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NEWS CONFERENCE

#95

AT THE WHITE HOUSE

WITH RON NESSEN

AT 12:05 P.M. EST

DECEMBER 12, 1974

THURSDAY

MR. NESSEN: As you all probably know, the President met for an hour and 38 minutes with the auto makers, from 9:40 until 11:18.

Do you all have a list of the participants?
Do you want to hear a readout on the session?

Q Yes.

MR. NESSEN: The President opened by saying, "You know the essential impact the auto industry has. You know the problems the auto industry has. I know them. I am deeply concerned. I am glad to get the benefit of your views. I want to help, bearing in mind the other problems we have." Then he urged those who were going to speak to be frank and straightforward, to don't gloss over anything.

The first speaker was Lee Iacocca. He said, "We are in a disaster area in the auto industry. The auto industry has a ripple effect, that as the production of cars goes down, then the suppliers begin to decline in their business."

He said that he expected the turndown in the auto industry to bottom in March, and he said that in the second quarter of 1975 auto production and sales would begin to go up, and in the second quarter of 1975 would reach an annual rate of 8 million vehicles. He said he saw the problem as being one of not only people who are out of work, but people who are afraid of losing their jobs are not buying cars.

He then said that he had four proposals to make. One would be some kind of tax cut that would cause -- he used the word a bounce, a sharp upturn in auto sales. He said it would be expensive to the Government, but it is at the top of his list of recommendations. He called it workable, temporary, and dramatic.

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His second recommendation was a 20 percent, one-shot investment tax credit to improve business investment.

Q One-shot meaning one year?

MR. NESSEN: I assume.

His third recommendation was to take the excise tax off of heavy trucks.

His fourth recommendation was -- and he acknowledged that there was nobody at this meeting who could do anything about it -- was for the Federal Reserve Board to make money more easily available, that this would lower the interest rates and would make auto financing easier.

He then said he had 15 or 20 other items, some new and some old, which were listed on paper and which he would leave behind, and afterward he did leave them behind.

Roy Chapin was the next speaker, and he said he has been out talking to auto executives and dealers, trying to raise their confidence. He said he feels, and he told them, that the country is going to survive, and the automobile industry is going to survive. He felt that price increases and price cuts on automobiles were not a significant factor in sales, that as far as his company was concerned the feeling of security of the car buyer was important, and that is why American Motors has increased its warranty period by two years.

He said it was difficult to get loans for car buyers. He said that the addition of emission controls to cars and their cost was not a factor in the lagging sales. He said the main issue was consumer confidence, and the uncertainty that potential car buyers have about their economic future.

He said that an increased tax on gasoline is appropriate, but that it would cause complications for the automobile industry because it makes cars less attractive.

Q Is "appropriate" the word he used?

MR. NESSEN: Yes.

He said that what was needed was to assure the country that there is not going to be a depression, and that the economy is going to get better. Then he said something I know you are going to love. He said, "The media is doing incalculable harm," and the rest of it is paraphrased. What he meant was by showing stories and writing stories about how bad the economy is.

Q Is that why he would not see us?

MR. NESSEN: You got me, Bob.

Q For instance, reporting that the previous speaker had said the automobile industry was a disaster?

MR. NESSEN: Jim, I only report the news, I don't make it.

Lynn Townsend then talked about consumer confidence also. He said there was the need for "highly visible innovations" to jolt the public into buying cars.

Q Did he suggest making it mandatory?
(Laughter)

MR. NESSEN: He did say that more easily available credit would help. He did speak of cutting car prices, and he said that actually it does not help much because when you go out to buy a car you never really know whether you are getting the price cut that Detroit made because you are bargaining with an individual dealer.

Mr. Murphy of General Motors was the next speaker. He said that he believed in the basic strengths of America, and we ought to capitalize on those. We need to restore consumer confidence and get consumers in a buying mood. He said he is a great believer in the free economy, and we need to capitalize on that.

He said I believe we ought to give the voluntary fuel conservation plan a chance to work. He said we should enforce the 55-mile-an-hour speed limit and continue voluntary conservation of fuel by industry. He said maybe there are safety features on the cars now which the public does not want, and that is why they are not buying cars.

He also called for expanding the unemployment compensation benefits, and he said the free market and voluntary methods are the way to go.

The President then pointed out that he had sent up his plan to expand unemployment compensation, and that he hoped Congress would pass it before adjournment. He reminded the auto makers at that point that he expected them to carry out his proposal for a 40 percent increase in gas mileage.

