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NEWS CONFERENCE

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AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:40 A.M. EST

FEBRUARY 19, 1975

WEDNESDAY

MR. NESSEN: Is Peter Lisagor here?

Q Yes.

MR. NESSEN: I owe you an apology, Peter, because I found out that it truly is not possible to do any business with 50 wives at the table, so you were right all along. I wore my MCP necktie today in honor of the occasion -- it's got little pigs on it.

Q What was the apology for?

MR. NESSEN: I said that the dinner tomorrow night with the Governors was going to be a working dinner, and it is not going to be a working dinner. It is going to be a social event.

I don't know what they will talk about while they are eating, but it is not a working dinner, as I said it was going to be.

Q There will be coverage at the reception afterwards?

MR. NESSEN: Yes, the coverage plans are being worked out, and we will have it for you.

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Q In view of that, that would leave no opportunity for the President to talk directly to the Governors, would it, about his energy and economic programs?

MR. NESSEN: He has already talked to more than 27 Governors, Mort. He has talked to 26 Democrats, six Republicans and one independent, for a total of 33, so he is missing 17 Governors.

Q He can have a long toast, can't he, and say what he has to say?

MR. NESSEN: There will be toasts, and he will have a chance to talk privately while he is eating.

Q I hope you will let as many of us as possible cover because there is plenty of room in that house.

Q But this could raise a question. I mean, he is flying around the country, bringing his own material and talking to a bunch of Governors, and they are up the street and he doesn't go and talk to them. Why not?

MR. NESSEN: Vice President Rockefeller is talking to them today, and the President will have a chance to talk to them privately at dinner. He has seen 33 of them, as I say, in their own areas. He will be seeing the others as he goes around the country.

Q But he is foregoing this chance at this time to talk to them?

MR. NESSEN: In a formal meeting setting, he is.

I am sorry, I started off by apologizing to Peter and got everything off to a bad start.

The President had his breakfast meeting this morning at 7:30 a.m., with ten Democratic Senators from Southern States, plus Senator Cannon of Nevada, to discuss his opposition to the attempt to delay the oil tariff increase and, also, to explain how his action on the oil tariffs is an interim step until Congress gets to work on an energy program. It begins to move the United States towards self-sufficiency in energy.

The breakfast began at 7:45 a.m. The President started speaking about 20 minutes later, and the meeting ended at 9 o'clock. The President began by saying to the Senators, "Unless we get some action, the country is in serious trouble. Every day that passes, we become more vulnerable to blackmail by countries that have no concern for our welfare. The gamble on our security becomes greater."

The President recalled that, at dinner last night, he was asked by one Senator, "Is your program worth the price?" And the President replied, "I said it was just like buying insurance on your home or car. You have to make a conscious decision that the premium is worth the price. Our program is worth the price, when you consider the alternative of American vulnerability."

At that point, a slide projector was turned on, and the President used some slides to illustrate his energy program. He listed the four main points of the energy program, which are conservation of energy that comes from the Arabs and other countries overseas, the development and exploration of energy here in the United States under American control, the national security aspects of his tariff increase and the equitable application of his program.

He said, "I want to tell you why we have an energy crisis," and he said that, in 1970, the United States was spending \$3.5 billion to import oil. In 1977, if there is no energy program, the United States will be spending \$32 billion. In 1970, the United States spent \$3.5 billion on imported oil. In 1977, without an energy program, it would be \$32 billion, a tenfold jump.

Rather than the present economic situation being a reason for not launching an energy program, he pointed out that the present economic situation was, to a large measure, caused by the energy problem and the importation of high-priced oil and that the present economic situation was not a reason to delay, but rather, a reminder of why action was needed right away.

He said that the schedule of import fees, which he is putting into effect while he waits for Congress to take up his energy program, was designed to stimulate Congress to act. He said, "There have been a lot of speeches in Congress over the years, but we have seen no action."

The President also pointed out that the authority used to impose the \$1, \$2 and \$3 tariff increases was a national security law and that he had made the finding that it was required in the interest of national security to raise these fees. I think, at the time he did it, we passed out the papers which supported that finding.

The President talked about how domestic production of oil and other energy, which Americans themselves control, would be increased, and he also sketched out, with the use of slides, how the \$30 billion taken in by the government through windfall profits on the oil companies and through the excise and import taxes would be given back to people. \$16.5 billion of it goes back in individual, permanent income tax cuts, with most people who earn less than -- most families which earn less than \$15,000 a year, or up to \$15,000 a year, would get more back from the tax cut than their higher energy costs would run.

