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N E W S C O N F E R E N C E #539

AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:55 A.M. EDT

JULY 20, 1976

TUESDAY

MR. NESSEN: You know there was a Cabinet meeting this morning. It ran somewhat longer than expected. It broke up about 11:20. The main subject of discussion there concerned legislation that the Administration has proposed, or favors, which has not yet emerged from Congress. Jim Lynn led the discussion and various Members of the Cabinet gave reports on legislation in their areas.

The first piece of legislation mentioned was the general revenue sharing. Jim Lynn said that many States and localities are having difficulty planning their next year's budget when they don't know whether Congress will pass the general revenue sharing extension.

He said Congress is "dilly dallying around."

The second piece of legislation mentioned was energy. This is not a single piece of legislation, but a package of legislation dealing with energy. Lynn pointed out the President had sent 19 different pieces of energy legislation to Congress. Of those, five have been passed, eight have been passed by either the Senate or the House, or both, and the legislation is in Conference, and six have not been passed by either the Senate or the House.

Jim said that top Administration officials have testified 470 times on energy legislation before 28 committees and 79 subcommittees, and despite all that testimony, the output has been quite low.

Q Since when, Ron?

MR. NESSEN: Since the introduction of the energy legislation, which was January of 1975.

Despite all that, that only five pieces of legislation have come out of this Congress, he said this demonstrated that Congress was, "muscle-bound and ossified."

Q Is this Jim Lynn?

MR. NESSEN: Yes.

Q What did the President say?

MR. NESSEN: The President said sometime this week, later this week, he will send a message to Congress outlining the top priority pieces of legislation that he thinks Congress needs to pass and that he expects Congress to pass before they take off for another break.

Q Ron, will you take a question on that?

MR. NESSEN: Yes.

Q Is any thought being given at this time to calling them back for a special session or anything like that if they don't --

MR. NESSEN: At the moment, the next step is to send this message to Congress. I don't have anything beyond that.

Then, mention was made, as Jim Lynn went through the lists of the unpassed legislation, of the President's proposals to give block grants to the States and localities, turn over to them the money and the flexibility to deal with the problems of education, health, child nutrition and community services.

Defense, Jim Lynn reported -- and also Don Rumsfeld spoke on this -- that Congress is now close to the President's proposed figure, but said that there has been generallly inaction in those areas where the President has proposed cuts or restraints in defense spending.

On crime, Jim Lynn said there has not been a lot of action on such things as extending the LEAA or the President's proposal for mandatory jail sentences for certain crimes. Levi said that the mandatory sentence provision was part of S.1, which, as you know, is a mammoth recodification of the Criminal Code and he said, "That is not really going anywhere."

There was then a discussion of trying to pull mandatory sentencing and other aspects of the President's proposals out of S.1 and have them considered separately by the Congress. I suspect you will hear more about this in the President's message to Congress this week.

The sixth piece of legislation mentioned was Medicare improvements, including the President's proposal to provide catastrophic insurance for the elderly. Dave Mathews said there has been no movement since the initial hearings.

The seventh piece mentioned was food stamps. Earl Butz said that legislation is stymied. He said that the bill which has been considered would cost $1 billion a year more than the present food stamp program, would make eligibility easier than it is now and Earl Butz said, "It looks like they won't pass anything."

Q You say $1 million more?

MR. NESSEN: $1 billion more than the existing food stamp program.

The eighth area of legislation was Government reform, including reform of the CAB, of the Motor Carrier Regulations, the Financial Institutions Act, which Jim Lynn described as being in a mess as far as Congressional --

Q What was that?

MR. NESSEN: The Financial Institutions Act. This is the one that deals with banks paying higher interest rates and that kind of thing.

Then, there was the so-called agenda for the reform bill. If you recall, this was the one the President proposed which would set a timetable going out four years for the reform of Government regulations. Ed Schmults, of the Counsel's Office, said there has been some movement, "But I am not optimistic about that piece of legislation."

The ninth piece discussed was reforms in the unemployment compensation. The President has proposed both a study commission and some revisions of the taxes. Bill Usery said that hasn't gone anywhere at all.

The final item of legislation discussed was various tax cuts the President has proposed, including a revision of the estate tax, a change in the personal income tax deductions, incentives to business to hire more people, and so forth.

