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THE WHITE HOUSE

WASHINGTON

February 4, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: RON NESSEN

Here are four additional political questions and answers in preparation for your Christian Science Monitor interview Thursday.

There may be one or two political matters we should talk about on Thursday morning before the interview.

Attachments:

Four briefing papers



PBS FORUM

Q. Will you participate in the League of Women Voters - Public Broadcasting Systems forums, in which citizens will question presidential candidates?

A. As you know, I have been participating in similar forums throughout the United States for the past 18 months. I have found them very useful in finding out what people are thinking about national and local issues.

We are reviewing my schedule to see if the time is available to participate in the League of Women Voters forum, but have not yet decided.



JBS/2-4-76

ELECTION COMMISSION

Q. What do you feel should be done to insure open and honest election practices now that the Supreme Court has ordered the Federal Election Commission re-structured?

A. I am for the reforms the Federal Election Commission was set up to institute, and in my campaign we have tried to abide by the spirit of those reform efforts as well as the letter.

The Court decision upset some of the pieces of the reform but we have been studying the original law and the Court decision and hope to have recommendations for Congress soon to insure that campaign abuses do not occur.



JBS/2-4-76

CAMPAIGN FUNDING

Q. Your campaign, at last report, had collected less money than Ronald Reagan's. Why do you believe this has happened?

A. I think that is no longer true. I have not been keeping track of the exact amounts, but I do know that we are on the right track and I am pleased with the way the money is coming in.



JBS/2-4-76

CAMPAIGN PROBLEMS

Q. Why is it that your campaign seems to have been beset from the start with organizational problems?

A. Well, stories of campaign organizations in trouble are almost as much a part of an election year as public opinion polls. We did have some troubles early in our efforts, but the problems have been ironed out and things are moving well now.

I'd say any stories you read now about how my organization is in trouble are greatly overrated.



THE WHITE HOUSE
WASHINGTON

THE PRESIDENT'S BRIEFING BOOK
QUESTIONS AND ANSWERS

THE CHRISTIAN SCIENCE MONITOR

THE OVAL OFFICE

THURSDAY, FEBRUARY 5, 1976





INTERVIEW

THE CHRISTIAN SCIENCE MONITOR

Thursday, February 5, 1976

11 a.m. (60 minutes)

THE OVAL OFFICE

From: Jim Shuman

I. PURPOSE

To present your views and explain your policies to the 192,126 readers of the Christian Science Monitor throughout the United States.

II. GOAL

To further build support for yourself and for your policies.

III. BACKGROUND

The Monitor requested this interview, the first their staff has held with you since you became President. Two of the participants, John Hughes, the editor, and Godfrey Sperling, the Washington editor, interviewed you while you were Vice President, two weeks before you became President.

IV. QUESTION AREA

The interviewers have indicated they will concentrate on foreign policy, although domestic issues, including economics and politics, will also be discussed.

V. GROUND RULES

The interview is on-the-record. Because of printing schedules, the Monitor does not plan to publish it until the Monday morning edition. There are no plans to release the transcript to other reporters.



VI. OPENING REMARKS

Brief casual remarks indicating you remember the earlier interview and have been looking forward to this interview are suggested.

VII. PARTICIPANTS

John Hughes, editor, The Christian Science Monitor,
Earl Foell (pronounced Fell), managing editor, The Christian
Science Monitor, Godfrey Sperling, Washington editor, The
Christian Science Monitor.

Ron Nessen.

Biographies, taken from Who's Who in America, follow.



Earl William Foell, editor; born Houston, September 21, 1929; s. Ernest W. and Margaret (Kane) F; B.A., Principia Coll., 1949; LL.D. (hon), Ricker College; married Cordelia Treanor September 20, 1962; children--David, Johathan, Hayden. Reporter, editorial writer, foreign correspondent, Christian Science Monitor, Boston, 1953-1968; U.N. correspondent, Los Angeles Times, 1968-1970, Managing Editor Christian Science Monitor, 1970-- Home: 43 Black Horse Lane Cohasset, M.A. 02025. Office: 1 Norway Street, Boston, M.A. 02115

John Hughes, journalist; born Neath, S. Wales, April 28, 1930, s. Evan John and Dellis (Williams) H.; grad. Stationers' and Newspapermakers' School, London, England, 1946; Nieman fellow Harvard. 1961-62; Married Vera Elizabeth Pockman, August 20, 1955; children--Wendy Elizabeth, Mark Evan. Mem. staff newspapers in London and South Africa, 1946-54, with Christian Science Monitor, 1954-----, Africa correspondent, 1955-61, Assistant Foreign Editor, 1962-1964, Far East correspondent, 1964-70, Managing Editor, 1970. Editor, 1970---; broadcaster Westinghouse Broadcasting Co., 1962-----. Recipient Pulitzer prize international reporting, 1967. Clubs: Overseas Press (N.Y.C.); Hong Kong Country, Foreign Correspondents, Harvard (Hong Kong). Author: The New Face of Africa, 1961; Indonesia Upheaval, 1967. Office: 1 Norway Street Boston, Massachusetts 02115.

