

The original documents are located in Box 13, folder “Issues and Answers” of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Ron Nessen donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

PLEASE CREDIT ANY QUOTES OR EXCERPTS FROM THIS ABC NEWS RADIO AND
TELEVISION PROGRAM TO "ABC NEWS' ISSUES AND ANSWERS."

I S S U E S A N D A N S W E R S

SUNDAY, OCTOBER 5, 1975

GUEST:

SENATOR FRANK CHURCH (D. Idaho)

INTERVIEWED BY:

Bob Clark - ABC News Issues and Answers Chief Correspondent

David Schoumacher - ABC News Correspondent.

- - -

- - -

This is a rush transcript for
the press. Any questions re-
garding accuracy should be re-
ferred to ISSUES AND ANSWERS

- - -



1 ANNOUNCER: Senator Frank Church, Democrat of Indiana,
2 Chairman of the Senate Select Intelligence Committee, here
3 are the issues:

4 Should there be criminal prosecution of CIA officials
5 as a result of the illegal acts your Committee has uncovered?

6 Has the Senate's investigation failed to pinpoint the
7 ultimate responsibility for assassination plots?

8 Will you run for the Democratic Presidential nomination
9 at the conclusion of these hearings?

10 * * *

11 MR. CLARK: Senator, the Director of the CIA, William
12 Colby, said today he doesn't think anyone within the CIA
13 could be convicted of any crime on the basis of any facts
14 brought out so far in Congressional investigations.

15 Your hearings have uncovered a long list of illegal
16 acts committed by somebody at the CIA. Is there going to
17 be any criminal prosecution?

18 SENATOR CHURCH: Well, that is up to the Justice Depart-
19 ment. The Justice Department has asked for access to the
20 Committee files, and the Committee is endeavoring to give
21 the Department full access to information that we will turn up
22 in the course of our investigation.

23 MR. CLARK: Well, don't you agree there have been many
24 illegal acts by the CIA, verified by your Committee?
25

1 SENATOR CHURCH: Yes, indeed.

2 MR. CLARK: All the way from the assassination plots to
3 spying on domestic political dissidents, and opening the
4 mail?

5 SENATOR CHURCH: Opening the mail is clearly illegal,
6 there is no question about that. It went on for about 20
7 years. Curiously enough, an assassination may not be illegal.
8 We don't find a Federal statute. There ought to be one,
9 clearly; but, since it relates to foreigners,
10 nobody ever thought that it would be necessary to write a
11 federal law against assassination.

12
13
14
15
16
17
18
19
20
21
22
23
24
25

1. 1 MR. CLARK: Would you not feel there would have to be
2 criminal prosecution of somebody at the CIA?

3 SENATOR CHURCH: I think the present investigation is
4 directed toward determining criminal liability. That has
5 to be with the Justice Department. Our Committee is not a
6 court. Our Committee is trying to determine what went wrong
7 in the past so we can correct matters for the future.

8 MR. SCHOUmacher: Senator Church, your background is as
9 a lawyer. Would you accept Director Colby's assertion that
10 this was all within the tenor of the times, and since no one
11 really meant to do anything bad, therefore, there is no reason
12 for prosecution?

13 SENATOR CHURCH: Well, I think if there were not some
14 possible basis the Department of Justice would not be looking
15 carefully at what we are doing right now. There is a
16 question of perjury, for example, that needs to be looked at
17 very carefully.

18 MR. SCHOUmacher: Hasn't this whole area been pretty
19 well tested in John Erlichman's defense, in his Ellsberg trial.
20 I mean, is the idea that the ends justify the means which is
21 in effect what Director Colby has said today, an adequate
22 defense against all that has happened?

23 SENATOR CHURCH: No, I don't think that is an adequate
24
25

1 defense. Of course, in fairness you have to look at these
2 things within the context of the times and the attitudes that
3 then prevailed but the reason for this investigation is that
4 there is lots of evidence that these agencies did break the
5 law, went beyond their proper authority, and we want to find
6 out what did happen and we want to change the laws in such
7 a way and establish a surveillance over these agencies in the
8 future, that will prevent this from happening again.

9 MR. SCHOUmacher: What is the point of writing new laws
10 when these agencies violated the old laws?

11 SENATOR CHURCH: Let's take the case of assassination,
12 for example. As I said there is no Federal law on the books.
13 We never thought that Federal agencies would get involved in
14 attempting to assassinate --

15 MR. SCHOUmacher: There is a law against tampering with
16 the mails.

17 SENATOR CHURCH: There is a law against tampering with
18 the mails and that must be one thing the Department of Justice
19 must be looking at right now but we do need a law to prohibit
20 any agency of the Federal Government from getting involved in
21 assassinations and our recommendation will be that such a law
22 be enacted as a result of this investigation.

23 We also need continuing surveillance which should not
24 be left to the executive. So much of our evidence shows that
25 the President had lax control over the CIA. It has to be

1 shared by the Congress, too. The Congress has a role to
2 play in this and I think that a joint committee established
3 to oversee these agencies will be necessary for the future.

4 MR. SCHOUMACHER: Well, if William Colby can, today,
5 excuse all that went on, as, in the tenor of the times, and
6 the people really thought what they were doing was the proper
7 thing to do, what is to prohibit William Colby personally from
8 deciding the tenor of the times now justifies some new horror?

9 SENATOR CHURCH: Well, I think that what we are going to
10 determine as a result of this investigation is that these
11 matters can't be left to William Colby or any other Director
12 of the CIA in the future. We have to have effective control
13 within the executive branch, and also effective oversight by
14 the Congress.

15 MR. CLARK: Senator, did former CIA Director Richard
16 Helms confirm in secret testimony before your Committee that
17 the CIA attempted to assassinate Fidel Castro, as Senator
18 Mondale, a fellow Member of your Committee, has said this
19 week?

20 SENATOR CHURCH: Yes.

21 MR. CLARK: And Senator Barry Goldwater has said the
22 Democrats on your Committee are trying to write a final report
23 that soft pedals the Kennedy role, the role of both President
24 and Robert Kennedy in assassination?

25 SENATOR CHURCH: There is no justification whatever for

1 that charge and I am surprised that Senator Goldwater would
2 have made it because the report that we are trying to write,
3 now, is being written by a subcommittee that is bipartisan in
4 character. Every effort is being made to be completely objec-
5 tive and even-handed with all four administrations we are
6 looking into in the past, two Democrat and two Republican.

7 Senator John Towers sits on that subcommittee and I
8 think we will soon complete our work and that when the report
9 comes out it will lay to rest any such unfounded charge. This
10 is going to be totally nonpartisan, totally objective reporting.

1 MR. CLARK: Senator, you just said that Richard Helms,
2 a former Director of the CIA, confirmed that the CIA did
3 attempt -- not "plot" but "attempt" -- to murder Fidel Castro.

4 Can you conceive, doesn't this strain the intelligence
5 of any rational person, that such an attempt would be made by
6 the CIA without the knowledge of whoever was in the White
7 House at that time -- in this case it was President Kennedy?

8 SENATOR CHURCH: The answer to that is that our most
9 determined and most thorough effort to get all these facts
10 leaves this question still unclear. We have no hard evidence
11 that directly relates this activity to any order that was
12 given by any President. Actually, the Castro matter goes
13 back to the Eisenhower Administration, commences there, so
14 the attempt to focus it on the Kennedys isn't exactly accurate.

15 MR. CLARK: The Kennedy Administration, the President --

16 SENATOR CHURCH: The attempts go back beyond the Kennedy
17 Administration.

18 MR. CLARK: The plans?

19 SENATOR CHURCH: The plans and attempts.

20 MR. CLARK: Do you mean there was an actual attempt to
21 assassinate Fidel Castro in the Eisenhower Administration?

22 SENATOR CHURCH: When this report comes out you will find
23 both plots and attempts, and they span many years. They
24 span the years from the Eisenwhoer Administration through the
25 Kennedy Administration, and into the Johnson Administration.

1 MR. CLARK: Were there attempts in the Johnson Adminis-
2 tration?

3 SENATOR CHURCH: Yes. And this will become clear from
4 the report.

5 Now, when you say: Can you track those right back to a
6 former President, I would have to say, as I said before, we
7 have no solid evidence of that.

8 Senator Mondale, who made these revelations yesterday
9 or the day before said that when it came to establishing
10 the line of authority for this activity, it was pretty much
11 like trying to nail Jello to the wall. And that is so.

12 We have resolved our dilemma by taking the decision to
13 issue a report that will lay out all of the evidence in detail,
14 so that everyone reading the evidence can come to his own
15 conclusion. We are not going to make findings that we can't
16 back up with hard evidence, but we're going to lay out all of
17 the evidence, because we think the American people are
18 entitled to know everything we know about what happened.

19 MR. SCHOUMACHER: So the attempts to get Fidel Castro
20 actually, in physical ways, there were attempts that both
21 preceded and postdated that Mafia attempt that has been so
22 well publicized?

23 SENATOR CHURCH: That is correct.

24 MR. SCHOUMACHER: Why was it necessary, if this socalled
25 Executive Action Group petered out, according to some anonymous

3
1 source on the Committee, in 1963, why was it necessary for
2 Richard Helms to put in writing an order that there be no
3 assassinations, in 1972? In other words, it didn't peter
4 out; there were still rumblings -- or were there actual
5 attempts that went that late?

