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WHM, 12/19/84

DECEMBER 6, 1974

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE
PRESS CONFERENCE
OF
DONALD RUMSFELD
ASSISTANT TO THE PRESIDENT

THE ROOSEVELT ROOM

2:10 P.M. EST

MR. RUMSFELD: Good afternoon.

Q Sir, I thought maybe you would like to tell us if it was casual or if you were playing hooky or how it happened that you went to China, or did you just want to go?

MR. RUMSFELD: Or none of the above (Laughter)

I didn't need an extra trip, and I didn't volunteer. Henry indicated that he thought it would be useful if I went and he posed it to the President. The President agreed it would be useful, and so I missed Thanksgiving with my family and went.

It was, I suppose, useful for several reasons. I don't know how much I want to get into this, really, but I think it was felt by one or more people that it might be useful for the Chinese leaders to meet someone who was working with the President, who they had not known.

So, I agreed to do it. I missed three working days.

Q Did you know at the time that an invitation was forthcoming for the President to go to China?

MR. RUMSFELD: No, it had not been put forward.

Q Had it been discussed by the U.S. group?

MR. RUMSFELD: It had not been put forward.

Q Put forward is a term I am not reading well.

MR. RUMSFELD: You said did I know an invitation would be forthcoming from the People's Republic of China. I said, no, that invitation had not been put forward.

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Q By them?

MR. RUMSFELD: Yes.

Q But it had been discussed by the President?

MR. RUMSFELD: You will have to ask him.

Q What did you do there?

MR. RUMSFELD: I met with the U.S. official party, and with the People's Republic of China official party, in the series of meetings that took place, and met privately with two or three of the people from their side.

Q What did you talk about?

MR. RUMSFELD: We talked about a whole host of things. The kind of things that were discussed were commented on in the communique.

Q Sir, have you been asked or approached by any group or individuals or the President or anyone about the fact if along the way -- of course, it looks like now Rockefeller is in -- along the way when it looked doubtful, were you ever asked if you would be willing to be the successor if Rockefeller didn't make it?

MR. RUMSFELD: No. The President thought that he had made a good selection of Nelson Rockefeller and has been confident that he would be confirmed, and remains confident that he will be today.

Q Along those lines, what do you see as Vice President-designate Rockefeller's position, his duties, his area?

MR. RUMSFELD: Of course, that is a matter between the President and the Vice Presidential nominee at that point where he becomes Vice President. The President has discussed that in a recent interview and indicated that he wanted or was hopeful Governor Rockefeller would become deeply involved in domestic matters. I would anticipate that that is what would evolve.

Q You don't foresee some international role that he might play?

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MR. RUMSFELD: I don't know that it is for me to speculate, really. Certainly he is an individual that has a background in all aspects of Government. He has served in various administrations and different areas, has knowledge and competence in international aspects, economic and domestic.

But insofar as I am aware at this point, it is the President's intention to have a particular emphasis with respect to domestic.

Q Are you being considered as the next Secretary of Defense?

MR. RUMSFELD: Not to my knowledge, no.

Q Any other Secretary, like HEW?

MR. RUMSFELD: Me?

Q Yes.

MR. RUMSFELD: Number one, I have been in this town the better part of 17 years and I have seen speculation that I was going to be in various posts ranging from a candidate from oblivion to head of the CIA. Neither of these have occurred, nor have a number of others that I have seen speculated on.

I was in Miami when the CIA story broke in the newspaper. My wife called me, said, "I will go along with the joke, but that is the limit."

No, the President has not talked to me about other posts. I have been in this post less than two months. In fact, our things just arrived from Brussels on the boat yesterday, so my wife is out unpacking things today.

Q Just exactly what do you do for the President besides working an 18-hour-day or whatever it is?

MR. RUMSFELD: The way the White House is being organized is that he has several principal assistants in substantive areas -- national security domestic budget, several principal assistants in other areas such as legal and press and Congressional and writing.

I guess I have several responsibilities. There are several members of the White House staff who are members of the Cabinet so, in a sense, those several individuals serve as advisers to the President, and that is one piece of a responsibility.

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A specific responsibility I have is in charge of White House operations and, as you know, there are a number of units within the White House that fall in that general area. That is sort of a line job.

Then I have another responsibility, which is being responsible for the coordination of the White House generally. That, I think, is somewhat separate from the other two.

More generally, what I do is -- like anyone who has ever served in this post -- I do essentially what the President wants. You don't have a statutory responsibility, you don't have a job description that is specific or well-developed.

What is important is, as a new President comes into this office that the organizational arrangements be such that he finds them useful and that he is comfortable with them, that they provide him with what he believes to be an orderly Presidential decision-making process.

There is no roadmap as to exactly how it is done for each President; rather, it varies with each President, and that individual, depending on the kind of individuals he has around him, their strengths, backgrounds, or capabilities, and I might add it varies with the times, the circumstances he finds himself in.

Q What does this President want?

MR. RUMSFELD: Me.

Q Doing what?

MR. RUMSFELD: Doing what I am doing.

Q The question was, what does this particular President want, and he said there is no roadmap. What is the roadmap for President Ford?

MR. RUMSFELD: As I indicated, it is those three principal responsibilities. I could start picking out pieces of what I do, if that is what you mean, but in terms of a general, conceptual description, it is those three areas.

Q May I ask you about the following people, if they see you to get an appointment with the President: Mr. Buchen, Mr. Marsh, Mr. Hartmann, and Mr. Nessen. Do these people go through you to schedule any time with the President?

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MR. RUMSFELD: There are a number of people, certainly including those and others, who, if they wish, simply can go in and see the President.

If I were to go see the President on a matter that was legal, or if Mr. Nessen were to go see the President on a matter that was legal, orderly business would suggest the desirability of their consulting with Phil Buchen so that the President doesn't receive 18 pieces of the same thing in a perfectly incoherent, uncoordinated way.

If I felt that the President ought to have something called to his attention in the legal area, notwithstanding the fact I am in there off and on throughout the day discussing a variety of subjects, I wouldn't go in and talk to him about a legal matter myself. I am sure Ron, or whoever, wouldn't either, without talking to Phil and seeing it was pulled together in some orderly way, and it seemed desirable Phil was there.

If it were a press matter, I would likely go and see Ron.

Q No, that is not my question. If Mr. Buchen wants to see the President, does he go directly in to see the President, or go through you to get an appointment to see the President?

MR. RUMSFELD: He can do it either way he wishes.

Q How is it working out? Are they coming to you?

MR. RUMSFELD: A number of people see him fairly regularly, either daily or weekly.

Q You mean at appointed times?

MR. RUMSFELD: At appointed times, yes, where they are able to.

Q Do you mean staff meetings?

MR. RUMSFELD: No, meetings with the President where they accumulate things that they want to discuss with him. On other occasions, someone will come to me and say, "I have one thing or four things that I feel I ought to talk to the President about. When will be a good time?"

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I will suggest a good time and then notify the President's office that that will be on the calendar. If a Cabinet officer or someone calls up and says, "I need to see the President," I will figure out a time and alert him.

It isn't a matter of where I sit there and determine whether this person may or may not see him. I think that is the thrust of your question.

Q Yes.

MR. RUMSFELD: What I will do is this: I will meet with the President in the morning and maybe a couple of times during the day on different items and then at the end of the day. At least twice a day I will have with me requests to see him. In scheduling requests, they may be appointment requests, telephone call requests, or suggestions, or they may be immediate type schedule events down the road or now.

What I will do is say, here they are, and he will say, let's run through them. We will run through them, and he will make the decision yes or no. It isn't I that decides this person shall or shall not see him.

Q Before you arrived, Mr. Hartman said, or used the term "peeking" in a statement concerning some of the aides -- Mr. Marsh and Mr. Buchen. They would open the door, peek in, and see if the President was available and, if he was, go in.

MR. RUMSFELD: They still do.

Q Do they still do that?

MR. RUMSFELD: Yes, they do. It depends on the individual.

Q Sir, who is guiding the President in his choice of appointments? There seems to be some feeling that there is not enough coordination here, people don't know. Like this Gibson appointment. A lot of people in the Government knew Gibson's past history, knew it very well, but Mr. Ford didn't seem to.

Who is advising him on his appointments since he has several coming up?

MR. RUMSFELD: The principal adviser is Mr. Walker, Assistant to the President and Director of Personnel. I don't know if he has been announced.

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Q He is the principal adviser?

MR. RUMSFELD: He is principal adviser on appointments and, therefore, he is the individual to whom suggestions and comments in this area go. He is the one who -- he and his staff -- pull together the papers and say these are individuals who have sought or have been suggested for various posts and the President would meet with Mr. Walker or me or someone else and talk about the different people. Then additional work would be done on the ones that seemed to be the most likely prospects.

Q Might I ask if you are planning to reorganize the Cabinet, is there any discussion for reorganizing or replacing Cabinet members at this time?

MR. RUMSFELD: I have a very simple rule on the subject of the Cabinet. There has been a great deal written about it. It is this: Governing is not easy in the best of times. It is very, very difficult today.

Those are tough jobs and there are people in those jobs and anything people can do to be supportive of them from the White House, I think is useful. Anything people do from the White House that makes more difficult this assignment is singularly unhelpful and, therefore, I don't think it is useful to speculate.

From my standpoint, certainly I am not suggesting you all should stop speculating, but my business is to help see that Government functions as well as possible.

Secondly, those are the President's decision, they are not the President's staff decisions. They are not my decisions, they are his, and that is the beginning and end of everything I have to say on the subject of Cabinet changes.

Q Mr. Rumsfeld, is there discussion behind the scenes and a reduction of White House staff considered? There are some people leaving, and it has been announced there are no replacements. What is the thinking back there?

