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THE WHITE HOUSE  
WASHINGTON

August 3, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JOHN CARLSON  
FROM: JIM CONNOR *JEC.*  
SUBJECT: READERS DIGEST INTERVIEW

The President returned the transcripts of the Readers Digest Interview with the following notation:

"Page 11 -- Reader's Digest version.  
Must be changed as written in pencil."

Please make the necessary changes and follow-up with appropriate action.

Attachment:  
Page 11 of Reader's Digest Version

cc: Dick Cheney

THE WHITE HOUSE

WASHINGTON

August 3, 1976

MEMORANDUM FOR: JIM CONNOR

FROM: DICK CHENEY

The President did a Readers Digest interview recently. I want to check the Q&A. Specifically, there was a question on there that asked about the impression of the attitude of the Soviet Union.

I want to get that up to the President today so that he can personally review it before it goes out.

THE WHITE HOUSE  
WASHINGTON

*Jim  
Connor*

JC:

There are two version attached--one trans=cript we made and one the Readers Digest sent in after doing their own editing. I would think that is the one the President might want to review, as that is the version which will be published. John Carlson is now sending this version out to NSC and Domestic Council to check on any mistakes or changes they think should be made. The Readers Digest version is shorter. I have paper-clipped the references to the Soviet Union on both, just in case.

Page 11 - Reader's Digest  
E. Must <sup>87P</sup> be changed as  
11:15  
written in pencil.

READERS DIGEST



MANAGING EDITOR • *Kenneth O. Gilmore*

July 29, 1976

Dear Mr. President:

Enclosed is our editing of your responses to our questions. We would greatly appreciate your approval at the earliest opportunity, if at all possible by Thursday, August 5.

All of us are most grateful to you for your cooperation on this undertaking which we feel will be of real value to voters.

Sincerely,

The President  
The White House  
Washington, D. C.

Enclosure

Conversation with the Candidates

Recently, on successive days, the Editors of The Reader's Digest interviewed the two Presidential candidates: Democratic nominee Jimmy Carter, in his home in Plains, Georgia; and then the Republican nominee, President Gerald Ford, in the Oval Office of the White House. Each man was asked the same questions, in the same sequence. The questions were selected to probe those areas, both domestic and global, which most directly concern U.S. voters. On the pages that follow, the responses of the two candidates may be readily compared. Through this comprehensive debate-in-print, each reader will be able to evaluate the positions and philosophies of the two nominees on a wide variety of issues, a process that should help in making an informed choice in the election booth on November 2.

Q: Pollsters tell us that by a wide margin inflation is the prime concern of the people of the United States. Who or what, in your view, is responsible for the inflation that has plagued us?

President Ford: Primarily, today's inflation has been the result of improvident fiscal policies of the federal government. We have been trying to correct that and are headed in the right direction. *My Administration has* ~~reduced~~ reduced the rate of growth in federal spending, *and as a result* there has been a sizeable *reduction* ~~reduction~~ in the rate of inflation in the last 15 to 18 months.

The horrendous inflation that took over in 1973 and ran through 1974 was also prompted by the oil embargo and the increase in oil prices at that time. In addition, we had some shortages of agricultural products throughout the world that *added to the* ~~intensified~~ inflationary pressures.

But the basic problem is the fiscal difficulties of the federal government. We are on the road to correcting them. With the improvement in our economy, we are able to look forward to a balanced budget by fiscal year 1979.

Q: Is it really possible to get inflation and its related



problem -- unemployment -- down simultaneously?

Ford: We have reduced the rate of inflation since I have been President from over 12 percent to the present under six percent. In May 1975, the unemployment rate was 8.9 percent. As of this June, it was 7.5, and we expect it to drop under 7 by year's end.

So, we have simultaneously been able to reduce the rate of inflation -- by better than 50 percent -- and the unemployment rate. Seven percent is still too high, but you can do both at the same time.

Q: As you say, that is still <sup>very</sup> high. Should the federal government provide funds to employ those who are unable to obtain jobs?

Ford: To a limited extent, the federal government should have a public-service-employment program. We have one now, which provides roughly 300,000 jobs in a wide variety of areas. But I don't think that is the ultimate answer. These jobs are usually temporary, and don't provide any incentive for advancement.

Five out of six jobs in this country today are in the economy's private sector. If we are really going to absorb the unemployed, the better way to do it is through stimulating the private sector, getting our economy moving. I think we are. It is reflected in the

fact that we have added 3.5 million jobs in the private sector in the last 12 months.

Q: Mr. President, you <sup>said</sup> ~~mentioned~~ previously that you hoped for a balanced budget by fiscal 1979. How will you curb federal spending enough to achieve that?