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Leonard Woodcock was the last speaker, and he said there is a crisis of confidence, people who have not been laid off are worried about being laid off. And he said wages in the auto industry have gone up, but that actually the cost of living and taxes have gone up more. He urged a tax cut aimed at lower and middle income people, plus public service jobs.

He said we need a five-year pause on emission standards and safety standards. "We can't move along the path to fuel economy if we insist on these standards."

Mr. Woodcock said he would like to see a tax cut today, but he realizes that Congress is slow moving and probably would not settle down to concentrate on such an issue until March.

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Then the President closed the meeting, and here comes the good part. He said that he had heard a lot of suggestions from his advisers when he was preparing his economic and energy program sent to Congress in October, and that he then made the decisions, and that he decided that the voluntary effort was the best procedure to try out for saving fuel.

He said that actually fuel supplies are higher now than they were last year. He said some of his advisers, including some in this room, urged him to adopt a 10 or 20 percent gas tax. He said, "I have rejected that for good reason. The burden of that would be inequitable. It would hit the segments of the population who can least afford it."

He said that increased excise tax on gas was overwhelmingly opposed in Congress. He said Congress would not pass it then and would not pass it now, "So, because it is inequitable, that's out, and I wish we would stop talking about it." I quietly applauded over there in the corner. That is not part of the quote, though.

Q Where is that good part you were talking about?

MR. NESSEN: The President said on the subject of fuel conservation, "I will consider options that spread the burden more evenly over our industries and over our people." Referring back to the increased tax, he said, "I don't think it is wise to go with that."

Q What was he talking about?

MR. NESSEN: The increased cost on gasoline. "I don't think it is wise to go with that."

That was the end of the meeting. The President said, "I think the problem was well laid out. I recognize it. We are going to do something about it, but you have to do something, too. You can act more rapidly than the Government. Time is essential."

The President didn't spell out precisely what he intended for them to do on their own, but among other things, I know that what he has in mind is if they feel that certain legislation is needed in Congress, such as an increase in unemployment compensation and other things, that they should use their influence to persuade Congress to pass the necessary legislation.

Q What did he say on the proposals for tax cuts?

MR. NESSEN: He didn't say anything, Helen.

Q Governor Milliken said that he came out of the meeting believing that he was seriously considering a tax cut. Do you think the Governor read it correctly?

MR. NESSEN: The President said not a word about tax cuts.

Q Ron, you said that the President said, "I will consider options that spread the burden more evenly over our industries and our people." Could you give us an idea what he has in mind, what he is considering?

MR. NESSEN: No. I think, as the President said last night -- I forget what the exact quote was, but it had to do with don't believe anything until you hear it from me, and I think really maybe that is the rule we ought to adopt at the briefings.

If you want to know what he is planning to do -- "Do not believe that I have made any economic decisions unless you hear those decisions from me personally. There can only be one person that makes those decisions, and when I make them, I will announce them."

I think we probably ought to stick to that over these next few weeks when there will be a lot of interest.

Q Has he told that to his Cabinet?

MR. NESSEN: Helen, there were a number of economic advisers there today, and they heard what he said about the gas tax, and I have heard him in other settings saying similar things about I will make the decisions and I will announce the decisions, and it is not helpful to discuss them.

Q But he has not tried to muzzle them?

MR. NESSEN: He just believes that he is the one who makes the decisions, and when he makes them, he is going to announce them.

Q Ron, I missed the top of the briefing, so this may be repetitive, but did anyone say anything or suggest that Detroit should build smaller cars?

MR. NESSEN: There was some discussion of encouraging people to buy intermediate and smaller cars.

Q Ron, Leonard Woodcock said that both industry and labor also supported the idea of an income tax cut. Did you get that sense from anyone else?

MR. NESSEN: I have to go back and look at how many did, but a number did and some didn't. I mean for instance I don't think Mr. Murphy mentioned a tax cut.

Q But they didn't express any opposition when that idea was raised?

MR. NESSEN: Nobody opposed it, no.

Q Ron, when you said that the President said that you can do something, too, you went on to list one option and that was all.

MR. NESSEN: I don't know what other things he has in mind. I suppose one of the things he has in mind is making the cars more attractive in terms of size and fuel economy for the buyer.

Q You did not outline any --

MR. NESSEN: No.

Q He didn't spell it out?

MR. NESSEN: He did not spell it out.

Q Did any of them volunteer anything that they could do?

MR. NESSEN: No. It was the very end of the meeting, and the meeting had run beyond where it should have.

Q They all volunteered what the President could do for them. Did any of them volunteer what they could do for the President?