MR. RUMSFELD: It is not back there, it is out here.

Q We are thinking out here, but we want to know what is going on back there.

MR. RUMSFELD: Back there is out here. I am back there.

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Q You can help us sort out a lot of rumors and give us a feeling of what is happening in the White House.

MR. RUMSFELD: I think the best thing I can say there is that I have been here a couple of months, and at the President's request we have been looking at the way the various people and responsibilities and units in the White House are arranged or organized.

We have made a number of changes, and we will be making some additional changes. In that process, we have been bringing in new people and some people who have been here have been moving elsewhere.

A part of that has been the question on the part of the President as to whether it might be possible to reduce the size of the White House staff. It is my hope and fond wish that this weekend we will be able to complete a number of questions on that and possibly be able to visit with the press generally on the subject sometime before Christmas.

Q Sir, is the President taping his conversations now?

MR. RUMSFELD: To my knowledge the only thing that transcripts are made of are when he meets with the press. He certainly has no taping system in the White House or in any office he uses in the White House complex or at Camp David or in his private quarters. Of that I can assure you.

Q Mr. Rumsfeld, who in the White House is going to quarterback pushing the trade bill forward? You have had all kinds of people saying you have to have a trade reform bill or you won't have trade relations and everything else. Who is working on that?

MR. RUMSFELD: A number of people are working on it. The subject comes up every morning in the staff meeting that comes up in this room every morning at 8 o'clock. The people responsible here in the White House and the departments involved are Secretary Simon -- he is very interested -- Secretary Kissinger is very interested in their Congressional relationships, and assistant secretaries.

Mr. Eberle, Director of the CIEP, is deeply involved. Mr. Seidman is deeply involved. Anytime there is a meeting on that subject it seems to involve those, plus one or two additional people.

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Q The vast change in political character of the Congress next year -- has the President been formulating any general, overall strategy about how to deal with this very difficult situation in terms of perhaps more conferences with Democratic leaders, any sort of strategy idea at all along these lines?

What can he do to get his program through with a two to one Democratic margin?

MR. RUMSFELD: The first thing I would say is that the bulk of his time has been recently on dealing with this post-election situation which, of course, is the old Congress, and the variety of legislative decisions and matters that are performed, working with the various departments and agencies and the Office of Management and Budget in preparation for the fiscal 1976 budget, which has to be announced next March, the economic message for next month, and the legislative program for next month.

The subject of the next Congress, needless to say, has been discussed. I wouldn't say that there is -- that I have anything I can announce to you on the subject. But it is a subject that will continue to be discussed in the coming weeks.

They probably will not come into session until about January 20.

Q January 14.

MR. RUMSFELD: They will be back in the 14th, then, and certainly by then the subject you pose will have received additional attention.

Q Can we see Albert and Mansfield here two or three times a week?

MR. RUMSFELD: If he has anything to announce -- I don't know how often he has been meeting with the Democratic leadership and Republican, but it is regular.

Q It appears to me that you guys are in a mess. You have 6 percent unemployment, going to 7, and your energy policy is floundering around with people thinking the real energy administrator you had has been fired, and that is no good.

You have a Congress in a very difficult mood from the one previous to this. I can go down a whole list. What is the mood around this place? Your public opinion polls don't speak very highly of the President's accomplishments to date.

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What is the mood around this place? Does anybody have a sense of frustration? Where do we go, what do we do? How do we tackle it? It seems to me that it is just a marking-time type of operation. I would like to hear your comments on what, in general, you plan to do. On your surtax, already compromise is indicated on that. The President's 31-point program isn't going anywhere.

MR. RUMSFELD: I think you began by saying, "You guys have a problem." It strikes me that a more precise way to state it is there are some problems facing the country.

Q Well, how are you going to get at it. That is the gist of his question.

MR. RUMSFELD: I think I got the gist of his question.

I guess I am reluctant to speak for others around here. I can speak for myself.

Yes, Bob, needless to say, I, like others, can sense both the problems the country faces in the various areas, even beyond the economic, and feel a sense of urgency and need for Government to be effectively tackling them.

You asked if I feel frustration. No, I don't. Maybe that is because I have just been here a couple of months, but there is another aspect of it, however, and that is that it seems to me that we are in a period where there is a high level of expectation on the part of people.

There is a low tolerance level as the reservoir of confidence and trust was drained over the last couple of years. The fact of the matter is that these problems you are talking about didn't arrive in the last 15 minutes. They have been accumulating and they don't lend themselves to instantaneous solutions

I think your question properly suggested that what has to be done is that Government, in fact, be addressing them in a responsible way and aggressively, and be seen as doing so.

The President is meeting and has been dealing with the energy problem. He has made a number of appointments, important appointments in the energy area. Those individuals have been in -- some are not yet in office, others have been in only a short time. They are meeting with the President.

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They will be meeting with the President again next week. He has asked them to come forward with their suggestions and views, and there is no question but that from that will flow their best judgments.

I guess that is about all I have to say.

Q It seems sort of odd and peculiar that Simon would be giving out this stuff that they may really have to go to mandatory controls. Morton comes along and gives out a list at a breakfast meeting. Why doesn't the President lead? Why doesn't he take hold and say I want you all to do these various and sundry things and everybody would fall right behind him?

MR. RUMSFELD: I wasn't here, but I understand the President did indicate what his view was.

Q You mean Simon and Morton are wrong in saying now we will have to go to mandatory controls? Yes, the President has dealt with that in the past, but are Simon and Morton both wrong?

MR. RUMSFELD: I would have to go back and get the text of what you are quoting them as having said.

Q The country is at a terrible state of stagnation on this energy thing. We are using more gasoline than we probably ought to be, using more heat, and driving more than 55-miles-an-hour and everybody is just waiting for the President to lead.

MR. RUMSFELD: As I indicated, he is meeting with the principal people in the Government on this subject tomorrow --

Q What has happened to the decisions?

MR. RUMSFELD: -- tomorrow again and then next week. That is what he is doing and from that very logically will flow judgments as to what additional might be done.

Q Well, he is a little late already.

Q Let me ask you about the strip mining bill. That bill is now ready to come up in Congress next week, and you may have the veto or signing to the side. Of course, everybody is wondering what is going to happen. Have you already taken a look at that to determine whether you will sign that conference report or not? That would make a lot of difference on energy down the road.

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MR. RUMSFELD: Do you mean "you" plural?

Q You, the White House.

MR. RUMSFELD: The answer is, yes, there are people who have been following that throughout the legislative history of it and have been discussing it in the White House and are preparing recommendations for the President as it gets ready to go to him for signature and action.

Q Who advises him on oil?

MR. RUMSFELD: There are various pieces of the oil area.

Q Is there an oil man that he depends on for tapping his mind every now and then?

MR. RUMSFELD: With respect to what aspect of oil?

Q Oil is terribly important. It is the basis of this whole energy thing.

MR. RUMSFELD: Frank Zarb is the Executive Director --

Q He is not an oil man. Before Zarb came into the picture, the President every now and then obviously talked to somebody. The President obviously talked to an oil man. Who is the oil man he talked to on this?

MR. RUMSFELD: I don't know. I don't know that I would want to label the various people he talks to on the subject of energy in that way, even if I could figure out which fit the closest. It is not a phraseology that is used.

Q I believe he had the Mobil man down here to a dinner recently. I wondered if it was that one?

MR. RUMSFELD: He talks with a variety of people on the energy area. There is no one oil man, if you are looking for someone outside of Government, if that is what you had in mind.

Q Now that Anne Armstrong, Bill Timmons and Dean Burch are gone from the White House, who is in charge of politics and what southerner will be in the White House in an important position? What southerner would they feel they could talk to on politics?

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MR. RUMSFELD: The President has not made an announcement as to who in the White House will be dealing with the political area. Until he does, I think it is probably best just to wait for him to do that.

Q Is he going to do it before the new Congress comes in?

MR. RUMSFELD: Yes, I think so. Would he announce a new individual responsible in the political area prior to the new Congress? I would anticipate that would be the case.

Q Would the same apply to a southerner?

MR. RUMSFELD: I don't know the answer to that.

Q On the subject of leadership, the President has recently been criticized for not staying home and minding the shop. Can you see him doing that more in the new year?

MR. RUMSFELD: I know he was just criticized for not being in St. Louis.

Q I hadn't seen that.

MR. RUMSFELD: That was the next day. I guess life is like that. You are darned if you do and darned if you don't.

I can assure you he is tending to his business. I know what his schedule is. Many of you either know or could find out. The numbers of hours that he is meeting with people on the four or five areas I described earlier are extensive.

He is a workhorse, and has been involved in important Governmental questions facing the country, and will continue to be. He has also done some traveling and undoubtedly will continue to do so.

Q You don't foresee a cutback in traveling, next year?

MR. RUMSFELD: Obviously you won't have a campaign in March, April and so forth.

Q He has something planned with Prime Minister Wilson next year. Will that be here?

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MR. RUMSFELD: I am not meeting with you this afternoon to give you preannouncements on Presidential travel. That is a Presidential decision and announced with other Governments.

Q He does have a Wilson meeting?

MR. RUMSFELD: If so, that will be announced at the proper time.

Q Who handles education?

MR. RUMSFELD: The Secretary of HEW.

Q Are you considering running for Governor of Illinois.

MR. RUMSFELD: You have to be kidding. I will be considering little other than trying to do this job in an adequate way.

Q What about running for President?

MR. RUMSFELD: We have one.

Q After Ford.

MR. RUMSFELD: Oh, come on.

