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NEWS CONFERENCE

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AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:34 A.M. EST

DECEMBER 3, 1976

FRIDAY

MR. NESSEN: I guess everybody has seen the schedule for today. That remains unchanged.

I guess I don't have any other announcements other than, as you know, the unemployment figures came out today. Obviously we were unhappy with the rise in unemployment.

I do think if you look at the figures in a little greater depth you will see that there are some positive elements. I suppose the most positive element is the fact that employment rose again significantly, really, to a record number of people working. During the two previous months that figure went down. Also the total number of manhours worked by production workers, the largest rise of any month this year, the average weekly hours and overtime went up.

Q Average weekly?

MR. NESSEN: The number of hours worked on average and also the number of overtime hours. Both of those categories were up, and there was a fairly large increase in the average weekly earnings. That is a 1.3 percent increase. This would indicate that there is a potential for quite a strong increase in real earnings. The figures on real earnings will be out later this month.

The rise in manhours worked would seem to forecast a rise in industrial production, which would be one of the factors needed to turn the current phase of the economy upward again.

Q Why is that necessarily an indication that production is going to be up? Why isn't it just the obvious conclusion that weekly earnings are up because overtime is up?

MR. NESSEN: I am talking about a different category, Walt; that is, the category called aggregate man hours. In other words, the total number of hours worked by all workers is up rather significantly, the largest rise of the year for any month, and I think to Alan Greenspan, at least, that indicates a rise in industrial production.

But again, let me go back to the beginning. By pointing out some of these positive figures, I don't want to take away from my opening remark, which is that obviously we are not happy with the rise in unemployment.

Q Do the Administration experts have any new ideas on why this happened sort of almost suddenly about two months ago?

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MR. NESSEN: Again, I am in the position, Howard, of relaying some things that I talked over with Alan Greenspan in anticipation of your questions. I will go as far as I can with what I know. If we get too deeply into this, I might ask you to contact Alan directly.

But again, to him an examination of the figures indicates that it continues to be an exceedingly large increase in the work force. I think you can see that yourself, because unemployment is rising. In fact, employment is at a record high and yet the unemployment rate continues to go up because of the very large increase in the size of the work force.

Q Is the size of the work force due to the wives going to work or is it just a natural increase in the population?

MR. NESSEN: I didn't get into that much detail, Howard.

Q Does Greenspan believe this is going to be a continuing pattern, that there will be continuing increased employment, record high employment?

MR. NESSEN: Yes.

Q Yet unemployment will continue to hang at a high 7-plus to 8 figure? Is this sort of an irreversible pattern? How does he see the overall trends?

MR. NESSEN: To him, if you look into some of the other elements of the figures put out today, like some of those that I have mentioned, he sees in there signs that this period is coming to an end.

Q The pause?

MR. NESSEN: Yes.

Q Ron, this spring Greenspan was saying that he expected unemployment by the end of the year to be seven percent or less. I gather the exceedingly large increase in the work force was not anticipated here at the White House.

MR. NESSEN: Not this large an increase. That's correct.

Q Does he have any thoughts about what caused this increase?

MR. NESSEN: I think Howard was asking a similar question and I did not pursue it that far with him.

Q Do these new unemployment figures incline anyone like the President or Greenspan toward some kind of stimulus?

MR. NESSEN: As you know, the President already is committed to a tax cut proposal, which will go up to Congress early in January. Obviously, every year the budget reflects the economic factors, and certainly this one will, too. But I cannot tell you at this point exactly how the economic factors that we face today will be reflected in the budget that he will send in January.

Q Does he hope that his proposed tax cut will make a difference?

MR. NESSEN: He is publicly committed to a \$10 billion tax cut.

Q What does he think these figures say, the proposed philosophical approach to unemployment, to wit: the fact that it should be cured by industrial stimulus and industrial expansion and always done through the private sector? Doesn't this say that that failed? Don't these figures say that that failed?

MR. NESSEN: Walt, I don't think I want to make that sweeping a judgment, first of all, because I am not an economist and, secondly, based on one set of statistics for one month.

