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THE WHITE HOUSE

WASHINGTON

THE PRESIDENT'S BRIEFING BOOK

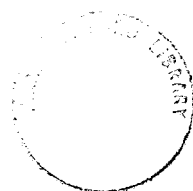
WALTER CRONKITE INTERVIEW

THE OVAL OFFICE

FEBRUARY 3, 1976



THE INTERVIEW



WALTER CRONKITE



Day: Tuesday, February 3, 1976
Time: 11 a.m. (20 to 30 minutes)
Place: The Oval Office

(Note: The interview will be cut to approximately five minutes and broadcast Tuesday or Wednesday evening, and your answers should be unusually concise)

From: Jim Shuman

I. PURPOSE

This national television interview will enable you to show the nearly 12 million people who watch the CBS Evening News each week your knowledge and command of the major issues confronting the United States. It will enable you to present your views in a concise and persuasive manner. It will help disarm your critics by enabling you to show the reasons beyond your policies.

II. GOAL

To further build support for yourself and your policies.

III. BACKGROUND

This interview is part of a series on all major Presidential candidates. To date, most of the other candidates have appeared.

Cronkite feels that most Americans already know your views on major issues (with the exception of abortion). He plans, therefore, to ask additional questions beyond the simple statement of positions, seeking to learn why you have taken specific stands and how you would defend your position against critics.

For example, he probably will ask how you can not recommend public service job programs when so many Americans are out of work. Or he may ask whether your economic program is weighted in favor of the rich, and what is the rationale behind it. Or he may ask whether the elderly will end up paying more for hospitalization and doctor bills under your revision of Medicare, and why you have chosen that course. (Answers to these and other probable questions are supplied.)

IV. QUESTION AREAS

Foreign Policy/Military Expenditures, The Economy, Energy, Busing, Abortion, Faith in Government and Crime.

V. GROUND RULES

The interview is on-the-record. It will be broadcast Tuesday or Wednesday evening, and will be cut from the 20 to 30 minutes taped to approximately five minutes. Your answers, therefore, should be unusually concise, but not abrupt. It is suggested that each answer cover only one point and that, while it should explain the rationale behind your policies, it should not cover to abstract concepts.

VI. OPENING REMARKS

The interview, as it will be broadcast, will not necessarily follow the order in which questions are asked. No opening remarks will be broadcast. You may, of course, want to exchange casual pleasantries with Mr. Cronkite, before the interview begins.

VII. PARTICIPANTS

Walter Cronkite, Ron Nessen, Bob Mead.



FOREIGN POLICY/
MILITARY



January 30, 1976

FY 77 DEFENSE BUDGET

FYI: The FY 77 Defense budget request totals \$112.7B (total obligational authority). This compares with the \$98.3 B approved by Congress in FY 1976. Of the \$14.4 B increase, \$7.4B will provide for real growth; the remainder covers inflation.

Q: How can you justify a \$14B increase in the FY 77 Defense budget when you are calling for restraint in the growth of Federal spending?

A: The Department of Defense is sharing in the general restraint in the growth of Federal spending. To meet essential defense needs, we will buy new weapon systems, improve the readiness of existing forces, and increase selected combat forces. At the same ^{time,} however, we are limiting Defense spending by reducing programs which do not affect combat capability.

In addition, it is important to note that a considerable portion of the Defense budget increase is attributable to the effects of inflation.

World peace depends upon a strong American defense posture. I cannot let our defenses erode. A strong defense is our principal deterrent against aggression; it binds together our alliances; and it underwrites our diplomatic strength and initiatives.

I intend to continue to support a strong defense posture, and I believe the Congress will continue to do so also.



CONGRESS AND FOREIGN POLICY

Q: How do you feel about the intrusion of Congress into foreign policy making, an area traditionally and constitutionally associated with the Executive Branch?

A: The question is not whether the Congress has a legitimate and important role to play in the formulation of foreign policy. It clearly does. The real question is whether a body of 535 members can or should attempt a role in the conduct and execution of specific policy issues on virtually a day to day basis.

While the framers of the Constitution designed the separation of powers to protect our individual liberties, they wisely left the President wide latitude in foreign policy making to provide the continuity, decisiveness and flexibility necessary to protect our nation's freedom and security.

After a decade of national turmoil, Congress, not unexpectedly, sought a more active role in foreign policy, an interest I welcomed. As President, I have worked to increase the degree of consultation and interaction with the Congress on major national security issues. I meet frequently with the bipartisan leadership and with other Congressional groups. Members of my Administration as standard practice have briefed relevant Congressional Committees on national security and foreign policy issues as they developed



and have attempted to be responsive to the Committees' needs for specific information.

There is no question the Congress shares responsibility for fundamental decisions about our foreign policy, and both branches must be accountable for their actions and the consequences of their decisions. Unfortunately, when Congress has attempted to dictate the tactics of specific U. S. policies the results have been disturbing, with long range implications for our future. Over the past two years for example,

- An attempt to pressure Soviet emigration disrupted progress in our economic relations and drastically reduced the flow of Soviet Jews from the USSR.

- The arms embargo on Turkey has seriously undermined our relations with a key NATO ally and has actually forestalled a solution to the Cyprus problem.

- In Angola, the Congress has voted to prevent effective action by the United States to assist people who were trying to resist domination by outside powers.

- Investigations of our intelligence agencies resulted in leaks of sensitive information damaging to us and to our allies and demoralized our vital intelligence services.



We must define more clearly the role Congress can and should play in the conduct of our foreign policy. I intend to continue to consult closely with the Congress, and I am hopeful that in the new year we can work to achieve a more constructive and effective partnership, as we must, in strengthening the United States' position in the world.

As I pledged to the American people in my State of the Union Message to seek a "secure, just, and peaceful world", I also pledged to the Congress to work with them to this end. It is equally true, however, that the Congress, for its part, must also work with me.



SALT

Q: In the light of Secretary Kissinger's recent visit to Moscow, how do you view the prospects for a new SALT agreement.

A: There was significant progress on a number of issues during Secretary Kissinger's discussions with General Secretary Brezhnev. There is still much work to be done but I am optimistic that, with dedicated effort on both sides, mutual agreement on the remaining issues can be achieved. I believe that a good agreement that is in our national interest and in the interest of the world as a whole is possible.



SALT

Q: With Secretary Kissinger's visit to Moscow it appears that we have reached a critical turning-point in the SALT negotiations. Would you take this opportunity to give us your personal view on the importance of these negotiations?

A: Further limitations on nuclear arms are clearly an essential part of our efforts to secure a stable and orderly relationship with the Soviet Union.

I am personally convinced that a resumption of unrestrained competition in strategic arms would seriously undermine that relationship and inevitably increase the risk of nuclear war. Such an outcome would also place an enormous burden on the economies of both our countries while offering little prospect of a significant strategic advantage to either side. For this reason, I am committed to achieving a new SALT agreement. I believe this is clearly in our interest and in the best interest of all other countries as well. We are conducting our negotiations in that spirit.

Let me point out some of the specific, long-term consequences of a failure in the SALT negotiations. The Soviet Union could:

- build additional ICBMs without restrictions;
- build more ballistic missile submarines without having to dismantle their old ICBMs; and
- build additional strategic bombers without restriction.



Without the Vladivostok understanding that both sides should have equal numbers of strategic systems, there would again be unrestrained competition between the U.S. and USSR in strategic arms. This could result in one of two undesirable alternatives:

- Either we would have to accept large additional expenditures in strategic arms;
- Or we would have to accept a perceived inequality in strategic forces with its adverse political implications.

The latter alternative is clearly unacceptable, while the former is clearly undesirable. Therefore our objective is to avoid these consequences by negotiating an agreement which is based on the Vladivostok understanding and is clearly in the national interest of the United States.



MBFR

Q: The MBFR talks have just started up again in Vienna. Could you give us your personal views on these talks; what do we hope to gain? Are the talks getting anywhere?

A: I continue to attach great importance to reducing and limiting the level of armed forces in Central Europe. Along with our NATO allies, our objective in MBFR is to lessen the risk of war by achieving a more stable military balance in Central Europe at lower force levels. We believe the best way to do this is to reduce the military manpower in the area in a way which will limit both sides to about the same number of men. We also seek to reduce the enormous disparity in some areas -- such as tanks -- between the two sides.

We have made some important new proposals in Vienna which should help to move the talks forward. We hope the Soviet reaction to those proposals will be consistent with our common interest in taking steps in the military field which will contribute to the process of detente. We should keep in mind, however, that the issues in MBFR go to the very heart of the structure of European security and are extremely complex and difficult. We should not expect rapid results.




ANGOLA

Q: Now that Congress has voted to prohibit the use of funds in the Defense Appropriations Bill for activities in Angola, what is going to be your policy toward Angola?