Q In connection with that, that previous question on the Governor of Illinois, unless my memory is faulty, I have the general impression when you first came here to take this job it was going to be something like a short term.

MR. RUMSFELD: Absolutely not, Bob. You misunderstood that in the press conference I had the day I was announced, and I clarified it. Apparently the clarification didn't take.

I made a statement in that original meeting and the statement was as follows. There is a transcript of it that is available. It was to the effect that during the period immediately ahead, I would be attempting to concentrate on things of an organizational and operational nature.

I was asked questions as to what substantive areas I planned to enmesh myself in. I indicated I had suggested to the President; and he agreed, that rather than becoming another troubleshooter or utility infielder in here dealing with a whole variety of different subjects, I wanted to spend the weeks immediately ahead trying to get the White House into some kind of shape that satisfied him and fit what he wanted and people he felt he wanted to be dealing with in the period immediately ahead.

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The use of the phrase "in the period immediately ahead" was limited strictly to that. I wanted to make it clear I would not be spending hours studying a wilderness bill one day, and an educational bill the next and then advising him as to what my views were. I would not be doing that and wanted my views understood.

I used the phrase "in the period immediately ahead" purposely because I didn't want to rule out the fact that over a period of time there would be substantive areas I would be involved in. It was focused on the first weeks and months of my work in this job, rather than a suggestion that there was a time limit I would be in this job.

I can see where confusion might come up on that.

Q How is your White House staffing coming along?

MR. RUMSFELD: It is practically completed. Within a matter of a week or two we will be able to have some sort of White House press briefing and explain who is where and what we are trying to do and what it looks like, this type of thing.

Q When will Mr. Lynn be appointed Director of the OMB?

MR. RUMSFELD: We will not make an announcement prior to the time everything has been completed. It has been discovered that that has certain problems, so we are not going to make announcements about people until we have completed all those checks and things you are supposed to do.

Q Mr. Rumsfeld, as a foreign member of this group, may I return to the subject of your leadership? I just came back from England last night. We have many problems -- God knows more than you do -- but nobody is looking to England or Russia for leadership, they are all looking to you for leadership.

It is not so much our perception of what you are doing that counts. It is our perception of what the people think about what you are doing, and when they see cartoons of clowns in the Oval Office and Mr. Ford stuffing an ice cream cone on his head, you don't need to be told these things.

They wonder not if you are aware of the problems, but if you are aware of the pressures that are building up for you to change policies, especially in the next couple of months.

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From what you said earlier in your answers, while it seems to indicate you are having a good look at the problems, can you give us any idea yet of what is coming as a reappraisal of what has been going on this past few months and the need for change, the economy and energy.

MR. RUMSFELD: Energy and economy -- I take it that is the thrust of your question.

Principal spokesmen -- not excluding the President -- in the past few weeks have indicated there is a process of review that takes place on matters as important as energy and the economy.

I can assure you that the President and his principal advisers in the departments and agencies on these subjects are not unaware of the problem you pose, and I think you phrased it in a reasonably accurate way, and they are addressing it.

Of course, having come from Europe recently, I am aware of what you are saying, also. The important thing is to do what is right. The important thing is to do what achieves results. There is a good deal of feeling, I think, that developed over at least the last 15 years I have been around this town where effort was important, where trying gave you all kinds of points, and the important thing to know is that what you are looking for is results.

You are looking for something that ends up impacting on human beings in a way that you hope it will, in a way that achieves results for those individuals. It is not enough to run around with a whole lot of flim-flam and rhetoric.

I am so concerned about this. I am so concerned about the approach of that. I will have a new program for this, a new program for that, and the new program doesn't do anything, or maybe even harm.

You don't have a cure-all, a simple answer for these problems, and it isn't enough for someone to say it has to be yesterday. This man has been in office less than four months. I have to take off my shoes and count how many.

It has been exactly four months, or a day or two under four months. He had about 45 minutes notice. He has grabbed a hold of some very important problems during that period of time.

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I think it is important for people to go back and reflect on it. He didn't come into the Presidency after a long period of a year campaigning and preparing for it, and then two or three months after the election planning and getting his team on board. He came in flying on an airplane and got aboard and God bless him. I think he did a good job.

He hadn't been in the office 15 minutes when he had the Cyprus problem. He had the SALT problem, and I think if people think about it a little bit, people will find it has been important work. He has spent dozens and dozens of hours with people from all across this country, from labor, management, Congress, and he didn't come up with some simple plan that was all his and that was unrealistic. He listened to people, talked to them, and picked out the center core of their proposals and put it forward as a 31-point package, and it made sense.

Now, someone can flyspeck it around the edges and say it didn't have this, it wasn't perfect, but the fact of the matter is they had their crack at it in this country and everyone had their chance to say this is what you ought to do.

He listened to them. It was sort of an unorthodox idea. A lot of people said, "Don't have an open public summit. It will look like disarray." He did it, and it worked.

He came up with good proposals and many are before the Congress. We have a constitutional system. We don't have a system where the legislative and executive are walking in lock step. You lead by consent. It takes leadership and persuasion, and it takes willingness to talk and listen and compromise and that is what he has been doing.

He has made eight or ten or twelve major appointments in the energy area and put together a new energy team.

You are right, the energy problem hasn't been solved, but has he been sitting around being inattentive to these things? No, indeed.

What else has he done during that period of time? He has tackled the Presidential staff, and he has changed something like nine or ten out of 11 or 12 senior people in the White House and changed over 60 or 70 percent of the professional people.

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It was all during that time, during the legislative period where the pace was very rapid with dozens and dozens of decisions coming down on him on a program that he had nothing to do with putting together.

That is not to say that somebody cannot sit back and say well this hasn't been done or that hasn't been done or that hasn't been done. You are right. Everything hasn't been done, but it is to say that this individual came into this job with some 25 years experience in Government, with a very broad grasp of Government finance matters, having served on the Appropriations Committee for 20 years, and particularly national defense, having been on the Defense Appropriations Subcommittee, and with considerable skill in dealing with a Democratic Congress.

He has done it practically all his life. He is no amateur on that subject. I think when one wants to make a fair assessment, they should look at those four months, appreciate the times we are living in, look at the record of accomplishment during that four months.

Yes, you can mark it less than 100. You can say there are still things undone, but if the people in Europe are interested and concerned, or the foreign press, about the prospects for this individual, it seems to me that record of accomplishment during the last four months is one that would lead reasonable people to believe that he is the kind of individual who does proceed, tackles problems in an orderly way and the periods ahead will see the solutions -- not to all the problems and certainly not instantaneous solutions, but nonetheless, solutions to many of the problems that concern the people today.

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Q What are the big outstanding problems as you see them as the things that you folks have to get to right away? You have mentioned already, of course, the budget has to come next month and legislation --

MR. RUMSFELD: You are talking about something broader. The immediate pieces, of course, that have to be produced are those to be completed in this legislative session of Congress.

Q We have been through that.

MR. RUMSFELD: And the legislative program for next year, the budgets, the economic situation, the rest of the world.

What are the biggest problems? I suppose if you ask ten people you will get ten different answers.

Q We are asking you.

MR. RUMSFELD: I will give you my answer. I don't want to suggest that it should be attributed to anyone else in this building. It is based on a pinnacle of some ignorance having just been back in this country for a short period of time. It seems to me one of the principle problems is the fact that the nature of the world today is that there is a high degree of interdependence and that the economic problems and some of the energy problems that we face do require, if not cooperative efforts, at least the efforts that are complimentary and not disadvantageous to many of our principal trading partners and allies.

One other problem that concerns me in the world, since you ask me, is the fact that it is very difficult for people -- all of us I think who have enjoyed a period of relative peace over the last period since World War II -- marred, of course, by Korea and Viet Nam -- but nonetheless to recognize that very important goal of peace depends on not creating instability and not creating asymmetries, and that this requires that we pay a price, that detente and the success that has been achieved in that area, the lessening of tensions, doesn't just happen, and it doesn't just come from hoping, and it does in fact depend on our country's having committed a sufficient number of funds to the security area, and that it is a balance that gives us a prospect of continuing peace.

I think there are people in this country that would prefer not to have that burden, but I feel we have to find ways to see that people understand that the underpinning of detente is that balance.

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Lastly, if I might suggest one of the important problems, it seems to me one of the leadership in this world. It is not just this country. It is a fact in Europe, where for the twenty some odd months I was there, I think everyone of the European governments in NATO changed leadership.

I have been in Washington 17 years. I have served during the term of five Presidents, and there have only been 38 in the history of our country. I don't know exactly how to define what the problem is, but I think it does go to the question of confidence in leadership, and we with democratic systems do in fact recognize the individual, and that is good and healthy.

We have free systems, but I think we do have to be careful to see that our institutions of various types, not excluding the Government, certainly including Government, conduct themselves in a way that they have the confidence of the people because it does take confidence in an institution for that institution to succeed.

It is not enough for you or me, or anyone else, simply to wring our hands and say this is bad, and that is terrible, and I am going to do my own thing. Because when people are working together on a project that is worthwhile, a great deal can be done. If people are working at cross-purposes, very little can be done.

I look at some of the governments in Europe, and the difficulties in small governments, coalition governments, problems with their parliaments. It is a difficult time to lead, a difficult time to persuade people because of a variety of things. And I guess that is an important problem for free systems throughout the world.

Q What major pieces of legislation are you confident will come out of the rest of the lame duck session, and what pieces do you think there is a good chance of coming out?

MR. RUMSFELD: I would rather you asked the legislative liaison, or Nessen, that question. I haven't been up on the Hill lately, and I find things changed.

Q We are interested in women, of course -- but don't give just a token job and just put a woman in and say we have to give her something to do -- but what do you see are the chances of a woman getting in the Cabinet?

