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NEWS CONFERENCE

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AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:30 A.M. EDT

JULY 2, 1975

WEDNESDAY

MR. NESSEN: I think you have your announcements, and we gave you the schedule. I think you have a rough idea of the schedule for tomorrow, and we will have the bible out at 3:30.

Right after this briefing, we will have the fact sheets for the housing bill which is being signed this afternoon.

I thought you might want to hear a little about what went on at the energy meeting this morning. It lasted about an hour and five or ten minutes. The first 45 or 50 minutes were taken up primarily with the discussion of the decontrol program that the President will send up; discussion of various ways to do it, the timing of it and other portions. There were no decisions made.

He asked Frank Zarb to bring some papers back next week for the final decision. As I told you yesterday, it will go to Congress during the three-week period between the return from the Congressional Fourth of July vacation and the beginning of the August vacation. So that will be done.

During this discussion, some other peripheral issues came up. Among other things, the President made the point that he certainly felt that Congress was lagging on passing the Elk Hills legislation, that he thought Elk Hills was just an idle source of oil.

As you know, the legislation that he favors would increase production at Elk Hills to 300,000 barrels a day, and that he just thought that was an overlooked source of energy and he thinks Congress ought to get busy and pass that legislation.

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He asked somebody to find him the figures on how much oil production has been lost at Elk Hills from the time he recommended that until now, when nothing has been done. He also pointed out that if his program had been put into effect, this slight increase in the price of gasoline would have -- or any increase in the price of fuel under his program -- would have been rebated to the people who paid for the fuel through the rebate plan that you recall from his recommendations.

The last part of the meeting was taken up with a quick run-through of some charts which displayed the current energy situation in several areas. He was shown a chart showing the steady decrease of domestic production of crude oil down below 8-1/2 million barrels a day being produced domestically.

Q From what was that, Ron?

MR. NESSEN: It all depends where you want to go back to. As you know, the decrease has been going on since about 1970, but if you start, say, at the beginning of 1973, which is where the chart began, the production was just slightly below 9-1/4 million barrels a day, so it has come down almost a million barrels a day in two and a half years.

Q Ron, for another comparison, what is the present production of Elk Hills? You say he wants it up to 300,000.

MR. NESSEN: We will check that for you.

Q On that general decline in production, is the President satisfied that the oil companies have done all they could in terms of maximum production to get all the oil they could get out?

MR. NESSEN: Yes, and he thinks some of his proposals would help increase that. For instance, decontrol is one of them.

Q How does he know maximum production was reached since the track record in the past is one that raises skepticism?

MR. NESSEN: I don't know what you mean by the track record of the past.

Q We know the oil companies and the natural gas companies have told us they have a certain quantity in storage and later it came out the facts were not quite accurate. So how does he know that the facts today are accurate?

MR. NESSEN: I don't know what you mean by the facts turned out not to be accurate.

Q They had more in storage than they said they did.

MR. NESSEN: He goes on the assumption they are producing all they can produce under the current economic incentives, and that is one reason why he wants to decontrol oil.

Q Would he reject the idea that they might think by not producing as much as they could they could create better economic incentives in the future? Wouldn't that be good American business?

MR. NESSEN: I have not heard that discussed here.

Q Let's put it this way, Ron: Was he given any figures in this meeting on current domestic production by the oil companies, and any figures that compared current production with capacity production, what they could produce? Was he given any comparative figures?

MR. NESSEN: He was not given any comparative figures, no. He was given comparative figures of production now as opposed to production two and a half years ago, showing a steady drop.

Q But he was not given figures showing what percentage that production was of capacity?

MR. NESSEN: He was not.

Q It is the case, is it not -- I assume the President or his advisers are familiar with it -- the oil companies are indeed producing at considerably less than capacity at the present time.

MR. NESSEN: I have not heard that discussed.

Q Ron, would you discuss the theory of how decontrolling the price of old oil will get us more oil?

MR. NESSEN: I think those of you who have looked into this at all know that old oil might be a slightly misleading term. Fields that were in production before a certain date, all the oil pulled out of those fields is counted as old oil. So, if you have a producing field with some wells in it and then you go in today or a year from now and drill a new well, it is still counted as old oil with a controlled price.

So, I think that is what you are getting at.

The other aspect of that is that some of these wells need to be pumped through secondary and tertiary production methods to get what oil is in them out, and those wells are counted as old oil.

With the controlled price and the extra cost of secondary and tertiary recovery methods, it is not worth it to pump those wells unless the price is decontrolled.

Q Ron, you said the statistics that were gone over with the President this morning showed a decline in the domestic production since 1973.

MR. NESSEN: No, I said that the chart he was shown was for January, 1973, to the present day, period. Actually, the decline began in 1970.

Q But the decline has been continuing, has it not?

MR. NESSEN: It has had a few jigs and jags in it, but it is generally steadily down.

Q My question is, since the fall of 1973 we have had a quadrupling of world oil prices. One would think you would start to see some increased production if the President's theory about higher prices bringing on new production is accurate.

MR. NESSEN: That is the argument for the decontrol of old oil prices.

Q We have not seen any effect in the last two years with oil prices quadrupled.

Q Which affects new oil.

