

PRESS CONFERENCE NO. 27

of the

PRESIDENT OF THE UNITED STATES

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Tuesday

In the East Room
At the White House

THE PRESIDENT: Good evening. Won't you all sit down, please.

For over a year the Nation has engaged in exhaustive investigations into the activity of the CIA and other intelligence units of our Government. Fact, hearsay, and closely held secrets -- all have been spread out on the public record.

We have learned many lessons from this experience, but we must not become obsessed with the deeds of the past. We must act for the future.

Tonight I am announcing plans for the first major reorganization of the intelligence community since 1947.

First, I am establishing by Executive Order a new command structure for foreign intelligence. Henceforth, overall policy directions for intelligence will rest in only one place: the National Security Council, consisting of the President, the Vice President, the Secretary of State and Secretary of Defense. Management of intelligence will be conducted by a single new committee. That committee will be chaired by the Director of Central Intelligence, George Bush. To monitor the performance of our intelligence operations, I am creating a new independent Oversight Board to be made up of private citizens. Former Ambassador Robert D. Murphy will chair the Board and two other distinguished citizens -- Stephen Ailes and Leo Cherne will be the members. All of these units, the National Security Council, the Committee on Foreign Intelligence and the Oversight Board -- will be responsible to me, so that the President will continue to be ultimately accountable for our intelligence activities.

Second, to improve the performance of the intelligence agencies and to restore public confidence in them, I am issuing a comprehensive set of public guidelines which will serve as legally binding charters for our intelligence activities. The charters will provide stringent protections for the rights of American citizens. I will soon meet with Congressional leaders to map out legislation to provide judicial safeguards against electronic surveillance and mail openings. I will also support legislation that would prohibit attempts on the lives of foreign leaders in peace time.

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(OVER)

Third, tomorrow I will send to the Congress special legislation to safeguard critical intelligence secrets. This legislation would make it a crime for a Government employee who has access to certain highly classified information to reveal that information improperly.

I have been guided by two imperatives. As Americans we must not and will not tolerate action by our Government which will abridge the rights of our citizens. At the same time, we must maintain a strong and effective intelligence capability in the United States. I will not be a party to the dismantling of the CIA or other intelligence agencies.

To be effective, our foreign policy must be based upon a clear understanding of the international environment. To operate without adequate and timely intelligence information will cripple our security in a world that is still hostile to our freedoms.

Nor can we confine our intelligence to the question of whether there will be an imminent military attack. We also need information about the world's economy, about political and social trends, about food supply, population growth and certainly about terrorism.

To protect our security diplomatically, militarily and economically, we must have a comprehensive intelligence capability. The United States is a peace-loving nation and our foreign policy is designed to lessen the threat of war as well as aggression. In recent years we have made substantial progress toward that goal -- in the Middle East, in Europe, in Asia and elsewhere throughout the world.

Yet, we also recognize that the best way to secure the peace is to be fully prepared to defend our interests. I believe firmly in peace through strength. A central pillar of our strength is, of course, our armed forces. But another great pillar must be our Intelligence Community -- the dedicated men and women who gather vital information around the world and carry out missions that advance our interests in the world.

The overriding task now is to rebuild the confidence as well as the capability of our intelligence services so that we can live securely in peace and freedom.

And now ladies and gentlemen, your questions.

Mr. Cormier.

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QUESTION: You have been talking lately, including tonight, about the need for a strong intelligence capability. You have appointed a Director of Central Intelligence who has little or no intelligence expertise that I am aware of and I wondered what do you see as the advantages of having a relative novice directing the intelligence community?

THE PRESIDENT: I respectfully disagree with your assessment of George Bush's capabilities and background. George Bush was our U.N. Ambassador and did a superb job at the United Nations. George Bush was our representative in the People's Republic of China and in that capacity did extremely well.

I have known George Bush for a number of years. I served with him in the House of Representatives where he did a very fine job. I am absolutely convinced he will perform superbly as the Director of the Central Intelligence Agency.

QUESTION: Mr. President, are you arguing that he has intelligence, an intelligence background?

THE PRESIDENT: I think he has the intelligence to do the job and the experience in foreign policy and I think these are major ingredients that make him an outstanding person for this responsibility.

