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ILLINOIS HIWAY KICKBACKS

Q. What is the status of the investigation into kickback payments by Illinois highway contractors to the Illinois Department of Transportation?

A. The government is very concerned about wrongdoing with regard to awarding of highway contracts since substantial federal funds are involved. This has always been a top priority in the Department of Justice and will continue to be so. However, as I said before, it would be inappropriate to comment on such a matter. I would add that in the Southern District of Illinois 22 firms have been indicted and charged with collusive bidding practices -- and 16 of them have been convicted.

GCS
2/7/75

NEBRASKA HIWAY IMPOUNDMENT

Q. Governor Exon has written to you very recently complaining about reports that the Justice Department will appeal a case it lost in U.S. District Court in Nebraska (State of Nebraska v. Brinegar) involving impoundment of some \$37 million in federal highway funds. Don't you think appeal is inappropriate both legally and in the current economic situation?

A. I am aware of the Governor's concern over this matter and I will be asking the Solicitor General, Robert Bork, for a report on it. I understand Mr. Bork has not yet decided whether or not to approve appeal of the case, so any reports that it will be appealed are not correct.

GCS
2/7/75

NEBRASKA BEEF PACKERS BANKRUPTCY

Q. In connection with the bankruptcy of American Beef Packers of Omaha, I understand that the farmers and feeders had no protection, and family farms may lose as much as \$50,000 or \$100,000 apiece for beef they had sold to the firm and not been paid for. Don't you think there should be some protection for direct sales, similar to the bonding required under federal law (under the Packers and Stockyards Act) where beef is sold at auction? What is the federal government doing?

A. I think that's a good point, and I'll be asking Agriculture about that. As for the federal government, I understand the Justice Department is looking into allegations of possible fraud.

GCS
2/7/75

*Prepared by legal
counsel's office*

Q. and A. on Richard Helms and report of
Evans and Novak in their column of February 2, 1975

Question

What comments do you have to make on the reported warning given to former CIA Director Helms before he met with you in regard to CIA activities?

Answer

The only newspaper report I have seen on this subject was not fully accurate. But it would not be proper for me to comment further except to say that the only conversation which occurred between my Counsel and Mr. Helms was with my knowledge and that it occurred at the request of the Department of Justice.

2/3/75

Question

Senator Church has asked you to direct that the CIA and the FBI turn over to the Congressional investigating committees anything they ask for. Will you do so?

Answer

The FBI and the CIA will, of course, cooperate with Congress. I am confident that these agencies and the Congressional committees will act responsibly in dealing with relevant information.

It is too early to know what concrete problems, if any, will arise. If any particular problems do arise, you may be sure that they will be resolved properly.

Phil
Arreda

PA 2/3/75

PHONE COMPANY IMPROPRIETIES

Q. There have been a number of allegations that Southwestern Bell Telephone Company made illegal contributions to political candidates through the use of a secret slush fund. And also allegations on monitored telephone lines by company officials. Could you tell us if the federal government is looking into these allegations?

A. The Criminal Division of the Justice Department is fully aware of these allegations plus similar allegations made by officials of the Southern Bell Telephone Company. I cannot comment on our investigation into these matters.

GCS
2/7/75

LEAA CRIME FUNDS

Q. In view of the continuing rise in crime, how do you justify cutting \$110 million out of Federal anti-crime funds that go to state and local governments?

A. This marks the first time that Federal anti-crime funds have been cut since the inception of the Law Enforcement Assistance Administration program six years ago. Further, there is presently nearly \$1 billion in the pipeline to help state and local governments improve their criminal justice systems. This money, which is already committed, will continue to flow during fiscal 1976. Therefore, no existing program will have to be cut off. Finally, Federal funds represent only about six percent of the total expenditures for criminal justice. It should be obvious that Federal money cannot pay all the bills. This was not the intent of Congress when it passed the Safe Streets Act in 1968. LEAA money is merely seed money -- to be used by states and municipalities to get new, innovative crime fighting projects off the drawing board into action. It is not intended to support them ad infinitum. I think it is important to note that we are still committed to spend \$770 million in Federal monies to continue to upgrade local systems of justice.

GCS
2/7/75

NARCOTICS IN THE MIDWEST

Q. Is narcotics trafficking continuing as a major problem in such states as Kansas, Colorado, Illinois, Iowa, and the Dakotas?

A. Yes. Brown heroin remains readily available in all of the major cities in the region. Cocaine is available in multi-ounce quantities particularly in Kansas City, Topeka, and Minneapolis. The cocaine is coming primarily out of Mexico, transshipped from Latin America. We are also seeing the area around Aspen, Colorado, again surfacing as a major cocaine trafficking distribution center.

GCS
2/7/75

*New case up at President's
press like in the paper*

- Q. Mr. President, the supply of natural gas to nitrogen fertilizer manufacturers is being curtailed in some areas, thereby reducing the supply of fertilizer and, in turn, the level of agricultural production. What are you doing to correct this problem?
- A. Several things. First, Administration officials have worked with the Federal Power Commission and with other Federal agencies to provide factual information and to underscore the urgency of this problem and the need to devote special attention to it. Though we are still losing some fertilizer production as a result of natural gas curtailment, the losses are not as great today as they were a few weeks ago. Furthermore, I am told that the FPC is now doing all it can under existing regulations. Second, we have studied the feasibility of using the Defense Production Act to provide relief, but have concluded that the problem would have to be materially worse to justify on "national defense" grounds, as required by this Act. Third, we are considering several legislative options, among them a bill sponsored by Senator Talmadge. Though I fear legislation is not likely to be passed soon enough to alleviate the immediate problem, it would help avoid a repeat in the years to come. I know several of my former colleagues in the Congress share my concern; and I am most willing and anxious to work with them in finding a solution.



Q. Mr. President, food prices have skyrocketed in the past two years. Won't your energy program raise the cost of fertilizer and fuels to farmers and make food production even more expensive?

