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DECEMBER 10, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE
PRESS CONFERENCE
OF
HUGH SCOTT
SENATOR FROM THE STATE OF PENNSYLVANIA
AND
JOHN J. RHODES
REPRESENTATIVE FROM THE STATE OF ARIZONA

THE BRIEFING ROOM

9:52 A.M. EST

MR. HUSHEN: Good morning.

I think China may have caught up with the other Deputy Press Secretary, who is sick today.

The meeting with the GOP leaders ran a little long this morning. We have Senator Scott and Congressman Rhodes here to tell you what transpired.

Q How long did it run?

MR. HUSHEN: It ran from 8 a.m. until about ten to 10, which would have been an hour and 50 minutes instead of 90 minutes, which it was scheduled to go.

SENATOR SCOTT: Shall I start?

CONGRESSMAN RHODES: Go ahead.

SENATOR SCOTT: The principal matter here was that the President reported on his visit to the People's Republic of China, to Indonesia, to the Philippines; that he felt it important that the country should view this as a part of our Asia policy rather than any one country policy alone, but that he believed it was important to visit the People's Republic of China to build on our existing relationship.

He found Chairman Mao to be stronger physically than the earlier public reports, and very alert, and that Vice Premier Teng Hsiao-Ping is a very strong man, very much in charge, and they all speak up strongly in favor of strengthening our commitments in NATO, Japan and the Pacific. They are against hegemony by any major power -- in Africa, Asia or elsewhere.

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He found Indonesia to be most anxious to have the United States retain an active role in the Pacific. He and President Marcos discussed our bases there. The Philippine President favors some consideration of some revisions in the long run, but there is no pressure.

The economy is strengthening, and that is about it.

On the other subjects, we can turn to those.

CO_GRESSMAN RHODES: As far as the domestic side is concerned, I think this was the most far-reaching discussion of domestic issues that I remember the leadership ever undertaking. It was free wheeling, and there were ideas freely expressed on practically every issue of the day by the Members, and I must say that they were not all unanimous.

We discussed the energy bill, the natural gas bill, the common situs picketing bill and any number of other legislative proposals, both unmade and to be made, and I think that the President should have very little doubt as to the opinion of practically all the Members who were there.

Q What did you tell the President about the possibility of the tax bill -- his veto being upheld in the House?

CONGRESSMAN RHODES: It was discussed as to what the President would do or should do, and he reiterated his determination to veto any tax bill that does not have an expenditure ceiling. There was discussion about the prospects of sustaining that veto, and I don't recall that there was anybody who made any definite pronouncements as to whether it could be or whether it couldn't be.

SENATOR SCOTT: The President did use a phrase referring to the tax bill that all this problem we are talking about can be avoided if Congress will only put a spending ceiling on there, that that is what he wants, that is what the country wants, that is what some of the more streetwise Governors of both parties are recognizing.

Q Gentlemen, did you discuss with the President the possibility of keeping Congress in town over the holidays or bringing them back early from recess, and could you tell us what your views on that are and what the President said?

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CONGRESSMAN RHODES: That is an option that the President has, of course, if indeed the tax bill is vetoed and the veto sustained, and also if the railroad bill does not become law prior to the time that we leave town. The President certainly would not rule out the possibility that there would be some call for the Congress to come back prior to the projected date of return in January.

Q What is the status of the railroad bill?

CONGRESSMAN RHODES: The railroad bill probably will be voted out of committee today. They finished their mark-up mainly, and from what I can hear from the committee, the bill has been altered rather considerably, and we are in hopes that it would meet the approval of the President and could become law.

Q Did the President say what he plans to do about the energy bill?

CONGRESSMAN RHODES: The President did not say. There was much discussion pro and con as to what the fate of the energy bill should be, and the President did not commit himself.

Q Gentlemen, could you give us your views on calling Congress back?

SENATOR SCOTT: The normal resolution states that Congress can be called back, of course, by the President constitutionally or by the two majority leaders or by the two minority leaders. I suspect that if we ever exercise that power, we might lose it in the next resolution. I have never tested it.

Our feeling is that we would hope to avoid an extra session, especially in view of the holidays, but that we will accept whatever the President's decision is, that it is essential that the country be aware of the fact that the President's major concern and, in fact, I think the major issue before the country, is whether or not Congress is of a mind not only to reduce spending but to be willing to act affirmatively to commit itself to a given spending reduction. Therefore, the possibility exists of a special session. It is not, however, a threat and it is not a promise.

Q Senator, did by any chance you and the President discuss the possibility that you might become our next envoy to Peking?

SENATOR SCOTT: Well, not today.

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Q Have you in the past?

SENATOR SCOTT: Well, only that we joke about it.

Q Would you be willing to accept the job if he asked you to take it on after you leave the Senate?

SENATOR SCOTT: I have no such present views, and I am not at all sure whether my wife would be very happy in view of the fact that at the moment she is very happy indeed, and very relieved, and I don't really want to upset that. I get better meals at home if I keep things the way they are.

