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POSSIBLE QUESTIONS FOR PRESIDENTIAL PRESS CONFERENCE - FEBRUARY 11, 1975

Submitted by Paul A. Miltich

1. Mr. President, a Library of Congress study released a few days ago indicates that your energy program would cost \$20 billion more than you have estimated and would have three times greater impact on the poor than on the well-to-do. What is your reaction, sir?

2. Mr. President, several leading Democratic senators have asserted that the $7\frac{1}{2}$ million Americans who were out of work in January can put the blame squarely on your economic policies. What is your comment on that charge?

3. Mr. President, what is your response to Senator McIntyre's statement that you view "these appalling unemployment figures" as "inevitable" and something you cannot do anything about?

4. Mr. President, do you intend to increase public service employment and release more money for construction and housing, as urged by Senator Humphrey?

5. Mr. President, your budget message included the prediction that the jobless rate would average 8.1 per cent this year. Do you think the average will go higher than that, in view of the 8.2 per cent figure for January?

6. Mr. President, do you plan to put the Domestic Council under the control of two of the Vice President's aides, as reportedly proposed by Vice President Rockefeller?

7. Mr. President, what is your comment on the remark ascribed to former President Nixon by Charles Colson to the effect that "the trouble with Jerry Ford is it would take him two years just to get up speed?" Also, the reported Nixon comment that your "greatest difficulty is (you) couldn't control Henry Kissinger?"

8. Mr. President, what is your comment on the Kissinger view that the heavily Democratic Congress is responsible for the imminent collapse of South Vietnam and Cambodia, the danger of Turkey and Portugal leaving NATO, and the prospect of the United States being unable to deliver on its commitments and therefore being unable to negotiate with foreign powers?

9. Mr. President, how would you assess the results of the suspension of U.S. aid to Turkey?

10. Mr. President, what are you doing to try to promote a resumption of aid to Turkey and an improvement in U.S.-Turkey relations?

11. Mr. President, how do you justify having groups of American airmen spend three days at a time in South Vietnam, reorganizing the South Vietnamese supply system?

12. Mr. President, have you definitely decided to lift the embargo on sale of U.S. arms to Pakistan?

13. Mr. President, Arthur Burns says the Administration's predictions of continued 8 per cent unemployment through the next two years were prepared by people who "don't know what they're talking about." What is your comment, sir?
14. Mr. President, George Meany is urging that you release some \$19 billion in impounded funds for public works projects. Do you plan to do so?
15. Mr. President, Senators Williams and Javits have said that they will introduce legislation to provide nearly \$8 billion for one million public service jobs. What is your reaction to the one million public service jobs' proposal?
- A. Last summer I directed the Department of Labor to accelerate the CETA Program which provided \$1 billion for 170,000 public service jobs.
- Then on December 31, I signed the Emergency Jobs Unemployment Assistance Act of 1974, which authorized \$2.5 billion for approximately 275,000 jobs. Of that \$2.5 billion, almost \$1 billion has been appropriated, which will provide 100,000 jobs.
- It is my understanding that the initial 170,000 jobs under CETA are 100% filled. However, the 100,000 jobs appropriated in December are only one-third filled. The States are on schedule and filling these jobs as rapidly as possible.
- I have also requested that Congress restore to the Public Service Job Program \$125 million that was transferred to the Commerce Department to be used to augment existing Federally funded programs. I believe that hiring can get under way much more quickly under the Labor Department program.
16. Mr. President, which of the options developed by the Interior Department for sharing Outer Continental Shelf revenue with the States do you favor?
- A. The matter of sharing OCS revenues with coastal states has come up frequently over the past few years. Under current law, revenues from OCS lease sales and royalties go to the Federal Treasury. This is based on the fundamental principle that the OCS is a national resource owned by all the people of the Nation and the revenue should, therefore, accrue to the benefit of all the Nation's citizens -- those in Iowa and Montana as well as on the coast. This policy has prevailed throughout the more than 20 years of successful OCS development off the Gulf Coast.

