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STATEMENTS

DRAFT CLOSING STATEMENT

Ladies and Gentlemen:

I would like to break with tradition tonight and close with a brief personal statement.

All of us know that 20 days from now, the American people will choose the President who will lead us into our third century as a nation.

This country has been blessed with inspired leadership in the past -- the Washingtons, Jeffersons and Lincolns. The way in which we select our next President in 1976 should reflect these great traditions.

This puts a special obligation on the voters to listen carefully and to think judiciously about the directions they want the country to pursue in coming years.

It puts a special obligation on the members of the press to write and speak clearly about the issues that matter -- the questions that affect the well-being of our people and the security of our country.

And it places a special obligation upon the candidates themselves to speak openly and candidly about the problems of today and their dreams of tomorrow -- to say what they mean and mean what they say.

During the next three weeks, I will do all that I can to live up to my responsibilities as President and as a candidate for this high office.

7
I would also ask that each of us makes a pledge in our own hearts. When all is said and done, when the ballots are counted on November 2nd -- regardless of who wins or loses -- we must unite once again as a great nation and as a great people. That is our

obligation as citizens; that is the heritage of
our past; and that is our hope for the future.

Thank you.

DOMESTIC ISSUES

The Economic Recovery

Q: Many have expressed concern in recent weeks that the economic recovery is faltering badly. Unemployment is sticking near 8 percent, wholesale prices shot up last month, and the stock market has been plunging. What is your assessment of what's wrong with the economy and what exactly will happen in the future?

A: Although the very rapid rate of economic recovery has slowed since the Spring and the so-called pause has lasted a bit longer than we had expected, there is no evidence of any underlying deterioration in the recovery. In fact, we expect the rate of growth in real GNP in the fourth quarter of 1976 and into 1977 to be greater than that of both the second and third quarters of this year. (Note: The rate of growth in the first quarter was 9.2%, 4.5% in the second quarter and somewhere between 3.5% to 4.% in the third quarter.) We expect gains in consumption, business investment and housing. Our view that growth will accelerate is shared by the majority of economists in the private sector who believe that the economic recovery will pick up steam again as it moves into 1977. As far as inflation is concerned, we were somewhat surprised by the size of the increase of the wholesale price index (.9%) for last month. Nevertheless, there is no evidence that underlying inflationary pressures are growing. Wage increases have been moderate. It's been evident that manufacturers have had difficulty in making price increases stick. For example, the steel industry's recent reversal.

DOMESTIC

Swine Flu

- Q. What advice would you give to elderly people about obtaining swine flu shots? How can the American people be sure that taking a swine flu shot is less dangerous than not taking one?
- A. My advice to the elderly is to continue to receive the swine-type influenza inoculation. All available evidence indicates that the recently reported deaths which occurred after inoculation were not due to the vaccine itself but rather were the results of other health problems.

The scientific and medical data continue to support the need for this program. I believe in this preventive effort and all Americans who can, should take the flu shot. Any possible risks are significantly less than those which would prevail if a swine flu epidemic should occur.

I might add that less than 10 hours ago, I had a shot of my own. So did the members of my family and so did my press secretary because we wanted to show our continued confidence in this program. And I can report to you tonight that all of us feel fine.

FARM POLICIES

Q: In the past week, you have acted to restrict meat imports and you have raised farm price supports. In both cases, farmers are likely to be pleased and questions have been raised whether your actions were politically motivated. Are you willing to tell us that politics played absolutely no part in your decisions?

A: Yes. In both instances the actions have been taken only after careful analysis to assure that these steps are in the best interest of our farmers -- and the Nation. The action on meat import quotas was required by the Meat Import Law. The increase in the loan rates on corn and wheat was done to provide our farmers with adequate interim financing to enable them to market the bountiful corn and wheat crops in an orderly fashion.

PCL
10/14/76

RECENT WHEAT LOAN RATE INCREASE

Q: Mr. President, you raised the Government loan rates on wheat on Wednesday, October 13. Why did this happen at this time?

A: At the time that I vetoed the Farm Bill in May 1975, I promised that "If unforeseen price deterioration requires action on my part, I will direct the Secretary of Agriculture to make adjustments in price support loan rates for wheat, corn, soybeans, and other feed grains."

I have been closely monitoring the grain situation since that time. In mid-September, I met with former Secretary of Agriculture Butz and other key members of my Administration on the question of loan rates for wheat. We covered the entire wheat price picture--including contemplated U.S. export sales. At the close of the meeting, I determined not to make any further decision on this question until the market situation was clarified through issuance of the Department's monthly wheat forecast in early October. That forecast plays a large role in estimating future wheat prices.

The report was issued at 3:00 p.m. Tuesday. As is customary, no policy official of the Administration had access to its contents before issuance. Immediately after issuance, I asked my policy advisers in agricultural matters for their best judgment on the wheat price picture. At the time of my veto of the Farm Bill in May 1975, the price of wheat stood at \$3.34 per bushel.* As of close of the markets on Tuesday, October 12, 1976, it had fallen to \$2.79 per bushel. Based on the analysis of the wheat situation, I decided that this year's bountiful harvest--combined with certain events abroad--has created pressures on the wheat market which could not be foreseen last February when the \$1.50 wheat loan rate was established and which required making available additional amounts of "interim" loan money to carry supplies forward to insure a pattern of orderly marketing.

*Cash price for No. 2 ordinary hard wheat at Kansas City.

I am confident that the American farmers will be able to dispose of this record crop in an orderly fashion at reasonable prices, but in order to do so, they must not be forced to sell their crops in temporarily depressed markets. The increase in the loan rate will now permit our wheat farmers to hold their crops until the wheat price is at a higher level.

PCL
10/14/76

LOW WHEAT PRICES

Q: What are you doing to help pull up our low wheat prices?

A: In addition to working with the wheat industry to promote sales abroad, my Administration is taking several other steps:

- We have recently raised the loan rate for wheat from \$1.50 to \$2.25 so that wheat farmers will have adequate interim financing to allow them to hold their bountiful wheat crop and market it in an orderly fashion.
- On October 1 USDA announced a \$1 billion FY 1977 budget for the Commodity Credit Corporation Export Credit Sales Program. This is \$100 million more than in FY 1976. Plans call for a doubling of the CCC credit allocated to wheat.
- Also on October 1 we made a \$100 million line of CCC credit available to Poland. We expect Poland to use this credit to buy considerably more grain this year than last year.
- We plan to increase our FY 1977 exports of wheat under the PL 480 program by about 30% over last year.
- Finally, when the Farm Bill comes up for renewal in 1977, we will recommend that the target price for wheat be increased.

BACKGROUND

This year, US wheat crop is estimated at a near record 2,127 million bushels, slightly less than last year's record crop. This crop, coupled with a larger carryover on June 1, provides one of the largest supplies of wheat ever.

Exports probably won't match the 1,175 million bushels shipped in 1975/76 because of a record world wheat crop and a reduced demand for imports. Even with domestic use up substantially because of more wheat used for feed, stocks are expected to build for the third successive year.

In many wheat producing areas, deficit in feed grains, wheat is now priced as a feed and this situation is expected to hold well into the midwest corn harvest. As a result, wheat feeding in 1976/77 will expand sharply from the low levels of the past three seasons. Also, it appears that some foreign buyers may be booking wheat instead of feed grains. This situation suggests that wheat prices being supported in part by feed markets may have bottomed out. Corn prices, which set a "floor" for wheat, have recently moved up.

After showing surprisingly early strength wheat prices have declined sharply. Prices at the farm averaged \$3.33 in mid-July but only \$2.88 per bushel in September. Spot and futures prices have been showing some strength recently but still are well below last year's and this seasons highs. For example, the cash price for hard winter wheat at Kansas City closed at \$2.92 on Wednesday, October 13, versus \$4.07 a year ago.

The target price for wheat was increased by law from \$2.05 per bushel in 1975 to \$2.29 for this crop year. Unless Congress changes the law, the target price will go to \$2.44 per bushel in 1977. In early 1976, the loan rate for wheat was increased to \$1.50 per bushel. On Wednesday, October 13, it was raised again to \$2.25.

PCL
10/14/76

DOMESTIC

Carter's Medicare/Medicaid Plan

Q: Carter this week has charged you with failing to correct widespread fraud in medicaid, and he has proposed medicaid and medicare reforms of his own. Can you give us your assessment of his charges and his new plan?

A: In his statement on Medicare and Medicaid, Mr. Carter has once again played fast and loose with the facts. I'm afraid he is unfamiliar with programs and responsibilities, he has been fuzzy about how he would solve the problems.

For example:

- He blames the Social Security Administration for the recent increases in first day hospital costs for Medicare patients from \$104 to \$124. The fact is that the increase announced by HEW is specifically mandated in the law passed by the Congress requiring that the amount be adjusted annually according to a fixed formula.
- He faults the Administration for proposing higher cost sharing by Medicare patients in the 2nd to 59th day of hospitalization. The fact is that this proposal was part of my catastrophic protection plan to insure that the elderly would no longer face the disastrous cost of prolonged illness or pay more than \$500 in cost sharing for hospitalization.
- He alleges that the Administration has made no response to the Senate investigation of the Medicaid program. The fact is that the Administration had taken the initiative in responding to the Medicaid problems long before the Senate report.
- HEW has increased its manpower on fraud and abuse programs since 1974 (from 1 to 145).
- HEW has centralized its criminal investigation activities.
- HEW called attention to this problem in the spring and has provided special review teams to work with states to ferret out fraud and abuse. Three are underway now, all at the request of the governors.
- Medicaid investigations have been increased from 2,700 in FY75 to 7,200 in FY76. Convictions are up over three times.

- Mr. Carter asserts that HEW has implemented only 11 of 59 GAO recommendations on Medicaid. The allegation is wrong. HEW has taken action on all but 2 of the 59 recommendations.
- Governor Carter states that he will restructure the delivery system to eliminate fraud and abuse but fails to say how.
- He recommends a new way to pay hospitals called prospective reimbursement. He should know that that prospective reimbursement is already being tried pursuant to statutory directives. It is a promising idea that is now being explored but not a panacea.
- Governor Carter recommends an aggressive central fraud and abuse unit to investigate violations of law. That should be easy since the Administration has already created one.

The fact is that if Congress had passed my proposal to replace Medicaid and 15 other categorical health programs with a single block grant, the confusion which invites abuse would be ended.

DOMESTIC

AIRCRAFT NOISE

Q: Mr. President, there has been a lot of discussion recently that you are about to announce a major new aircraft noise proposal. Is this true? And, can we expect an announcement before November 2?

A: I am well aware of the serious problem of aircraft noise at a number of our major airports around the country. I have spent a great deal of time with Secretary Coleman in the last month on this very question, as well as with others in the Administration.

