

PRESS CONFERENCE NO. 8

of the

PRESIDENT OF THE UNITED STATES

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Tuesday

Ballroom  
Ramada Inn  
Topeka, Kansas

THE PRESIDENT: Won't you please sit down, and before responding to the first question, I do wish to thank Governor Bennett and the other Governors who were here with me in Topeka. I wish to thank the people of the State of Kansas and, particularly, the people in the Topeka area, for the very wonderful and very warm reception. It has been a very good day.

Mr. Morgan.

QUESTION: Mr. President, your energy and economic concerns will go down the drain for naught if we have war in the Middle East, could you please give us your latest information on Dr. Kissinger's negotiations in the Middle East and whether or not you think there is the possibility of a quick settlement in the wake of those negotiations?

THE PRESIDENT: Mr. Morgan, the Secretary of State left Sunday night for a most important mission in the Middle East. He will be gone approximately 10 days, visiting a number of Arab, as well as Israeli -- and he will be more or less on an exploratory mission. We believe that the possibility exists for a step-by-step progress in the Middle East, but no one can be certain in that very volatile and very difficult area.

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The Secretary of State will come back, hopefully, with some encouraging news, and then, if the news is encouraging, he will probably go back shortly thereafter for what we would hope would be a settlement on a step-by-step basis.

It is my judgment that unless progress is made, there is a very serious prospect of another war in the Middle East, which, if it did occur, of course, raises the possibility of another oil embargo.

I would hope that by the Secretary of State's efforts that we can make this progress, avoiding another conflict and avoiding the prospects of another oil embargo.

The Secretary of State has my full backing. I think we are fortunate to have a person with that knowledge, that dedication and that record of success. So, I am an optimist, but it is a difficult assignment, and I think he deserves the full support of the American people and the Congress because it is in our benefit and the world as a whole.

QUESTION: Mr. President, a number of Republicans, as well as Democrats, Arthur Burns, for one, have raised serious questions about your energy program. I wonder if you, at any point, ever have any second thoughts yourself about it?

THE PRESIDENT: Mr. Cormier, I don't have any second thoughts about it. I concede that in putting this program together -- and here is a copy of the bill, a 167 pages -- that I had to make some very difficult decisions. All of the decisions were not easy; there were some gray areas, but at least it is a program. And it is my strong feeling that if there is a better program, Congress should come up with it. So far, they have come up with no program.

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So, as long as I have something that is affirmative, that I think meets the problem head on, I have no regrets about proposing it to the Congress and to the American people. I welcome any suggestions that are constructive. I welcome an alternative program or plan, if one can be put together by the Congress, but I will not tolerate delay. I will not tolerate inaction.

It is my judgment that the crisis is far too serious, that the need is very obvious, and, therefore, I intend to continue trying to give some leadership for a solution to our vulnerability to foreign oil cartels.

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Yes, sir.

QUESTION: Mr. President, without diminishing your attempt to do that, is there an inconsistency, do you think, in your proposal to conserve energy by increasing, in effect, its price, presumably for gasoline as well and, at the same time, releasing two billion in highway funds today to build more highways so we can drive more?

THE PRESIDENT: I think that is a good question, but I think there is a good answer. The reason I released \$2 billion to the States for the construction of additional highways was because over the last ten days or two weeks I have met with a number of Governors, Democrat and Republican, and all, more or less, assured me of the following:

Number one, that in most cases they had State funds that could be used right away and they -- or most of them -- have promised me that if I did release this \$2 billion for highway construction that they could get bids and have the contracted work under way within a few months.

We all know that the highway construction industry is depressed. We know that unemployment in the highway construction industry is very high. We know that better highways save lives. We know that highway construction jobs are meaningful employment. We think that this program, when it gets under way, will provide roughly, both direct and indirect, about 140,000 or more jobs. We think that the promotion of safety, employment, the utilization of State matching funds and the opportunity to get action justifies what I have done.

And it seems to me that there is no inconsistency in doing this at the same time we are trying to conserve fuel, because better highways save fuel and furthermore, it could have a favorable impact in giving to States as well as to local communities the right to use some of the money, some of the money for mass transit, which is an energy saver, a fuel saver.

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QUESTION: Mr. President, your Press Secretary says that you are considering new emergency measures if the recession worsens.

What are these new measures and what would trigger the new initiative; what developments? Specifically, how high would unemployment have to go?

