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NEWS CONFERENCE

#385

AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:40 A.M. EST

DECEMBER 8, 1975

MONDAY

MR. NESSEN: In addition to the announcements that you got this morning already, the President --

Q What announcements?

MR. NESSEN: We don't have any announcements this morning I guess. This is the first. The President is announcing today his intention to nominate Thomas C. Reed of Ross, California, to be Secretary of the Air Force.

Q How do you spell Reed?

MR. NESSEN: R-E-E-D. He is succeeding John L. McLucas who, as you know, has become the FAA Administrator.

In 1974 and 1975 Mr. Reed has been Director of the Telecommunications and Commanding Control Systems at the Department of Defense. We have a biography which will give you all of this.

The other announcement I have today is -- I have sort of mixed feelings about it, it is done with great regret and also with pleasure. The President intends to nominate Bill Greener to be the Assistant Secretary of Defense for Public Affairs. (Applause)

Q Could we have just a few words from Secretary Greener?

MR. GREENER: You will get a lot of them.

MR. NESSEN: I think you will probably miss Bill as much as I will miss Bill and as all of us who will miss Bill. I don't know anybody who could have done a finer job in this difficult post than Bill. He is going to be very difficult to replace. I think we have all benefitted from his hard work and knowledge and intelligence and good humor.

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So I want to wish him well but also I am sorry that he won't be here with us after January.

MR. GREENER: Thank you.

Q Who is going to replace him?

Q You can always call him.

MR. NESSEN: They are going to have to fight hard to get Bill away in the near future and we don't have a replacement to announce today.

Do you want to say anything, Bill?

Bill is going to have to save that for his confirmation hearing, and of course if he fails to pass his confirmation hearings we will get to keep him, right?

Q Does he have any opposition?

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

Q Any conflicts of interest?

MR. NESSEN: Not that I know of, Helen. I don't know of anything.

Q How about all that Lockheed stuff?

Q Is he going to be known as Mr. Pentagon?

MR. GREENER: No, that is Mr. Rumsfeld.

MR. NESSEN: Okay.

Q Will he have a successor, Ron?

MR. NESSEN: Of course.

Q Because when Bill came in it sort of was a new arrangement to have two Deputy Secretaries. You do intend to continue that arrangement?

MR. NESSEN: There will be a replacement for Bill, yes.

Q What is going to happen to Joe Laitin?

MR. NESSEN: I am glad you mentioned that. Joe will be named soon to another post in the Government which we don't have ready to announce today but we will shortly.

Q NATO Ambassador?

MR. NESSEN: I think that is really all I have to tell you today.

Q Can you clear up the question of what was in the Buchen letter to the Pike Committee?

MR. NESSEN: Why don't I just give you a copy of the Buchen letter and you can read it yourself. It was dated December 6.

Q On that subject, Ron, do you expect a compromise to be reached under which the contempt resolution will not go to a vote on the floor?

MR. NESSEN: Well, I think you would have to ask Congressman Pike that. I think you know that the attitude of the White House from the very beginning has been that on two out of the three sets of documents the White House has tried to comply with those two subpoenas from the very beginning. In fact, as you know, the period between the issuance of the subpoena and the delivery date for the documents was only four days and people worked really, literally, around the clock those four days trying to pull the documents together. Then after the time ran out for the subpoena the White House tried to be in compliance. Even after the contempt action was begun the White House tried to continue to be in compliance.

I think you may know that the Pike Committee acknowledged in fact that on December 2 there had been substantial compliance with those two.

Now you know that the third set of documents involves advice from previous Secretaries of State to previous Presidents and the President, upon the advice of his Counsel and the Attorney General, felt that that was clearly a case where Executive Privilege was justified and he invoked it.

Now, at the same time a further offer has been made to provide the Committee with summaries of the decisions made in those areas covered by that third subpoena. Now that is something that is not covered by Executive Privilege because it is decisions of Presidents rather than advice to Presidents and so that offer has been made to provide the summaries of the decisions that grew out of those recommendations.