There is no question but that we have a serious aircraft noise problem. There are 25 or 26 airports where the noise problem is severe, and 100 where the problem is serious. More than 6 million people live near these airports.

Some improvements have already been made. The Airport Development and Assistance Program Amendments of 1976, which I signed in July, make more Federal funds available to airports to purchase land to serve as noise barriers. The Federal Aviation Administration has implemented takeoff and landing procedures which are designed to lessen noise, consistent with safety needs.

Looking ahead, the Congress must enact the aviation regulatory reform legislation that I recommended to them a year ago. That legislation would allow the airlines to develop the capability themselves to refit or replace their noisy older planes and insure that, in the near future, all planes flying will meet the noise standards. So far neither the House nor the Senate has acted on this important legislation, which is the first comprehensive updating of airline regulations in almost 40 years.

Secretary Coleman has further suggested to me that the tax on airline tickets and on air freight be reduced 2% and that a financing plan be worked out to take that 2% and establish an environmental fund to assist the airlines in refitting or replacing their old noisy aircraft.

We are in the process of making a final decision on this difficult issue. Although I cannot tell you the exact timing of the decision, I can tell you that I am not going to tolerate an 8 to 10 year delay in solving the noise problem at American airports.

FOREIGN POLICY
ISSUES

Recent Arms Sales to Israel

- Q. Mr. President, your recent decision to provide additional items of highly sophisticated military equipment to Israel appears curious in its timing. Was your decision a reaction to Carter's charges that you were not fully responsive to Israel's needs, and if not, what motivated it? Further, it is reported that the normal review process was circumvented so as to facilitate an early announcement and exploitation before the election. Is that true?
- A. As a matter of policy we do not discuss the details of arms transfers with Israel or any other country. But I can tell you this was not politically motivated. As Foreign Minister Allon made clear in remarks following our meeting on Monday, there are many items which have been requested by the Israeli government and which have been under consideration for a long time.
- As details of this sale are worked out, they will be provided to the Congress, as this Administration does with all military sales.
- Q. But wasn't your decision last week timed for maximum election impact?
- A. As I have already mentioned, these items have been under consideration for some time. The Israeli government had requested an early response, and after a careful review of all of the considerations involved, I made a decision. It was a decision made on its merits in the interest of U.S. foreign policy. There was no particular reason to delay the decision or its transmittal to the Government of Israel.

- Q. But isn't it true that you bypassed all of your advisers and made the decision without benefit of the advice of experts.
- A. Not at all, Each of these items had been carefully reviewed by all relevant agencies and I had the benefit of their views in making my decision.

SALT

- Q. Some observers interpreted your comments in the second debate about the Backfire bomber and cruise missile as meaning that you would seek a SALT agreement at almost any price. Can you respond to that charge?
- A. I have repeatedly said I will not sign an agreement that is not clearly in our best interests, and any agreement, of course, will be submitted to the Senate.

The overall prospects for a new agreement are favorable. I was encouraged by my recent meeting with Foreign Minister Gromyko. Both sides are interested in reaching a sound, realistic agreement. I am convinced that if we continue in this spirit, we will reach a good agreement.

This will be our approach in these negotiations. We will seek solutions that are fair and equitable and will only accept proposals that are clearly in our national interest.

SOVIET NUCLEAR TESTS

Q: Can you comment on reports that two Soviet nuclear blasts on August 28 and September 29 may have violated the 150 KT threshold of the TTB and PNE Agreements? Why has the Administration decided to stop releasing information on the size of Soviet tests.

A: The Soviet Government stated on August 10 that they would abide by the 150 KT threshold pending ratification of the TTB/PNE Treaties. Our preliminary assessment indicates that their August and September tests were consistent with this limit.

But our estimate of any Soviet test is never exact. There is always a significant range of uncertainty. That is why it is important for the Congress to take action on the Threshold Test Ban Treaty and the Peaceful Nuclear Explosion treaties now before it. These new treaties contain provisions for the exchange of information which will greatly improve our ability to estimate the yields of tests.

We must ensure that our public announcement policy is both consistent with the framework and our obligations under the two treaties and the uncertainties inherent in our verification system, and also to keep the American people adequately informed in this area. We are at the present time reviewing the entire situation to determine how best to accommodate these various needs. In all cases, of course, the Congress will be kept fully informed.

Arab Boycott

Q. Mr. President, since the second debate, you have successfully addressed the question of Eastern Europe, but you haven't really followed up on the Arab boycott issue. (1) Can you tell us why you told the American people that past participants in the boycott would be revealed? (2) Can you respond to Democratic charges that your Administration blocked legislation this year? (3) Can you tell us what Arab boycott legislation you are prepared to support this January?

A. First let's look at the record. Boycott practices began in 1952. After more than 20 years of inactivity, I am the first American President to look seriously at the problem and take corrective action to deal with it.

-- In March 1975, I directed the Secretary of Commerce to study the matter comprehensively and to give me recommendations for dealing with it.

-- As a result of that study I implemented proposals in November 1975 which have put an effective end to practices of discrimination against Americans on the basis of religion, national origin, race or sex.

-- The Anti-Trust Division of the Justice Department has brought the first suit against U.S. business for boycott practices.

-- On October 4 of this year I signed the tax bill which included anti-boycott provision.

-- In addition, I proposed constructive compromises to other legislation being considered in the closing days of this Session.

-- When Congress adjourned without taking final action, I acted on October 7 by directing the Department of Commerce to do what the Congress failed to do; namely, to require public disclosure of future reports on the Arab boycott, effective immediately.

-- There was no suggestion by the Congress of retroactivity in its proposals nor do I think it would be wise in view of the confidentiality which was promised when past reports were submitted to the government.

With respect to legislation in the future, I believe it is premature to speculate on what may be required. My proposals announced in November 1975 together with the additional measures I have taken since then provide a basis for substantial progress in this area. I believe it would be useful to assess the effect these new efforts will have before proceeding to new measures.

DEVELOPMENTS IN CHINA

Q: Apparently the Chinese have selected Hua Kuo-feng as new Chairman of the Communist Party and have arrested all of the leading leftists. How do you see these developments affecting US-PRC relations?

A: There have been personnel changes in the People's Republic resulting from the death of Chairman Mao. The developments being reported in the press recently are solely a domestic matter for the People's Republic. We are not aware that the US-PRC relationship is a subject of partisan debate within China and I see no reason to expect that changes in personnel will have any impact on our bilateral relations.

AFRICA

Q: There appears to be continuing uncertainty about prospects for peace in southern Africa. What is your current expectation?

A: I remain optimistic that a peaceful settlement can be achieved in Rhodesia. The United Kingdom has called for a conference of the parties to the Rhodesian dispute to open in Geneva on October 21.

While there are many critical issues to be ironed out, including the composition and structure of the transition government, there is agreement on the ultimate objectives: to establish the transitional government and pave the way for a constitutional conference and independence within two years.

There have been many public statements in recent weeks, but I do not interpret these statements as efforts by any of the parties to prejudge the conference or modify the ultimate objectives.

The Namibian issue is moving more slowly. I am nevertheless hopeful that independence can also be accomplished peacefully there by the end of 1978, as already offered by the South African Government. The immediate step is to work out a formula whereby all parties can come together under United Nations auspices to work out the necessary steps toward independence.

Nuclear Policy

- Q. There have been a number of leaks from the Administration in the last two weeks that you had developed and would soon propose a new nuclear program. Can you tell us what the main outline of that program will be?
- A. Nuclear policy, and particularly the control of nuclear proliferation, is an area I singled out for special attention early in my Administration.

We are a world leader in nuclear power, but this is a sensitive matter because we must obtain the cooperation of other nations around the world. We cannot simply impose our conclusions on other countries.

In two years time, we have made good progress. Beginning in May 1975, I directed that negotiations be undertaken with the six other major nuclear supplier nations on steps to control proliferation. By January 1976, after six meetings of the suppliers, we had achieved agreement on a common set of non-proliferation goals that each supplier would impose as a condition of exports.

Just this past week, the Government of France announced, that it was prepared to take new steps to control proliferation. This action is a constructive contribution in the cooperative effort -- begun at U.S. initiative 18 months ago -- among the nuclear supplier nations.

This past summer, I directed that a thorough review be undertaken of all our nuclear policies and options to see whether still additional steps could be taken. I will make specific announcements in the near future, but I can tell you generally tonight about two major policy changes:

-- First, I have decided that the U.S. Government should change its attitude and policy on reprocessing of nuclear fuel in this country. Reprocessing is no longer to be accepted as a necessary and inevitable step in the nuclear power fuel cycle. I believe that we should proceed with reprocessing only when we become fully satisfied that it can be done safely, can be adequately safeguarded and that it makes sense from an economic and energy point-of-view.

-- Second, I have decided on a series of additional steps that the U.S. will take to encourage other nations of the world to follow our lead in postponing their decisions on reprocessing, and thus help to assure that our mutual non-proliferation goals are met.

Domestic Council
October 14, 1976

POLITICS

POLITICS

Carter's Mean Streak

- Q. Apparently some members of your campaign advisory committee early this week told you that Carter is conducting a mean, nasty campaign. Do you agree?
- A. This has been a matter of some concern to me, but I think the American people are the best ones to judge whether Mr. Carter, by temperament and experience, is qualified to govern the country.

Campaigning by the White House Staff

Q. There have been suggestions in the last few days that the Democrats would file a legal suit charging that members of the White House staff, paid by the taxpayers, are spending excessive amounts of time on your campaign. Have you looked into this?

A. Before this campaign began, we gave very clear instructions that every member of my staff here at the White House was to give the taxpayers a full week's work for a full week's pay. That is the policy we have consistently followed.

In fact, we have gone further than any White House in my memory to separate our campaign-related activities and put them over at our campaign committee. For instance, we have instructed Cabinet members who have recently accepted speaking invitations, even for official purposes, to send their bills to my campaign committee -- and not to the U.S. Treasury

POLITICAL

The Debates

Q. Do you think you won the second debate?
And do you plan to ask for a change in
format in the third debate?

A. I was unhappy that I made a couple of slips in
the second debate that marred my performance.
But I felt I answered the questions honestly
and openly.

As far as the next one is concerned, there is
only one change that I would seriously like to
make -- and that is for Mr. Carter to join in
the debate by addressing himself to the ques-
tions.

POLITICS

Carter's "Extramarital Affairs"

- Q. Both the LA Times and Jack Anderson have said this week that your campaign aides have been spreading to the press false rumors about Carter's extramarital life. Have you looked into this, and what have you done about it?
- A. As far as I'm concerned, there is no place in American politics for dirty tricks or personal smears. The American people expect higher standards, and I expect higher standards. I am not aware of any responsible person in my campaign spreading malicious rumors, and I have made it clear once again to my campaign organization that I will not tolerate shoddy campaign tactics. The issues in this campaign are too important to be clouded by such nonsense.



