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THE WHITE HOUSE

WASHINGTON

THE PRESIDENT'S BRIEFING BOOK

(Key Questions)

For April 3, 1975

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TAB A

3/28/75

REVERSING THE RECESSION

Q: What's happening in the economy now and when are we going to get out the recession?

A: Although economic activity is still moving downward there are some signs that the worst of the recession may soon be behind us. We do expect a turnaround in the economy sometime around the middle of the year. As we look at different parts of the economy we see overall weaknesses but we do not see the downturn snowballing or becoming cumulative. Homebuilding is still very depressed, businessmen are cutting back their spending for plant and equipment but consumer spending in physical volume terms has shown signs of stabilizing in the early part of 1975 and excess inventories are being rapidly worked off. Consumers are feeling ██████ more confident now than they seemed to feel toward the end of 1974.

One important reason why production and employment have been cut heavily in recent months is that businessmen have been trying to get rid of burdensome inventories. In some cases these efforts have already been successful, as in automobiles, where production has increased in March after a very steep decline in the late fall and winter. In other industries this process of inventory correction still has some distance to go, but as the process is completed production will start to rise.

In addition to the inventory correction the recovery in the second half of the year should reflect a turnaround in new homebuilding. Money has been coming back into thrift institutions, so that they now have funds available for mortgages, and mortgage interest rates have edged downward. The tax cut should give a large boost to consumer spending in the second half of the year and we have also been witnessing, in recent months, a lower rate of inflation, which will also serve to stimulate consumer spending.

INFLATIONARY PRESSURES

Q. Is there any danger that increases in spending will rekindle inflationary pressures ?

A. There is a real danger that unless we are very careful about spending inflationary pressures will reappear. Past experience has shown that spending programs initiated to combat recession have very often had perverse effects. There are long delays in starting spending programs and when they do finally become effective the need for the spending has passed. Furthermore, temporary spending programs have a way of becoming permanent so that the spending itself adds to demand at a time when the growth in demand should be moderated. Once programs are locked into the budget they become difficult to eliminate and they thus constitute a continuing source of demand pressure long after the original need has passed. Because of these dangers it makes much more sense to combat the recession with a tax-cut. There have already been increases above the spending totals initially proposed in the budget in February and unless these are kept limited, the progress against inflation we have seen thus far will be largely lost. Each committee of the Congress cannot attempt to conquer the recession with its own program. Indeed it would not be difficult to obtain deficits as high as \$100 billion for FY 1976 if all the proposals made by individual members of the Congress thus far were enacted into law.

EPB (Porter)
3/28/75

MONETARY POLICY

Q. The monetary policy actions of the Federal Reserve have come under sharp criticism as being insufficient to promote recovery in the economy. Have you discussed this matter with Mr. Burns?

A. Monetary policy has become more expansive. Interest rates have declined sharply since last October and the availability of credit has improved substantially. All of the various measures of the money supply do show an increase and Dr. Burns has assured me that there will be an adequate growth in the money supply for the economic circumstances that we face. In deciding how expansive monetary policy should be, we must not overlook two important objectives. First, monetary policy must be expansive enough to support a significant and sustainable recovery in the economy. It must now, however, be so expansive as to threaten a reacceleration in inflation in 1976 and thereafter. Fashioning such a policy is a very difficult job which requires the evaluation of many factors. I am confident that the Federal Reserve will find this middle ground in the months ahead.

As you know very well the Federal Reserve is an independent arm of the government and Arthur Burns is one of my economic advisers, and the question of what monetary policy should be has been discussed in detail.

EPB (Porter)
3/28/75

UNEMPLOYMENT

Q. What is your estimate of how high the unemployment rate will go and when we might expect improvement in this area?

A. I would rather not get involved in attempting to guess how high the unemployment rate will go, but the rate is bound to rise in the coming months. As you know, the unemployment rate for February remained at the 8.2 percent rate reported for January, but I must point out that there was another large decline in the number of people employed. We expect higher rates of unemployment at least until somewhere around the middle of the year when we expect the economy to begin to turn around. As the economy recovers total employment will begin to increase.

FYI ONLY: The figure for March will be reported on April 4 and the weakening in the economy during February suggests a further increase of 0.5 percentage points plus or minus should be expected.

EPB (Porter)
3/28/75

QUESTION - What do you think of the House Democrat's plan to push through Congress this month a special \$5.9 billion appropriation design to create 2 million jobs? Carl Albert estimates the funds would create 900,000 new jobs and indirect effects would double that number.

ANSWER - After a careful review of the situation, the President forwarded a \$2 billion supplemental appropriation request to the Congress to fund public service employment and provide 760,000 additional youth jobs this summer.

But the administration is opposed to other appropriations in this bill:

- It is doubtful that the other proposals will add jobs as quickly as anticipated.
- Effects will be spread over too long a time. For the \$3.9 billion not requested by the President more than half the spending can be expected in fiscal year 1976.
- Many of the proposed appropriations create undesirable program consequences. For example, \$443 million is provided for automobile purchases by GSA and the Postal Service. This would mean replacement of the entire GSA fleet of 73,000 vehicles, even though only 19,000 are eligible for replacement.

We recognize that some Congressional proposals would appropriate more money in these and other areas. However, there are limitations on how quickly and effectively public service employment can be expanded. In addition, there is a need to hold down the growth in Federal expenditures. But we recognize the hardship that unemployment imposes and will take additional actions if they are clearly required.

TAB B

Question: Mr. President, for years, you and your predecessors have criticized the Congressional budget process because it consisted of a series of piecemeal actions, with too little attention to totals. Now the Congressional Budget Act is law, and the two budget committees are beginning to focus on the totals. What is your opinion of how these committees have operated to date?

Answer: I am, of course, pleased that the Senate and House Budget Committees decided to make a trial run of the new Congressional budget procedures this year. And I am very favorably impressed by the seriousness with which they are proceeding. They have a tough job--making the pieces of the budget add up to no more than an appropriate total; they have my sympathy and my support.

I am a little concerned that the Committees may be accepting too readily the recommendations for increases that are coming from all parts of the Congress. If they are going to do their job properly, they will have to have the will to say "no" to some very attractive--but lower priority--programs, and they will have to be hard-nosed and stay with the "no" in the face of very strong appeals. Otherwise, the new system will not work.

I am not saying anything that the Committees haven't learned already. They are doing their very best to make the system work, and I am optimistic that they will succeed.

Question: Mr. President, if the action of the House Budget Committee is any clue, the Congress will support a deficit of at least \$75 billion in 1976. Do you agree that a deficit of that size is needed to provide economic stimulus?

Answer: No. I believe that \$75 billion is excessive, and I would hope that the Congress would agree.

No one should pretend that he knows the exact point at which the Federal deficit will become excessive. From what we can tell now, a deficit of \$55-\$60 billion is virtually assured for fiscal year 1976. Financing that amount--plus the borrowing required to support the off-budget activities of the Federal Government--will place a severe strain on the financial markets. If we add to it, we will risk preempting funds that the private sector needs to support an economic recovery. In addition, to the extent that a higher deficit comes from new programs or additions to old ones, we will be creating problems for ourselves down the road--when higher Federal spending is again a source of inflationary pressure.

Question: What do you think of the House Budget Committee's recommendations on the 1976 budget? Do you find their totals and their priorities acceptable?

Answer: As I understand the figures, the House Committee is recommending outlays of about \$367 billion, receipts of about \$293 billion, and a deficit of about \$74 billion. The spending and deficit figures are higher than I believe are appropriate at the moment. The burden that these totals would impose on financial markets poses a serious threat to the very economic recovery that they are supposed to stimulate, and the impetus that they give to spending could be the source of inflationary pressures for some time into the future. I believe that the \$355 billion outlay total recommended by the Senate Budget Committee staff is more appropriate.

