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OFFICE OF THE WHITE HOUSE PRESS SECRETARY

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THE WHITE HOUSE

PRESS CONFERENCE  
OF

JAMES T. LYNN  
DIRECTOR OF THE  
OFFICE OF MANAGEMENT AND BUDGET

THE BRIEFING ROOM

8:05 P.M. EST

MR. GREENER: I think everybody knows the Director of the Office of Management and Budget, Jim Lynn.

MR. LYNN: I think it has already been said the meeting closed with an agreement on both sides that it had been a very frank discussion. The President added at the end that he must respectfully disagree with the position that had been made by the people from the Democratic side who had come to the meeting and that we will just have to let the system work.

I think that it bears repeating at this point as to what the President is trying to accomplish. He believes strongly that we should do two things: We should give a deeper tax cut to the American people than has been proposed by the Ways and Means Committee and the Senate Finance Committee, and he believes that not only necessary thereto, but necessary for the long-term best interests of this country, we have to get a handle on expenditures, and the time is now.

He suggests that the way we should do that is signal to the American people that we are willing to live with a \$395 billion ceiling and expenditures for the next fiscal year.

I would like to point out one more time, if I can, this does not represent a cut from fiscal year 1976 from our own figures. It represents a \$25 billion increase, and we think that is enough.

Having said that, let's take your questions.

Q Mr. Lynn, I understand that there was only one in there, one Republican who was with the President. Senator Bellmon told us on the driveway that we are not all that far apart, he said, but he wants the ceiling put on now and we want it next May, and he is asking us to violate the budget laws that were passed last year.

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MR. LYNN: The first thing is, I didn't hear anyone in that room on the other side of the table say that they were thinking of a \$395 billion ceiling even next May. There was no indication that it was a matter of timing as to when you put on the \$395 billion. It was a question as to whether or not they were willing to consider what the ceiling should be next May.

Now, the President's belief is that if we are going to have tax cuts now, whether it is the shallower cut that the Congress is talking about to date--or at least the committees--or the deeper tax cut that the President would like to give the American people, we must give a signal now as to what the ceiling ought to be.

Q Did the President agree, as we were told outside, to alter his ceiling, and that is to have the spending cut matched by the tax reduction?

MR. LYNN: He did not alter his position one bit. He wants to give the deeper tax cut now. He wants to give an additional, I think it is, \$215 or \$220 for a median income family, an average family, a further cut than would be provided by a simple withholding extension.

In line with that, he is saying that we should have an expenditure ceiling at \$395 billion. If I understand right, what he said was that if the Congress persists in giving a shallower tax cut to the American people, then they ought to at least go dollar for dollar with their expenditure ceiling even though it is some \$11 billion more in expenditures than the President thinks is appropriate.

So, he said at the very least, if you are going to persist in your position, then go ahead and put on a \$406 billion ceiling, which is \$30-some billion over this year, rather than a \$25 billion increase year to year as the President is proposing.

Q But he would buy that, right?

MR. LYNN: I had the impression, from what he said, that he told them that that is the procedure they ought to follow, if they persist in the shallower tax cut.

Q How do you answer Senator Bellmon's charge that he is asking the Senators to break the law?

MR. LYNN: I don't believe there is any breaking of the law here at all. In the first place, the budget procedures themselves provide for modification of their own ceilings for a given year. They are silent in the budget procedures as to what you may do as to future years.

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I would think if, for example, Congress decided to do a two-year budget rather than a one-year budget, they would find some way under their processes of doing that. The President made the point I thought quite strongly that there is enough ingenuity in the Congress of the United States to adopt a ceiling now if they really have the will to adopt such a ceiling.

Q If the President has agreed to have a \$17 billion spending reduction to match a \$17 billion tax cut instead of the \$28 billion tax figure, which was originally mentioned, then the President is, in fact, abandoning his \$395 billion ceiling, is that not correct?

MR. LYNN: I would not believe that for one minute. If I know this President, he is going to try to get the deeper tax cut and the expenditure moderation that he thinks makes the best sense for the taxpayers and for this country. If that kind of a law were to become law, I have the feeling you would see the President continuing to persist that we have to get a better handle on expenditures and, at the same time, we can afford more tax relief to the people.

Q Perhaps I used the wrong word in saying abandoning it, but that he would accept such a higher spending ceiling.

MR. LYNN: I will say to you only what he said to them, that if you are going to go in the direction you are going, you should at least go dollar for dollar and make a ceiling out of the \$406 billion.

Q Simple mathematics would dictate an affirmative answer to my question, would it not, Mr. Lynn?

MR. LYNN: Mr. Levine, I think the President should speak for himself on such points.

Q Will he be out later?

