

# Nixon: 'Disappointing'

Here is an unofficial transcript of President Nixon's news conference yesterday:

**President Nixon:** Ladies and gentlemen, before going to your questions I have a brief announcement that I think will be of interest not only to our listeners and to you but also to the Congress.

The Congress is returning today from its August recess as I am, and, as I look over the record of accomplishment this year I find that it is very disappointing in terms of the administration initiatives, those initiatives that I believe are bipartisan in character and of vital importance to all of the American people.

Consequently I will be sending what is in effect a new State of the Union message, one which will concentrate on the measures presently before the Congress which have not been acted upon and which I consider urgent to be acted upon before the end of this year.

I am not trying to present to the Congress an impossible task, consequently I will not cover the whole waterfront, but it is important that in several areas that action be taken or it will be too late to act for the interests of the people.

In my statement today I will cover four or five areas that will be included in that message which will be distributed to you on Sunday night and delivered to the Congress Monday at the time of the opening of business.

The first is the very high priority area of fighting inflation. As you know we are going into a new set of tough controls on Sept. 13. In addition to that the Federal Reserve is tightening up on the money supply and we are moving on the supply front, particularly in the field of agriculture, so that we can eventually look forward to halting the rise in food prices and we trust

eventually lowering them.

These three areas are vitally important in fighting inflation, but the three alone are not enough without the fourth area.

#### Four Fronts

Inflation must be fought on four fronts at all times, and the fourth area, of course, is the federal budget. It is very disconcerting to note that already before the Congress are spending proposals which if enacted would bust the budget to the tune of at least \$6 billion. These proposals I do not look forward to vetoing and to go through the agony of having to fight with the Congress on the veto.

I trust that the Congress in the spirit that Mr. Tip O'Neil [Rep. Thomas O'Neil, House majority leader] suggested may work with the executive in this instance in finding a way to control the spending so that we do not break the budget and raise the prices of the family budget for every American.

The second area has to do with the area of national defense. I have noted that several members of the Congress have suggested that the way to balance the budget is to add to the domestic budget to what ever amount they would like and then to take it out of defense.

#### Fatal Mistake

This would be a fatal mistake because we can have the finest domestic programs in the world and it isn't going to make any difference if we don't have our freedom and if we're not around to enjoy them.

At the present time we are in negotiations with regard to the reduction of our forces in Europe. The Soviet Union as you know is moving forward in the modernization of its own weapon system, which they have a right to do under the present SALT agreement, but we are looking forward in

the next summit meeting in which preparations are already going forward to limiting nuclear arms including MIRVs, which of course will add a new dimension to their strength as well as to ours, limiting nuclear arms and thereby reducing not only the burden of armament but the danger of war for the whole world.

This great effort will be destroyed in the event that the Congress reduces the federal budget for defense in a substantial amount. It means that we will go into these negotiations in a second-class position and there will be no incentive whatever for the Soviet Union or others involved to negotiate with us for the mutual reduction which is the only way to assure that we can have peace as well as limiting the burden of wars.

The third area is one that many of you ladies and gentlemen have been writing about for some months and with very good reason, the area of energy. We were lucky this summer, we didn't have some of the things happen that we had

feared would happen with regard to brown-outs etc., although there were some problems in some cities. But the prospect for the future could be very dangerous.

This Saturday I am calling a meeting in which Governor John A. Love will report to top administration officials with regard to the whole energy problem. But essential to our success in meeting the energy needs for this winter, and particularly for the future is congressional action.

There are seven major proposals, including the Alaska pipeline—which you've all written about, including for example research and development in the field of coal and other areas, including the deregulation

# Performance So Far' on Hill

of gas produced in the United States. There are seven of these proposals in the energy field which the Congress has not yet acted upon. If the Congress does not act upon these proposals it means that we will have an energy crisis, not perhaps just this winter but perhaps certainly later on as well. And if the Congress does not act upon these proposals, which in effect have as their purpose increasing the domestic capacity of the United States to create its energy, it means that we will be at the mercy of the producers of oil in the Mideast.

