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THE WHITE HOUSE
PRESS CONFERENCE
OF
L. WILLIAM SEIDMAN
ASSISTANT TO THE PRESIDENT
FOR ECONOMIC AFFAIRS
AND
RON NESSEN
PRESS SECRETARY TO THE PRESIDENT
THE GEORGE V HOTEL

8:02 P.M. (Paris Time)

MR. NESSEN: You have been patient. I meant to say last night that I apologize for last night's delay. You were patient then and patient tonight.

Obviously, the problem was waiting for the meeting to end before briefing on it, and that is what we did. I will give you just a few statistics, and Bill will take over for the briefing.

I believe you got the report on the meetings up through lunchtime. The afternoon meeting began at 4 o'clock and lasted until 7:40. The view of the American delegation is that rapport among the six leaders is growing as the meetings progress.

The meetings were, in the view of the American delegation today, extremely useful and friendly. As I say, the afternoon meeting ended at 7:40. The leaders will take a break and will have dinner together at 8:30.

Tomorrow's schedule calls for the Foreign Ministers to meet together at 9 o'clock to continue the work on the joint statement, and the heads of Government will meet at ten o'clock tomorrow, heads of Government and heads of State.

At this point, all the agenda items have been covered, with the exception of East-West economic relations. There is still tonight's dinner and tomorrow's meeting at which that can be discussed.

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The format today was essentially the same, which is that each leader speaks on each agenda item and then there is discussion.

I might as well get this out of the way before Bill comes. We don't know precisely what time the joint statement will be released tomorrow, nor do we have an exact briefing schedule, but you can be sure there will be a substantive briefing tomorrow by a top level American official or officials, plural, and that you will have the statement in a timely manner.

Q Do you mean have the leaders meet again or will it come earlier?

MR. NESSEN: No. Let me say this: I know that a number of stories have appeared indicating agreement on this or that other matter. It is not fair to say that any final agreement has been reached because the six leaders will themselves review and make their final decisions on the joint statement tomorrow morning. That is the time when the final agreement will be made.

Q You said it is the Foreign Ministers who meet tomorrow morning?

MR. NESSEN: And the heads of States and heads of Governments.

Q Does that mean the Prime Ministers have completed their part of the work on the statement?

MR. NESSEN: At this time, there is no plan for a separate Minister's meeting.

At their meeting this afternoon at three o'clock, they did essentially complete their separate business.

Q No one is saying, as far as that goes, that there is final agreement. They are saying there is tentative agreement.

MR. NESSEN: I will let Bill talk to you about the subject of today's meetings.

Q Where tomorrow? Where will we meet for this top level briefing?

MR. NESSEN: That has not been decided yet. There is some thought of doing it at the airport --

Q No.

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MR. NESSEN: Just a second now. Additional communications have been put into the airport in case that is where it is, but simply, it has not been decided yet and it won't be until the morning. If it is done at the airport, of course I want to assure you that it will be piped back here.

Q Will there be any further briefing tonight?

MR. NESSEN: No, I think when Bill finishes--and you are finished with Bill--this would be the completion of today's briefing activities.

Q Are you indicating that one or two countries have a view other than friendly and useful for today's discussions?

MR. NESSEN: I have no indication that the tone of the meeting among all six countries is anything but friendly and useful.

For those of you who missed Bill's title and name yesterday, it is L. William Seidman, Executive Director of the President's Economic Policy Board.

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MR. SEIDMAN: Thank you, Ron.

I thought it might be helpful to go through the subjects that the leaders discussed today and give you the highlights of the President's statement in each of those areas, and then we can open it for questions.

The first area that the leaders discussed was trade. He stated that the United States is firmly committed to the goal of an open world economy. He reaffirmed our willingness to negotiate all items of trade involving tariff and non-tariff measures with the following six goals:

Substantial tariff cut goals -- no less ambitious than in the Kennedy rounds; second, reduction of non-tariff measures through the negotiation of agreed codes on subsidies, standards and Government purchasing practices; third, in some commodity areas --

Q Will you go slower, please?

MR. SEIDMAN: I will start with number two again.