Q It is a trend of several months; unemployment is going back up again. And the philosophy which we heard the President express for 2-1/2 years was that this kind of unemployment was best taken care of by providing stimulus for expansion of private industry. That was the program we essentially followed the past two years. The question is, has it worked?

MR. NESSEN: I am going to beg off on that one on the grounds I am not qualified to answer that question.

Q Has the President discussed with the Vice President and with Senator Dole Dole's proposal for unemployment?

MR. NESSEN: Which is?

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Q \$1 billion worth of government underwriting jobs in private industry in the form of a tax credit that would decrease as the national unemployment rate goes down.

MR. NESSEN: I don't know whether they have talked about it privately or not, because I haven't sat in on all of their private talks. But, as I said, the President is committed to a tax cut proposal. And economic factors normally are reflected in the budget, but at this point I cannot tell you precisely what the new budget will contain to take into account the economic factors.

Q Is the President worried about this? Dole is coming up, saying that things have clearly not worked, that everything is getting worse and not better, but something such as a sizable tax cut, he says, is going to be necessary next year. He does advocate the President's proposal of increasing the personal deduction, but he said something more may be needed and we will know more about it as early as January. He talked about this big job underwriting program.

Senator Long comes up last week and says the same thing, that things are clearly not working, that he advocates \$15 billion more spending and also, on top of that, a sizable tax cut, possibly as high as \$15 billion or more.

You know people are clearly coming around to the opinion that the economy is in disastrous shape. And what is the President going to do about it?

MR. NESSEN: Wait a minute. That is a terrible leap you make from a comment by Dole and comment by Long, and now we have people talking about the economy being in disastrous shape.

I don't think it follows, but I understand your question. The answer is that at this moment the President is committed to proposing a tax cut of \$10 billion. The budget, as all budgets do, will reflect the current economic factors. But I cannot tell you any more today.

Q How would you characterize the economy? You say it is not in disastrous shape.

MR. NESSEN: I am not going to do that, Tom. I am trying to give you some thoughts about today's economic figures and some idea of what the President is looking at.

Q Ron, speaking of today, I see nothing on the President's public schedule which indicates that he is doing anything today on the economy in view of the latest statistics out. Is he meeting with Greenspan? Has he talked with him? Is he doing anything in connection with today's figures? I don't see it on the public schedule.

MR. NESSEN: He has got staff meetings, Phil. And I don't think the fact that the figures came out today means that he needs to summon people to his office today to deal with a set of figures that came out today.

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Q My question is is he doing anything today, meeting any of these people to discuss anything in connection with today's figures? I didn't say he needed to.

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MR. NESSEN: He has staff meetings today. I assume that one or another economic factors could come up.

Q Has Mr. Greenspan seen him today, talked to him?

MR. NESSEN: I will have to check exactly who has been in on the staff meetings this morning. He is not on the schedule.

Q The President reported today \$3.7 billion in deferrals in the Impoundment Control Act, including the Department of Labor. Do you happen to know if this included deferral of funds from manpower programs?

MR. NESSEN: Does that not break down the deferrals any further?

Q There is another sheet. I am sorry.

MR. NESSEN: I will check for you and find out if there are any pieces missing.

Q Do you have any comment on the other economic figures today?

MR. NESSEN: The other figure is the six-tenths of one percent increase in the Wholesale Price Index. I guess if you look at it on a year-to-year basis there has been a 4.2 percent increase over the last 12 months in the Wholesale Price Index, which is quite an improvement over previous periods.

A large component of this increase was the increase in the industrial component and a large part of that was an increase in natural gas prices that grew out of a Federal Power Commission ruling and really went into effect in September and has just now worked its way into the index.

So that is by way of some of the background on this.

Q Ron, have any of the experts, or could you find out for us if this might not be actually a phony increase in unemployment caused merely by the fact that the cost of living has gone up to the point where a lot of people who didn't intend to work finally decided, "Well, maybe I want to go to work." Now they are adding to the unemployed, although they haven't lost any jobs. Couldn't this be largely a phony increase and things are not going so badly?