A. It is certainly true that food production is energy-intensive in today's modern agriculture, and the food industry will be hit harder than the many other industries. However, the country must get used to paying higher energy prices and I am convinced that we should follow policies that transmit this signal throughout the economy. It would be unwise to exempt one major industry since there are many that would have a good case for exemption (e.g., petrochemicals, utilities and airlines in addition to agriculture.)

We should not exaggerate the impact of the energy program on food production. For example, nitrogen fertilizer is a heavy user of energy, especially of natural gas. But the direct cost of my proposed excise tax on natural gas is \$15 per ton, about 6 percent compared with the current price of \$230 per ton. The Department of Agriculture estimates that the energy program will raise production costs per acre from 6 percent (for corn) to 10 percent (for cotton.)

What our farmers really need is greater fertilizer production, and my energy program will help meet this goal. The deregulation of prices of new natural gas will, once implemented, (a) avoid the curtailments of natural gas that fertilizer manufacturers have faced this winter and (b) permit more orderly expansion of plant capacity to meet future demands. Both are in the long-run interests of efficient food production.

AIRLINE INDUSTRY

Q. Several airline executives have said that the President's energy proposals will require a 20 to 30% increase in airlines fares. They also indicate that several airlines may not be able to survive financially because of the increased cost of oil due to the taxes and tariffs. Does the President plans to give the airlines special dispensation?

A. We recognize that the airlines do have a legitimate problem. Their fuel costs will go up very substantially. However, our estimate is a 10% to 15% increase in fares, rather than the 20% to 30% that the airlines suggest.

Several alternatives to help the airlines cope with increased costs are being explored and an effective plan will be developed.

The airlines consumes over a billion gallons of fuel every year. It is essential that they do their part to reach our energy conservation goals.

SHARING OCS REVENUES

Didn't
come up
Feb 7 post
sting -

Question:

Which of the options developed by the Interior Department for sharing Outer Continental Shelf revenue with the States does the President favor?

Answer:

The matter of sharing OCS revenues with coastal states has come up frequently over the past few years. Under current law, revenues from OCS lease sales and royalties go to the Federal Treasury. This is based on the fundamental principal that the OCS is a national resource owned by all the people of the Nation and the revenue should, therefore, accrue to the benefit of all the Nation's citizens -- those in Iowa and Montana as well as on the coast. This policy has prevailed throughout the more than 20 years successful OCS development off the Gulf Coast.

It should note three other points:

- . If part of the OCS revenue which now goes to the Federal Treasury were given to coastal states, that Federal revenue would have to be replaced by taxes.
- . Shoreside development that does occur as the result of OCS development increases the State and local tax base and therefore has a beneficial rather than detrimental economic impact.
- . The Federal government has already increased planning assistance to the coastal states and will be working closely with the states to help assure orderly preparations for any onshore development.

For these reasons the Administration has taken the position that existing law should not be changed.

We are aware that Secretary Morton has asked his people to take another look at the question, but the Secretary has not recommended any change in position to the President. If he does make such a recommendation, the President will of course, consider it fully.

Note: OCS begins at the 3 mile limit. Inside 3 miles, the states own the land and get revenues.

QUESTION

Mr. President: Since you arrived in Florida at the Ft. Lauderdale-Hollywood Airport, before proceeding to Hollywood, would it not have been appropriate to invite Mayor Virginia Young of Ft. Lauderdale to participate in some of the activities including the arrival at the Airport and in the dinner with the other Southeastern Mayors?

ANSWER

The question raises a point which we did not treat lightly. The reason that we asked that Mayor Young's participation be on Wednesday, when I understand she wants to present me with a key to the City, was simply that the City of Ft. Lauderdale was involved in an election on Tuesday. My staff felt that we should be doing something which could be considered as having an affect on the local election for Mayor on the day of the election. We have, however, planned all along for Mayor Young's participation on the day after the election which is, of course, today.

FURTHER BACKGROUND

We understand that Mayor Young was one of the first Mayors in the South to display proudly a WIN Button and although she is a Democrat, has had many good things to say about the President. We do not want in any way to offend the Mayor, but obviously the invitation would have been known to the press prior to the election and could have opened the President to many questions regarding the affect of his visit on a local election.

JHF-2/24/75

Q. Why is the President submitting a request for additional funds for foreign nations when the domestic economic situation is of sufficient degree of seriousness to require a cut-back on food stamps?

A. Each of the amounts in the request is the same as that authorized by the Congress in the Foreign Assistance Act of 1974, and reflects the desires of the Congress to render assistance in these critical areas. The funds for Israel will contribute to the continuing efforts to attain peace in the Mideast, while the refugee relief funds serve obvious humanitarian interests. Economic assistance to Portugal serves U.S. interests in a nation under considerable internal stress, but which is one of our NATO allies. The small sums for American schools and hospitals also serves both our humanitarian interests and assists in projecting the true image of the United States in areas where the interests of our citizens will be well served by this action. Together, this addition to the budget will help accomplish some of the long-term aims of U.S. foreign policy which will contribute to the betterment of the domestic economic situation.

Q. Why are we providing additional support for Israel at this time?

A.

The ~~\$22.5~~ million amendment raises the amount for Israel to \$324.5 million for fiscal year 1975. Of that total, \$150 million is already included in the 1975 column of the 1976 Budget.

When Administration officials testified on the 1975 budget last year, they indicated that if Israel's changing economic situation warranted additional economic aid, the Administration would seek it. The Administration also considers this request an essential part of our foreign policy and diplomatic interests in seeking stability and a negotiated solution to the problems in the Middle East.

The Administration has already sought \$250 million in supporting assistance to Egypt for 1975; this amount together with aid under P.L. 480 will approximate total economic aid to Israel.

Q. Why does the United States want to provide assistance to Portugal?

A.

The authorization of \$40 million for aid to Portugal and its former territories in Africa (Angola, Mozambique, and Guinea-Bissau) was initiated by the Congress with Administration support.

This aid will be important to our relationship with the government of Portugal, to the development of those African territories, and to Portugal's continuing and important role as a member of NATO in a free Western Europe.

