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NEWS CONFERENCE

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AT THE WHITE HOUSE

WITH RON NESSEN

AT 1:10 P.M.

AUGUST 30, 1976

MONDAY

MR. NESSEN: I am sorry for the delay, but the Cabinet meeting ran considerably longer than expected and then I wanted to talk to the President about a couple of things after that.

First, the President asked me to announce to you today his appointment of James H. Cavanaugh as Deputy Assistant to the President. I think many of you know Dr. Cavanaugh has been Deputy Assistant to the President for Domestic Affairs and has been in charge of large elements of the Domestic Council's operations. His new assignment will be as Deputy to Dick Cheney, who is Assistant to the President.

Jim has been a member of the Domestic Council since January of 1971. He began by working on health problems and he had been, in fact, before coming to the Domestic Council, a Deputy Assistant Secretary of HEW for health and scientific affairs.

We have prepared a biography, which is ready, to give you at the end of this briefing.

Q Is the appointment to give Mr. Cheney more time to deal with political matters?

MR. NESSEN: No, Mr. Cheney will continue to put in his full week as Chief of Staff here.

Q Will it give more time to Cavanaugh to be in politics?

MR. NESSEN: No. Ever since Dick has moved up to take Don's job -- he is a believer in the deputy system which we have here and he has just until now never appointed a deputy and now he will have a principal deputy.

Q Will he be interchangeable as Cheney was?

MR. NESSEN: Yes, when Dick made this announcement at the senior staff meeting this morning, he reiterated his view of the deputy system, which is that deputies are interchangeable with their principals and he advised the other members of the senior staff to deal with Jim just as they would with Dick.

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Q He then replaces Cheney himself?

MR. NESSEN: Cavanaugh is the new Cheney, that is correct.

On the Cabinet meeting, it was a long one and touched a number of items. I will run through these for you as briefly as possible.

You saw the beginning of the meeting, and you heard the applause.

Q Not all of us did.

MR. NESSEN: When the President entered the room he was applauded. This was the first Cabinet meeting since the nomination, so that was the reason for the applause.

Q Why? Because they were glad to have a Cabinet meeting?

MR. NESSEN: They were glad to have the President nominated.

Dr. Kissinger gave a briefing at the beginning of the Cabinet meeting on two subjects: One, the situation around the Panmunjom in Korea, and the situation in Southern Africa. I think by now or very shortly over at the State Department, they will be announcing what Dr. Kissinger told the Cabinet, which is that he will be meeting Prime Minister Vorster this weekend in Zurich.

The next portion of the Cabinet meeting was --

Q What about Panmunjom? Did he say anything about it?

MR. NESSEN. It was really more or less tracing the recent episode and related events and bringing them up to date on where it stands.

Q Did he say anything about it that has not been in the press?

MR. NESSEN: Yes.

Q What? (Laughter)

Q Why?

Q What about the fishing boat incident?

MR. NESSEN: It was not mentioned.

Q Are you going to answer Dick's question?

Q Why was it not mentioned?

MR. NESSEN: It was not part of Dr. Kissinger's report which dealt entirely with the episode in the DMZ.

Q Did anyone ask him about it?

MR. NESSEN: No, they did not.

Q Will you answer Dick's question?

MR. NESSEN: I won't be able to answer Dick's question.

The next part of the Cabinet meeting dealt with the parks program expansion that the President announced yesterday. This was presented by Secretary Kleppe. He called it "a bold major move for the heritage of America."

He then gave a factual rundown of the dollars involved and how they would be allocated.

Q Did he spell out what would happen if they cut back to --

MR. NESSEN: No, he did not spell that out, Fran. He did point out that over a ten-year period, the program is \$150 million a year, although it is not going to be spent in even increments, but that is the average. He did not spell out what other savings might be made.

Q Has Kleppe had a chance to consult with the leaders of Congress who are on the committees that might pass on this legislation?

MR. NESSEN: The President ended that portion of the Cabinet meeting by saying the next step is to try to get Congress to act.

Q Why didn't he propose this earlier, then? It is near the end of the session.

MR. NESSEN: The history of this is that the President, during the Bicentennial period and during his travels around the country, decided that he would very much like to have an expansion of the parks program as a Bicentennial project. Jim Cannon pointed out at this morning's Cabinet meeting that the President had called a meeting of representatives of the Domestic Council and the OMB on July 8 to explore a number of ideas for expanding the park system as a Bicentennial project.