Carter Demagogue

- Q. You have charged that Carter is a demagogue. Can you give us a concrete example?
- A. As one who has taken part in election campaigns for 30 years -- either as a candidate or in support of others -- I have had ample opportunity to observe questionable campaign tactics, including the practice of saying one thing on Monday and the opposite on Tuesday, one thing in the south and another in the north, one thing to business leaders and another to the leaders of labor.

But I must say that I have rarely seen a candidate for the Presidency go as far as my opponent did in our last debate.

On national television -- carried to all the world via satellite -- he told our allies and our adversaries that this nation is not respected any more. He knows that is not true.

He told our allies and our adversaries that we are not strong any more. He knows that is not true.

He told the world that his own country, the United States of America, in an action he calls "typical" overthrew the elected government of Chile. He knows that is reckless demagoguery.

And with all the world watching and listening, the man who wants so urgently to be President of the United States, made the utterly outrageous charge that we tried to start a new Viet Nam war in Angola.

Every one of these statements is false. The American people know that, and so did Mr. Carter when he said them. His charges did not reflect a slip of the tongue or an imprecise choice of words. They were very calculating and deliberate.

What are the people of the world to think, hearing charges like this from a man who leads one of the two major political parties in our country, a man who seeks to be the leader of the free world?

What are the people of other nations to believe?

Whether speaking willfully or in naive innocence, he has done grave damage to the interest of our country.

He has slandered the name of the United States in order to advance his own name. He has discouraged our friends and allies, and he has given encouragement to those who bear us ill.

As a candidate, I am not concerned about anything Mr. Carter may say domestically because I have total faith in the common sense and the basic fairness of the American people.

But when Mr. Carter trades the prestige and good name of the United States for a few more votes, he demeans the political process and does our nation irreparable harm.

Therefore, I now call upon Mr. Carter to retract his insulting statements about our country, and I hereby serve notice that if he ever makes another statement which falsely portrays the strength or the integrity or the respect of the United States of America, the President of the United States will again set the record straight.

Butz

- Q. In retrospect, would you have handled the Butz affair differently? And can you tell us whether you have asked him to campaign for you?
- A. No. I try not to shoot from the hip, especially when I am dealing with someone who has served the nation with as much distinction as Earl Butz.

Earl Butz made a mistake, I reprimanded him for it immediately, and he publicly apologized. Three days later, he submitted his resignation, and I accepted it. But I will never forget that Earl Butz served this nation well, he served American farmers well, and he served me well. It was one of the saddest moments of my Presidency when I accepted his resignation.

As far as campaigning goes, agricultural issues are an important part of this election. During Earl's tenure, we developed a free market, full production farm policy that has greatly benefitted farmers and consumers. To the extent that this is an issue, I would welcome his efforts to support this record of achievement. However, Earl is not a part of the campaign staff or organization and his efforts are his own personal decision.

POLITICS

Religious Endorsements

Q. This past Sunday you went to a Southern Baptist Church where you were in effect endorsed by the preacher. Do you have any second thoughts about Presidential candidates actively seeking out the endorsements of religious leaders?

A. Personal values and beliefs have come to play a large role in this campaign. If that helps the American people make a sounder and wiser choice, I think it is healthy.

Beyond that, I do not intend to wear my religious beliefs on my shirt sleeve, but I am not going to hide my convictions or halt my religious practices just because we're in the midst of a political campaign.

POLITICS

Voter Apathy

Q: Do you have any solution for overcoming voter apathy?

A: I think that over the past 15 years or more, many Americans have lost faith in the government because political candidates promise them so much during campaigns and deliver so little when they are in office--except for more inflation and more taxes. As we restore the traditions of the past--a government that is sound and responsible, a government that promises only what it can deliver and delivers all that it promises--that will do more to restore public confidence in government than anything else.

POLITICS

Equal Time for Carter

Q: Do you think the networks should now grant Governor Carter free time for a half-hour prime-time news conference?

A: That, of course, is a decision for them to make. But I think that anytime the press can persuade Mr. Carter to respond directly to questions on the issues, many people would like to tune in.

DEAN

Charges by John Dean

- Q. John Dean has charged in effect that at the request of the Nixon White House, you sought to block the Patman investigation in 1972 and thereafter, in your confirmation hearings, you were less than straightforward about it. Would you please respond?
- A. This was a matter that I testified to in my confirmation hearings to become Vice President. I testified openly about the matter and to the satisfaction of the House Judiciary Committee. I am happy to stand on my testimony.

I might add that I look upon these allegations in the same way that I look upon the charges laid to rest this morning by the Special Prosecutor.

- Q. Would you object to the Special Prosecutor's office investigating the Dean allegations?
- A. That is a decision I will be happy to leave to them. I did not interfere in the way they conducted an examination of my campaign finances, and I do not intend to interfere now. I have nothing whatsoever to fear.
- Q. Is John Dean lying?
- A. I do not intend to pass judgment on Mr. Dean. He will have to answer to his own conscience.

I might say that it is curious that Mr. Dean has waited until he is trying to promote his book -- a book that comes out in the closing weeks of an election -- to press this point. The question was raised with me in my own confirmation hearings, I testified about it openly, and the House Judiciary Committee did not even deem it worthy of a mention in its report.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

October 14, 1976

MEMORANDUM FOR: DAVID GERGEN
FROM: AGNES WALDRON
SUBJECT: The Investigation of Gerald R. Ford

The House Judiciary Committee held hearings that lasted 36 hours and 34 minutes. President Ford's testimony in three different sessions lasted for a total of 15 hours and 18 minutes.

The Committee collected and made available to its members the following:

1. A 144 page compilation analysing the Ford philosophy and voting record compiled by the Library of Congress
2. The complete voting record
3. A compilation of special interest group ratings
4. Computer print outs of all New York Times articles on Gerald Ford from 1969 to 1973
5. A complete history of all statements and entries in the Congressional Record
6. Special in-depth reports in seven different areas from Ford biographical data to a review of his effort to impeach Justice Douglas
7. Tax returns from 1965-1972
8. Medical records
9. Campaign finance records from 1954-1972
10. A review of 22 Departments and Agencies files
11. All correspondents names were checked against contributors lists
12. A comparison of senior officers of major government contracts to campaign contributors lists

13. An examination of State and local law enforcement agencies
14. An examination of Bar Association records
15. An examination of Ford's law practice
16. An examination of honoraria received
17. An examination of printing expenses
18. A review of payroll accounts
19. An investigation by the FBI that comprised over 1700 pages of raw data. The investigation involved more than 350 special agents, 33 field offices and over 1000 interviews **

The Committee report said "Not one public day nor one issue nor one vote nor one public statement of the Vice President designate went unexamined by the Committee staff in the course of its research".

** The members were not permitted to examine the raw data, but had access to the FBI's conclusions.

THE WHITE HOUSE

WASHINGTON

October 14, 1976

MEMORANDUM FOR THE PRESIDENT

VIA: DAVE GERGEN

FROM: AGNES WALDRON

SUBJECT: John Dean and the Patman Investigation
of Watergate

In his prepared testimony before the Senate Watergate Committee, Dean said that in mid-August 1972 the White House was concerned with an investigation being conducted by the staff of the House Banking and Currency Committee because it would produce more adverse publicity and it might unravel the cover-up.

He said the lawyer for the Committee to Re-Elect the President, Kenneth Parkinson, was put in touch with Congressman Garry Brown, a member of the Patman Committee

Dean recalled a meeting with the President September 15, 1972, when the Committee was briefly and generally discussed. (White House transcripts of this meeting were released in April 1974 in which President Nixon told Dean and Haldeman to enlist the aid of Jerry Ford who was to be told that quashing the Committee investigation was urgent and that these instructions came from "the top." A similar transcript was also released by the House Judiciary Committee.)

In his Watergate testimony, Dean said that on September 25 Patman announced that he would hold a Committee vote on October 3 to seek approval of the issuing of subpoenas for witnesses. "With this," Dean said, "the White House Congressional Relations staff began talking with members of the Committee as well as the Republican leadership." (Emphasis added)

Dean went on to say he recalled several conversations with Bill Timmons and Dick Cook. When the list of potential witnesses was released, Dean told the Committee "Bill Timmons took a much greater interest in the (investigation) when he realized...that his name was among those who would be called. I say this not because Timmons had any reason not to appear because I know of no illegal or improper activity on Timmons'

part, rather he had been working to prevent the hearings from occurring in the first instance through his conversations with the Republican leaders and members of the Committee." (Emphasis added)

Dean continued, "Mr. Timmons discussed the matter with the House Republican leaders who agreed to be of assistance by making it a matter for the leadership's consideration, which resulted in direction from the leadership to the members of the Committee to vote against the hearings." (Emphasis added)

Dean's book version of the episode differs little from his prepared testimony except to flesh it out with dialogue. He quotes Haldeman as saying: "(T)ell Timmons to keep on Jerry Ford's ass. He knows he's got to produce on this one."

According to Dean, Timmons reported back that Jerry Ford didn't think it would be a good idea to pressure Patman to turn off the investigation through his campaign contributions. Timmons is quoted as saying: "...I'll tell you frankly the problem is that, uh, Jerry himself might have some problems in this area, and so might some of our guys on the Committee. I don't think we ought to open this up." (Emphasis added)

On the Today Show (October 13, 1976) Tom Brokaw describes the revelations in Dean's book as "new developments." Carl Stern commented: "Perhaps the most disturbing matter raised, ...is the thought that Mr. Ford did have very intimate contact with White House staff people, in planning precisely how to (derail the Patman investigation)."

Stern goes on to say: "Now Mr. Ford testified during his own confirmation hearings that he didn't have any such contact or at least he didn't recall any."

The above quote really muddies the water because in his Watergate testimony and in his book, Dean makes it clear that Timmons and Dick Cook were the persons with whom Mr. Ford talked.

In your Senate confirmation hearings Senator Robert Byrd asked: "Were you in contact with anyone at the White House during the period of August through October 1972 concerning the Patman Committee's possible investigation of the Watergate break in?"

Mr. Ford: "Not to my best recollection. The best and, I think most authoritative answer to this question is one Representative Jerry Brown...submitted to the Ervin Committee.

Congressman Brown was very much involved as a member of the Committee on Banking and Currency, and his name was much more closely identified with this problem than was mine." (Brown's letter to the Ervin Committee was put in the hearing record.)

Senator Byrd then asked: "Mr. Ford, you undoubtedly would recall any conversation you might have had during that period of August-October with the President, with Mr. Haldeman, Mr. Ehrlichman, Mr. Dean or anyone at the White House...."