MR. NESSEN: It affects the price of new oil. The breakdown is that two-fifths of the oil is imported oil, two-fifths is old oil, and one-fifth is new oil. Since it is all mixed together in the final product, you have three-fifths of the oil which reflects the current price and two-fifths of the oil which is frozen in price.

Q Was he given any figures which would indicate whether the production of new oil in this country had gone up as a result of the quadrupling of oil prices?

MR. NESSEN: That was not broken down into a chart today.

Q Do you happen to know whether it has gone up or down or stayed the same?

MR. NESSEN: No, but the FEA can provide that to you. I talked to Frank Zarb afterward and he said he had a lot of additional information which he would be happy to give, and more detailed information.

Q Ron, was there any discussion about this latest price increase and the possible impact on the Fourth of July weekend travel?

MR. NESSEN: No, other than what I ran through yesterday, which was about a penny and one half of it, or a penny, are the result of the second dollar on the oil tariff, and the remainder of it is still within the margin set by the FEA to make up for the higher cost that the companies have.

Somebody did ask whether there would be any way to determine whether there was less driving during the Fourth of July weekend as a result of higher prices, and the President was told that there was no way to quantify that, that it was anticipated there would be some less driving this weekend, but there was no way to fix an exact figure on it.

Q Ron, has the President asked for or received any projections on what the price of a gallon of gasoline might go to by the end of this year in view of the most recent price increase, in view of the threatened OPEC increase this fall?

Have you heard any projections or has he asked for a projection of what the price of a gallon of gasoline might be by the end of the year, and what effect that would have on the economy?

MR. NESSEN: No. It is difficult to say because there are so many imponderables at the moment. There is the question of whether you will have decontrol, and if so, under what phase-in system you would have it. There is a very large question of whether the OPEC countries will or will not raise their prices. And there is a question of how much of the President's program will be put into effect.

And, again, as I say, he mentioned at this meeting that the effect of these price increases would be offset and the people who spend the money for gas would get their money back if Congress would pass the rebate portion of his program.

Q Ron, did anyone raise at this morning's meeting the problem of gouging over the Fourth of July weekend?

MR. NESSEN: I don't know that gouging is the term.

Q Did they ask about it at all?

MR. NESSEN: It did not come up but there is an upper limit set by the FEA. But the matter did not come up this morning.

The other charts that he saw were showing the anticipated demand for petroleum products through the end of the year. There is a seasonal factor where demand is up around 18 million or 19 million barrels a day, usually in the winter months, and then it falls steadily through the spring, kind of levels out during the summer and then goes up again toward the end of the year.

The forecast is the total demand for petroleum by the end of the year would be between 18 million and 19 million barrels a day, and of course, with domestic production down and falling, the difference has to be made up from imports, so the forecast there was that imports would increase.

He was shown another chart which shows that the imports from OPEC countries, as a percentage of all the imports, is increasing, so that of all the oil imported by the United States now, 65.8 percent of it comes from OPEC countries, which is a fairly sharp increase from the beginning of 1973 when actually slightly less than half the oil imported came from OPEC countries.

The reason for this was explained, that Canada is cutting back on its oil shipments and so is Venezuela, but there is an increasing dependence on OPEC, and the President mentioned that this is still another reason for his program.

Q Is this increase since 1973 or 1963?

MR. NESSEN: At the beginning of 1973, less than half the imported oil came from OPEC countries.

Q How does the total demand compare to last year, or let's say 1973?

MR. NESSEN: You mean total demand?

Q You said total demand, 18 million to 19 million barrels a day. How does that compare with a year ago and two years ago?

MR. NESSEN: Do we have figures on that, John? I am not sure I have them here.

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Q Did John get that figure for Elk Hills?

MR. CAARSON: Elk Hills production now is 2,000 to 3,000 barrels a day, just enough to keep the oil field open.

Q Is that normal, John?

MR. CARLSON: That is just enough to keep things flowing.

Q You said now. Is this the normal thing, last month, last year?

MR. NESSEN: Yes, there has been no legislation passed.

MR. CARLSON: We propose opening up Elk Hills so production will be by the end of 1975, 160,000 barrels a day, and by 1977, 300,000 barrels a day. That is what we have been losing.

Q Was that by 1977?

MR. CARLSON: Yes.

Q What was the 1976 figure?

MR. CARLSON: 1975 and 1977; phased up that much.

MR. NESSEN: Let me finish the charts. The demands will increase to between 18 million and 19 million barrels. The percentage of imports from OPEC countries, I told you about that. Motorcar gasoline stocks -- this is what have frankly been declining during this year and this is what caused some stories a couple of weeks back about the possibility of a gasoline shortage.

It was pointed out that the decline in stocks is now leveled off and that there is plenty of refining capacity and there is plenty of crude oil and the companies are now shifting more of their refining capacity over to gasoline so the President was told that there is no prospect of gasoline shortages this summer.

Then there was some talk about electric power production.

Q You said there is no prospect of any shortages this summer?

MR. NESSEN: Of gasoline shortages this summer, no.

Q Who told him that specifically?

MR. NESSEN: Eric Zausner.

Q What are those figures on the stockpile?

MR. NESSEN: Let me see what these are. Gasoline stocks beginning to stabilize -- the exact figures we are not given, but the FEA can get that for you.