We do not know enough yet about what makes up the \$367 billion of outlays. Thus far, at least, the Committee's reasons for all the choices it made are not spelled out.

Certainly, I do not agree that defense should be cut. I believe that such cuts--\$8 billion in budget authority and \$4-1/2 billion in outlays--would impair the Nation's defense.

I am gratified to have the Committee accept my idea of a ceiling on the cost-of-living adjustment in certain benefit payments to individuals (although theirs is a higher ceiling) and on the pay raise for Federal employees.

I am concerned about the numerous add-ons that the Committee is proposing in other programs. This is not the time to start new programs and to lift the base of existing ones in the guise of providing needed economic stimulus. We should have learned long before now that such actions come back to haunt us time and time again.

ENVIRONMENTAL PROTECTION AGENCY
(Water Pollution Funds)

Q. With the present state of the recession, why did you release only \$4 billion of the \$9 billion of impounded funds in January? Why did the many municipalities who need sewage treatment facilities have to wait for a Supreme Court decision to obtain these additional funds?

A. I released the \$4 billion in January trying to balance environmental considerations with overall fiscal policy.

But it should be pointed out that over \$14 billion is now available and a substantial portion has been available for some time.

\$5 billion has been available from unobligated balances from prior years, \$4 billion has been allotted in January and \$5 billion has been released as a result of the Supreme Court ruling.

Of the \$5 billion in unobligated balances, \$1.3 billion has been available for over 2 years and \$3.8 billion has been available for over one year.

To put this amount (\$14 billion) in perspective, it is useful to note that this is over three times the amount of money obligated in the program over the 15-year period from 1957 through 1972 (\$3.6 billion) and is twice the amount of the largest single-year authorization (\$7 billion.)

Overall, these funds will help to provide jobs, but only over a 3-5 year period, during which time economic conditions may substantially change. Also, the expenditure of these funds may add to future budget deficits.

Question:

How will the \$2 billion of additional highway funds be apportioned to the states?

Answer:

Funds will be apportioned on the basis of each state's ability to get construction immediately underway. Explicit criteria and procedures for project approval are now being developed.

Question:

What portion of these funds will be used for mass transit substitution?

Answer:

Decisions on substitution of highway funds for mass transit projects are left to the discretion of the states. Therefore, we are unable to estimate the number of mass transit projects that would use these funds. Funding for mass transit would be available, however, both through interstate substitution and use of urban systems funds.

Question:

Is the acceleration of the Federal-aid highway program consistent with you recently announced energy program?

Answer:

Certainly, highway-aid funds are used to increase the efficiency and safety of the highway system as well as provide for an opportunity for mass transit alternatives when appropriate. This is certainly consistent with our program to use our scarce energy resources more efficiently.

OMB-Scott-3/27/75

TAB C

COMPROMISE

Question: Will you reach a compromise with the Congress on energy policy, now that the tax cut bill is out of the way?

Answer: I feel that a lot of progress has been made since we proposed the Energy Independence Act in January. I am encouraged by the progress my energy advisors have made in working with the Congress, particularly with Mr. Ullman, Chairman of the House Ways and Means Committee.

While we work toward further agreement with the Congress, I will remain firm in my insistence that this Nation face up to the realities of this energy crisis and adopt policies which will solve it. As I said in my State of the Union address, there is no solution to this problem which is free of sacrifice and increased costs.

The days of cheap energy are over, and we must adopt strong conservation programs and at the same time substantially increase our domestic energy production.

I will hold firmly to the principles which guided my original energy decisions. I will insist on equity for all Americans and among the various regions of the country. I will reject unwarranted government intrusion into the choices of individuals and the incentives and conduct of American businesses. Nor will I be party to imposing an energy program on the country which will ultimately cause serious harm to our Nation's economy.

M. Duval
3/28/75

UTILITIES

Question: What are you doing to help the utilities, which seem to be in a desperate situation? Must the consumers be forced to swallow further hikes in electrical rates?

Answer: Two and a half months ago, in my State of the Union address. I submitted to the Congress proposals to help relieve the serious financial problems now facing the utilities. I requested that they act immediately on a higher investment tax credit, a change in the tax laws concerning stock dividend deductions, and reform of the State utility commission processes.

I am happy to say that the Congress did, in the tax cut bill, include a two-year increase in the investment tax credit for public utilities (raised from 4% to 10%), although it was neither as high as I had requested (12%), nor for as long a period of time (3 years for all except oil and gas-fired plants). Furthermore, the Congress has yet to deal with my other proposals, which are needed just as badly as the tax credit.

Also in the State of the Union address, I instructed the Energy Resources Council to review the regulatory and financial problems of the utilities, and offer their suggestions. I expect a report from the Council shortly.

I am most concerned about the effects of the increases in utility rates upon consumers. You can be sure, as we seek solutions to the critical problems facing the utilities, we will take pains to provide fair and equitable treatment to the consumers.

Note: Secretary Morton, Chairman of the Energy Resources Council, made reference this week to federal subsidies to hard-pressed utilities. He was referring to some options which the Energy Resources Council is currently reviewing--no final decisions, however, have yet been made on this issue.

M. Duval
3/28/75

OIL IMPORTS DROP

Q. Commerce Department figures released this last week indicate a significant drop in oil imports from January. What does this mean as to your energy conservation goals?

A. The drop in imports in February does not indicate any significant trend. It is due to reporting peculiarities of the Commerce Department's data system and the desire of oil importers to avoid the imposition of the first dollar tariff which began on February 1.

Warmer than normal weather and the economic slowdown have contributed to imports which are still at pre-embargo levels. However, the expected upturn of the economy and normal weather will again cause rising imports and growing domestic vulnerability to an embargo. Hence, there is still a critical need for enactment of the program I announced in my State of the Union Message over two months ago.

E. Zausner 3/28/75

TAB D

EPB (Pater)
3/28/75

AGRICULTURAL TARGET PRICES

- Q. The House and Senate have both passed bills that would sharply raise price supports on major agricultural commodities (wheat, feed grains, dairy, cotton, soybeans.) What do you think of these bills?
- A. I am firmly opposed to raising price supports for farm commodities to the extent required in the House and Senate bills. Such increases would put the U.S. Government back in the commodity business and restrict the competitive position of U.S. crops in world markets. They would raise food prices to consumers unnecessarily and open the possibility of reviving huge Government payments (subsidies) to farmers.

Background

The proposed target price levels far exceed USDA's estimates of cost production for major crops including returns to land investment. The proposed loan rates would establish a market price floor that would restrict growth in export demand for agricultural commodities while maintaining high feed costs to the U.S. livestock sector. In addition, the potential budget costs for deficiency payments if market prices go below target prices are substantial. For example, if corn prices average \$2 per bushel this fall, direct deficiency payments under the corn program alone would approach \$1.5 billion in Fiscal 1976. Cotton program costs would also add an additional \$.5 billion. If the higher supports were continued in subsequent years, the costs would grow substantially. USDA estimates that the Senate Bill could cost taxpayers \$19.7 billion during the 3-year life of the bill.

Summary of Target Prices for 1975 Crops

	<u>\$/bu.</u> <u>corn</u>	<u>\$/bu.</u> <u>wheat</u>	<u>\$/lb.</u> <u>cotton</u>
1973 Act	1.38	2.05	.38
House Bill	2.25	3.10	.45
Senate Bill	2.25	3.41	.48
Cost of Production*			
Total	1.79	2.50	.48
Ex land cost	1.12	1.54	.34

*USDA estimate

Other provisions:

Dairy price supports raised to 85 percent of parity in Senate (80 percent in House); this would generate dairy surpluses.

Senate covers three for grains, cotton, and soybeans. (House is one year "emergency" bill) with target prices indexed to production costs.

Senate bill has one year increase and tobacco price supports and 90 day embargo on meat imports.