Number two is reduction of non-tariff measures through the negotiation of agreed codes on subsidies, standards and Government purchasing practices. Number three, in some commodity areas, the elimination of all tariff and non-tariff barriers to trade. Fourth, completion of the tropical products negotiations in 1976. Fifth, additional arrangements for special and differential treatment for the developing countries. Six --

Q Read five again, please.

MR. SEIDMAN: Five again, additional arrangements for special and differential treatment for the developing countries. Six, a significant improvement in the trade regime affecting agriculture.

He noted that in the United States we have had extensive consultations with Congress and the private sector in order to establish a broad consensus in support of U.S. aims. He urged the expedition of the effort in the Tokyo rounds with the hope of reaching its final stages in 1977.

The Tokyo round is the start of the new negotiations of GATT at which it was decided we would have another Kennedy round, if you want to put it in the vernacular, in an attempt to make progress in trade negotiations as substantial as that achieved in the first Kennedy round of trade negotiations. That deals with the items that I mentioned in the six areas here -- tariffs, non-tariff barriers and other obstacles to free trade.

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He noted particularly that domestic agricultural programs are a very delicate political problem in other countries, as they are in the United States. However, he said that we should not allow these difficulties to prevent substantive negotiations.

He set forth the following principles as a guide during the difficult trade negotiations ahead: We should resolve issues giving rise to the most difficult domestic pressures through negotiations in the multilateral trade negotiations, MTN.

We should jointly resolve to avoid all policies which might prove disruptive to trading interests in our countries. We should agree to resort to limited emergency trade measures only in particularly acute or unusual circumstances, and we should instruct our negotiators to successfully conclude the "gentleman's agreement" regarding export trade.

That refers to the negotiations involving our Export-Import Bank, with regard to credit terms given to purchasers of our products and the comparable operations in other countries.

We should reaffirm our adherence to the OECD trade pledge, and he ended by saying in the trade area, "I urge you to join me in exercising leadership in each of our countries to restrain those who would resort to unlimited beggar-thy-neighbor policies and to support those who are engaged in a common effort to negotiate a mutually satisfactory basis for expanding world trade."

Before you all get too upset, I promise you the rest are not quite that long and detailed.

The next subject taken up was monetary policy --

Q On this tariff, these are the points the President made?

MR. SEIDMAN: Those are the points the President made.

Q Was there any agreement on these or anything tentative, or guidelines, or anything?

MR. SEIDMAN: They had a discussion on the area. They instructed the people who are working on the joint statement, and they will look at that tomorrow to reach any final decisions that they have.

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Q Do you expect these points to be in the final declaration?

MR. SEIDMAN: I expect the trade will be in the final statement, yes.

Q Did the President have any comment on the statement by the U.K. Prime Minister that the U.K. deserves the right to have special import controls?

MR. SEIDMAN: I have no information on that.

Q What was the British reaction to the six-point statement of the Presidents?

MR. SEIDMAN: I don't think it is appropriate for me to comment on the various countries' reactions at this point. They will be finalizing their statements tomorrow, so I don't believe I should comment in that area.

Q You were asked a minute ago -- you keep referring to no final agreement. You were asked a minute ago were there any tentative agreements. You didn't answer that part.

MR. SEIDMAN: They met with the people drafting the joint statement and gave them guidance, and they will come back with that guidance and arrange the final statement.

Q So there was some agreement?

MR. SEIDMAN: There was guidance. I think that is all I can say.

With respect to monetary policy, the President made first the point that the resolution of the issues, which, as you know, involve the problem of fixed versus floating rates and the mechanisms to be used to try to smooth fluctuations of monetary rates, he stated that these issues must be strongly rooted in the successful management of our domestic economies.

Q Could we have that again, Bill?

MR. SEIDMAN: With respect to the subject of discussion in monetary policy, which is the question of floating rates versus fixed or semi-fixed rates, and the question of smoothing unusual fluctuations of monetary values, the President stated -- and I will just read it again -- that the resolution of these issues must be strongly rooted in the successful management in each of our domestic economies.

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The basis for an international exchange system must permit each country to choose the exchange rate regime that will permit it best to pursue its desired growth, employment and stability policies, while meeting its obligation to other countries to avoid trade and capital restrictions and other self-interest practices.

He made the point that no monetary policy running counter to market realities could remain in effect for very long.

