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N E W S C O N F E R E N C E

#116

AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:59 P.M. EST

JANUARY 3, 1975

FRIDAY

MR. NESSEN: The President came to his office and started working this morning at about 8:00 o'clock. He has met this morning separately with Secretary Kissinger and Secretary Schlesinger as part of his review of the CIA, as we mentioned to you in Vail. He will meet this afternoon with CIA Director Colby on the same subject.

At noon, the President will begin a meeting with Roy Ash and several of Roy Ash's assistants to discuss and resolve remaining 1976 budget issues.

Q What time is he meeting with Mr. Colby?

MR. NESSEN: I do not have the exact time, but it is this afternoon.

At this budget meeting, they will discuss the current budget outlook for both 1975 and 1976 and budget appeals by the Defense and HEW Departments.

This afternoon, at 2:00 o'clock, there will be a signing ceremony in the East Room at which the President will sign the Trade Act of 1974. The President will have a statement to make at the time of the signing, and we will have the statement for you shortly.

There will be full press coverage. There will be some guests at the ceremony, and we will have a list of those guests who are going to be on the platform.

At 3:00 o'clock, the President will meet with Vice-President Rockefeller in the Oval Office for about thirty minutes. This is the first meeting they have had since that Saturday meeting, you may remember, on December 21. There is no agenda for the meeting. It is just whatever topics they may care to discuss.

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After the meeting with Vice-President Rockefeller, there will be a meeting between the President, Secretary Schlesinger, Secretary Morton and Frank Zarb. This is to discuss the development of the Navy petroleum reserves to assist with Project Independence.

Q How many are there?

MR. NESSEN: There are two of them, Helen, Elk Hills and the other one up in Alaska. Navy Petroleum Reserve No. 1 is in Elk Hills, California, and Navy Petroleum Reserve No. 4 is in Alaska.

We are announcing, today, that the President has appointed a Secretary to the Cabinet, Dr. James E. Connor of Pennsylvania. You will see a biography and so forth of Dr. Connor.

As you probably know, the President is using the Cabinet more than some of his predecessors have in terms of advice and policy making and has more frequent meetings with the Cabinet. So, he has revived the Office of Secretary to the Cabinet.

Q Do you have figures supporting that?

MR. NESSEN: What is that?

Q To the extent that he is using the Cabinet more, is he meeting with them more often, or how do you arrive at that?

MR. NESSEN: We announce all the Cabinet meetings. I do not have a count on it now. We are also announcing the appointments of Ambassadors to Ethiopia, Finland and Mauritania.

Q How about Ireland?

MR. NESSEN: I don't have anything today on that, Helen. You will see when you get the papers that Mark Evans is the nominee for the Ambassador to Finland. Some of you may know Mark.

Q Do you want to mention some of the others?

MR. NESSEN: Here is the paper now, why don't you wait and get hold of it?

Just a post-mortem on the Vail trip for a moment -- as you know, the White House Staff and the Press were a very big hit out there. Actually, I think, the coverage out there and the operation out there went all right. There were problems that came up, and we tried to resolve them as they came up.

Eric Rosenberger and Pappy Noel did a good job of getting people to the right place at the right time. We are trying to hire up a new team of baggage handlers, however. (Laughter.)

I would just make a wild guess that we may go back to Vail at some point in the next couple of years. As part of our effort to keep problems and irritations at a minimum, Jack and I would be happy to receive any suggestions you may have for improving the operation out there or pointing out any problems that we may have had that we could clear up for the next trip.

If you want to put your suggestions in anonymously, that is all right, too, or you can sign them, either way, and you can hand them to Jack or send them to Jack and we will see if we can use them for our planning for future trips to Vail.

There are quite a number of bills that the President has signed. There are a lot of them, and they have to be xeroxed. Why don't we say, when you get back from the trade bill signing, we should at least begin to put these bills out.

Q Do you know how many you have?

MR. NESSEN: Forty-one.

Q Signed today, and there are no vetoes?

MR. NESSEN: No vetoes? We aren't sure.

Q Ron, does it include the lottery bill, do you know?

MR. NESSEN: What is the lottery bill, Peter, he asks like a fool?

Q I was asked to ask whether it includes the lottery bill.

MR. NESSEN: I don't know if it does or not.

Q Does it include the highway bill?

MR. NESSEN: The list just came up, and I have not seen it. It came up after I came out here. After the trade signing, you can come here and start getting the bills. It may take most of the afternoon to get all 41 of them out. I can tell you that.

Those are all the announcements I have.

Q Do you still expect a report by Wednesday from the President on something public on the CIA, or earlier?

