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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
ECONOMIC WRITERS MEETING

THE ROOSEVELT ROOM

1:30 P.M. EST

THE PRESIDENT: I hate to interrupt all of you experts in the field of economic writing and deprive you of a chance to talk to Bill and Alan and others, but I did want to come in and just say a word or two to let you know that I have very deep convictions about the need and necessity of moving ahead, not only in the economic field with the plan that we have, but also in the energy program.

The economic plan we spent a great deal of time on. We tried to balance it with the tax reductions that we proposed, plus the need and necessity to tie in to balance the holddown on the expenditure side. Unfortunately, most of the emphasis so far at least has been in the tax reduction area, with insufficient emphasis on the expenditure limitations.

I am more optimistic that they will do 50 percent of the tax reduction and not the other 50 percent, which is equally important as we look not only at the short haul but the long run.

I not only spent a great deal of time on the tax alternatives, but probably even more time, because of the immensity of the document, on the budget. Fortunately, I had had 14 years on the Committee on Appropriations, so budget documents were not new to me.

Working with Roy Ash and his people over a period of several months, we went into quite a bit of detail on the budgets for virtually every department. Any time that the guidelines of the OMB to a department were challenged by a department, I personally got into it, and there must have been 150 or more major decisions in the main, but some relatively small ones.

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The point is that if we are going to make this program really work in 1975 and maintain a prosperity in 1976, and so on, I think we have to do something on the expenditure side.

The energy program, of course, came to me in the form of a massive document resulting from a year's study by the FEA and various other people, and we spent again countless hours going through the various options that were prepared for decision.

We have a list of legislative and administrative actions that are related to the energy program, with assignments to each department and to each part of the Executive Branch as to time schedule, prospective action or inaction.

It is a very comprehensive program, and we are having put in one bill all of the legislative proposals. Roy Ash told us this morning that there would be seven hundred pages. We are doing this because we want it to be as it is, a comprehensive approach to the problem of energy.

There probably are 30 or 35 individual bills, as I recollect. We could parcel them out and some would be five pages, some would be 40 and some would be 75. I think it would destroy the impression as well as the substance that this is a plan.

What we intend to do is to take this document and put it up there on the desk and say, now here is a plan that will solve the problem, short-run, long-haul. We don't mind you being critical of a part of it, but don't say that it is not a plan that won't work. You come up with something that is comparable, and when you do, then we will talk about compromise, but you can't come up with one piece and expect to solve the whole problem.

The gentleman from the Christian Science Monitor -- I was reading a piece on the back page with a wonderful line, "We are not going to fiddle while energy burns." I am going to plagiarize, if I can -- and I don't want to use it without saying I am plagiarizing it, but I think it is precisely right -- "We are not going to fiddle while energy burns."

We are going to have a document, we are going to have a comprehensive plan, and we hope if they are critical, they will come up with something that is comparable in depth of the approach and the width of the attack.

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I didn't get into any of the details. I know a few of the details, and I will be glad to answer any of the questions, but in both cases I have tried to emphasize, which I feel very strongly on, that we have got an overall plan in both cases, and I think it is the responsibility for Congress to act.

QUESTION: Mr. President, could some of the concerns that we face today possibly be avoided if the respective leaders of Congress were brought into the planning sessions before you publicly made available a program?

THE PRESIDENT: I know some feel that way, but I think you have to bear in mind a couple of things. We did most of the decision-making while Congress was in recess, both when they adjourned and before they came back, and I felt it was of maximum importance to have something up on the desk of Congress as soon as they reconvened. As you know, my State of the Union encompassed the program the day after they returned.

There was some briefing, I must say, if not full participation, prior to the actual submission of the plan to the Congress. I had a meeting of about an hour with the Speaker where he told me what the Democratic plan was, and I told him what our plan was.

I did meet with Al Ullman. I did meet with Russell Long. Some of the people on the White House staff and on the Executive side did contact various Members of Congress on both sides of the aisle.

Yes, sir.

QUESTION: Mr. President, can you envision any circumstance under which you might agree to relent on the oil import fees and give the Congress additional time?

THE PRESIDENT: I think the acts I have taken on the 1st of February I must stay with. I think this is the Executive action that has gotten the solution to the energy problem off dead center. We had nothing but studies and talk.

