

**The original documents are located in Box 42, folder “12/2/74 - Press Conference (1)” of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Ron Nessen donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

POSSIBLE QUESTIONS FOR FRIDAY PRESS CONFERENCE

Submitted by Paul Miltich

1. Mr. President, Senator Jackson has expressed doubts about the Vladivostok agreement and says he wants to know what you have done about the Russian throw-weight problem and the arrangements for verifying the limitations on multiple independently targeted warheads. What is your answer?
  - A. We have reached an agreement with the Russians on the aggregate numbers of strategic weapons, including MIRVs. The technical details remain to be worked out. As for verification, there will not be on-site inspection but our intelligence capabilities are very sophisticated and in many ways better than on-site inspection.
  
2. Mr. President, House Republican Leader John Rhodes says you should get rid of some Nixon holdovers at the White House and get your own show going. Do you have any plans to do that?
  - A. I am making changes in White House personnel as rapidly as I see the necessity for change. My "own show" is shaping up as we go along, I believe.
  
3. Mr. President, Mr. Rhodes also says you should come up with a white paper on the economy, indicating where we are going on a longterm basis. Do you have any comment on that?
  - A. My summit conference on the economy exposed me and the Congress and the American people to the broadest possible range of economic views. My economic program was a product of that conference. Longterm planning involving the economy currently is going on within the Administration and will be made known at the proper time.
  
4. Mr. President, Henry Ford has complained that we are in the middle of a recession but nothing specific is being done about it in Washington. Would you comment, please?
  - A. Something very specific has been done about it. I have sent the Congress a 31-point economic program designed to deal both with recession and inflation. It is now up to the Congress to act. Henry Ford should be addressing his complaint to the people at the other end of Pennsylvania Avenue.

5. Mr. President, isn't recession a bigger problem now than inflation and shouldn't you be using increased government spending to stimulate the economy?

A. Large spending programs would be the wrong solution in the long run. If we primed the pump now we would be fighting an even higher rate of inflation a year or a year and a half from now -- and also a higher unemployment rate. As it is, the rate of inflation will diminish in the months ahead and the economy will turn up by the middle of next year.

6. Mr. President, unemployment is the highest in three years. What are you doing about it?

A. Federal funds are being released which will provide 170,000 public service jobs this winter. Also, my economic program calls for the expansion of unemployment compensation benefits and for an increase in the investment tax credit to promote job-creating business expansion.

7. What do you think the complexion of the new Congress means as far as your economic program is concerned?

A. Nobody has come up with a better plan, and so I still believe my program should be adopted. It is designed to deal with the economic situation as I see it -- a combination of inflation and a slump in the economy.

8. Mr. President, you recently spoke about Israel negotiating with Jordan or the PLO. Were you equating the PLO with Jordan as a party to negotiations in the Middle East?

A.

9. Mr. President, Senator Jackson says some companies are making what he calls "obscene" profits. Do you have any plans to propose an excess or windfall profits tax on any companies besides oil firms?

A. We have, as you know, proposed a windfall profits tax on oil companies. As far as other firms are concerned, the 5 per cent surtax I have proposed as part of my economic package would apply to all of them.

10. Mr. President, do you have any plans for changes in your cabinet?

A.

11. Mr. President, the White House recently announced a new Watergate tapes agreement giving the special prosecutor ready access to Nixon tapes and documents. Was this, in effect, an admission that the original agreement was a mistake?

A. The initial agreement required the special prosecutor to employ subpoenas in seeking access to Nixon tapes and documents. The special prosecutor was unhappy with that arrangement. The new agreement is designed to facilitate the pursuit of justice.



QUESTION - What can be done about the recession?

ANSWER - Because our economic difficulties are multidimensional, we have to have a comprehensive and balanced program to meet them. The most important problem is inflation, so we need to maintain steady policies to prevent the economy from overheating again, as it did in 1973. We've had such policies now on the monetary side, and it's time now for a more accomodative stance from the Federal Reserve. But we need to have some budget restraint to give the Federal Reserve the freedom it needs to ease up on the monetary side. Every dollar that is cut from the budget is a dollar we don't have to borrow in the credit markets, and is a dollar that is available for housing. So we need a tighter budget, even while monetary policy becomes less restrictive.

At the same time, we have to have effective programs in place to take care of the casualties of inflation and recession: a program of expanded unemployment compensation, the community improvement corps to provide work for those whose unemployment benefits have run out, low-income tax relief, and direct aid for housing. We want these programs both because they are humane and compassionate and because they will enable us to persevere with our anti-inflation fight for the long period of time it will take to squeeze inflation out of the system.



QUESTION - Will it be anything like that of the early 1930s?

ANSWER - No. Many people think of our present economic difficulties as somehow being comparable to the 1930s. They are frightened by what is going on in the economy. Their confidence has been shaken by the extended bout of double digit inflation that is eroding their savings and their pensions. Shortages are a new experience for them. The security of their job is threatened by rising unemployment. They are upset about the scarcity of mortgage credit.

