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NEWS CONFERENCE

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AT THE WHITE HOUSE

WITH RON NESSEN

AT 12:42 P.M. EST

JANUARY 23, 1975

THURSDAY

MR. NESSEN: I am sorry I am late, but I figured I ought to try to have more answers than you have questions, and it took a little time today.

The President came into the office at 7:55 a.m. He had a regularly scheduled meeting with the National Security Council. The last meeting before this one was on December 2nd. As usual, we do not announce what was discussed at the NSC meetings. This one lasted an hour, and it was the seventh one he has had while he has been President.

At 12:30 p.m., the President began a meeting with Richard Roudebush, the Administrator of the Veterans Administration, to discuss a number of issues involving that agency.

At 1:15 p.m., the President will meet briefly with a group of Soviet journalists who are visiting the United States. This is part of an exchange program in which journalists from the United States and Soviet Union will visit each other's country. The first group of Americans journalists visited the Soviet Union in September 1974. This group here today is the first group of Soviet journalists coming to the United States under this program.

Q Are they here now?

MR. NESSEN: Yes. They are here, and we want to welcome the Soviet journalists who are attending our briefing.

At 2:45 p.m., the President is going to meet with Governors of ten Northeastern States. The States are Maine, Massachusetts, Connecticut, Pennsylvania, Rhode Island, Vermont, Delaware, New Jersey, New York and New Hampshire.

The President will begin the meeting with a statement of about ten minutes in which he gives his view of the energy situation facing the United States and why he believes he needs to put his program into effect and why he needs Congress to approve his program. After that, the Governors will make their presentations.

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Attending the meeting with the President will be Secretary Simon, Don Rumsfeld, Frank Zarb, Bill Seidman and Jack Marsh. Photographers and cameramen and a pool of reporters will go in at the beginning of the meeting. The President will tell the Governors that he has decided to take several steps designed to ease any undue burden on the Northeastern States.

Frank Zarb will be here at 3:45 p.m. to explain, in detail, what those steps are. Frank's briefing will be available for film coverage and taping and so forth.

Q Will there be an advanced text of the President's opening statement?

MR. NESSEN: Of what he tells the Governors?

Q His ten-minute statement?

MR. NESSEN: No, he will be speaking off-the-cuff.

Q Can you pipe it up?

MR. NESSEN: I will check on that and see.

Q Are there going to be questions of the President?

MR. NESSEN: By the Governors?

Q Yes, sir.

MR. NESSEN: As I say, they will make their presentation, and I do not know whether it will be in the form of questions to the President or statements to the President.

Q We are in for that entire period?

MR. NESSEN: No, I say there will be coverage at the beginning of that meeting.

Q Has the President decided to do something for the Northeast beyond what was in the fact sheet, or is that what you are talking about? You suggested there might be something else.

MR. NESSEN: I think, basically, the steps to help the Northeast are in the fact sheet.

Q Are we going to be in there while he is talking?

MR. NESSEN: I think just at the beginning for press coverage.

Q Ron, on Jim's question --

MR. NESSEN: I am just checking to see that.

He will spell out the steps that are announced in the fact sheet. He will also talk to them about future steps that will be under consideration to further help the Northeast. Frank will go into detail about that, too.

At 3:30 p.m. in the Oval Office, the President will sign the proclamation raising the import fee on imported oil by \$1 on February 1st. It will be open to full sound coverage.

Q As a legal matter, does each \$1 step require a separate proclamation?

MR. NESSEN: No, the proclamation will spell out the entire process.

Q Is it possible to get hold of an embargoed advanced text?

MR. NESSEN: Let me finish what I am about to give you on this.

It will be open, as I say, to sound cameras, full coverage, and photographers. We have expanded the pool. We have posted the expanded pool.

The sound technicians and cameras should set up their equipment in the Oval Office at 3 o'clock. I think it is probably going to be difficult to cover the Oval Office ceremony and the Zarb briefing with the same camera.

