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THE WHITE HOUSE

WASHINGTON

THE PRESIDENT'S BRIEFING BOOK

(Key Questions)

FOR: August 7, 1975

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## CONTROL OF CIA

Q. CIA Director Colby on Monday warned that disclosure of CIA budget figures could damage intelligence operations. Do you see any other way in which Congress, representing the people, can exercise more control over CIA operations to prevent illegal actions such as those that have been reported?

A. I think it is important to point out that the Congress itself has passed the laws requiring the CIA budget to be handled on a classified basis. Obviously, Congress could change these laws if it saw fit, but I hope that they would do so, if at all, only after the most serious deliberation that this important matter deserves. With respect to control and oversight generally, it is again the Congress itself that has established the rules and mechanisms by which it exercises control over the CIA. If it is felt that effective oversight or control is lacking, then that is for the Congress to change. I think it would be inappropriate for me to advise the Congress on how it should organize itself to do the job on these matters.

IMPLEMENTATIONS OF ROCKEFELLER CIA RECOMMENDATIONS

Q: When will you implement the recommendations of the Rockefeller Commission?

A: I intend to announce in the very near future a series of administrative steps to implement a large number of the Rockefeller Commission recommendations. Some of the remaining recommendations, as you know, require that Congress take legislative action or they present rather complex policy questions. We are still hard at work on these recommendations, and it will take a little longer before we will be in a position to move on them.

7/31/75

ORGANIZATION OF THE INTELLIGENCE  
COMMUNITY

Q: Have the Rockefeller Commission recommendations on the CIA led you to consider broader questions such as the organization and structure of the intelligence community?

A: Obviously, the House and Senate Select Committees are and will be considering these broader questions. The Executive Branch <sup>must</sup> ~~should~~ consider them as well. While we should not seek change merely for the sake of change, neither should we fail to take -- after appropriate study and coordination -- those changes or corrective actions that are indeed necessary.

7/31/75





## NEW YORK CITY FINANCIAL SITUATION

Q. What are your views as to the current situation in New York City? What impact is it having on other cities? Have you changed your mind about Federal financial assistance to New York or to all cities?

A. I am very pleased at the progress New York City has made in recent weeks. The kinds of decisions the Mayor of New York has had to make in recent weeks are the toughest decisions for a man in public life, especially when the underlying problems are not entirely of his own making. At the same time, I am sensitive to the importance of maintaining a high degree of firmness with respect to such decisions to insure that MAC and the City win back the confidence of the investing public in time to meet the City's cash needs in September and beyond.

I have asked for an in-depth look at the financial condition of other cities and the impact of New York's problems upon them. The City's problems have had an adverse effect on borrowing by other cities in New York State, on New York State agencies, and on the State itself. Apart from New York, no city has been reported to need recourse to the debt markets to finance its day-to-day activities.

In answer to the final part of your question, I have not changed my views on Federal financial assistance. We believe that the City and State have the capability of meeting the New York City problem. We will continue to monitor the situation carefully.

RP

August 6, 1975

## INFLATION

QUESTION - Do you agree that the nation may have to live with an inflation rate of 6% to 8% for a prolonged period as some economists are forecasting?

ANSWER - No, I do not. As economic growth resumes, productivity should begin to rise more rapidly. Prudent fiscal and monetary policies can then provide an environment within which wages and productivity come into much closer balance. Certainly; we should aim at a long-run rate of inflation well below 6 to 8 percent. In this connection, it should be recalled that wholesale industrial prices and labor costs per unit of output were virtually stable from 1957 to 1965.

Because of accumulated inflationary pressures, duplication of that record in the near future will not be easy. It is the direction in which our policies should be aimed.

TREASURY DEPARTMENT  
JULY 16, 1975

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THE WHITE HOUSE

WASHINGTON

PRESIDENT FORD: THE FIRST YEAR

Gerald Ford devoted his first year as President to restoring the American people's faith in their government, clearing up inherited problems, and embarking on an agenda for the future. Thrust into the office in the midst of national crises, President Ford faced unprecedented problems: a Nation shaken by scandal and doubt, an economy plagued by runaway inflation and deepening recession, a lingering war in Indo-China, and the threat of a new war in the Middle East.

The President saw his first task to be the restoration of confidence in the Government. If the people do not trust their elected representatives, and, conversely if their elected representatives do not trust the collective wisdom of the people, then the American system of Government cannot work.

The American people saw President Ford as a down-to-earth, self-assured, reassuring and honest man. These personal qualities helped rebuild the Nation's confidence.

"In all my public and private acts as your President," he told the American people the day he was sworn into office, "I expect to follow my instincts of openness and candor."

