof Congress. Doesn't that indicate that you are being somewhat less than successful in your campaigning?

3. Mr. President, since your historic appearance before a House subcommittee last October 17 on the subject of the Nixon pardon, you have said you would have responded to Congresswoman Holtzmann's questions if you had had an opportunity to do so. Will you answer those questions now? First, how can you explain pardoning Richard Nixon without specifying any of the crimes for which he was pardoned?
 - A. I pardoned Richard Nixon for the crime of obstruction of justice -- and any other crimes he may have committed during his Presidency.

4. Mr. President, how do you explain pardoning Richard Nixon without obtaining any acknowledgement of guilt from him?
 - A. Mr. Nixon's acceptance of the pardon was an admission of guilt.

5. Mr. President, how do you explain not consulting the Attorney General with regard to issuing the Nixon pardon?
 - A. I felt that the Nixon pardon decision was mine, alone, to make...and that the Attorney General would not be a proper party for consultation on such a matter.

6. Mr. President, why did you engage in such secrecy with regard to the Nixon pardon decision?

7. Mr. President, why did you pardon the former President if this would interfere with the public's right to know the full Watergate story?
 - A. The full Watergate story will come out during the coverup trial now in progress. Leon Jaworski has publicly stated that the Nixon pardon will in no way result in less than the full Watergate story being told.

8. Mr. President, why did you not consult Leon Jaworski about the tapes agreement between the White House and the former President while the agreement was being negotiated?

9. Mr. President, I understand that a new tapes agreement is being negotiated. What is the status of that new agreement, and how does it differ from the original agreement?

10. Mr. President, how do you reconcile your veto of the Freedom of Information bill with the fact that you ostensibly are conducting an open Administration?
 - A. My administration is an open administration. The best evidence of that is my appearance before a House subcommittee to explain my pardon action. However, the Freedom of Information bill was bad legislation because it would have enabled the courts to declassify secret documents without expertise in the areas concerned, thus undermining national security, and it would have excessively burdened the FBI and other agencies required to open their files to demands from the press and public.

11. Mr. President, what are you going to do about the bill boosting veterans' education benefits by 23 per cent? Are you going to veto it?

12. Mr. President, what are your feelings about the emigration agreement with the Soviet Union, which apparently paves the way for enactment of the trade bill giving the Soviet Union most favored nation treatment?

13. Mr. President, how are you going to deal with this situation where cattlemen are slaughtering calves because feed grain prices are so high and the price of beef is comparatively low? Are you going to impose beef import quotas?

14. Mr. President, prices in September were reported to be 12.1 per cent higher than a year earlier -- the worst 12-month increase since 1947. When are we going to be rid of double-digit inflation?
 - A. Walter, I think the rate of inflationary increase will diminish below the double-digit mark by next spring.

15. Mr. President, do you think a President should take presidential papers along with him when he leaves office?
 - A. Well, Attorney General Saxbe has held that former President Nixon's tapes and documents are his property. But I do not expect to remove my papers when I leave office. I think they should be deposited in the National Archives. We may, of course, have a Supreme Court ruling on this entire question sometime soon.

16. Mr. President, a survey has shown that few states and local communities have responded to your request that they set up inflation-fighting committees. How do you feel your fight against inflation is going?

17. Mr. President, what are the prospects of an early Summit meeting between you and Mr. Brezhnev?

18. Mr. President, the question of world food supplies is one which confronts us increasingly. What is the proper balance between America's obligations to its own consumers and its obligations to the rest of the world?

19. Mr. President, are you going to cancel your trip to Japan in view of the mass protests there against your visit?

20. Mr. President, you have been in office now for nearly three months. What do you see as the principal accomplishments during your time in the Presidency?

21. Mr. President, my next question is the usual one asked of any President. Thomas Jefferson once described the Presidency as that "splendid misery." How do you regard the Presidency?
 - A. I look upon the Presidency as a magnificent opportunity -- an opportunity to do good for my countrymen and for the world. There is no office more powerful anywhere -- and so its powers must be exercised with caution. As Jefferson said, "Delay is preferable to error." With the

power that the Presidency confers on a person comes tremendous responsibility. And that responsibility is most sobering. But despite the weight of the office, I thoroughly enjoy it. I do not find any misery in it -- even misery that can be called splendid. I am happy being President of the United States.

22. What is your reaction to Speaker Albert's recent attack on you?

23. Are you going to drop the hot political rhetoric that has prompted attacks on you by the Democrats?

24. How do you feel the campaign is going? Do you feel you are helping your party?

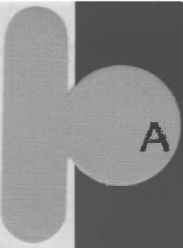
25. Bill Seidman has indicated the Administration is ready to accept a compromise on the surtax proposal. Are you willing to modify your proposal for a 5 per cent surtax on singles with gross income over \$7,500 and families with gross income over \$15,000?