MR. NESSEN: No.

Q Mr. Woodcock said that the President seems positively sympathetic toward the idea of a five-year pause on emission standards and safety features. Would that be a correct representation?

MR. NESSEN: There was considerable discussion of that involving the auto makers and Mr. Woodcock, and I think a couple of the Senators were there, but the President did not take part in it.

Q Mr. Woodcock said the President was positively sympathetic.

MR. NESSEN: That is what Peter just said. I didn't hear any positive sympathy from the President. I can look at that part of my notes to make sure I didn't skip over anything.

According to my notes, the President did not make -- well, here is the Woodcock part of it, and then there was this lengthy discussion by others, but I show no notes indicating the President said anything.

Q Ron, did you find something on those imports?

MR. NESSEN: On automobile imports? No.

Q Ron, you quote the President, "because it is inequitable," and then you said, "I don't think it is wise to go with that." In both cases the reference to an excise tax on gasoline?

MR. NESSEN: Correct.

Q Did anyone suggest a four-day work week?

MR. NESSEN: That was not mentioned. I think Leonard Woodcock would probably like a one-day work week for some of his people. (Laughter)

Q Ron, can you tell us what Senator Eastland was doing here this morning?

MR. NESSEN: Was he here this morning?

Q And Hruska.

MR. NESSEN: Were they?

Q The Chairman and Ranking Republican on Senate Judiciary.

MR. NESSEN: I will check it for you. I didn't know they were here.

The President, after that meeting, met with directors of the Automobile Association of America, and they talked to him about their idea for a voluntary program to conserve gasoline consumption.

At 12:15, the President is meeting with Mary Louise Smith, the Chairman of the Republican National Committee, and other officials. The President has not met the members of the Republican National Committee staff since he became President.

Mrs. Smith and the others will explain to the President what actions the RNC Executive Committee recommended last weekend, and also explain how the RNC intends to operate under Mrs. Smith.

At 12:45, the Fifth Annual Report of the Council on Environmental Quality will be presented to the President by the Council Chairman Russell Peterson. There will be an opportunity to take some pictures in there. The report and fact sheet have been made available here, and Mr. Peterson will brief on his report at 2 o'clock at the Council on Environmental Quality.

Q Ron, a question on the meeting with the Republicans, is that in order?

MR. NESSEN: Yes.

Q I just wondered, is the President aware of the suggestion of Governor McCall of Oregon with regard to the Republican Party?

MR. NESSEN: I am not aware of it myself.

Q It was that either the Republican Party should disband and form a new party or change its name, and I just wondered if the President was aware of this and if so, what he said, what was his reaction to this?

MR. NESSEN: If it was in the newspapers, he is probably aware of it because he reads the newspapers a lot, but I have not heard any reaction from him.

Q Is this meeting to rev up the 1976 campaign?

MR. NESSEN: Oh, no.

Q No?

MR. NESSEN: No.

Q I heard it was.

MR. NESSEN: I didn't hear it was.

Q Ron, what can you tell us about the future of Attorney General Saxbe?

MR. NESSEN: Let me finish my announcements.

At 2 o'clock, there will be another meeting with Roy Ash and his staff to continue making the budget decisions for 1976.

At 3 o'clock, the President will present the Medal of Honor to two Vietnam veterans in the East Room of the White House, which will be for open coverage. There will be press kits available on each of the recipients.

Just so you know who they are, they are Warrant Officer Louis R. Rocco, who was born in in Albuquerque, and is now stationed at Fort Campbell, Kentucky. The other winner is Staff Sergeant Jon R. Cavaiani, who was born in England and is now stationed at the Presidio in San Francisco. Both are Army and the press kit will give you a lot more detail on them.

We are still working on the Martinique briefing. In case you are wondering why we have not been able to lock one up yet, the problem is that most of the people who know a lot about France and relations with France are with the Secretary in Brussels, but we do hope to have a briefing for you. It could be either this afternoon or tomorrow.

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Q Do you know when the departure is?

Q Could you possibly do it this afternoon?

MR. NESSEN: I could not agree with you more. I am pushing very hard to find somebody.

Q Do you know when departure is?

MR. NESSEN: Saturday morning.

Q I mean the hour.

MR. NESSEN: Let me say this. You will be happy to know that the press books are really ready and we will make them available beginning at 3:15. Tom DeCair has them and will give them out starting at 3:15. That has the schedule in it, the departure, and all that stuff. Tom's office is where they are all stacked up, and you can get them up there.