The President said, "That is right, Rog, this was not something we pulled out of a hat last week."

Q Did Kleppe point out how long these various parks needed this and did he say which ones needed it most?

MR. NESSEN: The rehabilitation portion, you mean?

Q Yes.

MR. NESSEN: He did not get into specifics.. The only specifics discussed were the \$200 million block grant to upgrade the facilities and acquire additional city parks, and there was a discussion there of using handicapped, disadvantaged and young people to work in the project.

Q Is that \$200 million a year?

MR. NESSEN: \$200 million over the ten-year period.

Q How much is that, compared with what they get now?

MR. NESSEN: On the block grant programs?

Q Yes.

MR. NESSEN: This would be a new program. This would be a new block grant to cities to use the money for the acquisition and improvement of the park facilities in city areas.

Q Ron, where does most of the expansion take place? It is Alaska, isn't it? Isn't that what they envisioned?

MR. NESSEN: Bob, in the earlier years, a good deal of the land which will make up the doubling of the park system will be in Alaska. In the latter years of the program that is not true.

Q It is already Government land, right?

MR. NESSEN: I know some questions were raised yesterday of how can you double the size of the park system or double the acreage of the park system when you are only talking about \$141 million?

The answer is that much of the land is now owned by the Federal Government, but used for other purposes and it will be transferred into the park system to double the size of it.

In the early years, a good deal of it is in Alaska.

Q If it is owned by the Federal Government, why do we need to spend any more money on it other than getting it ready for people to come?

MR. NESSEN: I said a good deal of it, but some is now privately owned and this \$141 million will be used to acquire the privately owned land.

Q Most people in the United States cannot get to Alaska.

MR. NESSEN: I said in the earlier years of the system a lot of the additional land would be in Alaska, but in later years the land will be acquired in other States.

Q Right now you are talking about just changing the name to Government land in Alaska?

MR. NESSEN: No, in turning it into parks or wilderness areas or fish and wildlife areas, and so forth.

Q Most of the land owned by the Government in Alaska now is not used for anything?

MR. NESSEN: It will have the facilities constructed -- the \$700 million for instance, earmarked for construction of recreational facilities and that sort of thing.

Q Did Carter's criticism come up at the Cabinet meeting?

MR. NESSEN: It did not, no.

Q Does the President hope to have some action on this this year?

MR. NESSEN: His final remarks saying the next step is to try to get Congress to act certainly would indicate he does.

Q Did anybody point out that the leaders of Congress already shelved seven major bills because there isn't time to act on them?

MR. NESSEN: Well, I am coming to the next session of the Cabinet meeting.

Q Before you leave that, you said this land in Alaska is now used for other purposes. You mean mining and lumbering and that type of thing?

MR. NESSEN: Margaret will have to check on what the actual use of it is.

I think this program announced yesterday, which grew out of some strong feelings the President had over the Bicentennial period, really follows on the record he already has with regard to the national park system.

In the President's budget, he has funded in full the Land and Water Conservation Funds at the Interior Department. This is the fund which provides money for the acquisition of park properties. Many other capital acquisitions programs in the budget were cut --

Q Ron, how much is that one?

MR. NESSEN: I will have to get Margaret to sit down with you and give you the specific funds. I only had a brief time to pull this together this morning.

Q What else?

MR. NESSEN: Well, I wanted to point out that other land acquisition programs for other purposes have held steady or have been cut back. This particular program was fully funded in the President's budget. The President, in fact, increased the National Park Service overall budget by \$40 million or six percent.

Q When was that? Fiscal what?

MR. NESSEN. That was for the budget he submitted in January.

Q This is a \$40 million increase in Interior parks?

MR. NESSEN: In the National Park Service parks budget, of which \$21 million was for maintenance work at the parks.

Q How many men will be added?

MR. NESSEN: 400 new, full-time, permanent Park Service rangers and other employees were included in the budget submitted in January. As you know, the overall Federal employment numbers went down but this was an increase of 400 new, full-time, permanent Park Service rangers.

The President also initiated a major multi-year management improvement program at the Park Service to make sure the available parks are used efficiently.

He also approved the following wilderness areas: Flattop, Alpine Lakes --

Q Where are they?

MR. NESSEN: -- and Eagle's Nest.

I will get Margaret to give you more details of this.

Q Just the States will be fine.

MR. NESSEN: In addition, he approved the Cuyahoga Valley recreation area and the Valley Fork National Historic Park.

