

This Copy For \_\_\_\_\_

NEWS CONFERENCE

#358

---

AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:45 A.M. EDT

OCTOBER 23, 1975

THURSDAY

MR. NESSEN: I think you got the announcement that the President came into the office this morning and is back and, in fact, is working in the office now. I think you have his schedule for today.

The only other thing I would like to do today is talk about municipal bonds.

Q You said the President is back in his office?

MR. NESSEN: Yes, he is.

Q What time did he come back?

MR. NESSEN: We announced over the loudspeaker here that he was back. It was about 10:40.

Q What is his health?

MR. NESSEN: He is feeling much better today.

Q Is he still on medication?

MR. NESSEN: I didn't have a chance to talk to Dr. Lukash this morning.

Q Ron, what was that 11 o'clock meeting about?

MR. NESSEN: The Domestic Council?

Q Yes.

MR. NESSEN: It is going over with the President some of the major issues that will be coming for his attention in the next few months and early next year and as part of the State of the Union preparation.

Q But it was only listed as a 15-minute meeting.

MORE

#358

MR. NESSEN: I think it will run longer than that. It was listed, I know, for 15 minutes.

Q Is this the first meeting on the State of the Union?

MR. NESSEN: It is the first meeting with the President that I know of, yes. There has been some work going on at the staff level.

Q Ron, what are all these automobiles with Maryland dealers' plates?

MR. NESSEN: I don't know. I saw those myself out there.

Q Did you ask him, Ron?

MR. NESSEN: Ask the President what the cars are in the driveway?

Q No, did you ask someone at the White House what that was all about?

MR. NESSEN: Why don't you find out so Sarah can write her story about the cars in the driveway. I saw all the cars out there myself.

Q As long as we don't know what it was -- it may be something important.

MR. NESSEN: We are checking.

Q Can you tell us what the President's plans are for the rest of the day? Will he stay at the office or go back to the Residence?

MR. NESSEN: He is going to stay at the office this morning for a while and go back to the Residence and do some more work over there.

Q Is he pronounced recovered now?

MR. NESSEN: I will get something from Lukash. I had a busy morning and didn't have time to talk to Lukash at any great length.

I do want to talk about municipal bonds despite the groaning. The fact of the matter is, as I said the other day, people are spreading scare tactics about the effect of New York City's financial troubles on municipal bond sales and the financial markets in general.

I do feel that it is part of my job to try to relay to you what the President's views are on various matters, including this one, and there have been a lot of scare stories and I tried to go through some factual information the other day which nobody really apparently cared to hear, so let me try again today.

My source today is the Washington Post, which perhaps you have more faith in than you have in me.

Q We can read the Post.

MR. NESSEN: As you know, the State of Maryland and Fairfax County sold bonds yesterday worth a total of \$95 million. Their interest rates were substantially below those that have been paid on these bonds by these jurisdictions for the past several years, which the Post concludes indicates that the New York City financial crisis has not had an adverse impact on all municipal bond sales, which is what I have been trying to say here for a while.

The State of Maryland State Treasurer is quoted as saying New York City's troubles make us look good. What I have tried to say here is that people who buy municipal bonds -- and Bill Simon said this on television Sunday -- are not affected by emotion but rather are affected by their hard-eyed judgment of whether any particular jurisdiction is going to be able to repay its bonds.

Now what the New York City financial problem has done is to make the people who buy municipal bonds look more carefully at the municipality or State or whatever the other jurisdiction is -- look at them more carefully to determine what their financial situation is and, in the case of those cities or States or other jurisdictions which are not managing their financial affairs as well as they could, there may have been some slight increase in interest rates, but for places like Maryland and Fairfax County which can stand up to this scrutiny, they are getting actually a better interest rate out of the financial troubles of New York City.

Then the Washington Post --

Q I have a question.

MR. NESSEN: If you don't mind, this is a subject that I think is -- I see reported over and over again that the bond market has collapsed, cities and States are unable to sell their bonds, cities and States are paying enormously higher interest rates, and I would like, if I may, to list some facts which I think you might want to know as you write these stories.

Q Ron, you are coming out here a little huffy today. Are you unhappy with the reporting of this? Is that it? Is that what is on your mind?

MR. NESSEN: Phil, as I say, my purpose every day here is to try to relay to you as accurately as I can what the views are at the White House.

Q Then who are you accusing?

MR. NESSEN: I have tried to say over and over again that the view of the White House and of the President's economic advisers is that the New York City financial problem has not had the effect on the bond market that I think it is assumed to have had, and I am trying to lay out some facts that I think perhaps you might want to hear as you deal with the subject. Certainly there is no huffiness on my part.

Q Who are the dispensers of the scare tactics?

MR. NESSEN: What?

Q How about naming these?

MR. NESSEN: All right. I think, Helen, if you read some of the Congressional testimony of the past few days and if you read some of the other statements that have been made by people on this issue you will see the kinds of things I am talking about.

Q Is that criticizing David Rockefeller and Mr. Clausen of the Bank of America? Is that who you are --

MR. NESSEN: I don't think I ought to name names.

Q Well, you have done it. You may as well --

MR. NESSEN: Let me go on with what I am trying --

Q You do concede that they have made these?

MR. NESSEN: I am talking about the people who have said that the municipal bond market has collapsed or that it was paralyzed last Friday, which it wasn't, or that this will make it difficult or impossible for other municipalities to finance their bonds, and those kinds of statements.

Q What about people who say it would be a catastrophe unless New York is helped?