He stated that we have made a major effort prior to this meeting with each of the countries involved to resolve those questions, and that he was confident that we would find a way to wrap up this issue.

Q Will you take questions on that point?

MR. SEIDMAN: Why don't I finish the whole thing and then you can ask me questions.

Q Are you still on the monetary?

MR. SEIDMAN: That is all --

Q Why don't we ask about monetary?

MR. SEIDMAN: All right.

Q It is widely reported there is an agreement among the Finance Ministers for a central bank intervention to maintain some kind of parity in rates. First, is that true and, second of all, if that is true, is that not a retreat of the American position on floating rates?

Q Question?

MR. SEIDMAN: The question was have the leaders agreed upon a system of parity of rates --

Q I didn't say that. I said intervention by central banks to maintain some kind of parity in rates.

MR. SEIDMAN: Intervention by central banks to maintain a parity of rates, which is the only way I know you can do it.

Q Fixed rates?

MR. SEIDMAN: That is the only way you can keep fixed rates, it is the same. -- and if so, is that contrary to the American position as presented by the President?

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The first thing I can say is again, the final look at this decision, if there is to be one, will be taken by the leaders of State tomorrow. I think all I can say beyond that is that we believe that the parties are very close together, and the President is satisfied with the progress in this area.

Q You are confirming, in effect, what Pierre said?

MR. SEIDMAN: I am not confirming anything, except what I said, which is that they are close together, and the President is satisfied with the progress in this area.

Q Are there any actual percentages or figures in this --

MR. SEIDMAN: The question is, are there any actual percentages and so forth in this agreement. Again, I don't think it is appropriate for me to comment on that until the heads of Government have looked at the agreement and made their final decision.

Q Let me rephrase the question, if I can. If we were to read tomorrow afternoon that they had reached such an agreement, would that not be a major change in the U.S. position, which has been for a total free float?

MR. SEIDMAN: If you do read that tomorrow, you can make your judgment at that time as to how you read it?

Q Can the President of the United States make an agreement of that sort without any control over the Federal Reserve system, which he does not have in our Government?

MR. SEIDMAN: There has been a longstanding tradition that the Executive Branch and the Federal Reserve would work together in this area, and the Federal Reserve has been consulted with respect to all of the Administration positions.

Q Has there been contact with Dr. Burns during these two days?

MR. SEIDMAN: I can't tell you that. I don't know.

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Q Did the President make a proposal of his own or only address himself to proposals made by some of the others?

MR. SEIDMAN: As the President said, we have prior to this meeting been in close contact with all the Governments in an effort to work out a satisfactory solution, and that has been the procedure by which they came to the discussion at this meeting.

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Q Have the Finance Ministers agreed on upper and lower variations for the shorter term?

MR. SEIDMAN: Again, as I said, I do not think --

Q Can you give us an answer to that question?

MR. SEIDMAN: The answer is the same for the Finance Ministers.

Q When you were saying if we read all this in the papers tomorrow we can make our own judgment about what the U.S. position is, maybe you could define what the U.S. position is?

MR. SEIDMAN: Let me make clear I am not adopting the statement that was made with respect to what will be in any announcement in this area. I merely made no statement on that. I don't want to have any implication that I confirmed the question. I merely said that I think you will make a judgment on what you see tomorrow, but I do not want that interpreted as that being any kind of a confirmation that is in the statement.

Q You say we can read it in the newspapers if you don't tell us. We are the newspapers.

MR. SEIDMAN: I cannot tell you because they have not yet reached their final agreement.

Q What was the U.S. position up until yesterday?

MR. SEIDMAN: The U.S. position was, as I read it to you, and, if you would like me to repeat that I will repeat it.

Q No.

MR. SEIDMAN: Thank you.

Okay, let's --

Q I want to ask in a different way, is the U.S. willing to accept a new and more expanded obligation to intervene to maintain some dollar rates?

MR. SEIDMAN: Again, I think I must answer you, Jim, the same way, that the President is pleased with the progress of the negotiations.

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Q One more on that. You said there have been some close contacts. Can you describe when and between whom the latest contacts were?

MR. SEIDMAN: Under Secretary Yeo headed the Government task force in this area, and he has been discussing this matter with various comparable Secretaries from the countries involved.