6 SENATOR CHURCH: I know of no attempts that went that late.
7 I think looking back on that period and reconsidering what
8 had happened, then, led Helms and later Colby to issue
9 administrative directives prohibiting the Agency from
10 becoming involved in any activity of this kind. But adminis-
11 trative directives are not enough. We need a law on this
12 subject.

13 MR. SCHOUmacher: When, finally, were all attempts turned
14 off? When was the last attempt to assassinate Fidel Castro
15 launched and from that point on did it finally stop?

16 SENATOR CHURCH: It came in the early part of the John-
17 son Administration. When we issue the report, all of these
18 details will be laid out.

19 MR. SCHOUmacher: Senator, doesn't it, as Bob Clark
20 suggested, sort of strain credulity that all of this was
21 going on? Were Presidents really that naive?

22 SENATOR CHURCH: The whole thing strains credulity. Wait
23 until you see the report. Wait until you see the conflicting
24 evidence as to who was told what. Even the Director of the
25 CIA didn't



1 know what was going on for long periods of time. Yes, it
2 does strain credulity. What do you think this investiga-
3 tion is about? To try to get down and figure out how command
4 and control in that Agency can be so loose.

5 We have had public hearings on two different subjects
6 unrelated to assassination, one having to do with poison,
7 the other having to do with the Houston report. In both
8 cases there is plenty of evidence that the President of
9 the United States was not adequately or properly
10 informed. So you see is a pattern we find again and again.
11 I cannot conclude from this absolutely that these Presidents
12 during this period didn't know. All I can say is, we have
13 found no hard evidence that would establish that they did
14 know, and there is much conflicting evidence which demon-
15 strates that an awful lot of activities were going on that
16 were not being properly revealed to those above.

17 MR. SCHUMACHER: You have also revealed at least no
18 evidence that Presidents tried very hard to find out what was
19 going on.

20 I think anyone in Washington, after he has been here a
21 week or two has heard stories about mail being opened or wire-
22 tapping or break-ins, or that the CIA was involved in assassi-
23 nations. And I mean back in the early 1960's.

24 SENATOR CHURCH: Yes.

25 MR. SCHUMACHER: Why didn't some President ask the

1 very obvious question -- pull in J. Edgar Hoover or the
2 Directorsof the CIA at that time and demand an answer?

3 SENATOR CHURCH: I don't know. I would like to find
4 out. But there was this looseness. Perhaps it was some
5 of them had the same attitude that many members of the
6 Congress who were on the watchdog committee had: "Don't
7 tell me, I prefer not to know."

8 MR. SCHOUmacher: You said you were going to deal
9 severely with anyone who revealed information that could
10 come to you that was classified, on your committee. Are you
11 now considering any action against Senator Mondale for break-
12 ing the story of the executive action?

13 SENATOR CHURCH: The problem we faced with the assassi-
14 nation report is that we wanted to cover every base, and it
15 has taken a long long time to write it; and late developments
16 postponed it still further, because we had to track down other
17 lines of evidence.

18 In the process of this long delay, this report is coming
19 to light piecemeal. Either witnesses go out and tell the
20 press what they have said, or others, like Mr. Helms, will
21 confirm certain stories that are surfaced in the press. So that
22 when this report is finally issued, perhaps there will be nothing
23 left to report except for the fact that we will pull it all
24 together; we will authenticate what happened, and we will lay
25 out all of the evidence so people can judge what the answers

1 are to the very kinds of questions you have been putting
2 to me on this program.

3 * * *

4 MR. CLARK: Senator, have you made any progress in your
5 efforts to get former President Nixon to testify before your
6 Committee?

7 SENATOR CHURCH: We have negotiations underway with
8 his attorneys, and we hope to bring him before the Committee.
9 We hope he will come voluntarily. His testimony is very
10 important in matters like the Chilean affair, the Houston
11 Plan, other things that we are investigating, and we believe
12 that since he is the one living ex-President, we should have
13 him as a witness. If he doesn't come voluntarily, I personally
14 would favor issuing a subpoena.

15 MR. CLARK: Do you think other members of the Committee
16 and the full Senate would back you up in that subpoena?

17 SENATOR CHURCH: I would think so.

18 MR. SCHOUMACHER: Senator, in the course of your investi-
19 gation you frequently, and other members of the Committee,
20 emphasize that you are not trying to destroy the CIA; that
21 you value the importance of the intelligence community.

22 SENATOR CHURCH: That is right.

23 MR. SCHOUMACHER: On the other hand, and on the other
24 side of the Capitol building, Congressman Pike, who chairs
25 the House investigation, says that we are not getting our

1 money's worth out of intelligence, that we are open to surprise
2 attack, that they haven't been right in 10 or 15 years.

3 You don't seem to want to go into that area. Is Congress-
4 man Pike right?

5 SENATOR CHURCH: We did want to go into that area. As
6 a matter of fact, we were investigating that aspect of the
7 intelligence, the quality of the product, at the time Chair-
8 man Pike took over his committee. But when we had two
9 committees going, we didn't want to duplicate each other's
10 work, so Chairman Pike and I got together, and he laid out
11 that particular area. We have been concentrating on the
12 abuses and the illegal conduct and that kind of thing in our
13 Senate hearings. This is just to avoid an unnecessary and
14 wasteful duplication of the activity of the two committees.

15 MR. SCHOUmacher: Then from what you saw, is Congressman
16 Pike accurate when he says we're open to surprise attack
17 and we are not getting our money's worth out of our intelligence?

18 SENATOR CHURCH: I don't know about being open to a sur-
19 prise attack. He is looking into this aspect of the work of the
20 intelligence community at the present time. I do know
21 that there have been intelli-
22 gence failures. One of them preceded the Yom Kippur war.
23 We had bad intelligence with respect to the estimates of
24 enemy strength in Vietnam.

25 The quality of the end product is a very important
aspect of this investigation, and I am glad the House committee
is concentrating on it.

b1
1 MR. SCHOUmacher: You have made a big push, in this
2 and other areas, to break down the wall of secrecy. Are you
3 going to go so far as to publish overall or total amounts for
4 the various intelligence agencies?

5 SENATOR CHURCH: I think at one time in this investiga-
6 tion we need to put it all together because the American
7 people are entitled to know how much money is being spent for
8 intelligence by their Government. I think it should be done
9 in such a way as not to reveal any sensitive security infor-
10 mation that would endanger the intelligence agency. But this
11 business of pretending it is so secret the people can't know
12 what the aggregate total is is nonsense. We don't treat the
13 military budget that way and we debate every part of it
14 including all the new weapons systems we want to procure.

15 MR. CLARK: Some Members of Congress who are familiar
16 with CIA activities would place an aggregate total at about
17 \$6 billion. Would you say that is a good, round figure? And
18 you are quite expert in this area.

19 SENATOR CHURCH: I think that would be within the ball-
20 park.

21 MR. CLARK: Do you agree with Senator Mondale that the
22 CIA should be placed under the direction of the Secretary of
23 State? That is the covert action.

24 SENATOR CHURCH: Well, the covert action is now under
25 the Secretary of State in the sense that he is the Chairman o-

1 of the Forty Committee, so I don't see that that would change
2 it much.

3 MR. CLARK: The Forty Committee is sort of a quasi-
4 official committee?

5 SENATOR CHURCH: But it is the committee that is sup-
6 posed to authorize covert action, and the Chairman of that
7 Committee normally is the Secretary of State.

8 MR. SCHOUmacher: Would you break it out of the CIA?
9 That is covert action, and move it over into, say, the Foreign
10 Service?

11 SENATOR CHURCH: That is one proposal. We will consider
12 that. I don't know that you accomplish very much by reorganiz-
13 ing agencies in this way. The important question is, what
14 kind of covert activity should be engaged in, and how can we
15 be sure that the executive has full control of it and how can
16 we be sure that the Congress is fully advised, and I think a
17 joint committee on intelligence agencies would form a vehicle
18 for the Congress in this regard.

19 MR. CLARK: Senator Church, the former Chairman
20 of the Foreign Relations Committee, Senator Fulbright, felt the
21 CIA should be banned from engaging in any covert activities.
22 I take it you would not take quite as strong a position as
23 that.

24 SENATOR CHURCH: It depends. Some of the covert opera-
25 tions have been abominable. What we did in Chile, for example,

b3

1 undertaking to promote a military coup d'tat, to replace the
2 Allende regime, a regime that had been elected in a free elec-
3 tion by the Chilean people. In circumstances that constituted
4 no threat to the security or well being of the United States.
5 That was preposterous and it was against all of our principles.

6 In Portugal, however, you have a very different case.
7 You have the case of 84 percent of the people trying to have
8 a democratic government and the Russians supporting a small
9 communist element that is attempting to impose a communist
10 regime upon those people and here, I think, our assisting the
11 social democratic parties of Europe to support the democratic
12 forces in Portugal is in line with our traditional principles
13 and has to be judged differently. So I would say you have
14 got to look at these things on a case-by-case basis.

15 MR. CLARK: We want to move you along to another subject.

16 The Senate Foreign Relations Committee on which you serve
17 voted this week to make public all of the secret U. S.
18 promises to Israel and Egypt.