Godfrey Sperling, Jr., journalist; born Long Beach, California, September 25, 1915; s. Godfrey and Ida (Bailey) S; B.S., Univ. of Illinois, 1937; J.D., University of Oklahoma, 1940; married Betty Louise Feldmann, June 22, 1942; children--Mary (Mrs. John H. McAuliffe), John Godfrey. Admitted to Illinois bar, 1940; practice in Urbana, Ill., also a reporter Campaign-Urbana News-Gazette, 1940-41; mem. staff Christian Science Monitor, 1946-----, Midwest Bureau Chief, 1957-62, N.Y. Bureau Chief, 1962-65, News Manager, Assistant Chief, Washington bureau, 1965-----, Nat. polit, corr, 1970-----; lectr, nat. affairs, 1955-----. Served to maj.USAAF, 1941-46; col. Res. Mem. Okla., Ill., Mass., bar assns, Congl. Press Corr. Assn., White House Press Corr. Assn., Sigma Delta Chi. Christian Scientist Clubs; National Press. Overseas Writers, Sperling Roundtable Breakfast with Godfrey (host) (Washington); Kenwood Country Club (Bethesda, MD.) Home: 7706 Catham Road, Chevy Chase, MD 20015 Office: 910 16th Street, N.W. Washington, D.C. 20006

FOREIGN POLICY



CONGRESS AND FOREIGN POLICY

Q: How do you feel about the intrusion of Congress into foreign policy making, an area traditionally and constitutionally associated with the Executive Branch?

A: The question is not whether the Congress has a legitimate and important role to play in the formulation of foreign policy. It clearly does. The real question is whether a body of 535 members can or should attempt a role in the conduct and execution of specific policy issues on virtually a day to day basis.

While the framers of the Constitution designed the separation of powers to protect our individual liberties, they wisely left the President wide latitude in foreign policy making to provide the continuity, decisiveness and flexibility necessary to protect our nation's freedom and security.

After a decade of national turmoil, Congress, not unexpectedly, sought a more active role in foreign policy, an interest I welcomed. As President, I have worked to increase the degree of consultation and interaction with the Congress on major national security issues. I meet frequently with the bipartisan leadership and with other Congressional groups. Members of my Administration as standard practice have briefed relevant Congressional Committees on national security and foreign policy issues as they developed



and have attempted to be responsive to the Committees' needs for specific information.

There is no question the Congress shares responsibility for fundamental decisions about our foreign policy, and both branches must be accountable for their actions and the consequences of their decisions. Unfortunately, when Congress has attempted to dictate the tactics of specific U. S. policies the results have been disturbing, with long range implications for our future. Over the past two years for example,

-- An attempt to pressure Soviet emigration disrupted progress in our economic relations and drastically reduced the flow of Soviet Jews from the USSR.

-- The arms embargo on Turkey has seriously undermined our relations with a key NATO ally and has actually forestalled a solution to the Cyprus problem.

-- In Angola, the Congress has voted to prevent effective action by the United States to assist people who were trying to resist domination by outside powers.

-- Investigations of our intelligence agencies resulted in leaks of sensitive information damaging to us and to our allies and demoralized our vital intelligence services.



We must define more clearly the role Congress can and should play in the conduct of our foreign policy. I intend to continue to consult closely with the Congress, and I am hopeful that in the new year we can work to achieve a more constructive and effective partnership, as we must, in strengthening the United States' position in the world.

As I pledged to the American people in my State of the Union Message to seek a "secure, just, and peaceful world", I also pledged to the Congress to work with them to this end. It is equally true, however, that the Congress, for its part, must also work with me.



SALT

Q: With Secretary Kissinger's visit to Moscow it appears that we have reached a critical turning-point in the SALT negotiations. Would you take this opportunity to give us your personal view on the importance of these negotiations?

A: Further limitations on nuclear arms are clearly an essential part of our efforts to secure a stable and orderly relationship with the Soviet Union.

I am personally convinced that a resumption of unrestrained competition in strategic arms would seriously undermine that relationship and inevitably increase the risk of nuclear war. Such an outcome would also place an enormous burden on the economies of both our countries while offering little prospect of a significant strategic advantage to either side. For this reason, I am committed to achieving a new SALT agreement. I believe this is clearly in our interest and in the best interest of all other countries as well. We are conducting our negotiations in that spirit.

Let me point out some of the specific, long-term consequences of a failure in the SALT negotiations. The Soviet Union could:

- build additional ICBMs without restrictions;
- build more ballistic missile submarines without having to dismantle their old ICBMs; and
- build additional strategic bombers without restriction.



Without the Vladivostok understanding that both sides should have equal numbers of strategic systems, there would again be unrestrained competition between the U. S. and USSR in strategic arms. This could result in one of two undesirable alternatives:

- Either we would have to accept large additional expenditures in strategic arms;
- Or we would have to accept a perceived inequality in strategic forces with its adverse political implications.