I should note three other points:

- . If part of the OCS revenue which now goes to the Federal Treasury were given to coastal states, that Federal revenue would have to be replaced by taxes.
- . Shoreside development that does occur as the result of OCS development increases the State and local tax base and therefore has a beneficial rather than detrimental economic impact.
- . The Federal government has already increased planning assistance to the coastal states and will be working closely with the states to help assure orderly preparations for any onshore development.

For these reasons I have taken the position that existing law should not be changed.

I am aware that Secretary Morton has asked his people to take another look at the question, but the Secretary has not recommended any change in position. If he does make such a recommendation, I will of course, consider it fully.

17. Mr. President, why don't you do something about the abuses of the food stamp program?

- A. Food stamps are handled by the States, based on cooperative agreements between the Food Nutrition Agency in USDA and the various State agencies -- in most cases, the state's Welfare agency. Food stamps are not distributed directly by the U.S. Department of Agriculture.

The Administration is, however, taking steps to correct abuses. A previous regulation which prohibited college students from collecting food stamps was ruled unconstitutional. A new regulation has been drafted in the last month which states that any student whose family is not a recipient of food stamps is not eligible for the food stamp program. This is expected to save several million dollars.

18. Mr. President, what is your reaction to the Nuclear Regulatory Commission order closing all 23 of the nation's water-type nuclear power reactors?

- A. I was advised by Chairman Andres of the action taken by the NRC. Of course, I fully support the Commission in this safety-related measure. I do not feel that this will have any impact on my longrange energy program.

19. Mr. President, in his final speech as Attorney General, William Saxbe said that crime statistics have shown an incredible increase in recent years despite billions in Federal aid. Saxbe called for a prompt, relentless, and in-depth study to determine how wisely LEAA is spending its funds. Saxbe also suggested the creation of a permanent, joint Congressional oversight committee for the Justice Department. What is your reaction to Saxbe's comments?

A. Members of the White House staff have been working with the Justice Department to develop a message on crime and a legislative package. I would imagine this package would go to Congress within the next thirty days.

I am very much concerned about this whole area, and in fact, on December 20th, I met for over an hour with then Acting Attorney General Silberman, Director of the Office of Criminal Justice Rose, and the LEAA Administrator Velde. The purpose of that meeting was to review Justice's progress in fighting crime and how the Federal Government can work in partnership with the states and local governments to reduce crime.

20. Mr. President, what is your reaction to Saxbe's suggestion that a permanent, joint Congressional oversight committee for the Justice Department be created?

A. I know of no policy decision to establish such a committee, nor have I heard of any such talk.

21. Mr. President, do you agree with the Attorney General that LEAA should be reviewed to see if it's spending its money wisely?

A. The LEAA authorizing legislation expires on June 30, 1976. My Administration will be reviewing LEAA and its strengths and weaknesses prior to that date.

22. Mr. President, how do you feel about the Ways and Means Committee's \$20.1 billion tax cut bill? Do you look with favor upon it although the cut exceeds your own proposed reduction by \$4 billion?

23. Mr. President, do you agree with Defense Secretary Schlesinger that aid to South Vietnam for 10 to 15 years is conceivable?

24. Mr. President, what can you tell us about the recent meeting you had with Senator Goldwater?

25. Mr. President, former Social Security Commissioner Robert Ball has recommended higher payroll taxes on upper income earners as the best remedy for threatened multi-billion-dollar Social Security Fund deficits. What is your Administration's remedy?

26. Mr. President, do you agree with Treasury Secretary Simon that the long-range problem is inflation, not recession, and that to fight inflation "some margin of economic slack must remain (in the economy) for a period of years to ensure that inflation can be squeezed out gradually?"

27. Mr. President, will you veto the bill freezing the price of food stamps?

28. Mr. President, will you veto the bill suspending for 90 days your increases in the tariff on imported oil?

29. Mr. President, do you really believe the Congress has done nothing since convening in January?

30. Mr. President, what do you think of Senator Jackson's proposal to create a wartime-type agency to bring more companies into the search for additional energy supplies?