First, let me say that we have no exploitative interests in Angola nor do we seek any privileged status there. Our principal objective in Angola has been to respond to an unprecedented application of Soviet power in conjunction with the military combat forces of one of its client states, Cuba. Our second objective has been to help our friends in black Africa who oppose Soviet and Cuban intervention and who believe as we do that Angola is an African problem which the Africans should be left free to resolve without foreign intervention. The means that we chose to achieve these objectives have been fully explained to the Congress on many separate occasions.

By cutting off funds for Angola, the Congress has put the United States on record as refusing the request for help from an African people who seek nothing more than to decide for themselves their own political future free of outside intervention. The Congress has stated to the world that it will ignore a clear act of Soviet-Cuban expansion by brute military force into areas thousands of miles from either country. The future impact of this action -- both on our friends and our opponents -- can only result in serious harm to the interests of the United States.



As for the future, we will continue to take our case to the American public and will seek their support and that of Congress for a strong, flexible foreign policy that enables the United States to play a responsible international role. We will continue to make clear to the Soviet Union and Cuba that their interference in a local situation where they have no historic interests is detrimental to improvement in our bilateral relations.



US/UN RELATIONS

Q: A classified message Ambassador Moynihan sent to the State Department complaining about a lack of support for his policies at the United Nations was recently printed in a national newspaper. I wonder if you would care to give us your impressions of Ambassador Moynihan's views and the publication of these views in the press.

A: I have made clear that Ambassador Moynihan has my support for the way he is performing his duties at the United Nations. I might add that I share the confidence that Secretary Kissinger expressed recently in the personnel of the State Department.

My Administration's policy is to support the UN and contribute to it not on the basis of whether we would win a popularity contest there, but whether U.S. interests, and the interests of peace, are being served. We will not hesitate to candidly express our concerns over trends such as bloc voting, which in our view threaten the very viability of the UN as a forum for the peaceful resolution of international disputes.

As for the second part of your question, I have on many occasions stated my concern over the leaking of classified documents.



UN VOTES AND US AID

Q: Is Ambassador Moynihan's suggestion to reward our friends and punish our enemies at the UN a basic premise of US policy on foreign assistance?

A: A country's voting record and other aspects of its behavior toward us in the UN are an important part of our bilateral relations with that country.

We naturally take into account activity in the UN and all other forms of international behavior, together with the nature of our bilateral relationships, in determining the character of our relations with other nations. In short, our assistance programs are determined by our own national interest, and our attitudes towards other countries is of course based in part on their attitudes towards us.



USSR, ANGOLA AND SALT

Q: Mr. President, in light of Soviet actions in Angola, is it not inconsistent for the Administration to continue working with the USSR -- to have sent Secretary Kissinger to Moscow -- to negotiate an agreement on strategic arms?

A: There are two points to be made in answering your question. First, as I have said on previous occasions, the United States considers Soviet actions in Angola to be incompatible with a genuine relaxation of tensions, a more constructive relationship which, in our view, must be based on mutual restraint, mutual avoidance of attempts to obtain unilateral advantage, and mutual concern for our respective interests. Soviet actions in Angola, if continued, are bound to affect the general relationship with the United States.

At the same time, we must remember that the effort to limit strategic arms is not a favor we grant to the Soviet Union but an objective that is in our national interest -- our interest in capping the strategic arms race and in increasing the prospects for a secure and peaceful world. The United States has participated now for over six years in talks to limit strategic arms, through the ups and downs of our day-to-day relations with the USSR. We have made important, historic progress that has safeguarded and advanced our national security interests. We are continuing this effort with periodic high-level talks in Moscow and Washington and the ongoing negotiations in Geneva.



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SALT COMPLIANCE

Q: Admiral Zumwalt and others have stated that the Soviets have violated the SALT agreements and have raised questions as to whether you and former President Nixon were kept adequately informed of this problem. Could you comment on these allegations?

A: First, as I indicated on earlier occasions, ambiguities have arisen with respect to the precise interpretation of several provisions in the SALT agreements, and I would like to emphasize the word "ambiguities," not violations.

In an effort to iron out these ambiguities, we referred them to the Standing Consultative Commission, a group established by the two sides in 1972 to try to resolve just the sort of situations which have arisen. Without going into the details, let me just say that the Standing Consultative Commission, which had two series of meetings during 1975, has been successful in resolving several of the ambiguities. Others are still being worked on.

I have been kept informed fully and in a timely fashion on compliance matters. Appropriate officials in each agency have also been kept fully abreast of developments and have participated in thorough discussions of these issues within the NSC system. I also receive regular reports in my morning intelligence briefings. I have reviewed and approved instructions for our Standing Consul-



tative Commission Component in Geneve and have been kept informed of the discussions taking place there.



January 30, 1976

NUCLEAR PROLIFERATION

Q: There have been recent reports that South Korea has cancelled its plans to purchase a reprocessing plant from France largely as a result of U.S. pressure. Can you comment on this situation and give us your general views on what can be done to halt the spread of nuclear weapons?

A: I believe that this is one of the most serious foreign policy problems we face today, one which promises to become even more serious in the future unless it can be adequately dealt with. Since I have assumed this office, we have launched a series of initiatives aimed at reducing the risk of further proliferation of nuclear weapons.

This includes both direct measures such as working with other nuclear suppliers in strengthening safeguards on nuclear exports and quiet efforts to make our views known.

While problems remain, there has been some encouraging progress. In this regard we were very pleased to hear that the Government of South Korea has decided not to acquire a reprocessing plant. I am also encouraged by a high level of concern among the other nuclear suppliers on the dangers of nuclear proliferation and I am optimistic that the supplier's effort and other measures will significantly raise the barriers to nuclear proliferation.

(FYI: There is considerable sensitivity in the South Korean government over this issue and among some of the nuclear supplier states over the suppliers regime as well.)



OK


DETENTE

Q. What is our national interest in terms of detente? Is detente working in our favor or the Russians?

A. In recent months there has been a tendency to look at Soviet-American relations very narrowly, to focus on the continuing differences between us, to oversimplify a complex relationship and to overlook what has been achieved. In my view, a proper understanding of this Government's policy toward the Soviet Union requires that it be seen in the context of our broader and determined effort to create a more peaceful and more stable world.

The advancement of U.S. interests and the safeguarding of this nation's security form the bedrock of U.S. foreign policy. We implement this foreign policy in concert with our allies. Since taking office, I have pursued these objectives through close and continuing consultations with our friends and Allies -- at the NATO summit and through scores of summit meetings here and abroad -- and through negotiations with our competitors. My policy is aimed at safeguarding and advancing the interests of all Americans.

In recent years, the United States and its colleagues, particularly in Europe, have engaged the Soviet Union and Eastern Europe on an important range of issues aimed at lessening the chances for war and improving the opportunities for cooperation. This effort to achieve a more constructive relationship with the Soviet Union expresses the continuing desire of the vast majority



of the American people for easing international tensions while at the same time safeguarding our vital interests and our security. Such an improved relationship is in our real national interest. We have no illusions in this process. The suspicions and rivalries of more than a generation cannot be swept away with documents or summit meetings. Political rivalries and military competition between us continue.

In light of these realities, a strong defense is the only sure foundation for peace and America, in concert with its allies, must maintain a defense second to none. We must and shall firmly defend our own vital interests and those of our friends. At the same time, through a combination of firmness and flexibility, we have laid the basis for a more stable relationship with the USSR based on mutual interest and mutual restraint. We have made important progress -- for example, the Berlin Agreement of 1971, the Vladivostok accords of 1974. I believe the agreements reached so far represent a historic and positive change in the nature of the competition between our systems -- a competition that certainly will continue.

We have reached a new plateau in our relationship. If the pace in some areas has slowed, we must bear in mind what has already been achieved and acknowledge that the issues now are becoming more complex and their implications more significant.



The state of Soviet-American relations can no longer be arithmetically gauged by the number of agreements reached or by the frequency of summits. It is essential that we and the Soviet leaders understand each other's positions clearly. The United States cannot be indifferent to Soviet actions on the international scene that are destabilizing and inconsistent with the principles of coexistence signed in 1972. This is the case in Angola. Continuation of the Soviet intervention there would have to be taken into account in our own policy.

Because we are ideological competitors, the contacts inherent in our current relationship with the Soviet Union permit frank discussions on international issues where our views do not coincide. While we do not agree, we each come away from these exchanges with a clearer understanding of the other side's views and therefore a greater chance of avoiding miscalculation or misunderstanding.



January 30, 1976

US-SPANISH TREATY OF FRIENDSHIP AND COOPERATION

Q: Mr. President, on January 24, Secretary Kissinger and Foreign Minister Areizla signed in Madrid the new Treaty of Friendship and Cooperation between the United States and Spain. Do the treaty and the supplementary agreements thereto establish an obligation or commitment on the part of the United States to come to Spain's assistance against an outside attack?

