

FOR IMMEDIATE RELEASE

NOVEMBER 20, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

PRESS CONFERENCE
OF
ED SCHMULTS
DEPUTY COUNSEL TO THE PRESIDENT
AND
RON NESSEN
PRESS SECRETARY TO THE PRESIDENT

THE BRIEFING ROOM

3:23 P.M. EST

MR. NESSEN: We have for you a number of documents which Gay and Annie are passing out. While they are doing this, I will just give you a brief idea of what this amounts to.

The President is today announcing a number of decisions which are spelled out here in the fact sheet which are designed to provide a comprehensive response to any discrimination against Americans on the basis of race, color, religion, national origin or sex that might arise from foreign boycott practices.

Q Ron, excuse me but is it stated quite that clearly in one of these documents and, if not, would you mind repeating it?

MR. NESSEN: There is a statement by the President which I was reading from. If anybody is interested from the television networks, I can read the first six paragraphs of the President's statement which is a general statement of purpose.

And then we have with us Ed Schmults who is the relatively new Deputy Counsel to the President who worked on this project with others who Ed will introduce to you and he will then give you a more detailed explanation of each of the actions being taken today by the President and will answer your questions.

Now, why don't we wait until all the paper has been distributed. Let me read for those TV and radio people, who have requested it, these first six paragraphs and then turn you over to Ed.

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The President is today announcing a number of decisions that provide a comprehensive response to any discrimination against Americans on the basis of race, color, religion, national origin or sex that might arise from foreign boycott practices.

The United States Government, under the Constitution and the law, is committed to the guarantee of the fundamental rights of every American. The Ford Administration will preserve these rights and work toward the elimination of all forms of discrimination against individuals on the basis of their race, color, religion, national origin or sex.

Earlier this year, the President directed the appropriate departments and agencies to recommend firm, comprehensive and balanced actions to protect American citizens from the discriminatory impact that might result from the boycott practices of other governments. There was wide consultation.

The President has now communicated detailed instructions to the Cabinet for new measures by the United States Government to assure that our anti-discriminatory policies will be effective and fully implemented.

These actions are being taken with due regard for our foreign policy interests, international trade and commerce and the sovereign rights of other nations. The President believes that the actions of his Administration being taken today achieve the essential protection of the rights of our people and at the same time do not upset the equilibrium essential to the proper conduct of our national and international affairs.

The President made the basic decision that the United States Government, in his Administration, as in the Administration of George Washington, will give "to bigotry no sanction." The President's Administration will not countenance the translation of any foreign prejudice into domestic discrimination against American citizens.

Now, with that I would like to introduce to you Ed Schmults, the Deputy Counsel to the President, who will give you more details on the specific actions the President is taking and answer your questions.

Ed.

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MR. SCHMULTS: Thank you, Ron.

The President, as Ron indicated, is taking a series of actions today, and I will go through them one at a time.

The first is that he signed a directive to the heads of all departments and agencies, making essentially three points: First, the application of Executive Order 11478, Federal statues which forbid any Federal agency in making selections for overseas assignments to take into account in making that assignment any exclusionary policies of a host country based upon race, color or religion, national origin, sex or age. Individuals must be considered and selected solely on the basis of merit factors. No agency may specify in its job description circulars that the host country has an exclusionary entrance policy or that a visa is required.

Second, Federal agencies will be required to inform the State Department of visa rejections based on exclusionary policies. Third, the State Department will take appropriate action through diplomatic channels to attempt to gain entry for the affected individuals.

In a second decision, the President is announcing that the second and third points I have just referred to will also apply to Federal contractors and subcontractors. The President is instructing the Secretary of Labor to issue an amendment to his department's March 10, 1975 Secretary's memorandum on the obligation of Federal contractors and subcontractors to refrain from discrimination on the basis of race, color, religion, national origin or sex, when hiring for work to be performed in a foreign country or within the United States pursuant to a contract with a foreign Government or company.

This amendment will require the Federal contractors and subcontractors that have job applicants or present employees applying for overseas assignments to inform the Department of State of any visa rejections based on the exclusionary policies of the host country.

Again, as was true with the case of a Federal agency, the Department of State will attempt, through diplomatic channels, to gain entry for those individuals.