Q Well, now the question I asked was not a question asking you to re-hash what had happened, we are familiar with it. The question was, is there a compromise? Is there an effort being made to reach a compromise and, if so, do you expect a compromise to be reached, or putting it another way, what is your assessment of the negotiations at this point?

MR. NESSEN: First of all, I would not call it a negotiation, Jim. There is an effort to fully comply with two subpoenas and on the third subpoena the President feels clearly that is a case where Executive Privilege is justified but he has offered this summary of decisions now.

You know, whether the Pike Committee wants to push on beyond that really is something you have to ask the Pike Committee.

Q Are you saying that there are no negotiations, no -- I don't even have to call them negotiations -- no discussions underway between the White House and the Pike Committee?

MR. NESSEN: There has been an exchange of letters certainly and I think you remember the President's previous letter in this matter and now you have Phil Buchen's letter.

Q Can you answer the question whether there are discussions underway seeking to arrive at some kind of agreement or accommodation or compromise on this matter?

MR. NESSEN: As you know, we have been away for ten days and I have not kept up with all that has gone on in Washington, but I know that the effort has been to comply with two subpoenas.

Q Ron, would the President welcome a court test to clear this whole thing up on the third matter to get --

MR. NESSEN: I would not say he would welcome it, Peter. I would say that he feels, based on his own judgment and the advice of the Attorney General and his Counsel, that this is clearly a case where invoking Executive Privilege was justified.

Q Ron, let's go back a minute. I understand, of course, that you, yourself, have been away for ten days but since the President did do domestic work while in China I am assuming there was a certain amount of contact.

MR. NESSEN: Yes, there was.

Q The two subpoenas on which Mr. Pike announced substantial compliance were from January 1965 to the present.

MR. NESSEN: You will see in this letter from Phil Buchen that the subpoena covered 1965 to the present but as a further demonstration of our desire for accommodation, which may answer your earlier question, the President has authorized me to inform you that we will supplement the information already given to the Committee by providing similar information for the years 1961 to 1964.

Q Is he talking about the State Department subpoena there?

MR. NESSEN: No, this is the Forty Committee subpoena.

Q That was my point on my question. The State Department subpoena did call for everything from January 1961 on; in other words, it covered four years that the Forty Committee subpoena didn't cover. Are you going to supply the Pike Committee with those four years?

MR. NESSEN: You are talking about the subpoena on which Executive Privilege has been invoked?

Q Yes.

MR. NESSEN: No.

I have Phil Buchen's letter. Why don't you get the letter and read it first and see if it does not answer your question because the White House has voluntarily agreed to supply information for the years 1961 to 1964.

Q On the Forty Committee you have gone back to the 1961 reports?

MR. NESSEN: That is what this letter offers, yes.

Q The summaries of decisions that you are supplying with respect to the State Department subpoena, do they go back to 1961 also or do they just go to 1965?

MR. NESSEN: Offered to supply summaries of -- not State Department -- of decisions that were based on the State Department recommendations for which Executive Privilege has been claimed.

Isn't that right? Isn't that what we are offering the Pike Committee?

MR. DUVAL: The summaries do not go at all to the State Department subpoena or the State Department recommendations. The summaries just go to the Forty Committee subpoena.

MR. NESSEN: They are summaries of decisions.

MR. DUVAL: That is right, the other Forty Committee, and that subpoena only went to 1965; the President unilaterally carried it back to 1961.

Q Now we are hearing something which is different from what you said.

MR. NESSEN: I'm sorry.

Q The summaries are in compliance with --

MR. NESSEN: Summaries of decisions that were based on the recommendations for which Executive Privilege has been claimed.

MR. DUVAL: Well, that is not inaccurate in a sense, that by giving them a summary of all decisions taken by the Forty Committee you necessarily pick up all the decisions which were made because of State recommendations.

Q Can you identify the agency or department?

MR. DUVAL: Yes, we have them.

That is the point. Without having any reference to the State Department subpoena at all, we can still give them all the information they need.

Q In effect, are you arguing that that is in compliance with the State Department subpoena as well because you are telling them what agencies and departments these recommendations originated in?

MR. DUVAL: No, clearly we are not in compliance with the State Department subpoena because it has asserted the privilege.