There also would be the \$80 flat payment to people who pay no taxes. There would be the home insulation program, a cut in corporate taxes to make up for their higher energy costs, so they would not have to pass it along to the customers, state and local governments would get \$2 billion for their higher energy costs and \$3 billion would remain with the Federal Government for its higher energy costs.

The President said that he had heard talk of rationing as a conservation method. He said, "A month or two ago there was a great hue and cry for rationing, but now that we have gotten the facts out, I think people see the problems connected with it. We analyzed the rationing program in great detail and came to the conclusion that it was the worst alternative possible."

He listed five reasons why rationing was the worst way. One, it would have to last five to ten years. It would mean that each driver would get 30 percent less gas than he is getting now, that each business would get 10 percent less gas than it gets now.

It would involve a costly and inefficient bureaucracy, and it would do nothing to stimulate the development of an exploration of new sources of energy, which he said was the biggest drawback to rationing.

At that point, Secretary Simon was called on, and he said that the dependence on the Arabs and other OPEC countries is continuing to grow, and he said, "If we do nothing, we face the possibility of another disastrous embargo. Our options are limited." He recalled what the President had just said about rationing.

He said another option we hear a lot about is allocation. He said allocation will increase the price of gas and will cost the economy 400,000 jobs, which, as you know, he mentioned yesterday, and some of you expressed curiosity about where that figure came from.

It is based on the experience during the Arab oil boycott of 1973, which cost the American economy 500,000 jobs. The average reduction in imported oil at that time was somewhere between one and one and a half million barrels a day due to the Arabs stopping shipments to the United States.

So, Bill Simon has extrapolated that if you lost 500,000 jobs by losing between a million and a million and a half barrels a day, then you would lose 400,000 jobs if you had an allocation system that would automatically cut a million barrels a day from imports.

Q So, you lost 400,000 jobs under the President's plan also since he plans to cut it a million barrels a day, too, right?

MR. NESSEN: Not at all, Jim. The whole purpose of the President's program, in doing it through the price mechanism, is to allow the economy to make its own adjustments.

In fact, just before I came out here somebody gave me a study that has been put out by Chase Econometrics, which has nothing at all to do with the government, and you might want to get a look at it.

It is about fifty pages by Chase Econometrics, which shows the effect on employment quarter by quarter up through the middle of 1976, on unemployment, and they find that the President's program would have no effect on American jobs. That is the purpose of doing it through the price mechanism.

Q Did they do the same study with respect to allocation?

MR. NESSEN: As I say, it was given to me just before I came in, and I haven't read it. I have not read it thoroughly. Is the same thing done with allocation? I don't think so.

Q Ron, is that the same Chase study that I was told also says the President's program does nothing really to combat recession?

MR. NESSEN: Not that I know of. As I say, I have not read the report fully yet, but I did think that this might come up, so I brought the chart out.

Sarah?

Q Ron, I think it is a little unclear as to why private industry has managed to let these jobs let out people that will save 400,000 jobs. I wish you would explain that a little bit more because private industry can let people out, too.

MR. NESSEN: The 400,000 jobs are not government jobs, they are private industry jobs.

Q You said private adjustments in business.

MR. NESSEN: That is right.

Q That would prevail if the President's program went through. How would those private adjustments in business -- they can lose jobs, too.

MR. NESSEN: Their cost of petroleum will go up and, at the same time, their corporation, for instance, their taxes would be cut from 48 to 42 percent so they would have that extra 6 percent of what they normally would pay for taxes to pay salaries.

There is expected to be a direct passthrough of higher energy costs, which would then go to the consumer who in turn would get his tax cut to help him pay for his extra energy costs.

Q Ron, are you finished with breakfast yet?

MR. NESSEN: Not quite yet. We are about to the sausage, and we are getting up to the sweet rolls.

Alan Greenspan spoke at that point, saying that --

Q We are up to the balogna now. (Laughter)

MR. NESSEN: It is not that bad.

Alan Greenspan's point was that if there was another oil embargo in 1977 or sometime between now and 1977, and there is no program to reduce imports, the effects of a new embargo would be much greater than the effects of the 1973 embargo, he feels. He said there would be tremendous cutbacks in production.

One quote was: "Los Angeles County would come to a screaming halt due to the shortage of gasoline."

Q Is he for or against that? (Laughter)

MR. HUSHEN: That is a plus.

Q Is that a quote, screaming halt?

MR. NESSEN: That is a quote. This is in the event of a new oil embargo, unless we have a --

Q You have a difference of opinion here between Simon and Greenspan. He said it is going to be worse, and Simon said it is going to be better. We lost 400,000 jobs instead of 500,000.