31. Mr. President, a Harris Survey shows 63 per cent of the American people believe our system of justice failed with regard to former President Nixon's involvement in Watergate and 64 per cent still believe you were wrong to pardon Mr. Nixon. Do you have any comment?

32. Mr. President, George Meany predicts that unemployment will reach 10 per cent by July. Do you think that is a possibility?

33. Mr. President, is it likely that the cancellation of several foreign grain deals is going to mean lower wheat prices for American farmers?

PRESIDENT'S PRESS CONFERENCE
Topeka, Kansas
February 11, 1975

SECTION I - ECONOMY

SECTION II - ENERGY

SECTION III - GENERAL DOMESTIC

SECTION IV - FOREIGN POLICY

QUESTION - Henry Reuss says he intends to bring down bank interest rates on loans as the first order of business in the House Banking Committee. He will push a bill directing the Federal Reserve Board to expand the money supply. Would such a bill accomplish the objective? What would be the problems resulting from it?

ANSWER - Secretary Simon testified in opposition to this bill before the Subcommittee on Domestic Monetary Policy of the House Banking Committee on February 4. On that occasion he pointed out the Reuss bill's title, "The Lower Interest Rate Act of 1975," endorses a goal which all of us share, but it would seek to achieve that goal through means that are wholly contrary to the spirit of free enterprise and are totally unacceptable to the Executive Branch. Dr. Arthur Burns has also testified in opposition to the legislation.

One section of the bill calls for the Federal Reserve to increase the money supply (M_1) at no less than 6 percent per year over each three-month period. Monetary policy must be conducted with flexibility, not with mandated targets.

Section 3 of the bill is even more dangerous. It would create a system of mandated controls on credit that would go far beyond any form of compulsory credit allocation this country has ever known, even in wartime.

QUESTION - Secretary Simon said in prepared testimony that "it is not unfair to say that business is in a profits depression in this country." Do you agree? Will the new economic program help alleviate this problem?

ANSWER - Yes, corporate profits in the aggregate, realistically stated, are at an all-time low as a percentage of our total national income. The inflation process has led to substantial overstatement of reported earnings because of inventory profits and inadequate depreciation allowances. The crux of the difficulty is that our financial conventions and accounting practices were developed during a long period of relative price stability and in too many cases they have not been changed to reflect the realities of double-digit inflation.

The end result is that many corporations report a rise in profits but end up with very little in the till. This is bad for business and bad for labor since no profits means no jobs.

The new economic program will help by providing a \$4 billion one-year increase in the investment tax credit. However, a longer-run question will remain as to whether the tax burden on our corporations is excessive.

BACKGROUND -

	Nonfinancial Corporations		
	<u>1965</u>	<u>1974</u>	
Reported after-tax profits	\$38.2 bil.	65.5 bil.	+71%
After adjustment*	37.0 bil.	20.6 bil.	-50%

* With inventories and depreciation valued on the basis of current costs rather than historical costs.

Retained earnings were \$20 billion in 1965 and after adjustment are estimated at a - \$10 billion last year.

QUESTION Are you worried about the recent decline of the dollar and the instability in the exchange markets?

ANSWER I recognize that concern at times has been expressed about the magnitude of exchange rate fluctuations under the present system of floating exchange rates, but these aberrations tend to reflect market reactions to specific, immediate developments and generally become subsumed as the market adapts to general economic trends. Thus the dollar has recently depreciated in terms of individual currencies and during brief periods of time, but the dollar's average exchange rate, relative to the currencies of all major industrial countries, is still at the level reached after the major exchange rate realignments of 1971 and 1973.

As our public statements indicate and in accordance with international understandings, the U.S. intervenes in the exchange markets to assure orderly conditions and to moderate unduly wide swings during particular days, but not to maintain any particular set of rates.

FURTHER INFORMATION Under the system of widespread floating exchange rates, the value of the dollar, on a trade weighted basis, appreciated by about 7% between July 1973 and January 1974; depreciated by 3% to June 1974; appreciated by over 2% during July-August and has depreciated 3% since that time.