Ford: Last January, I recommended to Congress a 50-percent cut in the growth of federal spending. For the previous ten years, the average rate of growth had been about 11 percent. I proposed a cut to 5½ percent. At that rate ~~of growth~~, we could have <sup>an</sup> ~~the~~ balanced budget in fiscal 1979, ~~that is, in 1979.~~

Unfortunately, Congress, instead of holding the line at \$395 billion for spending in fiscal 1977, has added about \$18 billion in anticipated spending. These additions could set back the prospects for a balanced budget.

Q: But can a President persuade Congress to hold spending down, particularly an opposition-controlled Congress?

Ford: I am optimistic because the American people now perceive the seriousness of the rate of growth of federal spending and have made known their wishes for a more responsible spending attitude to

Congress. ~~It is a very important part of the federal government's budget, and it is a very important part of the federal government's budget.~~ In addition, the Congressional Budget Act puts more limitations on the extravagance of Congress than in the past.

So, between the pressure that I as President have exerted and the support of the American people and the Budget Act, we can get a better handle on federal spending.

Q: Are you going to propose a national health insurance plan?

Ford: I do not intend to. About 90 percent of our population is covered by either private plans or some version of federal assistance to citizens that need <sup>health</sup> coverage. The only <sup>health</sup> area where, in my judgment, there has to be some additional federal <sup>help</sup> ~~program~~ is in catastrophic illness, and this would be a program that would be integrated with Medicare and Medicaid.

Q: Welfare reform is in everybody's platform. What do you mean when you talk about it?

Ford: I think we can consolidate the present hodgepodge of

welfare programs and make them a better delivery system to those that need help -- and at the same time eliminate those who are not deserving or don't require federal assistance. I have submitted to Congress legislation that would achieve that objective.

Welfare should not be exclusively a federal matter. I think local control is beneficial because in those areas where determinations are made as to how much a person needs -- and need is a real criterion -- the people at the local level are far better able to make that determination than some rule-making federal employe in Washington, D.C.

Q: What kind of tax reform would you favor? What would be its underlying principles?

Ford: I favor giving greater tax relief to the so-called middle-income taxpayers -- those in the earning brackets of \$8000 to \$30,000 a year. To achieve that, there are certain specifics that I have recommended to Congress. For example, an increase in the personal exemptions from \$750 a person to \$1000 is highly desirable. Moreover, to permit one generation to save and pass benefits to another I've proposed increasing the exemption on the estate tax from \$60,000 to \$150,000 or more, and not taxing the transfer of property on death

from the husband to the wife. I would also allow a longer time to pay the estate tax.

I don't think eliminating all deductions is the way to achieve reform. If we want to stimulate home building, the right to deduct interest payments on a mortgage is a proper use of tax legislation. Charitable contributions are also highly desirable as a tax deduction.

Q: Polls show that an overwhelming majority of Americans,

black and white, oppose forced busing to achieve racial balance.

*Realistically,*

Can anything be done ~~politically~~ to end this problem?

Ford: Whatever the courts decide in school desegregation cases, this Administration has ~~upheld~~ and will uphold. ~~the~~ ~~is~~. But some courts, I think, have gone beyond protecting Constitutional rights and have, in effect, taken over and run a whole school system. I

*In these schools where*  
think that is wrong. <sup>^</sup> If there are violations of Constitutional rights because of segregation, ~~in a school system, in those schools where~~  
~~there is a violation~~ the problem ought to be corrected; but that does not justify the court taking over the whole system.

If Congress would pass the legislation that I have recommended limiting the use of busing in school desegregation cases to acts of

unlawful discrimination, we could minimize court-ordered forced busing on a major scale and still protect Constitutional rights.

Q: What can a President do to reduce crime in the United States?

Ford: First, I would like to point out that in 1975, compared to 1974, the crime rate went from a 17-percent increase to a 9-percent increase, so we have made some progress. <sup>However,</sup> ~~though~~ I am not satisfied. To reduce the rate of increase in crime further, we ought to have more severe penalties and more certain confinement for those convicted. In addition, I think we should penalize those who use guns in the commission of a crime. On the other hand, I don't think we ought to take from the gun owner, who uses his gun for legitimate purposes, his right to possess that gun.

Q: The Presidential veto may become an issue in this campaign.

What are your views about the veto?

Ford: The veto is a President's Constitutional right, given to him by the drafters of the Constitution because they wanted it as a check against irresponsible Congressional action. The veto forces Congress to take another look at legislation that has been passed. I think this is a responsible tool for a President of the United States,

and I have sought to use it responsibly.

I have vetoed up to now <sup>5</sup> 53 bills, and <sup>43</sup> 42 <sup>vetoed</sup> have been sustained.

The net result is that we have saved about \$13 billion in unnecessary expenditures. ~~and avoided further debt.~~

Q: Organized labor would like to strike down Section 14(b) of the Taft-Hartley Act <sup>which allows</sup> ~~allowing~~ states to pass right-to-work laws <sup>that</sup> ~~which~~ say people cannot be forced to join a union to hold a job. What is your position on that?

