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THE WHITE HOUSE

WASHINGTON

June 9, 1975

Mr. President:

Below is a proposed news conference response for your use if appropriate:

"I noticed in my weekend reading there were news stories about an acrimonious press briefing at which charges of cover-up were made by members of the press.

I'm sure this group knows of the dedication to candor in this Administration. We have worked to bring reforms and to open up press coverage of the White House. Most, if not all, of these reforms were the result of Ron Nessen's campaign to restore trust and truthfulness in relations between the press and the White House.

I believe Ron is following my example in trying to restore credibility in the Press Room. I continue to support Ron. He has my full confidence."

RON NESSEN

June 7, 1975

Mr. President:

Attached is your briefing book for the Monday evening press conference.

Frank Zarb has scheduled a news conference for 1:30 pm Monday. That should deflect many of the questions on energy. I will, however, give you an updated section on energy, and particularly on whether the Administration's information on strip mining is erroneous, Monday afternoon.

Questions and suggested answers on other late-breaking subjects also will be submitted Monday.

Ron Nessen

Signed in your absence by Connie Gerard-Jeri



MEMORANDUM

THE WHITE HOUSE

WASHINGTON

June 7, 1975

MEMORANDUM FOR: RON NESSEN

FROM: JIM SHUMAN

SUBJECT: PRESIDENT'S BRIEFING BOOK

Attached are three copies of The President's Briefing Book for his scheduled news conference Monday, June 9, 1975.

Frank Zarb has scheduled a news conference for 1:30 p.m. Monday. That conference should deflect many of the questions on energy. I will, however, give you an updated section on energy and particularly on whether the Administration's information on strip mining is erroneous, Monday afternoon.

Questions and suggested answers on other late-breaking subjects also will be submitted Monday.

THE WHITE HOUSE

WASHINGTON

June 9, 1975

MEMORANDUM TO: RON NESSEN

FROM: JIM SHUMAN

SUBJECT: PRESIDENT'S BRIEFING BOOK

Here are last minute questions and answers for the President's Briefing Book, for his news conference tonight. Most of these deal with energy, and the strip mining bill. One is on unemployment. And one is on alleged bombing raids during Saigon evacuation. Also three questions on the DEA.

There also is an entire new Foreign Policy section which can replace the one submitted on Saturday. As you recall, the Saturday Q and A's had not been read by Secretary Kissinger. The ones attached, which Margie Vanderhye tells me have been read, amended and approved by Dr. Kissinger, should be entered in your copy of and Don Rumsfeld's copy of the Briefing Book. Margie says the President got his set late Saturday. *You may want to check.*

THE WHITE HOUSE

WASHINGTON

June 9, 1975

THE PRESIDENT'S BRIEFING BOOK

(Key Questions)

For: June 9, 1975

TAB A	ECONOMY
TAB B	CIA
TAB C	ENERGY
TAB D	GENERAL DOMESTIC
TAB E	FOREIGN POLICY

ECONOMY

- Q. Mr. President, for the last several months, you've been saying that your Administration is more immediately concerned with recession than with inflation. Yet you vetoed a major jobs bill that would have given employment to thousands of people and a real shot in the arm to our economy. In light of that action, why should the American people believe you're really serious about fighting recession? Or that you care about people out of work?
- A. As I noted in my veto message on this bill to the Congress, I asked earlier this year for legislation to deal with the Nation's most immediate employment problems through an extension of public service jobs and a program of summer youth employment. I am concerned about the problems, financial and psychological, of the unemployed.

But Congress added to my simple but important proposal a host of other provisions of questionable value. These provisions, some of which had very little to do with the stated intent of the bill, would have been spending money we don't have for programs we don't need, and they would not have attacked the real problem of unemployment.

The greatest problem in vetoing a bill of this nature is that the President has to veto the whole bill, not just the sections he finds particularly objectionable. And, perhaps worst of all, he has to veto the title of the bill along with the rest of it. The title is really the least important thing about a bill, yet it's the part that gets the most attention from the press and the public.

It may seem incongruous that, in the midst of a recession, I would veto a so-called "jobs" bill. But if that bill is going to do more harm than good in the long run -- as I'm convinced this particular bill would do -- then it is my responsibility to send it back to the Congress for further consideration and refinement.

I am serious about combatting recession, and I am serious about combatting unemployment, and the latest indicators show that we're making progress in that effort. We want to make sure we have the right tools. But we need the right tools -- not just a bill whose effect will not be felt until too late -- or one that just happens to have "employment" as part of its title.

CONSUMER PRICES

Q: An increase of 0.6 percent in the consumer price index was announced on May 21 almost double the March increase. Does this mean that inflation is worsening again or are you satisfied with the progress in fighting inflation?

A: I am not particularly discouraged by the consumer price development. There has been a very significant reduction in inflation since last autumn. During the past three months consumer prices have risen at a seasonally adjusted annual rate of 5.8 percent, less than half the 12.2 percent rate of increase during the last six months of 1974.

The deceleration in consumer prices has been widespread. On a seasonally adjusted basis food prices rose by 0.4 percent last month, but over the past three months food prices have declined at a 2.3 percent annual rate. The increase last month in food prices reflects a reversal in the very sharp decline which has taken place in farm product prices since last autumn.