19 Isn't there a danger, as Secretary Kissinger feels, that
20 this would jeopardize and perhaps even wreck the Sinai Agree-
21 ment?

22 SENATOR CHURCH: I think that is not a real danger.
23 Several of those agreements that we made public had already
24 surfaced in the press. We couldn't go to the Senate of the
25 United States and say: Send 200 technicians to the Sinai but
don't ask us about the related agreements, what you want to

1 find out about it, go and read it in the Jack Anderson
2 column. It couldn't be done.

3 MR. CLARK: Well, couldn't it be --
4 the delicate nature of this agreement, President Sadat of
5 Egypt, for instance, has said publicly that there were no
6 secret agreements. Now, it has surfaced that there is a
7 secret agreement with Israel that we would give them Pershing
8 missiles, for instance. Isn't there a danger that this could
9 be such an embarrassment to Sadat that it could literally
10 topple --

11 SENATOR CHURCH: The danger is not -- the danger is
12 precisely the opposite: Let the agreement surface. You
13 have just misstated what we said we would do with respect to
14 the Pershing missile. I know you didn't do that intentionally
15 but the agreement says we will give consideration to supplying
16 Pershing missiles --

17 MR. CLARK: With a view to nuclear --

18
19 SENATOR CHURCH: I know, but you have to get the
20 language just right and the only way to get the language just
21 right is to publish the agreement.

22 We have no business entering into executive agreements
23 that have the force and effect of treaties and trying to
24 regard them as state secrets. Or the State Department has no
25 business in my judgment submitting those agreements as
classified documents to the Foreign Relations Committee.

1 That is why I made the motion to make those documents, those
2 agreements, public, and to make them public so that the
3 Congress and the American people would know, at the time that
4 the vote is taken for sending American technicians to the
5 Sinai, just exactly what the full package of commitments on
6 our part is all about.

1 MR. CLARK: Senator, the Pershing missile is designed
2 as you well know for use with nuclear warheads. That is
3 the fact that most upset the Arab states who are attacking
4 President Sadat and accusing him of selling out to Israel and
5 the United States. Are you in favor of giving Israel the
6 Pershing missile?

7 SENATOR CHURCH: I am in favor of giving no country
8 in the Middle East a nuclear capability. Now I will want
9 to know a lot more about this particular missile. I don't
10 pretend to be an expert on it, but the Congress should scruti-
11 nize very carefully our introduction of any weapons system
12 into the Middle East that has a nuclear potential.

13 MR. SCHOUMACHER: Senator Church, there are an awful lot
14 of your colleagues who are out and about the country these
15 days, some running for President, some choosing to moderate
16 ^{Democrats} conferences where others/are selling their wares, and yet the
17 country so far has reacted with, I guess a yawn wouldn't be
18 too uncharitable, to the various candidates. What do you
19 think is wrong that none of these Democrats seem to catch
20 any fire?

21 SENATOR CHURCH: I don't know. First of all, there are
22 a lot of them. The talk in Kansas City is there are nine,
23 and they are all tied for ninth place. I don't know. Maybe
24 one of them will catch fire, and the early primaries may
25 establish sufficient momentum behind one candidate to

1 carry him through to the convention in a convincing way.

2 I just don't know.

3 MR. SCHOUmacher: I know that this is very far from
4 your mind, but have you given any thought to what you might do
5 to strike a match that would be different from what we have
6 heard so far? In other words, to be a little less indirect,
7 how would you run a campaign if you were going out right now?

8 SENATOR CHURCH: I haven't given much thought to that
9 actually, because my mind has been on this investigation, and
10 I have been determined to keep it uninvolved with Presiden-
11 tial politics. So I have said, and I meant it, and I have
12 abided by it, that I am going to stay out of the Presidential
13 campaign, and I am not permitting any committees to be or-
14 ganized in my behalf until this investigation has finished
15 and we have put an end to our public hearings, which we hope
16 to do by December.

17 So actually, I just haven't given much thought as to
18 how I would run for President if indeed I ever will.
19 I don't know where this investigation will bring me out,
20 and I have deferred consideration of this matter to a
21 proper time.

22 MR. CLARK: Senator, I have been watching television
23 and reading newspapers recently, and I see your picture and
24 stories about you in the press almost daily, which is cer-
25 tainly having an important effect on any

3
1 ambitious Presidential candidate, in improving his recog-
2 nition -- the fact that the -- politicians call recogni-
3 tion across the country. Doesn't that make you a little bit
4 more interested in running for President today than you
5 were, perhaps two or three months ago?

6 SENATOR CHURCH: It wouldn't be honest for me to say
7 I am not interested in the possibility. I just simply have
8 deferred the matter until this investigation ends. There
9 are lots of people who have asked me to run, and many more
10 now than before. It seems to be gathering considerable in-
11 terest in the country.

12 I know people are interested. They have come to me.
13 They are scattered throughout the country. Right now I
14 just have to tell all of them: I have an investigation on.
15 Until that investigation is finished, I can't permit
16 them to organize in my behalf.

17 MR. SCHOUMACHER: Are you, Senator, now hurrying that
18 investigation to a conclusion in order to be free?

19 SENATOR CHURCH: No. From the beginning we have
20 hoped to complete the hearings, which is the active phase
21 of the investigation, by the end of this year. The resolution
22 leaves us only until February to pull together our recommenda-
23 tions for legislation and make our final report.

24 MR. CLARK: Senator, to be disarmingly frank as we near
25 the end of this program, isn't it likely you are going to

1 be a Presidential candidate? Yes or no? I see a "Cut" sign
2 over there.

3 SENATOR CHURCH: I don't know. Honestly, I don't.

4 MR. CLARK: We will have to accept that.

5 Thank you, Senator Church, for being with us on ISSUES
6 AND ANSWERS.

7 -----

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

PLEASE CREDIT ANY QUOTES OR EXCERPTS FROM THIS ABC NEWS RADIO AND TELEVISION PROGRAM TO "ABC NEWS' ISSUES AND ANSWERS."

I S S U E S A N D A N S W E R S

SUNDAY, OCTOBER 12, 1975

GUESTS:

SENATOR WILLIAM PROXMIRE (D. Wisc.)

Chairman, Banking, Housing and Urban Affairs
Committee.

REPRESENTATIVE GEORGE MAHON (D. Tex)

Chairman, Committee on Appropriations

INTERVIEWED BY:

Bob Clark -- ABC News Issues and Answers
Chief Correspondent

Sam Donaldson -- ABC News Capitol Hill Correspondent

- - -

- - -

This is a rush transcript for
the press. Any questions re-
garding accuracy should be re-
ferred to ISSUES AND ANSWERS

- - -



1 THE ANNOUNCER: Our scheduled guest on ISSUES AND
2 ANSWERS, U. S. Ambassador to the United Nations, Daniel P.
3 Moynihan, will appear at a later date.

4 Senator William Proxmire, Democrat of Wisconsin, Chairman
5 of the Senate Banking, Housing and Urban Affairs Committee;
6 Representative George Mahon, Democrat of Texas, Chairman of
7 the House Appropriations Committee, here are the issues:

8 Should tax cuts be tied to reductions in government
9 spending as President Ford proposes?

10 How much can the federal budget be cut?

11 Will Congress bail out New York City of its financial
12 crisis?

13 * * * * *

14 MR. CLARK: Senator Proxmire, since your Banking Com-
15 mittee has been holding hearings on whether the Federal
16 Government should bail out New York City, Vice President
17 Rockefeller, rather surprisingly, last night called for swift
18 congressional action to aid New York. Is his position,
19 which appears to be the opposite of President Ford's, going to
20 influence Congress?

21 SENATOR PROXMIRE: Well, it is confusing when the
22 Administration speaks with many voices and Secretary Simon has
23 told us very emphatically in no way, he is against it; the
24 President of the United States, at a press conference, says
25 emphatically no, and the Vice President says yes.

1 At the same time, I think, to be fair, all of these
2 people indicated some conditions, that there might be some
3 circumstances under which we could go ahead with a federal
4 guarantee or some kind of a loan, some assistance to New York.

5 I think that the significance of the Rockefeller state-
6 ment is that the Administration probably is moving. It is hard
7 to believe that the President didn't know about that, didn't
8 have at least some inkling of it.

9 Vice President Rockefeller, I think, would not have
10 spoken out if the Administration didn't have some feeling he
11 was going to do it and probably approved it.

12 I think there is a gentle movement in the direction of
13 providing assistance for New York.

14 MR. CLARK: And, Mr. Mahon, as Chairman of the House
15 Appropriations Committee, do you think Congress should bail out
16 New York City?

17 MR. MAHON: I don't think Congress should bail out New
18 York City, except to the extent that we are already bailing out
19 New York City. Through Revenue Sharing and innumerable other
20 programs, we are spending billions of dollars over the year to
21 help New York City, and to bail out New York City it would, it
22 seems to me, be an invitation to other cities which are in
23 precarious fiscal condition to ask for a bail-out too.

24 We need for these cities to exercise restraint and not drag
25 the whole nation down the fiscal road to disaster.

1 MR. DONALDSON: Senator Proxmire, you are a key man in this
2 dispute. Your committee would have to write some bill on the
3 Senate side to help New York. How do you feel?