Ford: I am completely against the repeal of Section 14(b). I am today, always have been and always will be.

Q: If the OPEC nations <sup>were to</sup> ~~should~~ institute another oil embargo, as they did in 1973, what should the United States do?

Ford: I don't anticipate that there will be another embargo. Since 1973, this Administration has taken very major steps to develop trust between the United States and the various nations in the Middle East, including all of the Arab states as well as Israel. We have been successful as a result of this trust in helping to get the negotiations that resulted in the Sinai II agreement. The prospects for continued progress in the Middle East are such that I just

don't see another oil embargo.

Q: Speaking of the Middle East, what do you consider is the key to lasting peace there?

Ford: I think that we have to go back to U.N. Resolutions 242 and 338, which were unanimously agreed to by all of the parties. Any negotiations between Arab nations and Israel have to fall within the language of those two U.N. resolutions. I would hope that in 1977 there could be motion, either at Geneva or elsewhere, toward the long-desired peace in that area on a more permanent and stable basis.

Q: The communist victory in Angola underlines a new threat to the West: the Kremlin's use of third parties, such as Cubans, as proxies. How can the West deal with that problem?

Ford: Taking the Southern African problem overall, I think that we have regained the trust of the moderate nations in that area and blunted to some extent the radical nations' push. We are working with Great Britain in trying to find a new solution in Rhodesia as well as in Namibia.

As to the specific question of Angola, it was tragic that Congress precluded the U.S. government from helping Angolans to settle their



own problems. The net result was that Cuba came in, and the Soviet Union supplied very substantial military hardware.

Q: What can we do about the continuing, and perhaps growing, threat of international terrorism?

Ford: We are working ~~in the United Nations~~ to try to get a U.N. plan to handle terrorism. Progress there has been less than I would like. In the meantime, the United States has to work with other powers to try and get cooperation. We are making headway in that area, but it would be better if it was on an international basis.

Q: Former Defense Secretary James Schlesinger has said that no nation in history has ever engaged in a military build-up comparable to that of the Soviet Union today. What do the Soviets have in mind and should we reduce any of our troops abroad?

Ford: This Administration has no plans for reduction of our troops or military capability in South Korea. Nor do we expect to cut back in Western Europe unless there is an agreed-to mutual balanced reduction of forces by the Warsaw Pact communist countries. We should recognize that the Soviets have increased their military commitment. They have modernized their weapons systems and expanded

their navy. I assume that they are doing this for their own national security. They see threats on a very lengthy border with China and its 800 million people, in the East, and a problem with Western democracies also.

)) Whatever the motives of the Soviet Union

~~I don't see any ulterior motive~~ in this buildup, but it does require us to take precautionary action. That is, of course, why I have submitted the two largest defense budgets in the history of the United States -- the most recent, for fiscal 1977, was \$115 <sup>billion</sup> million. The United States has to maintain its capability and credibility in military affairs if we are going to maintain the peace.

Q: There remains, unfortunately, in the American people a certain distrust of government. What <sup>would</sup> you do, concretely, to try to restore that trust?

Ford: I think there has been a tremendous improvement in trust since I became President. In October 1974, a Gallup poll showed that the public considered lack of trust in the government number two on their problem list. Early in 1976, another poll rated that problem not even in the first ten. Trust in the White House has been restored, I think, because of the openness, candor and straightforwardness of

this Administration, which I would intend to continue for the next four years.

Q: Why would voters be making a mistake if they vote for your opponent?

Ford: Since Mr. Carter has embraced the Democratic platform approved in New York, and since <sup>he</sup> has embraced the record of the 94th Congress, which is controlled by the Democratic Party, he <sup>obviously</sup> believes that the role of the federal government should be dominant in solving this country's domestic problems. I do not agree with that approach. I believe the federal government should reduce its impact and influence and that more decision-making and more responsibility should be made available to state and local units of government.

That is a very fundamental difference between Mr. Carter and myself.

Q: <sup>Finally,</sup> What do you personally consider <sup>would</sup> be your strongest qualities as a President?

Ford: My strongest qualities are the experience that I have had in working with the problems of this country -- as a Congressman and as a leader of one of the two major parties in the House for a period of nine years, as Vice President for almost a year and as President

for roughly two and a half years. This background -- a familiarity with domestic conflicts and intimate knowledge of international problems -- is invaluable <sup>for the</sup> ~~in~~ <sup>of</sup> solving future problems. In addition, I think my political convictions are in tune with the views of a majority of the American people. I have a proven record that the American people know they can trust. My big asset is the fact that I have done things, and haven't promised more than I can produce.