Although the overall figures are extremely encouraging the inflation problem has not disappeared. As I have indicated on numerous occasions we cannot afford to overlook the uncomfortable fact that we still are experiencing a rate of increase in prices around six percent a year and we cannot yet regard this reduction as being permanent, or as complete as is required by a healthy economy.

The inflation problem was created over a ten year period and it is not going to disappear quickly. Our problem is to support a recovery in the economy, with the budget proposals which I have made to the Congress, but without going so far as to worsen the inflation problem next year and in 1977.

June 4, 1975

INDUSTRIAL PRODUCTION

Q: It was announced this week that industrial production declined again in April. Doesn't this mean that the decline in the economy is not coming to a halt as your Administration has projected?

A: Although production declined 0.4 percent in April this was not unexpected. The decline was much smaller than the 1.3 percent drop of March and the average 2.5 to 3.5 percent declines during the November through February months. Even though the trend of output is still downward, most of the indicators now suggest that the severest production and employment cutbacks are behind us. The evidence continues to confirm an extremely rapid reduction in excess inventories throughout the economy. As the inventory overhang is worked off production and employment will begin to recover.

Automobile production increased sharply for the second month. Production of the other categories of consumer goods also rose--by about 1/2 percent from the March figures. Production of intermediate goods declined but much less than in recent months. Raw materials and business equipment output continued to decline, however. The slowdown in automobile sales late in April and so far in May suggests little further advance in automobile assemblies during May and that decline is possible. Consequently, although the decline in production is nearing bottom, an actual upturn probably is not going to appear for a month or so.

June 4, 1975

UNEMPLOYMENT INSURANCE BENEFITS

- Q. The Labor Department says that about 6 million persons are now drawing unemployment insurance benefits each week. With all these people drawing payments, there is considerable concern as to whether the States will have enough money to continue these payments.
- A. There is no question that all workers entitled to unemployment compensation benefits, and eligible for them, must be paid. If a State's reserve funds are depleted, the State automatically borrows money from the Federal unemployment insurance fund. If that fund should ever be exhausted, advances may be made to the fund from the general revenue funds of the Treasury. States have borrowed from the fund and it is now approaching exhaustion. It is imperative that the Congress enact immediately the \$5 billion appropriation which I asked for last February to insure the availability of money for the payment of all eligible claims for unemployment insurance.

"PEACE DIVIDEND"

Q. Now that the Vietnam war is over, can we expect a "peace dividend" and, if so, of what magnitude?

A. Yes. We can expect a "peace dividend." In fiscal year 1975, which ends this June 30, we anticipate a net reduction of \$482 million in funding for Indochina. This is because of proposed reductions in our previous emergency requests for Indochina of \$982 million and new requests for assistance to Indochina refugees of \$507 million.

Savings are also expected in fiscal year 1976. However, we do not know now exactly how large they will be. An estimate of the size of the 1976 savings depends upon:

- * An assessment of net savings of Department of Defense funds requested in 1976 for Indochina.
- * A reassessment of our requirements in other countries in Southeast Asia.
- * The Middle East reappraisal, which was launched last month but which will not be completed for several more months, and
- * Other foreign assistance programs which were held below desirable levels because of Indochina requirements.

6/6/75

TAB B

RELEASE OF ROCKEFELLER CIA REPORT

- Q. Have you had time to read the Rockefeller Commission report on the CIA, and do you plan to release it to the public?
- A. Yes, I had a chance to read the report over the weekend and it will be made public later in the week. You can get details from Ron Nessen in the morning.

6/6/75

RELEASE OF CIA-REPORT: OVERRULE ROCKEFELLER?

- Q. Vice President Rockefeller last week said his commission's report on the CIA would be made public on Sunday. But on Friday, Ron Nessen said there would be no decision on whether it would be released until you had read it. Did you overrule the Vice President, and do you plan to release the report at all?
- A. Well, actually, there was no change of plans at all. I had always planned to read the report before I released it. I read it over the weekend, and now I have decided that it is in the public interest that the report be made available. Ron Nessen will release it later in the week, and will give you details tomorrow morning.

6/6/75

CIA ASSASSINATION CHARGE

- Q. There have been allegations that the CIA, during the 1960's, was involved in attempts to assassinate foreign leaders. The Rockefeller Commission, when it released its report, said it had not had time to investigate these charges. Do you plan to ask the Commission to reconvene to study these reports?
- A. Although the Rockefeller Commission did not have time to study those allegations, they have sent me the material they possess which refers to these allegations. I plan to make this material available to the Church Committee under the normal procedures through which we have been supplying them with information.

I would like to add, however, that I doubt that we will ever be able to fully determine what went on during the period those allegations cover, because it is impossible now to reconstruct the atmosphere of those times. And I see no purpose now in my rehashing what happened ten or fifteen years ago. My responsibilities deal with the present and the future. I want to make sure there is no doubt that I strongly oppose all acts of political assassination, and I have given orders that it is not even to be considered in my administration.

TAB C

RESULTS OF ENERGY PROGRAM

- Q. Assuming that your price and tax program on oil and natural gas are approved by the Congress, what results can we expect and how soon?
- A. The cumulative effect of phased decontrol over 25 months will be an increase in crude oil prices of \$2.70 per barrel of crude oil or 6¢ per gallon of petroleum product. The effect on demand of higher prices coupled with increased domestic production activities will reverse the current trend of growing imports of foreign petroleum.

