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## TEXTBOOKS

### Question:

U. S. Commissioner of Education T. H. Bell said in a recent speech that parents have a right to object to textbooks, films, and other teaching materials used in public schools when these materials run counter to the standards--regarding violence, obscenity, moral judgments, and other basic issues--that parents set for their children at home. Does this view imply a Federal effort to intervene in the selection and treatment of textbook and film subjects by publishers or the purchase of their materials by State and local school officials?

### Answer:

The Federal Government has absolutely no authority to determine content or selection of teaching materials, just as it has no authority in other aspects of public school operations which fall under the jurisdiction of State and local education agencies. As Commissioner of Education, Dr. Bell does have a leadership responsibility to address an issue that is disrupting the public education of children in some communities.

### Background:

The Commissioner's position in no way contradicts the letter or spirit of the proposed Title IX regulations. In regard to sex discrimination in textbooks and other curricular materials, these regulations state that any specific regulatory provision in this area would raise grave constitutional questions under the First Amendment. This prohibition against federal intervention would apply as well to violence, obscenity, and similar issues.

January 17, 1975  
R. D. S.

## VETERANS EDUCATION

### Question:

What is the status of the new Veteran Education Loan Program?

### Answer:

OMB has approved the education loan application form and copies are being sent to the regional offices this week. The interest rate for VA education loans has been established as 8 percent. Advanced copies of the instructions were processing loan applications were mailed to the regional offices January 9, 1975

January 17, 1975.  
R. D. S.

## WAGES

### Question:

What has been happening to wages in major collective bargaining settlements?

### Answer:

Wage increases in major contracts concluded during 1974 were up sharply. Wage gains in the first year of these contracts were up nearly 10 percent, compared with 5.8 percent in contracts concluded in 1973. When averaged over the full term of the contracts, these gains averaged about 7 and one-quarter percent, up from 5.1 percent in 1973. (These increases are exclusive of additional gains which may be generated under the operation of cost-of-living escalator clauses.)

January 17, 1975  
R. D. S.

## BARGAINING ACTIVITY IN 1975

### Question:

Will there be much bargaining activity in 1975?

### Answer:

A light collective bargaining calendar is in store this year. Major contracts in the private nonfarm sector which are scheduled to expire or be reopened in 1975 cover only 2 and one-half million workers, compared with about 5 million in 1973 and 1974. Key industries where bargaining will take place this year include construction, petroleum refining, lumber, apparel, and transportation services. Also, some 600,000 postal service employees are under contracts expiring in July.

January 17, 1975  
R. D. S.

## CONSUMER PROTECTION

### Question:

What will be your attitude with the new Congress concerning efforts to create an independent consumer protection agency?

### Answer:

It is my feeling that the States have the primary responsibility for developing consumer legislation. The Federal Government should limit its activities to instances in which there is an unreasonable risk to injury or health, or where there may be some legitimate economic or commercial interest in having Federal regulations as opposed to differing standards in the various States.

As for a separate Federal consumer agency, the Federal Government has many regulatory agencies that act and assist consumers in a variety of ways. Any decision on a consumer agency should not be properly considered until our proposed review of regulatory agencies is completed.

PGN

## NATIONAL HEALTH INSURANCE

### Question:

Does your policy of no new programs mean that you will not be requesting the Congress to enact a national health insurance program?

### Answer:

That's right. I will not be asking Congress this year to enact national health insurance legislation. The new Federal cost of the comprehensive health insurance plan that was before the previous Congress was \$5.8 billion. Latest calculations indicate that that estimate is now over \$7 billion.

PGN

## PRIVACY

### Question:

Recently you signed legislation that establishes measures to protect the privacy of individuals whose records are maintained in the files of Federal agencies. Does your Administration plan any other privacy initiatives?

### Answer:

I have named Vice-President Rockefeller as Chairman of the Domestic Council Committee on Privacy. Under his direction, the Committee will continue to propose legislation and administrative action to establish privacy safeguards for our society.

### Background:

The Domestic Council Committee is currently considering privacy protections in the following: Criminal justice information, consumer information, use of the social security number, IRS records, financial and banking records, welfare records and statistical data.

FLM  
1/17/75



## ILLEGAL ALIENS

### Question:

What do you intend to do about the increasingly serious illegal alien problem facing this country?

### Answer:

I have recently appointed a Domestic Council Committee to develop policies to deal with the illegal alien problem and my Administration is currently examining the need for additional resources for this effort. We are also actively supporting the passage of a bill that would outlaw the knowing employment of illegal aliens.

### Background:

Recent estimates suggest that there are upwards of five million illegal aliens in this country. They have an adverse impact on our society in a number of ways. Since they are willing to work for lower wages, they displace U.S. citizens from jobs and thereby create unemployment. They create a substantial drain on State and local community services including schools, welfare systems and health services.

FLM  
1/17/75

## HOUSING

### Question:

Why didn't the State of the Union message mention housing, since this is one of the areas of the economy that has been hardest hit in recent months?

### Answer:

In my State of the Union message I attempted to deal with our economic problems in the large sense, not in terms of specific industries, geographical areas, or sectors of the economy. I indicated that I would follow up on the State of the Union message with a series of specific proposals addressed to particular aspects of the economy problem. Housing will be dealt with in this way. Indicative of this Administration's continuing concern with housing is the announcement by the Department of Housing and Urban Development of an additional authorization of \$3 billion to be made available at 7 3/4 percent interest for further support of the mortgage market.

### Background:

Past actions in behalf of the housing industry include:

- \$6.6 billion released in January under the GNMA FHA/VA Tandem Program;
- \$10.3 billion by the Federal Home Loan Bank Board and GNMA in May;
- \$3 billion under the Emergency Home Purchase Assistance Act of 1974 in October.