The President will have remarks to make at the time he signs the proclamation, and I hope we will have an advanced text to you in less than an hour. We hope to have an advanced text of his remarks at the signing sometime after the lunch.

As I say, immediately after the ceremony, Frank will be here to brief you on the proclamation itself and on the special steps taken to ease the burden on New England, and Frank's briefing will also be available for full coverage, sound, film and so forth.

At 4 o'clock, the President will speak briefly to a meeting of the National Newspaper Publishers Association, in Room 450 of the EOB. That association represents a majority of the 200 black-oriented newspapers in the United States.

The meeting of these publishers is lasting most of the day, and among those talking to the publishers are Don Rumsfeld, Frank Zarb, Stan Scott -- who you probably know is the President's Assistant for Minority Affairs -- Secretary Lynn, Secretary Brennan and Alex Armendaris, who is the Director of the Office of Minority Business Enterprise.

The President's statement to the publishers will be available for open coverage. As I say, that is in Room 450 of the EOB, at 4 o'clock. Cameras should be set up in there by 2:30 p.m. For necessary clearances, you should call 456-2863. I do not anticipate an advanced text on this, but we will have an as delivered text as quickly as possible.

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Q How long will he talk?

MR. NESSEN: I saw the text, and it runs about three and one-half or four pages.

Q If you saw the text, why can't we have it?

MR. NESSEN: I saw a draft of what he is supposed to say.

Q Ron, what is the subject?

MR. NESSEN: The role of minorities in America and his views of minorities.

Q Is there any way that we might be able to discuss the possibility of the same cameras doing the signing and Zarb? We are getting into three cameras.

MR. NESSEN: I don't really think it is going to be possible, Steve, because as soon as the signing ceremony is over, Frank will simply come from there to here, and I don't think there will be time to do it.

Q How about spokesmen for the Governors? Will they have this platform?

Q No; they have to be outside. That is where the third camera comes in.

Q Why?

MR. NESSEN: You have to ask them whether and where they will be.

Q Will this be available for them?

MR. NESSEN: I have not heard anybody ask for it. Frank will be doing his briefing out here.

Q Can we ask for it? Otherwise, we will be tracking up the lawn and bringing mud in.

MR. NESSEN: I think you have to check with the Governors as to what they desire and where they desire to do it.

Q Governor Carey said he would have a press conference right after the meeting.

Q At the White House.

MR. NESSEN: At the White House?

Q Yes, that is what he said.

Q That is the whole point. It very effectively rules out covering the Governors, if you cover the White House, unless you have network resources and no other stories in town.

MR. NESSEN: As I say, you need to talk to the Governors themselves as to how they want to do this or where.

Q I guess the question is, is it all right with you if we have them in here.

MR. NESSEN: You know, there is the 3:30 signing ceremony, which immediately follows the meeting with the Governors and then Frank's briefing. By then you are going to be up to 4:15 or 4:30, something like that.

Q I understand they are going to get here about one o'clock and meet together.

MR. NESSEN: I had not heard that. I did not know that.

Q What will be the possibility of making this available to reporters?

MR. NESSEN: As I say, this is really something you need to talk to the Governors about. It is not really something the White House can help very much on.

As NBC has announced, the President will participate, beginning at ten o'clock, in a one-hour, live conversation with John Chancellor and Tom Brokaw from the Residence, to be broadcast over NBC. We will make available transcripts page by page here in the briefing room, and following the conversation we will take a photo pool, still photo pool, and I guess a couple of poor reporters over there if there is any interest in that.

Q That would be afterward?

MR. NESSEN: Yes.

Q In what room, the Oval room?

MR. NESSEN: No, it will be up in the family living quarters.

Q Will Mr. Brokaw be available?

Q Do you know what room?

MR. NESSEN: You know the living area at the far end of the hall.

Q West hall?

MR. NESSEN: Yes.

You will have to check with NBC on Mr. Brokaw's news conference plans after the interview.