SECOND DOLLAR OIL TARIFF

Q. Mr. President, your decision to impose the second tariff dollar to the barrel of oil is supposed to achieve a reduction in the consumption of oil in the U.S. If OPEC raises the price per barrel by \$1 or \$2 this fall, this will essentially achieve the same result. Therefore, isn't it likely your tariff will only add to inflation and retard our anticipated economic recovery?

A. [This or a similar question could provide an opportunity to restate the points you made on television just before you left for Europe.]

Although there are no long lines at the gasoline pumps, there is still an energy crisis, and we are dangerously dependent on foreign supplies of oil. As I said in my speech imposing the second tariff dollar, 37 percent of the oil we use to fuel our economy and to create jobs is imported. And, in ten years, if we do nothing, we will be importing more than half of our oil. Moreover, our reliance on oil from Arab nations is increasing. The latest figures, which came in yesterday (June 4, 1975) show that during the first quarter of this year we got 23 percent of our imported oil from the Arab nations, a 5 percent increase over a comparable period in 1974.

This heavy reliance on imports puts us in a dangerously vulnerable position. Not only does it adversely affect our balance of payments, it opens us to the full effects of another oil embargo, similar to the one that hit us in the winter of 1973, only worse. And such an embargo could force us into another recession, and mean the loss of millions of jobs.

We cannot be in such a vulnerable position. We cannot base our economic decisions on the whims of the OPEC nations. That is why I took the action necessary to reduce consumption and our dependence on imports now, and why I would hope that Congress would now get down to the urgent task of stimulating development of new energy sources at home.

DECONTROL OF OLD OIL

- Q. How much additional production by what time periods might be expected from decontrol of old oil prices?
- A. In the first two years, production will not increase significantly because production is not price sensitive in the short run. In the period 1978-1980, production is expected to increase between 200,000 and 400,000 B/D over current estimates based on current controls.

TAB D

MALPRACTICE INSURANCE

- Q: With the spread of doctors' slowdowns over the rising cost of malpractice insurance, do you anticipate the possibility of an administration proposal in this area?
- A: While this problem is affecting the medical care of far too many Americans and making the financial situation of individual doctors difficult, the area of malpractice insurance is one best left to individual states. Different states handle their insurance procedures in different ways with different regulatory agencies, and it is likely that the intervention of the federal government would be counterproductive. It also seems to me impractical to think the Congress could give the problem the thorough consideration which would be necessary to drafting new legislation as quickly as the state legislatures.

- Q. The Labor Department says that about 6 million persons are now drawing unemployment insurance benefits each week. With all these people drawing payments, there is considerable concern as to whether the States will have enough money to continue these payments.
- A. There is no question that all workers entitled to unemployment compensation benefits, and eligible for them, must be paid. If a State's reserve funds are depleted, the State automatically borrows money from the Federal unemployment insurance fund. If that fund should ever be exhausted, advances may be made to the fund from the general revenue funds of the Treasury. States have borrowed from the fund and it is now approaching exhaustion. It is imperative that the Congress enact immediately the \$5 billion appropriation which I asked for last February to insure the availability of money for the payment of all eligible claims for unemployment insurance.

OMB
C. William Fischer
Rev. 6-4-75

OPEN CONVENTION

- Q. Mr. President, some of your critics from the right wing of the Republican Party are now calling for an "Open Convention" in 1976, saying that neither you nor Vice President Rockefeller deserve automatic renomination. Are you concerned about this?
- A. Frankly, I am confident that by the time the Convention is held, I will have the confidence and support of a majority of both the delegates and the American people on the basis of my conduct of this office.

TAB E

RESULTS OF EUROPEAN VISIT

Q: Mr. President, your European visit has generally been reported as a success. Would you give us your assessment of the results of your European meetings?

A: The meetings of the past week were important and successful. As a result of my talks in Brussels, Madrid, Salzburg and Rome we have made real progress on foreign policy issues of importance to all Americans. We have clearly demonstrated the capacity of the West to deal with common problems. We have reaffirmed our determination to carry on cooperative programs to enhance our own abilities to deal collectively and effectively with the political, economic and defense challenges before us. While in Brussels, I had the opportunity to review current issues with 14 Alliance and European colleagues, and in the span of one week, I met with more than 20 foreign leaders.

As I said at Salzburg, my meetings with President Sadat were very valuable. We established a personal relationship. We had extensive discussions and these very constructive talks will contribute, I am sure to the efforts toward a permanent peace in the Middle East based on a fair and equitable settlement.

NATO SUMMIT: ECONOMIC DISCUSSIONS

Q: Mr. President, according to press reports from Brussels, Chancellor Schmidt in his remarks to the NATO leaders emphasized the importance of NATO, a military alliance, also working on economic problems besetting the member nations. Were economic issues addressed and should the Alliance appropriately address such issues?

A: As I have said before, one of the basic reasons we welcomed the NATO Summit was to review in the Atlantic forum issues related to what we call the new agenda: the energy problem and its ramifications, the food problem, and the interaction of the separate national economies. We believe -- with Chancellor Schmidt -- that these problems affect the well-being and future of all the countries of the Alliance as much as would a potential military threat. The NATO Summit provided an excellent and suitable forum in which to have a broad discussion of approaches to dealing with these problems.