Was it 1970 or 1971 that the Senate authorized a comprehensive study of the energy problem and solutions? I am told there has never been any report, or the time has come to stop studying it and the time has come to act on it.

The only way I know -- and I am being very frank with you -- I deliberately did it because this is the one way that we have crystalized some potential action.

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QUESTION: Mr. President, you have said how strongly you feel on the tax question. Looking at the tax side, is there any more room for compromise on that side? This is what we were discussing just before you came into the room, to compromise with those who feel the economy needs a greater stimulus because perhaps the recession threat may be stronger than is felt on this side.

THE PRESIDENT: It appears that in the economic package that the Congress is probably going to do it whether we agree with it or not.

Isn't that right, Alan?

At least, as I read what Al Ullman is talking about, that is what is going to happen. We think what we have proposed is sound, but this is a government where you have the Executive and the legislative acting as co-equals, so we will do everything we can to sell our program, but we do have to end up with what the judgment is of the Congress. I hope that there won't be too much deviation.

QUESTION: Mr. President, could you sign Mr. Ullman's Bill?

THE PRESIDENT: I would not pass judgment here this afternoon on whether I could or could not, but there is a reasonable similarity. Of course, that is only his views, and he has got 36 other Members on that committee, so there may be some modification between what he is talking about and what the committee and the Congress finally do.

I think it would be premature for me to say I would sign or would veto that bill.

QUESTION: Mr. President, I don't know whether you mean to be firm on the spending side or not. You mean you would not sign any bill to increase spending, other than for energy?

THE PRESIDENT: I think I was pretty categorical. We certainly are not going to recommend any, and I phrased it this way: I said I will not hesitate to veto any new spending program.

QUESTION: Mr. President, there is a bill to raise the Federal debt limit and attached to that bill is a bill to suspend your tariff raising authority. Would you veto that bill when it comes up?

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THE PRESIDENT: I was asked that in the joint leadership meeting the other day, and I said to them, and I will say to you again, I don't think I ought to pass judgment until I see what comes down because it may or may not come down in that form.

So, I see no reason to either tell them or to tell you what I might do in some hypothetical situation. I have enough trouble making real decisions rather than hypothetical ones.

QUESTION: Mr. President, you were emphatic in speaking about the February import fee increase. Do you intend to leave some room for compromise for later increases, and in what possible area?

THE PRESIDENT: The proclamation includes all three months. I certainly intend to stick by the proclamation.

QUESTION: Mr. President, when you submitted your original tax program, we were told that the increase in living cost and the fuel cost for the average family would be something like \$250, but since then we have been told it would be something like perhaps as much as \$345.

In view of that greater impact, do you think that there should be tax concessions in the program?

THE PRESIDENT: I read that headline, and I was somewhat irritated, to put it mildly. The first question I asked when I got to the office was, "What happened?" So, let Eric explain.

MR. ZAUSNER: I think the answer is it will not be \$345. Our best estimate still is in the range of \$250 to \$275. That \$345 number was merely our attempt to see what we felt the absolute maximum could be with all the ripple effects and a number of other things that people thought potentially could happen, given our best assessment of what will happen.

The way the economy is now, we feel that is an unrealistic number, and \$250 to \$275 is still our best estimate of where this will work its way out.

MR. GREENSPAN: The \$345, as I recall, is equivalent to 2.5 percent increase in CPI, and the \$275 is the 2 percent, is that correct?

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Also, it is on a family income of, as I recall, \$15,000, which is the average, but not the median, and there is a very significant difference. When you look at these absolute numbers, it would be a very significantly different and lower number in lower income groups because they use and spend less on energy.

QUESTION: I was wondering whether in your conversations with other Chiefs of State whether they have made any comment on our economic and even energy programs, and what the reaction from abroad has been.

THE PRESIDENT: When Helmut Schmidt was here, he had just announced his proposed economic program, and he has strongly endorsed it, spoke out for it, and he hoped that the European countries, West Germany and ourselves, could work together.

I got a communication through official channels, and I am not sure it was not in the West German press, that he was very favorably impressed and was very happy that we had taken much the same line that he had taken.

We got an equally favorable comment from the French government, Giscard. When we were in Martinique, we did talk about economic plans and action that would be similar rather than different.

