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NEWS CONFERENCE

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AT THE WHITE HOUSE

WITH RON NESSEN

AT 2:08 P.M. MST

DECEMBER 28, 1974

SATURDAY  
(Vail, Colorado)

MR. NESSEN: Let me go through this in some kind of order and save the economic until last, so we can talk about that at more length.

The economic meeting did end at 1:37 and it started shortly after 9:00. I will get to that in a moment.

First of all, the President is going to go skiing at about 2:30. The protective pool, I think, has already been taken into place.

Tonight, the President will be attending a dinner of the Delta Kappa Epsilon Fraternity. It will be held at the Red Lion, beginning at 7:00 and there will be a protective pool taken over to see him in and out.

Q Is he going to speak?

MR. NESSEN: I don't think there will be any speaking.

Q What chapter is holding it? Is it the University of Colorado chapter?

MR. NESSEN: Yes. A few years ago the DKE alumni who live in Vail thought it would be a good idea to have an annual, ~~Local~~ Christmas banquet for the DKE members who live in Vail and last year was the first annual banquet and this is the second annual banquet. There will be 14 DKE members and their wives and five invited couples. The President didn't have anything to do with dreaming up the idea of the banquet but he was invited to attend.

Q How many?

MR. NESSEN: Fourteen members. Just to give you an idea of some of the people living in Vail who did belong to DKE when in college includes six men from Yale, one from the University of Michigan, one from Dartmouth, two from the University of Wisconsin, two from Middlebury, one from the University of Texas and one from Trinity College.

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The President signed two bills which we have already given you, I believe. That means that since he has been in Vail he has acted on 36 bills and he has 119 more waiting for his action and three more which have not been sent to the White House yet by Congress.

I gave you an interim report on the economic meeting.

There will be no 5:00 posting this afternoon. In fact, whenever we get through here with the briefing, it will be the end of the day as far as news goes. We will post at noon tomorrow, although I am not expecting a lot of stuff by noon tomorrow, but we will have a posting at noon tomorrow.

The President is being made an honorary member of the Skiing Instructors' Association and he will accept the membership tomorrow at noon, somewhere up on the hill.

Q Will he give lessons?

MR. NESSEN: Well, I suppose so.

We will arrange to have a pool taken up for that ceremony.

Q Is he qualified to be an instructor?

MR. NESSEN: I said "honorary," Helen.

Let me read you a little statement now.

Q Is this economic?

MR. NESSEN: No.

Q Steel?

MR. NESSEN: No.

Q CIA?

MR. NESSEN: The President has received and read the report from CIA Director William Colby. He will be reviewing the report over the next few days.

The President will discuss the report with CIA Director Colby, and with others, after his return to Washington. There will be an announcement on the subject within several days after the completion of those meetings.

I don't expect to have anything further on the CIA report until that announcement.

Q Is that the end of the statement?

Q Whose statement is this, Ron?

MR. NESSEN: It is mine.

Q Is that the whole thing?

MR. NESSEN: Yes.

Q Has Secretary Kissinger recommended that a citizens commission be appointed to investigate the charges?

MR. NESSEN: Helen, as I said, I won't be able to say anything else until we have this announcement in Washington.

Q Just to give us a time-frame, can you expect the President to return on Thursday?

MR. NESSEN: If Thursday is the 2nd, he expects to return about the 2nd.

Q So, it will be several days after that?

MR. NESSEN: Yes.

Q Who are the ones you refer to here, the others he talked to besides Kissinger?

MR. NESSEN: I don't have a full list of those to give you.

Q Could you give an incomplete list, a few names?

MR. NESSEN: He certainly talked to Kissinger.

Q Who else?

MR. NESSEN: Probably Schlesinger would be one.

Q How about Helms?

MR. NESSEN: I don't know about Helms.

Q Can we conclude the President has read the report and wants to talk to some people about it? There are unanswered questions in his mind?

MR. NESSEN: I wouldn't lead you to any conclusion beyond what I am saying.

Q Did he talk to Kissinger about that in the telephone conversation here earlier this week?

MR. NESSEN: He had a couple of conversations with Kissinger this week.

Q On that subject?

MR. NESSEN: They have talked about this subject.

Q He has said he would put some of the report out. Is that still in the works?

MR. NESSEN: All I can say is no decision has been made on that yet.