Jim Lynn said that because of actions taken by the Congressional Budget Committee, the tax cuts, "Appear to be going nowhere because Congress has chosen to spend the money instead of returning the money to the people in the form of tax cuts. It looks like you can say bye-bye to tax cuts."

Q Who said that?

MR. NESSEN: Jim Lynn.

Q Does that refer specifically to the $10 billion from July 1st?

MR. NESSEN: No. Then, the President, at that point, said, "What is the situation on the 60-day extension of withholding taxes?" Deputy Treasury Secretary George Dixon said, "No one can predict how that whole issue is going to come out."

Q What is the issue?

MR. NESSEN: You remember the tax cut expired on July 1st and was extended for 60 days because Congress couldn't make up its mind to a higher permanent tax cut. So, the President asked about it and Dixon said no one can predict how that issue will come out.

Q What do you mean? It was signed into law. What is the reference to?

MR. NESSEN: In other words, maintaining withholding at the present level is going to expire on September 1st, so what happens after that in terms of taxes going back up again or will Congress go along with the President and cut them the extra $10 billion --

Q If they don't pass the tax cut bill, then all the money withheld from July 1st to September 1st will have to be given back; is that correct? The withholding is based on the fact the tax bill will be extended?

MR. NESSEN: That is correct.

Q If not, then all that withholding will have to be given back?

MR. NESSEN: No, it would work the other way, Aldo. People would have to pay more in taxes.

Q They would have to pay more in taxes, but they have to give the money back?

MR. NESSEN: What money? The Government withheld the money. The Government never gives money back.

Q Have you decided on what day the President's message is going up on this priority laundry list?

MR. NESSEN: No, but it will go up this week.

Q What taxes are on this "bye-bye" business? Is that a new proposal?

MR. NESSEN: As you know, there are two changes proposed in the estate tax. One is raising the minimum up to $150,000 from $60,000, and the other is to stretch out the period of payment on what taxes are owed to a period of 20 years. This is estate taxes on small farms, small businesses and individual taxpayers.

Q Isn't there some accelerated depreciation in there, higher depreciation for utilities, stuff like that?

MR. NESSEN: That is right. The estate tax is one; raising the personal exemption from $750 to $1,000; the business incentives, and the one that Jim mentions.

Q The $750 to $1,000 personal exemption is in there?

MR. NESSEN: This whole package is in the "bye-bye" category, according to Jim Lynn.

Q Did the President concur with that?

MR. NESSEN: He was being given a report by people who keep close watch on this. This is their report to him.

Q It appears that Mr. Lynn, one of the President's leading advisers, has given up on the idea of Congress passing Mr. Ford's extra $10 billion tax bill. Did the President take issue with that?

MR. NESSEN: I think the President will speak to that in the message he sends to Congress. There is time for Congress to act.

Q We are talking about the $10 billion thing. We are not talking about limits.

Q Yes. Did the "bye-bye" include the $10 billion or just include the estate and the accelerated depreciation and stuff?

MR. NESSEN: No, this "bye-bye" includes this extra package of tax cuts the President proposed.

Let's get squared away on what we are talking about. For the first six months of 1976, calendar year, Congress passed an equivalent of an $18 billion annual tax cut. That expired July 1st. The rates have been continued temporarily for 60 days. Now, the President has proposed on top of that $18 billion annual tax cut an extra $10 billion tax cut. That extra $10 billion tax cut is in the group Lynn says it looks like you can say "bye-bye" to because Congress -- the budget committees at least -- in their decisions have indicated they will not restrain spending to the point --

Q So, the $10 billion is in the "bye-bye" but the $18 billion that Dixon is talking about is up in the air?

MR. NESSEN: The $18 billion is what Dixon says, "No one can predict how it will come out."

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Q So that apparently isn't taking into effect the message the President says he will send up, either. He apparently feels that will have no effect on it.

MR. NESSEN: I think he is basing this, Phil, on the present actions up to now by the Congressional budget committees because he prefaced his remarks by saying, "Because of the Budget Committee actions so far" --

Q But he seems to be talking in the future tense. He says you can kiss it bye-bye.

MR. NESSEN: I think implied there was unless the Budget Committee will take some of the steps the President has proposed and will outline in his message to Congress.