Q I understand that, but in talking to them are you arguing, "Well, boys, you actually got it," because this tells you what agencies and departments made these recommendations?

MR. DUVAL: Yes.

Q Ron --

MR. NESSEN: Les.

Q Since Senator Proxmire says that except for the President, the Vice President, Cabinet Secretaries and a few others exempted by law, it is illegal under Title 31, Section 638(A) for Government officials to be driven to and from home in chauffeured cars, my question is how many of the White House staff are so chauffeured from home to office and are you among them?

MR. NESSEN: I have no idea how many do. I do have a car that comes and picks me up in the morning and takes me home at night.

Q In other words, the White House contends that Proxmire is wrong in his contention?

MR. NESSEN: I have to read what Proxmire said, I don't know what he said.

Q The New York authorization bill, I think, is coming down this afternoon to the White House.

MR. NESSEN: Yes.

Q Because of the speed that is required, is he going to sign that today?

MR. NESSEN: I would think that the legislation would go through the normal process of being looked at by the Counsel's office and others, Domestic Council probably -- the normal staffing operation, read the fine print and so forth and then get to the President with the recommendations of the staff people who have looked at it.

Q So it probably would not be today.

MR. NESSEN: I doubt it.

Q Would you think in the next couple of days, though?

MR. NESSEN: Yes.

Q Is he going to sign it?

MR. NESSEN: I don't see why he would not sign it.

Q Is he going to sign the Energy Bill?

MR. NESSEN: He has not decided yet.

Q Is he going to sign the Common Situs Picketing Bill?

MR. NESSEN: He has not decided yet.

Q What is on the agenda for the 2 o'clock meeting of the Economic Advisers?

MR. NESSEN: Tax cut and -- it may be tax cut only.

Q Is Charles Walker going to take part in that meeting?

MR. NESSEN: I have not seen the --

Q Why are they going to discuss the tax cut if the President is not going to sign it if it is not accompanied by a spending ceiling?

MR. NESSEN: Well, let's wait and find out what they talk about first.

Q Ron, Senator Long is suggesting that maybe as a compromise they just pass a three or four month extension of this year's tax cut package which would then give Congress the opportunity after they have seen the President's budget in January to vote on the spending ceiling. Is this the type of idea that the President might at least take a look at?

MR. NESSEN: You mean you want to put the decision off closer and closer to the election so that Congress can rise to the occasion in its usual non-political way?

Q Well, those are not my words but I --

Q Is that your assessment of his suggestion?

MR. NESSEN: That would be my assessment of what would happen if you put the tax cut deeper and deeper into the election year.

Q Ron, did you say they are going to discuss the tax cut at the economic meeting?

MR. NESSEN: Tax cut legislation.

Q What about the question regardless of what you think of Congress' motives? Is there a possibility that there will be a compromise extending the tax cut for about three or four months and then waiting on the spending ceiling until they see the budget?

MR. NESSEN: The President has made his proposal, he believes there is time to do it. As you know, the leadership in the House brought the bill out under a rule that won't even let the Members vote on the matter of putting a spending ceiling on. I mean if they are so sure that Congress is opposed to a ceiling on spending, why don't they let the Members vote on it? They brought it out under a rule that the Members cannot even express an opinion as to whether there should be a spending ceiling. That is real democracy in action.

Q What about the question? Is there a possibility or are there discussions of a compromise underway?

MR. NESSEN: Not as far as the President is concerned.

Q What are they going to discuss about this legislation then if it has already been passed by the House and the President says there is no possibility of compromise?

MR. NESSEN: Well, they are going to discuss what the next step would be after he vetoes a tax cut that would not have a spending ceiling in it.

Q Tell us about his day. When did he get up, what has he been doing, who has he talked to?

MR. NESSEN: He came in about 10 o'clock, I think it was, and he met some staff people and has the Economic Policy Board meeting at 2:00, and that is the schedule so far for today.

Q Ron, while you were away, Governor Reagan, when questioned, said that in the event that Mr. Ford gets the nomination he would support him. Will Mr. Ford support the GOP nominee, Reagan or otherwise, if it isn't him?