I have one administrative announcement today. There is some small problem about getting these new special pool passes back to the Press Office after they are used. For instance, I am told that there are four of them missing right now, and two of those are missing from last night's coverage at the hotel.

So, those of you who are in the pool -- and those passes, as you know, are recognized by the Secret Service now as allowing you to follow the President anywhere -- but we do need to get them back so we can give them out to the next pool group for the next event.

I wanted to tidy up one little loose end from yesterday. It is nothing really much, just to make sure I was understood clearly. Some stories I saw indicated perhaps I wasn't.

When we were talking about the FBI and the assurances that have been given to the President that the FBI is not using any information in its files about Congressmen to influence those Congressmen at all, I said on page 25 of the transcript, "We are talking here about what the current President of the United States has some interest and authority over, and he is assured that the information is used only" -- what went on before under previous President's I have no knowledge or information about.

I am not suggesting in any way this information was misused under previous Presidents, but I just want to make sure that I am speaking for this President, who has been assured of the present situation.

Q Is the President interested in the past?

MR. NESSEN: As I say, he has no authority over what went before, Helen, and I think I better limit my remarks.

Q He has the power to investigate abuses.

MR. NESSEN: As you know, the Attorney General has asked for a report from Mr. Kelley and, as I said, if there is anything in that that needs to be called to the President's attention, it will be.

Q Ron, a question I don't think you were asked yesterday on this subject. Mr. Kelley has said, if I understand him correctly, that he cannot destroy these files under the present statutory set-up.

MR. NESSEN: Yes.

Q That it would take a change in the law. Would the President support a change in the law; that is, a Congressional action directing Mr. Kelley to destroy these files when they were not currently relevant to FBI duties?

MR. NESSEN: I do not know, Jim. I will have to check.

Q Would you find out for us whether he would support legislation to that effect?

MR. NESSEN: Has there been any proposed?

Q I only bring it up because of what Mr. Kelley said. I don't know whether there has been any proposal or not. Mr. Kelley said he cannot do it without change in the law. Therefore, I ask whether the President would support such a change in law since the FBI Director brought it up.

Q Did you ever find out if the President himself was aware of any files on himself?

MR. NESSEN: The President never really made any special effort to find out whether there were any files on himself. He assumes, without really knowing for sure, that the fact that friends of his were nominated and checked out for Federal jobs, and he was visited by the FBI -- as some of you no doubt have when your friends have been nominated -- and he assumes that out of that kind of contact with the FBI there must be some information at the FBI that came from him or relates to him,

Q Was he checked out when he was nominated as Vice President?

MR. NESSEN: Joe, you would have to ask somebody who was around in those days.

Q Ron, while we are on the subject, may I ask what in a way may be a related question -- the question of Mr. Stiles' status on the White House staff. As I understand it, you are saying that he is not technically a member of the White House staff, and I am sure you are familiar with ~~Both~~ Newspaper stories that say he pleaded guilty to a crime.

First of all, is it correct that it is your position that he is not legally a member of the White House staff and, secondly, what is your view or the President's view on Mr. Stiles serving as a consultant to the President when he pleaded guilty to apparently a charge of assault and battery in 1969?

MR. NESSEN: And what is the question?

Q What is your attitude toward having as a consultant to the President a man who pleaded just a few years ago to a crime?

MR. NESSEN: Jack Stiles, as I understand it, does work here from time to time as a consultant. He is not on the payroll.

Q Does he get paid?

MR. NESSEN: He gets paid for whatever days he works as a consultant.

Q How many days did he work and what kind of consultant work is he doing?

MR. NESSEN: He worked 57 days since October 1.

Q Is he setting up the President's Presidential campaign or is he involved in politics in any way?

MR. NESSEN: Oh, no.

Q What is he doing?

MR. NESSEN: What he has done from time to time is, among other things, the first thing he did around here was, at the time when some people were writing in and saying they wanted to contribute to a White House swimming pool -- I understand that at one point there were 250 letters piled up, some of them containing contributions, and nobody had bothered to acknowledge them or do anything with the contributions, so that was his first assignment as a consultant -- to answer those letters and look into the possibility of building a swimming pool from public contributions. That project has been put on the shelf, so he is not involved in that.