Total Federal assistance to the housing industry now totals \$22.9 billion. This support of the mortgage market, coupled with the first signs of net inflow of money into S & Ls, should produce a turnaround in housing starts in the coming months.

AMB-1/17/75

## HOUSING STARTS

### Question

Does the President have any comment about the continuing decline in housing starts?

### Answer

The December housing start figures are disappointing, but not unexpected.

Because of the lag effect of housing starts, these figure reflect a serious shortage of mortgage money earlier this year, and further justify the actions taken by the Congress and the President to make more mortgage money available.

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We will continue to examine any and all actions that might be taken to improve the housing industry.

### Background

In December, housing starts declined to a seasonally adjusted annual rate of 868,000 units, down 12.3% from the November pace of 990,000 units and off 38.1% from last December's rate of 1,403,000 units. It is the sixth consecutive month that homebuilding declined and the December rate was the lowest in eight years. Building permits rose to a seasonally adjusted annual rate of 802,000 units in December, up 9.9% from the November rate of 720,000 units and off 37.6% from last December's pace of 1,285,000 units.

## WELFARE REFORM

### Question:

We understand that Secretary Weinberger has been working on a welfare reform program based in part on a negative income tax for the last two years. Is that proposal killed by your statement that you will propose no new Federal spending programs?

### Answer:

Let me say that I want to do everything possible to reform the Nation's welfare programs including food stamps, the supplemental security income program and the aid to families with dependent children. During the months ahead, HEW and other departments will be taking additional steps to reform these programs. I do not, however, plan to ask the Congress for any new basic welfare program, although I have asked the Domestic Council to continue to work on reviewing various alternative plans for possible submission after the corner is turned on the current economic situation.

## STATE AND LOCAL

### Question:

Mr. President: How would you assess the reaction of the State and local government leaders to your economy and energy plans?

### Answer:

Their general reaction has been favorable. That is not to say that they do not have some specific concerns.

There are a great number of proposals and they are all part of a total policy. Some aspects such as the additional \$2 billion to be distributed through the General Revenue Sharing formula have been looked on most favorably. On the other hand they have some specific concerns such as regional energy problems due to dependence on particular fuels. We have designed this program to protect against those concerns and I am confident we can and will solve these specific problems.

- On balance, the reactions have been thoughtful and not purely partisan. This is good and should help achieve Congressional action.

JHF-1/17/75

19. Mr. President, would you please comment on Ways and Means Chairman Al Ullman's statement that he favors a cut in the 1975 withholding rate over your proposal for a 1974 income tax rebate?
20. Mr. President, is the FBI keeping personal files on members of Congress -- and, if so, is this something you believe should be continued or will you order a halt to it?
21. Mr. President, what do you think of the idea of using Federal income tax revenue to finance the Government's portion of Medicare costs, as recommended by the Social Security Advisory Council?
22. Mr. President, would you please comment on Al Ullman's statement that he prefers gasoline rationing to the higher taxes and tariffs you would impose on crude oil? Would you also comment on the fact that a Newsweek-commissioned Gallup poll indicates that a majority of the American people prefer gasoline rationing?

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THE WHITE HOUSE

WASHINGTON

Please delete from Mike Duval's  
Q's & A's:

Milk Price dated 1/4/75

Energy Policy Decisions  
dated 1/4/75

## HIGHWAYS

### Question:

You recently signed the highway bill which increased the allowable weights of trucks on Interstate routes. It has been proven that trucks cause a significant number of deaths on our Nation's highways largely because it takes them longer to stop than automobiles. Why did you permit this weight increase which will simply add to the carnage on our nation's highways?

### Answer:

The highway bill I signed contained a modest increase in weights of trucks - less than 10%. It also made permanent the national 55 mile an hour speed limit which is absolutely necessary as a part of our efforts to conserve energy.

This reduced speed limit has made our Nation's trucks less productive thus increasing the price consumers must pay for goods. The purpose of this small increase in allowable weight is to permit the trucks to regain this lost productivity.

I do not believe that this bill creates a safety problem. We must remember that the lower speed limit has dramatically reduced the number of lives lost on our Nation's highways. We intend to take additional measures to insure the states adequately enforce this lower speed limit. Furthermore, the Department of Transportation has just issued a tough new regulation requiring trucks to have much more effective brakes. This new regulation and the reduced speed limit will result in a decrease of the lives lost on our Nation's highways.

### Background:

The DOT regulation will increase the cost of truck trailers by 5 to 7%. At your direction, Secretary Brinegar, in issuing the regulation, has stated that efforts will be made to develop a cheaper technology to accomplish the same safety result.

The highway bill which you signed Saturday also contains authorizations (\$700 million) for highway construction. You will ask Congress to defer most of these funds. \$50 million of this authorization is for highway beautification which you support. The bill also contains funds for the DOT car pooling program which you also support.

M. Duval

1/20/75

## FOOD PRICES

### Question

What is the outlook for food prices in 1975?

### Answer

Consumer food prices are likely to continue to rise during the early months of 1975. The pattern and rate of increase is heavily dependent upon the volume of beef production relative to expected smaller supplies of pork and poultry products, general inflationary pressures, and foreign and domestic demand for food commodities.

### Background

Food prices are likely to increase between 3-4 percent in each of the first two quarters of 1975. Prices could rise as little as 1 percent per quarter if demand slackens and cattle slaughter remains at relatively high levels. However, food prices could increase faster if general inflationary pressures continue unabated, if domestic and world food demand remains strong, and if beef slaughter contracts to join with expected smaller supplies of other animal related products. Supplies of most crop related foods are expected to be ample during early 1975 although increased costs of processing and distribution may keep upward pressures on retail prices of many items.

