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

#86

AT THE WHITE HOUSE

WITH RON NESSEN

AT 12:18 P.M. EST

DECEMBER 3, 1974

TUESDAY

MR. NESSEN: The President came in at 8 o'clock to the office this morning, and he had meetings with Don Rumsfeld, Brent Scowcroft, Secretary Kissinger, Bill Timmons, Bob Hartmann and myself.

Q When you say that, do you mean one by one?

MR. NESSEN: One by one and in groups. I think I mentioned to you before, the mornings are sort of free form, and people are in and out of the office in the morning.

At 10:30 the President began the meeting with staff members and Administration officials on labor and education issues, and especially the relation between labor and education issues.

You may recall that in his commencement address to Ohio State in August the President talked about this relationship between work and education and ever since he made that speech at Ohio State, there has been a task force headed by Secretaries Weinberger, Brennan and Dent, who have been working on the problem.

They did submit an interim report at today's meeting.

Q We just received it.

MR. NESSEN: Okay, I won't have to go through very much of that.

Q They left a few unanswered questions.

MR. NESSEN: At 12:45 the President will meet with Senator Stennis, the Chairman of the Senate Armed Services Committee. The President requested this meeting to discuss pending legislation with Senator Stennis.

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At 1:50 the President will meet ten women selected as the Outstanding Young Women of America. This is an awards presentation, and the President will congratulate them. You will have an opportunity to take pictures and film of the meeting. We will have in the Press Office information about each of these ten women who won the award.

Q Do you know how soon you will have that, including the home towns of these women?

MR. NESSEN: Yes.

Q Who gave the awards? Who is giving the awards?

MR. NESSEN: That will be posted.

At 4 o'clock the President is meeting with Vice President-designate Nelson Rockefeller. He is in town today for a series of appointments on the Hill and elsewhere in Washington. Governor Rockefeller asked for this time to come in and see the President on a variety of subjects. They do have regular meetings on routine matters, so there is no specific agenda for this meeting, which should last about 30 minutes.

Q What will our agenda be on that, Ron? Picture or no picture?

MR. NESSEN: Yes, there will be a picture.

Q Will there be a chance to talk with the Governor afterwards?

MR. NESSEN: I will have to check with Hugh Morrow and see what they have planned.

Q When you say that he requested the meeting on a variety of subjects, is there more than one subject?

MR. NESSEN: I would expect in a half hour they would touch on a number of subjects. You know they have regular meetings, and Rockefeller was going to be in town today, and he called and made an appointment to come in today for one of his regular meetings.

Q He is not going to withdraw?

MR. NESSEN: Absolutely not.

Q Ron, at one of these last sessions, it was like two boys just delighted with a toy. They had something there that was just exciting and they were going over it and over it, and throwing papers over and over, and Rockefeller was showing the President something and they were just delighted. We never did find out what that was all about. (Laughter)

MR. NESSEN: Helen says they were going over the Governor's Christmas list.

Q They must have found some new support for Rockefeller or something.

MR. NESSEN: We will try and find out more about this meeting than we had on the last one. Although I believe on the occasion you are talking about, they were reviewing his testimony.

Q For our planning purposes, is there a chance Rockefeller will talk to us afterwards, do you know, Ron?

MR. NESSEN: As I say, I will check with Hugh Morrow or the Governor and see what we can arrange.

Q Ron, there is nothing unusual about this, it is just a regular briefing? There will be no surprises?

MR. NESSEN: It is not a briefing, it is a meeting, a routine, regular meeting.

Q A regular, routine meeting?

MR. NESSEN: That is right.

This evening, the President will deliver the keynote address at the American Conference on Trade, which is being held today at the Sheraton Park Hotel. The President will leave the White House about 8:10 or 8:15 and come back about 9:15. The President is scheduled to speak there at about 8:30.

This conference is sponsored by a number of leading business, agricultural and consumer organizations. There is a draft of his speech, which is not in final form, and we would hope that it would be in final form this afternoon and would be mimeographed and passed out.

Q What time, Ron?

