

PRESS CONFERENCE NO. 5

of the

PRESIDENT OF THE UNITED STATES

7:31 P.M. EST
December 2, 1974
Monday

In Room 450
At the Old Executive
Office Building
Washington, D.C.

THE PRESIDENT: Won't you sit down.

Good evening. Perhaps I can anticipate some of your questions by summarizing my recent visits to Japan, the Republic of Korea, and the Soviet Union.

In Japan, we succeeded in establishing a new era of relations between our two countries. We demonstrated our continuing commitment to the independence and to the security of South Korea.

At Vladivostok we put a firm ceiling on the strategic arms race, which heretofore has eluded us since the nuclear age began. I believe this is something for which future generations will thank us.

Finally, Secretary Kissinger's mission maintained the momentum in China with the People's Republic of China.

Our meetings at Vladivostok with General Secretary Brezhnev were a valuable opportunity to review Soviet-American relations and chart their future course. Although this was our original purpose, Secretary Brezhnev and I found it possible to go beyond this get-acquainted stage.

Building on the achievements of the past three years, we agreed that the prospects were favorable for more substantial, and may I say, very intensive negotiations on the primary issue of a limitation of strategic arms.

In the end, we agreed on the general framework for a new agreement that will last through 1985. We agreed it is realistic to aim at completing this agreement next year. This is possible because we made major breakthroughs on two critical issues.

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Number one, we agreed to put a ceiling of 2400 each on a total number of intercontinental ballistic missiles, submarine-launched missiles and heavy bombers.

Two, we agreed to limit the number of missiles that can be armed with multiple warheads -- MIRVs. Of each side's total 2400, 1320 can be so armed.

These ceilings are well below the force levels which would otherwise have been expected over the next ten years and very substantially below the forces which would result from an all-out arms race over that same period.

What we have done is to set firm and equal limits on the strategic forces of each side, thus preventing an arms race with all its terror, instabilities, war-breeding tension and economic waste.

We have, in addition, created the solid basis from which future arms reductions can be made, and hopefully will be negotiated.

It will take more detailed negotiations to convert this agreed framework into a comprehensive accord, but we have made a long step toward peace on the basis of equality, the only basis on which an agreement was possible.

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Beyond this, our improved relations with the other nations of Asia developed on this journey will continue to serve the interests of the United States and the cause of peace for months to come. Economy, energy, security and trade relationships were discussed which will be of mutual benefit to us all.

I would like to repeat publicly my thanks and gratitude for the hospitality extended to me by all my hosts, and through me to the American people.

Miss Thomas, I am glad to respond to your question.

QUESTION: Mr. President, this pact permits the nuclear build-up to go ahead. Since you want to cut government spending, how many billions of dollars will this cost the American people over the years and also, do you think that the Russians stalled last July because they knew that Mr. Nixon was doomed in the Presidency and preferred to deal with his successor?

THE PRESIDENT: I would like to correct, if I might, one impression. This does not permit an agreed build-up. It puts a cap on future build-ups and it actually reduces a part of the build-up at the present time.

It is important, I should say, however, in order for us to maintain equality, which is a keystone of this program, to have an adequate amount of military expenditures. But I can say this without hesitation or qualification: If we had not had this agreement, it would have required the United States to substantially increase its military expenditures in the strategic areas.

So, we put a cap on the arms race. We actually made some reductions below present programs. It is a good agreement and I think that the American people will buy it because it provides for equality and it provides for a negotiated reduction in several years ahead.

Mr. Cormier.

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QUESTION: Mr. President, there are reports that you and Mr. Brezhnev made some progress in maybe fashioning a complementary approach to negotiations in the Middle East. More specifically, perhaps the Soviets would agree to try to persuade the PLO to acknowledge that Israel has a right to exist and we then might try to persuade Israel to talk to the PLO. Is there any truth to this?

THE PRESIDENT: Mr. Cormier, Mr. Brezhnev and I did discuss at some length our different views on the settlement of the Middle East. There are some differences but they are not as major as it would appear.

