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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT'S BRIEFING BOOK

NATIONAL NEWS CONFERENCE

EAST ROOM, THE WHITE HOUSE

NOVEMBER 26, 1975



November 26, 1975

GOALS FOR PRESS CONFERENCE

We believe most of the questions will be devoted to New York City. We suggest that questions devoted to other subjects be dealt with quickly in short, direct answers.

New York

This could be one of the biggest disasters or biggest triumphs of your Administration. In general sentiment in the United States seems to want you to display compassion for the people of New York City, but not to give in on your position of not supplying aid unless they meet your requirements.

Political Questions

General guidance -- We believe that the best posture is to suggest by demeanor and the high plane of answers that you as President of the United States are above the petty squabbling and scrambling of the other candidates. This would involve not talking about Ronald Regan, the campaign, votes, polls, elections except at the broader more philosophical, and Presidential, level.



CAMPAIGN



CONGRESSIONAL CAMPAIGN

Q. You have frequently disagreed with the heavily-Democratic Congress, which you have called a "Can't Do Congress" because it has failed to act on many of your proposals. How extensively will you campaign for a conservative Congress next year?

A. ^{*Objective*} I believe the ~~executive~~ functioning of the two party system is essential to the workings of American democracy and frankly the Republican Party was in bad shape.

I think we have done much to strengthen the party and now we can go on to the issues and let the American people decide.

I do feel however that I can better serve as President of all the people if Congress is more in line with my thinking *and what* ~~on the direction~~ the country should head.

I believe is the basis of a majority of Americans



DEBATE REAGAN?

Q. Would you be willing to debate with Governor Reagan or any other candidate in New Hampshire or in the general election?

A. ~~Debates are helpful when the views of the opposing candidates are not well known.~~ (I believe I have made my views known and there will be ample public discussions of them after the first of the year when I submit my State of the Union Address, my budget and a series of special messages on major problems to Congress. *The people of NH and the other states can judge me by the actions and statements I ~~will~~ must make every day as President of the United States.*



DRIFT TO RIGHT

Q: Are you drifting to the right politically to try to draw off support from Ronald Reagan?

A: No. ~~_____~~



JBS/11-26-75

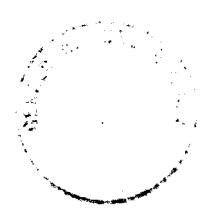
CHARISMA

Q: It has been said that you lack the charisma of some of your opponents -- the polished speaking ability and all that. Do you feel this supposed lack will hurt you in the campaign?

A: That's not the kind of thinking I spend time on. I think the American people are looking for solid qualities of leadership, good character, good judgment, experience, and reliability. When the tough decisions have to be made on which the safety and well-being of America may depend, so-called charisma isn't much help.

What I hope, though, is that the election will be fought on the issues, because that is what I believe most people are concerned with.

JBS/11-26-75



POLLS

Q: Various polls have shown you losing public support.
What do you make of them?

A: There are all kinds of polls and I have never believed
I should base my decisions on their transitory nature.
I will continue to follow the policies I believe are
best for the Nation and let the ballot box tell me
whether the majority of the people believe I am right.

J. Edgar



JBS/11-26-75

REAGAN BUDGET CUTS

- Q. Governor Reagan has said he would cut the Federal budget by \$90 billion rather than the \$28 billion you have indicated you want cut. Do you feel there is more that could be cut from your proposals?
- A. I realize that many people would like to cut Federal spending drastically. But we have to be careful in cutting the budget and in reducing taxes to do it in a manner which achieves what we are endeavoring to do -- to reduce the size of government and restore purchasing power to the American taxpayer.

Too large a cut, too soon, runs the risk of so distorting our economy that we will fail in meeting that objective. I believe that the \$28 billion cut in taxes and growth in spending is the first step of controlling the growth of government.



SURROGATES

Q. Are you planning to use cabinet officers or other government officials as surrogates to speak for you in the election campaign, as former President Nixon did in 1972?

A. Some members of my cabinet have indicated that they would like to help me campaign when they can and when it does not interfere with the effective operation of their Departments.

I certainly welcome their support and when a cabinet officer speaks on my behalf, my campaign committee will pay for his expenses as the Federal Election Commission indicates.



CAMPAIGN TIME

Q: How much time do you plan on spending in New Hampshire?

A: My first obligation as President is to deal with the problems of the Nation. The winter months have always been a busy time for the President. It is then that I will make my State-of-the-Union Address, submit my budget and submit a wide range of legislative proposals to set the future direction of the United States.

I am confident that the people of New Hampshire want me to perform the duties of my office rather than spend time campaigning.

FOLLOW-UP QUESTION:

Q: Why then did you spend most of the Fall campaigning?

A: My appearances at Republican fund-raising events were the result of a conscious decision I made as leader of the Republican party. I believe that our system of government works well only when both parties are strong, and, frankly, last year the Republican party was in bad shape.

That period is now over and I will be forced to spend more time in Washington.



JBS/11-26-75

ISSUES

Q: What do you believe will be the issues in the general election campaign?

A: I believe the most important issue, which I as President face every day and which I believe most concerns the American people, is the basic direction our country is heading. We must ask ourselves as we begin our third century some very basic questions.

For example:

1. The economy. How can we have prosperity without inflation and an economy that allows the freedom we want as Americans?
2. The role of Government. What is the proper role of the Federal Government in solving national problems?
3. Foreign relations. How can the United States best fulfill its role as world leader in keeping world peace?
4. Leadership. Who is the best person to guide the country for the next four years along the path the voters will choose in November.

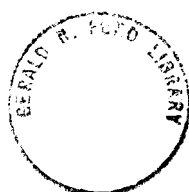
*Inflation
Crime
Energy.*



FAR EAST TRIP



DOMESTIC -
GENERAL



COMMON SITUS

Q: What is your position on the issue of the legalization of common situs picketing at construction projects?

A: (NOTE: This is the answer you gave at the White House Domestic Conference in St. Louis.)

I believe that the legislation originally introduced should be vetoed. I believe that there are amendments that have been added, that will be added, if they are added to force local union responsibility, then the legislation ought to be approved.

I know the arguments that the building trades have gotten wage hikes of too high or too great an amount, and the people say, "Don't change the law."

My answer to that is they have gotten them under the present law. If they are inflationary, they came under the present circumstances. What we are trying to do with the amendments that we have advocated is to get some responsibility at the local level and if they don't achieve local responsibility the international unions have the right to veto it. I think that is a better way to achieve wage stability in the construction field and if those amendments are approved, I will support it; if they are not approved, I will veto it.