On balance, the floating rate system has functioned reasonably well. It has demonstrated the flexibility and resilience needed to cope with major shocks such as the fourfold increase in oil prices and has avoided the major payments crises and market closures of the past.

Q. You base your budget on the assumption of a 7.9 percent rate of unemployment during 1976. Doesn't that mean that your policies are wrong and you should have more stimulus both on the revenue and on the expenditure side of the budget?

A. At the present I do not believe that additional stimulus is wise or prudent. The budget deficit for fiscal 1976 is already above \$50 billion. We simply do not know how rapidly inflation and interest rates are going to decline. We have proposed a comprehensive program which we believe will help end the decline in the economy and help initiate a recovery during the second half of the year.

Our projections suggest an average annual rate of expansion in real GNP in excess of 5 percent between the second quarter of 1975 and the final quarter of 1976. This will add some 2 million workers to the Nation's payrolls. These projections also suggest a rate of inflation averaging a little over 7 percent during this period, well below most recent rates of increase. We do expect a temporary bulge in prices during the second quarter owing to our energy proposals, but this is a one-shot increase and not a permanent factor in the rate of inflation.

There is a possibility that inflation and interest rates may decline more rapidly than we anticipate. The strains in the financial markets may be less than we anticipate. The Congress may be even more cooperative in holding expenditures down than we anticipate. Such circumstances would mean that we could afford further action in the tax area.

At present, however, I do not believe that it would be wise to provide more stimulus than we have proposed. Admittedly there is a risk of doing too little. There are also risks providing too much stimulus and these risks would be reflected during 1976 and thereafter in financial market strains, rising interest rates, and a re-igniting of inflationary pressures.

My policy is directed at curbing the rise in unemployment in a manner that is consistent with the goal of preventing a resurgence of inflation. This policy is and will continue to be based on what we believe is the proper balance between these objectives.

Q. Mr. President, you said we were through with double digit inflation and yet the budget projects an 11 percent increase in prices. Can you explain that?

A. It is true that we expect prices to average about 11 percent more in 1975 than during 1974. It is important to remember, however, that much of that increase had already occurred by the end of 1974. The CPI for December was already up by 5.2 percent over the average for 1974. Hence even if there were no further price increases during 1975 the average for 1975 would be 5.2 percent above the average for 1974.

We expect that prices will rise much less during 1975 than during last year. Between December 1973 and December 1974 prices rose by about 12 percent. Between December 1974 and December 1975 we expect prices to rise a little more than 9 percent and a little less than 2 percent of that increase will be the result of higher energy costs, which will be rebated to the economy largely in the form of offsetting tax reductions. Consequently, we expect much smaller price increases by late 1975, and still lower rates in 1976. Our estimates are for an increase in prices of about 7 percent from year-end 1975 to 1976. This translates into a 7.8 percent average year-over-year increase in prices.

Q. Mr. President: There are some discrepancies between the estimates of your Administration of the effect of your energy program upon prices and the estimates of others outside of the government. Do you still stand by your estimates of a 2 percent increase?

A. Yes we do. Our estimates are realistic and based upon the best information that we have available to us. Our initial estimate was that the energy program would add about 2 percent to the level of prices. Special studies by outside economists for the Council on Wage and Price Stability have estimated very similar effect upon prices as have other quite independent studies. Economists at the Wharton School of Finance have also estimated that the energy program would increase prices by about 2 percent. I would emphasize that all such forecasts, including our own, are subject to uncertainty but we feel quite confident that our initial estimates of a 2 percent price effect are realistic and accurate.

Q. Mr. President, both you and your economic advisers have stated recently that economic forecasts for 1975 and 1976 are quite uncertain. Can you comment on this?

A. Economic projections are based upon a large number of assumptions and estimates of future developments and changes in the economy. As a result projections are always subject to some degree of error. The sudden decline in the economy that began late last year and which is still continuing has added additional elements of uncertainty to any economic projections for 1975 and 1976. Our projections, however, are realistic and are based upon the best information available to us at this time.