4 SENATOR PROXMIRE: Well, I frankly really haven't made
5 up my mind. I think New York has made a very strong case
6 for assistance, a very strong case. One thing, they have done
7 just about everything that New York City could do. They have
8 laid off 13,000 people; they have indicated they are going to
9 lay off 20,000 more, and we can make sure they do that. They
10 have agreed to a freeze for three years on salaries and
11 pensions, something I think that's very rarely been done be-
12 fore.

13 They have stopped all new capital construction of all
14 kinds. They have agreed to do anything else that is reasonable
15 to assist them.

16 It is also true, and I think something we ought to
17 recognize very clearly, that this isn't just New York's prob-
18 lem. If New York City defaults, New York State agencies
19 are very likely to default. We are assured by the top people
20 in the municipal bond business if that happens other cities
21 will be unable to market their bonds and will default.

22 MR. DONALDSON: Well, you seem to be making a very strong
23 case for helping New York.

24 SENATOR PROXMIRE: Exactly.

25 MR. DONALDSON: Why then haven't you been able to make

1 up your mind?

2 SENATOR PROXMIRE: Well, I will tell you why -- and
3 there are many other arguments on the side of New York. The
4 reason I think this country needs a jarring message, that we
5 simply have to hold down spending and I think if New York
6 does have to default, I think that message is going to come
7 through loud and clear, about as loud and clear as it could be.

8 The debris, the effect on the economy, the effect on other
9 cities is going to be very serious, but I think maybe people
10 will realize all the good things New York tried to do can't
11 be done; we can't afford them.

12 MR. DONALDSON: Excuse me for using a rather simple
13 homily here, but isn't that the same message one gets when
14 one cuts off one's nose to spite one's face?

15 SENATOR PROXMIRE: No.

16 MR. DONALDSON: You said it would be very serious for
17 other cities in this country.

18 SENATOR PROXMIRE: Exactly. It certainly would be.
19 What I am trying to say is, why did New York get into its
20 difficulty? It spent more than it could afford. It didn't
21 spend more in ways that are evil. Ways that are good. They
22 provide free education for their college students. They
23 provide for good high salaries for their sanitation workers
24 and policemen and firemen; good pension retirement schemes.
25 All these things are fine. We love it, but we can't afford to

1 pay that much and that message has to get through. Even good
2 federal programs, especially good federal programs, have to be
3 reduced because we can't afford it any more.

4 MR. CLARK: Let me quote Treasury Secretary Simon who
5 appeared before your Senate Banking Committee this last
6 week and give Mr. Mahon a chance to answer this:

7 The Secretary's answer to your argument there would be a
8 very serious effect on other cities is that cities which are
9 doing a fiscally responsible job of running their finances,
10 he cited Minneapolis as an example, which he said is a
11 Triple A-rated city in selling its bonds, is still able to
12 finance its bonds at 5.5 per cent. So we will ask, Mr.
13 Mahon, do you agree with Senator Proxmire that there would be
14 this serious ripple effect on all other cities or many other
15 cities?

16 MR. MAHON: Well, I haven't explored it to the depth
17 that he has explored it, but I tend not to agree. I just
18 think we have got to take a firm stand and if we fall over and
19 play dead on this issue and say yes, we will bail you out,
20 then every other city can act irresponsibly as New York has
21 acted, and ask for the same assistance, so I can't go with
22 that.

23 I agree with the Senator that if we continue to follow
24 this road of spending more than we can afford to spend and
25 accelerating old programs and expanding, and creating new

1 programs, we are going to collapse, there is no doubt about
2 that.

3 We have got to do something about the spending
4 situation in the cities, in the Federal Government and all
5 across the land.

6 SENATOR PROXMIRE: I should say what New York also agreed
7 to was to balance their budget within three years and that the
8 state takes over management, complete management of their
9 finances. Now, if we provide a guarantee, it seems to me the
10 Federal Government must make sure, on a very close leash
11 basis, that is providing a guarantee for only every six months,
12 making sure they are making progress, that they do in fact
13 and in deed balance their budget.

14 Now, to get back to the Minneapolis point, all the
15 experts said -- they could be wrong; they have been wrong
16 in the past, heaven knows -- if New York defaults, there is
17 no way the people are going to put their money into the bonds
18 of Houston or Milwaukee, or Minneapolis or any other city
19 with the same degree of confidence they did before. They
20 are going to ask for 7 and 8 and 9 and 10 per cent interest.
21 That means higher property taxes for everybody in the
22 country for years to come.

23 MR. DONALDSON: I seem to be on a one-track question.
24 Let me ask it again in a different way. If New York
25 defaults or, to put it in the terms of this discussion, if the

1 Federal Government allows it to default, what will be the
2 effect in this country? Will it just be, as you say, a shock,
3 or will there be effects that will be worse than the disease?

4 SENATOR PROXMIRE: Well, nobody knows what the effects
5 are going to be because we haven't had New York City, the
6 biggest city in the country, one of the biggest cities in the
7 world, default.

8 MR. DONALDSON: Can we take a chance?

9 SENATOR PROXMIRE: That is a big question. If that happens,
10 we not only could have the problems I have talked about, but
11 a situation in New York according to the Governor of New York
12 in which they might not be able to pay the salaries of these
13 policemen and firemen. They may have a general strike; they
14 may have to call out the federal troops; they may have a
15 colossal need then for big federal assistance. And a guarantee,
16 if it works, and there is every indication that it could
17 work, if it works, would not cost the federal taxpayer one
18 single penny.

19 Now, I still haven't made my mind up because I think
20 this message is awfully valuable to get through that if you
21 live beyond your means, and the Federal Government is just
22 New York written large, we have done the same kinds of
23 things too big ^{a way for} / too long; we have to recognize we can't do
24 that much; can't afford it.

25 MR. CLARK: Let's ask each of you if we may: Is President

1 Ford trying to write off New York City for political reasons
2 as some Democrats are charging? Mr. Mahon?

3 MR. MAHON: Well, I don't know about that, but I take
4 this position, that a great, rich state like the State of New
5 York, ought to be able to handle this situation, especially
6 in view of the fact that the Federal Government is putting in
7 billions of dollars in New York City, has through the years in
8 various programs.

9 As I said, Revenue Sharing and otherwise. So, it seems
10 to me that is a sufficient federal contribution and they will
11 continue to get these federal benefits like other cities get,
12 but it seems to me it is up to the State of New York to prevent
13 this catastrophe and I am in favor of holding their feet to
14 the fire.

15 SENATOR PROXMIRE: Of course, the answer to that
16 that New York gives, is that they will do it, they will do it;
17 they will come up with all the money necessary; they will make
18 all the cuts that are necessary.

19 What they need is to be able to fund about \$5.1 billion
20 that they have coming due in the next six months and there is
21 no way they can do it unless they can get access to capital
22 markets. New York State can't borrow any more money. They
23 just can't do it. The banks and the other investors won't lend
24 them money. Unless they get a guarantee, they can't come up
25 with this.

1 MR. CLARK: If we can ask each of you before we move on
2 to other subjects, it is obvious from the difference of
3 opinion here today that along with the almost solid Republican
4 opposition in Congress, or very heavy overwhelmingly Republican
5 opposition to helping New York, there is some strong Democratic
6 opposition expounded here by Mr. Mahon.

7 What do each of you think about the prospects for
8 Congress giving aid to New York? Is it going to act or is it
9 not?

10 Mr. Mahon.

11 MR. MAHON: Well, the people in Pocatello and around the
12 country are not in favor, in my opinion, of bailing out New
13 York, but if Congress is persuaded that it must be done in
14 order to preserve the nation, then I think Congress would face
15 up to the issue, but I don't think that is the issue as of now.
16 It may become the issue later.

17 MR. CLARK: Do you think Congress will be persuaded,
18 that they will act?

19 MR. MAHON: I would say no, at this time.

20 MR. CLARK: Senator Proxmire.

21 SENATOR PROXMIRE: I might point out that as long ago as
22 August, and the situation has been getting more sympathetic
23 since then, as long ago as August a nationwide poll printed
24 in the Gannett newspapers indicated 51 per cent of the people
25 favored assistance to New York; another five per cent favored



1 it with certain conditions, so I think that there is that
2 popular basis, as well as the recognition that Congressman
3 Mahon properly pointed to that if the people can be convinced
4 that the whole country is in this, and it would be a national
5 disaster, the Congress may provide this assistance -- I have
6 seen a real shift in the last week or so in our committee,
7 since we started our hearings, of people opposed to it moving
8 around to a more favorable --

9 MR. DONALDSON: Could you answer that yes or no too? Will
10 Congress act or not?

11 SENATOR PROXMIRE: I think it is completely unpredictable
12 and, furthermore, I think it is very unlikely Congress will
13 enact legislation unless the Administration says yes. If
14 they continue to say no, then I think it is very unlikely.

15 MR. DONALDSON: If you do act, what form of assistance
16 would your action likely take?

17 SENATOR PROXMIRE: Well, I would say guarantee. A loan
18 guarantee.

19 A direct loan would take much longer. There is no
20 reason why the Federal Government should loan its money to
21 New York because New York can raise the money if we provide
22 the guarantee. We have had the experience with the Lockheed
23 loan, which I opposed -- I led the fight in the Senate against
24 it; I felt that was a serious mistake for private industry,
25 but it may well be a city is somewhat different. It could be

1 just a one-time track, New York alone. Not every city in
2 the country.