MR. NESSEN: Bill Simon was talking about the effects of an allocation program, and Alan Greenspan is talking about the effects of a new embargo.

Q But Simon was basing it on the experience of the previous embargo?

MR. NESSEN: That is right. When a million or a million and one half barrel shortage cost 500,000 jobs, Greenspan is saying he thinks a new embargo would be worse than that, and the 400,000 job loss is based on an allocation system that across the board would cut out a million barrels a day on imports.

Greenspan concluded by saying, "We have already delayed far longer than we should have."

The President then said, "Let me talk about how we have shown some flexibility." He talked of a number of areas in which he has shown flexibility, one having to do with New England, which was to exempt New England from the first dollar of the higher tariff on imported products and to have the second month only go up 60 cents and the third month another 60 cents.

He said that as far as showing flexibility, when it comes to farmers -- because Zarb is working on a system to help farmers get a rebate for their higher fuel costs -- farmers cannot pass through price increases as easily as businessmen.

He said that we are committing ourselves to a gasoline tilt on prices since there is more flexibility in the use of gasoline than in home heating oil.

Let me explain that for a minute. We have said all along that the average increase in the cost of fuel would be 10 cents, but the FEA does have authority to determine how much of the price increase goes on gas and how much goes on other petroleum products, and the President is indicating that the decision is to have a higher price for gasoline, have more of the price increase on gasoline and less of it on the home heating oil.

Q Has that come up before? Is that part of the program as announced in various --

MR. NESSEN: I think we have talked about the FEA's authority here, and I am not sure that the President has ever clearly stated on his own --

Q Are you changing the amounts by which you estimate --

MR. NESSEN: I will tell you how this has come about indirectly, Mort. You know, various figures have been used, ranging from 10, 12, 13 to 14 cents a gallon on gas, and we have never clearly explained that what that means is that the price of gas might be allowed to go up by that much in order to have a 4 or 5 or 6 or 7 cent increase in the heating oil, instead of the full 10 cents on heating oil.

Q Ron, how much would the increase be on gasoline, how much on heating oil, how much on jet fuel?

MR. NESSEN: The 10 cent average per gallon increase remains firm. The President is indicating this morning that the tilt will be in the direction of higher cost for gasoline and somewhat lesser increases for the other products. I don't have the exact figures.

Q Ron, what happens after April 1 when the plan is to remove the controls on the price?

MR. NESSEN: What happens after April 1 is that the President would hope that by April 1 Congress has passed his energy program. As I said yesterday, this is not his energy program, this is an interim measure to get started and also to nudge Congress to get to work on the energy program.

Q But after that happens, then the tilt cannot be maintained unless the oil companies want to maintain it.

MR. NESSEN: No, no. The FEA does maintain its authority to oversee the amount of increase in gasoline prices as well as other products.

Q Ron, in the past I understood when he talked about 10 percent it was up to the refineries to choose where they wanted to lay the greatest increase, and they would raise their prices.

MR. NESSEN: That is right, John.

Q Now you are talking about governmental action as opposed to private sector action, aren't you, and isn't that the new thing that you are talking about?

MR. NESSEN: Under the Emergency Petroleum Allocation Act, which is still in force, the FEA does have price regulations which control the price of gas at the pump, and that would be used to tilt in the direction of higher gas prices.

This is really not new. I mean, we have said this before. Perhaps we have not put it together in this package before.

Q Ron, my recollection is what John Cochran said, that the proposal was that it would prohibit oil companies from loading other than gasoline, but would not prohibit them from loading gasoline, thus permitting them to.

Are you saying that the President said that they are committed to requiring the gasoline companies to load more of this increase on gasoline and less on heating oil and jet fuel?

MR. NESSEN: His words are, "We are committing ourselves to a gasoline tilt on price, since there is more flexibility in the use of gasoline than in home heating oil."



Q It does sound then like he is talking about a mandatory provision, doesn't it?

MR. NESSEN: John is going to call the FEA and find out.

Q What does that do to the price of gas? Does that mean it is going to be more expensive than what you have estimated?

MR. NESSEN: No, because the estimates here have ranged up to 12, 13 and 14 cents a gallon, so we are in that same 12, 13 and 14 cents a gallon. It is really much too soon to settle on a price, and also there are some regional differences here, too.

Q But you are not talking about gas being any more expensive?

MR. NESSEN: No. I am talking about the 10 cent average remaining so you might go to 12, 13 or 14 on gas and down to 6, 7 or 8 on fuel oil.