TERMINATION OF WARTIME BENEFITS

Question:

Do you plan to issue an Executive Order and propose legislation terminating certain veterans' benefits such as GI Bill benefits for members of the All Volunteer Force?

Answer:

Yes, I do. However, you should understand that this will not affect the veterans benefits due any veteran or any serviceman now in service. Rather, this will affect only those who may enter service at some future time. There is, of course, ample precedent for adjusting entitlement to veterans benefits as we move from a wartime to a peacetime situation. Action terminating wartime veterans benefits has been taken by the President and Congress in the period following both World War II and the Korean Conflict.

March 14, 1973

R. D. Semerad

ADMINISTRATION PROGRAMS FOR THE ELDERLY

Question:

Some Older Americans have charged that you are against the aged. They refer to your policies that would cut Medicare benefits, limit food stamps and deprive them of their right to a social security increase based on the cost of living. Why are you cutting back the very programs that help them the most?

Answer:

Nothing could be further from the truth than to say I'm anti-elderly. These are difficult times for all Americans, including our aged citizens, and, if we are going to be successful in winning the battle against both inflation and recession, every one of us will have to make a contribution.

I know some of my proposals have called for adjustments in programs for the elderly. But I think we must keep in mind -- as I did when I made these decisions -- that we have substantial efforts underway to help the elderly.

For instance:

- This year we have proposed spending \$202.6 million over the next two years in programs under the Older Americans Act -- a sixfold increase over the level in 1971.
- Between 1970 and this summer, inflation will have gone up an estimated 51 percent, while the average social security benefit will have increased 77 percent.
- Last year SSI provided, for the first time, a federally-guaranteed income floor for older persons. This resulted in more than \$2 billion more in benefit payments to the elderly in 1974 and 1973.
- We have over 665 projects serving about 220,000 meals a day to Older Americans.
- We have proposed limits for Medicare recipients of \$750 on physician and hospital costs. This would provide important protection against catastrophic medical costs: Currently Medicare beneficiaries could be liable for up to \$4,000 in hospital costs alone.

PGN
3/28/75

MEDICAL MALPRACTICE INSURANCE

Question:

As medical malpractice suits increase, more and more doctors in a number of States are finding that medical malpractice insurance policies will no longer be written by their insuring companies. 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:

While we think this is a situation that can be best solved at the State level through State laws, the Administration has been willing to play the role as catalyst in reaching possible solutions both in the long and short term. Secretary Weinberger, for instance, 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 would hope that in the meantime no insurance company would take precipitous action that would limit any group of physicians' capacity to practice medicine.

Background:

A two-track effort is underway:

1. We have encouraged States to pass legislation providing for the immediate availability of medical malpractice insurance; and
2. we are looking at long-term solutions to the problem such as possible changes in legal practices involving medical malpractice, necessary medical practice reforms, better insurance data, etc.

PGN
3/14/75

OVERALL DRUG ABUSE

Question:

What is the current status of our efforts to control drug abuse?

Answer:

We are better off than we were at the peak of the heroin epidemic. Federal resources have been greatly increased, many more addicts are receiving treatment, fewer citizens are dying of drug related deaths, and hard drugs are more difficult to find. Lately, however, there have been disturbing indications of some slippage, indicating that the problem is far from being solved and that the high priority this Administration and Congress places on the fight against drug abuse cannot be diminished.

Background:

After two to three years of steady improvement, indications are that the drug problem is intensifying. Key indicators -- price and purity data; drug related deaths -- which have been going down steadily have flattened or turned up. There is some evidence that the heroin problem has shifted geographically away from the Northeast toward the West and Southwest, and that addiction might be on the upsurge in small and medium sized cities. Demand for treatment has increased sharply. But there is cause for long-term optimism, since the results achieved over the past several years have demonstrated the Government's ability to slow, stop, and begin to reverse the trend toward massive drug abuse.

FLM

3/14/75 |

OPIUM SUPPLY

Question:

What are you doing about the alleged shortage of codeine for medicinal use? Does the Administration plan to authorize the domestic growth of opium poppies to alleviate the shortage?

Answer:

Currently, there is not a shortage of codeine at the user level, and we do not intend to let one develop. We have recently taken steps to avert a shortage in the second half of 1975, and are prepared to take further steps if required. However, our immediate plans do not include domestic growth of opium poppies.

Background:

A number of recent press reports and separate hearings held by Senator's Kennedy and Bayh have indicated that we face a severe shortage of codeine for medical use. This is not correct. Supplies of opium gum, which is the raw material, are tight, but your Administration has taken steps to avert any actual codeine shortage.

These steps have included the release of approximately 60% of our strategic stockpile of opium gum in December 1973, and a very recent decision by the Attorney General to allow the importation of an alternative raw material -- concentrate of poppy straw.

Domestic growth of opium poppies is not a desirable option except as a last resort, because of the turbulence it would cause in international control efforts.

An Executive Office task force, led by OMB with representatives from the interested Federal agencies, is following the developments closely, and is prepared to recommend further steps if they become necessary.

FLM

3/14/75

CONSUMER PROTECTION

Question: Congress is once again starting to discuss the issue of a Consumer Protection Agency. Your Administration has not yet taken a position. How do you stand on this?

Answer: First of all, let me say that I am acutely aware of the needs of consumers. Government is not doing all it can to consider the concerns of consumers.

If we want to improve consumer representation, we must reform our existing Government institutions.

After all, the natural business of Government is the business of consumers.

That is why I have asked my Cabinet to come up with ways they can improve their consumer representation efforts.

And that is why I have proposed a Regulatory Review Commission to study ways to improve our network of independent regulatory agencies. Consumers pay for outdated regulatory practices in higher prices and reduced services.

In addition, I have already proposed specific reforms of our fair trade laws and banking laws. I will be making additional regulatory reform proposals shortly.

[I have not yet made a final decision on the specific bill that is being considered in the Senate.]

PGN
3/28/75
Revised by OMB
3/29/75

TITLE IX REGULATION: SEX DISCRIMINATION

Question:

Mr. President, Will you sign the Title IX Regulation which was sent to you on February 28, 1975, by Secretary Weinberger?

Answer:

I am required by statute to sign the final Regulation. My staff is currently analyzing the contents of the HEW Regulation which constitutes 125 pages of summary and text. My job is to be sure that the Regulation reflects the letter and spirit of the statute, as enacted by Congress.

Background:

On February 28, Secretary Weinberger signed final Title IX Regulation and transmitted it to the President for final review.

Title IX of the Education Amendments of 1972 bars discrimination on the basis of sex in educational programs or activities receiving Federal financial assistance. More than 9,700 comments were received during the comment period for the proposed Regulation which closed October 15.

The Education Amendments of 1974 require regulations of this nature to be submitted to Congress for a 45 day review period. Pending determination of the constitutionality of this requirement, all regulations would be sent under protest to the Congress.

Scope of Regulation:

The HEW final Regulation would assert the Department into nearly all facets of American education and the operations thereof.

The Department outlines the major issues as the following:

- a. Physical education classes and sex education.
- b. Domestic scholarships and financial assistance.
- c. Foreign scholarship.
- d. Exemption of private undergraduate professional schools.
- e. Pension benefits.
- f. Discrimination in curricula.
- g. Athletics.

At this time, the Regulation is not for public release. The transmission by HEW to the White House constitutes an interagency exercise which is exempted under Section B(5) of the Freedom of Information Act.

EMERGENCY MIDDLE INCOME HOUSING BILL

Question:

Mr. President, the housing industry remains depressed. According to the latest report, housing starts are down. Why then, does the Administration oppose the Emergency Middle Income Housing bill (H.R. 4485) proposed by Rep. Reuss (D. - Wisc.) which the House has passed and the Senate is considering?