The President was told that the percentage of energy produced from nuclear power is increasing. That as of May nuclear plants generate 8.8 percent of total electricity. Last year, that was only 6 percent, and 1972 it was only 3 percent, so that is going up.

Q Would you run through those figures again?

MR. NESSEN: 8.8 percent of all electricity in the United States as of May was produced by nuclear power plants.

Q What was the 3 percent?

MR. NESSEN: In 1974, the same month, 6 percent was produced, and in 1972, the same month, only 3 percent of the electricity came from nuclear power. Then there was some wattage figures. There was another chart, however, which showed that the new plants coming on line have been stretched out quite a bit.

The plans for them. I think this was explained when we had the briefing about the changes in utility construction regulations, to speed up the construction. A lot of plants have been postponed or delayed so whereas it was anticipated that a lot of nuclear power plants would be coming on line in 1979, 1980 and 1981, the forecast now is the plants will be coming on in 1983, 1984 and 1985.

Then there was some technical talk about the rate of return for electric utilities and then there was quite a lengthy discussion of a subject that the President feels very strongly about, and that is natural gas.

I think he has told some of you in various forums of his concern about natural gas shortages this coming winter and in the winters ahead unless there is deregulation of interstate natural gas prices.

In 1970, there was no shortage of natural gas at all. There was plenty of natural gas for all the demand.

Since then, there has been a steadily growing shortage. In 1974, there was what is called curtailments, which is where natural gas under contract is not supplied because it is not available. That grew to 1.7 trillion cubic feet and by the end of this year, of 1975, the curtailments or the lack of natural gas to fulfill contracts is expected to go to three trillion cubic feet.

The President again spoke very strongly about his belief that this shortage will hit hardest in New Jersey and Ohio, North Carolina, and some other States of the industrial Midwest and Northeast.

Q Could you repeat that?

MR. NESSEN: The President feels strongly -- and has really followed this subject closely -- that there will be serious natural gas shortages during the coming winter in New Jersey, Ohio, North Carolina, and other States of the industrial Midwest and Northeast.

In fact, he was told that by the 15th of July, he will be provided with some policy recommendations on this and that later in the summer there will be a State-by-State breakdown supplied -- and, in fact, I think the plan is to make it public -- of the seriousness of the shortage State by State.

He feels that this is entirely a factor of the artificially low price set on interstate natural gas. As you know, natural gas produced and used within a single State has no price controls on it. It is only gas produced in one State and shipped to another that the price is set at 52 cents a thousand cubic feet, whereas natural gas produced and used in Texas, the market price is \$2, and there is no shortage of natural gas in Texas.

In fact, there is a surplus. The President has been told and knows from firsthand experience that many industries are moving to Texas because there is plenty of natural gas there, and he just feels very strongly about the need to deregulate the price of interstate natural gas to increase production and avoid these shortages.

Now, he was told that even though the shortage will be three trillion cubic feet at the end of this year, that there are ways to make up a shortage, even of that size, through propane, liquified petroleum and oil. But, the chart shows the shortage is continuing to rise -- the difference between supply and contracts -- and that the winter after this one and the winter of that there will be shortages that cannot be made up by other fuels unless there is legislation passed and the price deregulated so that the producers will produce and ship their gas.

Adam?

Q Was there any mention in the course of this detailed discussion of recent findings by the Federal Power Commission that some of these shortages of contracted gas not going into the pipeline have been artificially created, that the producers in fact have the gas and we are violating their contracts and holding it back?

MR. NESSEN: That was not mentioned.

Q Ron, does the President blame the previous Administration for this awful decline in natural gas production?

MR. NESSEN: I don't think he blames anyone, Peter, other than the system which keeps the price of natural gas at the artificially low 52 cents and there is no incentive, he feels, for the companies to produce the gas for interstate shipment.

In Texas, there is plenty of natural gas being produced because it goes for the market price.

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Q If he thinks it is going to reach its own level, doesn't he think it is going to outlast the average person's ability to cope with the increase?

MR. NESSEN: The history of natural gas in States where the price has been deregulated is that it does go up and then it begins to settle back down again as supplies increase.

Q Wouldn't it be incredibly inflationary if the price were to quadruple from 50 cents to \$2?

MR. NESSEN: As I say, the history has been, within States, that the price does go up and then drops back again as supplies increase.

Q Is the Texas figure one that settles that down again?

MR. NESSEN: That is my understanding.

Q Do you have any figures on that? Are you saying by implication it was once higher than \$2 in Texas and has now declined down to \$2, or what are the figures?

MR. NESSEN: The FEA would be able to provide that, Jim.

Q On this shortfall, Ron, that the President is anticipating in New Jersey, Ohio, North Carolina and other States, are we talking here about a residential shortfall or are we talking only about the so-called convertible customers?

MR. NESSEN: Yes, I am sure you know the system where industrial users are the first to go and these shortages, as I understand it, will apply entirely or almost entirely to industrial users, so-called convertible.

Q So he was not told today there was going to be a residential shortage of natural gas this year?

MR. NESSEN: Of course not. No. But he has made the point before -- he did not make it today so much -- but he has made it before, that when you are talking about shortages to factories and industry you are talking about jobs.

Q Unless they convert.

MR. NESSEN: Unless they can convert, and the theory is that this winter at least the majority will be able to convert.

