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NEWS CONFERENCE

#409

AT THE WHITE HOUSE

WITH RON NESSEN

AT 12:13 P.M. EST

JANUARY 7, 1976

WEDNESDAY

MR. NESSEN: There were a couple of additions to the President's schedule today. One was that he met for about a half-hour this morning starting at about 10:20 with four American Ambassadors to Middle Eastern countries. The Ambassadors are: Richard Murphy, who is the American Ambassador to Syria; Thomas Pickering, the American Ambassador to Jordan; William Porter, the American Ambassador to Saudi Arabia; and Herman Eiltz, the American Ambassador to Egypt.

In addition, Secretaries Kissinger and Rumsfeld and General Scowcroft were there, and several other State Department officials. The purpose of the meeting was a brief review of the current Middle East situation and a discussion of the coming U.N. Security Council debate on the Middle East, which, some of you may know, begins on the 12th of January.

This afternoon at 3 o'clock the President will pay a visit to the President Ford Committee. He will leave here by motorcade at 2:55 and there will be a travel pool going with him, arriving over there at about 3 o'clock. It is close by. He will, basically, have an informal visit. He will chat with and shake hands with the workers who are there -- have a chance briefly to talk to Bo Callaway and then will be back at the White House by 3:20. So, you see, it is quite a short visit.

Q Can we get the street address, Ron?

MR. NESSEN: 1828 L Street, Northwest.

Q Is this the first time he has been over there?

MR. NESSEN: As far as I know it is, yes.

Q Did he talk to Callaway about it?

MR. NESSEN: I don't think it is going to be a serious strategy or political discussion, Phil, because he is not going to be there long enough.

The quarters over there are very small, as some of you know who have been over there, and so inside the actual offices there will have to be an enlarged pool for coverage.

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409

I am not sure at the moment whether that enlarged pool is going to be the travel pool or a pre-positioned pool, but I am getting together with Eric and other advance people right after this briefing and we will make the plans and get the word to you in plenty of time, but there will be a pool coverage of the President's visit inside the PFC.

Q Is the morale bad over there, or what is it?

MR. NESSEN: No, quite the opposite.

Q I wonder why he is going?

MR. NESSEN: Well, mainly because they have the job of running the campaign and he has not had much time, and does not expect to have much time, to devote to the campaign and he wants to go over there and tell them that they are the ones who are running the campaign, he is keeping an overall eye on it, but, basically, he has got more work to do here that is not going to allow him much time to get involved in daily activities and to just tell them that they are in charge of his campaign and --

Q They don't know that now?

MR. NESSEN: I don't think they have heard directly from the President, Phil.

Now, you know that there is a Cabinet meeting going on now. I left before it was over and I can give you a little report on what was discussed. The main feature was discussion of the forthcoming budget, which will go to Congress on the 21st of January--Wednesday the 21st. The President opened the discussion by saying that there had been very good cooperation by the departments and agencies in putting together this budget. He said that at the outset it looked like an almost impossible job to reach \$395 billion as the ceiling, but through the cooperation of the departments and the work of the OMB we are going to end up with a figure under \$395 billion.

Then he turned it over for a more detailed discussion to Jim Lynn, who also said that he had had good cooperation -- or "excellent cooperation," as he put it. He said, "There were some good tugs of war over" --

Q Is that a direct quote, Ron?

MR. NESSEN: Yes.

Q Is this Lynn?

MR. NESSEN: Yes.

"There were some good tugs of war on certain spending proposals," but the spirit was good and we will send up a budget two weeks from today which is below \$395 billion and which also shows in its projection of the years ahead that if this budget comes in, if Congress will go along and keep this budget at \$395 billion -- less than \$395 billion -- then the projections show that the President's promise to have a balanced budget by fiscal 1979 can be met.

Jim Lynn said that he had kept a kind of informal log of the amount of time that the President spent on the budget and that it was in excess of 100 hours of his own time. Jim said it was not easy getting to \$395 billion. There are decisions that will bring "screams of protest," which is a quote, from various interest groups, and he said that, "The battle is just beginning with the submission of the budget, that various groups will yell about the totals recommended for their particular areas," and then Jim said, "It is not going to be easy to persuade a Democratic Congress to approve this, but I am confident we will."

Q How much of a paring down has it been? Are you going to come in with \$394.5 billion or something?

MR. NESSEN: I can't give you the actual figure today, Helen.

Q Did they say what it was?

MR. NESSEN: No, it was only the President saying, "We are going to end up with a figure under \$395 billion."

Q Did anybody ask how much under?