All of you ladies and gentlemen are very properly, have been writing of your concern about the developments in the Mideast which might cut off or at least reduce the supply of oil that goes to Europe and to the United States. Under these circumstances to meet the problem of energy it is essential that we move in these energy areas that I have mentioned.

Finally, there is the area that I could perhaps generally describe in the words of Mr. Mel Laird as being the whole domestic group of programs, the Better Schools Act, the Better Communities Act and a new housing proposal that I will be sending to the Congress within the next two weeks. These are only three of several.

I mention them because I think they are of vital importance, and I am going to urge the Congress to act on these proposals so that the country in this period of peacetime can begin to move forward on what are these really achievements and dividends for peace.

I could mention a number of other areas but the message will speak for itself. I am simply suggesting in conclusion at this time, that we have had this year, as far as the Congress is concerned, a disappointing performance so far. I am not

placing individual blame on that, I am simply saying we have three months left and I know that the Congress is usually a last-quarter team. In that last quarter we have to score a lot of points.

The executive, the White House, all the agencies of the government will work with the leaders of the Congress to move forward on these initiatives for the people, but it's time for us to turn to these initiatives that are in the interests of all the people and turn to them on an urgent basis. And I think Miss Thomas has the first question . . .

## Meeting With Agnew

**Q.** You met with the Vice President for two hours on Saturday. One, can you tell us what you talked about; two, will you have any part in any future legal moves against the Vice President and, three, did you call John Connally afterwards as reported?

**A.** Well let us start, Miss Thomas, with the third part of the question; it's easier to remember the end of the question than the first. As far as the third question, no I have not talked to Governor Connally as reported, and I haven't talked to him for the past several weeks. Nothing should be made of that one way or another because I enjoy talking to the governor and it's very possible I may be talking to him in the future about energy or about a trip that he is going to be making abroad to various parts of the world including the Mideast and possibly to the Soviet Union.

Second, with regard to the Vice President, we did meet for two hours; it, of course, is not appropriate for me to discuss what the subject was. We went over a number of matters of mutual interest in which he has major responsibilities.

I will say finally that with regard to the Vice President and all other questions that may relate to him, when I last met with you ladies and

gentlemen, in the sun in California, as distinguished from the sun in the East Room, I recall very well that there were several questions about the Vice President, what would happen in the event that this happened or that, or in the

event that he were indicted, etc.

Let me say that I tried to respond to those questions then, I expressed my confidence in the Vice President's integrity during the period that he has served as Vice President and during which I have known him, but I declined to comment on those questions which were purely hypothetical and which would be a grave infringement upon the rights of the Vice President to comment upon what would happen if certain things were to occur in the course of an investigation that is presently going on, I understand, in Baltimore, in a grand jury.

I will simply say this: as far as such questions are concerned, you are welcome to ask them but I will not dignify any such questions with regard to the charges that have been made by innuendo and otherwise against the Vice President, I will not dignify them with an answer. It would be an infringement on his rights.

## Mideast Policy

**Q.** Mr. President, you alluded to this a moment ago but what exactly are you doing to meet these threats from the Arab countries to use oil as a club to force a change in our Middle East policy?

**A.** That has been a subject of major concern and what we are doing some can be talked about but some can not.

Obviously, we are having discussions with some of the companies involved. Obviously, as far as some of the nations involved, for example Libya, our relations are not that close that we could



By Charles Del Vecchio—The Washington Post  
**Newsman seeks President Nixon's attention**

have too much influence. With regard to Saudi Arabia, perhaps the relations with the United States with Saudi Arabia might lead to more influence there.

What I would suggest is this in a broader context. The answer to the problem of oil that we presently depend upon in the Mideast, we depend on it not, of course, nearly as much as Europe, but we're all from the same bag when you really come down to it. The problem that we have here is that as far as the Arab countries are concerned, the ones that are involved here, is that it's tied up with the Arab-Israeli dispute.

That is why in talking to Dr. (Henry A.) Kissinger, both before I nominated him (as Secretary of State) and since, that we have put at the highest priority moving toward making some progress toward the settlement of that dispute. That's

one side of it.

