

PRESS CONFERENCE NO. 3
of the
PRESIDENT OF THE UNITED STATES

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Wednesday

In the Rose Garden
At the White House
Washington, D.C.

THE PRESIDENT: Won't you sit down, please.

Good afternoon, ladies and gentlemen. I never promised you a rose garden, but I guess Ron Nessen did. So, I hope you enjoy this new setting and the new format, and I hope I enjoy it, too.

I do have one business announcement. I am pleased to announce this afternoon that President Echeverria of Mexico and I have agreed to hold a meeting on the U.S.-Mexican border on Monday, October 21.

I am very much looking forward to this opportunity to meet with President Echeverria in the Nogales area, and we plan to visit both sides of the border. The United States and Mexico have a long tradition of friendly and cooperative relations. It is my hope that our meeting will contribute to maintaining that relationship and to strengthen the good will between our countries over the years to come.

At this meeting, we will discuss, obviously, a wide range of subjects of interest to both countries.

One of the first responses to our WIN program yesterday was John Osborne's signing up, and I have his application right here. Thank you, John.

Well, the first question. Dick Lerner.

QUESTION: Mr. President, a few things were left unsaid in your economic address yesterday. I was wondering if you could say now if the United States is in a recession, and how soon Americans can expect to see a meaningful reduction of inflation and unemployment?

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THE PRESIDENT: I do not think the United States is in a recession. We do have economic problems, but it is a very mixed situation, and that was the reason that we had some 31 specific recommendations in my speech yesterday.

We have to be very, very careful to make sure that we don't tighten the screws too tightly and precipitate us into some economic difficulty and at the same time we had to have provisions and programs that would meet the challenge of inflation.

I am convinced if the Congress responds, if the American people respond in a voluntary way, that we can have, hopefully early in 1975, some meaningful reduction in the rate of inflation.

Mr. Cormier.

QUESTION: Mr. President, no one that I know of has suggested that inflation can be licked within a year, and yet the surtax you seek is only for one year. Is there a pretty good chance you will next year have to go back and ask for it all over again, assuming you get it this time?

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THE PRESIDENT: I do not think that the surtax requested to be applicable in calendar year 1975 will have to be extended beyond December 31, 1975. We are in a temporary situation and the surtax on both personal and corporate income will provide us sufficient income to meet the additional expenses for our community improvement program, and at the same time will help to dampen inflation by reducing the amounts of money of 28 percent of the taxpayers of this country.

And you might be interested -- I checked on it this morning -- there has been some criticism of the surtax, both political and otherwise, for a family of four, with a \$20,000 gross income -- that is wages -- the one-year extra tax will amount to \$42, which is 12 cents a day.

For a person on a \$15,000 a year income, family of four, there is no extra tax.

And if you take it to \$16,000 a day -- a year, I mean -- the added cost of the 5 percent surtax is \$3, which is less than one cent a day.

Yes.

QUESTION: Mr. President, following up on Dick Lerner's question, if your economic program does not have the impact you hope it will by early 1975, what other measures might be necessary? What proposals do you have in mind to follow on this program if it indeed is unsuccessful?

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THE PRESIDENT: I am confident, in the first instance, that if all 31 of the recommendations are implemented, including those that I have asked the Congress to give me, that the program will work. We are going to concentrate on making it work. I, therefore, don't think we should speculate about something that I don't think will take place.

QUESTION: Mr. President, some people think -- a great many people, in fact -- think that your proposals were not tough enough, or at least tough on the wrong people. In view of your somewhat apocalyptic vision of what will happen to this country if we don't lick inflation, why didn't you propose mandatory gasoline taxes or gasoline rationing in order to conserve fuel, for example?

THE PRESIDENT: We believe that the surtax charges that we have recommended are a more equitable approach to the achievement of greater income so we could give some relief to the less well-off, the people who are suffering greater hardship.

We took a look at the gasoline tax recommendations and we found that this might be harmful to people and it would be more harmful to the people less able to pay and in balancing out all of the tax proposals, we came to the conclusion that what we have recommended, which affects only 28 percent of the personal income taxpayers in this country, was the appropriate way to raise the revenue and dampen inflation.

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QUESTION: If the purpose is to conserve fuel, because oil being such a large factor in inflation, why not gasoline rationing now?

THE PRESIDENT: We believe that the American people will respond to our voluntary program. In my recommendations yesterday to the Congress, I said we would cut the foreign importation of fuel by one million barrels per day, which is one million out of the six million that is currently imported per day.

Now, the American people last year in a much greater crisis where we had the embargo, responded very, very well and did as well, if not better, than we are asking them to do now.