I do not blame anybody for being worried. It is a confusing set of circumstances, but there is no reason to think that this episode will be anything like the 1930s. Then the problem was the shockingly high rate of unemployment -- as high as 25 percent at its worse point. Now the most important problem is the shockingly high rate of inflation.

Although the present situation involves the very serious problem of rising unemployment as well as rapidly rising prices, I put inflation at the head of our list of problems, because the basic source of our weakness in economic activity comes from the inflation itself.

This is a point that needs emphasis because it is not well understood. The same forces causing prices to rise so virulently are also producing the economic downturn. It has been inflation that has dried up the supply of mortgage credit and sent housing into a tailspin. And it has been inflation that has crushed consumer confidence and put the brakes on consumer spending harder than at any time since World War II. These are the two weakest sectors of the economy, and thus it is the inflation itself that is the basic cause of our economic sluggishness and rising unemployment.

We do not expect, however, that the present recession will deteriorate into a cumulative



downward spiral and become a depression. The economic and financial structure of this country is very different than in the 1930s. We have Federal insurance of bank deposits. The Federal Reserve System is committed to avoid a credit crunch. We have a very substantial unemployment compensation program in being and we have recommended a further expansion of that program. We have other income-maintenance programs -- social security, food stamps, public assistance, etc. -- that will not decline even if general business activity is depressed. We have a large part of our work force employed in economic sectors that are essentially depression-proof -- state and local government, for example. For all these reasons, the economy is much less vulnerable to an economic collapse than it ever was before. While the possibility of a depression cannot be ruled out completely and categorically, I think there is only an extremely remote chance that one will develop.



- Q. Why are you so adamantly opposed to wage and price controls?
- A. Because they are destructive of our economy and destructive of our freedom.

I had hoped that we had all learned our lesson on price controls with the experience of 1971-74. And if not from that, we should have learned the lesson from the many, many unsuccessful attempts by other countries, both in modern times and since the dawn of history.

In the first place, controls are not effective in holding down inflation, at least for not more than very short periods. Second, where controls do in fact suppress prices and wages, they create distortions. Some of our basic industries like steel and paper were caught by the 1971-74 controls in a low-profit position. As a result their capacity plans were inhibited and delayed. This made price pressures greater rather than smaller. Other examples of distortions included the increased export of fertilizer because of higher prices abroad when we needed everything we could get here at home; the creation of phony "new products" by the lumber industry to escape controls during the period of excess demand in 1972; and I am sure you all remember the drowning of the baby chicks during the price freeze during the summer of 1973.

Furthermore, controls inevitably chip away at our economic and personal freedoms. We have already taken many steps in that direction. As George Will pointed out in a Washington Post column October 22:

"Today one-sixth of the U.S. labor force works for government, and government expenditures are approaching 40 per cent of the gross national product. Government appetite for the nation's wealth and labor force will become even more ravenous, rapidly, now that government is becoming more frantic in its losing struggle with inflation, recession and the other social problems caused by government attempts to do for people what people should be left free to do for themselves.

"Every year we have to work more days than we had to work the year before to pay for government. Each government siphons away more of society's energies so it can regiment



and direct them. The fact that our emerging leviathan is bland and benevolent does not mean that it will not reduce us, by barely noticeable increments, to enervation.

"... Such a state affects society the way hemlock affected Socrates: numbing begins in the extremities and moves inexorably until it extinguishes the spark of life. Without warnings from men like Hayek, a society unlike Socrates, does not know it is dying until it is too weak to care."

[Note: Government expenditures are not approaching 40 percent of the gross national product. Federal plus State and local government expenditures (including transfer expenditures as well as outlays on goods and services) were about 31.5 percent of gross national product in 1973.]



QUESTION: Without increasing prices through taxes or decontrol do you expect to curb demand simply through voluntary and mandatory measures?

ANSWER: Yes, but only if the American people and American industry take the steps necessary to increase the efficiency with which energy is expended and conservation is practiced. The amount saved will depend on the appreciation by the American people of the seriousness of the situation and their willingness to help the country solve the problem with the additional economic pressures which decontrol and additional taxation would exert. If the amount saved is not sufficient I am prepared to implement and to recommend to the Congress more stringent measures. We will keep monitoring the situation and make adjustments as the situation warrants.



QUESTION - Where are changes in the economic program most likely to come if there are changes in the economy?

ANSWER - Well, I think it is a little premature to begin thinking of how the economic program might be changed. Certainly there have been no changes in the underlying economic situation since the announcement of the program that would suggest the need for a reappraisal.

The economic outlook in early October was for a sluggish economy with an excessively high rate of inflation. That is still the outlook. The economy is sluggish because of the high rate of inflation. Therefore, we need to place our primary emphasis on reducing the rate of inflation to more tolerable levels.