Q Ron, how academic is all this discussion? The Democratic plan in Congress, in the Senate at least, or I think both Houses, as presently emerging calls for a 1 cent a gallon increase on gasoline taxes, and it is Congress that enacts tax legislation.

How much of all that you have been saying now is academic in the sense that it is never going to be passed?

MR. NESSEN: I have to leave that to your judgment, Jim, and to what they do in Congress.

Q What I am asking is, do you have a realistic expectation that the Congress is going to go along with the President's proposals here on gasoline taxes?

MR. NESSEN: The President certainly is taking a lot of time to explain his program to Congress and the Governors and the people.

Q Do you have a realistic expectation?

MR. NESSEN: Yes.

Q Ron, are you through with breakfast yet?

MR. NESSEN: We are just up to the sweet rolls now. (Laughter)

Q I have a question on that.

MR. NESSEN: I just have to get through a paragraph and a half.

Walt, did you want to ask a question?

Q I have a question on breakfast, but I will wait until whenever you are ready.

MR. NESSEN: All right.

He did tick off these elements of flexibility, and he said, "I think we have shown a degree of moderation and conciliation, but if we had not been tough, we would not have gotten this far this fast. The country cannot tolerate drift any longer."

Then he said, "Whatever help you can give us will be appreciated."

Some of the Senators mentioned that when they look at his program they say, "We are all after the same objective," and the President said, "I think we should end the meeting on that comment."

Q Three Senators emerged from that meeting saying that the President discussed that there was room for compromise. Heretofore when we have asked about compromise, we have been told that the President was flexible, but when pressed on the subject of compromise, you said, "We don't have anything to compromise with."

Can you tell us to what extent compromise with the Congress was discussed in this meeting?

MR. NESSEN: The President talked about the flexibility he has already shown, and he repeated what he said at all of these meetings, which is that if Congress will put aside this effort to delay the start of these tariffs and will settle down and begin to work on an energy program, he will be happy to look at their energy program when the Democrats have one, and see if there are areas where they can come together.

But as far as the \$1, \$2 and \$3 go, that is in the Executive Order -- all three steps of it are in the Executive Order -- and the Executive Order is in force.

Q Ron, Secretary Morton told the Governors this morning that the President was totally flexible. Moreover, he told them that he was waiting for the Pastore and Wright energy programs to come up, that he will set down with the Democratic leaders and work out a unified program.

That seems totally contrary to everything you have been telling us here about it being set in concrete on his tariff proposal. I would like to know whether the change occurred at breakfast this morning because Morton did cite the President at breakfast this morning.

MR. NESSEN: Peter, that is not a contradiction. It is really what I just told Walt, which is that if the Democrats come up with a program, the President will look at it and see if there are areas where there can be compromise.

The \$1, \$2 and \$3 tariff is not a program, and I tried to make that point yesterday. In other words, he has got an energy program.

Q You are saying if and Morton is saying he welcomes the Pastore-Wright ad hoc committee, and they are almost saying that there are plans now for the President to get together with these people.

My question is: Are there such plans and was some arrangement made at breakfast about it?

MR. NESSEN: To answer very specifically the breakfast question, the answer is no. As far as whether there are plans to get together, I don't know of any, and I don't know of a Democratic plan at the moment.

If you are talking about compromise or accommodation, that is where it could come, if the Democrats come up with a program. I am not talking about the same thing if you are talking about the \$1, \$2 and \$3.

Q You keep making a point of that, Ron, but the very first ingredient of the President's program is that \$1, \$2 and \$3, and that is what the Congress is acting on. Everybody knows it is not his energy program, but it is the first tangible, visible step in his energy program, is it not?

MR. NESSEN: One of the purposes of it is to nudge Congress to get busy and work on the energy program.

Q Ron, were any commitments asked or offered on the vote to sustain or override? Secondly, was the subject of the seating of the contested New Hampshire seat brought up with Cannon in view of the fact that that vote is supposed to be very close?

MR. NESSEN: I am not aware that either one of those matters came up this morning.

Q Ron, Senators McClellan and Talmadge, after the meeting, seemed to talk about negotiations between the President and presumably Democrats -- the said Members of Congress -- beginning perhaps as early as this week to look for a compromise solution. Where did they get that idea?

MR. NESSEN: I have no idea. There is not a Democratic program yet that he could look at.

Q Ron, why did he pick a group of Southerners? Is this because he thought that they were more conservative, and he had more chance to get their support? Conservatives do not quite fit in here. Is it because the Republican Party wants to appeal to the South? Why did he pick the Southerners as a group?