Q Ron, in past years the Government has had no figures of its own on availability or supply or quantity of natural gas. They went to the natural gas companies.

Can you tell us that the information the President got today comes from the Department of Interior people or anybody else in Government, and they have done their own digging and their own determination as to what the supplies are?

MR. NESSEN: I am told the FEA has developed a very good data system over the past couple of years.

Q And the gas figures do not still depend on the companies?

MR. NESSEN: Do you know the answer to that, John? Let us check it or you can check it with the FEA.

Q What about the impact of natural gas that is being imported into the United States?

MR. NESSEN: There were no figures given today on the amount of imported natural gas. I don't know how large a factor it is.

Q Ron, Frank Zarb said, I think, a week or 10 days ago, maybe longer, that if there was a shortage of gasoline over the July 4th holiday it would be over his dead body, or words to that effect.

MR. NESSEN: Yes.

Q Did he dwell on that today? (Laughter)

MR. NESSEN: He said he expected to be back here next week. No, there was no talk at all about that.

Q Did he refer at all to this increase in price which now it appears will take care of any shortages?

MR. NESSEN: The price increase is not related to supply, Peter, other than during the slack period of useage, for competitive reasons the companies have not been able to raise their prices within the limits set by the FEA, but as demand increases they are.

The only discussion of shortages was in connection with the previously reported low stocks and the President was told by Eric that there is ample capacity and ample crude to refine gasoline, and there won't be any shortages this year.

Q Ron, you said the President is going to be receiving some policy recommendations July 15, regarding natural gas.

MR. NESSEN: Around July 15, correct.

Q It has been reported that FEA is considering an allocation system for natural gas.

MR. NESSEN: There were no details discussed today.

Q Are you aware that that is one of the options under consideration?

MR. NESSEN: I have not heard it.

Q Was there any discussion of antitrust action against the oil companies, or antitrust violations against the oil companies?

MR. NESSEN: It did not come up.

Q Back to the three trillion cubic feet anticipated short for the winter of 1975-76. Is that without any change in deregulation?

MR. NESSEN: Correct.

Q And what percent of the total natural gas consumption is that, and do you have a projected shortage for the winter of 1976-77?

MR. NESSEN: There is a projection which was not given here today -- we are talking about three trillion cubic feet -- the President was not given any figures, either, on what percentage three trillion is of the total natural gas usage, which is what I think you are asking, nor was he given any projections beyond the end of 1975 other than in general terms that it would be worse in the following two winters unless the price was deregulated or other steps taken to increase production.

Q Ron, is it accurate to say if natural gas is deregulated that a homeowner who uses natural gas can expect his heating costs to quadruple?

MR. NESSEN: No.

Q What goes wrong with that?

MR. NESSEN: There was no figure given today.

The general theory is, of course, the price will rise, but you have got to look out beyond that immediate effect to what the purpose is, which is to increase production which will bring prices down later, and most of all will assure an adequate supply and avoid people losing their jobs when their factory can't get any natural gas to run it.

Q What was the energy meeting about, yesterday afternoon?

MR. NESSEN: That was not really an energy meeting. That was an economic meeting and it was a discussion of some general economic statistics.

Q Before we get off this subject, if I might ask one question. As you have been running through this meeting and reading off the charts and the figures and statistics, the question has come to my mind -- that has come to my mind before -- and I would like to ask you about it. It goes to the question of the type of information that the President is receiving on this energy situation.

Again and again we get reports from Government agencies, sometimes the FEA itself, sometimes other Government agencies, from consumer groups and from a large number of other sources, which point out or which state that the oil companies have understated their reserves of natural gas consistently, that they are operating at less than capacity, that they are overcharging.

These reports keep flowing out again and again. Does the President, in these briefings, does he ever get that kind of report? Does he ever get that kind of data brought to his attention, or is it all just the kind of thing that you have been outlining here?

In other words, I am asking whether the President, himself, is satisfied that he is getting a well-rounded picture here. I am not alleging or claiming that these reports are right and the material he is getting is wrong. I am merely asking whether he feels that in the light of what you can see by picking up your daily newspaper almost any day, whether he feels he is getting a complete picture here?

MR. NESSEN: As you say, leaving aside the accuracy of the allegations ---

Q I am not speaking to the merits of either side. I am merely asking whether he thinks and whether the White House is generally satisfied that in these briefings he is getting an overall complete picture?

MR. NESSEN: Let me say, first of all, it is a subject that he is very interested in, as I think you have seen from the amount of time he has spent on it in the past half year. There are enough people in these meetings, these formal meetings with a variety of views, and in addition to which he meets groups from the outside at which energy is discussed, and when he travels, energy is discussed.

He has met the independent petroleum producers, who complain about the big petroleum producers and vice versa, and he meets with consumer groups and he meets with Congressional officials.

Q When Zarb and the others prepare reports like this to the President, is there an effort made to factor in these outside reports or other Government agency reports or consumer reports so that they are specifically brought to the President's attention together with the FEA's own material and projections?

MR. NESSEN: AS I say, everything is not talked about at every meeting, Jim, but over the course of his preparation for decisions, he does get a full range of views.

Q You have sat in these meetings and I am sure you have also read the daily newspapers with these reports of overcharging and withholding of production and understatement of reserves and all the rest.