Answer:

There are several reasons I am opposed to this well meaning but flawed legislation -- it could have a depressant effect in the short-term; it is not addressing the emergency nature of the problem due to the built-in time lag; and it's inequitable. If the industry fails to respond, we already have the tools available to respond to the situation through the Emergency Home Purchase Assistance Act of 1974.

Background:

First, this legislation could have a depressant effect, in the short-term, rather than the desired stimulative impact. When you tell people that they may be eligible for a subsidized interest rate of 6 percent -- that's 2 -1/2 to 3 -1/2% points below market -- at some future point you immediately create an incentive for people to wait for the subsidy. Potential homebuyers looking today will wait for an indefinite time to determine if they are eligible for the lower subsidized rate.

Second, the title of the bill is a misnomer. It is not an emergency bill because of the inevitable time lag between passage of the legislation, obtaining appropriations, promulgation of regulations, and finally, institution of programs. We already have on the books legislation -- the Emergency Home Purchase Assistance Act of 1974, which the President signed last October -- which is in operation and addressing the very needs Rep. Reuss' bill purports to. There remains a total of \$2.05 billion available for use under this statute. The time lag is compounded by the basic fact the housing market doesn't respond overnight to any stimulus. The effects of the Emergency Home Purchase Assistance Act can already be seen and by November of this year we can expect some 400,000 starts and completions under this program.

Finally, the bill is inequitable because eligible families cannot have incomes exceeding 120 percent of the median income for the area. Median incomes vary widely from area to area, with the result that lower income areas will be paying taxes for a program that will subsidize mortgages in higher income areas -- the poor, in effect subsidizing the more well to do

POSTAL SERVICE

Question:

Why are you allowing the Postal Service to spy on the mail?

Answer:

The Postal Service's monitoring of the mail is a legal service to law enforcement agencies. It does not entail opening the mail. I expect Federal Agencies who are requesting the mail cover to do so only for law enforcement purposes.

Background:

Recent hearings by the House Judiciary Subcommittee on Administration of Justice revealed that the Postal Service maintains mail covers at the request of Federal, State and local law enforcement agencies. The Postal Service regulations permit mail covers only to protect national security, locate a fugitive or obtain evidence of a crime or attempted crime. The mail cover does not entail opening the mail but rather a recording of the data on the envelope.

FLM 3/21/75

TAB E

of additional interest

- Q. Secretary Schlesinger, as the Secretary of Defense, made some fairly ominous statements about possible US reaction to a new oil embargo. He said that the US would not tolerate a new embargo and that the US reaction would be far more severe the next time. He also raised the possibility of US intervention. Is this the President's position and under what circumstances would the US intervene to save the oil fields?
- A. As you know, the President's position has been made clear repeatedly that he regarded speculation to this effect as involving a hypothetical situation involving the actual "strangulation" of America, which he does not see arising. He does not see this situation arising and it did not arise after the October 1973 war. Despite allegations by some magazines, we have no intention of occupying Arab oil fields. Our interest is in peace, not in military action ~~and I will not contribute to further speculation along these lines.~~ The President's position has been made abundantly clear, ~~and~~ further questions can be directed to Defense. I am reflecting the President's views which have not changed on this issue.
- Q. Does the President agree with Schlesinger's assessment that the Middle East is a tinderbox and that the US faces the prospect of confrontation with the Soviets as well as Soviet support for radical Arabs at Geneva?
- A. The President has always felt that the absence of progress in the negotiations increases the prospects of war and of broader confrontation. That is why he is so determined to ensure progress towards peace.



PORTUGAL

Q. Mr. President, how will current developments in Portugal -- particularly the recent Cabinet shakeup resulting in additional Communist representation in the government -- affect U.S. and NATO policy toward Portugal?

A. Portugal, of course, is a member of the North Atlantic Alliance and has close and friendly relations with the United States. The situation in Portugal that has evolved over the past few months raises questions for the United States in relation to our NATO policy and our policy toward Portugal. With respect to NATO, this is an Alliance matter to be discussed with all our allies, and we are in close consultation with them on this issue. Concerning the current U.S. -Portuguese relationship, we have long had a warm and friendly relationship with Portugal, and we hope that can continue in the future.

CYPRUS SITUATION

Q: Mr. President, in early March, Secretary Kissinger met privately with both Greek and Turkish Government leaders to discuss Cyprus, and the U.N. Security Council recently passed a resolution concerning Cyprus. How have these initiatives affected the prospects for early resumption of talks between the two Cypriot communities?

A: Our informal consultations with Greek and Turkish leaders were held to review the status of efforts to achieve a peaceful solution to the Cyprus problem agreeable to all -- Greece, Turkey and Cyprus -- and to find a general framework for discussions between the two communities on Cyprus. The U.N. Security Council resolution looks toward early resumption of the intercommunal talks. As a result of these initiatives, we hope that the interested parties will be able to begin their negotiations again in the very near future. In the meantime, we will continue to assist all the parties involved in the Cyprus dispute to work toward achieving a peaceful settlement of this difficult and complex problem at an early date. In this connection, I have been very encouraged by the legislation recently introduced in the Congress that would authorize resumption of military aid to Turkey. Favorable action on this issue will do much to restore a proper relationship with an important ally and enhance our ability to work effectively with all parties in the Cyprus dispute.

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 erode the confidence that must be present for the relationship to survive. Developments relating to US-Soviet trade relations must be viewed in this context.

NATO

Q: Mr. President, are you worried about the NATO Alliance considering recent developments and instability along its Southern flank?

A: Let me say at the outset that the Alliance is strong and vital. The Atlantic Declaration signed in Brussels last summer marked a fresh affirmation of the NATO Alliance by its members as well as their renewed spirit of unity and of common purpose. That there has been no weakening of that spirit has come through clearly during my talks with the leaders of many Alliance states in recent months. Indeed, the will of all the members of NATO to consult and cooperate on the major challenges we face in common has perhaps never been greater.

Clearly, there have been developments, particularly along the southern flank, of concern to us. We have been in frequent contact with members of the Alliance regarding these developments. These consultations continue as we, with our Allies, assess the impact on NATO of the U. S. cutoff of military aid to Turkey, the evolving situation in Portugal, and other developments which might adversely affect the Alliance.

CSCE

Q: Mr. President, there are a number of reports from Europe to the effect that there will be a summit-level meeting this summer to conclude the Conference on Security and Cooperation in Europe. What are your views on such a summit? Will you go?

A: The European Security Conference has made good progress. There are unresolved issues in several areas, but headway is being made in the negotiations. If the Conference is concluded along the lines that are now foreseeable, a summit conclusion is highly probable and the United States would participate. However, we need first to see the results of the negotiations still underway.

LAW OF THE SEA CONFERENCE

Q: Mr. President, the second substantive session of the Third U.N. Law of the Sea Conference opened in Geneva on March 17. How do you view the prospects for reaching agreement on a treaty and will you and Secretary Kissinger be personally involved in U.S. attention to the Conference?

A: I strongly support the work now underway in the U.N. Conference aimed at producing a timely, comprehensive and widely accepted treaty. The establishment of an orderly legal regime for the oceans will lessen the prospects of confrontation and conflict and contribute to the prospects for international stability.

Both the Secretary of State and I have been and will remain personally involved in U.S. attention to this Conference and I can assure you that the United States will continue to take the lead in the effort to reach an agreement as soon as possible.

PRC TOUR CANCELLATION

Q: We understand that an American tour of a performing arts troupe from the People's Republic of China has been cancelled because of the inclusion in their program of a song with political overtones. Was the cancellation of an entire tour because of one objectionable song really necessary, and will it have serious implications for US-Chinese relations?

A: The United States requested that the tour be postponed in the belief that it is inappropriate to inject political issues into a cultural exchange program.*

The inclusion of the objectionable song -- which stressed the issue of liberating Taiwan -- is not in conformity with either the Chinese or U.S. positions as expressed in the Shanghai Communiqué to which we remain fully committed.