3 MR. DONALDSON: Chairman Mahon, would you agree with
4 Secretary Simon who said that if Congress should help New
5 York, it ought to be on a financial basis so punitive that
6 other cities would not go down that road?

7 MR. MAHON: I don't see anything wrong with that state-
8 ment.

9 MR. DONALDSON: What kind of punishment could we build
10 in?

11 MR. MAHON: I don't know how you would build in the
12 punishment, but we can't make it attractive for cities to come
13 to Washington to be bailed out, especially in view of what we
14 are already doing for them.

15 SENATOR PROXMIRE: One way you build that in is to provide
16 a real premium on top of the fact they have to go the
17 taxable route, not get tax exemptions and then make absolutely
18 sure they do balance their budget.

19 * * * * *

20 MR. CLARK: I want to ask each of you, do either of you
21 see any chance that Congress will approve anything resembling
22 the President's plan to tie tax cuts directly to cuts in govern-
23 ment spending?

24 Chairman Mahon?

25 MR. MAHON: This would take a long answer. We tried

1 in '67, '68 and in other years, to have spending ceilings, but
2 we always had loopholes uncontrollable. We have been up and
3 down this road and it hasn't succeeded. We did pass resolutions
4 but we didn't meet those requirements because of the expand-
5 ing programs, the uncontrollable programs of one kind or
6 another like increases in Social Security and so forth.

7 So I don't see any meaningful way of tying these two
8 together.

9 It is true, of course, that we have got to reduce spending
10 wherever we can and it is true we have got to take into con-
11 sideration the economy; we have got to take into consideration
12 outgo and income, but there is no practical way that I see
13 to meet the President's proposal. It is a very attractive
14 proposal that you cut taxes at January 1st and nine months
15 thereafter, just before the election, you place in operation a
16 \$28 billion spending cut.

17 This Congress has got to fulfill its obligations, con-
18 sider the President's Budget when it is submitted. He says
19 it is going to be in the range of about \$395 billion.
20 Let's see what he submits. We have got a new budget system
21 of control in operation. I think we can do a good job. I
22 think we can make cuts. As Chairman of the Appropriations
23 Committee, for years and years and years we have always cut
24 the President's Budget, and we are going to do it again, in
25 my opinion.

1 MR. DONALDSON: Mr.Chairman, as I understand it, the
2 prospective figure of \$423 billion, of which the President
3 says he is going to cut \$28 billion, and he wants you to
4 pledge to cut \$28 billion, would be the present budget plus
5 the inflationary, plus the population increase figures, but
6 wouldn't even account for some of the programs the President
7 himself has proposed. New Revenue Sharing, for instance.

8 MR. MAHON: Yes. I don't think you can eliminate the
9 President's proposal for new Revenue Sharing and do all
10 those other things, but the President himself is going to
11 find it impossible to live within this. He asks us for \$4
12 billion for educational aid to veterans and what-not at the
13 beginning of the year. Now he is asking us for about \$2
14 billion more.

15 In other words, these matters are uncontrollable under
16 existing law, and while we can make some cuts and we will
17 make some cuts, we can't say in advance what we will do
18 because it would be irresponsible.

19 MR. CLARK: Can you, Mr. Mahon, give us a ballpark figure
20 of how much you think the budget can be cut?

21 MR. MAHON: Well, we cut the Defense budget this year
22 in the House. We cut it by -- for the fiscal year, we cut it
23 by \$7.5 billion. We cut it for the 15-month period, we cut it
24 by about \$8 billion. We will cut Defense. We can do a better
25 job with food stamps. We can do a better job tightening up



1 many programs. We can eliminate some of the things that we
2 are now doing without adequate return. There's a lot of
3 things we can do.

4 MR. CLARK: The President is asking for a \$28 billion
5 cut; in ballpark figures again, how much do you think you can --

6 MR. MAHON: I don't know how -- I couldn't possibly
7 answer that question. It would be irresponsible to try
8 to answer it, but we can make some reductions, there is no
9 doubt about that. We have made some significant reductions
10 this year and we will make significant reductions next year,
11 but we have got to know what the story is.

12 MR. DONALDSON: Where do you think cuts can be made and
13 in what magnitude?

14 SENATOR PROXMIRE: In the first place, I agree with the
15 thrust of the President's offer. I have consistently support-
16 ed tying tax reductions to spending cuts. I know it has been
17 impractical in the past. We haven't succeeded. We have to
18 keep trying until we find a way. I think the new budget
19 format provides a framework in which we can operate. I think
20 there are many, many areas where we could make cuts. I think
21 we can cut Defense even further. Maybe not much further than
22 the House; the House did a great job on that cutting, I think,
23 as the Chairman has said, \$7.5 billion out of this
24 fiscal year's appropriation. There are still almost a million
25 civilian employees in the Pentagon more than there are in all

1 other agencies of government combined, except for the Post
2 Office.

3 I am sure we can make some big cuts there. We can cut
4 the B-1 program. I think we ought to eliminate the B-1
5 program. I think we can also make some cuts in the Space
6 program. I think we can cut the Education program. I voted
7 to sustain the President's veto, as one of only twelve
8 Senators who did so.

9 I think we have to make cuts in all of these areas. It
10 is tough; it is hard; it is difficult, but I think we can cut
11 down. Let me say one more thing about this, Sam, because
12 I think we have to realize that this year's budget we are in
13 now is at about a \$372.8 billion level. The President will
14 go to 395. That is an increase of about six per cent.

15 If we have an inflation of 7 per cent, which is generally
16 expected, that means a real reduction of only one per cent in
17 real sources for the Federal Government. Why can't the
18 Federal Government cut one per cent? I know it is hard; I know
19 it is difficult, but I think we ought to try it and I think we
20 can do it.

21 MR. DONALDSON: Let me ask you about a specific proposal
22 and that will be the appropriation requested for the new Sinai
23 Agreement, what the United States seems to have committed to
24 Israel and to Egypt, the Congress willing, and my question
25 to both of you is, will the Congress be willing to fund money

1 for those countries at the level I understand of about \$3
2 billion a year for the next five years?

3 MR. MAHON: Well, I would say that Congress will provide
4 substantial sums, but I believe some reductions will be made
5 and should be made, but we will have to explore the programs
6 in more depth. It is going to be hard for people to vote for
7 more foreign aid. What this is is foreign aid, foreign aid,
8 the most unpopular program with the public. But, of course,
9 we want to promote peace and stability in the Middle East and
10 Congress is going to go along, reluctantly, with this kind of
11 a program. But I don't think we can buy the whole package
12 to the extent of dollars that have been requested. That is
13 my feeling about it, Bill.

14 SENATOR PROXMIRE: George, I think we can and will and
15 should cut that and cut it sharply. It makes no sense to me
16 that we provide not only assistance to Israel, but economic
17 assistance to Egypt, to Syria, these other countries. We are
18 helping both sides and the taxpayer is paying for it.
19 Ridiculous. I think we ought to cut both and I think we
20 ought to cut military assistance to the bone. I would vote
21 to knock it out entirely. We are arming other nations, in my
22 view, to no purpose whatsoever, and I think we can and should
23 call the Administration on this kind of thing.

24 Here is the President coming through with this very
25 expensive Sinai proposal. He is proposing a \$100 billion new

1 energy program that will be outside the budget that will have a
2 tremendous impact on the capital market and, of course, also
3 absorb resources. It is very inconsistent for him to come up
4 with these big new programs and then say "Look at the Congress
5 increasing spending the way they are."

6 As the Chairman said -- and he knows more about this than
7 any man alive -- Congress has consistently reduced not only
8 President Ford's budget, but President Nixon's budget,/
9 President Eisenhower's budget, and every other President's
10 budget, sharply. And yet people have the view that Congress
11 are spendthrifts and the President is the economizer.

12 MR. CLARK: We want to talk to each of you about tax cuts.
13 The President presented his tax reduction plan this past week.
14 Several other Democratic sponsors' tax cut programs have
15 sprouted on Capitol Hill.

16 One -- we are getting essentially the same sentiments from
17 both the Chairman of the House Ways and Means Committee and
18 the Chairman of the Senate Finance Committee, both of whom
19 have suggested a simple extension, another one-year temporary
20 tax cut that would be at about the same level of this year's
21 tax cut. The Senate's Budget Committee has proposed this
22 weekend a tax cut that would be about \$20 billion more that
23 would add another \$20 billion to this year's temporary tax cut.

24 What are each of your feelings on how much taxes can be
25 cut?

1 Mr. Mahon?

2 MR. MAHON: Well, we cut taxes this year and now we
3 propose to have a permanent tax cut of \$28 billion. I think
4 that would erode the tax base, the President's plan. I don't
5 think it is a plan that we can adopt as a permanent situation.
6 If we want to go down the road of New York and reduce our
7 revenues, that is one thing. Of course, this would stimulate
8 the economy, probably stimulate inflation, but you can argue
9 both sides of this, but it should not be a permanent tax cut
10 and it shouldn't be as large as \$28 billion, and if you are
11 going to couple it with the cutback in spending, it is a pretty
12 awkward situation to give the tax cut in January and come
13 along and apply the cut in spending about the time of the
14 election next October.