We indicated that in our judgment, it was important for continuous progress to be made, perhaps with negotiations between Israel and one or more of the Arab nations.

We also agreed that at a certain point a Geneva Conference might be the final answer. So, as we discussed what appeared to be different views at the outset, I think we came to an agreement that it was in the interest of the nations of the Middle East, the interest of the world at large, that both parties make a maximum effort to keep negotiations going.

We think our step-by-step approach is the right one for the time being, but we don't preclude the possibility of a Geneva Conference.

Yes, sir?

QUESTION: You say that this is going to reduce a part of the build-up. Does that mean, then, that we are going to spend less on defense next year than we are spending this year?

THE PRESIDENT: It does not mean that because only a part of our total defense program is related to strategic arms research development, deployment, and operations and maintenance. We do have an obligation within the limits of 2400 on delivery systems and 1320 on MIRVs to keep our forces up to that level.

And I think we can, with about the same expenditure level for the next fiscal year, as at the present.

But in the other programs, in our tactical forces and other military programs, there is an inflationary cost. The military has that inflation just like you and I do, so we will probably have to increase our military budget next year just to take care of the costs of inflation.

Yes?

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QUESTION: Just to follow up, we are not quite to that ceiling yet, are we? Do you intend to stay below that ceiling or are you going to try to reach that ceiling?

THE PRESIDENT: I intend to stay below the ceiling. That is the agreement, but we do have an obligation to stay up to that ceiling, and the budget that I will recommend will keep our strategic forces either up to or aimed at that objective.

QUESTION: Mr. President, since it is widely believed the Soviet Union has larger rockets capable of carrying heavier payloads and being MIRVed, to a larger extent carrying more warheads, can you tell us what the relative position would be between the United States and the Soviet Union in terms of warheads if each side goes to the maximum number of 1320 on the MIRVed limit?

THE PRESIDENT: On delivery systems, we are equal. On the MIRVing, we are equal. I think the question you are asking is throw weight. It is recognized that the Soviet Union has a heavier throw weight, but the agreement does not preclude the United States from increasing its throw weight capability.

A number of years ago, our military decided that we wanted smaller missiles that were more accurate. That has been the decision of our military.

Now, if the military decides at the present time that they want to increase the throw weight, we have that right under the agreement, and I can tell you that we have the capability to do so.

So, if there is an inequality in throw weight, it can be remedied if our military recommended and the Congress appropriates the money.

QUESTION: Mr. President, if you find the Soviet Union leaning, then, toward getting the maximum throw weight or the maximum number of warheads on their MIRV missiles, would you then recommend that the United States accelerate and move from smaller missiles to larger ones?

THE PRESIDENT: The Soviet military guidelines were for heavier missiles, heavier throw weight. Our military took a different point of view some years ago. The Soviet Union is limited as to delivery systems and as to MIRVs within the delivery systems. They cannot go beyond those.

The agreement gives us the flexibility to move up in throw weight if we want to. It does not preclude the Soviets from increasing throw weight, but I think for good reasons they have no justification for doing so.

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QUESTION: Wouldn't your stated accomplishments in Russia have carried more long-range credibility if they had been put initially and then described later on in less sanguine and more modest terms?

THE PRESIDENT: Well, if I understand the question, when I came back a week ago yesterday, we did not have in writing what is called an aid memoir, which was the specific agreement in writing that General Secretary Brezhnev and I had agreed to verbally. That has now been received.

Until that had been received and we had checked it out, we felt it was wise to speak in generalities. I am giving to you and to the American people tonight the specific figures. They are, I think, constructive. It is a good agreement. It is an agreement -- if I might repeat -- that puts a cap on the arms race, it makes some reductions and it gives us an opportunity to negotiate.

So, I don't think a week's delay in the specifics has handicapped our presentation.

QUESTION: More specifically, what percentage of your state of progress in Russia was yours and how much was Mr. Nixon's?

THE PRESIDENT: Well, I don't really think I ought to get into an evaluation of that. The United States has been working on a strategic arms limitation agreement for three or four years. I think we made headway in SALT-I. I think we have made a real breakthrough in SALT-II.