MR. NESSEN: Let me go on with the factual matter which I am trying to do.

Q Ron, that is a serious question.

Q Ron, why can't you answer? Be polite to Ted. Really, that is a question; that is a legitimate question and you just ignore him, Ron.

MR. NESSEN: Ted, what was your question again?

Q My question was -- (Laughter) --

MR. NESSEN: Wait a minute. I am not supposed to smile during this discussion because Helen says I grin too much.

Q I don't think you should be snide about something that --

MR. NESSEN: Helen, my whole purpose today is not to be either snide or, as Phil said, huffy, but to try to bring your attention, I think, to get some worthwhile facts to, as I say, put in some perspective some of the stories that --

Q Does the President know you are doing this, and did he ask you to come out?

MR. NESSEN: No, he does not know and he didn't ask me.

Q Well, who did?

MR. NESSEN: Nobody.

Q You just on your own initiative decided we were uninformed --

MR. NESSEN: I didn't say uninformed.

Q Well, we can read the Washington Post, Ron. We don't need to have you read it to us.

MR. NESSEN: But may I point out some facts, Bob? Some of the questions that have been asked here for some time on this issue have been based on a kind of premise or assumption that the municipal bond market is collapsing or will collapse, and I would like to make a few points which perhaps will --

Q Ron, you are showing that this did have a very bad effect on the bond market. That would not change the President's position, would it, because his views are based on principle?

MR. NESSEN: The President's position is based on principle and it is also based on the advice of his financial advisers as I think Bill Simon has said, as to what the effects would be.

Q Ron, to be fair about this, you used the reference -- you referred to scare stories and scare tactics the other day --

MR. NESSEN: Right.

Q -- and yet you say you don't think you ought to name names.

MR. NESSEN: I say it is the people who are saying that the municipal bond market will collapse, that cities and States will pay enormously higher interest rates on their bonds and notes; that people who say look at last Friday and you will see how bad it will be when in fact the market performed in a very stable way last Friday.

Q Well, who are these people? You obviously know who you are referring to. You are not just making this up out of thin air.

MR. NESSEN: I am not.

Q These are people who presumably are offering legitimate or presumably honest views on the situation and yet you are suggesting that they are scare tactics.

MR. NESSEN: Why not let me give the other side, Dick, if you will.

Q As I say, you used this reference the other day -- the scare tactics -- and now you are doing it again and you are still refusing to identify the people, and that is a --

MR. NESSEN: Hit and run tactic, as Jim would say.

Q It is a charge.

Q I was asking why you engage in hit and run tactics?

MR. NESSEN: I am trying to get out some factual information, which I am having some difficulty in doing.

Q We are not differing with these people's views. You are suggesting that they have an ulterior motive.

MR. NESSEN: I am suggesting that the facts point otherwise. That is all I am doing.

Q Ron, I apparently have missed these people who have been saying this. Can you tell me who they are?

MR. NESSEN: I think if you will look in the clips, Phil, you will see them.

Q Are you serious on that as well as what is in the --

MR. NESSEN: Well, would you allow me to continue my factual --

Q Not if we can avoid it. That is the whole thing.

MR. NESSEN: Well, you know I tried to do the same thing the other day.

I think the New York City story is an important one and a serious one. I think Bill Simon said on television Sunday it is a matter of enormous complexity and the complexities need to be examined.

My only purpose in doing this today was to say that there are facts which the President's advisers believe point to another conclusion as to the effects of New York City's financial troubles on other municipalities when they go to market to sell their bonds and notes, and that was really my only purpose in wanting to bring to your attention some of the facts that coincide with the views of the President's advisers as to the impact of New York's troubles on other municipalities.

Q How much longer will it take for you to get this thing out?

MR. NESSEN: Well, I don't know. It all depends on how often I am interrupted.

Q If you were not interrupted, how long would it take?

MR. NESSEN: Two minutes.

Q Go ahead, Ron.

Q Okay, two minutes.

Q Ninety seconds, Ron.

MR. NESSEN: The Post has contacted a number of Wall Street investment bankers.

Q Who?

MR. NESSEN: The Washington Post has contacted a number of investment bankers who say that investors are sophisticated enough to differentiate between the well run municipalities and other jurisdictions like New York, where problems exist. The head of the Morgan Guaranty Trust Company's Municipal Bond Department says, "The problems of State and local governments have been thoroughly discounted by the bond markets."

In other words, whatever effect the New York City trouble was going to have on interest rates of municipalities has already been taken into account. Some of you who invest know the old Wall Street rule that Wall Street only discounts bad news once and the man from Morgan Guaranty Trust who is the head of the Bond Department says that the bad news has already been discounted.

Q Who is that?

MR. NESSEN: His name is Richard Eide. He says that those jurisdictions which look good as far as their financial management go are not being penalized by New York City's troubles.

This same gentleman from Morgan Guaranty says that all the major banks and investment banking houses in New York have their own research departments and they are evaluating the financial condition of State and local governments on the scene and based on each city and State's ability to repay without being swept by any emotion of New York City's troubles.

Then some more specific details of the prices received yesterday, the bids received by Maryland and Fairfax County, which in the case of Fairfax County was the lowest interest rate since February 1973 and in the case of Maryland was the lowest interest rate also since February of 1973.

End of lecture.

Q Why is the Administration being so defensive about its position? You have stated your position now for about two weeks running. You seem to be on the defense completely.