MR. NESSEN: For your guidance only, I would say that what I said on the plane still holds. There will be something said at the White House about the CIA before Wednesday.

Q What is the President trying to do in these consultations today?

MR. NESSEN: Establish the facts.

Q Ron, does the President plan to see Mr. Helms today?

MR. NESSEN: It is not on the schedule. I did not see it on the schedule.

Q It is not. I just wondered if he has seen him.

MR. NESSEN: I can check. Is he back in this country?

Q He is returning today.

Q The President evidently feels the 50-page, or whatever it is, report by Mr. Colby did not establish the facts. Is that correct?

MR. NESSEN: Is that right?

Q You said what he is trying to do today is establish the facts, so the report he got last week did not?

MR. NESSEN: No, I think the report he got last week did contain facts, as we said it did. Obviously, he wants to pursue the subject further.

Q Will he be meeting with Ambassador Helms?

MR. NESSEN: I don't know.

Q Ron, you are leaving the clear impression that he was dissatisfied with the report.

MR. NESSEN: I certainly did not mean to leave that impression. You know, Gaylord, at the time that he asked for the report-- if I remember the sequence of events in Vail -- he announced that he would have these meetings at the same time that he asked for the report.

Isn't that the right sequence of events? He asked for the report, said he would study the report, have meetings when he got back in Washington and then say something. So, it was not a question of having read the report and then asked for the meeting.

Q Ron, did the report contain any recommendations for corrective actions?

MR. NESSEN: I have not seen the report, Bill

Q Could that be what they are discussing now, what they should do from here on?

MR. NESSEN: I have not been in on the meetings, Bill.

Q Is the President still limping?

MR. NESSEN: He really was not limping that much. He was not standing up when I saw him today, but don't say the President was unable to stand. He never stands when I come in the room. (Laughter)

Q Is he having trouble with his leg?

MR. NESSEN: He did not say anything about it, so I assume that it cleared up as it always does.

Q Ron, the Labor Department came out with some pretty horrendous employment figures. Any reaction?

MR. NESSEN: The figures -- without using your word horrendous -- re-emphasize that the economy is in great difficulty. The decline in production that is now going on means that the country must expect further increases in unemployment during the period immediately ahead.

The President is concerned. The President's economic program, which is now being developed, is aimed at restoring the health and stability of the American economy, including the reversal of the current rise in unemployment.

Q Is a tax cut likely to be part of that program, Ron?

MR. NESSEN: Don, you know that at the President's request nobody is supposed to talk about what is in the package.

Q People have been talking about it.

MR. NESSEN: Yes, I know. I just cannot talk about what the specifics will be.

Q Can you say whether he has reached any decisions on this economic program?

MR. NESSEN: He has made some tentative choices.

Q Do we infer from the word "stability" he is planning a no-growth economy?

MR. NESSEN: I would not infer that.

Q What levels of unemployment and inflation constitute a healthy economy?

MR. NESSEN: The economists feel that rather than pinpointing a specific figure on inflation that you can consider that when inflation is no longer a factor in economic decisions, that then the battle against inflation has been won.

Q What do you mean by that?

MR. NESSEN: By that I mean when inflation, for instance, is not taken into consideration or is not a factor in price rises, interest rates and that sort of thing, it is no longer a factor.

Q That means zero percent?

MR. NESSEN: No, it does not.

Q Any rate above that can be discounted?

MR. NESSEN: No, because if you get real growth and wages and so forth keeping up, it is no longer a factor in economic decisions as it is now.

Q Ron, when you say you expect further increases in unemployment during the period immediately ahead, how far does that period "immediately ahead" extend and what size increases are you talking about? Is it going to 10 percent?

MR. NESSEN: I have not heard anybody estimate that high.

Q It was estimated at 8 percent.

MR. NESSEN: Who has?

Q Arthur Okun, and other Democratic --

MR. NESSEN: The President has heard estimates of 8 percent.

Q On Gaylord's other question, Ron --

MR. NESSEN: I even forgot what his other question was.

Q His other question was when you said "immediately ahead," how do you project that.

MR. NESSEN: I would say the next couple of months.

Q Does the President agree it could reach 8 percent?

MR. NESSEN: I am not sure it is possible to answer that question. He has heard that estimate from economists whose business it is to study the economy and the figures and make the estimates. He has no means himself to do the amount of work that the economists do to reach that figure.

Q Ron, you say you expect rises for the next two months. Now, the economic plan will be announced --

MR. NESSEN: A couple of months.

Q A couple of months. The economic plan won't be announced until probably January 20 or thereabouts in the State of the Union. That is almost one month. Does that mean in that plan he is going to have some fairly quick and effective means to handle unemployment and to bring it back down, something extraordinary, or is it going to be by expansion of Federal spending, which normally takes many months to take place?

