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Transcript of the President's News Conference on Foreign and Domestic Matters

Following is the transcript of President Kennedy's news conference in Washington yesterday, as recorded by The New York Times:

I have a statement to make.

The Soviet Union and various Eastern European countries have expressed a willingness to buy from our private grain dealers at the regular world price several million tons of surplus American wheat or wheat flour for shipment during the next several months. They may also wish to purchase from us surplus feed grain and other agricultural commodities.

After consultation with the National Security Council and informing the appropriate leaders of the Congress, I have concluded that such sales by private dealers for American dollars or gold, either cash on delivery or normal commercial terms, should not be prohibited by the Government.

The Commodity Credit Corporation in the Department of Agriculture will sell to our private grain traders the amount necessary to replace the grain used to fulfill these requirements, and the Department of Commerce will grant export licenses for their sale with the commitment that these commodities are for delivery to and use in the Soviet Union and Eastern Europe only.

An added feature is the provision that the wheat we sell to the Soviet Union will be carried in available American ships, supplemented by ships of other countries, as required. Arrangements will also be made by the Department of Commerce to prevent any single American dealer from receiving an excessive share of these sales.

No action by the Congress is required, but a special report on the matter will be sent to both houses tomorrow.

Basically, the Soviet Union will be treated like any other cash customer in the world market who is willing and able to strike a bargain with private American merchants.

While this wheat, like all wheat sold abroad, will be sold at the world price, which is the only way it can be sold, there is no such transactions no subsidy to the foreign purchaser, only a savings to the American taxpayer on wheat the Government has already purchased and stored at the higher domestic price which is maintained to assist our farmers.

This transaction has obvious benefits for the United States. The sale of 4 million metric tons of wheat, for example, for an estimated $250 million, and additional sales from the use of American shipping, will benefit our balance of payments and gold reserve by that amount and substantially strengthen the economic outlook for those employed in producing, transporting, handling and loading farm products.

Wheat, moreover, is our No. 1 farm export, due to the extent of about one billion unsold bushels. The sale of around 120 million bushels of wheat would be worth over $200 million to the American taxpayer in reduced budget expenditures.

Our country has always responded to requests for food from governments of people who needed it, so long as we were certain that the people would actually get the food and know where it came from. The Russian people will know they are receiving American wheat.

The United States has never had a policy against selling consumer goods, including agricultural commodities, to the Soviet Union and Eastern Europe. On the contrary, we have been doing exactly that for a number of years and, to the extent that their limited supplies of gold, dollars and foreign exchange must be used for food, they cannot be used to purchase military or other equipment.

Our allies have long been engaged in extensive sales of wheat and other farm products to the Communist bloc and, in fact, it would be foolish to halt the sales of our wheat when other countries can buy wheat from us today and then sell it to the bloc to the Communists.

In recent weeks, Australia and NATO allies have agreed to sell 10 to 15 million tons of wheat and wheat flour to the Communist bloc. This transaction advertises to the world, as nothing else could, the success of free American agriculture.

It demonstrates our willingness to relieve food shortages, to reduce tensions and to improve relations with all countries, and it shows that peaceful agreements with the United States which serve the interests of both sides are a far more worthwhile course than a course of isolation and hostility.

For this Government to tell our grain traders that they cannot accept these offers, on the other hand, would accomplish little or nothing. The Soviets would continue to buy wheat and flour elsewhere, including wheat flour from those nations which buy our wheat.

Moreover, having for many years sold them farm products which are not in surplus, it would make no sense to refuse to sell those products on which we must otherwise pay the cost of storage.

In short, this particular decision with respect to sales to the Soviet Union, which is not inconsistent with many smaller transactions over a long period of time, does not represent a new Soviet-American trade policy. That must await the settlement of many matters.

But it does represent one more hopeful sign that a more peaceful world is both possible and beneficial to us all.

1 Q. Mr. President, do you have any misgivings about possible political repercussions of your decision?

A. Well, I suppose there will be some who will disagree with this decision — that is true about most decisions—but I have considered it very carefully. I think it is very much in the interest of the United States. As I said before, we have got one billion bushels of this surplus and the American taxpayers are paying to keep it, and I think we can use the $200 million or $250 million, I'ld which will help our balance of payments.