MR. NESSEN: It is not position, Helen. All I am doing is coming out here, I hope as a friend, to say this is the conclusion that the President's financial advisers have reached; this is the advice they have given them. Some of the stories reflect an opposite conclusion and I thought that I would try to give you --

Q Which stories?



MR. NESSEN: Not the stories. I mean some of the testimony and other comments reach an opposite conclusion, and I wanted to give you some of the kinds of things that are being said that indicate why the President's advisers have reached the conclusion they have.

Q And you don't think that the Administration is on the defense on this problem?

MR. NESSEN: Certainly not.

Q Ron, what I don't understand is this is not really the President's reason, as I understand, for saying that he will not accept legislation. His reason is he just thinks it is wrong to help out a city which has been irresponsible and he is not pointing to the effects on the bond market.

MR. NESSEN: No. I think we have said over and over again, John, that -- and I think you have asked me, "Why are you having all these meetings if the President has already made up his mind?" And I said, "To monitor the situation," and then I mentioned last Friday.

He said, "What is there to monitor?" And I said then at least some of the monitors are watching and calling to find out what is happening in the bond and stockmarket. Obviously, the President's position is based on principle and it is also based on the advice he has received from his advisers that a New York City default would not have a major adverse effect on the economy or on the bond market.

Q Well, this would indicate, Ron, that if this were to change, if his advisers were to say, listen, we are wrong, this really is going to have an adverse effect, he might be willing to compromise on principles?

MR. NESSEN: Oh, no, John. Goodness, gracious no.

Q Why would you bother to monitor then?

MR. NESSEN: The President needs to have that determination made before he could make his decision. It was made and he has made his decision.

Q Is that monitoring continuing?

MR. NESSEN: Yes, it is.

Q Then how are you able to say that the decision is made if the monitoring is continuing?

MR. NESSEN: Well, it was based on the best evidence that he has been able to gather and that others, as reflected in the Post this morning, have been able to conclude.

Q Ron, does the fact that the monitoring is continuing mean that the President retains a certain degree of flexibility on his decision?

MR. NESSEN: On what decision?

Q On his decision or on his action, let's say, not to favor any Federal assistance for New York.

MR. NESSEN: I think you would expect the President to want to keep up with the situation as complex and one that sort of moves and changes day by day.

Q Ron, you said you did not speak to the President about this. Does this reflect his view? Does he feel that there are scare stories and scare tactics?

MR. NESSEN: What does reflect his view, Bill, or what I am saying here is the kind of --

Q I just want to know who is speaking.

MR. NESSEN: I am speaking.

Q Yes, but are you reflecting his views?

MR. NESSEN: Let me say that what I am doing here is to tell you that the President's financial staff has reached the same conclusions that these various people quoted in the Post and the kind of evidence that the Fairfax County and Maryland bond sales indicate. These are the kinds of things that they have looked at and concluded that New York City defaulting would not have a major effect on the economy and have passed on to the President and, as I told John, was cranked into his decision.

Q Ron, has the President or have any of his economic advisers been in contact with any of the people who testified on Capitol Hill who spread these so-called scare tactics?

MR. NESSEN: They have been in touch with them about their testimonies?

Q Yes.

MR. NESSEN: No.

Q About the conclusions on which they based their testimony?

MR. NESSEN: Not that I know of.

Q For example, the head of the Morgan Guaranty Trust Company who apparently told the Hill that it would be catastrophic or disastrous, and then his fund man says it didn't mean a thing.

MR. NESSEN: It is funny, isn't it?

The new cars in the driveway with the dealers' plates on them were loaned to five Governors who are here from the Prefectures or States of Japan. They are visiting the United States under the auspices of the Council of State Governments.

Am I going too fast, Sarah?

Q No, indeed.

MR. NESSEN: They met with representatives of the Domestic Council and the National Security Council, these five Governors, and also received a tour of the White House before going to lunch on Capitol Hill.

Q Ron, one minor factual point, if I may, on the bond market.

MR. NESSEN: Yes.

Q You said several times this week that the market performed very smoothly last Friday.

MR. NESSEN: Right.

Q Does the White House have some reason to dispute the accounts that have appeared in print about the trading having faltered on the bond market during that crisis?

MR. NESSEN: The information I get from the people who are doing that part of the monitoring is that the bond market is normally slow on Fridays -- it also is slow on Mondays, incidentally -- that the sales were slow but that the thing that they point to as being the most conclusive evidence of no disruption in the bond market and that it performed normally was that there was no panic or mass selling; that there was a slight increase in interest rates on Friday. But for the week as a whole there was a rather sharp drop in municipal interest rates -- it was the second week in a row there was -- and that trading was slow, interest rates were up slightly on Friday but that there was no panic selling which is another part of what I am trying to say.

Q Ron, the conclusion that the Maryland and Fairfax experience supports the President's position is your conclusion?

MR. NESSEN: No, it is the conclusion of the President's economic advisers.

Q How do you know that?

MR. NESSEN: Because it was discussed at the senior staff meeting this morning.

Q Ron, is a panel of political advisers urging the President not to travel as much as he has in the past and to concentrate on being President in Washington?

MR. NESSEN: The meeting that you referred to I did not attend, Ralph.

Q When was the meeting? Can you tell us that?

MR. NESSEN: I don't know.

Q Do you have any comments on that?

MR. NESSEN: No, I don't.

Q Even if you didn't attend it, would you not be privy to advice from an advisory panel and so forth? What is the question of the President's travel?

MR. NESSEN: Well, what is it?

Q Well, what is it? The advisory panel says he ought to stay home and be President a while.