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MR. RUMSFELD: Maybe one of the reasons we have the third problem I enumerated in answer to your last question is the fact many of us have had a way in Government, and I suppose in other institutions, of creating large appetites, in creating high expectations, and then, when they are not fulfilled, there is a greater disappointment.

If you ask me, you say, "Rumsfeld go be Ambassador to NATO". I can go and do a commendable job. You will be satisfied. You expected me to do it and I did.

You ask me to find a cure for cancer, I can't cut it. If you think I can and I can't, you will be disappointed because it will be an unrealistic hope.

I would like to see a woman in the Cabinet. If I said to you there was a probability, possibility, high probability, or high possibility, and you went out and printed it, and for one reason or the other it didn't work, then there is a bad feeling about it.

It seems to me my own rule on discussions of the Cabinet is a correct one. We have people in the Cabinet and, while they are there we support the dickens out of them.

After the President has completed all the work, the collection, the ins and outs, then he announces them. That is how I feel about the Cabinet subject.

If anyone else is telling you a lot more than that, it is probably someone who has the wonderful freedom of not knowing very much about it.

Q Are you considering Senator Dominick for a job?

MR. RUMSFELD: Yes.

You keep saying me.

Q The White House?

MR. RUMSFELD: That is a risky thing.

Q Are you changing Lynn from HUD?

Q Just a minute, is the White House considering Senator Dominick for a job?

MR. RUMSFELD: It is my understanding that Senator Dominick has been or is being considered for a job.

Q Are you going to change Lynn?

MR. RUMSFELD: I have nothing to say on that subject.

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Q Could we talk in broad generalities? You indicated as far as the White House staff is concerned you expect to have it pretty well completed by Christmastime.

MR. RUMSFELD: Wait a second, it is very well completed now. I said before Christmas we expect to be in a position to discuss it or announce it or talk about it. The fact of the matter is that it is practically done.

Q I wonder if we could -- I know you don't want to go down the list and say who is going to go and who is coming in, you can't do that, but could we get an outline of when the possible changes in the Cabinet would come along --

MR. RUMSFELD: I could waste my time by repeating my discussion on the Cabinet, but I won't do it.

Q I am just asking a broad question --

MR. RUMSFELD: You get the same answer.

Q Getting back to something you said earlier on leadership, we were told by Mr. Nessen there was a sense of frustration here at the White House about the criticism of the President in some of the areas of leadership, and Mr. Nessen stated it was unfair.

Do you share that sense of frustration and injustice, and does the President?

MR. RUMSFELD: You know those are the kind of questions, if I say this, then someone says this is what Nessen said, and they don't agree. Rumsfeld doesn't agree with the President. That kind of thing.

I can put things in my words. And the President is capable of putting things in his own words. Nessen is capable of putting things in his words.

I was asked a question about frustration earlier. My answer was, "No, I am not frustrated."

Q But this gentleman asked about the unfairness of the criticisms being leveled against the President.

MR. RUMSFELD: No, I noted a certain amount of eloquence in my statement, but not frustration.

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I was trying to discuss an important subject, a subject that deals with our time. This is what we are living with. It is an important subject.

Golly, Don Rumsfeld would like nothing better than to know the magic formula of all the problems of the world. I was trying to give him an answer that went to his question, and I think I did.

If there was a hint of frustration in it, I retract it, because I don't feel that. It is more analytical. It is more one of concern about the country and the state of circumstances. Not you guys, as Bob said, but what we as human beings like in this country, how we are going to function and deal with our problems and organize ourselves as a country to deal with those problems.

Q Do you think we expect too much of the Presidency?

MR. RUMSFELD: I am not sufficiently intimate with your level of expectancy to respond.

Q High.

Q What is the question?

Q My question was: Do you think we expect too much of the Presidency? He asked what was my expectancy, and I said "high".

MR. RUMSFELD: Let me ask a closely related question and you answer. Do we expect too much of Government sometimes?

Q Yes.

MR. RUMSFELD: Answer yes. There is no question but that there has been a tendency for Government to in some cases very, very sincerely, and in some cases somewhat politically, in my judgment, to posture itself in a way that it seemed to be capable of providing solutions to problems that Government has not historically been able to provide solutions to, number one.

Number two, that the Government has on occasion in recent Administrations during the time I have been in Washington tended to indicate periods of time within which solutions would in fact be achieved that have almost invariably proved to be wrong. Therefore, if that has helped to create an environment in the country or atmosphere or level of expectation in terms of the amount of time, or the quality of that solution, then I think the answer to your question is yes.

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I think people do, and part of it is hope -- which is a wonderful energizer -- part of it is hope that Government can do it, so that is a complicating factor.

Q Unless someone has a question that is very vital, I think we will let Mr. Rumsfeld go.

Q What job is Mr. Dominick in line for?

MR. RUMSFELD: I have no comment on that.

Q Just to clean up, somehow the people have gotten the impression here -- which is apparently wrong -- they are not giving the President enough time to get this thing worked out. He is new in the office and should be given more time.

MR. RUMSFELD: Who has that in mind?

Q Apparently the people, the opinion polls keep going down all the time. Why is it people have this misimpression? Is it because of the media, because of the Democrats? How are they getting this false impression?

MR. RUMSFELD: I don't know -- I didn't use the phrase "false impression", and I certainly wouldn't want to attribute it to Democrats or media, and I don't know if I am a psychiatrist, psychologist, or sociologist, but I think it is a fact there is a desire on the part of people to see their best hopes and aspirations for themselves, their families and communities fulfilled. There is a desire to see problems solved.

You know, we talk about aggregate unemployment figures of 6.2, 1 or 5, or whatever. The fact of the matter is, to the guy who is unemployed that is total. One person who is out of work, that is a hundred percent for him.

Inflation is the kind of a problem that is damaging to a person's sense of security. He works and he saves, and he sees some savings eroded, and he sees the dollar demands going up with simply an erosion on the purchasing power. This is of great concern.

You say how does it happen? You know, I don't have the answers to all those questions. I think part of what has happened, however, is that we have gone through a period of years where many of the things that have been hoped for weren't achieved. It is hard to do it.

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I ran the Office of Economic Opportunity for a couple of years. It is hard to spend Federal dollars intelligently despite the best of good will and intentions and have them actually come out of the end of the Federal pipeline and impact on a single human being in a way that helps them. That is not easy to do.

Simply announcing that it is going to be done because we care, or because we want it solved leads a person to believe it is going to be solved. And then is when it becomes cynicism, disappointment. And we went through a period in the 60s where there was great disappointment and cynicism, great disappointment in the Office of Economic Opportunity where the recipients were led to believe there would be solutions that would affect them fast, and they found they didn't in many instances.

There was disappointment on the part of people paying the bills who were led to believe the dollars would go to something beneficial and productive, and we found some of the programs had effects not intended. They were not bad motives, but were good motives involved.

I think I am late, and we all agreed that was the last question.

I want to make sure no one thinks my last answer reflected any frustration.

THE PRESS: Thank you.

(END AT 3:10 P.M.)

JANUARY 16, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

BRIEFING FOR ADMINISTRATION OFFICIALS
BY

THE PRESIDENT
THE VICE PRESIDENT
ROGERS C. B. MORTON
SECRETARY OF THE INTERIOR
WILLIAM E. SIMON
SECRETARY OF THE TREASURY
ALAN GREENSPAN
CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS
WILLIAM L. SEIDMAN
ASSISTANT TO THE PRESIDENT
FOR ECONOMIC AFFAIRS
AND
FRANK ZARB
ADMINISTRATOR, FEDERAL ENERGY ADMINISTRATION

THE EAST ROOM

11:08 A.M. EST

MR. RUMSFELD: Ladies and gentlemen, the President of the United States.

THE PRESIDENT: It sounds just like the Congress during my speech. (Laughter)

Mr. Vice President, members of the Cabinet, members of the Administration:

First, let me thank you for coming. I look around here and see a tremendous reservoir of talent that does an excellent job day after day after day, and for that I thank you, but it is also a great reservoir of effective spokesmen for the Administration's program, the need for it, the parts of it.

Let me speak for just a few minutes to lay the groundwork for the experts who will follow up and who will answer the questions with the statements that they make and with the responses that they give.

There are two basic parts of the overall problem that I spent most of my time on yesterday in the State of the Union. You either saw it or read it or heard about it, but let me condense at least my thoughts as to where we are and what we have to do.

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We have a tough situation in the economy. We might as well recognize it. We have a tough problem in the field of energy. We recognize the circumstances in both instances. We aren't going to gloss over the problems, but we have a plan in both cases to do something about it.

We have taken the leadership by the work that has been done. WE have a plan before the Congress, we have a plan before the American people in both cases and it is up to us to articulate both on the Hill and throughout the country and to get some results.

We have spent uncounted hours under the leadership of Bill Simon in the economic field; Rog Morton in the energy field. We have put together in both instances a well-coordinated, very comprehensive plan.

Let me take the first one, the economy. I don't have to repeat the statistics about where we are. We are in trouble. What are we going to do about it? I don't think we can follow the traditional pattern that has been used in previous recessions. It is a very unique situation.

The formal tools don't seem to be adequate, so we do have to take some unusual steps. So, despite the sizeable deficits in the Federal budget for fiscal 1975-- and that deficit will be \$30 billion plus--and despite the anticipated deficit in fiscal 1976 of \$45 billion plus, we are going to take that gamble in order to give a stimulant to the economy and try to get it off dead center.

The thrust there is a tax reduction -- rather simple -- a tax reduction that needs prompt action, a total of \$16 billion plus, \$12 billion of it to go to individual taxpayers.