Q Weren't those all voted by Congress?

MR. NESSEN: I am not sure what the procedure is for adding these to either the Wilderness Service or the Recreation or Historic Park Service.

Q In that connection, with the President's activity on the Park Service, we have a query, that there are eight female rangers -- Helen should ask this one, but I will ask it -- there are eight female rangers amongst 251 park rangers in the Rocky Mountain area and has the President in his program on expanding the Park Service thought about increasing the number of women in the ranger activity?

MR. NESSEN: I will look into it. I have not heard of that before.

The other thing, too, is that the President has urged Congress to act on proposals for 100 additional wilderness areas which have been proposed to Congress, and Congress has failed to act on those 100 additional wilderness areas that the President has proposed.

I think finally, in concluding his record in the area of parks, outdoors, recreation and so forth, I don't think it is any secret to those of you who follow the budget process that in many of these cases, almost all the cases he took this action over strong opposition of the, I don't know, the bookkeepers of the Government who were opposed to spending this money.

Q You mean the people in OMB?

MR. NESSEN: Primarily in OMB, yes.

Q What about the Congressmen who have been urging and pushing and begging for more personnel and more and better management and enlargement of the parks, don't they get any credit?

MR. NESSEN: They certainly do. The President is pleased to have their support.

Q Who are some of the people who communicated with the President on this?

MR. NESSEN: I will put you in touch with Secretary Kleppe, who can give you a better rundown on this.

Ted?

Q The hiring freeze the President imposed in the fall of 1974, did that not include the National Park Service?

MR. NESSEN: The overall number did increase.

Q People at Yellowstone yesterday said they have been under a freeze since October of 1974 where they didn't have to lay off people but were not allowed to replace.

MR. NESSEN: Let us check that for you.

Q Ron, is this a shift in the President's basic philosophical approach to the economy, specifically to hold down spending and not have make-work jobs for people through Government spending?

MR. NESSEN: Why would you call this a make-work project?

Q It is Federal money going into parks, and you said it would provide jobs for inner city and handicapped--

MR. NESSEN: That was one of the suggestions that came up this morning, and the President said it sounded like a good suggestion and asked that it be looked into.

Q That gets back to my question, is this a shift in his philosophy toward the economy?

MR. NESSEN: No. As he said yesterday, in order to find the billion and a half to do this, which he considers very worthwhile, and a great celebration of the Bicentennial, and a preservation of the heritage, that he would tighten the belt in other areas.



Q This business of having the young people and handicapped work on these urban parks, that definitely would be make-work.

MR. NESSEN: That was a suggestion that came up this morning, Sarah, and he asked that it be looked into, but there was no decision made on it.

Q Then there was no indication of where this belt-tightening is going to take place?

MR. NESSEN: That is right.

Q Then there is nothing firm about the business of the parks?

MR. NESSEN: I said it was a suggestion that came up this morning and he asked that it be looked into.

Q Why didn't he make this suggestion earlier in the primaries?

MR. NESSEN: Which suggestion is that?

Q The program for a billion and a half?

MR. NESSEN: As I told you a few minutes ago, he got the feeling this was a Bicentennial gift the Nation ought to give itself over the Bicentennial weekend. He held the first meeting on it July 8, and it has taken this much time to work out the details.

Q You said this wasn't something we pulled out of the hat last week. Who said that?

MR. NESSEN: When Jim Cannon was reiterating how this all generated out of the Bicentennial weekend, the President said, "This wasn't something we pulled out of the hat last week. The OMB, Domestic Council and so forth has been working on it for two months." Lynn said, "Yes, our first meeting on this was July 8."

Q Ron, it seems there is enormous interest in this subject and you have been very interested in telling people about it, and you also have a lot of other things to tell us, so why don't we have a special briefing on parks and go on to other questions?

MR. NESSEN: Are there any further questions on parks?

Q Yes.

Q Yes, we would all like to know more details.

MR. NESSEN: Margaret is back there digging them up now.

Q The reason you are giving us all this is to tell us the President has not flip-flopped on the park issue?

MR. NESSEN: No, I am just giving you a read-out of the Cabinet meeting, Bob.

Q Has there been a flip-flop? Does the Bicentennial weekend represent a flip-flop?

MR. NESSEN: I think I have just read you what his record has been on this area.

Q He is not a flip-flopper?

MR. NESSEN: I just read you his record in this area.

Q You are not going to respond to that?