A: As I have stated in the past, the United States attaches great importance to trans-Atlantic cooperation with Spain on security matters and to Spain's contribution to Western defense. In this context, the treaty recently negotiated establishes a strengthened relationship between the United States and Spain, including the provision for military coordination and planning related to Western defense matters. While the treaty does not establish a mutual defense obligation such as you have suggested, it does underscore the interests we share in having a strong and credible defense in the Western European/Atlantic area -- and, I believe will make a very important contribution to these interests.

Q: According to press reports from Madrid, the price tag on this treaty is \$1.2 billion in U.S. economic and security assistance to Spain over the next five years, even though we will reportedly be reducing our presence at one air base and withdrawing our ballistic missile submarines from Rota. Under the circumstances, do you believe that this price tag is reasonable in terms of the benefits we derive from Spain?

A: In my opinion, the new US-Spanish treaty benefits both countries equally by mutually strengthening our defense capabilities. The



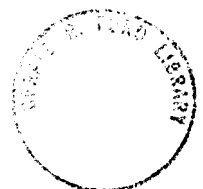
majority of our assistance to Spain is in terms of loans and credits.

The revised basing arrangements reflect changes in military technology and requirements that have taken place over the past few years or are expected to occur in the near future.

(FYI: The assistance package for Spain amounts to approximately \$770 million over the next five years -- over \$600 million in loans and credits and the balance in various forms of grants. Independent of the treaty, we are planning to provide \$450 million in Export-Import Bank loans, thus giving rise to the press reports of \$1.2 billion for the agreement. Further, we have agreed to remove most of our tanker aircraft from Spain for relocation elsewhere in Europe and to withdraw, by July 1, 1979, the ballistic missile submarines based at Rota. END FYI)

Q: Will the treaty be submitted to the Senate for advice and consent to ratification?

A: Yes, we will be submitting the treaty to the Senate in the near future.



January 20, 1976

GREECE, TURKEY AND CYPRUS

Q: Mr. President, months have passed since legislation (P. L. 94-104) was enacted partially lifting the arms embargo against Turkey. As a result, have you seen any movement toward a Cyprus settlement?

A: In December, in keeping with P. L. 94-104, I submitted to the Congress reports on assistance to Greece, Turkish opium controls and progress on Cyprus. Those reports showed progress in all three areas:

-- On October 30, I submitted to the Congress a request for fiscal year 1976 for \$225 million in assistance for Greece -- \$50 million in grant military aid, \$110 million in FMS credits and \$65 million as a supporting assistance loan. I believe that this proposed program provides substantial assistance to Greece to meet its current economic and security needs.

-- Prime Minister Demirel and I have been in close touch concerning the problem of controlling illicit opium production. Initial reports from both UN and US technical experts on the scene indicate that the Turkish program to control poppy cultivation and opium production has been extremely successful. We will maintain our close liaison with the Turkish government officials and agencies to insure that continued effective control measures are maintained and improved.



-- We are now at an important juncture in the search for a Cyprus settlement. In past weeks, we have seen, as have our principal Western allies, a narrowing of differences on most of the key issues necessary to negotiate a Cyprus solution. I would hope that the negotiating framework which has emerged would allow early and orderly discussion of the most serious substantive issues between the parties involved.*

We have succeeded in moving to this point in large part because, since early October, we have been able to resume an active, even-handed role with all the parties -- Greece, Turkey and Cyprus. Further progress will depend, in part, on our ability to maintain this role in the months ahead. I will, of course, be reviewing with the Congress our progress toward a Cyprus settlement in future reports.

*(NOTE: The Turkish Foreign Minister has announced that intercommunal talks will resume on February 17. As neither the UN Secretary General nor the Greeks have confirmed this, we cannot yet make public reference to it.)



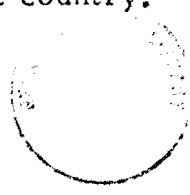
THE SITUATION ON NATO'S SOUTHERN FLANK

Q: Mr. President, the United States, together with other Alliance members, has expressed concern in the past year over the situation along NATO's southern flank. How do you view the situation in this strategically important area at the present time?

A: At the outset, let me say that I believe Alliance solidarity today is stronger than at any time in the last decade. Maintaining this solidarity is of highest priority. At the same time, we in the Alliance do have problems and challenges. In my opinion, these are being successfully dealt with on an individual basis by the nations concerned or by the Alliance working together as a whole.

In the Eastern Mediterranean, I believe the partial lifting of the arms embargo against Turkey last fall marked an important first step which should facilitate progress toward a Cyprus settlement agreeable to all the parties and ease the suffering on the island. It should also improve American relations with both Greece and Turkey, and this in turn should contribute to a strengthening of the common defense.

Regarding Portugal, let me stress that the United States supports the emergence of a democratic, pluralistic government reflecting the will of the Portuguese people as expressed in the elections of last April. We are encouraged by the efforts of the present Portuguese government to bring stability and moderation to the country. Together with the other Alliance members, we will continue to watch the situation in Portugal carefully in the context of our longstanding friendship and alliance with that country.



Q: Mr. President, how do you view the situation in Italy and Spain?

A: In my meetings with President Leone here and in Rome, and in my talks with the leaders of the Italian Government, I have emphasized both publicly and privately the very great importance we attach to US-Italian friendship, to our shared dedication to democratic government, and to Italy's continuing important contributions to the Atlantic Alliance.

In Spain, we are witnessing a period of transition. When King Juan Carlos I was installed as Spain's Chief of State on November 27, I conveyed to him our hope that under his reign the Spanish people will enjoy peace, prosperity and justice. US-Spanish ties of friendship and cooperation are longstanding. Additionally, Spain, through its bilateral defense cooperation with the United States, makes a significant contribution to the security interests of the Western World. In the coming months the United States looks forward to continuing the policy of friendship and cooperation which is central to the excellent relations between the American and Spanish people.



January 20, 1976

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US PRESENCE IN THE SINAI

Q: What is the US doing about its proposal to send 200 technicians to the Sinai? Are any deployed there now? Is there a delay in implementing the proposal?

A: The US agreement to send technicians to the Sinai involves the use of privately-contracted US civilian personnel under the supervision of the Sinai Support Mission to monitor the approaches to the two central Sinai passes. A contract was awarded on January 16 (to "E Systems, Inc."), technicians are in the field and equipment is arriving by air. The mission will be operational by February 22 when the Egypt-Israeli Agreement goes into effect.

[FYI: Any deviation from the terms of the Egypt-Israeli Agreement of September 1, 1975 will be reported to Egypt, Israel, and the UN.

The Israeli and Egyptian early warning sites are authorized by the September 1st Agreement in order to provide each side with a strategic early warning capability. They will not be manned or operated by US personnel but a US liaison officer will be located at each site.



ANOTHER ANGOLA IN THE SAHARA?

Q. With the Soviet Union supporting Algeria, and the United States close to Morocco, do you see the danger of the conflict in the Sahara turning into another Angola?

A. We are following closely developments with respect to the Sahara and obviously would view most seriously any indications of outside intrusion into that situation. Three states--Spain, Mauretania and Morocco--reached a basic accord on the future of the then-Spanish Sahara on November 12, 1975, and subsequently we supported a resolution in the United Nations General Assembly on December 10 endorsing the framework for a peaceful settlement of that territory's future. We hope the clashes in the Sahara will not disrupt progress in implementing that settlement. In any case, this is clearly a matter to be settled now by the African countries concerned in the appropriate UN framework, and it is incumbent on outside powers not to exploit their normal relationships in the area in ways which increase tensions and disrupt a peaceful settlement.

~~Clearance: NEA - Mr. Atherton~~

NEA/P:GESherman
1/30/76 ext 20448



CUBA

Q: What are the prospects for improvement in our relations with Cuba in view of its intervention in the Angola conflict?

A: As I have said before, we see no advantage in perpetual antagonism between ourselves and Cuba. However, the Cubans' involvement in the domestic affairs of other nations, such as their encouragement of the Independence movement in Puerto Rico and, particularly, their massive involvement in the Angola conflict, is simply incompatible with a process aimed at lessening tensions and improving relations. The Cubans have sent over 10,000 troops to Angola involving themselves in what should be an internal Angolan matter. Under present circumstances, I would rule out the possibility of an improvement in relations between ourselves and Cuba.



PANAMA

Q: Governor Reagan has expressed his opposition to continuing treaty negotiations with Panama. Do you expect this to become a campaign issue and what are the prospects of concluding this year a new treaty for submission to the Congress?