Q In that case, why are you here? (Laughter)

MR. LYNN: Touche. In due course, things are told that should be told.

Q What about the possibility of a resolution on behalf of the Congress that it would do its best to meet a ceiling of around \$400 billion, the resolution basically of intent? Would that satisfy the President, or does he have to have an absolute commitment?

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MR. LYNN: I don't think this would satisfy the President. You would have a tough time convincing me I should recommend that to the President. That would seem awfully soft to me.

The President did say that he would accept a concurrent resolution. Now, concurrent resolutions can be changed, but I think his feeling is if the Congress of the United States, both Houses, have agreed to a ceiling, that they would look upon that as a commitment to the American people unless there was some kind of supervening events that were overwhelming that the American people could understand a variation from the ceiling they set.

I would add that if they considered themselves free due to supervening events to change it, that would include events that would cause for a reduction of the ceiling as well as an increase of it.

Q What is a concurrent resolution in the sense that he used it?

MR. LYNN: A concurrent resolution is a resolution agreed to by both Houses of Congress but does not require Presidential signature unlike, I believe, a joint resolution.

Q Do you want that to begin, "notwithstanding any other provision of the law"?

MR. LYNN: I am not quite certain I understand your question.

Q Do you want it to say "notwithstanding any other provision of the law the Congress will not" blah, blah, blah, blah, blah? I mean, do you want him to set aside the Budget Act or just to express the intent?

MR. LYNN: I don't think you have to set aside the Budget Act at all because in their current process they have been dealing exclusively with 1976. They even had some trouble deciding between the two Houses whether they would cover the transitional quarter in their current resolutions.

I don't blame them for having troubles in that regard. It is a tough quarter to deal with, as I have found over the course of the year. But, since the act is silent with respect to the next year, I would think they could adopt whatever expression of intent or statute they wanted to do.

I suppose if they wanted to do it -- and to us it would certainly be a good procedure -- they could amend the law. But, what the President was saying is, "I am not asking you to amend the law, I am asking simply for your good faith expression to the American people that this is the ceiling that you are imposing upon yourself, and you can do that by a concurrent resolution."

Q Mr. Lynn, has the Administration taken any poll of how many Republicans would back the President in case of a veto override?

MR. LYNN: I am not aware of any current poll on that. I suggest you ask that question of our Congressional Affairs people.

Q What is the difference between Bob Pierpoint's question, which was, "Would the President be satisfied with the resolution of intent," and your answer, which was --

MR. LYNN: Quite a difference, in my judgment. There is a difference, in my judgment, of a resolution that says, "We hereby set as our ceiling for fiscal year 1977 X amount of money," hopefully \$395 billion, and saying "We have an intent to work toward \$395."

I think there is a tremendous difference between the two from the standpoint simply of how dedicated they are to it. That does not mean there would not be something in a statement of intent -- I would like to think there would be -- but for my money I would like to see them adopt the ceiling.

Q Jim, would it be correct to draw the impression from the very first remarks that you made that the meeting ended with both sides agreed that there is no room for compromise now, and that it is simply a matter of waiting for the Senate to complete action if the President casts his veto and see what happens then?

MR. LYNN: I think there was disagreement, that is very clear, as to what the position should be and as to what is in the best interests of the country. This is not the first time, nor will it be the last time, that there may be differences between the Executive Branch and the Congress.

I think both sides, as I said at the outset, agreed that it had been useful to have a frank discussion but, as the President said -- I have my own notes here -- that he respectfully disagrees and will have to let the system work.

Q Can you answer my question?

MR. LYNN: Your question, it seems to me, is answered by what I just said, that at least as people walked out of this meeting they had not arrived at a compromise.

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Q What I am getting at is, did you get the impression or did the President have the impression that there was room for further discussion and that a compromise bill might be in the offing, or did you get the feeling, or did he get the feeling, that they had exchanged views, that they basically disagreed and saw no way really to resolve the problem?

MR. LYNN: I don't think I should try to get into the President's feelings. I think the most that can be said is as an historic fact, that at this meeting there was no compromise arrived at.

Q Is there another meeting in the wind?

MR. LYNN: I am not aware of any.

Q Would you repeat that quote again?

MR. LYNN: Which quote?

Q You said you have notes?

MR. LYNN: Bill, you better look at yours, too, and see whether they are the same.

I put that -- and this was third person -- that the President respectfully disagrees and that we will have to let the system work.

Is that fair? I am not as good a scribbler as you are, Bill, but I want to be sure I have it right.

Q Respectfully disagrees specifically with what?