So I don't think we have to put a tax on gasoline users to achieve our objective. And if we can do it by voluntary action, I think it is far preferable and more in the tradition of the American system.

Yes, sir.

QUESTION: Mr. President, in June of last year, President Nixon recommended a program. He called for \$10 billion for five years in the hope of making the United States self sufficient in energy.

Now in 16 months, can you update that for us?

THE PRESIDENT: I must confess that we haven't done as well in Project Independence as I think most of us had hoped. This concerns me, and one of the reasons that I indicated yesterday that I was appointing Secretary of Interior Morton to head up the Energy Council was to get this moving. We are going to concentrate in this area.

Now all of the blame can't be placed on the Executive Branch. There have been a number of legislative proposals before the Congress that would increase domestic supplies. Unfortunately in too many cases the Congress has not responded, so the Congress has to share some of the blame with the Executive Branch.

But I can assure you that with Rog Morton heading this new organization, we are going to do a better job, and I think we will get the cooperation of the American people.

Yes, sir.

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QUESTION: I am sure you have other questions on economics, but let me ask one on international affairs. There are reports that you are planning some sort of summit conference with Chairman Brezhnev of the Soviet Union.

Can you give us some details on that?

THE PRESIDENT: When I took the oath of office, I indicated I would continue our country's efforts to broaden and expand the policies of detente with the Soviet Union.

Since I have been in office, I have had a number of discussions with responsible leaders in the Soviet Union. About ten days ago, I met with their Foreign Minister, Mr. Gromyko.

Dr. Kissinger is going to the Soviet Union the latter part of this month to continue these discussions.

Now, as you well know, Mr. Brezhnev has been invited to come to the United States in 1975. If there is a reason for us to meet before that meeting in the United States, I will certainly consider it.

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QUESTION: To follow up a little, do you expect the United States to have any kind of a proposal on arms to present to the Soviet Union before the end of the year?

THE PRESIDENT: We are resolving our position in this very important and very critical area. When Dr. Kissinger goes to the Soviet Union the latter part of this month, we will have some guidelines, some specific guidelines for him to discuss in a preliminary way with the Soviet Union.

QUESTION: If inflation is as serious a problem as you have said, can you point to any of your proposals that would persuade businesses to lower prices now or that would encourage labor unions to moderate their wage demands in forthcoming contracts?

THE PRESIDENT: As I said in my remarks before the Congress yesterday, there is no quick fix or no immediate panacea in the fight against inflation. It has taken us roughly ten years to get this unfortunate momentum for price increases at its present rate.

We do have in the 31 proposal package that I submitted some recommendations which will increase supply of very important ingredients, and we have in those recommendations some proposals to remove some of the restrictive practices of the Government, of private industry, of labor and if those restrictive practices are eliminated, I think we can look forward to a reduction in prices both in the private sector and as far as the Government is concerned.

QUESTION: Mr. President, at your last news conference you assured us that there had been no deal made on the Nixon pardon either with the former President or with any of his staff members. Since there have been published reports that the pardon was indeed discussed with former Chief of Staff Haig.

I wonder if you could tell us the nature of that conversation if those reports are indeed accurate.

THE PRESIDENT: Since this last press conference, I have agreed to appear before the Hungate subcommittee of the House Committee on the Judiciary. I will appear before that subcommittee and until I do appear, I think it is most appropriate that I defer any comment on that subject.

QUESTION: Mr. President, two of your main anti-inflation proposals, the tax surcharge and cutting Government spending, are intended to curb inflation by reducing demand. But many economists do not believe that there is a demand inflation. They believe it is a wage-price spiral and a shortage inflation.

In view of that, how can the tax surcharge and the cut in Government spending reduce inflation if they are directed at the kind of inflation that we don't have?

THE PRESIDENT: Let me answer that question in two parts, if I might.

If the Federal Government reduces its expenditures, and we are going to do it by roughly \$5 billion, it makes money more easily available in the money markets of the United States so that home purchasers will have more money at a better rate of interest to borrow so they can build homes. This will stimulate the home-building industry, and I think provide jobs.

Now, the 5 percent surtax is only on 28 percent of the total personal income taxpayers in this United States, the people who are better able to pay these minimal amounts extra. I don't think taking away from a family who is earning \$20,000 the sum of \$42 a year is going to have any serious adverse impact on the purchasing power of that family.

QUESTION: I am not sure that we are talking about the same thing, Mr. President. I am talking about the fact that these are proposals directed at reducing demand and many economists don't think we have that kind of inflation. You are talking about stimulating home building, and I am forced to repeat my question: Why are we attacking the wrong kind of inflation.