15 MR. CLARK: And, Senator Proxmire, how much should taxes
16 be cut?

17 SENATOR PROXMIRE: I would like to see them cut and cut
18 deeply. I think we ought to cut both taxes and spending.
19 The Federal Government is too big. Unless you cut the
20 taxes, they are going to find ways to spend it and the debt
21 will be just about as big.

22 What I think we should recognize is that the Chairman
23 is very correct in saying the tax cut should be temporary,
24 not permanent, at least until October 1, 1976. Then is the
25 time we will be in a position to coordinate a tax cut with a

1 spending reduction. Now we aren't. Now the effect of
2 President Ford's proposal would be to cut taxes in 1976, a
3 presidential election year ending October 1, 1976, in effect,
4 before you would bring in a balancing cut in spending. So
5 what he would do is, he would improve the economy, give the
6 economy a hypo during the presidential election year and let
7 it go down the drain right afterward.

8 MR. CLARK: You say taxes should be cut deeply. How
9 deep? Should it be deeper than this year's temporary tax cut?

10 SENATOR PROXMIRE: I have no quarrel with the President's
11 \$28 billion tax cut if we can hold down spending. We have to
12 earn it though, if we can.

13 MR. DONALDSON: I want to ask you about the politics of
14 this. The White House talks about whining and whimpering
15 people on Capitol Hill, a "can't do" Congress. The
16 President said the other night, if you couldn't do it, some of
17 you ought to be replaced.

18 Do you think it is mainly a political issue that he is
19 pushing in coupling these two parts together?

20 SENATOR PROXMIRE: I don't like to attribute political
21 motives to other people. I think President Ford doesn't
22 accomplish very much by name-calling. I think this Congress --
23 maybe it has made a lot of mistakes, it undoubtedly has, but
24 it is hardly a Congress that is "can't do."

25 We have done too much maybe in some areas. We passed

1 a Farm Bill. What did he do? He vetoed it. We passed a
2 Jobs Bill. What did he do? He vetoed it. We passed an
3 Education Bill. He vetoed it. We passed a Health Bill.
4 He vetoed it. We passed a Strip Mining Bill. He vetoed it.

5 That is not a "can't do," that is a "do do" Congress.
6 But a President who thinks we shouldn't have done what we
7 did.

8 In energy it is the same kind of thing. He has a
9 program of taking the controls off and letting the price go
10 up as a solution. Well, that may be right, but I have found
11 the overwhelming majority of people in my state say it is not
12 right and I think most people in Congress think it is not
13 right.

14 MR. CLARK: I am sorry, we are out of time.

15 Thank you both very much for being with us on ISSUES
16 AND ANSWERS.

17
18
19 - - -
20
21
22
23
24
25

PLEASE CREDIT ANY QUOTES OR EXCERPTS FROM THIS ABC NEWS RADIO AND TELEVISION PROGRAM TO "ABC NEWS' ISSUES AND ANSWERS."

I S S U E S A N D A N S W E R S

SUNDAY, NOVEMBER 2, 1975

GUEST:

NELSON A. ROCKEFELLER - The Vice President

INTERVIEWED BY:

Bob Clark - ABC News Issues and answers
Chief Correspondent

Herbert Kaplow - ABC News Correspondent

- - -

- - -

This is a rush transcript for the press. Any questions regarding accuracy should be referred to ISSUES AND ANSWERS

- - -



1 THE ANNOUNCER: Vice President Nelson Rockefeller, here
2 are the issues:

3 Is President Ford playing politics in refusing to rescue
4 New York City from its financial crisis?

5 You recently said it would be a catastrophe for the
6 country if New York City went bankrupt. Do you still feel that
7 way?

8 Can you survive the conservative effort to dump you as
9 Vice President in 1976?

10 * * * *

11 MR. CLARK: Our guest is Vice President Rockefeller and
12 with me is ABC News Correspondent Herb Kaplow.

13 Mr. Vice President, President Ford said this week that he
14 will veto any congressional plan to use federal funds to save
15 New York City. Do you see any possibility, any chance at all of
16 preventing a default at this stage?

17 VICE PRESIDENT ROCKEFELLER: Yes, I do. Of course, I
18 love the city, as you know, and I love the people in the city
19 and I have great confidence in it. Therefore, it seems to me
20 that with the programs that have been set up by the legislature
21 and the Governor, with a fiscal board, that if the measures are
22 taken, the same objectives can be accomplished in bringing
23 expenditures and revenues into balance that can be accomplished
24 under default.
25

1
2 Now it is tougher, let's face it, because political de-
3 cisions have to be made by people who are elected, whereas
4 under the other system, through default, it goes to a Federal
5 judge and the judge makes the decisions. Now last night on
6 Bill Buckley's show, Don Rumsfeld pointed out the objective
7 is to bring expenditures and revenues into balance, and
8 there are various ways that can be accomplished.

9 MR. CLARK: Could you give us one or two examples?
10 You say political decisions would have to be taken. What
11 political decisions to save New York City?

12 VICE PRESIDENT ROCKEFELLER: Well, tough decisions about
13 expenditures.

14 MR. CLARK: The expenditures or revenue?

15 VICE PRESIDENT ROCKEFELLER: Expenditures and revenue.
16 You are perfectly right. Expenditures and revenue.

17 MR. CLARK: Could you possibly reduce New York City
18 expenditures enough in the next two or four or five weeks to
19 prevent default? How can that be done?

20 VICE PRESIDENT ROCKEFELLER: Nobody is expecting it in
21 four to five weeks. You couldn't. It will take three years,
22 and that has always been the plan. That they will have
23 to take the actions now that will lead to a balanced budget
24 in 1978, and that I think everybody feels.

25 MR. CLARK: The danger of default is certainly within
the next month or five or six weeks at the most.

1 VICE PRESIDENT ROCKEFELLER: That is correct.

2 MR. KAPLOW: Mr. Vice President, do you agree with the
3 President that default ought to be permitted to happen, and
4 then these additional steps be taken?

5 VICE PRESIDENT ROCKEFELLER: Well, it gets down to the
6 question as to whether you think the city and the state are
7 going to take the measures that will bring about this balan-
8 cing of expenditures and revenues. If you do think they
9 will, then default will not be necessary. If you don't think
10 they will, then default will be necessary. Now, this is the
11 big question.

12 MR. KAPLOW: What do you think?

13 VICE PRESIDENT ROCKEFELLER: I think they can.

14 MR. KAPLOW: What does that mean in terms of the Presi-
15 dent's decision this past week? Should he have made that
16 decision or not?

17 VICE PRESIDENT ROCKEFELLER: I think the President is
18 deeply concerned, and I share with him the concern, that you
19 cannot, the federal government cannot bail out cities,
20 whether it is New York or any other city. Once the federal
21 government starts on that, then there is no end to the expen-
22 ditures that are going to be made by local government, if
23 they think the federal government will pick up the check.
24 That is a human factor.

25 MR. KAPLOW: Mr. Vice President, there are moves in

1 the Congress right now for loan guarantees, which the
2 President has indicated he would not support. What do you
3 feel about the loan guarantees?

4 VICE PRESIDENT ROCKEFELLER: Well, it depends upon the
5 form they take, and the provisions they make in the loan
6 guarantees. If the Congress makes provisions which will
7 accomplish the same objective which a default would, which is,
8 namely, to do those tough things that have to be done, that
9 can be accomplished that way, too.

10 MR. CLARK: Mr. Vice President, we now have two Congres-
11 sional bills, one coming out of the Senate Banking Committee,
12 the other out of a House Banking subcommittee. Are either
13 of those tough enough to satisfy you that there could now be
14 some federal action?

15 VICE PRESIDENT ROCKEFELLER: Well, I am not familiar
16 with the details of either of those bills, so I can't tell you.
17 But they have got to go through the Congress. A bill coming
18 out of the committee is interesting, but it is when it goes
19 through a Congress that it really counts. Therefore, I
20 don't know.

21 MR. KAPLOW: As I understand both bills in very general
22 terms, they would in effect put the city under federal control
23 in many aspects of the activities. Is that good?

24

25

1 VICE PRESIDENT ROCKEFELLER: Well, it all goes back to
2 this same question that Mr. Rumsfeld put out last night, which
3 is very simple: Bring your expenditures and your revenue into
4 balance. And, whatever method used is going to be difficult,
5 and how that is achieved.

6 But I would like to say this is not just a problem that
7 faces New York; this is a problem that faces cities throughout
8 the country. Frankly, I started talking about this in 1968
9 in my message to the legislature, warning that we were coming
10 into a situation where our expenditures were growing more rapid-
11 ly than our revenues; that it was going to affect cities and
12 states throughout the nation.

13 And it isn't just the cities or the states that are
14 responsible; it is the Congress of the United States. The
15 Congress has now over a thousand -- a thousand six to be
16 exact -- programs which are of aid to state and local govern-
17 ment. But they will not give the aid unless you -- and allow
18 you to cut your own program back so that the Congress -- you
19 have got to enrich and improve. You have got to spend more money
20 to get the money and therefore local government has been forced
21 to increase its expenditures way beyond its capacity.

22 MR. CLARK: Mr. Vice President, let me ask you, do you
23 still believe as you once said that it will be a catastrophe for
24 the country if New York City goes bankrupt?