11/26/75

DEFENSE BUDGET

- Q. Former Defense Secretary Schlesinger has said that arguments over the defense budget may have been among the reasons for his firing. Do you plan to cut the defense budget?
- A. I have spent approximately eight hours so far going over the Department of Defense budget with my Budget Director, James Lynn, and his staff. When I return from China, I will go over the budget with Defense Secretary Rumsfeld and will announce my final decisions when the whole budget is completed.

As I have said before, I am committed to ensuring that the United States has a defense second to none and I will reject any cuts that would weaken our defense.



Jim Lynn

Revised:
11/26/75
4:30 PM

Questions

1. In your October 29th speech you stated that all the prior solutions involve variations of one basic theme:

"That the Federal Government should or would guarantee the availability of funds to New York City. I can tell you, and tell you now, that I am prepared to veto any bill that has as its purpose a Federal bailout of New York City to prevent a default."

Yet you are now proposing legislation that contemplates over \$2 billion of Federal loans or guarantees to the City that will prevent a default. Why isn't this a "bail out"?

2. Isn't it true, Mr. President, that your October speech could be read only as helping in a default situation? Isn't it clear you have switched signals and that your position has softened in that you will now give aid to prevent default.

Do you think you were being straight forward with the American people in your October speech in view of what you are now proposing?

3. In your October speech you said that if the Federal Government gave assistance as had theretofore been contemplated by the Congress the beneficiaries would be the bank investors and financial institutions who purchased New York securities in effectation of a high rate of tax free return. I know the note-holders of New York are being asked to defer payments, but I also note that the New York bond-holders, who hold some \$500 billion, are not being asked to delay even a nickel's worth of interest or principal. Why should all the other sectors with respect to New York -- the taxpayers, the poor, the unions, the pension funds, etc. -- be asked to share part of the burden, but the bond holders get off scott free -- in fact, possibly make a good profit because the market price of their securities will now rise.



4. If you are so sure that New York is going to pay it all back, why didn't the private sector and banks provide these loans?
5. How can you call this a seasonal loan arrangement when except for a part of only one month of every year the City is going to be into the Federal Government for at least \$1/2 billion and most of the time pushing \$2 billion?
6. In your October speech you talked about helping the trustee in bankruptcy, if it were necessary to provide essential services. Isn't it true that under the arrangements you are now blessing there really isn't any practical way to trace Federal funds -- in other words, it just goes to feed the kitty generally?
7. Mr. President, there are a lot of slips between the cup and the lip.

How can you have any assurance that the unions will pay and that the unions will do what they say they are going to do?

What happens if New York State cannot raise the money they need next Spring?

What happens if the Courts rule the wrong way on the note holders exchange arrangement?

What happens if the Courts rule the pension plans cannot buy New York securities?



THINGS POSSIBLY TO STAY AWAY FROM

1. Don't try to say things to the effect that the plan is equivalent of default and what would have happened upon default.
2. Don't emphasize that the Federal Government will have liens or securities for the loans.
3. Don't try to tie the proposed lending arrangements to "essential services".
4. Don't foreclose the possibility that we may have to make Federal loans -- either at the time for the first loan or at a renewal date -- even though the plan is not being met fully. Jack Marsh's "open door" point.



Q. Mr. President, what effect will these loans have on your \$395 billion spending ceiling proposal for next fiscal year?

A. None.

Q. How can that be? Won't the loan show up as added Federal spending in your budget?

A. No. The Federal Financing Bank will handle these transactions. Their transactions do not affect the budget.



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NOVEMBER 26, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I would like to comment briefly on recent developments in New York. Since early this year, and particularly in the past few weeks, the leaders of New York State and of New York City have been working to overcome the financial difficulties of the City which, as a result of many years of unsound fiscal practices, unbalanced budgets and increased borrowing, threatened to bring about municipal bankruptcy of an unprecedented magnitude.

As you know, I have been steadfastly opposed to any Federal help for New York City which would permit them to avoid responsibility for managing their own affairs. I will not allow the taxpayers of other States and cities to pay the price of New York's past political errors. It is important to all of us that the fiscal integrity of New York City be restored and that the personal security of eight million Americans in New York City be fully assured.

It has always been my hope that the leaders of New York would, when the chips were down, face up to their responsibilities and take the tough decisions that the facts of the situation require. That is still my hope, and I must say that it is much, much closer to reality today than it was last Spring. I have quite frankly been surprised that they have come as far as they have. I doubted that they would act unless ordered to do so by a Federal Court. Only in the last month, after I made it clear that New York would have to solve its fundamental financial problems without the help of the Federal taxpayer, has there been a concerted effort to put the finances of the City and the State on a sound basis. They have today informed me of the specifics of New York's self-help program. This includes:

One, meaningful spending cuts have been approved to reduce the cost of running the City; Two, more than \$200 million in new taxes have been voted; Three, payments to the City's noteholders will be postponed and interest payments will be reduced through passage of legislation by New York State; Four, banks and other large institutions have agreed to wait to collect on their loans and to accept lower interest rates; Five, for the first time in years, municipal employees will be required to bear part of the cost of their pension contributions and other reforms will be made in the pension funds; Six, the City pension system is to provide additional loans of up to \$2.5 billion to the City. All of these steps--adding up to \$4 billion--are part of an effort to provide financing and to bring the City's budget into balance by the fiscal year starting July 1, 1977.

- MORE -

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This is a realistic program. I want to commend all those involved in New York City and New York State for their constructive efforts to date. I have been closely watching their progress in meeting their problem. However, in the next few months, New York City will still lack enough funds to cover its day-to-day operating expenses.

This problem is caused by the City having to pay its bills on a daily basis throughout the year, while the bulk of its revenues are received during the spring. Most cities are able to borrow short-term funds to cover these needs, traditionally repaying them within their fiscal year.

Because the private credit markets may remain closed to them, representatives of New York have informed my Administration that they have acted in good faith but that they still need to borrow money on a short-term basis for a period of time each of the next two years in order to provide essential services to the eight million Americans who live in the Nation's largest city.

Therefore, I have decided to ask the Congress when it returns from recess for authority to provide a temporary line of credit to the State of New York to enable it to supply seasonal financing of essential services for the people of New York City. There will be stringent conditions. Funds would be loaned to the State on a seasonal basis, normally from July through March to be repaid with interest in April, May and June when the bulk of its revenues come in. All Federal loans would be repaid in full at the end of each year. There will be no cost to the rest of the taxpayers of the United States.

This is only the beginning of New York's recovery process and not the end. New York officials must continue to accept primary responsibility. There must be no misunderstanding of my position. If local parties fail to carry out their plan, I am prepared to stop even this seasonal Federal assistance. I again ask the Congress promptly to amend the Federal bankruptcy laws so that, if the New York plan fails, there will be an orderly procedure available.