The free world must have a healthy economy if we are to sustain an adequate defense stature. It is important, therefore, that we work to move the western nations together out of the recession that has affected us in the last several months. Our exchange of views in Brussels in this area was, in my judgment, helpful in meeting this particular challenge.

SPAIN

Q: Mr. President, will the United States continue to press for closer links between Spain and NATO considering the lack of unanimity registered on this issue at the Brussels summit?

A: I strongly believe that Spain is an integral part of the West and must be brought closer to Western structures. In this regard, we continue to favor a Spanish relationship with the Alliance, while recognizing that this is a process which will take time. We hope that a better understanding and appreciation of Spain's contribution to the defense of the West and of Spain's overall role in the West will develop with time and lead to a closer Spanish relationship with NATO.

PORTUGAL

Q: Mr. President, did your meeting in Brussels with the Portuguese Prime Minister alter your views on developments in that country?

A: The Portuguese Prime Minister and I had a useful and forthright exchange of views on developments in his country. I believe that there is a consensus among the NATO allies that the situation in Portugal should be watched with care and concern, and also with deep sympathy and friendship for the people of Portugal. We will continue our close consultations with our allies on this issue.

US-GREEK BASES NEGOTIATIONS

Q: Mr. President, the second round in the US-Greek bases negotiations was held in Athens April 7-29. According to the joint communique issued at the close of the session, we agreed to Greek requests to close Athenai Air Force Base near Athens and terminate home-porting. How does this affect our security commitments in the Eastern Mediterranean?

A: First, I would note that I had a very good, very useful meeting with Prime Minister Caramanlis in Brussels.

Our current discussions with the Greek Government on bilateral defense issues are being conducted in a spirit of cooperation and cordiality reflecting our longstanding relationship with that country. We are satisfied with the steps being taken as a result of the second round of talks. They were mutually agreed upon and insure the continued viability and strength of security arrangements in the Eastern Mediterranean.

AID TO GREECE

Q: Mr. President, in your April 10 message to the Congress you mentioned economic and military assistance to Greece. What are the amounts and categories of this assistance?

A: We are consulting very closely with the Greek government on the details of this assistance. Since these consultations are still in progress, I will simply say that this program is being developed in keeping with the common interests we share with Greece as friends and allies.

Nuclear Proliferation

- Q: Is the U.S. satisfied that the safeguards which the Germans have placed on their arrangement with the Brazilians are sufficient?
- A: It is my understanding that the exact terms and conditions of the arrangements between Brazil and the FRG have not yet been made public. However, I would note that Germany is a party to the Non-Proliferation Treaty and therefore is obligated under the terms of that Treaty to have its nuclear exports safeguarded through the International Atomic Energy Agency.

OAS Cuban Sanctions

- Q: There have been reports that the U.S. has welcomed the more forthcoming position taken recently by Premier Castro of Cuba and that a resolution of the impasse over lifting OAS sanctions is in sight. Are we preparing to take action to resolve our differences with Castro? Will the U.S. support OAS action to lift the sanctions when the subject is considered next month?
- A: During the OAS meetings which were held recently in Washington, the subject of OAS sanctions on Cuba was among those considered. The foreign ministers decided that a meeting should be called in July in San Jose, Costa Rica, for the purpose of drafting amendments to the Rio Treaty. Since one of the amendments relates to the vote necessary for lifting sanctions, it is possible that the meeting may also address the problem of the Cuba sanctions. Until we see just how the matter is presented, it would be difficult to state what the U.S. position would be.
- I want to make clear, however, that the action being considered by the OAS would simply terminate the obligatory nature of the sanctions and would have no effect on U.S. sanctions on bilateral trade and contact with Cuba.

Middle East -- Congressional Consultation
Senate 76 Letters

Q: The fact that 76 Senators wrote you just prior to your meeting with Sadat suggests strong Congressional interest in the outcome of the reassessment to reflect strong US support for Israel. Will you be briefing the Hill on your talks with Sadat as well as with Rabin and will you be consulting closely with Congress before any final decisions are made as a result of the reassessment?

A: Following the suspension of the negotiations in March, I, Secretary Kissinger and other high-level officials have regularly briefed Congress and have sought their views. Similarly, I briefed the Congressional leadership on my European trip, including the talks with President Sadat, shortly after I returned from my trip. Secretary Kissinger plans more meetings with Congress. These exchanges of view with Congress are very important and they will continue.

Throughout the reassessment, I have welcomed suggestions from a wide range of private and official Americans with informed views on the Middle East including, of course, Members of Congress. We have also discussed the matter with officials from other nations. We are giving due consideration to all available information as our reassessment proceeds.

ISRAELI SINAI PULLBACK

Q: What is your view of the Israeli gesture to pullback from the Sinai and did the announcement -- coinciding with your visit with Sadat -- have a favorable impact on your talks in Salzburg? Did you sense that the Egyptians might make a further reciprocal gesture?

Does the Israeli pullback really mean much militarily or is it more of a symbolic gesture?

A: I think that the Israeli decision was a constructive move. We have said all along that we would welcome moves by any of the parties which would decrease tensions in the area and enhance the negotiating environment. For this reason, we welcomed Egypt's decision to reopen the Suez Canal. I cannot speculate as to any further Egyptian steps or those by other parties but we strongly encourage any moves contributing to greater understanding between the parties of what we believe to be a common desire for peace.