The other problem, of course, are the radical elements that presently seem to be on the ascendency in various countries in the Mideast like Libya. Those elements of course, we are not in a position to control although we may be in a position to influence them, influence them for this reason: oil without a market as Mr. Mossadegh (of Iran) learned many many years ago doesn't do a country much good. We and Europe are the market, and I think that the responsible Arab leaders will see to it that if they continue to up the price, if they continue to expropriate, if they do expropriate without fair compensation, the inevitable result is that they will lose their markets and other sources will be developed.

Q . . . about your real estate dealings in California and I'd like to ask about that. Several different versions have been released by the White House, both as to your own personal financial involvement and as to the

government's expenditures in San Clemente and at Key Biscayne. And your auditors, I understand from news reports, say that the entire audit has not been released on your financial dealings out there. I'd like to ask you if—why we've had so many conflicting reports, to start with, and second, one of the questions that's raised by only partial release of the audit is, have you paid the taxes on the gain realized in the sale of the Rebozo-Abplanalp in San Clemente.

A. Of course, whatever a President does in the field of his property is public knowledge, and questions of that sort I do not resent at all. I do resent, I might say, the implications, however, first that whether at Key Biscayne or in San Clemente, my private property was enriched because of what the government did at what the government did.

As a matter of fact, what the government did at San Clemente reduced the value of the property. If you see three Secret Service gazebos and if you see some of the other fences that block out the rather beautiful view to the hills and the

mountains that I like, you would realize that what I say is quite true—reduces its value as far as a residential property is concerned.

The second point is this: at rather considerable expense and a great deal of time on my part, I ordered an audit, an audit by a firm highly respected, Cooper and Lybrand of New York.

That audit has been completed. It covered, at my request, not simply the last year, but it covered the years 1969, 1970, '71, '72. The audit has been completed. And the audit gave the lie to the reports that were carried, usually in eight-column heads in most of the papers of this country—and incidentally, the retractions ended back up with the corset ads, for the most part—but on the other hand, it gave the lie to the pack at the charge that there was a million dollars worth of campaign funds—that that's how I acquired the property in San Clemente.

It also gave the lie to any other charges that as far as my acquisitions in Florida are concerned, or in California, that there was any money there except my own. I would make two or three other points briefly about it that any (inaudible) layman can understand.

I borrowed the money to acquire the property, and I still owe it. I own no stocks and no bonds. I think I'm the first President in this office since Harry Truman—I don't own a stock or a bond—I sold everything before I came into office. All that I have are two pieces of property in Florida which adjoin each other, the piece of property in San Clemente with which you are familiar, and a house on Whittier Boulevard in which my mother once lived. I have no other property, and I owe money on all of them.

Third, as far as the capital gain matter, which is a technical matter that you have mentioned, I should point out, and maybe this is good news for people who wonder if Presidents are exempt from what the IRS does—the IRS has had a full field review or audit of my income tax returns for 1971 and 1972, and included in its audit the transaction which you refer to in which some argue that it was a capital gain and some argue that

there were not. It's a matter of a difference between accountants.

The IRS, after its audit, did not order any change. If it had, I would have paid the tax. It did not order a change.

Now with regard to the audit itself is concerned, the results of that audit, insofar as the acquisition of the property, have been put out. That is all that is going to be put out, because I think that is as full disclosure—and I would simply say finally that in this particular case I realize that naturally there's a suspicion that a President, because he has the great power of this office, because he has the benefit of Secret Service and GSA and all the rest to protect him, that he somehow or other is going to profit from all of that security that is provided for him.

As I pointed out in my press conference two weeks ago, I'd far less rather have the security than have my privacy, but that just can't be done.

#### Cost of Living

Q. Mr. President, a couple of economic questions, please. You said in your opening statement that you hope eventually that inflation will be stopped. Can you define eventually more specifically? And furthermore, what if anything should be done now to free up mortgage money for home purchases?