Mr. Ford: "I can say categorically...I never talked with the President about it (the Patman investigation) or with Mr. Haldeman, Mr. Ehrlichman or Mr. Dean. I know emphatically I had no conversation with them now.

"Almost daily, during my period as Republican leader in the House, I talked with Mr. Timmons or someone in the Legislative Liaison Office of the White House, but even in this case I do not recall any conversations concerning this particular matter."

You then went on to "recall two meetings I attended, both of which I called, the real issue was discussed...was that Mr. Patman...was going about the matter in the wrong way. And as I recall, statements were made he was going on a fishing expedition." (He met with members of the Committee.)

Senator Byrd: "As I understand you, any efforts that you may have made toward the stifling or impeding of such an investigation by the Patman Committee, were not born of your feeling...that such an investigation would be harmful to the President, harmful to his chances of reelection or harmful to your party?"

Mr. Ford: "The answer is no, Senator Byrd."

In the House confirmation hearings the Patman Committee investigation was brought up by Mrs. Holtzman. She referred to your Senate testimony and said: "Although you met with Mr. Timmons...virtually every day you did not discuss with him these matters of the allegations in the Banking and Currency staff report and you did not discuss the White House role or White House interest in stopping the investigations by the Banking and Currency Committee; is that correct?"

Mr. Ford: "Now I said over there (the Senate Committee) ...that I did not discuss the action that I took, which was to call two Republican meetings of members of the Banking and Currency Committee with Mr. Timmons or anybody else."

In answer to a subsequent question you said: "I was asked by several members on our side of the aisle to call the Committee together. That was and is my responsibility, as Republican leader in the House. to get groups like that together when they have a problem. I did it. I presided. They discussed the position that they as a group ought to take in the hearings...."

This whole tempest in a teapot appears to hinge on whether you discussed the Patman investigation with Timmons. But Dean claims now (in the Today Show interview) that your contacts were with Dick Cook. You were never asked about conversations with him. Dean said Cook reported back that you were calling a meeting of the Republican members of Banking and Currency. This information could have come from any of those members. Garry Brown in his letter to the Ervin Committee said Dick Cook "rather than suggesting or urging me to take any course of action, merely inquired of me how things were going or whether or not I thought those of us who opposed the hearings would be successful in our opposition. In my discussions with other members of the Committee at that time and since, I have yet to find one who indicated that he or she was pressured in anyway to vote as he or she did." (Emphasis added)

WATERGATE COMMITTEE

Haldeman as to people who should be removed after the election. I told Kingsley that this matter had come up during my conversation with the President and he said he had wondered what had put new life into his project as he had received several calls from Highy about the status of his project within the last few days. The meeting ended with a conversation with the President about a book I was reading.

I left the meeting with the impression that the President was well aware of what had been going on regarding the success of keeping the White House out of the Watergate scandal and I also had expressed to him my concern that I was not confident that the coverup could be maintained indefinitely.

BLOCKING THE PATMAN COMMITTEE HEARINGS

I would next like to turn to the White House efforts to block the Patman committee hearings. As early as mid-August 1972, the White House learned through the congressional relations staff that an investigation was being conducted by the staff of the House Banking and Currency Committee, under the direction of Chairman Patman, into many aspects of the Watergate incident. The focus of the investigation at the outset was the funding of the Watergate incident, and other possible illegal funding that may have involved banking violations. The White House concern was twofold: First, the hearings would have resulted in more adverse pre-election publicity regarding the Watergate, and second, they just might stumble into something that would start unraveling the coverup.

The initial dealings with the Patman committee and the reelection committee were handled by Mr. Stans and Mr. Parkinson. However, as the Patman committee proceeded, Stans called for assistance from the White House. I was aware of the fact that the Patman investigators had had numerous conversations with Parkinson and the investigators themselves came to the Republican National Convention to interview Stans on August 25, 1972. Upon Mr. Stans' return from the Republican Convention he met with the investigative staff of the Patman committee, which I believe occurred on August 30. He was accompanied at both these interviews by Mr. Parkinson.

At some point in time during these investigations Mr. Parkinson was put in touch with Congressman Garry Brown, who was a member of the Banking and Currency Committee. To the best of my recollection, this may have resulted from discussions between members of the White House congressional relations staff with the Republican members of the Banking and Currency Committee to determine who would be most helpful on the committee, and Brown indicated his willingness to assist.

On September 8, Congressman Brown sent a letter to the Attorney General regarding the forthcoming appearance of Secretary Stans and others before the Patman committee. I have submitted to the committee a copy of this letter, which was, in fact, drafted by Mr. Parkinson for Congressman Brown.

[The letter was marked exhibit No. 34-20.*]

Mr. DEAN. It is my recollection that Secretary Stans was scheduled to appear before the Patman committee for formal testimony on Sep

*See p. 1181.

tember 14. Prior to Parkinson's drafting the letter for Congressman Brown, I had been asked to discuss the matter with Henry Petersen, which I did. I told Petersen of the problem and asked him for his feeling about Stans and others appearing before the Patman committee and what effect that might have on either the grand jury or the indicted individuals once the indictments were handed down. I recall that Petersen had very strong feelings that it could be very detrimental to the Government's ability to prosecute successfully the Watergate case, but he said he would have to give some thought to responding to Congressman Brown's letter. I had several additional discussions with Petersen and later with the Attorney General, when Petersen indicated he did not think he could respond before the scheduled appearance of Stans on September 14.

The Justice Department did not feel that it could write such a letter for one individual regarding the Patman hearings and was very reluctant to do so. I also had conversations with Mitchell about this and reported the matter to Haldeman and Ehrlichman. The Justice Department felt that for them to write such a letter would look like a direct effort to block the hearings and I frankly had to agree. Therefore, no response was sent prior to the scheduled September 14 appearance of Stans and Mr. Parkinson himself informed the committee that Stans would not appear because he felt it would be detrimental to the then pending civil and criminal investigations.

It was after my September 15 meeting with the President where this matter had been briefly and generally discussed and, as the subsequent activities on the Patman committee became more intense that the White House became more involved in dealing with the Patman committee. On September 25, Chairman Patman announced that he would hold a vote on October 3 regarding the issuing of subpoenas to witnesses. With this announcement the White House congressional relations staff began talking with members of the committee as well as the Republican leadership of the House.

I recall several conversations with Mr. Timmons and Dick Cook regarding this matter as well as conversations with Haldeman. Timmons and Cook informed me that there was a daily change in the list of potential witnesses and the list was ever growing and beginning to reach into the White House itself. In discussing it with Haldeman I asked him how he thought the Patman hearings might be turned off. He suggested that I might talk with Secretary Connally about the matter because Connally would know Patman as well as anybody. I called Secretary Connally and told him the reason I was calling. He said that the only thing he could think of, the only soft spot that Patman might have, was that he had received large contributions from a Washington lobbyist and had heard rumors that some of these contributions may not have been reported.

I discussed this matter with Bill Timmons and we concluded that several Republicans would probably have a similar problem so the matter was dropped. At this time I cannot recall the name of the lobbyist whom Secretary Connally said had made the contributions to Mr. Patman. Timmons and I had also discussed that probably some of the members of the Banking and Currency Committee would have themselves potential campaign act violations and that it probably would be worthwhile to check out their reporting to the Clerk of the House. I told Timmons I would look into it.

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GERALD R. FORD LIBRARY

Congressman Henry Petersen, told him for his feeling that the Patman committee was very or the indicted man. I recall that very detrimental to the Watergate case, responding to Congressional discussions with Petersen indicated the appearance of

write such a letter and was very reluctant about this and The Justice Department would look like a to agree. Therefore September 14 informed the committee would be detrimental.

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he concluded that the problem so the the name of the contributions to it probably some ittee would have hat it probably the Clerk of the

On September 26 I received a report I had requested from Parkinson after he had one of his associates check the reports of the members of the committee with the Clerk of the House. After I received the document from Parkinson, a copy of which I have submitted to the committee, I decided it would be a cheap shot to get into anything of this nature.

[The document referred to was marked exhibit No. 34-21.¹]

Mr. DEAN. Accordingly, I never reviewed the document that Parkinson submitted and I have not reviewed it to this day.

While the White House had received through its congressional relations staff informal reports as to who was likely to be subpoenaed, Chairman Patman made public his list on October 2, 1972. The individuals for whom subpoenas were to be requested was extensive and included several people who had varying degrees of knowledge regarding the Watergate and related matters. This list, for example, included Alfred Baldwin, Jack Caulfield, persons from the finance committee, Sally Harmony, Fred LaRue, Clark MacGregor, Mr. Magruder, Mr. Mardian, Mr. Mitchell, Rob Odle, Bart Porter, Hugh Sloan, Stans, Timmons, and myself. I have submitted to the committee a copy of the entire list.

[The document referred to was marked exhibit No. 34-22.²]

Mr. DEAN. As the names on the list had continued to evolve, it became increasingly apparent that the White House did not want the hearings to be held. For example, Bill Timmons took a much greater interest in the project when he realized early on that his name was among those who would be called. I say this not because Timmons had any reason not to appear because I know of no illegal or improper activity on Timmons' part, rather he had been working to prevent the hearings from occurring in the first instance through his conversations with the Republican leaders and members of the committee. This he knew would put him in an awkward position.

I began receiving increasing pressure from Mitchell, Stans, Parkinson and others to get the Justice Department to respond to the September 8 letter of Congressman Brown as a vehicle that Congressman Brown could use in persuading other Republicans not to vote in favor of the subpoenas. Congressman Brown felt that with this document in hand he could give the Republicans and others something to hang their vote on. I had continued my conversations with Henry Petersen and after the indictments had been returned he said that indeed he did feel that the Justice Department should issue such a letter because of the potential implications of the breadth of the Patman hearings. The letter was sent on October 2, 1972. I have submitted to the committee a copy of Congressman Brown's letter³ and Assistant Attorney General Petersen's response.

[The document referred to was marked exhibit No. 34-23.⁴]

Mr. DEAN. A number of people worked on getting the votes necessary to block the Patman committee hearings. Mr. Timmons discussed the matter with the House Republican leaders who agreed to be of assistance by making it a matter for the leadership consideration, which resulted in direction from the leadership to the members of the com-

¹ See p. 1183.

² See p. 1190.

³ Congressman Brown's letter appears as exhibit 34-20.

⁴ See p. 1194.



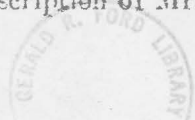
mittee to vote against the hearings. I was informed that Congressman Brown had been working with several members on the Democratic side of the Patman committee to assist in voting against the hearings or an alternative not to appear for the hearings. Timmons informed me that he was also in direct contact with one of the leaders of the southern delegation who was being quite helpful in persuading the southerners on the committee not to vote for the subpoenas or in the alternative not to appear at the meeting on October 3. Also Mitchell reported to me that he had been working with some people in New York to get the New Yorkers on the committee to vote against the hearings. He told me, and I cannot recall now which members of the New York delegation he referred to, that he had assurances that they would either not show up or would vote against the hearings. I in turn passed this information on to Timmons, but I did not tell him the source of my information. On October 3 the vote was held and the subpoenas were defeated by a vote of 20 to 15 and another sigh of relief was made at the White House that we had leaped one more hurdle in the continuing coverup.