For the second half of 1975 supply-demand prospects are highly uncertain. If weather cooperates in the U. S. and around the world, and domestic economic activity continues sluggish, production increases relative to demand growth could be quite large leading to significant slowing in price increases. Conversely, with world grain stocks at precariously low levels, another year of poor growing conditions at a time when world food needs are expanding could maintain a rapid pace of food price advances throughout 1975.

M. Duval (N.R.)  
1/20/75

## MEAT IMPORTS

### Question

Why haven't you stopped meat imports completely instead of calling for a voluntary restraint program?

### Answer

The Meat Import Law does not authorize a complete embargo of meat imports. It provides that, under certain conditions, quotas will be imposed at a certain level determined by a formula. For 1975, this quota level would be 1,074.3 million pounds of the meat covered (mostly frozen beef). We are negotiating a voluntary restraint level of 1,150 million pounds--so a hard-and-fast quota would not be much lower than the voluntary level we are working toward.

### Background

Our 1974 estimate (1,150 million pounds) is slightly above 1973 imports, which were at a reduced level, but it is well below 1972 and 1973 -- and substantially below what we could expect in the absence of a restraint program in 1975.

The import situation is subject to quarterly review. The next estimate of 1975 imports of meat subject to the Meat Import Law will be made at the end of March and announced on or before April 1. No large increase in beef imports is expected in the first quarter of 1975 compared with the first quarter of 1974. Unless formal quotas are necessary, we prefer to avoid them because of the difficulties such action would create for our trade negotiators who will soon be engaged in hard negotiations under the GATT to liberalize trade barriers. Livestock people have a stake in this, as do other agricultural groups. In FY 1974, the United States exported \$1.6 billion in livestock and livestock products.

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## MILK PRICE SUPPORT

### Question

What effect will increasing the level of support for milk have on consumer milk prices?

### Answer

Retail fluid milk prices should not be affected until March at the earliest due to a two month lag in establishing minimum fluid milk prices under Federal orders. The ultimate increase may amount to one to two cents per half gallon.

### Background

The impact on retail prices at that time should be less than the full price support increase at the farm level, since cooperatives in most markets have already negotiated prices to handlers above the Federal order minimums, and they are not likely to increase these established prices. Retail dairy product prices now are expected to rise around 2 percent from previously expected rates through March. This is equivalent to a rise of about 2 cents per pound for butter, maintaining butter prices at level occurring in early December, a 4 cent per pound rise in nonfat dry milk prices, and a 2 cent per pound rise in cheese prices. Ice cream prices are also likely to rise but this will be due more to high sugar prices than the increase in support.

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For the second half of 1975 supply-demand prospects are highly uncertain. If weather cooperates in the U. S. and around the world, and domestic economic activity continues sluggish, production increases relative to demand growth could be quite large leading to significant slowing in price increases. Conversely, with world grain stocks at precariously low levels, another year of poor growing conditions at a time when world food needs are expanding could maintain a rapid pace of food price advances throughout 1975.

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Q. Won't the President's energy proposals tend to depress economic activity at a time of recession and low business and public confidence?

A. Adjustment to higher energy costs will tend to depress the economy. These strains will be offset, however, by the improvement in business confidence that should result from prompt action which showed the people that the country has begun to move on our long-term energy problem. Delay in moving forward with a comprehensive energy conservation program, or choice of a system of allocation or rationing to conserve energy, would only postpone the problem, reduce business confidence and delay a healthy and constructive recovery from the current recession.

The energy problem has contributed strongly to the current recession and decline in confidence; the energy issue must be faced squarely and acted upon promptly to restore and sustain improved confidence.

Q: Some estimates of the increase in prices caused by the energy program are higher than the Administration's. What sort of a price increase do you expect from the energy program that you proposed?

A: The calculation of the effects of the energy taxes on the price level took into account the direct effects which will be passed through to consumers. Our estimates indicate an initial direct effect upon the consumer price index of 1.3 percent. Allowing for effects upon the prices of goods and services that indirectly use energy would lift that increase to around 2 percent. In our view the further "ripple" effects that might result from secondary effects upon wages and profits in manufacturing, transportation, and the distribution system will be minor. Some wages are escalated directly, but this effect is relatively unimportant at present. More important by far, the entire objective of the energy program is to compensate people for the higher energy costs through offsetting tax reductions. People are paying the higher energy costs out of one pocket and getting the money back through lower taxes. Consequently, it is not appropriate to assume that there will be a strong push given to wages and profits as to add significantly to the energy bill as it is passed through the economy.

Q: The President's State of the Union Message did not contain any reference to the current crisis in the housing industry. Are there any plans to address this problem?

A: In January and May of last year, Ginnie Mae (the Government National Mortgage Association) made available \$9.9 billion for mortgage purchases at favorable interest rates and in May the Federal Home Loan Mortgage Corporation made available an additional \$3 billion. In October, another \$3 billion was made available for the purchase of conventional mortgages at interest rates between 8 and 8-1/2%. That money has now been committed. An extension of the October program has been announced for an additional \$3 billion at a 7-3/4% interest rate through February. In the last three months, several hopeful signs have appeared on the housing front -- such as lowered mortgage interest rates and increased savings flows to thrift institutions. These signs hold real promise for a significant upturn in the second half of this year.



Q. On what portions of your economic program are you prepared to compromise?

- A. I am committed to the principles outlined in my State of the Union Message but I am willing and prepared to compromise on the details implementing those fundamental principles. I'm always prepared to examine alternative suggestions that may be helpful, but I believe that we have a sound program and that it should be enacted promptly.

Q. Isn't the overall effect of the energy taxes and offsetting tax reductions to increase inflation, since the same amount of money remains in the economy and energy prices will be higher?