July 22, 1976

INTERVIEW OF THE PRESIDENT

BY

EDWARD T. THOMPSON

EDITOR-IN-CHIEF

KENNETH O. GILMORE

MANAGING EDITOR

WILLIAM SCHULZ

WASHINGTON EDITOR

AND

JEREMY DOLE

ASSISTANT MANAGING EDITOR

THE READER'S DIGEST

THE OVAL OFFICE

11:35 A.M. EDT

QUESTION: Before we get to the actual question, I thought I would just run through what we are doing here. We interviewed Mr. Carter yesterday and we are interviewing you today, and as a safeguard we are interviewing Mr. Reagan, also.

THE PRESIDENT: I hope your safeguard isn't necessary.

QUESTION: We would be imprudent if we didn't do it.

The format of this will be that we are asking everybody exactly the same questions, and we will run the questions and we will run one answer and then the others and alternate back and forth.

As to some of the questions we ask, we know what your basic answer is because you have already done something about it, but we thought we would get it into print.

THE PRESIDENT: Surely.

QUESTION: I will start off. A lot of pollsters have told us that by a wide margin inflation is the prime concern of the people in the United States. We would like your views on who or what is responsible for the inflation that has plagued us.

THE PRESIDENT: Primarily, the inflation we have today has been the result of, I think, improvident fiscal policies of the Federal Government. We have been trying to correct that, and we are headed in the right direction. By cutting the rate of growth of Federal spending and the improvement in our economy, we are able to look forward to a balanced budget by fiscal year 1979.

Because we have reduced the rate of growth in Federal spending, there has been a sizeable improvement in the rate of inflation in the last 15 to 18 months. The horrendous inflation that took over in 1973 and ran through 1974 was also prompted by the oil embargo and the increase in oil prices at that time.

In addition, we had some shortages of agricultural products throughout the world, and that added to the inflationary pressures.

But, the basic problem is the fiscal difficulties of the Federal Government. We are on the road to correcting them, and I think my Administration has done a good job in that regard.

QUESTION: In stemming the inflation, which indeed has happened, unemployment has persisted. Is it really possible to get the inflation down and get the unemployment down simultaneously? What more can you do, and what more would you do?

THE PRESIDENT: We have been able to do both. We have reduced the rate of inflation since I have been President from over 12 percent down to a rate of inflation at the present time of under 6 percent. About a year ago, in May of 1975, the unemployment rate was 8.9. We have reduced the rate of unemployment to 7.5 as of June of 1976. We expect the unemployment rate to drop by the end of this year to under 7 percent.

So, we have simultaneously been able to reduce the rate of inflation by better than 50 percent, and we have reduced the unemployment rate from an abnormally high level to an anticipated level of under 7 percent. That is still too high, but you can do both at the same time.

QUESTION: As you say, it is very high still, it is a lot of human beings. Do you think the Federal Government should provide funds to employ those people who are really unable to obtain jobs?

THE PRESIDENT: To a limited extent the Federal Government can have what we call a public service employment program. We have one on the statute books now, and we are funding it. It provides roughly 300,000 jobs in a wide variety of areas.

But, I don't think that is the ultimate answer. Five out of six jobs we have in this country today are in the private sector. If we are really going to absorb the unemployed, the better way to do it is through stimulating the private sector in our economy.

Public service employment is not the long-range answer because the jobs are usually temporary. They don't provide for any incentive for advancement. The real answer is to get our economy moving, and I think we are, and I think it is reflected in the fact that we have added about 3,500,000 jobs in the private sector in the last 12 months.

QUESTION: Mr. President, I believe you did indicate in your previous remarks that you aimed at a balanced budget by fiscal 1979. As you know, the Federal budget has gone up at enormous rates and will hit \$400 billion. How do you see that you can curb Federal spending enough to achieve that balanced budget?

THE PRESIDENT: When I recommended the budget for fiscal year 1977 in January of 1976, I recommended to the Congress a 50 percent cut in the growth of Federal spending. For the previous ten years, the average rate of growth in Federal spending had been about 11 percent.

We recommended -- or I proposed -- a 50 percent cut in that rate of growth, from 11 percent to 5-1/2 percent. If we could keep the cap at about that rate of growth, we could have the balanced budget in fiscal year 1979 that I indicated.

Unfortunately, the Congress, instead of holding the line at \$395 billion for spending in fiscal year 1977, have added about \$18 billion in anticipated spending during that fiscal year.

Those additions could set back the prospects for a balanced budget for 1979. But, during the 1976 calendar year, and if I am President in the succeeding years, I will continue the pressure to restrain the rate of growth and it can be done and still provide the necessary services for domestic programs as well as national security programs.

QUESTION: Is there any more one can do as President to persuade the Congress to hold down, particularly since it may well be a Democratically controlled Congress?

