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NEWS CONFERENCE

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AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:36 A.M. EDT

OCTOBER 14, 1975

TUESDAY

MR. NESSEN: You've got the bible for today's trip, do you?

Q Yes.

MR. NESSEN: Press check-in at 4 o'clock and so forth.

The Domestic Council is going to be putting out later this afternoon the Task Force Report on Drugs, I think it is. There will be the report available and a statement by the President. I guess you could do both, you could pick that up here at 3:30 and then go on out to the airport.

Q What do you mean "I think it is?"

MR. NESSEN: What do you mean?

Q You said on drugs "I think it is."

MR. NESSEN: Yes, a Task Force Study done on drugs. We can take a packet on the plane if you like.

Q You say there is a letter by the President?

MR. NESSEN: It is just a statement saying I have got it and I am going to farm it out for comments and so forth.

Q Is there an embargo on it that you know of?

MR. NESSEN: No, it will be for immediate release. The President got it last night.

Q Has the President read it?

MR. NESSEN: He read a summary of it that was given to him a while back, and he got the full report last night and scanned it. He hasn't had a chance to read it completely.

Q Has he thought there might be any changes; that the summary that he got originally might differ from what they presented now?

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MR. NESSEN: I don't know what you mean by changes.

Q You said he got a summary a while back. There have been changes from the report that they "completed weeks ago" to what was ready now.

MR. NESSEN: I hadn't heard that, Phil. I didn't know about any changes.

Q Is this 3:30 a hard time or is there a chance of getting that?

MR. NESSEN: It depends on the mimeograph operators.

MR. CARLSON: It will be ready at 3 o'clock if you want it.

MR. NESSEN: 3 o'clock.

Q What is the purpose of this, Ron? Is it educational or legislative?

MR. NESSEN: No, it is a report to the President. As he says, they have been doing this for six months. He directed this review because he was concerned about reports of increasing availability and use of drugs, so they have completed a review and prepared a white paper for his consideration and he is grateful for that. He says he has directed each Federal agency with direct program responsibility to analyze and respond to the white paper within sixty days and he is directing that the report be released to help focus the current public dialogue on drug abuse, and so forth, which you will all get at 3 o'clock.

Q Ron, originally I understood that report would come out for release Saturday evening, so our bureaus had been directed. That wasn't help up because of the comments about his son, was it?

MR. NESSEN: No, that's had nothing to do with it. As you see, it is still not run off yet, which was one of the problems.

There has been one addition to the President's schedule. At 3 o'clock, General Haig is here on other business, I understand, and has routinely stopped in two or three times previously to visit the President during his trips to Washington and will do so again this afternoon. I don't have an agenda for the meeting.

Q Why is he here, is he going to testify on intelligence or anything?

MR. NESSEN: I haven't heard that.

Q You said here on other business -- you mean in Washington or at the White House?

MR. NESSEN: In Washington.

Q What is the business he came on?

MR. NESSEN: I don't know, you need to ask the Pentagon.

Q What is his purpose here?

MR. NESSEN: It is routine when he is in Washington.

Q Was he here in the White House yesterday?

MR. NESSEN: Somebody told me he was seen.

Q Who did he see?

MR. NESSEN: I don't know.

Q Will you see if he will speak with us?

MR. NESSEN: Yes, I will.

Q Since the weekend there has been another political party in the field -- the majority of this, whatever it is -- did you see they are occupying new ground or filling any need?

MR. NESSEN: I don't know how I could comment on that from here.

I did want to answer Jim's question about the secret plan to end the budget, or whatever it is. (Laughter)

We have had a fair number of queries in the Press Office this morning about Bart Rowan's story. I guess over the past week or so, eight days, we have had a fair number of inquiries about how in the world does the President expect Congress to pass a \$395 billion budget and where does the number come from and so forth and so on.

What I have tried to do is piece together a chronology of how we got where we are and where we are going and how this fits in with many of the points Bart Rowan made in his story this morning.