MR. NESSEN: I think you have to look at the whole week's activities rather than just this morning's breakfast, Sarah, because he has had the Steering Committee Monday night, which is a conservative Republican group; he had the Wednesday group, which is a moderate or liberal Republican group; he had the Republican leaders, which is a cross section; he will have the bipartisan leaders, which is a cross section, the Southern Democrats, plus Cannon; the freshmen Republican House Members, and by the time the week is over, he will have pretty well explained his program to the whole spectrum of opinion in Congress.

Q Ron, Senator Talmadge said this morning -- in the energy bill that he is referring to -- the next step is for the President to meet with this ad hoc committee, which probably will occur this week. Was that not discussed?

MR. NESSEN: I think the next step is for the Democrats, if they can, to come up with an energy program that the President can look at and see if there is any area of accommodation.

Q And the next thing that McClellan said was that he sees no reason why we cannot have a unified energy program within two weeks. Does the President agree with that?

MR. NESSEN: There is not a unified energy program now. You mean a unified one with the Democrats?

Q Yes.

MR. NESSEN: As I say, Phil, the first step is for the Democrats to have a program.

Q Ron, there seems to be something contradictory here. How much does the President think the price of old oil will be if he takes the lid off? How far does he think it will go? Is the fact that it might go up say to \$8 a barrel, as some people have projected, does that coincide with this plan to have these price controls on gasoline and fuel oil?

MR. NESSEN: I don't have the specific dollar amount that he expects old oil to go by the barrel. I know that it is believed that it will go up gradually and not all at once. Whatever the figure, which I unfortunately don't have, it has been factored in. Now, I can give you a total figure.

Q Does that not seem contradictory? Are you going to let the price go up and then you are trying to get one big price, as I understand it, one world price, and that does not go along with keeping prices regulated on gasoline and fuel oil, home oil.

MR. NESSEN: The philosophy of the program is two things. If you let the price of oil rise through the various mechanisms -- excise taxes, import fees and deregulation -- first of all, you reduce consumption by having a higher price.

I think the figures that have just been published in the past couple days showing a 3 percent decrease in petroleum last year because of the higher prices and a 5 percent reduction in people who drive to work shows that a price increase does indeed reduce consumption. That is one factor in using the pricing mechanism.

The other factor is that American production of petroleum has been going down since 1970, as you know, and one way to increase it is to enable these companies to sell their oil at a price that allows them to drill profitably.

Q That is right, but that does not seem to go along with your price controls on gasoline and fuel oil.

MR. NESSEN: As I said, the people's use of home heating oil is less flexible than their use of automobile gasoline, and in order to avoid undue hardships to people who need to heat their homes, it was decided to tilt the price in the direction of higher gas prices.

Q But in a free economy all of these things are regulated on what the price of oil is. Then you back up from there and break it down to gasoline and fuel oil and everything else. If you are going to have your price way up high on a barrel of oil, how are you going to do this?

MR. NESSEN: I don't know that I see the problem that you do, Sarah.

Q My dear, the price of products of oil is based on what the total price of the barrel of oil is.

MR. NESSEN: That is right. It is expected that the price of old decontrolled oil would rise to the world market price, which is about \$10 or \$11 at the moment, and there is no way of forecasting what it would be in the future.

Q Ron, was there any discussion at this meeting of a unified policy? Did that phrase ever enter the discussion at all?

MR. NESSEN: As I say, several Senators used the expression, "We are all of the same objective," and some of the Senators talked about how they were encouraged that both sides seemed to want to avoid a confrontation and are willing to work together.

What was the word you used?

Q Unified.

MR. NESSEN: I did not hear that word this morning.

Q Ron, does the President feel that he stimulated Congress into action on the energy program?

MR. NESSEN: Oh, he said that himself. He said it this morning.

Q Let me just ask you a basic question.

MR. NESSEN: When you look at what happened since January 15 when this program was proposed, I think you have to say that it has had one success already, and that is that before January 15 there was not any urgency or sort of public or Congressional determination to have an energy program, and, in fact, there was a poll out indicating that before January 15 something like 13 percent of the public thought that the energy problem was important.

I think by putting this plan together and proposing it, the President has gotten a dialogue going and has gotten Congress and the public convinced that an energy program is needed.

Then the latest poll shows that the 13 percent who think there is an energy problem has jumped up to something like 40 or 45 percent. So, in that sense, I think the President has had one success already, which is to persuade Congress and the public that an energy program is needed.