There was one other issue. The President said, "Where do we stand on the extension of the Federal Energy Agency?" Frank Zarb replied, "The conferees are meeting this week and it is hard to say how it is going to turn out." The President also urged that everyone work to sustain his vetoes of the so-called public works bill and of the military construction bill.

For the other part of the Cabinet meeting the speaker was Rog Morton. Rog gave a rundown on the delegate count. He told the members of the Cabinet that this morning at 10:00 the PFC was going to have a news conference to announce that another 16 delegates who had been listed as uncommitted had now committed themselves to the President, that according to the PFC count this now gave the President 1119 delegates, and he pointed out that this was a hard count and it was right in line with, for instance the New York Times, which gives him 1118, and it is generally in line with most of the independent news organization counts.

Rog also gave a very brief, what I would call a logistical and physical rundown on arrangements for the convention in Kansas City. He ran through the schedule, for instance, and physical arrangements of who would be staying on what floor in the hotel, what the convention hall looked like, where the guest seats were and so forth.

That was the Cabinet meeting.

Q Ron, I am wondering why you changed your philosophy here on giving us details about political discussions in the Cabinet meeting? You said before, a few weeks ago, that you never did that.

MR. NESSEN: I don't recall I said I never did that, Phil.

Q I think the last Cabinet meeting we tried very hard to get you to just say whether or not politics had been discussed, and you wouldn't even say that.

MR. NESSEN: Maybe it wasn't. I don't remember.

Q You wouldn't say yes or no. I am wondering why you are doing it today?

MR. NESSEN: I am just trying to be helpful.

Q Are you changing your policy of now we will know?

MR. NESSEN: I never had a policy, Phil.

Q Ron, did the President have any summing up comments to all of the reports made by members of the Cabinet?

MR. NESSEN: There was not a summing-up at today's session. The end of that discussion ended with the President urging help to sustain these two vetoes. I think what the President will now do is take the information that was presented to him today, as well as some other things that the Domestic Council has been working on, and prepare this message to Congress. That is what will really grow out of all this.

Q Did Henry Kissinger sit through all this?

MR. NESSEN: Yes, he did.

Q Did he say anything at any time?

MR. NESSEN: I don't recall that he did.

Q This whole thing, of course, is political. In the nicest possible way, it is political.

MR. NESSEN: In what sense?

Q In the sense they are asking the Congress, which has said bye-bye for six months, now to say go, go and Congress isn't going to say go, go, so I mean, wasn't there any discussion either before or during the Cabinet meeting about this thing is designed to show the President's view of the Democratic Congress that hasn't done what he wants it to do? You know on the surface, of course, it is the President presenting his proposals to Congress, representing them, repressuring, but really the President lives in a political world.

What is the political reason behind this move? Is this matching on Harry Truman, like you suggested, in 1948 pressuring Congress to put up? Is there any exhortation of Congress ridiculing their efforts?

MR. NESSEN: I cannot tell you what Congress will do, Dick, but these are proposals the President made as long ago as a year and a half or more and there was certainly no discussion of this being any kind of political gesture. It is a list of legislation which the President feels is important for the country and is going to tell Congress later in the week which specific pieces he thinks they have time to compete work on this year.

Q There has been no ruling about calling Congress back into session?

MR. NESSEN: It wasn't discussed today.

Q When do they adjourn?

MR. NESSEN: I think the next break will be for the Republican Convention.

Q Isn't it a typical move for Congress to mark time this close to an election? This is typical Congressional behavior, and all this pandering by the Cabinet is --

MR. NESSEN: I am just trying to give you a run-down of what happened there. You know all this complex analysis --

Q Did the President comment on Morton's description and comments on the delegates, the 1119?

MR. NESSEN: No, he did not.

Q Did Morton say when the President is going to arrive in Kansas City?

MR. NESSEN: He did not.

Q Let me ask you about these published reports that the President may go to Kansas City substantially prior to the balloting and be out there talking to delegates and so forth and so on. Is that a possibility?

MR. NESSEN: I have not heard any discussion of when the President is going to go, and it has not been decided when he is going to go.

Q Ron, are there delegates coming to the White House this week?

MR. NESSEN: There were some here yesterday from New Jersey. I think there will be some coming here later this week from New York.

Q Is there any decision on Mississippi?