MR. NESSEN: No, a newspaper story says the advisory panel says --

Q My question is: Is it true? Is it correct? Do you know anything about it?

MR. NESSEN: I say I was not at the meeting.

Q Has it been discussed at the senior staff meeting?

Q Do you know anything about it, whether or not you were at the meeting?

MR. NESSEN: Well, whatever private conversations the President has with friends or advisers I don't think I am going to relay here.

Q Has the subject been discussed at the senior staff meeting this week?

MR. NESSEN: No.

Q Ron, has the White House got a report on the Hartford incident yet?

MR. NESSEN: I said yesterday that it came over here on the night of the 20th and it was read on the 21st by Don Rumsfeld.

Q Ron, if I might go back at the risk of prolonging a subject that is --

MR. NESSEN: I like to talk about New York City. I am practicing to be an economics professor or a bond salesman.

Q When is that, Ron? (Laughter)

Q Are you guaranteeing this? How soon do you expect to take this new position?

Q Not before November or I lose my bet. (Laughter)

MR. NESSEN: Your bets are safe, Walt.

Q Several times you have cited a contribution by the Federal Government, something over \$3 billion a year to New York to help it with its welfare payments.

MR. NESSEN: Right.

Q And several times when you have said that you have been asked what New York returns to the Treasury in terms of tax revenues, and you have never given that information.

Now Senator Javits says the figure is five times the \$3 billion figure; in other words, New York contributes in tax five times what it receives in welfare payments.

MR. NESSEN: Yes, I know that.

Q Is that correct?

MR. NESSEN: Well, the OMB has tried to isolate that figure and has found it almost impossible to do.

Q How do you suppose Senator Javits was able to?

MR. NESSEN: I think Senator Javits is talking about a \$16 billion figure that I have heard floated around Washington from time to time.

The reason that it is difficult to -- I want to see if I have that. I do.

Well, the figure on direct Federal payments to New York City is \$3.4 billion and the figure of \$16 billion, which I think may be what Senator Javits has in mind, has been floating around town. The OMB and others here who deal with Federal revenues and expenditures are just not able to nail down a figure, and the reason is that some corporations have their headquarters in New York City and so their tax return carries a New York City return address on it, but actually most of their operations are out and around the country. It is not clear whether that should be counted as income taxes from New York City or whether you ought to parcel that out among their facilities all around the country.

The other point that they make, too, on why it is difficult to get a hold of that figure is the \$3.4 billion is direct payments to New York City but, as you know, the Federal budget is spent for sort of the general welfare and you would have to figure out how much of the Defense budget, for instance, belongs to New York City or how much of those kinds of more general expenses -- the State Department, the White House and so forth -- how do you apportion that out, just general Government operations, as well as Social Security which is not counted in the \$3.4 billion figure.

They do benefit New York. They don't show up in the \$3.4 billion figure. So I know what Senator Javits is talking about and it is just not possible to make that simple comparison between \$3.4 billion and \$16 billion.

Q Let me just ask you simply whether you or whether the White House disputes Senator Javits' figure?

MR. NESSEN: Well, they have not been able to either prove it or disprove it.

Q So you don't dispute it?

MR. NESSEN: Well, they have no way of doing either, Jim.

Q Ron, I have some questions about another story in the Post today.

MR. NESSEN: Everybody has done their reading of the Post today.

Q This one has not been discussed.

MR. NESSEN: This is one that I what?

Q This has not been discussed by you lately.

The story in the Post says that since Mr. Ford became the President the number of Federal employees has increased by about 64,000 in an 11-month period, and that the number of employees in 10 of the 11 Cabinet-level departments has increased, that the employees in the independent regulatory agencies has increased, and about the only one that has gone down is EEOC, and there are others.

What do you have on that? Is that true? If it is true, why has the President, who is constantly saying that he wants to cut Federal spending, not reduced the number of Federal employees?

MR. NESSEN: Well, let me say, first of all, that Mr. Bonafede's article is misleading and in many ways is inaccurate.

Let me pause there to return to Jim's question for one second. I am told that that \$16 billion figure which I have heard, as I said, floated around Washington -- I am told that it first appeared in an article in the Village Voice and that the Village Voice has been asked what its source was and the source has not been located.

Okay, back to the Federal employees.

Well, let's do it this way: First of all, overall Federal employment and then White House employment. Shall we do that?

Q All right.

MR. NESSEN: President Ford, as you know, came into office in August of 1974. At that time, the budget for FY 1975 was pending in Congress and the budget called for funds to support a total of 1,968,100 full-time Federal employees. That is what the budget called for.

Q Is that non-military?

MR. NESSEN: Yes, non-military full-time civilian employees.

Less than a month after taking office, the President announced that he wanted that reduced by 40,000 by the end of the 1975 fiscal year -- June 30, 1975. He wanted it reduced by 40,000 which would have brought a total of 1,928,000. In other words, he wanted the budgeted 1,968,100 reduced to 1,928,000.

Well, it turns out that by the end of that fiscal year -- June 30, 1975 -- the number had been reduced below even what he requested and the actual Federal employment at the end of fiscal 1975 was 1,914,352, which to do the arithmetic is a figure below the budgeted level by 53,748.

Now you compare that with what was the total Federal employment at the beginning of that fiscal year -- that is, on June 30, 1974 -- and you come out with -- I want to be perfectly frank with you and tell you that there is a disagreement on what the actual figure was on July 1, 1974, but whatever it was the June 30, 1975 figure was either 2,000 or 4,000 below a year earlier so there has been a reduction.