These instincts led the President to make the White House and himself more accessible to the citizens he serves. He held hundreds of hours of meetings with elected officials, representatives of various interest groups, foreign leaders, journalists, and people from all walks of life. In an effort to free the Presidency from the isolation of the White House, the President traveled tens of thousands of miles to talk to, and more importantly, to listen to, the American people.

Restoration of faith in the Government, however, required more than candor and openness. It required attention to the Nation's problems.

No problem received more attention from President Ford than the economy. In his efforts to restore and create jobs for the unemployed, revive the lagging economy, and reduce the vicious hidden tax of inflation, President Ford remained true to his convictions by resisting popular short-term moves in favor of truly effective, longer-term solutions.

Knowing that a superficial "quick economic fix" could lead to worse inflation and deeper recession, the President set realistic economic goals. He urged Congress to help him reach those goals by holding the line on excessive and ill-advised Government spending.

In order to keep the Country on a sure and steady economic course, the President vetoed 33 Congressional bills. The Congress itself recognized the wisdom of the President's policy. Not only did Congress sustain almost all the vetoes, but it passed new, more responsible legislation containing many of the provisions the President had originally proposed to help the jobless, defeat inflation and revive the economy.

There are clear signs that the President's economic policies are working. Inflation has been cut in half. While unemployment is still unacceptably high, it is expected to start down soon and already hundreds of thousands of people are finding jobs each month. The economy seems to have hit bottom and is starting upward.

Closely linked to the Nation's economic troubles was the problem of energy. Before President Ford took office, the oil producing nations, in a move which contributed to both recession and inflation, had drastically raised the price of oil. To meet this threat, President Ford proposed an energy policy which would make the United States independent of foreign oil producers, and of their power to control the price and supply of the petroleum America needs.

During the first year of the Ford Administration, the long war in Indo-China came to a swift conclusion. When the President was unable to persuade Congress to approve the money needed to help the South Vietnamese and Cambodian people continue their struggle for independence, he safely evacuated the Americans from those countries and granted refuge to more than 100,000 Indo-Chinese who chose freedom over conquest.

Following the withdrawal from Indo-China, some of America's allies openly questioned whether the United States could be relied on. President Ford set those doubts to rest through his personal assurances to foreign leaders, including America's partners in the Atlantic Alliance.

When Cambodian gunboats seized the American freighter Mayaguez, the President directed American forces to rescue the ship and its crew. In doing so, he demonstrated his determination to defend and support American interests.

Throughout the first year, President Ford played a central role in efforts to bring permanent peace to the volatile Middle East. A settlement is still elusive. But at least the American efforts have prevented any new outbreak of fighting, which would have serious consequences not only for the countries directly involved but also for the United States and for the cause of world peace.

The President pursued a policy of attempting to reduce tensions between the United States and the Soviet Union in those areas where progress was possible on a mutually beneficial basis. During a visit to Vladivostok the President negotiated with General Secretary Brezhnev an agreement to set a ceiling on the number of strategic nuclear weapons and multi-headed missiles which each country may possess. This was a significant development in reducing tensions, halting the dangerous and costly arms race, and setting the stage for reduction of nuclear weapons in the future.



While President Ford spent considerable time leading the Nation out of the troubles of the past, he also began to present his agenda for the future:

- Selection of an outstanding group of Cabinet Officers and other top Government officials.
- Reform of cumbersome, time-consuming, expensive and often anti-consumer Federal regulations.
- Revision of the Federal crime laws to protect the victim from the criminal.
- Development of an efficient national transportation system, including steps to expand urban mass transportation.
- Extension of Federal revenue sharing so that states and cities will have the money to make their own decisions on how best to deal with their own problems.
- Tax revision to create the jobs, energy plants and industry America needs for an expanding future, and to remove from the hard-working middle-class an unduly heavy tax burden.

The program President Ford began to outline during this first year was aimed at achieving his vision of a prosperous and free America in the years ahead.

"Our third century," the President said at Ft. McHenry on July 4, "should be an era of individual freedom."

As the problems President Ford inherited began to fade, he turned his attention to the future and to developing a society in which each American is free to develop his or her fullest potential.

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## RESPONSE TO CRITICISM OF THE USE OF THE VETO

Q: Does your use of the veto amount to an attempt at minority rule? (Or any similar challenge to your use of the veto.)

A: Several points about the veto power should be kept in mind.

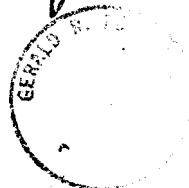
First, it is a constitutional power of the President, written into the Constitution for a clear purpose and with the expectation that there will be occasions when it ought to be used. We have separation of powers, but the veto power gives the President some role in the legislative process.

