

FOR IMMEDIATE RELEASE

OCTOBER 7, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE
PRESS CONFERENCE
OF
HUGH SCOTT
SENATOR FROM THE STATE OF PENNSYLVANIA
JOHN G. TOWER
SENATOR FROM THE STATE OF TEXAS
AND
ROBERT H. MICHEL
REPRESENTATIVE FROM THE STATE OF ILLINOIS

THE BRIEFING ROOM

9:26 A.M. EDT

MR. NESSEN: As you know, the President met this morning with Republican leaders of the House and Senate. The meeting lasted approximately an hour and five minutes. Quite obviously, a major part of the discussion involved the President's proposal last night for a \$28 billion tax cut.

To talk to you about their views on that and to answer your questions we have, first of all, the Republican leaders of the Senate, Senator Scott and also Senator Tower; and representing the Republicans in the House we have Congressman Bob Michel.

SENATOR SCOTT: Ladies and gentlemen, I have to leave a little early and we have asked Senator Tower, as the ranking Member of the Banking Committee, to be with us to help comment on this matter.

The President makes it clear that this is a one-for-one proposal -- that is, one package of cuts and one package of spending -- that it is obviously a situation where there needs to be some compact between the Congress and the President because he will not support the tax cuts unless there is strong evidence from the Congress that they genuinely mean to effect meaningful tax cuts in the area he mentioned.

He stresses the fact that an attempt to evade this by simply cutting programs without constituencies, or which Congress thinks are without constituencies -- like defense already severely cut, or foreign assistance -- will not do it.

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He does not regard this as a net cut in spending and it is certainly not a cutback. We will still go along with the \$25 billion increase in Government spending. It is a reduction in growth. He says he will fight for it, he would like our help, he will veto as many bills as necessary -- and some of these bills with hurt -- unless Congress really means business. He thinks the people of this country are ready for some stop in the heavily escalating costs of Government; otherwise, the Nation may get into the same kind of a situation that some of the cities do.

I am going to sort of yield here to Bob Michel and John Tower, if you will excuse me.

CONGRESSMAN MICHEL: I might just say that I think the President is making points out in the country with his posture of trying to hold the line on Federal spending.

As I make the country, it is a very popular thing to hold down the level of Federal spending, and that is what the President underlined this morning -- that if he had to veto 100 bills to make that point he was going to underscore it so that it would then justify that kind of a tax reduction. And, as Senator Scott said, one-for-one is a good proposal. It should sell to the American people.

Q Congressman Michel, what are your realistic expectations that this might sell in the House, that a majority of Members of the House would go along with such cuts?

CONGRESSMAN MICHEL: Well, we have obviously got a problem with a Democratic-controlled Congress and if that issue has to be enjoined, that is maybe what the American people will be making a judgment upon next year. And I think we just, as a matter of principle, have got to do the very best we can and if it is one-third plus one, we are making a point in support of a principle, and then let the American people make that ultimate judgment.

SENATOR TOWER: I don't think I can add much to what has been said except to note that I believe that there is mounting popular pressure for a reduction of Government expenditures, and mounting concern on the part of the business community for an anticipated capital shortfall. We are facing up to the possibility over the long pull of 10 years of a \$4.1 trillion capital shortfall.

If you translate that into terms of jobs, that could mean that by 1985 one out of every working American would be unemployed, and this is a crisis that I think we must face up to, must strip away the demagoguery, and translate the necessity for capital formation into terms of the necessity for preserving an adequate job market in this country.

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Q Senator Tower, do you have any realistic expectation that your colleagues in the Senate will go along with this?

SENATOR TOWER: I think the Senate will act probably more responsive than the House might -- and I am very loath to say that in the presence of my good friend from Illinois.

CONGRESSMAN MICHEL: Well, I think the important point here is that the built-in increases are the things that the President is talking about scaling back. As Senator Scott said, there is still room, flexibility there for an increase in worthwhile programs to be built into the budget next year when it is presented, but simply a scaling-back of a wholesale precipitous rise that we see of some \$51 billion -- and that is the thing the President has concentrated on, is scaling that rate of increase back to something more reasonable that we can live with.

SENATOR TOWER: This is a way of addressing ourselves to the so-called uncontrollables; that is, to keep them from escalating in terms of cost, to cut back the growth; not cut back in actual dollar amounts, but cut back in growth. Arrest the process, in other words.

Q Did the President give you any specific programs as examples of that scaling back?

CONGRESSMAN MICHEL: Well, in that list -- I think you folks have the briefing papers there -- of course, there is a \$9 billion expected increase in interest. Now, obviously, we are not going to be able to have any part to play there but you have got items like Medicare, Medicare, some built-in increases that frankly aren't going to hurt the health care of our aged people, and I think it is ridiculous to think we are going to cut back on the level of Social Security and the cost of living index increases that might be there. Also, there is food stamps -- over \$2 billion, probably more.

Some of us will be testifying within the next few days on our bill to scale back and I think ultimately the Administration is going to support a much harder line there of screening out those at the top and providing more for those in the lower scale. So there is plenty of room for savings if we really want to address ourselves to it.

SENATOR TOWER: I think that probably categorical grants in aid will probably get some fairly close scrutiny.

Q Congressman Michel, how can you work out the Congressional nuts and bolts on this? The budget isn't due until January but the Ways and Means Committee wants to work on the tax cut fairly soon.

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CONGRESSMAN MICHEL: Well, I can appreciate that in one fell swoop, one package, that isn't possible. We have got to have a move with respect to the tax bill before the end of the year because then, if not, rates will go up again to the old ones. And I think from a practical point of view, we all accept the fact that isn't going to happen.

But then today we will have a bill which I am sure will be overridden but I suspect we will get some more votes to sustain if our arguments are directed along this line that we have got to begin making some cutbacks to substantiate what the President has been talking about.

Q Well, then, is the President going to have to sign a tax cut on faith that the Democratic Congress will limit spending?

CONGRESSMAN MICHEL: No, I don't think he is going to do that. I think we have plenty of time. As a matter of fact, we have only had one regular appropriation bill that has been down here, in the form of education, and signed into law over the President's veto.

Now there are 12 further ones coming along plus supplementals, and on that I think you are going to see the President being very, very tough and making that case -- that we have got to live within the budget he has prescribed.

Q Should the President sign a tax cut if there is no agreement with the Democratic leaders on a spending limit?

CONGRESSMAN MICHEL: My personal feeling is no.

SENATOR TOWER: I would concur.

MR. NESSEN: Let me say that, as Senator Scott mentioned to you, the real thrust of the President's remarks was that he is going to fight, and that is the word he used repeatedly at this briefing. He believes that the people want a tax cut and he believes that if Congress doesn't understand that now by going out and talking to the people and urging the people to let their Senators and House Members know that however it may look now that with his own efforts to go out and talk to the American people and have the American people bring pressure on their Senators and House Members, he will be successful in this and he intends to fight for it.

I think that would be the only thing I would add to what the Members told you, but that was a very strong thrust of what he said today.

THE PRESS: Thank you.

END (AT 9:37 A.M. EDT)