As I said yesterday, if the Congress acts by April 1, the Treasury can have the first of the two refund installments in the hands of the taxpayer by sometime in late May or early June.

Now we believe that it ought to be predicated on the tax payments made on your 1974 income. Some people have alleged that it ought to be done on the basis of 1975 income tax withholding or payments.

Let me give you one answer because you will probably be asked that question. If you predicate the tax reduction on 1975 income, the fellow who isn't working, who needs the money, isn't going to get any refund, the fellow who worked in 1974 and paid a tax, or owes a tax or had one withheld, he will get a refund.

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So, in order to get the money back as quickly as possible, it makes much more sense to us to take it out of the 1974 income tax payments.

We distributed in our proposal the \$16 billion, three-fourths of it to go to individual taxpayers and one-quarter to go to business, the rebate on the basis of 10 percent of the basis of their 1974 income tax payments with a cap of \$1,000.

We did this because it does help to make it more saleable, and I think more equitable. There may be some changes by the Congress, but that is what we think is a reasonable figure on the basis of equity and on the basis of saleability.

In the field of business taxes, it is an increase from 4 percent to 12 percent in the case of utilities, and from 7 percent to 12 percent as far as business generally is concerned, the investment tax credit.

We want to stimulate as rapidly as possible business investment in new plant, new equipment, modernization, et cetera. It is a one-year basic extension from the lower figures to the higher figures, to get business to invest in new plants, new equipment, modernization, et cetera.

So, that is the tax program, and there is a distinct dividing line between the tax aspects and the energy program.

Now, what is the thrust of the energy program? The energy program has the objective of conservation. We have to conserve energy on the one hand, and we have to find new sources of energy on the other hand. In order to conserve energy and particularly the energy that is most costly to us for foreign oil imports, on February 1 I am going to increase the import duty from 63 cents a barrel to \$1.63 a barrel, and the next month, March 1, it will go up one more dollar and on April 1 it will go up one more dollar.

The purpose is to make it more costly so that consumption will be decreased. These are interim actions by me; one, to get the program started and two, to provide an incentive for the Congress to act. They already understand that.

I notice that somebody was going to offer a bill to take that authority away from me. I hope they don't. I hope they spend their time doing affirmative things rather than negative things.

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The sooner they act, the quicker we will take the levies off because they have an opportunity to do something on a broader basis by a tax of \$2 a barrel on crude oil imports or products, a \$2 tax at the refinery on domestic refined crude.

On April 1, I intend to decontrol domestic oil, which is now at \$5.25. It will undoubtedly seek the level of the foreign oil imports. It will increase cost; business will profit. The Congress has to do something about the windfall profits resulting from the increases in oil prices. The Congress has a great responsibility to act in the tax field on the energy side.

Out of all this extra levy, tax, et cetera, we expect to collect in the Treasury \$30 billion to \$31 billion in extra revenues. The estimates are that the added levies on foreign oil, the added levies on refined oil products the increase in the cost of domestic oil will have an impact on inflation.

If we don't do something to return that money back to the hands of the people who are paying higher prices, we will have a depressant as far as the economy is concerned. So, we have got to get in addition to the \$16 billion in a tax reduction to stimulate the economy, we have to get the \$30-plus billion from added revenues in the energy field back into the hands of the people who are paying higher prices.

Who pays a higher price for fuel oil? The Federal Government. We are going to be paying more money for oil. It is estimated it will cost the Federal Government roughly \$3 billion more a year, so Uncle Sam will keep \$3 billion of that.

State and local units of Government will pay more for fuel. We are going to return \$2 billion, which is what we estimate will be their added cost, back to them by the General Revenue Sharing formula, to State and local units of Government.

That is a point that you want to emphasize to State and local units of Government, as they pay more for gasoline, for fuel oil, for energy. You can tell them that if Congress acts, they will get \$2 billion back in General Revenue Sharing formulas.

Individual taxpayers. Individual taxpayers obviously will pay more for energy costs to them during the year as the cost of fuel oil and gasoline goes up and energy costs rise.

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Sixteen and a half billion dollars -- we intend to give that back to them by a change in the withholding schedules. In my speech yesterday, I used the illustration of three cases. It is a nonregressive return, and Bill Simon and the Treasury people have come up with the changes in the withholding schedule so that it is not regressive.

This, of course, won't go back in the form of a rebate. They simply will pay less every time there is a withholding from their check. So, it will be spread out.

Bear in mind I am talking about the energy side, not the tax reduction side. This is a return of \$16.5 billion to taxpayers for added energy costs.

Corporations. They will, of course, have to pay more for energy. How are you going to take care of their problems? The proposal is to reduce the corporate tax rate from 48 percent to 42 percent, and that will be applicable to 1975 income tax payments. It won't relate to 1974.

We had to take into consideration the adverse impact on the people who don't pay any income tax or who are in the lower and lowest parts of the spectrum from the points of view of income. We have to do something for them.

There is about \$2 billion set aside to give to them on the basis of \$80 a person, all individuals 18 years of age and older. It is a check. Bill Simon has got to figure out just how that is going to be done, but it is going to be done.

There are a number of other provisions that relate to details, but I wanted to make as clear as I could, you have got two parts affecting taxes. One goes immediately on the basis of 1974 tax payments; the money comes back as quickly as Congress acts. The other relates to energy.

The total of \$16 billion is for a tax reduction and rebate and \$30 billion in rough numbers is to reimburse people for higher energy costs.

I believe the plan will result in conservation of energy, but I said yesterday -- and I will repeat today, and you can say it as you go around the country -- that if the plan doesn't work, it doesn't save, we don't cut down on foreign oil imports, I will use the authority that exists on the statute books right now to just limit imports, but I think it is better to do it the other way.

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We have Frank Zarb here and Bill Seidman to discuss the details. We have been able to achieve a great deal of unanimity. We have some recommendations for the Congress to amend the Clean Air Act, to change some other legislation, and for the first time, at least in my recent years, on this very delicate problem of energy production and environmental protection, through the work of Frank Zarb and Russ Train, we are all together.

We aren't going to be fighting one another. We will be working in unison, and I think that is progress.

Let me just conclude with this final observation: A tremendous amount of time was spent. We got the best input we could get from all sources, and we have come up with a coordinated plan. We have acted. It is now up to the Congress to act, and we have to keep the pressure on them.

Obviously, there will be areas where they will disagree, and we may have to compromise, but we have a comprehensive plan there, and we ought to defend it because I think it is right and I hope that I can count on your help and understanding and your vigorous support because it is important, one, to get the economy moving, and number two, to save energy and find alternate sources.

Thank you for coming. I appreciate your help.

Now it is my privilege and pleasure to introduce to you the Vice President. We are glad, and we are lucky to have him on board. He is busy, he will be working with you, and he will be out describing this program just like I am and just like you are.

It is my pleasure to introduce to you on this occasion the Vice President of the United States.

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THE VICE PRESIDENT: Mr. President, Members of the Cabinet, ladies and gentlemen.

Mr. President, it is indeed a privilege and an honor for me to have joined you and to have joined this wonderful group at a unique moment in history, when you, Mr. President, have emerged as not only the leader of this country -- the strong leader of this country in a moment of crisis -- but emerged as the leader of the free world, and this is a critical moment to those of us who are the local politicians or grass-roots people.

I have been confused and overwhelmed by the change that has been taking place with increasing speed in the world and in our own country. This is true for families. It is true for corporations. It is true for institutions. We haven't understood it.

People have been struggling to try and understand why these things happened; how do they cope with them? They weren't just domestic problems; they were domestic and international problems, action by the oil producing countries unique in world history, price of food, the purchase by the Soviet Union of grain, skyrocketing prices, people overwhelmed waiting for someone who could help them find "How do we deal with these things, how do we make the changes which we have got to make, how do we shape change so it serves our purposes and we are not overwhelmed?"

I have only been here eight days -- maybe this is the ninth day -- but it has been my privilege to sit and watch the President of the United States in this period bring in the outstanding minds in the Government and from without and listen and ask questions, a process that is unusual for a President, gradually formulating, in his own mind, from these discussions, how to deal with two of the key questions that face us, economy and energy.

And as you just witnessed, here is a leader who understands what he is saying and who deeply believes in what he is saying and, therefore, carries the conviction and weight. He is what the country has been waiting for; I think it is what the world has been waiting for. And I had the privilege of sitting and watching him discuss this problem with the leaders of the Congress, because this democracy, the reactions -- only action, effective action, can be taken.

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I was very interested when Mr. Strauss said, on television, when asked, "With these tremendous majorities, what were the Democrats going to do now?", he said, "Well, of course, in our system, Congress can only be effective if there is strong Executive leadership." That was quite an interesting twist, I thought, but he is getting strong Executive leadership and I suggest they respond to it.

And in my only Constitutional job, which I haven't done very well as yet, which is presiding over the Senate, I left the rostrum to speak to the Majority Leader, and he said, "For God sake, get back up there; you are not allowed to leave." (Laughter.)

So, I am learning. But after the President's speech, we came back to the Senate, and Senator Mansfield got up and made an eloquent speech in support. He said, "This is what the country has been waiting for, this kind of strong, decisive leadership from the President of the United States." And he said, "I want to speak for the Democrats in the Senate, and I think I might even, on this issue, be able to speak for the Republicans in the Senate, and that is, we stand ready to cooperate with the President. We want to get back of this program. We may have differences on specific issues, but we want to work with him because this is what the American people are waiting for, action to deal with these problems."