MR. NESSEN: That is right.

Q Is the President going to make this a campaign issue since he did make it a campaign issue?

MR. NESSEN: This is a legislative proposal. The legislation will go up tomorrow. We will have more details for you tomorrow. As he said, he hopes Congress will act on it.

Q Will we have a briefing on that?

MR. NESSEN: Yes, we will probably have Kleppe out here.

Q Did you anticipate the skepticism being expressed about this proposal?

MR. NESSEN: I don't hear any skepticism. From a normally skeptical group, I have not heard any skepticism.

Q You mentioned the President's record since he moved into the Oval Office on this matter of National Parks. When he was in Congress evidently he didn't vote that way on wilderness areas and expansion of parks.

MR. NESSEN: I haven't gone back that far to check his record, but I will if there is that great deal of interest in it.

Q The Detroit papers and so forth say the President fought as a Congressman against their national parks for 20 years.

MR. NESSEN: I will check it, Helen. I didn't go back that far in his record.

Q He finally gave-in because the whole Michigan delegation came in.

MR. NESSEN: I will check.

Q Does he have any other legislative initiatives right now?

MR. NESSEN: You mean that have not been unveiled yet?

Q Yes.

MR. NESSEN: I just am not able to say what additional measures will be coming out.

Q Since you are not going to respond to the Carter charge, do you have any thoughts you would like to lay on us about Carter and his views of the Park Service?

MR. NESSEN: No, I don't know what they are.

The next portion was Jack Marsh and Max --

Q You don't know how he stands on national parks?

MR. NESSEN: I don't.

Q You are a bit fuzzy on that issue of national parks? (Laughter)

MR. NESSEN: No, I just don't know anything about it.

The next portion was Jack Marsh giving a rundown on the remaining days of Congress, and it was just a pretty factual rundown of when the House goes in and comes out and so forth.

Q When does it go in and go out?

MR. NESSEN: He said the House is in session until Wednesday and the Senate -- I am sorry. The Senate until Wednesday, the House until Thursday, and then they recess until September 8, and then come back and meet until hopefully October 2, but he thinks it will go to October 8, realistically.

Q Does the President favor a special session?

MR. NESSEN: He hasn't said anything about it that I have heard.

Then he just ran down the fact that there are 33 pieces of legislation in the House ready for conference, 21 pending the full Rules Committee and 19 granted rules, and so forth, that kind of rundown.

Q Did he give the various prospects for all the various bottled up nominations in the White House being cleared before the election?

MR. NESSEN: That was not one of the things mentioned, Tom.

Q It would be helpful if some time you could supply a list of so-called "must legislation" in the eyes of the President that has to be passed.

MR. NESSEN: Okay. That did not come up this morning but I know of the interest.

Q I am sorry. We couldn't hear all of that.

MR. NESSEN: There was a question from Andy saying could I provide a list of "must legislation" the President would like to see passed before the session finally winds up.

Q Did he mention any specific bills today?

MR. NESSEN: Not really in those terms. Jack Marsh ran down a very long list of the major pending legislation. Some of it, the titles at least, were originally legislation that the Administration favored but a lot of it has been changed so drastically that there really wasn't a rundown of we want this bill, this bill and this bill.

Q Will you please give us that list?

MR. NESSEN: It is like 50 different pieces of legislation, Sarah.

Q That would be very good. We need it. We have had it from the people up there. We want your version, the White House version of it.

Q That thing last month where you took 70 priorities --

MR. NESSEN: We had 74 pieces of priority legislation that we listed last month.

Marsh concluded his portion by saying, "We have to watch the whirlwind passage. We have to watch the legerdemain in the next few weeks. We have to be alert." In other words, what he was saying is we have to watch that Congress doesn't rush some stuff through for political reasons.

Q Did they all appear alert at that point?

MR. NESSEN: Everybody was quite alert at that point.

Q Did Jack Marsh say we have to watch that Congress doesn't pass legislation for political purposes?

MR. NESSEN: I was paraphrasing and interpreting what he said for you.

Q Those were not Marsh's words; those were your words?

MR. NESSEN: Marsh's words were, "We have to watch for whirlwind passage. We have to watch for legerdemain in the next few weeks." What he meant by that was that we have to watch that Congress doesn't rush through ill-considered legislation for political purposes. That is my interpretation.

Q Did the President make any response to that?

MR. NESSEN: No, he did not.

Q What is the latest word on the date?

