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THE WHITE HOUSE

WASHINGTON

July 31, 1975

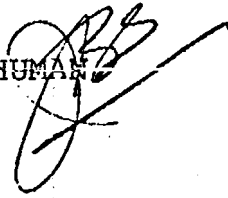
DEX

MEMORANDUM FOR:

DICK CHENEY .

RON NESSEN (Room 623, Hisperia Hotel)
Helsinki

FROM:

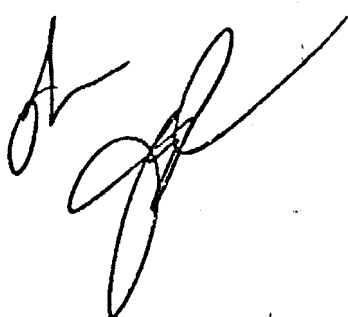
JAMES B. SHUMAN 

Here is Guidance Material - Q and A's for President's proposed Friday News Conference in Helsinki.

Assuming that most questions will deal with CSCE and other areas of foreign policy, I have limited domestic material to the most important topics.

There also may be a question on the unemployment figures after they are released at 0930 EDT Friday.

NSC is sending its material separately or will prepare on-site.



OIL PRICES

Question:

If you veto the simple extension of the current petroleum price controls, many have predicted that there will be a catastrophic effect on the economy with higher prices and windfall profits for the oil companies. Will you accept the simple extension and try again to work out a compromise with Congress; or will you veto it, thereby forcing overnight decontrol?

Answer:

Essentially, the country faced three alternatives as Congress considered the decontrol issue:

1. We could duck the issue and thus continue our failure to legislate a national energy policy -- thereby giving up on our efforts to achieve energy independence.
2. Congress could work with me and develop a compromise energy plan; or
3. I could take actions available to me to move the Nation towards energy independence, even without the cooperation of Congress.

I decided that it was in the best interests of the Nation to work hard with the Congress to develop a compromise energy plan. To this end, I submitted a major compromise which accepted the principal arguments of the Congress and yet would have permitted us to move -- at a slower rate -- towards energy independence.

By its actions over the last several days, Congress has firmly rejected the alternative of compromise and has continued on the path of indecision and inaction. My compromise plan went far more than halfway to meet the objections of the Congress, and yet it has been rejected.

Thus, Congress has put me, and the American people, in the position of choosing between two courses of action: acceptance of the extension of the Allocation Act, which means that we will continue our inaction, and thus grow more dependent on foreign oil. Or I can reject this extension, thereby putting into effect my original decontrol proposal contained in my State of the Union Address in January. This will result in movement toward energy independence.

I will not back away from my determination to regain control over the energy we need and the price we must pay for it. I will veto the extension. After my return to the U.S., I will

announce my plan to implement the decontrol in a manner that does not significantly affect economic recovery.

I am deeply disappointed that Congress rejected gradual decontrol as a sensible compromise.

BACKGROUND

The House disapproved your 39 month phased decontrol plan on Wednesday by a vote of 228 to 189 and accepted instead a multi-tiered rollback approach sponsored by Eckhardt and Staggers by a vote of 218 to 207.

The results of these two votes, the loss of Democratic support during the last few hours before the vote, and conversations with a number of Democratic members of the House, clearly indicates extremely strong Democratic pressure to: (1) prevent a Presidential victory on this issue, regardless of substance; and (2) posture the Democratic party as being in favor of the lowest possible prices.

The House further approved a Senate passed six-month extension of the control authority on Thursday by a vote of 303 to 117.

SIZE OF SOVIET GRAIN PURCHASE

- Q. How much grain is the United States going to sell to the Soviet Union?
- A. I understand that at the moment the Russians have contracted for approximately 10 million tons of grain from the United States and 4 to 5 million from Canada, Australia and France. It is difficult to know how much additional grain the Soviets will require to fill their needs. This will depend upon the ultimate size of their crop and their domestic needs.

GRAIN SALE

Question:

Do you expect the Soviet grain sale to affect food prices in the United States?

Answer:

Grain prices in the United States are ultimately determined by worldwide conditions of supply and demand. Hence our prices are affected just as much when the Soviets purchase from the Canadians or the Australians as when they purchase directly from the United States.

It is very difficult to make price estimates until both the Soviet requirements and the final size of our own crops are better known. Our preliminary judgment is that the food price effects from Soviet grain purchases are likely to be modest. The grain producing regions of the Soviet Union have experienced very adverse weather conditions over the past several months. There will continue to be a substantial amount of uncertainty regarding both the size of the Soviet purchases and the precise effects until we have more information on the size of the Soviet harvest and our own.