THE PRESIDENT: Congratulations on your new success in joining the Gridiron Club. (Laughter)

QUESTION: Answer the question.

THE PRESIDENT: You made it unanimously, too.

Well, to answer your question, the action that I took today, I think, is constructive. It is an effort at the request of a number of Governors to move in an area where they think some beneficial results will accrue. It is a response to a particular situation.

I think it is important to maintain basically my deep concern about an acceleration of federal expenditures at the present time, but at the same time being cognizant of unique circumstances, which I think this was, and if and when other such circumstances arise, I will be willing to take a look at them and make an honest judgment as to whether they are helpful or harmful.

QUESTION: Well, Mr. President, may I ask you: Mr. Meany says unemployment could go as high as ten percent. Is that true and, if not, what assurances can you give that it will not?

THE PRESIDENT: Well, I watched my good friend, George Meany, on Sunday when he pulled that figure out of the air. I think Mr. Meany, I might say parenthetically, will approve of my release of \$2 billion in highway construction funds because he has repeatedly said that these people have a high unemployment rate, these people are skilled craftsmen, and such a program would help get some of them back to work.

But, we don't foresee a figure as high as that forecast by Mr. Meany. As a matter of fact, we are convinced with the tax reductions that we have proposed -- and I think the Congress will approve -- we believe with the other actions that we are taking, unemployment, the rate of unemployment will gradually go down at the end of 1975 and be improved in 1976.

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QUESTION: Mr. President, in view of your answer to Mr. Cormier, in your talks at Houston and here today, did you hear any convincing arguments that might make you modify your energy proposals, and if so, which and how.

THE PRESIDENT: There was one question raised by individuals, both in and out of government, both in Houston as well as in Topeka, about one provision, and that is whether or not, as a part of the windfall profits tax, there ought to be a provision for a plowback, which means that if a company derives revenue from their oil and gas developments, could they plow those revenues back into further exploration and development and thereby avoid a tax on those revenues or those profits.

This was a very close call at the time I made the decision when we put this program together. The Congress is in the process -- or I hope it will soon be in the process -- of taking up my energy program. There ought to be ample opportunity for the proponents and the opponents to state their views and convince the Congress one way or another.

I can understand some justification for the plowback provision. I don't think it is a serious change in my proposal, but I will point out to the Congress that if they incorporate the plowback provision, it will probably mean a loss of about \$3- to \$4 billion annually in tax revenues to the Federal Government and, if so, there will be less money to return to energy users than the figure that I have recommended.

But there is, on the other hand, a good argument that a plowback provision might stimulate more production. So, it is a very close call and although I favor what I have recommended, I can understand the reasons for the plowback provision.

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QUESTION: Mr. President, voluntary conservation still seems to be a weak hope in the program and to some of us more skeptical, does it still rate a high priority with the Administration, and if it does, do you see the need for anymore restrictive plan?

THE PRESIDENT: I think you have to have voluntary cooperation from 213 million Americans. I think their affirmative participation is very vital. On the other hand, it seems to me that we need stronger action, and that is why I have recommended to the Congress this comprehensive program and this, I think, very fair and equitable effort to get some action.

This program has four basic foundations: number one, conservation by the price mechanism, number two, added supply by stimulating exploration and development, number three, equity in the return of tax money to people, to business, to states and, number four, security. This program gets America going in making us invulnerable against foreign oil cartels, and, yet, we do need voluntary cooperation at the same time.

QUESTION: Mr. President, you tried to set in writing, standards of ethics for members of your Administration. I want to ask you about your meeting last night in Houston with former Texas Governor John Connally, who, as you know, is under indictment -- on second thought, do you think there might be anything improper for the Nation's chief legal officer to meet with a man who is under indictment? We know that you did not discuss that indictment with him; we were assured of that by your Press Secretary.

THE PRESIDENT: Let me say, very categorically, I have known former Governor Connally for a great many years. He was appointed Secretary of the Navy by former President Kennedy. He was elected Governor of Texas on three occasions and served six years. He was Secretary of the Treasury under Mr. Nixon. He is a very knowledgeable public servant. It seems to me that with a man of that vast governmental experience, at the state as well as at the Federal level, the things that I discussed with him could be very helpful to me.

