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

#139

AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:50 A.M. EST

FEBRUARY 5, 1975

WEDNESDAY

MR. NESSEN: We do have some Pakistani correspondents with us today covering the briefing.

As you know, the President met last night -- after his return from Atlanta -- with a group of 95 Members of the House, Republicans, to continue the explanation of his energy program and economic program and to urge them to do what they can to get quick Congressional action on his programs.

And then again this morning, he met with 85 Democratic Members of Congress at a breakfast for the same purpose.

Q Why were there more Republicans than Democrats?

MR. NESSEN: Aren't there more?

Q I heard it was the other way.

MR. NESSEN: If you go back to the beginning, you will see there has been a whole series of evening events, or breakfasts or meetings during the day and the hope was that he would get a chance to talk over here with every Member of Congress before the vote on delaying his tariff increase. I don't know whether he has made that or not, but that was the goal.

Q Has every Member been invited?

MR. NESSEN: The hope was that they would be. I am not sure whether we have run out of time to do it or not.

Last night's meeting and this morning's meeting, Democrats and Republicans, also represented a sort of a broad spectrum of opinion in both parties.

As for this morning's meeting, the President opened the meeting and the other speakers were Secretary Kissinger, who talked about the international impact of the President's energy program; Alan Greenspan talked about the economic impact and Frank Zarb spelled out details of the program.

MORE

#139

The President then said that he would take questions from the Members, which he did, and some asked questions about details and some expressed their views.

Throughout this whole series of meetings, the President feels that he has established a dialogue with Members of Congress and he has heard their views and especially their views on what the impact of the program will be in their areas.

In each case, the President has emphasized the need for Congress to act and he said that the idea of doing nothing, as some are now proposing to him, is not an option that he will consider.

He also described the lengthy process by which he developed his programs. He talked about the other options which he did consider and why he turned them down.

As you know, the House will vote this afternoon, I guess, on the proposal to force a delay in the oil tariff increase. There is no way, really, of knowing what the vote will be, but given the very small base of support that he started with, we will have to see what the vote is. But he does feel that he has won support through this series of meetings.

I think you would have to say that this series of meetings -- and also a number of phone calls the President has made -- could be considered an active effort to enlist support for his economic, and particularly his energy, program.

Q Isn't this really aimed at trying to sustain the veto rather than this vote?

MR. NESSEN: I think, Bob, we do need to see what the vote is going to be this afternoon and also remember that it still needs to get through the Senate. I think there is a feeling here that as time goes on, he is picking up more and more support for his views, so I think it is a bit premature to say that it is going to get out of Congress.

Q But he does consider the battle over when this vote is taken?

MR. NESSEN: By no means.

Q What about the Rules Committee yesterday separating the oil import matter from the tax bill?

MR. NESSEN: In the beginning when that was tied together, the President expressed strongly his view that this was something too important to deal with in this political way.

Q Does he consider that vote in the Rules Committee yesterday a victory?

MR. NESSEN: A victory for what?

Q For his position?

MR. NESSEN: Obviously, he thinks Congress should have a chance and he should have a chance to decide issues as issues and not as a parliamentary manuever.

Q In the question and answer session with the Congressmen, was he asked by anyone whether he would consider alternative proposals to his tariff plan and what did he reply?

MR. NESSEN: I did not go to the meeting this morning, but I am told -- so I don't know what was said specifically there, but as of this morning when I talked to the President, he is sticking to what he told the economic writers last week, which is that he is going ahead with the one, two and three dollars.

Q Ron, some of the Congressmen who were there came away with the clear impression that he is going to compromise on it; is that incorrect?

MR. NESSEN: The impression I got from the President is that at this point he is going ahead with the full \$3.00.

Q So, in other words, no?

MR. NESSEN: I am telling you the impression I got from talking to him this morning was that right now he is going ahead with the plan.

Q Ron, how do you square the quite gloomy projections in the budget message with what I gather -- I wasn't there -- but I gather was quite a hopeful comment from the President on the economy yesterday? How do they square?

MR. NESSEN: I will take this question, but then I want to go back and finish the announcements. But I will answer that.

I think, before it gets too firmly established in people's minds, we ought to make clear something and that is that the President's decision to seek re-election in 1976 is unrelated to the state of the economy. I think by the tone of some of the questions -- and I guess it began with the conversation on NBC -- somehow the view has gotten around that if the economy is good, he will run, but if the economy is bad, he won't run. That is not true.