Third, the Administration will propose legislation to prohibit a business enterprise from using economic means to coerce any person or entity to discriminate against any U.S. person or entity on the basis of race, color, religion, national origin or sex.

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Fourth, the President has exercised his discretionary authority under the Export Administration Act to direct the Secretary of Commerce to amend the act's relations, to prohibit the U.S. exporters and related service organizations from answering or complying in any way with boycott requests that would cause discrimination against U.S. citizens or firms on the basis of race, color, religion, sex or national origin.

The new amendment will also require related service organizations that become involved in any boycott request to report such involvement directly to the Department of Commerce.

There is a definition of related service organizations in the President's directive.

Fifth, the President has stated that his Administration will not tolerate discriminatory commercial banking practices or policies based upon the race or religion of any customer, stockholder, employee, officer or director of a bank, and that such practices or policies are incompatible with the public service function of a banking institution in this country.

The President supports a banking bulletin which the Comptroller of the Currency has issued to this effect.

The President is urging and encouraging the Federal Deposit Insurance Corporation, Board of Directors of the Federal Reserve System, and the Federal Home Loan Bank Board to issue similar policy statements to the financial institutions within their jurisdiction.

Sixth, the Administration will support legislation to amend the Equal Credit Opportunity Act, which presently covers sex and marital status to include a prohibition against any creditor discriminating on the basis of race, color, religion or national origin against any credit applicant in any aspect of the credit transaction.

Seventh, with regard to the banking industry, the President has commended the U.S. investment banking industry for reducing the pressures of certain foreign investment bankers to force the exclusion from financing syndicates of some investment banking firms on a discriminatory basis.

He has commended the Securities and Exchange Commission and the National Association of Securities Dealers for initiating a program to monitor practices in the securities industry within their jurisdiction to determine whether such discriminatory practices have occurred or will occur.

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The President is urging the SEC and the NASD to take whatever action they deem necessary to insure that discriminatory exclusion is not tolerated and that non-discriminatory participation is maintained.

In his statement today, the President has noted that the Department of Justice has advised him that the refusal of an American firm to deal with another American firm in order to comply with a restrictive trade practice by a foreign country raises serious questions under the United States antitrust laws.

The Department of Justice is engaged in a detailed investigation of possible violations.

I will take any questions now, and there are others here who can spell out some of the details, if you wish them, now about the actions the President has taken.

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Q This means, one assumes, that if a Jewish employee diplomat, for example, comes up with a normal process of assignment to be sent to Saudi Arabia, the United States would send him?

MR. SCHMULTS: If he is excluded on the basis of a visa rejection, the Department of State, through diplomatic means, will attempt to gain entry for that individual.

Q The Secretary yesterday in effect opposed a piece of legislation which would have cut off aid to countries that discriminated against Americans on this basis. What kind of sanctions do you contemplate in trying to endorse these terms that they apply to other countries?

MR. SCHMULTS: Well, you have to remember that what is being done here is a reaffirmation and an implementation of our strong national policy against discrimination on the basis of race, religion, color, national origin and sex. Any practices that might occur in this country stemming from foreign boycott activities -- and there are sanctions in the Export Administration Act, there will be sanctions in the proposed Anti-Economic Coercion Act, civil penalties, fines and so forth.

Q Mr. Schmults, could you spell out a few examples, perhaps, or in which area there are the most flagrant violations?

MR. SCHMULTS: I think it is fair to say that to date I don't think it has been established that these practices are widespread but I think it is important that we take these actions today. The President believes it is important we take these actions today because even though we have no evidence that the practices are widespread, there is a perception in this country that perhaps they are wider spread than they really are or they occur with greater frequency than they really do and this in and of itself is important.

Second, I think American businessmen, exporters and others are concerned about what the rules are and they want to do the right thing. So, again, these decisions are important to provide some guidance to them because they want to live up, we believe, to our strong national policy that there be no discrimination in this country against any American citizen.

Q Yes, but can you answer the question?

Q Can you list the countries generally or groups of countries who are involved in the actions against which these recommendations and actions by the President are directed? One has been mentioned -- Saudi Arabia with visas. What other countries are involved with regard to commerce and/or visas?