26. The President of France has said the world is headed for economic "catastrophe." Do you share that view?

27. A public opinion poll shows a falling-off of support for the Rockefeller nomination. Are you cooling on the nomination?

I N D E X

HUMAN RESOURCES (Including HEW, OEO, Veterans, Indians)	TAB A
NATURAL RESOURCES	TAB B
COMMUNITY DEVELOPMENT	TAB C
TRANSPORTATION	TAB D
STATE AND LOCAL GOVERNMENT	TAB E
GENERAL GOVERNMENT (Including Crime, Busing, Privacy)	TAB F
BICENTENNIAL	TAB G
ECONOMY	TAB H
FOREIGN POLICY	TAB I



A

OEO

Question:

Is there any chance that you would agree to attempts to retain OEO as a separate, independent agency?

Answer:

The answer to that question must be no. OEO's purpose has consistently been as an agency of innovation and development regarding antipoverty programs. As programs devised in OEO proved themselves, they were spun off into the agencies or levels of government that were best equipped to maintain them. Head Start went to HEW, for instance, while Community Action is more properly a State and local program. In fact, now that the Legal Services Corporation will finally be a reality, the only major program remaining in OEO is Community Action. So you see, once Community Action is turned over to local responsibility, there is no reason to continue OEO.

10/23/74
PGN

HEALTH INSURANCE

Question:

There has been a lot of talk about compromise concerning the various health insurance proposals. Would you be willing to accept a version of the Mills-Kennedy or Long-Ribicoff bills?

Answer:

First of all, let me say that no one is more interested in working out a compromise on this issue than I am. I recognize that not one of the major proposals is strong enough by itself; a final bill will have to be worked out through compromise. Many have already shown a willingness to compromise; most recently the AMA. And I think that the talk and interest within the Congress on health insurance shows we can work something out with them. But there is one basic principle upon which we will not compromise: Any health insurance bill I sign must be a true partnership among the private sectors, State and local governments, and the Federal Government. A plan that sets up Federal domination would be unacceptable.

10/23/74
PGN

CONSUMER PROTECTION

Question:

Legislation to create a consumer protection agency has been dropped by the Senate for this year. What will be the attitude of the Ford Administration toward any attempts to pass such legislation next year?

Answer:

While I do think there is a need for a consumer advocate within the Executive Branch and even a separate consumer protection agency, I share the concerns of many who feel such legislation must be carefully written. A proper balance must necessarily be maintained between the powers of any such new agency and the duties of existing agencies. Any bill that improperly balances those powers I could not support.

10/23/74
PGN

WELFARE REFORM

Question:

Will you follow up on President Nixon's plan to propose welfare reform? And would your proposal be in the form of a negative income tax?

Answer:

As you know, Secretary Weinberger has been conducting a thorough study of our welfare system, and I expect him to have his recommendations to me in the near future. Until I receive this report, I would like to leave my options open. But I can tell you one thing for sure: Any welfare reform proposal I decide to make will be a strong one that can pass the Congress. We will be consulting with them every step of the way so that if a proposal does go up to them we can have swift action.

10/23/74
PGN

ABORTION

Question:

What will your Administration do about the Supreme Court's 1973 ruling in favor of abortion?

Answer:

As you know the Supreme Court in 1973 ruled that State laws against abortion were unconstitutional. Because of that decision there is, at this time, no proper action for the Federal Government to take on this issue. But what I do favor is a Constitutional amendment that would allow each State to make its own laws concerning abortion. I feel that this is a matter better decided at the State level, not in Washington.

Background:

As Minority Leader, the President co-sponsored a constitutional amendment which would permit the States to enact abortion legislation. He also opposed in 1972 a Michigan referendum that would have permitted abortion on demand in that State.

10/23/74

PGN

COMMUNITY ACTION PROGRAMS

Question:

Congress considered legislation earlier this summer to retain the Community Action program of OEO but never took final action because of threats of a Presidential veto. If they should reconsider that bill now, would you veto it? And if so, why, when so many of these programs have been a success?

Answer:

While I'd carefully consider any proposal the Congress might make, there is a good chance I'd remain opposed to legislation continuing Community Action with Federal funds. Don't get me wrong -- I agree that Community Action has produced some very fine programs. We had a good one in Grand Rapids. The basic point, however, is that Community Action programs, by their very nature, are best run at the State and local level. That is where the responsibilities and decisions -- and the money -- must come from to best serve the needs of each community. The role of the Federal Government was to get these programs started and then turn them over to the local people. And after more than eight years of Federal domination, it is time that was done.

10/23/74

PGN

OLDER AMERICANS

Question:

Recently, you met with representatives of older Americans organizations and listened to their concerns. What will the Ford Administration do for those people?

Answer:

First of all let me say that the major concern of older Americans is inflation. They are the people that are hit hardest by it. The greatest service I could do for our senior citizens is to continue the battle against inflation. Second, this Administration is dedicated to helping older Americans live lives of dignity and self-sufficiency in their own homes as long as possible.