QUESTION: Robert Strauss has suggested that it might behoove you to ask former President Nixon to postpone or cancel his trip to China. There are also reports that you are unhappy because it coincides with the New Hampshire primary. Do you have any plans to ask him to put off the trip?

THE PRESIDENT: I have no such plans. Mr. Nixon is going to the People's Republic of China as a private citizen at the invitation of that government. I don't believe for any alleged political purposes that I should intervene with the invitation of a foreign government to have a private American citizen visit that country.

QUESTION: But if the Chinese Government sends a special plane which lands at a military airport, asks for the top media in this country to cover him, some twenty representatives. You send your special briefing books on the change in leadership and it still is a private trip in their eyes?

THE PRESIDENT: Let me answer several of those questions. You have asked a good many of them.

First, there has been no special briefing given to Mr. Nixon. He has received periodic briefings or information concerning world affairs from the national or Federal Government. There was no special briefing given to him in relationship to this trip.

Whether or not he will land at a civilian or military airport has not been determined. It is a decision on the part of the Chinese Government as to where they would like to land and they have to ask us which of several airports. If and when we get a specific request, we will act on it.

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QUESTION: Mr. President, at first reading on your reform of the Central Intelligence Agency you seem to be putting the Agency more under the dominance and more under the control of the office of the Presidency and we know that office has abused the CIA in the past, and I am wondering what you have done to make sure that does not occur again since you are not apparently making an outside agent, outside of the White House, responsible for the CIA?

THE PRESIDENT: I think a President ought to be accountable, and what we have sought to do in this case is to make the process and the decision-making fall on the shoulders of the President, he will be held accountable by the American people. In each of the cases, of the Director of the Central Intelligence and or any of the other intelligence agencies, the directives or the guidelines will hold special individuals accountable for what happens in their particular area of responsibility, but the final and the ultimate responsibility falls on the shoulders of the President and, in my case, I am willing to assume that responsibility and I can assure you it will be handled in the most appropriate way.

QUESTION: If you are setting a precedent, though, for future Presidents by giving them more authority over the CIA, would you agree it also invites the prospect of a temptation for abuse of the CIA?

THE PRESIDENT: It should not happen, and I would hope that the American people will elect a President who will not abuse that responsibility. I certainly don't intend to.

QUESTION: Mr. President, last weekend in Florida you suggested that anyone to the right of you politically could not be elected as President. Newsmen assumed you were referring to Ronald Reagan but you were not entirely specific, and I would like to pin you down now.

Do you believe that Reagan is so far to the right that he cannot win a national election and, if you do believe that, I would like to know what you base your opinion on, especially in light of the fact that he was twice elected Governor of the most populous State in the country by a large margin?

THE PRESIDENT: I was referring to anybody in either political party who is to the right of me, and there are some in the Democratic Party and some -- I think Governor Reagan is to the right of me philosophically. It seems to me that there are some differences, for example, between Governor Reagan and myself.

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Let's take the issue of Social Security. He has suggested from time to time that it ought to be voluntary, not mandatory as it is under the existing law. He has suggested that maybe the funds from the Social Security program ought to be invested in the stock market. I disagree with both of those proposals. I believe in the firm integrity of the Social Security program and the way I have suggested, it seems to me, is the better approach.

Governor Reagan has suggested a \$90 billion cut in Federal expenditures transferring the responsibilities and the programs to the local and State officials where they either have to abandon the programs or raise taxes to support them. I disagree with that approach.

I think that a better way to do it is to take the Federal funds and transfer them to the State and local units of government so that those services can be provided at the State and local level much more effectively.

These are some of the differences that exist between Mr. Reagan and myself. It is a somewhat different philosophy.

QUESTION: Specifically, do you believe he cannot win a national election?

THE PRESIDENT: I believe that anybody to the right of me, Democrat or Republican, can't win a national election.

QUESTION: Mr. President, are you ready to say now flatly that you are confident of winning the New Hampshire and/or the Florida primary?

THE PRESIDENT: I think we will do well in both. I certainly was greatly encouraged by the two days we were in Florida last weekend. The crowds were very large. The enthusiasm of not only my party workers but the public generally was extremely encouraging. We are going to New Hampshire on Thursday and Friday of this week and I am led to believe that we will be warmly received there. So I am encouraged in both cases.

QUESTION: Do you expect to win?