Q Could I return to both taxes and the energy bill? Maybe we can take the energy bill first. You said the President did not commit himself. Did you get the impression that he would make a decision, make up his own mind, before the House and Senate act on this compromise or do you now think that he is going to wait until after?

SENATOR SCOTT: No, I think he, as always, waits on the measure coming before him. He will have to wait until he gets it.

Q Well, we have been given to believe that he is fully aware at this point of all the specific details in the bill, even though he has not actually read it.

SENATOR SCOTT: Frank Zarb said there was still some -- the conference report requires him to continue to bring the President up to date on certain nuances in the bill, and so I would think he will not be in an immense hurry about it.

CONGRESSMAN RHODES: Of course, either body could change the conference report by recommitting it to the committee on conference with or without instructions, so he really does not yet know the final form of the bill.

Q Did you get the impression that he was leaning one way or the other at this point on the bill?

CONGRESSMAN RHODES: No, I did not.

SENATOR SCOTT: No, he didn't say that one way or the other. He did urge that there be action in the House on the natural gas bill and stress the fact that while some newspaper articles have tended to minimize the shortage and the shortage is alleviated probably, but that the risk is still there, it exists, and the risk will be even greater next year and depends in part on the weather.

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Q On taxes, you said that he reiterated his determination to veto any tax bill. From all the indications --

SENATOR SCOTT: If it does not have the spending ceiling.

Q In view of the fact that the House already has approved such a bill and there is little evidence at this point at least that the Senate is ready to give him the kind of bill he wants, did you get any feeling from your discussion this morning that the President is trying to find a compromise or does he seem fully convinced that there is no way to get around this any longer and that it is just going to be a question of his vetoing it and whether or not it can be overridden?

SENATOR SCOTT: The issue, as has been stated by him, on what he calls a dollar for dollar basis, and what he is searching for, is that for every dollar reduced by taxes there should be a dollar reduction in spending, and there has been no give on that whatever on the part of the Congress.

I hope that when you refer to what the President will do to a tax bill, you will always couple it with the fact if it does not have a spending ceiling attached, because that is the existing and continuing condition.

CONGRESSMAN RHODES: I think the figure of \$395 billion is still the figure, though, that he would insist on as a spending ceiling for fiscal 1977.

Q Could I pin that down? Are you saying that he will insist on a \$395 billion ceiling or else he will veto?

CONGRESSMAN RHODES: That is correct.

SENATOR SCOTT: He set that as the identifying figure, yes. I think if somebody came in with half a percent more or less -- who is counting?

Q Congressman Rhodes, you kind of slipped out whether or not the House will sustain that veto. I am going to try it again. What is your prediction? Can you sustain a veto on the House side?

CONGRESSMAN RHODES: I have taken no headcount, and until I do, I would not want to predict.

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Q Sir, the White House seems to be pretty confident that the veto could be sustained just based on what the vote was in the House, it was so close.

CONGRESSMAN RHODES: Of course, the vote does not really occur on the spending ceiling. The vote will occur on whether or not the continuation of the tax cut granted in last March will be continued up or down. I am assuming, of course, that the Senate does not put a spending ceiling on.

I hope they will, but I am assuming that they won't, and then the President vetoes the bill. The question is on the cut, and the issue will remain the same. The issue is that if the cut were there with the spending ceiling, the President would sign it, but he won't sign it without, but the vote occurs nevertheless on the cut without any spending ceiling in that particular piece of legislation.

Q Did either of you or anybody else at the meeting urge the President to go along with the compromise on this?

CONGRESSMAN RHODES: I would not say that he was urged. The possibility of a compromise was suggested, but the President indicated very strongly that he was not in favor of such a compromise.

Q What was the compromise suggested?

CONGRESSMAN RHODES: The possibility of an extension of the tax cut for some period less than a year.

Q Do either of you favor that?

CONGRESSMAN RHODES: I intend to vote to sustain the President's veto if the bill comes without a spending limitation on it.

Q Senator Scott?

SENATOR SCOTT: I presently support the President. It would depend on the form it takes at the time, and I am anticipating too much, but I am supporting his intention here and we will have to wait and see.

Q Congressman Rhodes, do you differ with the President on the common situs picketing bill?

CONGRESSMAN RHODES: No, sir.

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SENATOR SCOTT: I don't think I do. I don't know what he intends to do about it yet, but my position, and it has been made pretty clear, is that I would ask him to veto it.

Q Gentlemen, did either of you or did anyone in that room today say to the President, "Sir, you are up for election next year and Presidents just don't veto tax cuts in election years, for whatever reason"? Did anyone ever just spell it out?

SENATOR SCOTT: People talk like that from time to time. I don't recall that particular wording, but people say things like "it takes a lot of moxie to veto a tax bill, and if you feel you have got to do it, we respect your feelings," or something like that. It is free-swinging but no exact wording of that sort.

CONGRESSMAN RHODES: You will remember this better than I because you were in Congress at the time -- in fact, you were in the House -- but you remember that Harry Truman vetoed a tax bill in 1948 and the bill was passed over his veto and then in the next Congress Harry Truman -- well, Harry Truman was then elected President and the Congress was decimated.