As I said to the older American representatives, I'm not going to make any promises until I'm sure I can follow through. My staff is in the process now of studying the suggestions put forth in that meeting and will then be submitting their recommendations to me as to what further actions we can take.

10/23/74

PGN

HEALTH INSURANCE

Question:

Does the Administration still hope to see some form of health insurance legislation passed this year?

Answer:

Well, while I'd like to see comprehensive health insurance enacted as soon as possible so that we can put a halt to rising health care costs, I must be realistic and say there is little chance Congress could put together such legislation in so short a time. I'm quite optimistic about next year, however. I was glad to read that the AMA is willing to compromise on its tax credit financing requirement and that a recent poll showed a majority of doctors approved of national health insurance. If this spirit of compromise continues, we will get a bill soon.

Background:

Malcolm Todd, President of the AMA, said in a October 8, 1974 New York Times interview that the AMA would be willing to accept payroll financing and employer contributions, thus giving up on its tax credit proposal. Also, a recent issue of AMA News cited a poll showing 56 percent of all doctors approved of the general idea of national health insurance and 83 percent believe some form of it is inevitable.

10/23/74
PGN

CANCER AND SMOKING

Question:

We understand that the National Cancer Advisory Board has recommended Federal regulation of the tar and nicotine content of cigarettes. You have now asked the Board for the scientific evidence behind that recommendation. Does that mean you are going to support regulation of cigarettes?

Answer:

I have seen the Advisory Board's recommendation. But what concerned me was that such a serious recommendation was not backed up by the scientific evidence. It is very important that all evidence be available for such steps to be even contemplated. That is why, in a letter last week to Dr. Rhodes, Chairman of the Advisory Board, I asked him to immediately review all such scientific evidence and present it to me.

Background:

The Report of the National Cancer Advisory Board that was recently transmitted to Congress contains strong recommendations that the tar and nicotine content of cigarettes be regulated. However, the Report does not include the scientific evidence to back up this recommendation. Since this is an issue that could cause some concern in the tobacco industry and one in which no steps should be taken without all evidence being fully reviewed, you sent a letter last week to the Chairman of the Board requesting "an assessment of the extent to which there exists a scientific basis for responsible regulation of cigarettes" by December 1.

10/23/74
PGN

SSI

Question:

Are you satisfied with progress made by the Social Security Administration in improving the administration of the new SSI program? They seemed to have some problems earlier in the year in getting checks to beneficiaries.

Answer:

Yes, despite some understandable initial computer problems, the Social Security Administration has done an outstanding job in converting over 3 million recipients from State to Federal roles. And very few people suffered any interruption in their benefits. Most importantly, for the first time these needy people are assured financial assistance from a program based on uniform eligibility requirements and basic payment levels throughout the country.

Background:

Since January 1, 1974, the Social Security Administration has been responsible for payments to the aged, blind, and disabled under the new Supplementary Security Income (SSI) program which has replaced the State programs of aid to the aged, blind, and totally disabled. SSI assures a minimum income of \$146 a month for individuals and \$219 for a couple. States may supplement the Federal payment through an optional State supplementary payment.

In the initial months of SSI many complaints were heard, most due to expected confusion in converting over 3 million recipients to the Federal program. However, the Social Security Administration worked hard to work out the kinks and has received strong praise for its success.

10/23/74
PGN

SOCIAL SECURITY

Question:

Some people have charged that our social security system is in trouble and nearing bankruptcy. Are you planning to look into that problem?

Answer:

You must be referring to estimates that predict trouble for social security in the 21st century if benefits keep rising as they have recently. Those estimates concern me too and that is why I am going to study the situation now, while we still have plenty of time to take any necessary action. The Social Security Advisory Panel is meeting this year to consider many of the issues regarding the future direction of social security. I am looking forward to receiving their report and recommendations.

Note:

There is general agreement among experts that both the benefit structure and financing of social security must be examined. The combination of an increasingly visible payroll tax, rapidly growing benefits and a population that will have more of the aged than the young could have a severe impact on the future of social security.

10/23/74

PGN

VIETNAM VETS NOT GETTING A FAIR SHAKE

Question:

What is this Administration's attitude toward charges that the Vietnam veteran is not getting a fair shake?

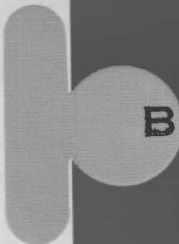
Answer:

First of all we believe it is impossible to repay fully the sacrifices made by war veterans, regardless of the period in which they served. However, the benefits available to Vietnam veterans are comparable to and in some instances better than those available to veterans of earlier wars. There have been some lags in making cost-of-living increases in educational assistance allowances for Vietnam veterans. As you know, former President Nixon called for an increase in these payments last October but a bill still hasn't come out of the Congress to effect this.

