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

#376

AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:30 A.M. EST

NOVEMBER 19, 1975

WEDNESDAY

MR. NESSEN: I think you have the President's schedule for today.

I just point out that this afternoon at 2 o'clock, he is meeting with Jim Lynn and others to continue the process of going through the 1977 fiscal year budget. Today's meeting centers on the proposed budget for the Agriculture Department and a couple of other small agencies.

Q Other small agencies?

MR. NESSEN: I mean "and small agencies." (Laughter)

In addition, he has a meeting at 3:30, again part of the series that we are going through now, and this one has to do with preparing legislative proposals for 1976.

As you know, the pace of these meetings on the budget, the legislative proposals and the State of the Union is increasing, and each one of those meetings lasts an hour.

Q Excuse me. What do you mean by "legislative proposals"?

MR. NESSEN: I mean the proposals for legislation that he will send to Congress next year.

Q Is that aapart from the State of the Union?

MR. NESSEN: Yes, these are specific proposals.

The swearing-in of Don Rumsfeld to be Defense Secretary is tomorrow at 11 o'clock at the Pentagon. The President will participate, will have remarks, and my feeling is that we probably will not have a briefing due to the conflicting time.

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On the trip to China, we are going to do a posting on it, which will consist of the following information: On Monday, November 24, which is next Monday, Dr. Lukash will have some of his people here in the Press Office to give small pox and cholera shots. They are the only two that are required.

If you wish to have other shots which are recommended, but not required -- namely, typhoid, tetanus, diptheria, the polio series and gamma globulin -- you should get those from your own doctor.

This Monday, 2 p.m. appointment is the only time when the White House will provide the shots for the trip.

You should turn in to Judy O'Neil as quickly as possible, those of you going on the trip -- and I assume that the wires will run this information as a wire note once Judy posts it -- eight passport-size photos. It does not matter whether they are black and white or color.

Everybody on the trip should get from Judy tomorrow visa applications for Japan, where there will be a brief stop on the way over, Indonesia and the Philippines. As I say, that will be posted, but I thought I would go through it with you, and I assume that it would be a good thing to put on the wires for the folks who are not here today.

Q When will those be available?

MR. NESSEN: The visa applications will be available tomorrow morning.

Q Passport-size in addition to the ones already turned in?

MR. NESSEN: Yes.

Q Is there a deadline for the photos? When does she need them?

MR. NESSEN: As soon as possible.

Let me hand to you a statement by the President.

Q Ron, will you take questions on this?

MR. NESSEN: Let everybody get a copy first.

The networks now have the film they want of the thing being distributed. Why don't we turn the lights out now, and we will redo this after the briefing.

I frankly don't have very many answers beyond the statement. I think the statement is complete and speaks for itself and says precisely what the President wants to say today.

Q Ron, comment on the further concrete actions the President is calling for.

Q I would like to ask you a few questions.

MR. NESSEN: I think we had the first request here.

Q This really is not nitpicking, and I must ask it, and if you can respond, there is no reference in here to the city, unless I miss it. There is reference always to New York and I am not sure all the way through whether we are talking about New York State at all times or whether at all times we are talking about New York City.

I would also like to ask you in the last paragraph where you talk about New York leaders, whether you are referring to the Mayor of New York City, or the Governor of New York State, or are you referring only to New York City? Is it more than one leader in New York City other than the mayor? Can you clarify that?

MR. NESSEN: Cliff is requesting some clarification for reference in New York in some places, and New York City in other places, and in the last paragraph there are a fair number of references to New York City.

I think you know the situation, that the State Control Board has taken over management of the city's financial affairs. It is actually a State body with some city participation, so really New York, when it is used, is the precise term to use.

The New York City leaders implementing their intentions, of course, refers to the city leaders, the State leaders, the bankers, the labor union leaders and all the others who are participating in the efforts there to solve their own problem.

Q Thank you.

Q What bail-out --

MR. NESSEN: The bail-out bill. Frank asks which one does it refer to. It refers to the one currently before the House of Representatives, known as the Reuss-Rhodes bill.

Q In other words, the Federal guarantees?

MR. NESSEN: Yes.

Q Of \$3 billion, the one that was amended by the committee --

MR. NESSEN: The dollar amount is not the important part as it is, the concept is.

Q Ron, when the President refers in the fourth paragraph to any legislation that might be appropriate in a review next week, what kind of legislation has he got in mind?

MR. NESSEN: He does not have any in mind. That is the very point. You know, reviewing the past couple of weeks it seems to me that -- well, I am not going to give you a long lecture on my views. The point is that the effort to do this is clearly, always has been and is now, New York City York State's responsibility. We keep getting asked what is the Federal Government going to do, what is the Federal Government going to do? You know, the question is really improperly addressed because that is not the place where the question should be asked, it is a city and State matter and that is what I think this statement makes clear.