Q Ron, you may have been asked and answered this earlier, but the fact there was a 50 page report, which it has taken the President some time to study, and which he now wants to discuss with others, would indicate, it seems to me, that there is a problem with the CIA's activities in domestic affairs. Could you comment on that?

MR. NESSEN: Only to the extent of what I said earlier, Bob, before you arrived, and what Dr. Kissinger had his press secretary say at some length the other day, which is to caution against -- I don't have the exact words of Kissinger's remarks -- but basically the thought is both the President and Secretary Kissinger cautioned people against hardening what are, at this point, only newspaper allegations, into facts. The process of finding out precisely what did go on, if anything, is underway and the President feels that the only proper way to approach this is to wait until he has had a chance to study this report and ascertain the facts and he makes his announcement.

Q Ron, has the President, or anybody else in the White House, been in contact with Ambassador Helms in the last day or so?

MR. NESSEN: The President has not, as far as I know.

Q Does the White House know where he is?

MR. NESSEN: I see the question you are raising. Some of you asked me that last night and apparently there is a rumor in Washington that Helms has disappeared or defected. I think I told some of you that Helms had a home-leave coming, which was approved and planned back last October, and he will be back in Washington on the 2nd of January on this home-leave plan. He was coming home on home-leave previously approved. He is currently visiting relatives in Europe and the State Department does know where he is.

Q Where did you get this information?

MR. NESSEN: I got it on the telephone from Washington.

Q Who did you get on the telephone?

MR. NESSEN: It was from my Washington office.

Q Who, or was it rumors?

MR. NESSEN: Shall we go on to a little additional material?

Q Isn't it safe to assume since these alleged charges took place during Helms' period as CIA Director, isn't it safe to say the President would want to talk to Helms?

MR. NESSEN: I don't think that is safe to assume, Helen. I don't want to go beyond what I said.

Q Ron, if the report the President has already looked at proves that the Times report was inaccurate, the President would have said so by now, would he not?

MR. NESSEN: I am not going beyond what I have said.

Q Ron, since you are in the process of what did go on, if anything, does that mean that the report still does not answer those questions as to what did go on?

MR. NESSEN: I wouldn't make that assumption, either. He is reviewing the report over the next few days and will discuss it with Colby and the others when he returns.

The economic meeting, as you know, lasted from shortly after 9:00 until 1:37 and I think your poolers have described the scene to you and the participants. I put out a little interim statement -- did everybody get that?

Q Yes. It was handed out.

MR. NESSEN: The meeting really was broken up into three phases, separated by two very brief breaks to stand up and stretch a little bit.

The first hour and a half, or so, involved mostly a discussion of the 1975-76-77 budgets and their effect on the President's economic program which he is deciding on and also vice versa, the effects of the program on those budgets.

Together with the fact that this portion of the discussion also dealt with the effects of the national energy policy on the budget and the really inseparable, intertwining of the energy program and the economic program.

Then, as I said, there was a little short break and the meeting resumed and this portion of the meeting was devoted to -- well, I hesitate to use the word "philosophical" although the President used that word. It really dealt with not specifics of the program, but, rather, with the underlying fundamental forces in the economy and forecasts of the likely future factors affecting the economy.

If you compare this portion of today's meeting with yesterday's energy meeting, for instance, you would have to say that this portion of the meeting was more -- I don't know, free-wheeling, perhaps. It was a more fundamental examination of basics and how these basics are causing the illness in the American economy.

Then, there was another coffee break at about noon and the last hour and a half, or so, dealt with more specifics, it was more similar to yesterday's meeting in that the President went through specific ideas that he hopes to put in his economic program.

There were no final decisions made. The advisers mostly gave him factual information from their areas of competence and he took these and, after listening to the discussion and taking part in the discussion, indicated in a number of areas the directions he wanted his economic program to take.

I can give you a couple of quotes. At one point he said that in his State of the Union speech, which is where the economic program will be announced, he wanted it to be a "hard and tough" State of the Union.

At one point in the discussion -- and it was this sort of general digging into fundamentals -- somebody said that what this whole program is aimed at is to "get back to stability, get the economy back to stability."

At another point, one of the participants, after a particularly detailed discussion of one issue, said this discussion "emphasizes how difficult the problem is."