Q Ron, they aren't formal and final with the Democratic plan, but everything they are discussing uses the phrase "a much lower priority on the energy problem." This is a direct contradiction to what you are suggesting, and the question is, is the President ready to compromise on the priority of the energy program?

MR. NESSEN: I said yesterday that what he wants first is a tax cut and then he wants his energy program. I don't think that is any downgrading of priorities.

Q Is he ready to compromise on the one million barrel a day figure that he wants?

MR. NESSEN: I think it is silly to talk more about compromise because the President's views on compromise have not changed and we are really just playing with words.

There is nothing to compromise with at the moment, and he wants Congress to get busy on an energy program and he would like to see what they come up with.

Q Let me ask you one question. I understand what the President is saying when he says we ought to reduce dependence on foreign oil sources, but I just simply don't understand why he thinks that raising the price of gas 13 or 14 cents is going to make us less vulnerable to an oil embargo.

If a war breaks out in the Middle East, the Arabs are going to cut off the oil and the price of the oil will make no difference whatsoever.

MR. NESSEN: The rise in the price of oil, Bob, of gas and other petroleum products is designed to reduce consumption and it works because it worked last year when the Arabs raised their prices.

Q But reducing the consumption is not going to have anything to do with whether they have an embargo.

MR. NESSEN: No, but it is a beginning to at least reduce a million barrels of the dependence and then another million barrels next year. You have got to start somewhere, and this is the place to start, and he has started.

Q Would not the embargo be a more direct way to reduce consumption?

Q That reduces the consumption.

MR. NESSEN: And throws 400,000 out of work.

Q If you allocate a million barrels less a day, you cut imports by a million barrels.

MR. NESSEN: You do?

Q I don't quite understand what effect this has on jobs any more than cutting it a million barrels by increasing the price.

MR. NESSEN: Because, as I said, the economy will adjust through the price mechanism and these tax cuts will make it easy for business -- not easy, but will make it possible for businesses to get some of their higher energy costs back and for consumers to get part of theirs back.

If you come along and say, okay, starting tomorrow we are going to import a million barrels less, now the airlines will get only 85 percent of what they got last year. Then the airline has to start canceling flights.

Q Are they going to get 100 percent if you have an increase in price?

MR. NESSEN: No, but through the pricing mechanism they will be able to adjust their schedules and so forth to take account of this, but also raise their prices to make up for it.

Q Ron, have you finished your announcements?

MR. NESSEN: No, I have not started them.



Q Ron, based on his meeting with the Senators this morning and the meetings he has had earlier in the week, does the President feel at this point that he does have enough votes lined up to sustain his expected veto of the oil import fees legislation?

MR. NESSEN: This is just a little note about higher gasoline prices versus lower home heating oil prices.

Q Does that have specifics?

MR. NESSEN: It has some examples. For instance, the \$3 import fee that we will reach on April 1 would raise fuel prices generally by somewhere between 3 and 4 cents a gallon.

What the President is saying is that he thinks perhaps the way to do it would be to have gasoline go up 6 cents a gallon and home heating oil up only 2 cents a gallon, for example, and the same thing would work when the permanent program gets into effect.

Q What would be the figures in the permanent program when it goes into effect?

MR. NESSEN: It would be based on 10 cents, Gaylord. The estimate is an average of 10 cents. Let's just say as an example you might have gasoline going up 13 cents a gallon and you would have home heating oil going up 7 cents a gallon.

Q Ron, is this going to be mandatory?

MR. NESSEN: The details are being worked out now and the FEA will issue final regulations prior to March 1.

Q Any indication of how much it will cost to administer this price control program?

MR. NESSEN: Nothing beyond the FEA's existing mechanism. It is a simple regulation that will be issued, as I say, before March 1. It is not a new, large bureaucracy.

Q This old bureaucracy is going to police it?

MR. NESSEN: I say, the FEA -- the FEA already polices gasoline prices. Somebody asked here one day, "What happens if my gas station starts raising prices?" There is a phone number where you call the FEA, and they do police it at present in the bureaucracy.

Q They are an efficient bureaucracy?

Q Is this tilted towards gasoline?

Q Ron, you still haven't said whether the regulation the FEA will issue March 1 will require oil companies to load gasoline, or will only permit them to.

MR. NESSEN: The FEA has statutory authority to allocate the increased cost disproportionately among different products.

Q But does it plan to use that statutory authority?

MR. NESSEN: That is what the regulations are, right, John?

MR. CARLSON: Right.

MR. NESSEN: It will be mandatory.

MR. CARLSON: And disproportionately lower.

Q When did the President instruct the FEA to draft these regulations and to institute a tilt towards higher priced gasoline?