I might say I have heard indirectly that Mr. Wilson feels the same way, although we have not heard or at least I have not seen anything.

QUESTION: Mr. President, your comments a few moments ago on the tax cut question left me, at least, with the impression that you are more open to compromise on the details of that part of your package as opposed to the energy part of your package. Is that correct, sir?

THE PRESIDENT: I don't think so, except the circumstances are different. The energy program is very broad and it is highly integrated and highly correlated, all the various parts. Now, the tax plan is too, but there always have been variations between what a President recommended and what a Congress did in these areas.

Very few instances that I have run into or recollect, that what the President sent down, Congress approved.

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I still believe the rebate on 1974 taxes is the right one. You know, we had some criticism. People said, well, why don't you put it all on 1975 and change withholding. Well, the fellow who does not have a job in 1975 is not going to get any benefit if you just change withholding. He might have had a job in 1974, and he will get a rebate.

So, you have to go back to 1974 if you are going to get any return to somebody because more people had jobs than they have in 1975. So, I think you have got to go back to 1974.

I notice that Al Ullman's plan does talk about \$6 billion to \$7 billion worth of it in 1974 rebates, which is a little different -- well, it is \$6 billion to \$7 billion different than when he first talked to me because he was thinking all of it on 1975.

So, I think there is room for some flexibility, even though we are strongly in favor of what we originally submitted.

QUESTION: Are you saying on your energy program that you are not willing to compromise on the tariff at all until the Democrats do come up with some comprehensive alternative to your plan?

THE PRESIDENT: I think so.

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QUESTION: Could I just follow that one up.

Mr. President, what about the more extensive proposal, the second state of the proposal that is to decontrol in April? Will you go forward with that decontrol on the old oil in April if Congress has not come up with a program?

THE PRESIDENT: I see no reason to change that time schedule from the whole program. I would hope they would act, however, and that of course is the thrust of the action that we are taking on February 1.

QUESTION: Mr. President, would it not set an admirable example for Congress if you were to dismantle the WIN operation now that it is largely outmoded?

THE PRESIDENT: No. I said in the State of the Union and I said in my Monday night speech that you have to have governmental action but you also have to have non-governmental action. The day that we can totally rely on what the government does to solve these problems I think just does not exist. The one is complimentary to the other. I think the American people are basically oriented toward voluntary action and they have done some good things. I don't think it is helpful to disparage what people do in a voluntary way.

QUESTION: Mr. President, what is your reading of public reaction to the program as opposed to congressional reaction?

THE PRESIDENT: I think people who understand the full impact, the aim and objective of the program generally support it. The ones who have not studied it in its entirety and picked on something they don't like, then of course they really attack that part and by inference attack the rest. But I repeat we have got a plan, it is going to be up there in 600 or 700 pages, it is comprehensive, it is aimed at solving the short-range and long-range problem and we are going to keep the pressure on. As I said a moment ago, plagiarizing, we are not going to fiddle while energy burns. The critics have yet to find a comprehensive plan that has any degree of comparability as to their approach.

QUESTION: Mr. President, at your press conference the other day you mentioned unemployment numbers. I wonder first if you could give us a more precise guess as to how high you see unemployment going and whether or not you and your advisors are concerned by the stickiness of the number. Do you have any prospect that unemployment may come down only very slowly right through perhaps next year as well as this year?

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THE PRESIDENT: Well, I will make one or two comments and then let Alan Greenspan answer in more detail.

We expect a jump in unemployment in the next reporting date which is next week, is it?

MR. GREENSPAN: I think it is February 7, Mr. President.

THE PRESIDENT: The latter part of next week probably.

Unfortunately, I think unemployment figures will be high for a few months. It does worry us. We are trying to meet it with our economic program and various employment aids such as unemployment compensation, public service employment and so forth, but we are optimistic if the Congress acts that by the third or fourth quarters of 1975 we will start to see some encouraging improvement.

Alan.

MR. GREENSPAN: I think that is pretty much our forecast, Mr. President.

QUESTION: Is there a single high number you would want to give us on that?

MR. GREENSPAN: I will give that in the Economic Report and I would just as soon not jump that deadline.

THE PRESIDENT: Well, I think I better leave; you have all these experts here.

Thank you very, very much. Nice to see you all.

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(1:50 P.M. EDT)