A. I'm afraid I can't be any more perceptive than my economic advisers have been, and their guesses with regard to—you know the numbers insofar as inflation this year have not been very good. I do not blame them, however, because as you know we had the problems of weather in the United States and abroad, an unprecedented demand abroad which was unforeseen as far as we were concerned. That gave the impetus to food prices.

And there were other factors which led to the inflationary pressures which our economic advisers did not foresee. I cannot set a date on it, no. I mean if I were to try to I would be misleading

the public, the people as to when they could expect that inflation would start to recede. I do say this, however: we are doing everything that we think should be done, and that can be done, to stop the inflation without bringing on a recession. And that's the name of the game.

It's very easy to turn the crank so tight that you have a hard landing, and we don't want a hard landing. We've had too many experiences like that, as you know, since World War II.

And so what we have then is a system of controls, as I have indicated earlier. We are tightening up on the federal reserve, we are—Arthur Burns is, in his independent capacity with the board members are, I should say. And in addition to that, we are of course increasing supplies on the food front. My economic advisers tell me that over the next few months we should begin to see some of the benefits from this, and that's as far as I will go in terms of indicating what that situation would be.

#### Tax Structure

Q. Mr. President, in that connection do you now feel that the tax structure should be altered in any way to help strengthen the economy? And if so, how?

A. Mr. Theis, a number of my advisers, including, incidentally, Arthur Burns, have strongly recommended that the answer to this whole problem of inflation is the tax structure, you know, or there's this gimmick and that one. And by saying gimmick I don't mean to say anything disrespectful about Arthur Burns, because he's very important to us at this moment, or to Wilbur Mills, who has talked about some of these things.

But for example, there's been the suggestion, as you know, insofar as the investment credit is concerned, to have it in the power of the President to move it from 3 per cent to 15 per cent.

I think that's an excellent idea, but there isn't a chance the Congress is ever going to give the President that power. President Kennedy found that out; Wilbur Mills told me about the conversation in a very amusing

dialogue we had in the office a few weeks ago. When he asked for the power of the President then, even when the Congress was in the control of his own party, to move taxes up and down depending upon the needs of the economy.

So, what I would say, Mr. Theis, is this: I think a number of suggestions have been made on the tax front which might be helpful in the control of inflation, but there isn't a chance that a responsible tax bill will be passed by this Congress in time to deal with that problem.

#### Nixon Tapes

Q. Mr. President, in association with the legal dispute going on over possession of the presidential tapes relating to Watergate conversations in your office,

you and your attorneys have said you would abide only by a definitive ruling of the Supreme Court in this case. As it moves along, the definitive ruling, an interpretation or definitive ruling takes on great importance. Would you elaborate for us what you mean by a definitive ruling?

A. No, Mr. Jarriel, that would not be appropriate. I discussed this with White House counsel, and as you know, the matter is now on appeal in the appellate procedure, will now go to the Circuit Court of Appeals in the District of Columbia, and if necessary, further on. The matter of definitive ruling is one that will be discussed in the appeal procedure, and for me, in advance of the discussion, the briefs, the oral arguments, to discuss that would be inappropriate.

#### Definitive Decision

Q. This is a question that we find that a lot of people ask us. As you know, President Lincoln said that no man is above the law. Now for most, if not every other American, any Supreme Court decision is binding, whether the person concerned with the decision finds it definitive or not. Could you explain to us why you feel that you're in a different category, why, as applies to you, that you will

abide only by what you call a definitive decision and that you won't even define definitive.

A. Well Mr. Rather, with all due deference to you comment with regard to President Lincoln, he was a very strong President. And as you may recall, he indicated several times during his presidency that he would move in the national interest in a way that many thought was perhaps in violation of the law. The suspension of the writ of habeas corpus, for example, during the Civil War, for 15,000 people, and other items, to mention only one.

As far as I am concerned, I am simply saying that the President of the United States, under our Constitution, has a responsibility to this office to maintain the separation of powers, and also maintain the ability of not only this President but future Presidents to conduct the office in the interests of the people.

Now in order to do that it is essential that the confidentiality of discussions that the President has with his advisers, with members of Congress, with visitors from abroad, with others who come in, that those discussions be uninhibited, that they be candid, that they be free-wheeling.