Back in June as part of the regular annual budget process, there was established what is called "planning figures" for each agency and department. Now, a real short-hand way is-- budget figure ceilings for each department and agency were established or recommended by the OMB and endorsed by the President. The budget ceiling figure at that time overall was \$397 billion. That was in June.

Q You are talking about fiscal year --

MR. NESSEN: Fiscal year 77. \$397 billion was the figure. Now, I think Bart spoke of a book, the fact is it is a rather thick, two or three inch blue looseleaf notebook that was given to the President with these recommendations from OBM on how you would get the \$397 billion with ceilings established for each department and agency.

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Q This is still in June?

MR. NESSEN: June. I am talking about the same period. This is done every year as part of the planning process.

Q They don't really put a ceiling on this for agencies from OMB, do they, Ron?

MR. NESSEN: Endorsed by the President, it is done every year in June.

Q Every year? He has only been there one year.

MR. NESSEN: When previous Presidents get to June, they have also done the same thing.

The agencies and departments were notified at that point about what their so-called planning figure -- which is the correct term for it -- is, or was. And it has the ceiling for not only spending but for people.

This was, as I say, prepared by the OMB. It was based on the past needs of the various agencies and departments, their current budgets, anticipated Congressional action, and so forth.

Q Assuming the people, you mean number of employees?

MR. NESSEN: Yes.

Also the President was shown in that same document how the budget, if some control was not exerted, could easily -- simply on the basis of past budgets and trends and so forth -- could easily go to \$419 billion.

Then in early July there was a meeting -- I don't have the exact date -- between the President and his chief economic advisers that lasted about an hour and a half to two hours.

Q What date?

MR. NESSEN: In early July, I don't have the exact date.

Q Do you want to list those advisers?

MR. NESSEN: Well, the basic advisers -- Greenspan, Lynn, Simon, Seidman, and so forth.

At that point, the sort of fundamental decision to go for a tax cut tied to a budget cut was pretty much laid out and at that meeting the President gave orders to see where the budget could be cut still further in order to permit a larger tax cut.

Q Is this the meeting in Vail that Rowan speaks of?

MR. NESSEN: We were not there in early July.

Q I was on vacation. I was not there.

MR. NESSEN: I think the meeting Bart speaks of was last Christmas in Vail when I mentioned to you the idea or concept of doing it was discussed.

Q So you are saying this idea of coupling the two was somewhat earlier?

MR. NESSEN: As I say, it was discussed in Vail but the decision to go this way was pretty much made at this early July meeting. At that time, the President told the OMB staff to go back and take another look and see whether further cuts could be made below the \$397 billion.

The staff of the OMB brought additional proposed cuts in to Jim Lynn, who reviewed them. Some he accepted as being possible; others he rejected, and this work went on pretty much through the month of August and another one of these blue looseleaf notebooks was prepared out of that process and was transmitted to the President on September 18.

This was really, I think you could say, a revised planning figure book, this budget process that calls for planning figures to be established. This was the revised one that went to the President on September 18 and it did call for specific cuts in many programs, including defense spending.

It also, among the cuts --

Q When you say cuts, you mean reduction of the rate of increase?

MR. NESSEN: That is correct.

In the proposed possible reductions in the growth of spending some of the rescissions and deferrals and vetoes and other legislative proposals sent up during the past year, which Congress has not done much with, were used as places to reduce spending.

Q Is this revised one at \$395 billion?

MR. NESSEN: No.

Q What is the figure on that?

MR. NESSEN: That is right, it is \$395 billion.

Q On September 18, was it \$395 billion?

MR. NESSEN: Yes.

After that, it was revised one more time and additional cuts were recommended below the \$28 billion in cuts that were in the September 18 document. I don't have an exact figure on how much the additional cuts were beyond the \$28 billion but they did run into additional billions of dollars, and this was transmitted to the President orally rather than in still another revised looseleaf book.

Q Why was this additional revision made, and who transmitted it to him orally?