We hope and intend to further the normalization of relations between the United States and the People's Republic of China, and we look forward to having the performing arts troupe from China tour this country in the future as part of our cultural exchange program.

*Precedent: The U.S. cancelled a press interview of a PRC archaeological exhibition when the Chinese insisted that press representatives from Israel, South Vietnam and the Republic of Korea be excluded.

WHY MORE AID TO VIETNAM?

Q: It seems that by providing aid to Vietnam we are perpetuating a conflict in a Nation whose people are running as far as they can from the fighting. Why provide assistance to a country that doesn't seem to care about defending itself?

A: Faced with the combination of a very heavy North Vietnamese offensive as well as insufficient assistance and the prospect that greater aid cuts may follow, the South Vietnamese pulled back to shore up their reserves and to conserve the limited supplies they have. The increasing numbers of refugees, fleeing toward the more secure government controlled areas, are dramatic evidence that the Vietnamese fear the Communist forces and reject the choice of a society under their domination.

We must decide to help our friends who have counted on our support and assistance to defend themselves from an enemy they fear and a way of life they reject.

NEGOTIATIONS ON INDOCHINA

Q: You have placed much emphasis on the need for military and economic assistance for Cambodia and Vietnam and have taken the Congress to task for not providing funds quickly. What have you done to further the opportunity and incentives for negotiations instead of armed conflict?

A: Let me say first that my requests for military and economic assistance to Cambodia and Vietnam are based in part on the response the U.S. has received in its appeals for negotiations and for a cessation of hostilities. We have made public the history of our attempts to seek negotiations in Cambodia and we have contacted all the signatories to the Paris Accords about the North Vietnamese violations. The governments of both Cambodia and Vietnam have offered repeatedly to negotiate with their respective adversaries.

All U.S. appeals have been rebuffed. The appeals of the governments of Vietnam and Cambodia have been ignored. As long as the Khmer Communists or the North Vietnamese perceive that they can win militarily, they have no incentive to negotiate. On the contrary, their expectations of dwindling American assistance give them the incentive to continue fighting. That is why the aid I have requested is so urgently needed by the Cambodians and the Vietnamese. At stake is the credibility of American support for friendly governments fighting for self-determination.

CAMBODIAN NEGOTIATIONS

Q: Are we really doing everything possible to get negotiations started on Cambodia? Would it not help if Lon Nol stepped down at this point? Will you consider sending Senator Mansfield, or some other envoy to explore possibilities for negotiation?

A: The basic problem in getting talks started in Cambodia is the Communists' adamant refusal to negotiate. As long as they see success militarily, they have no incentive to negotiate. Only if they realize a military victory is not within their reach will they consider talking. That is why we must support our friends.

We recently released a record of our numerous attempts to seek a compromise settlement in Cambodia. All have been rebuffed. The Cambodian Government has indicated that it would enter into talks unconditionally at any time and place. That offer has never been accepted and the Khmer Communists have refused to negotiate not only with Lon Nol but also with any of the leaders of the Cambodian Government.

I have said that we are willing to support any negotiations and accept any outcome which the parties themselves accept. And as far as the United States is concerned, the personalities involved will not constitute obstacles of any kind to a settlement.

US-ISRAELI RELATIONSHIP

Q. What impact will your reassessment have on the close US-Israeli relationship? Is this a strategy to prod Israel into concessions? Will we cool our relationship with Israel and possibly reduce our economic and military assistance commitments? How will you respond to Israel's staggering \$2 billion aid request?

A. Our reassessment is not aimed at Israel or any party and we are not approaching reassessment with any preconceived notions. It is an effort to adjust to new conditions and to determine what the best course might be. We had been pursuing a step-by-step approach. Now we face a much more complicated situation and we need to review our policy within the context of avoiding war and moving toward a durable peace.

We have always done what was necessary to ensure Israel's survival. Aid levels have not yet been determined, but we will make our decisions on aid on the basis of our national objectives and our commitment to the survival of Israel.

MIDDLE EAST SITUATION

Q: How do you assess the Middle East situation in the wake of the breakdown of negotiations and King Faisal's death? Do you see the chances of war increasing and a general rise in instability in the area?

A: History has shown that in the absence of progress in negotiations the chances of war increase in the Middle East. In this period of potentially great danger, we need a calm appraisal of the situation and a reassessment of our policy. The statesmanship and good counsel of the late King Faisal will be missed during the uneasy days ahead but we look forward to working with the new Saudi Government and all the parties in the Middle East in the search for a durable peace settlement.

MIDDLE EAST NEGOTIATIONS

Q. What is your strategy in the wake of the failure of Secretary Kissinger's trip to the Middle East? Whom do you feel was to blame for the breakdown in talks and is there any chance for the step-by-step process to be revived?

A. Our objective is to prevent war and keep negotiations going in the interest of achieving an overall settlement. Our strategy in the negotiations has been to pursue a pragmatic process which separates the highly complex Middle East problem into manageable segments. That strategy has now suffered a setback.

I am not going to assess blame or get into details on the negotiating positions of either party. Both sides made a serious effort but it was impossible to reconcile their differences. We must now see what other approach can be successful. We do not rule out any approach desired by the parties that offers a chance of success.

The consequences in the Middle East and for the United States and the rest of the world could be very serious. I remain fully determined that the peace process move forward and we will seek the best means to contribute to it. The reassessment I have ordered is a first step in this direction.

PALESTINIANS

Q: Will the US be reassessing its position towards the PLO in the wake of a failure of our diplomacy in the Middle East and will the PLO be attending the Geneva Conference when it resumes?

A: Our position has been and remains that an eventual overall settlement of the Middle East problem based on Resolutions 338 and 242 must take into account the legitimate interests of all peoples in the area, including the Palestinians. I reaffirmed this in Vladivostok and this remains our position.

The Palestinian problem is one of the issues in the negotiations.

The invitation for the Geneva Conference to begin in December 1973 notes that the issue of representation is one to be discussed in Geneva by the parties. The issue of negotiations between the PLO and Israel or our so-called recognition of the PLO is really academic since the PLO does not recognize Israel's right to exist.

UN PEACEKEEPING FORCES IN MID EAST

Q. Do you expect Egypt and Syria to allow the UN peacekeeping forces to remain in the buffer zones between them and Israel?

A. These forces are essential parts of the disengagement agreements on each front. These agreements are a step toward a peace settlement in accordance with Security Council Resolution 338. We naturally hope that their mandates will be renewed as part of the peacemaking process. It is very important that all parties adopt constructive attitudes in this period so that progress toward peace can be resumed.

COUNTERVAILING DUTIES

Q: There has been talk that you would impose countervailing duties against European Community cheese exports to the United States. Why have countervailing duties not been imposed?

A: At Sioux City I indicated that if the European Community re-imposed export subsidies on cheese, I would countervail. Export subsidies were reintroduced in February. However, our officials, in close cooperation with U.S. dairy interests have been trying to work out with the European Community a satisfactory solution to this problem. I expect to see the results of these negotiations soon.

PRODUCER/CONSUMER CONFERENCE

Q: What is your reaction to the result of the recent IEA meeting in Paris? Will the U.S. attend a consumer/producer conference? Under what conditions? What do we want of OPEC?

A: We have indicated our desire to participate in a consumer/producer conference since early last year. We had, however, felt it necessary first to establish consumer cooperation on conservation, on the development of alternative supplies of energy, and on financial solidarity. At the IEA governing board meeting held in Paris March 19 and 20, member governments agreed on methods of stimulating alternative energy sources. This rounds out our program of consumer cooperation--conservation and financial solidarity having been agreed to earlier. We are now considering the French invitation to attend the preliminary consumer/producer meeting in Paris April 7. This meeting will deal primarily with the agenda for the consumer/producer conference planned for later this year.