Q Why is it necessary to have a consultant do that work?

MR. NESSEN: It was just felt it was better than taking a White House staff member to deal with something like that.

Q What is the rate? What do you get for that kind of work?

MR. NESSEN: Oh, whatever days you work, the maximum allowed is \$125.

Q Did he get \$125?

MR. NESSEN: For whatever days he worked.

Q For 57 days he received \$125 a day, right?

MR. NESSEN: That is right. Then he also did some work in connection with the Bicentennial Commission. I think he spelled this out in an interview, if I am not mistaken. He also did a little consulting work in the area of the housing industry. He is, as some of you may know, a retired builder.

At that point, there were a number of letters and phone calls coming in here from members of the housing industry and, as I understand it, on some days Jack Stiles was assigned to meet with these people and hear their ideas and answer some of this mail.

Those are about the areas in which he acted as a consultant.

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Q Ron, does Mr. Stiles' appearance on the payroll as a consultant, in view of his previous record as having engineered many of Mr. Ford's Congressional campaigns, violate the spirit of Executive Order 11222?

MR. NESSEN: I do not know what the Executive Order is, Walt.

Q "It is just as important to avoid the appearance of a conflict or unethical conduct as an actual one. Conduct may be short of a legal infraction, but if it leads the public to question the integrity of the government and its officials, harm is done. In such instances, even if there was no impropriety intended or practiced, the Administration or members of the staff may be required to spend an inordinate amount of time explaining or defending innocent actions rather than implementing the objectives of the President and a cloud may be cast over the merits of our decisions," and that was passed out by you people on the day Don Rumsfeld reorganized the White House.

MR. NESSEN: I do not know how it applies to Jack Stiles. I am told Stiles has absolutely nothing to do here with politics or campaigning or anything that could be considered a political activity.

Q Does the President plan to continue using him as a consultant?

MR. NESSEN: I am told that the fairly limited days that he has spent here as a consultant -- from time-to-time he may spend a couple of days doing something the President --

Q When was the last time he was here?

MR. NESSEN: He is back in Grand Rapids now, and he has been back for a while, so it has not been any time --

Q Ron, I don't think I got an answer to my question?

MR. NESSEN: What was it?

Q You gave a lengthy review of some of the things Mr. Stiles is working on. What I asked about was the propriety of having a man as consultant to the President who pleaded guilty to hitting a policeman.

MR. NESSEN: Well, I, myself, am not very familiar with that allegation. Consultants, as I understand it, have a name check run on them and, then, if they continue, over a period to serve, as a consultant, the full FBI clearance procedure is followed. And if he does continue -- I understand that clearance process has been done on Jack Stiles, so anything along the lines that you suggest, if it took place, would show up in that FBI report.

Q On the assumption that this showed up in the FBI full field check, or whatever it was -- and we do assume that, I suppose -- then a decision was made by someone that this did not bar him from serving as a consultant, and if so, who made that decision?

MR. NESSEN: I think the President is an old friend of Jack Stiles and probably knows his personal background.

Q So then, your answer is, the President finds no impropriety in using as a consultant a man who pleaded guilty to hitting a policeman?

MR. NESSEN: I guess you will have to round it out yourself, Jim.

Q You do not dispute that interpretation?

MR. NESSEN: I am saying, the President is a friend of his and knows his background, and whatever there may be on his record, if anything, would certainly show up in the FBI report.

Q You seem to have a lot of information on the subject this morning, have you talked to the President about Jack Stiles today, or have you talked to him about Jack Stiles?

MR. NESSEN: I have talked to some staff people in the building in order to answer some of your anticipated questions.

Q Did the President or these staff people have anything specifically to say about these things that Jim was asking about?

MR. NESSEN: I think I have given you the answers I obtained from talking to the staff people.