MR. NESSEN: Sometime ago, but I don't have the exact date.

MR. CARLSON: The Federal Register for public comment -- I think the last date for public comment was around February 5, and they are now working out the final details.

Q If I understand it right, and I may not, the one that was for public comment was permissive only. Now, is this being toughened up to mandatory when they get around to issuing the final regulation?

MR. CARLSON: What the public comment material said is that you cannot disproportionately load on to heating fuel, residual fuels, et cetera. We had ten days of public comments. Those comments have come in and now you have heard that, after reviewing all the comments, the President is going to tilt towards gasoline loading.

Q It is going to require that gasoline be loaded, which is a change from what was published in the Federal Register.

Q Did the Senators go along with that today when they heard about this price control?

MR. NESSEN: Well, it was in the middle of a Presidential presentation on his flexibility, and there was no comment on that.

Q They didn't catch it, then?

Q Could I ask you one more question on this flexibility point?

MR. NESSEN: Sure.

Q Did the President indicate to the Senators this morning a greater willingness to accommodate himself, when, if it comes forward, than he has in the past?

MR. NESSEN: Not that I am aware of, Dick.

Q Ron, could you answer my question? I asked it, and you were handed the notice.

MR. NESSEN: Your question had to do with the vote counting -- I remember.

Q Yes.

MR. NESSEN: I am not going to get into a vote counting position.

Q Do I understand you to say the President is flexible on what you call his total program and that he remains inflexible on his interim program, a dollar a month --

MR. NESSEN: That is in the Executive Order, and the Executive Order is going forward.

Q Is your statement good only through the vote this afternoon. Or after that vote, if you lose that vote, are you prepared to be flexible in order to get Congress to sustain the veto? In other words, are you saying that the President will remain inflexible on that dollar value?

MR. NESSEN: I talked to the President this morning about this very point because I knew that it would come up, and he is going to stick to the \$1, \$2 and \$3 and the decontrol on April 1.

Q He will veto?

Q After the vote this afternoon, he will not suddenly become flexible?

MR. NESSEN: I have no indication that he will, John.

Q Has the President ever indicated any reason why he thought over the years that the nation has not had any real long-range fuel policy overall? I notice you mentioned some criticism why they didn't but has he ever shed any light as to his share of these discussions or what he thought about why they didn't ever have a policy like this? They tried for years to get it and could not.

MR. NESSEN: I have not heard him speak on that specific point, Sarah.

Q Is there any doubt that he is going to veto this thing, the 90 day suspension?

MR. NESSEN: Is there any doubt in your mind?

Q I am asking you.

MR. NESSEN: I am going to stick to our policy here.

Q Will he veto it if the Senate should happen to pass the legislation by a two-thirds, or more than a two-thirds majority?

MR. NESSEN: I am just going to wait and see what it looks like. The President is going to wait and see what the legislation looks like when he gets here.

Q Ron, could the President possibly have spoken privately to some of these Senators that they came away with this view that there is something in the works and indicating a get-together between the President and his representatives and Congress sometime within the next two weeks or this week even?

MR. NESSEN: I don't know of any plans for such a get together, Fran.

Q Ron, did Dr. Greenspan this morning make any revised economic projections specifically on unemployment forecasts, inflation?

MR. NESSEN: No, that was not discussed. His part of it was talking about the impact of an embargo.

Q As of today does the Administration expect that -- I am referring to George Meany's remarks the other day -- he expects double-digit unemployment by mid-summer. Does the Administration as of today see any likelihood of that?

MR. NESSEN: I think the President was asked that question at his news conference and he indicated he did not. In fact, I think the editorial in the Times today indicated that George Meany, when asked about that 10 percent figure, had said that he pulled it out of the air. But that is what the Times said, I didn't hear it myself.

Q Ron, just to change the subject --

MR. NESSEN: Why don't I get through the rest of my announcements.

At 12:15, which is now past, the President is meeting with Edmund W. Littlefield. He is the newly elected Chairman of the Business Council. Mr. Littlefield is coming in for a brief courtesy call. He is the Chairman of the Board of Utah International Corporation.

The Business Council is a group of 100 of the nation's top business executives who informally advise the President and Congress, primarily on economic policy.

At 12:45 the President is meeting briefly with Secretary Brennan and members of his senior staff. It gives the President an opportunity to meet some of the Labor Department senior staff before Secretary Brennan's departure after two years of service.

At 4 o'clock the President will see Dr. Kissinger to hear a report on Dr. Kissinger's trip to the Middle East and Europe. There will be photographs and film if you care to at this meeting. I don't have any schedule yet for Dr. Kissinger to brief reporters on his trip but I will keep you posted on that.