The latter alternative is clearly unacceptable, while the former is clearly undesirable. Therefore our objective is to avoid these consequences by negotiating an agreement which is based on the Vladivostok understanding and is clearly in the national interest of the United States.



SALT COMPLIANCE

Q: Admiral Zumwalt and others have stated that the Soviets have violated the SALT agreements and have raised questions as to whether you and former President Nixon were kept adequately informed of this problem. Could you comment on these allegations?

A: First, as I indicated on earlier occasions, ambiguities have arisen with respect to the precise interpretation of several provisions in the SALT agreements, and I would like to emphasize the word "ambiguities," not violations.

In an effort to iron out these ambiguities, we referred them to the Standing Consultative Commission, a group established by the two sides in 1972 to try to resolve just the sort of situations which have arisen. Without going into the details, let me just say that the Standing Consultative Commission, which had two series of meetings during 1975, has been successful in resolving several of the ambiguities. Others are still being worked on.

I have been kept informed fully and in a timely fashion on compliance matters. Appropriate officials in each agency have also been kept fully abreast of developments and have participated in thorough discussions of these issues within the NSC system. I also receive regular reports in my morning intelligence briefings. I have reviewed and approved instructions for our Standing Consul-



tative Commission Component in Geneva and have been kept informed of the discussions taking place there.



MBFR

Q: The MBFR talks have just started up again in Vienna. Could you give us your personal views on these talks; what do we hope to gain? Are the talks getting anywhere?

A: I continue to attach great importance to reducing and limiting the level of armed forces in Central Europe. Along with our NATO allies, our objective in MBFR is to lessen the risk of war by achieving a more stable military balance in Central Europe at lower force levels. We believe the best way to do this is to reduce the military manpower in the area in a way which will limit both sides to about the same number of men. We also seek to reduce the enormous disparity in some areas -- such as tanks -- between the two sides.

We have made some important new proposals in Vienna which should help to move the talks forward. We hope the Soviet reaction to those proposals will be consistent with our common interest in taking steps in the military field which will contribute to the process of detente. We should keep in mind, however, that the issues in MBFR go to the very heart of the structure of European security and are extremely complex and difficult. We should not expect rapid results.

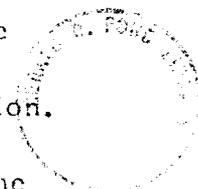
DETENTE

Q. What is our national interest in terms of detente? Is detente working in our favor or the Russians?

A. In recent months there has been a tendency to look at Soviet-American relations very narrowly, to focus on the continuing differences between us, to oversimplify a complex relationship and to overlook what has been achieved. In my view, a proper understanding of this Government's policy toward the Soviet Union requires that it be seen in the context of our broader and determined effort to create a more peaceful and more stable world.

The advancement of U. S. interests and the safeguarding of this nation's security form the bedrock of U. S. foreign policy. We implement this foreign policy in concert with our allies. Since taking office, I have pursued these objectives through close and continuing consultations with our friends and Allies -- at the NATO summit and through scores of summit meetings here and abroad -- and through negotiations with our competitors. My policy is aimed at safeguarding and advancing the interests of all Americans.

In recent years, the United States and its colleagues, particularly in Europe, have engaged the Soviet Union and Eastern Europe on an important range of issues aimed at lessening the chances for war and improving the opportunities for cooperation. This effort to achieve a more constructive relationship with the Soviet Union expresses the continuing desire of the vast majority



of the American people for easing international tensions while at the same time safeguarding our vital interests and our security.

Such an improved relationship is in our real national interest.

We have no illusions in this process. The suspicions and rivalries of more than a generation cannot be swept away with documents or summit meetings. Political rivalries and military competition between us continue.

In light of these realities, a strong defense is the only sure foundation for peace and America, in concert with its allies, must maintain a defense second to none. We must and shall firmly defend our own vital interests and those of our friends. At the same time, through a combination of firmness and flexibility, we have laid the basis for a more stable relationship with the USSR based on mutual interest and mutual restraint. We have made important progress -- for example, the Berlin Agreement of 1971, the Vladivostok accords of 1974. I believe the agreements reached so far represent a historic and positive change in the nature of the competition between our systems -- a competition that certainly will continue.

We have reached a new plateau in our relationship. If the pace in some areas has slowed, we must bear in mind what has already been achieved and acknowledge that the issues now are becoming more complex and their implications more significant.



The state of Soviet-American relations can no longer be arithmetically gauged by the number of agreements reached or by the frequency of summits. It is essential that we and the Soviet leaders understand each other's positions clearly. The United States cannot be indifferent to Soviet actions on the international scene that are destabilizing and inconsistent with the principles of coexistence signed in 1972. This is the case in Angola. Continuation of the Soviet intervention there would have to be taken into account in our own policy.

Because we are ideological competitors, the contacts inherent in our current relationship with the Soviet Union permit frank discussions on international issues where our views do not coincide. While we do not agree, we each come away from these exchanges with a clearer understanding of the other side's views and therefore a greater chance of avoiding miscalculation or misunderstanding.



US PRESENCE IN THE SINAI

Q: What is the US doing about its proposal to send 200 technicians to the Sinai? Are any deployed there now? Is there a delay in implementing the proposal?