MR. NESSEN: There has been no decision on Mississippi.

Q How many from New York?

MR. NESSEN: I don't know. I will get it for you when we get a little closer to the date.

Q Did Morton, when discussing this with the President, suggest a date or time when Ford will go over the magic number?

MR. NESSEN: He did not.

Q Ron, did Morton ask the help of the Cabinet in tipping over some of these uncommitteds?

MR. NESSEN: No, he didn't. Actually, some of the Cabinet members are delegates; for instance, Kleppe and Butz, who mentioned that they were delegates, and Coleman.

Q Who are they for? (Laughter)

Q Are they committed?

MR. NESSEN: Yes, I think they are.

Q Did Morton make any mention of a possible role for the Cabinet members at the convention, as possible speakers?

MR. NESSEN: Yes, he did.

Q Can you tell us what he said?

MR. NESSEN: All he really said was that he showed them on a little chart where the press room was. He said they would probably have an opportunity to hold news conferences and stuff as the week went on.

Q What about in the evenings during the prime time?

MR. NESSEN: No, he didn't give them any public speaking assignments.

Q Did Morton say where the 16 votes came from?

MR. NESSEN: He did not say in there, but I think Jim Baker probably outlined that at his news conference.

Q Ron, there is some discrepancy here. I was not in the Oval Office, but I am told the President said to Helen and Walt and some others in there that he had 1130. He was asked, did he believe that Reagan had 1140, and he responded by saying, "I think we have 1130." My question is, was this only joking?

MR. NESSEN: He believes he has 1119 now.

Q On the wire now they said Rockefeller was going to come out and brief on the Cabinet meeting at 10:30. What happened to that?

MR. NESSEN: No, I think Rockefeller will be out to brief when this message goes to Congress.

Q But you were originally planning to have him come out this morning?

MR. NESSEN: We were originally planning to have the message today, too.

Q Is Rockefeller going to lobby for the accomplishments that were outlined?

MR. NESSEN: I certainly hope so.

Q Was the President talking to Mathews today about the swine flu situation?

MR. NESSEN: Dave Mathews gave a brief report during the Cabinet meeting and the situation is that he is still working together with the drug companies and the insurance companies, as well as Members of Congress, to work out an arrangement so that the drug companies would have what they consider to be adequate liability insurance, and it has not been worked out and he is going to keep the President posted on it as they continue to work on the problem.

He did indicate meanwhile that production is going forward. I don't know whether he was speaking metaphorically or literally, but he said we are half-way there as far as production goes. I don't know if he meant that literally half the doses were ready or they just made a good start on the doses.

Q Did the President talk to any of the space people about the Viking landing?

MR. NESSEN: He made a phone call and we will get an as delivered transcript of that, if we haven't already done it. He called Jim Mann, wherever it is they are following the thing.

Q If Congress is vulnerable for failure to act during an election year on controversial domestic legislation, isn't the Administration just as vulnerable for failure to take any bold strokes in foreign policy or failure to reach an agreement on SALT?

MR. NESSEN: Walt, I don't think that is a question I can answer from here. The purpose of my going through this was to give you an accurate report on the Cabinet meeting. I think that kind of question, to me, sort of implies more of an outsider's interpretation and I think, other than to say that there is certainly no hiatus in the conduct of foreign policy -- and there cannot be -- I mean, foreign events, foreign countries don't declare time out during an American election year.

As I said the other day, it struck me as somewhat that there seemed to be perhaps a suggestion or an attitude that President Ford is the first incumbent President to run for election and that these perceived problems are now happening for the first time in history, which is, of course, not the case.

So, I would merely say that there is no hiatus in foreign policy and there cannot be. You know the other countries of the world which we deal with and the problems that we deal with don't take time out for American elections.

Q Then why is the SALT treaty, which is so controversial, so far behind schedule, then?

MR. NESSEN: I don't want to accept your characterization of it, but I will say that the SALT negotiations are proceeding and they are proceeding on the basis of the substance involved and no consideration is being given to the fact that this is an election year in the United States.

Q While we are on the subject of SALT, is the President giving any thought or any consideration to proposing merely a simple extension of the temporary offensive missile agreement, the five-year agreement?

MR. NESSEN: I would rather not get into the status of the talks at this point, Jim. They are continuing. I think the Geneva talks resumed a month or so ago.