MR. NESSEN: For the speech advance? I would think sometime toward the end of the afternoon.

Q Around 5 or so?

MR. NESSEN: Yes, I would check about 5.

Q Is he going to talk about the trade bill, things of that type?

MR. NESSEN: Almost exclusively about the trade bill, but also going into the background of why he feels the trade bill is an important and necessary piece of legislation.

Q Is this going to be a gloomy speech or an optimistic speech? (Laughter)

MR. NESSEN: It is all in the eye of the beholder. (Laughter)

Q Compared with the meeting with Rockefeller, yes. (Laughter)

MR. NESSEN: I think gloom is in the eye of the beholder, Sarah. It is going to be a speech that goes into some detail about American trade relations and their importance, and something of the history, actually, of the trade legislation, and the role of trade, both exports and their effect on the American economy.

Q On that score, did the President take that up at all with Brezhnev?

MR. NESSEN: I can't remember the communique.

Q I mean the legislation.

MR. NESSEN: The trade legislation? I don't believe that was mentioned in the communique. I don't recall. If it wasn't, then it wasn't.

Q They didn't even talk about it even tangentially?

MR. NESSEN: I don't recall. It certainly wasn't a major piece of discussion.

Tomorrow the President will present the annual Rockefeller Public Service Award at a luncheon in the Grand Ballroom at the Mayflower. The President will speak about 12:45 and then present the award to those career public servants selected for distinguishing themselves during their careers in Government.

Obviously, we will have a lot more detail for you on who is getting the awards.

Later tomorrow, as you probably know, the President will meet with Prime Minister Trudeau of Canada. That is 3 o'clock for the meeting and a working dinner at the White House for the Prime Minister beginning at 7:30 tomorrow night.

Even though it is a working dinner, we do plan to have some photographic and pool coverage at the beginning of the dinner, and if there are toasts or remarks, they will be piped back here.

Q This is not a State visit, then?

MR. NESSEN: No.

On Thursday, there will be a State visit by Chancellor Schmidt. He will be here for an arrival ceremony at 10:30. The meetings will begin at 11 and at 8 o'clock in the evening on Thursday there will be a State dinner.

Q Could you take a question related to these two visits by Trudeau and Schmidt?

MR. NESSEN: Yes.

Q It is a question I asked a few days ago or a week or so ago.

MR. NESSEN: I remember the question. It had to do with Harold Wilson, when he was coming, right?

Q Yes.

MR. NESSEN: The answer to that is, the President does indeed plan to maintain close consultations with all the allied countries and, as you know, he has had a number of meetings and will have others, and he is looking forward to a meeting with Prime Minister Wilson. A date has not been worked out, but there will be a date that is mutually satisfactory and they will meet.

Q Here or there?

Q Will he discuss oil and meat with Trudeau?

MR. NESSEN: Let me just finish Jim's answer. I don't think a time or place has been set yet, Jim, but you can be assured they will have a meeting.

Q There isn't much left of this year. Do you expect it this year?

MR. NESSEN: I can't give you an answer to that, but I would not expect it.

Q Not this year, next year?

MR. NESSEN: I expect not this year.

Sarah, I would think trade and economic matters would certainly come up in a meeting between Trudeau and the President.

Q Are you going to have any oil men at that working dinner?

MR. NESSEN: I haven't seen the guest list.

Q We will get it, right?

MR. NESSEN: Don't we always put out the guest list for dinners? Yes, even working dinners.

Q Ron, on the Wilson visit, you say not this year. Do you think it will be early January, February or March?

MR. NESSEN: It will be a time they mutually agree upon. I just can't nail it down.

I have a resignation to announce today. It is the resignation of William E. Timmons as Assistant to the President. The President accepts this with deepest regret, and you will see the other words of the letters as soon as we get them out here. The effective date is December 31.

Bill Timmons is going to return to private life. He has been serving in the Government for 22 years. Effective January 1, the duties Bill Timmons has been performing will be assumed by Max Friedersdorf.

