

Transcript of the President's News

Following is a transcript from President Ford's news conference in Topeka, Kan., yesterday evening, as recorded by The New York Times through the facilities of ABC News:

Will you please sit down.

Before responding to the first question, I do wish to thank Governor Bennett and the other governors who were with me in Topeka. I wish to thank the people of the State of Kansas and particularly the people in the Topeka area for the very wonderful and very warm reception. It's been a very good day.

QUESTIONS

Mr. Morgan.

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

A. Mr. Morgan, the Secretary of State, left Sunday night for a most important mission in the Middle East. He'll be gone approximately 10 days visiting a number of Arab, as well as Israeli, and he will be more or less on an exploratory mission.

We believe that the possibility exists for a step-by-step progress in the Middle East, but no one can be certain in that very volatile and very difficult area.

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

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

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

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

The Energy Program

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

A. Mr. Cormier, I don't have any second thoughts about it. I concede that in putting this program together—and here's a copy of the bill, 167 pages—that I had to make some very difficult decisions. All of the decisions were not easy, there were some gray areas, but at least it's a program, and it's my strong feeling that if there is a better program, Congress should come up with it.

So far, they have come up with no program. So as long as I have something that's affirmative, that I think meets the problem head on, I have no regrets about proposing it to the Congress and to the American people.



United Press International

President Ford waving to crowd at Kansas State Capitol in Topeka yesterday

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Conference on Domestic and Foreign Matters

I welcome any suggestions that are constructive. I welcome an alternative program or plan if one can be put together by the Congress, but I will not tolerate delay. I will not tolerate inaction.

I will not tolerate inaction. It's my judgment that the crisis is far too serious, that the need is very obvious, and therefore I continue trying to give some leadership for a solution to our vulnerability to foreign oil cartels.

Q. r. President, without diminishing your attempt to do that, is there an inconsistency, do you think, in your proposal to conserve energy by increasing, in effect, its price, presumably for gasoline as well, and at the highway funds to build more highways so they can drive more?

A. I think that's a good question, but I think there's a good answer. The reason I released \$2-billion to the states for the construction of additional highways is because over the last 10 days or two weeks I've met with a number of governors, Democratic and Republican, and all of them more or less assured me of the following: 1. That in most cases they had state funds that could be used right away and they, or most of them, have promised me that if I did release this \$2-billion for highway construction, that they could get bids and have the work under way within a few months.

We all know that the highway con-

struction industry is depressed. We know that unemployment in the highway construction industry is very high. We know that better highways save lives. We know that highway construction jobs are meaningful employment. We think that this program, when it gets under way, will provide roughly, both direct and indirect, about 140,000 or more jobs.

We think that the promotion of safety, employment, the utilization of state matching funds and the opportunity to get action justifies what I have done. And it seems to me that there's no inconsistency in doing this at the same time we're trying to conserve fuel, because better highways save fuel.

Furthermore it could have a favorable impact in giving to states as well as the local communities the right to use some of the money—some of the money for mass transit, which is an energy-saver, a fuel-saver.

New Energy Measures

Q. Mr. President, your press secretary says that you're considering new emergency measures if the recession worsens. What are these new measures; and what would trigger the new initiative—what developments? Specifically, how high would unemployment have to go?

A. Congratulations on your new success in joining the Gridiron Club.

Q. Answer the question.

A. Well, to answer your question: the action that I took today I think is constructive; it's an effort at the request of a number of governors to move in an area where they think some beneficial results will accrue. It's a response to a particular situation. I think it's important to maintain basically my deep concern about an acceleration of Federal expenditures at the present time.

But at the same time, being cognizant of unique circumstances, which I think this was, and if and when other such circumstances arise I will be willing to take a look at them and make an honest judgment as to whether they're helpful or harmful.

Unemployment Forecast

Q. Mr. President, may I ask you, Mr. Meany says that unemployment could go as high as 10 per cent. Is that true, and, if not, what assurances can you give that it will not?

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

But, we don't foresee a figure as high as that forecast by Mr. Meany. As a matter of fact, we're convinced that with the tax reductions that we have proposed, and that I think the Congress will approve, we believe with the other actions that we're taking, unemployment, the rate of unemployment, will

gradually go down at the end of 1975 and be improved in 1976.

Modifying Energy Proposals

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

A. There was one question raised by individuals both in and out of government, both in Houston as well as in Topeka, about one provision, and that is whether or not as a part of the windfall profits tax there ought to be a provision for a plow-back, which means that if a company derives revenue from their oil and gas development could they plow those revenues back into further exploration and development and thereby avoid a tax on those revenues or those profits. This was a very close call at the time I made the decision when we put this program together.

The Congress is in the process, or I hope it'll soon be in the process of taking up my energy program. There ought to be ample opportunity for the proponents and the opponents to state their views and convince the Congress one way or another.

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

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

Conservation Program

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

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

This program has four basic foundations: No. 1, conservation by the price mechanism; No. 2, added supply by stimulating exploration and development; No. 3, equity in the return of tax money to people, to business, to states, and No. 4, security. This program gets America going in making us invulnerable against foreign oil cartels, and yet

we do need voluntary cooperation at the same time.