I think it is in our interest, particularly in view of the fact of the sales that are being made by other countries.

2 Q. Mr. President, could you discuss some of the recent public accounts of C.I.A. activities in South Vietnam, particularly the stories of, or reports of how the C.I.A. has undertaken certain independent operations, independent of other elements of the American Government that are in South Vietnam?

A. I must say I think the reports are wholly untrue. The fact of the matter is that Mr. McCone, who sits in the National Security Council—I imagine I see him at least three or four times a week. Ordinarily, we have worked very closely together in the National Security Council in the last two months attempting to meet the problems we faced in South Vietnam.

I can find nothing—and I've looked through the reports very carefully over the last nine months, and I could go back further—to indicate that the C.I.A. has done anything but support policy. It does not create policy; it attempts to execute it in those areas where it has competence and responsibility.

I know that the transfer of Mr. John Richardson, who is a very dedicated public servant, has led to surmises, but the—I can just assure you flatly that the C.I.A. has not carried out independent activities but has operated under close control of the Director of Central Intelligence operating under the—with the cooperation of the National Security Council and under my instructions. So I think that while the C.I.A. may have made mistakes, as we all do on different occasions—and it has many successes which may go unheralded—in my opinion, in this case it is unfair to charge them as they have been charged. I think they have done a good job.

3 Q. Mr. President, you're meeting tomorrow with Soviet Foreign Minister Gromyko under somewhat different conditions than you met a year ago. I am wondering if you would care to give us your assessment of the principal objective of your talk tomorrow with him?

A. Now, this continues to be an exchange of views on those matters which are at issue between the Soviet Union and the United States. In my speech before the General Assembly, I indicated those areas where the Soviet Union and the United States had disagreement. It is my hope that those disagreements will not lead to war. I am hopeful that what has happened in the last months will lessen that prospect.

Really, what has happened since a year ago, when I saw Mr. Gromyko, will lessen the prospect of a military clash. But the differences go on—the systems are very different. Mr. Khrushchev has said that there is no coexistence in the field of ideology. There are bound to be very severe matters which concern us on which the Soviet Union and the United States have very different views. As we do not want these disputes and frictions to escalate into military clashes, I think it is worthwhile to have consultations.

The Secretary of State has been having them for several weeks, and I will see Mr. Gromyko this afternoon to just go over the ground which has already been laid by the Secretary of State.

4 Q. Mr. President, you discussed with Mr. Gromyko the joint moon project that you made — the proposal you made before the U. N., and, if not, will that be pursued in — through some other channel?

A. We have received no response to that proposal, which would follow other proposals made on other occasions. As I said, our space program from the beginning has been oriented towards peaceful use of space. That is the way the national space agency was set up and that is the position we have taken since my predecessor's administration.

I said this summer that we were anxious to cooperate in the peaceful exploration of space, but to do so, of course, requires the breakdown of a good many barriers which still exist. It is our hope those barriers — which represent barriers of some hostility, some suspicion, secrecy and the rest — will come down. If they came down, of course, it would be possible for us to cooperate.

So far, as you know, the cooperation has been limited to some exchange of information on weather and other rather technical areas. We got no indication, in short, that the Soviet Union is disposed to enter into the kind of relationship which would make a joint exploration of space and the moon possible.

But I think it is important that the United States continue to emphasize its peaceful interests and its preparation to go quite far in attempting to end the barrier which has existed between the Communist world and the West, and to attempt to bring, as much as we can, the Communist world into the free world of diversity which we seek.

So, the matter may come up, but I must say we have had no response which would indicate that they are going to take us up on it.

5 Q. Mr. President, in the 5 reported agreement in principle between Russia and the United States to ban nuclear weapons from outer space, has the issue of verification come up in any way, and if so, sir, in what way?

A. No, there is not an agreement. The United States has stated it would not put weapons in outer space. We have no military use for doing so and we would not do so.

The Soviet Union has stated that it does not intend to. We are glad of that. There is no way we can verify that, but we are glad to hear the intention.