MR. NESSEN: I am not in a position to say that, Howard. If you want to talk to Alan Greenspan directly, or I can relay your question and relay his answer.

Q Ron, President-elect Carter is keeping a campaign promise by having regular press conferences, including one this afternoon that you are undoubtedly aware of. My question is, if the President is not a recluse, as you have assured us, why has he stopped having press conferences?

MR. NESSEN: I just do not have anything to give you on a press conference today, Les.

Q I just want to know has he stopped or not.

MR. NESSEN: I just do not have anything to give you today, Les.

Q In other words, you can suggest that there is a possibility of a press conference sometime in the future, or are you ruling it out?

MR. NESSEN: I just do not have anything to give you today.

Q My notes reflect that you said on the economic stuff that Greenspan sees signs of the pause coming to an end and yet I don't see anything here to back that up. Can you give us what those signs are?

MR. NESSEN: This is something that economists can see in these figures.

Q But normal people can't?

MR. NESSEN: No. Walt, I had really the same reaction you did. I said, "Like what?" You know, I am either going to have to get Alan to come down to talk to you or you are going to have to talk to him directly, because it is just over my head in terms of economics.

Q Ron, what part did this announcement on the B-1 bomber play in this unemployment thing, because Rockwell figures that thing is going to employ 200,000 or more people all across the country, contractors and subcontractors? Do the unemployment figures enter into this in any way?

MR. NESSEN: In the award of the contract?

Q In the award of the contract.

MR. NESSEN: To my knowledge, that decision was made on other grounds.

Q Why was it made so early? It wasn't supposed to be made until after Carter came in.

MR. NESSEN: I think there was quite a long news briefing at the Pentagon yesterday in which all of those questions were asked and answered, as far as I know.

Q Is the President going to release his Helsinki report today?

MR. NESSEN: Yes. Well, release it is not exact. He is certainly going to comply with the law and have it sent to Congressman Fascell, as the law requires, sometime today. Whether we would release it out of here or let Congressman Fascell release it up there we haven't quite worked out yet.

Q Ron, can you tell us about the tax cut that the President is committed to? Is there anything else now that he is considering in view of the latest statistics? Can we expect any surprises to deal with this problem beyond the tax cut?

MR. NESSEN: Again, every year's budget reflects the economic factors, and the one that he is preparing and will present to Congress in January will certainly reflect the economic factors, but at this point I cannot go beyond that or be any more specific.

Q Ron, does the President think that this is something that should best be left to Governor Carter? Is he likely to take any dramatic steps to try to turn the economy around, or is he more likely to just leave it and let the Carter Administration inherit it?

MR. NESSEN: I don't think those are the only two choices. The other choice between some dramatic new action and just shrugging it off, which I take it are the only two choices you see, is the choice of managing the economy and seeing what it needs, if anything, and taking or proposing those steps that he feels are needed.

Q Ron, in view of the President's announced dedication to a smooth transition for his successor, who said during one of the debates, "I would never give up complete or practical control of the Panama Canal Zone," why are the President and the Secretary of State reportedly holding a meeting today with Mr. Boyd, who represents General Torrijos, who has accused our President-elect of being irresponsible?

MR. NESSEN: I don't know, Les. It is the first I have heard of it.

Q It was in the Post two days ago, Ron.

MR. NESSEN: I guess I skipped over it.

Q You don't know anything about the reported meeting of Kissinger and Boyd? You know nothing about it and the White House does not know anything about it?

MR. NESSEN: I don't know anything about it.

Q Will that Helsinki report that Phil asked about be released publicly, do you know, by the White House as opposed to by the Hill?

MR. NESSEN: I don't know. That is one of the things that I mentioned to Phil. Whether we will just send it to Fascell as required and let Fascell make it public, or whether we will, has not been decided.

Q What time today do you expect that to go up?

MR. NESSEN: When the draft is finished and the President is satisfied it represents what he wants it to say.