MR. NESSEN: Jim Lynn did and the additional revision was made, which located or identified additional billions of possible cuts so that the President could be convinced that it is possible to reduce the budget as much as he was talking about -- more than \$28 billion, which then gave Congress or the Administration the option to weigh cuts and accept some and reject others but still come up with \$28 billion.

Q When was this, Ron? You say one more was prepared.

MR. NESSEN: This was before the time of the speech but I don't have the exact date on that.

Q Ron, do you have a figure on how many additional billions were being considered?

MR. NESSEN: No, I say I don't have it, but it was a sizeable additional cut.

Q You mean more than \$30 billion?

MR. NESSEN: No.

Q You said billions, plural.

MR. NESSEN: Additional billions of dollars beyond the \$28 billion were located as being possible cuts.

Q But they located more?

MR. NESSEN: You are saying if you start with \$28 billion and add additional billions --

Q As possible areas to cut?

MR. NESSEN: It wasn't thought of as things you would add to the \$28 billion. It was to identify large enough areas of possible cuts so you could pick and choose and end up with \$28 billion.

This I think the President himself mentioned, if I am not mistaken, in Detroit when he said "I had a series of options before me that added up to more than \$28 billion."

Then, last Friday the agency and department heads or their budget officers were given their new planning figure. If you remember, I said that last June they were given a planning figure of \$397 billion broken down by their own individual ceiling.

Last Friday they were given a new planning ceiling or planning figure and they were told then that this was an overall number--dollar figure ceiling--for their department or agency and that the President had ideas of specific cuts in their departments or agencies but that he wanted to hear their ideas if they didn't think those particular cuts were the best to make; that he would be happy to hear their ideas of where to make cuts within the overall ceiling set for their department or agency.

So now this brings us to the point where this process merges back into the normal budget process, preparing the budget for submission in January and, as I showed you out here one day, there is a calendar that has been set, prepared by Jim Lynn and sent to all the Cabinet and agency heads giving them a timetable of when various steps in the normal budget preparation process are to be done and it has a little calendar attached to it.

So now the process that at one point was used to convince the President that indeed \$28 billion could be cut, has now merged back into the normal budget process which will lead to the budget submission in January.

Q Ron, does it follow now the agencies are free to try to persuade the President that these budget cuts will not be possible?

MR. NESSEN: There is, as usual every year, various points in the process where the agencies and departments can appeal. They can appeal first to staff people at the OMB and then to the Director of the OMB, and finally to the President.

Q Will those appeals result in a figure higher than the \$28 billion reduction in the percentage of spending?

MR. NESSEN: You mean higher or lower? You mean lower cuts?

Q No, I am saying can the cuts be smaller than the President is recommending?

MR. NESSEN: No, the planning ceilings have been set and the overall budget ceiling has been set and there is room for negotiation within the ceiling but not on the subject of overall totals.

Q Ron, is there a deadline now for the department and agency heads to report back their alternative ideas within the ceiling into the normal budget process?

MR. NESSEN: There is, yes.

Q When is that?

MR. NESSEN: This is a rather broad calendar here, Peter. It has it during the months of September and October and during the months of October and November so and so will happen. It is not until you get really down to the point where the President is hearing appeals and making decisions that firm dates are set.

Q What do the revised planning figures add up to? You gave us the figure for the original one.

MR. NESSEN: They add up to \$395 billion as the President said.

Q Ron, are the individual planning agency planning totals subject to appeal and change?

MR. NESSEN: Not the total, John.

Q Agency totals?

MR. NESSEN: I see, agencies which are within departments?

Q Departments or agencies, budgetary units?

MR. NESSEN: Not the overall total.

Q The budgetary units.

MR. NESSEN: That is right. The ceiling is set. There can be discussion of how to make the cuts to get to that total within the agency.

Q Is there any department or agency that is not affected, that has not received what amounts to a ceiling, a reduced spending cut, or whatever you want to call it?

MR. NESSEN: I have not seen the specific numbers and it is not normal that you give out numbers at this point other than the overall ceiling of \$395 billion.