Q Well, Ron --

MR. NESSEN: Now I think one of Mr. Bonafede's problems was that -- several problems. First of all, I think some of his figures he has mixed in Post Office or Postal Service employees and they don't count, really. He also may have mixed in --

Q They count in the deficit. Why don't they count?

MR. NESSEN: Well, if you are trying to get ahold of what has the President done about Federal employment, I think the figures that I am trying to give you, which is full-time civilian employees of the Government, excluding the Postal Service --

Q He does not control it?

MR. NESSEN: You are talking about the President or Bonafede?

Q The President.

MR. NESSEN: Yes.

Q That is why you don't include them, because he does not control them?

MR. NESSEN: That is correct.

Q All right.

MR. NESSEN: Now I think also one of the problems in Mr. Bonafede's article was that in addition to mixing up Postal employees he is also comparing one month one year and another month another year and the fact is that there is a seasonal factor to Federal employment; that during the summer months, for instance, there is an increase for people who work in the national parks, there are interns who come to work and that sort of thing. So to compare a summer month with a fall or winter month of another year gives you a misleading comparison.

The Internal Revenue Service, for instance, is another agency of the Government which has seasonal peaks and valleys of employment.

All right, that is the story on overall Government employment.



Q Ron, that is not quite all the story.

MR. NESSEN: Oh, I almost got away with it.

Q Why don't you just give us the figures regardless of Mr. Bonafede's article or anything. Just give us the figures on how many employees the President has added since he has been here.

Now all of those 40,000 that you mentioned going off, a lot of those people died or retired; they didn't just get fired. They may have been replaced or may not have been replaced. Just tell us how many the President has added.

MR. NESSEN: Well, as I say, the last full count that I have was June 30, 1975.

Q Well, that does not exactly tell me how many he has added since he has been in here.

MR. NESSEN: My understanding is that the number continues to decrease. I don't have an updated figure to compare.

Q He has not added anybody? He has not added people?

MR. CARLSON: It is about 2,000. Let me get a figure for you in three minutes.

MR. NESSEN: All right.

Q Now there is another thing. You told us a while back that they were going to have a reduction in the White House payroll?

MR. NESSEN: I am glad you asked me that, Sarah.

Q Will you tell me how many there are and how many reductions?

MR. NESSEN: All right. Let's do this with charts and graphs.

Q No, just plain give us the figures.

Q Let him answer.

MR. NESSEN: I spent a good deal of time this morning, Sarah, digging up some numbers and charts. I assume you would like the facts.

Q I like the facts, yes.

MR. NESSEN: Thank you.

Let's start with what is referred to as the White House Staff. That includes all the full-time employees plus consultants, summer interns, hourly employees, part-time employees and the President himself, as well as summer replacements; that is, when a telephone operator goes on vacation or someone who needs to be replaced, this number includes that.

Q Ron, I don't know how extensive this is. Is there something we could get mimeographed?

MR. NESSEN: I think since Ted has raised the question I would prefer to answer it in its fullness if I may. It is not a subject I think that lends itself to a quick and simple answer.

Q Did you also say interns?

MR. NESSEN: Yes. That category called White House Staff includes all the full-time employees, the consultants, the summer interns, which numbered 33 this past summer.

Q Did it include the so-called TDY, those on the payroll of other agencies?

MR. NESSEN: That is a separate category which I will get to in a moment.

This does not include the so-called detailees but I will give you that separately in a minute.

All right, consultants, summer interns, which numbered 33 this year, hourly employees, part-time and the President and summer replacements. Bonafede uses the number 617 and the actual figures are that on September 1, 1974, which was the first full date or the end of the month of the President's first month, there were approximately 547 people under all of those headings. As of September 1, 1975, there were approximately 550, an increase of 3.

Q Which were total employees in summer replacements? Just give us a full-time figure. How many full-time?

MR. NESSEN: I am coming to that.

So it has gone from 547 on September 1, 1974, to 550 on September 1, 1975. The estimated November 1, 1975 figure will be 536.

Q Well, how are you counting someone on a September payroll?

MR. NESSEN: If you will just let me move along here for a minute.

Q How can you count summer interns on a September payroll?

MR. NESSEN: The ones who stay on into the first or second week of September are counted in that number.

Q Do you happen to have October 1 since you have given us what November 1 will be?

MR. NESSEN: Well, I can count it up on my chart here. October 1, 544.

Q Well, how many additional summer interns do you think you had during the summer?

MR. NESSEN: 33.

Q 33. Would that be perhaps added to this September figure?

MR. NESSEN: Some who were still here in September would have been in that September figure.

Q But had you taken the figures in July it would have been about 30 more, right?

MR. NESSEN: Does that sound about right?

MR. CONNOR: The July number that Bonafede quotes was 617 and that included all of the summer interns plus all of the summer replacements. Those are the numbers that drop out among others that drop out of the --

MR. NESSEN: When you get to the September 1 figure, right?

MR. CONNOR: And more continue to drop out as the whole staff is reduced.

MR. NESSEN: Let's go to the second category at the White House, which is full-time.

Q Ron, can I ask a question on the first category?

MR. NESSEN: Yes.

Q This is in fairness to your figures. When a person comes on as a replacement for the telephone operator who goes off on leave, you then have two employees for that slot?

MR. NESSEN: Correct.

If I can show you this chart, this top line here will indicate to you that between May and July -- well, beginning on May 1 there is a rather sharp increase in White House employment and then it goes down steadily to September 1 and then will continue to go down to November 1, but you see this is because of summer interns and summer replacements. It is an annual thing.