Have you ever, in the times that you have attended these meetings, heard some of these other statistics or other claims brought to the President's attention?

MR. NESSEN: I have, yes.

Q Frequently or to a considerable extent?

MR. NESSEN: I don't know how frequently I would say.

Q From anyone within the Administration?

MR. NESSEN: As I say, there are Congressional people who come in too who represent a variety of views and he does meet with outside groups who have a variety of views. I would not be concerned that something is being hidden from him or that he is not aware of all these factors.

Q We just wonder if all the presentations are weighted against the consumer and in favor of the producer?

MR. NESSEN: Helen, his whole energy program and all the elements of it are all for the benefit of the consumer. I mean getting rid of the vulnerability to import oil is for the benefit of the consumer.

Q How about decontrolling the price of old oil?

MR. NESSEN: It is part of the program to increase production, Tom, so that the overseas countries which produce oil and now at their own whim can raise or lower our prices, or cut off our oil -- which it seems to me hurts the consumer -- it is all aimed at providing an adequate supply of our own domestic oil for consumers so that somebody in some foreign country does not determine how much you pay or how much you can get.

Q Does the President believe that the American consumer is anxious to pay a lot more money for gasoline?

MR. NESSEN: The President believes that the American consumer is anxious to not have his price and supply determined by somebody else in some foreign country beyond our control.

Q Does it make any difference to the American consumer, Ron, whether he is gouged by his fellow Americans or whether he is gouged by the Arabs?

MR. NESSEN: I don't think the aim of the exercise is to gouge anybody, Jim.

Q Does the President believe the American consumer supports the gasoline price increase that they are about to be faced with this weekend?

MR. NESSEN: I think the subject is more complicated than zeroing it down on a 2 or 3 cent price increase that goes into effect this weekend. The President has said all along that this is a long-term program designed to get to a goal, and the President has gone to the public and explained that position.

Q But there are other ways of getting to the goal. Some people on Capitol Hill, for instance, that think allocation is one way of getting there which would not require as sharp an increase in prices. Does the President believe that he has the support of the land in going to higher prices as a means of achieving energy independence and conservation?

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MR. NESSEN: He believes there is large support for that and, as you know, one of his aims in going around the country is to explain that idea and persuade people of it and pick up even more support.

Q Could I ask the question a little differently? Does the President think the price increases this weekend might have a salubrious effect inasmuch as they might force people to drive less and thus conserve oil?

MR. NESSEN: The philosophical foundation of his energy program is to curtail consumption through the price mechanism.

Q So, does he welcome a price increase? Does he believe it may have a conservative effect?

MR. NESSEN: As I say, the whole purpose of his program is to encourage conservation of petroleum through the price mechanism.

Q Ron, I am somewhat confused by the reason that was given as to why the President did not see Alexander Solzhenitsyn. I heard Mr. Pierpoint on the radio yesterday, reporting on your briefing, saying the President's schedule was too busy. An aide to Senator Helms tells me he talked to an aide to Jack Marsh who, prior to your briefing, said that the National Security Council had nixed the idea and evidently the President had accepted it.

What is the story?

MR. NESSEN: The story is, as it was stated yesterday, that there wasn't time for a meeting with Mr. Solzhenitsyn on the President's schedule for this week.

Q Was the matter taken up by the National Security Council, Ron?

MR. NESSEN: As I understand it, Jack Marsh's office did receive a letter from Senator Helms and Senator Thurmond suggesting, it seems to me, as I understand it, it was not formal request so much as it was a suggestion that maybe the President wanted to see Solzhenitsyn.

I think like all matters that involve some element of foreign policy, the National Security Council took a look at the letter. I was incorrect yesterday when I said -- as far as I knew yesterday, I didn't know about that letter yesterday basically. I do today.

The letter, as I understand it, asked or suggested that the President see Solzhenitsyn on a specific date, which was either the 29th or the 30th, Monday, and the President could not do it on Monday.

Q Did he suggest another date?

Q You said it was taken up in the National Security Council. Can you tell us what the considerations discussed in the National Security Council were? We know what the outcome was.

MR. NESSEN: I don't know what the considerations were except it is a normal procedure. I do the same thing with letters I get from reporters representing newspapers or television stations overseas. I mean, that is the White House staff system.

Any matters involving a foreigner or foreign policy implications are always run past the NSC to get their ideas.

Q Did the NSC come up with any ideas?

MR. NESSEN: The NSC does not make the final decision on who the President sees.

Q Did it have a recommendation?

MR. NESSEN: I don't know.

Q Was the President afraid it would hurt detente if he saw Solzhenitsyn?

MR. NESSEN: The fact was, as I said, there was not room on the President's schedule for the day they suggested.

Q If there had been room on the President's schedule, does he think a meeting with Solzhenitsyn would in any way affect the relation between this country and the Soviet Union?

MR. NESSEN: I have not heard that discussed. The President has read what Mr. Solzhenitsyn said the other night and is familiar with his views.

Q Ron, you said yesterday the reason he did not go to the Solzhenitsyn dinner was because he had to have some family dinner with Susan.

MR. NESSEN: Correct.

Q She is still around and is going to be around for a whole week. Why was that?