The economic policies that I have proposed are designed to help stop the decline and to help initiate a recovery during the second half of this year. If promptly enacted we anticipate that the economy will have turned the corner by the second half and that a significant recovery will get underway both in production and employment. Our projections also indicate a substantial reduction in the rate of inflation during 1975 and 1976. Consequently my program would help initiate recovery but not at the cost of worsening our inflation problem.

Both unemployment and inflation will remain high -- much higher than is acceptable. That is why we will continue to strive for larger reductions in both unemployment and inflation. It is important, however,

that we recognize the full seriousness of our economic problems. We hope to do better than these projections.

Those who argue for more stimulus in 1975 are, in effect, proposing larger risks for inflation and increasing interest rates in 1976 and beyond than I believe are prudent at this time. Obviously we hope to do better. There is a possibility that inflation will decline more rapidly than we anticipate. The Congress may be even more cooperative than we anticipate. Such circumstances would mean that we could afford further action in the tax area. At present, however, I do not believe that it would be wise to provide more stimulus than we have proposed. In effect we would be trading off the hope for some short-term reduction in unemployment against much greater risks of significantly higher rates of inflation, interest rates and hence in unemployment in 1976 and thereafter.

Q. How much do you think the policies of your predecessor contributed to the problems that we face now -- the recession and the inflation?

A. The economic policies followed during the past decade were major factors in bringing us to where we are today. Although there is a great temptation to see our inflation problem as the result of special or unique forces such as the rise in food or energy prices, this is not a totally accurate view. Over the past decade governmental policies have, on occasion, been overly expansive. This was the root cause of the wave of inflation that built gradually at first and then swept over us in 1973 and crested last year. Inflation and the urgent need to bring it under control caused the onset of the recession of 1974-75. Our problem for 1975 is to avoid remaking past mistakes. We must provide support for the economy but this must be done in a way that will prevent another recovery, inflation, recession cycle during the last half of the 1970's. We simply cannot afford more expansive policies in 1975 until we see how much success we have in reducing inflation and interest rates and in holding government expenditures down.

SECTION II
ENERGY



SECTION III

GENERAL DOMESTIC

MEDICAID

Question:

The States are already strapped financially and operating under an austerity budget. What makes the Administration think that they will be receptive to plans for the States to take on more of the cost of Medicaid and other social programs?

Answer:

The Administration does not think any State or city, for that matter, is too happy about it, but it must be done in the national interest. States and cities, we have found, are in a better position relatively speaking to finance these social programs because many local governments have budget surpluses. The Federal Government is already contemplating a \$52 billion budget deficit in the next fiscal year.

Background:

HEW will seek legislation aimed at reducing the Federal matching share of Medicaid from 50 to 40 percent and from 75 to 65 percent for other social programs. It is part of HEW's overall determination to reduce the department's spending level in the next fiscal year by 7.7 percent.

2/7/75
PGN

MEDICAL MALPRACTICE INSURANCE

Question:

Last year in Illinois alone, the number of malpractice suits filed increased 65 percent. The adverse effect has been twofold. First, older doctors are retiring prematurely and, secondly, health care costs are going up because added tests and procedures are being ordered as a defensive measure. Is the Federal Government going to do something about this?

Answer:

Under the direction of Dr. Roger Egeberg, HEW has been meeting with groups of physicians, hospital administrators, insurance company executives who write malpractice insurance, and State insurance commissioners in an effort to resolve this serious issue. We have been urging insurance companies not to take precipitous action which has an adverse effect on malpractice insurance.

In the meantime, we have been looking at several options and reviewing the various recommendations which have been proposed to the Congress.

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NURSING HOMES

Question:

Recently nursing homes have been the subject of exposes by the media which have accused these facilities of violating the basic standards of health and safety. What is the Federal Government doing to insure that nursing homes provide quality care?

Answer:

The basic responsibility for monitoring nursing homes rests with the State. However, homes which participate in the federally funded Medicaid and Medicare programs must meet certain requirements. This includes conforming to the Life Safety Code, maintaining certain staffing patterns for nurses, providing physician and rehabilitative services, to name a few.