The Friedersdorf announcement and biography will be along just behind. He will be taking over Bill Timmons' duties, and he also will be appointed as an Assistant to the President. He is now a Deputy Assistant to the President in the area of relations with the House of Representatives.

Q Is Tom Korologos also resigning?

MR. NESSEN: I don't have any other personnel stuff today.

Q Do you know what Bill Timmons is going to do in private life?

MR. NESSEN: I don't. I suggest you get in touch with him.

Q Ron, is there any White House rule about a man, about any lapse of time between when a man leaves the White House staff and when he starts performing in private industry in something that may be based on the knowledge that he obtained from the White House service?

MR. NESSEN: Sarah, I thought I had some information on that. There are conflicts of interest statutes relating to certain jobs and who may move from a job in a certain area to a job on the outside. I thought I had the details here. I don't, but if you are interested you could check with the Press Office later and they could find the exact statutes which apply.

Q Do you know what the private job is that Bill Timmons is going to do?

MR. NESSEN: I really don't, but I am sure he is easy enough to get on the telephone and talk to him about that.

Q The point is the White House and the Executive Branch don't have anything like the two-year rule that the regulatory agencies have, right?

MR. NESSEN: I am not familiar with the details of the conflict of interest statutes. That is why I say, if you also want to check afterward, the Press Office could help you locate the appropriate --

Q You don't see any conflict with Burch going to a communications law firm?

MR. NESSEN: I don't see any, no.

Q Friedersdorf's salary is what?

MR. NESSEN: Mr. Friedersdorf's salary will be \$42,500 in his new job.

Q Ron, is there a conflict of interest if Mr. Timmons should open a lobbying firm?

MR. NESSEN: That is why I would rather, Norm, have you check the statutes, which I thought I had here but don't. After the briefing, we will locate that.

Q If it does not violate the statute, then we can assume it is all right with the President?

MR. NESSEN: I have no reason to believe it is not.

There is a small announcement about the coming trip to Martinique. The French Government will not require visas, so you don't have to go through that again. They have asked for two photographs of each person to be used in your press credentials.

So, the passport-size photos are the ones they want. If you will turn those in to Thym Smith no later than Monday, the 9th of December. Check with Thym after this briefing, and he will tell you whether they have to be hand tinted or not. Turn them into Thym no later than Monday the 9th of December, and then the credentials will be given out on your way down to Martinique on the plane.

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Q Do you have to have passports as distinct from visas?

MR. NESSEN: I assume you do have to have a passport when you go to a foreign country, Ralph.

Q Well, some of the Caribbean countries don't require that.

MR. NESSEN: Black and white photos are all right. On the question of whether you need passports, the answer is yes.

Now, as you know, Congress is scheduled to vote today, both the Senate and House, on whether to uphold the President's veto of the Veteran's Education Bill.

When Congress votes, the President feels that it will not be voting simply to uphold or override a veto, but what it will be doing is voting on whether to increase the Federal Budget by over a half billion dollars above the Administration's proposal.

As you know, the President does believe that over a half billion -- 502 million to be exact...the President, as you know, has favored an increase in veterans benefits of something over 18 percent, and this would have resulted in a budget increase of \$312 million, which he felt was justified on the basis of the increase in the cost of living.

So, when Congress votes today, what it will really be voting on is whether to add another \$502 million on top of that with its effects on inflation.

Q On top of the 312? Then, we are talking about 800 million? You mean another 200, roughly?

MR. NESSEN: No, the 502 million goes on top of the 312.

Q It does?

MR. NESSEN: Yes.

Q Ron, is that because of the --

MR. NESSEN: Let me finish what I was going to say, and then we can answer some questions. So, if Congress votes today to override the veto, what it is doing is voting to add \$502 million to the budget with its effects on inflation. Because Congress may indeed vote to do that, the President will send to Congress tomorrow a supplemental appropriations request for \$814 million, which is \$502 million over the amount that would have been required if the President's increase in veterans' benefits had been approved. He will send that to Congress tomorrow.

Q If they override?

MR. NESSEN: If they override, so that Congress can vote at the same time to put up the money to pay the bill for what it may do this afternoon.