MR. NESSEN: No, nobody did ask.

Q Ron, do you know if it is significant?

MR. NESSEN: I, myself, don't know the final budget figure, Ralph.

Q Ron, what were some of the certain spending proposals on which there was a good tug of war?

MR. NESSEN: He didn't elaborate on what they were.

Q What special interest groups are going to scream?

MR. NESSEN: Probably all of them.

Q Ron, appropos of this, the new issue of Newsweek has a breakdown of where the cuts have come to pare it down from \$420 billion to \$395 billion. I am just wondering -- have you seen that chart they put out, and is that accurate?

MR. NESSEN: I have seen it, but, you know, two weeks ahead of the budget submission I cannot give you the specifics.

The President pointed out that as he indicated at the time that he submitted his \$28 billion tax cut and spending ceiling proposal, the way he puts the numbers together the deficit would be on the order of \$40 to \$44 billion for fiscal 1977.

Q Say that again.

MR. NESSEN: Well, at the time that he submitted the proposal for a \$28 billion tax cut and a \$395 billion spending ceiling, he said that if that were maintained, the deficit would be \$40 to \$44 billion and that is roughly what the budget will show.

Q For fiscal 1977?

MR. NESSEN: For fiscal 1977, beginning next July.

Q Beginning next October 1.

MR. NESSEN: I am sorry, it changes to October 1, right, and then with the projections showing a balanced budget in fiscal 1979.

Then he said that if Congress raises the budget and, therefore, raises the deficit to the same order of this year's deficit, the Treasury would have a horrendous time financing another deficit of \$70 or \$74 billion. He looked at Carla Hills and said that it would be a difficult time finding money for housing at reasonable interest rates and so forth.

He said, "This is a good budget. It meets our needs at home and abroad. We are going to fight for it."

Q Ron, could I ask a question on the budget at this point?

MR. NESSEN: Yes.

Q Do I understand you to say the President is still projecting a \$40 to \$44 billion deficit?

MR. NESSEN: Correct.

Q He has not changed the figure?

Well, the \$395 billion outlay, that comes out at revenues of about \$350 or \$355 billion and that in turn would be something over a \$50 billion increase in revenues over what was originally projected for this year. Do they really expect revenues to increase that dramatically?

MR. NESSEN: Jim Lynn addressed the questions that may be raised like yours, Jim, and he said our economic assumptions will be stated right in the budget; that is, the assumptions of NGP, revenues and so forth, so they can be examined and tested.

He pointed out that the Congressional budget committees do not publish their economic assumptions but this budget will contain the assumptions on which the budget is based, so you can examine them when they come out.

Q Ron, there was a lot of controversy over those projections or assumptions last year, as you remember.

MR. NESSEN: Yes, I do.

Q Are the assumptions this year going to remain about the same in terms of unemployment or are they going to be lower?

MR. NESSEN: I have not seen the assumptions yet.

Q When the President makes his calculations about a deficit of \$40 to \$44 billion, is he then making the assumptions that there will be an additional \$10 billion in tax cuts that will be added onto the tax cut bill?

MR. NESSEN: That figure of \$40 to \$44 billion is based on a \$395 billion or less expenditure level and an additional tax cut of \$10 billion below the extension that Congress passed.

Q Above the extension, you mean?

MR. NESSEN: Above. It is the 18 plus 10, right, based on an annual tax cut for all of calendar 1976 of \$28 billion.

Q Ron, is it correct that the Administration is required to list the economic assumptions in the budget?

MR. NESSEN: It seems to me last year it was not required, but it was listed anyhow and I don't know whether some other provisions of the law has taken effect that requires it this year, but, in any case, it will be there.

Q Can we get something straight? If the President does not get the additional tax cut then it is going to be a \$50 billion deficit?

MR. NESSEN: It strikes me it would go the other way, Peter.

Q What is the current budget in this fiscal year?

MR. NESSEN: I thought it was \$370 billion to \$374 billion, somewhere in that area.

Q Did the defense budget get cut?

Q Is this an across-the-board cut?

MR. NESSEN: The reduction in the growth of spending, which is what it really is because, as you see, this year's budget will end up at \$370 billion, \$374 billion, somewhere in that area. The proposal for next year is \$395 billion, so what you really have is a growth of \$20 billion, \$25 billion in Government spending. You don't have a genuine cut. But in terms of limiting the growth of Government spending it is across the board.

Q Was there any mention made during the discussion of the budget of a Reagan suggestion of \$90 billion?

MR. NESSEN: His name didn't come up.