So, I would just like to say to you, ladies and gentlemen, that I am proud to be here and grateful to the President for the opportunity and that I think he has shown that he has the capacities and is going to use those capacities to give this Nation and the world -- and they are inseparable today -- the leadership which we are waiting for and which we now have, to start to deal with the changes that have to take place, and they are very complex, as the President pointed out and as I am sure his associates will give you in detail.

They are very complex. They are interrelated, and it was fascinating to me to listen to the questions of some of the Members of the Congress today, the grasp, the breadth of the President's grasp and the response of the Congressmen to their constituents' problems. Well, there is a difference between the reaction to a problem and the solution to a problem, and the President is working on the solutions and the Congressmen are responding to the reactions to the problems themselves. And the blending of those two and convincing the public that the long-range solutions, which are not easy to swallow, that the President is bringing those to the Congress for their action. And I think that the

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mood of this country -- and I must say, I was impressed with Dave Broder's column yesterday on the subject of leadership -- I think that we have got that now, and I am just thrilled to be here with you, is all I can say, and let's get out and do a job for this man.

MR. RUMSFELD: The thought this morning, as the President indicated, was that, after the President and the Vice President spoke, we would take the two major pieces of the State of the Union, particularly the economic side, and first have a discussion or a brief comment on essentially the economic situation as the President found it and, then, secondly, some more detail and specifics with respect to the economic proposals that have been put forward.

Alan Greenspan, the Chairman of the Council of Economic Advisers, will do the first portion and Bill Seidman, the Assistant to the President for Economic Affairs, will do the second portion. The reason is, Bill Simon, I guess, is involved with the committees of five, ten and 20, depending on what time of the day it is today, and he could not be here this morning.

With respect to the energy side, Roger Morton will then, along with Frank Zarb -- I guess you do a Mutt and Jeff act -- will discuss the energy side. So, we will start with Alan Greenspan on the economic situation.

MR. GREENSPAN: Thank you, Don.

I think it is fairly evident to all of you that the economy is in the process of a fairly severe recession. We are publishing today a preliminary estimate that the real GNP declined by approximately 9 percent in the fourth quarter. The Industrial Production Index in December was down 2.8 percent, as I recall.

The evidence at this point suggests that there are further declines still in the works; that is, even though the economy's decline is not accelerating, nonetheless, it is still continuing down, and we do not expect to see any major indications of a bottoming, or at least the data beginning to become mixed, until we get into the March-April period.

At this particular point, we are obviously, from all the evidences we can see, at the maximum point of decline, of rate of decline. That is, taking a look at the level of layoffs, they are not likely to get any higher. In fact, most recent data suggests that the actual peak in layoffs, seasonally adjusted on a weekly basis, was several weeks ago.

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That very big number that you saw about initial claims for unemployment in the immediate post-Christmas period, which was a huge 800-some, plus, number, actually is the normal seasonal bang that you get, and there is some evidence that we are at close to the peak of the weakness in the layoff rate, which means that the economy will continue lower, the unemployment rate will continue to rise, but it will not be taking on these huge chunks that we have been seeing the last couple of months.

Now, our program, as specified at the moment, is very unlikely to have any immediate impact, largely because it takes time for the Congress to act, and it is not likely to have any impact on the rate of production or the rate of unemployment as I see it, until we get into the summer months.

Essentially, we have an economic program which is focusing on not the immediate period ahead, but gradually getting a bottoming in the economy in the summer months and then endeavoring to put into place a series of events which we hope will induce some fairly marked recoveries in the second half of this year and into 1976.

Nonetheless, it is unrealistic to presume that the unemployment rate, which we project is likely to rise close to 8 percent, is going to decline very quickly because, as the economy starts to pick up, you are going to find that the rate of the increase will still be inadequate to absorb all of the increase in the labor force which normally comes onstream. And, as a consequence, even though economic activities start to pick up and start to turn, you are going to get a situation in which the unemployment rate is going to look sluggishly high for awhile, and we don't project it to start to come down in any measurable way until very late this year and early next year.

Now, the important thing that is going on now on the other side is that we are obviously making very considerable gains on the side of inflation. The figures that you have seen in recent days on the Wholesale Price Index are quite encouraging, not so much the food price and farm price figures, which fluctuate all over the place, but we are now to see some very major changes in the price structure and the effect of the industrial price component, which you may know, seasonally adjusted was zero change last month. That is not yet working its way through the consumer price level, but will in fact begin to do so as the months go on.

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Leaving aside for a moment the problem of what our energy program will do to increase the price level, we would expect that the the Consumer Price Index would slip from its double digit range somewhere in the area of, say, 6 or 7 percent of an annual rate by the spring months.

Now, the basic problem that we have is that we don't foresee it going much below that level, and obviously, one of the very major problems -- which we will get to later, after Bill discusses our program, and I am sure the issue will come up with respect to questions -- is that with the types of financing problems we have, there are a number of people who are concerned about the potential inflation problems that are involved in running very large deficits. I am sure this issue will come up with all of you, and I would like to discuss that a little bit later.

But the point here, the point I think is important to recognize is that at least we have, for the moment, broken the back of the most virulent part of the inflation, and it now gets to a point where at least we have something on which to focus and something from which manageable policies can be initiated.

So, why don't I stop there, Bill, and why don't you take over.

MR. SEIDMAN: Thank you, Alan.

Members of the Cabinet, ladies and gentlemen, I would like to take a few minutes, if I could, to talk about the economic program, both in part in detail, but in part, also, in overall concept. I would like to pick up, if I could, from the President's message and from what the Vice President just said, the fact that this program is trying to put this country in a new direction, or in a change of course, as the Vice President said.

It was the President's analysis, as the Vice President has described it and we went through, that in a great many areas, the country was simply going in the wrong direction and every one of the kinds of programs that have been presented both in economics and energy is an attempt to change that course, the concept being that the direction that you are going in is the most important single factor in getting to the right place.

And if I could start first, and just look at the economy -- you have heard from Alan that prospects are not bright, that, obviously, we need to change that course

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and we need to change that course without putting ourselves back into the kind of problem that we have had with inflation.

Thus, we face deficits, and we tried to design a program that would do as little damage in that area as could possibly be done and at the same time move things ahead.

The tax stimulation, after all the various views, was pretty much a unanimous position, but how to do it and the timing was not. Why was 1974 chosen?

You have heard from the President, first, because it could be done the most quickly and speed was clearly essential, and secondly, because it tended to help those who may now be out of work. But importantly, it was also done on an across-the-board basis, and I am sure you have heard some objections to that kind of a method of giving a refund, 12 percent across-the-board, with a maximum of \$1,000.

Now, that still maintains the progressivity that we now have on our system, which is, as you know, very high. And it does provide funds quickly to those who hopefully will spend in the large ticket, as we say, the large ticket in the industries.

The real recession is in automobiles, refrigerators, housing and in other areas where we have had our greatest layoffs. So, the attempt is to get the money to the people in sums that will allow them to spend it where they can in fact help us create jobs.

The basic thing is to change the trends in that area, to do it on a one-year basis, not build it into the system so that it will mean greater deficits and more inflation in the future.

The program also seeks to change the direction with respect to capital investment. Our country depends on capital investment for new jobs and for a bigger pie for us all to divide up. For a considerable period of time now, capital investment has been going down. Without that, there can't be a bigger pie.

We will find ourselves in the position that we are now struggling over -- who is going to take what kind of cut in the pie -- instead of the more pleasant task of trying to see who will get some part of the increases.

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Therefore, the programs, both tax programs provide for business to get 25 percent of the reductions in order to use that for capital investment and thereby allow us to increase the size of the pie. In the quick program, the first program, the 12 percent investment credit for one year up from seven, and attempts to have business push to get their investments into this in 1975 and thereby start this program of investment going again.

Let me turn to the spending field, Government spending. Again, the trend has been in the wrong direction. We need a new direction. I think you probably have all seen Roy Ash's figures which show that if we continue with the same course that we are on now, that by the year 2000, approximately two-thirds of all expenditures will be Governmental expenditures.

Thus, the President has obviously taken some very courageous and tough decisions, a 5 percent cap on cost of living increases in all sectors in which the Government makes payments, Social Security, et cetera. That is not an easy thing to propose, obviously.

But, looking at it, I think it is very defensible. As I just mentioned GNP is going down, the total pie is getting smaller, at what rate over the year we don't know.

We hope it won't be more than 2 or 3 percent, but if you take that over an inflation rate that may run 7 or 8 percent, that will reduce that group of people to approximately their share of what our total loss has been.

I think that changing the trends of Federal deficits, and Alan has already referred to it, is one of the major trends that has to be turned around if we are going to have the kind of country we would like to have. So, again, a new direction in Federal spending -- that also involves defense spending.

I am not going to talk about the energy area, but I am sure you will see that his basic program, again, is to give us a new direction. We have been becoming more and more energy dependent, more and more dependent on the Middle East and other areas, and the basic program there is to change that direction.

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I would like to note in connection with that that there are very substantial tax changes that are proposed as part of the energy program. As the President said, \$30 billion will be collected to make energy more expensive, because energy is one of our resources that we use too much of. That gives us a golden opportunity to take that \$30 billion and redistribute it in a way which will help us in this new direction.

Thus, 25 percent of it goes to business so they can have decreased taxes, they can use funds both to cover their energy costs and to try to increase the capital investments.

Higher energy costs mean that the ingenious person will find out how to lower those, and thus, he will have a net gain to use on these other things, and that is the key to the program.

In the same way with individuals, the basic parts of that \$16.5 billion tax refund goes to middle and low income taxpayers, those who have been hit hardest by inflation, those who have been pushed up in the tax brackets due to inflation. By giving them a chance to cut their energy bills, they can come out as net gainers.