The proposals made at the recent meeting of OPEC heads-of-state in Algiers are, of course, being considered, and many ultimately will be subjects of discussion at a consumer/producer conference.

PANAMA CANAL NEGOTIATIONS

Q: Last week the Presidents of Colombia, Venezuela, Costa Rica and Panama issued a declaration calling for a new Panama Canal treaty and said they were sending you a letter on the subject. Can you tell us what is the status of our negotiations with Panama for a new Canal treaty? Secondly, can you tell us what is the validity of the Panamanian assurances given at the same time which would permit freedom of passage for Colombian and Costa Rican warships and special privileges for transit of the Canal to their citizens and goods?

A: Ambassador Ellsworth Bunker, who is our negotiator on the Panama Canal, has been meeting on a regular basis with the Panamanian authorities since November 1973. Substantial progress has been achieved, but difficult issues remain. Both the U.S. and Panama have vital interests in the Canal. We are hopeful of reaching agreement on a draft treaty that takes the interests of both countries into account, making us partners in the Canal operation. I am confident we can do this and protect our basic interests in defense and operation of the Canal. Any draft treaty would, of course, be submitted to the Senate.

Regarding Panamanian assurances to Costa Rica and Colombia, the declaration very specifically makes the grant of privileges contingent upon agreement between the United States and Panama on a new Canal treaty. This is one of the matters we will be considering with the Panamanians. As to the letter, I haven't received it yet.

ECUADOR - TUNA BOAT SEIZURES

Not only has Ecuador seized U. S. tuna boats, imposed heavy fines and confiscated their catch, its officers have also physically abused U. S. crewmembers. What is the U. S. doing to protect our fishermen and to resolve this problem?

A: We, of course, deeply regret the recent seizures. We made our position known to the Ecuadorean government both in Washington and in Quito. All the U. S. -owned boats have now departed Ecuadorean ports but we sympathize with the hardships which the detentions and confiscation of catch represented to the crewmembers and owners of the boats.

While Ecuador, and a few other countries, claim full sovereignty over the seas for 200 miles from the shore, the U. S. recognizes only a three-mile territorial waters zone and an additional nine miles for exclusive fishing. We continue to believe that the best way to settle differences of this kind is by international agreement in the ongoing international Law of the Seas conferences. The conference is now meeting in Geneva. Considerable progress has been made in these talks, and we are hopeful that a satisfactory solution to this and other difficult questions related to the use of the world's oceans and their resources will be possible this year. In the meantime we are continuing to discuss this matter with the Government of Ecuador.

With respect to the particular unfortunate incident which you mention, this appeared to us to be an unnecessary use of force and we so informed the Ecuadoreans. We are continuing our investigation

of the facts of the case and we will be studying appropriate measures to try to avoid such problems in the future. We are optimistic that the path of negotiation, not confrontation, will be successful in resolving this difficult and longstanding issue.

TAB F

CIA INVESTIGATION

Question: Does the extension of the reporting date for the Rockefeller Commission mean that it will look into recent allegations of assassinations and other new disclosures ?

Answer: I have decided that the existing mandate of the Commission is broad enough to require that it look into at least some aspects of recent allegations.

Question: Was the extension needed because of these new allegations ?

Answer: The extension was requested by the Commission because the time required for setting up the staff and obtaining the necessary clearances did not give it time enough to complete its assignment. To the extent that new allegations have increased the workload, they may have contributed to the need for more time.

P. Buchen
3/29/75

TAB G

Question:

Do you see the Congress acting in such a way as to frustrate and obstruct your requests, particularly in light of the influence of the Caucus and the role of the freshmen Democrats?

Answer:

My hope is that Congress will act responsibly. I do not think their constituents sent them to Congress to either frustrate or obstruct the President nor to engage in confrontations with the Executive Branch. In our country, it takes two to govern. Only the Congress can legislate, and only the Executive Branch can execute the programs and policies of the government. In the critical times in which we live, there is nothing to be gained by stalemate, but much to be lost through no action. I am willing to meet the Congress more than half-way, and it is my hope they will do their part. I am convinced the new members of Congress are responsible and intelligent individuals who want to do the best thing for the country.

JOM
3-24-75

Question:

What do you think will happen to the Defense program now that Hebert has lost his Chairmanship of the Armed Services Committee?

Answer:

The question of the Defense program in the Congress is one of concern notwithstanding who the Chairman is. As you are aware, Mr. Hebert has long been a strong advocate and great supporter of the Defense program; however, I have known and served with his successor, Mel Price, for many years. He too is deeply committed to a strong National defense, and I believe that he will do everything he can to promote that cause in his Committee and on the Floor.

Question:

There has been considerable comment about President Nixon's future in public life. What do you see the former President's role to be?

Answer:

My first hope is complete and speedy return to a state of good health for the former President. I believe the former President's future role will be determined in large measure by his health, and until he is fully recovered, it is too early to speculate on what that role might be.

JOM
3-22-75

Question:

On February 9 the transition officially ended. What, if any, relationship will you continue to have with former President Nixon, in an official sense?

Answer:

There are two statutes in question here. As you observed, the Transition Act terminated on February 9, six months after my swearing-in. However, President Nixon, as of that date, came under the Former Presidents Act, which by law provides him with certain continuing benefits which include pension, a staff allowance, office space and limited operational costs. This is the same statute that has been available to other former Presidents in recent years.

The number of people who are working with him were substantially reduced from the transition period. It should be kept in mind, however, that under separate statutes, he receives Secret Service protection, and there is some support furnished from time to time pursuant to Secret Service requirements.

JOM
3-24-75

TAB H

ELK HILLS

Question

We understand that the Department of Justice is conducting an investigation of Standard Oil Company of California and other companies in their dealings with Elk Hills Naval Petroleum Reserve. Shouldn't the Administration's bill to open up Elk Hills for commercial development await a final determination on this investigation?

Answer

I am informed by the Justice Department that this investigation is separate from, and will not be affected by, the legislation I have called for to make this country independent from reliance on foreign oil. The investigation will proceed independently, regardless of whether or not the legislation is enacted. Moreover, the legislation contains safeguards suggested by the Justice Department to insure that all competitors have access to the crude oil at Elk Hills.

Background

The Justice Department has currently underway an antitrust investigation concerning the possibility that Standard Oil or other large oil companies have engaged in discriminatory practices vis a vis smaller oil companies in marketing crude oil, including that portion of Elk Hills crude currently commercially available. So far, no evidence of such discriminatory practice has been discovered. Additionally, the Department is attempting to insure that Standard Oil adopts and utilizes a non-discriminatory policy with respect to use of their pipeline.

RDP
3/27/75

OCS - REVENUE SHARING

Question: Don't you think that the revenue accruing to the Government for drilling on the Outer Continental Shelf should be returned to the State of California, or whichever State off which the drilling takes place?

Answer: I continue to support the current law, which provides for revenues from OCS leasing and royalties to go into the Federal Treasury, to accrue to all the Nation's citizens. This is based on the principle that the OCS is a national resource and, as such, belongs to all the people. This is the policy that has been followed for the two decades that we have been drilling on the OCS off the Gulf Coast.

By the same token, I recognize that some States, including California, may have legitimate reasons to question the application of the existing statute, given the impact of the drilling on their coastal lands. Therefore, I have asked the Energy Resources Council to review the impact of OCS drilling on these States, and report their findings to me. I expect that report very shortly.

M. Duval
3/29/75

OUTER CONTINENTAL SHELF

Question: Do you plan to allow the Department of the Interior to go ahead and lease the Outer Continental Shelf off California, in spite of the environmental risks involved? Don't you think the States should have some role in the leasing decisions, since they will feel the onshore impact of the drilling?