A: The US agreement to send technicians to the Sinai involves the use of privately-contracted US civilian personnel under the supervision of the Sinai Support Mission to monitor the approaches to the two central Sinai passes. A contract was awarded on January 16 (to "E Systems, Inc."), technicians are in the field and equipment is arriving by air. The mission will be operational by February 22 when the Egypt-Israeli Agreement goes into effect.

[FYI: Any deviation from the terms of the Egypt-Israeli Agreement of September 1, 1975 will be reported to Egypt, Israel, and the UN.

The Israeli and Egyptian early warning sites are authorized by the September 1st Agreement in order to provide each side with a strategic early warning capability. They will not be manned or operated by US personnel but a US liaison officer will be located at each site.



CUBA

Q: What are the prospects for improvement in our relations with Cuba in view of its intervention in the Angola conflict?

A: As I have said before, we see no advantage in perpetual antagonism between ourselves and Cuba. However, the Cubans' involvement in the domestic affairs of other nations, such as their encouragement of the Independence movement in Puerto Rico and, particularly, their massive involvement in the Angola conflict, is simply incompatible with a process aimed at lessening tensions and improving relations. The Cubans have sent over 10,000 troops to Angola involving themselves in what should be an internal Angolan matter. Under present circumstances, I would rule out the possibility of an improvement in relations between ourselves and Cuba.



PANAMA

Q: Governor Reagan has expressed his opposition to continuing treaty negotiations with Panama. Do you expect this to become a campaign issue and what are the prospects of concluding this year a new treaty for submission to the Congress?

A: Discussions with Panama relating to the Canal have been conducted during the last three Administrations and have had the support of five Presidents. The goal of these negotiations is to reach an agreement which would accommodate the interests of both nations while protecting our basic interests in defense and operation of the Canal. We believe this should be possible, and we are now in the process of discussing with Panama the possibility of arriving at such an agreement. There are a number of difficult questions remaining to be resolved and the negotiations are continuing. At this stage it simply would not be useful or possible to predict when agreement on a treaty might be reached.

I have no intention of proposing to the Congress any agreement with Panama, or with anyone else, that would not protect our vital interests. Naturally, any treaty we conclude will be submitted to the full constitutional process, including Senate approval, and we will be consulting closely with Congress as the discussions continue.

OK

4K

U. S. COMMITMENTS AT THE UN

Q: Secretary Kissinger's speech at the Seventh Special Session of the UN last September made a major US commitment to work with the Third and Fourth World nations to find solutions to their economic problems. What are your plans for meeting this commitment?

A: Secretary Kissinger's UN Special Session speech represented an important US commitment to find ways of dealing with the major North/South issues in a realistic and constructive manner. In the speech we offered a number of specific proposals which we believe can serve the interests of developing and industrialized countries alike in a more orderly and prosperous world economy.

I have made it clear to Administration officials that I expect these proposals to be carried out promptly and vigorously. In the Multilateral Trade Negotiations in Geneva we have made a number of specific proposals to improve the export opportunities of developing nations. And we have joined other industrialized countries in improving access to our markets for a wide range of developing country exports through a system of generalized tariff preferences. At the recent IMB meetings in Jamaica there was agreement to the implementation of a key element in the speech -- a Development Security Facility in the IMF to reduce the impact of export shortfalls of developing nations.



Beyond this we have taken a leadership role in bringing about an improved North/South dialogue to seek solutions to issues between the developed, developing and oil exporting nations. In mid-December we participated in the Conference on International Economic Cooperation (CIEC) in Paris. That meeting, attended by ministers from developed, developing and OPEC nations, formally launched four commissions: energy, raw materials, development and financial issues. These should serve as centers of initiative in the search for mutually beneficial solutions to problems in those areas. The proposals in Secretary Kissinger's speech will be important elements on the agendas of these Commissions.

In our view the key issues for the Commissions should be:

- the price and security of supply of oil as they affect the international economy;
- the serious balance of payments problems of the developing countries;
- the conditions of international investment;
- the issues of key commodity markets, especially food;
- the problems of trade;
- the urgent needs of the poorest countries.



Finding better ways of dealing with issues must be a high priority for us in the coming decade:

-- It is in the best moral and historical tradition of the US to assist the poorer nations in their development efforts.

-- It is in our economic interest that these nations, which account for over one-fourth of our exports, and vital imports, and which wield an increasingly important financial and commercial influence, assume an appropriate share of the responsibilities for and benefits from an orderly and prosperous world economy. Just as we insist that they be responsive to our concerns, so must we find ways of responding to theirs.

-- It is in our political and security interest to resolve the problems between us. Economic confrontation will be harmful to the interests of all countries and to the more peaceful prosperous world we are trying to build.



January 30, 1976

SITUATION IN INDIA AND INDIAN
CRITICISM OF THE U.S.