Q Ron, did the President take note of the fact that Secretary Dunlop was among the missing when you were all assembled this morning?

MR. NESSEN: No, the President knew that Secretary Dunlop was in Detroit fulfilling a prior commitment.

Q Did they have any telephone conversation?

MR. NESSEN: Not that I am aware of.

Q Is he still in the Cabinet?

MR. NESSEN: He certainly is.

Q Ron, did the President either in the Cabinet meeting or not in the Cabinet meeting express any distress at new evidence of leaks from Congress?

MR. NESSEN: Are we finished with the budget?

Q Are you? Do you have anything else?

MR. NESSEN: No.

Q It would be nice if we could get the size of this cut. We are all going to talk about a much lower -- maybe not a much lower -- but is it big? Is it small?

MR. NESSEN: In your new capacity, can you get me the budget figure for FY 1976?

MS. EARL: Sure.

MR. NESSEN: That is what you want, isn't it?

Q 1977.

Q In other words, if the programs had grown at their regular rate.

MR. NESSEN: We know that.

Q What is that?

MR. NESSEN: The so-called services budget concept.

Q No, I would like to know how much is being cut.

MR. NESSEN: From what?

Q You said it was below \$395 billion.

MR. NESSEN: No, we are not going to be able to give that figure today. I mean, the President submits his budget to Congress and that is the time to give the exact number.

Q Is there some way you can, just in some simple language, compare this budget figure to the current budget figure and what it represents?

MR. NESSEN: Yes, Margaret is going to get you what the budget for 1976 is. I think the other figure that may be helpful to you is the one I started to give, which is that the so-called current services budget concept, which is that if you have all the programs that are on the books now, all the legislation that is in effect now, and you didn't lay a hand on it, you just stepped back and let all the current legislation and so forth continue into effect, then the budget for 1977 would be \$423 billion. So that is without any new legislation, without any changes in old legislation, just the continuation of current programs and current legislation, you would get to \$423 billion next year.

Q Hasn't the President said all along that there was a chance that it would go below the \$395 billion?

MR. NESSEN: I think he has always referred to this as a goal of \$395 billion or less.

Q Let me ask this: The President did not give a figure in the Cabinet meeting?

MR. NESSEN: No, there was none.

Q And nobody asked?

MR. NESSEN: No.

Q Is there any more appeals going on -- (Laughter)

MR. NESSEN: I think there may be -- well, the budget essentially is in the process of being run through the computers and proofread and so forth, and I am not going to say that there might not be one or two very last, final issues to be decided or appeals but essentially the budget decisions have been made and it is really in the process now of proofreading, adding up the columns and sending it off to the printer.

Q Was there any cut in the defense budget?

MR. NESSEN: Beyond what it would have grown to otherwise? I said that the limitation on the growth in spending was across the board.

Q On another subject, some of the reporters in there at the beginning of the session heard the President and Vice President exchanging New Year messages.

MR. NESSEN: Right.

Q Is this the first time that they have talked this year?

MR. NESSEN: Well, I think the Vice President has been away and I am not sure precisely when he got back.

Q The President didn't call him during all of the phone calls out in Vail wishing him a Merry Christmas and a happy New Year?

MR. NESSEN: I will have to check.

Q You said he did.

Q You said he did out in Vail. It was a couple days after Christmas and before New Year's. You said he called the Vice President.

MR. NESSEN: Well, they did talk out there by phone then.

Q Ron, did Kissinger or Scowcroft brief the Cabinet on the Angolan situation? Where do we stand now particularly in regard to the Soviet ship which is reportedly--

MR. NESSEN: Well, there was no discussion at the Cabinet meeting of Angola.

Specifically on the ships or ship, we have been aware of the movement of Soviet equipment and material in that area and are aware of that particular movement.

Q And are aware?

MR. NESSEN: And are aware of the presence of the ships. I think it is fair to say that along with the comments that the President has made previously on his reaction to the Soviet military intervention in Angola, it would be fair to say that the United States views this with the same dismay that it has the Soviet intervention in Angola.

Q Was the President aware of those ships being in that area on Monday when in St. Louis he told the news media executives that the situation was better today than yesterday and he no longer assumed that the Soviets would be pouring materiel or men and money into Angola?

MR. NESSEN: Well, I would like --

Q What was the question?

MR. NESSEN: The question, I think, essentially is -- because I don't want to accept Walt's paraphrase of what the President said, I would like to look at the exact words -- but essentially the question is, was the President aware of the presence of the Russian ships in St. Louis on Monday when he made some comments about Angola?