A: Discussions with Panama relating to the Canal have been conducted during the last three Administrations and have had the support of five Presidents. The goal of these negotiations 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. We believe this should be possible, and we are now in the process of discussing with Panama the possibility of arriving at such an agreement. There are a number of difficult questions remaining to be resolved and the negotiations are continuing. At this stage it simply would not be useful or possible to predict when agreement on a treaty might be reached.

I have no intention of proposing to the Congress any agreement with Panama, or with anyone else, that would not protect our vital interests. Naturally, any treaty we conclude will be submitted to the full constitutional process, including Senate approval, and we will be consulting closely with Congress as the discussions continue.

OK



PANAMA

Q: General Torrijos has just spent five days in Cuba during which he was given a very warm reception and the full support of the Cuban Government. Do you perceive this will have an effect on our continuing negotiations with Panama over the Canal?

A: I am aware of the General's visit to Cuba. A number of others have also visited there recently. Of course, it is not appropriate for me to comment on a visit by a chief of government of one foreign country to another. I would expect the negotiations to continue.




OK

U.S. COMMITMENTS AT THE UN

Q: Secretary Kissinger's speech at the Seventh Special Session of the UN last September made a major US commitment to work with the Third and Fourth World nations to find solutions to their economic problems. What are your plans for meeting this commitment?

A: Secretary Kissinger's UN Special Session speech represented an important US commitment to find ways of dealing with the major North/South issues in a realistic and constructive manner. In the speech we offered a number of specific proposals which we believe can serve the interests of developing and industrialized countries alike in a more orderly and prosperous world economy.

I have made it clear to Administration officials that I expect these proposals to be carried out promptly and vigorously. In the Multilateral Trade Negotiations in Geneva we have made a number of specific proposals to improve the export opportunities of developing nations. And we have joined other industrialized countries in improving access to our markets for a wide range of developing country exports through a system of generalized tariff preferences. At the recent IMB meetings in Jamaica there was agreement to the implementation of a key element in the speech -- a Development Security Facility in the IMF to reduce the impact of export shortfalls of developing nations.



Beyond this we have taken a leadership role in bringing about an improved North/South dialogue to seek solutions to issues between the developed, developing and oil exporting nations. In mid-December we participated in the Conference on International Economic Cooperation (CIEC) in Paris. That meeting, attended by ministers from developed, developing and OPEC nations, formally launched four commissions: energy, raw materials, development and financial issues. These should serve as centers of initiative in the search for mutually beneficial solutions to problems in those areas. The proposals in Secretary Kissinger's speech will be important elements on the agendas of these Commissions.

In our view the key issues for the Commissions should be:

- the price and security of supply of oil as they affect the international economy;
- the serious balance of payments problems of the developing countries;
- the conditions of international investment;
- the issues of key commodity markets, especially food;
- the problems of trade;
- the urgent needs of the poorest countries.

Finding better ways of dealing with issues must be a high priority for us in the coming decade:

-- It is in the best moral and historical tradition of the US to assist the poorer nations in their development efforts.

-- It is in our economic interest that these nations, which account for over one-fourth of our exports, and vital imports, and which wield an increasingly important financial and commercial influence, assume an appropriate share of the responsibilities for and benefits from an orderly and prosperous world economy. Just as we insist that they be responsive to our concerns, so must we find ways of responding to theirs.

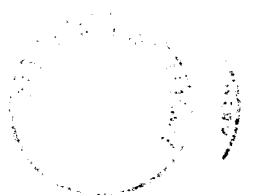
-- It is in our political and security interest to resolve the problems between us. Economic confrontation will be harmful to the interests of all countries and to the more peaceful prosperous world we are trying to build.

January 30, 1976

TAIWAN

Q: Will the United States abrogate its Mutual Security Treaty with Taiwan when it normalizes relations with Peking?

A: We are committed to the goal of normalization of relations with the Peoples Republic of China. There has been no agreement, however, as to the timing and modalities. As we advance our relations with Peking, we will act with prudent regard for the interests of our allies, including the Republic of China on Taiwan.



CANADA -- PRIME MINISTER TRUDEAU'S REMARKS
CONCERNING FIDEL CASTRO AND CUBAN INTERVENTION
IN ANGOLA

Q: Mr. President, press reports from Havana indicate that Prime Minister Trudeau, during his recent visit to Cuba, characterized Fidel Castro as a leader of "world stature" who sent Cuban combat troops to Angola with "a great deal of thought and feeling for the situation" there. What is your reaction to the Prime Minister's remarks?

A: I do not believe it would be appropriate for me to comment on the remarks attributed to Prime Minister Trudeau during his recent visit to Cuba. I have expressed my own views in some detail on the situation in Angola and foreign intervention in that country.



January 30, 1976

SITUATION IN INDIA AND INDIAN
CRITICISM OF THE U.S.

- Q. Are you concerned about the loss of democracy in what was the world's largest democracy -- India? Mrs. Gandhi is moving increasingly towards dictatorial powers. What do you think of her criticism of the US? Will there be a setback in Indo-US relations because of her blasts?
- A. We have made very clear our preferences for democratic around the world but I am not going to engage in a debate on the internal events of another country.

As far as comments about US activities in undermining another government, these are totally unfounded and unjustified and we have expressed our concern and dismay to the Indian leadership. We continue to seek improved relations with India for the longer-term but this must be a two way street.



January 30, 1976

U. S. Position on Portuguese Timor

Q: The Indonesian Government is conducting military operations in Portuguese Timor and essentially has taken over that Portuguese colony. What is the U. S. position on this question?

A: In accordance with a Security Council resolution, a special representative of the U. N. Secretary-General conducted an on-the-spot investigation of the Portuguese Timor situation. We look forward to reading his report.

Q: Did the Indonesian Government use U. S. -provided military equipment in its operations into Portuguese Timor?

A: Our information is incomplete. We will withhold comment until we have more facts.



THE ECONOMY

An Overview of Unemployment

One of the most difficult tasks we face as a nation is reducing the level of unemployment. America must provide jobs for all who seek work. These must be productive, permanent jobs, not temporary or make work jobs. We will need 10 million new jobs by 1980. While the burdens of high unemployment may be helped by temporary public service jobs, an expanding economy that creates permanent jobs in private businesses is the only satisfactory solution.

Considerable progress has been achieved during the past 6 months in creating jobs for Americans. Last month over 85 million Americans were at work -- nearly 1.3 million more than at the low point in March. We have already recovered two-thirds of the jobs lost in the recession. People are being hired much faster than they are being laid off.

We expect that our policies will foster the creation of 2 to 2.5 million private sector jobs in 1976 and a similar increase in 1977. This is not as many as we would like. But, we are moving in the right direction toward our objective of a job for every able American.

A central issue is the approach we will take and the policies we will pursue to reach this objective. Two basic guidelines serve as the foundation of our approach.

First, we will not be stampeded into hasty, quick-fix remedies which appear to promise short-term gains and political

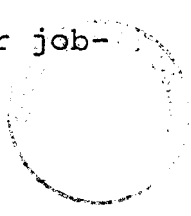


advantage but which actually result in long-term problems. Attempts to achieve our ultimate goals by crash programs of increased deficit financing and excessive money creation assure only the continuation of rollercoaster economics -- boom followed by recession, inflation followed by unemployment. A firm, steady policy will permit American businesses and American households to plan with confidence.

Second, we must create the conditions by which factories, stores, farms, and shops will expand their businesses and create more jobs and increase productivity. Basic to expansion and job creation in the private sector is reducing the ever-increasing demands of the Federal government for funds. We must restrain the growth of government spending. The Federal government's borrowing to support deficit spending reduces the amount of money available to business for expansion. Less investment will mean fewer new jobs and less production per worker.

All of our new tax proposals are geared to the fundamental task of creating jobs and increasing production. I have proposed new tax incentives for businesses that construct new plants or expand existing facilities in high unemployment areas. Accelerated depreciation rates will be given for such facilities and their equipment if construction begins within one year.


I have also proposed incentives to encourage millions more Americans to save and invest in the ownership of American enterprises. This will help to increase the money available for job-creating investment.



There are those in recent days who have called for the Federal Government to assume a difference role in the economy. They urge measures which they claim will immediately reduce unemployment. They propose much greater governmental intervention in the working of our economy.

But they do not ask what are the long term consequences. They do not acknowledge that government make-work programs are costly and do not enlarge the economy's productive capacity. They do not recognize that the long term vitality of the American economy comes from private initiative not from the public trough.

RBP 1-30-76



Why Are Your Policies For Reducing Unemployment Better?

- Q. Why are your policies to reduce unemployment preferable to those of many Democrats in Congress?
- A. My proposals are the surest and the safest way to restore full employment, and they will do it in a way in which it will be lasting. Mine is not a program to hype up the economy, quickening the decline in unemployment only to lay the seeds of a new round of inflation. This would lead to an even severer recession, and higher unemployment, than we have today.