QUESTION: Mr. President, I would like to get back to the cost of missiles for one moment, if we may.

I understand we are now spending about \$15 billion a year in strategic arms and there is an enormous amount of missile building that could be done under this agreement over the next ten years, both in MIRVs and in throw weight.

Will our costs continue at about the level they are now for the next ten years or will it be more?

THE PRESIDENT: My best judgment is that our strategic arms cost will hold relatively the same. It will not be substantially expanded other than for any increase resulting from inflation.

Yes.

QUESTION: Mr. President, under the agreement the United States tactical nuclear weapons at the forward bases in Europe were not included. Do you expect that they will be reduced or eliminated under some future mutual balanced force reduction agreement with the Soviet Union?

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THE PRESIDENT: One of the benefits of the agreement from Vladivostok was the fact we didn't have to include in the 2400 or the 1320 either the delivery systems or the MIRVs as far as the forward base systems were concerned.

I am sure you know we are involved in mutual balanced force reductions in Western Europe. When we get closer to an agreement there -- and I hope we will -- we are presently negotiating in Vienna in this area -- it is hopeful that we can make some reduction both in numbers of military personnel between ourselves and the allies on the one side and the Warsaw Pact nations and the Soviet Union on the other as well as any arms reductions.

QUESTION: Beyond your hopes, is that a commitment you made to the Soviet leaders in Vladivostok?

THE PRESIDENT: No, we made no agreements concerning the balance of force reductions. We did continue negotiations.

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QUESTION: Mr. President, are you satisfied that the Soviets are carrying out the spirit and the letter of the 1972 arms limitation agreements?

THE PRESIDENT: We know of no violations, either on the part of the Soviet Union or by ourselves. There have been some allegations that the Soviet Union has violated the SALT I agreement. We don't think they have.

There are, however, some ambiguities. When the SALT I agreement was agreed to, there was established a standing consultative commission made up of the Soviet Union and the United States. That commission can meet twice a year to analyze any allegations as to violations of SALT I. It is our intention to call for a meeting of that group -- I think in January of next year -- to analyze any of the ambiguities that have been alleged. We don't think there have been any violations but I have a responsibility to find out and we intend to follow through under the agreed procedure of the 1972 agreements.

QUESTION: Mr. President, since there is no limit in this agreement on throw weight and since there is no limit on multiple warheads, and since additional multiple warheads could be put on the bigger missiles, more or less ad infinitum, how can you say this is a lid or cap on the arms race?

THE PRESIDENT: Well, it certainly, number one, puts a limit on the delivery system -- 2400 -- and as I indicated at the outset, this does result in a cutback as far as the Soviet Union is concerned.

The 1320 limitation on MIRVs does put a lid on the planned or programmed program for ourselves as well as the Soviet Union.

Now, the throw weight problem is one that we can remedy if we want to. Our military took a different point of view some years ago when they designed our ballistic missiles, but we have that flexibility.

Now, if we decide to go to a heavier throw weight, we can add on a MIRVed missile a greater number of individual warheads. That is a choice of flexibility that we have and I think it is one of the benefits of this agreement.

QUESTION: You wouldn't describe that as an arms race?

THE PRESIDENT: Well, it is an attempt, if our military wanted to achieve an equality in this particular area. We have equality on delivery systems and the right to MIRV from those delivery systems. In the other, if it is our choice, we can go up in throw weight.

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QUESTION: Mr. President, I want to ask you, what about conventional weapons? We have heard from Senator Goldwater and we have heard from Admiral Zumwalt that we are very weak in conventional weapons and we need more of those rather than the kind that you have in your agreement.

THE PRESIDENT: Of course, this agreement, Sarah, was limited to strategic arms. We hope, as I indicated a moment ago, to continue our negotiations for the mutual balanced force reductions in Europe. That, of course, would have a limit on the conventional weapons.

In the meantime, I think it is of mandatory importance for the United States to maintain its conventional capability -- the Army, the Navy, the Air Force, the Marines -- because the United States, through a responsible military program, can maintain the peace.

