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THE WHITE HOUSE

INTERVIEW OF THE PRESIDENT

BY

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2:44 P.M. EST

QUESTION: Mr. President, you have been meeting with President Sadat, and he has made it clear that the Palestinian problem is certainly one of the paramount ones to a Middle East settlement.

We have heard very little about how high-ranking Americans feel about what justification, if any, the Palestinians have for asking or demanding a national State of their own.

Would you comment on that?

THE PRESIDENT: I would prefer to answer this way, if I might: The Palestinians do allege that they have certain rights, and they are insisting on participating, for example, at a Geneva conference or any overall conference.

But, they have refused to recognize the State of Israel, and we, of course, strongly back the State of Israel in its attitude that there must be recognition before there can be any contact or any participation by the Palestinians in any negotiations.

QUESTION: If recognition were forthcoming, would there be a possibility that land could be found to create a Palestinian State?

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THE PRESIDENT: That, of course, would have to be decided in any overall settlement, and it seems to me that it would be inadvisable for me to pass judgment at this point on what terms of any overall settlement might be.

The parties who will actually do the negotiating are those parties within the area in an overall settlement, and it would be certainly inappropriate for me, under these circumstances, to make any commitment. That is for them to negotiate.

QUESTION: Mr. President, I am rather curious to know if you have given Mr. Sadat anything besides a warm welcome; nuclear reactors, perhaps?

THE PRESIDENT: There have been negotiations going on between the United States and Egypt for an American-made nuclear power facility, but I think those negotiations have not, at this point, reached a final decision.

There may or may not be. I can assure you, if there is one, that there will be the most rigid safeguards, which I think are absolutely important, as far as how Egypt could use a nuclear reactor. But, there hasn't been any final consummation. Negotiations are still going on.

QUESTION: Being just a layman, I can't quite conceive of how you might restrict them from -- once it is in their hands -- using it for military purposes, exploding some.

THE PRESIDENT: There are safeguards which are agreed to by practically every one of the reactor-producer nations, safeguards that are included certainly by us in any sale or grant to another country for an American-made reactor.

I can assure you that this Administration, if and when we make any arrangements with any country, including Egypt, the most rigid safeguards, which are very technical, will be enforced.

I am told by technicians -- I am not an expert myself in a technical way in which it is accomplished -- there are very manageable safeguards which can preclude a nuclear reactor for civilian purposes being utilized for any military purpose.

QUESTION: It is not just a matter of keeping their word?

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THE PRESIDENT: No, there are technical capabilities that make it impossible to go from a civilian domestic utilization of a reactor to a military utilization, and we would insist under any and all circumstances, as we have in the past, for these very rigid safeguards.

QUESTION: Mr. President, what can you tell us about your videotape testimony in the Lynnette Fromme case?

THE PRESIDENT: It would be very inappropriate for me to comment in any way whatsoever on my participation involving that matter.

QUESTION: Can you tell us, sir, if you testified to whether the trigger was pulled?

THE PRESIDENT: I respectfully must not answer that. I was admonished by the judge himself that any comment by me other than what I had made in my testimony would be very inappropriate.

QUESTION: Mr. President, the Florida Presidential primary is drawing very near, and there have been some comments lately to the effect that you are paying only token efforts in Florida and that you may, in fact, have written off the State to Ronald Reagan.

Is that true?

THE PRESIDENT: That is completely inaccurate. I have a very fine State Chairman in Congressman Lou Frey, one of the outstanding Members in the House of Representatives, and I can assure you that I will be a participant--and an active participant--in the Florida primary.

QUESTION: To what degree, Mr. President?

THE PRESIDENT: The people on the President Ford Committee who have the responsibility for working out the details are in the process now, working, of course, with Lou Frey. I am not familiar with those details as of the moment, but the decision is firm and certain that I am coming down to be a participant in that Florida Presidential primary.

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QUESTION: Mr. Frey also thinks that you should not have Vice President Rockefeller on your ticket next year. Can you indicate at this time, Mr. President, whether Mr. Rockefeller will be your runningmate if you are the nominee?

THE PRESIDENT: I have said repeatedly and very firmly that at the proper time I will make that decision. In the meantime, I say with deep conviction that Vice President Rockefeller has done a superb job as Vice President. I picked him because I thought he was the best man for the job. He has performed beyond any expectations that I had. He has been a great team player and every job I have given him -- and I have given him so many very important ones that I think he deserves great commendation. But as far as the Vice Presidential nomination in 1976, I will make the announcement concerning that at the proper time.