Meeting With Connally

Q. Mr. President, you've tried to set in writing standards of ethics for members of your Administration. I want to ask you about your meeting last night in Houston with former Texas Gov. John Connally, who, as you know, is under indictment. On second thought, do you think there might be anything improper for the nation's chief legal officer to meet with a man who is under indictment? We note you did not discuss that indictment with him. We've been assured of that by your press secretary.

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

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

Q. Mr. President, follow that up. Would you have any objection if members of your Justice Department were to meet privately with persons who were under indictment in cases that were being prosecuted by the Justice Department?

A. I don't think that people in the Department of Justice who have the their responsibilities as prosecutors—I responsibility of actually carrying out think there's quite a difference. They make the judgments as to prosecution. My position is not exactly that, and my reason for meeting with former Governor Connally, former Secretary of the Treasury, was to discuss non—or no matters involving his present legal difficulties.

Help for Kansas Farmers

Q. Mr. President, I'd like to turn to the timing of your farming programs for just a moment. The farmers here in Kansas say they're suffering now from increased operation costs and also from the depressed market that they blame on export controls, and some Western Kansans are even considering abandoning their crops that are in the ground now, so if your plan doesn't take effect until the first of the fiscal year, do you have some alternatives, some emergency alternatives, to help Kansas farmers?

A. Well I think the thing that might be helpful is the decision that has been made to in effect eliminate any monitoring of foreign sales of American agricultural commodities. I did impose a monitoring system not export controls on the sale of American agricultural commodities about four months ago when there were several unexpected very sizable sales to the Soviet Union, but we have found that our agricultural reserves are fully adequate. We have found that the crop forecasts, particularly in winter wheat are very encouraging, and therefore I have in effect removed the monitoring system.

It seems to me that the American farmers are the kind of good Americans

that will produce because I happen to think they'll not only have a good market, which they have today, but they also are good Americans in that they know what they produce will help up in our balance of payments, in our humanitarian efforts on a worldwide basis.

Energy Relief for Farmers

Q. If I could follow up on that just a second, there's still going to be a time lag though on the increased operations cost. Is there something you're going to do to help them out on that?

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

Pentagon Spending

Q. Mr. President, I'm Dennis Farney with The Wall Street Journal. You've been talking in terms of wanting to compromise with the Democratic Congress, and yet your major proposals have been quite provocative. You want to increase Pentagon spending and cut back on spending for some popular domestic programs, which is about the opposite of what the Democrats want to do. Aren't you really picking a fight with Congress and preparing the way for a possible campaign against Congress in 1976?

A. I can't believe that the majority of Democrats in the House and Senate are going to weaken our national defense program by gutting the requested appropriations for the Army, Navy, Air Force and Marines. The Democrats that I know in the Congress are just as dedicated to a strong national security program as I am.

So I don't think this Democratic Congress will undercut our national security effort. They'll make some changes; but I don't think—I certainly hope they won't gut the Defense Department.

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

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

Progress on Energy Proposals

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

A. Well, there's some good news and some bad news. I think we've made more headway than if I'd stayed in Washington and written them letters. I think they now understand the program, which was a major reason for my meeting with them individually in three- and four-hour sessions. I think they have a better understanding of the program and there is more support now than there was before.

I don't hear many Governors calling for gas rationing, which shows very good sense. I don't hear many Gov-

ernors calling for arbitrary allocation because they realize, as I do, that arbitrary allocation, or quotas—they would be the most harmful method of achieving conservation and would have a terribly depressing impact on our economy, so they understand the program, therefore I think they're more supportive, although some of them have some reservations about a part here and a part there. I must say that I didn't hear a single Governor in all the ones that I met with who endorsed what the Congress is trying to force on me.

The Governors understand you have to make progress. And they know that this bill that the Congress is working on is a bill that is a backward step, so even though they may have some reservations about a part here and a part there on my program, I think they're more for this than they are for what the Congress is allegedly working on.

Thieu's Tentative Visit

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

A. Well, Mr. Beckman, I'm not familiar with any invitation. I'm not familiar with any prospective visit.

Visit Not Considered

Q. Would you consider inviting Mr. Thieu to this country? A. I really hadn't thought of it, and I know of no prospective visit.

Health of G.O.P.

Q. Since Kansas is traditionally Republican, would you please assess the health of the Republican party? A. Would you repeat that, please.

Q. Since Kansas is traditionally Republican, I'm sure that many of our citizens would like you to assess the health of the party.

A. Well, I, as a Republican President, can't help but be impressed by the success here in Kansas. You've got a fine Governor, you've got the Legislature in the control of the Republican party here, you've got low unemployment in Kansas, you've got good economic conditions. I think this is a good achievement record for the Republican party in Kansas, as well as a whole, so I just hope we can spread this good progress through 49 other states.

Nixon's Future

Q. Mr. President, there has been a lot of speculation recently about former President Nixon's future. You talked with your predecessor by phone last weekend. Can you tell us if Mr. Nixon is considering a return to the national scene, would you welcome that, and would you perhaps consider appointing Mr. Nixon to an influential diplomatic post such as Ambassador to China.

A. Mr. Nixon called me last Saturday. That content of that conversation since he initiated it, I think should come from Mr. Nixon himself. (8 FEB)

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

The remainder of this transcript was not available at edition time. The full transcript will appear in later editions.