MR. NESSEN: I don't think she is going to be around for a whole week, is my understanding.

Q The East side says she is not leaving until July 7.

Q Ron, Larry Speakes said because the request was for Monday, only, that that was a day on which the President was unable to see him. Now an AFL-CIO spokesman tells me Solzhenitsyn will be in town through this weekend. Will the President ask him to come over?

MR. NESSEN: There are no plans for the President to see Mr. Solzhenitsyn.

Q Ron, I would like to ask this. One of the President's recent guests was Kaunda of Zambia, who Congressman Rangel said is a great leader that he was honored to have in the White House. Now, Kaunda has just seized control of the entire press of his country, and on that basis, I would like to know why is it that -- (Laughter) Could you give us some guidance? Why is it that the President finds room to entertain two Soviet Generals on the 38th anniversary of a polar flight and Dr. Kaunda, but no room for a Nobel Prize winner? Could you give us some real guidance on that?

MR. NESSEN: I tried to, Les. The meeting was suggested for Monday, and there was no room on the President's schedule.

Q He is going to be here.

MR. NESSEN: The fact is that there is no meeting scheduled with Mr. Solzhenitsyn. As I say, the President read what he said the other night and is familiar with his views. It does seem to me that we have talked from time to time here about doing things for -- would you call it image reasons. The President does like to have some substance in his meetings, and it is not clear now what the President would gain from such a meeting that he has not gained by reading Mr. Solzhenitsyn's remarks.

The specific reason why there was not a meeting Monday as suggested by Senator Helms and Thurmond is there was no time on Monday.

Q Ron, Phil asked you what the NSC recommendations were, and I don't think that you answered that question.

MR. NESSEN: I don't know what they are or whether they had any.

Q Do you have anything to give us on when or how the President is going to announce his candidacy?

MR. NESSEN: I don't have anything to give you on that, Bob.

Q What is the meeting with Fulbright about?

MR. NESSEN: The meeting with Fulbright is about his recent trip to the Middle East. He spent quite some time out there and he saw Secretary Kissinger when he returned, and Secretary Kissinger thought that the President would want to hear his views.

Q Is he bringing any messages?

MR. NESSEN: Not that I know of.

Q Could I ask you a couple of questions, Ron, if you are still entertaining them?

MR. NESSEN: I am still entertaining them.

Q Do you have the answers on the wire-tapping from yesterday?

MR. NESSEN: I have all those answers today.

If I remember the leftover questions from yesterday dealing in this area -- let me take them in some kind of order.

Jim, when he was sitting over here asked whether -- I said that the Administration would not do any electronic surveillance. I mean, the President will not authorize or does not want any electronic surveillance that does not live up to this Court of Appeals ruling, and you said, "Does he define electronic surveillance as the FCC does, as including microwave transmissions," and the answer is yes.

Now, the second question that was left over from yesterday was, is the NSA listening in on people's phone calls?

Q Which is the same thing, the microwave.

MR. NESSEN: The President is satisfied that all the agencies of the Government are and will abide by the Court of Appeals ruling, and that includes the NSA.

Q Then, will he order the NSA to stop collecting and storing these transmissions, these telephone calls?

MR. NESSEN: Jim, he is satisfied that they are living up to that.

Q Does he know when they stopped?

MR. NESSEN: Do you know when they started?

Q No, I don't. Would you like to tell me that, too? (Laughter) When did they start, and when did they stop?

Q What percentage did they intercept?

Q And we would like to know how many millions they got before they stopped.

MR. NESSEN: Wait. I have to find the rest of the answers because we have a lot of answers that were left over.

There was a question that said -- this is when I said I could not talk about national security in answer to Bob's question -- and Bob said, "Do you mean national security includes monitoring people's telephone calls? You are saying it is part of the national security to eavesdrop illegally on people's phone calls."

The fact is that there are lawful electronic surveillances that do not require warrants.

Q They are in foreign countries.

Q On domestic American phone calls?

MR. NESSEN: No, there are cases where electronic surveillance is conducted without a court order in national security matters. I think you may be familiar with a letter that the Attorney General sent to Senator Kennedy recently in which that was spelled out.

Q But you didn't define national security matters.

MR. NESSEN: No, I know that, and that is why I think for the legal details of it you need to talk to the Attorney General's office.

Q But you said there are lawful -- what was that?

MR. NESSEN: There are cases where electronic surveillance is conducted without court orders in national security matters, in a legal, in a lawful manner.

Q Can you give us an interpretation of that?

MR. NESSEN: No. I say the Attorney General can, though, but just to elaborate on that, there are two rulings, really, that apply to this -- one by the Supreme Court in the Keith case, and one by the appellate court in the case we discussed yesterday. All national security electronic cases by this Government are handled in compliance with those two rulings.

Q Ron, neither of those cases spoke to this point. They neither approved nor disapproved warrantless wiretaps of any kind. They simply did not speak to that.

When you say legal, you mean there has been no court ruling against them?

MR. NESSEN: I think, as I say, the Attorney General wrote to Senator Kennedy recently and spelled out this very matter, and I think you need to talk to Justice.

Q Are you asserting, Ron, that the NSA's intercepting of microwave long-distance telephone calls is permitted under your first definition, lawful electronic surveillance does not require a warrant?