There have been Congressional elections since the economic program was announced. We are prepared to work cooperatively with the new Congress. If they see ways to improve the existing program, we will be glad to listen. The important thing is to follow through and get a program in place and working.

Would economic policy be changed if the economic situation were to change in the future? Of course. But I don't see any point in guessing now as to what we might recommend at some future time. We think the Ford economic program is what the current situation requires.



QUESTION - What are your plans to deal with the 7 - 8 percent unemployment that most forecasters see coming in 1975? How can you do that without making inflation worse?

ANSWER - We do not anticipate that such a high rate of unemployment will develop. However, we do not have an ostrich-like attitude to the problem. There is already an unemployment compensation system in place and we have made new proposals for public service employment.

However, most of the increase in unemployment will be caused indirectly by the harmful effects of inflation. Inflation has depressed the housing industry and undermined consumer confidence. So we can't give up on the inflation problem if we expect to get the economy moving again. This means that we must maintain fiscal and monetary discipline, and use the 5 percent surtax to pay for the programs in the unemployment and other areas.

The unemployment problem has a long run dimension as well. People are hired in the private sector when and if they can make a productive contribution. We are recommending a number of important actions that will help create more jobs. These actions include: the investment tax credit, the preferred stock deduction for utilities, the removal of regulatory restraints on productivity, the various activities of the National Commission on Productivity, and a range of other actions.



Q. Is the average consumer protected from an economic and financial collapse?

A. The economic and financial structure of this country are far different than they were in the 1930s. We have federal deposit insurance and alert regulatory agencies. We have a Federal Reserve system which is committed to a continuing expansion of money and credit and the avoidance of a credit crunch. We have a Federal Government which is committed to high employment policies. We have unemployment compensation and other income-maintenance programs (social security, food stamps, public assistance, etc.) that will not decline even if business activity is depressed. And a much smaller part of our work force is now in industries and occupations that are vulnerable to a business-cycle downturn.

The average consumer need not fear an economic and financial collapse. Indeed, if we had similar safeguards against excessive Government spending and chronic inflation, we would be a lot better off.



QUESTION - Why do we have to stop this inflation, considering all the costs of doing that? Why can't we just live with it?

ANSWER - The question implies that we should switch to stimulation of the economy in order to reduce the rate of unemployment. If so, the problem is not just living with present rates of inflation, but living with a further acceleration of inflation. We risk passing beyond a point of no return where inflation is concerned.

It must be recognized that we are in a new and very difficult economic situation. In previous recessions, economic policy could safely switch over to stimulative policies. That is not the case at present.

Our financial institutions and structure were developed during a period of reasonably stable prices. Safeguards against deflation and depression were developed in the light of experience in the 1930s. No similar comprehensive safeguards have been developed for a period of inflation--it is doubtful that any such safeguards can be developed.

High interest rates wreck the housing industry and impose other costs. But high interest rates are the inevitable result of high rates of price inflation. The only way to insure financial and economic stability is to reduce the rate of inflation to more tolerable levels.



QUESTION - What does the 5 percent surtax do to cure "stagflation"?

ANSWER - The surtax is only one element in the President's comprehensive economic program. "Stagflation" will not be cured by any single step. However, the surtax proposal is extremely important. The surtax pays for the unemployment and other programs which will cushion the impact of the adjustment and insure that burdens are equitably shared.

Why not just throw out the surtax and spend our way back to prosperity? It is high time to be honest with the American people. If we are going to have programs to cushion the adjustment, we must pay for them. If we don't, there will simply be that much more inflation. Is the tax escaped? Of course not. It is simply levied in a more insidious and regressive way--for inflation itself is the ultimate tax collector.



QUESTION - Would you please explain why inflation is a more serious problem than the decline in business activity?

ANSWER - As we have said, our economic difficulties include both declining activity and rampaging inflation. Both are serious, and our policy recommendations take both into account.

However, we should not let our attention be diverted from the main problem, which is rapidly rising prices. Inflation is the most important problem and must remain at the forefront of our concerns, not just because it is now so serious, but because it is the inflation itself that is causing the economic sluggishness and the rise in unemployment. The impact of inflation on financial markets has dried up the supply of mortgage money and sent housing into a tailspin. Inflation has shaken consumer confidence and caused the sharp cutback in the physical volume of retail sales. These are the two weakest sectors of the economy. To set in motion an improvement in economic activity, therefore, we must deal successfully with the underlying cause of all our major economic difficulties, which is inflation. Thus public enemy number 1 is still inflation.



QUESTION - Do you agree with the view that has been increasingly expressed by many officials that recycling Arab petrodollars will pose the gravest challenge to world economic stability from 1975 onwards?