The President does expect the economy to be considerably better than it is now. He will be demonstrating his leadership in dealing with the economy and energy problems between now and then. He does expect inflation to be down, unemployment to be down, employment to be up considerably, the Gross National Product to be going up.--

Q. How about going a little slower?

MR. NESSEN: I am sorry, I get carried away, Helen.

He expects the inflation rate to be down considerably and I want to talk about that in detail in a moment. He expects unemployment to be coming down, employment to be up considerably, the Gross National Product to be rising at a very high rate, and the economy moving in the right direction.

But, you know, what I want to make sure you understand is that this is unrelated to his decision on whether to run or not and that the question of, "Will you run, can you win," and so forth, on the basis of the economy is a non-question.

Q What did he say, he thought the economy would be good enough to justify his running?

MR. NESSEN: I think he answered that in the context of the question.

Q Are you saying he will run regardless of the state of the economy but he might not run even if the economy is good?

MR. NESSEN: No, he plans to run.

Q Are you saying it is irrevocable?

MR. NESSEN: As far as I know, I have never heard him say anything else.

Q Ron, is it inconceivable that the economy, despite his hope, could be in such awful shape he could think he might not be the best man for President and therefore he might not run?

MR. NESSEN: As I say, the decision is not based on the state of the economy, it is based on his belief that he is giving leadership and his policies will improve the economy.

Q If his policies do not improve the economy and he recognizes that --

MR. NESSEN: That is a hypothetical question which we don't think will happen.

Q It is not a hypothetical question, Ron. He said that in the context of the question, the state of the economy would justify his running. That is not a hypothetical answer and, in the context of the question, the statement that he would run if the economy were good is indeed a valid statement.

MR. NESSEN: No, you are vastly oversimplifying his answer. He was asked what if the economy was bad, would you still run? The fact of the matter is, as I say, those two things are not hooked together, the state of the economy and his running.

Q I would like to get back to my original question. I was directing it in a slightly different direction. That was, how do you square the hope yesterday with what seemed to be extreme gloom the day before and hardly, indeed, compatible?

MR. NESSEN: I think so, Bud. You say, "extreme gloom" the day before. I was kidding with somebody here --

Q Well, 8 percent unemployment, inflation for next year.

MR. NESSEN: I am going to let you put on the "extreme gloom" characterization of it. The fact is that those are what the projections are. The President said yesterday that he has a feeling it may come out better than that. The computer does not take into account confidence, which is factor in the economy, that cannot be programmed into a computer.

We simply stated what the projections are. I asked somebody jokingly the other day how many points do we get for honesty. I guess not very many. But those are the figures.

Now, the figures are all going to be moving in the right direction by 1976 and as the President said, they are certainly not going to be as good as he hoped, or wished, they would be, but they are going to be moving in the right direction.

Now, let me, if I may, say one thing about that cost of living figure, and I was going to do it on the blackboard, but I won't.

The figure in the budget assumptions is 11.3. I want to keep this explanation as simple as possible; 11.3 represents the average increase in the cost of living level in 1976 -- the 11.3 is 1976 or 1975?

Q 1975.

MR. NESSEN: The average increase in the cost of living figure from 1975 over 1974. I think the figure you really should be interested in is from January 1, 1975 to January 1, 1976 the cost of living will go up 9 percent. Now, that is the figure he mentioned yesterday, as you know, and I have sat down with the economists -- I have the chart here and it is a very complicated mathematical formula of how you get an actual 9 percent increase in the cost of living transferral into that 11.3 figure in the budget.

I would be happy to talk to any of you about it. But the point is, from the beginning of the year to the end of the year the cost of living will go up 9 percent, and 1.9 percent of that is the increase in the cost of energy.

I realize I am asking you to take this on blind faith, although I do have the chart to explain it to you. I don't think I ought to take the time now, but I have the feeling that that 11.3 is getting embedded in people's minds and I did want to point out the actual increase from year's beginning to year's end is 9 percent.

MORE

Q Why do you prefer the year over year figure?

MR. NESSEN: I think that is the way the public generally thinks of a cost of living increase rather than the average 1975 over the average 1974.

Q Ron, for years government economists have been explaining to us why the average year over the average previous year was the more significant figure. Can you tell us why suddenly the January-January figure becomes the more significant figure?