THE PRESIDENT: I respectfully disagree with you. I think if we stimulate home building because we are reducing Federal expenditures and providing more money in the market place, I think we are stimulating production and I think the people who are being taxed, or I hope will be taxed, aren't going to lose sufficiently of their earned income that they are going to cut down significantly in what they buy in the market place.

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QUESTION: This morning, Secretary Simon indicated that the Administration was still supporting oil depletion allowances. You, yesterday, endorsed the Ways and Means package which calls for the phase-out of oil depletion allowances. How do you reconcile your speech and Secretary Simon's testimony this morning?

THE PRESIDENT: Well, that bill before the Committee on Ways and Means has a number of very good features and it has some that I don't necessarily embrace in toto and I am sure that Secretary Simon doesn't. But I do believe that on balance, it is important for me to endorse that bill.

And when you endorse a bill of that magnitude, I think you have to take it as a package because it does close some of the loopholes. It provides a sufficient amount of income so we can grant additional relief to people in the lowest bracket of income taxpayers.

It is my recollection that that bill does phase out not only foreign oil depletion allowance, but it provides for a gradual phase-out of the domestic oil depletion allowance.

I am not going to quibble with the committee in every detail. I think we have to buy a package that has far more good in it than those things I might object to.

QUESTION: Mr. President, is it your own view that the oil depletion allowance should be phased out?

THE PRESIDENT: The answer is yes.

Yes?

QUESTION: Mr. President, on another question other than the economy, on a subject you haven't talked about before I don't believe, what is the Federal role in public education as you see it? And I have a follow-up.

THE PRESIDENT: The role of the Federal Government --

QUESTION: How little?

THE PRESIDENT: -- in the field of education is about what we are currently doing with the Federal aid to education legislation for primary and elementary schools. And I just signed the new Education Act. It was a step in the direction of consolidating some 35 categorical grant programs into six or seven. I think this is approximately the role of the Federal Government in primary and secondary education.

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In higher education, if my recollection is correct, I voted for the existing Higher Education Act. Therefore, I feel that it fundamentally is what the Federal Government should do in this area.

QUESTION: Specifically, what are your views on Federal aid to private and parochial schools?

THE RPESIDENT: Well, I have personally expressed, over a long period of time, that I think a tax credit proposal is a good proposal. The Supreme Court, unfortunately a year or so ago, in effect declared such a program -- I think it was in the Pennsylvania case -- as unconstitutional. I think that is regrettable because competition in education, between private and public, is good for the student. There is no reason why there should be a monopoly in education just on the public side. And private education has contributed over a long period of time at the primary, secondary and graduate levels significantly to a better educated America. And I would hope that we could find some Constitutional way in which to help private schools.

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QUESTION: In the matter of income tax privacy, Mr. President, can you explain the difference between your Executive Order on White House practices, which is very tough on safeguarding the taxpayers, and the legislation which you sent to the Hill, which Congressional experts say is weaker than what went on under the Nixon Administration when there were reported attempts by the White House to subvert the Internal Revenue Service?

THE PRESIDENT: Well, if that legislation is weaker than the Executive Order that I issued, we will resubmit other legislation.

Mr. DeFrank.

QUESTION: Mr. President, you recently asked Congress to appropriate \$850,000 to cover transition expenses of former President Nixon. The House has already cut that figure down to \$200,000. The Senate seems likely to do the same.

Some of your aides have said in the last few days that they believe that the cutback from \$850,000 to \$200,000 is both stingy and punitive, and I use their words.

I am wondering if you agree with them that the cutback is stingy and punitive and whether or not you intend to ask the Congress to restore some of those funds?

THE PRESIDENT: A recommendation was made to the Congress for the figure of \$850,000 for the transition period. About ten years ago Congress passed a law which provided for transition expenses for an outgoing President. The amount that was submitted on this occasion was roughly comparable to the amounts that have been made available to other Presidents who were leaving office.

Now, the facts and the figures I think can be shown that what was recommended for Mr. Nixon was comparable to others. The Congress, of course, has the right to take whatever action it wants, but under the circumstances, I am not going to use such language myself. I will let the Congress make its decision, right or wrong.

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QUESTION: Mr. President, you feel then, or are you going to ask, the Congress to restore some of that funding or do you believe they should restore it?

THE PRESIDENT: I haven't the bill before me yet. It is still up on the Hill, and until it comes down here, I don't think I should make any judgment.

QUESTION: Mr. President, have you inquired into the matter of gifts by Governor Rockefeller, and if so, there is a question of possible impropriety occur in any instance, in your judgment?