We must recognize that there is no secure method of determining what they may not decide to do so, so we obviously have to take our own precautions. But we don't intend to, though we intend to protect our security. We are glad to hear the Soviet Union does not intend to.

This is a matter, it seems to me, that can be best handled not through any bilateral agreement but as a General Assembly matter, because other countries may some day have the same capability, and I think every country should declare that they are not going to put atomic weapons in the atmosphere which could threaten not only the security of a potential adversary but our own security, if for some reason the weapon should miscalculate and descend on us. I think it is a good idea to keep them out of the atmosphere.

6 Q. Mr. President, last week in California you said something that let some people to believe you changed your opposition to a shorter work week. Is that correct?

A. No. No. I am still opposed to it. What I was talking about was that inevitably, as the century goes on, in my judgement, as machines increasingly take the place of men, that we will have more leisure, and, therefore, we should take those steps in the field of conservation, resource development, recreation which will prepare us for that period. That is not talking about today or tomorrow.

It would be a great mistake for us to reduce our 40-hour week now. It would affect our competitive position abroad. I think that the needs of American production are such that we ought to stick with our 40-hour week.

I see the time coming, as I was saying, at the end of the century—perhaps sooner than that—when there may be a change in that. Not now.

7 Q. Mr. President, could you say, sir, how our policy is progressing in Vietnam in meeting what you established as desirable last month—a change of personnel and a change in policy that would help the situation there better get on with the war.

A. I do not think there have been significant changes of the kind that—I say, I do not think there have been changes in the situation in the last month. I think we are still dealing with the same problems we were dealing with a month ago.

8 Q. Mr. President, was Assistant Secretary Martin's statement cleared with you and, if so, does it represent a reversal of your policy on dictatorships in Latin America?

A. No. I was informed generally of what Mr. Martin was saying and, in fact, I reread it this afternoon.

In the first place, our policy is not reversed. If attention would be—should be drawn to Secretary Rusk's statement of Friday evening in regard to the coups in the Dominican Republic and Honduras—we made it very clear that we are opposed to an interruption of the constitutional system by a military coup, not only because we are all committed, under the Alliance for Progress to democratic government and progress—progressive government—but also because, of course, dictatorships are the seedbeds from which Communists—Communism ultimately springs up.

So, we are opposed to military coups, and it is for that reason that we have broken off our relations with the Dominican Republic and Honduras. It is for that reason that we attempted to work with the—on the situation in Peru, which led, I think—in part because of the American effort, mostly because of the Peruvian people's effort—to free elections.

Mr. Martin was merely attempting to explain some of the problems in Latin America—why coups take place and what problems they present us with.

But we are opposed to coups because we think they are defeating—self-defeating, defeating for the hemisphere. And we are using our influence—and I am sure the other countries of the hemisphere are using their influence—in those areas where coups have taken place to provide for an orderly restoration of constitutional processes.

9 Q. Mr. President, beyond the immediate action, sir, in relation to the Dominican Republic and Honduras, does the United States plan any general enunciation of policy in regard to military regimes or does it contemplate asking any general hemispheric action in regard to this?

A. I have just described—I have just sought to describe what our policy is toward coups. And as far as our national policy is concerned, it is described on Friday with the withdrawal of our diplomatic—of our ambassadors, our aides, and our military assistance and all the rest.

So, I think we have made very clear our policy and our interest in providing for a return to, as I have said, constitutional processes in those two countries.

We are working with the other members of the Organization of American States so that, together, we can bring about a return to order in those countries and a return to peaceful procedures. That is the policy of the United states. I have just enunciated it again.

Q. Mr. President, I was asking specifically, sir, whether The United States contemplated any broader hemispheric action in terms of general action by the O.A.S. in this respect. A. Well, not at this time. This is a matter on which I think all the other countries of the O. A. S. have to decide what they are going to do. I think the United States has made its position very clear.

10 Q. Are you satisfied, in retrospect, that the United States did all it could, short of the use of force, to prevent the Dominican and Honduran coups?