MR. NESSEN: I can't, Norm. I have just been talking to people about it and they think that is closer to what the public believes or understands to be the increase in the cost of living.

Q If the other one was lower, would you like that better?

Q Ron, in that connection, are all of the figures for the improvement of the economy based on January 1, 1976, or by convention time 1976?

MR. NESSEN: These figures of better GNP growing rapidly and so forth?

Q Right.

MR. NESSEN: Well, there has been no change in the opinion that the turn will come about mid-year and they will be getting better toward the latter part of 1975 and better through 1976.

The point he mentioned yesterday, for instance, about the very rapid sell-off of inventories is a sign that once those inventories are sold off and production starts up again, there is going to be, hopefully, a good bounce in the GNP. The employment figures -- as I am sure all of you who have been through recessions before know -- companies tend to take workers back slowly. They extend hours and other things to get more production out of the same number of workers, so it is assumed that the unemployment figure is going to come down slowly, but the employment figure is going to go up fairly dramatically once the turn comes.

Helen has been trying to get a question in for some time.

Q I really think we have to pursue this whole question of "are there any circumstances under which the President would decide not to run"?

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

Q At all?

MR. NESSEN: Not that I have heard mentioned.

MORE

#139

Q Let me say that another way. He plans to run for a full term, period, regardless of what the economy does?

MR. NESSEN: That is exactly right.

Q Ron, in view of the 374 to 38 defeat in the House yesterday on the Food Stamp --

MR. NESSEN: Why don't you let me finish my announcements before we get into questions?

The Bhutto meeting is over and I have a report on it. The meeting between the President and Prime Minister Bhutto began at 10:30 and lasted for one hour and ten minutes. Those present included the President, obviously, Prime Minister Bhutto, Secretary of State Kissinger, General Scowcroft, the American Ambassador to Pakistan, and on the Pakistan side, the Minister of State for Defense and Foreign Affairs --

Q Is that one or two ministers?

MR. NESSEN: That is one. The Foreign Secretary and the Pakistani Ambassador to the United States.

The President expressed his great pleasure at this first opportunity to get to know Prime Minister Bhutto and to have a wide-ranging discussion of matters, both bilateral and international, of mutual interest.

The two leaders agreed that their personal meeting will strengthen ties of close cooperation which have existed for a long time between Pakistan and the United States.

The two leaders exchanged views on Prime Minister Bhutto's efforts to improve the economic well-being of the Pakistani people and the progress which Pakistan has made in this area -- to help sustain Pakistan's own effort.

In view of the short-fall in food production and a continuing drought in Pakistan, the President informed the Prime Minister that the United States would be as helpful as possible in providing quantities of food beyond the 100,000 tons already made available this fiscal year.

The President also assured the Prime Minister that the economic needs of Pakistan will continue to receive priority attention.

The President and the Prime Minister discussed steps being taken to normalize relations among the nations of South Asia.

The President expressed his strong admiration for the Prime Minister's contribution to that historic process and reiterated American support for efforts to strengthen the basis for peace and stability in South Asia. In this context, the Prime Minister explained his concern for Pakistan's security needs.

Q Who did that?

MR. NESSEN: The Prime Minister expressed his concern for Pakistan's security needs. The President reaffirmed continuing American support for the integrity and independence of Pakistan.

The President and the Prime Minister reviewed the situation in the Middle East --

Q The sentence before that -- continuing American support for the integrity and what?

MR. NESSEN: The President and the Prime Minister reviewed the situation in the Middle East and the prospects for further progress toward a peaceful settlement.

Now, that is the end of the report on the meeting.

MORE

#139

Q Do you have any idea if they are meeting again?

MR. NESSEN: I was going to say the President and Mrs. Ford will be the hosts at a black tie dinner honoring Prime Minister Bhutto tonight at 8 o'clock and I think we have posted the coverage of that, basically coverage of the arrival. The toasts will be piped down here and there will be transcripts available. There will be a mini-camera coverage of the toasts and a small photo pool and a pool posted to cover the entertainment.

The entertainment is Billie Taylor, who is a jazz musician from New York.

You have also received, I think, a list --

Q Can we ask a question about Prime Minister Bhutto?

MR. NESSEN: Surely.