Someone raised the question yesterday about why is he doing this in a vacuum and I must say, at the end of the meeting, the President did once again ask his advisers not to discuss publicly the ideas and proposals which are under discussion.

At the same time, I want to say that in the course of this very long meeting, ideas from others on the outside were very specifically discussed by name. By that, I mean ideas that the Joint Economic Committee came up with the other day were discussed; a number of leading private economists' ideas were discussed; some ideas that have been put forward by Members of Congress were discussed; as well as ideas that were put forward publicly by leading officials of labor and management.

So, he is not getting only the benefit of his own advisers but the ideas of others were discussed today.

At the end of the meeting, the President said the following: "You have been patient and constructive, but not always unanimous. It has been very helpful." That is the end of the quote.

At that point, he invited the advisers upstairs for sandwiches and soup and they will be leaving -- if they haven't already left -- to go back to Washington. His remark about not always unanimous, as I told you yesterday -- well, at today's meeting, the economic advisers were in basic agreement on the underlying and fundamental forces which are causing the serious problems of today. That came from my previous statement.

Q What are the underlying problems?

MR. NESSEN: Let me finish my statement.

Q What are the basic, underlying forces?

MR. NESSEN: Underlying and fundamental forces which are causing the serious problems of today. There was basic agreement on that. As the President said, there was not unanimous agreement on all the methods to deal with these forces and very much like yesterday, the advisers and the President, each put forward their own ideas and when these ideas were in conflict, the conflicts were hashed out and there wasn't a question of always one view prevailing over the other, but, rather, out of the conflict of views would come a whole new idea that struck everybody as better than either of the two contending views.

I can't go into great detail on that because I think it would point to what some of the solutions are, but, obviously, inflation and the causes of inflation and the effects of inflation, for instance, on interest rates and purchasing power, also recession and its causes, and as we have said a lot of times before -- and this was a sort of underlying assumption at today's meeting -- the current recession we are having is caused by the inflation that we have had.

As I say, the effects of recession, for instance, on Government revenues. As I said, the energy and the economic packages are so intertwined that obviously the cost of oil and its effects came up today, the sort of mood of the country in terms of both business confidence and consumer confidence was discussed.

The budget was discussed. As I said at the beginning, both for its effects on the economy and the economy's effects on it. Without going into great detail, these are some of the fundamental forces they dealt with.

Q Would you say there was a gloomy view? Could you give one word that would give an overview of the facts?

MR. NESSEN: I think the word everyone there agreed on was that the economy faces serious problems.

Q Ron, why can't you tell us what the mood of the country was and if that has nothing to do with the options, what they are going to do. Why can't you say, discussed the moods of the country regarding business: and consumers?

MR. NESSEN: John, I don't think any of these -- as I said, the advisers dealt, really, with factual information and these factors are pretty much in the public domain. What is it, the University of Michigan that does the Consumer Index. You see pretty much what level that is. You see what the level of business investment confidence is. As I say, this was not a meeting where opinions were expressed so much as where facts were pulled together.

Q Well, it would be good to know what the group was told as to what the mood of the business community was and the mood of the consumer.

MR. NESSEN: As I say, those are facts that are publicly known.

Q Ron, you quote the President as saying that he wants a hard and tough State of the Union message.

MR. NESSEN: Right.

Q Does that mean that the program, itself, for the American people is going to be hard and tough?

MR. NESSEN: Yes.

Q Ron, when you answered the question about underlying fundamental forces that cause the problems today, you cited recession and inflation, I think those are the economic problems rather than the underlying causes, aren't they?

MR. NESSEN: And then, they went back to the underlying causes of the inflation, and the underlying causes have to do with Government spending. That is why the budget was discussed at such great length. Behind the recession problem is, the economic advisers believe, the inflation that has led to the recession.



Q Does that lead down the road to government spending caused the inflation and inflation caused recession and basically the problem we are facing is caused by government spending?

MR. NESSEN: No, you can't spend this much time, Aldo, discussing a problem in such simplified terms. That is one of the causes of inflation.

Q Let me see if I can rephrase Aldo's question to ask you is it still in this meeting, as in previous meetings the President has had with his economic advisers, a consensus of the Administration's thinking that the present inflation is caused fundamentally and primarily by government spending?

MR. NESSEN: Partly by government spending.

Q If partly, what are the other factors that are now conceded or agreed as the cause?