The books are limited in number, and so only those going on the trip should get one. However, if the rest of you are interested in the information, at least on the schedule and so forth, at 3:15 we will also place unbound copies in the bins back there. That information will be the schedules and who is in the U.S. and French parties, and other background information.

I don't see anything else that I have.

Q Ron, on the Medal of Honor thing, do you know if these are the last two Viet Nam War honor winners to be cited, or are there still more in the works at the Pentagon?

MR. NESSEN: I don't know that. I will have to check with the Pentagon, or you can if you want to.

Q Ron, it is my understanding that the President when he was a Congressman opposed the repeal of the Byrd Amendment which is to be taken up by the House next week, I believe. Now I also understand that he has changed his position, that he will favor or support the Byrd Amendment, and I just wonder if you could verify, is this true, and if so --

MR. NESSEN: I don't even know what the Byrd Amendment is. Is that Rhodesian chrome?

Q Yes, Rhodesian chrome.

MR. NESSEN: I have not looked into Rhodesian chrome. I will have to check.

Q Is there someone I could ask in the White House that specializes in this field?

MR. NESSEN: I can get Jack to get you the information.

Q I want to get back to the Saxbe question, please.

Has the President had discussions with the Attorney General about leaving that post?

MR. NESSEN: Well, Tom, I think what we will do is when there are any personnel changes to announce, we will announce them.

Q Can you tell us whether he had discussions with him? I did not ask whether he had left the job.

MR. NESSEN: You mean ever?

Q Recently about a new post in the Administration.

MR. NESSEN: I think the Attorney General was in here Monday, but I don't know what the subject of the discussion was.

Q Had he announced beforehand his appointment? Did the President announce?

MR. NESSEN: I am not sure. Was it on the schedule?

Q I didn't see it. Why not?

MR. NESSEN: Why was it not announced on the schedule? Well, people do come in here from time to time during the day after the schedule is made up, and I guess that was one of those cases.

Q We are always willing to hear, even afterwards.

MR. NESSEN: He does have private visitors, Helen.

Q Can you tell us who else sat in on that meeting?

MR. NESSEN: I am not sure.

Q Can you find out?

MR. NESSEN: I could try.

Q Is Dr. Edward Levy being considered as a possible Attorney General?

MR. NESSEN: Helen, when we have any changes to announce, we will announce them.

Q May I ask about Andrew Gibson? I saw him come into the White House yesterday.

MR. NESSEN: Who was that?

Q Andy Gibson. Has the President found a position for him, and can you tell us what he was doing at the White House yesterday?

MR. NESSEN: I didn't even know he was at the White House yesterday. I could check and find out who he saw.

Q Has Ambassador Moynihan's resignation been accepted?

MR. NESSEN: Fran, when we have anything to announce on personnel we will announce it. I might as well tell you that is the policy, and it is the only policy that makes any sense to me, but I am happy to listen to the questions.

Q Ron, the Health Services Act, \$128 billion appropriation for HEW, has that reached the President's desk, and do we know what the Administration attitude is on that bill?

MR. NESSEN: What number is that?

Q I am sorry, I don't know the number, but the Health Services Act.

MR. NESSEN: Larry tells me it did reach here yesterday, and there has been no decision on what to do yet.

Q Was it supported on the Hill by the Administration?

MR. NESSEN: I don't remember that.

John is back there checking now.

Anything else?

Q Thank you.

MR. NESSEN: Tom had a question.

Q I just wonder if you could just give us a little better description of what the President was talking about last night when he said his experts are working on other recommendations over the Christmas holidays -- who some of those experts are, and the framework of that preparation and the measures that he will recommend to Congress in January.

MR. NESSEN: Well, I don't know precisely who the experts are, but I assume they are the economic advisors, and you know who they are -- Simon, Seidman, Greenspan, and so forth.

As for what they are, Tom, I am going to do what the President said to do, which is he makes the decisions, these people come up with ideas. He decides what his policy is, and he is going to announce it.

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Q What is the procedure? Is it broken up into task forces?

MR. NESSEN: I don't know the procedure that they are going to follow.

Q What is the President's reaction to the economic proposals submitted in the packaged approved yesterday by the Senate Republicans?

MR. NESSEN: The President is aware of them, and he is always interested to get ideas on the economy, but again he will make the decisions.

Q Has there been any question of that? I mean, you have stressed it so much today.

MR. NESSEN: Only because he did last night.

Q Is he a little irritated that somebody else is trying to make decisions? I mean, there may be a possibility that Congress could make some decisions next year if he does not.