MIDDLE EAST -- AID LEVELS TO EGYPT, ISRAEL

Q: What kind of aid commitments did you make to Sadat and what aid levels do you plan to send to the Hill for both Egypt and Israel, especially taking into account the Senate 76 letter urging substantial aid for Israel?

A: No final decisions for aid for the Middle East have been made.

These will be reached after the conclusion of the general reassessment.

The subject of aid came up in my talks with President Sadat, and I reaffirmed our interest in the economic development and progress of Egypt. I told the President that we will seek ways we can assist Egypt's long-range economic development, both bilaterally and in cooperation with other states and international institutions. I will work with Congress toward this objective.

The question of aid to Israel may arise in my talks with Prime Minister Rabin and I am prepared to discuss Israel's needs with him. Following the completion of the reassessment, we will begin consultations with Congress on specific aid figures for Israel, Egypt and other Middle East countries.

NORTHROP CORPORATION SCANDAL INVOLVING
SAUDI ARABIA

Q: What do you think of the scandal of the Northrop Corporation bribing top Saudi Arabian officials on arms contracts? Have we known about this going on and will it affect U.S. relations with Saudi Arabia?

A: Congress is looking into charges of alleged bribes and illegal contributions by many companies, in the U.S. and abroad. We need to have all the facts before making a judgment but naturally we oppose illegal activities involving American businesses if this is what is taking place.

Nevertheless, U.S. Government relations with Saudi Arabia remain strong. I want to see our relations strengthened and deepened.

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NORTHROP-SAUDIS

WASHINGTON (AP) -- THE NORTHROP CORP. HAS ADMITTED PAYING \$450,000 IN BRIBES BARRACKED FOR TWO SAUDIA ARABIAN GENERALS IN EXCHANGE FOR THEIR HELP ON AN AIRCRAFT PROCUREMENT CONTRACT, THE HEARST NEWSPAPERS SAID TODAY.
THE NEWSPAPERS, IN A STORY BY JOHN HALL, QUOTED SEN. DICK CLARK, D-IOWA, AS SAYING THE CALIFORNIA-HEADQUARTERED AEROSPACE FIRM MADE THE DISCLOSURE TUESDAY IN CLOSED-DOOR

TESTIMONY BEFORE THE SENATE FOREIGN RELATIONS SUBCOMMITTEE ON MULTI-NATIONAL CORPORATIONS.
THE NEWSPAPER QUOTED CLARK AS SAYING THE MONEY WAS PAID IN CASH IN 1971 AND 1972 THROUGH ADHAM M. KHASHOGGI, SON OF THE PERSONAL PHYSICIAN TO THE LATE KING FAISAL OF SAUDIA ARABIA.
A SPOKESMAN FOR CLARK SAID THE SENATOR HAD BRIEFED A HEARST REPORTER ON THE NORTHROP MATTER, BUT THE SPOKESMAN WOULD NOT CONFIRM OR DENY THE ACCURACY OF THE STORY.

NEITHER NORTHROP OFFICIALS NOR KHASHOGGI COULD BE REACHED FOR IMMEDIATE COMMENT. BUT IN AN INTERVIEW WITH THE ASSOCIATED PRESS THREE WEEKS AGO, KHASHOGGI DENIED THAT HE HAD PAID ANY BRIBES FOR NORTHROP OR OTHER ARMS MANUFACTURERS WHOM HE REPRESENTS IN SAUDI ARABIA.
GULF OIL CORP. AND UNITED BRANDS CO. EARLIER DISCLOSED PAYMENT OF SIZEABLE BRIBES OR FOREIGN POLITICAL DONATIONS TO OBTAIN OVERSEAS BUSINESS.

GULF OFFICIALS TESTIFIED BEFORE THE COMMITTEE EARLIER THIS MONTH THAT IT PAID \$4 MILLION TO THE POLITICAL PARTY OF SOUTH KOREAN PRESIDENT PARK CHUNG HEE IN 1966 AND 1970 AND \$450,000 IN POLITICAL GIFTS TO THE LATE BOLIVIAN PRESIDENT RENE BARRIENTOS BEGINNING IN 1966.

UNITED BRANDS EARLIER REPORTED TO THE SECURITIES AND EXCHANGE COMMISSION THAT IT PAID MORE THAN \$2 MILLION IN BRIBES TO OFFICIALS IN HONDURAS AND EUROPE.

IT WAS EARLIER DISCLOSED THAT KHASHOGGI'S WEAPONS CONSULTING FIRM, TRIAD INC., IS TO RECEIVE A \$40-MILLION AGENT'S FEE FOR WINNING A \$350 MILLION CONTRACT FOR NORTHROP TO PROVIDE MAINTENANCE AND TRAINING FOR SAUDIA ARABIA'S FLEET OF F5E LIGHTWEIGHT FIGHTERS. THE F5E IS BUILT BY NORTHROP.

CLARK, ACCORDING TO THE HEARST STORY, SAID NORTHROP OFFICIALS IDENTIFIED THE \$450,000 PAYMENTS AS BRIBES AND DID NOT CALL THEM POLITICAL CONTRIBUTIONS.