ANSWER - Recycling difficulties are only a symptom of a more deep-seated problem -- the four-fold increase in oil prices. The potential impact on the world economy is so grave that prices will have to come down. /

BACKGROUND - The price actions by oil producers have been a major contributory factor in the current inflation which is threatening the stability of the world economy. These price increases have caused a deterioration in the balance of payments positions of oil importing countries and severely strained the capacities of many countries, especially the developing countries. Countries will be unable and unwilling to accept these real burdens and for these reasons oil prices will have to come down.

QUESTION - What is the total dollar drain from the U.S. stemming from oil imports thus far? Where are the OPEC countries holding those dollars?

ANSWER - U.S. imports of petroleum and petroleum products came to \$19.2 billion in the first 9 months of 1974. We estimate that the OPEC countries accumulated some \$35 billion during these first nine months. It appears that some \$8 billion has been invested in the U.S., about \$3-1/2 billion has gone to the U.K., another \$3 billion to Europe, about \$1-1/2 billion to international institutions, about \$3 billion to LDC's and the remaining \$16 billion has been placed in the Euro-markets.

BACKGROUND - Payments by the U.S. for oil imports are only one source of receipts for the OPEC countries. The bulk of their income is from payments by the producing companies made in dollars -- although a significant percentage is paid in pounds sterling -- regardless of where the oil is shipped. In any event the currency of payment does not determine what the OPEC countries will do with their receipts.

We estimate that OPEC countries will receive about \$80 billion from petroleum trade in 1974 and an additional \$5 billion from exports of other goods and services. Of this \$85 billion, about \$30 billion may be spent on imports of goods and services, leaving \$55 billion for foreign investments.

As the OPEC countries appear to attach great importance to maintaining as much anonymity as possible regarding their investments, it is difficult to determine with precision where they place their funds. From the fragmentary information available, we estimate that of the \$35 billion in investible funds accumulated between January 1 and September 30, 1974 about \$8 billion has been invested directly in the U.S. of which some \$5-6 billion was invested in various types of marketable U.S. governments securities including "agencies." About \$3-1/2 billion may have been invested in the United Kingdom (i.e., government securities and other sterling assets), with \$3 billion in other European countries and Japan. Purchases of international institutions' bonds totaled about \$1-1/2 billion with some \$3 billion disbursed to less developed countries. Our assumption is that most of the remaining \$16 billion is currently being held in Euro-dollar and other Euro-currency deposits in banks outside the U.S., largely in London.

GERALD R. FORD

QUESTION - One of the most frustrating things to the general public these days is runaway oil company profits. Why do you always seem to be defending the industry?

A-26

ANSWER - First, I have consistently stated that current oil industry profits are very high and represent to a considerable extent a windfall profit to oil producers. This is because current world crude oil prices have been set by OPEC at artificially high levels. I have consistently championed Treasury's proposal to tax away the windfall profits of the oil industry, as a way to prevent one sector from profiting unduly at the expense of the rest of the economy. In addition, Treasury has supported the elimination of the percentage depletion allowance in conjunction with the lifting of price controls on the petroleum industry. Both of these proposals have raised the ire of the independent producing segment of the industry.

At the same time, in order to be sure that Treasury was evaluating an industry in a fair manner, we compared the profitability of the oil industry to that of twenty-eight other major U.S. industries over the last sixteen-year period. The general conclusion of our analysis is that the industry's profitability, when viewed over any reasonable time period, falls within the normal experience of most major U.S. industries.

Because of a number of extremely favorable developments in 1973-1974, the industry's profitability rose well above its long-term historical average. Treasury analyzed the U.S.-based petroleum industry's profits reported for the first quarter of 1974 and found that over half the increase in profits was due to one-time inventory gains, and another 25% was due to chemical, tanker, and foreign currency profits. Thus, instead of the 76% average increase in first quarter 1974 reported profits, we find that profits from on-going petroleum operations actually increased 21%.

Even after we have placed oil industry profits in proper perspective, however, by eliminating non-recurring and non-petroleum elements, the industry's profits remain at an abnormally high level in comparison with those of other industries. Consequently, Treasury stands firmly behind its eleven-month oil windfall tax proposal.



QUESTION - Do you endorse the idea of reestablishing oil import quotas if consumption in the U.S. is not reduced voluntarily?

ANSWER - If voluntary conservation fails to reduce oil imports, more stringent means will be sought to decrease U.S. dependence; however, the specific program has not been decided.

FURTHER  
INFO

- Executive departments and agencies are studying the various options. A program to limit imports under current conditions would be fundamentally different from our previous import quota system because the world oil market has dramatically changed. Our previous quota system limited imports because foreign oil could be produced and sold less expensively than domestic oil. Currently, due to domestic price controls, the average price of domestic crude oil is below the international price. Consequently, the normal reason for imposing a tariff or quota does not exist, unless we allow oil prices to rise. Unfortunately, higher oil prices will significantly reduce purchasing power. The reduction in purchasing power will reduce aggregate demand, increasing unemployment and contributing to the present economic situation.