If we cut back our defense in conventional weapons, I think we will have weakened our position for the maintenance of peace. I don't intend to propose a budget in that regard.

QUESTION: Mr. President, you propose to do both of these, then?

THE PRESIDENT: I think so.

QUESTION: To follow up on Frank Cormier's question, did you and Mr. Brezhnev discuss some kind of a trade-off whereby Israel would deal with the PLO and the PLO would recognize Israel's right to exist as a state?

THE PRESIDENT: We didn't get into that detail. Israel has indicated that it would not negotiate with the PLO. We have no way of forcing them to do so.

The discussion between Mr. Brezhnev and myself, as far as the Middle East was concerned, was to state our position and their position and as we discussed it, I think we came to a higher degree of agreement in that our position was understood by them and the prospects of a Geneva agreement was understood by us.

QUESTION: I understand you would like to devote about half of the news conference to domestic affairs, and I think we are about at the halfway point.

THE PRESIDENT: Thank you very much, Mr. Cormier.

I would be glad to talk about both of them a lot longer, but let me make a statement about the economy and then we will have questions on that.

Before turning to domestic questions, which I am sure will concentrate on our economic problems, I would like to say this: We are currently facing three serious challenges -- inflation, recession and energy.

Inflation, which is a deadly long-range enemy that cannot be ignored.

Recession, which is a very serious threat that already has hurt many, many citizens and alarms many, many more. Hopefully, it is a shorter range evil, but neither can be ignored, nor will it be.

Assuring adequate energy will require our best efforts. The energy crisis also contributes both to inflation and to recessionary pressures.

Much of the program that I recommended to the Congress and the American people on October 8 is still pending before the Congress. It was designed to meet all three of these challenges. It was balanced to deal with an already rampaging inflation and already anticipated recessionary forces.

And make no mistake -- it is imperative that we fight both inflation and recession at the same time.

The question is one of balance and changing circumstances. At least four measures deserve special, and, I think, immediate attention by this Congress. They cannot wait until next March or April.

I have recommended a series of budget-reducing actions totaling \$4.6 billion so that the Federal Government can set an example of fiscal restraints.

Furthermore, I urge the Congress not to add any more spending. As you can see from this chart, the Congress has already added, or is about to add, over \$1 billion to this year's spending, and I add, with emphasis, against my recommendations.

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Anticipating rising unemployment two months ago, I asked for a National Employment Assistance Act to provide useful work for those who had exhausted their unemployment benefits and others not previously covered. Action on this is essential before the present Congress adjourns.

Action is needed on the Trade Reform Act. This can help immeasurably in fighting both recession and inflation by creating more jobs and providing more goods as well.

The tax reform bill reported by the Committee on Ways and Means of the House provides needed tax relief for low-income citizens while taxing windfall profits for certain oil companies.

I don't support every provision in this committee bill, but on balance it is a good bill and badly needed at this time.

Congress has not only ample time, but the clear obligation to complete action on several vital energy proposals before adjournment.

Times are nowhere near desperate enough to paraphrase President Franklin D. Roosevelt's great rallying cry that the only thing we have to fear is fear itself.

Still it is a good thing to remember, but I do want to say to my fellow Americans that our greatest danger today is to fall victim to the more exaggerated alarms that are being generated about the underlying health and strength of our economy.

We are going to take some lumps, and we are going to take some bumps, but with the help of the Congress and the American people, we are perfectly able to cope with our present and foreseeable economic problems.

But action is more helpful than criticism. And every week that the Congress delays makes the prospects a little bleaker.

I will be glad to answer any questions.

QUESTION: Mr. President, do the people feel that the country is ahead of the Government, that people are prepared to sacrifice if they know that everyone is going to be biting the same bullet at the same time. How does this jibe with your information?

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THE PRESIDENT: I think the American people are ready to make more sacrifices than maybe the Congress and even the Executive Branch, including the President, believe they will.

I have a great respect and admiration for the strength and the willingness to sacrifice of the American people. I have tried to give them a program that does require some sacrifice -- a 5 percent surtax on 28 percent of the taxpayers -- so we could alleviate the problems of the people in the lower-income brackets.