A. The initial effect of the energy taxes will be a one time increase of an estimated 2 percent in the price level. Offsetting it will be a decrease in income taxes which should moderate wage increases at the same time.

Q. The Administration has indicated that higher world oil prices set by the cartel have contributed strongly to the current inflation. Won't the energy program have the same effect.

A. The effect of the energy price increases on inflation is expected to be different now than when oil prices were raised at the time of the embargo in 1973. Demand was strong and shortages were widespread at that time, while demand is now weak and there are no shortages. In addition, the increased cost will be returned to the country thru restructuring the tax system and not shipped abroad as a permanent levy on the American economy.

Q: Won't the increased deficits resulting from the temporary tax cut place a strain on financial markets and raise interest rates because of the financing needs by the Treasury?

A: The large deficit will be a problem. However, there are a number of factors that will alleviate this problem. The private demand for credit is already declining significantly. We are building fewer houses and selling fewer automobiles and businessmen are liquidating inventories so that these financing needs will be greatly reduced this year. The Federal Reserve is following a policy that is moderately expansive and this will increase the total volume of funds available in the credit markets. Interest rates could rise because of the larger deficit, but the rise will be quite moderate. The important thing, however, is to reduce taxes quickly to provide support for the economy early in the year before increased demands again reappear from the private sector.

Q: Why doesn't the President's program include additional powers to deal with wage and price increases?

A: At this time the monitoring program being conducted by the Council on Wage and Price Stability appears satisfactory. The Council on Wage and Price Stability has experienced no problems in acquiring the data needed to perform this role. Should additional powers be required, they will be requested.

Q: Why did the President change his economic policy?

A: It would be more accurate to describe the economic proposals announced in the State of the Union Message as a change in emphasis rather than a change in policy. Our three challenges are inflation, recession, and energy dependence. The emphasis of our economic efforts must now shift from inflation to jobs. This shift in emphasis reflects the rapid and unexpectedly sharp activity and the consequent increase in unemployment. Accompanying these signs of slack in the economy have been indications of some ease in inflationary pressures. However, while our number one problem is turning around recession, this does not dispense with the long term need for price stability and the fiscal restraint which is necessary to achieve that stability.

Q: Can you be certain that people will spend the additional money they receive through tax reductions and provide the hoped for stimulus to the economy?

A: No one can be sure what consumers will do with more money in their pockets. It is our expectation that a substantial part will be spent and in areas where the economy is the weakest. This is based on observations with respect to past tax cuts. If consumers do save a large fraction of the tax reduction, additional funds will be available for investment in housing construction and other job creating activity.

Q. Has the Administration developed contingency plans in the event that the recession deepens and the recovery is delayed?

A. Prompt action by the Congress on the Administration's proposals for energy and the economy are crucial to support the recovery from the recession expected this year. Developments in the economy will be closely monitored by the President's economic advisers to identify any unanticipated deterioration in the outlook.

While no marked deterioration in the economy below current projections is expected, contingency plans are under development to assure that prompt action can be taken to reverse the course of any unexpected and unforeseen developments that increase the risk of a prolonged or deepening recession.



Q: Why does the economic program concentrate on tax cuts rather than increasing Government expenditures?

A: Increasing Government expenditures or reducing Government revenues will help stimulate the economy. At the present time a tax cut is preferable for two reasons. First, a tax cut will have a much quicker and more immediate impact on the economy. Government spending programs, if they are to be effective, require much time and planning prior to implementation. The recession should be dealt with now. Secondly, and equally important, past history suggests that increased Government expenditures tend to become permanent and places increasing demands on the Federal budget. Even while dealing with recession it is important that we not lose sight of our long term objectives of bringing Federal expenditures under control to bring the budget into balance when the economy recovers.

It is interesting that in recent weeks opinions among economists are virtually unanimous that under current conditions tax cuts are preferable to an expenditure stimulus.

Q. Why has the Administration not proposed a program to provide financial support for major firms or industries similar to the Reconstruction Finance Corporation?

A. The programs that the President has proposed in his State of the Union message are designed to come to grip with the energy problem and to support recovery from the recession. A healthy recovery in the economy will reduce the potential need for special programs providing emergency financial support for business and industry.

We do not at present expect that a program for emergency financial support of business enterprises is necessary. However, if circumstances develop that suggest such a program is necessary, the Administration will propose legislation for such a program.

Q: Has a program been developed to provide for the financing needs of utilities in which construction is currently suspended because of lack of financing?

A: The most important element in providing a climate that will assure adequate financing for public utilities is timely adjustment of utilities rates to support a sound financial outlook for the utilities. Consequently, as a part of the President's energy program, legislation has been proposed to mandate reform of state utility commission regulatory processes.

In addition, a special investment credit for utility construction of other than oil and gas for fuel plants is proposed for an additional 2 years beyond 1975.

The Administration is also exploring other specific actions that could be taken to encourage resumption of utilities construction activities. However, prompt congressional action on the Administration's proposal for reform of state utility commission processes is the most significant step that could be taken immediately to promote utilities construction.

Question:

How do you expect your CIA Panel to make an objective evaluation in light of the fact that there is no minority representation in this membership and it does not have a woman member? Doesn't its membership represent an Establishment viewpoint?

Answer:

I am certain that members I have selected are objective and fair-minded people who will seek out the truth and let the chips fall where they may. They were selected on the basis of distinguished public service and achievement which was marked by good judgment. I believe the product of their work will be satisfactory and our citizens will believe they have done a thorough job reflecting an interest in the rights of all Americans with regard to how to protect those rights.

Question:

What's your assessment of the recent developments in reference to the organization of the House of Representatives?

Answer:

I am very careful about expressing opinions on matters that are solely within the purview of the Congress, particularly in the workings of the other Party. This is a matter for the Congress.