But, just going by the President's words, he indicated that no department or agency was immune, including Defense, and I think he spoke strongly about Defense in Detroit, saying there had been some examples of frills he wanted to have cut out and some examples of not the tightest management over there.

Q Ron, are you saying Defense actually has a ceiling which would curtail prospective growth?

MR. NESSEN: I have not seen the number, Phil. But I know that the trend in Defense spending, as a percentage of the budget, has been steadily down and this year's Defense budget is 27 percent of the total Federal budget, which is the lowest percentage since World War II. I would not expect a radical change of that, although I don't have the specific number.

Q How does this affect the White House budget and your Press Office?

MR. NESSEN: I think you know of the very determined effort to reduce the White House staff, which is being done, including the Press Office staff. I don't have the overall budget figure for you right now.

Q Can you give us personnel figures, how many people?

MR. NESSEN: I think everybody knows the goal is 485 down from a peak, I guess, of about 540.

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Q Ron, are you saying that in the process now, if the Defense Department said "we need to spend \$2 billion more and recommended to the President that they lop \$2 billion off the State Department, they can't do that?"

MR. NESSEN: No, they each have their own ceiling.

Q They have their own ceiling and can't cut --

MR. NESSEN: If they want to cut in one place as opposed to another place to get within that ceiling, yes. That is where we are now.

Q What do you mean when you say their own ceiling?

MR. NESSEN: Each agency and department now has planning figures and must put their budget together within that ceiling.

Q Does this budget ceiling include the \$2 billion the President says is necessary if the SALT II agreement is not reached?

MR. NESSEN: I will have to check on that, Tom. I don't know.

Q Ron, there is nothing unusual in any of this budget procedure, is there, except --

MR. NESSEN: No, as I say, it started off in June with the normal budget procedure, then a couple of extra things were done this year in order that the President could make his decision that it was possible to cut \$28 billion and now the whole thing has merged back into the budget process.

Q With the ceiling arrangement?

MR. NESSEN: Yes.

Q You are not saying to him, are you, that normally in the past that each agency and each department has been given a ceiling by the White House before it starts making its budget?

MR. NESSEN: I have no idea what previous White Houses did, maybe some people here know, but certainly that is the budget procedure for this White House.

Q This was not done in the previous years?

MR. NESSEN: I don't know.

Q In the Ford Administration, this was not done for the previous budget, was it?

MR. NESSEN: It certainly was.

Q That you started with a ceiling?

MR. NESSEN: This is the normal process. I would like to check this. Maybe John knows. The planning ceiling process is a normal one that has gone on for years and years in previous White Houses.

MR. CARLSON: It always starts in June or July.

Q No, we know what time the budget making starts. That is not the question.

MR. NESSEN: You are talking about the setting of what we call a planning figure.

Q The ceiling is a completely new idea, I think I am correct in that a ceiling from the White House for each agency's budget before they even start.

MR. NESSEN: No, they get it every year.

Q No.

Q Ron, you said they can appeal?

MR. NESSEN: There is an appeal, Jim.

Q But no appeal from the ceiling. That is a new factor.

MR. NESSEN: Oh, I see -- no appeal from the ceiling.

Q Aren't these figures available to the Congress, which has asked for them? If in fact all of this process has gone on, you know what they are.

MR. NESSEN: The figure is available to Congress, the figure is \$395 billion.

Q That is not what I am asking, I am asking about the various departments and agencies which Congress has tried to get out of Mr. Simon and he said were not available.

Q And you said were not available last Friday.

MR. NESSEN: They are not available at this moment, but that is beside the point of what the President is asking Congress to do.

Q You just said they were available.

MR. NESSEN: The President is not asking Congress to say now how much Defense gets, how much HEW gets, or even within those departments, how much the B-1 gets, and so forth.

The President is asking Congress to do what he does for his own family. Next year you are going to make \$35,000, you know today you are going to spend no more than \$35,000, or you decide you are going to buy a car and you will borrow \$4,000 and spend \$39,000 next year.

