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THE WHITE HOUSE

PRESS CONFERENCE
OF

L. WILLIAM SEIDMAN
EXECUTIVE DIRECTOR OF THE
ECONOMIC POLICY BOARD

AND
JOHN T. DUNLOP
SECRETARY OF LABOR

THE BRIEFING ROOM

4:03 P.M. EDT

MR. NESSEN: Now Jan is here and will give you a copy of the statement by the President concerning wheat sales to the Soviet Union, and related matters.

From now on let's not have any filing. Take five minutes to read the statement.

We will have Secretary Dunlop and Bill Seidman here to brief you.

Let me say, coincidentally, that the President has just concluded a meeting with the following people: George Meany and Lane Kirkland of the AFL-CIO, Paul Hall --

Q What is Kirkland's title now?

MR. NESSEN: Secretary-Treasurer.

Q L-a-n-e?

MR. NESSEN: L-a-n-e Kirkland.

Q Paul Hall.

MR. NESSEN: Jesse Calhoun --

Q Is he President of the Maritime?

MR. NESSEN: I will get John to give you the titles.

Jesse Calhoun, Teddy Gleason and Shannon Wall.

From the White House, John Dunlop and Bill Seidman.

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The reason this meeting was not announced was that it was not arranged until a little bit after 3:00.

Take five minutes now to read the statement. Let's not have any filing until you have had a chance to talk with John Dunlop and Bill Seidman.

* * *

If everybody has read this now, let's bring on Labor Secretary John Dunlop and the Executive Director of the President's Economic Policy Board, Bill Seidman.

SECRETARY DUNLOP: Well, I think the statement speaks for itself. I think there is only one other matter that I might indicate, that I am authorized on behalf of Mr. Meany and President Gleason, and of the other Maritime Union officers who were present, to say that they, in response to the President's request that the longshoremen resume voluntarily their operations; that they indicated to the President that they would do that.

Q This means that they will resume shipments of wheat to Russia until the new assessment; is that how it goes?

SECRETARY DUNLOP: Yes, they have agreed that they would resume voluntarily the loading of grain until, you might say, at this time, and in mid-October the whole nature of the situation will be reassessed.

Q How were you able to convince them to go along with us now when they refused before?

SECRETARY DUNLOP: Well, I think that they were persuaded by the President's being interested in this longer term arrangement which we believe will be advantageous to the American farmers, to the consumers and to the workers, that the kind of volatility that is represented by the table that is shown there can in part be eliminated and this notion of entry into our markets sometimes very heavily and at other times not at all as is shown in that table for the future can be smoothed out, and that is to the interest of everyone involved.

Q Mr. Secretary, one of the principal criterion that Meany had for having the boycott was that he wanted to be assured by the Administration that these Russian grain sales would not raise the price of food to the American consumer. Does this new arrangement mean that you have been able to make that guarantee to him?

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SECRETARY DUNLOP: I have made no guarantees nor did the President with respect to prices. I would comment that over the long term a more smooth volume of sales, particularly when they are known in advance of the planning time, will, as the statement says, tend to reduce the volatility of prices.

Q Well, is this agreement to resume the shipments only until mid-October?

SECRETARY DUNLOP: That is all the commitment that has --

Q Until the President has made a reassessment of what they will --

SECRETARY DUNLOP: Yes.

Q Meanwhile, will you be negotiating to have more grain carried on American ships to the Soviet Union?

SECRETARY DUNLOP: There are, as you know, two sets of further negotiations over and above the matter of a longer term purchase or sale, understanding, with the Soviets which we seek to negotiate.

There are two other negotiations that have already been underway. One of them is regarding the freight rates to apply to the shipment of grain. Those rates on the world market had gotten down to \$9.50, you may recall.

The Russians were here several weeks ago and they returned to the Soviet Union. Mr. Blackwell, who is the Maritime Administrator, is now in the Soviet Union negotiating with them regarding what the freight rates will be in order to permit a larger volume of those grain shipments to be carried in American tonnage and indeed in order to achieve the one-third that is specified in the agreement made in 1972 with the Soviet Union.

The second agreement that would be under negotiation just briefly thus far but which negotiations will be more intensive in the weeks and months immediately ahead is the basic agreement entered into with the Soviets in 1972 under which one-third of the grain shipped would be carried in American flag ships, and that agreement will need to be renegotiated presumably before December 31 when on its terms it expires.