QUESTION: Sir, what would the proper time be?

THE PRESIDENT: Certainly it would be some time in 1976.

QUESTION: Before the Convention?

THE PRESIDENT: I would assume so, yes.

QUESTION: Getting back to the Middle East, if harm were to come to any of the U.S. personnel who serve as monitors on the Egypt-Israeli line, would you consider that a national matter? Would you consider that we would have to retaliate or are these people so-called volunteers and not carrying the flag, as it were?

THE PRESIDENT: The number of technicians who will be in the warning stations will be civilians. They are highly qualified experts in a very sophisticated area. They will be fully protected. They will be in a United Nations zone. They will be separated either from the Israelis on the one hand or the Egyptians on the other. I am confident if any problem arose that we would have ample time to make certain of their safety.

I think it is interesting to make this observation. We now have, in very technical capacities, a very limited number of Americans who have been there in the last several years.

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QUESTION: Been where?

THE PRESIDENT: In the UN buffer zone in a non-military capacity, a very limited number. The ones we are talking about for the Sinai will be performing a totally different function but I think you have to bear in mind that the UN buffer zone has a very substantial number of military representatives from four countries who have the obligation of maintaining the integrity of the buffer zone and our technicians, up to two hundred, will be in that buffer zone and under the protection of the United Nations and I can't imagine any action taken by either Egypt or Israel that would jeopardize the Americans in that UN zone.

QUESTION: How about our Americans in Beirut or elsewhere in Lebanon? Are you also concerned about their potential safety if they don't all get out? How far would you go to protect them?

THE PRESIDENT: As you undoubtedly have read, we have advised Americans in the Embassy to return -- I mean the dependents of the Americans in the Embassy to return and we have warned Americans in Beirut, particularly that the situation is very serious and that they should leave and the sooner the better.

QUESTION: Would you send troops in?

THE PRESIDENT: I wouldn't want to speculate on any action of that kind. I don't think it will be necessary. In the meantime, we are working with all parties -- and it is a very confused situation in Lebanon. They have the Muslims, the Christians, the Palestinians. It is a very complicated situation. We have, in proper channels, sought to calm the various factions in an appropriate way because we think it is tragic that a country like Lebanon is being torn apart by these riots that have gone on far too long and have been far too bloody. But I wouldn't speculate, I think it would be inadvisable as to any action I might take. We urge the Americans, because of the tenseness, the problem, that it would be in their own best interest to leave at the present time.

QUESTION: Mr. President, there is considerable feeling in South Florida that the attacks in the United Nations on Zionism as being racist are unfair and inaccurate, especially the Jewish community feels this way. Your guest here in Jacksonville, President Sadat, has made similar allegations. How do you feel about these allegations and what action will our Government take, if the United Nations brands Zionism as racist?

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THE PRESIDENT: I am sure you know Ambassador Moynihan has spoken out very strongly on this issue. I am sure you know that Secretary Kissinger has also spoken out emphatically. I issued a statement doing precisely the same so this Administration is very, very much opposed to the resolution to which you refer. We are doing all we possibly can in the United Nations to defeat the resolution. We think it is contrary to the basic charter of the United Nations and if we can defeat it, which I hope we can, the matter will be resolved and I am getting more and more optimistic that the possibility does exist because it is fundamentally contrary to the United Nations charter. What we will do if we lose is a matter that I will pass judgment on at that time. But I think on sober reflection that a majority of the members of the United Nations will recognize that that is not in consonance with the charter of the United Nations.

QUESTION: Mr. President, you said a few moments ago that you intend to fully participate in the Florida March Presidential primary. Congressman Frey has said that, despite attempts on your life, and he was quoted on this about three weeks ago, that you might be engaged in some door-to-door campaigning if security problems could be worked out. Do you think that is wise?

THE PRESIDENT: I saw Lou Frey's comment in that regard and, quite frankly, my own technique of campaigning -- if that is the right word -- is to meet people face-to-face. I think that is the way candidates ought to participate. Now that is possible when you are running for a Governorship or a Senatorship or Congressional race. Whether or not it is feasible for a President to do so under some of the problems we faced in recent months may dictate that it shouldn't be done. But if I had my druthers, if I were to make the choice myself, I think there is a great deal of merit to it.