MR. NESSEN: They have not made many this year, but I guess they could next year.

Q I wonder why all the stress. Is he a little concerned?

MR. NESSEN: I think his words last night were fairly clear.

Jim?

Q Ron, see if I can get at this another way. Is the President concerned over the fact that while he has been stating repeatedly that he proposes certain things that some of his advisers have been saying publicly that they support them? In other words, are you out here, and was he last night, making this point because he and you, as a result, are concerned about the contradictions in these statements that are made?

MR. NESSEN: Don't you think his words are pretty clear, Jim?

Q I am asking about the motives behind them, not the words. In other words, is there some irritation and concern of an impression that the Administration is speaking in a lot of different voices, and he is trying to stop it?

MR. NESSEN: I think his concern -- and maybe that is too strong a word, but let me put it this way -- his interest in restating the fact that he is the one who makes the decisions and will announce the decisions comes from an interest in -- after all the mere discussion of some things before they are decided or rejected some time has an effect on the economy.

So, his interest is in making sure that a mere public discussion of issues does not itself have an effect before he has had a chance to decide what he is going to do. It is in that context.

Q Could you give an example?

Q Would that apply to the tax cut that is being discussed by the Council of Economics?

MR. NESSEN: I think it applies to a whole range of things. The thing I have heard discussed most in this context is the discussion of the wage and price controls. The reaction to a public discussion of wage and price controls historically has been for people to raise their prices and demand wages to try to get in under the net, and it is that kind of effect that he has in mind.

Q Is the President concerned about that?

MR. NESSEN: I say that is his interest in speaking out, Jim.

Q If that is his concern, why does he not merely propose a retroactive wage and price control?

MR. NESSEN: As you know, he is totally opposed to wage and price controls of any kind.

Q I know, but what is the basis for the concern? You can always make them retroactive.

MR. NESSEN: I am just relaying to you what I have heard here.

Q Do you have an opinion on the new Wholesale Price Index?

MR. NESSEN: I don't have an opinion.

Q The President?

MR. NESSEN: Do you want to hear my opinion? Why don't I give you the White House opinion, or the President's opinion?

He is grateful about the trend indicated by this latest Wholesale Price Index figure, and it is at about the level that his economic advisers projected. The White House is particularly pleased with the decline in the rate of increase in the industrial commodities portion of that. It went up at the lowest rate in over a year, and it is the fourth month in a row that the rate of increase has declined.

In addition, the highly sensitive index of crude materials has actually gone down, not just gone up at a lesser rate, but actually gone down for the second month in a row. The White House feels that these figures indicate the process of price easing is close to the earlier expectations.

Q Ron, as the recessionary factors that are now in the economy work their way through, is there a projection of what these factors, this Wholesale Price Index will ultimately do to the inflation rate?

MR. NESSEN: I have heard some numbers kicked around here. Let me see if I have any of them right here in front of me. I want to be absolutely sure before I give you a number.

I don't have it here, but I think if you talked to John Carlson either on the phone or in person here he probably has a projected figure for next year.

I think Alan Greenspan and Bill Simon have both said there is a feeling that we will be below double-digit inflation -- I think they have talked about spring as the target for that. For the exact numbers, I think John will be able to answer that. He keeps close watch on this.

Q Ron, the last sentence on the reaction of the Wholesale Price Index was a little obtuse to some of us. If I have it right, you said the White House feels these figures indicate the process of price easing is close to earlier expectations.

MR. NESSEN: In other words, what I am saying is that if you look at these Wholesale Price figures, it indicates that -- I mean, just to put it in another way that the heat is going out of inflation at about the rate that the President expected it to, if that simplifies it a little bit.

Q Why does the President continue to say then, as I believe he did last night, inflation remains a problem certainly of equal magnitude with recession?

MR. NESSEN: Jim, you know a decrease in the rate of increase of the Wholesale Price Index does not mean that inflation is whipped by any means.

Q I didn't say the heat has gone out of it.

MR. NESSEN: I didn't say the heat has gone out of it, I say the heat is going out of it about the rate expected. There is a long way to go.

Q Let me put it this way: Is the President concerned that as recession deepens, the Democratic majority in Congress will start spending us out of a recession and we will get a resurgence of inflation?

MR. NESSEN: I could not say it better myself.

Q Ron, will the President sign this bill about the Presidential records and tapes?

MR. NESSEN: The bill is here, Les, and it is being studied by the lawyers and there has been no decision.

THE PRESS: Thank you, Ron.

END

(AT 12:38 P.M. EST)