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I see no conflict whatsoever. Mr. Connally has been indicted; he will get a fair trial, and I shouldn't comment on the outcome. But until he has been convicted, I think it is very appropriate for me to meet with him to discuss matters involving the Federal Government, both domestic and foreign policy.

QUESTION: Sir, may I follow that up? Would you have any objection if members of your Justice Department were to meet privately with persons who were under indictment in cases being prosecuted by the Justice Department?

THE PRESIDENT: I don't think that people in the Department of Justice, who have the responsibility of actually carrying out their responsibilities as prosecutors -- I think there is quite a difference. They make the judgments as to prosecution. My position is not exactly that, and my reason for meeting with former Governor Connally, former Secretary of the Treasury, was to discuss none, or no matters, involving his present legal difficulties.

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QUESTION: Mr. President, I would like to turn to the timing of your farming programs for just a moment. The farmers here in Kansas say they are suffering now from increased operations costs and also from a depressed market that they blame on export controls.

Some Western Kansans are even considering abandoning their crops that are in the ground now. So, if your plan doesn't take effect until the first of the fiscal year, do you have some emergency alternatives to help Kansas farmers?

THE PRESIDENT: Well, I think the thing that might be helpful is the decision that has been made to, in effect, eliminate any monitoring of foreign sales of American agricultural commodities.

I did impose a monitoring system, not export controls, on the sale of American agricultural commodities, about four months ago when there were these several unexpected, very sizeable sales to the Soviet Union.

But we have found that our agricultural reserves are fully adequate. We have found that the crop forecasts, particularly in winter wheat, are very encouraging, and therefore I have, in effect, removed the monitoring system.

It seems to me that the American farmers are the kind of good Americans that will produce because I happen to think they will not only have a good market, which they have today, but they also are good Americans in that they know what they produce will help us in our balance of payments and our humanitarian efforts on a worldwide basis.

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QUESTION: If I could follow up on that just a second, there is still going to be a time lag, though, on the increased operation cost. Is there something you are going to do to help out on that?

THE PRESIDENT: Yes, we discussed that with several of the Governors, both in Houston as well as here today, and Mr. Frank Zarb, the head of the Federal Energy Administration, has promised that there will be some beneficial relief given to American agriculture under my energy proposals.

QUESTION: Mr. President, I am Dennis Farney with the Wall Street Journal.

You have been talking in terms of wanting to compromise with the Democratic Congress and yet your major proposals have been quite provocative. You want to increase Pentagon spending and cut back on spending for some popular domestic programs which is about the opposite of what the Democrats want to do.

Aren't you really picking a fight with Congress and preparing the way for a possible campaign against Congress in 1976?

THE PRESIDENT: I can't believe that the majority of Democrats in the House and Senate are going to weaken our national defense program by gutting the requested appropriations for the Army, Navy, Air Force and Marines.

The Democrats that I know in the Congress are just as dedicated to a strong national security program as I am, so I don't think this Democratic Congress will undercut our national security effort. They will make some changes, but I don't think -- I certainly hope they won't -- gut the Defense Department.

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Now, I have made some recommendations to cap, not to cut back programs aimed at helping people. As a matter of fact, in the budget that I submitted, the Defense Department gets only 27 percent. The domestic programs that you mention get about 44 or 45 percent of the total expenditures out of the Federal Government.

So, I think we have come to a pretty good balance and I think the Democrats, when they look at the budget for fiscal 1976, will realize that there is a good balance and I think they will go along to a far greater degree than what might appear to be the case at the present time.

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QUESTION: Mr. President, just how much headway do you consider you have made for your energy proposals with the governors in the three regional meetings you have had with them so far?

THE PRESIDENT: Well, there is some good news and some bad news. I think we have made more headway than if I had stayed in Washington and written them letters. I think they now understand the program, which was a major reason for my meeting with them individually in three and four hour sessions.

I think they have a better understanding of the program and there is more support now than there was before.

I don't hear many governors calling for gas rationing, which shows very good sense. I don't hear many governors calling for arbitrary allocation because they realize, as I do, that arbitrary allocation or quotas -- they would be the most harmful method of achieving conservation and would have a terribly depressing impact on our economy.

So they understand the program, therefore, I think they are more supportive, although some of them have some reservations about a part here and a part there.