On October 4, however, Chairman Patman requested a GAO investigation and I was asked by Stans what this would mean. I told him that this would be primarily between himself and the GAO but that since GAO had no subpoena power to compel testimony, the scope of their investigation would have limits. He said he felt that he could work with Elmer Staats, who was an old and good friend, and not let this matter get out of hand with the GAO. On October 10, Chairman Patman decided to proceed without subpoena power, and sent letters to MacGregor, Stans, Mitchell, and myself. Everybody who received such a letter declined to appear and Patman held his hearings with empty witness chairs and, as I recall the press accounts, "lectured" the missing witnesses.

THE SEGRETTI MATTER

I would now like to turn to the so-called Segretti matter. I have been informed by committee counsel that the subject of alleged political sabotage will be taken up in subsequent hearings. However, I have been asked to explain in full the pattern of coverup which evolved in connection with the Watergate and related matters and my explanation would be less than complete in presenting my knowledge of the subject if I were to omit the so-called Segretti matter. While the Segretti matter was not directly related to the Watergate, the coverup of the facts surrounding Mr. Segretti's activities was consistent with other parts of the general White House coverup which followed the Watergate incident. I will not go into extensive detail at this time, rather I will give the highlights of the pattern that was followed regarding the dealings of the White House with Mr. Segretti.

I first heard of Mr. Segretti when Gordon Strachan called me in late June and told me that the FBI had called a friend of his by the name of Donald Segretti, and requested to interview him in connection with the break-in at the Democratic National Committee. Strachan asked if I would meet with Segretti. I told him that I would and Strachan arranged a meeting at the Mayflower Hotel where Segretti was staying. Strachan gave me a very general description of Mr. Se-



DEAN BOOK

John Dean

Blind
Ambition



The White House Years

TODAY SHOW
INTERVIEW

10/23/76

TOM BROKAW: If ever there was a contemporary author in America, who needs no introduction, it is John Dean who was counsel to President Nixon, a man who served him during the Watergate coverup, who subsequently testified against him, and in fact, served time in prison, as a result of his own role in Watergate.

He is now the author of a book called "Blind Ambition", a book about the Watergate coverup, about the atmosphere in the White House at the time.

Mr. Dean is with us here on "Today" this morning, with Carl Stern, NBC News Correspondent, who covers the Justice Department for us on a regular basis, and covered, gave much of his life, in fact to the coverage of Watergate.

Mr. Dean, first of all, there are some new developments in this book. You describe how President Nixon first raised the possibility of blocking the initial Congressional investigation, or initial Congressional hearings into Watergate, hearings that Congressman Wright Patman of Texas wanted to call, and he raises the possibility of using Jerry Ford, who was then House Minority Leader, to block those hearings.

Did the White House think of Gerald Ford as a stooge?



JOHN DEAN: I don't think a stooge is the right word.

They certainly thought of Jerry Ford as somebody who would do their bidding, when it needed to be done; and with the Patman

hearings, it was something that concerned all of us at that stage of the coverup very much, and as you will recall from the book, the President says that he wants Ford to get in, and do his part to block those very untimely hearings at the time.

BROKAW: One of the ways which you had hoped to put pressure on Patman was to detail some questionable campaign contributions that he may have received, and when you had a discussion about this with Bill Timmons, who was then heading up the Congressional liaison from the White House, he said: That's a sensitive point, because Ford may have some problems in that area as well.

What were the problems that Gerald Ford may have had, campaign contributions?

DEAN: Bill did not elaborate at the time. He knew that I had sent one of the lawyers from the re-election committee to check the records of the members of the Patman committee; and I had those, in fact the day I was in the office, talking with Bill about this; and he said that, John, he said, I don't think this is a very good idea, because some of our guys, and Jerry, may have some problems along this line; so he said don't raise it; and I agreed.

CARL STERN: Perhaps the most disturbing matter raised, though, in your discussion in the book about Gerald Ford, and the efforts made to derail the Patman hearings in October of 1974 is the thought that Mr. Ford did have very intimate



contact with White House staff people, in planning precisely how to do this. Now, Mr. Ford testified during his own confirmation hearings that he didn't have any such contact, or at least, he didn't recall any. Did Mr. Ford tell the truth about that?

DEAN: Well, I don't recall, Carl, precisely what Mr. Ford said at the time of his confirmation hearings to become Vice President. All I'm recalling are the facts as I remember them, and I remember very clearly that Bill Timmons told me on a number of occasions how he was working with Mr. Ford, and Mr. Ford was doing his part, after the White House started that initiative.

STERN: Timmons has denied having had any contact with Ford. Who had contact with Ford?

DEAN: Well, I don't necessary say it was Timmons himself that was having the contact. But somebody on his staff--

STERN: Who?

DEAN: --and it was Dick Cook, the man who had once worked with the Patman Committee, before he had later joined the White House--with the individuals.

STERN: How do you know that?

DEAN: Well, I talked to Dick about it. It came up in Presidential conversation that Dick was a man who had been working on it. Bill Timmons, as you'll recall at the time was on the witness list as one who would be called before the Patman Committee. So Bill was very sensitive about his own involvement in trying to block the hearings. Dick Cook was the man who did the:

legwork, and dealt with Mr. Ford, and the other members of the Committee.

STERN: Did he report back as to any of his conversations with Gerald Ford?

DEAN: To me, or to the White--

STERN: To any meeting that you were present at?

DEAN: Well, of course. Yes.

STERN: Give me an example.

DEAN: Well, I can recall Dick coming back, and telling, for example, how Jerry was going to call a meeting of the minority members in Les Aaron's office, off the House floor, and really tell them what they should do on the day of the vote, and how they should hold together, and things of this nature.

STERN: And what should they do? They should block those hearings from going forward?

DEAN: That's correct.

BROKAW: Well, now, let me read you, if I may, Tom, what the transcript of the Ford confirmation hearings said. I won't read the whole thing. But the question is from Senator Byrd.

"Were you in contact with anyone at the White House during the period of August to October, 1972, concerning the Patman Committee's possible investigation of the Watergate break-in?

Answer, Mr. Ford: Not to my best recollection."

Do you think Mr. Ford would have recalled that? Is that likely, that he wouldn't have recalled it?

DEAN: I would be surprised, if he didn't recall it. He knew Dick Cook from a number of years. He knew Dick Cook worked at the White House. I would be very surprised, if he didn't know the White House's interest, in not having those hearings go forward.

STERN: So, do you believe that Mr. Ford did not tell the truth, when he said to this committee under oath, that he did not recall any such contact?

DEAN: I believe not recollecting is a very safe answer for him.

STERN: My question is: Do you believe he lied?

DEAN: I don't want to say that. I'll stand on the facts, as I know them.

BROKAW: And what are the facts, as you know them, about the extent of Gerald Ford's knowledge of what had happened during Watergate? Did he perceive this as only a political problem, probably embarrassing to the White House, or did he understand the real nature of what was going on, what you were attempting to do?

DEAN: Well, I don't think that anybody had briefed Mr. Ford, or Mr. Ford had any intimate knowledge as to what was going on. I think it was very clear that the White House didn't want this investigation going on, just before an election. I think that anybody who was in Washington during the days of Watergate and the cover-up didn't need much to know that



something wrong had gone on, and there were efforts to keep it quiet, but I don't know of any specific briefings that Mr. Ford was given; certainly I didn't give him any, nor do I know of Timmons, or Cook, or anybody else giving him any.

BROKAW: This business about Gerald Ford possibly having some problems in the campaign contribution area has now received some attention. It's well known as well that the Special Prosecutor has been looking into campaign contribution areas in President Ford's political background. Has anyone from the Special Prosecutor's Office talked to you?

DEAN: No. They have not.

BROKAW: Have you volunteered any information to them?

DEAN: No. I have not.

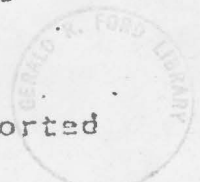
BROKAW: Of any kind.

STERN: If Mr. Ford did not tell the truth in this matter, concerning the contact with the White House, and I don't want to harp on that, but it's an awfully important point. It's perhaps the most important point that emerged from the confirmation proceedings from Mr. Ford. If he didn't tell the whole truth on that occasion, that's a pretty big matter.

DEAN: Yes, indeed, it is.

STERN: So I want you to understand what you're saying to us here. It's important.

DEAN: Well, I'm reporting the facts, and they're reported in my book, just as the way they happened, the way I recall very vividly them happening, during those days.



FORD SENATE
TESTIMONY

The CHAIRMAN. Senator Pell?

Senator PELL. In the interest of time, I will limit myself to one question. I would like to return for a moment to this question of inflation and the burdens imposed, particularly, on our older people. The bill that passed the Senate and is in the House now calls for, I think, a 7-percent increase. Before it passed the House, would you urge the President to sign this bill or do you feel that—

Mr. Ford. I believe that if you are going to increase the benefits, you have to, in all honesty, find additional revenue. Now, I have not had a chance to study whether this added benefit payment that is provided in the Senate version requires additional revenue, whether we have to increase the ceiling so that you are taxing more of the income, or whether we have to increase the rates. But if we have not provided in such legislation additional revenues to keep the balance in the social security trust funds—if we have not provided that revenue—I would urge that it be vetoed.

I hope that we can provide enough revenue because, in my opinion, certainly the people in the older age brackets, because of inflation, need the help. And I want to help them. But I do not want to destroy the social security concept by not providing sufficient revenues to finance these additional benefits.

Senator PELL. Thank you very much.

The CHAIRMAN. Senator Byrd?

Senator BYRD. Representative Ford, will you relate to the committee your role, if any, in the blocking of an investigation by the House Banking and Currency Committee into the Watergate breakin as proposed by Chairman Wright Patman in October of 1972?

Mr. Ford. Senator Byrd, I do not have the full details here, but I can give you the salient points.

Chairman Patman had proposed sometime in October of 1972 that his committee, the Committee on Banking and Currency in the House, undertake an investigation of certain American banks in trading or handling accounts between an American bank and a foreign bank. And Chairman Patman wanted subpoena authority to carry out this investigation.

A number of members of that committee on the Republican side and several on the Democratic side were opposed to giving that authority to Mr. Patman. A number of our Republicans on that committee came to me and said, "Jerry, we think you ought to call a meeting so that we on our side of the aisle could bring the leadership up to date, and perhaps the leadership would give some counsel to the Republican members of the Committee on Banking and Currency."