My program to restore economic balance and create the incentives for investment in new plant and equipment (which is necessary if we are to create productive jobs) is the only sound way to restore lasting full employment. It is the only way to create labor market conditions which offer a wide variety of job opportunities for those who seek work. They would be high paying jobs because they would be productive jobs.

What I am proposing is not going to get the unemployment back to work overnight. But it will get them back to work -- with lasting and secure jobs -- not deadend jobs with the government.



PUBLIC SERVICE JOBS

Q. Why won't public service jobs solve unemployment?

A. During the past year I have reviewed innumerable imaginative, and seemingly attractive job creating programs which offered a quick restoration of full employment. Unfortunately, upon close scrutiny they turned out to be long on promise, but short on expected results. I will not mislead the American people by offering beguiling programs with fancy titles that I know won't work. Our unemployment problem is much too severe, causing great hardship for too many Americans, for me to play the game of unfulfillable promises.

Public service job programs have the ring of an instant solution- but they won't solve the problems and may well inhibit the restoration of a healthy economy.

First the evidence indicates that public service jobs largely displace jobs in State and local governments which would have been filled anyway. The only difference is whether the jobs are paid for with Federal taxes or local taxes. After a year, less than half of such jobs actually add to total national employment, and after another one or two years the net addition to jobs is negligible.

But when programs fail, we rarely abandon them. Instead, we attempt to do more. We must avoid this trap. Let us not forget what happened to New York City when they tried to offset the loss of private jobs by padding the public payroll.

As I asked last fall, "Who is going to bail out the United States?" when that happens.

Job creation through public works is a different problem. It takes years from project initiation to project completion. This means that the effect on employment is too far in the future to have any material effect upon the immediate problem.



Can Private Sector Restore Full Employment?

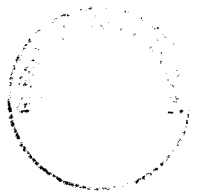
- Q. Many Democrats want the Federal Government to take the lead in restoring full employment. You wish to leave it to the private sector. Can the private sector do it?
- A. This is surely the basic difference in our view of how our economy functions. Apparently many Democrats believe that the only way to keep the private economy going is through continuous deficit spending stimulus. I would assume that they would argue that without continuous stimulation the private sector would tend to stagnate.

I believe that this is a serious misreading of our economic history. It underestimates the underlying dynamism that extends in the private sector. In fact, overstimulation and too heavy a reliance on the government can actually become the cause of the very type of stagnation which many Democrats believe is the normal state of private business. It is precisely because we must restore the vitality of private business that we must avoid too much government stimulation, too much regulation, and too big a share of the economy going to the public sector. Otherwise we will syphon off the savings and stifle the incentives which the private sector needs to create the jobs, the opportunities and the rising standard of living which is required to meet our aspirations and goals.



Federal Income Loss Through Inflation

- Q. It is often stated that the recession is causing the loss of about \$200 billion per year in output. This figure represents the difference between what the economy is producing now and what it would be producing today at a 4 percent unemployment rate.
- A. This comparison is misleading in that it presupposes that there are sets of governmental policies which can quickly restore full employment. There is in fact no set of policies which can quickly restore the types of productive jobs which will create \$200 billion in GNP. Therefore, if there is no action which can be taken to produce full resource utilization in the short-run, the "lost" GNP is hypothetical and not currently available.



Recession Induced Deficit

- Q. A related concern argues that the current budget deficit is solely the consequence of the recession. If we eliminate the recession induced unemployment through public service employment the deficit would disappear.
- A. This would happen to be statistically correct only if the recession ends because of growth of activity in the private sector. The calculations implicit in the "full employment budget" simply assume that GNP increases to a level consistent with full resource utilization with no change in government programs. Public service employment, however, is unlikely to create a large net addition to jobs and it is likely to add considerably to government expenditures so as to enlarge the deficit.

Public service employment in moderate amounts has, according to recent evidence, a large so-called displacement effect. That is the public service employment funds tend to be used for financing the employment slots of State and local government which ordinarily would be financed from State and local funds. It eventually becomes indistinguishable, therefore, from general revenue sharing. Some studies indicate that after one year or so only 40 percent of jobs paid for under public service employment programs are actually net additions to employment that would not otherwise exist. After two or three years the net increase could not be as low as 10 percent.

It is thus important to recognize the distinction between public service jobs paid for, and the net number of jobs created. Thus if public service job slots cost, for example, \$9,000 a year, sustaining such employment through two or three years could reach a point where each net addition to national employment would cost the Federal taxpayer \$90,000. Moreover it is naive to believe that once these job slots have been created and the federal financing made available, that the programs can be turned off. State and local governments would obviously prefer to use Federal funds rather than impose increased taxes on their citizens. Of the \$90,000 Federal cost, \$81,000 is affectively revenue sharing for State and local governments.



A massive increase in public service employment would not be capable of being filled with productive jobs into existing State and local government apparatus and a wholly new vehicle such as the old Civilian Conservation Corps would have to be created. The costs of such projects in today's economic setting could be astronomically high. To the extent that persons on public service employment payrolls are not engaged in full-time socially productive work they are in effect unemployed or under-employed. Then switching such persons from unemployment compensation, for example to public service employment has only two effects: 1) increasing the cost of "unemployment compensation" since public service employment is more expensive and 2) weakening even further the unemployment insurance requirement that the recipient be actively seeking employment. Time for "job search" is also reduced. It is important to remember that even in a recession there are job vacancies. And during the coming upturn vacancies will increase. Some who are on make-work Public Service Employment projects would find and accept private sector employment if they were on unemployment compensation, but may not if they are under public service programs.

Cutting individual or corporate income taxes would be a far more efficient way of creating jobs but like a massive public service job program it would also increase the budget deficit. If the deficits are too large under a tax cut program they would have the same inflationary impact as under a major public service employment program. Moreover, by discouraging job search efforts by those on public service employment projects, the programs would tighten labor markets and tend to increase the size of wage settlements.

We have evaluated all sorts of federal government sponsored projects such as rebuilding railroad roadbeds to teenage type CCC projects. When confronted the realities of specific program construction and implementation, we conclude that it is not possible to produce employment creating programs that would be superior to cuts in individual income and corporate taxes as a job creating vehicle.



Government Spending and Inflation

- Q. You say that excessive government spending is the cause of inflation. Senator Muskie apparently disagrees citing 1974 when "the Federal Government deficit was the smallest in the past several years, but in that year, 1974, both inflation and interest rates reached their highest point in 21 years.
- A. The Senator is taking too narrow and too short a view of the inflation process. Although Federal Government is not the only cause of inflation it is by far the major cause. Deficit spending and large borrowings by the Federal Government preempt savings available to private business. The additional demands for credit add to total borrowings, especially at the banks which expand bank credit and money supply. Ultimately the effect is excessive money supply growth.

But it is not only the direct borrowing by the Treasury which forces monetary expansion. There is the large amount of federally sanctioned off-budget spending and credit guarantees which must be financed. Moreover, there are a large number of regulations (EPA, OSHA, etc.) which induces heavy borrowing by private business to meet mandated capital facilities. However, it is the direct Treasury borrowing to meet the deficit which is by far the major inflation creating force.



Q. The proposals for future Federal spending in your budget seem to benefit the rich and the poor but to hurt the near-poor, those who are working but earning incomes just above the poverty line. Don't you feel that withdrawing this group's eligibility for Federal programs might not only pose a hardship on them but also lessen their incentive to work because they might be better off on welfare?

A. My budget focuses aid on the neediest members of our society. This was a conscious decision which reflects our priorities. It is for that reason that we are proposing reforms in programs such as the school lunch program to concentrate benefits on families with incomes below the poverty line, 700,000 of which are not covered under present law.

Those families above the poverty line will be benefited greatly if, by curbing government spending, we are able to control the inflation that erodes their income. It is healthy economic growth that will provide them with opportunities for advancement in meaningful jobs. I am convinced that few Americans would prefer to live on welfare if opportunities for meaningful employment are available to them.



January 31, 1976

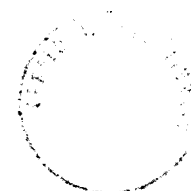
Porter

Q. Why have you proposed a hike in social security taxes, which most economists feel hurts the low income wage earner the most, rather than meet part of the unfunded liabilities out of general revenues?

A. I think it is vitally important to maintain the original structure of the social security system as an insurance and not a welfare program. It is important that people feel they have an earned right to their social security benefits as a result of their past contributions.

It is sometimes alleged that the social security contribution is regressive. Such a view looks at only half of the program. In fact, the social security system is structured in such a way that the ratio of the benefits an individual receives to the contributions he has made is far greater for low income wage earners than it is for those who have higher incomes. In other words, by maintaining the fiscal integrity of the social security program, over the long run it is lower income wage earners who benefit the most.