Now I know you have told us I think 25 times the President expects to win both, but in the event -- the possibility, however remote -- that he does not get the nomination, will he support Reagan or another GOP nominee?

MR. NESSEN: This is time number 26, Les.

Q That means you want to duck the question?
No comment. Okay.

Q Ron, would you comment on reports -- rumor is reaching us that you are about to leave for a couple of weeks.

MR. NESSEN: I am going to try and take a vacation starting tomorrow.

Q Back to China? (Laughter)

MR. NESSEN: No, I think I will pass on China.

Q For how long? Until after the New Year's?

MR. NESSEN: I hope to stay until Christmas but I don't have much hope in being able to do that.

Q Ron, do you expect the President to do any traveling between now and going to Vail?

MR. NESSEN: No, I don't.

Q Well, let's talk about Vail. You seemed to waffle, fudge, duck, evade or avoid the last time you were asked about Vail and then surprisingly enough, so did the President after his press conference on the 26th. Where does Vail stand? Are you still saying there is a possibility he won't go?

MR. NESSEN: There is almost no possibility that he won't go.

Q You also were quoted from somewhere as saying that he will go for a very short time or abbreviated time.

MR. NESSEN: I think he told the pool yesterday on Air Force One that he was looking for, what, about a week or slightly less.

Q Do you have any idea when he will be getting off, for guidance?

MR. NESSEN: Not yet. The dates have not been set yet.

Q Ron, what is the President's position on calling Congress back for some kind of special session.

MR. NESSEN: To pass a tax cut with the spending ceiling on it? He thinks they can do it before they go and then there would be no need to call them back.

Q Suppose they don't?

MR. NESSEN: Well, let's wait and see if they can't do it.

Q Ron, what is his position on Situs Picketing? Has there been any change in his support for that legislation?

MR. NESSEN: Well, he just simply has not made up his mind whether he is going to sign or veto that bill.

Q The Secretary of Labor seems to think that on four separate occasions the President expressed his support for that legislation in concept.

MR. NESSEN: In concept is right, but now you have a specific piece of legislation that you have to look at and see whether he wants to sign a specific piece of legislation.

Dick.

Q On that tax bill, to go back just a minute, do I understand you correctly to be saying that the President would not accept the three or four month's extension of a bare bones tax cut bill that is being talked about up there? In other words, without a spending ceiling in it he will not accept the legislation?

MR. NESSEN: I did not say that. What he wants is a permanent tax cut with a matching reduction in the growth of Federal spending, and they can do it.

Q Would he take one without on a temporary basis?

MR. NESSEN: I just don't think he thinks that there is the need to consider that possibility because they have got the time to do it.

Q So what did you say they were going to discuss at this meeting today?

MR. NESSEN: The Economic Policy Board meeting will discuss the tax cut and --

Q Well, what about if he has already decided --

MR. NESSEN: If they send it up here without a spending ceiling, he will veto it, as you know.

Q So what is the meeting for?

Q That is any bill, is that correct?

MR. NESSEN: The tax cut bill without a spending ceiling.

Q A tax cut bill of any duration?

MR. NESSEN: As far as I know the bill they passed is a permanent one.

Q But I mean should they change it. You are just saying any tax bill without a spending ceiling.

MR. NESSEN: The bill that they passed without a spending ceiling would be vetoed.

Q But not necessarily any specific bill?

MR. NESSEN: I hope you are not taking this to be a hint of any kind because I have never heard him talk about signing any tax cut bill without a spending ceiling on it.

Q So what is the meeting for then?

MR. NESSEN: To decide what the next steps are to try to persuade Congress to put a ceiling on Government spending.

Q He is pulling a New York on us, Ron, where we had a series of meetings about the position that is already established and then at the eleventh hour there is a change?

MR. NESSEN: I don't know what you mean by at the eleventh hour there was a change.

Q You are saying there is absolutely no possibility that there will be a change; he will not accept a compromise on the tax cut, there has to be a bill coupled with the spending ceiling?

MR. NESSEN: That is my understanding of his position, and he said it himself publicly.

Q Ron, on this same thing, is the President concerned about what many economists are saying; namely, that if there is no tax cut this year -- which will mean effectively there will be a tax increase as of January 1 -- that is going to slow down the current economic recovery? Is he concerned about that at all?