QUESTION: On the New York City situation, sir, there has been some speculation lately that, because of pending legislation in Congress, you might have to accept a bill which would contain loan guarantees in order to get the bankruptcy provision you want or you would veto both. Can you conceive of being confronted with a situation like that, and if so, what would your actions be?

THE PRESIDENT: I was very forthright in the remarks I made last Wednesday that I would not accept any of the legislation that at that time was in one committee or another in the House as well as in the Senate. I still feel that way because I don't think those solutions are right on the fundamental issue of the relationship between the Federal Government, State and local units of Government. I don't think it would solve the fundamental problem of getting New York City's financial matters under control.

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I believe the best way for that to be done is the recommendation I made which was that if necessary -- and I don't really assume it is necessary because I think the City and the State can still do certain things that would preclude it, but, if necessary, we would have a new chapter in the Bankruptcy Act, Chapter 16, as I recall, that would then turn the affairs over to a Federal court and I think that is the right answer. If we are faced with the combination of something that is bad and something that is good, I will take a look at it but the odds are, because I feel so strongly the other is not a right answer, that I would not look with favor on it.

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QUESTION: You said, sir, you would not bail out financially New York City. Would you permit, as far as you could control it, any Federal aid to New York City?

THE PRESIDENT: Let me set the proper perspective on this. The impression is created in some circles that the Federal Government has not been generous to New York City. This current fiscal year, the budget for New York City is \$12.2 or .3 million. The Federal Government taxpayers from all over this country contribute 25 percent of that, over \$3 billion, so the Federal Government has been very generous in its help and assistance over the years to the City of New York.

Now, I have said that if necessary, after default, that the Federal Government would find a way in conjunction with the court to provide essential services -- fire, police, emergency hospital actions. I think that is essential to maintain the proper atmosphere in New York City, but I do not think that we should go in with a so-called bailout.

Now, you know, New York City has eight million wonderful people, but they have been the victims of public officials who haven't been forthright with them over the years, and we have to find a mechanism to straighten out their sad fiscal affairs.

I believe my recommendation is the way to do it. It involves no Federal funding, if the right actions are taken by the city and the State. It involves the potential of some Federal assistance through the court, if necessary, for fire, police and so forth.

QUESTION: But those eight million persons, sir, are voters.

THE PRESIDENT: I think we have to -- in this case it is so fundamental -- look beyond any political consequences. This is a very fundamental issue, and I am trying to do what is right, right for the people of New York City, for whom I have nothing but great sympathy and compassion and, at the same time, preclude the encouragement of other local units of Government of being as irresponsible as the case has been in New York City.

So, we will not only have New York City, but we will have ten or 15 other communities. That is the real danger.

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Then, if I might come back to this point, supposing we bail out New York City, as some are recommending? Then you have a flood of other communities that have equal problems. In the final analysis, who is going to bail out the United States?

QUESTION: Mr. President, at least one columnist thinks there is a great deal of hypocrisy in talking about money mismanagement in New York City. He points to the fact there are a great many Federal programs that are as equally irresponsible and equally high spending. He sees a bit of divisiveness between criticizing New York on one hand and being part of a Federal establishment that has spent up to the hilt on the other hand.

THE PRESIDENT: I couldn't agree with you more, and if you go back to my State of the Union Message in January of 1975, you will find that I said that there had to be certain drastic action taken to control Federal expenditures.

I said there must be a cutback in the growth of Federal spending, and I itemized a number of areas here that should be done. I called upon the Congress to take corrective action for that purpose. In my recommendations for a \$28 billion tax reduction and a \$28 billion tax reduction in the growth of Federal spending, I was saying the same thing.

We have got to stop the growth of Federal spending. If it isn't stopped, we will be engulfed. So, what we are trying to do in the Federal Government to stop the growth of Federal spending and to get our fiscal matters under control is exactly the same thing I am telling the City of New York it must do.

QUESTION: Is there any bill that could come out to bail out New York that you would accept?

THE PRESIDENT: None, other than the one I recommended because I think that is the only fundamental solution.

QUESTION: But can there be a domino effect from default? Other cities are fearing to float municipal bond issues and, therefore, delaying or canceling projects and putting out work potentially.