MR. SCHMULTS: These actions are not really directed against any foreign country, these actions are directed to prohibit practices which may be occurring in this country which stem from foreign boycotts.

Q All right, I will amend that. Which countries are involved in the practices mentioned in this material? Saudi Arabia is one that has been mentioned.

MR. SCHMULTS: Well, that country has been mentioned. There are other countries in the Middle East that have also been mentioned but I think it is important to note that these practices do not appear to be widespread. We don't have hard evidence in many cases but there have been allegations. The American public is concerned about this and the President is concerned about it and so he has taken this forceful action today.

Q Excuse me, once more. Granted it is not widespread. Could you please name the countries involved in the practices referred to in this material?

MR. SCHMULTS: I don't think I can name those countries today. I think in naming countries you ought to have hard evidence that a particular country has been involved, and I don't have that today.

Q Mr. Schmults, you have made the assertion that this practice is not widespread.

MR. SCHMULTS: I am sorry. I think what I said was we don't have evidence that it is widespread.

Q Is the Administration prepared to release the evidence that indicates where these practices do exist?

MR. SCHMULTS: Well, to the extent there is evidence which can be verified and identified, I think that the Cabinet Secretaries concerned would give consideration to that. I think what is important here, though, is that we are setting guidelines, we are taking forceful action that practices will not be engaged in in this country that discriminate against any American citizens.

Q What is just as important also to this story is that you be specific instead of standing up there in generalities. I mean, what are you talking about? Give us the countries. You have not hesitated on one.

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MR. SCHMULTS: Well, I did not mention Saudi Arabia, that was mentioned by one of the gentlemen here. It certainly is fair to say that the foreign boycott practices that are raising the most concern in this country at this time is the Arab boycott situation, but what this action is designed to do is to be sure that no practices stemming from that boycott result in discrimination against American citizens and that the President is firm about.

Q This in no way hits at the boycott itself as we know it, does it? The President's authority does not really extend, I guess, to even tackle that problem, does it?

MR. SCHMULTS: Well, the boycott itself -- I think what is important if you are talking about the boycott itself is that peace be established in the Middle East.

Q Mr. Schmults, as a matter of curiosity, why is it that in one category you mentioned discrimination because of age but in no other?

MR. SCHMULTS: Yes. That is because of the underlying statutes and laws. There are some differences in the authorizing statutes. In fact, age is not a problem so far as we know in the practices that may be occurring in this country stemming from the boycott but it is only because the underlying law makes those distinctions.

Q Mr. Schmults, I missed the fourth major point that you mentioned where you said the President says he is exercising discretionary authority to direct the Commerce Secretary to amend regulations which prohibit U.S. exporters and related service organizations from answering or in complying in any way with boycott requests.

How do they propose to stop that? What is the penalty?

MR. SCHMULTS: Well, there will be specific regulations issued by the Department of Commerce that will give guidance to American business and there will be penalties. There will be fines, there will be criminal penalties. There are criminal penalties and there is also the penalty of losing your privilege to export goods which is a very harsh penalty, so there are penalties behind these provisions.

Q I am sorry.

MR. SCHMULTS: Go ahead.

Q In effect, then, this part of the step at least would depend on the corporations coming forth to advise -- I guess it is the Commerce Secretary.

MR. SCHMULTS: Yes, they are required to fill out a form.

Q In fact, they are complying with a boycott request, is that right? Now, this would stop them from complying in any respect?

MR. SCHMULTS: With a boycott request that would cause discrimination against U.S. citizens on the basis of race, color, religion, sex or national origin.

Q At this point, you do have corporations that are complying with such requests, is that not correct? You said that it was not widespread but, in fact, there are instances where corporations have notified the Commerce Department that they are complying, is that not right?

MR. SCHMULTS: Do we have a man here from Commerce?

There certainly is evidence to that effect, yes.

Q Sir, does this provision mean that if American firm A is told by Arab country B that Arab country B will not buy goods from the American firms unless it stops exporting to Israel, must that American firm stop exporting to an Arab country B?

MR. SCHMULTS: No, that would not be covered by the regulation because that request would not cause discrimination against any American citizen or firm.