NAMES OF THE GENERALS WERE NOT DISCLOSED.
SUCH BRIBE PAYMENTS DO NOT VIOLATE U.S. LAWS, BUT CLARK SAID NORTHROP OFFICIALS SAID IT DID VIOLATE SAUDI ARABIA LAW, THE NEWSPAPERS' STORY SAID.

THE U.S. INTERNAL REVENUE SERVICE IS INVESTIGATING CORPORATE AGENTS' FEES PAID OVERSEAS TO DETERMINE WHETHER CORPORATE INCOME TAX DEDUCTIONS MAY HAVE VIOLATED FEDERAL TAX LAWS.

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NEW YORK (AP) -- BALKY CITY OFFICIALS WERE WARNED TODAY THAT THE CI... A STATE AGENCY TO SOLVE ITS

June 4, 1975

PALESTINIAN PROBLEM

Q: Did you and President Sadat make any headway on the Palestinian problem and did he press that the PLO be invited to Geneva? What is your view of an independent Palestinian State on the West Bank?

A: We discussed a whole range of issues associated with the Middle East problem but I am not going to get into a discussion of the details.

The US position has always been that any final settlement must take into account the legitimate interests of the Palestinians.

North Vietnamese-U. S. Diplomatic Relations

Q: The North Vietnamese have proposed diplomatic relations with the U. S. and called for the U. S. to provide aid to Vietnam. Do you have plans to do either of these?

A: We have no plans to establish diplomatic relations with North Vietnam or to provide any type of aid to them.

REVIEW CONFERENCE OF THE NON-PROLIFERATION TREATY

Q: The states party to the Non-Proliferation Treaty have recently concluded a conference in Geneva, Switzerland, to review the operation of the Treaty and its contribution to checking the proliferation of nuclear weapons. What is your assessment of the results of the Conference?

A: It is my view that the Conference was quite successful. I think it is clear that the NPT is of great value to all the parties to the Treaty and that it deserves the widest possible adherence. The work done at the Conference represents an important contribution to our common goal of assuring that the peaceful use of nuclear energy does not contribute to the spread of nuclear weapons.

SALT

Q: What are the issues which are holding up completion of a SALT agreement?

A: The unresolved issues are highly technical in nature and I do not think it would be practical for me to describe them. I will say, however, that the matters involve primarily verification and definitions.

SALT

Q: What is the status of the SALT negotiations? Are you still optimistic about conclusion of a new SALT agreement?

A: The formal SALT negotiations are currently in recess.

They will be reconvening in Geneva on June 23.

We are making progress toward a new SALT agreement based on the outlines agreed at Vladivostok in December.

There are a number of technical problems which remain to be resolved.

As you know, SALT was one of the topics which Secretary Kissinger discussed with Soviet Foreign Minister Gromyko during their meeting in Vienna. There was a thorough discussion of the outstanding issues, and both sides are now reviewing their positions in light of these exchanges.

I am confident we will be able to find solutions to the outstanding problems.

Nuclear Proliferation -- Brazil and Argentina

Q: Would you comment on recent reports that countries such as Brazil and Argentina are buying nuclear reactors and seeking fuel processing and uranium enrichment plants? Are you concerned by the increasing number of countries that are acquiring such capabilities with a potential use for weapons development?

A: We are, of course, concerned that all expansion of nuclear facilities for peaceful purposes be accompanied by controls and safeguards designed to prevent diversion for nuclear explosive purposes. This longstanding U. S. policy is not focused on any one country, and we have reaffirmed our commitment to the principles and objectives of non-proliferation at the recently concluded Non-Proliferation Treaty Review Conference. We also encourage all countries not already signatories to the Non-Proliferation Treaty to become party to it.

[FYI: Brazil has been negotiating an agreement with the Federal Republic of Germany to buy reactors to expand its electrical generating capacity. The agreement also provides for acquisition of fuel reprocessing capabilities and uranium enrichment plants. Brazilian officials have publicly stated their intention to attain eventually a complete nuclear fuel cycle. Brazil is not party to the NPT but the FRG is and therefore is obligated to have IAEA safeguards applied to its nuclear exports. Argentina, also, attaches high priority to achieving a self-sufficient nuclear fuel cycle and is acquiring nuclear equipment from France. Of course, in this case neither Argentina nor France is party to the NPT.]

Tad Szulc Article on SALT

Q: Tad Szulc, in a recent New Republic article, says we were "had" on the SALT agreements, that the Russians are violating the agreement widely, and that many "loopholes" were left in the agreements. Can you comment?

A: We know of no Soviet violation of existing agreements, and we have found no "loophole." Of course, in agreements this complicated, ambiguities arise. This was foreseen at the time the agreements were signed, and the Standing Consultative Commission (SCC) was set up to deal with such situations. To date, the SCC has been very successful. Most of the issues raised by either side have been resolved, and we are continuing our discussions on the remainder.

LAW OF THE SEA CONFERENCE

Q: Mr. President, in your April 10 address to Congress, you said: "The world's oceans, with their immense resources and strategic importance, must become areas of cooperation rather than conflict. American policy is directed to that end." With the Law of the Sea Conference in Geneva now over, what progress has been made to date toward reaching a treaty agreement?

A: Judging by the reports I have received, substantial progress was registered in a number of important areas at Geneva -- but much hard work remains to be done. The next session of the Conference is scheduled for early 1976. I would hope that all the nations represented will devote every effort to reaching accommodation on outstanding issues in the current international effort aimed at producing a comprehensive and widely accepted oceans treaty. In this regard, I can assure you that the United States will continue to play a role of leadership.