I have made some other suggestions, but I believe the Congress, along with myself, have to give some leadership to the American people, who I believe are willing to respond. And I have tried to present a program that would call for that response.

I hope the Congress responds, and if they don't like my program, will come up with one of their own, which will equally call upon the American people to make some sacrifices.

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QUESTION: Mr. President, in the absence of an Arab oil embargo this winter, could you please give the American people some indication as to whether they can expect a gasoline shortage this winter, that is, long lines at gas stations comparable to last winter and also, your predecessor made a firm commitment to the effect that Americans would not, under his administration, have to pay one dollar a gallon for gasoline.

Can you make that same assurance over the next twelve months?

THE PRESIDENT: Until 1974 at this point the use of gasoline has been less than the anticipated growth. In other words, we are using less now than the experts forecast we would use when they were laying out the charts as to the anticipated demand.

The net result is that we have more gasoline in storage today than we had a year ago at this time.

Now that is not enough to carry us through in case there was an oil embargo, but we are in a healthier position today than we were a year ago.

Nevertheless, it is my judgment that we have to keep the pressure on the savings of energy, including a hold-down on gasoline consumption. We are trying to reduce our importation of oil from overseas by one million barrels per day. We are making headway in that regard.

We haven't achieved it but the net result is we don't anticipate at this point from any foreseeable circumstances any gas rationing, nor do we foresee any serious shortage.

Yes.

QUESTION: Mr. President, I don't believe you answered my question about can you make the same assurance your predecessor did about gasoline not going to a dollar a gallon.

THE PRESIDENT: I don't see gasoline going to a dollar a gallon. It is what, 45- to 50 cents a gallon today, depending on where you buy it. I see no prospects of the cost of gasoline going up to a dollar a gallon.

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QUESTION: Mr. President, this question perhaps goes back to the earlier part of the press conference, but it has an economic impact. How much will it cost to reach the ceiling which you negotiated with Mr. Brezhnev and when do you expect the United States will reach that ceiling?

THE PRESIDENT: As I indicated in answer to an earlier question, I think we must continue our present strategic research development, deployment, maintenance programs.

We are going to move into the present program some additional new weapons systems -- the B-1 aircraft, the Trident submarine. The net result is that costs will probably go up as we phase out some and phase in some and phase out others.

Now, the total annual cost will be relatively the same plus the cost of inflation.

QUESTION: You said \$18 billion?

THE PRESIDENT: It is in that ball park.

QUESTION: For how many years do you expect this to continue, Mr. President?

THE PRESIDENT: Until we are able to negotiate a reduction below the 2400 delivery systems and the 1320 MIRV systems.

QUESTION: Although you have repeatedly said you will not recommend a gasoline tax increase, your advisers on energy seem to be lobbying for this as if we are going to be in a very bad economic situation, very bad in regard to the drain of our assets overseas. Now, will you reconsider your objection to this?

THE PRESIDENT: I have not been persuaded that a 20 cent increase in the gas tax is the right answer. I was interested in a poll that was published today which indicated that 81 percent of the American people agree with my position.

Well, if 81 percent of the American people agree with my position, I really don't think a 20 cent a gallon increase in the gasoline tax will go through the Congress, even if I recommended it.

So, it is my judgment that if we have to by taxation cut down on consumption, there must be a better way to do it rather than a 20 cent a gallon increase in the gas tax. If 81 percent of the American people agree with me and don't agree with the various people who are advocating this, I think I am on pretty solid ground.

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QUESTION: The American Conference of Mayors has put as their number one priority the renewal and continuance of the revenue sharing program. Do you plan, in your State of the Union Message to Congress, to ask for a renewal of that program on its present basis?

THE PRESIDENT: I have indicated while I was Vice President, since I have been President, ~~that~~ I think the general revenue sharing program has been a good one. It is now provided from the Federal Treasury around \$16 billion to State and local units of government. I had an hour-plus meeting with the Domestic Council and others several days ago and we analyzed the program. I think it ought to be extended.