I don't know when he learned of the presence of the Russian ships but I assume he knew it on Monday, but I don't know.

Q Have we asserted the fact now that they are going there to unload or to pick up?

MR. NESSEN: I think you would have to say two things. One, what the precise purpose of the ships means I don't think it is proper for me to state, but I think it would be fair to say that the presence of the ships is a further evidence of continuing Soviet involvement in an area where they have no legitimate interest.

Q In other words, these ships are not going there to take out equipment?

MR. NESSEN: I say that I don't think it is proper for me to state what their purpose is.

Q Well, you would not view them with dismay if they were pulling things out, would you?

Q In an area where they have no involvement --

Q Question mark.

Q They have no legitimate purpose, is that what you said?

MR. NESSEN: Jim, I --

Q Ron, you trailed off. We are trying to find out what you said.

MR. NESSEN: Which answer am I trying to give now?

Q Soviet involvement in an area --

MR. NESSEN: Where they have no legitimate interest.

Q Thank you very much.

MR. NESSEN: On the answer to Jim's question that I would not be expressing dismay if they were there to pull troops or equipment out, I think that is fairly evident on the face of it.

Q Ron, what is your information on how long the tank landing ship has been off the coast of Angola?

MR. NESSEN: I think you will have to get that over at the Pentagon, Bob. I just don't have that.

Q But the President did know about it on Monday?

MR. NESSEN: I say I don't know when he found out about it.

Q Ron, there is a story in Ivestia today that was interpreted in Moscow as being a negative answer to American suggestions that the Soviets might be withdrawing. Does the United States interpret it that way?

MR. NESSEN: Rather than analyzing each little bit and piece that comes out, I think I would just rather say that today, as yesterday, there is nothing that I can tell you that indicates any progress toward the kind of solution that the United States wants which is a withdrawal of all foreign elements and an opportunity for the Angolans to choose their own government.

I mean, I think it is obvious that the OAU meeting which opens in two days in Addis Ababa is a very important event in the Angolan developments and, as the President said, we are exerting our diplomatic efforts to have the African countries express their own feelings about the withdrawal of all foreign elements.

Q Are you encouraged by the present response you have had from various African governments?

MR. NESSEN: I think I would probably not want to give a rundown on the response.

Q Has the situation turned worse since the President said it looks like it was turning better?

MR. NESSEN: I would not say it has turned worse but I think you can review what I said yesterday and what I said today, and you see I have no progress to report either day.

Q That is a step backwards from -- you know, we cannot fault you on this but that is a step backwards from what the President said on Monday because he gave us some rather optimistic hints which followed his optimistic outlook on Sunday, and all of what has been said yesterday and today suggests a reversal of the American position.

MR. NESSEN: No, I don't think, Walt, it does represent a reversal. It represents a statement two days in a row that I have no further progress to report.

Q But you are the spokesman for the President.

MR. NESSEN: Correct.

Q We cannot fault you for accuracy here if the President is inaccurate, but the President's representation on Monday can be seriously called into question in lieu of developments yesterday and today.

MR. NESSEN: I don't know how it could. He said that the situation on Monday was better than it had been the day before. I am talking about yesterday and today and also I do want to point out that, you know, the African Unity Meeting is coming and that is something that the United States looks toward as an important event.

Q Ron, the NPLA seems to have made military progress in the meantime. Does the President relate that in any way to the absence of any Soviet diplomatic moves or withdrawal? Their forces are doing better.

MR. NESSEN: Well, there are those reports. I don't think I ought to be giving military reports on what is happening on the ground in Angola.

Q Ron, you said at the Cabinet meeting Angola did not come up, but has the President been meeting with other people on Angola during the evening or this morning?

MR. NESSEN: No. This morning among his staff meetings was a regular staff meeting with Secretary Kissinger, Secretary Rumsfeld and Brent Scowcroft, and it is certainly obvious that Angola was one of the subjects discussed.

Q Ron, one of the problems we have is that there has never been any evidence given by the White House to support the President's original statement that it was better on Monday than it had been on Sunday. Can you give us anything that just relates to those two days?

MR. NESSEN: No.

Q Ron --

MR. NESSEN: Well, wait a minute, Dick.

Phil, I cannot, because of some sort of, I think, general ground rules we have to operate on in this area, that I cannot cite you the specific evidence other than to review what means the United States is using to try to advance towards its goals.

Q Well, can you say that there is something that you cannot talk about?

MR. NESSEN: Well, it is obvious that the President based his statement on evidence that he had. Yes, of course.