MR. NESSEN: I think, Tom, that you really have to wait and see. He really has not made all of his decisions on the economic program yet, but the other part of your question, I would say that -- as he told his advisers out in Vail -- he does not want some quick fix that would temporarily change this. He wants a permanent and fundamental cure to the ailments of the economy.

Q That is the thrust of my question. It is not specifically what is he going to do about unemployment, but will there be something in the way of a quick fix in the economic plan to handle this particular problem or will it be handled through a more or less standard, routine type procedure?

MR. NESSEN: No, the economic program is aimed, as I said, at restoring health and stability to the American economy and reversing the rise in unemployment.

Q Ron, when you say you expect rises in unemployment for the next couple of months, are you also saying for at least the next couple of months: -- in other words, when you say the next couple of months, that indicates after the next couple of months you are not going to get rises anymore? Are you really saying at least a couple of months?

MR. NESSEN: I am saying, for the next couple of months, and obviously, if his economic program is carried out the way he proposes it, he would hope that you would then get a reversal in the rise in unemployment.

Q Ron, is the President planning to discuss with Vice President Rockefeller his economic program?

MR. NESSEN: Vice President Rockefeller sat in, as you know, at the long economic meeting the Saturday before we left and will also sit in at tomorrow's meeting.

I guess you know there is a meeting tomorrow at 2 o'clock with the economic advisers to continue preparation of the State of the Union speech, and Vice President Rockefeller will attend.

Q Ron, is there any chance that the President would propose his new economic plans before the State of the Union address.

MR. NESSEN: At the moment, the plans are to announce it in the State of the Union speech.

Q Is that a firm date, on the 20th?

MR. NESSEN: A firm date has not been set yet, Helen.

Q Ron, in talking about the meeting with Ash and his assistants, you said they would discuss and resolve the remaining 1976 budget issues. Does that mean he is going to decide on a figure today which carries implications on the side for a deficit?

MR. NESSEN: They need to be resolved today, Gaylord, because the budget has to go to press.

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Q You will be announcing, after the meeting, the figures?

MR. NESSEN: I would not think so.

Q Ron, in view of today's unemployment statistics, does the President have some --

MR. NESSEN: Let me just answer this over here for a moment. The reason why, obviously, is, even though you resolve those particular matters that are being appealed by the two departments, Gaylord, the President's economic program will be a large factor in the budget, and in the absence of firm decisions there -- I mean, this is only one very small part of the equation, these two particular appeals.

Q If the budget is going to press, presumably, you have to know how much money is in the budget and, presumably, you have to know how much a tax cut would remove in revenues. So, those decisions would apparently have to be made at the same time. Do you understand what I mean?

MR. NESSEN: Yes, I do.

Q Is that the way it is going to happen?

MR. NESSEN: These two appeals will be resolved today. The major part of the President's economic program obviously will be made soon. Other decisions --

Q Are you saying only these budgets, only HEW and Defense, are going to press, or is the entire budget going to press?

MR. NESSEN: No, the whole budget has to go to press pretty soon, but I do not know what the exact date is.

Let me see what is going to be resolved at this meeting today.

As I said, the current outlook for 1975 and 1976, HEW's appeal, Defense Department's appeal -- and those would be the matters decided this afternoon.

Q Are these the last of the appeals?

MR. NESSEN: I don't know that. We could check on that. I am not sure.

Q Ron, could I go back to Gaylord's question before you start?

I really am a little bit puzzled myself as to your answer to him. How does the President proceed with a budget without having made up his mind about the basic plans that he has got in the way of policy?

MR. NESSEN: You can do it two ways. You can make the decisions before the budget goes to press, or you can send the budget to press with certain assumptions in it which may have to be changed later.

Q Then, are you saying the budget that is being sent to press now may be revised on a substantial basis after he has made his final decisions in the way of policy?

MR. NESSEN: It depends on how many decisions are made before it goes to press, Dick.

Q How soon does it go to press?

MR. NESSEN: That is what I do not know.

Phil?

Q My question is, in view of today's unemployment statistics, doesn't the President feel some sense of new urgency to maybe come forth with the program before his State of the Union speech?

MR. NESSEN: Phil, he has felt a sense of urgency all along about this economic speech. As I said, he is concerned about these figures. He does feel that it is important to make the right decisions.

There is a quotation that is being passed around the White House these days that seems to fit the situation. In 1729, Thomas Jefferson gave some advice to George Washington, which was, "Delay is preferable to error."

Q That is reassuring.