Q. What will the \$40 million in disaster and famine relief be used for ?

A. Of the \$40 million request, \$25 million is earmarked for assistance for relief of refugees on Cyprus. This aid is important to meet humanitarian needs on that island as a solution to its difficult problems is sought. The remaining funds will be available to meet world-wide disaster relief needs. The bulk of the \$25 million for Cyprus will aid Greek Cypriot refugees who are in dire need of help.

Q. What is the \$40 million for Soviet refugees intend for?

A. Of the \$40 million sought in this amendment, most will be used to help resettle Soviet refugees in Israel. A portion will also be used to help resettle Soviet refugees going to the United States and other countries.

For fiscal years 1973 and 1974 the Congress appropriated a total of \$86.5 million for these purposes. The current flow of Soviet refugees is now about 20,000 per year, with increasing numbers (about 4,700 in 1974) coming to the United States.

This aid will meet an increasingly difficult financial need in Israel, which has absorbed about 100,000 Soviet refugees since 1971.

Q. Why are we providing funds to American schools and hospitals abroad?

A. The \$9 million amendment will increase this 1975 program to a total of \$19 million, the amount authorized by the Congress in the Foreign Assistance Act of 1974.

These grants go to a number of schools and hospitals abroad ~~founded~~ or sponsored by American citizens and serving as centers for the study and demonstration of U.S. practices. The additional ~~funds~~ will help relieve the problem of rising costs and will ~~permit~~ aid to additional institutions.

Sewer grants

QUESTION: How many jobs will be created as a result of this allotment?

ANSWER: It is difficult, if not impossible, to give a precise estimate. First of all, it should be recognized that the majority of these funds will not be obligated until FY 1977. Secondly, the majority of the outlays will not occur until the 1978-1980 time period. Consequently, the employment impact of this allotment will take place over a five-year period with a minimal short-term impact. EPA studies indicate that as many as 180,000 people could eventually be employed as a result of this allotment.

on-site



QUESTION: Is this \$5 billion being released without any imposition of spending controls?

ANSWER: Although the Supreme Court ruling did not prohibit controlling at the obligation stage, the money is being released without any controls on the rate of obligation or expenditure.

We do, however, expect that all grants made under this allotment will meet the statutory requirements of P.L. 92-500.



QUESTION: Will this allotment increase the deficit in the Federal Budget?

ANSWER: Yes. We expect outlays to increase by over \$100 million prior to FY 1977 and to peak at approximately \$1.4 billion in FY 1979. A portion of these outlays would have occurred as a result of the Administration's intention to allot additional funds in FY 1977 and hence constitutes approximately a 12-month acceleration in outlays.



QUESTION: Will release of these funds contribute to inflation in future years?

ANSWER: Since these funds will be expended over a multi-year period, it is possible that they will add to inflation if the economy is operating near capacity.



DRAFT PRESS RELEASE

RELEASE OF WATER POLLUTION CONTROL FUNDS

The Solicitor General has completed his review of the Supreme Court's February 18 decision concerning Federal financial assistance for municipal sewage treatment works and has advised that these decisions require that the unallotted balance of \$5 billion be allotted to the States. The \$5 billion was released for allotment today. This amount is in addition to the \$13 billion previously made available for this program, *but not ~~to~~ spent*

February 2nd, 1975

FACT SHEET FOR EPA CONSTRUCTION GRANTS
PROGRAM AUTHORIZED PURSUANT TO P.L. 92-500

Contract Authority

(\$ in millions)

<u>Fiscal Year</u>	<u>Allotment</u>	<u>Obligations</u>	<u>Outlays</u>
1973	2,000	1,531	-0-
1974	3,000	1,445	160
1975	4,000	3,500*	700*
1976	<u>9,000</u>	<u>5,600*</u>	<u>1,650*</u>
Total	18,000	12,076	2,510

* Estimates as of December 31, 1974

Notes

1. Total unobligated balance at the present time is approximately \$14 billion.
2. Total obligations over the 15-year period from 1957 to 1972 were only \$3.6 billion.
3. Release of the additional \$5 billion as a result of the Supreme Court decision will have the following impacts:

(\$ in Millions)

	<u>75</u>	<u>76</u>	<u>TQ</u>	<u>77</u>	<u>78</u>	<u>79</u>	<u>80</u>	<u>Total</u>
Obligations	-0-	400	1,500	3,100	--	--	--	5,000
Outlays	-0-	50	75	475	1,100	1,400	1,200	4,300



Question - Mr. President, your budget proposes a number of cuts in social programs and yet you have just sent up a budget increase of nearly \$400 million for foreign assistance programs. How can you explain proposed cuts for the aged and the sick and increases for foreign aid?

Answer - There are always situations that can arise that require changes in budget proposals. My request for an additional \$388 million in fiscal 1975 for foreign assistance was necessary because situations in Israel and in Portugal and former Portugese colonies have changed since the original budget request. Situations can change in the social programs also. For example, because participation in the food stamp program is higher than expected, it will be necessary for me to seek as much as \$600 million in added funds this year. This is over the additional \$200 million needed because the Congress has directed that no freeze be placed on the cost of food stamps.

O. M. B.
2/25/75

February 25, 1975

MEMORANDUM FOR THE PRESIDENT

THROUGH: RON NESSEN

FROM: JERRY WARREN

SUBJECT: Issues of Interest in Florida

1. The Florida Chamber of Commerce Energy Task Force will be meeting today and tomorrow to recommend a unified policy on meeting the energy goals. A poll of 680 of the total Chamber membership of 3,500 showed 99% to 46% in favor of rationing.
2. The Tampa Tribune last Sunday in an editorial took issue with the National Governors Conference proposal for voluntary citizen action to conserve energy. J. A. Clendinen, Editor of the Tampa Tribune, will be at your table tomorrow morning. (Editorial attached.)
3. Orlando and Jacksonville are interested in a somewhat questionable proposal to build floating nuclear power plants. Duke Ligon of FEA told the Orlando Sentinel Star last week that a plan for the Federal Government to pay up to 75% of the costs of developing these plants was under consideration. The Jacksonville Journal in an editorial last Thursday supported this plan. The plants would be built in Jacksonville. William G. Conomos, Publisher and Editor of the Orlando Sentinel Star, and Robert A. Fegin, Publisher of the Jacksonville Times Union and Journal, will be at your table. (Q and A attached.)