TURKISH MILITARY ASSISTANCE

Q: Mr. President, the Senate recently passed the Mansfield-Scott Bill which would restore U. S. military assistance to Turkey which was cut-off on February 5. What was Prime Minister Demirel's reaction?

A: I very much welcomed the favorable Senate action on the Mansfield-Scott Bill. The effect of the Congressional action to terminate military aid to Turkey has been to impede rather than facilitate progress toward a Cyprus settlement -- and it is not in keeping with the mutual interests which the United States and Turkey share as friends and allies. The Turkish Prime Minister and I reviewed this and other aspects of our relations during our meeting in Brussels, and it was a very good, very constructive meeting.

Congressional approval of the Mansfield-Scott legislation passed by the Senate will rectify the current situation and will better enable us to work with both Greece and Turkey. The recent Senate action on this bill is an important first step toward restoring a proper relationship with a longstanding friend and ally.

CYPRUS SITUATION

Q: Mr. President, based on your consultations with the Greek and Turkish Prime Ministers in Brussels, do you expect the intercommunal talks in Vienna to produce progress toward a Cyprus settlement?

A: I believe that my meetings with Prime Ministers Caramanlis and Demirel were very useful, and that this was reflected in the positive tone of their subsequent meeting in Brussels. The resumption of the intercommunal talks in Vienna -- with the support of both Greece and Turkey -- is an encouraging sign of progress which I welcome. In my view, such consultations offer the best hope of achieving a peaceful solution to the Cyprus problem agreeable to all -- Greece, Turkey and Cyprus. In the meantime, we will continue to offer our good offices to assist the parties directly involved to reach an equitable solution to this difficult and complex problem.

DETENTE

Q: Mr. President, in light of recent events on the international scene, notably in Vietnam, Portugal and the Middle East, how do you see our relations with the Soviet Union developing? Are US-Soviet relations entering a cooling period?

A: From the outset of my Administration, I have stressed my commitment to working for improved relations with the Soviet Union in the interests of world peace. The effort to achieve a more constructive relationship with the USSR expresses the continuing desire of the vast majority of the American people for easing international tensions and reducing the chances of war while at the same time safeguarding our vital interests and our security. Such an improved relationship is in our real national interest.

On April 10, I observed that during this process, we have had no illusions. We know that we are dealing with a nation that reflects different principles and is our competitor in many parts of the globe.

However, through a combination of firmness and flexibility, the United States has in recent years laid the basis of a more reliable relationship based on mutual interest and mutual restraint. Only last November, at Vladivostok, 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. I believe the prospects for further improvements in US-USSR relations -- taking into account recent international developments -- remain good insofar as they depend on our actions.

CSCE

- Q: Mr. President, do you conclude from your talks with European leaders during the past week that it will be possible to have a summit-level meeting this summer to conclude the Conference on Security and Cooperation in Europe?
- A: We are, of course, following the negotiations at the European Security Conference very closely. While there are still unresolved issues in several areas, the negotiations seem to be reaching a point where there is reason to be optimistic. If the Conference is concluded along the lines that are now foreseeable and if early progress is realized, then I think the time schedule for a concluding phase sometime this summer could materialize. However, we still need first to see the results of the negotiations now underway.
- Q: Mr. President, there have been criticisms over the United States agreeing to legitimize the Soviet Union's World War II territorial acquisitions in this European Security Conference. Why are we taking this action?
- A: First, I do not wish to prejudge the outcome of the current negotiations. Second, however, I would note that these negotiations do not involve the preparation of a peace treaty.
- The European Security talks are aimed at producing declarations that should assist in the process now underway of reducing tensions and increasing contacts and cooperation between East and West. The CSCE documents will not alter the legal position of any participating state on European territorial questions.

U.S. ROLE IN LAOS

Q: What is the U.S. role going to be in this new situation in Laos? Will we continue to provide aid? Will we terminate diplomatic relations? Is Ambassador-designate Stone still going to go to Vientiane?

A: We are reviewing the situation in Laos. Until recently we had been providing military and economic aid to the Government on the understanding it was a neutral government in a neutral country.

We now have no plans to sever diplomatic relations in Laos; however, we are concerned about the fact that our official personnel have been harassed and threatened. As you know, we will be terminating our AID Mission in Laos by the end of the month.

Given the circumstances in Laos, we will have to decide how to proceed in the future. We are watching the situation closely and will make our determination as it evolves.

Q: Should we not be evacuating Americans from Laos, especially in view of the recent anti-American demonstration in Vientiane?

A: We are at present thinning out U.S. personnel in Laos. We do not now foresee any need for an evacuation. It depends, obviously, on how the situation evolves.

Withdrawal of U.S. Forces from Thailand

Q: Following the Mayaguez incident, there has been significant pressure in Thailand for the U.S. to speed up its troop withdrawal and to quickly end the U.S. military presence in that country. How is the U.S. Government reacting to this? Are we withdrawing from Thailand at a more rapid pace?

A: As you know, we have been withdrawing aircraft and military personnel from Thailand. We have consulted regularly with the Thai Government on this question and will continue to do so.

Our military presence in Thailand is based on a mutuality of interest. Our troop withdrawals and future force levels are worked out in close cooperation with the Thai Government; we are there at their request.