Background:

Meanwhile, Vietnam era veterans make up 24.2 percent of the veteran population and 30.3 percent of VA's budget of \$13 plus billion is spent in their behalf. Some small groups of Vietnam veterans contend there has been wholesale alienation of the young veteran in our society, but nearly five million Vietnam veterans are now at work in the civilian labor force and two million more are in training. In fact, 2.6 million Vietnam veterans have trained at college level under the G. I. Bill--topping the record of the World War II programs.

8/26/74
R. D. S.



FROST DAMAGE TO CROPS

Question:

What effect will the frosts that occurred earlier this month have upon crop production estimates?

Answer:

At this time, it is still too early to get an accurate assessment of how much damage may have been done by the early arrival of killing frosts over a significant portion of several North Central and Northeastern States.

Background:

Crop maturity is extremely variable within localities and even within fields this year because of late plantings and the need for replanting. This late acreage is susceptible to freeze damage and production will be reduced in fields where killing frost occurred. Reports indicate that the extent of frost damage within fields is quite variable depending upon maturity as well as elevation.

The Department of Agriculture is just beginning the process of collecting field data for production forecasts to be published on October 10, 1974. The crop report will reflect the extent of damage that may have occurred from frosts as well as other causes.

M. Duval (N.R.)
10/23/74

FOOD PRICES

Question:

Can we expect any relief for retail food prices over the next few months?

Answer:

The rate of increase in retail food prices is expected to slow markedly during the remaining months of 1974.

Background:

Retail food prices have been advancing in recent months following a relatively stable period during the spring and early summer. The higher retail prices are a reflection of lower production and higher prices for several crop commodities induced by unfavorable weather conditions, seasonally lower red meat output during the summer months and increased costs of marketing food products.

Beef supplies are expected to be record large although a larger proportion will be "non-grain-fed" in comparison to other recent years. Pork supplies are also increasing seasonally and turkeys should be relatively plentiful with large storage stocks augmenting the seasonally large production. Somewhat offsetting will be smaller supplies of broilers, eggs, and some dairy products as producers cut back output in response to high feed prices.

On the crops side, domestic supplies of wheat, rice, potatoes, and citrus fruits are expected record large. Harvests of dried beans and peas will also be up sharply from last year. Offsetting, however, will be continued tight supplies and higher prices for some cereal and bakery items, processed fruits and vegetables, vegetable oil products, sugar and sweets, and beverages.

M. Duval (N.R.)
10/23/74

EXPORT CONTROLS ON GRAIN

Question:

Is the recent action by the President to half the sale of grain to the Soviet Union a prelude to export controls?

Answer:

I have stated that I am a strong opponent of export controls. I understand the effect export controls would have on the balance of payments and on farmers. The Administration continues to value the Soviet Union as a customer, and once we have a more definitive assessment and updated information as to the size of our crop, we hope to sell some or almost all they desire. However that judgment will have to wait until we have complete assessment of supply and have determined the domestic requirements.

M. Duval (N.R.)
10/23/74

EXPORT CONTROLS ON COMMODITIES

Question:

Shouldn't export controls be placed on feed grains and other commodities to give American consumers their proper priority over foreigners during the current world supply shortage?

Answer:

I am reluctant to impose export controls if they can reasonably be avoided because of the disruptive effect on our needed foreign markets. The entire matter, however, is under the closest continuing review and, as I am certain you recognize, there are complicated considerations which have to be taken into account in deciding whether to impose or not impose controls on commodities.

Background:

One of these considerations is the effect which export controls would have on our PL-480 programs. One of the reasons for the proposals for new export control legislation was precisely to permit the continuation of PL-480 program, when it is in the national interest to do so, even during a period of export controls. In no event will we permit exports to cause deprivation among our own citizens.

M. Duval. (N.R.)
10/23/74

DAIRY IMPORTS AND QUOTAS

Question

Why were dairy import quotas increased last year and what has the import situation been since then?

Answer

Reports to the effect that dairy imports are enormous and have come to dominate our export market are not true. Imports account for only a very small fraction of our supplies.

Background

Quotas were temporarily increased last year because of tight supplies for some manufactured dairy products, and even then, while imports were larger than normal, they amounted to only 3.3 percent of our milk production. All of the quota increases have expired, and since the beginning of April, imports have been at their normal rate of about 1.5 percent of our milk production. They are expected to remain at that level for the foreseeable future.

M. Duval (N.R.)
10/23/74

DAIRY OUTLOOK

Question:

What is the current situation and outlook for dairy?

Answer:

Milk production in July and August moved above a year earlier for the first time since September 1972. However, expected high feed prices may reduce milk output later in 1974 and early next year. For all of 1974, milk production will likely total about 1-1/2 percent below 1973's 115.6 billion pounds.

Background:

Farm prices of milk are now strengthening seasonally and are likely to continue rising during the rest of this year. However, this follows fairly sharp declines this past spring and summer. Retail dairy prices have dropped this summer for the first time in nearly two years. Seasonal increases in retail prices are likely later this year, but should not match the sharp rises of last fall and winter.