Q Were they in the White House?

MR. NESSEN: I don't want to get into the substance.

Q Ron, is the President appointing Patrick Delaney to the SEC, as reported by the Wall Street Journal?

Q When you said there was no consideration being given to the politics where SALT is concerned, in the United States, did you mean to imply the Soviets are waiting for the election?

MR. NESSEN: I certainly can't speak for the Soviets, but I haven't seen any sign that foreign countries or foreign problems take any recess because it happens to be an election year. I think if you look back on American election years of the past, you will see that crises and diplomatic negotiations and so forth proceed right along, even though it is an American election year.

Q Ron, I have two questions --

MR. NESSEN: I wonder if I could finish my announcements.

As you k ow, the Gross National Product figure for the second quarter of calendar 1976 came out this morning. They show that the economy grew at an annual rate of 4.4 percent in the second quarter.

This is an indication that the recovery continues on a steady course. The rate of growth is somewhat lower than in the previous quarter, but the history of GNP growth over the years has been that it follows a somewhat ragged pattern and that is especially true in a time of sharp inventory liquidation followed by a period of inventory build-up.

But, the evidence that the President's economists have is that in the second six months of 1976, the second calendar six months from July to December, that the annual GNP rate in the last half of the year will exceed the 4.4 percent in the second quarter.

The other good news out of today's statistics is that the so-called deflator -- in other words, a good measurement of inflation -- is low, it is 4.7 percent.

Q So, your total is what, 9.1?

MR. NESSEN: Well, 4.4 real growth plus 4.7 delflator, which gives you a 9.1 total GNP.

Q The deflator is up, is it not?

MR. NESSEN: 4.7. The deflator is at an annual rate of 4.7. In other words, a good, solid measurement of inflation is 4.7 on an annual basis in the second quarter.

Q What was it in the first quarter?

MR. NESSEN: I don't have that, I am sorry to say.

Let's let Margaret check on whether you can add the real GNP and the inflator and get the actual -- I am not sure you can.

Tonight, as you know, the President and Mrs. Ford are going to be the hosts at a concert and reception to celebrate the Bicentennial. We have arranged rather extensive press coverage, I think. The guests will be a very large list of representatives of the diplomatic community, White House staff, State Department and people involved in foreign policy and members of the Bicentennial Administration and others involved in the Bicentennial celebration. The exact details of that are available -- the notice was posted last night.

Q How many Governors were invited?

MR. NESSEN: The list of attendees is available from Sheila as always. But, in a quick look at the list Governor and Mrs. Byrne of New Jersey are coming, and I believe I saw Governor Rhodes of Ohio, but I am just skimming through the list here and --

Q Is Longley going to see the President today?

MR. NESSEN: He is not on the President's schedule.

Q Is Mr. Delaney being appointed to the SEC, as reported by the Wall Street Journal?

Q Have you finished with your announcements?

MR. NESSEN: I think we will have an announcement of an SEC Commissioner appointment very soon, Phil.

Q Today?

MR. NESSEN: It is possible it will be today.

Q You are confirming it?

MR. NESSEN: I think if you will --

Q What about Stanley Kirk as Comptroller of the Currency?

MR. NESSEN: I think we will have an appointment in that area very shortly, too, both possibly today.

Q Did the President have any comment about John Moore's criticism of the handling of the international Law of the Sea and the comment that his signing of the 200-mile limit bill was illegal?

MR. NESSEN: My understanding from reading that story is that Mr. Moore raised two questions; one, that the Administration didn't pay very much attention to the Law of the Sea and that really is just not an accurate description of the situation. I know from my own personal observations and participation that the President has kept in very close touch with the Law of the Sea negotiations; also, Secretary Kissinger has and, in fact, if you recall, in April the President sent Secretary Kissinger to New York to personally lead the American delegation to that resumed session of the Law of the Sea Conference.

The purpose of sending Secretary Kissinger was for the President to underscore the fact that he did have a great personal interest in the importance of the talks.

Incidentally, just from my own personal observation, too, I know that Members of Congress, and others, as the President traveled around, especially to States that have a sea coast and a fishing industry, constantly called the Law of the Sea question to the President's attention and discussed it with him. So, he was personally involved in it.