Q Did you talk to the President, specifically, about Jack Stiles?

MR. NESSEN: I really don't think I ought to go into details of my conversations with the President.

Q Ron, is Jack Stiles' work requested and carried out at the specific direction of the President or some other staff member?

MR. NESSEN: No. He, in the organization, is assigned to Jack Marsh's operation, which deals with public liaison and miscellaneous events, so that is where he shows up in the organization chart. Things like the Bicentennial and swimming pool and housing industry contacts came out of Jack Marsh's office.

Q He does not work in direct contact with the President, does he?

MR. NESSEN: No, he does not.

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Q Ron, we don't have access to the FBI checks. Can you confirm that in fact he did plead guilty to the charge of assault and battery?

MR. NESSEN: I don't think this is the right place to get into what a man may or may not have done.

Q This story, Ron, is being carried by the Booth Newspapers, and I assume you have seen it since you seem quite familiar with it. Are you denying the Booth Newspaper story?

MR. NESSEN: I don't know where to begin on the Booth Newspaper story, Jim. I prepared myself to answer what I thought would be some specific questions and I am prepared to do that. I don't know the need to go --

Q You do not deny the statements made in the Booth Newspaper story?

MR. NESSEN: I think I will just stick to answering whatever questions you care to ask about it.

Q Ron, has the President chosen Jack Stiles to run his campaign in 1976?

MR. NESSEN: No.

Q Will he?

MR. NESSEN: I have no way of knowing.

Q Will the White House continue to use Jack Stiles as a consultant?

MR. NESSEN: I told Phil I thought from time to time he might spend a day or so doing something.

Q Ron, isn't 57 days since October 1 almost full-time work?

MR. NESSEN: I don't think so. What is it -- October, November, December, and most of January.

Q It is more than two-thirds of a five-day week.

MR. NESSEN: I did not figure it out.

Q Would you anticipate that same level of activity in the future?

MR. NESSEN: I have no way of knowing. It depends on if Marsh has anything for him to do.

Q Is Marsh the guy who assigns him to various duties?

MR. NESSEN: He is under Marsh in the organization, yes.

I gave a fairly detailed breakdown of how fuel would be saved under a rationing program. I was asked if I could not provide similar detail on how fuel would be saved under the President's program, and I have that for you now. This is based on the President's program being approved by Congress in all of its parts.

Gasoline--400,000 barrels or 40 percent of the million barrel a day cutback would be from gasoline. That amounts to 17 million gallons a day saving, giving it to you in barrels and gallons; a barrel saving of 400,000 a day, a gallon saving of 17 million a day.

Heating oil would make up 25 percent of the reduction or 250,000 barrels a day saved or reduced heating oil use through higher prices. That amounts to 10.5 million gallons a day.

Residual oil -- that is the type of oil used to run public utility generators for instance, and industrial machinery -- the saving expected in residual oil use through the higher prices would be 25 percent, amounting to another 250,000 barrels a day, another 10.5 million gallons a day.

The remaining 10 percent of the saving, equal to 100,000 barrels a day or 4.2 million gallons a day, would be saved. The higher prices would be expected to reduce that amount from jet fuel, petroleum products used in the chemical industry and so-called feed stock petroleum used in the making of plastics and so forth.

To run over these quickly again, gasoline would account for 40 percent of the reduction, 400,000 barrels a day, 17 million gallons a day; home heating oil, 25 percent or 250,000 barrels a day, or 10.5 million gallons a day; residual oil used by utilities and industries, 25 percent, 250,000 barrels, 10.5 million gallons; jet fuel, petroleum, for the chemical industry and feed stocks for plastics, 10 percent of the reduction equal to 100,000 barrels a day, or 4.2 million gallons.

To take this a bit further, the President's program would work if the higher prices persuaded drivers to save or to buy four or five gallons a month less. That is equal to about a gallon a week.

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Q Each motorist, each person with a driver's license?

MR. NESSEN: Right.

Q The 125 million or 140 million?