SENATOR SCOTT: The converse happened as soon as the Republicans came in on one of those rare occasions. They passed a tax reduction bill, took seven million people off the payroll and in the next election were beaten largely by the seven million people they took off the payroll.

Q Senator, who brought that up at the meeting today?

SENATOR SCOTT: I did.

Q Was there any discussion at this meeting about the SALT negotiations, and Mr. Kissinger's trip, and what the prospects are now for a meeting with Brezhnev and for further negotiations?

CONGRESSMAN RHODES: No.

Q It didn't come up at all?

CONGRESSMAN RHODES: No, it did not.

Q Did the President say anything about going to the Middle East in the spring?

CONGRESSMAN RHODES: He did not.

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SENATOR SCOTT: He didn't refer to any other trips at all. He simply said -- referring to the current problems like tax, energy and so on -- "if you fellows are going to be in town, I will be in town for whatever is necessary to do."

Q What was the consensus among the people there in terms of what the President ought to do on taxes? You said the possibility of a compromise was suggested. Were there a number of people who felt that he ought to try to --

CONGRESSMAN RHODES: Not too many. I think the room was rather firm on the idea that the expenditure ceiling was absolutely necessary at some stage of the proceedings, and I don't recall any great amount of dissent.

SENATOR SCOTT: There was a general feeling that the majority party simply does not want to be pinned down to a spending ceiling because it runs counter to their philosophy and that that is where the problem is.

Q Didn't anyone in the room speak up and say, "Well, the Democrats do have a point in that they have not seen the President's budget yet"? Did anyone bring that up?

SENATOR SCOTT: Not in this meeting. In other meetings they have said that; among the arguments they have included that one. The President, in an earlier meeting I recall, said "There is nothing to prevent them from adopting spending ceilings. They have done it before and they can do that as something that they have to commit themselves to shoot for instead of shooting at."

Q Did the President ask for or suggest any steps that may be taken in the Senate at this point to try to work out some solution to the problem?

SENATOR SCOTT: To add a spending ceiling?

Q I mean, we don't know his position on that yet.

SENATOR SCOTT: That is his position, and as I recall, there was nothing said by him which would indicate that there is any give on it. (Laughter)

Q In other words, there was no line of compromise suggested here today?

SENATOR SCOTT: I don't want you to get the impression by repeating questions that there was an unpromising attitude. There was a feeling, on the contrary, that the President had staked out a logical and justifiable position -- there was general support for it, there was a strong feeling that it is up to the Congress, which speaks in terms of its responsibilities, to show some for a change and that Congress ought to be willing to set up a spending ceiling, that this is not one of those impossibilities at all.

They have done it in the past. They have a budget committee. They have means by which they can say that we will not spend more than a certain amount, and they have taken a bite out of defense for \$7 billion or so. They show they can cut. They simply don't want to do it. They want the people of this country to think that their taxes are required for some mysterious purpose having nothing to do with the people who vote them.

Q Senator, if it is not uncompromising, then where is the room for compromise between the President's position and the Democrats' position that they will not pass a ceiling until after they see the budget?

SENATOR SCOTT: They might well come down and propose the form of the resolution and let's discuss it and see what they do propose, but it would have to be something that commits the Congress to fiscal responsibility. It has to be something where the Congress says to the people of this country we do feel that too much is too much, that we aren't going to spend our way into the stratosphere, that we will give you a figure, and if the figure is different from the President's, they can sit down and talk about that for a while.

They might have some arguments as to why it should be a billion dollars more. He might have arguments why it is a billion dollars less. There are areas of compromise, but how can you compromise with people who won't compromise?

Q But you say it has to include a figure, not just --

SENATOR SCOTT: It has to include an objective, yes, whether you call it a figure or not.

Q Do you think that one-for-one matching is something that is absolutely a prerequisite for the President? I gather that 28 for 28 is not necessarily a prerequisite, that he is willing to be flexible on that. Are you saying that it has got to be --

SENATOR SCOTT: Dollar for dollar is what he feels, yes. He feels that it is important for the people of this country to continue to have such tax relief as they have, to gain additional tax relief if they can, but that they are intelligent enough to know and aware enough to know that their taxes come from spending and principally from spending authorized by the majority in Congress and that the majority in Congress ought to say, "We are going to give you all the help we can, but that we will include some restraint on our part."

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Q One more time. Could you tell me just who said in there, "Mr. President, you are aware of the political implications of vetoing a tax cut in an election year," and was there any sustained discussion of that?

SENATOR SCOTT: There was no sustained discussion of it.

CONGRESSMAN RHODES: It didn't last long.

SENATOR SCOTT: It didn't last long. There were various people who mainly took the position that it takes a lot of courage to veto a tax cut and that it is terribly important that the people must know that if that happens, it is done for one reason only, and that is because Congress won't make the continuance of tax cuts possible in the future without Congressional restraint. That point was made several times.

Q By one of you, by any chance?

SENATOR SCOTT: Among others, yes, but we weren't the only ones. We didn't initiate it, did we?

CONGRESSMAN RHODES: No.

THE PRESS: Thank you.

END (AT 10:15 A.M. EST)