Commercial disappearance of milk in all dairy products was down one percent from a year ago in January-August. The decline in fluid milk sales has slowed as retail fluid milk prices have declined. USDA purchases under the dairy price support program increased this summer, and nonfat dry milk continues to be sold to USDA by the industry.

M. Duval (N.R.)
10/23/74

EMERGENCY LIVESTOCK LOANS

Question:

Are hard-hit livestock producers and dairy farmers obtaining loan guarantees under the special emergency livestock loan program handled by the Farmers Home Administration?

Answer:

The Department of Agriculture has interpreted the law as making individuals, partnerships, and corporations who are established, bona fide farmers and ranchers in the United States, as eligible for loan guarantees if they are unable to obtain credit from other sources.

Background:

Questions and queries continue to arise about the restrictiveness of qualifications for eligibility to receive an emergency livestock. As of October 11, 1974, USDA had provided 261 guarantees for \$37,993,000.

M. Duval (N.R.)
10/23/74

STRIP MINING

Question:

Both the House and Senate have passed bills to control strip mining and a Conference Committee is meeting to resolve differences. The requirements of these bills will restrict mining in Kentucky. Do you plan to sign the bill when it comes to your desk?

Answer:

I am still hopeful that the House and Senate will agree on a bill that strikes a reasonable balance between our objective for environmental protection and reclamation and our urgent need for producing more coal. Every ton of coal we can produce domestically will permit us to avoid importing about 4 barrels of oil -- so the legislation is important from the standpoint of energy independence and balance of payments as well as protecting the environment.

I am concerned about provisions of the bill which could unnecessarily restrict coal production and contribute to inflation. Secretary Morton is working with the Conferees in an attempt to come up with an acceptable bill.

Background

- . The bills are still tied up in conference with the next meeting scheduled for November 19. The outlook is still quite uncertain.
- . The principal concerns in Kentucky are the impact on so-called "mountain top removal" surface mining and placement of overburden. The provisions of the bill will impact Kentucky coal production and prices because mining and reclamation techniques required by the bill will be considerably more expensive and require capital expenditures for equipment -- hitting small surface mining operations quite hard.
- . A number of problems in addition to production impact still remain including two that can be called inflationary:
 - .. A 35¢ per ton tax on all coal mined in the U.S. which will go into a fund for reclamation and a wide variety of other purposes (more than \$200 million in 1975).
 - .. Roughly \$90 million in additional Federal funding (grants, research, Federal enforcement activities).

M. Duval (G.S.)
10/23/74

NATURAL GAS DEREGULATION

Question:

When can we expect some action by the Federal Government to deregulate natural gas prices?

Answer:

I consider action by the Congress to remove Federal price regulation from new natural gas supplies to be one of the highest priority measures that can be taken to address our national energy problem. An Administration proposal to allow competitive pricing of new natural gas has been pending before Congress since April 1973. I will continue urging the Congress to act on this measure.

The past 20 plus years of FPC price regulation has kept prices for natural gas artificially low -- resulting in greatly increased demand, inefficient use, and a declining incentive for exploration, development and production of new domestic supplies. This regulation is widely recognized as the root cause of our current shortage of natural gas and a major cause of our national energy problem. The natural gas shortage is critical and will continue growing unless the Congress acts soon.

Question:

Why do you advocate taking price controls off new natural gas when this will contribute to inflation?

Answer:

I recognize that many argue that deregulation of new natural gas prices will contribute to inflation. It is correct that deregulation of new gas prices will lead to a gradual impact on consumer prices as new supplies begin to come into the market and are averaged in with old supplies. However, when looking at this gradual price increase two points must be recognized.

1. The increase will be very small compared to the higher price that consumers will have to pay for alternative fuels -- such as expensive foreign oil -- when natural gas from domestic sources is not available.
2. A low price is useful to no one if the product is not available at that low price.

M. Duval (G.S.)
10/23/74

ABANDON ENVIRONMENTAL GOALS

Question:

On August 15, Secretary Morton delivered a speech for you which is sharply critical of those who are trying to improve the environment. Does this mean that your Administration will be working against environmental goals?

Answer:

Since 1970, we have achieved significant improvements in the quality of the Nation's environment, particularly in the case of air pollution. My Administration will push for continued progress toward greater improvement. However, this does not mean that we should or will pursue environmental objectives at the expense of other very important national objectives -- such as an adequate supply of energy or economic and social growth. The key is balance -- and my policies will reflect the need for achieving the best possible balance so that we will move toward achieving all our important national goals, rather than one goal at the expense of others.

Background:

- While speech was delivered by Secretary Morton, it was reported by media as the President's statement.
- Initial media commentary has largely been critical -- suggesting that speech unfairly ascribes "no growth" motives to environmentalists.