Q But you said the figures are available, why can't the Congress have them?

MR. NESSEN: I am answering your question which is that is all that the President is asking.

Q You are giving us a science lecture, which we don't need.

Q Ron, in view of the fact that these overall ceilings are there for each department and agency and non-appealable and in view of the fact that the President is asking Congress to depart from precedent and usual practice and establish a ceiling this year for the following fiscal year's budget, why can't the President at this point make available to Congress and the public these fixed agency ceilings?

MR. NESSEN: I don't see that the two points are related, Phil.

Q They are related, Ron.

Q If the President couldn't decide on an overall total without these specific figures for each agency and department, why should he expect Congress to?

MR. NESSEN: The budget process is going ahead, the budget will go to Congress on time with the specific spending figures for every line item in the budget. The President is not asking the Congress to make line item decisions now or even departmental or agency total decisions right now.

Q Ron, are you aware the Congress does item-by-item, except for a few things in the CIA or State Department, the Congress investigates and line items these things?

MR. NESSEN: And they will certainly as soon as they get the budget in to work on.

Q If the President is not asking Congress to make line item decisions, which, as far as we can tell here, must be done in order to make cuts, what is precisely -- what does the President want -- never mind the business about \$35,000 a year, this is the Federal budget -- what does the President physically, specifically want Congress to do right now?

MR. NESSEN: The President wants Congress, number one, to vote a \$28 billion tax cut. Number two, he wants Congress to bind itself through legislation to increase the Federal budget next year by only \$25 billion.

Now, those are the two specific things he wants Congress to do. This is not new -- he said it a week ago Monday and he told you the reason why -- because he thinks people ought to have more of their own money to make their own decisions on. He thinks the very sharp upward rise in the Federal budget needs to be not turned downward, but the rate of increase needs to be slowed now so that the Federal Government is not, a few years down the road, in serious financial trouble.

Q Ron, to bind itself legislatively not to increase spending by more than \$25 billion, the difference of \$3 billion being in what?

MR. NESSEN: Well, there is a cut -- you reach that by calculating what the budget would be without any changes whatever, any additions or subtractions at all, it would go up to \$423 billion.

Q Your lawyers have determined that the Latta resolution would bind Congress legally?

MR. NESSEN: The Latta resolution, as I understand it, would be morally binding on Congress.

Q You want the Latta resolution?

MR. NESSEN: No, as the President said, there are a variety of ways to do this. The Latta resolution is a morally binding resolution. The President said in Detroit he expected Congress to bind itself through firm legislation.

Q Can that be done prior to January 1? It is very complicated in this new budget act.

MR. NESSEN: We go around the same track again and again. The fact is Congress can do anything it wants to, it makes its own rules.

Q So can the President, just about.

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Q Why won't the President help Congress at this time by letting them know the agency budget ceilings that he has proposed?

MR. NESSEN: As I said yesterday, Fran, the Congress seems to have forgotten everything that has happened since January. The President has sent up 56 deferrals --

Q Why don't you answer us?

MR. NESSEN: I am answering, Sarah, if you don't mind.

The President has sent up 56 plus 8, which is 64 specific places where the budget or programs ought to be eliminated or delayed. He has vetoed 6 specific bills and explained why that kind of increase in spending he believes is wrong and fiscally not responsible.

Now, Congress knows, if it has read those pieces of paper--the way it has acted on them, maybe it hasn't read them, but Congress acts as though it never heard of what the President has in mind. The fact is, right now--you don't have to right now make specific cuts in specific programs. All the President is asking the Congress to do is hold the increase in Federal spending to \$25 billion and they don't seem to be able to figure out how to do it.

Let me tidy up one point here. I may have overstated the degree of firmness in these ceilings. They have been given specific planning figures, as we call them.

Q This is the second revision?