- Q. Are you concerned about the loss of democracy in what was the world's largest democracy -- India? Mrs. Gandhi is moving increasingly towards dictatorial powers. What do you think of her criticism of the US? Will there be a setback in Indo-US relations because of her blasts?
- A. We have made very clear our preferences for democratic around the world but I am not going to engage in a debate on the internal events of another country.

As far as comments about US activities in undermining another government, these are totally unfounded and unjustified and we have expressed our concern and dismay to the Indian leadership. We continue to seek improved relations with India for the longer-term but this must be a two way street.



U. S. Position on Portuguese Timor

Q: The Indonesian Government is conducting military operations in Portuguese Timor and essentially has taken over that Portuguese colony. What is the U. S. position on this question?

A: In accordance with a Security Council resolution, a special representative of the U. N. Secretary-General conducted an on-the-spot investigation of the Portuguese Timor situation. We look forward to reading his report.

Q: Did the Indonesian Government use U. S. -provided military equipment in its operations into Portuguese Timor?

A: Our information is incomplete. We will withhold comment until we have more facts.



January 30, 1976

US-SPANISH TREATY OF FRIENDSHIP AND COOPERATION

Q: Mr. President, on January 24, Secretary Kissinger and Foreign Minister Arcizla signed in Madrid the new Treaty of Friendship and Cooperation between the United States and Spain. Do the treaty and the supplementary agreements thereto establish an obligation or commitment on the part of the United States to come to Spain's assistance against an outside attack?

A: As I have stated in the past, the United States attaches great importance to trans-Atlantic cooperation with Spain on security matters and to Spain's contribution to Western defense. In this context, the treaty recently negotiated establishes a strengthened relationship between the United States and Spain, including the provision for military coordination and planning related to Western defense matters. While the treaty does not establish a mutual defense obligation such as you have suggested, it does underscore the interests we share in having a strong and credible defense in the Western European/Atlantic area -- and, I believe will make a very important contribution to these interests.

Q: According to press reports from Madrid, the price tag on this treaty is \$1.2 billion in U.S. economic and security assistance to Spain over the next five years, even though we will reportedly be reducing our presence at one air base and withdrawing our ballistic missile submarines from Rota. Under the circumstances, do you believe that this price tag is reasonable in terms of the benefits we derive from Spain?

A: In my opinion, the new US-Spanish treaty benefits both countries equally by mutually strengthening our defense capabilities. The



majority of our assistance to Spain is in terms of loans and credits.

The revised basing arrangements reflect changes in military technology and requirements that have taken place over the past few years or are expected to occur in the near future.

(FYI: The assistance package for Spain amounts to approximately \$770 million over the next five years -- over \$600 million in loans and credits and the balance in various forms of grants. Independent of the treaty, we are planning to provide \$450 million in Export-Import Bank loans, thus giving rise to the press reports of \$1.2 billion for the agreement. Further, we have agreed to remove most of our tanker aircraft from Spain for relocation elsewhere in Europe and to withdraw, by July 1, 1979, the ballistic missile submarines based at Rota. END FYI)

Q: Will the treaty be submitted to the Senate for advice and consent to ratification?

A: Yes, we will be submitting the treaty to the Senate in the near future.

DEFENSE

DEFENSE BUDGET

- Q. How can you justify increasing the Defense Department budget in fiscal year 1977 when you have called for restraint in the growth of federal spending?
- A. Let me put the Defense increase in perspective.

First, I do not believe there is any informed American who believes we do not need the security of a strong military establishment to enable us to preserve and build on the type of society our forefathers envisioned 200 years ago.

Second, we are working on all fronts to relax world tensions. One tool we must have is a strong and effective military.

Third, we have lost ground. In recent years, our military spending -- in constant dollars -- has dropped. (Using 1977 dollars, it has gone from \$150 billion in 1968 to \$105 billion in 1976.) We need now to re-organize and strengthen our forces, especially in view of increasing Soviet military capacities. We will do that by buying new weapon systems, improving the readiness of existing forces, and increasing selected combat forces.

But at the same time we are asking the Defense Department to share in the general restraint on spending. We also are reducing programs which do not affect combat capability, as part of the general restraint on spending which is affecting the entire executive branch.

BACKGROUND

The FY '77 Defense budget request of \$112.7 billion in total obligational authority is an increase of \$14.4 billion over the \$98.3 billion approved by Congress for FY '76. But only \$7.4 billion of that increase represents real growth; the rest covers inflation.

JBS/2-4-76



DOMESTIC AFFAIRS

RATING CONGRESS

Q. David Broder recently wrote that this Congress, which has tried to assert greater authority in governing the United States, will be on trial this year before the American people who must decide in November whether the Congress has exercised its newly won power responsibly. How would you rate this Congress on the basis of its first session? It is as good as the Congresses you served in? You vetoed 42 bills. How do you think Congress might have performed better?

A. Based on the first session, I would rate Congress poorly.

By failing to reduce taxes and lower spending to the extent possible as the Administration recommended, the economy suffered.

Congress could have done a much better job in measures we requested to increase our supply and sources of energy.

In the area of foreign policy, which ultimately determines our ability to keep the peace, Congress confused and dismayed many of our friends and allies.