Q Why did he make this statement?

MR. NESSEN: Because there was a good deal of public comment from various people and various places who purported to reflect what he was going to do and so forth and there seemed to be the need for a good, clear statement of his position at this minute.

Q Ron, at one point on, I believe, the fateful date of November 13 you said that if Albany acted in the manner the President wanted them to --

MR. NESSEN: No, no, no. Wait a minute. You see, that is where this has always gotten confused. The President doesn't have any manner in which he wants Albany to act.

Q If Albany acts then to improve the situation --

MR. NESSEN: In whatever way it chooses.

Q -- and if the President were given written assurances that all parts to the bargaining would hold up their end of the bargain, he then would do something. What in effect would he do? Would he decide whether they need a bridge --

MR. NESSEN: He would review the situation to see if any legislation is appropriate at the Federal level.

Q Decide which legislation is needed and advance them the money --

MR. NESSEN: There is no legislation. It is exactly as it was then. There is nothing before the President, and as I said then and I can say now, it is just premature to talk about these kinds of things.

Q You indicated that there was some question about whether the money could come from private sources or whether indeed it would have to be the Federal level.

MR. NESSEN: Again, the questions are all being directed to the wrong place. It is New York City and New York State that have this job to do.

Q Ron, what are the President's views on the consequences of a default now and how serious they could be? Could you please re-state those today?

MR. NESSEN: I think you can look them up in many recent public appearances, Walt, and they have not changed at all.

Q He said he believes the consequences would be essentially controllable, and not catastrophic, as Vice President Rockefeller has said.

MR. NESSEN: I think that would be a very fair summation.

Q Why does the President believe that the bill now before the Congress is irrelevant?

MR. NESSEN: Well, it was drafted at another time when the sponsors of it felt that a certain course of action was needed. It was before New York City and New York State, as the President said, accepted the responsibility for solving their own problems and just written at another time when circumstances were different.

The dollar figure was changed on Monday and the length of the period from 7 to 5 years. The concept has been in the works for a long time.

Q Ron, what further concrete actions does the President have in mind for the State and City?

MR. NESSEN: The President has no concrete actions in mind whatever, no specific concrete actions in mind. It is their responsibility to choose how they want to save themselves, it is not for the President to tell them how to save themselves.

Q Ron, Mr. Rhodes, the President's Minority Leader in the House, after he met the President, indicated up in the gallery that the President appeared to him to be favorably disposed now toward some new thing that he would bring up apparently in this Reuss-Rhodes Bill as amended. Was he reading the President wrong?

MR. NESSEN: Well, John Rhodes has been following this very closely and I don't know precisely what he did say up there but you have the President's statement approved about 15 minutes ago so this is the President's view.

Q Ron, does that legislative review or the review of the situation next week include any plan to meet with Congressman Rhodes or other legislative leaders? Would that be part of it?

MR. NESSEN: I don't think it has moved along that far, Lou.

Q Ron, are you saying he made this decision just before you came out? You said 15 minutes ago it was made.

MR. NESSEN: He approved this statement 15 minutes ago.

Q When did he make his decision? This morning, last night?

MR. NESSEN: What decision?

Q Not to change his position.

MR. NESSEN: I don't know that you have to make a decision not to change your position, do you?

Q Well, he had a whole lot of people come in yesterday and telling that they --

Q When did he decide to issue the statement?

MR. NESSEN: Well, he decided to issue the statement during the meeting with the New York Republican Members of the State delegation and then the precise working of the statement has been worked on since then.

Q Ron, Governor Carey said yesterday that New York City would be unable to meet its payroll on December 4 with or without a default unless there were some sign of some Federal help. What happens if December 4 comes and the City can't meet its payroll? Will the Federal Government indeed step in and help?

MR. NESSEN: I heard on the radio this morning where he said it was December 15 and I guess he has had dates steadily progressing over the past six or nine months. You know, this is the position and you can go back to the Press Club document and read that and November 13 and the President's position has not changed.

Q The President says if they continue to make progress. Could you define what progress is in this statement?

MR. NESSEN: Well, the progress is up to them. They know what they have to do to, as the first paragraph says, find a long-term solution in accordance with the State Constitution and laws.

Q By saying "if they continue to make progress," you think they have made progress?

MR. NESSEN: Uh huh. Wait a minute. Did I answer a question I didn't mean to answer: What was that?

Q I said by saying "if they continue to make progress," the President believes they have made progress?

MR. NESSEN: Where is that, Dick?

Q The fourth paragraph.

MR. NESSEN: "If they continue to make progress, I will review..."

Well, the Secretary of the Treasury has the letter from Governor Carey, he has these pledges from the various parties involved to do what they think best to live up to their Constitution and laws and find a long-term solution, so in a sense that is progress.

In the first paragraph he says they appear to finally have accepted primary responsibility.