THE PRESIDENT: I am optimistic because the American people are now perceiving the seriousness of the deficits we have had and the rate of growth of Federal spending. The net result is that the American people have made known their wishes to the Congress, and there is a more responsible attitude on the part of Congress today than there was a year ago or two years ago.

In addition, we are now operating under the Congressional Budget Act, which in itself puts more limitations on the extravagance of the Congress in the past.

So, between the pressure that I as President have exerted and the support of the American people and the Budget Act, I think we can get a better handle on Federal spending.

QUESTION: Are there major savings, in your opinion, that can be made by reorganization of the Government or further reorganization of the Government?

THE PRESIDENT: Yes, I believe there can be. I proposed four specific recommendations to the Congress in my budget and State of the Union Messages in January of 1976. I recommended four block grant programs -- one in health, one in elementary and secondary school programs, another in social services and another in child nutrition programs.



If the Congress would approve those four programs, eliminating, as I recall, roughly 80 so-called categorical grant programs and simplifying them in four block grant programs, we could eliminate Federal employment very substantially. We could reduce red tape and we could give greater authority and decision-making at the local level.

This, I think, would produce substantial long run or long-range savings as far as the Federal Government is concerned.

QUESTION: Mr. President, are you going to propose a national health insurance plan next year and, if so, what will it provide, what will it cost and how are we going to pay for it?

THE PRESIDENT: I do not intend to propose a national health insurance program. At the present time, about 90 percent of our population are covered by either private plans or some version of Federal assistance to citizens that need health coverage.

The private companies actually cover about 80 percent of all people under 65 years of age. Those are privately financed by where they work or some other individual subscription.

I don't believe that a comprehensive Federally financed national health insurance program is the right way to go. I would expand through various incentives, perhaps added tax incentives, the private approach to supplying health insurance for our population.

There is one area where, in my judgment, there has to be some additional Federal program in the area of catastrophic illness, and this would be a program that would be integrated with Medicare and Medicaid. It would be applicable to approximately three million of our older citizens at the present time. This can be done with a combination of payments by those who get the benefits and by some additional Federal assistance.

QUESTION: Mr. President, welfare reform is in everybody's platform. What do you mean when you talk about welfare reform?

THE PRESIDENT: At the present time, I believe the most practical way is to tighten up on the multiplicity of programs we have in the welfare field. Starting back in the Depression days of the 1930s, the Federal Government has piled up one welfare program on another. The net result is it is a hodge-podge.

I think we can consolidate the present programs and make them a abetter delivery system to those that need help and, at the same time, eliminate those who are not deserving or don't require Federal assistance in the welfare area.

I have submitted to the Congress legislation that would achieve that objective.

The other alternative--and I think it ought to be studied--is getting rid of all of the present programs and trying to come up with an overall consolidation, but that is in the study stage and I wouldn't anticipate that that would be recommended by me in the very near future.

QUESTION: Do you think welfare should be a Federal matter rather than a State, or even worse, perhaps a city matter?

THE PRESIDENT: It should not be exclusively a Federal matter. I think States have to have some responsibility, and I think local control is also beneficial because in those areas where determinations are made as to how much a person needs--and need is a real criteria--the people at the local level are far better able to make that determination than some rule-making Federal employee in Washington, D.C.

QUESTION: Would you favor any sort of guaranteed annual wage?

THE PRESIDENT: No, I don't think that is the proper answer to our welfare program.

QUESTION: Sir, what kind of tax reform would you favor and what would be the underlying principals?

THE PRESIDENT: The underlying principal would be to give greater tax relief to the so-called middle income taxpayer. They roughly fall within the earning bracket of \$8,000 a year up to maybe \$30,000 a year. They have been shortchanged in recent years as far as tax relief is concerned.

In addition, there are certain specifics that I would mention in order to achieve that. For example, I think an increase in the personal exemptions from \$750 a person to \$1,000 a person is highly desirable. I have recommended that to the Congress.

In addition, if you are going to permit people to save and pass on their benefits from one generation to another, the recommendation I made is to increase the exemption for the estate tax from \$60,000 to \$150,000 or more, a recommendation to not tax the transfer of property on death from the husband to the wife, and in addition, you can give, as I have proposed, a longer time to pay whatever the estate tax is.

In the proposal I recommended we go from a ten-year program -- it is either ten or 20 -- and we can get the record for you -- to a reduced rate of interest on the unpaid balances at the Federal Government level.

Just to quickly summarize, the middle income people have been shortchanged and the specifics that I suggested I think are the best tax reform I know of.

QUESTION: How about the idea of going after the so-called big loopholes, the mortgage interest and really to get rid of all deductions as a reform and not as a matter of saving money?

THE PRESIDENT: I don't think eliminating all deductions is the way to achieve reform. If we want to stimulate home building, the right to deduct interest payments on a mortgage is a proper use of tax legislation. Charitable contributions, I think, are highly desirable as a tax deduction.