Question:

There are a number of revelations about CIA activities including White House pressure to get CIA involvement in domestic activities. Do you think these charges are accurate, and did the CIA operate illegally?

Answer:

The reason that I have established the CIA Panel was for the purpose of trying to ascertain the accuracy or inaccuracy of the questions you have raised.

Question:

What is your view on changing the Filibuster Rule (Rule 22) from two-thirds to three-fifths?

Answer:

This is a matter involving the internal organization and procedures of the Senate. I do not feel I should respond to that question.

Question:

In your opinion, should Vice President Rockefeller rule procedurally or vote for or against such a rule change?

Answer:

Your question addresses the Vice President ruling as President of the Senate and my answer is the same as to the first question.

Question:

Have you discussed with the Vice President the matter involving this rule change and if so, what did you say to him?

Answer:

I pointed out to the Vice President that this is a matter within the provinces of the Senate and a matter in which his vote was one that was up to him. / In fact, this is my attitude in all matters in which he might be called upon to rule or vote in the Senate.

Question:

The Proclamation deadline on your offer of amnesty expires on January

31. Do you intend to extend it, and if so, for how long, and if not, why not?

Answer:

Answer should reflect current decision.

Question:

In light of the recent allegations concerning the operations of the FBI, what action do you intend to take, and have you considered expanding the Charter of your CIA Commission to include unauthorized FBI activities?

Answer:

I am not in a position at this time to fully respond to your question because I have asked the Department of Justice for a complete report on these allegations and wish to consider this and discuss it with my Advisors in order to determine just how to proceed. Let me say, however, that I expect to take prompt steps to insure that the FBI operates within its statutory authority and to that end, I have advised officials at the Department of Justice and the Director of the FBI that files are not to be maintained on Members of Congress or other officials unless they are a part of an on-going criminal investigation.



## PROSPECTS FOR PEACE IN THE MIDDLE EAST

Q: How do you see the prospect for progress in the peace negotiations in the wake of the cancellation of Brezhnev's visit to Cairo and following your talks with Foreign Minister Allon of Israel? What did you discuss with Allon?

A: I remain fully committed to a step-by-step effort toward an overall settlement in the Middle East. There must be movement soon between Israel and the Arabs, building upon the successfully concluded disengagement agreements if there is to be no increase in the chances of war. I do not believe that any of the parties wants to abandon peace efforts, and I believe they recognize the tragic consequences for the whole world of another war. We are in close contact with all the parties and we are hopeful that the current period of quiet diplomacy will produce progress.

Foreign Minister Allon's visit to Washington was an important part of our efforts with the parties to facilitate negotiations. My talks with him were very useful and reflected the excellent state of relations between our two countries.

FYI: Any comment on specifics -- such as oil fields and passes -- should be avoided because it will unleash a flood of leaks from Cairo and Jerusalem.

## U. S. - ISRAELI RELATIONS

Q. Last week you did not rule out a U. S. guarantee for Israel if there was further progress in the negotiations but you also implied that, since U. S. and Israeli interests may not be identical, the U. S. may pressure Israel to get a settlement. Israel has asked for substantial new economic and military assistance. Will our response be linked to Israeli concessions in the negotiations?

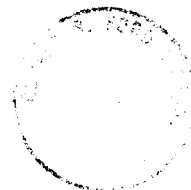
A. I have said before that the U. S. remains firmly and positively committed to the security, survival and well-being of Israel. This has been the policy of every Administration since the birth of Israel. We have shown this time and again in our actions, including economic and military assistance, and I personally reaffirmed this commitment to Foreign Minister Allon this week. I also reaffirmed the commitment of the U. S. to achieve rapid progress toward a just and durable peace in the Middle East. Relations with Israel today are excellent and I have every confidence they will remain so as we work together towards peace.

The long-term security of Israel and that of all states in the area can best be assured through a just and lasting peace settlement. We are working with the parties to help them reach a settlement on a step-by-step basis and intend to continue our efforts to facilitate and accelerate negotiations.

ARMS SALES TO ARABS

Q: What about our large arms programs for both Iran and Saudi Arabia? Isn't this a threat to Israel and what are we trying to achieve in the area?

A: We have long had close, friendly and constructive relations with Saudi Arabia and Iran and other of the states in that area. We have supported efforts by these regional states to assume responsibility for the stability of the area. We continue to support these efforts. These states have a legitimate need to assure their own security and that of the Gulf and our assistance programs have been aimed at helping our friends in the area meet those needs.



MIDDLE EAST -- OIL AND MILITARY FORCE

Q: Could you state your position again on the use of force in the Middle East with reference to Secretary Kissinger's recent statements?

A: Secretary Kissinger was addressing a specific question on a hypothetical situation involving only the gravest kind of emergency. In doing so, he accurately reflected my views but I want to stress that neither he nor I see such a situation arising. Our basic policy is to deal with this question through cooperation between consumer and producer.

We seek no confrontation with the oil producers, either politically, economically or militarily. Instead, we are seeking cooperative efforts to bring about a stable supply and pricing system.

FYI: The issue has subsided in the Arab world where we now get friendly words from Faisal and Sadat. No further reassurance is necessary.

DETENTE AND MIDDLE EAST

Q: Mr. President, do you see an erosion of detente, implied by the cancellations of the trade accord, affecting US-Soviet conduct in the Middle East?

A: The United States and the Soviet Union share the important objective of promoting a just and lasting peace in the Middle East as we stated in the Vladivostok communique. We have no reason to believe that there is any change.

BREZHNEV'S ILLNESS

Q: Mr. President, would you have any comment to make on the nature of General Secretary Brezhnev's illness?