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Q You mean to enlarge the amount?

SECRETARY DUNLOP: We have not made, to my knowledge, that specific request.

Q Do you know how much grain would go in this period now? When would they resume, immediately?

SECRETARY DUNLOP: Yes, forthwith.

Q How much grain would go between now and mid-October?

SECRETARY DUNLOP: I could not tell you. It depends obviously on the number of ships available.

One of the things we are anxious to do is to get those shipping rates settled right away, and I am told that within a couple of weeks after they are settled, American bottoms in greater amount can be used to carry the grain.

MR. SEIDMAN: Also, it depends on Russian ports which are full at the moment.

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Q Mr. Secretary, could you give us a ballpark figure for what the minimum sale is that we would like the Soviets to agree to?

SECRETARY DUNLOP: That has not been determined. As you know, as is specified in the bottom paragraph, it would seem to me that that is one of the matters which would be in negotiations with the Soviet Union.

What those figures are would be the sort of matter that this food committee referred to in the very bottom line on page 1 would be asked to determine; namely, are asked to determine what our negotiating posture would be on that issue, and I may say a great many others that are necessarily involved.

Q Mr. Secretary, could you just give a summary of what it means to the Administration and the country right now?

MR. SEIDMAN: I think what it means, first and foremost, is that the longshoremens will go back to work and that when a decision is made on grain sales, we will have pretty full information on what our crop is and what their demand is so we will be in a much better place to make a sound decision in the interest of all parties.

Q Is this the beginning of a balance between the interests of the farmer, the consumer?

MR. SEIDMAN: I think that has always been the President's objective, and that is the reason for going forward with this program.

Q What does this do to Secretary Butz' plan on September 11 to make a new assessment of it?

MR. SEIDMAN: It defers it for a month, based on this agreement.

SECRETARY DUNLOP: Mr. Butz has been suggesting, I think, publicly that a further month would be helpful.

Q Mr. Secretary, there is at least an appearance here that you have forced this down Mr. Meany and the rest of the people -- they are not here on the stage to share the glory, if there is any. Is this true, that you forced it on these people?

SECRETARY DUNLOP: No. Mr. Meany is perfectly capable of speaking for himself. I believe it has been George's policy in all the times that I have dealt with him, both previously and now in the present Administration, that he saves his remarks to the fourth estate for his own turf.

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He, as a matter of policy, I believe, has not chosen to speak to the press in this room because this is the White House room and so I am sure if you want his comments you can get them from him in his own house.

Now, I have been very careful over the weeks since the President asked me to carry on discussions about this matter to say that I was seeking an accommodation, and that is the word I myself would use in describing what has happened in that relationship.

Q Mr. Secretary, at the present time, is not about 21 or 22 percent of the grain sales being carried in American bottoms and the longshoremen want the provisions of the agreement lived up to; that is, one third?

Does this mean that between now and mid-October one-third of the grain will be carried in American vessels

SECRETARY DUNLOP: Let me comment on that question, if I may.

As a technical matter, the longshoremen load the ships whether they are Russian ships or U.S. ships or they are third country ships. The one-third tonnage is important primarily for the off-shore crafts; namely, the seamen and the engineers and the master mates and the like, rather than the longshoremen.

What has happened is, as you suggest, in the first six months of this year, the loading of grain in our country for shipment to the Soviet Union has fallen below the one-third provided for in the treaty. It has fallen, as I have the figure from January 1 to June 30, to 24.9 percent, which is below the one-third, as you suggest.

The agreement also provides that any failure to reach the third in any given period will be carried over to the successive period, and that would, therefore, mean that during the last half of this year our American ships should load more than a third in order that it be balanced out from what was previously below.

Q If that provision is in the agreement, why were the longshoremen refusing to load the vessels?

SECRETARY DUNLOP: I suggest you ask them.

Q Is there anything that you were able to point out to the union leaders in terms of progress with the Soviets or a willingness on the Soviet part to deal with these longer range matters that turned the tide on them?

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SECRETARY DUNLOP: No, I think that that was not a part of my discussions. Let's review the thing a little bit. What happened was that Mr. Meany and his associates came to see the President on the day which Mr. Seidman and I met with him over in the Labor Department, and then we came over here in the afternoon.