Q Can I follow that up? What evidence did the President have for no longer assuming that the Russians would discontinue supplying the Angolans?

MR. NESSEN: Well, again, I want to review what his exact words were, Walt.

Q You can't because there was no transcript for that; I went looking for it this morning.

MR. NESSEN: Where did he say that?

Q He said that at the editors meeting. John came out and briefed us and there was no --

Q That is the tragedy of not having coverage at these things.

Q And there was no accurate representation.

Q We raised this issue with you and the consequences are just precisely -- you would like now to have what the President said.

MR. NESSEN: What did Joe Pulitzer say was said there?

Q Never mind what Joe Pulitzer said. The fact is this issue was raised with you extensively before the President went to St. Louis and you were the one who said there would be no transcript and now you are the one who would like to review the President's words and can't.

MR. NESSEN: Let's not get sidetracked on to that issue.

I just have to say, Walt, as I said to Phil, that certainly the President's remarks were based -- whatever the President's remarks were -- were based on evidence he had and I am not able to give you that evidence for other reasons.

Q Would you finish what you started, Ron? You said you had two points to make and the first point is evidence of further involvement where the Soviets have no legitimate interest, and I don't think you made the second point.

MR. NESSEN: My second point, I think I did make, was that I don't think I really can be in the position of analyzing the purpose of the Soviet ships being there, the precise purpose.

Q Ron, can I get a couple questions in?

One, has there been any suggestion or proposal to the President to interdict or stop the Soviet ships by U.S. action?

MR. NESSEN: Well, I certainly have not heard of any, Dick.

Q Ron, since we have been saying that --

MR. NESSEN: Wait a minute. I think Dick has one other one.

Q Has there been a dialogue, communication, messages, between the White House or the Administration and the Soviets on the subject of Angola yesterday or today?

MR. NESSEN: Well, I think there are continuing diplomatic efforts with the Soviet Union, with the African countries and with other countries which are interested in the kind of solution the United States wants, but I don't think it is proper to give you an exact log of exchanges.

Q Well, what level are they being done? I mean Kissinger or Valloy or --

MR. NESSEN: I am not going into that, Dick.

Q Any hot lines used?

MR. NESSEN: Not as far as I know.

Q Ron, since we have been saying for some weeks that the Soviet Union has been supplying their forces in Angola, one assumes they must have been doing it some way -- ship, carrier pigeon or airplane. Why are these ships suddenly so important? They are surely not the first Soviet ships that have been seen on the coast.

MR. NESSEN: That is why when I expressed American dismay I did it in the context not specifically of these ships, but as part of the entire Soviet involvement.

Q So you are not saying these are the first?

MR. NESSEN: No.

Q The fact is haven't the Russians always had three ships as kind of a West African patrol that they go up and down that coast, and would it be out of the ordinary if they didn't have them around that area?

MR. NESSEN: I don't know that answer.

Q Do you have any information that maybe rather than going to Angola these two ships may be going to make port calls in the Congo?

MR. NESSEN: I don't know. That is why I say I can't -- you know, it is difficult for me, or impossible for me, to analyze their purpose for being there, but within the whole context of Soviet involvement in that part of Africa where we believe they have not legitimate interest, in that context I was expressing dismay.

Q In answer to these questions, how can you be so dismayed? I mean, these are sort of basic questions that you don't have the answers to.

MR. NESSEN: Well, I am not sure whether I don't have the answers or whether I have to word my answers carefully, Phil.

Q Well, without saying where they are going, do you know where they are going? (Laughter)

Without saying where, do you know where those ships are going?

MR. NESSEN: I just don't think it is proper for me here to try to describe what they are or are not doing, Jim.

Q Ron, you said you are dismayed by the fact that these ships are going there?

MR. NESSEN: I said I am dismayed at the ships and the other Soviet involvement in that part of the world.

Q The question was whether there has been any proposal to interdict or stop the ships and you said you certainly had not heard of any. Does that not leave the possibility open that there may be such a proposal that you have not heard of?

MR. NESSEN: Jim, I would not go down that road if I were you.

Q Let's pursue that. Can you state here that there are no American plans to do anything about those ships?

MR. NESSEN: Certainly none that I know of.

Q Do we have any ships in that area?

MR. NESSEN: I don't think it is normally a practice to announce American ship positions, Navy ship positions.

Q Has there been any special action meeting?

MR. NESSEN: Not that I know of.

Q Did you get any information on that ship I asked about yesterday that is being held by the Moroccans, the Soviet ship loaded --

MR. NESSEN: I don't have any information on that, Howard.