A: I have seen the same press reports you have, but we have no direct information on the state of the General Secretary's health.

## DETENTE

Q: Mr. President, in light of Soviet rejection of the 1972 Trade Agreement, some say that detente has been set back, and that US-Soviet relations may now enter a cooling period -- would you comment?

A: At the Vladivostok Summit, General Secretary Brezhnev and I reaffirmed the determination of the United States and the Soviet Union to further develop our relations and to continue the search for peace. With the Vladivostok agreement on offensive strategic arms we took another important step toward greater peace and stability. We will continue to approach our contacts and negotiations with the USSR with utmost seriousness and determination to achieve concrete and lasting results--results in the best interests of the United States and in the interests of improved international stability.

I believe therefore that the prospects for further improvements in US-USSR relations--the prospects for detente--are good insofar as they depend on our actions. It is my impression that the Soviet leadership continues to share in this desire for further progress. Nevertheless, we must recognize that the process of detente is based upon mutual benefit and mutual confidence. Attempts to extract unilateral advantage or to condition cooperation on actions within the domestic province of the other party call into question the purposes and good faith of the other side and erode the confidence that must be present for the relationship to survive. Recent developments relating to US-Soviet trade relations must be viewed in this context.



SALT

Q: Senator Jackson says he does not like the agreement because it sets levels too high and leaves advantages in throw weight for the Soviets. Also, he raises the question of whether there were any secret agreements. Can you comment on these points?

A: I am hopeful that when Senator Jackson has an opportunity to study the agreement carefully he will recognize that it is in our interest and fully protects our military and security needs. I would, in that regard, call your attention to the resolution introduced by Senators Kennedy, Mathias, and Mondale commending the agreement.

The ceilings established by the Vladivostok agreement will result in two important benefits. First, they will reduce the need for defense planning on both sides motivated by fear of what the other side might conceivably do in the absence of agreed ceilings. Such planning leads to ever increasing expenditures for strategic forces.

Second, the levels of the Vladivostok agreement are much lower than our intelligence projections of what would be the case in the absence of an agreement. It is not reasonable to compare the Vladivostok numbers with some ideal limits that were not negotiable.

We believe that these levels are a solid achievement for the U.S. under any criteria, and especially when compared



to what would have happened in the absence of an agreement.

Regarding throw weight, we have the option to increase the throw weight of our ICBMs if we conclude that it is necessary. There is nothing in the Interim Agreement or in the Vladivostok Agreement which prevents us from taking that step.

However, I might add that missile throw weight is only one measure of strategic power. Proper consideration must also be given to other measures of strategic strength, such as missile accuracy, number of nuclear warheads, and the number of strategic bombers. In each of these areas the U.S. holds a substantial advantage over the Soviet Union.

There are no secret agreements.

## SALT - FURTHER REDUCTIONS

Q: Several Senators (Kennedy, Mondale, Mathias) have said that we should go back to the Soviets and renegotiate lower levels than in the Vladivostok agreement. Do you agree?

A: The Vladivostok Agreement resulted from the five years of detailed and difficult negotiations we have undertaken in SALT since November 1969. The levels in that agreement were a key part of those negotiations and represent a major step in the process of significantly reducing strategic forces. The Agreement also provides for follow-on negotiations for further reductions. We expect such negotiations to be referred to in the final agreements and have them commence at the earliest possible time after the Vladivostok agreements are completed.

We view the resolution of Senators Kennedy, Mondale and Mathias as supporting the Vladivostok Agreement. We welcome this constructive action which will help achieve the objectives of that Agreement and which will serve as a guideline for further arms control negotiations upon completion of the Agreement. The work of the three senators is an excellent example of how Congress and the Executive can cooperate to advance the national interest.

SOVIET EMIGRATION AND THE TRADE BILL

Q: Can you tell us what you think Soviet rejection of the Trade Bill means for the emigration of people from the Soviet Union, especially Jews?

A: The Soviet Union regards the question of emigration of its citizens as strictly an internal matter -- a matter not related to the question of trade relations with any other country.

I would not want to speculate on numbers of emigrants. The position of the United States -- that emigration is a fundamental human right -- is well known.

## CAUSE OF SOVIET REJECTION OF TRADE BILL

Q: Mr. President, in your State of the Union address you seemed to lay blame for Soviet rejection of the Trade Bill and subsequent decision not to put into force the 1972 US-USSR Trade Agreement at the doorstep of Congress. Do you think the Congress is to blame for this setback in US-USSR relations?

A: I do not think any useful purpose would be served by speculating on the reasons for the Soviet decision or by engaging in recriminations here at home. As the Secretary of State said on January 14, there was no disagreement between the Congress and the Administration as to objectives. We differed with some Members of the Congress about the methods to achieve these objectives.

Now, however, we should put the debate of recent months behind us. As far as the Administration is concerned, it will continue to pursue a policy of improved relations with the Soviet Union -- a policy in the best interests of the United States. We will do so in a spirit of cooperation with the Congress. I would note again, as I did in the State of the Union address, that if our foreign policy is to be successful, we cannot rigidly restrict in legislation the ability of the President to act.

US-USSR TRADE

Q: Mr. President, what is your reaction to the Soviet rejection of the trade bill?

A: As you may recall, when I signed the Trade Bill into law on January 3, I observed that certain provisions of the bill were complex and might prove difficult to implement.

The Soviet Government has now informed us that it cannot accept a trading relationship based on the provisions of this legislation which it regards as discriminatory and political in nature, and accordingly that it will not put the 1972 US-USSR Trade Agreement into force.

I regret this, as I regard a growing, mutually beneficial trade relationship with the Soviet Union as an important part of our overall efforts to improve relations. For this reason, we will continue our efforts to develop a normal trading relationship with the Soviet Union and we believe it is of importance that these efforts succeed.