THE PRESIDENT: When I say I am encouraged, I think that is quite indicative that I think I will do very well.

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QUESTION: Mr. President, your opening remarks concerning the Central Intelligence Agency sounded considerably like an Official Secrets Act which applies in Great Britain. Now this Act has been criticized as being beyond the Constitutional realm that we apply here in the United States.

First of all, do you agree with that assessment? And secondly, wouldn't -- if you received this kind of legislation, wouldn't this in the future prevent the kind of disclosures which have brought out the abuses in the Central Intelligence Agency?

THE PRESIDENT: I categorically disagree with your assessment. It is a great deal different from the Official Secrets Act that prevails in Great Britain. As a matter of fact, this is much more restrictive on the foreign intelligence community in the United States than anything that has been in existence in the past.

There are a number of specific limitations as to what foreign intelligence agencies in the United States can do. They are spelled out and there is an official charter for each one of the intelligence agencies.

I am recommending to the Congress several very specific pieces of legislation which are, I think, constructive and quite contrary to the impression you left with your question.

For example, I am recommending that the Attorney General proceed to work with the Congress to establish legislation for electronic surveillance so that he, representing the Administration, would have to go to the Court to get the authority even in national security matters. Under the present setup the Attorney General can simply do it without going to the Court if it involves national security. This is quite contrary to the impression that you raised with the question that you asked.

So I think we are going down the middle trying to make certain and positive that the intelligence capability of this country is first class and, at the same time, that the rights of individuals are adequately protected.

QUESTION: The second part of my question, Mr. President was whether the legislation to prevent leaks in the third point of your opening remarks would not mean that the United States would once again be subjected perhaps in the future to abuses that had been exposed through the fact that people were not put in jail by leaking information?

THE PRESIDENT: Well, under the organization that I have established or will establish tomorrow, and under the legislation that I have recommended, there won't be any abuses and the people, if there are any abuses, will be held accountable. So I don't feel all that apprehensive that what happened in the past will be repeated in the future.

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QUESTION: Mr. President, your financial statement that was released earlier in the week shows that, despite some very heavy tax bites for Federal and State taxes, you ended up with about \$135,000 in expandable income last year. It also showed that you made no investments and that you were not able to save any of that. Can you tell us how you can spend \$2600 a week when you don't have to pay any rent or any mortgage payments? (Laughter)

THE PRESIDENT: I am glad that you were scrutinizing my complete and full disclosure of my financial activities. Let me say this: During that period of time, I had at least three of my four children in college and most of you know that that is not a cheap operation. I paid for it, they didn't borrow any money, they didn't get any scholarships, et cetera. That accounts for part of it.

And, quite frankly, I have sought to help my children so that at the time when I am no longer in a position to help them financially, I have made some investments for them, which is perfectly permitted under our laws of this country.

So between supporting them in college and trying to help them get a start when they get through college, I think we can account for every penny.

QUESTION: Mr. President, you have not said anything about Members of Congress who reveal classified information. Does that concern you?

THE PRESIDENT: It does, and we have had some experiences, and I am not pointing a finger at anybody, but certain information which we supplied to the Congress -- to the House of Representatives -- to a committee of the House -- somehow either through a Member or through a staff member, highly classified material has been made public. This is something that the Congress, I think, has to address itself to. The Constitution protects a Member of the Congress, but it does not protect the illegal making of such information public for a staff member. I think the Congress has to clean up its own house and I have urged them to do so, and I hope they will.

QUESTION: Mr. President, will they take some steps in that direction -- will this affect your providing classified information to Capitol Hill?

THE PRESIDENT: In the case of most committees, we have had no trouble whatsoever. There has been good cooperation. Arrangements have been lived up to. On the other hand, even after the House of Representatives, by almost a two to one margin, said a report that had highly classified information in it should not be released, it was leaked to certain individuals and to certain publications.

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I think the House of Representatives ought to take some action. We have agreed to cooperate with them in whatever legal way they would ask us to do so, but I think it is a very serious matter, what happened in this one case.

QUESTION: Mr. President, will your new Oversight Board supercede the 40 Committee?

THE PRESIDENT: No. We have an Oversight Committee composed of three members: Ambassador Murphy, Steve Ailes and Leo Cherne. That is a group that looks to make certain that there are no violations of the new restrictions and has an oversight responsibility working with the Inspector Generals in each of the intelligence agencies.