Any further changes in troop levels will be made after full discussion with the Thai leadership. We have not unilaterally stepped up any aspect of this process.

U. S. MIDDLE EAST STRATEGY -- INTERIM OR OVERALL
SETTLEMENT

Q: On the basis of your talks with Sadat and the on-going reassessment, what are the prospects for early movement in the negotiations and what form will these take? Do you prefer to see a resumption of step-by-step diplomacy for another Egyptian/Israeli agreement, or do you prefer to see steps taken toward moving to an overall settlement, including resuming Geneva? Will the U.S. put forward a peace "plan"?

A: I think that my talks with President Sadat -- as will those with Prime Minister Rabin -- serve a very useful purpose in getting a first-hand assessment of their views and informing them of our belief that there must be early movement in the negotiations.

No final judgments as to precise new steps will be made until after our reassessment has been completed. We are looking at all of the diplomatic options which might hold promise for new progress. These include a step-by-step approach, a resuming of the Geneva Conference looking toward an overall settlement or possibly a broader interim agreement. The U.S. is not advocating any one approach but rather trying to assess which might offer the best hope for progress. When we have formed a judgment as to the best approach to take, we shall make it known. We will not make any final decisions until we have heard the views of all the interested parties.

VISIT TO EGYPT

Q: Have you accepted Sadat's invitation to visit Egypt and when would you plan such a visit? Would it also include a visit to Israel? Have you invited Sadat to Washington?

A: President Sadat has invited me to visit Egypt and I renewed my invitation that he visit Washington. I greatly appreciated his invitation and have accepted it. But no firm plans have been made as yet for a date to visit Egypt or any other countries in the area.

IMPRESSIONS OF PRESIDENT SADAT
ASSESSMENT OF YOUR MEETING

Q: What is your assessment of President Sadat and of the results of your meeting with him and do they hold promise for early movement in the negotiations? Did you and Sadat agree on views on next steps on what an overall settlement should look like?

A: This was my first opportunity to have wide-ranging personal discussions with President Sadat and to establish a personal relationship with him. I am impressed with his judgment and statesmanship and I believe he is sincerely committed to peace.

Our discussions were most constructive. We exchanged analyses on the current situation and covered the whole range of the various approaches and diplomatic options for resuming progress toward peace. I emphasized my view that stagnation or a stalemate is unacceptable. He agreed and presented his views on the nature of an eventual peaceful settlement. We also discussed bilateral issues, including ways in which we can work directly and with others to help Egypt carry out its plans for economic development.

I will now be consulting with Prime Minister Rabin, but until I have concluded all of my discussions, I would not want to speculate on decisions that may be made as a result of our reassessment.

EUROPEAN DEFENSE

Q: Why, 30 years after World War II, does the US still have more than a quarter of a million soldiers in Europe? Are they really necessary? Why can't the Europeans do more for their own defense?

A: A strong and self-confident NATO Alliance remains the cornerstone of our overall defense strategy. In my recent remarks to the NATO leaders in Brussels, I reemphasized the need for all of us to maintain our force levels and to increase our military effectiveness through rationalizing our collective defense.

The US contribution is only a fraction of total Alliance forces. Our European Allies contribute heavily to NATO defense and we continually encourage them to maintain their current force levels despite the increased economic pressure we all face.

We also sponsor and encourage efforts within NATO to achieve greater military capability from existing resources through standardization of equipment, conversion of support forces to combat strength, and other means. Our objective is to obtain the greatest defense capability from the considerable military investments all the NATO members are making in Europe.

MBFR PROGRESS

Q: The MBFR negotiations have been going on for over a year and a half now and appear to be stalemated. Is there any reason to think the talks will produce results? Could some reductions be made while the talks continue?

A: We have known from the start that these negotiations would be very complex and difficult, and that we should not expect quick results. The issues being addressed in the MBFR talks go to the very heart of the structure of European security and affect the vital interests of some 19 participating countries.

The discussions have been treated seriously so far and neither side has used them as a propaganda forum. If they continue in this spirit, meaningful results will eventually be achieved. The sixth session of the talks has just begun in Vienna. We do not consider the talks to be stalemated and are hopeful about the eventual outcome. As I said at the recent NATO summit "NATO should be prepared to take appropriate initiatives in these negotiations if that will help us meet our objectives. But the Soviet Union and its allies should also be prepared to respond in good faith on the common objectives both sides should be working toward -- undiminished security for all but at a lower level of forces."

There will be no US withdrawals while the talks continue.

US forces are in Europe for very good reasons and the level of those forces should be no lower given the threat posed by the other side.

STATUS OF VIETNAM-BOUND FOOD AND EQUIPMENT

- Q. Recent press reports suggest that over 50,000 tons of U.S. food and equipment perviously destined for South Vietnam and Cambodia are being held in ports in Asia and may be lost or sold at cut rates. If this is true, what are you doing about it?
- A. Yes, it is true. Cargoes of P.L. 480 food assistance, AID commodities, and military equipment in transit were not delivered. These are being held in Asian locations while decisions are being made on their disposition. There are probably over 100,000 tons of food and equipment. Some of the food, which is perishable, has already been sold and the sale of the remainder is currently planned. U.S. agency personnel are on site in the major ports to inventory items prior to decisions on disposition.

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