MR. NESSEN: That caused the inflation? You have the high price of oil, you have the basic problems with food, part of those caused by droughts and other natural acts and some of them caused by greater demand.

I think we have talked before and this didn't come up specifically in this detail today but it is a general feeling that the last round of wage and price controls put distortions into the economy that are still being worked out.

Q I have a question I want to ask. I realize you can't get into the area of specific --

MR. NESSEN: To elaborate a little more, it is not a question of high government spending caused the inflation, but high government spending -- and it was deficit spending which caused the government to borrow money which put pressure on the credit market, which raised interest rates which caused more inflation, and so forth. It is a tangled web and that came out clearly, and the length of the meeting shows it.

Q The reason I ask, Ron, is that causes dictate solutions and, if government spending is the cause of inflation, then, of course, we should cut government spending. I am asking if the group is going to propose at this point a cut in government spending?

MR. NESSEN: I am not able to get into specifics.

Q Are you going to state your logic, Ron?

MR. NESSEN: I will let you draw my logic for me, Jim.

Q May I ask a question about direction now? I realize you are not discussing specifics, but may I ask a "yes or no" question?

May we expect a major change in direction in the President's policy as a result of the meeting today?

MR. NESSEN: I don't think I can answer that question "yes" or "no".

Q What do you mean by "gimmicks"?

MR. NESSEN: The kind of things the President talked about before. The kind of things where you might get a quick cure of some kind, or the means of a quick cure.

One of the things perhaps I didn't emphasize clearly, but when I said "a tough and hard State of the Union speech", the State of the Union speech is going to deal with fundamentals in the economy.

There is a concensus at this meeting that this is a watershed period as far as the American economy goes and that it needs more than what the President referred to as a gimmick to get us out of this particular recession and to cure this particular round of inflation, that this is a moment when some fundamental changes need to be made in the way the economy is managed to avoid worse problems down the road.

Q Then the answer to my question is "yes"; isn't it?

MR. NESSEN: Your question was a whole new direction. Isn't that what you said?

Q A major change of direction.

MR. NESSEN: I would rather use my own words, Walt, and say that this State of the Union and economic message will deal with fundamental ailments in the economy and, as I said, getting back to stability in a long-term sense, and not something just to patch things together in the short-run.

Q What specifically do you mean when you say get back to stability, for instance, in terms of employment, recession, inflation, and so on?

MR. NESSEN: I think it goes beyond a figure for inflation or employment. It goes to an area -- well, first of all, where you are not whip-sawed between simultaneous inflation and recession to where inflation is no longer -- rather than giving you a figure, I would like to say we will get to a point where inflation is no longer a factor in economic planning, business planning, and people's personal lives, and on the recession side get back to a point where you don't have these sharp ups and downs in the economy every two or three years.

Q Ron, would it be fair to say that the President is going to call on the American people to make some sacrifices in order to get the economy back on an even keel?

MR. NESSEN: I would rather not get into that, Bob. I would rather just wait and let the President's speech speak for itself.

Q Doesn't "hard and tough" imply sacrifice, Ron?

MR. NESSEN: Let's wait until the President's speech, Ralph.

Grace?

Q Ron, the President indicated in a UPI interview that his economic program was going to tilt toward recession without affecting inflation at home, and some of the anti-recession tools that are most understood by the people are tax reduction, public works, and an increase in money supply by the Federal Reserve Board.

Would these affect inflation? Were they options considered today and what are the other options?

MR. NESSEN: Grace, I just have to stick to the President's wishes on not discussing options but let me say on my own -- from having sat there and listened -- you should raise your sights above the, as you say, common knowledge in Washington, of the common wisdom of what has worked before, and you should think in more fundamental terms of things that can be done to cure the economy.

Q I am curious about your emphasis on the fundamental nature of the changes being discussed here. Does this mean the President regards the 31 point program he offered to Congress is now in the scrap heap and we have to start farther back than that? How were they speaking of the earlier program?

MR. NESSEN: I wouldn't say that. The 31 point program was mentioned only once and it was in the sense that, if Congress had done some or all of that, the economy would be in better shape than it is now.

But the President has pointed out -- and the others have, too -- that the economic situation has changed a great deal since the first of October and the points he had then don't all fit the current economy.

Q So they are not using the 31 point program as a starting point?

MR. NESSEN: That is right, but that is not to say that some elements won't be re-introduced.