However, the idea of using import quotas to restrain demand also has serious shortcomings. Initiating a mandatory import reduction program, using either tariffs or quotas, without making provision for demand reduction and substitution would cause shortages, a decrease in GNP, an increase in unemployment, inflationary pressure, and further price distortions. Such a program would make mandatory allocation permanent so long as the shortage existed. Consequently once the economy has improved, I favor a program which reduces oil demand directly, thus reducing oil imports.

QUESTION - What do you think of Senator Jackson's proposal that the U.S. set an absolute dollar ceiling on oil imports. (If prices were cut in the world market, then the import level could rise accordingly. He proposes this as a way to limit the amount of national wealth going to pay for energy.)

ANSWER - There are some serious problems with that proposal. The imposition of a price quota on a commodity as important as oil will greatly increase the likelihood of the Administration being forced into direct rationing or other administrative nightmares.

FURTHER INFO - The Administration considered both a value ceiling and volume ceiling similar to those proposed by Senator Jackson and others. In general, quotas impose greater economic costs to the economy and force us to penalize certain regions of the country which are proportionately more dependent on oil for overall fuel needs. By placing an overall dollar limit, we are in effect duplicating internally the allocation problems we faced during the Arab boycott. We would also have the problem of skyrocketing domestic prices on new oil during periods of shortages. We need to avoid options which would have a severe impact on the average American.

QUESTION - A major study of our energy problems has concluded that conservation is essential. When are you going to start? With what? Gasoline rationing? Gasoline excise tax, or something similar? Mandatory federal requirements on automobiles, appliances, buildings? Any or all of these things within a year?

ANSWER - We have already started energy conservation programs. Market forces and the voluntary conservation of citizens and industry should make compulsory measures unnecessary.

FURTHER  
INFO

Unquestionably conservation is essential if we are to reduce our petroleum imports. The President made that point clear in his speech before the Congress on October 8. Now it doesn't follow that the need for conservation automatically justifies federal regulation and allocation schemes. There is already a major force at work encouraging conservation. It is higher prices. However, it's still too early to determine the effect of these higher prices and for that matter too early for the higher prices to have taken effect. It takes time for the economy to realize that price changes are not temporary and to make the necessary adjustments. Realizing this, the Administration has stressed a voluntary conservation program with a few nudges here and there. We have begun programs to stimulate efficiency in industrial energy usage and to increase automobile mileage. We also intend to remove or modify those government regulations which interfere with energy conservation goals. It is our firm belief that the market system and the voluntary cooperation of our citizenry and industry will make it unnecessary for the government to enforce conservation.

However, as the President noted in his October 8 message, if we fail to meet our current energy-saving goals, we will not hesitate to ask for tougher measures. None of these measures have been finalized at this time because we, of course, will have to analyze the situation as it develops to make certain that the right measures are instituted at the right time to fit the circumstances.

QUESTION - Would the economy be on the verge of collapse in the event of another oil embargo?

ANSWER - Definitely not. Despite our current economic problems, we can expect our economy to withstand successfully the hazards imposed by an oil embargo.

FURTHER INFO REGARDING A SECOND EMBARGO:

The best evidence that our economy would not collapse is to observe how the embargo affected us and how we countered the impact. At that time, we deliberately decided to maintain employment and industrial output at the expense of comfort and convenience. The embargo did affect industrial output and employment, but the effect was minor. During the embargo, U.S. oil imports were cut by 14 percent of domestic consumption at the pre-embargo level. We were able to weather the crisis without formal rationing of gasoline, for example. In the event of a larger reduction of oil imports by a more severe embargo we could fall back on more stringent measures for economizing on the use of oil products, but these would be designed to have a minimal effect on the industrial economy.

The effects of last fall's embargo were exacerbated by the fact that it was coupled with such huge and unexpected crude oil price increases imposed by OPEC.

QUESTION - Why has the price of sugar climbed? Has the U. S. S. R., with its access to the entire Cuban sugar cane production, cornered the market?

ANSWER - Sugar prices have climbed because of rising demand in the face of limited supply and some speculative activity. U. S. S. R. purchases from Cuba are not major elements in the current price runup. Available evidence indicates U. S. S. R. has not cornered the market.

BACKGROUND- Sugar prices have risen rapidly over the past year in response to continued strong world demand. World sugar production in 1973/74 was a record 80.5 million metric tons, up 5.1 percent from the previous year. Production is estimated to be up slightly in 1974/75 to 81.1 million tons. While output has increased, worldwide sugar demand has been expanding at a faster pace and sugar stocks have been reduced. As a result, raw sugar prices, currently running about 50 cents per pound, are up over 240 percent from a year ago and 500 percent above 2 years ago.