MR. NESSEN: The 125 million. In other words, instead of using the average of 50 gallons a month that each driver uses, if they used 46 gallons a month, the President's program will work, and these figures will be in play.

As I mentioned to you yesterday, in order for gasoline rationing alone to eliminate one million barrels a day, drivers would have to give up 14 gallons a month, or 3.5 gallons a week.

One final point to make is that the President feels that a long-term rationing system, which he believes it would have to be, would encourage violation. People would try to figure out a way to beat the rationing system, whereas with the pricing system, the encouragement would be in the direction of conservation and participation in the program.

Q Ron, at the time of the oil embargo last winter a lot of people conserved energy in another way. They bought tanks and underground things and so forth and put gasoline in it. Do you think that would be done this time in order to try to beat those high prices?

You say people are going to try to beat rationing. Do you think there will be an effort to try to beat the high prices, too, based on previous experience?

MR. NESSEN: You mean to try to buy up all the gas and heating oil you can now?

Q Yes, and put it in the ground, put it in a tank somewhere.

MR. NESSEN: That does not seem very practical to me, Jim.

Q Is there any forecast by the FEA as to how much of this would go on under the President's program?

MR. NESSEN: No. The FEA's estimate is that because you are doing this you are encouraging people to look at how they spend their money for energy. By raising the price you actually encourage people to participate or conserve rather than violate.

Q What changed the President's mind in the past few days between all this compromise he spoke of Saturday night and this big fight now?

MR. NESSEN: I don't know what big fight you are talking about, Helen. The President has not changed his mind.

Q The President was going to issue a proclamation Friday, wasn't he?

MR. NESSEN: No. We never set a date. When the proclamation was finished and checked out with the lawyers and the necessary National Security ruling had been made, he decided to go on with his program.

Q You mean his whole stance has not changed in the past few days?

MR. NESSEN: No.

Q Why did he speak of compromise Saturday night and all of a sudden --

MR. NESSEN: He still believes in compromise.

Q What would he do if Congress passes legislation wiping out his authority to sign this proclamation imposing the tax?

MR. NESSEN: John, I don't know. That maybe will happen, or maybe won't happen. I think the President himself has said he believes the American people will let their Senators and Congressmen know that they want action and not a lot of time spent in parliamentary maneuvers to stop action.

Q Ron, Mr. Ullman said he told the President that if he insists on going ahead with the import levy that the Ways and Means Committee will have to turn its attention to that first, and therefore, that would delay their consideration of the antirecession tax cut. Why did the President go ahead anyway in light of that argument?

MR. NESSEN: The President did receive a letter from Congressman Ullman, and also spoke several times on the phone to Congressman Ullman. The letter raised the question of whether the President had taken all the necessary legal steps in order to sign this proclamation.

I guess Lou Cannon is the best source of the fact that the steps were taken. The other part of it was that Ullman asked for a delay and the President felt he could not. In the light of national security and for the other reasons he is signing this proclamation without delay.

Q Even though it meant a delay in the anti-recession tax cut?

MR. NESSEN: The President, as I say, believes that people will be in contact with their Senators and Congressmen and tell them they don't want time wasted attempting to stop action. He thinks that people will be in touch with their representatives to let them know they want action, and they especially want this tax cut.

Q What do you mean, national security?

MR. NESSEN: As you probably know, some of you, the grounds for this proclamation are national security grounds. That is the way the law is written.

I do not know if any of you saw Secretary Simon's testimony -- I guess it was today -- but Section 232 of the Trade Expansion Act, which authorizes the President to do this, notes that the President can take this action if petroleum is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.

That is the way the law is written that he is using for this proclamation. Then Secretary Simon has done the necessary legal work to come to the conclusion that indeed the amount of foreign oil being imported into the United States under the present circumstances does threaten to impair national security, for the following seven reasons.

Q Are we going to get that statement later?

MR. NESSEN: This is his testimony today, but I can run quickly through the seven reasons, if you care to hear them.

Q No, thank you.