Q Can you tell us what else is in that supplemental?

MR. NESSEN: That is the veterans benefits' supplemental, nothing else?

Q Ron, you are making this sound as though this is a punitive action by the President.

MR. NESSEN: No, not at all.

Q He would be required to send up a supplemental even if they didn't vote to override the veto, wouldn't he?

MR. NESSEN: I don't mean it, and the President doesn't mean it in any way to be punitive or retaliatory Peter. He just feels that this is indeed what Congress is voting for and that it does have to be paid for, and he is sending up the bill to pay for it tomorrow if they override.

Q What I am getting at is, what is novel about sending up a supplemental to pay for something that Congress votes?

MR. NESSEN: Nothing, I never said it was novel. I am just saying that he is going to do it if they override.

Q Is it a tactical ploy to scare Congress into not overriding the veto?

MR. NESSEN: I didn't get any sense of that, John. I just got the feeling he is saying if Congress does this, it has to be paid for and here is the bill to pay for it.

Q Normally the supplementals don't go up until sometime later. As a matter of fact, you usually find it in the beginning of one calendar year to take care of stuff that was done in the previous calendar year. Is the timing of it, the sending of it up so quickly --

MR. NESSEN: Obviously, Jim, it is related to his feeling that it is important in the fight against inflation to keep the federal budget down. He feels that way, his economic advisors feel that way, based on the polls, the public feels that way, the majority of them, so that Congress and the public both realize what the effect of the possible veto override is. He is going to send the bill quickly.

Q Ron, would he also send a statement along with that supplemental appropriation?

MR. NESSEN: It is a possibility; it hasn't been decided.

Q Ron, what would have been the supplemental, and will he send it anyway?

MR. NESSEN: If Congress had approved the increase in veterans benefits that he requested, it would have cost \$312 million.

Q That is what he would have requested?

MR. NESSEN: That is what he would have requested.

Q Ron, he couldn't have requested it because Congress didn't approve that increase, so there would be no additional cost at all.

MR. NESSEN: If there had been no increase in veterans benefits, obviously, it wouldn't have cost anything.

Q There isn't, if the veto is sustained.

MR. NESSEN: If the veto is sustained you can be sure that the President would immediately urge Congress to pass what he considers a responsible increase in veterans benefits.

Q Ron, since you are talking about what the President feels that Congressmen feel as a vote, does the President want to tell the nation that he feels when Congressmen vote to override his veto that they will be making it possible to carry out the purpose of the GI Bill to let the boys go to school? Because unless they vote this increased amount, they can't pay the tuition in most of the States of this nation.

Does he realize that Congressmen feel that?

MR. NESSEN: The Congress may feel that and so does the President, Sarah.

Q We either let them carry out the law and let them go to school, or we don't. They can't pay the tuition under the decreased amount the President suggests?

MR. NESSEN: The point is that the President --

Q Let's be realistic.

MR. NESSEN: The President said over and over again and certainly hasn't changed his mind that veterans need an increase in their benefits to keep up with the cost of living, and 18 - 1/2 percent, he feels, is a responsible and adequate figure.

Q The facts show that they can't go to school on that; they can't pay the tuition in most of the States, except Texas and California.

MR. NESSEN: I think one day -- I don't have the figures with me today -- but I think I remember correctly that the cost of living since 1966 has gone up 55 percent. The veterans benefits since 1966 have gone up 175 percent, but, nevertheless, I really don't think this is the place to haggle over the point you are making.

I am simply saying that the President feels that Congress should know what it is voting on this afternoon and, therefore, is sending up this bill tomorrow if they do override.

Q Ron, is it the President's position that if Congress votes to override, that it must pass a supplemental appropriation and that it cannot find half a billion dollars to save in other programs?

MR. NESSEN: Well, he has asked, as you know, a saving of some roughly \$5 billion -- a little over that -- last week and -- it was 406, I guess. You know Congress has not acted on those proposed cuts yet, but some of the reaction I saw indicated a reluctance to make some of those hard decisions to fight inflation, so I don't know where you would get this \$500 million anywhere else.