The other part, as I understand the Moore story, is that he contends that the legislation is illegal. Well, I am not an international lawyer -- that is a legal question -- but I can only point out that many of the nations which have the biggest interest in fishing off our coasts do not subscribe to the -- let's see, that is a 1958 convention on fishery conservation, so in addition the bill passed Congress, as you know, with very strong support in both the Senate and the House.

The law does not take effect until March 1 of 1977 and, as you know, the President wanted the effective date put off for a while in hopes that the Law of the Sea Conference could deal with the issue on an international treaty basis.

Finally, I would just say two things: One, the fishing stocks off America's coasts were being depleted under the old arrangements and the President felt that action was needed. Secondly, that what this law provides for is in line with what has emerged as a consensus at the Law of the Sea Conference.

So, with the delay between now and the time the law takes effect, there is still time for the Law of the Sea Conference to do this on an international treaty basis, but in the meantime the President feels that the law is necessary for our own fishing stocks to avoid further depletion and because the nations which are most involved, other nations do not subscribe to the 1958 law.

Q Ron, you also said that State and Justice had warned the President that this was a violation of the treaty and in addition risked a confrontation with the Soviet Union. Is that true?

MR. NESSEN: I don't know for a fact that that is true. I know at the time the President signed the bill he said that there were possible problems with it, and he asked the agencies of the Government to study it and recommend to him whether any amendments were needed.

As far as I know, they have not yet reported back, but I can check that for you.

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Q Ron, are you finished with your announcements?

MR. NESSEN: Yes.

Q I have two questions. One, did Rockefeller talk about politics at the Cabinet meeting?

MR. NESSEN: At one point, when Rog was giving the description of the physical layout, he said that the aisle at the Convention, the aisles are only 4-1/2 feet wide and this is going to cause very crowded conditions. The Vice President then asked a question, saying, would the alternates be on the floor at the same time the delegates were on the floor and, if so, where were they all going to fit with these narrow aisles. Somebody said, well, you can be sure they are going to be on the floor if television is there. There was just that kind of banter.

Q Nothing of substance?

MR. NESSEN: No.

Q Second question. The President received a report a week or so ago of a very serious situation in New York on the Southwest sewer district, which is in bad straits as far as money is concerned and they need more Federal money for this project, which was described as a very serious matter in need of Federal attention. I wonder if this was brought up in the Cabinet meeting today, and anything they might do for the Southwest district?

MR. NESSEN: That was not mentioned today in the Cabinet meeting.

Q Is the President aware that some of the uncommitted delegates Mr. Baker is talking to are raising with him the prospect of Federal jobs, that they are interested in jobs?

MR. NESSEN: I have not heard that mentioned to the President, but I know for a fact that the President does not intend to and doesn't authorize any kind of quid pro quo discussion with delegates, that he expects delegates to support him or not support him on the basis of his policies and his record, and the other reasons.

But there is to be no kind of bargaining or anything like that with delegates, no quid pro quo for anything.

Q Has the President told Baker that?

MR. NESSEN: I assume he has because it is clearly understood by everybody.

Q Is the President opening his door right now for people to come in and discuss with him things like the Southwest sewer project? Is he looking into things like that?

MR. NESSEN: He always is looking into things that people call to his attention. I haven't heard the Southwest sewer project mentioned.

Q Well, an uncommitted delegate was in here last week to discuss this with him. I just wonder if he now has time to look into things like that?

MR. NESSEN: I wouldn't say he has time now to look into things like that if it suggests that he has time now to look into it because uncommitted delegates has asked him to look into it. I think you know the President and when he traveled around the country and held these forums and people mentioned these local issues, he would say to Jim Cannon, or whoever was with him, "Let's get an answer to that." Or, "Let's look into that."

Q How did the Bradley ROTC ever come out?

MR. NESSEN: And the Bradley ROTC, which the letter was answered, and Neuse River and Lock and Dam Number 26 in Alton, Illinois. You know, the President feels that is his responsibility and I think he has opened up himself to having things like that brought directly to his attention, but he did it long before this period.

Q Ron, yesterday out on the lawn, the President was asked twice about the situation regarding U.S. economic aid to Italy after the new government is formed. As I look over the transcript, he didn't really answer that. He said that he has said many times he would be very disturbed by Communist participation in the government of Italy. When somebody else asked again, he said, "We are not trying to dictate a formula to the Italian Government."