MR. NESSEN: Let me just finish. I have one more small section on the Cabinet meeting.

Q Does he have any bills in mind?

MR. NESSEN: The legerdemain type bills?

Q For political purposes?

MR. NESSEN: I hate to single out one or the other.

Q How about tax reform?

MR. NESSEN: No, tax reform is really in conference and there is no telling how that will come out yet.

I would rather not single them out because Jack Marsh didn't single them out at the meeting today. He just made that general statement.

Q There was an item on the wires about a half hour ago that the conferees have agreed to extend the tax cut through 1977. Do you have anything to say on that?

MR. NESSEN: I wasn't aware of it until you mentioned it, Ted.

Finally, Alan Greenspan was asked to give an update on the economy. It was very brief. This paraphrase I am about to give is almost word-for-word. If you want to check quotes, you can.

He said, "Slowdowns always occur in an economic recovery, the pattern is spurt, pause; spurt, pause. We are in one of those pause periods. The basic underlying recovery is solidly in place with no underlying deterioration."

Then he talked about one of the areas of the economy which has not previously come back as fast as others. He said, "Major goods--capital goods, recovery is now falling into place, which underscores our forecast for 1976."

Q Falling into place means rising?

MR. NESSEN: Yes, taking its place now with the other elements of the economy which are rising.

Q Would you read that last thing again?

MR. NESSEN: "Major goods--capital goods, recovery is now falling into place, which underscores our forecast for 1976."

Then Alan cited the two reasons he believes are primarily responsible for the current pause. One is what he called a "temporary tapering-off of inventory accumulation."

If you recall, last winter, I guess, or very early this year accumulated inventories had been almost totally liquidated and there was a build-up of inventories, and now there is a pause or a temporary tapering-off of that build-up in inventories.

The second reason, which he said was a much more minor reason, was a slowdown in apartment construction.

Then he said, "I see no reason to alter our forecast of a strong recovery into 1977 with only a moderate inflation rate." He did not cite a rate. He said, "Price behavior continues good."

Then he said, "The President is not about to look at any quick fixes or artificial hyping for any short-term political gain with long-term consequences." Then he said, "As far as we see, our policy is on track. No major changes are indicated."

Q In point of fact, Mr. Greenspan's argument is moot because, since there are only 60 days until the election, no governmental action, even if approved today, could have a major impact on the economy between now and November; is that right?

MR. NESSEN: As a layman -- I would say strictly as a layman that you might have some kind of psychological or confidence-building effect if you wanted to.

Q What did he say about jobs?

MR. NESSEN: Jobs was that the people who have jobs, that the layoff rate among people who have jobs is not a source of concern and the people that have jobs are not very concerned about losing them.

The little increase in the past two months in the unemployment rate has come from new people joining the work force.

Q Did Mr. Greenspan have anything to say about how he and the rest of the CEA would view a GNP growth rate of less than four percent?

MR. NESSEN: The GNP growth rate was not mentioned specifically, Jim. I have given you virtually word for word every word he told the Cabinet.

Q He only spoke for about a minute-and a-half?

MR. NESSEN: He was the very last speaker and the meeting had run over anyhow.

Q Did anybody raise concern about the economy?

MR. NESSEN: I don't believe there were any questions during that presentation. There were not.

Q How is the President going to try to fulfill his campaign promise on jobs?

MR. NESSEN: The same way, as Alan said, by following the same policies which have brought this recovery already and that is by building a strong, healthy, private economy that can hire people up for permanent, well-paying jobs.

Q Ron, did he say anything about the increase in use of imported oil and did he say anything about the raise in utility rates, natural gas and electricity?

MR. NESSEN: That did not come up as part of his presentation, no.

Q Did it come up at all, the decision not to increase the steel prices?

MR. NESSEN: That was not mentioned at all.

Q When did he last comment on that?

MR. NESSEN: I will have to get the date of the last Cabinet meeting.

Q First, was the entire Cabinet there?

MR. NESSEN: I think there were some missing members and I don't know why each and every one was missing. There were a couple, but they may be on vacation, they may be traveling.

Q Was Usery there?

MR. NESSEN: Bill Usery was not there.

Q While you were in Vail, or at the meeting this morning -- last week the report came out from the Bureau of Labor Statistics using 1968 on food prices as 100 percent. The food prices are now 187 percent. I wonder whether that came up either in Vail, at the meeting with the Cabinet, or your conversation with the President, or has anybody said anything about that?