MR. NESSEN: I thought you would like that, Peter. As a literate man, I knew you would like that.

Q In the context of what?

MR. NESSEN: It is just as important to make the right decisions as it is to make quick decisions.

Q Ron, Secretary Kissinger, in his interview with Business Week, mentioned a military option in the event of a strangulation of the industrialized countries by the oil-producing countries. I have a three-part question.

One, did the President know that such an option existed? Two, how long has he known that such an option existed? Three, is he in favor of the existence of such an option?

MR. NESSEN: Phil, did you read the Business Week interview?

Q I sure did.

MR. NESSEN: I don't recall he used the word option. I do think it is important to read the entire interview in order to place his comments in the appropriate context and to understand what the specific question was to which he was replying.

Q Ron, that specific question was fairly brief, and his answer was right to the point. He said there might in effect be some circumstances where military action might be considered. Does the President agree with that point? Does the President agree there might be circumstances where military action might be considered?

MR. NESSEN: The President has read the interview, and the President understands the Secretary's answer as a highly qualified answer on a hypothetical situation involving only the gravest kind of emergency for the industrial world, and the President has nothing to add on the subject.

Q So he subscribes to it?

MR. NESSEN: The Department of Defense and the HEW appeals are the last budget appeals, Peter.

Q On that subject, since the President is so close to having the budget wrapped up, are the figures by the Joint Economic Committee which said the deficits would be \$23 billion in fiscal 1975 and \$36 billion in 1976, are they in the ball park?

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MR. NESSEN: Ted, 1975 is probably in the ball park. It is just simply not possible to talk about 1976 because so much depends on his economic program.

Q Ron, did the President ask the Secretary of State to quit making foreign policy or expressing a belligerency that may involve a war?

MR. NESSEN: Helen, the President does not have anything to add on the subject.

Q Ron, does the President agree with Dr. Kissinger's answer to that question?

MR. NESSEN: He does not have anything to add on the subject.

Q Does he disagree with it?

MR. NESSEN: He does not have anything to add on it.

Q Has he discussed it with Dr. Kissinger or is he going to?

MR. NESSEN: I am not aware of a specific discussion on this subject.

Q How about a general discussion?

Q Did they discuss it this morning?

MR. NESSEN: I did not attend the meeting this morning. The primary purpose was to talk about the CIA.

Q Does the President intend to reprimand the Secretary for making such a statement?

MR. NESSEN: The President does not have anything to add on the subject.

Q Who makes foreign policy?

MR. NESSEN: The President of the United States.

Q Would the gravest kind of emergency be something beyond another oil embargo?

MR. NESSEN: I thought that Secretary Kissinger, in the interview, defined the kind of emergency he was talking about.

Q He talked about strangulation of the industrialized nations that could result from another oil embargo.

MR. NESSEN: Also, I think you will see that Dr. Kissinger was talking about a hypothetical situation in the future, and he did speak of it as only the -- the question involved only the gravest kind of emergency involving the strangulation of the entire industrialized world.

I think you also have to remember that Secretary Kissinger has said a number of times that the United States is not seeking any confrontation with the oil producers, that the United States is seeking cooperation with the oil-producing countries.

Q Has the President either assured any foreign nations or has he instructed Secretary Kissinger to assure any Ambassadors that this was a highly qualified answer to a hypothetical question?

MR. NESSEN: The President does not have anything to add on the subject.

Q Ron, are you leaving us with the impression or would you want to leave us with the impression that the President did not necessarily agree with Secretary Kissinger? It seems it would be very easy for you to say he agreed and he has nothing further to add.

MR. NESSEN: He does not have anything further to add on the subject.

Q It seems to me he is subscribing to Dr. Kissinger's statement by your reply.

MR. NESSEN: Your colleague gets just the opposite impression.

Q Do you intend to leave it confused that way?

MR. NESSEN: I intend to say that the President has nothing further to add on the subject.

Q Ron, do any real contingency plans exist for action by the United States should this hypothetical question become a reality?

MR. NESSEN: You know, Phil, we never talk about the possibility that contingency plans exist.

Q I thought you denied it about two or three weeks ago when this matter came up.

MR. NESSEN: I don't think so.

Q Jim Deakin asked you about it, and you said it was irresponsible to even discuss such a thing.

MR. NESSEN: The Jim Deakin question, if I recall it right, had to do with a series of news stories at that time which spoke of military action in the present circumstances.

Q Isn't it irresponsibility even to raise a hypothetical of this kind?

MR. NESSEN: I don't know what you mean by that.

Q The Secretary, just to raise this hypothetical, isn't this in the area of irresponsibility? You talked about irresponsibility of Deakin's question. Now we have the Secretary of State.