Q Mr. Seidman, will the leaders here give a set of guidelines, instructions, or call them what you will, to the group of ten Finance Ministers meeting in Jamaica? Will that come from this meeting?

MR. SEIDMAN: Again, I am afraid my answer has to be that they will decide tomorrow and undoubtedly I would expect to see that at least in the joint statement.

Q Forgetting about what the leaders will agree to and addressing only American thinking on this issue, has there been any alteration in regard to the position of the American dedication to floating rates?

MR. SEIDMAN: I think our basic position has been substantially the same throughout the negotiations.

Q Does the U.S. believe it is possible to maintain the same position with regard to floating rates?

MR. SEIDMAN: I think I have made it clear that I can't talk about that, so why don't we go on to the next subject, unless there is a different kind of a question in this area.

Q You are also telling us, though, that you can't tell us what the position is now, is that right? You won't characterize what the U.S. position is now?

MR. SEIDMAN: Yes, I told you what the U.S. position is.

Q You read a statement of what they may agree to, and so forth. Can you tell us exactly what the position is, or has been up to this time?

MR. SEIDMAN: Let me read you again what I said to begin with.

Q I am aware of what you said, sir.

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MR. SEIDMAN: If you will permit me, I would like to just say the international exchange system that is adopted must permit each country to choose the exchange rate regime that will permit it best to pursue its desired growth while meeting its obligations to other countries to avoid trade and capital restrictions, et cetera.

That was the President's position at the meeting.

Q So, we are no longer necessarily dedicated to a floating rate?

MR. SEIDMAN: We are substantially in the same position as we have been, as I just said. There is nothing further. Obviously, I am not going to tell you anything further than that at this point because the leaders certainly have the right to look at it and make their final decision.

Q Can we draw from that that the President is saying it is up to the United States to set individually and unilaterally its own currency policy?

MR. SEIDMAN: No, we have had a policy for a long time that we have no problem if other countries want to use some kind of a par or exchange rate value as long as we are free to just floating rates. That has been our policy throughout this procedure.

Q Was there any discussion of the Europeans setting a ban against the U.S. dollar without U.S. support of this position?

Q Question?

MR. SEIDMAN: The question is, was there any discussion of the Europeans or others setting a band, such as the snake is now, I assume you mean, even though the U.S. might not be a part of that?

Q As against the dollar.

MR. SEIDMAN: As against the dollar. Obviously that was a part of the discussion, yes.

Q You are one of the President's principal economic advisers. Do you think it is to the best interest of the American economy now to move away from a fully floated dollar?

MR. SEIDMAN: I think it would be very unwise for me to discuss anything of that nature at this point when the leaders of the free world are about to reach their decision on it. I want to make it clear again that I did not, in any way, by answering that question, imply that we have moved away from our basic adherence to floating rates as far as our country is concerned.

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Q Will you be able to say that at three o'clock tomorrow afternoon?

MR. SEIDMAN: I will see you at 3:01, and we will be able to discuss it.

If we can go on to developing countries, here the President outlined and reaffirmed the position stated by Secretary Kissinger at the U.N. Seventh Special Session, stating that the United States is firmly committed to a cooperative and constructive relationship with developing nations and to speedy implementation of our proposals.

This involved four main areas: First, the Development Security Facility to help stabilize export earnings; second, the IMF trust fund, using the sale of gold to provide help for the poorer nations; third, the International Fund for Agriculture set up under the World Food Council to improve the world's food supply; and fourth, the increased capitalization of the world bank to finance the International Finance Corporation.

He then discussed the problems facing the developing countries in their enormous balance of payments deficits, estimated at \$30 billion, and noted that this was substantially due to the rise in oil prices and we could help by access to our capital markets and adequate balance of payments financing.

He stated we needed to move positively in implementing some of our commodity proposals; while rejecting indexation, we should take a constructive case-by-case approach to the upcoming commodity negotiations. He also said that he hoped that we would have an early action on the international network of grain reserves as a food security measure.

That completes that area.

Are there any questions in that area?

Q Was anything discussed on the nuclear problem of a peaceful nuclear plant going in and the possibility of transforming them into military uses?

Q Question?

MR. SEIDMAN: The question was, was the peaceful use exchange of nuclear plants discussed.

I have no information that that was discussed.