QUESTION: Mr. President, you are aware of the polls that show that an overwhelming majority of Americans, black and white, are opposed to forced busing to achieve racial balance. Is there anything realistically that can be done to end this problem?

THE PRESIDENT: I submitted the legislation to the Congress, which I think is an affirmative and effective answer, to the actions of some Federal force in school desegregation cases. I want to preface, however, that whatever the courts decide, this Administration has and will uphold the law.

But, some courts I think have gone beyond protecting the constitutional rights and have, in effect, taken over a whole school board and run a whole school system. I think that is wrong. If there are violations of constitutional rights because of segregation in a school system, those schools where there is a violation, the problem ought to be corrected but that does not justify the court in one instance taking over the whole system and running it.

If the Congress would pass that legislation that I have recommended, we could minimize court ordered forced busing on a major scale and still protect the constitutional rights.

QUESTION: Changing the subject, what can a President do, or more specifically, what would you do, to reduce crime not only in big cities but in suburbs and even rural areas?

THE PRESIDENT: First, I would like to point out that in 1975, compared to 1974, the crime rate went from a 17 percent increase to a 9 percent increase, so we have made some progress, but I am not satisfied.

To further reduce the rate of increase in crime, I think we ought to have more severe penalties and more certain confinement to those who were convicted. In addition, I think we should penalize, for example, those who use guns in the commission of a crime. On the other hand, I don't think we ought to take from the gun owner who uses his gun for legitimate purposes, we shouldn't take that gun from him.

But, if we are firm in our imprisonment, if we have set sentences, and if the courts are, I think, responsible in handling parole and keeping repetitive convicts off the streets, we can reduce the crime rate in this country.

QUESTION: As far as the Supreme Court is concerned, the judicial activism of the Warren area has been replaced by what could probably be best described as judicial restraint of the Burger court. What are the qualities and philosophies that you look for in the men or women that you will appoint to the court?

THE PRESIDENT: First, I applaud the decisions of the Burger court, not only in the crime area but in other areas, particularly in the judicial restraint that they have exercised.

Now, I have had the opportunity to recommend one person to the United States Supreme Court, Justice Stevens. We, in the process of selecting him, looked for a man with experience, a person who did not believe that the court ought to try and settle all problems for all people, and I feel that his record has been the kind of a record basically -- not that I agree with every decision -- that I would want in the future for a Supreme Court Justice.

QUESTION: Mr. President, the Presidential veto has become an issue in this campaign. We would appreciate your views about the veto and the general philosophy that you have, the circumstances under which you do feel that it needs to be used as you have done so.

THE PRESIDENT: We have to understand that the veto is a constitutional right given to a President, and it was given by the drafters of the Constitution because they wanted it as a check against irresponsible congressional action.

The veto, when used, forces the Congress to take another look at legislation that has been passed. I think this is a responsible tool for a President of the United States, and I have sought to use it responsibly.

As of now, we have vetoed, or I have vetoed, 53 bills, and 42 as of today have been sustained. The net result is we have saved about \$13 billion in unnecessary expenditures. If I hadn't vetoed those bills, we would have been \$13 billion further in debt, so this is obviously a responsible use of a constitutional authority, and I intend to use it in the future as President as our forefathers wanted the President to use it.

QUESTION: Mr. President, you are well aware that organized labor would like to strike down the right-to-work laws that have been enacted in 20 States by repealing Section 14(b) of the Taft-Hartley Act. What is your position on that?

THE PRESIDENT: I am completely against the repeal of Section 14(b). I am today, and I always have been and I always will be.

QUESTION: Over the years there has been a good deal of evidence of corruption in the Teamsters' Union, and there have been disclosures recently of real problems with their pension funds. Are you concerned about the problems with the Teamsters' Union and is the Government doing enough?

THE PRESIDENT: Several agencies in the Federal Government are in the process of investigating activities of the Teamsters' Union and its related business activities. Since the investigations are being conducted by responsible officials and departments in my Administration, I don't think that I should comment on anything beyond that.

These investigations are going on, and I am sure they will be conducted in a responsible way under the law. I don't think that I should comment further.

QUESTION: Mr. President, if the OPEC nations should institute another embargo as they did in 1973, what should the United States do?

THE PRESIDENT: First, I don't anticipate that there will be another embargo for a very good reason. Since 1973 this Administration, since I have been President, has taken very major steps to develop trust between the United States and the various nations in the Middle East, including all of the Arab States as well as Israel.

We have been successful as a result of this trust in helping to get the negotiations that resulted in the Sinai II agreement. If we can avoid conflict in the Middle East, we can avoid another oil embargo. The prospects for continued progress in the Middle East are such that I just don't see another oil embargo.

QUESTION: If it should happen, though, what could we do?