Q So you have two people for some jobs?

MR. NESSEN: That is correct.

Q Do you plan any more reductions? I think a while back you said there were going to be quite a few reductions.

MR. NESSEN: Yes, and I am going to get to that in a minute if you will let me.

The next category of people is the Permanent Operating and Staff people in the White House. Now that does not include consultants, summer interns, hourly people, part-time, summer replacements or the President. The President is not counted as permanent staff. (Laughter)

Permanent staff -- I will just run through the numbers for you.

Q Does that include you?

MR. NESSEN: Yes. It did when I came out here. Have you heard anything?

On September 1, 1974, that category -- and I really think that this is probably what people talk about when they say the White House -- but anyhow the number on September 1, 1974, was 534; September 1, 1975, 512; October 1, 1975, 504; estimated November 1, 1975, 497; goal, 485.

Q By when?

MR. NESSEN: January 1.

Q 485?

MR. NESSEN: Yes.

Q Are these being done through firing -- I mean, the reductions?

MR. NESSEN: Mostly through attrition.

Q Who are they? Who are the people that you have cut?

MR. NESSEN: Do you want the names of all the people?

Q No, just what kind of jobs?

Q What is the salary level?

MR. NESSEN: I think if you let me show you the next two charts it will make clear how this reduction has been brought about.

This permanent White House Staff is divided into operating people and staff people. The operating people are what you might call the kind of civil service of the White House, the people who go on from Administration to Administration -- operators, secretaries, clerical people, people who do the Civil Service-type jobs in the White House -- and I think there might be some suspicion that this is the way the number has been reduced, by lowering those people, which sort of goes to Fran's question. I think it would be fair to say that most of these people are at the lower end of the pay scale.

On September 1, 1974, those people numbered -- this is what is called the operating offices of the White House -- 245. On September 1, 1975, they numbered 247. So there has been an increase of 2, and I think that indicates that cuts have not been made at the lower end of the pay scale.

Now you have another category and this is called the Staff Offices of the White House; that is, the Press Office, the Baroody office, Rumsfeld, Hartmann, Buchen, and so forth.

On September 1, 1974, the people in the Staff Offices numbered 289. In May of 1975 that number was 287.

The reason I give you the May figure is because that was really the beginning of the sort of precipitous drop, and the reason that the numbers stayed high through there partly, at least, was because there was a certain duplication going on, that people were leaving but were still on the payroll and new people had been brought in.

On May 1, 1975, there were 287 of these people. Then it began to drop. So that on September 1 there were 265, and estimated November 1, 1975, there were 257, and that number is going down and that is where I think most of the remainder will come from to get to the 485 number.

Now Jim's question, the so-called detailees, these are folks who are on the payroll of another agency or department but who are detailed to work in the White House. They don't show on the White House. They are not paid out of the White House; they are paid out of their own department or agency.

July 1974, those people numbered 43, the detailees. On September 1, 1974, the number was 32. September 1, 1975, the number was 25. On October 1, 1975, the number was 23. There probably will be maybe a minor reduction below that but probably somewhere around 20 or so will be the detailees who will be working at the White House.

Q Ron, do those staff figures include the Domestic Council?

MR. NESSEN: No. The Domestic Council and some of the other agencies which are in the so-called Executive Office of the President are statutory agencies which are set up by Congress and do not appear under the White House --

Q What are they?

MR. NESSEN: Domestic Council, National Security Council, OMB, the Council of Economic Advisers and the CIEP -- Council of International Economic Policy.

Q So, in other words, several of the largest bodies, I guess you would call them, or groups, that in the public mind are intimately identified with the White House and which indeed do all of their work for the White House are not included in any of these figures you have given us?

MR. NESSEN: They are not because they are not defined as the overall title White House Staff. They are in the Executive Office of the President and, as I say, they are created by statute of Congress and have their money -- these are really budget categories, Jim, rather than any kind of arbitrary categories.

Q Could we have the figures for those?

MR. NESSEN: Their budget is separate and is handled separately by Congress, and that is why it is kept separate.

Q OMS is putting them together?

MR. NESSEN: Yes.

Q Ron, can you tell us what the salary drop has been as a result of these cuts?

MR. NESSEN: The overall payroll?

Q Yes.

MR. NESSEN: We have to figure it up. I don't have it.

I think, Fran, one of the reasons for breaking down the chart between Staff Offices and Operating Offices was to show you that the Operating Offices which are generally at the lower end of the salary scale has remained steady or, in fact, has gone up too, whereas the Staff Offices which have your higher paid and professional people has dropped and is dropping.

Q On the original question, which is overall civilian employment, you told us what the budget called for when Mr. Ford became President, and then you gave us an actual figure for June 30, 1975.

MR. NESSEN: Correct.

Q Don't you have an actual figure for August or September of 1974?

MR. NESSEN: I think that is what John is checking.

MR. CONNOR: That would be the year previously again because of seasonality.

MR. NESSEN: John is out there looking for the October 1 or September 1 figure, and what we will need to do is get a year earlier figure to compare that with.

Q I don't want to compare an actual figure for one year and a budgetary allowance for another.

MR. NESSEN: No, but it is not a budgetary allowance. I gave you actual June 30, 1974 and actual June 30, 1975 --I didn't give you actual June 30, 1974, because there is some question about whether it was 1,916,000 or 1,918,000.

Haven't you got September 1?

MR. CARLSON: No.

MR. NESSEN: Does everybody agree now on these figures?