I believe Congresses which have a closer balance between the parties are more responsible. When one of the parties is excessively dominant, as the 94th Congress, partisanship is not restrained and rights and views of the minority suffer.

Fortunately, during my service in Congress, there was usually a better balance of power between the parties.

Congress could have better addressed itself to refining and perfecting programs already established, rather than seeking new and extravagant spending programs.

Congress could pay more attention to solving the problems we already have, rather than creating new problems by their tendency to pass laws that only cause more inflation, confusion, and bureaucracy.



An Overview of Unemployment

One of the most difficult tasks we face as a nation is reducing the level of unemployment. America must provide jobs for all who seek work. These must be productive, permanent jobs, not temporary or make work jobs. We will need 10 million new jobs by 1980. While the burdens of high unemployment may be helped by temporary public service jobs, an expanding economy that creates permanent jobs in private businesses is the only satisfactory solution.

Considerable progress has been achieved during the past 6 months in creating jobs for Americans. Last month over 85 million Americans were at work -- nearly 1.3 million more than at the low point in March. We have already recovered two-thirds of the jobs lost in the recession. People are being hired much faster than they are being laid off.

We expect that our policies will foster the creation of 2 to 2.5 million private sector jobs in 1976 and a similar increase in 1977. This is not as many as we would like. But, we are moving in the right direction toward our objective of a job for every able American.

A central issue is the approach we will take and the policies we will pursue to reach this objective. Two basic guidelines serve as the foundation of our approach.

First, we will not be stampeded into hasty, quick-fix remedies which appear to promise short-term gains and political



advantage but which actually result in long-term problems. Attempts to achieve our ultimate goals by crash programs of increased deficit financing and excessive money creation assure only the continuation of rollercoaster economics -- boom followed by recession, inflation followed by unemployment. A firm, steady policy will permit American businesses and American households to plan with confidence.

Second, we must create the conditions by which factories, stores, farms, and shops will expand their businesses and create more jobs and increase productivity. Basic to expansion and job creation in the private sector is reducing the ever-increasing demands of the Federal government for funds. We must restrain the growth of government spending. The Federal government's borrowing to support deficit spending reduces the amount of money available to business for expansion. Less investment will mean fewer new jobs and less production per worker.

All of our new tax proposals are geared to the fundamental task of creating jobs and increasing production. I have proposed new tax incentives for businesses that construct new plants or expand existing facilities in high unemployment areas. Accelerated depreciation rates will be given for such facilities and their equipment if construction begins within one year.

I have also proposed incentives to encourage millions more Americans to save and invest in the ownership of American enterprises. This will help to increase the money available for job-creating investment.



There are those in recent days who have called for the Federal Government to assume a difference role in the economy. They urge measures which they claim will immediately reduce unemployment. They propose much greater governmental intervention in the working of our economy.

But they do not ask what are the long term consequences. They do not acknowledge that government make-work programs are costly and do not enlarge the economy's productive capacity. They do not recognize that the long term vitality of the American economy comes from private initiative not from the public trough.

PUBLIC SERVICE JOBS

Q. Why won't public service jobs solve unemployment?

A. During the past year I have reviewed innumerable imaginative, and seemingly attractive job creating programs which offered a quick restoration of full employment. Unfortunately, upon close scrutiny they turned out to be long on promise, but short on expected results. I will not mislead the American people by offering beguiling programs with fancy titles that I know won't work. Our unemployment problem is much too severe, causing great hardship for too many Americans, for me to play the game of unfulfillable promises.

Public service job programs have the ring of an instant solution but they won't solve the problems and may well inhibit the restoration of a healthy economy.

First the evidence indicates that public service jobs largely displace jobs in State and local governments which would have been filled anyway. The only difference is whether the jobs are paid for with Federal taxes or local taxes. After a year, less than half of such jobs actually add to total national employment, and after another one or two years the net addition to jobs is negligible.

But when programs fail, we rarely abandon them. Instead, we attempt to do more. We must avoid this trap. Let us not forget what happened to New York City when they tried to offset the loss of private jobs by padding the public payroll.

As I asked last fall, "Who is going to bail out the United States?" when that happens.

Job creation through public works is a different problem. It takes years from project initiation to project completion. This means that the effect on employment is too far in the future to have any material effect upon the immediate problem.



Recession Induced Deficit

- Q. A related concern argues that the current budget deficit is solely the consequence of the recession. If we eliminate the recession induced unemployment through public service employment the deficit would disappear.
- A. This would happen to be statistically correct only if the recession ends because of growth of activity in the private sector. The calculations implicit in the "full employment budget" simply assume that GNP increases to a level consistent with full resource utilization with no change in government programs. Public service employment, however, is unlikely to create a large net addition to jobs and it is likely to add considerably to government expenditures so as to enlarge the deficit.

Public service employment in moderate amounts has, according to recent evidence, a large so-called displacement effect. That is the public service employment funds tend to be used for financing the employment slots of State and local government which ordinarily would be financed from State and local funds. It eventually becomes indistinguishable, therefore, from general revenue sharing. Some studies indicate that after one year or so only 40 percent of jobs paid for under public service employment programs are actually net additions to employment that would not otherwise exist. After two or three years the net increase could not be as low as 10 percent.