MR. NESSEN: Not specifically. You know how the inflation rate has been very sharply reduced and that the forecast --

Q That is the rate, I know that, but not inflation.

MR. NESSEN: I don't understand what the question is.

Q If we go back to the report from the Bureau of Labor Statistics and if they say the food prices were whatever they were in 1967 and now they are 87 percent higher, that is pretty good inflation.

MR. NESSEN: I don't know how much above 1967 the wage rates are now, whether they are 87 percent above what they were or not, take home pay.

Q Are they 87 percent?

MR. NESSEN: I don't know.

Q Anybody raise the question of the politics of this kind of report and going into the campaign as this --

MR. NESSEN: This was strictly a business meeting. There were no politics discussed. The President has been away for a while, and some of the Cabinet members have been away. As you see, there is a fair accumulation of business and it was strictly a business Cabinet meeting.



Q Was Jim Baker invited to the Cabinet meeting and was Mary Louise Smith?

MR. NESSEN: Jim Baker was not there, never has been there.

Q He is now campaign chairman.

MR. NESSEN: But he was not there.

Q Was he invited?

MR. NESSEN: I don't know.

Q Was Mary Louise?

MR. NESSEN: She always attends Cabinet meetings.

Q Did he tell the Cabinet they would be his advocates?

MR. NESSEN: As I say, there were no politics whatsoever discussed today.

Q A few minutes ago you were asked about economic developments that might have an impact prior to the election between now and November 2. Has there been any discussion in the White House or in the Council of Economic Advisers that you know of as to the possible inflationary effect of the gas price increase approved by the Federal Power Commission?

This is a situation where it may or may not go into effect, but if it does, the tariffs would be filed in October. This is a billion-and-a-half dollar increase in the price of natural gas if it goes into effect. Has there been any discussion on what this might do?

MR. NESSEN: On the inflationary impact of that?

Q Yes.

MR. NESSEN: I read some papers on it, but I have not heard any discussion on it.

Q You don't know whether there is any sentiment or move in the Administration to seek a delay in this --

MR. NESSEN: Is this natural gas or petroluem?

Q This is natural gas.

MR. NESSEN: You know what the Administration's policy is on that, Jim. You know the reasons for it. It has not changed. It is on track. I mean, the President hopes it would be on track.

Q I assume what you are saying is you have never been concerned about the inflationary impact of full deregulation?

MR. NESSEN: As I said, I have never been in discussions of it, although I have read papers on it.

Q Has the President ever said that with deregulation and making of natural gas, increasing the supply of natural gas, has he ever said he hopes this would bring down the price?

MR. NESSEN: I don't know why we are in a discussion of natural gas. You know the Administration's policy. You know the goal of that policy. I don't see any point in getting into a philosophical discussion of deregulation.

Q You said something which I think is contrary to what the President said.

MR. NESSEN: What, that the President favors the deregulation of natural gas? He certainly does because if you --

Q You once said at a briefing recently that the purpose of deregulation was to create an adequate supply and the hope, having an adequate supply, the price would go down.

The President, in press conferences, talked of deregulation to enable the manufacturers, the producers to have a higher profit. I have never heard him say, unless I am in error, that he hopes to bring prices down.

MR. NESSEN: It is a very complex matter. What happens -- I am doing what I said I would not do, which is to launch into a lengthy explanation of the Administration's natural gas policy.

But very briefly, companies are not going to ship natural gas in interstate commerce when they lose money on every thousand cubic feet. They will sell it where they make enough money to pay for their exploration costs and so forth. If it is not worth their while to ship natural gas to Ohio, New Jersey, Virginia, those States, North Carolina, they are not going to ship it.

Those factories have to run on something. They will run on petroleum. They will run on coal. They will run on electricity, or whatever other means of power they can get. The cost of petroleum is not controlled by us. It is controlled by the OPEC countries, which keep raising it higher and higher and higher.

So the purpose of natural gas deregulation is to get a supply of energy, which we have plenty of in this country, to enable those people who have those supplies to explore for it, ship it and sell it at a price that is reasonable so that these factories in Ohio and New Jersey don't have to buy petroleum or other fuel from somebody else who controls the price and can raise the price as high as they want.

Q That may be true, but why did the natural gas company producers inform the Federal Power Commission they were perfectly satisfied with the 55-cent rate the Commission had set in its second natural price proceeding?

MR. NESSEN: I am not aware they did, Jim. I will look into it. That does not sound right to me.