THE PRESIDENT: We have a number of options, and I think a President shouldn't say he would do this or he would do that. I don't think he should speculate. Obviously we have a wide range of options that could be utilized, but I repeat, under the circumstances that I foresee in the future in the Middle East, I don't anticipate another oil embargo simply because I don't anticipate another war in the Middle East.

QUESTION: The questions from here on out all do deal with foreign affairs. Speaking of the Middle East, what do you consider is the key to lasting peace there?

THE PRESIDENT: I think we have to go back to U.N. Resolutions 242 and 338, which were unanimously agreed to by all of the parties. Any negotiations we have between Arab nations and Israel have to fall within the language of those two U.N. resolutions.

I would hope that in 1977 there could be motion either at Geneva or elsewhere to get some additional steps as to the long desired peace in that area of the world on a more permanent and more stable basis.

QUESTION: If the worst did happen and Israel were invaded and it appeared that she would be defeated, would you commit American troops to her defense?

THE PRESIDENT: First, Israel has never asked -- and I wouldn't anticipate that Israel would request in the future -- any U.S. military intervention. Again, I go back to the point that we are making real headway in the Middle East toward a permanent and just peace there so that I wouldn't anticipate any invasion of Israel by any of the Arab countries.

We have made very significant progress there, and I am optimistic that we can continue that momentum so this problem, I don't think, will arise.

QUESTION: Mr. President, the Communist victory in Angola underlines a new threat, it seems to me, to the West. That is the use of Cuban or other third parties. How can the U.S. and the West deal with that problem?

THE PRESIDENT: Taking the Southern African problem overall and the new program that my Administration is undertaking where we have, I think, regained the trust of the moderate nations in that area of the world and blunted to some extent the radical nations in that part of Africa, there is a program that we have to push. That includes, as I have said, working with Great Britain in trying to find a new solution or better solution in Rhodesia as well as in Namibia.

I am optimistic that we can really be forward looking in this area.

Now, to get back to the more specific question of Angola, it was tragic that the Congress precluded the United States Government from helping Angolans to settle the problems in Angola. If we had been able to help the two forces, the UNITA force and the FNLA, I think there could have been a compromise between those two forces and the MPLA.

Unfortunately, Congress precluded us from helping a majority of the Angolans to settle their own problem. The net result was Cuba came in and the Soviet Union supplied very substantial military hardware.

We can stop third parties who have their own motives from dominating a country like Angola if we can help the people and a majority of the population in those countries so that they can settle their own problems.

QUESTION: Mr. President, I think we will turn off our machine now so that we can continue.



THE PRESIDENT: Sure. I am glad no one asked me to work those machines. I am the most incompetent mechanic that ever existed.

QUESTION: I hope my colleagues aren't.

QUESTION: Sir, as a practical matter, is there anything that the United States and the West can do to combat this continuing and perhaps growing threat of international terrorism? In particular, is there any kind of action that can be taken against Governments such as Libya or Uganda, indeed Cuba and the Soviet Union itself, which do train and support professional terrorists?

THE PRESIDENT: We are working in the United Nations to try and get a U.N. plan that would handle the problem of terrorism. The progress there has been less than I would like. In the meantime, the United States has to work with other powers to try and get cooperation. We are making some headway in that area, but it would be better if it was on an international basis.

QUESTION: Do you believe that our intelligence organizations, in particular the Central Intelligence Agency, should be allowed to operate abroad, sometimes in secrecy, to counter and combat the efforts of the Soviet Union to take over nations by subversive and secret tactics of their own.

THE PRESIDENT: If it is in our national security interest, the United States should be able to operate on a worldwide basis with a competent and forceful foreign intelligence service, which has to be controlled by the President as it is at the present time, but if it is in our national security interest, I think we should have that capability.

QUESTION: Mr. President, what changes, if any, do you contemplate in our policy toward China? Do you plan to open full diplomatic relations with Peking?

THE PRESIDENT: We are continuing to operate under the Shanghai Communique of 1972. We have kept on that course within the language and the intent of that and we will do so in the future. We don't set any timetable. We aren't expanding or contracting the language or intent of that communique.

QUESTION: Does that mean that you are prepared to scuttle the defense treaty with Taiwan?

THE PRESIDENT: That treaty is in full force and effect, and we have no plans to change that treat arrangement.

QUESTION: Mr. President, your former Defense Secretary, James Schlesinger, has said that no nation in history has ever engaged in a military build-up comparable to that of the Soviet Union. I have a couple of related questions in connection with that build-up.

One, what do the Soviets, in your view, have in mind, what is their objective and should there be any contemplation of bringing back or cutting back any troops to South Korea or Western Europe?

Finally, do you see this affecting the size of the defense budget?