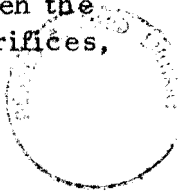
A fundamental issue is involved here: sound fiscal management is an imperative of self-government. I trust we have all learned the hard lesson that no individual, no family, no business, no city, no State and no Nation can go on indefinitely spending more money than it takes in.

As we count our Thanksgiving blessings, we recall that Americans have always believed in helping those who help themselves. New York has finally taken the tough decisions it had to take to help itself. In making the required sacrifices, the people of New York have earned the encouragement of the rest of the country.

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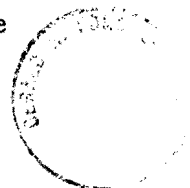
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INTELLIGENCE - NAVY SPYING

Q. In today's evening Star, there is a report about the Navy having spied on civilians who were planning demonstrations against the war and the Republican Convention in 1972. What is your position on such activities?

A. I read that article in the Star, but I have not received a report on the substance of the article from my advisors.

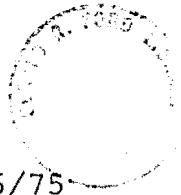
To the extent that it raises the basic issue of the role of foreign intelligence agencies, whether it be the CIA, or an arm of the Defense Department, then -- as you know-- my position has been made clear. Foreign intelligence agencies will not be used to spy against American citizens. The purpose of these agencies is to develop legitimate foreign intelligence on enemies and potential enemies of the United States.

I will not tolerate misuse of these agencies. I happen to believe very strongly that the right of Americans to be free from unwarranted government intrusion into their private life goes to the heart of what it means to live free in a constitutional democracy. In my mind, one of the most important reasons for being an American and living in this country is the right to be left alone. I consider one of my most important responsibilities as President is to protect the right of each individual American to their privacy. Government has no business intruding in this, except for the most compelling and constitutional reasons.

The fact is, this Nation can have an effective and strong foreign intelligence capability without sacrificing the rights that each of us has as individuals.

M.D.

11/26/75



CHINA TRIP

Q. Why can't Chinese leaders come here, inasmuch as there has been so much official American travel to China?

A. ~~The Chinese take the position that while there are diplomatic representatives of the Government of the Republic of China in Washington, they would not be prepared to send their top leaders here. At the same time, as you know, they have a Liaison Office in Washington, which is headed by one of their senior diplomats.~~
Where the meeting is held is of no importance. what is
~~But it is more~~ significant that China and the United States, estranged

for two decades, are now seeking to resolve their differences by political means, and to cooperate on issues where they see it in their common interest to do so.

Q. But what do you expect to come out of your visit, and what would you like to see develop as a result of this visit?

A. The significance of the trip is to review the full range of bilateral and international issues of common concern. I visited China as House Minority Leader in 1972, but this will be my first opportunity as President to meet with the top leadership and to review developments in a world that has changed significantly in the last three years. I will be quite satisfied if we have a full and frank exchange of views. Let me remind you that there were no pre-conditions for my visit as to the issues we would discuss or to the outcome. Both sides find it very useful to have their periodic exchanges.



Q. Who will you be talking with? Will you meet with Chairman Mao?

A. I anticipate that my primary interlocutor will be Vice Premier Teng Hsiao-p'ing. This is the arrangement the Chinese have pursued with other recent visitors in the absence from active participation of Premier Chou En-Lai.

Q. But will you see Mao?

A. This is, of course, a Chinese decision, not an American one. The Chinese have made it clear that our party will be received with all courtesy and appropriate protocol. I assume that it is in their interest, as it is in ours, to exchange views at the highest levels. I would certainly look forward to a session with the Chairman.

Q. But will your visit be a failure if you do not meet with him?

A. It would be quite inappropriate for me to speculate about my arrangements on the Chinese side.

Q. What will you talk about with the Chinese leadership?

A. First of all, I expect to discuss the full range of international issues of common interest, and then I hope to review the status of our bilateral relations.



Q. Will you discuss detente? They have been quite critical of your detente policies in recent months.

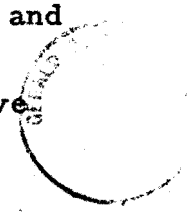
A. I think it is important they understand our approach to international relations in the nuclear area. I am well aware that we have our differences of view, but we proceed from the principles of the Shanghai Communique. This is precisely why I think it is important to hold talks at this time.

Q. Will you discuss the Korean situation?

A. Neither we nor the Chinese approach these talks in the spirit of two major states seeking to settle issues affecting third countries. However, I expect to review with the Chinese the full range of international issues to see where we can agree and clarify our differences.

Q. But do you expect a positive visit given the fact that there has been no real progress in our relationship since the Shanghai Communique?

A. I don't agree with your judgment that there has been no progress in our relations since the Shanghai Communique was issued. Our trade with China has gone from about \$5 million in 1972 to nearly a billion dollars last year. We have developed an active cultural and scientific exchange program over the last three years. We have



established Liaison Offices in our respective capitals, and have maintained a periodic authoritative dialogue through Secretary Kissinger's various meetings with Chinese officials in New York and Peking.

At the same time, it is clear that there are still unresolved issues between us. It is important, therefore, that we and the Chinese avoid miscalculations or misunderstandings as much as possible, and cooperate where we can.



SITUATION IN LEBANON

Q. What is our policy toward the situation in Lebanon and has or will the U.S. offer assistance to the Lebanese Government or factions of it? Do you fear possible Syrian military intervention and the risk of counter-involvement by the Istaelis?

A. The recent events in Lebanon elicit our deepest sympathy for its people and their Government. We support Lebanon's territorial integrity and independence and we hope that a cease fire can be sustained.

We do not assist any faction in Lebanon, but we are naturally following events there closely and consulting with the Lebanese and other governments. We would obviously be opposed to military intervention by any other state in Lebanon, but I do not want to speculate on a hypothetical situation.

We have advised non-essential Americans, including official U.S. personnel and their families, because of the current turmoil. Our Embassy is watching the situation closely, and we are also providing medical supplies. We estimate our humanitarian assistance is running over half a million dollars (\$675, 000) as of this time.

We hope the situation in Lebanon improves so that all Americans will be able to return.



ASSURANCES TO THE ISRAELIS ON SYRIAN NEGOTIATION

Q. There were reports that you sent a letter to Prime Minister Rabin promising that the U.S. would not pressure Israel for more than a cosmetic pullback in the Golan Heights if a negotiation deadlocked. Is this true?

A. That story is speculation.

Our policy is to maintain the momentum of the negotiations.

Responsible members of Congress were fully briefed on any commitments made by this Government.



SALT

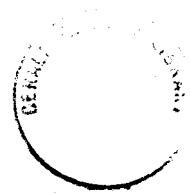
Q. Will you or Secretary Kissinger meet with Soviet leaders soon to negotiate a SALT Agreement?