Let me say, however, that we are continually working with consumers, the nursing home industry, and State governments to improve the quality of care.

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PGN

SECTION IV
FOREIGN POLICY

MIDDLE EAST NEGOTIATIONS

Q: Will Secretary Kissinger reach a new disengagement agreement between Egypt and Israel on this trip? Will progress in Sinai be related to further progress on the Syrian and Jordanian fronts?

A: We remain fully committed to helping find an overall settlement.

There must be movement soon between Israel and the Arab states if there is to be no increase in the chances of war. Secretary Kissinger's trip should be viewed in the context of exploring personally with the parties, ways in which we can help achieve further progress.

The United States has felt that the interests of all parties in overall settlement can best be met by dealing with the many complex issues on a step-by-step basis. But in this current complex and sensitive period I am not going to get into the substance of delicate negotiations.

[FYI: Any comment on specifics -- such as oil fields and passes or non-belligerency should be avoided.]

SOUTH ASIA -- US ARMS EMBARGO POLICY

Q: Mr. President, in light of Pakistani Prime Minister Bhutto's visit to Washington, have you made a decision to lift the US arms embargo on South Asia? Is a US decision on the arms embargo linked to Pakistan agreeing to the NPT?

A: Prime Minister Bhutto and I discussed the important objective of achieving long-term peace and stability in South Asia -- a process in which Pakistan is already playing a constructive role. In this context, we discussed our mutual security concerns including Pakistan's defense needs. I told the Prime Minister I would give those needs active consideration.

Whatever the ultimate decision may be, the US will not help fuel an arms race nor act to alter the strategic balance in the area.

We will continue to encourage the process of reconciliation in South Asia. That process has made headway and we applaud the efforts of the states themselves to normalize relations.

The nuclear non-proliferation issue did arise in our broad discussions, but as a matter of global concern, not as an issue related to any other aspects of our discussion.

CYPRUS SITUATION -- TURKISH MILITARY ASSISTANCE

Q: Mr. President, military assistance to Turkey was cut off on February 5 as required by the Congress. How will this action affect the Cyprus negotiations and our relations with Turkey?

A: As I have already stated, I deeply regret the action of Congress in cutting off military assistance to Turkey. We have expressed to Congress the strong belief of this Administration that a cut off of aid to Turkey in the present situation is counterproductive, impeding rather than facilitating the negotiating process on Cyprus. Beyond limiting our ability to work with all the parties to the Cyprus dispute and damaging our relations with an important ally, the aid suspension could have far reaching and damaging effects on the overall political stability in the eastern Mediterranean and even the Middle East.

We are now working with the Congress with a view to finding a way of satisfactorily resolving this issue. In the meantime, we will also continue to do what ever we can to encourage the parties involved to make progress toward a negotiated settlement of the difficult and complex Cyprus situation.

PORTUGAL

Q: Mr. President, are you concerned over current developments in Portugal, particularly the indications of political unrest?

A: After the change of government in Portugal in 1974, I met with the new Portuguese President in October and expressed our admiration for the steps taken to restore democracy. We welcomed his reaffirmation of Portugal's commitment to the North Atlantic Treaty and Portugal's desire for closer ties to the United States.

We look forward to a continued US-Portuguese relationship based on this friendship alliance. In this regard, we have developed with Congress an economic program that should prove of assistance to Portugal. I am hopeful that this demonstration of U.S. interest and confidence in Portugal's future will be helpful.

DETENTE

Q: Mr. President, in light of Soviet rejection of the 1972 Trade Agreement, some say that detente has been set back, and that US-Soviet relations may now enter a cooling period -- would you comment?

A: At the Vladivostok Summit, General Secretary Brezhnev and I reaffirmed the determination of the United States and the Soviet Union to further develop our relations and to continue the search for peace. With the Vladivostok agreement on offensive strategic arms we took another important step toward greater peace and stability. We will continue to approach our contacts and negotiations with the USSR with utmost seriousness and determination to achieve concrete and lasting results -- results in the best interests of the United States and in the interests of improved international stability.