MR. LYNN: With the approach that Congress should go ahead and have a tax cut now without giving an indication through at least a concurrent resolution that they accept an expenditure ceiling. The position of the gentlemen from the Congress, with the exception of Senator Curtis, appeared to be that because of our processes, we cannot impose any kind of a ceiling until due course in May of next year; and the President is saying if we are going to have tax cuts now -- and I believe we should have tax cuts now -- we should signal to the American people that we all agree that we have got to start getting a handle on Federal expenditures.

Let me express one view of my own, if I might, too.

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I really do believe there ought to be as much certainty in the tax laws as we can get into them. You can never give anybody an ironclad guarantee as to what their tax rates are, as to what they are going to pay, but what the President is trying to say is we have it within our grasp to give the American people a tax cut far beyond the six-month period that the Congress is talking about and substantially deeper than the Congress is talking about, and all it takes now is the ingenuity and will for Congress to come up with an expenditure ceiling of \$395 billion, which is \$25 billion, as we calculate our figures, over current year expenditures.

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Q The Budget Committee chairman has said that you want him to cut \$28 billion out of the growth of Federal spending without telling him where you think it ought to come. Are you willing to tell him where you think it ought to come in an attempt to achieve a compromise?

MR. LYNN: We are certainly willing to tell them where the cuts are going to come in the President's budget.

Now let me go back and give a little history. Before the President arrived at the \$395 billion ceiling for fiscal year 1977, he had us in OMB do an analysis as to what general kinds of things would have to be done in order to get various amounts cut back from that \$423 billion that we see expenditures heading for unless we have the ceiling put on. From that he determined the \$395 billion was doable. We also gave him figures for far less than that. You know what I mean, more of a reduction in expenditures, but he chose the \$395 billion as the appropriate amount that was doable.

Now all we are asking the Congress of the United States to do is the same thing. We are not asking the budget committees to decide the exact allocations of the money within the ceiling any more than the President did when he gave his October speech to the American people. All we are asking them to do is satisfy themselves that it can be reached.

Now suppose what we had done at the time we had done that, at the time the President came out with his decision, is given to the public the various alternative ways that we could arrive at it. First of all, it would have been totally wrong in our own budget processes to try to come to the exact priorities because we knew then, and as verified now in our budget process, the exact way that you get to the \$395 billion is determined by the give and take of the budget process.

All we wanted to do is satisfy that we could get there; and if we had put out those particular kinds of things that we were dealing with then, there would have been public debate on things that would prove in many cases not to be even in the President's budget when he published it. That is why we are not asking the Congress to come up with an exact budget, either. We do believe they have the resources in the Congress in the Budget Committees, on the Budget Committee staffs, in the Congressional Budget Office, in Appropriation Committee staffs, in the staffs of all the other committees up there to decide for themselves whether \$395 billion is doable and we would expect them then next spring when they get the details from the President's budget to decide whether they agree or disagree with those exact priorities.

Q That seems to be what they say they are going to do.

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MR. LYNN: No, they say that, "We can't even adopt a ceiling now," and what we are saying is, "Oh, yes, you can."

Q You want them to buy a pig in a poke though really.

MR. LYNN: I don't think so. We are asking them to use their own processes to see whether they agree with us on the \$395 billion. If they don't agree, then they should tell the American people that it is not doable to hold down year to year increases to \$25 billion.

Q They obviously don't agree because they have not agreed tonight, right?

MR. LYNN: They don't agree that they can do that, that is true, and I must say I disagree with their position on that.

Q You have said all along that the President doing what he wants, would not violate the new budget procedures, yet the ranking Republican on the Budget Committee says that you are asking him to violate the procedures. Now if you are right and they are wrong, how come your own party's expert in the Congress disagrees with you?

MR. LYNN: All I will say is, Miss Shanahan, that to use the President's words as my own in this case, I respectfully disagree.

Q Jim, did the proposal by Senator Long for the six month extension, which I don't believe we discussed in this exchange tonight, come up and was it specifically rejected at the table by the President?

MR. LYNN: I think the President made it very clear that without an expenditure ceiling he would veto the proposal that has been put forth in the Finance Committee.

As I said before, and this is personal with me, that one of the things that bothers me is telling the American people what their taxes are going to be in small bites. If we are concerned about the economy, of family planning what their expenditures are going to be and so on, I would like to see more certainty for the American people and that is what the President was proposing in making his deeper tax cut proposal, not only that it go for an extended period of time right up through into 1977 at least but he was also giving them the deeper cut.

Q Mr. Lynn, do you think the American people will respond to that as opposed to the fact that their taxes are going to rise -- I mean if you are offering them a crystal ball glance into the future of a tax rise?

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MR. LYNN: I would certainly hope that reflecting the attitudes of the American people that Congress will at this point take a hard look at what the President is saying and realize that what he is saying is in the best interests of those people.

THE PRESS: Thank you very much.

END (AT 8:26 P.M. EST)