4. You have received a memorandum from Jim Lynn stating the reasons the budget does not include money for the Overseas Highway in the Florida Keys. (Copy attached.)
5. Total Florida funding under the Comprehensive Employment and Training Act (CETA) is \$94 million. Dade and Monroe Counties had been allocated \$18.6 million and Broward County allocations totaled \$8.4 million.
6. Insured unemployment in Florida for the week ending February 8 was 4.65%, the highest in the history of the unemployment program of Florida.
7. Your FY 1976 budget includes planning funds for a 120-bed nursing care home unit in both Gainesville and Miami hospitals.
8. Big Cypress Airport has been a continuing issue. Representatives of Interior, Transportation, and Federal Aviation Administration have been meeting to see if the alternative site is feasible.
9. The Corps of Engineers is undertaking a study of the Cross State Barge Canal and its impact on the environment. A cost study also is under way. Both should be complete late this year and your recommendations should be ready to go to the Congress.

cc: Ron Nessen) with
(Don Rumsfeld) attachments

GLW:kt

The Non-Slowdown

The solution to the energy crisis proposed by Democrats who have a big majority in the National Governors' Conference looks like a slow-motion version of that of Congressional Democrats.

It is therefore even worse.

Meeting in Washington, the Governors, on almost straight party lines, voted 28 to 12 against President Ford's tariff on imported oil, or other pricing devices designed to discourage energy consumption. Fortunately, the three-quarters rule of the Conference prevented that from being an official position; it is in effect just an opinion poll.

However, the Governors then got together on a 30 to 1 vote urging President Ford to begin an intensive jawboning campaign for voluntary energy conservation. If that doesn't work after four to six months, then they said both price mechanisms and an allocation program should be applied.

Four months is one month more

than Congressional Democrats have sought to hold back the President's program; their ban on his increase in the oil import duty is to be of only 90 days duration.

"Those who have concluded that voluntary citizen actions have been either too slow or inadequate fail to recognize that we simply do not have a real program in place," the Governors said.

We disagree. For almost a year and a half now, since the onset of the Arab oil embargo in the fall of 1973, citizens have been urged — without avail — to conserve gasoline by slowing down, car-pooling and using public transportation more. The 55 miles per hour speed limit even has the force of law behind it.

One has only to drive on any major highway at 55 and be passed by most of the traffic to see that volunteerism doesn't work. That motorists aren't slowing down is sufficient argument against the Governors' slowdown.

Tampa Tribune

2/20/74



GOVERNMENT ASSISTANCE FOR FLOATING
NUCLEAR POWER PLANTS

Question:

The people of Florida are very encouraged with the apparent interest of the Federal Government in assisting Offshore Power Systems (Westinghouse-Tenneco Joint venture located at Jacksonville) in moving ahead with the development of floating nuclear power plants.

Have you approved in principle the proposal by FEA to pay up to 75 per cent of the costs of developing floating nuclear power plants?

Answer:

I understand that staff in ERDA and FEA are looking at the question of whether the Federal Government can and should assist in advancing the floating nuclear plant concept. Since the idea hasn't yet been thoroughly evaluated by those agencies or the Energy Resources Council, it would be premature for me to comment further.

Background:

- . Offshore Power Systems (Westinghouse-Tenneco joint venture), which is trying to build a factory at Jacksonville to produce floating nuclear plants, has lost some of its orders -- pushing the venture toward failure.
- . The Florida delegation has been pushing FEA and ERDA to come up with some way to assist OPS. FEA responded with a "concept" paper which discusses the idea of providing Federal assistance to encourage development of floating nuclear plants -- but not necessarily by Offshore Power Systems.
- . This level of FEA interest has heightened enthusiasm of the delegation and led to several news stories in Florida.
- . The whole idea is at a early stage of consideration in FEA and ERDA.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

INFORMATION

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES T. LYNN
SUBJECT: OVERSEAS HIGHWAY IN THE FLORIDA KEYS

The Federal Highway Act of 1974 (enacted in December 1974) authorized a total appropriation of \$109.2 M from the Highway Trust Fund for the Overseas Highway in the Florida Keys. However, the Act limited the specific amount that could be appropriated in 1975 and 1976 to \$10 M and \$15 M respectively. The 1976 budget contains no funds either in 1975 or 1976 for this new special program, and since this is only an authorization we are not deferring these funds.

The project is based on the Florida Department of Transportation's estimate that 37 of the 44 bridges of the Overseas Highway must be replaced eventually. These bridges are part of U.S. Route 1 and provide the only overland access for the Naval Defense Installation located in the Keys.

The total cost of the project is estimated to be \$155 M and the authorization in effect provides for a new Federal categorical grant program with a Federal share of 70%.

Reasons New Program Not Funded

The Administration has been opposed to new categorical programs and will be requesting new highway legislation soon which will reduce the over 30 categorical highway grant programs to four (interstate, urban, rural and safety). This legislation will substantially increase State/local flexibility in dealing with their own highway needs to take care of special situations like the Florida Keys.

In the DOT letter to the Congressional Committees before the bill was enacted DOT stated "...we believe that provisions of this type (overseas highway) should be financed out of regular Federal-aid and State highway programs." The 1976 budget continues that policy position and in addition reflects the position that no new non-energy programs are to be initiated.

Frey Says White House Seems To Like Idea Of FTU Energy Seminar

By DAVID WILKENING
Sentinel Star Staff

WASHINGTON — A proposal to hold a national energy seminar at Florida Technological University in Orlando went to the White House Tuesday and received a very tentative stamp of approval.

"They seemed to like the concept," said Rep. Louis

Frey, R-Winter Park, who made the suggestion in a meeting with White House Chief of Staff Donald Rumsfeld.