Q But it would in the sense that they would be prohibited from exporting to Israel if they observe the Arab boycott.

MR. SCHMULTS: But that prohibition or that request which is being made in your example would not result in any discrimination against an American citizen or firm on the basis of the considerations that the President has outlined -- race, religion, color, sex.

Q This is not a measure against the boycott but against the boycott's use in discrimination via the Americans.

One other thing. You say twice, the President does in his statement, the State Department will take appropriate action through diplomatic channels in one case and will attempt, through diplomatic channels, to gain entry for those individuals.

Could you outline for us what action is appropriate through diplomatic channels that the State Department could take? Could you be any more specific on that?

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MR. SCHMULTS: Sid, could you answer that?

Mr. Sober, Assistant Secretary of State.

MR. SOBER (Deputy Assistant Secretary of State for Near East Affairs): We could call an Ambassador here, we can instruct our Ambassador abroad. We could send a note or any of these instruments that are available to get our view across to the foreign Government, as we would be required under the President's action, that we do seek and wish to gain entry for that American who might be affected by the action you are talking about.

Q But there is no indication that they would do any more than what amounts to a protest?

MR. SOBER: I would say an attempt. What this says is that we will seek to obtain that, and we will do that in all good faith, obviously with the intent of succeeding.

Q There is no indication of anything beyond that?

MR. SOBER: There is nothing in this beyond that, and I am not able to say whether or not there might be anything beyond that, but certainly we would make that attempt in the best of faith.

Q Mr. Schmultz, you have emphasized that this is to stop discrimination at this end and there is a directive there to the Federal agencies, also. You say that there is some evidence that companies have been complying with the boycotts. Do you have any indication or evidence that the Federal agencies have been discriminating against employees in order to comply with the discriminatory policies of other countries?

MR. SCHMULTS: No, not to my knowledge. There has been a Federal directive out on that.

Q Mr. Schmultz, would you be kind enough to illustrate an example of how Americans are discriminated against, apart from a case where some contractor has a project in a foreign country and can't send a particular type of individual. Can you go beyond that?

MR. SCHMULTS: The Comptroller, for example, of the Currency, in his statement, indicated that there had been allegations that foreign entities had offered to place large deposits in American banks if they, in turn, would, in effect, discriminate either against creditors or didn't have persons of a certain religious faith on their board or so forth.

That would be an example of the sort of discrimination that these actions are designed to prevent.

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Q How about that point that I raised a minute ago about prohibiting U.S. exporters from answering or complying in any way with boycott requests?

MR. SCHMULTS: Yes.

Q Can you give me an example of a case where we have discrimination against U.S. citizens or firms?

MR. SCHMULTS: An example would be that country A would offer to buy 100 large trucks from an American company if that company would only subcontract for parts for that order to American firms who were not owned or controlled by persons of a certain religious faith or by negroes or any other basis which we would regard as discriminatory in this country.

Q You have, at least the Commerce Department has admittedly, a list of firms that are known to have violated some of the things that are called for in here. Are you now going to proceed against these companies under these regulations or give them a chance to clear their skirts or what?

MR. SCHMULTS: These regulations will be effective December 1 and I assume they are prospective in nature, is that correct?

MR. HULL (Acting Deputy General Counsel, Department of Commerce): Moreover, we have no evidence of a company having violated in terms of discrimination on ethnic reasons.

MR. SCHMULTS: The Department of Commerce reports that there is no specific evidence that they have of a company discriminating in this country on the basis of a religious or racial ground.

Q None at all?

MR. SCHMULTS: That is what I am informed.

MR. HULL: But questions of that nature have been asked.

MR. SCHMULTS: Yes, that is right. I think that is the point I made a little earlier, that questions of that nature have arisen, there may be a perception in the country that these practices are more widespread, that firms are discriminating and this is designed to reflect clearly the policy of this Administration that there should be no such discrimination and, very importantly, to provide guidelines so that those firms and businesses know what to do if they get such a request.

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Q This, however, does nothing with regard to the American participation in the Arab boycott per se, does it?

MR. SCHMULTS: No, not per se since we are dealing with practices that may result in this country from boycott practices only.

THE PRESS: Thank you.

END (AT 3:45 P.M. EST)