I believe therefore that the prospects for further improvements in US-USSR relations -- the prospects for detente -- are good insofar as they depend on our actions. It is my impression that the Soviet leadership continues to share in this desire for further progress. Nevertheless, we must recognize that the process of detente is based upon mutual benefit and mutual confidence. Attempts to extract unilateral advantage or to condition cooperation on actions within the domestic province of the other side and erode the confidence that must be present for the relationship to survive. Recent developments relating to US-Soviet trade relations must be viewed in this context.

SALT

Q: The SALT talks have now resumed in Geneva. How do you assess the prospects for a new agreement? Will the U.S. SALT delegation in Geneva be seeking additional limitations on strategic arms over and above those agreed to in Vladivostok?

A: I have confidence that the terms of an agreement can be worked out by the two sides. The guidelines already agreed to by General Secretary Brezhnev and me are a clear basis for agreement, and I have instructed our delegation to translate them into the formal ten-year agreement which can be signed by both governments. There are important technical provisions that have to be worked out, but I believe this can be done over the next few months.

I would not want to make any comments at this time about the outcome of the present negotiations, but there is still much work to be done in putting the basic provisions already agreed into treaty language and adding those details required to insure confidence in the agreement.

SALT - FURTHER REDUCTIONS

Q: Several Senators (Kennedy, Mondale, Mathias) have said that we should go back to the Soviets and renegotiate lower levels than in the Vladivostok agreement. Do you agree?

A: The Vladivostok Agreement resulted from the five years of detailed and difficult negotiations we have undertaken in SALT since November 1969. The levels in that agreement were a key part of those negotiations and represent a major step in the process of significantly reducing strategic forces. The Agreement also provides for follow-on negotiations for further reductions. We expect such negotiations to be referred to in the final agreements and have them commence at the earliest possible time after the Vladivostok agreements are completed.

We view the resolution of Senators Kennedy, Mondale and Mathias as supporting the Vladivostok Agreement. We welcome this constructive action which will help achieve the objectives of that Agreement and which will serve as a guideline for further arms control negotiations upon completion of the Agreement. The work of the three senators is an excellent example of how Congress and the Executive can cooperate to advance the national interest.

NEWSPAPERS CLOSED IN VIETNAM

Q: The South Vietnamese Government recently revoked the publishing licensing of five opposition papers for printing stories critical of President Thieu. A number of editors and reporters have been jailed in conjunction with this on charges that they are Communist cadre. Doesn't this really confirm that the Thieu government is a dictatorship and not worthy of continued American support?

A: In looking at these events it is important to take into account the circumstances in which they took place. The South Vietnamese society is on a war-time footing, fighting for its life. Notwithstanding these difficult circumstances, in which virtually all countries have historically imposed some degree of controls, the actions of the South Vietnamese Government present some impressive anomalies. For example, in Saigon the Viet Cong is permitted to hold a completely open press conference each week. In what other country being attacked by foreign forces would spokesmen for those very forces be offered a press podium.

-- Far most dissent is permitted in South Vietnam than would be permitted in any dictatorship. South Vietnam certainly has more freedom of all kinds than it would have under Communist rule.

-- American assistance is necessary to help the South Vietnamese defend themselves and the freedom they are fighting for today. To stop our aid would guarantee that the South Vietnamese people would lose all their freedoms in a victory of Hanoi.

CUBA POLICY

Q: Cuban leaders have recently indicated willingness to normalize relations with us and Secretary Kissinger said the other day that you were reviewing policy towards Cuba. Do you see any possibility of movement toward re-establishing relations with Cuba?

A: In Quito last November, the Rio Treaty organization addressed the problem of OAS Cuba sanctions, including diplomatic relations. There was not sufficient support to lift the prohibition against trade and diplomatic relations. Therefore, the situation remains unchanged and the prohibitions remain in effect. We continue to respect these OAS obligations.