Q Is that a possibility today?

MR. NESSEN: I would think not today.

Q Ron, is there any possibility that Dr. Kissinger might talk at the airport when he arrives?

MR. NESSEN: I have no idea. You have to check with his people over at State.

At 5:15, as you probably know, the President will be the host at a reception for the Republican freshmen of the 94th Congress. That will be in the Blue Room of the White House. It is a get-acquainted meeting where he will have an opportunity to meet and chat with them.

Q How many are there?

MR. NESSEN: Nineteen Republican freshmen House Members plus probably some of the leaders.

Q The minority leaders of both sides?

MR. NESSEN: Right.

Then I wanted to tell you that Friday evening the President is going to stop in at the annual meeting of the Reserve Officers Association of the United States. He will receive the Reserve Officers Association Man of the Year Award. This will be at the Washington Hilton. The President will have some remarks and we will have them out in advance.

Q What time is that, Ron?

MR. NESSEN: I don't have the exact details but we will before Friday gets here.

Then one other added event to the Miami trip that I didn't have yesterday. I keep talking about a Miami trip; it is actually Hollywood, Florida, which is north of Miami.

The President will have a breakfast with the news executives from the Florida and the Southeastern region on Wednesday morning. That is the only other event.

Everything will take place at the Diplomat Hotel in Florida. The news conference will be at 11 o'clock on Wednesday as I mentioned.

We talked about the sign up list and putting a little X next to your name if you want to be in the drawing for a question at the news conference.

One other thing about the Florida trip.

Q Any decision on the golf tournament?

MR. NESSEN: Nothing firm on the golf game yet.

Q Ron, the tournament director down there says that they were informed on Monday that the President was definitely coming.

MR. NESSEN: Well, one of the publicity agents down there called me a couple weeks ago and wanted to announce that the President was coming and I said he better not because he has not decided whether to come or not. I suppose they want to attract a crowd for their tournament, but there is no decision made on whether he is going to do it.

Q What is holding up a decision? Doesn't he want to have this trip characterized as a golf holiday or something?

MR. NESSEN: I don't see how you could characterize it as a golf holiday even if he plays golf.

Q The President indicated Saturday when he came back from Burning Tree the reason he was going out Sunday was to get ready for Gleason.

MR. NESSEN: As I said yesterday, I think he probably will stay around and play a little golf.

Q He just does not want it written about as a golfing trip?

MR. NESSEN: Go write about it as a golfing trip. You know, he has a couple other things he is going down there for. I indicated I thought he might stay and play a little golf but it is not definitely decided.

You know, if you say he is going to play golf and he does not play golf, then there will be stories about how he suddenly cancelled his golf game.

Q To keep yourself from being inundated with calls about 5:15 tonight after the Senate vote, do you suppose you could get us some sort of prepared reaction; that is to say, on the vote and you could hand out a statement afterwards?

MR. NESSEN: Yes, we have got that in the works.

Q Could you not just hand out the veto message now?

MR. NESSEN: We have one if he wins and one if he loses.

We have the resignation of Harald B. Malmgren which the President is accepting with deep regret. He is a Deputy Special Representative for Trade Negotiations and his resignation is effective today. He was appointed on May 11, 1972.

Q Why is he quitting?

MR. NESSEN: You will have to ask Mr. Malmgren.

Q Did he give any reason for submitting his resignation?

MR. NESSEN: I have not seen the exchange of letters.

We also are announcing the delegation which the President has selected to attend the ceremonies on the coronation of the King of Nepal from February 22nd to the 26th. I think you have that in your hand.

Philip Buchen, Counsel to the President, is the President's personal representative and for this occasion he will be the head of the delegation with the rank of Special Ambassador. You have the other names.

That about takes care of everything.

Q Ron, there are reports out of the Middle East today indicating that the Secretary of State may have raised with the Israelis the possibility of a defense pact between the United States and Israel. Can you tell us whether he was in fact authorized to discuss that possibility with the Israeli government?

MR. NESSEN: I just don't have anything on that, Bob, at all.

Q Did you ever hear the subject discussed by the President?

MR. NESSEN: I have not.

Q One other question, please.

Has the President instructed the Central Intelligence Agency and the FBI to cooperate fully with the Congressional inquiries into those agencies?

MR. NESSEN: Well, there have been no special instructions, but the President, of course, expects to cooperate.

THE PRESS: Thank you.

END

(AT 12:30 P.M. EDT)