A. There is no plan for a Presidential meeting now, but Secretary Kissinger will, of course, continue his discussions with Soviet officials if there is a prospect of movement in the negotiation. We have no specific plan to announce yet.

Q. Do you expect a SALT Agreement in the near future? Or will it have to wait until 1977?

A. A great deal depends on what the Soviet Union is prepared to do. I am not under any specific deadline, but I am certainly prepared to conclude an agreement if a good agreement can be negotiated.

If we reach a good agreement, I am certainly prepared to submit it to our Constitutional process and defend it.



ANGOLA/USSR

Q. What are we going to do about Soviet intervention in Angola? are we intervening?

A. We have expressed our strong feelings about Soviet and Cuban involvement in Angola. We support the OAU effort to arrange a peaceful solution for Angola and an end to Soviet and Cuban intervention. It is the African countries most of all who resent this outside intervention. The Soviet Union should know that if its action continues, it will inevitably do harm to our relationship.

Q. How is this Soviet action consistent with detente?

A. Detente was never a substitute for our own action to defend our own interests. Indeed, a reliable lessening of tension depends on our continuing to act in our own interest.



November 26, 1975

Consumer Representation Q&A

Q: Mr. President, what is the purpose of the consumer representation plan which you announced today?

A: The purpose of the consumer representation plans is to have each Department and Agency provide procedures which allow consumers to participate and to be represented in the governmental decision-making process.

Q: That's fine rhetoric, but how do you intend to implement those goals in practice?

A: Each of the Departments and Agencies have been asked to develop a consumer representation plan that allows consumers to express their views on proposed programs and policies before a decision is made. In addition, the plans have been published in the Federal Register as of today and they will be disseminated widely across the United States allowing anyone who may be interested to have an opportunity to comment for a full period of 90 days. In addition, I have instructed my Office of Public Liaison to have various regional meetings across the U.S. to allow the agencies and departments to explain how these plans will work and to take comments, suggestions and recommendations from the American consuming public.

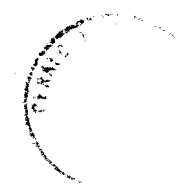


Q: But, Mr. President, isn't this really just a ploy that you've dreamed up so you can veto the Consumer Protection Agency?

A: Not at all. Our time schedule was not geared to the legislation that has been developing on the Hill. Let me say that last April I met with the Cabinet Secretaries and instructed them at that time to develop plans to make this happen so that consumers could participate and be represented in the agencies' decision-making processes.

Q: But, Mr. President, no where did we see any discussion of what this will cost. How much will all these programs cost the taxpayers?

A: Well, three of the reasons why I suggested that I would veto any legislation dealing with the Consumer Protection Agency were (1) I didn't want an additional layer of bureaucracy, (2) I didn't want another costly endeavor for the taxpayers (in that instance, it would be something like \$60 million over three years), and (3) I thought the government agencies could be more responsive by correcting any deficiencies that may exist within the present processes. I chose to have each Department develop plans to be implemented within existing resources.



Q: How will this deal with the problems in the independent regulatory agencies?

A: As you well know, as President I am only permitted to direct the action on the part of the Executive Branch Departments and Agencies. However, last July I invited the members of the independent regulatory commissions and agencies to the White House. At that time I asked them if they would all study their existing processes in depth to assure that consumer representation was adequately provided for. I hope that the plans published in the Federal Register today will serve as catalysts to encourage the independent regulatory agencies and commissions to develop even more responsive programs of their own.



MORTON AND ARAB BOYCOTT

Q: In a letter to Congressman Moss on Monday, Commerce Secretary Morton agreed to provide to Moss' Subcommittee on Oversight and Investigations, the documents they requested, provided he was given adequate written assurances on behalf of the Subcommittee that access to these documents and the information contained therein would not be disclosed to anyone other than the members of the Subcommittee and its staff.

Do you support Secretary Morton's position?

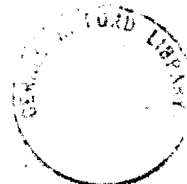
A: Yes.

FOLLOW-UP QUESTION:

Q: It appears that Congressman Moss will reject Secretary Morton's offer of receiving the material in confidence. What is the next step?

A: I don't think I should prejudge or anticipate what Congressman Moss and his Subcommittee will do, but it's my understanding that in the letter sent to Congressman Moss by Secretary Morton, he stated that this dispute or disagreement should not be resolved in a political forum, and reiterated that since this disagreement is strictly a legal issue, it should be decided by the courts.

JBC/JBS/11-26-75



FOREIGN AFFAIRS-
GENERAL



NEW YORK



HAVE YOU CHANGED YOUR POSITION ON NEW YORK

Q: Haven't you been less than candid in stating your position as no help without default when you intended all along to give aid under the Carey plan?

A: The Carey plan, when it was originally proposed, was considered very ambitious and, as many observers said at the time, the probability of its success was small. New York officials, however, persisted and the final legislative measures were enacted yesterday. I had stated my position previously and would have considered it inappropriate to comment on a hypothetical plan until it was finalized. I believe my position helped them to accomplish the actions that they have taken.

No. When I stated my opposition to a bail out at the National Press Club, it was my conviction that they would not be able to take the tough steps necessary without being ordered to do so by a Federal court. I must admit, that they have done better than I had anticipated. And I remain opposed to any measure which would permit them to continue their profligate ways of the past.

1



HAS NEW YORK DEFAULTED?

Q: Do you consider that New York City has defaulted under the plan they have presented?

A: I suppose it could be argued that the City is in technical default.

Some weeks ago, working through the courts appeared to be the only mechanism by which the necessary actions would be taken to resolve the fiscal problems of the City of New York.

I must say I was pleasantly surprised when New York officials came up with a plan which, in fact, does all of the things legislatively which I had believed could have been done only through the court system.

The important consideration is that they now appear willing to accept their responsibility for managing their own affairs.



Does Your Legislation Constitute a Federal Bailout

Q. What do you mean by a bailout and does your legislation constitute a Federal bailout of New York City?

A. What I mean by a bailout is Federal financing which would allow the unsound fiscal practices that the City has engaged in over the past several years to continue. Further, a bailout means that those who should sacrifice because of past financial activities would not be required to do so. In short, the legislation that I am proposing is not a bailout because the American taxpayer will not finance the past and future deficits of New York City.



November 26, 1975

NEW YORK TAXES

Q: Did you insist on New York passing taxes as the price of Federal aid?

A: No, the new City taxes were recommended by the officials of New York. I did insist that they had to restore the financial integrity of the City. And that meant they have to bring revenues and expenditures into line.



COST TO AMERICAN TAXPAYER

Q: What is the cost to the Federal Government and taxpayers throughout the country of this proposed aid?