Second, it is misleading to speak of using the veto to rule. It is not an absolute veto but a veto that can be overruled by the Congress.

Third, the two main purposes of the veto, in my mind, are to require, first, that there be very thorough reconsideration of a controversial matter when the President and a majority of the Congress disagree; and, second, that there will be no new law unless a two-thirds majority of both Houses, widely representative of the entire nation, supports it.

Finally, I think anyone is on weak ground who objects to the constitutional use of a constitutional power for constitutional purposes. This is not a question of majority or minority rule. It is a matter of constitutional rule, and I suppose it is safe to assume everyone supports the Constitution, in the Congress and throughout the nation.

*same. constitution grants  
right of Congress to over-ride by 2/3  
This is another illustration of the  
system of checks & balances & the  
strength of our separate powers.*



## CAMPAIGN PLANS

- Q. Now that you have announced your formal candidacy for election in 1976, what immediate campaign plans do you have for yourself?
- A. I do not plan to do any campaigning or to travel as a candidate during 1975. I will concentrate on my Presidential duties. I expect that the Republican National Committee, as they have in the past, will request me to make appearances at certain State Republican Party fund raising events and other political gatherings. I hope to accept as many of these invitations as my schedule permits, and I will be doing so as head of the Republican Party. But, my guidelines are those I laid forth when I announced I would be a candidate for the nomination:
1. I intend to conduct an open and aboveboard campaign.
  2. I will not forget my initial pledge to be President of all the people.
  3. I am determined never to neglect my first duty as President.

JBS 7/10/75

## GRAIN SALE

### Question:

Do you expect the Soviet grain sale to affect food prices in the United States?

### Answer:

Grain prices in the United States are ultimately determined by worldwide conditions of supply and demand. Hence our prices are affected just as much when the Soviets purchase from the Canadians or the Australians as when they purchase directly from the United States.

It is very difficult to make price estimates until both the Soviet requirements and the final size of our own crops are better known. Our preliminary judgment is that the food price effects from Soviet grain purchases are likely to be modest. The grain producing regions of the Soviet Union have experienced very adverse weather conditions over the past several months. There will continue to be a substantial amount of uncertainty regarding both the size of the Soviet purchases and the precise effects until we have more information on the size of the Soviet harvest and our own.

Many who are looking for simple answers seem to be proposing rigid control on the export of our grains, but we cannot control exports to only one country since grain can be purchased through third country transfers. Effective control of our exports would therefore require us to control exports to everybody.

Once we engage in such an operation, we will undercut the incentive for our farmers to produce the bountiful crops which only they are capable of producing. Our farmers supply the American consumer with the highest quality and variety of foods in the world and still have a large margin of exportable supplies left over to assist in feeding the rest of the world.

We need these exports to sustain the huge agricultural production capability of this country. Export controls would undercut the vast capability which we have. These are clearly not in the long-term interests of the American consumer.

I am concerned, however, that these sales, which are in the national interest, not result in an unfair burden on the American consumer. I have given instructions to my Administration that it be monitored carefully.

SIZE OF SOVIET GRAIN PURCHASE

- Q. How much grain is the United States going to sell to the Soviet Union?
- A. I understand that at the moment the Russians have contracted for approximately 10 million tons of grain from the United States and 4 to 5 million from Canada, Australia and France. It is difficult to know how much additional grain the Soviets will require to fill their needs. This will depend upon the ultimate size of their crop and their domestic needs.

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## MIDDLE EAST AID REQUESTS

Q: When will you submit economic aid requests for Middle East states to Congress and what amounts will you request for each state? How do you plan to respond to Israel's military and economic requests for FY 76? What about Egyptian statements that the US has promised hundreds of millions of dollars in aid?

A: I have no precise date to give you now except to note that all these considerations are being integrated in our on-going reassessment. As I have already indicated [July 21 Oval Office interview with editors], the pace of the reassessment has a relationship to the negotiations. But, at the appropriate time, I will consult with Congress and submit requests based upon our considered views of the needs of the parties and upon our national interest.

Though I have taken no final decisions on Israeli aid requests, I can assure you we will continue to support Israel's survival and well-being. As for Egypt, I discussed Egypt's needs when I met with President Sadat in Austria and indicated that we will look for ways we can assist Egypt's long-term economic development, both bilaterally and in cooperation with other states and international institutions.

## CYPRUS PROBLEM

Q: Mr. President, talks between the leaders of the two Cypriot communities were held over the past weekend. In your opinion, have these talks furthered progress toward a Cyprus settlement?