Answer: I feel that we must proceed with the development of the OCS, here and on the Atlantic Coast, because we desperately need petroleum from secure domestic resources, and the OCS has a tremendous oil and gas supply potential.

At the same time, the Interior Department will comply with all environmental statutes, and we will work with all the States in all steps of the leasing process. The Interior Department has invited the coastal States--including California--to work closely with the Federal officials as the respective environmental impact statements are prepared.

As for the onshore aspects of drilling on the OCS we need the States' help, particularly with regard to questions of refinery siting. The onshore aspects of developing the OCS are as important as the offshore aspects, and we cannot reach our goals without the cooperation of the States.

M. Duval
3/29/75

ONSHORE FACILITIES

Question: California officials are considering legislation which would ban construction of onshore facilities supporting OCS drilling. Such a law would effectively prevent the drilling. If such a law is enacted, would you rule out Federal legislation pre-empting the California law and forcing the drilling activity?

Answer: I believe that it would be shortsighted for the State to pass such a law. I think we can develop proper procedures for drilling which would fully protect the environment.

However, I cannot rule out the possibility of some Federal pre-emption if that becomes necessary in the future.

Background: The Energy Facilities Siting title in your Energy Independence Act of 1975 would maintain a strong State role and does not involve the Federal Government in case-by-case decisions. This approach could, however, be strengthened if necessary.

M. Duval
3/29/75

SAUDIS & IRANIANS TRAINING IN SAN DIEGO

Question: How many Saudi Arabian personnel are undergoing training at NTC ?

Answer: One hundred and two (102).

Question: What program are these students being trained under ?

Answer: The Saudi Arabian Naval trainees are in the U. S. under the terms of the Foreign Military Sales Program (FMS). This program was a result of the Foreign Assistance Act of 1961. The FMS was designed to promote the foreign policy, security and general welfare of the U. S. by assisting peoples of the world in their efforts toward economic development and internal and external security. It gives foreign military trainees and military-sponsored visitors, in addition to their military training or orientation in the U. S. , an active appreciation of the American power and purpose, and an understanding of the role of the Armed Forces in a democratic society. The Saudi Arabian Trainees are undergoing thirteen weeks of recruit training.

Question: Will Iranians be trained in F-14's at MIRAMAR Naval Air Station ?

Answer: Yes, they will be trained at MIRAMAR. No schedule or training program has been set up.

DOD
3/29/75

CAMBODIAN & SVN TRAINING IN SAN DIEGO

Question: Are Cambodian and South Vietnamese military personnel being trained at the Naval Training Center, San Diego?

Answer: Yes. There are six Cambodian and eight South Vietnamese military personnel being trained at the Naval Training Center.

Question: What program are they being trained under?

Answer: They are being trained under MAP.

DOD
3/29/75

CIVILIAN USE OF MIRAMAR NAVAL AIR STATION

Question: What is the Navy's position on NAS MIRAMAR being converted into a civilian airport?

Answer: The Navy tells me that the volume of fleet air operations out of MIRAMAR Naval Air Station will continue at approximately the current level for an indefinite period. Being essential to fleet readiness, there is no suitable alternate site that can handle these training operations with anything approaching the effectiveness and efficiency of this air station. Even if there was one, the cost to transfer people and functions elsewhere, and to construct such a complex would approach one billion dollars.

Question: What is the feasibility of a sole civilian or joint use of NAS MIRAMAR ?

Answer: As you know, that subject has been addressed in the City Council hearings and elsewhere by Vice Admiral Baldwin (COMNAVAIR PAC) and Captain Franklin (CO NAS MIRAMAR) and by the Office of Secretary of Defense. I concur with their position that both proposals are unacceptable.

Question: What is the Navy doing about the noise problem at NAS MIRAMAR ?

Answer: The Navy is doing everything possible in this area. The airfield is closed for operations at MIRAMAR except for night carrier operations, or, if, by necessity, testing of a jet engine. Noise from the testing of these engines will be curtailed by the construction of hush houses. (One is working and an acoustical enclosure is now currently under construction; funding has been requested for additional structures in FY 76.)

DOD
3/29/75

NEW COALITION

Question:

Mr. President: are there any plans for you to meet with the "New Coalition" of State and local officials?

Answer:

The "New Coalition" has met with and will continue to meet with key Administration representatives in an effort to be sure that we have the views of State and local government on the issues which impact all of our citizens.

The loudest and clearest message that came out of the "New Coalition" has been that General Revenue Sharing should be reenacted at an early date.

BACKGROUND

Governor Rampton of Utah is Chairman of the "New Coalition" which is made up of three Governors, Daniel Evans, Washington; Philip Noel, Rhode Island; and Calvin Rampton, Utah, three Mayors, Joseph Alioto, San Francisco, California; Moon Landrieu, New Orleans, Louisiana; and Carlos Romero Barcelo, San Juan, Puerto Rico, three County officials, Gil Barrett, Dougherty County, Georgia; Jack Walsh, San Diego County, California; and Stanley Smoot, Davis County, Utah, along with three State Legislators, Herbert Finemen, Pennsylvania; Martin Sabo, Minnesota; and Tom Jensen, Tennessee.

JHF - 3/28/75

LABOR-MANAGEMENT SITUATION

Question:

What is the status of any major labor disputes in California?

Answer:

The strike by the International Association of Machinists and Aerospace Workers against McDonald-Douglas in Los Angeles continues in its second month. Some 10,000 workers have been laid off, including members of the non-striking United Auto Workers because of a lack of work caused by the IAM strike. If the strike continues, more layoffs of non-striking workers are expected.

March 27, 1971
R. D. Semerad

CETA

Question:

What are the current enrollment levels in the CETA programs?

Answer:

More than 23,000 persons have been placed in public service jobs in the state's three largest cities. After a slow startup early this year, the prime sponsors nearly equal or slightly exceed their planned hiring under Titles II and VI.

Background:

In San Diego, the CETA program is administered by the Regional Employment and Training Consortium, chaired by San Diego Mayor Pete Wilson (Rep.).

In Los Angeles, the city's CETA program is administered under Mayor Tom Bradley (Dem.). The county program is run by the County Board of Supervisors. Chief of the county's Manpower Programs Division is Santos Zuniga.

In San Francisco, the CETA program is administered by the office of Mayor Joseph Alioto (Dem.).

At the Manpower Administration's request, San Francisco will have exhausted its Title II FY 75 funds by June 30. Unless new funds are forthcoming, the city will have to lay off some 1,433 persons. Manpower has been advising the city that Congress would provide more funds, but as the June date approaches, the city is becoming understandably more nervous.

	<u>Title I</u>	<u>Title II</u>	<u>Title VI</u>
Los Angeles City	1,048	3,500	1,700
Los Angeles County	3,032	1,936	1,065
San Diego	2,300	2,623	1,353
San Francisco	1,000	1,000	1,000

March 27, 1975
R. D. Semerad

ECONOMY

Question:

California seems to be on the brink of double-digit inflation and double digit unemployment. When can we expect some relief from this economic vise?

Answer:

The situation in California is not as bleak as statistics suggest. The state has not been as hard hit by the current recession as other parts of the country, where employment is more concentrated in heavy industries like automobiles, primary metals, and machinery.

Unemployment is far too high here in California, as in the rest of the nation, but in the last 12 months the rate has risen less (7.1% to 9.4%) than for the U. S. (5.2% to 8.2%).

While inflation remains intolerably high, the rate of increases seems to be slowing. For example, in San Diego, the CPI rose at an annual rate of 13.8% from February to August 1974, but from August 1974 to February 1975 the rate slowed to 9.7% annually.

March 27, 1975
R. D. Semerad

EMPLOYMENT

Question:

What is the employment situation in California?