25 VICE PRESIDENT ROCKEFELLER: I think that that is a very

1 real possibility. Besides, there is no -- now, this was
2 another major contribution the President made. He is the
3 first person who has had the courage to talk openly about the
4 fact that the federal laws do not make provision for an orderly
5 reorganization of a municipal structure financing.

6 MR. CLARK: Yes, but under the President's plan New York
7 City would go bankrupt, isn't that correct? You say that would
be a --

8 VICE PRESIDENT ROCKEFELLER: That is right. Under the
9 present laws. Now, the President has called for and asked
Congress --

10 MR. CLARK: Under his plan, it
11 would still go bankrupt?

12 VICE PRESIDENT ROCKEFELLER: Yes, but under the present
13 laws there is no provision -- anybody can then sue -- the
14 whole thing would just be chaotic.

15 If there is a modification of those laws which permits an
16 orderly reorganization, then exactly the same thing would be
17 accomplished under the plan that could be carried out by this
18 state finance control board.

19 MR. CLARK: Your brother, David, Chairman of the Chase
20 Manhattan Bank, is one of a number of bankers who warned a
21 Senate hearing about what they called the psychological reaction
22 the bankruptcy of New York City could cause in the country, and
23 let me quote to you what your brother David and the other bankers
24 said.

25 They said it could exert an enormous down-pull on general

8
1 economic activity in the country. Do you agree with that?

2 VICE PRESIDENT ROCKEFELLER: I do.

3 MR. CLARK: Can you expand a little on that? What are the
4 dangers you see to other communities across the country into
5 the whole national economy?

6 VICE PRESIDENT ROCKEFELLER: You see, this thing is so
7 complicated that you have got to analyze it.

8 Under the present bankruptcy laws -- and if you read the
9 President's speech carefully, his whole thrust was, the Congress
10 should amend the laws.

11 Now, Governor Carey is urging that privately, the Mayor
12 is urging it privately. Nobody has been willing to come out
13 openly because they were afraid it would give the impression
14 they thought the city was going to go bankrupt. But the laws
15 have to be changed or there will be chaos. Now, if the laws
16 are changed, and / ^{there} could be a voluntary reorganization, which
17 is really what he is talking about, that would accomplish the
18 possibility of bringing these situations back into balance.
19 Or it could be done by --

20 MR. CLARK: Do we have a state of suspended
21 chaos for weeks or months while the bankruptcy laws take
22 effect.

23 VICE PRESIDENT ROCKEFELLER: It does not take effect. They
24 haven't been changed yet. The Congress has not amended them.

25 Without an amendment -- and this is how the President spelled

1 out very clearly -- without an amendment, this situation is
2 absolutely unknown. Nobody knows. It is like going off into
3 the dark. Nobody knows what is going to happen.

4 Therefore, they should be changed, but I think you have
5 got to recognize very frankly that the Congress has been
6 doing exactly what they are criticizing New York City for
7 doing. They are working under pressure, the response to
8 pressure groups. They are spending more money than they have.
9 Now, they can print money, but we have a situation where there
10 is a federal deficit of 60 to 70 billion dollars staring us
11 right in the face.

12 MR. KAPLOW: The same charges have been made against
13 the executive branch. He could make cuts, too. He keeps
14 talking about it and doesn't do it.

15 VICE PRESIDENT ROCKEFELLER: He tried to make the
16 cuts and lost in the courts.

17 It goes back to President Nixon, remember he froze
18 a lot of expenditures and "impounded" them was the word they
19 used, and then the courts said he didn't have the right to do
20 it.

21

22

23

24

25

1

1 MR. KAPLOW: I am still not clear. Do you agree or dis-
2 agree with the President's action taken last week?

3 VICE PRESIDENT ROCKEFELLER: The President didn't take
4 action; he made a speech.

5 MR. KAPLOW: Do you agree with his proposal?

6 VICE PRESIDENT ROCKEFELLER: I agree that the federal
7 government cannot bail out any city. Now, I agree that every
8 city has got to bring its expenditures and its revenues into
9 balance. That is part of the law. And I agree there are
10 various different ways of doing it. One of which would be
11 to change the bankruptcy laws and allow the -- the federal
12 laws -- and allow for voluntary reorganization. Now, that
13 is one way of doing it. If you don't think that the city and
14 the state are going to take the measures necessary to
15 accomplish a balanced budget, then you come to the conclusion
16 there should be a change in the bankruptcy laws and go that
17 route.

18 MR. KAPLOW: Are there not indications that the city
19 and the state are taking certain actions? A lot of people
have been laid off.

20 VICE PRESIDENT ROCKEFELLER: There is a very interesting
21 piece in the New York Times reporting on an off-the-record
22 lunch, or lunch that Governor Carey had with the editors of
23 the New York Times in which he said this situation allows
24 for the accomplishment of a great many things which other-
25 wise couldn't be accomplished, and in that listing that was

1 in the Times he referred to merging the City university
2 or relating it to the state university.

3 MR. KAPLOW: So things are being done?

4 VICE PRESIDENT ROCKEFELLER: Well, this is what he said
5 might be done. What I think the tragedy is, it is six months
6 since the governor and the mayor first visited with
7 the President, and I don't know as we sit here, and I am not
8 sure you gentlemen-- you live here -- I don't know whether --

9 MR. KAPLOW: We live in Washington.

10 VICE PRESIDENT ROCKEFELLER: I know you do. I mean, we are
11 all here.

12 You know. You are more closely in touch with this. I don't
13 really know yet whether the actual plans to
14 achieve a balanced budget has been adopted by the mayor and
15 the city council and the Board of Estimates.

16 MR. CLARK: Mr. Vice President, Governor Carey said
17 Friday night in New York that federal guarantee of New York
18 City bonds wouldn't cost the federal government a dime. Do
19 you agree with that?

20 VICE PRESIDENT ROCKEFELLER: Well, that depends upon
21 whether they put their house in order or they don't. In other
22 words, you get back to this same question, which is absolute-
23 ly fundamental: Are they going to be able to live within
24 their means? And this is true of any group.

25 Now, I think this is not something that just New York
City can do by itself. I am very familiar with this. I
worked on it for 15 years. Each year we had these meetings,

1 two or three days, going through the night, working out a
2 balance each year to get the city through the situation,
3 and it is very delicate, and we advanced money under the
4 first instance appropriation; we increased aid from the state
5 to New York City, from \$346 million to a billion --
6 \$2,500,000,000.

7 * * *

8 MR. CLARK: Mr. Vice President, the Secretary of the
9 Treasury, Mr. Simon, suggested on this show a couple of weeks
10 ago that the State of New York should impose a temporary in-
11 crease in the sales tax to help bail New York City out of its
12 financial troubles. Would you support that?

13 VICE PRESIDENT ROCKEFELLER: Well, I don't like the
14 word "bail out," because you are not going to bail out. After
15 New York City has balanced its budget, by 1978, taken the
16 steps and it has passed, then they are going to need some
17 help to get through this three-year period before their credit
18 is reestablished in the market.

19 Now, I understand what Secretary Simon is saying, that
20 certainly it is true that New York State can help New York
21 City, and if they had revenues, additional revenues, they
22 could use them to purchase some of those bonds.

23 MR. CLARK: Do you agree with Secretary Simon when he
24 says the state should impose a temporary increase in the state
25 sales tax?

1 VICE PRESIDENT ROCKEFELLER: I don't believe in telling
2 anybody else how to run their show.

3 MR. CLARK: You have had 15 years experience in this
4 field. You are a qualified expert.

5 VICE PRESIDENT ROCKEFELLER: Then let's go back to what
6 I did. I requested and the legislature voted to increase
7 taxes to help New York City and other cities. Sixty-two
8 percent of every increase in taxes that I got during the 15
9 years I was Governor went back to local government.
10 Therefore, that is obviously a method of helping them.

11 MR. KAPLOW: Mr. Vice President, one more try: If you
12 had been President last week, would you have proposed what
13 President Ford proposed for New York?

14 VICE PRESIDENT ROCKEFELLER: Well, somebody had to have
15 the courage to say what he did, that you can't bail out the
16 cities, and that the bankruptcy law needs to be changed.
17 Now, those are two things that took a lot of courage, today.

18 MR. KAPLOW: Would you have done anything more or less?

19 VICE PRESIDENT ROCKEFELLER: It is impossible to put
20 yourself into somebody else's position.

21 MR. KAPLOW: Would you have gone to a loan guarantee
22 program?

23 VICE PRESIDENT ROCKEFELLER: I go to the same
24 basic thing he does, which is balancing expenditures
25 and revenues, and then you have your alternate choices as to



1 how you bridge that gap for three years. Now, you can do
2 it under bankruptcy by having the creditors surrender a
3 portion of their assets, or you can do it some other way.
4 There is an infinite number of ways.

5 I would like to read you one thing I said in 1971 be-
6 fore then Congressman Carey's committee -- this is the Ways
7 and Means -- when I was testifying about revenue sharing,
8 and I was talking about the cities, and I said this:

9 "All over the country their increased expenditures are now
10 growing at the rate of three to four times as fast as their
11 increased revenues from existing sources. If this desperate
12 situation is not resolved, this country is going to ex-
13 perience a domino wave of bankruptcies spreading from cities
14 to states all over the nation during the next five
15 years." That was 1971.