Q Has the President said anything about the American Independent Party nominating former Governor Maddox for President?

MR. NESSEN: No, he has not.

Q Is the President getting any reports today on the explosion at the nuclear plant? What is the situation?

MR. NESSEN: I will check for you.

Q What about the debates, Ron?

MR. NESSEN: There have been no final decisions made on the debates and the representatives will go back on Wednesday to continue their negotiations. There has been no program made.

Q What is the President's position on the participation of third party candidates in the debates, like Senator McCarthy?

MR. NESSEN: I have not asked him, but I will check on that.

Q The FEC ruling this morning seems to open the way for any, not just the League of Women Voters, but to make it legal for any group to raise money and put on debates.

MR. NESSEN: Did you say legal or illegal?

Q Legal. Does the President have any strong feelings on whether he would like to accept the invitation of one particular group for several debates or whether he should accept a number of invitations that come in?

MR. NESSEN: We are not wedded to any particular sponsoring organization, including the League. We are not committed to any particular sponsorship at the moment.

Q Wednesday's meeting is only with the League. Are other meetings being set up?

MR. NESSEN: We are making progress with the League, but at the moment we are not wedded to having them as the sponsors.

Q You are not answering any of the other invitations?

MR. NESSEN: No. The National Press Club wrote me, Warren Rogers sent me a letter, Jim Karayn, the UPI editors, and I have accumulated half a dozen or so of these and turned them over to Mike Duval who is doing the staff work on the debates.

Q Aren't the Carter people reporting -- maybe I misread the wire -- that three 75-minute debates have been settled on?

MR. NESSEN: I read something like that, too, and what I am saying is there have been no final decisions made. We have made no final agreement on the debates.

Q Would those terms be acceptable to the President?

MR. NESSEN: The negotiations continue on Wednesday and there was an agreement last week not to discuss the details between the two negotiations.

Q Is the President flexible?

Q You can tell us that has not been agreed on?

MR. NESSEN: Nothing has been finally agreed on except to meet again on Wednesday.

Q They made no progress?

MR. NESSEN: They made progress, but nothing has been agreed on.

Q How do you make progress, but you agree on nothing?

MR. NESSEN: Nothing has been finally agreed on.

Q But you made progress?

Q Where is the President going to be on Labor Day weekend?

MR. NESSEN: It has not been decided.

Q Is he going to travel this weekend?

MR. NESSEN: It has not been decided.

Q One other thing on Greenspan. You quoted him as saying at one point, "The President is not about to look at any quick fixes, or artificial hyping for any short-term political gains." In what context did he say that, did someone suggest the President might?

MR. NESSEN: No, as I said, I read almost word for word what he said and I think it was in the context -- it came immediately after the portion where he said that he saw no reason to alter his forecast for a stronger recovery and with only moderate inflation and it was right after that -- I mean, I think there was sort of an implied connective, therefore.

MORE

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Q Could you give us a progress report on Mr. Cheney's visit to Governor Reagan's State?

MR. NESSEN: Dick describes it as a good trip. He met with a number of Californians who he does not wish to name.

Q How about Reagan?

MR. NESSEN: He did not meet with Governor Reagan. He describes the trip as beginning the process of pulling together the Ford campaign organization in California which will be announced in due course.

Q Did he ask to meet with the Governor?

MR. NESSEN: This is really all I have to tell you about Cheney's trip.

Q What about Stu Spencer? Did he meet with Governor Reagan?

MR. NESSEN: No, neither one of them met with Governor Reagan.

Q Why not?

MR. NESSEN: I don't know.

Q Did they ask to meet with him?

MR. NESSEN: Not that I know of.

Q Did they have Reagan people in this group?

MR. NESSEN: They met with a number of Californians who included supporters of Governor Reagan and supporters of the President.

Q What is the reason for keeping the names of the people they met with secret?

MR. NESSEN: Dick prefers to do it that way.

Q Is there a particular reason?

MR. NESSEN: Dick prefers to do it that way.

Q Ron, this sounds like you didn't get very far. This sounds like "governmentese" for "We didn't make much progress out there."

MR. NESSEN: How could it be a good trip if that were the case?

Q That is a Pentagon phrase.

MR. NESSEN: It was a Pentagon trip.

Q Very successful negotiations but not progress was made. Show us some evidence that he did something out there.

MR. NESSEN: As I say, in due course we will announce the Ford campaign organization in California.