The U.S. S. R. has not made a marked shift in their buying patterns for Cuban sugar. Cuba, though one of the largest sugar producing nations, only accounts for about 8 percent of total world output. In 1971, the Soviet Union imported about 1.6 million tons of sugar from Cuba. Imports in 1973 were at about the same level as in 1971.

The U. S. S. R. is rumored to be in the world market for large quantities for future delivery, including up to 500,000 tons from the Philippines. Uncertainties related to weather's affect on this year's crop and over the generally tight world supply situation have prompted Poland and the Philippines to suspend sugar export shipments.

One significant new market influence contributing to strong world demand has been an increase in sugar buying by Middle East countries. However, this increase does not seem large enough to indicate speculative activity.



QUESTION - Once hearings on the sugar industry are held and all the facts are known you said "we will take whatever action is warranted." What actions are available besides price rollbacks and jawboning?

ANSWER - It has been suggested that processing and distributing sugar have shown excessive increases in the past few months. The Department of Agriculture has undertaken a study of the matter. If sugar margins prove to be excessive, processors and retailers will be asked to bring margins more in line with a fair rate of return.

It should be recognized, however, that the cost of raw sugar in world markets has risen from about 10 cents per pound in 1972 to nearly 50 cents recently. Thus any increase in the margins will be small compared with the 400 percent increase in the cost of the raw material.

## 25th AMENDMENT

### Question

You said in Phoenix that there should be "a specific deadline for the President to nominate and for the Senate to confirm the Vice President. If this reasonable period passes without affirmative action, the Congress would then be required to promptly begin confirmation hearings on another nominee." Will that really solve the problem? If there were such a deadline couldn't Congress defeat a nominee simply by remaining inert for the specified period?

### Answer

Even in that event, the Congress would have to take public responsibility for the result. More fundamentally, I believe that Congress would act in good faith in responding to any such Constitutional or statutory time limitation. Indeed, Congress might amend its own rules to give priority to proceedings under the 25th Amendment and perhaps even impose a presumptive time deadline on itself.

But these and other possibilities should certainly be considered to minimize the period the country is without a Vice President.

## ANTITRUST SUIT AGAINST AT&T

### Question

Did you know about, authorize, or approve the Justice Department antitrust suit against the American Telephone and Telegraph Company?

### Answer:

The Attorney General kept me informed of Justice Department planning. I do not, however, ask the Justice Department to seek my approval or permission before instituting particular antitrust suits.

By bringing this lawsuit the Justice Department surely evidences its belief that remedies under the antitrust laws are appropriate in this case. But, of course, the ultimate resolution is for the courts.

### Question

Is the Ford Administration attacking bigness in business?

### Answer

The Government suit against AT&T is not premised on the size of the company but on specified anti-competitive practices which, of course, have yet to be proved.

POCKET VETO

Question:

Now that Congress has overridden the Vocational Rehabilitation bill, will you carry out its provisions?

Answer

As you know, Congress may not have followed the proper Constitutional procedures in dealing with this legislation. Accordingly, there is real doubt as to whether that Bill ever became a law. I am now in discussion with the Justice Department and the appropriate Senators and Congressmen about this question.

If Congress wishes to avoid this legal uncertainty, it should pass a new law.

## OVERRIDDEN VETOES

### Question

Has your leadership been repudiated by Congress in massively overriding your vetoes of the Vocational Rehabilitation and Freedom of Information bills?

### Answer

These overrides show the objective fact that the legislative and Executive Branches do not always agree. But those who attach significance to overrides should also note that Congress has not overridden 11(?) of the 13(?) bills I vetoed since becoming President.

I note, by the way, that some observers seem to believe that an override implies that the veto in question was unwise. But that is a mistaken view. Even though overridden, a veto serves an important constitutional role: it is meant to induce sober second thought by Congress and to make clear to the American people where responsibility lies for the resulting legislation.

Question: An agreement on the Nixon tapes and documents was made November 9, 1974 between the Special Prosecutor and the Federal defendants in the Nixon suit brought to enforce an agreement for deposit of his Presidential materials made with the General Services Administration on September 7, 1974. This agreement stated you had "determined that the due Administration of Justice and the public interest require that the Special Prosecutor have prompt and effective use of those Presidential materials of the Nixon Administration now located in the White House complex that are relevant and important to ongoing criminal investigations and prosecutions within the Special Prosecutor jurisdiction." When and why did you make this determination?

Answer: I told the Subcommittee of the House Judiciary Committee on October 17, 1974 that in my understanding the Supreme Court decision permits the Special Prosecutor to obtain any of the material still held by the Government for his responsibility and that I would make certain the information was made available to the Special Prosecutor's Office. Also, I stated then that the Nixon tapes will not be delivered to anybody until a satisfactory agreement has been reached with the Special Prosecutor's Office. This was the understanding with the Special Prosecutor from even before the time of the Nixon deposit agreement of September 7, 1974, and the personal rights of Mr. Nixon under that agreement have always been subject to the overriding legal interests of the Federal Government in the tapes and documents of the Nixon Administration.