MR. CARLSON: OMB uses these. Civil Service uses these. (Laughter)

Q It is only a difference of a million or two?

MR. NESSEN: That is one of the reasons it is difficult to deal with this.

Q Petty cash.

MR. NESSEN: Isn't that something?

Well, I don't know what the explanation is. I can give you both figures if you would like. Civil Service figures and OMB figures -- there is a difference. There is not much of a difference but there is a difference.

Q Is this the 2,000 that you are talking about?

MR. NESSEN: Yes.

The OMB shows that between June 30, 1974 and June 30, 1975, there was a net decrease of Government employees of about 2,000. The Civil Service shows that between June 30, 1974, and June 30, 1975, there was a net increase of about 2,000 and why that is I have no explanation.

Now what we are looking for, John, is the September 1 or October 1, 1974 versus 1975.

What would be the last month?

MR. CARLSON: July.

MR. NESSEN: This is the last month for which figures have been --

Q Ron, is it true the Civil Service figure does not include White House women?

MR. NESSEN: What?

Q I don't know why. I would like to know. One of the last reports said they didn't allow the number of women in the White House to come under Civil Service employees. Why that was done, I don't know. It was a big bill in previous years.

MR. NESSEN: Our staff secretary here who --

Q Have you heard anything from Judge Crater?

MR. CONNOR: The number of women to go on --

MR. NESSEN: Women are not allowed on the Civil Service rolls?



Q No, no, that was not what I was saying.

MR. NESSEN: White House women are not allowed on the Civil Service rolls?

Q No, that is not what I said.

MR. NESSEN: We don't have 2,000 women in the White House, or 4,000.

Q A report of the Civil Service Commission along about that time started dropping White House women.

MR. NESSEN: That is the first I have ever heard of it.

Q It was the first a lot of other people had ever heard of it but it was done.

Q Ron, what accounts for the 1 million difference --

Q Ron, are you through with this?

MR. NESSEN: I don't know if I am or not.

Q Ron, what accounts for the 1 million difference between Civil Service Commission figures cited in the Post article and the figures you are giving? You are talking about 1.9 million and they are talking about 2.9 million.

Q Military.

Q No, no, civilian.

MR. CONNOR: Postal Service.

MR. NESSEN: As I said, the figures I gave you were civilian full-time employees excluding Post Office. Now they may be adding in civilian non-permanent, which is almost 200,000, Post Office permanent which is over 500,000, Post Office non-permanent, which is 134,000. I don't know whether they count Coast Guard, whether they count Legislative or whether they count Judicial but those other categories could possibly account for the difference.

Q Ron, could I change the subject?

MR. NESSEN: I think everybody has a few more questions.

Q Without knowing the exact figures, do you know whether the totals of employment in the Executive Office of the President have similarly gone down?

MR. NESSEN: The OMB has been working since about 8:30 this morning to pull those together and has not done it yet.

Q Isn't it likely that they have gone up?

MR. NESSEN: I just don't know. As I say, those budgets are separately considered by Congress and they authorize limits and stuff.

Q Ron, I ask this question without any relation to the Bonafede article at all but rather to a pattern over several months in which you have told us, sometimes with figures and sometimes without and again today with figures, that the President's staff is being reduced.

MR. NESSEN: Yes.

Q But on none of those occasions, including today, have you included what may not be legally part of this staff but which in the public mind is part of this staff and which works only for the President; that is, the National Security Council, the OMB with some 600 people -- hundreds and hundreds of people that are the President's staff by any rational description.

Why, in presenting these figures on the decrease in the immediate White House Staff have you never included these other groups in NSC, Domestic Council, OMB, Council of Economic Advisers, where hundreds of people are involved, all of whom work solely for the President?

MR. NESSEN: Well, I have made no deliberate effort to exclude them. I have included people who are called the White House Staff. At 8:30 this morning or before 8:30, I asked the OMB to give me those figures, and one of the reasons I was late getting here is that I was waiting for those figures and pounding on the desk a little bit and wanting to know where they were. They haven't come yet. I have no problem with giving them when they arrive.

Q But you have talked about this many times before back over a period of a good many months and in giving us these figures on previous occasions -- what I am saying is there have been lots of times, had you wanted to, to pull together for us the OMB and the Council of Economic Advisers and both of those two councils, the National Security and Domestic Council. Why have you never done this? Why have you presented only this what you might call "inner core" without ever referring to these hundreds of other people?

MR. NESSEN: Well, I don't know that I would call it the inner core.

Q Call it what you want.

MR. NESSEN: It is the White House Staff which is the White House Staff budget.

Q Well, those other people by any rational, sane or general definition also are the President's staff.

MR. NESSEN: The figures are coming. I have no reason not to give them to you.

Q Ron, Lyn Nofziger at Reagan headquarters said to me --

MR. NESSEN: Have we finished with employee questions?

Q Ron, I had this question.

MR. NESSEN: I think we ought to try to finish up the employee questions.

Q Has an answer been gotten for Sarah's question about how many people the President has added on? Now we know there have been cutbacks but you would really have to get the numbers.

MR. NESSEN: Do you mean to the White House budget or to the Federal civilian?

Q Both. Anything that Gerald Ford has added to the staff we want to know.

MR. NESSEN: You mean names of people or --

Q No, Ron, numbers. Just totals. Just one figure. Just how many he has added.

MR. NESSEN: Sarah, the gross number has gone down.

Q How many did he add?

Q He cut way down and meanwhile you hire some more people. Obviously, there have been some people hired by the President.