A: There will be no direct cost to the American taxpayer so long as the loans are repaid on time. And, as I indicated in my statement, if New York officials are not successful in keeping their commitments, the aid will be terminated immediately.



BONDHOLDERS

- Q. What sacrifices do the long-term bondholders of New York make under this arrangement?
- A. None, because New York officials have found a way to put the City's financial house in order without a change in the bondholders' position.



November 26, 1975

SEASONAL LOANS

- Q. How can you call these seasonal loans when they are outstanding for 11 months of the year?
- A. The important point is that these loans will be fully paid off at the end of each fiscal year, which means that they are truly short term in nature. The requirement to pay off these loans at least once a year imposes the necessary fiscal discipline on the City that is essential to their program. Such seasonal borrowing is comparable to loans regularly given to solvent borrowers in the private market.



November 26, 1975

CONSTITUTIONALITY OF DEBT MORATORIUM

Q. Do you believe that the moratorium statute is constitutional?

A. I don't consider it appropriate for me to comment on the constitutionality of statutes passed by New York. There are obviously learned attorneys who believe the statute is constitutional.



November 26, 1975

ASSURANCE OF REPAYMENT

- Q. What assurance do you have that New York will carry out its plans?
- A. The loans will be made on a monthly basis with the approval of the Secretary of the Treasury. In the event that New York does not follow their plan, the Secretary will have authority to terminate any further loans.



November 26, 1975

NEED FOR FEDERAL ASSISTANCE

- Q. If you are so sure that New York is going to pay it all back, why didn't the private sector and banks provide these loans?
- A. Based on New York's past actions they now must restore their credibility with private lenders. If they follow their plan they should again have access to the private market.




November 26, 1975

DIFFERENCE WITH CONGRESSIONAL LEGISLATION

Q. Isn't your plan accomplishable under the legislation already on the Hill, and will you now support those bills?

A. The important distinction is that the legislation I have recommended allows only for seasonal loans which must be repaid every year. It also means that at least once a year New York City will owe no money to the Federal Government. It requires that no loan be made unless the Federal Government is satisfied that there is a reasonable expectation that the City will repay its borrowing on schedule.



November 26, 1975

NEW YORK STATE'S FINANCES

- Q. What about New York State's problem -- aren't you going to have to give them financial assistance?
- A. Governor Carey has advised me that he plans to reconvene the State Legislature next week and has assured me that the Legislature will take action to deal with the State's operating deficit and with the problems facing certain of the State's agencies. I expect that New York State will be able to handle its financial situation.

November 26, 1975





FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

OFFICE OF THE ADMINISTRATOR

November 26, 1975

MEMORANDUM FOR RON NESSEN

FROM: FRANK G. ZARB *28*
SUBJECT: Q&A FOR PRESIDENTIAL PRESS CONFERENCE

Q. Mr. President, is it your intention to sign the energy bill?

A. As you know, the Conference Committee staff has just now completed its first draft of the Conference Report. I cannot make a decision on any bill until I see the bill in its final form.

Obviously, I will need to be assured that the bill represents a step forward toward achieving self-sufficiency before I could find it acceptable.

Q. If Mr. Zarb, your energy advisor, recommends signature, does that mean you will sign?

A. Obviously, I place a lot of weight on Mr. Zarb's recommendations, but he too is awaiting a final Conference Report before he completes his analysis and makes his recommendations. We are just going to have to wait and see.



Q. What are the problems with the bill? Is pricing the only problem area?

A. As you know, the Conference Bill contains many of the provisions that I asked for in my State of the Union Message, including strategic storage, authorities needed to participate in the International Energy Program (IEP), coal conversion, standby emergency authorities, and mandatory appliance labelling. These provisions came out well and they are programs that we need. The pricing provision is the most difficult issue with this bill and the issue that requires careful consideration on my part.

cc: Jim Schuman

ENERGY AND AMERICA

Historically, America has been blessed with an abundance of energy. Over the years, in fact, America's cheap and readily available energy supplies offset the cheap labor advantages of other nations competing on the world market. Our emergence since the turn of the century as the world's richest and most powerful nation reflected that fact.

Following World War II, discovery and development of Middle East oil reserves brought plentiful and inexpensive energy to the world. Cheaper overseas production costs led to increasing reliance on those sources. And by 1948, we had become a net importer of petroleum.

At home, the finite reserves of oil and natural gas, which account for three-quarters of U.S. energy consumption, began to play out. By 1967, domestic oil reserves started to decline; by 1970, actual production began to fall off. Natural gas reserves and production paralleled this trend with reserves declining in 1968, and production falling off in 1974.

Production of coal, which had been gradually replaced by cheap, available oil and gas in U.S. energy systems, peaked in 1947. While it continues to fill almost 20 percent of the remaining quarter of U.S. energy consumption, coal production has remained relatively flat for the past thirty years.

As this deficit in domestic energy production developed, its impact was mitigated by readily available, cheap foreign oil controlled and supplied by U.S. companies. As a result, our reliance and then dependence on imports crept upon us with minimal visible effect, despite the fact that, over the quarter of a century prior to 1973, our supply of oil from the Middle East was cut off or curtailed three times: during the 1949 war, the 1956 Suez crisis and the 1967 Six Day War. In each instance, U.S. excess production capacity was sufficient to avert a major crisis.

Then came the embargo of 1973-74. This time, domestic production capacity could not fill the gap. With only 14 percent of imports affected, the resulting energy shortages had devastating results. The loss of \$20 billion in the Gross National Product, 500,000 Americans added to the unemployment lines, and the final push into a recession spelled out the national economic risks dependence entailed.

We found that a new set of relationships had been established in international oil trade. Over the years, the nations that held the oil reserves had gradually been asserting more control over their resources, control which had been exercised by the international oil companies.

In 1960, those nations banded together to form a united oil cartel. And it became clear with the 1973 embargo that they were ready, willing and able to use their control over oil as a lever to seek political and economic concessions from the rest of the world.



Still, despite the obvious threats to our national well-being, despite decreased energy consumption due to the recession and conservation efforts, U.S. dependence on foreign oil continues to rise.

From 1973 to 1975, imports jumped from 32 to 38 percent of U.S. oil consumption; and cartel-controlled oil increased from 49 to 60 percent of that total. In this same period of time, our bill for foreign oil has more than tripled to an annual rate of \$27 billion. The cartel has been able to reduce their production and ride out the effects of worldwide recession and decreased demand and still raise international oil prices more than 400 percent in less than two years.

In those same two years there has been little progress in increasing domestic energy production. Since the embargo, U.S. oil production has declined eight percent to a nine-year low; natural gas production has dropped another 11 percent; coal production and new electrical generating capacity have increased only minimally; and the cancellation or deferral of new nuclear powerplant construction has postponed substantial new energy production in this area for five to ten years.