M. Duval (G.S.)
10/23/74

ECONOMIC SPEECH (ENERGY PORTION)

Question:

In your speech recently you said that you would seek new legislation after the Congressional "...recess to require use of cleaner coal processes and nuclear fuel in new electric plants and the quick conversion of existing oil plants." Can you explain what type of legislation you will need and don't you already have this authority?

Answer:

We will develop a plan immediately in order to reach the goal which I set in my speech yesterday to eliminate oil-fired plants from the nation's base-loaded electrical capacity. The purpose here is to use energy resources which we have domestically in abundance -- coal -- and to reduce our domestic consumption of oil which will result in less and less dependency on foreign sources for our energy needs.

It is true that Congress has given us authority to require conversion of electrical utilities to coal. This came in the form of an amendment to the Clean Air Act. However, the standards which FEA must apply in making this conversion and the existence of an environmental veto, renders the current legislation inadequate for the purposes of attaining the goal which this nation must meet. Accordingly, we will have to seek additional legislation to strengthen this conversion process.

Follow-up question:

Does this mean you are backing off the environmental goals which the Nation has had since the early 1970's?

Answer:

No. As I have stated before, we must bring our environmental goals into balance with other national objectives including energy independence.

M. Duval

ENERGY CONSERVATION

Question:

Now that gasoline and other energy supplies are more plentiful, most everyone seems to have forgotten the idea of energy conservation. Will the Ford Administration demonstrate any interest in this area?

Answer:

Energy conservation is an essential part of our national effort to achieve energy independence. Our energy conservation efforts in Federal agencies have been very successful and I am establishing a new target for the current year of a 15% reduction in energy use below the amount consumed in 1973.

I will continue pushing energy conservation through:

- cooperative energy conservation programs with industry which are being led by the Federal Energy Administration and Commerce Department, and
- encouragement to all Americans to conserve energy in all their activities.

Energy conservation efforts are paying off throughout the country. I understand that consumption of gasoline in July of 1974 was 12% below July of 1973 and that consumption of electricity was down 2% in August 1974 from August 1973.

Background:

- Assumptions persist -- particularly among environmentalists -- that the Administration is interested only in increasing energy supplies, not in conservation.
- During fiscal year 1974, Federal agencies reduced energy consumption 24% below what had been anticipated. The energy savings were the equivalent of 90 million barrels of oil with a dollar value in excess of \$725 million.
- Industry, by reducing anticipated demand by 5% -- which is a realistic target, could save the equivalent of 425 million barrels of oil in one year.

M. Duval
10/23/74

OUTER CONTINENTAL SHELF (OCS) LEASING
AND OIL AND GAS DEVELOPMENT

Question:

President Nixon ordered Secretary Morton to institute a ten-fold increase in leasing of OCS lands for oil and gas development despite strong objections to such action by environmentalists and by people along the East Coast and West Coast and from Alaska. Do you plan to push ahead with that objective or are you prepared to back off and set a more realistic target?

Answer:

I plan to continue all reasonable efforts to increase this Nation's domestic energy supplies. We now import over 6 million barrels of oil a day and -- even with strong energy conservation measures -- imports will increase in the future unless we increase greatly domestic production of oil and other energy resources.

The Interior Department is studying the question of whether 10 million acres of OCS lands can be leased in 1975 and what the environmental impact of such a leasing program would be.

Interior Department is holding public hearings and providing opportunities for public contribution to the study and I hope that all concerned will take advantage of these opportunities whether they are interested in the environment, in increased domestic energy production, or both.

Background

- . About 1 million acres of OCS lands were leased for 1973.
- . Target for 1974 was 3 million acres but current estimates are that about 1.8 million acres will be leased.
- . President Nixon's January 23, 1974, energy message directed Secretary Morton to increase leasing to 10 million acres in 1975.
 - .. In February, Interior requested industry and public views as to the best frontier areas for oil and gas development.
 - .. In May 1974, Interior announced plans for doing an environmental impact statement with EIS on the 10 million acre proposal.
 - .. The conclusions, published in June, were that the Gulf of Alaska, the Mid-Atlantic and the North Atlantic were the most promising frontiers from a resources point of view.
 - .. Work on the environmental impact statement is continuing, hopefully to be completed by January 1975.

M. Duval
10/23/74

PROJECT INDEPENDENCE

Question:

Energy experts both inside and outside the Government have indicated that President Nixon's goal of meeting "America's energy needs from America's own energy resources" by 1980 can't be achieved and doesn't make sense. Yet, in your address to the Joint Session of Congress, you indicated that you would continue pushing "Project Independence." Just what do you mean by "Project Independence"?

Answer:

I certainly intend to continue pursuing the goals of Project Independence. There are many ways these goals can be defined but, simply stated, I believe that "energy independence" means adequate and reliable energy supplies at reasonable prices. It does not mean "zero imports." It does mean that we must not be vulnerable to an embargo on essential energy supplies of the type we experienced last winter which would permit other nations to control our policy or our national well-being.