MR. NESSEN: Well, you are all basing this on the assumption that Congress will not do what it can do, and the President is going on the assumption that Congress will do what it can do which is to give people a permanent tax cut and put a ceiling on the growth of Government spending.

Q Ron, we are not discussing it on the basis of any assumptions whatsoever. We are asking you about possibilities and alternatives. We don't have any more idea what is going to happen than you do.

MR. NESSEN: We always go through this same thing, Jim, when there is legislation up on the Hill. You always address your questions to the wrong place. The President has made his proposal, stands by his proposal and will veto whatever --

Q Ron, you are perfectly aware of the fact that there are reporters on the Hill that may ask the leaders on the Hill --

MR. NESSEN: These are questions that ought to be asked on the Hill, Jim.

Q -- and committee chairmen exactly the same kinds of questions from their point of view.

We don't have any assumptions here, we are trying to find out what the President is going to do when given a certain set of alternatives.

MR. NESSEN: The President said he will veto a tax cut if it is not accompanied by a spending ceiling.

Q And you are addressing that to the Long compromise and saying that flatly now, that he would not go --

MR. NESSEN: The Long compromise is the three or four month extension?

Q I want to get that clear now.

MR. NESSEN: You know, I am not talking about compromise, I am talking about what the President thinks Congress should do and can do which is to pass a --

Q We are talking about compromise. We are talking about this suggestion. Are you flatly ruling that out?

MR. NESSEN: I am saying that he wants a permanent tax cut and a ceiling on Government spending.

Q Why can't you respond to that specific question, Ron? I mean it has been asked several times now.

MR. NESSEN: Yes, I know it has.

Q Then you are not in fact ruling that out, is that right?

MR. NESSEN: And you would be making a terrible mistake if you wrote that I was hinting that he would sign that.

Q I don't want to interpret your remarks, that is why I asked you the question.

Q We are writing exactly the opposite, that you said he will not compromise.

MR. NESSEN: I am saying that if they pass a permanent tax cut without a spending ceiling he will veto it.

Q You say permanent. Now what about a temporary one?

MR. NESSEN: Well, I don't know that there is any temporary tax cut that has gotten anywhere on the Hill so far.

Q Ron, has the President ordered the Secretary of the Treasury to keep the same withholding levels in effect after the first of the year until this matter is resolved, however?

MR. NESSEN: Not that I am aware of.

Q Well, isn't there a deadline of the 11th where the Internal Revenue Service must let employers at least know?

MR. NESSEN: I don't know what the precise date is but it is close.

Q It is pretty close.

MR. NESSEN: Yes.

Q Has this matter been taken up with the White House? Has the Treasury processed the --

MR. NESSEN: The White House is aware of the fact that the date is coming when withholding rates will be set for January 1.

Q Did the Treasury Department advise the President that they could take administrative action to keep the rates at the same level so withholding would not go up even in the absence of legislation?

MR. NESSEN: Have they? I assume they have.

Q What was the President's reaction to that suggestion?

MR. NESSEN: I was not there when the suggestion was made.

Q That is what I was getting at. Has the President approved such an administrative action?

MR. NESSEN: I said over here that I have not heard of it.

Q Is the President going to brief the Congressional leaders on his trip?

MR. NESSEN: Later in the week.

Q Will he speak to the American people on television?

MR. NESSEN: Well, he tried to yesterday but he spoke to them through the newspapers anyhow.

THE PRESS: Thank you, Ron.

END

(AT 12:05 P.M. EST)

AT THE WHITE HOUSE

WITH RON NESSEN

AT 3:27 P.M. EST

DECEMBER 8, 1975

MONDAY

MR. NESSEN: Some of you asked whether I would come down and talk to you after the Economic Policy Board so here I am.