"THERE'S NO question it's a good idea," Frey said afterward, "but they're finding it frustrating getting facts out to the public."

Frey proposed a seminar with experts discussing energy problems and potential solutions in a non-political forum, with Florida Technological University a prime meeting site.

THE WHITE HOUSE has been disappointed with media coverage given to recent regional economic

meetings being held across the U.S., Frey said. The seminar proposal, he said, probably would be brought up with President Ford.

Frey, who attended a Republican leadership meeting Tuesday with President Ford and other top White House advisers, said that during the session

he talked of the mood of voters in his district.

"I TOLD them that what I found in the district was a feeling that there was a need for action. People wanted a plan. They didn't understand the President's plan, but they didn't like the infighting going on in Congress," Frey said.

Frey also said he thinks people are willing to make sacrifices, but that President Ford's voluntary Whelp Inflation Now (WIN) program was "window dressing, a bad idea."

"I THINK, though, that the President today wouldn't even buy a program like that," Frey said.

"He's changed. He's forcing the issue, going down to basics."

Frey called Mr. Ford's tax on imported oil an example of presidential action. The House passed legislation overturning Mr. Ford's action. The Senate also is expected to pass it today.

Mr. Ford then is expected

7--B

Sentinel Star
Orlando, Florida

Wednesday, Feb. 10, 1975

to veto the bill, and the resulting fight to have the veto overturned in the House and Senate will be crucial to Mr. Ford's programs, Frey says.

"That veto is crucial, because without it being sustained, the White House has no program whatsoever," said Frey, who added the vote to overturn the anticipated veto is expected to be close.

6—Thursday, Feb. 20, 1975

Jacksonville Journal Editorial

Published by Florida Publishing Co. weekdays and Sunday at One Riverside Ave., Jacksonville, Fla. 32202

ROBERT R. FEAGIN
President

JOHN S. WALTERS
Executive Editor

ELVIN HENSON
Managing Editor

GEORGE R. HARMON
Editor, Editorial Page

The editorials published below represent the opinions of the Jacksonville Journal. Signed opinion columns appearing on this page and elsewhere in the Journal are the viewpoints of the writers themselves and are not necessarily those of this newspaper.

Hope For OPS

Encouraging as it is for the future of the Offshore Power Systems factory here, there are still a great many "ifs" to the proposal that the federal government give the OPS idea of offshore nuclear electric generating plants a boost by putting up \$339 million toward development costs of a prototype plant.

There is plenty of precedent for the idea of government aid to support construction of the first offshore generator. Assisting OPS with federal tax money is by no means merely another trip to the Washington pork barrel to further the narrow economic interests of one community or of one industry therein.

Instead, the idea of government aid fits in very neatly with the broad national strategy that President Ford has proposed, and most members of Congress appear to be supporting in principle at least, to make the United States independent of foreign energy sources.

Development of additional nuclear power sources is one of the key elements of the national plan, and offshore-based generating units such as those OPS proposes to build here could very well make a major contribution in that direction.

Duke Ligon, assistant administrator for research and development for the federal energy agency, stresses that assistance for OPS has not yet been accepted as policy by the Ford Administration. If that vital backing can be obtained, however, there would seem to be a pretty good chance that the proposal could become reality and OPS given strong new support.

Even if Ford endorses government aid, Congress would be required to appropriate the necessary funds.

Government has long given private firms the money to develop new military hardware long before actual orders were placed. And everything from our spectacular adventures in space to the search for a cure for cancer are deemed worthy of federal aid because they represent national yearnings.

The search for unlimited energy resources, independent of foreign interference with the nation's welfare, is surely just as noble a goal. In the energy field itself, government funds are already being allocated to development of solar and wind energy as well as coal and shale-oil research and land-based nuclear plants. So why not offshore nuclear generators?

Note: This did not go to the President

6-A

Tuesday, February 18, 1973

Sentinel Star
Orlando, Florida

Floating Nuclear Plant \$ Aid Studied

By DAVID WILKENING

Sentinel Star Staff

WASHINGTON — The federal government is considering a plan to pay up to 75 per cent of the cost of developing floating nuclear power plants, Duke Ligon, Federal Energy Administration assistant administrator, said Monday.

"It is the Federal Energy Administration's intent to develop the matter further with other interested agencies, including the Energy Research and Development Administration and the Office of Management and Budget," Ligon said.

THE PLAN is not in the Ford administration's present policy, Ligon said. But the plan to help finance floating plants — sought for environmental and radiation-safety measures — could be a boon to the Florida firm that is preparing to manufacture them.

Ligon said his study showed that the floating nuclear plant concept could potentially help cut both foreign oil imports and capital costs of utility construction.

"It appears appropriate and in the national interest to provide government assistance to encourage

development of the viability of this concept," Ligon said.

A JACKSONVILLE firm, Offshore Power Systems, could benefit greatly from the energy agency's plan if it is carried out.

The firm, owned by Westinghouse Electric Corp., is seeking licenses to build eight floating plants. But it recently cut back from 700 employees to 280 and delayed until 1978 the construction of a \$200 million Jacksonville facility to build and prepare to float the facilities.

Then delays in sales and utility financing difficulties caused Tenneco Inc. last month to drop out of its partnership with Westinghouse in Offshore Power.

LIGON'S COMMENTS on the floating plants were in a letter to Florida Sens. Richard Stone and Lawton Chiles, and Rep. Charles Bennett, D-Jacksonville. The letters followed a meeting last month involving Florida officials, Jacksonville area leaders and federal administrators.

"I hope this will be presented as an administration proposal to the Congress soon," Stone said. "It fits right in with the President's plan to have 200 nuclear power plants operational by 1985."

Federal experts have cast doubts on that plan, saying it cannot be accomplished.

The tentative proposal to aid floating power plants would provide up to \$339 million, or 75 per cent of the first-of-a-kind component cost, energy administration officials said.