MR. NESSEN: I want to say only that the President is satisfied that all the agencies of the Government are abiding by the recent appellate court decision and the previous Supreme Court decision.

Q Ron, the Keith case and the Court of Appeals case spoke to electronic surveillance that dealt in the Keith case with allegedly domestic subversive groups which threatened national security. They said that could not be done without a warrant.

The recent Court of Appeals case dealt with the Jewish Defense League and the contention by the Government that since the activities of JDL affected foreign relations with the Soviet Union, the Court felt that that was not an adequate reason for surveillance without a warrant.

The allegations made about the NSA suggestion that they monitor millions of long-distance telephone calls carried by microwave many of which inescapably will be between ordinary American citizens whose relation to national security would not even fall within the claims advanced by the Government in either the Keith case or the recent Court of Appeals case.

Now, are you saying that kind of activity does not go on or are you saying that you have some additional justification for it under some theory of national security?

MR. NESSEN: No, I am saying two things: One, it is a very long and complicated decision, the one of the appeals court, and I think the Government is still reading it to understand it thoroughly. So I don't know we can talk about it in very detailed terms here.

The other thing I am saying is that nobody has confirmed that the NSA is doing anything of the sort that has been alleged; and the third thing I am saying is all the Government agencies are abiding by the appeals court decision.

Q Ron, if the appeals court decision is so complicated that the Government is still studying it, how can all the agencies of the Government be sure they are in compliance?

MR. NESSEN: It is in compliance with our understanding of it.

Q What is your understanding of it?

MR. NESSEN: I think you need a lawyer or somebody from Justice or the legal counsel's office to talk to you.

Q Has the President checked with NSA to see if they are in fact randomly monitoring all long-distance telephone calls?

MR. NESSEN: He is satisfied that all the agencies are living up to the appeals court ruling.

Q Has he asked the NSA about this, specifically?

MR. NESSEN: I am just not going into details other than to say that.

Q Ron, if I may follow up and repeat the question that was in part suggested by you, can you let me know when the NSA began this sort of activity?

MR. NESSEN: What sort of activity?

Q And how recently they stopped it. I am referring to the interception of long distance calls.

MR. NESSEN: I think I probably said all I am going to say on the subject.

Q Ron, you are saying the President is satisfied they are not now doing anything illegal in this regard. Do you know how long it has been that they have not been?

MR. NESSEN: I have said really all I have to say on the subject.

Q Ron, can we go back a second to the natural gas thing? You left one thing sort of up in the air, I thought. You seemed to imply in the stuff you gave us that if natural gas prices are deregulated automatically any potential shortages will be taken care of, but in fact, when one talks to the industry spokesmen, people from the American Gas Association, they say that because of a time lag factor in bringing new wells in to production, that type thing, it will be at least three to five years before shortages are alleviated.

Did this come up in the discussion with the President this morning?

MR. NESSEN: It did. It certainly did.

Q So, then he is saying there will be shortages regardless of what happens?

MR. NESSEN: But the sooner you start increasing the supplies, the sooner you will end the shortages.

Q But is he saying shortages are inevitable for the next two or three winters?

MR. NESSEN: He was told there will be shortages for the next two or three winters.

Q Ron, on this warrantless business, you said yesterday the President is studying this proposed legislation that would require court orders on individuals and organizations.

MR. NESSEN: Right, which breaks down into two parts. There is already a requirement for a warrant in any wiretap or electronic surveillance involving criminal contact.

Q We are talking about alleged national security risks.

MR. NESSEN: The issue being studied is cases involving national security. That is correct.

Q He still is studying that legislation?

MR. NESSEN: Oh, yes.

Q Must he spend so much time studying it? It is a fairly simple matter.

MR. NESSEN: I don't think so, Tom. It really is not a fairly simple matter.

Q Would you tell me what makes it complicated?

MR. NESSEN: I am not an expert on the subject, but I can put you in touch with someone who is, Rod Hills, or Phil Buchen.

Q Ron, another leftover question from yesterday. You were going to explain to us how the counsel's office thought some kind of secret or sealed trial could be held.

MR. NESSEN: Right, that was the third one. There have been cases, I am told, where certain portions of the evidence are not included in the public record when the defendant consents, and that was what Phil had in mind.

Q I have a follow-up to Bob on the timing of the political announcement. Several weeks ago -- I think about two or two and one-half weeks ago -- you gave us the timeframe that the President's formal announcement would come in two or three weeks.

MR. NESSEN: Was that two or three weeks ago?

Q No, it was about two weeks ago, and I could find the date for you to pin you down if I had to, but what it comes to is by the end of next week, that timeframe which you gave us will have expired. Would you expect that by the end of next week the President will make the formal announcement or has there been some shift in the time schedule which you gave us two weeks ago?

MR. NESSEN: The exact date has not been picked yet, but as the President said, it is getting closer.

Q Why all the coyness? Why doesn't he say?

MR. NESSEN: Helen, is there any doubt that he is going to run for election?

Q Are you not ruling out next week, then?

MR. NESSEN: I am just not going to get into is it going to be that day or that day.

Q Ron, there is a story if there has been a shift in the schedule which you announced two weeks ago and that is why we are asking the question.

MR. NESSEN: He said himself it is getting closer. We could play a guessing game every day, is it going to be tomorrow or the next day.