Q Ron, what is new then? So what else is new, as we say in New York? What is the reason for it?

MR. NESSEN: I think he said earlier that there has been a good deal of speculation and rumor and authoritative sources and so forth all telling what the President thinks at the moment, and the President thought he would let you know what he thinks at the moment.

Q Ron, will you clarify a telegram that Senator Brooke sent to Mayor Beame yesterday and in the beginning, and I am reading verbatim, at the beginning of the telegram he says, "I have studied the major elements of the recent plan to help New York City's financial crisis, a summary of which was sent to me by the White House over the weekend."

Now, can you clarify that part?

MR. NESSEN: I can't. I have never heard of that before.

Q Has the White House sent out summaries of the New York plan to Members of Congress?

MR. NESSEN: Not that I know of.

Q Would you check that?

MR. NESSEN: Yes, I will.

Q Ron, did the President tell New York Republican --

MR. NESSEN: Wait a minute, Maybe we can get an answer here.

All right. John tells me now that a summary of the Carey plan was prepared and sent to key Members on the Hill, along with a copy of Governor Carey's letter to the Secretary for comment.

Q Why was this done?

MR. NESSEN: Just to keep them posted.

Q When was this done?

MR. NESSEN: This is the first I have heard of it so we will have to check.

Q Ron, where does this reported \$2-1/2 billion two-year short-term plan fit into the scenario? Is that what the President is talking about when he talks about the satisfactory resolution or is that dealing only with long-term resolutions?

MR. NESSEN: Phil, again, questions about how New York City proposes to save itself and the State ought to be directed to New York City and State. We get questions here every day, what is the Federal Government going to do? That is not the question. The question is what are the --

Q What is he talking about?

MR. NESSEN: As I told Jim, he is not talking about anything because there is nothing here to talk about.

Q Ron, did the President tell the New York delegation yesterday that he would be sympathetic to short-term aid to the City if these concrete steps that he refers to are taken?

MR. NESSEN: What happened was that at the end of the meeting Senator Javits said, "Well, I am going out there and tell them that my impression was that" -- whatever the quotation was that Javits gave. So he said he was going to do it and he did it on his own, but no other Members seemed to go out there and say the same thing.

Q Was there any response?

Q What did the President say?

MR. NESSEN: It was at the end of the meeting when people were walking away and so forth.

Q The President didn't try to stop him from doing that, right?

MR. NESSEN: Well, by saying that I don't want you to get the impression that the President approved of what he was saying, either.

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Q Did he respond to him at all, Ron?

MR. NESSEN: The meeting was breaking up, and everybody was talking at the same time.

Q Ron, you mean the President heard the Senator from New York say this and didn't say a word and just let him go out there without any dissent or anything?

MR. NESSEN: The meeting was breaking up, and everybody was talking at one time.

Q What did Governor Carey tell the Secretary of the Treasury?

MR. NESSEN: I have one set of the Carey letter to the Governor, and attached to it the so-called commitments given by the various parties involved. I think the simplest way to do it would be to have this one set available in the Press Office afterward and you can come and look at it, if you wish.

Q Ron, on the bottom of your release, the only thing the President will buy, then, or will accept or sign, if you will, is the amendments to the Federal bankruptcy law; everything else out.

MR. NESSEN: I don't want to do a textual analysis of this statement. It was prepared carefully, and it very precisely reflects the President's views right now, and you ought to read it carefully. That is why I say I don't know why all that many questions --

Q Ron, yesterday Philadelphia was unable to raise \$25 million and blamed it on the New York situation. Does the White House have any reaction to that?

MR. NESSEN: I never heard of this, Dick, until you just mentioned it. I think what has proven to be the case over the past few months is that the New York City situation has focused more attention on the underlying fiscal management practices of the cities and States floating bonds, and investors are now looking more carefully at where they are putting their money and the ability of the municipalities to repay, and those which have good fiscal management are getting much lower interest rates, as was the case with Maryland, Fairfax County, and the State of California.

Somebody mentioned last night at the meeting that whatever jurisdiction he lives in, I forget what it was, had just gotten the lowest interest rate in five years, so the well-run cities and States are getting lower interest rates.

Q Who prepared this statement, Ron?

MR. NESSEN: It is the President's statement, and the entire range of economic advisers worked on it.

Q Ron, does this statement reflect the unanimous views of the Economic Policy Board that the President mentioned yesterday when he discussed this problem?

MR. NESSEN: They all participated in the drafting of it.

Q They all participated.

Q Ron, did you give us any idea of what kinds of discussions went into this, what kind of input there was from advisers, et cetera, to this? Some of the economic people have seemed to indicate more strongly lately that they would favor a more active Federal role.

MR. NESSEN: I don't think it is normal practice to give you the summary of what each adviser recommended to the President, but everybody participated in this this morning, and everybody agreed to it, and it certainly represents the President's thinking. It is the President's view, after sorting out all the views presented by everybody else.