What the President and his advisers did was to review the various legislation that is working its way through both the Senate and the House, to discuss the outlook for various piece of legislation timetables and Bill Simon is going to testify tomorrow before the Senate Finance Committee, so the real purpose of the meeting was for the President to give some instructions to Bill and the instructions to Bill were that Bill should re-emphasize in his testimony tomorrow that the President will veto any extension of a tax reduction or any tax reduction unless it has a ceiling on spending. And I know this morning we got into some times like six months, three months, four months, one year, permanent and so forth, and what the President wants understood is that he is talking about all of those categories and he will veto any of those time periods for a tax cut or extension unless they are accompanied by a spending ceiling.

Q Ron, spending ceiling does not quite define what point he is going to exercise the veto. You used to talk about balancing cuts with --

MR. NESSEN: That is the proposal, Bob. You know that is what I didn't understand this morning was all this talk about a compromise. With what? I mean the President has laid out a program, \$28 billion tax cut and a \$28 billion reduction in the growth of spending or, to put it another way, a \$25 billion growth in spending; put a ceiling at \$25 billion in growth and that is what he proposed then, that is what he is standing by now.

Q Yes, but you also said this morning that he would be -- or at least you indicated it seems to me -- that he would go along with any program.

MR. NESSEN: No, I did not.

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Q Wait a minute.

MR. NESSEN: Whether --

Q That the cutback be as much as whatever the savings, whatever the tax cuts are.

MR. NESSEN: We have been through all this every week. He believes that a \$28 billion tax cut is the size that the American people should get and that that should be balanced with a \$28 billion cut in the growth of Government spending that is where he stands then and he stands now.

Q Does he believe the veto will be sustained if the bill goes over that?

MR. NESSEN: Did you look at the House vote? Well, if you do you can see that it can be easily sustained 202 to 220, I believe.

Q 205 to 215.

MR. NESSEN: Something like that, very close.

Q Well, --

MR. NESSEN: Was it 202 or -- I think it was 202 to 220.

Q I think it was only ten votes.

Q 213 to 203.

Q Yes.

Q Did he talk to Mr. Rhodes about this bill from Peking?

MR. NESSEN: When he came back from China, yes.

Q Are you saying he will veto a smaller tax cut even if it is matched by a ceiling?

MR. NESSEN: I am saying his program is there on the table and he believes Congress should and can enact it.

Q Does that mean he will veto anything else?

MR. NESSEN: Why talk about "what if?" There is a program there and it is what he wants.

Q It is not what he wanted.

Q He is not in a position to issue any fiat, you know. He has to compromise with the Congress that is run by the other party.

MR. NESSEN: Why?

Q Well, if you don't understand, I guess he doesn't either.

Basically, the problem I have with this is you keep talking about a spending ceiling which is one thing and then you talk about a balance. Now I would like to know how you can reconcile those two.

MR. NESSEN: When I talk about a spending ceiling, I talk about the \$395 billion limit on the growth in spending.

Q I see.

MR. NESSEN: The way he would prefer to have it worded is a bill cutting taxes \$28 billion and at the same time saying Government spending in the fiscal year starting next July should be no more than \$395 billion.

Q Ron, is what you are saying then that the President--cutting through all of this malaise of what you say is repetitious the President is willing to go into an election year vetoing a tax cut because you know they are not going to put \$28 billion into it and take \$28 billion out of it. That is ridiculous. They have been through it in committee after committee session and on the floor of the House and the Senate. They are not going to do it. I don't know what they are going to finally come up with but that is one thing they are not going to do, so now you are left with this whole thing and so he is going to go into an election year and veto a tax cut just like that.

MR. NESSEN: Well, let me make two comments. One is that it is interesting to me that the President is always accused of doing things for political purposes and then you come around here and say he would not do something as dumb, politically, as veto the tax bill.

Q I will say it again.

MR. NESSEN: That is just a small side observation. We get that question about five times a day out here.

Q Exactly the opposite.

MR. NESSEN: But more seriously, the President truly believes that this is what is needed for all the reasons that he announced at the time he proposed this. The last Gallup poll, for whatever it is worth, indicated that well over a majority -- a strong majority -- of the American people favored this particular proposal.

Q When was that, Ron, recently?

MR. NESSEN: I have it on my desk.

Q You mean the \$28 billion?

MR. NESSEN: \$28 billion and \$28 billion.

Q Both.

MR. NESSEN: Yes.