We have said before that we would be willing to take a new look at our Cuba policy if there is an indication of change from the Cuban side, and this remains the case. We have these matters under constant examination and review. But we have not yet seen a demonstration that the Cubans have made any significant changes in their policies.

[FYI: In view of your forthcoming visit to Miami, we think it would be a mistake to go beyond this.]

ECUADOR - TUNA BOAT SEIZURES

Q: Ecuador has seized seven U.S. tuna boats, imposed heavy fines and confiscated their catch. What does the U.S. intend to do about this resumption of what has been termed "the Tuna War"?

A: We deeply regret that Ecuador has taken these actions and that the boat owners appeals have been refused by the Ecuadorean Appeals Commission. We have made our position known to the Ecuadorean Government both in Washington and in Quito, and are reviewing the situation and the legal questions involved.

As you know, Ecuador, along with a few other countries, claims full sovereignty over the seas for 200 miles from the shore, while the U.S. recognizes only a three-mile territorial waters and an additional nine-mile exclusive fishery zone. We continue to believe that the best way to handle differences of this kind is by arriving at international agreement on such questions in the ongoing international Law of the Seas conferences. The next session of the conference is convening in Geneva in March. Considerable progress has been made in these talks, and we are hopeful that a satisfactory solution to this and other difficult questions related to use of the world's oceans and their resources will be reached.

[FYI: Ecuador has seized seven U.S. tuna boats since January 24. The fines levied on the boats will total about \$1.5 million and their catch, valued at over \$1 million, apparently will be confiscated in accordance with Ecuadorean law. The Ecuadorean Appeals Commission has confirmed the penalties levied against four of the vessels. Several other appeals are still pending. The owners should be compensated under the provisions of the Fisherman's Protective Act, but the amount held by Treasury for this purpose will probably not be adequate without further Congressional appropriations. The fishing season is a particularly good one this year and a large number of U.S. boats are fishing inside the 200 miles without purchasing licenses from the Ecuadorean Government.

Further FYI: The Senate has passed a bill excluding the U.S. fisheries zone to 200 miles. This action tends to lend support to the Ecuadorean claims.]

INCREASE IN DEFENSE BUDGET FOR FY 1976

- Q. How can you justify a Defense Budget for FY 76 which exceeds \$100 billion?
- A. The Defense budget I am sending Congress will ensure that our defense will not erode because world peace depends upon a strong American defense posture. Almost all of the increases in next years Defense budget resulted from the impact of inflation and increases in the price of energy.

In developing the budget there were certain fundamental decisions I had to make. One of the most fundamental was to ensure that the security of our Nation is maintained.

We should not forget that a strong defense is our principal deterrent to aggression. Our defense posture is a fundamental underpinning of our alliances, and reinforces the will of our allies to make our common defense work. Moreover, our military strength underwrites our diplomatic strength. It insures that negotiation is the only rational course, and thus lays the groundwork for achieving, through negotiation a relaxation of tensions with our adversaries and an enduring framework for peace.

Each Administration and Congress since the Second World War has supported--on a bipartisan basis--the maintenance of our military strength. I intend to continue to support a strong defense posture, and I believe the Congress will continue to do so also.

FYI: The FY 76 Defense budget request provides for \$92.8 billion in outlays \$106.3 billion in budget authority, and \$104.7 billion in total obligation authority.

FREEDOM OF INFORMATION ACT

- Q. The amendments to the Freedom of Information Act, which the Congress passed over your veto, will become effective on February 19th. What impact will they have and what steps is your Administration taking to implement compliance with them?
- A. I am determined that in my Administration both the people and the Congress will get the information required to evaluate the difficult issues which face this country. While broadly supporting the laudable goals of the amended Freedom of Information Act, I had major problems with several of its provisions -- problems which prompted my veto. In particular, the amended Freedom of Information Act will place the courts in the difficult position of reviewing the confidentiality of sensitive and complex foreign policy, military and intelligence information on which they have no particular expertise. Despite the severe administrative difficulties which will also be imposed on the Executive Branch by this legislation, this Administration intends to make every effort to comply with the Act.