A: The intercommunal talks held in Vienna last weekend ended on a positive note. The United States welcomes this encouraging sign of progress. In my view, these consultations offer the best hope of achieving a peaceful solution to the Cyprus problem acceptable to all the parties. I also welcome indications that several members of the European Community are actively exploring ways to help the parties reach agreement on the Cyprus issue.

The continuation of the ban on arms assistance to Turkey has reduced our ability to work effectively with all the parties involved in achieving a just settlement. We remain willing however to assist the parties in any way that holds promise of achieving an acceptable settlement.

INTERNATIONAL SUPPORT FOR US STRATEGY  
IN THE MIDDLE EAST

Q: Based on your talks with foreign leaders on your trip to Europe last week, do you feel that the US strategy of seeking an interim agreement in the Sinai has broad international support? What about Tito's call for an overall settlement?

A: I believe there is genuine support for US efforts to help bring about early progress in negotiations for a peace settlement in the Middle East. Many European leaders have expressed their concern for and interest in a successful new step in the Sinai, a step which we see as part of an overall effort towards achieving a comprehensive settlement. Although we are currently concentrating on a step-by-step approach, we will pursue any avenue that offers serious promise of movement towards an eventual overall settlement including the possibility of returning to Geneva.

US ARMS SUPPLY TO ISRAEL --  
DELAY IN ARMS AS POLITICAL PRESSURE?

Q: Despite Administration assurances to the contrary, there are increasing reports that the US is in fact holding up arms supplies to Israel for "dozens" of items. Meanwhile, the US has made decisions to move ahead in requesting arms (HAWK especially) for Jordan and now North Yemen.

What are the facts about the US delay on arms for Israel and is this delay a conscious effort to put political pressure on Israel?

A: I want to make clear that our on-going military supply relationship with Israel continues, including significant deliveries. We are processing the requests we receive, with the caveats I have previously noted on new programs or advanced technologies. There may be occasional delays; the main point is that Israel is strong, and we are continuing to help it remain strong.

## THE PALESTINIANS

Q: President Tito called for the establishment of a separate Palestinian state. What is the US position on the Palestinian issue?

A: Our policy remains that the Palestinian problem must be resolved as one of the key issues in the Middle East situation. However, I am not going to prejudge the outcome of negotiations which are properly the matter of the parties themselves by expressing a preferred solution to the Palestinian problem. This is a matter for the parties to decide.

Q: Should the Israelis negotiate with the PLO?

A: We have never recommended that the Israelis negotiate with the PLO. The question of any such negotiation presupposes the acceptance by the PLO of the State of Israel and this issue is academic since the Palestinian organizations do not recognize Israel's right to exist.

PROSPECTS FOR INTERIM AGREEMENT  
IN THE SINAI

Q: Based on recent diplomatic exchanges with Egypt and Israel and from talks with Ambassadors Eilts and Dinitz, how do you assess prospects for agreement on a new Sinai disengagement and when do you foresee such an agreement being reached? Will Secretary Kissinger undertake a new shuttle to the Middle East to conclude such an agreement? Will an agreement be reached before the UNGA?

A: There has been further progress in the positions of the parties and I would hope such an agreement might be possible. I do not rule out a renewed shuttle to finalize such an agreement but the more important issue is whether both sides have the flexibility and determination needed to conclude an agreement. I do not want to get into a detailed description of the negotiating positions of either side because public comment on the negotiations is not helpful in this period of intensive diplomatic exchanges.

## U. S. ROLE IN LAOS

Q: What is the U. S. role going to be in this new situation in Laos? Will we continue to provide aid? Will we terminate diplomatic relations?

A: As you know, there has been considerable pressure on our Embassy in Vientiane including harassment of our personnel.

We are prepared to maintain diplomatic relations with Laos as long as we are assured that our Mission can operate safely and effectively.

We have terminated our military and economic aid missions and have withdrawn all personnel who served in them. We have reduced the total number of U. S. personnel in Laos to about 30. Our future aid relationship with Laos is under review in Washington.

SALT

Q: Can you describe the status of the SALT negotiations? Will there be a new SALT agreement by the end of this year?

A: As you know, General Secretary Brezhnev and I did spend some time discussing SALT at the CSCE summit in Helsinki. We made progress on several outstanding issues. I don't want to commit to a precise timetable but I continue to be encouraged by the progress in SALT.



Q: Would you clarify U.S. policy concerning nuclear weapons "first-strike" and "first-use" plans.

A: As I mentioned in a letter to Senator Brooke on July 25, the policy of my Administration has been and continues to be that we will not develop a first-strike capability or doctrine.