As you recall, Mr. Meany's position at that time was he didn't come to make a specific set of demands on the Administration. As he said to the President, "I come with some problems, and you are the President of the United States, and it is my desire to have you confront those problems and face up to them."

"I don't know the answers," he said, and he suggested to the President that he ought to be concerned about this matter.

In a certain sense, the release we have today represents an interim response by the President to those concerns.

Q Mr. Secretary, it seems to me that what we are trying to get at here is obviously the longshoremen together with the maritime operators, and people who worked on the ships with blackmailing the Government and trying to get the Government to get them a better deal.

Somehow you have managed to persuade them to lift their blackmail for a month. How did you do it?

SECRETARY DUNLOP: I won't accept your description of what has happened by any means. I have been in that sort of discussion about accommodation too long to accept that kind of language.

Q You use your own language, but how did you manage it?

SECRETARY DUNLOP: My own language is that I am a great believer in persuasion and in getting the facts out on the table and in this particular situation, the President did, as is clear in this statement, express concern about the longer term process by which the Soviet Union as a bulk purchaser, as a State purchaser, should enter our markets and that the kind of volatility that is shown in this table is of importance to the American consumers, workers and farmers.

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If we could find a way of regularizing those purchases, over time, was the President's response, that would be of enormous benefit to our farmers, giving them a better and assured sale of their crops that would be known ahead of time before the crop was planted so they could take it into account when planting the crops and it would be of benefit to the American consumers because we would have, over time, less price volatility out of this sort of thing and it would be of interest to the American workers in the transportation industry because it would provide a more steady kind of work situation.

It seems to me that there is no mystery to that, that is just a kind of longer term sensible approach to these problems than has prevailed in the past and the President has been working on this matter for quite a while.

Q Would it be unfair to suggest that part of this long-term planning, especially when the agreements are renegotiated after 1975, that third nation ships will be excluded and that U.S. sales of wheat to Russia will be carried either in U.S. or Soviet vessels?

SECRETARY DUNLOP: It would be most unfair to reach that conclusion.

Q Was there any discussion of the price -- that that had concern, the price of bread to the consumer? Did Meany go into that at all?

SECRETARY DUNLOP: When Mr. Seidman and I met with Mr. Meany several weeks ago, we went very extensively into that matter, the price of wheat and corn and down the line of distribution to the retail end.

What I think I ought to comment on is that this sort of longer term approach we hope will provide less volatility, as I have said, in our prices over the long pull.

Q How about just plain higher prices? It still raises prices if you increase demand, doesn't it?

SECRETARY DUNLOP: The problem is, would the grain be sold anyway? You see, our policy in the country is not to get ourselves in the position where we go back to a system of stockpiling large amounts of grain, which are owned by the Government, as was the situation in the 1960s at a time in which the Government paid for not only the storage costs but also the carrying charges that are involved in heavy carrying of grain.

We don't want to go back to that.

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MR. SEIDMAN: I ought also to point out that this is earning us very substantial foreign exchange on a cash basis, which is a very important factor in our total economic picture, so that there is their favorable aspect as well.

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Q But the fact is that Mr. Meany lost this battle because he stomped out of here just a few days ago saying that the issue is that "I want to know how much it is going to raise food prices!" That is the issue, and he left today with no answer from the Administration.

SECRETARY DUNLOP: I think you are quite unfair but I suspect you ought to ask Mr. Meany, who is not bashful. I would not so read it. I come back to my word "accommodation." He expressed certain concerns. It seems to me this is addressed to those concerns.

Q Well, today when you met, how long did you meet and was it just to seal the -- I don't want to call it an agreement.

SECRETARY DUNLOP: No, I won't do that.

Q Seal the accommodation?

SECRETARY DUNLOP: Well, we met today and the President went over this statement and the union fellows said that on that basis they were prepared to suggest to their men and workers that they should go back to work.

MR. SEIDMAN: I think before you start adding up the points, there also are not going to be any further sales until October.

Q Do we have any idea that the Soviet Union has agreed to discuss long-term stabilized purchases?

SECRETARY DUNLOP: May we consult just a moment on that one?

They are aware of this suggestion on our part, yes.

Q Yes, the answer is that they have agreed to it? That is not quite the same thing as saying they are aware of it.

MR. SEIDMAN: They have agreed to receive a delegation from the President to discuss this matter.

THE PRESS: Thank you.

END (AT 4:35 P.M. EDT)