MR. NESSEN: You don't care to hear them? Okay. This is his Ways and Means testimony today. I am sure you all have people up there listening to it.

Q Ron, one question that did occur immediately is how long is it going to be before this \$1 increase hits the gasoline pump prices?

MR. NESSEN: The FEA calculates that every extra dollar import fee you place on imported petroleum raises the price of gasoline at the pump by a penny a gallon. The penny a gallon would not show up immediately, but probably in three or four weeks you would begin to see gas rising by that penny a gallon.

Q How does that square with the estimate of 10 cents a gallon increase when the third dollar has been put on?

MR. NESSEN: The 10 cents a gallon applies to the legislative program which the President wants passed. That has to do with the \$2 fee on both domestic and foreign and the deregulation.

Q So, Ron, what you are saying is when all \$3 are in effect by April 1, soon after that gasoline prices should be only three cents higher than they are now?

MR. NESSEN: That is the calculation of the FEA, yes.

Q Does this mean the first increases really should not show up until the end of February?

MR. NESSEN: That is about right.

Q What should the American people do if they go to their gas station in two or three days and see prices three cents higher?

MR. NESSEN: I don't know that that is going to happen, Gaylord.

Q I mean, what recourse would they have?

MR. NESSEN: Let me say this about this program. The President is beginning this afternoon. This is only the beginning of a program he feels is necessary for national security reasons and to have independence in energy by 1985. This is by no means the answer to the problem. It is what he can do with Presidential authority and what he feels is needed.

In order to get the full program working, Congress has got to pass the legislative program. This is all he has authority to do, but he feels he has to start.

Q My question, Ron, deals with the mechanics of policing. How is the government going to keep gas stations from going ahead and raising prices three cents a gallon?

MR. NESSEN: The FEA controls the price of gas, don't they?

I don't know that they will, Gaylord, but let me find out if there is a mechanism to prevent it.

Q Ron, will you clear up one figure here. You said the President's program would work if every motorist would cut his monthly gasoline by four or five gallons. Do you mean his entire program or simply the 400,000 barrels that would be saved?

MR. NESSEN: I am saying the 250,000 -- but we are only talking about one part of it -- the 400,000 would be cut out by the four to five gallon saving.

Walt was trying to get in a question a while back.

Q Thank you. You said the President feared long-term rationing would encourage violations. Are you talking about petty violations or organized crime?

MR. NESSEN: I do not know that he is that specific in his thinking, but the history of rationing, including World War II rationing, has been that it encourages violations.

Q Has he received any information to suggest -- let's say for instance from the FBI or the Justice Department -- that organized crime would be directly involved in counterfeiting rationing coupons.

MR. NESSEN: I don't know whether he has or not, Walt.

Mort, go ahead.

Q Is there a comparable figure for heating oil? What does the average home have to cut down its heating oil consumption by?

Q Do you have all the figures for each category, how much each would have to cut back?

MR. NESSEN: You mean the comparable figure to a gallon a week?

Q Right.

MR. NESSEN: I really don't, but I could try and get them for you.

Q Ron, one more question on that excise tax. We have one of the largest backlogs of oil in storage now that we have ever had --

MR. NESSEN: I did not go into great detail to Gaylord's question, but I think I said before out here that the dollar a barrel would have to work its way through the system. We do have quite a large stockpile of petroleum now, and they would not be able to add the cost to what has come in previously. The dollar would have to work its way through the pipeline before it would show up.

Q Don't you think it might be longer than two or three weeks then before --

MR. NESSEN: I am giving you the shortest estimate I have heard for it to begin to show up.

Q Ron, how much would fuel oil go up with this \$1 fee?

MR. NESSEN: FEA estimates that all fuel will go up an average of 10 cents a gallon.

Which program are we talking about?

Q We are talking about the proclamation that he is signing.

MR. NESSEN: The effects of the proclamation, the penny a gallon would spread around to all --

Q -- a penny a gallon on fuel oil and one cent a gallon jet fuel?