So as the Republican leader of the House, upon this request, I called a meeting. We met with the Republican members of that committee on one or two occasions. They brought us up to date. We talked about what the noliev ought to be in the committee, but there was no Republican Party decision made. The action taken by the Republicans plus, I think, five Democrats was, I think, to deny Chairman Patman that power of subpoena.

Senator BYRD. You may be aware that John Dean testified to the Senate Watergate Committee on June 25 of this year that House Republican leaders "acted at the request of the White House to block that investigation." Were you in contact with anyone at the White House

during the Patman con-

Mr. Ford. I have no authoritative Brown of the committee.

Congressional Committee closely identified.

As a result, stood were called to testify. Congressmen, great depth.

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The CHAIRMAN. Mr. Ford.

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STATEMENT OF OF MICHIGAN PAIGN ACTIV

Mr. Chairman, I deeply appreciate this opportunity to make a statement and what a dumbfounding statement since Banking and C subpoena authority with the society participated.

Perhaps it was a statement of will, and then several allegations.

Assuming the money, let me provide, the period August of 1972, the House Banking and C Chairman Patman.

While back in the Congress, August 31, 1972, I was interviewed to Re-Elect the since there are funds and the

Inasmuch as received any proposal, I immediately Chairman Patman interviews with staff to determine and determine certain members of the Chairman at that time free members investigation in

during the period of August through October 1972 concerning the Patman committee's possible investigation of the Watergate breakin?

Mr. FORD. Not to my best recollection. The best and, I think most authoritative answer to this question is one that Representative Jerry Brown of the Third District of Michigan submitted to the Ervin committee.

Congressman Brown was very much involved as a member of the Committee on Banking and Currency, and his name was much more closely identified with this problem than was mine.

As a result, he prepared the very detailed statements which I understood were put in the record of the Ervin committee. He was never called to testify. But I would be glad to submit that statement by Congressman Brown because it goes into this whole question in very great depth.

I think it might be helpful to the part of this record if the chairman of the committee would so permit.

The CHAIRMAN. You may supply them for the record.

Mr. FORD. I will, sir.

[The statement referred to follows:]

STATEMENT OF HON. GARRY E. BROWN, A MEMBER OF CONGRESS FROM THE STATE OF MICHIGAN, SUBMITTED TO THE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES

Mr. Chairman and Members of the Committee, at the outset, let me express my deep appreciation to you, Mr. Chairman, and the Committee for providing me with this opportunity to respond in kind to the allegations made by Mr. Dean in his statement and earlier presentation to this Committee. To say that I was somewhat dumbfounded to learn of the allegations made by Mr. Dean is a gross understatement since my participation in the bipartisan effort by members of the House Banking and Currency Committee, which resulted in the denial of the granting of subpoena authority to the Chairman of our Committee, was in no way connected with the so-called "cover-up" activities in which Mr. Dean has testified he participated.

Perhaps it would be best for me to provide the Committee with a chronological statement of what occurred in this regard on the House side, as best I can recall it, and then provide the Committee with a particularized response to Mr. Dean's several allegations.

Assuming the concurrence of the Committee in this proposed format of my testimony, let me proceed with the chronological statement of activities on the House side, the period of time over which these activities occurred having been late August of 1972 to October 3, 1972, the latter date being the date of the meeting of the House Banking and Currency Committee at which, by a vote of 13 to 20, Chairman Patman's request for subpoena authority was denied.

While back in Michigan fulfilling commitments during the August Recess of the Congress, on either the late afternoon of August 30 or the morning of August 31, 1972, I heard on my car radio that the Banking and Currency Committee was interviewing Mr. Maurice Stans, the Chairman of the Finance Committee to Re-Elect the President, with respect to the handling of campaign contributions since there appeared to be a connection between the handling of some of such funds and the Watergate burglary.

Inasmuch as I had not been notified by my office in Washington, nor had I received any notice in Michigan, that the Committee was meeting for this purpose, I immediately got in touch with my Washington office and determined that Chairman Patman had not called a meeting, nor had he notified my office of the interviews with Stans. I then contacted the Banking and Currency Committee staff to determine the facts with respect to the news broadcast I had heard and determined that no Committee meeting had been called, but rather that certain members of the Banking and Currency Committee staff, at the direction of the Chairman, had individually interviewed Stans. I was unable to ascertain at that time from the staff the justification therefor or the reasons why Committee members had not been advised of Chairman Patman's initiation of such investigation by staff members.

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"gambling" of such funds, and their apparent ultimate deposit in Barker's bank account. Mr. Stans informed me he did not know how or why the funds went to Mexico and ended up in Barker's account, stating that Mr. Gordon Liddy, the general counsel for the Committee, had been the one who made the decisions regarding how contributions were reported, handled, etc. under the new campaign expenditure law. Since my inquiry involved the legality of the handling of such funds, it was agreed I should talk with Mr. Kenneth Parkinson, who was the new legal counsel for the Finance Committee to Re-Elect the President, having succeeded Mr. Liddy, whose services had been terminated.

I met with Mr. Stans personally only this one time, but I may have talked with him three or four times on the phone. During the course of these conversations, I am quite sure I suggested that it might be better for Mr. Stans to testify, than to give Patman the opportunity to publicize and take political advantage of Stans' non-appearance, it being the position of most Republican Committee members that Patman's interest in an investigation was more political than anything else.

I discussed the application of the Bank Secrecy Act, the campaign expenditure law, and other aspects of the matter telephonically with Mr. Parkinson several times and met with him on one occasion of which I am certain and possibly a second time very briefly, although I cannot specifically recall a second occasion.

During this time, I had asked my legislative assistant, who is an attorney and a former law clerk for a Federal Court of Appeals Judge, to brief for me the question of the propriety of the appearance of Mr. Stans and others before our Committee. In the course of this research done by both my legislative assistant and myself, it became apparent that such an appearance could prejudice the rights of those who might be indicted as a result of the grand jury proceedings that were then in progress. Appreciation of this problem prompted me to write to both the Attorney General and Mr. Stans requesting the opinion of the Attorney General with respect to the propriety of Mr. Stans' appearance as well as the opinion of Mr. Stans' attorney concerning his own position on the appropriateness of such appearance. These letters are attached as Exhibits No. 3 and 4, respectively. At the time of the writing of these letters, Mr. Stans had not, to my knowledge, decided whether or not he would voluntarily appear before the Committee.

It is this letter of September 8 to the Attorney General which Mr. Dean has said in his statement, "... was, in fact, drafted by Parkinson for Congressman Brown." I unequivocally deny this charge. The letter to the Attorney General was dictated by me to my secretary and is my work product in every respect. It is my best recollection that from the conversations I had with Mr. Stans and Mr. Parkinson up to this point it appeared to me no decision had been made as to whether or not Mr. Stans would appear. The decision to write such letters was wholly my own and stemmed from my concern about the propriety of his appearance regardless of what his decision might be, such concern having been prompted by the limited research done by my legislative aide and myself to this time.

It would be asinine for me to say that in the course of my discussions of the matter with Stans and Parkinson I did not mention the concern I felt about the legal ramifications of Mr. Stans' appearance before the Committee and of my belief that the legal opinions of those most closely involved, namely, the Attorney General and Stans, should be obtained. In any such discussions, however, it was always a matter of my apprising Stans and Parkinson of what I proposed to do, rather than receipt by me of suggestions, requests, urgings, etc. from them.

Although I received no written response from the Attorney General to my letter of September 8, on September 12 Ralph Erickson, the Deputy Attorney General, telephoned my office and talked with a member of my staff and advised that he was calling in response to my letter of September 8 and indicated that the Attorney General would be happy to talk with me about the matter but did not intend to respond in writing, suggesting that the questions I had asked were now moot because in the interim Mr. Stans had notified the Committee that he was declining the invitation to testify.

During this period of time, the Banking and Currency Committee, although considering other legislation, had been embroiled in the controversy about the conduct of hearings by the Committee into the Patman charges, the scope of which I have already described. But none of the activities regarding political espionage, bugging, cover-up, etc. which have now surfaced and which are now being discussed were known at the time the Banking and Currency Committee was contemplating its hearings and it must also be kept in mind that Patman's

effort to investigate the matter of the laundered funds and Barker's involvement was analyzed by most of us at that time as being blatantly political in view of the up-coming election.

Chairman Patman finally did discuss the matter with the Committee and, although objection was voiced by many of us, he scheduled a meeting of the Committee for September 14 to receive the testimony of Stans and Phillip S. Hughes, Director of the Office of Federal Elections, General Accounting Office. This was the meeting at which Stans declined to appear.

Because Stans had failed to appear voluntarily, Chairman Patman notified the Committee on September 23, 1972 that he intended to seek the authority of the Committee to issue subpoenas for Stans and several others at a meeting of the Committee to be held October 3. When it became certain that the Chairman would seek subpoena authority, my earlier concern about the propriety of such appearance was renewed and intensified since in the meantime the legal research done by me and my office had clearly established the danger of conducting a Congressional hearing when criminal proceedings were pending regarding the same matter.

As a result, I again wrote to the Attorney General on September 26, 1972, pointing out to him that although the questions I had raised in my September 8 letter might have become moot after Stans had declined to voluntarily testify, Patman's plans to seek subpoena authority made my questions and concerns very real once again. This letter of September 26 is attached as Exhibit No. 5.

Despite my insistence in my letter to the Attorney General of September 23, 1972 for an opinion to be expressed, it wasn't until the late afternoon of October 2 that I learned Mr. Henry Petersen, Assistant Attorney General, had replied to my letter of September 26, not to me, but to Patman. In fact, Patman had received the response from Petersen before I knew that a response had been provided, since I was not given a copy until I requested the same. This letter from Petersen is attached as Exhibit No. 6 and is the same as Dean's Exhibit No. 21.

In this regard, I felt at the time that the Department of Justice and the Attorney General's Office was being most uncooperative and, in fact, was taking a rather untenable position of not wanting to get involved when my research had clearly satisfied me that the success of their prosecutive efforts of those who had been indicted by the grand jury could be seriously jeopardized by public hearings of the Banking and Currency Committee under the law applicable thereto, especially the holding in the *Delaney* case. It having been my position then, and it continues to be my position, as well as that of Archibald Cox, the Special Prosecutor, that public hearings in prejudicing the rights of those who have been accused, necessarily also seriously jeopardize the successful prosecution of these individuals.