Q There was some difference in points of view reflected to the President?

MR. NESSEN: There was a good deal of discussion.

Q Did that include Arthur Burns?

MR. NESSEN: Yes.

Q When he says the present bill is irrelevant, does that mean that no matter what efforts might be made on the floor to amend it, it would remain unacceptable to him? In other words, the bill is unsalvageable?

MR. NESSEN: I don't know what might or might not be done to the bill, the the way it is drafted, having been based on circumstances that are no longer existing, it is irrelevant.

Q It could not be amended to make it acceptable, is that what you are saying?

MR. NESSEN: This gives you the President's views.

Q But it is not clear on that point.

Q Ron, the bottom line of Carey's position is that, assuming that they do all the drastic things that are necessary, they still need Federal loan guarantee. I wonder whether that paragraph, that short sentence, "If they continue to make progress, I will review the situation early next week to see if any legislation is appropriate," does it mean legislation involving loan guarantees?

MR. NESSEN: It means exactly what it says.

Q Ron, does the President have any comment on the demonstrations in New York City yesterday against cuts in welfare payments?

MR. NESSEN: I didn't hear him make any.

Q Ron, the statement does say, if I read it correctly, that the President has accepted in principle the proposition that the Federal Government does have very well may have some responsibility.

MR. NESSEN: I don't see that anywhere.

Q I see it in paragraph one with the word "Primary." It says if there is primary responsibility at the State level, there must be secondary responsibility somewhere else. In paragraph four he talks about appropriate legislation. So, I would suggest that the statement says that he has accepted in principle the fact that there may be Federal responsibility. Would you disagree with that?

MR. NESSEN: I would only say that the statement is very carefully worded to precisely reflect the President's views, and I am not going to interpret it.

Q Ron, what legislation in the fourth paragraph?

MR. NESSEN: I have been asked that three times.

Q I am just wondering if you might be able to hypothesize?

MR. NESSEN: You can be sure that the thing I never do in public is to hypothesize.

Q What legislation might possibly be appropriate, any indication at all, if they continue to make progress? Any legislation is appropriate may be -- is there any indication?

MR. NESSEN: Again, I say read very carefully what it says.

Q Ron, at the Press Club the President said he was not going to take any action to prevent a default. Here he is talking about the possibility of looking at whether some legislation is appropriate. He has already suggested post default legislation. How do all of these things fit together? If he is not going to take any action to prevent default and he already has a post default plan of action, why is he looking at any Federal legislation?

MR. NESSEN: I am not going to go beyond the statement and speculate.

Q Has this information been transmitted to Governor Carey and Mayor Beame?

MR. NESSEN: Yes, read to them over the telephone about 30 minutes ago, let's say.

Q The statement is on whether the President still feels that default is necessary for cleansing or whatever measure. Is there any indication of whether or not his prior position on that might have changed?

MR. NESSEN: Ken, I am not aware that there was a prior position that required some sort of baptism by default.

Q He seemed to favor aid only after default.

Q Maybe that is what he was saying at the Press Club.

MR. NESSEN: I just suggest that you read his words carefully and not paraphrase them.

Q He favored that? Did I get it correct?

MR. NESSEN: No, I don't think you did get it correct, Ken. I am not ever aware of the President saying that New York must go through bankruptcy to cleanse itself. The President said from the very beginning that New York does not need to go through default, that it can save itself along with the State, and that again is what he is saying and finally what they are doing.

Q Ron, does the President dispute the contention among several of his economic advisers that New York City, even if it does all these things that are pledged, will still need short-term Federal loan guarantees to tide it over?

MR. NESSEN: Does he agree with any such recommendation from his advisers?

Q Does he agree with that analysis?

MR. NESSEN: I just don't think I am going to go beyond the statement, Jim.

Q Ron, let me ask another question. The President, having taken this position, and should default occur, is he ready to accept the consequences of default should they be, as the Vice President has said, catastrophic?

MR. NESSEN: You know you have about 14 "if's" in there, Walt.

Q Ron, you said that there are some communities or cities, I forget the word you used, which are paying lower interest rates.

MR. NESSEN: Yes.

Q Can you cite several as illustration?

MR. NESSEN: Maryland, Fairfax County, the State of California. I forget what the one mentioned to me last night was. I can bring the Daily Bond Buyer out tomorrow, though, and look it up.

Q If you want to do that.

MR. NESSEN: I will.

Q Ron, is the President aware of advice from the private community with Dean Burch and some of his other political advisers that he drop the heavy degree of campaigning that he has been doing and stay in the White House and be President more?

MR. NESSEN: I read that story, but I don't know of any, I am not aware of any such.

THE PRESS: Thank you, Ron.

END (AT 12 NOON EST)