MR. NESSEN: Yes. Those figures are not firm yet and by that I take it to mean there could be a certain amount of juggling up and down between --

MR. GREENER: Within programs and, if they add up to more or less, within certain departments.

MR. NESSEN: How about the ceiling for a department?

MR. GREENER: When they go into that they will discuss programs with the department.

MR. NESSEN: You can take one away from one and give it to another.

MR. GREENER: By this time they finish adding up the programs within any given department, it could be more than the ceiling, or less than the ceiling.

Q Then this appeals thing we are talking about is not absolutely flat; is that right?

MR. NESSEN: That is what I gather from this. The OMB sent that word over.

MR. GREENER: Yes.

Q You mean the ceiling on a department is firm but in a department they can be shifted from one program to another?

MR. NESSEN: No, I think the point Bill brings from the OMB is that there is some flexibility in the departmental ceilings; that they have been given a number. If they make a strong and persuasive appeal, they might get somewhat more than that, but then it would have to be taken off somebody else's to get to the \$395 billion figure.

Q Isn't that the way the Federal budget is always made up?

MR. NESSEN: That is what I told Dick. We are in the regular budget-making process.

Q And that includes the fact they can talk to the President? Like last year, we will have these meetings in the Cabinet Room where each department and agency chief may come in and have a final plea?

MR. NESSEN: That is correct.

Q One other question, Ron --

MR. NESSEN: I am sorry if in my earlier statements I expressed too strongly how firm those ceilings were, but Bill does bring the word from OMB.

Q Congressman Fuqua has told the House in a one-speech --

MR. NESSEN: Are we finished with --

Q No.

Q This is related to it.

Q You said the President began this process actually back around Christmastime in Colorado?

MR. NESSEN: A discussion of the general concept, that is right.

Q How was that general concept developed between Christmas and June when the first planning was drawn up?

MR. NESSEN: I am not sure I can fill in all the things that went between Christmas and then.

Q When did the tax cut enter it?

MR. NESSEN: You mean the size of the tax cut?

Q Obviously the size of the tax cut was --

MR. NESSEN: The idea of linking a large tax cut with a ceiling on the growth of Federal spending of matching size was more or less decided by the President in July.

Q Ron, why did he several times subsequent to that say he hadn't made a decision on the tax cut?

MR. NESSEN: Because he had not made his firm decisions -- I mean, his final decisions, I should say. In fact, the sort of specific technical details of rates and so forth weren't made until toward the end.

Q Ron, when the President made those denials, the President didn't tell us, "I haven't decided on how much to ask for." He wasn't talking about figures. He said he hadn't decided whether to ask for a tax cut. Now you are telling us back in July he had decided to ask for a tax cut. Why?

MR. NESSEN: Well, I don't have an answer to that.
(Laughter)

Q Ron, I came in a little late on this. I am sorry, I may have missed this.

What is today's slogan, Congress can't what?

MR. NESSEN: I think today's slogan is --

Q Well, I won't say that, Ron.

MR. NESSEN: It is a great one, though.

Q Ron, Congressman Fuqua told the House --

Q Wait a minute, I have a question.

MR. NESSEN: Phil, I think you know this is not a question of slogans; this is a very serious economic matter. The President believes that what he has proposed, as I have said before, represents an historic turn in the way we run the economy and the society. I would hope it is taken as seriously as it is taken here in the White House. It is certainly not a question of slogans.

Q Ron, may I point out to you this is a change in things. We used to have things come from the people up through Congress to the White House. Now we have the White House going down to Congress and telling them what to do. What do you think of that?

MR. NESSEN: Is that the question? What do I think of that?

Q Yes, this is a change. Isn't this a considerable change? What does the White House think of that? What is your defense?

MR. NESSEN: I just like to answer questions, Sarah.

Q That is the question.

MR. NESSEN: What do I think of it? I disagree with it.

Q The question is, is this a change?

MR. NESSEN: No.

Q The only new thing in, this is linking it to a tax cut. Previously, the same procedure was gone through?