Q What about energy, did they find out anything?

MR. NESSEN: No, they only come out in a most peripheral way.

Q You said he had a timetable for legislation.

MR. NESSEN: That is, the way it came up was what was going to get here first and nobody could quite decide what was going to get here.

Q Going back to the tax cut, can we say, then, assuming his veto is sustained and that we reach an impasse, let's --

MR. NESSEN: Why do you say there is an impasse? The veto will be sustained and then the next step would be for Congress to settle down and do what the President and the people apparently want which is to put a ceiling on spending and cut taxes.

Q But by vetoing the tax cut he certainly takes the chance that there will be no continuation of the tax cut. So my question is this: does the President feel that it is worth taking the chance to the economy of not having a continuation of the tax cut? Does he feel that it is so important to have this limitation on spending that he is willing to take the chance there will not be a continuation of the tax cut and thereby the repercussions on the economy which is not --

MR. NESSEN: You know, John, what we are talking about here is not what happened in the first two weeks of January or the first month of 1976; we are talking about what the President explained at the time was a historic change in the way we run our economy and run our society. That is an important issue and if it means that for a couple of weeks the tax cut expires, it is something that is much longer-range and more fundamental change in the way that we do business than just a few weeks of a tax cut.

Q So that the President is very much aware of the fact that there could be a retro-tax cut and he is not too concerned about a short passage of time into 1976 without a tax cut.

MR. NESSEN: His advisers have told him that such a passage of time would not have any material effect.

Q What specific passage, just a couple of weeks here or a month or what?

MR. NESSEN: It does not have to be any passage of time, it really depends on when Congress settles down to do what the President believes they ultimately will do.

Q But what was the advice, Ron?

MR. NESSEN: It would have no material effect on the economy.

Q For how long a period of time?

MR. NESSEN: It was not discussed in a specific period of time.

Q A short period of time?

Q How long will it take the Treasury to get its computers cranked up?

MR. NESSEN: That did not really come up. I asked afterward, and it is such a complicated subject that really the IRS is the place to talk to about how much time they need to recompute and so forth to change withholding.

Q To pin down the amount of ceiling -- I realize that you responded to this.

MR. NESSEN: \$395 billion is the ceiling. That is not hard to pin down.

Q Then, in other words, he will take nothing else but that, is that correct?

MR. NESSEN: Coupled with the tax cut is what he wants.

Q Sorry, but I just want to make sure I understand you. You are saying that he will veto a tax bill that has no spending ceiling in it?

MR. NESSEN: Right.

Q But does the spending ceiling have to be \$395 billion?

MR. NESSEN: That is the figure that he has proposed and he believes is right.

Q Why is that figure so magic?

MR. NESSEN: Well, I think we have been through all this, Helen, but I will go through it again. If you remember, there was a process of several months in which Jim Lynn and his people and the departments identified areas where the growth of spending could be held down and actually it came in after they identified over \$30 billion in reductions and they settled on \$28 billion as the practical figure.

Q One step further, Suppose the tax cut that Congress passes is less than \$28 billion. Would he then accept a different ceiling?

MR. NESSEN: Dick, you know I am not going to play "what if." He has announced the program, believes Congress can do it, believes the people want it, and Congress should get busy and pass it.

Q Ron, was there a technical discussion in this meeting of the timetable in terms of when this bill can be expected to come down and how long it takes the President to veto it and then whether the Congress will still be in session by the time it gets the veto, and whether he would then call them back from vacation? Did you talk about that?

MR. NESSEN: There was some discussion on that.

Q What was the decision? Would he call them back if necessary?

MR. NESSEN: He asked Max Friedersdorf to contact the Parliamentarian and get him the particulars that he would need if it were necessary to call them back or keep them in.

Q That means he is thinking about them? (Laughter)

Q Could you give us the context of this advice that such a passage of time would have no material effect on the economy? Were they talking about one month, six months, a year or what?

MR. NESSEN: It didn't really come up in any particular time context.

Q There must have been some. If they said such a passage of time, they must have been talking about it.

MR. NESSEN: There was no period of time, Bill, of months or weeks in which that was discussed, was there?