January 31, 1976
Porter



Q. Why are you willing to accept an unemployment rate averaging more than 7 percent during the coming year?

A. I do not find any unemployment rate acceptable when there are Americans who want work and cannot find a job. Indeed, the series of proposals outlined in my State of the Union message were designed to reduce the level of unemployment. However, we would mislead the American people if we promised to reduce the unemployment rate quickly with a myriad of government programs that would add billions of dollars to our deficit. It is true that such programs might bring some short-run relief but at a grave risk of reigniting inflation which would soon be followed by another recession. In other words, reducing unemployment quickly now may only cause higher unemployment combined with higher inflation later.

We expect that our policies will create between 2 and 2.5 million new jobs in the private sector during 1976 and a similar number of new jobs in 1977. These will be permanent, well-paying, productive jobs, which are the kinds of jobs Americans want and which are necessary for long-term economic prosperity.

Of the six major measures of employment conditions, five are improving rapidly: (1) Employment, (2) hours worked, (3) reduction in the layoff rate, (4) overtime hours, (5) reduction in unemployment in industries covered by unemployment compensation insurance. Reducing unemployment is one of several major economic goals and a balanced program is required.

January 31, 1976
Porter



Q. Some critics have said that your State of the Union message did not offer us meaningful solutions to the problems of unemployment -- at least in the short run. Why do you not believe the problem should be attacked on two fronts: the long-term front of creating strong, private sector jobs and also the short-term front of creating immediate relief, either through extended unemployment benefits or public service jobs -- to get unemployment figures down to reasonable numbers?

A. My budget and economic program does offer a balanced approach to the problem of unemployment. The best long-run solution is to create meaningful permanent, productive jobs in the private sector. To do this we must restore the confidence of businessmen and consumers so that we shall have a strong noninflationary recovery. I have proposed a series of tax incentives and reductions designed to stimulate economic activity in the private sector as well as to specifically encourage the construction of new plants and equipment which are so necessary to our future economic prosperity.

As to the near-term needs, my budget continues massive outlays to moderate the impact of unemployment. In FY 1977, outlays will total \$7.2 billion for rehabilitation, institutional training, on the job training, work experience programs, public service employment, and various aids to help people find work.

In addition, my proposed budget provides an increase of \$6.5 billion for public works and other physical assets -- 17 percent higher than last year. The challenge we face is to achieve an appropriate balance between private initiatives and government programs, and I believe my budget does just that.

January 31, 1976
Porter



- Q. You have urged creation of investment capital in an effort to produce permanent, meaningful jobs. What assurance do you have that money invested now in plants and equipment will produce long-term jobs rather than merely replace workers with more machines?
- A. Innovation and investment are essential to the economic growth necessary for improved standards of living. Occasionally innovation or investment reduces the demand for a certain type of labor, but it almost always directly and indirectly creates many more jobs than it destroys. For example, consider the massive investments in computers in recent years. Some jobs have become obsolete in the process but whole new industries and occupations have been created, and the total number of productive jobs available has dramatically increased.

January 31, 1976
Porter



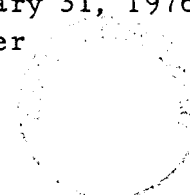
Q. How can you say you are asking Congress for a \$10 billion tax cut when you also are asking for a hike in social security tax rates and when this hike will leave only \$4.9 billion, if the general tax cut is approved?

A. The purpose of the payroll tax increase is to restore the fiscal integrity of the social security system. Unless action is taken now, financing problems will continue and could threaten the entire system in the future.

I recommended a \$10 billion additional tax cut to sustain the economic recovery that is now underway and to return more decision making power to the American people as to how they will use their income. The tax cut is related to the total economic goals of our country whereas the payroll tax is tied to the specific needs of our social security system.

Obviously, if the payroll tax is increased without a further tax cut, the net result would be a reduction in the economic stimulus provided for the coming months.


January 31, 1976
Porter



- Q. Many critics have said your budget ceiling is unrealistic, that even if no new programs are added the budget will grow by \$20 billion next year, and that even if strenuous economies are achieved and costly programs, such as Medicare and Medicaid, are overhauled, the budget cannot be reduced to anything like your figure. Why do you feel the \$394 billion line can be held?
- A. My budget is the product of many months of intensive effort and review of the Federal government's programs and expenditures. It presents a carefully considered set of programs which total about \$395 billion in Federal spending. It is an honest and realistic approach and one that I support wholeheartedly.

There are those who have claimed that certain portions of the Federal budget are uncontrollable. It is true that some parts of the Federal budget are less easily restrained than other parts because, in the absence of any action, the benefits and expenditures automatically increase. But I do not subscribe to the notion that these programs are therefore uncontrollable, and every proposal in my budget to deal with these programs is both realistic and possible.

January 31, 1976
Porter



Q. If your proposal for a tax deduction for purchasing stocks is approved, how will you prevent the entry of a new group of unsophisticated investors from fueling a speculative binge such as that which occurred during the 1920's?

A. I do not believe that people who have watched the stock market over the past few decades do not realize that while such investments provide solid opportunities they also involve risks. I firmly believe that the American people are much more sophisticated today than your question implies.


January 31, 1976
Porter



Q. Must there be a trade-off between inflation and unemployment?

A. It is simplistic to view unemployment and inflation as contradictory problems. Our current unsatisfactory level of unemployment was caused by the accelerating inflation which began in 1973 and which reduced housing, personal spending, and business investment. If we are to reduce unemployment we must control inflation. If responsible policies are used and inflation moderates further, the growing strength of consumer and business spending will create the permanent jobs that are the basis of a prosperous economy. Attacking one or the other of these problems alone could well create serious distortions which would cause both inflation and unemployment to rise in the future. As always, a balanced approach is required and a longer term outlook is necessary.

January 31, 1976



WELFARE REFORM

Q. You said in your State of the Union Message that welfare programs "cannot be reformed overnight." But most people agree reform is urgently needed. Would you proposed reform if you are elected in November? And will it be along the lines of the Nixon Administration floor under family income, as former HEW Secretary Weinberger suggested shortly before he left office?

A. There is, indeed, agreement that welfare programs are in need of reform. Taxpayers, beneficiaries and administrators alike find current Federal, state, and local programs to be inefficient and inequitable. While in Congress I supported welfare reform and I continue to believe that a fundamental overhaul is necessary if we are to use our limited resources to assist only those who are most in need. But no clear agreement exists on how best to accomplish this with the resources available and much work still needs to be done.

For this reason I am proposing to move now to straighten out the food stamp program and to make specific improvements in existing programs to eliminate work disincentives, to remove inequities and to improve the provision of assistance to those in need.

I believe these changes are important, but I am not suggesting that they will solve all the problems of the welfare mess. Therefore, my Administration will continue to analyze more comprehensive reform alternatives which embody the principles of fairness, equity, adequacy, work requirements for those who are employable and administrative efficiency.

AFQ/1/30/76



ENERGY



BACKGROUND INFORMATION
ON ENERGY
FOR INTERVIEW WITH
WALTER CRONKITE

I. TRENDS

° Oil

- Production continues to decline. 1975 production averaged 8.4 million barrels per day (MMB/D), a decline of about 0.7 MMB/D from the time of the embargo and about 13% from peak production in 1970.
- The United States is no longer the world's leading producer of crude oil.
- The U. S. paid about \$27 billion for foreign oil in 1975, up from \$3 billion in 1970.
- From 1973 to 1974 imports jumped from 32 to 37% of U. S. oil consumption.
- Imports for 1975 averaged about 6 MMB/D, about the same as 1974 due to increased conservation and high prices.

° Natural Gas

- Production peaked at 22.6 trillion cubic feet (Tcf) per year in 1973.
- It has declined now for the second straight year; only 20.1 Tcf were produced in 1975.
- Domestic proved reserves have steadily declined since 1965.

° Coal

- Production was about 640 million tons in 1975, an increase of about 6% from 1974.

° Nuclear Power

- The contribution of nuclear power to the generation of electricity increased from 6% in 1974 to about 8.5% in 1975 and will continue to rise despite continued cancellation and deferrals of electric generating plants.

° Conservation

- Significant progress has been made on achieving our conservation goals in the past year.
- Energy consumption is today actually below 1973 levels.
- Higher prices have stimulated the production of more efficient cars and have led to increased conservation in both industry and the residential sector.
- This trend coupled with warmer weather led to almost a one million barrel a day saving from previously projected oil consumption.