MR. NESSEN: That is correct. There was one period where ideas for cutting the budget were brought to him; in fact, at one point, in amounts larger than \$28 billion. So he could convince himself that, yes, it was possible to cut the growth in spending by that much.

Q Was it unusual? I thought it was unusual that he designed the machinery of this early enough so that, according to you, he could come up to a decision fairly early on where he wanted the limits, earlier than last year, and \$397 billion was his answer.

MR. NESSEN: That is part of the normal budget process. The June planning figures are part of the normal budget process every year.

Q Is it that he doesn't want to release these breakdown figures now because -- does he believe public disclosure, in other words, even the Congress would make more difficult the administration of the Executive putting together his own figures?

MR. NESSEN: For one thing, as I say, it is not quite firm what the ceiling is on each department and agency.

Q Even the rough figures, the guide figures for now, it is better for the Executive to put its own figures in order before it opens it up to --

MR. NESSEN: That is the normal budget process, Dick. What I am trying to say is it is not specifically related to what he is asking Congress to do.

Q Why is it normal, that is what I am asking?

MR. NESSEN: That is the only way you can get the budget put together in time to send up to Congress.

Q Ron, I would like to ask, was there unusual security in force while the tax cut features were being prepared?

MR. NESSEN: I don't know exactly what you mean by that.

Q Was access to the information that there would be a tax cut and the size of the tax cut limited to only a few aides?

MR. NESSEN: I don't know how you would compare it with previous mechanics for putting other programs together.

Q Ron, could I ask one, please?

MR. NESSEN: Steve.

Q Steve, will you help me? (Laughter)

Q Do we have a choice? (Laughter)

MR. NESSEN: Fire away.

Q Congressman Fuqua told the House of Representatives, "As the President's newly appointed Economic Adviser, Mr. Ron Nessen's knowledge of Congress equals that of his knowledge of economics." Comment?

MR. NESSEN: No.

Jim, on the point you raised earlier, how could he go and say in public he hadn't decided on a tax cut yet when he decided in July in general terms this was the path he was going to take -- I would like to check this back.

My impression is that what he was deciding in July was that if he decided to go for a tax cut, this would be the concept of it. But I would like to check that so I could give --

Q Ron, you didn't say that when you began giving us this chronology. What you said was early in July there was a meeting with his economic and budget advisers and the fundamental decision to go for a tax cut coupled with a slowdown in the rate of growth was made then. There wasn't any "if"?

MR. NESSEN: No, to couple a tax cut with a budget ceiling.

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Q Right, but you can't couple something with something unless that something exists. You can't couple a tax cut with a slowdown in the growth in spending unless you decided to have a tax cut. I am asking why the President misled, concealed, or lied to the American people for some 2-1/2 months or three months about his decision on a tax cut?

MR. NESSEN: Jim, I don't think we ought to go down that road with those exact words.

Q They are good words.

MR. NESSEN: Jim raises a good point but I don't think we need to discuss it in those words. I will check it because I think it is a perfectly valid question, although not worded that way.

My impression is that what he was saying was if he decided on a tax cut, he made the decision then to link the two.

Q I have a question, Ron. When he was talking about whether or not there was going to be a tax cut, he was talking of it in terms of whether the economy needed further stimulation?

MR. NESSEN: That's right.

Q Apparently, he had decided in early July that there would be a tax cut that would not at all be related to the economy.

MR. NESSEN: No, his decision was, as Alan Greenspan has explained, I think, a number of times, once it was determined the economy didn't need any additional stimulation, then this program, the economists feel, has no economic effect one way or the other.

Q Then why, after that, when that was decided in early July, was he saying at press conferences, and I believe he did at the one out on the South Lawn in late July, anyway, he did at several of them after that, he decided a tax cut would still be based on whether the economy needed a jolt or not when it had been decided earlier in July a tax cut was not needed for that reason?

MR. NESSEN: No, wait a minute, that decision was not made in July. The economic advisers wanted to hold off as late as possible before making that decision. They came to the conclusion the economy did not need extra stimulus.