Q Have you seen the report such that you could answer a question on an overall aspect of it?

MR. NESSEN: In a general way it fulfills what is required, which is an assessment of how the CSC agreement has operated and been carried out since the time of the signing in Helsinki.

Q In a general way, let me ask you if President Ford feels that the United States should continue to participate in CSCE-II, which is on track for Yugoslavia this summer?

MR. NESSEN: Let's wait until the thing is finished later today, Walt.

Q Ron, what is the President's reaction to the Council on Wage and Price Stability's report on steel?

MR. NESSEN: As I understand it, that is a preliminary report and was designated as a preliminary report; that it will take about two weeks to finish the fact-gathering on the steel price increase and we don't intend to have any further comment until the final report is in.

Q Has he seen it?

MR. NESSEN: The Economic Policy Board has seen it. I would have to check to find out in what form they have reported it to the President.

Q Ron, what is the President's reaction to the Peterson report on increases for Executive and Legislative salaries?

MR. NESSEN: I think we indicated yesterday that the President is going to give it serious study, but I can't tell you right now what decisions, if any, he is going to make based on that.

Q I think he has to respond in some form before he leaves office, by law.

MR. NESSEN: Is that correct? He has to make a decision by December 26th if he is going to do anything that would affect the budget because December 26th is really the final date when any new figures or changes can be put into the budget before it goes to the printer. So he will have to make a decision if he is going to do anything that requires the spending of extra money, but I can't tell you what decision he will make now, if any, but he will study the report.

Q Does the President feel it incumbent upon him to say or do anything about that wage-price report? In other words, that is going to be, you say, two weeks. That is going to be about the same time we are going to Vail, and it is probably going to get buried and lost.

MR. NESSEN: How could it be buried and lost?

Q In the snow, Ron.

MR. NESSEN: You could certainly bring it back to our attention.

Q I hope I do, because it is something we ought to follow up on.

My question is: Does he plan to say anything at all about it at any point ever again?

MR. NESSEN: I don't know, Walt. We have to wait and get the final report first. We are not going to say anything until the final report.

Q Will the purported proposed pay increase for high-level Administration staffers apply to the White House news secretary post?

MR. NESSEN: I certainly hope so.

Q If so, when?

MR. NESSEN: It is a vastly underpaid job.

Q What does it pay now, \$42,600?

MR. NESSEN: I think that is about right.

Q Will these monies be included in that recommended pay increase; and, if so, when would it take effect?

MR. NESSEN: The recommendations came from Pete Peterson's group yesterday. I did not read the full report. And the President will decide what, if any, recommendations he wants to make, and Congress will have the final --

Q Ron, the Wage and Price Stability Council's members yesterday in their news conference seemed to be saying very clearly that the buyers of steel should just refuse to pay the higher prices, that the marketplace should work. And they, of course, did not want to admit that they were jawboning, but it seemed very clear to most everybody in the room that this was some form of it.

My question is does the President think that the buyers of steel should refuse to pay the higher prices, as the Wage and Price Council suggested yesterday?

MR. NESSEN: Phil, I just am not going to have any further comment on the steel price increase until the final report comes in.

Q I mean, you may not in behalf of the President, but why did the Wage and Price Stability Council have a comment? Why didn't they give their report to the President in private? Obviously, I guess, the answer is that President Ford does not feel that he has a role in saying anything publicly on this right now. Is that correct?

MR. NESSEN: I don't know. I watched whatever part of that news conference was broadcast, and I think Lilley seemed to spend most of his time trying to explain what he wasn't saying.

The report to the President is a collection of facts. That is what the staff of the Council is in business to do. That is what they did. What they may have been pushed or pulled to say at a news conference, I don't know, but I know they are in the business of gathering facts. They have gathered a preliminary set of facts. Their final set will be here in about two weeks. I am not going to say anything until then.

Q They did say the steel companies had jumped the gun in trying to get ahead of the Carter Administration. Does President Ford feel that the steel companies have jumped the gun?