Now in the event that presidential papers, or in the event that presidential conversations as recorded on tapes, in my opinion, would have been made available to a court, to a judge in camera, or to a committee of Congress, that principle would be so seriously jeopardized that it would probably destroy that principle—the confidentiality which is so essential and indispensable for the proper conduct of the presidency.

That's why I have taken the hard line that I have taken with regard to complying with the lower court's order. Now when we come to the Supreme Court the question there is, what kind of an order is the Supreme Court going to issue, if any? And as I have said in answer to Mr. Jarriell, it would not be appropriate for me to comment on whether an order would be definitive or not.

I will simply say that as far as I'm concerned, we're

going to fight the tape issue. We believe—my counsel believe—that we will prevail in the appellate courts. And so consequently I will not respond to your question until we go through the appellate procedure.

#### Watergate

Q Mr President, to follow up on the Watergate question, you've referred repeatedly to having ordered a new Watergate investigation on the 21st of March of this year. Now, several high officials in your administration, Mr. Petersen, Mr. Gray and Mr. Kleindienst, have testified before the Senate committee that they didn't know anything about it... this investigation that you've referred to. And I wondered if you could explain how it is that they have no... didn't know anything about this new investigation?

A. Well, because I had ordered the investigation from within the White House itself. The investigation up to that time had been conducted by Mr. Dean and I thought by him working with the... as he had been in close communication with the Justice Department. I turned the investigation... asked Mr. Dean to continue his investigation as I, you remember, said last week, two weeks ago in answer to a similar question. When he

was unable to write a report, I turned to Mr. Ehrlichman.

Mr. Ehrlichman did talk to the Attorney General, I should remind you. On the 27th of March, I think it was the 27th of March. The Attorney General was quite aware of that. And Mr. Ehrlichman in addition questioned all the major figures involved and reported to me on the 14th of April and then at my suggestion, direction, turned over his report to the Attorney General on the 15th of April. An investigation was conducted in the most thorough way.

#### Rebuild Confidence

Q. Mr. President, you listed several areas of domestic concern in the message you're going to send to

Congress, but it's also been written that one of the major problems facing your administration now is rebuilding confidence in your leadership. Do you share that view? And if so, how do you plan to cope with it?

A. Well, Mr. Valeriani, that is a problem, it's true. It's rather difficult to have the President of the United States on prime time television... not prime time, although I would suppose the newscasters would say that the news programs are really the prime time, but for four months to have the President of the United States by innuendo, by leak, by frankly leers and sneers of commentators, which is their perfect right, attacked in every way without having some of that confidence being worn away.

Now, how is it restored? Well, it's restored by the President not allowing his own confidence to be destroyed. That's to begin. And second, it's restored by doing something. We have tried to do things; the country hasn't paid a great deal of attention to it, and I may say the media hasn't paid a great deal of attention to it, because your attention, quite understandably, is in the more fascinating area of Watergate. But perhaps that will now change. Perhaps as we move in the foreign policy initiatives now having ended one war, to build a structure of peace, moving not only with the Soviet Union and with the PRC, [Peoples' Republic of China], where Dr. Kissinger, incidentally, will go after he is confirmed by the Senate, which I hope will be soon, but as we move in those areas and as we move on the domestic front, the people will be concerned about what the President does. And I think that that will restore the confidence. What the President says will not restore it, and what you ladies and gentlemen say will certainly not restore it...

#### Content of Tapes

Q. You... to follow up on the tapes questions of earlier, you have told us that your reasons are based on principles... the separation of powers, executive privilege, things of this sort. Can you assure us that the tapes do not reflect unfavorably on your Watergate position, that there's nothing in the

tapes that would reflect unfavorably?

A. There's nothing whatever. As a matter of fact, the only time I listened to the tapes, two certain tapes, I didn't listen to all of them of course, was on June 4th. There is nothing whatever in the tapes that is inconsistent with the statement that I made on May 22d. Or about the statement that I made to you ladies and gentlemen in answer to several questions, or to certain questions I might say, and very polite questions, two weeks ago, for the most part. And finally nothing that differs whatever from the statement that I made on the 15th of August.