PWB  
11/13/74

Question: Does the new agreement with the Special Prosecutor do away with the earlier agreement made with Mr. Nixon on September 7, 1974.

Answer: No. Whatever rights Mr. Nixon has under the earlier agreement are unchanged by the new agreement, although the new agreement has been filed in court and its implementation is subject to court approval.



PWB  
11/13/74

Question: Does the new agreement allow the Special Prosecutor to go on a "fishing expedition" into all the Nixon materials?

Answer: No, because his search will be limited to materials that are important and relevant to ongoing criminal investigations and prosecutions within the lawful jurisdiction of the Special Prosecutor.



PWB  
11/13/74

Question: Do you agree with claims made by the Reporters Committee for Freedom of the Press and by various writers and historians that the Nixon agreement on his ownership and exclusive literary rights to the tapes and documents is invalid and that reporters and writers should have access to these materials?

Answer: The agreement with Mr. Nixon was made on the basis of the Attorney General's opinion to me that the former President did own the White House materials of his Administration. There has also been an opinion by the General Accounting Office that the agreement was not invalid under the applicable statute. Claims to the contrary made by the Reporters Committee and others are now before Judge Richey in the Federal District Court for the District of Columbia, and while their suits are pending in court I do not believe it is appropriate for me to express my opinions on this subject.



PWB  
11/13/74

Question: Do you think Congress ought to pass a law to give reporters and the public wide access to the Nixon materials?

Answer: Legislation for that purpose is now before the Congress, but I think the Congress should not overturn the precedents of almost two centuries, and especially should not do so retroactively as to materials of any former President.



PWB  
11/13/94

Question: If reporters and historians cannot have early access to the Nixon materials, will not the public be deprived of getting the full story of the Nixon administration?

Answer: I do not believe so, because much information has already been developed and publicized by Committees of the Congress, by investigative reporters, and by Court proceedings. And more will come out as the Special Prosecutor proceeds with his further criminal investigations and prosecutions.



PWB  
11/13/74

QUESTION - What do you think of the surface mining legislation now pending before the Senate-House Conference Committee?

ANSWER - As the President noted in his message to the Congress on October 8th, it is critically important to the Nation's energy needs that future production and use of our abundant coal resources be stimulated. If the final result of the Conference Committee's efforts would involve serious coal production losses, or serious damage to the nation's economy or energy position, we would have to consider it unacceptable.

Issues which are of particular concern include:

- rights of surface owners where coal underlying the surface is owned by another. We want to assure the surface owner full reimbursement for damages caused by mining, but prevent excessive windfalls to him that would unreasonably increase the cost of the coal involved.
- Unemployment and related benefits. The benefits provided are broad, and redundant of existing law and pending reform measures.
- Funding levels. They are extremely high.
- Enforcement flexibility. Direct Federal enforcement provisions are unnecessarily broad. Primary enforcement responsibility should be more flexible and remain with the states.
- Citizen suits. Extremely broad citizen suit provisions would allow multiple litigation with respect to every operation, and undercut finality of the permit granting process.
- Moratorium on mining while regulatory programs are being developed.

We are hopeful that these difficulties will be worked out by the Conference Committee and that acceptable surface mining legislation will be passed.

QUESTION - What are the "other means" to cut energy consumption in the U.S. that Kissinger referred to as options during a press conference in Tokyo?

ANSWER - There are many possible options for mandating cuts in U.S. energy consumption. The possibilities include new taxes on petroleum products, decontrol of oil and natural gas prices and various methods of mandatory conservation. Our present goal is to reduce our dependence on foreign sources by 1 million barrels a day. For now, the Administration is relying on voluntary measures in combination with calling for specific actions such as increased automobile efficiency and coal switching and utilities.

FURTHER  
INFO

As you know, a new international organization, the International Energy Agency, has just been formed in order to coordinate energy policy among industrial nations. Increasing conservation is one of the organization's goals. Conservation policy possibilities differ according to national circumstances, thus France with its governmental control of energy distribution has elected to limit the value of petroleum imports while England has chosen to increase gasoline taxes. Since conservation methods can have serious economic side effects, the participants in IEA plan to coordinate the programs of individual nations so as to make the program equitable. The IEA will present a forum for industrial nations to publish technical information, coordinate R & D, and share conservation programs. The goal of cutting back petroleum imports by 3 million barrels per day for member nations should be achievable.

## BUDGET CUTS

### Question:

Won't the deep cuts in the Budget affect vital city programs and be felt first and sharpest by minority groups and the poor, and, therefore, hurt cities as a whole?

### Answer:

The '75 Budget requests more money than ever before for grants to State and local governments and for human resources programs.

One out of every six federal dollars are spent in the form of grants to State and local governments. \$51.7 Billion in FY '75.