I think it has produced a great deal of good at the local level as well as at the State level. Now, we are in the process of analyzing any internal changes, but overall, I think the program is good and I want to work with the Mayors and the Governors and the county commissioners to make sure that the Congress extends this sound program.

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QUESTION: Mr. President, does the Justice Department suit to break up AT&T have your full approval, and are you satisfied as to the impact that such break-up would have on the efficiency and cost of telephone service in the United States?

THE PRESIDENT: I was kept informed, but I don't think I should pass judgment on every anti-trust suit that is contemplated by the Department of Justice.

If they think they have a case, I think they ought to take the initiative within broad guidelines that I firmly believe in personally.

Now in this case, as I understand it, it is not a suit aimed at AT&T simply because of its size. It is aimed at AT&T because of its alleged activities that result in non-competition.

Now the Anti-Trust Act says, in effect, that the elimination of competition is grounds for anti-trust action by the Department of Justice. If that is the basis -- and I understand it is -- then in my opinion the Department of Justice was acting properly.

QUESTION: Mr. President, would you continue to favor your National Employment Assistance Act even if Congress did not pass a tax program to raise the revenue necessary to pay for it?

THE PRESIDENT: I would hope the Congress would be responsible and pass legislation that would provide the revenue to pay for the Unemployment Act extension that I recommended and the public service employment program that I recommended.

I think this was a sound balance we proposed, or I recommended, that we ought to tax the wealthier people, the top 28 percent of the American people, to spread the difficulties of a recession and inflation.

I think it would be irresponsible for the Congress to add expenditures and not provide any additional revenues.

QUESTION: Mr. President, a follow-up, please. If you can get the one without the other, would you take it?

THE PRESIDENT: Well, I will pass judgment on that when that alternative is on my desk.

QUESTION: Mr. President?

THE PRESIDENT: Yes.

QUESTION: Mr. President, is it wise, is it fair to concentrate much of your budget cutting recommendations on health, education and welfare and veterans, what we might call the human friends suffering from inflation most, while not recommending at all any increased stringency in military weapons?

THE PRESIDENT: I don't think that is a fair challenge to my program. What I did at the time I looked at the budget was to take into consideration the reductions that the Congress had made in the defense budget and the Congress had already cut the defense budget \$2.6 billion. I recommended an additional \$400 - to \$500 million cut, making it roughly a \$3 billion total cut in the proposed expenditures of the Department of Defense.

Now, since the Defense Department had already a sizeable reduction by the Congress, I felt we had to go across the rest of the spectrum of the Federal Government to find additional reductions.

Now, what we have done was to require certain individuals, for example, who wanted food stamps to pay slightly more in order to qualify for food stamps. We called upon the Congress to slow down, in some instances public works projects.

We tried in the \$4.6 billion reduction to spread the reductions across the board, and I think if you look at what the Congress did in the first place and what we have proposed in the second, it is a fairly well balanced program.

Yes.

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QUESTION: To follow up the question that is reaching but is still in the economic ball park, if the ceiling works, will there every be a saving, an actual saving, in expenditure for strategic weapons?

THE PRESIDENT: Very, very definitely, and that is the fundamental question that we have answered. If there had been no ceiling of 2400 on launchers and 1320 on MIRVs, we would have had an arms race. The Soviet Union had plans and programs, we believe, to substantially increase the number of launchers and to substantially go beyond 1320 on the MIRVs.

And we have the capability and, I think, if there had been an arms race with the Soviet Union going higher and higher and higher, we, as a Nation, for our own security, would have been forced to do precisely the same.

So, Mr. Brezhnev and I agreed that we first had to cap the arms race, both in launchers and in MIRVs. We have done that, and I wish to compliment Mr. Brezhnev because his opening statement, if I can paraphrase it, was that he and I, his country and ours, had an obligation to not indulge in an arms race, to put a cap on the proposed expenditures in both categories.

It was a statesmanlike approach at the outset, and because he believed that, and because I believe it, I think we made substantial progress, and I strongly defend what we did.

THE PRESS: Thank you, Mr. President. Thank you very, very much.

ENd (AT 8:10 P.M. EST)