Q Are we the first to tell Congress about this, or has he been in touch?

MR. NESSEN: He has been in touch a good deal on the Veterans Benefits Bill.

Q Has he told them this, the leaders?

MR. NESSEN: I think so.

Q Doesn't the 406 include the half-billion he believes would be saved by sustaining the veto?

MR. NESSEN: I am not sure whether the breakdown I have here is detailed enough to show that or not.

MR. CARLSON: It includes the GI Bill the way the President passed it.

MR. NESSEN: The total budget figure which he is recommending, which is 302 billion, 200 million, takes into account the figure he thinks is justified for veterans benefits, which is 312 million extra.

Q Then, he wouldn't have had to send a supplemental for that, is that right?

MR. NESSEN: Not if it is included in the budget, that is correct.

Q Ron, I don't understand why, if the 18 percent increase costs only 312 yet an additional 4 percent --

MR. NESSEN: You see, that is the very point on which he vetoed this bill.

It is not simply a question of 18 percent that he wants to increase it and 22 percent or 23 percent that Congress -- there are two extra programs in the Congressional bill, and those are the grounds on which he vetoed the bill. They are the loan program, a \$600 loan program and extended eligibility where the veterans could go to school for 45 months instead of 36 months.

Q Ron, can you tell us the difference between the two programs on a full fiscal year basis rather than this partial fiscal year basis?

MR. NESSEN: Those are retroactive until September 1. That accounts for an additional disproportionate increase in the overall costs.

Q How was the loan feature then to be handled? That loan program was to be fully funded? You know some Government loan programs are just loan authority without requiring appropriations unless there is massive default. That apparently is not being done in this case, right?

MR. NESSEN: It is a loan, and the point that the President made a number of times was that the default rate was up around -- well, on comparable loans to students, was up around 25 percent was the figure I think he cited. So, there would be anticipated considerable government losses on the loan program.

Q There would be an actual cash outlay not a guarantee or something where they were guaranteeing bank loans?

MR. NESSEN: That is what John tells me.

Q Ron, you said twice now that the President would not have asked for a supplemental if Congress had gone along with the 312 million --

MR. NESSEN: I see that, and I think perhaps that is a mistake in my announcement rather than --

MR. CARLSON: He would have to ask for a supplemental.

MR. NESSEN: But not of 814, because the 312 is already in the budget, right?

I think we may have made a mistake in our announcement by giving the 814 million figure if that is already in the budget.

There has to be legislation, I guess, to get the actualy money, but it is carried in the budget.

Q So, he would then have asked for a supplemental of 300?

MR. NESSEN: He would have had to ask for 312, yes.

Q I don't understand why that is if it is in the budget.

MR. NESSEN: Well, the budget is an authorization and what he needs is an appropriation.

Q I am asking why it would be a supplemental. I understand there would have to be an appropriation, but why a supplemental?

MR. NESSEN: Because it is a new program, or an increased program. I should say, you need the extra money to pay for --

Q Is the President considering deferring the expenditure if they override, at least for the new program that would begin in Fiscal Year '76?

MR. NESSEN: Deferring the increase in benefits? I haven't heard anything about it if he is considering it.

Those are my announcements. I think that is all of them.

Yes, Tom.

Q Ron, on another but related subject -- last night, the President warned against what he called "exaggerated alarms over the economy." Recently, the Secretary of the Treasury said that we are facing the worst recession since World War II; does that fall into the category of the "exaggerated alarms" over the state of the economy?

MR. NESSEN: No, I am not aware the President was referring to that. I can tell you that the President is fully aware of the seriousness of the economic situation.

Q Does he agree then with Secretary Simon's estimate?

Q Who does he have in mind when he talks about these "exaggerated alarms," Chairman Burns, the President of City Corporation, or who did he have in mind?

MR. NESSEN: I didn't ask him who he specifically thought was --

Q The news media, is he talking about?

MR. NESSEN: I just don't have any way of telling you, Jim, because I didn't ask him.