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Q How about energy, per se?

MR. SEIDMAN: Energy is the next subject, and I will comment on it in a minute.

Q Where does the IMF trust fund stand now in view of the inability of the central banks to agree on whether central banks should buy gold?

Q Question? The question was, where does the IMF trust fund, using gold to help the poorer nations, what is the status of that in view of the reported differences between central banks on the use of gold for that purpose?

We believe that the reported problems in that area will be solved and that the IMF fund will be able to be used, as was suggested by the Secretary in his address to the United Nations.

The final subject addressed today was energy.

The President started by noting the need for strong domestic energy programs as critical to solving the world energy problem. As the largest consumer of energy, the United States is determined to be in the forefront in conserving energy and developing new supplies.

Our goal is to dramatically increase all domestic energy sources, decrease demand and cut oil imports by ten million barrels per day in 1985 below what they would have otherwise have been.

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Q Would you repeat that, please?

MR. SEIDMAN: The goal is to reduce our imports of oil by 10 million barrels per day by the year 1985 below what they would have been without the programs that have been suggested. Conservation will account for half of this and new domestic supplies for the remainder.

He noted that the national energy debate has been lengthy in our country and progress has been slower than we had hoped; that the Congress is now in the final stage of completing a legislative package on energy; that the bill, as we now understand it, does not cover fully the proposals made by the President in January.

He noted that the bill has some attractive features which will result in energy saving and it includes about 5 of the 13 titles originally suggested by the President. At the same time, the bill has substantially strengthened our ability to withstand any future embargo providing mandatory restraints on energy consumption in a crisis, and it also provides the emergency measures necessary to implement the IEP oil sharing agreement and provides the strategic storage program with an eventual target of one billion barrels of oil in strategic storage.

However, the new bill's provisions dealing with domestic oil prices are less satisfactory. He noted that price decontrol has been the most controversial issue in the domestic debate and he stated that he advocated removal of artificial price controls.

He then made an analysis of the bill and the pricing provisions and other provisions that were in the bill.

Q Did he indicate whether he intends to sign the bill?

MR. SEIDMAN: He did not.

He laid out for the leaders the points of the bill that he thought were advantageous and those that he was unhappy with.

He then ended by stating the various things that we are doing to increase production, such as Alaskan oil, accelerated leasing of frontier outer Continental Shelf, the \$100 billion independent agency, the \$11 billion synthetic fuel program, construction of a fourth uranium enrichment facility and use of the Naval petroleum reserves.

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In the long-term cooperation area, he again stated our interest in concluding the agreement on the minimum safeguard price for oil and the extension of national R&D activities and the pooling of joint efforts and jointly financed positions.

He stated with respect to new energy projects, we are prepared to make the following offer: In return for other countries participating in large new projects in the United States which develop energy which would not otherwise have been produced, we will wherever feasible guarantee that a portion of the incremental energy production can be exported.

Q Guaranteed what?

MR. SEIDMAN: We guarantee wherever feasible that a portion of the incremental energy production, as a result of these new projects, will be exported.

I think that substantially covers the items the President had.

Q Bill, judging by the way you broke down the pros and cons in the bill, don't you think it is safe to assume the leaders left the conference assuming the President will sign the bill?

MR. SEIDMAN: I think he gave a balanced evaluation of the bill and they would have had to have made their own judgment as to whether he is going to sign it or not.

Q Did the President address himself to the question of interest rates --

MR. SEIDMAN: I would like to add, Ron said he spoke to the President about it and his and my understanding is that, no, the President has not made any decision on the energy bill.

Q Did he address himself to the question of harmonizing interest rates?

Q Question?

MR. SEIDMAN: The question is, did they discuss harmonizing interest rates?

I think only in respect that they talked about trying to lower the rate of inflation throughout the countries involved and that would have the effect of bringing interest rates closer together.

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Q Mr. Seidman, is there any international cooperation now in any American energy development program or is there any program you can cite in which you would anticipate there would be?

Q Question?

MR. SEIDMAN: The question is, is there any international cooperation in any energy program or do we foresee that there will be one?

Well, in connection with the enlargement of our uranium enrichment facilities, we proposed that foreign investment be a part of that and, if it was, that they would have access to some part of the energy produced. And there may be others, but that is the only one I happen to know of.