I don't want to take anymore time, but I hope all of you when you are out talking about this program -- and we hope you all will be -- if there are any questions that come up that you think we can help you to answer, we will be more than ready to do it. I think we have a salable package. We have great leadership, and I know we are all going to go out and get it done.

Thank you.

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MR. RUMSFELD: Thank you, Alan and Bill.

I think just so people can make their plans, what we will try to do is let Rog and Frank Zarb take about 15 minutes on the energy side, and then we will have about ten minutes for questions between the four of us and try to conclude this about 12:15 or 12:20.

Very briefly, just to underline what Bill said, it seems to me that one of the problems with respect to the economic proposals and leadership in the economy is the fact that the American people do behave on the basis of what they think is going to happen, and that is fundamental to how the economy functions.

Certainly the people in this room, as spokesmen, as high officials in this Administration, as professionals, recognize the significance of their words and their statements and their actions out across this country as well as in this city. It seems to me that at this point we do have a solid, specific economic program that is before the Congress of the United States and before the American people.

It is exceedingly important that the American people understand what it is, understand that that is the standard that has been planted out, that that is the direction we are pointing to, and that they not be confused and misled by a variety of side statements or things that creep up on the side and lead them to believe that is not where we are going.

We know where we are going. It is there. It is before the Congress, and the important thing to see is that the Congress acts on it.

In that connection, the President met with the leadership this morning and indicated to them that it was his hope to see that the Executive Branch of the Federal Government, the people in this room in senior positions, work with the subcommittees at the earliest stages of the legislative process, that they participate in that process, meet with them, provide the answers, work out the arrangements so hopefully it can speed up the process, hopefully it can avoid the difficulties that occur when full committees get locked into positions or a matter is taken to the floor and there remains a substantial area of difference.

So, I would encourage all of the people here in their relationships with the Congress to attempt to see that we do undertake to find the common ground that can get an economic program for the country on the books.

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I recall the October summit was over about three weeks. The Congress had not acted on a single one of the President's proposals, and people were muttering around, "Gee, it is funny the President's program is not working." It hadn't even been enacted yet.

There is that tendency on the part of the American people to expect instantaneous solutions. We are all that way. Our hopes are high, and I think that it is our task to see that we work with the Congress on these economic proposals to try to get a specific plan in place as quickly as possible.

Rog Morton and Frank Zarb.

SECRETARY MORTON: Members of the Cabinet, my colleagues in Government:

I just want to take a very few minutes and introduce Frank to cover maybe first some of the areas that would fill in the President's remarks and also discuss some of the sort of arguments that you are going to get, some of the positions that you are going to get that will help us enunciate this program.

First, I think it is important that you know how it was developed. It was developed through a very cooperative effort of all of the members of the Energy Resources Council and other elements throughout the Government, plus some very attentive listening on all of our parts to many members of the private sector.

I can't go beyond this point without thanking not only my fellow Cabinet members but also their staffs and people who contributed, as well as all of the independent agencies that worked on this.

To single out one would tend to downgrade the others, so let me express my deep appreciation to everyone.

It is a program that had absolutely across the board in this Government total support, and the President's remarks about the accommodation that has been made between various areas of where there are specific interests involved I think speak to that point.

The other thing I would like to do, I would like to congratulate and thank Frank Zarb. He came on board during the inception of this program. It was a very difficult time. He had to face confirmation and all of the other problems that a new agency director has to face, and he has done a superior job. I congratulate him from the bottom of my heart.

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What the President was faced with was the question of first understanding what the so-called energy crisis is, and I think that is what we are faced with in trying to communicate with the American people so that after our communications they will understand better what the problem really is.

It is not similar to the problem that developed when we had the embargo and a reduction of two million barrels of oil a day that resulted in lines at the gas stations, regional inconvenience and shortages, a reduction perhaps in our GNP of as much as \$20 billion.

It is an economic problem, an economic problem that resulted from the quadrupling of oil prices in the world. That was instigated, as you know, by the cartel known as OPEC. Their actual supplies of gasoline and the supplies of fuel oil are normal or above for this time of the year.

The effect of the economic adjustment to the higher prices was one of the directions that had to be changed. We cannot as a Nation look at further dependence on nondomestic fuels without seeing a great deal of erosion in our way of life, in our standard of living, and in the vulnerability that we could be exposed to by this dependence.

So, independence is the real theme of what we are setting out to do as our new national policy.

Now, there is an exceptional area, and that is in the area of natural gas, and you will read more in the press about layoffs and industrial interruptions due to a shortage of natural gas. This is because over the years we have mismanaged this resource.

I am not getting into the details of that, but this has been one of the problems that we have been constantly sweeping under the rug, and now it has come forward to haunt us.

We do not have in our pipelines today a sufficient amount of natural gas to service both the primary and interruptible contractors for that supply. Some States like North Carolina have been reduced as much as 50 percent, or nearly 50 percent of their natural gas supply from last year. So, there is a supply problem.

Basically, across the board the energy problem is an economic problem, and the President had the choice of solving it through economic means, which he elected to do, which he has described and which we will be dealing with as we communicate with the people, as opposed to managing the resource on a volumetric basis, as opposed to rationing.

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If you think you could install a rationing program and go to the American people and say you are going to be rationed fuel and your own decisions have to be made along the lines of the print on the back of the cover of a ticket book for the next ten years, you can realize the kind of depressant this would be on the society.

It is just not a viable option to go. It works in wartime when you can see the end, when you can do something temporarily to get yourself into a better position. But we are looking at a vigorous program that must be carried out over the next ten years just to protect our vulnerability and assure ourselves of an economic independence free from foreign politically controlled supplies.

So, he has chosen the right way to go, and may I emphasize and re-echo one thing that the Vice President said. Mr. Ford, the President, sat for hours and way into the night, not only with his staff but with Frank and our staffs and the staffs of the different departments, himself, getting himself informed and making hard decisions, and he made them.

Now it is up to us, I think, to implement those decisions with all of the enthusiasm and with all of the talent and all of the ability that I know that this Administration has that is represented here.

I think something that Bill Seidman said bears repeating. People are going to say you are robbing Peter to pay Paul, that you are putting the price of gasoline and heating oil up and then you are turning around and giving people back their money; that is not going to save any money.

It is going to save some fuel because the ingeniousness of the American people will go to work and out of these rebates mother will get her washing machine, you better believe it. (Laughter)

The complexity of it is the most difficult aspect that we have to deal with, to hold the attention of people long enough for them to fully understand it, and I think one of the tools that can help us do this is the fact sheet that is now available to you.

It was released at the time of the State of the Union Message, and it very, very specifically spells out the elements of the programs, and I believe it would behoove all of you to get this fact sheet and become familiar with it.

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It is long, some forty pages, but it has to be to cover the whole program. And I think also the question and answer booklet that the Federal Energy Administration has put together is a very, very helpful tool in developing your ability to communicate the dimensions of this program.

Frank is going to take a look now at some of the arguments that we will be faced with and also probably fill in some of the more detailed, complex features of the program that the President didn't have time to cover.

Also, please don't hesitate, please don't hesitate, to communicate with the Federal Energy Administration or with our own office at Interior, or any of the other agencies that are involved with industry -- Commerce is heavily involved -- with Transportation.

The Department of Transportation is heavily involved, and there are people in their communications section who are highly familiar with every aspect of this and can be helpful. Let's work together.

The theme of the council has been a theme of unity. Let's now develop a total Administration unity and go out and sell this and both Don and I, as former Members of Congress -- and I am sure the President as a former Member of the Congress -- can assure you that you should have every confidence in the world in this program because I cannot possibly conceive that they will come up with one that is better, and I have been there.

Thank you very much.

MR. ZARB: What Don called the Mutt and Jeff act, someone characterized the other day as the long and short of it, so I will cover the short of it.

I don't think we ought to go into detail and preach the gospel according to the ERC. I think most of that can come out of the fact sheets, and we can answer your questions later on. Let's leave a lot of time for that.

I just want to cover once again why, why we need to have an energy plan at all, and that is going to be some of the specific material you are going to have to deliver in your individual visits around the country.

In 1970 we paid \$3 billion for imported oil. In 1974 we paid those foreign countries \$24 billion. In 1985, if other things are successful and we can drive down the price of oil by about \$4 a barrel -- but we still import at the rate we are importing now, which at that point will be a little over 50 percent -- our bill will be in excess of \$32 billion.

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That is national wealth. It is American wealth, and it is American jobs. I don't think that the American people will tolerate any procrastination in coming to a solution with that kind of difficulty.

Beyond that, if you consider the impact of our being dependent by more than 50 percent for our oil energy in the year 1985, you might reflect a little bit on what that might imply with respect to our national security.

I think using those numbers and letting them reflect on them out there will have a great impact in getting people to focus their attention.

What is the plan? The plan is a comprehensive and complete program to become free of this kind of dependence by 1985. It has within it a number of actions which the President has directed. Every single action has a value. The value is in barrels of oil.

If we don't take one of those actions or the Congress does not pass one of those actions or provide a suitable alternative, there is no way we are going to achieve our 1985 independence date.

I think it is awfully important that we emphasize that this is a total program and while near-term conservation will be the most controversial, the total program makes us free by 1985. Those who would say I don't think that part of the program is workable, they should also say here is a substitute because that part of the program has a value, and they have to substitute it with a step of equal value.

The program is more than defensible. It is complete and fair. The return of the conservation dollars tilts towards the middle and lower classes. I think that is an important point. Those people who are most disadvantaged in the society, or in the middle income brackets, are the ones that benefit the most relatively from the return of dollars.

There will be those who say we should have gone to rationing. I think Rog has adequately described that, but you consider the impact of a protracted rationing program from the standpoint of individual homeowners and bring it down to the everyday life question.