As improved command and control and newer systems permit, we are increasing the flexibility of our forces to be more fully prepared for all possible contingencies. However, I wish to reemphasize that this in no sense implies development of a first-strike capability.

With regard to the "first-use" question, we cannot categorically rule out the use of nuclear weapons in response to major non-nuclear aggression which could not be contained by conventional forces. However, I view such a contingency as extremely remote.

## CUBA POLICY

Q: The U.S. supported at the recent OAS conference in Costa Rica adoption of a resolution terminating mandatory sanctions against Cuba. Secretary Kissinger has said that we are prepared to begin a dialogue with Cuba. In light of this, will the U.S. continue to apply sanctions against trade with Cuba, and do you support normalization of relations with Cuba?

A: As you note, the OAS resolution, which had the support of more than two-thirds of the countries, simply frees each government to pursue the policies it sees as being in its own interest with regard to Cuba. That resolution has no automatic or legal effect on our sanctions.

I have indicated before that we see no advantage in permanent antagonism between ourselves and Cuba, but that change in our bilateral policies toward Cuba will depend on Cuba's attitude and policies toward us. There are a number of outstanding and complex issues between us, and I would not want to speculate on when or whether it might prove possible to begin to work out these issues.

Q: Isn't our maintenance of measures which punish other countries for engaging in trade with Cuba contrary to the spirit of the OAS resolution which the U.S. supported?

A: As I indicated, the OAS action has no automatic or legal effect on our sanctions. We will be examining the implications of the OAS action.

## PANAMA CANAL TREATY NEGOTIATIONS

Q: In light of the Snyder Amendment approved by the House and in light of a newspaper story which says you plan to postpone conclusion of Panama Canal Treaty negotiations until after the election for political reasons, can you tell us the status of these negotiations and your views on these negotiations?

A: As you know, during the last three Administrations the United States has been discussing our differences with Panama over the Canal. There are a number of questions which still remain at issue between us and the Panamanians. The discussions are continuing. The goal is to reach an agreement which would accommodate the interests of both nations while protecting our basic interests in defense and operation of the Canal. Naturally, any agreement we reach will be submitted to the full constitutional process including Senate approval, and we will be consulting closely with the Congress as the discussions continue.

There are a number of difficult questions remaining to be resolved. I have no intention of approving or proposing to Congress any agreement with Panama or anyone else that would not protect our vital defense interests. It is my hope that in considering any amendment to the State Department appropriations bill the Senate will be mindful of the importance of maintaining our commitment to negotiate in good faith. Any future agreement would be considered on its merits.

## MBFR PROGRESS

Q: During your recent European trip you referred several times to the need for progress in the European force reduction negotiations in Vienna. Does the US intend to offer some of its tactical nuclear forces in Europe in an effort to break the stalemate as has been reported? Is there any reason to think this would move the talks forward? Could some reductions be made while the talks continue?

A: The issues being addressed in the MBFR talks go to the very heart of the structure of European security and affect the vital interests of some 19 participating countries. The negotiations are extremely complex and difficult, and we should not expect quick results.

However, we continually assess the state of play in the negotiations and we are prepared to take appropriate initiatives when that will help us to meet our objectives. But the Soviet Union and its allies should also be prepared to respond in good faith on the common objective both sides should be working toward -- undiminished security for all but at a lower level of forces.

We remain optimistic that the talks will ultimately achieve a successful result. Until that time there will be no US troop withdrawals from Europe. US forces are in Europe for very good reasons and the level of those forces should be no lower given the threat currently posed by the other side.

US PRESENCE IN GUARANTEEING NEW SINAI AGREEMENT

Q: As part of a new agreement between Egypt and Israel in the Sinai, there is talk of a US presence in early warning stations in the passes. Are you considering a US presence of this sort for any new agreement and are you considering the stationing of US troops or civilian advisors in any buffer zone? Will the Soviets be involved in a similar presence for any interim agreement?

A: At this stage of the negotiations, it would not be appropriate for me to get into detailed discussion of reports of what may or may not be discussed in connection with a new Sinai agreement.

HANOI'S CONDITIONS ON MIA'S

Q: The North Vietnamese Premier (Pham Van Dong) recently linked the willingness of his government to discuss the missing in action question to the willingness of the U.S. to provide aid to North and South Vietnam. Is the U.S. Government prepared to meet these terms in order to get information on our missing?

A: The Communist side has a clear obligation to provide us with all the information it has on our missing and to permit the remains of identified dead Americans to be repatriated to the U.S. This obligation stems not only from the Paris Agreement but also from the Geneva Conventions of 1949 and from basic precepts of international law. These obligations are unconditional.