Q When did they reach that decision?

MR. NESSEN: I don't know when the date was, it was close to the date of the announcement of the program.

Q Ron, could I ask you a subsidiary question to what you were talking about a minute ago? If the President made the fundamental decision in July to link a substantial tax cut with a substantial reduction in the growth of Federal spending, what did he do in the next three or four months to prepare Congress for the acceptance of this difficult, admittedly, decision? Did he do anything?

MR. NESSEN: Don, I don't think he waited until July to begin to prepare Congress for the difficult decision. He really began to prepare Congress for the difficult decisions in his budget for fiscal 1976, which was submitted in January, and over 60 recisions and deferrals, his vetoes and explanations of his vetoes of bills that he thought were not fiscally in the best interest of the country. This process started early in the year, it didn't start in July.

Q I am not talking of budget cuts, I am talking of the linking -- which, as I understand what you said, he decided to do in early July.

MR. NESSEN: If he were going for a tax cut, it would be linked.

Q Did he do anything to prepare Congress for that in the next four months?

MR. NESSEN: As I say, I don't know, he didn't wait until July to prepare Congress for it -- he began in January.

Q Do you have any further announcements?

Q How about excerpts from tonight's speech?

MR. NESSEN: I am not sure we are going to have any excerpts from tonight's speech to hand out in advance.

Q We understand the President and Vice President met three times last week and discussed the New York situation, is that true?

MR. NESSEN: I am not aware they met three times last week or they discussed the New York situation, but I don't sit in on those meetings so I don't know what they discussed.

Q Was a signal given to the Vice President which led to his speech on Saturday night?

MR. NESSEN: That is not correct.

Q Question?

MR. NESSEN: The question was did Rockefeller get a signal from the President to go out and make the speech the other night? The answer is no.

Q Newsday reports, Ron, that the President and Vice President are at points of difference on whether to help New York or not. Is that report wrong or is it right? It is the question we were dealing with yesterday, but I don't think it has been resolved.

MR. NESSEN: You know what the Administration position is, Les.

Q So Newsday is right in reporting the differences?

MR. NESSEN: I think you have to make your own judgment on those things.

Q On General Haig, if you know what is on the agenda, can you tell us? If you don't know --

MR. NESSEN: I said earlier I don't know what is on the agenda.

Q Can you tell us what they talked about the other two or three times?

MR. NESSEN: I don't know.

Q Can you find out?

MR. NESSEN: I will ask.

Q You said yesterday you would find out if the President was surprised by the Rockefeller speech on Saturday. Did you find out?

MR. NESSEN: I don't know how or why it would be necessary to. I think you all know the President. I think you know his demeanor and temper.

Q Did you ask him if he was surprised?

MR. NESSEN: I think I have been with him at the points where I would know what his reaction was.

Q Was he surprised?

Q What was it?

MR. NESSEN: The President has asked me to do what I did yesterday, which was to explain to you again what the Administration policy is concerning New York City.

Q As I understood what you said yesterday, the Administration did not flatly rule out the contingency as Vice President Rockefeller specifically explained it in New York.

MR. NESSEN: Dick, I don't know that we are going to get anywhere with this. The Administration policy is, that if New York City and New York State do all the things needed to get New York back on a firm financial footing, it needs no Federal bail-out. The President noticed this morning, for instance, in the New York Times' lead story, that even the State of New York and whatever board it has set up to oversee New York's financial affairs is dissatisfied with what the mayor and the city officials have done so far.

If I remember correctly, this is the second time New York has tried to prepare a plan for fiscally responsible management of the city and it was rejected once before by the State and now apparently, according to the Times, it has still not met the requirements of the State for State help.

The President finds it difficult to understand why the Federal Government could or should step in at this point and provide a bail-out for New York City when the State of New York is dissatisfied that Mayor Beame and the city officials are doing enough.

THE PRESS: Thank you, Ron.

END (AT 12:19 P.M. EDT)