MR. NESSEN: Yes.

John, is that right?

We used the figure of a penny a gallon for every dollar you add to the barrel price. Does that work for jet fuel, home heating oil and so forth?

MR. CARLSON: That is an average.

MR. NESSEN: That is an average figure, a penny a gallon average for all fuel.

Q Do you have a figure for how much people would have to turn down their thermostats to achieve the 250,000 cut in fuel oil?

MR. NESSEN: I don't.

Q Weren't we told gas prices were going up a dime a gallon?

MR. NESSEN: A dime average, and now there is some feeling that gas may go up somewhat more and other fuel prices might go up somewhat less.

Q Where do you get the dime, if it is a penny a dollar?

MR. NESSEN: Because we are talking about two separate things, a penny a gallon based on a dollar hike in the import tariff, but the other figure is based on the whole program being put into effect, deregulation and so forth, and an excise tax on domestic supplies.

Q Ron, how do you get that penny a gallon?

MR. NESSEN: Let me just get Gaylord's question answered. There is the Emergency Petroleum Allocation Act, and under that act, the FEA has price regulations which control the prices of gasoline at the pump. If you go to your gas station tomorrow -- let me back up still another step and say, this starts February 1st. You know the dollar goes on February 1st. Let's not forget that.

Q But you are also talking about two or three weeks --

MR. NESSEN: Two or three weeks beyond that. Two or three weeks beyond February 1st, we may begin to see the first price increases, but if your gas station raises its prices tomorrow, there is a Complaint Department at the FEA that you should contact.

Q Ron, there are 42 gallons in a barrel. How do you figure out the one cent per gallon?

MR. NESSEN: Forty-two gallons out of one barrel is not all gasoline. The barrel produces so many gallons of gasoline, so many gallons --

Q You pick an increase of one cent a gallon on other products, too, and there are 42 gallons in a barrel?

MR. NESSEN: Yes, but remember, imports only amount to about 38 to 40 percent of our total petroleum supply, so by the time you get it mixed together with the 60 percent domestic, which does not go up in price, you come out with a dollar a gallon.

MORE

Q Ron, I am having difficulty realizing where the President's top priority is after listening to his speech Saturday night before the AFL-CIO and the one last night. I got the impression last Saturday he was most concerned about this immediate tax rebate.

He is now taking an action aimed at energy conservation which is going to delay the tax rebate, according to Congressman Ullman.

MR. NESSEN: He certainly hopes not.

Q He knows, from talking to Congressman Ullman, that that is, however, the case. Is the President's top priority now energy conservation?

MR. NESSEN: John, I don't believe it is an either/or question, and we should not cast it that way. The President has a program. He has a program for an immediate tax cut to help get out of the recession and get money back in peoples' pockets. He has an energy program, the first step of which is the proclamation he is signing today.

He believes this should move along, all parts of it, and he believes the people will let their representatives know they want it to move along. He doesn't think there ought to be this choice.

Q Ron, on this same matter, going back to what you were asked earlier about what became of the spirit of compromise from the Congress, now Mr. Ullman and others in Congress asked him to delay this proclamation just by a few days -- now, first, what difference, as far as national security is concerned, could a delay of a week or so, so that they can have a chance to vote on this resolution, make? And secondly, has the President considered that what rapport he still has with the Congress could go down the drain because of his action?

MR. NESSEN: No, he does not think that will happen, and, certainly, he has not changed his ideas about cooperation at all. The letter that Congressman Ullman sent in here proposed delaying it for 30 days in order to go through the legal steps that had to be taken, and Congressman Ullman did not realize that the legal steps had already been taken, so there was no need for the 30-day delay.

Q Would 30 days make a difference to the national security?

MR. NESSEN: Oh well, the President believes, as he said in his news conference the other day, that we need to start the momentum -- and it has to start somewhere and sometime -- and he thinks it ought to start on February 1st.

THE PRESS: Thank you, Ron.

END

(AT 1:30 P.M. EST)