Q Does he agree with Secretary Simon that this is the worst recession since World War II?

MR. NESSEN: I don't know whether he agrees or disagrees. Secretary Simon is his chief economic spokesman, and that clearly is the Secretary's view and he has transmitted it to the President and the President is concerned and is aware and intends to be responsive to the deteriorating economic situation.

Q Mr. Greenspan said last night that the President is thinking about some tax cuts. Could you bring us up-to-date on that?

MR. NESSEN: I talked to Al Greenspan before his speech, and I saw him this morning and talked to him again about it, and I think perhaps that -- well, he did not intend to say -- in fact didn't say -- that the Administration was considering tax cuts. The speech was to a group of economists and the speech was purely theoretical in nature, and in fact, if you look at the speech -- have you seen the speech, Bob?

Q No.

MR. NESSEN: You should read the speech because he prefaces that section of the speech -- which is right at the end -- by saying that he wants to talk about some theoretical ideas, and this idea of dealing with a worsening economic situation, possibly through tax legislation, was cast purely as theoretical idea.

I mean, he was talking to theoretical economists, and he was talking theory, and I double-checked this morning and found that he did not intend to and in fact didn't say that tax cuts were either under consideration or had been recommended or anything.

Q Ron, is the President considering any of this theory?

MR. NESSEN: I had not heard that the President is considering a tax cut.

Q Does the President still stand by his proposal for a 5 percent income tax surcharge?

MR. NESSEN: He said so himself last night, Jim.

Q But you can say flatly the President is not considering tax cuts as one way to solve this dilemma?

MR. NESSEN: As far as I know.

Q Ron, has the President expressed a reaction to Senator Goldwater's suggestions that Air Force I ought to stay in the hangar for eight months while the President stays here and works on problems?

MR. NESSEN: The President has, I think, expressed himself publicly on this, that the job of a President is to deal with both domestic and important international problems and he feels that the trip to the Far East was important and did have accomplishments and certainly didn't keep him from dealing with domestic problems.

I must say I didn't see Senator Goldwater saying that Congress should put its air travel card in mothballs for eight months and stay here and work on inflation and recession. Congress took off to campaign; Congress took off for Thanksgiving; some of the members of Congress are taking off for Kansas City or have taken off for Kansas City. They will be taking off for Christmas; they will be ending their session and nobody suggests that they put their air travel cards in mothballs.

The business of dealing with recession and inflation is now up to Congress. The President has made his recommendations and the people who are out of work and living on unemployment compensation, I think, will want to know why Congress doesn't pass the expanded unemployment compensation bill that the President has recommended. And the people looking for jobs will wonder why Congress is taking off for Thanksgiving, for Christmas, for miniconventions, for campaigning, when they haven't passed a bill that would provide jobs for people who are out of work. Low income people who will want to know why Congress is going home for Thanksgiving, Christmas, miniconventions and campaigning, when they haven't passed a bill that would cut taxes for the low income people, have not imposed an excess profits tax on the oil industry, have not given an investment tax credit to business, which would help to stimulate the economy.

We ought to get a press bus and take everybody up to the other end of Pennsylvania Avenue to answer these questions because that is where the answers are.

Q Ron, on that subject, have you announced the President's Christmas travel plans yet?

MR. NESSEN: No, we have not.

Q Are you prepared to announce the President's Christmas travel plans?

MR. NESSEN: No, we are not.

Q Ron, do you think that this finger pointing by both Senator Goldwater and yourself serves a useful purpose?

MR. NESSEN: Jim, I don't consider this finger pointing. I consider this to be pointing out what the facts are. The facts are that the legislation is there to deal with recession and to deal with inflation. I mean, I don't mean to give anybody a lecture here in civics, but the fact of the matter is there are three branches of Government -- the Executive Branch proposes legislation to deal with problems.

The President is very concerned about the economic problem. Congress doesn't seem to share his urgency, and I am not pointing a finger. I am just pointing out the facts.

Q As long as we are on the subject of Congress, does the President believe that Representative Mills still continues to be qualified to be Chairman of the Ways and Means Committee?