As a nation we must ask ourselves: Do we want to continue importing a lion's share of our energy needs, increase our dependence on foreign suppliers, trust providence and risk the vulnerability and economic drain dependence entails? Or do we want to reassert our national self-reliance, develop our vast domestic resources, forge a new energy ethic in this country, and put our money to work rebuilding our own energy house?

In the context of American history and the American spirit of freedom, the answer is a tangible imperative. We have the will, the resources, and the genius to limit our energy consumption and increase domestic supplies -- in short, to take the steps that can bring our imports down to manageable levels.

The opportunities to reduce energy consumption in this nation are enormous. Increased fuel efficiency in the products and transportation we use; energy-saving improvements in building standards, industrial processes, and equipment; and individual actions dictated by energy awareness can save an equivalent of up to 10 million barrels of oil a day by 1985.

On the supply development side: oil and natural gas reserves in Alaska, beneath our coastal waters, and within the continental U.S. can be tapped and new technologies can be developed to recover the remaining two-thirds of the oil in existing fields. Vast coal resources can be used conventionally along with existing nuclear power technology to increase electrical generating capacity, while advanced nuclear power from fusion and coal conversion processes to produce synthetic oil and gas are brought on line. Ultimately, techniques to harness the energy of the sun, wind, seas, and heat from the earth hold the promise of unlimited future replacements for our finite fossil fuels.



These efforts will require immense amounts of capital -- from \$450 to \$600 billion over the next decade -- primarily from the private sector. This investment will only take place if we have unrestricted energy industries and the economic stability necessary to attract it. That kind of free energy marketplace will not be achieved until those industries are unshackled from artificial control and pervasive regulation.

Oil prices must be decontrolled to accomodate increased production expenses of new reserves. New natural gas prices must be decontrolled to encourage new production and eliminate inefficient use. Environmental restrictions on the development and use of coal must be amended to allow greater utilization of our most abundant resource. State and Federal regulatory procedures must be streamlined to assure the financial viability of public utilities and to eliminate siting delays. Roadblocks to developing nuclear energy must be removed by extending the Price-Anderson act, and passing the Nuclear Fuel Assurance and Nuclear Licensing and Siting measures.

In addition, we need strategic storage supplies and national contingency authority in the event of another embargo, as well as programs to encourage conservation. Energy efficiency standards must be set for construction of new buildings and incentives and assistance provided to improve energy efficiency in existing homes and structures. Energy efficiency labeling on major appliances and motor vehicles will help increase consumer energy awareness.

There is no easy road to independence. The only real alternative to these actions is no action. Other proposals that have been made -- rationing, allocation, continued overregulation of energy industries -- offer nothing more than crisis management that might ease the immediate burdens of shortages or high prices, but in the long-run, can only exacerbate our problems, not solve them. These "alternatives" might treat the symptoms of our plight or temporarily deaden the pain to consumers, but as far as conserving energy or increasing supplies -- dealing with the problem -- the nation could as well accept dependence as a new way of life and trust to providence that all will be well.

Ultimately, there are only two choices: continued unacceptable reliance on other nations to supply the lifeblood that fuels our economy or the initiation of those actions necessary to achieve self-sufficiency. We will either continue to pay out increasing billions of dollars to the oil producing nations or we will put those dollars to work here at home to attain our own ends -- to establish a comprehensive energy program that will reduce imports, develop supplies, increase conservation, and provide the contingency plans to get us through a crisis in the event of another embargo.

We will, in the final analysis, test the resolve and the resourcefulness of this nation as it has rarely been tested before. And the course we choose will determine whether the light of independence that has shown in America for the past two hundred years will continue to be lit from within.

INTELLIGENCE



INTELLIGENCE - KISSINGER/HELMS

Q: A careful reading of the Church Committee report on assassinations raises a possible conflict between the position of Secretary Kissinger, on the one hand, and Ambassador Helms and CIA officials, on the other hand, concerning the U.S. role in attempting to overthrow President Allende of Chile. Some have suggested that perjury could be involved. What are you doing to resolve this?

A: I have often stated my firm opposition to the assassination allegations.

I flatly reject the idea of U.S. officials considering assassination plots. I am not going to sit in judgment of the actions taken by former Presidents and their advisors which cover over two decades. Assassinations will not be U.S. policy as long as I am President.

Finally, although I have not read the full report, I am aware that it specifically notes that: "The Committee is not a court. Its primary role is not to determine individual guilt or innocence....."

I continue to have confidence in the officials of my Administration.

MD/11-26-75



INTELLIGENCE-NIXON TESTIMONY

Q: There are press reports that former President Nixon may testify before the Church Committee on Intelligence. Do you believe there should be any restrictions on former Presidents' public testimony, and are you worried as to what he might say?

A: This is basically an issue which the Church Committee and the former President must work out.

I do not foresee any problems arising involving my Administration because the Church Committee requests that President Nixon appear as a witness.

(NOTE: You have claimed Executive privilege over several Nixon Administration documents. They involve matters which may not be covered by the Nixon testimony.)



MD/11-26-75

INTELLIGENCE - SCOWCROFT

Q: You recently said that Secretary Kissinger has not acted as your National Security Advisor since your November 3rd announcement. However, we understand that General Scowcroft did not assume that office until a secret ceremony which was held on November 20th. Why was there no National Security advisor for over two weeks, and isn't this just the result of Kissinger's efforts to avoid the Pike Committee's subpoena?

A: Secretary Kissinger has not acted as National Security Advisor since my November 3rd announcement. Brent Scowcroft, as the Deputy, handled NSC functions since that time and officially assumed the top post when the paperwork was completed on November 20th.



MD/11-26-75

INTELLIGENCE - ASSASSINATIONS

Q. Now that we have seen the assassination report which you tried to prevent from being published, can you explain why you keep officials in your Administration who were involved in assassination plots, in light of your strong statements against such activity?

A. I am not going to sit in judgment of actions taken in previous Administrations.

In my Administration, such activities will not be tolerated.



M.D.

11/26/75

INTELLIGENCE - LEGISLATION

- Q. Ron Nessen keeps saying that you are about to make known your decisions concerning the future of the intelligence community. What do you plan to do, and when are you going to make known your position concerning new legislation?
- A. I have directed that a comprehensive review be undertaken concerning our foreign intelligence establishment and policies. This has been underway for some time. [Over a month.]

M.D.
11/26/75

INTELLIGENCE - SENATE HEARINGS ON CHILE

- Q. Senator Church has charged that you have tried to block open hearings on covert action in Chile. Why are you trying to keep this information from the American people?
- A. I have instructed all Executive Branch officials and intelligence agencies to fully cooperate with the responsible efforts of the Church Committee in their intelligence investigation. This has resulted in Executive session testimony before the Church Committee by Secretary Kissinger, CIA Director Colby and other officials, concerning covert operations in Chile and other locations.