MR. SEIDMAN: I don't remember any, no.

Q Approximately.

Q Did they conclude it could go on forever with the tax increase or the lack of the reduction could continue indefinitely without a material effect?

MR. NESSEN: There is no feeling that it is going to end up that way.

Q Ron, what discussion was there with regard to the possibility of a plain, simple three-month extension, two-month extension?

MR. NESSEN: He said he would veto.

Q At today's session?

MR. NESSEN: Yes.

Q It did come up then?

MR. NESSEN: It absolutely did because Bill Simon had to prepare for his testimony and he expects to be asked that and wanted to know what the President's --

Q Was there discussion about any other thoughts on that?

MR. NESSEN: No. Bill said, "I am going to be asked tomorrow would you go for three months or four months or six months?" And the President said, "You tell them I will veto all of those unless they are coupled with a spending ceiling."

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Q If it means the economy can go for -- and I am filling in on the word "short" here because I think you said the first time a short period of time without a continuation of the tax cut the economy would not suffer, then why is the President asking Friedersdorf to come up with this tentative plan?

MR. NESSEN: So that people and businesses can have some assurance of what their tax rates are going to be in 1976 so they can make their plans.

Q So in other words the President has been told that not having the tax cut continued would cause the economy no harm but the President is considering keeping Congress in session trying to get some kind of tax cut through as a means of what, of convenience to businesses and --

MR. NESSEN: I think it is more than convenience. I think they need it for their planning. The request that Max get in touch with the Parliamentarian was done with the idea that this ought to be wrapped up by January 1.

Q I see a contradiction here. It seems to me that what you are saying really is it may be important to continue the tax cut on one hand and he is making preparations to keep Congress in session for that and yet you are saying that his economists have told him that the economy is not going to suffer. I don't know where the emphasis is here.

MR. NESSEN: I don't know what the contradiction is, John.

Q Well, maybe I am saying it badly.

The President was told that the economy could continue for a short period of time -- no precise figures mentioned -- without a continuation of the tax cut. Okay, they have told him that. In other words, you can go on into next year for an indeterminant amount of time without Congress introducing a tax cut and yet he is also asking Friedersdorf to come up with this proposal to see how Congress can be kept in session so that you can get some tax cut legislation through.

MR. NESSEN: By January 1.

Q So that would indicate that there is some urgency and you have just given reasons for that.

MR. NESSEN: Well, the urgency has nothing to do with its effects on the economy though. The urgency is to get it done by January 1 and get the permanent tax cut and the budget ceiling in place so that businessmen and individuals know where they stand.

Q He has not made his decision between those two yet as to whether or not he would keep Congress in session or not?

MR. NESSEN: Hopefully he would not need to keep Congress in session if they buckle down and do this.

Q But if he had to, are you prepared to say that the President would keep the Congress in session?

MR. NESSEN: The only step he has taken so far was to ask Max to contact the Parliamentarian.

Q Ron, since we all are pretty familiar with the President's reputation as an efficient compromiser, it seems to me the undertone of what you are saying is that he will demand a spending ceiling along with any tax cut but might give a little bit on the sides of both.

MR. NESSEN: I don't know why we always get questions about where will he give. Every program he ever proposes, the first question out of the box is, "Where will he compromise?" He has proposed this because he believes in it and because it is right and it is the proper figures on both sides. You know, I don't know why the first question is always, "Where will he compromise?" This is what he wants.

Q We are asking that simply because it does not make sense for him to say, "All right, we don't have any tax cut because you don't give me any ceiling in the start of an election year."

MR. NESSEN: Believe me, he says it and he means it.

Q Is he meeting with the leaders tomorrow?

MR. NESSEN: I have to look at the schedule. I believe that is right.

Q Republican or the bipartisan?

MR. NESSEN: The first meeting will be with Republicans.

Q And then bipartisan?

MR. NESSEN: I have not seen the rest of the week's schedule.

Q Did they discuss common situs picketing?

MR. NESSEN: No, it was all tax cut with the very minor reference to energy only in terms of what is the timetable for it coming in.

THE PRESS: Thank you.

END

(AT 3:43 P.M. EST)