It is thus important to recognize the distinction between public service jobs paid for, and the net number of jobs created. Thus if public service job slots cost, for example, \$9,000 a year, sustaining such employment through two or three years could reach a point where each net addition to national employment would cost the Federal taxpayer \$90,000. Moreover it is naive to believe that once these job slots have been created and the federal financing made available, that the programs can be turned off. State and local governments would obviously prefer to use Federal funds rather than impose increased taxes on their citizens. Of the \$90,000 Federal cost, \$81,000 is affectively revenue sharing for State and local governments.



A massive increase in public service employment would not be capable of being filled with productive jobs into existing State and local government apparatus and a wholly new vehicle such as the old Civilian Conservation Corps would have to be created. The costs of such projects in today's economic setting could be astronomically high. To the extent that persons on public service employment payrolls are not engaged in full-time socially productive work they are in effect unemployed or under-employed. Then switching such persons from unemployed compensation, for example to public service employment has only two effects: 1) increasing the cost of "unemployment compensation" since public service employment is more expensive and 2) weakening even further the unemployment insurance requirement that the recipient be actively seeking employment. Time for "job search" is also reduced. It is important to remember that even in a recession there are job vacancies. And during the coming upturn vacancies will increase. Some who are on make-work Public Service Employment projects would find and accept private sector employment if they were on unemployment compensation, but may not if they are under public service programs.

Cutting individual or corporate income taxes would be a far more efficient way of creating jobs but like a massive public service job program it would also increase the budget deficit. If the deficits are too large under a tax cut program they would have the same inflationary impact as under a major public service employment program. Moreover, by discouraging job search effort by those on public service employment projects, the programs would tighten labor markets and tend to increase the size of wage settlements.

We have evaluated all sorts of federal government sponsored projects such as rebuilding railroad roadbeds to teenage type CCC projects. When confronted the realities of specific program construction and implementation, we conclude that it is not possible to produce employment creating programs that would be superior to cuts in individual income and corporate taxes as a job creating vehicle.

WELFARE REFORM

Q. You said in your State of the Union Message that welfare programs "cannot be reformed overnight." But most people agree reform is urgently needed. Would you proposed reform if you are elected in November? And will it be along the lines of the Nixon Administration floor under family income, as former HEW Secretary Weinberger suggested shortly before he left office?

A. There is, indeed, agreement that welfare programs are in need of reform. Taxpayers, beneficiaries and administrators alike find current Federal, state, and local programs to be inefficient and inequitable. While in Congress I supported welfare reform and I continue to believe that a fundamental overhaul is necessary if we are to use our limited resources to assist only those who are most in need. But no clear agreement exists on how best to accomplish this with the resources available and much work still needs to be done.

For this reason I am proposing to move now to straighten out the food stamp program and to make specific improvements in existing programs to eliminate work disincentives, to remove inequities and to improve the provision of assistance to those in need.

I believe these changes are important, but I am not suggesting that they will solve all the problems of the welfare mess. Therefore, my Administration will continue to analyze more comprehensive reform alternatives which embody the principles of fairness, equity, adequacy, work requirements for those who are employable and administrative efficiency.

AFQ/1/30/76

ABORTION

Q. Do you agree with the Supreme Court's position that the right to abortion be left to a woman and her physician?

A. Not entirely. As a matter of personal philosophy, I always have felt that such a remedy should be available only in cases of serious illness, incest or rape. I do not favor abortion on demand.

Q. Do you think states should have the power to regulate abortions?

A. Yes. I consistently have believed that abortion is a matter best decided at the state level. While House Minority Leader, I co-sponsored a proposed amendment to the Constitution that would permit individual states to enact legislation governing abortions.

Q. Do you favor a constitutional amendment to curb the Supreme Court's liberalized abortion ruling?

A. No. The so-called Right to Life Amendment would go too far in preventing all abortions. Because there appears to be no national consensus on this issue, I reiterate my position that the issue of abortion is best left to individual states.



That would be the kind of constitutional amendment that I would favor.

Let me add that as President I have an obligation that transcends whatever individual views I hold on this issue.

I am bound by my oath of office to uphold the law of the land as interpreted by the Supreme Court in its 1973 decisions on abortion. In those decisions the Court ruled 7-2 that states could not interfere with a woman's decision to have an abortion the first three months.

However I may feel about that ruling and attempts to change it, my first responsibility as President is to uphold the law.



FORCED BUSING - AN OVERVIEW

Forced busing has worked badly in many places to accomplish desegregation of our public schools. It has frequently led to bitterness and divisions. There is evidence that it causes more resegregation than desegregation. What is disturbing is that some well-intentioned people still advocate busing as a means of improving race relations and education.

One problem may be that they think the Constitution requires busing. It doesn't. The Supreme Court has ruled that public schools must be desegregated, and I support that decision wholeheartedly. But busing is just a remedy--a remedy that doesn't work--and a remedy that doesn't work should be replaced with other more effective ways of protecting the equal rights of children to a good education.