Q Give us the body count, then. (Laughter)

Q Do you have any comment on the FEC decision?

MR. NESSEN: Would you tell me what it was? I am not familiar with it. I have been in the Cabinet meeting for two hours and out here approximately 45 minutes or an hour.

Q The approximately \$150,000 proposed or expected for the debates cost would not be considered a contribution or an expenditure under the Campaign Act, and they announced they voted to allow the League to sponsor it.

MR. NESSEN: This is the first opportunity I have had to hear it.

Q Could we get a comment on that?

MR. NESSEN: I will see whether we have anything to say.

Q Is Paul Harley going to remain head of the Ford organization in California or is he going to get to be head of the Steering Committee?

MR. NESSEN: What do you mean head of the Steering Committee? Rog Morton is head of the Steering Committee.

Q We thought there might be one in California -- a California Steering Committee.

MR. NESSEN: I don't have anything on Paul Harley's show.

Q Is he one of the people Dick and Stu met with?

MR. NESSEN: Since I am not going to give the names, it is hard to answer that question.

Q Ron, back to this natural gas deregulation --

MR. NESSEN: Do we have to?

Q Is the White House monitoring these hearings being held on the Hill which show when gas was deregulated down in Texas that the price jumped, tripled, quadrupled, causing industry to close down there and jobs to go begging?

MR. NESSEN: My understanding is that industries are flocking to Texas from places like Ohio and New Jersey because that is where they have the natural gas.

Q That is not so.

MR. NESSEN: That is what the Governor told the President the last time he was down there.

Q Reynolds Aluminum is being forced to close and put people out of work.

MR. NESSEN: I thought somebody would ask me about this Medicaid story that was in the paper today.

Q Would you answer my question?

MR. NESSEN: Sarah, I don't know the answer to your question. I will check on it for you.

If anybody is interested in the Medicaid story that was in the Times, I guess it was, Dave Mathews very briefly talked to the Cabinet about it and said that -- he pointed out that this is a State-managed program and so the role of the Federal Government is to go into the States and help the States develop what he called a management system, or to set up a management system, including the use of computers to catch any patterns of abuse or fraud. He said that the program which the Federal Government runs, which is the Medicare program, has quite a good record and in those cases where there have been allegations of fraud there have been indictments and convictions in the Medicare program, which is run by the Federal Government. As I say, he said that they are going through State-by-State and helping the States, training them, helping them set up the management system to handle the problem.

The only other thing he said is, "We are well ahead of Moss" -- I guess Congressman Moss -- I am sorry, I mean Senator Moss -- "We are well ahead of Moss in terms of identifying the problem and doing something about it." He said, "Moss is grandstanding."

Q Does that mean he has been in touch with Governor Carey of New York?

Q Is that a direct quote?

MR. NESSEN: Yes.

Q Did he say the Administration has not allowed any moss to grow under its feet? (Laughter)

Q What else did he say on that?

MR. NESSEN: It was mostly a description of this system of helping the States set up their management programs to catch patterns of abuse and so forth.



Q Did the President say anything about it?

MR. NESSEN: The President mostly listened to that description.

Q Did Mathews say what they have done since they have got all this information?

MR. NESSEN: Yes -- we are going in State-by-State, we are training them to handle the problem, we are looking for patterns of abuse and fraud and setting up the management system, including computers, to catch patterns of abuse.

Q But on the business where they refer to fraud, have they referred anything to the Justice Department or taken any other action?

MR. NESSEN: As I say, under the Medicare program, which is the Federal program, Dave was going to check the number of cases and get back to me, but he said there have been indictments and convictions.

Q Is he questioning the Senator's sincerity?

MR. NESSEN: No, he just said we were well ahead of them on this problem and helping the States to solve it.

Q You said he was grandstanding?

MR. NESSEN: Yes.

Q When do you expect them to solve it?

MR. NESSEN: It is up to the States, Bob, to solve the problem with the management and computer help of the Government.

Q Does pointing this out mean in any way the President is changing his long held view that States and local communities will run programs better than the central Government in Washington?

MR. NESSEN: We are helping the States to solve this problem, Ted.

Q Ron, in this discussion of health matters, did the President or the Cabinet have any comment on the quality of food served aboard the press plane last night? (Laughter)

MR. NESSEN: I am not familiar with it. Will you tell me what it was? (Laughter)

THE PRESS: Thank you, Ron.

END (AT 1:55 P.M. EDT)