SIMILAR TO federal assistance provided in the past by the phased-out Atomic Energy Commission, the plan would provide government money for design and construction, government-sponsored research and development and use of government facilities.

"It should be recognized that future units will be less expensive once first-of-a-kind costs and risks are identified and absorbed," the energy administration report said.

"Proposals should recognize the desirability of having these plants in operation by the end of 1980, which is four or five years earlier than the first floating nuclear power plant would become operational under current utility plans," the agency said.

PUBLIC SERVICE Electric & Gas Co. of Newark, N.J., has ordered the first four floating plants, from Offshore Power Systems.

The utility originally had planned to have the delivery of the first floating plant by 1980, but late last year it requested a delay in delivery until 1985 because of financing problems.

Q: Mr. President, the so-called "Tokyo Round of multilateral trade negotiations apparently got into the bargaining phase in Geneva week before last. Did the first session live up to your expectations of it?

A: It went even better than I had hoped. Let me tell you why I say that. First, the nearly 90 nations represented moved quickly to set up working groups and a work schedule to get down to hard bargaining right away over both tariffs and--even more important--nontariff barriers. That gives the talks a real push, a momentum. But more than that, the nations in Geneva showed that they have the will to get around difficulties. For example, we had a problem with the European Community over how to handle the agricultural trade issues, but--with their help--we were able to avoid a confrontation. Also, the developing countries showed they are serious about working with us to improve the trading system. And finally, the congressional advisers who were an integral part of our delegation for the first time made a very real and positive contribution, by making it clear to other countries that the U.S. Congress wants to see the talks succeed.

2/24/75

Q. Speaking of the developing countries, what do you intend to do about the Latin criticism over the Congressional restrictions in the Trade Act on trade preferences to members of OPEC and other countries which do something we don't like? Do you support the amendments introduced by Senators Bentsen, Kennedy and Brock to soften the restrictions?

A. This is a question we in the Administration are very seriously addressing right now. As you know, I commented on the unfortunate aspects of these restrictions both when I signed the Trade Act, and again in New York at the Rockefeller dinner week before last. On both occasions I said I wanted to work with Congress to see how we can reach a mutually satisfactory accommodation. I still hope to be able to do that.

Q: The Soviets over this past weekend also had something to say about removing restrictions in ~~the~~ Trade Act. How do you plan to go about that?

A: Again, I have made it as clear as I know how that I did not--and do not--go along with this way of legislating foreign policy. But again, I think it is an issue Secretary Kissinger and I will want to try to work out with the Congress in a spirit of cooperation rather than confrontation. We are exploring how that can best be done.

2/24/75

Q: Another trade problem seems to have come up over European cheese export subsidies, which were put back on again after they had been suspended. Now Treasury has set in process a countervailing duty proceeding. Won't that put us back on the brink of another "Chicken War" with the Europeans?

A: Not necessarily. The Trade Act provides for some leeway to work out satisfactory solutions to this kind of problem when the exporting country agrees to substantially reduce or eliminate the impact of its subsidy on the U.S., and when there is good reason to believe we can work out a long range solution in the multilateral trade negotiations. We are hopeful we can be able to apply this leeway in this case.

2/24/75

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

February 3, 1975

MEMORANDUM FOR THE PRESIDENT

Mr. President, you are likely to receive any number of questions based upon the 7.9 percent unemployment figure that is projected for 1976 in the budget. We recommend the answer formulated below. The question could come in a number of ways.

- Q.1 You base your budget on the assumption of a 7.9 percent rate of unemployment during 1976. Doesn't that mean that your policies are wrong and you should have more stimulus both on the revenue and on the expenditure side of the budget?
- Q.2 With unemployment projected to be at 7.9 percent during 1976, why should the Congress go along with your proposals to reduce expenditures by \$17 billion or why shouldn't they pass a larger tax cut?
- Q.3 Mr. President, you and your economic advisers have said that the economy will turn around and start upward. Yet you forecast unemployment at 7.9 percent in 1976. Is that a recovery?
- A. At present I do not believe that additional stimulus is wise or prudent. The budget deficit for fiscal 1976 is already above \$50 billion. We simply do not know how rapidly inflation and interest rates are going to decline. We have proposed



a comprehensive program which we believe will help end the decline in the economy and help initiate a recovery during the second half of the year.

Our projections suggest an average annual rate of expansion in real GNP in excess of 5 percent between the second quarter of 1975 and the final quarter of 1976. This will add some 2 million workers to the Nation's payrolls and begin to reduce unemployment. These projections also suggest a rate of inflation averaging a little over 7 percent during this period, well below most recent rates of increase. We do expect a temporary bulge in prices during the second quarter owing to our energy proposals but this is a one-shot increase and not a permanent factor in the rate of inflation.

There is, obviously, a far more than usual level of uncertainty in any forecast for 1975 and 1976 and we do not believe that ours are any exception. However, my budget numbers are based upon realistic assumptions and the best knowledge available at this time. Obviously we hope to do better. There is a possibility that inflation and interest rates may decline more rapidly than we anticipate. The strains in the financial markets may be less than we anticipate. The Congress may be even more cooperative in holding expenditures down than we anticipate. Such circumstances would mean that we could afford further action in the tax area.

At present, however, I do not believe that it would be wise to provide more stimulus than we have proposed. Admittedly there is a risk of doing too little. There are also risks providing too much stimulus and these risks would be reflected during 1976 and thereafter in financial market strains, rising interest rates, and a reigniting of inflationary pressures.

My policy is directed at curbing the rise in unemployment in a manner that is consistent with the goal of preventing a resurgence of inflation. This policy is and will continue to be based on what we believe is the proper balance between these objectives. It is very difficult to know in advance what exact rate of unemployment or inflation will emerge as a consequence. This depends in large measure upon the activity and the millions of decisions made in the private sector and to a lesser extent upon governmental policies.



Alan Greenspan

Q. Mr. President, you said we were through with double digit inflation and yet the budget projects an 11 percent increase in prices. Can you explain that?