Answer:

Unemployment increased 2.3% in the 12-month period ending in February 1975, from 7.1% (Seasonally Adjusted) to 9.4% (Seasonally Adjusted). In Los Angeles, the unemployment rate rose 3.1%; in San Diego (the hardest hit major labor area in the state), 1.7%; and in San Francisco, 2.6%. At the same time, the state, like the rest of the nation, was plagued by double-digit inflation; in the first two months of 1975, however, the inflation rate seems to be easing.

Although total employment increased state-wide during the 12 months ending in February, 1975, it did not match the increase in the state's civilian labor force. Unemployment increased 268,700. Industries hardest hit in the current recession are construction (employment down about 25,000) and manufacture of durable goods (lumber, electrical machinery, autos, aircraft, transportation).

March 27, 1975

R. D. S.

EMPLOYMENT

Question:

What is the current unemployment rate in San Diego, and why does the government keep changing the San Diego numbers?

Answer:

During 1974 and early 1975, unemployment rates in San Diego were higher than those for California and well above the U.S. rates. However, unemployment estimates for San Diego County are now under intensive review to determine if they accurately reflect developments in recent years. This review, which involves complex statistical tests and expert analysis and judgment, should be completed within the next few weeks.

March 27, 1975
R. D. Semerad

VA CHECK PROCESSING

Question:

What is the VA doing to speed-up processing of veterans claims?

Answer:

The VA is testing a new automated information storage and retrieval system called Pilot/Target. It combines computer memory with display capabilities by means of a cathode ray tube (CRT) which is currently being tested at two VA locations.

VA is planning to install this system in the Los Angeles Regional Office in early FY 76. It will enable VA employees to provide much quicker service to callers and visitors. Veterans Benefits Counselors using the Cathode Ray Tube (similar to a TV screen) can then answer many questions immediately without requesting the veterans' claims file. The improvement in response time and overall service will greatly affect the approximately 70,000 calls and visitors received each month at the Los Angeles Regional Office.

March 27, 1975
R. D. Semerad

VA CEMETERY SYSTEM

Question:

Will a new national cemetery for interment of veterans and their dependents be established in California?

Answer:

Yes, because California has the largest veteran population of all the States -- over 3 million -- the Administrator of Veterans Affairs has stated publicly the State of California will be among the first designated for a new national cemetery.

March 27, 1975
R. D. Semerad

GI HOME LOANS

Question:

How effective have the California Regional Offices with Loan Guaranty activities been in meeting the objective of assuring that private mortgage credit assistance is available to veterans?

Answer:

Approximately 1.4 million loans have been made in California compared with a 3.2 million veteran population, or 42%. Nationally the comparative ratio is 28.7%. For the period FY 1971 through FY 1974, 20.5% of the U. S. total loans closed were in California. While somewhat down from these peak years, the volume of appraisal requests for February 1975 was at 19.8% of U. S. totals and loan applications at 17.4%, an indication of continued program effectiveness in meeting the objective.

March 27, 1975
R. D. Semerad

GI EDUCATION BENEFITS

Question:

What has been the trend of GI bill enrollments in California?

Answer:

Almost 271,000 California veterans were in training on February 28. This represents an increase of over 38,000 or 16%, over the same month in 1974. California traditionally leads the nation in GI bill enrollments. In the entire fiscal year 1974, over 357,000 Californians participated in the program. This rate of participation was over twice as high as any other State.

March 27, 1975
R. D. Semerad

HOSPITAL CONSTRUCTION

Question:

What is the status of the program for correction of seismic deficiencies at VA Hospitals in California?

Answer:

Following the San Fernando earthquake of February 9, 1971, the VA instituted a major program to evaluate its hospitals in earthquake zones and correct deficiencies. Reinforcement was introduced in some buildings while others were demolished and new construction begun at the four older hospitals in California which were built prior to 1933; Palo Alto (Menlo Park), Los Angeles (Wadsworth), Livermore, and San Francisco. The other VA hospitals were of more recent construction and were judged to be of satisfactory seismic design.

Eight buildings at Palo Alto (Menlo Park) were partially reinforced in 1961. These buildings remain occupied although considered moderately hazardous. Planning and funding decisions for seismic corrections are being made.

March 27, 1975
R. D. Seaman

VA HOSPITAL CONSTRUCTION

Question:

What major VA construction projects are currently under way in the State of California?

Answer:

The following projects are under way:

<u>New Hospitals</u>	<u>Bed Size</u>	<u>Cost</u>	<u>Completion Date</u>
Loma Linda	500	\$61.5 million	June 1977
Wadsworth (LA)	820	\$82 million	November 1976

Bed Building Replacement

San Francisco	440	\$15.9 million	August 1975
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Miscellaneous Projects

<u>Location</u>	<u>Project</u>	<u>Cost</u>	<u>Status</u>
San Diego	Clinical Improvements	\$2.9 million	Under design
Palo Alto	Outpatient Clinic Expansion	\$3.4 million	Complete Construction September 76
Palo Alto	Blind/Low Vision Center	\$2.9 million	Begin design
Sepulveda	120-Bed Rehabilitation/ Nursing Home Care	\$3.5 million	Complete Construction December 1, 76
Sepulveda	Air Condition various buildings	\$8.9 million	Under design
Livermore	Research/Administration Building	\$1.9 million	In planning

These major projects, which reflect only those currently under way, represent a construction investment totalling \$182.9 million in the State of California.

March 27, 1975
R. D. Semerad

TRANSPORTATION

Question

The State of California continues to contribute far more in Highway Trust Fund taxes than we get in funds under the Federal highway program. What is being done to rectify this inequity?

Answer

I recognize that the State of California receives less from the Federal highway program than is collected in Federal highway taxes from drivers of this State. I will very soon transmit to Congress major new legislation which restructures the Nation's highway program. I am considering proposing that the States be allowed to preempt a portion of the existing Federal highway taxes.

Background

Under the current draft Administration highway proposal, the States would be allowed to preempt up to 1¢ of current Federal highway taxes. If they did not preempt the tax, it would continue to be collected and put into the Federal Highway Trust Fund.

M. Duval
3/27/75

SAN FRANCISCO BAY

Question:

Many people are concerned over the future of San Francisco Bay. What is the Administration doing if anything, to determine the effects of dredging and dredge disposal on the marine life in the Bay?

Answer:

I am aware of the controversy over the effects of dredging navigation channels in the Bay. In 1972, the Army Corps of Engineers initiated a \$2.9 million study to determine the effects of dredging and disposal of dredged material on the Bay's marine environment. The study is scheduled to be completed later this year.

M. Duval (N.R.)
3/27/75

SAN DIEGO FEDERAL YOUTH CENTER

Question:

Why is the Bureau of Prisons going to build a youth correctional facility in the midst of a residential area?

Answer:

As I understand it, the site is on Federal property and was selected over three years ago, before much of the residential housing was constructed. I understood that every effort was made to comply with community interests in the matter.

Background:

Construction began on site development during the summer 1973, but shortly thereafter local opposition developed. A suit resulted in a temporary restraining order until a formal environmental impact statement (EIS) was prepared. The General Services Administration and the Bureau of Prisons spent nearly 18 months completing the EIS and complying with the court order. During the preparation of the impact statement, another site study was made to determine if there was alternative sites more satisfactory for the location of the Center. No suitable site was located.

FLM
3/27/77

VOTING RIGHTS ACT AMENDMENTS

Question

What is the Justice Department's position on amending the Voting Rights Act to include coverage of Spanish-Americans?

Answer

The Department of Justice is currently studying the question of expanding the Voting Rights Act protections to cover Spanish-speaking citizens. If the Department determines that additional legislation is required, I am sure that recommendation will be forthcoming to me immediately.

Background

In testimony before a House Subcommittee, a Department of Justice representative indicated that DOJ would look into the question and impact of extending the Voting Rights Act to cover Spanish-speaking citizens.

RDP
3/27/75