MR. NESSEN: You are asking for the turnover rate?

Q She wants both figures that go into the net.

MR. NESSEN: I don't even know that we have anything like that.

Q How many he has added? Well, somewhere they should have it.

MR. CARLSON: The Civil Service puts out reports each month on total employment.

MR. CONNOR: And they also put out each month additions and subtractions.

Q For the White House Staff?

MR. CONNOR: Everybody.

Q Could you give us this information?

MR. CONNOR: They run about two months behind.

Q I can't hear you.

MR. NESSEN: Those figures, I am told, are available on a monthly basis from the Civil Service Commission showing gross reductions, gross additions, and that gives you the net figure for either increase or decrease.

Q Except for women in the White House?

MR. NESSEN: I have no idea that women in the White House are treated any differently than --

Q Well, the Civil Service, all of a sudden they were just left out of a report that came out annually until that time.

Q Ron, I would like to ask about the energy bill passed by the Senate last night.

MR. NESSEN: Yes.

Q Is the President satisfied with the provisions of it?

MR. NESSEN: Yes, he is generally pleased with the provisions of it.

Q Ron, Lyn Nofziger at Reagan headquarters said that if the President will accept the invitation to appear on the radio station in Laconia, New Hampshire, he will have Reagan there. That came six hours after yesterday's briefing.

Now, the question is, is the President willing to appear on the same platform with Governor Reagan or not? Does he feel he won't?

MR. NESSEN: Is this for the purpose of a debate among Presidential candidates?

Q Panel discussion, debate, whatever you would like to call it -- appearing together so we could listen to both of them at the same time, which was the way we determined the President.

MR. NESSEN: As two Presidential candidates?

Q Yes. Would he be willing to do this?

MR. NESSEN: Is this an announcement of Reagan's candidacy?

Q No, I just wonder if --

MR. NESSEN: Has Reagan announced his candidacy?

Q Ron, this is a charming evasion, but I really would be very grateful --

MR. NESSEN: It is not an evasion. You said there was to be a debate between two Presidential candidates and as far as I know there is only one. Are you announcing his candidacy?

Q I have not been authorized to do that, Ron. You are very clever. (Laughter)

Ron, could you just give us an answer? If Reagan becomes a Presidential candidate, will the President be willing to accept the invitation from Laconia, New Hampshire, radio station WLNH and appear? Yes or no?

MR. NESSEN: Well, we will wait and see if there is another Presidential candidate.

Q Ron, is the President going to New Mexico on October 29?

MR. NESSEN: Not that I know of.

Q Well, it has been announced for some time in the programs by the Western Governors.

MR. NESSEN: Well, you see, you should wait and have the official announcement here.

Q Now I don't have to wait on that. But I am just asking you if he is going or not? It seems about time now that we can either say it or say no.

Q Yes or no? (Laughter)

MR. NESSEN: Let me elaborate a little bit on the natural gas legislation that was passed in the Senate.

Q Well, what will we do about the Governors?

MR. NESSEN: I say that as far as I know he is not going to New Mexico on the 29th.

Q Ron, while we are on this subject, yesterday the President was quoted as saying he had no plans beyond Saturday. Has he now got plans beyond Saturday?

MR. NESSEN: I said the other day there is no change in the plan to go to California next week.

Q Does he plan to make any stop on the way back from California?

MR. NESSEN: Well, we have not announced any other details of the trip.

Q Well, there are party officials in Milwaukee saying that he is going to be there for a fund raising dinner. Can you comment?

MR. NESSEN: I suggest, as always, that you wait for an official announcement of stops.

Q Well, then in connection with these stories of the advisory committee, what is the President's view toward travel now? Does he think he has been over-exposed as some of his supporters apparently are saying?

MR. NESSEN: No, he does not.

Q And he does have quite a bit of travel now coming up?

MR. NESSEN: The only trips I know we have announced are California and Paris.

Q Well, how about Boston? It has been announced in Boston, Springfield --

Q Ron, what about New Hampshire?

Q Jacksonville, Florida.

MR. NESSEN: The only trips we have announced are California and Paris.

Q Does he still have the goal of going to every state before the end of the year?

MR. NESSEN: I think what he said was he hoped to be able to.

Q And expected. Hoped and expected.

Q He has no trepidation about going back to California?

MR. NESSEN: No.

MORE

#358

Q Ron, the Egyptian embassy said he is going to be in Jacksonville already. That was announced earlier.

MR. NESSEN: I know Mr. Bashir very well and we have a deal that I won't announce President Sadat's schedule if he won't announce President Ford's schedule.

Q Ron, now that Dr. Kissinger has left Peking, when do you expect an announcement of dates and other details of the President's visit?

MR. NESSEN: Well, Secretary Kissinger needs to return and report to the President and I would not expect anything before then.

On the subject of the natural gas legislation, I did say that the President generally was pleased to see the Senate pass that bill. He believes it is a step forward. He believes it is a step forward toward alleviating the unemployment and the other economic hardships that would come from the expected shortages of natural gas this winter. He also is favorable toward it because it is the beginning of a process which he supports strongly to increase gas production over the long run. I think you know his feelings on that.

The President hopes that the House will act promptly to insure a comprehensive natural gas bill which includes both the short-term step to avoid the unemployment and the economic hardships of this winter and a longer term measure designed to increase production of natural gas over the longer period, and he hopes that the House and the Senate will do that and have the legislation down here for him to sign in the near future.

THE PRESS: Thank you, Ron.

END (AT 12:46 P.M. EDT)