A. Yes, I think that—yes, I am. I have looked over the conversations, the minutes, the cables and so on, and I think we did.

This idea that we ought to send United States Marines into Honduras — which of course we could not have done under the conditions because of the time gap—I think is a very serious mistake. That is not the way, I say, my opinion—and I think that Mr. Martin was attempting to explain that. That is not the way for democracy to flourish, so I think we did the best we could. It may be possible to always do better, but we did the best we could, and are going to continue to do so.

11 Q. Mr. President, there is a widespread impression that you expect Senator Barry Goldwater to be the Republican nominee for President next year. I think your speech in Salt Lake City had something to do with that. Is that your expectation?

A. I think he can do it, I think it is possible for him to do it. He has got a long way to go as—recalling the situation in September, 1959, October, 1959—I think Senator Goldwater has a trying seven or eight months, which will test his endurance and his perseverance, and his ability.

Q. Are you basing it on your own experience? A. Yes.

12 Q. Former President Eisenhower wrote recently in an article that he was unclear about Senator Goldwater's views on certain major issues. I wonder, sir, whether you share this uncertainty and, if so, how you think Senator Goldwater should better express himself.

A. No, Senator Goldwater is speaking frequently, and he is saying what he thinks at the time he speaks and I think, therefore, he has an opportunity to make a judgment of where he stands.

I do not think Senator Goldwater has ever been particularly — been deceptive. I think he made it very clear what he is—what he stands for. What he is for. I gather I have gotten the idea. And I think that President Eisenhower will as time goes on.

13 Q. Mr. President, to keep the ball rolling, there are a couple of obvious Senators in another party who say they want to make their announcements of their decisions in December or January. Have you set a timetable for yourself or are you ready a candidate? A. No, No, I think I will wait. Next year I can wait longer.

14 Q. Mr. President, the Valachi crime committee hearings are getting very mixed reviews. As a former Congressional investigator, I wonder whether you feel they are serving any useful purpose?

A. No, I would not — I would not want to — oh, I have not commented on the Senate procedures and I would not now, on this hearing or other hearings — that is the judgment for Senator McClellan and the committee. I do think that the world is not get a distorted idea on the hearings, I think that particularly as Columbus Day comes up — I think there may be some feeling of some people that the name Valachi, perhaps, causes embarrassment to other American citizens. I do not think it should.

These difficulties occur in a good many different racial groups and I think that they ought to feel a good deal of pride in what they have done and not be concerned because a Valachi or a Irish name or some other name may occasionally get in trouble.

15 Q. Mr. President, Congressman Pucinski of Illinois said to me, and I think he is opposed to Secretary Wirtz's words, that we should have three categories instead of two in our labor statistics—general statistics. He is proposing that we have "Employed," "Unemployed" and "Unemployable" because of their lack of skills. Would you agree with the Congressman that this would be helpful in highlighting the problem we have in employment and education?

A. I would not want to put it in that kind of category. I think — I can see there might be some merit in trying to mark out those who are unemployed because of structural unemployment, those who are unemployed because of the seasonal nature of their work, those who are unemployed because of illiteracy, lack of motivation. I think all that information—we have agood deal of it—a good deal of technical information. I do not think I would label anybody in the United States unemployable.

16 Q. Mr. President, how do you feel about Senator Gruening's proposal to set up a Congressional committee as a watchdog over the C.I.A.?

A. I think the present committee—there is one in both the House and Senate which maintains very close liaison with the C.I.A.—is best, considering the sensitive nature of the Central Intelligence Agency's work.

As you know, there is a Congressman — a Congressional committee in the House, and one in the Senate composed of members of the Appropriations Committee and the Armed Services Committee. They meet frequently with Mr. McCone. He also testifies before the Foreign Relations Committee of the House and the Senate and the general Armed Services Committee, and I think the Congress has, through that organization, the means of keeping a liaison with him.

In addition, I have an advisory council which was headed by Dr. Killian formerly, now Mr. Clark Clifford. It includes Jimmy Doolittle and others who—Robert Murphy also served as an advisory committee to me on the security of the intelligence community. I am well satisfied with the present arrangement.