II. ADMINISTRATION ACTIONS TO REVERSE DECLINING TRENDS

- ° After reviewing these trends over a year ago, the President decided that this country needed a new energy ethic.
- ° In last year's State of the Union Message, President Ford announced a set of policy goals to begin this Nation on a road of self-sufficiency in energy. He proposed:
 - In the near-term, 1975-1977, to halt our growing import dependence by reducing oil imports by 2 MMB/D by the end of 1977.
 - In the mid-term, 1975-1985, to attain energy independence by achieving invulnerability to oil import disruption which means an import range of 3-5 MMB/D, fully replaceable by stored supply and emergency measures.
 - In the long-term, beyond 1985, to mobilize U. S. technology and resources to supply a significant share of the Free World's energy needs.
- ° He submitted to the Congress the Energy Independence Act of 1975 to achieve these policy goals. This legislation contained a comprehensive set of measures to conserve energy, increase domestic energy production, and provide for strategic reserves and standby authorities in the event of another embargo.

- ° The President also administratively imposed import fees on crude oil to immediately begin reducing our dependence on foreign oil producers.
- ° He submitted several additional legislative proposals to the Congress during 1975, building upon his original energy program.
 - Natural Gas Emergency Act of 1975.
 - Energy Independence Authority Act of 1975.
 - Nuclear Fuels Assurance Act of 1975.

III. THE ENERGY POLICY AND CONSERVATION ACT OF 1975 (EPCA)

- ° Because of the President's concentrated and comprehensive approach to solving our energy problems, the Congress, for the first time, focused in-depth on the energy issue during 1975.
- ° On December 22, 1975, the President signed the EPCA and ended the long debate on oil pricing and deregulation in the hopes that Congress would quickly enact the rest of his program.
- ° The EPCA contains four of the 13 titles of the President's original energy program:
 - A national strategic petroleum reserve to provide a stockpile for future embargoes.
 - Standby allocation, rationing, and other authorities for use in the event of another embargo.
 - Conservation measures to improve energy efficiency by affixing energy labels on appliances and automobiles.
 - Extension of the Federal Government's ability to mandate utility and industrial conversions to coal from oil and gas.



IV. REMAINING ISSUES TO BE RESOLVED

- ° There is still a long way to go to complete the job begun by passage of the EPCA. The remaining issues include:
 - Natural gas deregulation, including both long-term deregulation of new natural gas and emergency measures to deal with short-term curtailments.
 - Naval Petroleum Reserves production.
 - Efficiency standards for new buildings and authority to winterize existing residential buildings.
 - Nuclear licensing procedures and the Nuclear Fuels Assurance Act to permit creation of a private, competitive uranium enrichment industry.
 - Amendments to the Clean Air Act to provide a balance between air quality and energy needs.
 - Electric utility regulatory reform.
 - Energy Facilities Siting to assure sites for necessary energy facilities with proper land use considerations.
 - Synthetic fuels commercialization to aid commercial facilities to significantly produce synthetic fuels by 1985.
 - Energy Independence Authority to develop private sector financing for new facilities.

V. FUTURE OUTLOOK

- ° The energy trends outlined above will continue unless a comprehensive energy program is enacted into law.
- ° If the President's programs are enacted, however, the Nation's vulnerability to a future oil supply disruption could be reduced to zero by 1985 if imported oil prices remain at their current high level.
- ° The President's policies are firm. He has committed himself to a long-range effective energy program. It is, therefore, hoped that energy will not be subjected to the arena of Presidential politics this year.

Q: How do you feel about your progress in energy?

A: As you know, last year I submitted to the Congress a comprehensive set of measures to conserve energy, increase domestic energy production, and provide for strategic reserves and standby authorities in the event of another embargo. The legislation I proposed would achieve energy independence for the U.S.

After a year of prodding, the Congress passed and I signed the Energy Policy and Conservation Act of 1975, which contains several of my policy objectives:

- A national strategic petroleum reserve to provide a stockpile for future embargoes.
- Standby allocation, rationing, and other authorities for use in the event of another embargo.
- An oil pricing formula that provides for decontrol.
- Conservation measures setting energy efficiency targets and requiring energy labels on appliances and automobiles. --
- Extension of the Federal Government's ability to mandate utility and industrial conversions to coal from oil and gas.

Four of the thirteen titles I proposed last January are now law and four more have passed at least one House (Naval Petroleum Reserve; thermal standards for new buildings; weatherization program for the poor and elderly; and deregulation of natural gas). Higher prices have reduced demand and we consumed about one million barrels per day less last fall than previously projected.

But we have a long way to go. We cannot let Presidential politics wreak havoc on our energy future. I urge Congress to enact the rest of my energy proposals.

Q: Why did you sign an energy bill which means increasing fuel costs to consumers?

A: It is important that the real costs of energy be allowed to affect both consumer and investor decisions. Holding energy prices to artificially low levels can reduce production and increase consumption.

The Energy Policy and Conservation Act of 1975 also gives stability to our energy policy and stability is important in business planning for the future. The Bill permits us to provide incentives to producers of domestic energy while at the same time assuring consumers that there will be no drastic rises in their fuel bills.

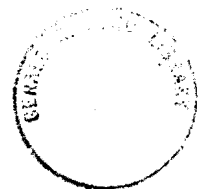


Q: Is there still a need for emergency legislation for natural gas (considering that this winter's curtailments have been less than expected, and new natural gas deregulation could be forthcoming)?

A: Yes, there still is a need for emergency natural gas legislation since interstate pipeline curtailments are expected to increase over the next few years, even with new natural gas deregulation. These projected curtailments, in the absence of emergency legislation, could cause economic impacts which exceed those experienced this winter.

The warmer weather and the administrative actions have reduced curtailments this winter. But we cannot continue to rely on warmer than normal weather to protect us from severe effects of natural gas shortages.

New natural gas deregulation is a long-term solution which will begin to affect production significantly in the late 1970's, but not in itself halt increasing interstate curtailments in the near-term.



Q: What do you think of Congress's proposals for oil company divestiture?

A: I do not support the current Congressional proposals to impose either vertical or horizontal divestiture. Divestiture could have major implications for this Nation's attainment of energy independence. The oil industry is a complicated business and the effects of such a policy must be analyzed very carefully before serious consideration can be given to legislation.

If divestiture occurs, financing of major development projects would be made more difficult, the distribution of resources could be disrupted, the benefits of economies of scale and coordinated company management would be reduced, and consumer prices could rise. The bills that have been drafted are inflexible, overly broad, and may not accomplish their intended objectives.



BUSING

FORCED BUSING - AN OVERVIEW

Forced busing has worked badly in many places to accomplish desegregation of our public schools. It has frequently led to bitterness and divisions. There is evidence that it causes more resegregation than desegregation. What is disturbing is that some well-intentioned people still advocate busing as a means of improving race relations and education.

One problem may be that they think the Constitution requires busing. It doesn't. The Supreme Court has ruled that public schools must be desegregated, and I support that decision wholeheartedly. But busing is just a remedy--a remedy that doesn't work--and a remedy that doesn't work should be replaced with other more effective ways of protecting the equal rights of children to a good education.

I have supported congressional action to limit or eliminate forced busing, and I have urged the courts to adhere to the limits set by the Congress. But under our constitutional system, neither the President nor the Congress can control the courts in their legal duties.

Anyone who tells you that the President should overrule the courts or nullify court orders is telling you to tear up the Constitution--and I will not do that.

What I have done and will continue to do is urge the judges to use judicial restraint and not continue to force on us a remedy that does not work. Until the courts stop ordering busing, good alternatives will not have a chance to work to give us desegregation and good educational opportunities for every school child.

The most promising alternatives are proposals for greater varieties of school programs, freedom of choice in which school to attend on a voluntary basis, and transportation subsidized for students who attend the school of their choice far from home.



Diversity supports liberty and quality, too. We ought to develop varieties of schools--and varieties of programs within schools--to suit different interests, expectations, tastes, career ambitions, and kinds and levels of abilities. If there is a school that would really attract every child, and real freedom to attend that school, I believe the choices would be made for good educational reasons and not on the basis of race.

If we did that, we would be replacing force with freedom, and going to school would become again a joyful experience for all children.



BUSING

- Q. Exactly what do you advocate to bring about integration in the schools and reduce the racial tension in our city--and what actions will you take to achieve those goals?
- A. The first question we must answer is, "What are we really trying to do by busing?" All of us--white, black, every American, in my opinion--want quality education.

Second, let me strongly emphasize that the Supreme Court, in 1954, decided that separate but equal schools were not constitutional. That is the law of the land. As far as my Administration is concerned, the law of the land will be upheld and we are upholding it.

Subsequently, the Federal Court decided that busing is one way to desegregate schools and perhaps improve education at the same time. But there is always more than one answer, and I have the responsibility to give what I think is a better answer to the achievement of quality education, which is what we all seek.