A. It is true that we expect prices to average about 11 percent more in 1975 than during 1974. It is important to remember, however, that much of that increase had already occurred by the end of 1974. The CPI for December was already up by 5.2 percent over the average for 1974. Hence even if there were no further price increases during 1975 the average for 1975 would be 5.2 percent above the average for 1974.

We expect that prices will rise much less during 1975 than during last year. Between December 1973 and December 1974 prices rose by about 12 percent. Between December 1974 and December 1975 we expect prices to rise a little more than 9 percent and a little less than 2 percent of that increase will be the result of higher energy costs, which will be rebated to the economy largely in the form of offsetting tax reductions. Consequently, we expect much smaller price increases by late 1975, and still lower rates in 1976. Even though we show a 7.8 percent increase in prices on average in 1976 compared with 1975, you will find that the rate of increase during the year is about 7 percent.

Q. Mr. President: The projection in your budget still show a rate of unemployment of 5.5 percent during 1980. Should we regard this as the best that your Administration hopes to do? Is this a new definition of full employment.

A. The longer range assumptions for the period 1977 to 1980 are not forecasts. They represent projections that would be consistent with a gradual but significant movement toward achievement of both lower unemployment and relatively stable prices. In that sense, they are illustrative.

As Roy Ash indicated in his budget briefing the estimates for 1977 to 1980 "..... are merely extrapolations toward a return toward normalcy." As far as our goals are concerned we will work toward the maximum feasible reduction in both unemployment and inflation.

DEVELOPMENTS IN SOUTHERN AFRICA

Q: How do you assess the recent developments in southern Africa and where does the United States fit in?

A: Full independence under majority rule for Mozambique and Angola is welcomed by the United States. We are looking into possible areas of mutually agreeable assistance and hope to maintain good relations with both countries in the future.

We are encouraged by recent developments concerning Rhodesia which envision the arrangement of a constitutional settlement.

South Africa has recently expressed its desire to resolve the Namibian issue. We would like to see them respond constructively to the recent unanimous U.N. Security Council Resolution on Namibia. This called for compliance with the 1971 International Court of Justice ruling and withdrawal of South African administration from the territory.

AFRICA

Q: There has been criticism of your nomination of Nathaniel Davis as Assistant Secretary of State for African Affairs to replace Donald Easum. Criticism includes his lack of African experience and that he was our Ambassador to Chile during the Allende regime. Are you reconsidering the nomination?

A: No. Ambassador Davis, one of our leading Career Foreign Service Officers, has a distinguished record at home and abroad. I have every confidence in him and see no valid reason for withdrawing his nomination. Ambassador Easum is also an outstanding Foreign Service Officer and it is my intention to nominate him to an important diplomatic post abroad.

POLICY TOWARD CUBA AND TOWARD LATIN AMERICA

Q. Mr. President, do you foresee any move toward normalizing relations with Cuba in the coming year? And how do you see our relations with Latin America developing?

A. As you know, the Rio Treaty organization meeting in Quito last November did not act to lift the sanctions imposed against Cuba in 1964. The sanctions therefore remain in effect and we continue to respect them.

It has long been our position that we would be prepared to consider a change in our policy toward Cuba if and when Cuba demonstrates it has changed its policies. We have as yet seen no evidence of a basic change in Cuban policies.

Regarding U. S. policy toward Latin America, I would note that over the past year, the U. S. has been giving very serious attention to its relations with the countries of Latin America and the Caribbean. We have made significant progress toward resolving some longstanding bilateral problems in the region. More importantly, we have been working to broaden and deepen our hemispheric relations and important progress has been made toward establishing regular consultations and a frank, open dialogue on a broad range of subjects. I expect that process to continue over the coming year.

My Administration will work to further this cooperative effort to resolve issues through negotiation and mutual compromise and to continue to strengthen hemispheric relations.

PANAMA CANAL NEGOTIATIONS

Q: Would you bring us up to date on the Canal negotiations? What are the prospects of achieving an agreement, in light of substantial opposition in Congress?

A: Ambassador Ellsworth Bunker, who is our negotiator on the Panama Canal, has been meeting on a regular basis with the Panamanian authorities since November, 1973. Substantial progress has been achieved, but major issues remain. However, we are hopeful of reaching agreement on a draft treaty that is acceptable to Panama and protective of basic U.S. interests in operation and defense of the Canal.

Any treaty would, of course, be submitted to the Senate, and we believe that it will be carefully considered on its merits. It is too early to predict when a draft treaty might be ready.

ECUADOR - TUNA BOAT SEIZURES

Q. Ecuador has just seized five US tuna boats, imposed heavy fines and confiscated the catch. What does the US intend to do about this resumption of what has been termed "the Tuna War."

A. I understand that the matter of the fines and the confiscation of the catch is under appeal to the Ecuadorean Government. We of course regret that Ecuador has taken these actions and have made that position known to the Ecuadorean Government both here and in Quito.

As you know, Ecuador, together with a few other countries, claims full sovereignty over the seas for 200 miles from the shore, while the US recognizes only a 3-mile territorial waters and 12-mile fishery zone. We believe that the best way to handle differences of this kind is by arriving at international agreement on such Law of the Seas questions. The next session of the Law of the Seas conference is convening in Geneva in March. Considerable progress has been made, and we are hopeful that differences can be ironed out there.

FYI: Ecuador seized four tuna boats on January 24. The boats have been fined a total of \$460,000 and their catch, valued at \$600,000, was confiscated in accordance with Ecuadorean law. A fifth boat was seized Tuesday, the 28th, and an even heavier fine is expected. The owners should be compensated under the provisions of the Fisherman's Protective Act, but the amount held by Treasury for this purpose will probably not be adequate. The fishing season is a particularly good one this year and US boats are taking advantage of it by fishing inside of 200 miles without purchasing licenses from the Ecuadorean Government. The US has protested in both Washington and Quito.

ENDING THE FIGHTING IN SOUTH VIETNAM

Q. The North Vietnamese say they are fighting only because President Thieu refuses to implement the political provisions of the Paris Agreement. What are we doing to force Thieu to carry out the Agreement and thereby end the fighting?