I must say that I did not hear a single governor in all the ones I met with, who endorsed what the Congress is trying to force on me. The governors understand you have to make progress and they know that this bill that the Congress is working on is a bill that is a backward step. So, even though they may have some reservations about a part here and a part there in my program, I think they are more for this than they are for what the Congress is allegedly working on.

Yes.

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QUESTION: Mr. President, I understand that your advance planning schedule shows a tentative visit by President Thieu to this country in late April. Can you tell us if you are seriously considering such an invitation and why?

THE PRESIDENT: Well, Mr. Beckman, I am not familiar with any invitation. I am not familiar with any prospective visit.

QUESTION: Would you consider inviting Mr. Thieu to this country?

THE PRESIDENT: I really had not thought of it and I know of no prospective visit.

QUESTION: Since Kansas is traditionally Republican, would you please assess the health of the Republican Party?

THE PRESIDENT: Would you repeat that, please?

QUESTION: Since Kansas is traditionally Republican, I am sure many of our citizens would like you to assess the health of the party, sir.

THE PRESIDENT: Well, I, as a Republican President, can't help but be impressed by the success here in Kansas. You have a fine governor. You have got the Legislature in the control of the Republican Party here. You have got low unemployment in Kansas. You have got good economic conditions. I think this is a good achievement record for the Republican Party in Kansas as well as a whole, so I just hope we can spread this good progress through 49 other States.

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QUESTION: Mr. President, there has been a lot of speculation recently about former President Nixon's future. You talked with your predecessor by phone last weekend. Can you tell us if Mr. Nixon is considering a return to the national scene? Would you welcome that?

And would you perhaps consider appointing Mr. Nixon to an influential diplomatic post such as Ambassador to China?

THE PRESIDENT: Mr. Nixon called me last Saturday. The content of that conversation, since he initiated it, I think should come from Mr. Nixon himself.

Mr. Nixon is recovering from a very, very serious illness. I see no prospect for any appointment because of his health and any other comments concerning the conversation, I think, should come from him.

QUESTION: Mr. President, are you and Dr. Kissinger still insisting on increased aid to Vietnam, South Vietnam? And if so, why?

THE PRESIDENT: Well, the United States made a very significant contribution in Southeast Asia. Unfortunately and tragically we lost some 55,000 American lives, spent literally billions.

The South Vietnamese are now trying to carry on on their own. We have no U.S. military forces there. We are living up to the Paris Accords. The last Congress authorized \$300 million more in military assistance for South Vietnam on the basis that that would give them sufficient military assistance so that they could fight aggression by North Vietnam.

I am convinced that \$300 million would give to the South Vietnamese an opportunity to defend themselves against aggression. I strongly believe that it is a proper recommendation to the Congress. I hope that the Congress will respond.

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QUESTION: But would you accept some sort of compromise proposal from those members of Congress who don't think the way you do?

THE PRESIDENT: Well, I think \$300 million in further military assistance is the right answer to give the South Vietnamese the necessary military hardware to defend themselves. Anything less than that makes their defense of their country less effective and I think they ought to be given enough to defend themselves. And \$300 million, according to my advisers, is the minimum for that purpose.

QUESTION: Mr. President, Peter Kumpa of the Baltimore Sun.

President Truman is one of your heroes and you share some things in common with him -- a Mid-western background, succession from the Vice Presidency, and a so-called do-nothing Congress. But Mr. Truman was a Democrat and a champion of the little guy. He was a spender for social causes.

Now, you are not a spender. You are a Republican and a champion of free enterprise. Where did your admiration for Mr. Truman begin? How do you feel you are like him and how do you feel you are different?

THE PRESIDENT: Well, I never alleged that I was like him. I simply have a great admiration for him. I admire him because he was forthright. He believed in certain things, whether I did or not, and he was willing to go out and fight for them. I think that is a very admirable trait.

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Mr. Truman deeply believed in maintaining a strong U. S., both militarily and economically. I share that view.

I believe that we insure the peace by being strong and Mr. Truman, by his various actions, felt the same way, and Mr. Truman wanted a strong domestic economy. I admired that. I believe in it.

For those traits and those basic views, whether we agreed on every detail, I admire him tremendously.

QUESTION: As I recall, Grand Rapids was one of the very first stops on Mr. Truman's whistle-stop campaign. He was there on Monday morning in the rain and 25,000 people showed up. Were you there to see him that time when you were running for Congress and, is that the kind of road you would like to emulate in 1976?