Q In view of the President's expressed concern for security of Pakistan, as you just outlined, are the Pakistanis going to get U.S. arms aid?

MR. NESSEN: The President told the Prime Minister that the matter of dropping the arms embargo would receive active consideration.

Q Did Bhutto ask for that?

MR. NESSEN: It did come up at the meeting.

Q Bhutto brought it up, presumably?

MR. NESSEN: I wasn't in the meeting.

Q Bhutto asked for something more than active consideration. He asked for arms, right?

MR. NESSEN: You may recall Dr. Kissinger said the other day he did not expect a decision on this while the Prime Minister was here. Dr. Kissinger did note the somewhat peculiar position of Pakistan, which is an American ally, subject to an American arms embargo.

In general terms on that whole matter, I think you would have to say that, one, the United States will not contribute to an arms race in South Asia; two, the United States will not do anything that will alter the strategic balance in that area; and three, the United States has, and will continue, to encourage the process of reconciliation in South Asia.

You have the resignations, I think, don't you? It is a list of fairly routine resignations and we also announced today that the President will visit Houston, Texas and Topeka, Kansas next Monday and Tuesday. This is part of his effort to get out and explain his economic and energy proposals to various community leaders and members of the public and to urge those leaders and members of the public to urge their Members of Congress to get to work and to take action on this.

I don't have the entire schedule, but I can give you what we do have right now. It is not very detailed. We will be leaving on Monday morning for Houston and during that time in Houston he will be meeting with Governors of the Southwestern States. I don't have the list for you right now.

Q That is a morning departure, around noon?

MR. NESSEN: I don't have the details yet, Bob. Then, overnight will be in Houston and then on to Topeka the next day where he will meet Midwestern Governors. I don't have that list, either, or a time.

Q Do you have any idea, roughly, of the numbers?

MR. NESSEN: We are talking roughly of eight or ten at each meeting. There is the possibility of a news conference in Topeka.

Q Eight or ten what?

MR. NESSEN: Governors at each stop. Then, there is the possibility of a news conference and the possibility of some other events, but they have not been confirmed yet.

Q In Topeka?

MR. NESSEN: If there is a news conference, that would be in Topeka.

And we would be coming back to Washington sometime Tuesday evening.

Q Except for the press plane, which is Wednesday?

MR. NESSEN: The press plane will go to Kennedy immediately after Topeka. (Laughter)

Those are all the details I have. I expect, as we go along later in the week, we will have more.

Q On Bhutto, will there be a joint statement at the end of the two-day visit?

MR. NESSEN: That is not certain, yet.

Q That is not certain?

MR. NESSEN: Right.

Q Is there any specific figure that can be put on the U.S. further assistance in the food aid?

MR. NESSEN: I don't have anything on it right now. It is possible we will have something and when we do, I will let you know about it. We don't at the moment.

Tom?

Q Is there a possibility of a trip to New York next week as well?

MR. NESSEN: There is a possibility of a trip to New York next week but it has not been firmed up, yet.

Q Is it safe to assume that now that he has met with the Northeastern Governors, the Southern Governors and the Southwestern and Midwestern next week, that the following week we may find ourselves on the other side of the Continental Divide?

MR. NESSEN: No, that is not anticipated.

Q What will the trip to New York be about, Ron?

MR. NESSEN: He has been invited for -- I am not clear on the details -- some testimonial dinner for the Vice President. As I say, it has not been decided firmly whether he will go or not.

Q There was a rumor here he might also go to Dallas next week. Has that been ruled out?

MR. NESSEN: Yes, it has.

Q He will not be going to Dallas?

MR. NESSEN: No, he will not.

Q Or any place else in Texas?

MR. NESSEN: No.

Q These are the two stops?

MR. NESSEN: Yes, those are the two stops.

Q Ron, in view of the rather serious defeat in the House yesterday -- 374 to 38 I believe the vote was -- on the food stamp rise in price, is the Administration going to soft-pedal or even abandon its attempt to get the Department of Agriculture regulations approved in the Senate?

MR. NESSEN: Certainly not. What you have to look at here, and in the whole series of things that will be coming down the pike, is that \$349 billion budget figure. I think whatever Congress does, you have to consider in that context. The President says he is horrified by the size of the deficit. Secretary Simon is, and I guess everybody in the White House is, and from what I saw on the television the other night, I guess a lot of Members of Congress are.