### Background:

As Governor Winfield Dunn of Tennessee said in the President's meetings with the Governors, with more flexibility, State and local governments could get the job done with less money. They have added tremendous numbers of people in recent years just to administer Federal programs causing much waste and duplication. Almost all are highly paid specialists. Governor Dunn felt he could save \$50 million if Federal aid came with fewer strings. Many others, in the State and local Pre-Summit agreed that with block grants they could get the same mileage out of fewer dollars.

## CIVIL RIGHTS

### Question:

You say you intend to be President of all the people. What will be your civil rights enforcement policy?

### Answer:

The Administration is firmly committed to ensuring equal rights and opportunity for all Americans, regardless of race, color, religion, sex or national origin.

I expect the Civil Rights Division of the Department of Justice to continue vigorous enforcement of the civil rights statutes enacted in the last decade. We need to insure the right of all Americans to the opportunity to achieve his or her best, and to be judged solely on the merits.

### Background:

Civil rights laws state a firm national policy of equal opportunity -- in education, employment, housing, voting and other fields. The law must be enforced to the end that all citizens in our society should have an equal chance to vote, equal opportunity in jobs, equal access to decent housing, equal opportunity to a good education. Particularly in these difficult economic times, the field of equal employment opportunity is of major importance. Access to jobs on a fair and meritorious basis, without either racial bias or favoritism, is critical to insuring everyone's access to a full and rightful place in our society.

While we have made progress in the field of civil rights in recent years, there are still many areas, where Americans are the victims of unequal treatment because of their color, national origin, or sex. In my view, even one such instance is too many, and I expect the Civil Rights Division to use its resources to help make the American ideal of equal treatment for all a reality.

GCS  
11/26/74

## MARIJUANA

### Question:

Do you think marijuana use should be legalized, or decriminalized as the Marijuana Commission recommended?

### Answer:

I am opposed to the legalization of marijuana, especially since medical evidence on its effects is still being explored. I do think that penalties for simple possession have been far too harsh in the past and am pleased that over 35 states have now adopted our Model Statute on Drugs which makes these penalties more realistic.

I am also opposed to the decriminalization of marijuana because I believe this Nation learned during prohibition that such an answer is really no answer at all.

### Background:

Advocates of legalizing marijuana claim it is no worse than alcohol or tobacco, but that is hardly sufficient reason for the government to encourage its use through legalization. Marijuana may well be a passing fad of the 60's, but legalization would assure it being a problem far into the future.

The Marijuana Commission recommended, near the end of its report, that simple possession of small amounts of marijuana be decriminalized. Under the Model Drug Statute such possession remains a misdemeanor. Measures permitting the possession of small amounts of marijuana to be legal without decriminalizing the production or sale of it would create an ostrich effect in the law in this area. Lawful possession would necessarily entail unlawful trafficking.

GCS

11/26/74

## ENERGY CONSERVATION

### Question:

The voluntary conservation program called for in your economic address is not working. Are you ready to impose mandatory controls?

### Answer:

I am not ready to conclude that our voluntary energy conservation program will fall short of the goals I have set. In fact, the early indications are encouraging. For example, six major energy using industries have committed to industry-wide, plant-by-plant conservation programs. And I believe that many citizens will be stepping up their efforts, because they want to fight inflation and they want to save money by saving energy.

I will follow the progress carefully and if I find that voluntary efforts aren't effective, I will propose tougher measures.

The Project Independence Report presents options, including mandatory conservation measures, that are going to be studied by the Energy Resources Council. When the review of this report is completed and the options presented to me, I will decide on longer-term conservation programs.

### Background:

Current goal is voluntary reduction of 1 million bbls/day oil equivalent by end of 1975 below what consumption otherwise would be.

M. Duval (G.S.)  
11/26/74

## STRIP MINING

### Question:

What do you believe are the prospects for getting a strip mining bill that you can sign?

### Answer:

The latest draft bill being considered by the House and Senate Conferees has a number of unacceptable provisions. I am still hopeful that the House and Senate will agree on a bill that I can sign. We need a bill which strikes a reasonable balance between our objectives for environmental protection and reclamation and our urgent need for expanding domestic supplies through coal production. The bill must also avoid unnecessary contribution to inflation, avoid windfall profits, and solve a number of other problems. I have asked Secretary Morton to work closely with the Conferees on an acceptable bill.

### Background:

- Bills now in Conference passed the Senate in October 1973, and the House in July 1974.
- Serious problems in the bill now before the Conference include:
  - potential adverse effects on production.
  - changes in surface and mineral owner rights which could tie up coal and lead to windfall profits.
  - a 35¢ per ton excise tax that would go to a fund for reclamation, public facilities construction and disaster assistance.
  - precedent setting unemployment benefits for miners.
  - "citizens suit" provisions which could lead to extensive litigation.

M. Duval (G.S.)  
11/26/74