That is not my concern. My concern is the one that I have expressed, that ... and it just doesn't cover tapes. It covers the appearance of a President before a congressional committee, which Mr. Truman very properly turned down in 1953, although some of us at that time thought he should have appeared, this was after he had left the presidency but it had to do with matters while he was President. It covers papers of the President written for him and communications with him, and it covers conversations with the President that are recorded on tape. Confidentiality once destroyed cannot, in my opinion, be restored.

#### Wage Bill Veto

Q. Mr. President, do you intend to veto the new wage bill, sir?

A. Yes, with very great regrets. My Secretary of Labor, Mr. Brennan, has urged me to sign it. As a team player, he, however, recognizes some of the arguments that I have made for not

signing it. What it has to do is not my dedication to the minimum wage, I have always voted for it in the past. And I have signed several bills, in this administration, at least two.

The difficulty is that the minimum wage bill which is presently before me on my desk would raise the minimum wage by 38 per cent. It would deny employment op-

portunities to unskilled and younger workers, who at present are in the highest numbers, in the highest percentage of unemployment. It would increase unemployment. And it would give an enormous boost to inflation.

Therefore, I am going to ask the Congress in my veto message to write a new bill, to send one down that will not be inflationary and that will not cost jobs for those who need jobs among the unskilled and among the younger workers.

#### Mideast Stance

Q. I'd like to check the Arab oil price here, if I may, again. Is it possible that the threat of limiting the supply of oil would cause a moderation in U.S. support of Israel?

A. I think that that question is one that has been understandably speculated about a great deal in the press. But obviously for the President of the United States in answer to such a question to suggest that we are going to relate our policy toward Israel, which has to do with the independence of that country to which we are dedicated, to what happens on Arab oil, I think would be highly inappropriate.

I will say this. And I'll put it in another context, however. Israel simply can't wait for the dust to settle, and the Arabs can't wait for the dust to settle in the Mideast.

Both sides are at fault. Both sides need to start negotiating. That is our position. We're not pro-Israel and we're not pro-Arab. And we're not any more pro-Arab because they have oil and Israel hasn't. We are pro-peace.

And it's the interests of the whole area for us to get those negotiations off dead center and that is why we will use our influence with Israel and we will use our influence, what influence we have, with the various Arab states, and a non-Arab state like Egypt, to get those negotiations off. Now one of the dividends of having a successful negotiation will be to reduce the oil pressure.

#### Bipartisanship

Q. You mentioned a while

ago Representative O'Neill's proposal that the Democratic leadership of Congress and the president get together on some bipartisan areas. Can you suggest some bills or some measures of vital concern which a new bipartisanship in his format would work out?

A. Well, I would suggest, Mr. ter Horst, the ones that I mentioned in my opening statement would all fit in that category with the possible exception of those that I said were in Mr. Laird's particular responsibility, better schools, better housing. And also the Better Communities Act. Those do involve basic philosophical differences. And bipartisanship may not be possible.

But on the other hand, holding the budget down so that we don't have inflation is a bipartisan concern. Maintaining a national defense that is adequate so that the United States is not in a second position in dealing with the Soviet Union or any other country in the world is a bipartisan concern.

Seeing to it that we have adequate energy supplies, in fact some of the best conversations I've had and the best suggestions I've had on the field of energy have come from Democrats, Sen. [Henry M.] Jackson among them, and I think that we should get a bipartisan policy going with regard to dealing with the problems of energy. And there could be others.

#### Tapes Release

Q. Mr. President, could I ask you one more question about the tapes? If you win the case in the Supreme Court, and establish the right of confidentiality for Presidents, then would you be willing voluntarily to disclose the tapes to dispell the doubt about their content?

A. Well, again, I would like to respond to that question in a categorical way but I shall not, due to the fact that the ... when the matter, as it is at the present time, is actually in the appeals process, White House counsel advise that it would not be appropriate to comment in any way about what is going to happen during that process. You put that question to me a little later, I'll be glad to respond to it.