A. I reject the notion that it is the Thieu government that is refusing to implement the political portions of the Accords.

--On three separate occasions, the Government of South Vietnam has made specific, concrete offers to implement all political provisions of the Paris Agreement completely. They proposed definite dates to hold elections.

--They have formally requested direct talks between North and South Vietnam to begin discussion of reunification.

--All of these offers have been rejected and for over six months the Communists have boycotted all talks with the Government. During this period, President Thieu's government has tried to get talks started again. On at least ten separate occasions they have called for an unconditional resumption of negotiations. These have been answered by the current North Vietnamese attacks.

Let me remind you of the blatant violations of the Agreement by the Communists. Tanks, artillery and tens of thousands of men have been sent into South Vietnam; large-scale attacks against South Vietnamese cities and towns have increased; the Communists walk away from the conference tables in Saigon and Paris; they refuse to pay their share of the International Cease-fire Supervision teams; they refuse to let us

search for our men who are missing in action. It is in these actions by the Communists that the difficulties with implementation of the Paris Agreement lie.

SENATOR GOLDWATER'S STATEMENT ON AID FOR SOUTH VIETNAM

Q: Senator Goldwater says there is no way we can keep South Vietnam from being taken over by North Vietnam. In view of this, why are you planning to ask for additional aid for South Vietnam?

A: While I respect Senator Goldwater's judgment, I do not share his assessment in this instance. South Vietnam is capable of defending itself and remaining independent and its soldiers are prepared to fight. The government there is strong and capable and has some remarkable accomplishments:

-- It carried out one of the most successful land reform programs in history.

-- It resettled over one million refugees.

-- It is about to become self-sufficient in rice.

Fifty thousand Americans have died in Vietnam and only a few years ago we were spending \$30 billion a year there. Today all that the Vietnamese ask of us is sufficient assistance to permit them to conduct their own defense -- something they had every right to expect when they agreed to the Paris accords.

The amounts provided for Indochina by the previous Congress are not sufficient to meet the minimum requirements. That Congress thought it could encourage a political settlement by cutting our aid. Instead, the opposite occurred. The North Vietnamese broke off negotiations and attacked.

The question we face is whether this country and this Congress -- after all the sacrifices that have been made -- will now deprive our brave allies of the means for their own defense. If so they must assume the responsibility for what will happen.

I have asked the Congress for additional funds for essential assistance to South Vietnam and Cambodia. The world will judge from our actions whether the United States is a nation that stands by its allies and its principles.

Feb 1, 1975
3:20 pm

(the meeting with Sen. Eagleton and the 3 Congressmen lasted
hours)

Anderson's statement:

a/

1. The Secretary had fruitful, amicable meeting. He considers these Representatives from Congress very serious men, and the Secretary respects their views.
2. Regarding the amendment, once one acknowledges what is in the amendment, and what are set down as criteria, one cannot report substantial progress in the negotiations or compliance with the law as stipulated.
3. In briefing the Congressmen, on where matters stand the Secretary did report that there had been some progress, but that this negotiation was a long process.
4. The Secretary did point out that it is his profound conviction that the United States provides military assistance to Turkey in the interest of the United States and Western security, and that if this is cut, it will be a serious setback for our security interests and possibly counter-productive in the negotiations.

Something I said in my briefing yesterday appears to have been misinterpreted. My remarks did not mean or imply that we had discussed the subject of military assistance to Turkey with the Greek Government. I certainly did not mean to leave the impression that we were stating the view of the Greek Government on this question. Obviously, this is not for us to do.

MISSISSIPPI AND ALABAMA TORNADOES

Question:

As a result of the January 10 tornadoes in Mississippi and Alabama, you declared emergencies for both States. Mississippi was later declared a major disaster. Why was a similar declaration not made for Alabama?

Answer:

The emergencies were declared in both States so that temporary housing and low interest loans could be provided immediately. This met the most critical needs while allowing time for further assessment of other disaster requirements.

The Federal Disaster Assistance Administration Administrator has advised me that the obligations and expenditures of the State of Alabama do not constitute a significant contribution to the disaster effort as required by the statute for my declaration of a major disaster.

The State of Mississippi has increased the level of its participation significantly above its earlier commitment.

TRH
1/31/75

CIVIL RIGHTS

Question:

The U.S. Commission on Civil Rights has issued recent reports on the civil rights records of Federal agencies in areas like fair housing and education. The reports call for greater civil rights efforts by these agencies. What are you going to do about this?

Answer:

I have received initial summaries of the reports and have directed the agencies in question to furnish me their comments.

Background:

The Commission, established as an independent, bipartisan agency in 1957 to investigate civil rights violations, is currently publishing a series of reports entitled the "Federal Civil Rights Enforcement Effort - 1974," which deals with Federal civil rights activities in the areas of regulatory agencies, housing, education, employment, Federally-assisted programs and policy making. Reports on the first three topics have been published.

FLM
1/31/75

YOUR CANDIDACY

Question

Now that you have announced your intention to run in 1976, have you or do you plan to register as a candidate under the Federal Election Campaign Act amendments?

Answer

I do not expect to begin a political campaign until sometime in 1976. Until then, I shall continue to act only as President, and not as a political candidate.

(If pressed: the lawyers are looking at formal requirements.)

- Q. There have been repeated reports that the Shah of Iran is about to make massive investments in Pan American Airways. What is your stance on this, and what is your general attitude toward foreign oil money buying up major or controlling interest in American firms?
- A. (Note: This is a sensitive one. Pan Am made a presentation to Bill Seidman and the economic group this morning and government policy is currently under consideration. The Wall Street Journal had a lead item on this subject today and it is almost certain to come up, but there is no Administration policy yet. Best to check with both Seidman and NSC since there is also the question of how to handle the diplomatic side of the matter -- i.e., how not to ruffle the Shah's rather hypersensitive feathers.)

*NSC is
developing
an answer*

SECTION III

GENERAL DOMESTIC