MR. NESSEN: I think that is a judgment that the appropriate groups in Congress will have to make, Jim.

Q Ron, did you talk over your remarks you just made with the President?

MR. NESSEN: In the past several days, nearly a week, I have talked to not only the President but to Greenspan, Simon and most of the other economic advisers because obviously the situation is serious and there has been a deterioration in the economy which the President has talked about. I think there is a growing sense of frustration here at the White House, that the comments are that the President is not dealing with the sagging economy.

This seems to be unfair when he has made these proposals and there has been no action on the proposals.

Q Did the President suggest that you make a little declaration, like you did?

MR. NESSEN: No, but it reflects his views.

Q Your remarks today reflect his views?

MR. NESSEN: Yes.

Q Ron, can you give us some guidance on whether the Vail trip is being reconsidered?

MR. NESSEN: I would say if there is a trip to Vail -- which we haven't announced yet -- the start of it would be delayed until Congress goes home for Christmas.

Q Ron, last night the President indicated there was more talked about in Russia than the arms agreement; in fact, the Mideast. Was there any talk about increased grain shipments to Russia during those talks with Brezhnev?

MR. NESSEN: I am somewhat at a disadvantage, Bob, because I didn't bring out my communique with me. I cleaned out my book a little bit this morning. The communique was a full rundown of the items that were discussed. Unfortunately, I don't have it here, but if you will look, that will tell you what items were discussed. There was nothing secret done at Vladivostok.

Q Ron, the President in answer to one of the questions yesterday said that \$18 billion was in the ball park of the current annual cost of strategic arms. Have you had any indication from him or anyone else since then as to whether or not that is a fairly accurate total cost figure?

MR. NESSEN: I have no reason to believe it is not an accurate ball park figure.

Q Ron, you give the impression that the President has now washed his hands or else he is sitting on the sidelines and saying the ball is in your court. Does he consider that his role now in leadership on this whole question of the economy is sort of in limbo until Congress acts?

MR. NESSEN: Not at all, Helen. I think this all began with a question about why doesn't the President put Air Force One in mothballs, and I was trying to explain that his making an overseas trip did not in any way prevent him from keeping a very close watch on the economy, and then I went on to say all the things about Congress traveling a lot.

The fact of the matter is that the President is constantly reviewing the state of the economy, constantly getting new ideas from his economic advisers. He has asked his economic advisers to think about what other steps might be necessary if the economy continues to worsen.

On October 8, when he sent that message up there, he knew that the economy was softening, that the country was moving into a recession, and that is why certain parts of that bill dealt with recession as well as inflation. But he is watching it constantly. He has asked his economic advisers to think about what else might be needed if it worsens further.

Beyond that, I think the President takes the view that some of the public discussion of the economy has tended to divide the problem into either you fight inflation or you fight recession. And neither he nor his economic advisers see it that way.

It is a basic economic problem that the American economy is sick and the fundamental sickness is long-range inflation. I think I might have mentioned the other day, based on my talks with the economic advisers, that it is believed that the current recession is a cycle and really a symptom of the basic long-term sickness, which is inflation.

These are not two separate problems, and it is not a question of making a U-turn, as somebody suggested, or of shifting from fighting recession to fighting inflation, or the other way around.

It is a question of curing the long-range inflation, which is the real fundamental cause of the current recessionary cycle we are in. And that is why his program that he sent to Congress, as well as his overall long-range view of the economy, is that we must really cure the inflation once and for all and that if there is a sudden shift and giving up the fight against inflation in order to stem the current cycle of recession, inflation will come roaring back the next time around with even higher inflation rates and will have an effect on the worldwide economy.

Those are some of the thoughts that are around the White House today. The fact of the matter is the President has a long-range view and plan for the economy, and the things he has proposed fit within the plan.

Within that broad, overall long-range view and plan for the economy, he is reviewing constantly the shifts that are taking place and, if necessary, will recommend shifts of emphasis. But the overall plan for curing this sick economy remains the same, and that is to get rid of, once and for all, the long-range, deep problem of inflation.