ENDING THE FIGHTING IN SOUTH VIETNAM

Q: Senator Mansfield has said the killing has to stop in Vietnam. The North Vietnamese say they are fighting only because President Thieu refuses to implement the political provisions of the Paris Agreement. What are we doing to force Thieu to carry out the Agreement and thereby end the fighting? Why shouldn't we cut our aid to force Thieu to accommodate the Communists?

A: I certainly agree with Senator Mansfield that the war in Indochina has to stop, but I do not agree that providing the South Vietnamese with insufficient aid to defend themselves is the way to do it. The previous Congress thought it could encourage a political settlement by cutting the level of our military assistance. Instead, the opposite has occurred. Seeing South Vietnam in a weakened position, the Communists broke off negotiations and have attacked in force.

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

-- On three separate occasions, the Government of South Vietnam has made specific, concrete offers to implement all political provisions of the Paris Agreement completely. They have proposed definite dates on which to hold the elections required by the accords. They have formally requested direct talks between North and South Vietnam to begin discussion of reunification.

-- All of these offers have been rejected and for over six months the Communists have boycotted all talks with the Government.

During this period, President Thieu's government has tried to get talks started again. On at least nine separate occasions -- the most recent being November 21 -- they have called for a resumption of negotiations. These have been answered by the current North Vietnamese attacks.

## MILITARY OFFENSIVE IN VIETNAM

Q: What is your assessment of the current wave of fighting in South Vietnam? Will the U.S. intervene militarily?

A: North Vietnam has consistently violated the peace agreements by sending men and materiel into South Vietnam in large quantities. We have spoken of this in explaining the need for adequate military and economic aid to the Republic of Vietnam. The North Vietnamese appear to have launched a strong offensive to expand their control in South Vietnam. However, I understand that the spirit and capability of the South Vietnamese armed forces are high. They do not lack the will to defend themselves.

I would not try to predict in advance what the U.S. would do in the event of a North Vietnamese massive offensive against South Vietnam. Any action, would, of course, be fully in accordance with our Constitutional process. But my basic belief is that this question need not arise if we give South Vietnam the military and economic assistance that it needs to defend itself.



PEOPLE'S REPUBLIC OF CHINA

Q: What is your view of the leadership changes and other developments in China associated with the National People's Congress?

A: I don't want to comment on internal developments in the People's Republic of China. It is my general impression, however, that the Congress reaffirmed the policies that China has pursued over the past several years; the senior leaders -- such as Premier Chou En-lai and Defense Minister Yeh Chien-ying -- who we have been dealing with since 1971, are still in office. Thus, we do not anticipate any change in policy on the part of the PRC, just as my Administration's policy toward China will continue to follow the course set by the Shanghai Communique.

CYPRUS AND ASSISTANCE TO TURKEY

A: Mr. President, what are the prospects for progress in the continuing Cyprus crisis? Do you think you'll get the progress you need to meet the Congressional limitations placed on aid to Turkey?

A: When I signed the Foreign Assistance Act of 1974, I expressed appreciation for the Congress's extension to February 5 of the period during which military assistance to Turkey may continue. At the same time I regretted that the restriction was imposed at all, in the belief that this would damage our relations with a key NATO ally and have a detrimental effect on our efforts to help achieve a negotiated solution of the Cyprus problem. We give aid to Turkey not as a favor but as a contribution to our common security. I am pleased that political talks have begun between the parties on Cyprus, and I am hopeful that all the parties involved in the Cyprus crisis will renew their efforts toward achieving peace and stability. We value the friendship of Greece, Turkey and Cyprus and will continue to offer our help to achieve early resolution of the difficult Cyprus problem.

POLICY TOWARD CUBA AND TOWARD LATIN AMERICA

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

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

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

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

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

## U. S. POLICY IN CAMBODIA

Q: Recent reports indicate that the situation in Cambodia is hopeless and that the war is senseless. What are we trying to do in Cambodia? Does our continued aid have any point?

A: We want to see a settlement in Cambodia. The UN General Assembly recently passed a resolution calling on both sides to negotiate. We strongly support this resolution. The Cambodian Government has called for unconditional talks. We believe that negotiations, if they are conducted in a forthcoming spirit, can lead to a settlement that would meet the interests of all parties. We know that the Cambodian Government is prepared to approach the negotiations in that spirit. Unfortunately, the other side continues to seek a military victory.

With our assistance, the Khmer Republic has successfully thwarted a Communist victory. It is our hope that the other side will realize that it cannot win a military victory and that it will seek a negotiated peaceful settlement. Until this point is reached, it is essential that we continue to aid and support those who rely on us for their independence.

## U.S. IMPLEMENTATION OF THE PARIS AGREEMENT

Q: Has the U.S. carried out all provisions of the Vietnam peace agreements? Specifically, is the United States carrying out reconnaissance flights over North Vietnam in violation of the Paris Agreement and June 1973 Communique?

A: I do not want to comment on the specifics of our reconnaissance operations anywhere in the world.

The United States has fully complied with the basic provisions of the Paris Agreement. We have stopped fighting in Vietnam and have withdrawn our forces.

But let me remind you of the blatant violations of the Agreement by the Communists. Tanks, artillery and tens of thousands of men have been sent into South Vietnam; large-scale attacks against South Vietnamese cities and towns have increased; the Communists walk away from the conference tables in Saigon and Paris; they refuse to pay their share of the International Cease-fire Supervision teams; they refuse to send officers to the field to supervise the cease-fire and they refuse to let us search for our men who are missing in action. It is in these actions by the Communists that the difficulties with implementation of the Paris Agreement lie.

FYI: You should not acknowledge reconnaissance over North Vietnam.