Q How about money to the Italians now?

MR. NESSEN: Well, since nobody asked me about it I will tell you that somebody asked me about John Tunney's allegations yesterday. I assume that you -- since you didn't ask about it that meant that you do not take them seriously.

Q I believe we asked yesterday, didn't we?

MR. NESSEN: Did you?

Q Yes, we asked several times.

MR. NESSEN: Well, let me perhaps go beyond John's denials and say that those allegations are totally false. There are no American pilots flying support missions into Angola and there are no American ground maintenance crews servicing any planes flying to Angola and, in fact, there are no Americans with any connection whatever with the government involved in support missions.

No government agency has recruited or is paying Americans to fly such missions. The government has not done so in the past and is not doing so now.

Senator Tunney apparently, I don't know where he got his alleged information from, but he clearly didn't bother to check it with the people who know. The allegations are irresponsible and they certainly don't serve the interest of the United States to have such false allegations made by a United States Senator.

Q Could I pursue that because I talked with Tunney's people. You say there are no Americans involved. What you mean is there are no Government-sanctioned Americans but you don't rule out the possibility that American nationals as soldiers of fortune may indeed be flying the planes.

MR. NESSEN: Well, if you are asking me whether there is some kind of private organization or front organization that is doing this just to leave the semantics out of being able to say there are no Government people, the fact is that to our knowledge there are no Americans involved in support missions to Angola working for any such private organization or front organization.

Now if you are asking me -- and I don't know if you have been to West Africa but I think the people that have know that lots of folks kind of drift around West Africa. Now it is impossible for the Government to know or keep track of every American everywhere in the world, and I am not going to be able to stand here and say that some American, to use your expression "soldier of fortune", on his own hook without any sponsorship, encouragement or payment or recruitment by the Government or any organization contracted to the Government -- it is not going to be possible for me to say that we know where every last American in that part of the world is and what he is doing, but I think you understand the thrust of what I am saying.

Q Let me follow up on that. Tunney's people contend that, one, you may be correct that no Americans have been recruited, hired or paid by the U.S. Government; that they will acknowledge you are correct on that literally. But they also say that it is possible that U.S. funds -- for example, aid funds -- funneled through the Government in Zaire could be paid to American nationals acting as soldiers of fortune and that is their contention, that indirectly the American Government through aid programs to a foreign government may be subsidizing these soldiers of fortune, if you will. Now is that possible?

MR. NESSEN: Well, I think we have said that the United States is giving small amounts of assistance to other countries which share the same goal we have for Angola, and I can't say how every last penny of that is being spent.

Q Ron, did the President use the word "irresponsible" about Tunney's allegations or is that your characterization?

MR. NESSEN: No, that is the White House characterization.

Now somebody asked me about Italy, right?

Q Yes.

MR. NESSEN: I think on this question we are going to have to take the position that we have always taken which is that we just cannot comment on allegations of what the CIA may or may not be doing, but let me say this, that --

Q Say it slowly.

MR. NESSEN: The President is angry --

Q Is what?

MR. NESSEN: Angry.-- by seeing these allegations in print.

Q Why, if they are not true?

MR. NESSEN: The mere publication of allegations, whether they are true or not, do damage to American foreign policy. The publication of allegations, whether they are true or not, undermine our capability to carry out our foreign policy. The allegations make it difficult to work with and to continue to have a relationship with friends and allies around the world and the publication of these allegations, whether they are true or not, truly damage our own national interest.

There is the strong suspicion in the White House that the allegations originated in Congress.

Q If they were true, would it be felt that such actions would be in line with our national interest?

MR. NESSEN: Well, I am just not going to be able to comment, as always, on what the CIA may or may not be doing but the publication of the allegations themselves, whether they are true or not, have these effects, in the President's view.

Q But the actions themselves don't have --

Q That the White House what?

MR. NESSEN: That the allegations originated in Congress or the leak of the allegations.

Q Ron, on the one hand when Tunney makes an allegation you denounce it, say it is false, et cetera, et cetera, but with this allegation you don't do the same. Isn't that tantamount to confirmation?

MR. NESSEN: Only in keeping with long-standing policy.

Q Can you narrate beyond it came from the Congress? Senate or House?

MR. NESSEN: No. I could, but I won't.

Q What makes you say it came from Congress? The fact that it was written by State Department correspondents?

MR. NESSEN: Where do you think it came from?

Q Do you have some plumber's operation trying to find out the leaks?

MR. NESSEN: No.