But on the basic question, that is, has it been decided by the U.S., West Germany, et cetera, not to give aid to Italy if the Communists are in the Cabinet, he dodged it. Can you give us anything on that today or are you refusing to comment on it?

MR. NESSEN: I would say that the President would generally not disagree with what Chancellor Schmidt said on the issue.

Q Then he does disagree with President d'Estaing, because President d'Estaing said, no, there was no such decision.

MR. NESSEN: I am not aware of President Giscard's remarks.

Q Ron, there have been various accounts of what Chancellor Schmidt did say, so what precisely is the President not disagreeing with? That is a serious question because the Germans are saying Schmidt did not quite say that. Others say he did. You say the President generally does not disagree. What does he not disagree with, please?

MR. NESSEN: Let me find out what we believe to be the remarks of Chancellor Schmidt with which we do not disagree.

Q Will you do that today?

MR. NESSEN: Yes, I will. And we will get back to everyone.

Q Why don't you just tell us whether or not the United States intends to cut off economic assistance to Italy if the Communists participate in the Italian Government?

MR. NESSEN: I am not fully prepared to answer those questions at this moment, but I will get that information and get it out this afternoon.

Q The President said we would not dictate a formula. Did that word "formula" refer to economic assistance or was he talking about something else?

MR. NESSEN: No, I think he was saying we did not intend to dictate a formula of who takes part in the Italian Government. That was my understanding of what he was saying.

Q Ron, did Morton say there would not be seating for alternate delegates? They would either have to stand in the aisles or not be in the hall?

MR. NESSEN: No, he didn't say that. He said it was quite a small place and some were going to have to sit up -- did indicate some would not sit on the actual basketball court, or whatever the floor is, some would have to sit in the rows around. That is only because of the physical conditions of the hall. It is quite small and, as I say, 4-1/2 foot aisles.

Q What is the name of the hall?

MR. NESSEN: It is called Kemper Arena.

Q Yesterday, the President said he pardoned Nixon in the national interest and would do it again. I am a little unclear on that. What does that mean? Would he use his pardon in other Watergate cases like pardoning Mitchell, Erlichman or Haldeman?

MR. NESSEN: No, he meant if he were faced with the decision again, the outcome would be the same.

Q Ron, when do you expect a read-out on the trip to Mississippi?

MR. NESSEN: I don't have a feel of when that decision will be made, Russ.

Q Does it have anything to do with the delegates?

MR. NESSEN: It would be an invitation to a fund-raiser but it wouldn't surprise me if he talked to some delegates.

Q If he gets two delegates, will he go? (Laughter)

Q It wouldn't surprise you if what?

MR. NESSEN: If he had an opportunity to see some delegates when he is down there if he goes.

Q Won't he be more inclined to go if Mr.Reed were to persuade a few delegates that he has some control over the jump into the Ford column?

MR. NESSEN: Tom, I don't know what the considerations are because I have not been attending the scheduling meetings the past couple of mornings because of other stuff I have to do.

Q I don't think it came up in the scheduling meetings.

MR. NESSEN: I don't know what the considerations are on the Mississippi trip.

Q Is that a Saturday event, if it happens, the fundraiser?

MR. NESSEN: I am not sure what time of the day it is. It is either late afternoon or evening.

Q Would you clarify what the President meant when he said, "that an outsider, outside the Republican ranks" --

MR. NESSEN: I saw a very good Growald column that covered many of those under consideration.

Q Were any of those likely choices?

MR. NESSEN: They are all elsewhere, so I guess they qualify.

Q When he said "elsewhere", does that include Democrats?

MR. NESSEN: I don't think I am going to elaborate on what the President said.

Q I hate to bring this question up. I purely do. Nevertheless, this morning, Senator Howard Baker, in effect, took himself out of consideration for the Republican Vice Presidential nomination and said he endorsed Ronald Reagan as President Ford's running mate and said he had urged the President, in a meeting in June, to put Reagan on the ticket with him as his running mate. What is your comment?

MR. NESSEN: I didn't see the story. I would like to see that story before I comment.

THE PRESS: Thank you.

END (AT 12:40 P.M. EDT)