THE PRESIDENT: The gifts by Governor Rockefeller to the three individuals that I am familiar with -- I have looked into the one that involved Dr. Kissinger -- but I think to put this in proper perspective you have to recognize that Governor Rockefeller is a very, very wealthy man, and that he has been extremely generous with many, many charities over a good many years, and he obviously has sought to compensate former employees or friends for whatever services they performed.

In the case of Dr. Kissinger, I have been assured that every tax that could be applied has been paid, and that all legal problems involving that particular case were solved satisfactorily. Under those circumstances, I do not think there was any impropriety in the relationship between Dr. Kissinger and former Governor Rockefeller.

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QUESTION: Since you are familiar only with the Kissinger gift, do you plan to inquire into the others?

THE PRESIDENT: I will, but I haven't as deeply because Mr. Morhouse and Mr. Ronan are or were State employees. But I assume in those two cases, as I found out in the Dr. Kissinger case, that the law had been adhered to and that there was no impropriety.

Yes.

QUESTION: Sir, if you accept that mass transit is an essential part of the energy-saving program, can you explain why you did not lend your support to a comprehensive Federal mass transit bill now before the Congress, in your very important speech yesterday?

THE PRESIDENT: The answer to that is very simple. I had some considerable part in working out the compromise on the Williams-Minish bill. If you will recall, I had about 15 mayors from all over the country down here to see me, including some business people.

I told them I wanted to help. Within a day or so, I called Senator Williams. After it was suggested, we worked out a figure and a time and a formula. And as a result, Senator Williams, in conjunction with other Members of the Congress, arrived at a mass transit bill that provides for a little over \$11 billion over a period of six years with a formula between capital outlays and operating expenses.

I think we made a big step forward and I compliment the Congress for cooperating, and there was no need for me to mention in that speech yesterday something that was fait accompli the day before.

QUESTION: Mr. President, in your recent U.N. speech, you added some last-minute remarks praising Secretary of State Kissinger, and last night you made an extraordinary move of going out to Andrews Air Force Base to see him off on his trip abroad.

Are you upset by the criticism that Secretary Kissinger is receiving from the press, the public and Congress?

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THE PRESIDENT: I would put it this way, Mr. Jones. I am very fond of Dr. Kissinger on a personal basis. I have tremendous respect and admiration for the superb job that he has done since he has been the Director of the National Security Agency (Council) and also as Secretary of State.

I think what he has done for peace in the world, what he is continuing to do for peace throughout the world, deserves whatever good and appropriate things I can say about him and whatever little extra efforts I can make to show my appreciation. And I intend to continue to do it.

Yes.

QUESTION: Sir, do you feel that his effectiveness is being undermined by this criticism?

THE PRESIDENT: I haven't seen any adverse effects so far. We are making headway and I think constructively in all of the areas where I think and he thinks it is important for us to do things to preserve peace and build a broader base for peace.

Yes.

QUESTION: Mr. President, at your first news conference you told us that you probably would run for a term of your own. Since then there has been what you have termed the surprisingly harsh reaction to the pardon of former President Nixon and the tragic illness of your own wife.

Do you still plan to be a candidate in 1976?

THE PRESIDENT: The words that I used, if I recall accurately, were I would probably be a candidate in 1976. I have seen nothing to change that decision and if and when there is, I will promptly notify you.

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QUESTION: Mr. President, Boston's Mayor, Kevin White, has appealed to the Federal Government to send U.S. marshals to help restore order in Boston's school desegregation crisis, and Black groups have asked for Federalizing the National Guard and sending in Federal troops. As the Chief Executive, what do you plan to do and what comments do you have on this situation?

THE PRESIDENT: At the outset, I wish to make it very, very direct. I deplore the violence that I have read about and seen on television. I think that is most unfortunate. I would like to add this, however: The court decision in that case, in my judgment, was not the best solution to quality education in Boston.

I have consistently opposed forced busing to achieve racial balance as a solution to quality education and, therefore, I respectfully disagree with the judge's order.

But having said that, I think it is of maximum importance that the citizens of Boston respect the law and I hope and trust that it is not necessary to call in Federal officials or Federal law enforcement agencies.

Now, the marshals, if my information is accurate, are under the jurisdiction of the court, not directly under my jurisdiction. As far as I know, no specific request has come to me for any further Federal involvement and, therefore, I am not in a position to act under those circumstances.

THE PRESS: Thank you, Mr. President.

THE PRESIDENT: Thank you very much.

END (AT 2:59 P.M. EDT)