17 Q. Mr. President, sir, there seems to be some connection between the attempts of the State Department to discharge Mr. Otto Otepka, security officer—there seems to be some connection between the fact that he gave much information to the Senate Internal Security Subcommittee about various employes of te State Department, William Arthur Wieman, Walter Roelofsmeier and many others. Also, Secretary Rusk has now put forth an order that employes of the State Department cannot talk or give information to this Congressional committee. Is not that a direct violation of law? A. No, it is not.

Q. Government employes are allowed to give information to members of Congress and to committees? A. By what means? You mean secret disputches?

Q. Well, any information the law does not say what it will be. It says that any Government employe can give information to membersof Congress or to the committee.

A. Well, just let me say that the Secretary of State has been prepared to testify since August before the Internal Security committee and discuss the case very completely. There was a hearing scheduled for early September, but because of Labor Day weekend that hearing did not take place. The Secretary of State stands ready. He is the responsible officer.

Now, the best thing to do is to give the Secretary of State a chance to explain the entire case, because in all frankness your analysis of it is not complete.

Q. Would you like to complete it, sir?

A. Why, I would like to. I would be glad to have the Secretary of State talk to the Internal Security committee about what i is that has caused action to be taken, administrative action, within the Department of State to be taken—the gentlemen tha you have named.

The kind of action he has carried out, what the law said how he met the law, how he did not meet the law—this is all a matter which is going to be heard by the State Department or—then it will be heard by the Civil Service Commission for review, then will be discussed in the courts.

In the meanwhile the Senate subcommittee can have all the information it wants it requires as to why Secretary Rusk has taken the action that he has. I think that is the best procedure and I can assure you that I will examine the matter myself when it comes time, as the Secretary of State will, who bears the responsibility when it comes time to take any disciplinary action, if such a time does come.

18 Q. Mr. President, last spring there were selective price increases in steel. Recently there have been price increases in steel. Are you concerned about these increases, sir, and do you feel that you are going to take any action about them?

A. Well, we are watching very carefully the rises which have taken place in certain industries. This country has avoided an inflationary spiral We see no reason why there should be one now. The whole sale price index has remained relatively constant for five years.

We are concerned that price increases in one or two basic areas may stimulate other price increases which will affect adversely our competitive position abroad, therefore affect our balance of payments, therefore affect our national interests.

In addition, profits are at a record high now. They have never been higher in history, and the whole year of 1963 looks very good, and, therefore, we should be concerned also with reducing prices as well as increasing them.

For the time being, we are watching the matter with concern and will continue in the days ahead to do so.

19 Mr. President, has there been an official ruling that giving commercial credit to Russia would not violate the Johnson Act?

A. Yes, that is correct, because it is not a government-to-government transaction. We are private traders that are will be involved and the credit will be granted by banks.

In the case of Canada, as you know, the terms were 25 per cent down, 25 per cent then for every six months for a period of 18 months. But because the interest rate was of a figure — I think it was 4¾ per cent — the Soviet decided to pay cash and therefore paid something like 80 per cent down.

We will be dealing in the same manner with them on interest rates. Our interest rate would be slightly higher than the Canadian rate, possibly, under the private commercial system, and it may be that they will decide therefore to pay a very large percentage in cash. But I have got the ruling from the Department of Justice that this does not contravene existing law, particularly the Johnson Act.

Q. Do grain dealers take the risk then? A. The grain dealers will take the risk with the private banks.

20 Q. Mr. President, the former head of the C.I.A., Allen Dulles, says in an interview in The Journal-American today that reports of disputes between the C.I.A. and the State Department with various branches of the Government in South Vietnam have arisen because quote of a lack of a clear-cut operational policy in Washington. And he goes on to say that he thinks what is needed is less backbiting between U.S. agency officials. In view of the defense you just gave of C.I.A., would you care to agree with Dulles's charge in context?

A. I would agree with the last part of it, that the agencies — as you know, I think that at the top, the C.I.A. at the top, Defense at the top, the White House at the top, Ambassador Lodge on what our basic policies will be and what steps we will take to implement them.

Now, if down below there is disagreement

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