Q Ron, you are saying that this is damaging foreign policy. May I ask, is it not also --

MR. NESSEN: Well, let me say when I say that publication of allegations damage foreign policy, not only in this specific case but damage American foreign policy in general.

Q Ron, may I suggest that perhaps your refusal to deny the allegations also damages and undermines the ability of the Government to carry out foreign policy, and I am wondering why you refuse to deal with them in that light?

MR. NESSEN: Because you know it is the long-standing policy not to talk about CIA operations.

Q If it is so damaging, Ron, then why not deal directly with it?

Q Do you have any theory as to what the motive behind these leaks are?

MR. NESSEN: I don't myself, no.

Q Are these Presidential quotes?

MR. NESSEN: And I have not heard one expressed in the White House.

Q Ron, does the White House link this in the general field of an area or a problem with the leaks and the making public of various confidential materials supplied to the Pike and Church and other committees in Congress?

MR. NESSEN: Well, I would not quite make the link that way, Dick. What I would do would be to say that it raises some questions, I think, about how to responsibly deal with Congress' interest in playing an increased role in foreign policy and intelligence policy.

Q What is that? Wait a minute.

MR. NESSEN: It raises some questions about how you deal with Congress' expressed desire to play a greater role in foreign policy and intelligence policy.

Q In other words, the President is giving some thought that way, how he ought to cooperate with the Congress in these requests.

MR. NESSEN: No, I would not carry it that far. I would only say that it raises questions.

Q What is being done about the questions?

MR. NESSEN: They are being thought about. This only happened this morning.

Q No, no. For a couple of months now, three months at least, the President every time he is asked about his suggestions for reforming the intelligence structure has said, "Soon, soon, soon. Coming soon." Why has it been so long? Why has there not been a proposal for a joint committee or some restructuring of the intelligence establishment to lend some confidence that these problems are being handled?

MR. NESSEN: Mort, I think maybe in your absence we talked a little about where it stands. Before Christmas the President got a large book of recommendations and comments from the various people involved in intelligence based on their reaction to the Rockefeller Commission report and the Murphy Commission report and other things. He took that to Vail with him and then on the way home from Vail he spent a couple of hours on the plane with Jack Marsh and Mike Duval.

It is an enormously complicated subject and it requires a great deal of information, all of which he has sent back to some of these agencies and departments and asked for additional information.

I said yesterday -- I don't know if you were here -- that the recommendations certainly would not come before State of the Union and I still cannot set a timetable for you except to say that it is a very complicated and difficult area and it is, after all, the first time that an American President has sat down really since the 1940s and done such a thorough review and reassessment of the intelligence community, and that is what is taking the time.

Q Ron, one week ago today, on New Year's Eve, the President said that he would decide within a week, although he would not announce it until later. Has he decided and has he made --

MR. NESSEN: He has made some tentative decisions on the recommendations he will make.

Q Might he reconsider some as a result of the stories he read in the papers this morning? Do they somehow affect his --

MR. NESSEN: I have not heard any kind of link like that.

Pat?

Q Ron, I don't think we ever had a situation before where we had a Congressional leak which says the Director of the CIA in sworn testimony says the President has personally approved more than \$6 million in taxpayers' dollars being sent to Italy, a modern, wealthy, industrialized nation, to affect the outcome of its national elections. I think this is a big departure from the covert activity disclosures of the CIA in the past.

I want to put to you the more direct question about the President's foreign policy in this area. Is this American foreign policy, this kind of cash bribes or payoffs or using American money to subvert or change national elections in Western countries?

MR. NESSEN: Well, Pat, all of your characterizations of it really require me to violate the long time rule of not talking about what the CIA may or may not be doing. Let me only add this, that this Administration is abiding by all the appropriate laws in keeping the designated Members of Congress informed of whatever covert operations it may be undertaking -- or activities, I should say, it may be undertaking.

Q Ron, you have thrown the spotlight of suspicion on the Congress. On the Hill a number of people are saying that they are not responsible and they are pointing out that these are not the by-lines underneath these stories trying to cover Congress. The stories do not refer to any Congressional sources or indicate --

MR. NESSEN: There is a suspicion here that that was the source, and I am not prepared to go any further than that.

Q Is this based on anything other than just the feeling that it is the source or have you checked it out?

MR. NESSEN: I just leave it that it is a suspicion.

Q Could I follow up Pat's question then?

Partly for information and partly for the record, particularly since you said earlier that the publication of these stories undermine the foreign policy, is it the foreign policy of this Administration at least in some instances to attempt to influence the outcome of elections in other countries through bribes, cash bribes and other methods of that sort? Is that the foreign policy of this Administration?