In any case, the Committee met on October 3 and, as is well known, voted 20-15 against authorizing the Chairman to issue the subpoenas he has requested.²

Although it is of little pertinence to this chronology, I wish to add that consistent with my many-times stated position regarding the Banking and Currency Committee's investigation of this matter, to wit, that such investigation should await completion of criminal proceedings, I wrote to Chairman Patman in early January of this year urging him to designate a staff member or hire outside counsel to monitor the criminal trials of the "Watergate Seven" so that we might be kept current on the proceedings of those trials so we would be prepared to conduct a Committee investigation upon completion of the criminal proceedings.

Needless to say, the Chairman declined to grant my request and in a reply expressing many reasons, closed the door upon any investigation by our Committee.

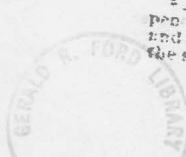
From the foregoing, it is obvious that Mr. Dean, in his testimony before the Senate Select Committee, either has stated things to be true which he does not know to be true or has engaged in absolute falsehoods. More particularly, I recite the following: (References are to the statement presented to your Committee on June 25, 1973.)

On page 104, Mr. Dean states: "At some point in time during these investigations Mr. Parkinson was put in touch with Congressman Gary (sic) Brown who was a member of the Banking and Currency Committee."

² In view of Mr. Dean's testimony about the proposed Patman witness list, I should add at this point that I attempted to determine who Patman wanted to subpoena, but it wasn't until I received such list, hand delivered at 5:05 P.M. on 10/2/72, the evening before the 10/3/72 meeting, that I or anyone else, to my knowledge, knew who Patman intended to subpoena and call as witnesses.

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The fact is, Mr. Parkinson was not put in touch with me. I requested an opportunity to talk to Mr. Parkinson during my original contact with Mr. Stans when he could not explain to me the several legal aspects of the handling of funds by Mr. Liddy, the legal interpretation given to the campaign expenditure law as it applied to contributions made to the Committee to Re-Elect the President before and after April 7, 1972, and other aspects of the staff interrogation of Mr. Stans.

Also on page 104, Mr. Dean states:

"To the best of my recollection this may have resulted from discussions between members of the White House Congressional Relations staff with the Republican members of the Banking and Currency Committee to determine who would be most helpful on the Committee and Brown indicated his willingness to assist." (Emphasis added.)

The fact is, I recall no conversation with anyone which could be interpreted as my indicating a "willingness to assist." This is especially true if one interprets, as he must, Mr. Dean's word "assist" as being willingness to assist in the White House efforts to block the Patman Committee hearings for the second reason he states on page 103: that being, and I quote . . . "and second, they just might stumble into something that would start unraveling the cover-up."

It should be pointed out that as of even September 8, 1972, or for that matter as late as October 8, 1972, to my recollection, there had been no public suggestion that a "cover-up" was in progress. The fact that I opposed such hearings at that time because I was satisfied the law made inappropriate and undesirable the conduct of hearings of our Committee while the criminal proceedings were pending and, in addition, thought Patman's desire for such hearings was purely political, while for other reasons the White House may have opposed such hearings, may make our goal similar, namely, the blocking of the hearings, but it is totally improper to attribute the same motivation, as Mr. Dean has done.

Again on page 104, Mr. Dean states:

"On September 8th Congressman Brown sent a letter to the Attorney General regarding the forthcoming appearance of Secretary Stans and others before the Patman Committee. I have submitted to the Committee a copy of this letter (Exhibit No. 18), which was, in fact, drafted by Parkinson for Congressman Brown." (Emphasis added.)

The fact is, this letter was not drafted by Parkinson for me, nor to the best of my recollection does my letter to the Attorney General contain any input from Parkinson, although of course, as I have already indicated I had apprised Stans and Parkinson of my plans to solicit the opinion of the Attorney General. On this same page 104, Dean again refers to "Parkinson's drafting the letter for Congressman Brown," which is a repetition of the previous erroneous statement.

I wish to advise the Committee with respect to this statement that upon learning of this charge made by Mr. Dean, I knew it to be so completely erroneous that I sought an explanation for the making of same by Mr. Dean. I attempted to contact Mr. Parkinson to determine whether or not he, or anyone else to his knowledge, might have suggested or stated to Mr. Dean that he, Parkinson, had drafted such letter. Mr. Parkinson was not immediately available and I was unable to talk with him until the late afternoon of Tuesday, June 26, 1973. Dean's statement having been made, as you will recall, in his testimony before this Committee on June 25, 1973. In this telephone conversation with Mr. Parkinson on June 26, Mr. Parkinson unequivocally denied that he had drafted such letter or that he, or anyone else to his knowledge, had advised Mr. Dean that such letter had been drafted by him, Parkinson.

However, in the course of my attempting to learn from Parkinson how Dean could possibly have made this statement, Parkinson recalled that he had prepared a draft of a letter at the request of Mr. Dean which he, Parkinson, understood was to be furnished to the Attorney General as a proposed response by the Attorney General to my letter of September 8, 1972 (Dean's Exhibit No. 18, my Exhibit No. 3). I requested a copy of this proposed draft which was prepared by Mr. Parkinson for Mr. Dean and it is attached hereto as Exhibit No. 7. It is Mr. Parkinson's further recollection that subsequent to his preparation of this draft, Mr. Dean took the same for what Mr. Parkinson understood to be a further review or revision by Mr. Dean. Of course, this proposed draft was apparently never used as intended since no response was made at that time to my letter of September 8, 1972.

Although Dean cites no time frame for this statement, it should be remembered I independently and aggressively had commenced opposing the Patman action as early as 8/21/72 and had no knowledge of what Dean says were on-going conversations within his group on the subject.

Although it is relatively insignificant, on page 105 of his testimony, Dean states that no response was sent by the Justice Department to my letter of September 8 prior to the scheduled appearance of Mr. Stans on September 14; whereas, although Dean's discussion of this matter on page 105 may be substantially accurate, I did receive a telephonic response to my letter of September 8 from Deputy Attorney General Erickson in which, as I have above pointed out, he indicated no written response would be provided and that he felt the questions I had raised in my letter of September 8 were moot because of Stan's decision not to appear before the Committee voluntarily.

On page 108, Mr. Dean states:

"I began receiving increasing pressure from Mitchell, Stans, Parkinson and others to get the Justice Department to respond to the September 8th letter of Congressman Brown as a vehicle that Congressman Brown could use in persuading others not to vote in favor of the subpoenas. *Congressman Brown felt that with this document in hand he would give the Republicans and others something to hang their vote on.*" (emphasis added)

The fact is, I know of no basis for these statements since my only purpose in writing to the Attorney General on both occasions, that is, September 8 and September 26, was to attempt to get the Attorney General to recognize the law for what I knew it to be and to appreciate the prosecutorial problems which would be created by public hearings of the Committee. I especially know of no basis in fact for the underlined portion of the foregoing quote from Dean's statement, since I cannot recall having expressed the same to anyone. However, there can be little question but what such a letter would have a favorable impact upon other members.

At the bottom of page 108 and on page 109 of Dean's statement he states that much effort was put forth by many people, including Mr. Timmons, to persuade members of the Committee to vote against the hearings. I can only speak for this member of the Committee in this regard, but I do not recall receiving any urging from anyone at the White House to cast my vote against such hearings.

In fact, I am very certain I had no significant contact from anyone associated with the Administration or the White House regarding the hearings other than the contacts I have already discussed with Mr. Stans and Mr. Parkinson.

To the best of my recollection, my only contacts with White House personnel were insignificant contacts I had in the course of normal legislative business with Dick Cook, the White House liaison agent for the House of Representatives, who, rather than suggesting or urging me to take any course of action, merely inquired of me as to how things were going and whether or not I thought those of us who opposed the hearings would be successful in our opposition. In my discussions with other members of the Committee at that time and since, I have yet to find one who indicated that he or she was pressured in any way to vote as he or she did.

In conclusion, I wish to thank you, Mr. Chairman, and the members of the Committee for your patience in permitting me to provide this probably unnecessarily lengthy statement. My purpose in doing so was to establish for the record not only the absence of culpability on my part, but the absence of culpability on the part of the other members of the House Committee on Banking and Currency in opposing the Patman investigation, to the extent that I have any knowledge of other members' actions.

I hope I have satisfied the Committee and the listening, viewing, and reading audience that what Mr. Dean has concluded was causally related action by the majority of our Committee to what he was doing at the White House, has no basis in fact and should not be so presumed. If opposition to action proposed by one's colleagues, when that opposition is based on principle and proper political motivation, cannot be voiced without such opposition being interpreted as culpable conduct and obstruction of justice, then we certainly have reached a sorry state of affairs in our political and legislative system.

If I have done nothing else, I trust that I have at least somewhat dispelled the "guilt by association" implicit in Mr. Dean's testimony by his linking of the House Banking and Currency Committee action with the whole gamut of culpable conduct about which he has testified.

I will be glad to answer any questions the members of the Committee might care to pose.

Thank you.

Senator Byrd. Mr. Ford, you undoubtedly would recall any conversation you might have had during that period of August-October with the President, with Mr. Haldeman, Mr. Ehrlichman, Mr. Dean, or any-



one at the White House, in connection with the proposed investigation by the Patman committee. Do you recall any such conversations that would indicate that the White House wanted you to lend your efforts, as a leader, to blocking such an investigation?

Mr. FORD. I can say categorically, Senator Byrd, I never talked with the President about it, or with Mr. Haldeman, Mr. Ehrlichman, and Mr. Dean. I know emphatically I had no conversation with them now.

Almost daily, during my period as Republican leader in the House, I talked with Mr. Timmons, or someone in the Legislative Liaison Office of the White House, but even in this case I do not recall any conversations concerning this particular matter.

Senator BYRD. Was there any discussion between you and Mr. Timmons or between you and the other members of the Patman committee or any of your colleagues in the House to the effect that the investigation would possibly be harmful to the President, harmful to his reelection chances in the then upcoming Presidential election, or to the Republican Party generally?

Mr. FORD. As I recall the two meetings that I attended, both of which I called, the real issue that was discussed—and Jerry Brown's memo or prepared statement probably expresses it better than I can—was that Mr. Patman, the chairman of the Committee on Banking and Currency in the House, was going about the matter in the wrong way. And as I recall, statements were made he was going on a fishing expedition.

Now, the members on our side of the aisles in that committee were concerned about the procedure and the dangers that that procedure might lead to a precedent. I think, in all honesty, that was the basic thrust of the action of the Republicans. And I think every Republican on the committee voted to deny that responsibility or that power to the chairman. And I think they were joined in that vote by five Democrats, as I recall. So a majority of the committee turned down the authority.

Senator BYRD. But as I understand you, any efforts that you may have contributed toward the stifling or impeding or blocking of such investigation by the Patman committee were not born of your feeling, or at least your feelings as expressed to anyone, that such an investigation would be harmful to the President, harmful to his chances of reelection; or harmful to your party?

Mr. FORD. The answer is no, Senator Byrd.