The 40 Committee is having a name change and some change in personnel. It will now be given a new name, but it will have on it the following people. It will have the Assistant to the President for National Security Affairs, it will have the Secretary of State, the Secretary of Defense, the Director of Intelligence, George Bush, the Chairman of the Joint Chiefs of Staff. It will have two observers--one, the Attorney General, and, two, the Director of the Office of Management and Budget.

So there are two separate organizations--the one I just described to handle covert operations recommended to the National Security Council and to me as President, and the Oversight Board, which will check up on any abuses.

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QUESTION: Mr. President, in your opening statement on intelligence, you said that you would support legislation that would prohibit attempts on the lives of foreign leaders. Was it your intention to leave open the possibility of attempts on the lives of people in other cases, that is people who are not leaders and, if so, will your specific guidelines to the intelligence community address themselves to this problem?

THE PRESIDENT: I have said previously that I would not condone or authorize assassinations, period, certainly not in peace time. So the legislation I trust will follow those guidelines.

QUESTION: Mr. President, to turn to another subject, unemployment, in your State of Michigan it covers around 13 percent, which is above the 8.5 national average and you are vetoing the Public Works bill. As a compromise, do you smile upon Senator Griffin's Bill as a compromise?

THE PRESIDENT: I think it is a far better piece of legislation than the legislation that the Congress passed and I have vetoed. The bill that came down to the White House really is a hoax. It is a campaign year document. It allegedly says it will provide 800,000 jobs. The truth is it will provide no more than 100,000 or 120,000 jobs at a cost, and this is the unbelievable part, of \$25,000 per job.

Now, we can do a better job using that money elsewhere.

So I vetoed it. I hope that we can get it sustained and, if the Congress comes back with a proposal recommended by Senator Griffin and Congressman Gary Brown, which provides for the channelling of Federal funds of significantly less amounts into programs that are ready to go at local levels in areas where the unemployment is over eight percent and as long as the national unemployment is over seven percent, it would provide for about \$750 million.

It could be done quickly. It could be done much more cheaply and it will be far more effective.

Now, it seems to me that the bill that I vetoed cannot be defended in any way whatsoever. The cost is high per job. It will be late in being implemented. Actually the jobs won't be available for almost nine months to 18 months. We hope and expect to be out of the problems we are in, significantly by that time.

So the alternatives suggested by Senator Griffin and Congressman Brown are far better.

QUESTION: Mr. President, you made no reference in your opening statement to abuses by the FBI and some of the greatest abuses in the intelligence gathering were conducted by that agency. What do you have in mind for putting more severe controls on the FBI in intelligence gathering?

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THE PRESIDENT: The Attorney General is in the process right now of writing very strict guidelines involving the activities of the FBI, and he expects to have those guidelines available and in place and effective within a relatively short period of time and those guidelines will take care of the problems that you have raised.

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QUESTION: Mr. President, as I understand it then, those guidelines would be the result of Executive action and, as I understand it as well, much of what you propose here this evening will be the result of the Executive action, some of which you have already taken. Do you foresee no role for the Congress in oversight of intelligence-gathering activity at the time that it is going on, either foreign or domestic?

THE PRESIDENT: I will issue Executive Orders involving the foreign intelligence agencies. The Attorney General will do it as it affects the FBI. The Congress, I hope, will establish a Joint Committee along the format of the Joint Atomic Energy Committee and this committee called -- if this is the proper title, it is up to the Congress, of course -- the Joint Intelligence Committee, would have an oversight responsibility as to the programs and the performance of the intelligence communities in the Federal Government.

QUESTION: Mr. President, following up on Helen's question, you were asked about the Nixon trip last weekend and you said in part that it was "wholesome and healthy for private citizens to make these sorts of trips to China." You have mentioned again tonight that former President Nixon is going as a private citizen. With all due respect, Richard Nixon is not exactly your run-of-the-mill private citizen. I would like to ask if you really think it is wholesome and healthy for the conduct of American foreign policy for Mr. Nixon to be making this trip?

THE PRESIDENT: He is not going there involving any foreign policy matters. He is going as a guest of the Chinese Government and he is going as a private citizen. He has not had any special briefings. He is going under the guidelines that I suggested.