A homeowner who would move from one State to another, imagine the kind of application and bureaucratic mechanism he would have to go through to apply to at least his local rationing office to renew his share of the national oil wealth, or the new company that wants to begin somewhere, who would he have to petition and for how long before the Federal Government would allow him to begin his industry or his company because we now control the total distribution of oil wealth.

Beyond that, it gets us nothing in terms of future production while going the economic route has both elements of conservation and the long-term element of producing and stimulating additional production.

The program has within it the mechanics to equalize the burden between regions so that the Northeast -- because of ten years of neglect, we find that the Northeast part of our country relies almost exclusively on imported oil to fuel their utilities.

We are going to take steps over the short-term to equalize that burden in the Northeast, but the long-term parts of this program provide the mechanics so that we can have nuclear power up there to replace a good part of that or conversions to coal, so we can back out that imported product.

The program has a step-by-step procedure that backs out imports and replaces it with domestic American controlling energy. Those who would suggest that it is not a good program, or parts of the program are not good, should certainly be prepared to suggest what the solutions are.

The other question which you will be faced with are those who would just back out part of the program, a halfway measure. That is not acceptable. We have been halfway measuring in the energy business now for the last 10 or 15 years, and we are now in a position here where the very security of the country on a long-term basis is at stake.

We will be providing you, from time to time, probably once a week, statements for Administration spokesmen which will take some of this technical language in the fact sheets and put it in the form of statements you can insert in speeches, or Qs and As so that you can understand the substance of the question in an English language response so that it is understood.

We will be prepared at any time to help you with a speech, to help you with questions and answers if you are going to be with the media. We urge you not to keep your cotton picking hands off energy. We urge you to get involved, speak out, understand the issues.

If you have an opportunity, represent the President in his energy program. We will give you all the support we can, and to the extent you become an energy spokesman, you become one of our family.

Now we get to the questions and answers.

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MR. RUMSFELD: I guess the best way to do it is to start moving along rapidly. If you could stand up and say who you are asking the question of, we will charge along with some questions.

Q Alan Greenspan was going to make the point of the effect of a budget deficit and Federal expenditures.

MR. GREENSPAN: It is fairly obvious to anyone who looks at the set of numbers we are dealing with that the size of the budget is not simple to deal with, and that it is risky. I think it is a mistake. Don't try to push it under the rug. That is not the right thing to do.

What you want to do is indicate, one, that it is a tight fit in the financial market, it does cause some difficulties, but it is manageable. That is all the more reason why we must keep a lid on Federal expenditures, because if you take a look not at the question of what the actual deficit is, but what it could be if the President's expenditure requests, deferrals, recissions, and the like were turned down and the capital were turned down. You get budget deficits which choke you, and I think really get beyond the point of being able to deal with.

I think rather than to be on the issue of the defensive on the deficit, one, I think it is important to recognize that it is a very substantial problem to hold expenditures down. The pressures of the mandated programs are tremendous, and I think that to the extend that anyone says we have a problem -- and I would not want to say we don't have a problem -- but to the extend that they do, I think this is all the more reason to push on the side of getting down the expenditure stuff.

I might also point out that one of the reasons why the \$12 billion tax rebate to individuals is broken into two parts was largely because of debt financing reasons; that is, from an economic point of view it would have been better to stick it all in one slot right at the beginning as quickly as possible because that is the best way to get the type of response we want.

The effect, however, had to be split in two because that would choke the market at that particular point.

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Q Frank Zarb, the media has already stated the numbers are wrong. Do you have some way of substantiating what you have?

MR. ZARB: Yes, the numbers so far as we know are correct. You would have to give me an idea which numbers they are complaining about.

Q The Wall Street Journal said yesterday that the program would take less barrels per day than you have projected.

MR. ZARB: Yes, the Wall Street Journal calculation said that we would save 600,000 to 800,000 barrels a day based on their own elasticity analysis. We have said right along that we are going to back out a million barrels in import and 200,000 of those barrels are going to come from Elk Hills to the tune of 100,000-plus, and coal conversion to an additional 100,000, so that in our calculations we go up to 1.2 million and we claim one million and they say 100,000 in conservation.

They are absolutely right, and I hope they will support the program based on that.

Q This morning they raised the question of we did not take account of capital increases in prices in doing these taxes; therefore, it is not what we are talking about by way of impact on the economy, the CPI is higher, and also the amount of taxes that will be generated will be substantially higher than \$30 billion. It was Otto Eckstein's model they referred to.

MR. GREENSPAN: First of all, any calculations with respect to this question must, of necessity, be rough. The difference in point of view essentially rests upon the question of the extent to which what is the actual basic underlying oil cost increase, which we calculate with respect to the various elasticity coefficients that Frank was talking about with respect to price and the like.

We calculate the total cost in the oil bill goes up a little over \$30 billion under the conditions we are looking at.

The argument is that somehow this gets multiplied in the system because people mark up their costs on top of their raw materials.

Anyone who is in business knows two things: One, it is a wonderful thing to do, and you try to do it, and two, it doesn't work.

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What we saw in previous periods of significant price changes that the profit margin to the economy as a whole did not rise when we had the first big rise in oil prices. Now the logical implication that there are mark-ups must be either, one, it appears in increased wages and the types of changes we see in the CPI, and granted all the escalation clauses we have seen around are not enough to make a difference, and two, it can appear in profits.

The point is if it appears in profits it has to appear in the consolidated total profits of the economy, and the last time we had a particular problem of these sorts, it doesn't show, so that when you put together an econometric model, if you have in your equations a mark-up ratio type of price forecasting system, which I suspect is what is involved in here, and you push the buttons, the printout you are going to get is going to create these mark-ups, and it is going to say that is what the total effect is.

It is a very serious question of whether that particular formulation represents reality, and I think what is far more important is not to find out what an econometric model does. As an old econometric model producer, I don't want to give you a lecture on how terrible they are. (Laughter)

The basic thing is to look at what has happened in the past and this type of cost increase in oil is not likely to have anything close to the effects which they are talking about. Nonetheless -- and Frank hasn't even raised this question -- even if it did, the question is, would that change the particular program and, frankly, within all the ranges I have seen, the answer to that is no because there really are only three choices on the energy side -- do nothing, go to rationing or do what we are doing--and the other two are so terrible that within the price ranges anybody estimates, whatever assumptions there are, it still is the most sensible program because you don't have a fourth choice. If they can give us a fourth choice, we would be delighted to listen.

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MR. RUMSFELD: The alternate answer to that question was given to me by an old Senator when I was in the Joint Economic Committee, and that is, "If you put four economists in the room, they come out with five answers."

It has been suggested that I summarize all the complexities that we have just heard. It is impossible to do, but I will take a quick stab at it.

The President, this Government, the country were faced with problems of inflation, rising unemployment, energy at high cost that was not reliable. The solution in its most simplistic form that has been put forward by the President, by the Vice President and by Rogers Morton and Frank Zarb and Alan Greenspan and Bill Seidman, is a tax cut for industry and business to put more money into the hands of the people and business to provide more jobs in this country, a serious effort to get a grip on Government spending, which, as the President has said, "has taken on a life of its own," a one-year moratorium on new Federal spending programs, with the exception of energy, and a 5 percent cap on the automatic increases, a major effort to conserve energy and achieve energy independence by 1985, but to see that the higher costs of energy, in fact, do not depress the economy further in that we are putting the money back into the economy and putting it back in a way that corrects some distortions in the tax system and, finally, a vigorous effort to develop alternate sources of energy.

There is a wonderful story about the Senator that had a speechwriter who was so brilliant, and the speechwriter indeed was more brilliant than the Senator, and he asked for a pay raise. And the Senator said, "No." So, the Senator got his speech from his Secretary, raced off, walked up to the podium, looked at the speech, said, "Today I am going to tell you how we can reduce taxes, pay higher unemployment benefits, build more highways, maintain a strong national defense and return more money to the American people at the same time."

He turned the page, and, of course, there was that small handwritten note that said, "Okay, you jackass, you are on your own." (Laughter.)

I had a feeling I was getting set up here, but, since no one has balked, that summary stands.

I thank the individuals here, and I thank the individuals who have been doing such a fantastic job with them, Earl Butz, Roy Ash and Cap and Jim Lynn -- somewhere in the back I saw Ken Cole -- they have worked hard. I think they have done a great job, and I know the hundreds of people in your departments and agencies have been doing most of the work for them and making them look good.

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In closing, let me just say this: It is a tough time to govern. You know it and I know it. As I look around the room, I see people who have been in the saddle for a number of years here, and you know it particularly well. I have been back only three months, but I can feel it. It is difficult. There is a restlessness, in my judgment, for lack of a better way of putting it. There seems to be less of a ribcage in our society than there has been in previous years from the standpoint of leadership. The people in this room are leaders.

You are in your positions because you are leaders; you have people who work with you and for you who respect your judgment, who follow your leadership. It seems to me that it is an important time for Government, it is certainly an important time for this Administration, and it is a critical time for the country.

I hope that each of you, as you go back to your departments and agencies this afternoon, will take on to yourselves a part of the responsibility for understanding the complexities of the programs that have been put forward and a part of the responsibility for helping the American people understand the direction and the sense of purpose that the President is providing.

I will make this one final comment. I have been gone for a couple of years, and I know one thing has changed dramatically, and that is that women have achieved full equality in the Government of the United States.

Carol Laise was kept standing in the back of the room throughout the entire meeting. No one gave her their seat, and finally, exhausted, she left. (Laughter.)

Thank you for being here.

END

(AT 12:23 P.M. EST)