THE PRESIDENT: It is very interesting within the last week or ten days two communities in the metropolitan area of Washington -- not Washington, D.C. -- floated municipal bond issues, got the best price they have gotten, I think, in the history of these communities.

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Those communities that have been well run won't have serious problems, and let me add this point: There were all kinds of scare stories floated around that the bond market would collapse and the stock market would collapse. We had some advice from others -- not only domestically, but otherwise -- that catastrophe might take place.

The truth is the bond market had already discounted the possible implications of a New York City default. So, there was a minimal amount of disturbance in the bond market in New York City.

The real problem is a lot of people have -- and primarily big investors -- substantial amounts of New York City obligations, have high interest rates. They bought them in the open market. They gambled. They took a chance that New York City would become responsible fiscally.

It was a bad deal, apparently. But, they took a gamble under our society, and I just don't think you can ask the taxpayers throughout the United States to bail out people who had made investments in a free market of their own choice.

QUESTION: What about banks and holding companies who have also big investments?

THE PRESIDENT: Should the taxpayers of the United States bail out the banking institutions in New York City or elsewhere? Should the taxpayers in Jacksonville or Tampa or Miami or anyplace else bail out the bankers who made an investment with their eyes wide open? I don't think so.

QUESTION: Would there be any protection for them, the banks?

THE PRESIDENT: It is interesting on that point because the City of Detroit went in default in 1933 or 1934. The City of Detroit had lots of obligations out. They renegotiated the payment period. They renegotiated, as I understand, the interest payments and the City of Detroit straightened out its fiscal problems, primarily as a result of the depression, and the net result was every investor in Detroit bonds was paid off.

It took a little more time. They got a little less interest, but everybody was paid off, and I think that is an example of what can be done. It was done in Detroit in the 1930s, and in other communities, I might add. I am told some in Florida went through the same problem of the 1920 boom and bust that followed.

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People buy securities on a gamble, on a risk, and there is no reason why the taxpayers in other parts of the country should bail out those people who made those investments on their own choice. Nobody forced them to buy anything.

QUESTION: Mr. President, there have been reports that efforts toward detente with Cuba have been pushed aside until after the Floriday primary. Is that correct?

THE PRESIDENT: That is not accurate. The situation in Cuba, vis-a-vis the United States, is one where we have repeatedly asserted that the Cuban people and the American people have had a long history of good relations, and there is no reason why there should be a permanent rupture of that relationship.

On the other hand, there is no sign yet that the Cuban Government has made any significant gesture as far as the United States is concerned. As a matter of fact, I was very upset with the Cuban action where they led the fight, so to speak, in trying to indicate that Puerto Rico should be independent of the United States.

I think that was harmful to any betterment of relations between the United States and Cuba. But, I repeat that there is no reason why in the long run there shouldn't be a resumption of a good rapport between the Cuban people on the one hand and the American people on the other. But, the Governmental problems relate to more serious difficulties.

QUESTION: Let me touch on one final thing that relates to Florida and its neighbors. The smuggling of drugs into Florida is on the increase, which seems to say that the patrols are not effective. Do you have any alternate plan to solve drug smuggling?

THE PRESIDENT: The President's Domestic Council just received a report which makes certain recommendations. It is being circulated in the departments, and I am certain that reports, with the recommendations of the departments affected, would come up with some proposals that will improve and better our handling of the smuggling of drugs in the United States.

QUESTION: Mr. President, as you know, there are a great many Democrats who would like your job next year, and most of the talks seems to center on two in particular -- Senators Humphrey and Kennedy.

Do you have any predictions at this moment as to which, if it narrows down to those two, would be the Democratic nominee, and which you would prefer to run against if you are your party's nominee?

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THE PRESIDENT: Sometime ago, four or five months, as I recall, I forecast that Hubert Humphrey would be the Democratic nominee. I said that primarily because on or about that time Senator Kennedy had made a very categorical statement that he would not be a candidate, and I took him for what he said and when the words were very specific.

So, if you have the rest of the field, it seems to me that Hubert Humphrey is the most likely person to get the nomination. I know him; I like him. We have many differences, but I think that would be a good contest.

QUESTION: Thank you, Mr. President.

END (AT 3:11 P.M. EST)