Reconnaissance over South Vietnam is less controversial.

SENATOR GOLDWATER'S STATEMENT ON AID FOR SOUTH VIETNAM

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

A: While I respect Senator Goldwater's judgment, I do not share his assessment in this instance. South Vietnam is capable of defending itself and remaining independent and its soldiers are prepared to fight. Fifty thousand Americans have died in Vietnam and only a few years ago we were spending \$30 billion a year there. Today all that the Vietnamese ask of us is sufficient assistance to permit them to conduct their own defense -- something they had every right to expect when they agreed to the Paris accords.

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

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

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

INCREASE IN DEFENSE BUDGET FOR FY 1976

Q. Is it true that you have approved a \$10-\$20 billion increase in the defense budget for FY 1976? If so, how can you justify this?

A. In developing next year's defense budget, I had to consider factors such as the impact of inflation and the increase in the price of energy. The Defense budget I send to Congress will ensure that our defenses will not erode because world peace depends upon a strong American defense posture.

A strong defense is our principal deterrent to aggression. Our defense posture is a fundamental underpinning of our alliances, and reinforces the will of our allies to make our common defense work. Moreover, our military strength underwrites our diplomatic strength. It insures that negotiation is the only rational course, and thus lays the groundwork for achieving, through negotiation, a relaxation of tensions with our adversaries and an enduring framework for peace. Almost all of the increases in our Defense budget result from inflation.

Each Administration and Congress since the Second World War has supported -- on a bipartisan basis -- the maintenance of our military strength. I intend to continue to support a strong defense posture, and I believe the Congress will continue to do so also.

## WORLD FOOD PROBLEM

Q. What is the United States really doing to help meet the world food crisis? Why have you not yet announced your decision on food aid levels for this year?

A. As I said at the United Nations, the United States recognizes the special obligation we bear because of our extraordinary agricultural productivity, advanced technology and our tradition of humanitarian assistance.

That is why we proposed a World Food Conference. Our proposals in Rome were designed to help the world community to organize itself to cope with long-term problems of feeding the world's population. It is essential now that we press ahead vigorously with the implementation of the Food Conference decisions.

The immediate short-run problem is how to make reduced supplies go around. The United States will increase its food aid contribution this year. I am reviewing now our crop availabilities and we will be announcing soon our total food aid program for this fiscal year. It clearly will be on the high side of the options before me.

I assure you that we will do everything humanly possible to insure that our contribution is responsive to the great need in the world.



REACTION ON THE OPEC PROVISION OF THE TRADE BILL  
IN LATIN AMERICA

Q. There has been an outcry from Latin America against the provision of the Trade Reform Act denying generalized preferences to members of OPEC. Ecuador and Venezuela have said they are opposed to attending the Buenos Aires conference, and a special meeting of the OAS Permanent Council has been called for next Monday to protest the provision. Is it the Administration's plan to request modification of this provision of the Trade Reform Act?

A. At the time I signed the Trade Bill I expressed my regret over the rigidity and unfairness of the provision on generalized tariff preferences, especially with respect to certain oil-producing countries such as Ecuador. We are now reviewing the legislation carefully to determine if there is any possible leeway in the generalized preference provisions and we will cooperate with the Congress in working out desired accommodations. We believe that special consideration should have been given to Latin America.

I want to emphasize, however, that the Trade Act has far more benefits than disadvantages for Latin America and other developing areas. It gives us the authority to enter into comprehensive negotiations providing an opportunity for a global reduction in trade barriers and for improvements in the international trading system, with special attention to the interests of the developing countries. This is to the advantage of all nations.

We do not believe that Latin American reservations about provisions of the Act should interfere with our ongoing dialogue on broader issues -- especially as this dialogue affords a means to deal with grievances.

## CIA DOMESTIC SURVEILLANCE ACTIVITIES

Q: Director Colby has submitted a report to Congress which confirms some of the charges made public recently of CIA involvement in domestic surveillance activities. What was your reaction to the report and does the work of the Blue Ribbon Commission indicate a major intelligence reorganization is due?

A: The Blue Ribbon Commission is examining the recent allegations that the CIA has exceeded its statutory authority and the adequacy of existing safeguards on CIA activities. I want to wait until it reports its findings and recommendations to me before making any comment on this matter.

May I just reiterate my basic approach to this issue: Intelligence collection and evaluation is essential to the defense of our country. Equally essential in a democracy is public confidence in its Government institutions, especially those which cannot operate in full public view. I intend to insure both a superb intelligence community and public confidence in that community.

THE WHITE HOUSE

WASHINGTON

JAN 23 1975

MEMORANDUM FOR:

RON NESSEN

FROM:

ROY L. ASH

Here are two Questions and Answers for your use in connection with the statement in the State of the Union Message that no new spending programs will be proposed in the budget except for energy.

Attachments

Question - In your State of the Union address, you said that no new spending programs would be initiated this year except for energy. What do you mean by that statement?

Answer - When I refer to initiation of new programs, I mean programs that start us in new directions. Obviously, every budget must include individual projects which are starting or expanding, just as every budget shows that other projects are being completed. My reference was to new and major initiatives that would cause significant spending in the future.

Question - In your State of the Union address you said that the budget would have no new spending programs except for energy. If that is true, why are you proposing funds for the B-1 bomber and a new fighter?

Answer - Both the defense programs you mention represent continuation of developments begun earlier. When I refer to "new" programs, I mean totally new directions. In the Defense Department and in other agencies as well, specific projects will be starting or expanding just as other projects will be disappearing.

## PROJECT JENNIFER

What do you have to say about Jennifer today? Have the Soviets protested to us yet? What do the international lawyers say about one country salvaging surreptitiously another nation's public and war vessels.