Q Would foreign investments from any source come in under that? If OPEC invested in a uranium enrichment facility, they would get back part of it?

MR. SEIDMAN: I don't think that was specifically discussed but we have not taken any position that OPEC investments were different from other countries except in regulated industries where no other countries invested.

Q What was the reaction of the others to that proposal by the President?

MR. SEIDMAN: I think the reaction will be seen in the statement tomorrow.

Q Was there anything said about nuclear non-proliferation?

MR. SEIDMAN: To my knowledge, that was not discussed.

Q Was New York City discussed?

MR. SEIDMAN: New York City was discussed and the President gave the general update on the situation as he saw it.

Q What was that?

MR. SEIDMAN: The same kind of thing as he stated in his press conference in Atlanta on Friday.

Q Did any of the European leaders indicate their grave worries about the international repercussions of failure in New York City, bankruptcy?

Q Question?

MR. SEIDMAN: The question was, did the European leaders state their feeling of concern about what might happen if New York City defaulted?

I think we have, of course, heard some of their statements in the past but primarily in this case they were interested in listening to the President, I believe, on the subject.

Q Did the President give them any assurances about the effects of any possible default? Did he make any comment?

MR. SEIDMAN: I think he said the same kind of things as he has said publicly many times with respect to New York.

Q In the energy field, did the President bring up the proposal for a minimum price for imported oil to prevent OPEC from lowering prices?

MR. SEIDMAN: Yes, a minimum safeguard price, MSP, and he did reiterate his position that he felt that that would be a valuable aid in developing energy resources.

Q Can you tell us what the French reaction to that was?

MR. SEIDMAN: I do not know. I cannot tell you, no.

Q Did he name a price?

MR. SEIDMAN: No.

Q Can you tell us what subjects were discussed between Mr. Kissinger and Mr. Teller?

MR. SEIDMAN: I have no information on that.

Q On the investment by foreigners in American energy, was there some kind of formula presented by which there would be the export of energy in relation to the amount of investment, or anything like that?

MR. SEIDMAN: There were no formulas presented. It was a statement of principle rather than any attempt to get down into details.

Q Bill, in the discussion on New York City, was any point in that exchange the subject of short-term Federal loan guarantees?

MR. SEIDMAN: Not to my knowledge. I don't have a detailed description. I only know the discussion took place.

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Q Can you tell us how it came up?

MR. SEIDMAN: I don't know that. I wasn't there at that time. My report is second in that particular subject.

Q Was there any discussion of the American proposal to institutionalize proceedings of this sort, for regular meetings of this sort?

MR. SEIDMAN: Oh, follow-up proceedings. There was a discussion of that and that will be taken up by the leaders tomorrow morning.

Q Did the European leaders express their reservations about the continuing forum of this kind?

MR. SEIDMAN: There was an open discussion on it and they have not yet reached a conclusion.

Q We would like to know, have we proposed such a follow-up?

MR. SEIDMAN: It was proposed. I cannot in fact tell you who first proposed it, really. It was part of the general discussion.

Q You would know if Secretary Kissinger proposed it, wouldn't you?

MR. SEIDMAN: I know that the Secretary had in his previous speech suggested that that subject should be considered, yes.

Q What proposal were you talking about?

MR. SEIDMAN: We are talking about a follow-on for this conference; what kind of a mechanism, or what kind of plans were there for a follow-on to this conference, and I stated that that decision would be taken tomorrow by the leaders, that Secretary Kissinger had in his speech on the subject suggested that that might be an advisable procedure to have such a follow-on.

Q Would the follow-up proposed be some other summit or some other form of follow-up?

MR. SEIDMAN: There was at that point no details as to what it was.

Q Was there any discussion about nuclear non-proliferation?

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MR. SEIDMAN: Not to my knowledge, no.

MR. NESSEN: Let me say one thing about tomorrow. I would think the very earliest we would have for distributing the statement or having a briefing would be 10 o'clock. I am not saying I will have anything to give at 10 o'clock but that would be the earliest we could have anything.

Q Ron, do you expect anything tonight?

MR. NESSEN: No, I think we will just go ahead and put a lid on now.

END (AT 8:52 P.M. Paris Time)