That is a good idea, Walt, tear a day off the calendar each day. (Laughter)

Q We will need a lottery.

MR. NESSEN: Is there a pool?

Q Speaking of the pool, how did he react after his first swim?

MR. NESSEN: He liked it. He really liked it.

Q Ron, why was he waiting until Saturday?

MR. NESSEN: He was not really sure when he was going to get out of the office last night, and whether he was going to swim or not, and since he is sure he will be back from Camp David at a certain time on Saturday that seemed the best day to do it.

Q Ron, when will you announce that he is adding a \$20,000 bath house to that pool?

MR. NESSEN: Is he?

Q I don't know. You haven't announced it yet.

MR. NESSEN: We haven't announced it.

Q Where did he change?

MR. NESSEN: He brought a bathing suit and a bathrobe over to the office. He has got a little -- how shall I put this -- head next to his office.

Q Isn't there quite a nice locker room downstairs immediately below his office that has showers and a changing room?

MR. NESSEN: There is a little changing room downstairs off the public men's room down there.

Q Public?

MR. NESSEN: Public in the sense that anybody in the building can use it. It does not have a key in it.

Q Can we?

Q What was the changing room before?

MR. NESSEN: What changing room?

Q This room that is down there with showers and so on?

MR. NESSEN: We have to take a tour of this room to show you what it looks like. There is a men's room downstairs. Next to that there is a small room that has one shower in it, one sink, a couple of hooks on the wall to put your clothes and a wicker basket to throw old towels in.

It is used primarily by senior staff people who have to go to like a black tie dinner in the evening and don't get a chance to go home and change.

MORE

Q Ron, on another matter now, what will happen to the \$20,000 or \$30,000 that have been collected above what the cost of the actual pool was?

MR. NESSEN: There is some money left over. It turned out that the landscaping cost a little more than expected. It was supposed to have cost ---

Q Who was the contractor that bid on that, Ron?

MR. NESSEN: It was supposed to cost \$9,000 and it ended up at \$14,500. The President was told that the pool contract was right on the penny. It did not cost a single penny more and he said we ought to get that company into the defense contractor business or else working on the Metro subway.

There is some money left over. The Park Foundation has the money and it was always the plan that leftover money would revert to the Park Foundation. I think some of the money -- to answer Tom's question more seriously -- there is the possibility of a small changing room or bath house being built with some of the leftover money.

Q Are there not plans for a \$20,000 bath house to start construction on Monday?

MR. NESSEN: I don't know what the cost is, Ann. I know that there are plans to build some sort of changing room.

Q How much is left over, Ron?

MR. NESSEN: The pool was \$52,000-something -- \$53,000, and the \$14,000 for the shrubbery. Something over \$100,000 was mailed in by people.

Q The shrubbery cost \$14,000?

MR. NESSEN: All this is donated money, of course, and what is left over will go to the Park Foundation for its other projects.

Q Ron, would you tell us about this bath house?

MR. NESSEN: I would if I knew anything about it, Fran. All I know is they are thinking of building a bath house and I don't know what it looks like.

Q Ron, I would like to ask this one question: The President -- has he had anything to say about India at all?

MR. NESSEN: No.

Q Nothing? Could you give us some guidance as to why the President has nothing to say about this catastrophic development in India but he has things to say with regard to advising on internal matters in South Africa, Rhodesia and a number of other smaller countries?

MR. NESSEN: I don't think I can answer your question, Les.

Q Does the President associate himself with Mr. Schlesinger's latest version of the policy on nuclear weapons? Is that the President's view?

MR. NESSEN: I don't accept that it is a later or earlier or any particular version.

Q Is that the position of the U.S. Government?

MR. NESSEN: Absolutely, and I don't know why there would be any question that it was. The Secretary of Defense, Secretary of State and every other Cabinet officer, or anyone else who serves in the Administration, states Administration policy, and that was Administration policy.

Q Ron, you have spent the past two or three days telling us at various times and repeatedly that there had been no change in the policy.

MR. NESSEN: Let me save you some time, Jim, and say this. Secretary Schlesinger has spoken on this, the President has, Dr. Kissinger has, and I have nothing to add today.

Q I am going to the question of your own credibility, Ron. You spent several days telling us that there have been no changes in policy -- the United States would not develop a first strike capability.

The Secretary of Defense now says this is a possibility, and I am asking, really, why you did not tell us this when the question was asked repeatedly over the past several days.

MR. NESSEN: I believe, the President believes that the position of the Government has been accurately stated by himself and Secretary Schlesinger and Dr. Kissinger and myself, and I have nothing to add to it.

Q Why did you inaccurately tell us, Ron?

Q Is the President willing to go along with the Muskie-Buckley compromise to the moratorium on the Clean Air Act standards?

MR. NESSEN: I don't know which one that is.

Q They have gone back to two years and Zarb came out here Friday and told us about the four-year plan.

MR. NESSEN: As far as I know, the President is standing behind the proposal that he only made two or three days ago. I have not heard of any change in that.

Q Do you still think in light of Secretary Schlesinger's statement yesterday ---

MR. NESSEN: Jim, there really isn't anything else to say on the subject.

THE PRESS: Thank you, Ron.

END

(AT 12:30 P.M. EDT)