Many who are looking for simple answers seem to be proposing rigid control on the export of our grains, but we cannot control exports to only one country since grain can be purchased through third country transfers. Effective control of our exports would therefore require us to control exports to everybody.

Once we engage in such an operation, we will undercut the incentive for our farmers to produce the bountiful crops which only they are capable of producing. Our farmers supply the American consumer with the highest quality and variety of foods in the world and still have a large margin of exportable supplies left over to assist in feeding the rest of the world.

We need these exports to sustain the huge agricultural production capability of this country. Export controls would undercut the vast capability which we have. These are clearly not in the long-term interests of the American consumer.

I am concerned, however, that these sales, which are in the national interest, not result in an unfair burden on the American consumer. I have given instructions to my Administration that it be monitored carefully.

IMPLEMENTATIONS OF ROCKEFELLER CIA RECOMMENDATIONS

Q: When will you implement the recommendations of the Rockefeller Commission?

A: I intend to announce in the very near future a series of administrative steps to implement a large number of the Rockefeller Commission recommendations. Some of the remaining recommendations, as you know, require that Congress take legislative action or they present rather complex policy questions. We are still hard at work on these recommendations, and it will take a little longer before we will be in a position to move on them.

7/31/75

ORGANIZATION OF THE INTELLIGENCE
COMMUNITY

Q: Have the Rockefeller Commission recommendations on the CIA led you to consider broader questions such as the organization and structure of the intelligence community?

A: Obviously, the House and Senate Select Committees are and will be considering these broader questions. The Executive Branch ~~should~~^{must} consider them as well. While we should not seek change merely for the sake of change, neither should we fail to take -- after appropriate study and coordination -- those changes or corrective actions that are indeed necessary.

7/31/75

~~Scowcroft~~

~~CONFIDENTIAL~~

OK?
Yes ✓
No —

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JULY 30, 1975

TO: RODMAN/BREMER
FOR: SCOWCROFT
FROM: LOW

RON NESSEN MAY GET SOME QUESTIONS ON THE PASSAGE BY THE OAS CONFERENCE IN SAN JOSE OF A RESOLUTION TERMINATING MANDATORY SANCTIONS TUESDAY NIGHT.

FOLLOWING ARE SUGGESTED Q'S AND A'S FOR YOUR CONSIDERATION.

Q: THE US SUPPORTED THE RESOLUTION TO END MANDATORY SANCTIONS AGAINST CUBA, IN COSTA RICA. NOW THAT A TWO-THIRDS MAJORITY HAVE LEGALLY TAKEN THE ACTION TO LIFT THE SANCTIONS, WILL THE US CONTINUE ITS MEASURES WHICH PUNISH OTHER COUNTRIES FOR ENGAGING IN TRADE WITH CUBA? HOW ABOUT OUR BILATERAL SANCTIONS.

A: AS YOU SAY, THE OAS RESOLUTION SIMPLY FREES EACH GOVERNMENT TO PURSUE THE POLICIES IT SEES IN ITS OWN INTEREST WITH REGARD TO CUBA. IT HAS NO AUTOMATIC OR LEGAL EFFECT ON OUR SANCTIONS, AND IT WOULD BE PREMATURE TO SPECULATE ON THE SPECIFICS OF OUR LAWS AND REGULATIONS IN THIS REGARD.

Q: DOES THE PRESIDENT FORESEE A PROCESS OF NORMALIZATION OF RELATIONS WITH CUBA BEGINNING NOW THAT THE SANCTIONS ARE NO LONGER REQUIRED?

A: WE HAVE SAID THAT WE SEE NO ADVANTAGE TO PERMANENT ANTAGONISM BETWEEN OURSELVES AND CUBA, BUT CHANGE IN OUR BILATERAL POLICIES TOWARD CUBA WILL DEPEND ON CUBA'S ATTITUDE AND ITS WILLINGNESS TO ACCEPT BASIC MODIFICATION IN SOME OF THEIR POLICIES AND POSITIONS. THERE ARE A NUMBER OF OUTSTANDING AND COMPLEX ISSUES BETWEEN US AND I WOULDN'T SPECULATE ON WHEN OR WHETHER IT MIGHT PROVE POSSIBLE TO BEGIN TO WORK OUT THESE ISSUES.

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Determined to be an administrative marking
Cancelled per E.O. 12356, Sec. 1.3 and
Archivist's memo of March 16, 1983

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By G1 NARS date 11/23/83

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