You get to the \$349 billion figure and you get to the \$52 billion deficit figure by a whole series of programs. If you want a bigger deficit, or a bigger budget, you do it by adding on new programs or not going along with the ceilings that the President has recommended.

So, the President has not abandoned his efforts to hold the budget to this very large size, or hold the deficit to that very large size. It is in that context he is sticking to all his proposals.

MORE

Q Does that mean he will veto the bill even if it does pass?

MR. NESSEN: We don't like to make a commitment one way or the other on that.

Q Could I get back to --

MR. NESSEN: Our colleagues are back from New York. The press plane has just landed at Andrews.

Q Getting back to Mr. Sperling's question back there a while ago about the economic report and the speech yesterday that the President made, you said one of the things the projections don't take into account is the confidence factor. The President also on Monday talked about that, that he sees signs of a confidence rally.

What are those signs? They are not reflected in the public opinion polls and I just wondered what he sees.

MR. NESSEN: I have tried, as a rule -- and I think it is a good one -- not to get involved in public opinion polls, and I don't plan to, but given the fact that you mention it, I think you need to look at -- I don't have to get into them --

Q Unless you have an opening, of course. (Laughter)

MR. NESSEN: Let me mention some of these figures. This is the Harris poll that, I guess, came out two days ago.

In December of 1974, to a question of "Does the President inspire confidence personally?" he went up from 30 to 39.

On the question of "Do you believe in the President's ability to keep the economy healthy?" he went from 11 to 22, which is a doubling of his support, admittedly a low number to start with and a low number now but again moving in the right direction.

On the question "Do you believe in the President's ability to keep the cost of living down?", that figure is up from 9 to 14. (Laughter)

We do get points for honesty. Also, I have a quote from Edmond Burke which I think will be appropriate at this point. In addition to honesty, we get points for literary allusion, don't we? (Laughter)

As I am sure you all remember, Edmond Burke said this: "Your representative owes you not his industry only, but his judgment and he betrays you instead of serving you if he sacrifices it to your opinion."

Q Does that contradict your statement the President is going to run again?

MR. NESSEN: Not in the least. It emphasizes what I am saying.

Q Say the last part again.

MR. NESSEN: "He betrays you instead of serving you if he sacrifices it" -- meaning his judgment -- "if he sacrifices it to your opinion."

Q Ron, the President is going around the country asking people to contact their Congressmen and, therefore, the people are giving their opinion on how Congressmen should vote. Now, under this guideline, should Congress ignore what the people are telling them?

MR. NESSEN: Certainly not. That is why the President is meeting with members of Congress, so he can explain to them his program and hopefully win their concurrence.

Q I would like to go back to Bob Schieffer's question, his original question.

What are these signs of confidence the President sees? I don't think in all you have said there any concrete signs.

MR. NESSEN: I think there are some polls that show increased confidence. There is also the rather healthy come-back of automobile sales.

Q Are you saying then that it is confidence in the President you were speaking of and not confidence in the economy? They are two different things.

MR. NESSEN: I forgot where we started .

I said that the computer didn't take into account the factor of confidence.

Q By that did you mean personal confidence in the President and not confidence in the economy?

MR. NESSEN: No, confidence in the economy. We are not talking of confidence as it exists today, but as people get their tax cut back, and as automobile sales come back and as inflation goes down, and unemployment goes down, and as employment goes up, the President does expect greater confidence in the economy.

Q Could I ask another question that follows up on this same problem, on this matter of inflation projection for 1975? Who were the people you talked to who said they thought the public tended to think of it in a year over year basis rather than an average?

MR. NESSEN: We talked Saturday at lunch with mostly Mr. Greenspan and Mr. Seidman, and then later I talked that day to Roy Ask and yesterday I talked a bit to Seidman again and to the President.

Q Ron, one more question on the Food Stamp bill. You said, in effect, every little bit adds up to this giant deficit in the budget.

MR. NESSEN: Right.

Q In line with that, would the President be inclined to look at a \$9 million loan that was announced today by the United States Railroad Association, which is part of the Federal Railway Administration, to the Rock Island Railroad. That is not the same as the \$640 million the President wants to save on food stamps, but it is something and I wonder if he would look at that?

MR. NESSEN: I wasn't aware of that loan. I will have to look into that one.

THE PRESS: Thank you.

END (AT 12:29 P.M. EST) #139