THE PRESIDENT: Well, I am not sure I was there. That was my first campaign and I was probably out talking to some of my good agricultural constituents or making speeches elsewhere, but I was glad he came to Grand Rapids. I got a taste of the kind of campaign that he initiated, carried out, and was successful.

I think you have to be aggressive, I think you have to be forthright, I think you have to be candid, and Mr. Truman was all of those put together. It was a successful campaign. It might be necessary to do it in 1976.

QUESTION: Mr. President, what was the main thrust of objections by Governors, particularly Democratic Governors, not only to your energy policies, but your economic policies?

THE PRESIDENT: There was very little objection to my proposal for a tax reduction. I can't say they agreed with every detail, but they agreed that a tax reduction was necessary as a stimulant.

They did raise some objection about some of the capping that we recommended for Federal Government pay, for some of the retirement programs where there is an escalation, as you, I am sure, know. We didn't cut back those programs. We said they should be limited to a five percent increase. I suspect that they felt that there should have been an increase permitted to the maximum.

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On the other hand, they were generally fearful of the additional \$17 billion deficit over the \$52 billion because they know that a deficit of \$69 billion will have a very adverse impact on their financing efforts.

So, I would say they had mixed emotions about the economic plan but basically they supported it.

On the energy program, there was no major criticism. We simply tried to explain it. There were some suggestions, but I repeat what I said a moment ago: I think they respected this program, which is an answer; whether they liked every part of it, they preferred this program to a four-page step backward.

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QUESTION: Mr. President, I would like to follow up on Helen's earlier question. Your Press Secretary said, last week, that Mr. Greenspan and, I presume, you, as well, are sticking to the prediction that unemployment will peak at 8.5 percent and that that figure of 8.5 percent will probably be reached about midsummer. In view of the new unemployment figures which came out last week, I am wondering whether you think these figures might be a little unrealistic now?

THE PRESIDENT: My own personal feeling is that there may be some increases, but I think the hump will have been reached sooner than some of the experts are forecasting and that the trend will start in the other direction, particularly, if the Congress moves in getting the tax reductions that I recommended January 15th enacted into law and providing they do some of the other things that are necessary to stimulate the economy.

I don't want to get in a numbers' game about what the unemployment figure might be at a certain date. I am more interested in trying to get Congress to act on the programs that will get us moving forward both in energy as well as the economy.

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QUESTION: Mr. President, Kansas has about 20,000 low producing oil and gas wells. Do you have any incentives in your program to stimulate low producers and, if not, why not?

THE PRESIDENT: Well, in the overall energy program that I have recommended, we call for the decontrol of all domestic oil and gas production. We think permitting all domestic oil and gas production to go up in price with a windfall profits tax, or a plowback provision will provide an incentive to some of the older domestic oil wells in the State of Kansas as well as elsewhere, particularly the plowback provision will stimulate additional production in these wells as well as further exploration and development.

I think there is more hope -- let me put it this way, if I might. If the Congress is so unwise to impose mandatorily gas rationing, or quotas or allocations, there is no incentive, none whatsoever for greater domestic production, including greater domestic production in Kansas out of the 20, or 30, or 40,000 oil wells in Kansas.

So my program does recommend an incentive, a stimulant to greater production.

What I hear some people are advocating, there is no chance of any stimulation to greater production.

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QUESTION: Mr. President, Leonard Woodcock of the UAW is talking about organizing 250,000 unemployed labor members to come to Washington to march on the Capitol this spring or summer to demand action by the government.

How would you view such marches, which you hear increasingly talked about in labor circles; would you regard them a serious threat to domestic tranquility?

THE PRESIDENT: I certainly respect the right of any individual or any group to come to the Congress and to the President and petition where they have a grievance that they feel ought to be so presented to the Executive or Legislative Branches of the Federal Government.

I hope that we can show there will be an improvement in the economy so that a march or such marchers in the summer will not be necessary. But I would be the last person to say that an individual or a group doesn't have the right to so take such action.

Now, I think it is just a great deal better from the point of view of domestic tranquility for all of us to concentrate on achieving an answer to our domestic problems, action by the Congress, administrative decisions by me. This, I think, is more productive than something that could upset some of the people in Washington and elsewhere.

THE PRESS: Thank you.

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AT 7:36 P.M. (CST)