The fact is, the Committee has received an unprecedented amount of information from the Executive Branch, but this has been provided in a manner to protect classified information concerning foreign intelligence matters.

I will continue to maintain this position of providing the material to appropriate committees of Congress, but in a way that does not compromise national security.



M. D.
11/26/75

ESSAYS



ECONOMICS (An Overview)

We must pursue policies which:

1. Create incentives and opportunities for every citizen to achieve his highest potential.
2. Restore fiscal responsibility to government. This is essential if we are to stop inflation.
3. Create jobs and improve productivity.
4. Achieve energy independence, because it is essential to our economic growth and national security.
5. Assure domestic tranquillity.
6. Guarantee national security.
7. Reduce the size and cost of the Federal government. Simplify and consolidate Federal programs. Cut red-tape.
8. Assist our less fortunate citizens.
9. Above all, recognize that an economic system must have the necessary incentives and freedom. Many economies have deteriorated in history when government tried to do everything for everyone. In recent years our policies threatened to do just that.


Starting in the 1930's a whole new approach to government and politics emerged, with the acceptance of a view that the Federal Government should have a program to "solve" every problem. Hundreds and thousands of Federal spending programs were launched to help individuals and specific special interest groups. The essential ingredient of these programs was that the benefits to particular constituents were visible and immediate, whereas the costs were largely hidden and spread over the entire taxpaying population. The growth of this new system and its inflationary effect, were inhibited for three decades by the prevailing view that the federal budget should generally be balanced, except in times of war.

But in the 1960's, it was argued by some that government deficits were not dangerous, so long as they disappeared with full employment. And finally, now, annual large deficits are accepted by many as a permanent, painless way to dispense of "goodies" without paying for them.

The result is the budgetary and inflationary consequences, of which we are now all too well aware. I have difficulty remembering any significant Congressional expenditure action in recent years which did not amount to a short-term benefit for some constituent group, whose long-term costs were diffused and hidden. I cannot recall any new legislation which carried with it long-term benefits with very visible short-term costs. The problem the Congress is currently having passing a meaningful energy program is a clear example of their difficulty in breaking away from their short-term benefit, long-term cost mentality. Congress still practices the old politics and the old economics.

Moreover, in recent years the one on-going program that is clearly of long-term benefit, with short-term costs, has come under increasing attack: that is, national defense.

If we are to be honest with the American people we must end this game of making it appear that government can create benefits to some without imposing costs on others. My proposals to the Congress and to the American people have followed my strong belief that benefits and costs should be clearly labelled. My tax cut proposal, for instance, is based on the idea that when benefits are restrained, costs come down and the people keep more of their own money.



Somehow we must counter the idea that the "Federal Government" is able to live outside the rules that apply to families and other institutions; that is, the Federal Government cannot spend money without "collecting" it from someone through higher taxes and/or higher prices.

SOCIAL ISSUES
(An Overview)

Two centuries ago, the Founding Fathers envisioned a nation of free people, at peace with themselves and the world -- each with equal opportunity to pursue happiness his own way. Much of that dream has come true; much is still to be fulfilled.

I am committed to go forward to solve those domestic problems that stand in the way of realizing that dream.

The striving of all of us will move our nation continually onward to a new era of progress toward more freedom, more self-reliance, greater protection of individual rights, more security from want and far for those truly in need, greater fulfillment and happiness for all.

A fundamental principle on which I stand, as I review domestic needs, is: The Federal Government should help, within the limits of national resources, those who are truly in need. But the American taxpayer's should not be forced to give their hard-earned dollars to those who can help themselves.

It was in that spirit of providing dignified and humane help to those in need, but none to those who are not, that I recommend the enactment of the National Food Stamp Reform Act, which was designed to reduce the cost of this program, and increase food stamp benefits to those with little or no incomes.

In the weeks and months ahead, we will continue looking at what future direction the nation's welfare program should take. We know that the nation's welfare system is a mess and needs to be reformed. I will be guided by the principle that those who are truly in need will receive assistance but those who are not, will not.

The twin evils of crime and drug abuse are still to be conquered. That is why I proposed a comprehensive crime program to the Congress earlier this year and directed my Domestic Council to report to me on where we are in our fight against the illegal use of drugs. I shall continue to urge the Congress to enact my crime legislation.

One thing I am determined to do is to make every effort to stop the mish-mash of social experimentation, which began with the wild rhetoric of the '60's. It began with large promises and has grown even larger in its cost to the taxpayers. And, quite simply, the promises have not been kept, the costs have not solved the problem. It has not worked.

My own ideas for dealing realistically and effectively with our social problems will be fully reflected in my legislative programs.

THE PRESIDENCY AND DECISION-MAKING
(An Overview)

Three things have struck me about the job I have.

First, the scope of the decisions that come before me. Unlike the Congress which has committees, or the Departments which have specific responsibilities, or the interest groups which are concerned with specific problems, I do not have the luxury of being able to concentrate only on one kind of problem or one side of a problem. I have to be able to make decisions across the board, from defense to the environment, to the price of energy, to the question of taxes. I must try to keep each of these areas in balance with the others, while being fair and equitable.

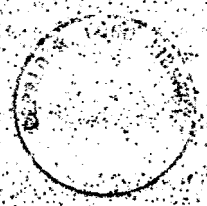
Second, the volume of the material that comes to the President for decision. It is enormous and it does not stop.

Third, the closeness of the decisions. Most of the easy questions are answered well before they get to my desk. What comes to me is the closest of calls where I have to balance competing merits and competing costs, and to choose between very diverse considerations. For example, I have to choose between our national security and the impact on our economy, between the important need for preservation and protecting the environment and the equally important need of people for jobs and of society for productivity. I have to balance short-term costs and benefits against long-term costs and benefits.

I have concluded that there are really two things the President can do to deal with this situation. He needs the right kind of people and the right kind of system, which will ensure that all views are fully and effectively expressed.

As far as people are concerned, I need men and women who have intellect, integrity, experience and judgment, who are willing to work hard and who have a strong and abiding concern for the national interest. I have that kind of people on my staff. The President also needs a team that works well together. I want my advisors to give me their opinions directly and forcefully. And I want people who are strong enough to know that decisions will go against them some of the time. These people will not take the decisions personally, will stay on the team, and will present their views just as strongly

next time.



POLITICS
(An Overview)

I inherited the Presidency at a time when the political system of the United States was going through one of its most severe tests in its 200 year history. Watergate and Vietnam put these strains on our system:

1. The American people experienced a loss of confidence in their political system, all other institutions, and the very future of the country.
2. The Republican Party was brought to its knees. Some observers did not think it would survive.
3. Many areas of government activity had been virtually neglected for almost two years. One result was to increase the stridency and demands of many of the interest groups in the country.
4. The elections of 1974 resulted in a massive turn-over in the Congress, which unsettled that body. This unsettled situation undercut Congressional leadership and caused the Congress to become an unpredictable, lurching mechanism.