MR. NESSEN: Jim, I just can't accept your premise and your choice of words and I have to give you the same answer I gave Pat, which is it is a long-standing policy not to discuss what the CIA may or may not be doing.

Q I am not asking that. I am thinking with reference to what the President has said previously about covert operations in such areas of assassination, and I am attempting to take that a little further and ask what the policy of this Administration is, the policy of this President is, on attempts to influence the electoral or political process in other countries.

MR. NESSEN: Well, I am just not able to get into that from this platform, Jim.

MORE

Q May I also follow up Pat's question also?

May I assume from your answer the Administration is abiding by all appropriate laws, including him, Members of Congress and so on -- may we assume that whatever may or may not have been done in this area, Members of Congress were apprised of?

MR. NESSEN: Or any area. The designated Members of Congress under the appropriate laws are being kept informed.

Q Now with regard to the Italian situation, whatever may or may not have been done in that area, if indeed it was done, the MC's would have known?

MR. NESSEN: The appropriate Members would have been told under the laws.

Q Has the President ever taken up the issue of leaks with the leadership of Congress?

MR. NESSEN: Not that I have ever heard.

Q Ron, am I incorrect in recalling that the President has commented before on covert actions by the CIA?

MR. NESSEN: I think one of the earliest news conferences, if I recall, he talked about it. That is before I came here, but I do recall that he made some comments about it.

Q It the White House attempting to find out who the leakers are in this case?

MR. NESSEN: Not that I know of.

Q As a matter of fact, in that early news conference he said that he had approved of what the CIA had been doing in Chile, he thought it was an appropriate action. Why was he able to comment on that and not on this?

MR. NESSEN: Well, I don't recall the exact words, Tom.

Q Maybe you can look it up, as Casey Stengel used to say.

MR. NESSEN: Okay.

Q Ron, has the President called the Congressional leadership to express his anger?

MR. NESSEN: I don't think so. No. In fact, I know he has not.

Q Why not?

MR. NESSEN: I don't think they are in town, for one thing.

Q Can you give us a couple of direct quotes from the President? How did he express his anger? What precisely did he say?

MR. NESSEN: I don't have his exact words, Ralph. He discussed it at the senior staff meeting this morning and later in other settings.

Q Ron, the question here, as I see it, is not the leak by Congress that is hurting American foreign policy, it is the policy of using American money in this way to interfere in substantial elections of other countries. I am under the impression from what the President has said, with the exception of Chile, that the President has said he had been critical of this type of improper, immoral, unethical foreign policy activities.

MR. NESSEN: Are you getting to a question, Pat?

Q Yes.

MR. NESSEN: What is it?

Q The question is, does the President approve, as part of the American foreign policy efforts, to use American money to distort --

MR. NESSEN: Pat, I have answered three times and I have said I cannot discuss that area from this platform. Now if you have another question, let's get on with it.

Q You won't comment on it?

MR. NESSEN: I said I cannot answer that question from this platform.

Now, do you have another question?

Q Then who does? Would the President respond to it in a news conference?

MR. NESSEN: You might try.

The budget figures that I have you have been looking for are these. As I said, the 1977 fiscal year budget, the President indicated this morning, would be under \$395 billion. The comparable figure -- it has to be projected at this point because the fiscal year is not over yet, but for the fiscal year we are in right now the projected outlays are \$366 billion.

Q What I was just told by Paul O'Neill from the Office of Management and Budget, the Assistant Director, he says that the Congressional total -- that is to say, what has been appropriated -- is \$376 billion.

MR. NESSEN: I am talking about outlays.

Q I am, too. You are ten billion dollars off of your Assistant Budget Director.

Sorry about that.

Q Ron, can I ask you a quick question? Why hasn't the President released the amnesty report?

MR. NESSEN: What amnesty report?

Q That Senator Goodell says has been here for a month while we were waiting for it.

MR. NESSEN: Oh, I don't think it has been here for a month, and as far as I know, it has been available for at least a week at the Government Printing Office.

Q No authorization from the White House to release it.

MR. NESSEN: They don't need authorization from the White House to release it.

Q Some suggestion has come to public attention and it suggests that it is an attempt to bury it. How do you react to that?

MR. NESSEN: Goodell had a news conference where he announced it. It has been on sale or for distribution at the Government Printing Office for a week. I hardly see that that is an effort to bury it.

THE PRESS: Thank you, Ron.

END

(AT 1:03 P.M. EST)