MR. NESSEN: Phil, I am just not going to comment further until the facts are in, and the final report.

Q He announced this morning they are going to tie the oil price increase directly to the steel industry.

MR. NESSEN: Who did?

Q Yamani.

MR. NESSEN: I don't have any comment on that.

Phil had a follow-up question.

Q I just wondered if there is any appreciation from the White House here as to the feeling by many Americans that this Administration has just sort of come to an end in dealing with some of the crucial problems that are facing it.

MR. NESSEN: I don't know about your source of information that allows you to quote what many Americans believe, but I don't even feel called upon to deny that.

Q We have a President who never appears before the press any more, a Press Secretary who holds briefings on Monday, Wednesday and Friday.

MR. NESSEN: Next week, maybe Tuesday and Thursday.

Q In addition or instead of?

MR. NESSEN: Instead of, next week, Wednesday. (Laughter)

Q Very little information is coming out of this White House. Therefore, from appearances there is not much going on. That is the basis of my question.

MR. NESSEN: As I say, I don't feel called upon to deny it.

Q Ron, can you say whether Simon has discussed the preliminary wage-price stability report with the President?

MR. NESSEN: Simon?

Q Yes.

MR. NESSEN: If anybody were going to discuss it, it would be Bill Seidman as the Executive Director of the Economic Policy Board.

Q Is Simon not the Chairman of the Board?

MR. NESSEN: Yes. Simon and Seidman were both in to see the President yesterday primarily to report on their trip to the Soviet Union and Britain. I am not aware that the steel matter came up. But I will check.

Q Could I ask about earlier in the week you stated the President's general philosophical opposition to jaw-boning in general. But if I remember correctly in 1974 shortly after he took office he did indeed engage in some jaw-boning with the steel industry and was successful.

MR. NESSEN: I believe it was the auto industry. Wasn't it a GM price rollback? Isn't that the only one?

Q I am sorry. What is the difference between jaw-boning GM in '74 when he knew he was going to have subsequent responsibility for the economy and not jaw-boning now where you have certainly a serious economic situation reflected in the Wholesale Price Index and the wholesale prices? Why is he not jaw-boning this time and he did in the GM case?

MR. NESSEN: As somebody mentioned the GM case in passing to me which is how I recalled it and I would have to look back to see what the facts were in that case, but I know as I told Phil the other day he is generally opposed to jaw-boning as -- let me finish the sentence because he is opposed to it as an effective way of coping with inflation.

Q Ron, it seems odd that you would know that Simon and Seidman talked about the Moscow trip but not steel.

MR. NESSEN: Because that was the scheduled purpose of the visit, was to come in and give the President a report on their visit. Whether the conversation went beyond that I didn't sit in on it so I couldn't tell you.

Q Did Simon telephone Jimmy Carter before he talked to the President?

MR. NESSEN: I don't know. I read that, Dick, that he had delivered a message. But I don't know anything about it.

Q Has there been any conversation between the President and the President-Elect since the last time ---

MR. NESSEN: A phone conversation? Not to my knowledge; there hasn't.

Q Will Mr. Ford take time out today to watch the Carter news conference?

MR. NESSEN: I think he has got some other stuff that is going to conflict with that. Is it going to be on television? 2:30.

Q Yes.

MR. NESSEN: He does have a meeting that will conflict with that.

Q Ron, what was the President's reaction on the lighter side of the news to the latest statement from Uganda? (Laughter)

MR. NESSEN: Tell us what those latest statements from Uganda were.

Q General Amin has told the Chicago Sun Times while he loves Jimmy Carter President Ford has no power because Kissinger took all the power from Ford but Jimmy Carter will not allow Kissinger to control him like Ford did.

MR. NESSEN: How about the part about being King of America and Scotland? Tell us that part.

Q I didn't want to be too lighthearted. Was the President amused as you are?

MR. NESSEN: I don't know, Les.

Q You are amused apparently?

MR. NESSEN: Obviously.

THE PRESS: Thank you, Ron.