Senator BYRD. Now, Mr. Ford, as you know, the Attorney General of the United States wears two hats. He is the chief law enforcement officer of the United States and, at the same time, he is the chief political adviser to the administration, regardless of whatever administration may be in power, whether it be a Democratic administration or Republican administration. Do you believe that the Attorney General should participate in partisan political activity such as the congressional elections of 1974, or do you think he should stay in a bipartisan stance such as that traditionally taken, let us say, by the Secretary of State?

Mr. FORD. Certainly the Secretary of State and the Secretary of Defense should refrain from partisan political activity. The Attorney General does not have quite the same responsibilities as the two previously mentioned, but I do believe that he should certainly be circumspect, because as the principal law enforcing officer of the Government

FORD HOUSE
TESTIMONY

Mr. EDWARDS. In hindsight, do you think your decision was correct?

Mr. FORD. Well, it is somewhat bolstered by legal scholars. There has been no definitive decision. I think I could produce as many scholars who believe as I do as others might produce for their viewpoint. So I think it is an unresolved matter where there is an honest difference of opinion.

Mr. EDWARDS. Had you discussed the matter previously with the Vice President before he came to the Speaker's?

Mr. FORD. I had on two occasions, as I recollect, at his request, not to just discuss his possibly submitting his letter to the Speaker, but to let him give me and one other Member of the House an opportunity to hear his side of the story, which he told both of us on some two occasions. At the time, in both of those instances, he inferred in the first and talked more affirmatively in the second that he might come up and see the Speaker with this letter requesting action. I did not know the day that he did it until I understood he was in the Speaker's office, however.

Mr. EDWARDS. Did he discuss with you the rather large extent of his criminal involvement before, in these previous discussions, in these discussions before you met in the Speaker's office?

Mr. FORD. He discussed with me and one of my colleagues the allegations that were alleged, not the full extent of them, and his willingness to take an oath that they were untrue.

Mr. EDWARDS. Did he discuss his plan to submit the matter to the House of Representatives with the President?

Mr. FORD. With the President?

Mr. EDWARDS. With the President.

Mr. FORD. I am not familiar one way or another with that.

Mr. EDWARDS. He did not tell you at these previous meetings whether or not he had discussed the matter with the President?

Mr. FORD. He did not.

Chairman ROXNO. Your time has expired.

Ms. Holtzman?

Ms. HOLTZMAN. Thank you, Mr. Chairman.

Mr. FORD, it is very late in the day and you have been patient after a long day, 2 days really of grilling, and I have a few questions to ask of you at this point.

The first regards a report in October 1972 by the staff of the House Banking and Currency Committee which uncovered a number of serious allegations regarding the reelection campaign of President Nixon, including information that large amounts of campaign contributions had been traced to one or more of the Watergate suspects about a secret Republican fund of at least \$350,000 available that was being used for intelligence-gathering purposes, that a Mexican bank had been used to launder large amounts of campaign funds, that a Federal bank charter had been granted to a large Nixon campaign donor in unusual haste, and that top officials in the Presidential campaign had ordered the bugging of Democrats' National Headquarters as well as the surveillance of bank accounts of Democratic Congressmen and officials.

According to your testimony in the Senate, I understand that you as a Republican leader played a role in the stopping of the investigation.

tion plan in connection with the report by the Banking and Currency Committee investigation. This is not my question, Mr. Ford; let me finish.

Now, I understand also from your testimony that although you met with Mr. Timmons of the White House virtually every day, you did not discuss with him these matters of the allegations in the Banking and Currency staff report and you did not discuss the White House role or White House interest in stopping the investigation by the Banking and Currency Committee; is that correct?

Mr. Ford. Well, first I should make one correction. I never testified before the Ervin committee.

Ms. HOLTZMAN. No, no, I mean before the Senate Rules Committee, I said before the Senate.

Mr. Ford. Oh, I thought you inferred Senator Ervin's committee.

Ms. HOLTZMAN. I set forth a story there and I have subsequently included in the testimony over there the detailed statement that our colleague, Mr. Brown, submitted to the Ervin committee involving the whole matter.

Mr. Ford. Now, I said over there that—and by over there I mean the Senate committee—that I did not discuss the action that I took, which was to call two Republican meetings of members of the Banking and Currency Committee with Mr. Timmons or anybody else.

Ms. HOLTZMAN. I understand. What I wanted to ask you was, did you discuss with Mr. Timmons or with anybody else at the White House whether or not the allegations made by the Banking and Currency staff had any basis in fact or not.

Did you discuss with them, let's say up to the period of November 1?

Mr. Ford. I do not remember discussing those allegations with anybody on the White House staff in 1972.

Ms. HOLTZMAN. OK.

Well, my question then is really—it goes on the action that you took with respect to that proposed Banking and Currency Committee investigation.

In a letter, as I understand it, reported in the press on November 1, 1972, you called the committee staff report the worst form of last-minute smear tactics, and I am concerned that this was done without an apparent attempt to verify with the White House people the charges that had been made by that committee.

Mr. Ford. Well, my release in that regard was predicated on the information that was given to me by the members on our side of the aisle of the Committee on Banking and Currency.

Ms. HOLTZMAN. Well, as I understand it then, these committee meetings—and I read Mr. Brown's, Congressman Brown's statement—the problem that they felt with the Patman-proposed investigation was that it was going to be a fishing expedition, and you, as minority leader, attended these sessions.

Did you ever inform them one way or the other that you had no information one way or another as to the truth or falsity of these charges?

Mr. Ford. I was asked by several members on our side of the aisle on that committee to call the committee together. That was and is a responsibility, as the Republican leader in the House, to get groups like that together when they have a problem. I did it. I presided.

They discussed the position that they as a group ought to take in those hearings or in those committee meetings, and in the course of the discussions at those several meetings, comments were made by various members as to the information they thought might be available, and they thought that Mr. Patman was going on a fishing expedition, and they had beliefs they thought were sound, and, therefore, decided to vote to postpone any action.

I think all the Republicans voted one way with the help of five Democrats.

Ms. HOLTZMAN. I understand that but I, as I said, was concerned and still am concerned that statements were made in an attempt to block that committee investigation, and some of the charges out of which it arose have subsequently turned out to be true, without real investigation it seems by anyone as to whether or not those charges had any basis in fact.

Mr. FORD. Well, I think what disturbed a number of members was that Patman committee, which is the Committee on Banking and Currency, has limited jurisdiction. It does not have the broad jurisdiction of the Ervin committee in the Senate that can cut across jurisdictional lines between one standing committee and another. The Subcommittee on Banking and Currency has rather arbitrary jurisdictional limits and some of the things that were included in, as I recollect, in Mr. Patman's prospective investigation, and some of the things that subsequently turned up in the Ervin committee were well beyond the jurisdictional limits of Mr. Patman's Committee on Banking and Currency.

Ms. HOLTZMAN. But I take it that the laundering, the use of international banks, which still appears to turn out to be the case, for the use of illegal campaign funds, probably did fall within the jurisdiction of that committee.

Mr. FORD. Yes, I gather that particular item did, and I would not argue that but some of the other items were, I think a little beyond the Banking and Currency Committee jurisdiction.

Ms. HOLTZMAN. That might be.

I would like to turn to another area. I am sure I am not going to have time to finish it, but I feel it is importance simply to dispel any remaining cloud that might arise at a future time.

I must say that I myself have reviewed the very intensive financial investigation which has been made both by the IRS people and by the committee staff, and I must say that I personally, and I am sure many other people, are relieved that the stress thus far, and it has been virtually complete, have shown that you personally have not profited from your public trust, aside, of course, from your salary.

Mr. FORD. Thank you.

Ms. HOLTZMAN. And your honorariums. But we do live in a time of enormous public distrust of various political people and in view of the charges that have been surrounding the White House itself with respect to campaign contributions and alleged favors done in response to those campaign contributions, I would like to raise some instances that have come to our attention which do not reflect any improper conduct on your part, but I would like to give you the opportunity under oath to dispel any possible impropriety at this time so that nobody can say that we, as a committee, did not review this area and you were not given an opportunity to comment on it.

AND R. FORD

Mr. Ford. I appreciate the opportunity.

Ms. HOLTZMAN. Thank you. And if I do not finish the questions, I would like to be able to submit them to you in writing, and if the chairman has no objection, to have them made part of the record.

Mr. Ford. I would be glad to.

Ms. HOLTZMAN. Thank you.

Chairman RODINO. Without objection, they may be entered as part of the record. [See app. 2, at p. 774.]

Ms. HOLTZMAN. We have been given a report that in 1973 a letter was written to the Department of Agriculture concerning a company called Crystal Flash Petroleum Corp., and that an official of that corporation has given to your—not to your, I am sorry, to the Kent County Republican Finance Committee approximately \$16,000 to \$18,570 in the last 5 years.

Would you be able to comment on that statement?

Mr. Ford. The man I think you speak of is Mr. Frank Fehsenfeld. Mr. Fehsenfeld has been a long-time precinct worker. I did not know that he was a donor to the extent that you have indicated.

As I understand the case you speak of, Mr. Fehsenfeld is president of Crystal Flash Gasoline Co., in western Michigan. They have a number of independent gasoline retail outlets. In one of those retail outlets, the proprietor has a grocery store, sort of a sideline, like in many small towns or in semirural areas, this is the case.

Mr. Fehsenfeld wanted the right to distribute food stamps like any grocery store does.

My local office in Grand Rapids, on behalf of Mr. Fehsenfeld, made application, or wrote a letter to some official in the Federal Government, and asked for a review of the initial denial, and on review, as I understand it, the head of food stamp operation reversed and granted the right of Mr. Fehsenfeld's gas station to distribute food stamps. If you knew Frank Fehsenfeld, he is the most honest, conscientious guy I have ever known. He is almost too circumspect, and he would not do anything wrong in violation of the law for anything, and I think we did something that was right here. We helped people in a certain area get food stamps.

Chairman RODINO. Your time has expired.

Mr. Ford. May I offer some exhibits which will probably be more helpful in explaining the records? They are letters from my staff in Grand Rapids to the proper officials and myself and everything.

Chairman RODINO. They will be accepted and made part of the record.

[The documents referred to follow:]

U.S. DEPARTMENT OF AGRICULTURE.
FOOD AND NUTRITION SERVICE.
Washington, D.C., May 1, 1973.

Hon. GERALD R. FORD,
House of Representatives.

DEAR MR. FORD: This is in further response to your recent inquiry concerning the proposed denial of the application for Crystal Flash Gasoline Service Station, 1074 Grandville Avenue, S.W., Grand Rapids, Michigan, to participate in the Food Stamp Program.

The Food Stamp Review Officer assigned to this matter has completed his study of all relevant information. The Review Officer also visited the store, observed the stock of eligible food items available for retail sale, and discussed