I believe that quality education can be enhanced by better school facilities, lower pupil-teacher ratios, the improvement of neighborhoods and possibly by other alternatives.

Accordingly, I directed the Secretary of Health, Education and Welfare, the Attorney General, and members of my staff to develop better methods of achieving quality education within an integrated environment for all children.

The development of these alternatives is going on now.

I am encouraged by the fact that some federal courts, e.g. Detroit, have begun to realize that there are better alternatives to providing a quality education than forced busing, and that they are following the guidelines of the Esch Amendment to improve schools and use busing only as a last resort.



ABORTION



ABORTION

Q. Do you agree with the Supreme Court's position that the right to abortion be left to a woman and her physician?


A. Not entirely. As a matter of personal philosophy, I always have felt that such a remedy should be available only in cases of serious illness, incest or rape. I do not favor abortion on demand.

Q. Do you think states should have the power to regulate abortions?

A. Yes. I consistently have believed that abortion is a matter best decided at the state level. While House Minority Leader, I co-sponsored a proposed amendment to the Constitution that would permit individual states to enact legislation governing abortions.

Q. Do you favor a constitutional amendment to curb the Supreme Court's liberalized abortion ruling?

A. No. The so-called Right to Life Amendment would go too far in preventing all abortions. Because there appears to be no national consensus on this issue, I reiterate my position that the issue of abortion is best left to individual states.



That would be the kind of constitutional amendment that I would favor.

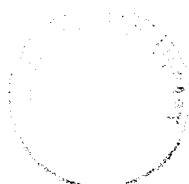
Let me add that as President I have an obligation that transcends whatever individual views I hold on this issue.

I am bound by my oath of office to uphold the law of the land as interpreted by the Supreme Court in its 1973 decisions on abortion. In those decisions the Court ruled 7-2 that States could not interfere with a woman's decision to have an abortion the first three months.

However I may feel about that ruling and attempts to change it, my first responsibility as President is to uphold the law.



FAITH IN GOVERNMENT



FAITH IN GOVERNMENT

- Q. Why have people lost faith in government? And how would you restore that faith?
- A. Recent polls have shown increasing lack of confidence in government. They also have shown increasing lack of confidence in all American institutions.

There are doubtless many reasons for this lack of confidence. Among them are Watergate, the war in Vietnam, and inflation, which erodes everyone's confidence in money, the basic unit of value on which most decisions are made.

The best way for all institutions to regain the public's confidence is to do their job effectively and properly, being aware not only of their legal but also their moral responsibilities to the people they serve.

In government, we have several tasks. One is to restore the stability of our currency, to cut inflation so that people can plan for the future with confidence.

Another is to re-establish the balance between government and the rest of society. We must set realistic goals. Government cannot solve all our problems. Many are better solved by private organizations, profit-making, non-profit and philanthropic, or by individuals working with other individuals on ad hoc solutions to specific local problems.

As is true with many other problems, there is no magic wand that will restore people's confidence in government. But we will continue to approach problems realistically and to show people that we are worthy of their confidence. And I would hope that all other institutions would do the same.



RECORD LOWS IN PUBLIC CONFIDENCE

Harris Survey Released October 6, 1975

Public confidence in institutions has dropped to record lows. Only thirteen percent have a great deal of confidence in Congress and in the Executive Branch of the Federal Government. Organized labor (14%) and law firms (16%) do not fare much better. Major companies (19%), the military (24%), and the U.S. Supreme Court (28%) have all suffered a loss of esteem as well as organized religion (32%), colleges (36%), and medicine (43%).

The press (26%) and television news (35%) are the only two which have gained slightly since 1974.

"As far as people in charge of running (read list) are concerned, would you say you have a great deal of confidence, only some confidence, or hardly any confidence at all in them?"

	<u>Great Deal of Confidence</u>				
	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1966</u>
Executive branch of federal government	13	28	19	27	41
Congress	13	18	29	21	42
Organized labor	14	18	20	15	22
Law firms	16	18	24	--	--
Major companies	19	21	29	27	55
The Military	24	33	40	35	62
The press	26	25	30	18	29
U.S. Supreme Court	28	40	33	28	51
Organized religion	32	32	36	30	41
Television news	35	31	41	17	25
Colleges	36	40	44	33	61
Medicine	43	50	57	48	72

The Harris Survey polled a national cross-section of 1,579 adults.



QUOTABLE QUOTES



"QUOTABLE QUOTES"

The following, organized by present-day situations to which they might apply, are statements by Eighteenth Century political leaders and writers which may be worth quoting.

GOVERNMENT

"I know no safe depository of the ultimate powers of the society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion."

Thomas Jefferson

Letter to William Charles Jarvis
(September 28, 1820)

"Still one thing more, fellow citizens -- a wise and frugal government which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government, and this is necessary to close the circle of our felicities."

Thomas Jefferson

First Inaugural Address



"All government -- indeed, every human benefit and enjoyment, every virtue and every prudent act -- is founded on compromise and barter."

Edmund Burke

Second Speech on Conciliation
with America. The Thirteenth

GOVERNMENT (Cont.)

"Knowing exactly how much of the future can be introduced into the present is the secret of great government."

Victor Hugo

"Any man who thinks he is going to be happy and prosperous by letting the Government take care of him should take a close look at the American Indian."

Anonymous

"Govern a great nation as you would cook a small fish. Don't overdo it."

Lao-Tsze

ECONOMY

"Economy is a distributive virtue, and consists not in saving but selection. Parsimony requires no providence, no sagacity, no powers of combination, no comparison, no judgment.

"And having looked to Government for bread, on the very first scarcity they will turn and bite the hand that fed them."

Edmund Burke

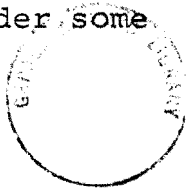
Thoughts and Details on Scarcity (1800)

FREEDOM

"The people never give up their liberties but under some delusion."

Edmund Burke

Speech at County Meeting of
Buckinghamshire (1791)



FREEDOM (Cont.)

"Those who expect to reap the blessings of freedom must, like men, undergo the fatigue of supporting it."

Thomas Paine

September 12, 1777

DEFENSE

"To be prepared for war is one of the most effectual means of preserving peace."

George Washington

First Annual Address (to both
House of Congress, January 8, 1776)

BICENTENNIAL

"The second day of July, 1776, will be the most memorable epoch in the history of America. I am apt to believe that it will be celebrated by succeeding generations as the great anniversary festival. It ought to be commemorated as the day of deliverance, by solemn acts of devotion to God Almighty. It ought to be solemnized with pomp and parade, with shows, games, sports, guns, bells, bonfires, and illuminations, from one end of this continent to the other, from this time forward forevermore.

"The happiness of society is the end of government."

John Adams

Thoughts of Government (1776)

"What a glorious morning for America!"

Samuel Adams

Upon hearing the gunfire at
Lexington (April 1, 1776)



GENERAL

"I have but one lamp by which my feet are guided,
and that is the lamp of experience. I know no way of
judging of the future but by the past."

Patrick Henry

Speech in Virginia Convention,
Richmond (March 23, 1775)

"Delay is preferable to error."

Thomas Jefferson

Letter to George Washington
(May 16, 1792)

"When a man assumes a public trust, he should consider
himself as public property."

Thomas Jefferson

Remark to Baron von Humboldt
(1807)



CRIME



CRIME

AN OVERVIEW

First, and foremost, our efforts in fighting crime should be directed toward the protection of law-abiding citizens. For too long, the law has centered its attention more on the rights of the criminal than on the victim of crime.

Even though the chief responsibility in combating crime lies with State and local officials, the Federal Government can provide leadership. It can improve the quality of existing Federal laws and the Federal judicial system.

It can enact and vigorously enforce new laws governing criminal conduct at the Federal level, and it can provide financial and technical assistance to State and local governments in their efforts to stem lawlessness.

I have proposed that the Congress enact mandatory prison sentences for Federal offenses committed with firearms or other dangerous weapons, and for highjackers, kidnappers, traffickers in hard drugs and repeated Federal offenders who commit crimes of violence. And I have urged State and local authorities to take similar steps.

I am unalterably opposed to Federal registration of guns or gun owners. I have proposed that the Congress enact legislation to deal with those who use handguns for criminal purposes.

I also have proposed further Federal restrictions on so-called Saturday night specials.

BACKGROUND

The Federal Bureau of Investigation has estimated that the rate of serious crime was 17 percent higher in 1974 than in 1973. This is the largest annual increase in the 44 years the Bureau has been collecting statistics. Moreover, these figures reflect only the reported crimes. A study of unreported crime sponsored by the Law Enforcement Assistance Administration indicates that the actual level of crime in some cities is three to five times greater than that reported. Significantly, and tragically, the number of crimes involving threats of violence or actual violence has also increased.