Achieving energy independence will require a major national effort, including actions to conserve energy without stinting economic growth and to increase production from domestic energy resources.

Work is underway under the leadership of the Federal Energy Administration (FEA) to identify alternative ways in which the nation can achieve Project Independence goals.

Background:

On November 7, 1973, President Nixon announced Project Independence. His emphasis on "self sufficiency" and on "America's own resources" led to the interpretation that Project Independence meant zero imports. A zero import goal has been criticized widely as unrealistic in the 1980 timeframe and probably not in the national interest.

Your address to the World Energy Conference in Detroit on September 23, 1974, indicated that energy self sufficiency does not mean "zero imports," but the debate about the meaning of energy "independence" and "self sufficiency" continues.

M. Duval
10/23/74

REMOVING PRICE CONTROLS FROM OIL

Question:

Are you going to take price controls off petroleum and let the consumers contribute even more to outrageous oil company profits?

Answer:

I have no plans at this time to remove price controls from petroleum. I understand that the Federal Energy Administration (FEA) and a working group of the Committee on Energy are developing alternatives and recommendations for dealing with the problems for petroleum deallocation and price control, but no recommendations have come to me. I will review any recommendations that I get in this area very carefully because of the potential impact on:

- (a) Consumer prices
- (b) The independent sector of the petroleum industry, and
- (c) Our ability to increase domestic oil production.

Background:

- Press accounts on August 23 of plans to remove price controls have sparked criticism from Senator Jackson and others.
- FEA now allocates crude oil and petroleum products and controls prices under authority of the Emergency Petroleum Allocation Act which is due to expire on February 28, 1975. Objectives of this Act are to protect independents and consumers. The Senate is moving on legislation to extend the Act to June 30, 1975.
- Price controls are still in effect for about 60% of domestic crude oil (so called "old" oil - \$5.25 per barrel) but not on the other 40% of domestic crude or on imports (about \$9-12 per barrel). Price controls are still maintained on most petroleum products but the higher cost of domestic and imported crude and of imported products can be "passed through" to consumers.
- On May 25, 1974, President Nixon directed FEA to come up with a plan to move away from petroleum deallocation -- with the objective of increasing domestic oil production. Work on a plan is under way in FEA and a working group of the Committee on Energy (chaired by Bill Simon). Recommendations have not yet gone to the Committee.
- Problem is complex. General consensus is that action to remove crude price differential must precede deallocation or independent sector of the industry will suffer.

M. Duval(G.S.)
10/23/74

Question:

United Mine Workers went out on a memorial five-day shutdown. This is only a prelude to the threatened national shutdown when their contract with the coal operators expires on November 12. We understand that this could have a disastrous effect on the economy of this nation, and I wonder if you would tell us what you and your Administration are doing to avoid such a calamitous situation?

Answer:

As you know, I have been meeting with my advisers within the Administration and labor leaders, generally, concerning problems which face the nation's economy. There is no question that a national coal strike would have very serious consequences and, thus, I am taking steps to insure that the Administration does everything in its power to protect the national interest. Further, I met on Labor Day with Arnold Miller, on our economic condition and the importance of coal production to the country.

Although I am concerned about any work stoppages like the one by the United Mine Workers on August 19-23 -- because of the impact this will have on our critical need for energy -- the normal avenues of collective bargaining are open and I believe that it is through direct communication between the parties that these disputes can most successfully be resolved. Negotiations are now underway and I urge both sides to work dilligently towards a solution.

Background:

Although we had a 46-day national coal strike in 1971, the economic impact was not too severe overall, primarily due to the large stocks of coal which the users had on hand. However, current coal stocks are substantially lower than they were in 1971 and a prolonged strike could have a severe adverse impact on this nation's economy.

Your Special Assistant, Bill Usery, who is also Director of the Federal Mediation and Conciliation Service, has been working with all parties to this dispute for many months. He, in coordination with other officials of your Administration, are developing comprehensive plans to insure that the government actions are designed to provide maximum help to both sides, in order to avoid, if possible, a national shutdown this Fall.

M. Duval
10/23/74

NEW OPEC OIL PRICE INCREASE

Question:

On September 13, the OPEC (oil producing and exporting countries) decided to raise prices for oil and indicated that these could be absorbed by the oil companies. Since oil companies have been enjoying exorbitant profits, do you agree?

Answer:

First, with respect to the oil price increase, I am concerned about any increase, however small, that is imposed by oil exporting nations. The unnecessarily high prices that are being imposed by the oil exporting countries are already contributing to inflation throughout the world and to serious financial problems facing the developing nations. This new increase will merely add to those problems.

Second, as far as oil company profits are concerned, the best approach is to impose a windfall profits tax and we have been awaiting Congressional action on a proposal to do that since last January. As I indicated in my message to the Congress last week, I hope that Congress will move quickly on this matter.