16 MR. CLARK: Mr. Vice President, one of the most respected
17 liberals in your party, Senator Mathias of Maryland, said
18 this week in Washington that President Ford is trying to
19 appear as conservative as Ronald Reagan, and he was referring
20 to his solution for New York's problems, as well as many other
21 matters. This, Mathias said, and these were his words, is
22 driving more and more moderate and centerists out of the
23 Republican Party.

24 Is it?

25 VICE PRESIDENT ROCKEFELLER: I think what Mr. Ford is

1 doing is trying to analyze the problems this country faces.
2 He is spending a tremendous amount of time, very sincere about
3 it, and then is coming up with what he believes deeply are
4 the right answers for the long-term best interests of the
5 country.

6 He has got the courage to stand for them, regardless of
7 the short-term political disadvantages, and I have to say I
8 respect his courage.

9 MR. CLARK: To return to Senator Mathias again, he
10 also says, "The flight of moderates from the party is making
11 a Reagan nomination more likely."

12 Would you disagree with that?

13 VICE PRESIDENT ROCKEFELLER: Well, those are specula-
14 tions. I don't know how anyone tells. This is such a fast-
15 moving situation.

16 MR. CLARK: You don't detect any flight of moderates or
17 centerists away from the Republican Party?

18 VICE PRESIDENT ROCKEFELLER: Well, we have got 18 per-
19 cent of the voters now. It is not what you would call a
20 majority party. But I don't see how anyone can determine
21 whether there is a flight from a party, so that I would say
22 this is a speculation.

23 MR. CLARK: You are not concerned about it?

24 VICE PRESIDENT ROCKEFELLER: I am concerned about the
25 problems this country faces. I am concerned that these

1 problems be solved and that we have the courage to do the
2 tough things that are necessary to put us back in the posi-
3 tion of leadership, meeting peoples' needs at home, jobs, stop
4 inflation, and our responsibilities in the world. We can do
5 it. We have got all the resources. We have got the most
6 brilliant free people in the world.

7 MR. KAPLOW: Your own political role obviously is a
8 matter of considerable speculation in relationship to Governor
9 Reagan and others. What is your constituency in the Repub-
10 lican Party?

11 VICE PRESIDENT ROCKEFELLER: Well, I don't know as I
12 would -- I never really thought about that, frankly.

13 MR. KAPLOW: Senator Mathias and the other dozen or so
14 senators who seem to have echoed his sentiment as concerned --
15 are men who have been associated to a large extent with you
16 in the past.

17 VICE PRESIDENT ROCKEFELLER: That is correct. That is
18 correct.
19
20
21
22
23
24
25

1 MR. KAPLOW: I am just wondering how strong you would be at
2 a Republican Convention, how strong you are with the politicians
3 now.

4 VICE PRESIDENT ROCKEFELLER: Well, I have to say this, that
5 the Republican party does not elect presidents. With 18 per
6 cent of the votes, you can't elect somebody. Therefore, it has
7 got to be a Republican candidate who can appeal to the majority
8 of the American people because of his ability, his wisdom, his
9 judgment, his soundness, and on that basis you elect a president.
10 The same is true of a governor.

11 MR. CLARK: Does Ronald Reagan appeal to the majority of
12 the American people?

13 VICE PRESIDENT ROCKEFELLER: Well, this is one of those
14 problematical questions.

15 MR. CLARK: Could you?

16 VICE PRESIDENT ROCKEFELLER: That is another one.

17 President Kennedy was good enough to say in his book that
18 if I had been nominated in sixty he thought I would have beaten
19 him.

20 MR. CLARK: Senator Mathias also said this past week that
21 especially if Mr. Reagan comes on strong in New Hampshire or
22 the other early primaries, he or another liberal might mount a
23 challenge to President Ford. What would you think of a challenge
24 on the Republican nomination from the liberal wing of the party,
25 what used to be called the Rockefeller wing?

1 VICE PRESIDENT ROCKEFELLER: Well, this is a free country
2 and who knows what is going to happen?

3 MR. CLARK: Would it damage the party?

4 VICE PRESIDENT ROCKEFELLER: Well, I remember I ran against
5 Governor Harriman in 1958 and that was a point when everybody
6 said it was a Democratic year and there was no point in anyone
7 running and we were a minority party in New York by a million
8 registered voters, but I ran anyhow and there were four or five
9 others running and it was the most lively, exciting campaign,
10 and we won.

11 MR. CLARK: Would it be healthy for the party to have a
12 liberal challenge to a possible nomination of Ronald Reagan?

13 VICE PRESIDENT ROCKEFELLER: Well, I think a democracy
14 lives on frank, free, open discussion, and I think that frank,
15 free, open discussion is healthy.

16 MR. KAPLOW: Would you tell us what you think is behind
17 the resignation of David Packard as Finance Chairman for the
18 Ford Election Committee?

19 VICE PRESIDENT ROCKEFELLER: I think the fact he didn't
20 raise the money.

21 MR. KAPLOW: As simple as that?

22 VICE PRESIDENT ROCKEFELLER: I think you can come through a
23 lot of complicated -- you know -- thoughts, but when you get
24 right down to it, the money hasn't been raised.

25 MR. KAPLOW: Was he fired or did he quit?

VICE PRESIDENT ROCKEFELLER: That I don't honestly know.

MR. CLARK: Mr. Vice President, as you are very much aware, I am sure, there has been strong pressure from conservatives in the party to dump you, dump you from the ticket in 1976, to dump you as Vice President. Barry Goldwater suggested on this program a couple of months ago that you might make a good Secretary of State.

VICE PRESIDENT ROCKEFELLER: Forget it.

MR. CLARK: Forget the Secretary of State?

VICE PRESIDENT ROCKEFELLER: We have got the greatest Secretary of State this country has ever had.

MR. CLARK: How about the efforts to dump you? Is that something you lie awake nights worrying about?

VICE PRESIDENT ROCKEFELLER: No, I don't. I am not a candidate. I have said that very frankly ever since I was confirmed. As a matter of fact, I have gone on further and I have said I haven't even committed myself as to whether I would be available or not.

I think the President ought to be totally free to pick whomever he wants after he is nominated. I have said that right along.

MR. CLARK: But it appears, Mr. Vice President, the change in the situation, if there has been a change, if the pressure is strong enough, that you may have to fight to keep the job, that you can't just wait until the convention. Are you willing to fight to stay in the job?

1 VICE PRESIDENT ROCKEFELLER: No. If you are not a candi-
2 date, you are not going to fight for something. I am not
3 a candidate.

4 There is nothing new about this situation. Let's be
5 perfectly frank. All you have to do is go back to the confirma-
6 tion hearings in the Congress. I was opposed by both the
7 extreme right and the extreme left, which is the history. That
8 is my history in this country. I have always been a centrist.

9 I have always thought that the basic --

A "centerist" being

10 MR. CLARK: /one of those fellows who swings from the party
11 as Senator Ma thias said.

12 VICE PRESIDENT ROCKEFELLER: That is a new thought to me.

13 MR. CLARK: Centerist going south.

14
15 VICE PRESIDENT ROCKEFELLER: A centerist is somebody who
16 is in the middle of the road who believes in the basic American
17 principles on which this country has grown to power and to
18 greatness and who believes in the dignity of the individual,
19 the respect for equality of opportunity, and for sound fiscal
20 policies. Now, these are not inconsistent. And who believes
21 that we have got in the free enterprise system the most
22 productive system in the world. It has brought this country
23 its high standard of living.

24 MR. KAPLOW: Mr. Vice President, Senator Goldwater is
25 quoted as saying last night that he is going to ask Congress to

1 halt an investigation of the CIA for "handing out secrets to
2 our enemies."

3 Do you think these investigations ought to be halted?

4 VICE PRESIDENT ROCKEFELLER: Well, I will tell you. I
5 went through as chairman of one, to look into the violations of
6 domestic statutes. There was an accusation there were massive
7 violations. They were not massive. There were violations. We
8 recommended steps to be taken to meet them. Now headlines are
9 coming out in the papers that were in our report. The same
10 material. I don't think, really, that there is any useful
11 purpose being served by the continuation of the so-called
12 "revelations."

13 What they ought to do now is come up with recommendations
14 as to what they feel is necessary. We have got to have an
15 Intelligence Service. We don't want to destroy its usefulness.
16 We don't want to give away so much information about how the
17 system works that it makes it unworkable.

18 MR. KAPLOW: Are you saying they ought to knock it off?

19 VICE PRESIDENT ROCKEFELLER: I am saying they ought to
20 conclude with whatever recommendations they have based on the
21 information -- everybody knows who has done the investigating.
22 We have the material. It is all there. We have all studied it.
23 Those of us who have had the privilege to get into the confiden-
24 tial --

25 MR. CLARK: Time for one very short question.

1 Are you concerned as some members of Congress are investigat-
2 ing the CIA, that Secretary Kissinger wields too much power
3 over the country's Intelligence activities?

4 VICE PRESIDENT ROCKEFELLER: Not in the slightest.

5 MR. CLARK: We won't have enough time to ask another
6 question that you could answer in full.

7 Thank you very much for being with us, Mr. Vice President,
8 on ISSUES AND ANSWERS.

9 VICE PRESIDENT ROCKEFELLER: It is a pleasure.
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25