In sum, the political environment required immediate first aid and steady attention if we were to come through the political crisis.

Given this situation, my first responsibility as President was to correct the problems in our political system. Several principles have guided my actions:

1. Conduct an open Presidency, which emphasizes numerous direct contacts with the American people and straight talk about the seriousness of the problems we face and about the realistic options we have to solve them.
2. Revive the Republican Party. I believe that a healthy two-party system is one of the most effective safeguards of our political system and of the basic freedoms of the people.
3. Reduce the level of expectations of the government's ability to solve every problem in our society. These expectations have outrun our ability to pay for them and to perform them efficiently from the federal level.
4. Put the government and its actions back into balance with the rest of society, and begin to address the important problems left untended in the previous two years.
5. Prevent the leaderless and unsettled Congress from imposing additional unworkable programs and demands on the American people. I have had to take decisive action to stop hasty and unthoughtful action by Congress, against

the noisy protests of special interests. That kind of decisiveness is right for the time.

The country, when I took office, did not need politics as usual. The times required and still require a very different approach. The best politics is those policies which properly fit the times. I believe I have followed such policies. As I stand for election, I am willing and anxious to be judged on my record.

I believe Americans who think as I do make up a large majority of this country's voters.

I have not allowed myself to be drawn into the political excitements of the moment, the daily utterances from would-be opponents or critics. I have every confidence that if I address the major political ills in the system, the small speculations that take up so much of Washington's day-to-day life are not important. They will not be important to the voters.

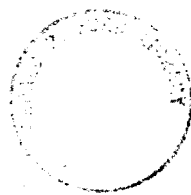
I will be judged by my accomplishments.

INTELLIGENCE
(An Overview)

The problems which triggered the current investigations into this Nation's intelligence community reflect a larger concern facing the country. This has to do with adopting our legal and ethical standards to the modern world and the rapidly evolving technology.

For example, the statutory basis for the intelligence community we have today is the National Security Act of 1947. There was a consensus when this was enacted twenty-eight years ago that the Nation had to take steps to avoid "another Pearl Harbor." This served us well in the Cold War. The problem is: does this structure fit today's world and the dynamic relationships which exist?

On the one hand, we must protect the rights of individual American citizens to their cherished privacy. On the other hand, we must guard against infiltration and espionage by foreign agents. We must cooperate with the Congress as it responsibly investigates the intelligence agencies to develop legislation, if that is necessary. But, at the same time, we must ensure that this information does not fall in the hands of actual and potential enemies of the United States.



I am required, as President, to enforce all the laws of the United States and to carry out the duties of my office.

I have to exercise my power as Commander-in-Chief to protect this country and, at the same time, as the chief law-enforcement officer, I must enforce laws designed to protect the rights of individual American citizens. Therefore, as I approach a problem such as the intelligence community, I cannot do so relying only on a part of the Constitution, or one statute, or a narrow point of view. The fact is, I must balance conflicting rights and principles and objectives.

That is why I have walked a careful line and maintained a balance between providing full information from the intelligence community to the appropriate officials in Congress and the Justice Department, while at the same time insisting, within the limits of my power, that this information be kept secret and out of the hands of those who would harm this country.

I intend to fulfill both of my obligations:

- (1) To have a strong foreign intelligence capability which is able to respond to our national security and foreign policy needs; and
- (2) To ensure that the actions of U.S. officials are lawful and in accordance with my moral standards.



In terms of where we're going in the future, I have ordered an intense study within the Executive Branch to determine if the structure of our intelligence community should be changed, and if new legislation is required. While this study is underway, I am considering Executive action, such as strengthening the President's Foreign Intelligence Advisory Board by giving it an oversight role.

I do not intend to address piecemeal the legislative alternatives available but, rather, I will deal with this subject comprehensively after my review has gone forward in a serious and disciplined manner, and after I have made my final decisions.

WORLD VIEW
(An Overview)

Where We Are

We live in a world that is at peace, but that at the same time faces an array of new and complex problems. There are continuing political conflicts (Middle East, Cyprus), new dangers such as nuclear proliferation and the spiral of nuclear arsenals, and new dimensions of international relations, such as economics, energy, food and relations between industrial and developing nations. We are in a transition between the postwar order of international relations (bipolar, constant military confrontation) and a new more multipolar order which has yet to be formed.

We should look upon this era as an opportunity. Because of our economic and military strength, the United States is still the largest single factor in international affairs. All the above problems require cooperative international solutions, but none of them can be solved without our positive participation. Barely six months after the fall of Indochina, it is extraordinary that our position of leadership is still unchallenged (e. g., Sinai accord, UNGA Special Session, Economic Summit.)



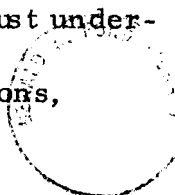
How We Got There

Many international issues we face today are partly the result of the success of American policy over 30 years. Our allies are stronger and more prosperous, and therefore our alliance relations have to be more balanced. New countries have come into being and preserved their independence from foreign domination. Because we have kept a stable balance of power, we now have realistic opportunities of negotiating solutions to problems -- like Berlin and arms control -- with Communist countries. Worldwide economic recovery, and the aspirations of the Third World, are issues for the U.S. because of our unmatched economic strength.

Where We Want to Go

America must, first of all, show the world a renewed sense of confidence. The hopes of all nations that count on us will be kept alive if they see us acting resolutely and purposefully. Therefore we must end division in this country, show executive-legislative cooperation, and stop tearing down our own institutions.

We must face up to the complexity of the world. We must understand the need for both strong defenses and efforts to ease tensions,



for both vigilant defense of allied interests and seeking more constructive ties with the Communist powers. We must maintain a steady course, and not swing back and forth between excessive interventionism and frustrated isolationism. We cannot go back to the black-and-white simplicity of the Cold War -- because thermonuclear weapons make conflict intolerable, because different Communist countries have different policies, and because real opportunities exist for solving concrete problems.

We cannot withdraw from the world. As the October 1973 Middle East war and oil embargo showed, the breakdown of peace can touch our lives directly. Therefore we secure our domestic tranquility best by a prudent but active and responsible role of leadership in world affairs.

But our fundamental objective in foreign policy must be to shape events, not react to them. If we can consolidate our alliances with the industrial democracies on new issues we face (such as economics and energy), if we can stabilize relationships with Communist countries on a reliable basis, and if we can embrace the developing countries and producers in a stable and expanding global economy, we can leave our children a better and more secure international order for the last quarter of this century.