THE PRESIDENT: The Ford Administration has no plans to cut back our troop commitments in South Korea. The Ford Administration has no plans to reduce our military commitments in Western Europe unless and until there is an agreed to mutual balanced force reduction agreement reached with the Warsaw countries. Those negotiations are going on.

There is no date certain as to when that agreement may or may not be approved, but unless that takes place, this Administration has no plans for a reduction in our military capability in Western Europe.

QUESTION: Could I go back to the beginning of the question. What do you think is the objective in the mind of the Soviet Union for this constant military build-up? Do you think there is that much of a build-up, naval, for example?

THE PRESIDENT: They have had an increase in their military commitment. They have modernized their weapons systems and they have expanded their Navy. I assume that they are doing this for their own national security. They have more threats than we in that they have China, with 800 million people, on a very lengthy border in the East, and they have a problem of the Western democracies on the West.

I don't see any ulterior motive in this build-up but it does require us to take precautionary action on our part for our own national security. That is, of course, the principal reason that I have submitted as President the two largest defense budgets in the history of the United States.

The one for fiscal year 1977 was \$115 billion. It was a defense budget that turned around the trend that had been imposed on me and on previous Presidents with the Congress slashing \$50 billion out of defense budgets over a ten-year period.

The United States, with the build-up of the Soviet Union, has to maintain its capability and its credibility in military affairs if we are going to maintain the peace.

QUESTION: Could I just ask you for a bit of clarification? When you say you don't see any ulterior motive, do they not have some motive in terms of wanting to extend their power and influence and get their system carried out throughout the world in terms of their military power?

THE PRESIDENT: The only place that I have seen it, as a matter of fact, was in Angola. Of course, that never would have happened if the Congress hadn't precluded my Administration from carrying out what I think would have been the right policy.

But, other than that, I haven't seen any specific expansion by military force by the Soviet Union. But, that doesn't mean we shouldn't be cognizant of the challenge and that is why I recommended these two largest military budgets.

QUESTION: Mr. President, many Americans are becoming increasingly disturbed that the Russians are not living up to the human rights agreement of Helsinki. What can be done to insure their compliance?

THE PRESIDENT: Under the agreement that was signed in August of 1975, there is a meeting that is to be convened two years from that date, and I think it is in Belgrade. At that time, there will be a review of compliance with those understandings. We certainly are going to insist that the intent and the practice of that agreement be maintained. At the Belgrade meeting we will put forward our position if there has not been full compliance.

QUESTION: Is there any way that you can enforce it or you can really put pressure on them to do that?

THE PRESIDENT: I think if there are violations either as to the spirit or the actuality, there can be international pressure put on those countries or that country that has violated the agreement.

That was not a treaty. It was an agreement short of a treaty. But, world pressure, I think, would have a beneficial impact if there are violations either as to the spirit or the actuality.

QUESTION: Mr. President, there remains, unfortunately, I think, in the American people a certain distrust of Government and indeed in the Presidency itself. Concretely, what will you do to try to restore that trust?

THE PRESIDENT: I think there has been a tremendous improvement since I became President. In October of 1974 there was a poll conducted by Mr. Gallup which showed that the public considered lack of trust in the Government a number two problem.

In a more recent poll, I think in early 1976, that problem was not even in the first ten. The net result is the public has gained a restoration of trust in the White House, I think because of the openness, the candor and straightforwardness of this Administration, which I would intend to continue for the next four years.

QUESTION: Sir, I would like to conclude with two rather broad and open questions. The first is, what do you personally consider to be your strongest quality as President and what weaknesses do you think you may have?

THE PRESIDENT: My strongest qualities are the experience that I have had in working with the problems of this country, both domestically and internationally; experience in the Congress as a Member and experience as a leader in the Congress of one of the two major parties in the House for a period of nine years, and almost a year of experience as Vice President and two and a half, roughly two and a half, year's experience as President, with familiarity with domestic conflicts and problems and intimate knowledge as to foreign and international problems.

This background is invaluable in solving the problems in the future. In addition, I think my political convictions are in tune with the views of a majority of the American people.

Thirdly, I have a proven record that the American people know they can trust. My big asset is the fact that I have done things and we haven't promised more than we can produce. Those are the biggest assets, in my opinion.

QUESTION: Finally, what central differences do you perceive between your beliefs in how the country should be run and Governor Carter's?

THE PRESIDENT: Since Mr. Carter has embraced the Democratic platform approved in New York and since he has embraced the record of the 94th Congress, which is controlled by the Democratic Party, the basic differences are that he believes that the role of the Federal Government should be dominant in solving our domestic problems of this country.

I do not agree with that approach. I believe the Federal Government should reduce its impact and influence and that more decision-making and more responsibility should be made available to State and local units of Government. That is a very fundamental difference between Mr. Carter and myself.

QUESTION: Mr. President, thank you very much.

END

(AT 12:30 P.M. EDT)