If you do that, this recession will be cured, and when it is over, you won't have even higher rates of inflation.

Q Ron, maybe I didn't hear you, but are you saying we wouldn't have this cycle of recession if it were not for this inflation?

MR. NESSEN: That is true, Bud.

Q This wouldn't come around if it weren't for the inflation?

MR. NESSEN: You wouldn't have these sharp ups and downs if you didn't have the inflation. I mean, the inflation has caused interest rates to get beyond the reach of both business and individuals and homebuyers, it has priced products beyond the reach of people, where they stop buying, and that causes a downturn in business, which in turn lays people off of work, people then don't have any money and you are into a recession.

Inflation is the fundamental cause of what is happening now.

Q Does the President feel his good marriage with Congress is over?

MR. NESSEN: I don't see the connection to what we are talking about, Helen.

Q There seems to be a schism developing here to the two sides of the --

MR. NESSEN: I don't think so at all. In fact, the President is asking what he has always asked for, which is cooperation from Congress. He is saying, this is a problem, it is a major problem, the major problem, and it requires cooperation from Congress to settle it.

Q Ron, the economists at the summit and elsewhere continue to say that normal recession -- as you just explained it -- cancels out the inflation, that is, the prices. Therefore, the people are no longer buying and the economy cools off?

MR. NESSEN: Right.

Q Does the President view the current recessionary forces on the economy as only temporary that will give way to long-term inflation, or does he see this recession as a possible key to solving inflation, as is usually the case?

MR. NESSEN: As you say, usually a recession will cool off inflation, and in fact, short-term interest rates have come down somewhat and there have been some price reductions on some products, but this inflation seems to be more serious and more deep-seated and fundamental than other inflationary cycles.

You know, one of the ways that we got into this fix was in the past when there was either inflation or recession there was a demand for a quick cure, some short-term legislation or program that would cure the immediate problem, and sometimes it did cure the immediate problem but it didn't get at the underlying sickness of inflation.

One of the reasons why the President is holding steady to his broad, overall plan for the economy is he thinks that if you go to one of these short-term, quick popular cures, you may get rid of the immediate symptoms, but you are going to end up with the sickness getting worse and worse.

Q I am curious. You are referring to the freeze and wage-price controls?

MR. NESSEN: That is one of them, yes. That is one of the reasons we got into this fix, because that was tried once before.

Q Ron, if I can go back to this a moment, at the summit -- I think it was Galbraith at that point -- that the inflation can be cured with a recession, and that could be a quick cure for recession. Is the President pursuing that course?

MR. NESSEN: No, because he doesn't believe it.

Q Ron, a few moments ago in your discussion you said there is a growing sense of frustration here in the White House because of criticism that the President is not dealing with the sagging economy, and you used the words, "it is unfair." To what extent is the President smarting under this criticism, and sense of frustration?

MR. NESSEN: No, it is not that he considers this to be personally directed at him. He is frustrated for the country. He wants to get the country out of this economic mess, and he is frustrated because unless Congress passes his legislation, it is not going to get out of the mess. It is going to get into a deeper mess.

Q Does the President feel the criticism is unfair?

MR. NESSEN: The criticism of him?

Q You used the words, "It is unfair."

MR. NESSEN: That was my feeling that it is unfair to direct all the criticism here when it is Congress which has the legislation and is not acting on it.

Q I was just wondering. You know there have been several articles in recent weeks that seem to question the President's capacity for leadership. The New York magazine number, the Newsweek Magazine story, sizing up Gerald Ford.

Is that criticism part of the reason that the President is now taking this sort of "get tough" attitude reflected in your remarks this morning?

MR. NESSEN: No, I haven't heard any connection made between those. It is more what I am telling Walt, which is that it is a frustration over not being able to get past what needs to be passed to cure the economy.

It is not personal pique or displeasure with criticism directed at him. He wants to get the job done, and is frustrated because it is not getting done.

THE PRESS: Thank you, Ron.

END (AT 1:05 P.M. EST)