MR. NESSEN: Deakin was talking about military action at the present time in the present circumstances. The Secretary was talking about a hypothetical situation, to which he gave a very highly qualified answer.

Q That kind of a question, doesn't that send out a message? Isn't there a message that goes out?

MR. NESSEN: I don't know what you mean by message.

Q To the world.

MR. NESSEN: As I say, it was a highly qualified answer to a hypothetical situation in the future.

Q Would the President defy the United Nations charter by invading another country?

MR. NESSEN: Helen, the President has nothing to add on the subject.

Phil?

Q Does the President feel the Secretary's remarks are consistent with the policy that we would not seek confrontation but cooperation?

MR. NESSEN: The President does not have anything to add on the subject, Phil.

Q Why not?

MR. NESSEN: You will have to ask the President.

Q What was the President's reaction to the cancellation of Mr. Brezhnev's trip to Egypt?

MR. NESSEN: He did not have any reaction so far as I know.

Q Do you know what is wrong with Mr. Brezhnev?

MR. NESSEN: You will have to ask the Kremlin.

Q Ron, might there be a press conference this week?

MR. NESSEN: I don't know of any.

Q I mean next week. It seems like Monday to me.

MR. NESSEN: I don't know of any plans, Aldo.

The budget meeting that was scheduled for noon has been moved to 4:30. The President's schedule is a bit backed up this morning.

Q To get back to unemployment for a minute, to these figures and so forth, a few months ago the President was saying inflation was the public enemy number one, and it had to have the highest priority of economic attention and focus. Of course, then the situation has changed, the picture has changed.

Can you give us a sense of what the President feels now as to whether or not inflation or recession are the more urgent problems?

MR. NESSEN: You did not read Helen's interview, did you?

Q I did, yes.

MR. NESSEN: The President said he felt due to the changed situation he was inclined to tilt toward recession without, by any means, giving up the fight against inflation.

Q As a matter of fact, I read it and forgot that. Thanks.

Q Ron, why is the President's schedule backed up? Are they still discussing the CIA?

MR. NESSEN: No, I don't think so. He has to go over to this trade bill signing.

Q Do you have any idea if he is going to see Colby before that 4 o'clock meeting?

MR. NESSEN: It is 5:30.

Q Ron, does the President plan to ask Mr. Colby to resign?

MR. NESSEN: Not that I know of.

Q Ron, I want to try one more time on the Middle East because it is of crucial importance, and you may have been asked this before in different words. Is Secretary of State Kissinger's statement on this subject consistent with President Ford's policy?

MR. NESSEN: The President has nothing to add on the subject, Gaylord.

Q That really seems to imply it is inconsistent with the President's policy, and that the President is not endorsing Secretary Kissinger's statement. Is that the implication you mean to leave?

MR. NESSEN: I don't want to leave any implication other than the words I am telling you.

Q Do you think you should leave the Nation confused as to who is making foreign policy in this country?

MR. NESSEN: Helen, I would simply urge you to read the Business Week interview carefully and understand the context of the question and the highly qualified nature of the answer.

Q Ron, who brought the attention of the article to the President?

MR. NESSEN: You know he reads a lot of magazines, Phil.

Q He doesn't normally read Business Week.

MR. NESSEN: How do you know that?

Q That was a question. Does he normally read Business Week?

MR. NESSEN: As far as I know.

Q Did he know of it before this morning?

MR. NESSEN: He knew about it this morning. He had read it this morning.

Q Did he know about it before the interview?

MR. NESSEN: I don't know that.

Q Ron, concerning the trade bill that you don't have the text of now, does the President feel the passage of that will in any way alleviate our economic problems and worldwide economic problem and will have a substantial effect.

MR. NESSEN: I think you should wait for the statement, John, because it talks about the anticipated effects of the trade bill.

Q Ron, anything on Secretary Brennan going to Ireland?

MR. NESSEN: Peter, we announce personnel changes when they are made.

Q Ron, it is reported that the President has made a tentative decision to ask for a \$1 to \$3 dollar per barrel tariff on crude oil imports and a similar tax on domestic oil. Can you confirm that?

MR. NESSEN: In keeping with his desires, I am not going to talk about any specifics until he announces them. Also, I might say that there has been a good deal in the papers about what people think is going to be in the economic and energy messages. The President has made clear to his senior advisers that he does not want them talking about what might be in there, so these stories must be coming from junior advisers.

As the President said, you should not believe anything you hear about his decisions until he makes them and announces them.

THE PRESS: Thank you.

END (AT 12:35 P.M. EST)