QUESTION: You see no complications at all to foreign policy in his trip?

THE PRESIDENT: None whatsoever.

QUESTION: Mr. President, you are concerned considerably over leaks of classified information, national security information and so on. I would like to ask what steps you are taking to assure the public that no one in your Administration misuses the classification system or the secrecy label to cover his own policy mistakes.

THE PRESIDENT: The recommendations that I will make include that every employee of the Executive Branch of the Government sign a statement to the effect that he will not divulge classified information and that he expects punishment for such a release of that information. In addition, I will ask for specific legislation making it a criminal offense for the release of such information and that, I think, protects the Government against any unauthorized leaks of classified secret information. Now, the Oversight Board and the NSC will take care of any failure to act properly in a non-criminal matter.

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QUESTION: I would like to ask the question again because I think that perhaps we are talking about two different things.

Suppose, for example, a member of your Administration misused the label "Official Secrecy" to cover a policy error or a mistake that he made and clamped a secret label on it so that this mistake would not get out. What steps are you taking to assure the public that this does not happen?

THE PRESIDENT: We have made the head of the Central Intelligence Agency, the head of the Defense Intelligence Agency, the head of the other agencies responsible for the conduct of people working for them and we have an Inspector General system that I think will make sure that the other people do their jobs properly.

QUESTION: It is my recollection, Mr. President, that a couple of weeks ago in an interview with Walter Cronkite you said that there were no real philosophical differences between yourself and Ronald Reagan. I just wonder, when did you decide that there were some differences?

THE PRESIDENT: Fundamentally, I don't think there are any philosophical differences. There are some pragmatic differences, and these I tried to explain earlier today. I have to make hard decisions as to what legislation I will sign or what legislation I will recommend. That is quite different from being able to propose a plan or a program in words. One is a very hard decision; the other is very easy to say. And I tried to illustrate those pragmatic differences in the carrying out of a basic and moderate conservative philosophy.

QUESTION: But you are saying, when he is much to the right of you, that that is not a philosophical difference then?

THE PRESIDENT: I think he is to the right of me in a pragmatic and practical way.

QUESTION: Mr. President, during the Nixon Administration guidance was issued to Federal Executives that their activities should never support or appear to lend support to private organizations which practiced exclusionary discrimination. Does your Administration follow that same rule?

THE PRESIDENT: Was that an Executive Order?

QUESTION: It was an order that Federal Executives' activities should never lend support or appear to lend support to private organizations which practiced exclusionary discrimination.

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THE PRESIDENT: I would ~~assume~~ that we carry out the same policy.

QUESTION: Then, can I ask you, Mr. President, why, then, you lend the prestige of your high office to discrimination by golfing at Burning Tree Country Club which excludes women?

THE PRESIDENT: Well, there are no Federal funds go to Burning Tree.

QUESTION: Mr. President, on food prices it is reality that each year, not seasonal and not monthly but each full year food prices go up as part of inflation. Now addressing yourself to the housewife and rising food prices, can you say to her that is something she should accept as a normal way of life or can you project one year, two years or what, that inflation will end on food and come back to what is called normal?

THE PRESIDENT: We have made some substantial progress in combatting inflation. When I became President the cost of living was over 12 percent. It is down in the range of about 6 percent at the present time.

We had some very good results announced last Friday in the wholesale price index. As a matter of fact, as I recall, the food factor in the wholesale price index as reported last Friday was a minus, not an increase. I think we are getting a good, effective handle on the question of inflation -- not as good as we want but we have cut it over 50 percent since I have been President and we are making increased progress in this regard.

I think that we are achieving, particularly in the area of food, a better balance than we have had for a long, long time.

QUESTION: That is why in my original question I ruled out seasonal or monthly. The reality is that over the years food prices continue to go up. The price may remain the same, Mr. President, on an item, but the quantity has been diminished.

THE PRESIDENT: Well, when I became President, as I recall the food prices that year had gone up something like 20 percent. It is now estimated that food prices in this calendar year will increase somewhere between 4 and 5 percent. That is a significant improvement. I think it ought to get a little praise rather than condemnation. From 20 percent down to 4 or 5 percent is a lot of progress.

THE PRESS: Thank you.

END (AT 8:30 P.M. EST)