I have supported congressional action to limit or eliminate forced busing, and I have urged the courts to adhere to the limits set by the Congress. But under our constitutional system, neither the President nor the Congress can control the courts in their legal duties.

Anyone who tells you that the President should overrule the courts or nullify court orders is telling you to tear up the Constitution--and I will not do that.

What I have done and will continue to do is urge the judges to use judicial restraint and not continue to force on us a remedy that does not work. Until the courts stop ordering busing, good alternatives will not have a chance to work to give us desegregation and good educational opportunities for every school child.

The most promising alternatives are proposals for greater varieties of school programs, freedom of choice in which school to attend on a voluntary basis, and transportation subsidized for students who attend the school of their choice far from home.



Diversity supports liberty and quality, too. We ought to develop varieties of schools--and varieties of programs within schools--to suit different interests, expectations, tastes, career ambitions, and kinds and levels of abilities. If there is a school that would really attract every child, and real freedom to attend that school, I believe the choices would be made for good educational reasons and not on the basis of race.

If we did that, we would be replacing force with freedom, and going to school would become again a joyful experience for all children.



CRITICAL ECONOMIC ISSUES

Q. What are the critical economic issues confronting the United States today?

A. Our overriding economic goal, which I outlined in my State of the Union Address, must be to provide sustained economic growth without inflation. In the long run this will result in a job for every American who wants to work, and security for us all against an inflationary erosion of our income and savings. We need to increase the productivity of our economic machine, generate an adequate level of investment to meet future capacity needs, and provide leadership to facilitate economic cooperation among the industrialized nations and between the developed and developing world.

2/4/76

NATURAL GAS COST INCREASES

TO AN AVERAGE HOME

1974	\$170.00	Average cost of heating a home with natural gas for one year.
1985	\$280.00	Average cost of heating a home with natural gas for one year if current regulations are continued
1985	\$304.00	Average cost of heating a home with natural gas for one year if gas deregulated in 1976.

(Note: Deregulation will add only \$24.00 to annual cost of heating a home by 1985.)



QUOTABLE QUOTES

"QUOTABLE QUOTES"

The following, organized by present-day situations to which they might apply, are statements by Eighteenth Century political leaders and writers which may be worth quoting.

GOVERNMENT

"I know no safe depository of the ultimate powers of the society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion."

Thomas Jefferson

Letter to William Charles Jarvis
(September 28, 1820)

"Still one thing more, fellow citizens -- a wise and frugal government which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government, and this is necessary to close the circle of our felicities."

Thomas Jefferson

First Inaugural Address

"All government -- indeed, every human benefit and enjoyment, every virtue and every prudent act -- is founded on compromise and barter."

Edmund Burke

Second Speech on Conciliation
with America. The Thirteenth
Resolutions.



GOVERNMENT (Cont.)

"Knowing exactly how much of the future can be introduced into the present is the secret of great government."

Victor Hugo

"Any man who thinks he is going to be happy and prosperous by letting the Government take care of him should take a close look at the American Indian."

Anonymous

"Govern a great nation as you would cook a small fish. Don't overdo it."

Lao-Tsze

ECONOMY

"Economy is a distributive virtue, and consists not in saving but selection. Parsimony requires no providence, no sagacity, no powers of combination, no comparison, no judgment."

"And having looked to Government for bread, on the very first scarcity they will turn and bite the hand that fed them."

Edmund Burke

Thoughts and Details on Scarcity (1800)

FREEDOM

"The people never give up their liberties but under some delusion."

Edmund Burke

Speech at County Meeting of
Buckinghamshire (1794)



FREEDOM (Cont.)

"Those who expect to reap the blessings of freedom must, like men, undergo the fatigue of supporting it."

Thomas Paine

September 12, 1777

DEFENSE

"To be prepared for war is one of the most effectual means of preserving peace."

George Washington

First Annual Address (to both
House of Congress, January 8, 1776)

BICENTENNIAL

"The second day of July, 1776, will be the most memorable epoch in the history of America. I am apt to believe that it will be celebrated by succeeding generations as the great anniversary festival. It ought to be commemorated as the day of deliverance, by solemn acts of devotion to God Almighty. It ought to be solemnized with pomp and parade, with shows, games, sports, guns, bells, bonfires, and illuminations, from one end of this continent to the other, from this time forward forevermore.

"The happiness of society is the end of government."

John Adams

Thoughts of Government (1776)

"What a glorious morning for America!"

Samuel Adams

Upon hearing the gunfire at
Lexington (April 1, 1776)



GENERAL

"I have but one lamp by which my feet are guided, and that is the lamp of experience. I know no way of judging of the future but by the past."

Patrick Henry

Speech in Virginia Convention,
Richmond (March 23, 1775)

"Delay is preferable to error."

Thomas Jefferson

Letter to George Washington
(May 16, 1792)

"When a man assumes a public trust, he should consider himself as public property."

Thomas Jefferson

Remark to Baron von Humboldt
(1807)