Q Was the President wearing a WIN button when he said that, or is there any anticipation that the WIN program may disappear?

MR. NESSEN: No.

Q Was he wearing his WIN button?

MR. NESSEN: He was not wearing his WIN button.

Q Are you saying the WIN button has not disappeared?

MR. NESSEN: It has not disappeared and won't disappear.

Q Ron, you say the quick fix is out and they are talking about a long-term solution. How long are the advisers envisioning taking to restore stability to the economy?

MR. NESSEN: You know there is not a day when we are going to stand up in here and declare stability has been returned. This problem has been a long time coming and is going to be a long time getting cured.

There was no deadline set for the moment when stability will return. Everyone agrees that by the middle of next year the economy will be improving and some of the ideas discussed today will not have their full effect on the economy for three or four years to come.

Q Ron, were there new budget deficit figures or estimates today for the year current and the year beginning in July?

MR. NESSEN: I don't know what old ones you have seen.

Q For the current year up to \$20 billion, and for the year beginning July from \$30 to \$40 billion.

MR. NESSEN: There were budget figures given but I would like to stay away from them if I could.

Q Could you say whether they vary greatly from previous budget figures we have had?

MR. NESSEN: I would rather stay away from it, Russ.

Q Can you tell us if they vary greatly from figures mentioned and to which you responded to in Washington a few days ago?

MR. NESSEN: Remind me what they were.

Q The figure for this fiscal year was \$15 to \$20 and for the next fiscal year was to \$30 to \$40. I forgot what range was given for Fiscal 1976.. I think the range mentioned was around \$30 billion.

MR. NESSEN: For 1976? We are in 1975.

Q I will go back. It is \$15 to \$20 for the current fiscal year and about \$30 for Fiscal 1976.

MR. NESSEN: Jim, I will just have to stay away from budget figures.

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Q Do you dispute those figures?

MR. NESSEN: No, I am not. At that time, I said I had not seen current estimates and could not comment on it. Now, I have seen the current estimates and I can't comment on it.

Q Ron, can you say whether this hard and tough program will mean a big reduction in the standard of living for the average American?

MR. NESSEN: I would say no.

Q Ron, can you say to what extent unemployment, in a specific industry such as the automotive industry, was discussed during the meeting?

MR. NESSEN: Not at all, Russ. Nobody went down the figures on auto industry unemployment because they are fairly well known. The unemployment problem was clearly discussed, but not industry by industry, or company by company.

Q Ron, was there across-the-board, unanimity that mid-1975 will see an upturn?

MR. NESSEN: Yes.

I am worried about Ralph's question on the standard of living.

Q May I just explain something, because you used the words "hard and tough", that is the only reason I asked it.

MR. NESSEN: I am getting myself deeper and deeper in a trap, so I think I will leave myself where I am. (Laughter) Not too deep, but just deep enough.

Q Ron, is the 5 percent income tax surcharge a gimmick?

MR. NESSEN: I don't think so. Based on where the economy was at that time and the state of the economy at that time, and the need for the kind of jobs and unemployment compensation program he introduced and the need to pay for that, it certainly was not a gimmick at that time.

Q Would a tax cut be a gimmick?

Q When will the next briefing be? Monday morning or Sunday?

MR. NESSEN: I am always at your disposal.

Q Can you give us an indication of what bills the President is planning to pocket-veto?

MR. NESSEN: Fran, I can't. He has 119 left up there.

Q How about a milk subsidy bill?

MR. NESSEN: Fran, we just can't go through them one at a time. Let's wait until he does them.

Q Are there any with a deadline of midnight tonight that we ought to know about?

MR. NESSEN: I don't know about them, but if they are, he will do what has to be done by midnight tonight.

Q Can we find out?

MR. NESSEN: It will take somebody's time to go through 119 bills and look at the expiration dates.

Q Would a tax cut be a gimmick and was the gasoline tax discussed at this meeting?

MR. NESSEN: An excise tax on gasoline was not discussed.

Q Would an excise tax be a gimmick?

MR. NESSEN: I am not going to get into that.

Q Was the import tax of about \$3.00 a barrel on imported oil discussed?

MR. NESSEN: I am not going to get into what may or may not have been discussed.

THE PRESS: Thank you, Ron.

END

(AT 2:45 P.M. MST)