Background:

OPEC announced that the producer governments share of oil royalties and taxes would on October 1 be increased by 3.5% or about 33¢ a barrel. Saudi Arabia refused to go along with this increase but it has just been learned (about September 16) that Saudi Arabia quickly put into effect a similar increase last June. The other 11 members will generally get the boost by raising their royalties on posted oil prices.

M. Duval (G.S.)
10/23/74



GERALD R. FORD LIBRARY

COMMUNITY DEVELOPMENT

Question:

What is being done to rebuild the inner city?

Answer:

For the first time the new Housing and Community Development Act of 1974 gives Federal money to cities based on a needs formula. Locally elected officials will make the decisions as to how this money will be spent. Federal bureaucrats in Washington, D. C. will no longer be establishing local priorities. Additionally, the six-year life of this bill will enable your Mayor to better manage the Federal monies received in that he will know the amount of money to be received over a six-year period which is a vast improvement over the present system which forces communities to wait for annual Congressional appropriations.

Background:

The Act authorizes the following total entitlement and/or hold-harmless funding (whichever is larger) for municipalities and urban counties: \$2.5 billion in FY 75; \$2.95 billion in FY 76; \$2.95 billion in FY 77.

In the past, funds were allocated to cities on an application basis through seven categorical programs. Each application was considered separately and the city with the best grantsmanship won.

Under the 1974 legislation, the amount of money for each city of over 50,000 people is determined through a needs formula. The formula weighs the factors of poverty, population and overcrowding. As the formula basis eliminates grantsmanship, certain cities will receive decreased overall funds. To prevent hardships, there is a three year "hold-harmless" provision which prevents decreased allocations for that period.

With the block grant approach each city has virtual discretion as to how its annual entitlement is to be spent. A city may chose to spend its funds for items covered under the old categorical programs or it may chose to spend that money for such noncategorical programs, as it sees fit.

There is one requirement which bears mentioning. Under the Housing Assistance Plan each development proposal is required to contain a housing component. This is designed to alleviate the critical housing shortages found in most inner urban areas.

TRH 10/23/74

NONSUBSIDIZED HOUSING

Question:

What is being done for the depressed housing industry?

Answer:

At the Presummit meeting on the housing and construction industry in Atlanta, and at the Full Summit meeting, a number of suggestions were put forth to assist the housing industry. Almost all segments of the industry urged the implementation of a "conventional tandem plan".

On October 8, in my Economic Address, I asked the Congress to enact legislation to make most home mortgages eligible for purchase by an agency of the Federal Government.

On October 18, 1974, just ten days after that request, I signed into law the Emergency Home Purchase Assistance Act of 1974, S. 3979, authorizing GNMA to acquire on a temporary basis conventional mortgages (non FHA-VA), pumping \$3 billion into the housing industry which will finance approximately 100,000 new homes. This legislation will, in my judgment, materially help the housing industry turn the corner by providing mortgage credit which prior to this legislation was scarce or nonexistent.

Background:

Over the past 23 months, housing starts have dropped from 2.51 million units to 1.12 million. Housing starts in September edged up a fraction to a seasonally adjusted annual rate of 1,120,000 units from 1,115,000 in August, the Commerce Department estimated. But the September rate was the second lowest in more than 4-1/2 years and was off nearly 40% from the year-earlier pace of 1,844,000 units.

To make matters worse, the pace of new building permits, an indicator of future housing construction, hit an 8-1/2 year low last month. The 14,000 localities requiring permits issued them at a seasonally adjusted annual rate of 825,000 units, down 8% from August's 900,000 and 50% below the year-earlier 1,656,000. The September rate was the lowest since December 1966, when the annual rate was 743,000 units.

Unemployment in the construction industry is 12.5% and climbing, with over a half million construction workers now unemployed. Many home builders are in severe financial difficulty.

TRH 10/23/74

SUBSIDIZED HOUSING

Question:

What are you doing to house poor people?

Answer:

The new Housing and Community Development Act of 1974, which I signed on August 22, provides additional contract authority, deeper subsidy and cost benefits which will result in better housing for the low and moderate income family as well as for the elderly. The Act also contains authority to expand the cash assistance program and urban homesteading. The old subsidized programs finally priced themselves out of the reach of the people who most needed their assistance.

Background:

The revised Section 23 in conjunction with Section 8 of the new Act establishes a new program of housing assistance for lower income families. The Section 8 program of housing assistance for lower-income families authorizes the Federal government to pay the difference between (1) the fair market rent and (2) the portion of rent -- between 15 and 25% of his gross income -- affordable by the tenant. This program would apply to 400,000 units of existing, substantially rehabilitated or new housing and has the following advantages over the old subsidized programs:

- Costs can be better controlled through the use of market-determined rents, competition between private developers and local housing authorities, payments only for units which are occupied and a twenty-year subsidy term.
- The lowest-income families can be reached since the formula will always pay the difference between what the family can afford and what it costs to rent the unit.

The Act also authorizes HUD to transfer HUD-held properties to communities for use in urban homesteading programs.