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AT THE WHITE HOUSE

WITH RON NESSEN

AT 12:15 P.M. EDT

MARCH 4, 1975

TUESDAY

MR. NESSEN: Do you want the business first, or should we just work our way through?

Q     Work your way through.

MR. NESSEN: I think I will work my way through.

Q     Put a lead on it, will you, Ron?

MR. NESSEN: This time I will.

As you know, the President met this morning in the State Dining Room at 7:30 with the freshmen Democratic Members of Congress for a working breakfast. The purpose was to give the President and the Congress -- the freshmen Democrats -- an opportunity to exchange views on the economic and energy proposals of the President and other issues.

Jack Hushen was there. He reports that the breakfast lasted two hours. There were 70 freshmen Democrats there. The Vice President was there; also Secretary Kissinger, Simon, Morton, Hartmann, Rumsfeld, Zarb, Greenspan, Seidman, Scowcroft, Marsh, Friedersdorf and Hushen.

Q     Why weren't you there?

MR. NESSEN: I had some other things I wanted to do this morning.

Q     We have heard that story before.

MR. NESSEN: Well, I was.

The President said he looked forward to getting to know the freshmen better and working with them. He spoke of his affection for the House of Representatives, where he served 25 years, and he said this: "Many people have characterized this group as being at the far end of the spectrum, but I think you are aimed more toward problem-solving."

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The President introduced Jack Marsh, who spoke briefly about his Legislative Congressional Liaison Office, and Max Friedersdorf was introduced, who introduced the staff of that office.

Then the President said, "There are two major problems facing the country. Each one has an international ramification. The top priority for action by Congress," he said, "is the anti-recession tax cut and next the energy program."

The President said, "We will continue to become increasingly vulnerable in the energy area if we do not do something to offset our dependence on foreign oil."

The President used a set of slides that he has used before, which are a simple, factual rundown of his program and also of the dimensions of the problem. They show the increasing cost of foreign oil, the fact that American production has declined since 1970, and he spent considerable time explaining how the \$30 billion in extra taxes and windfall profits would be returned to the economy through permanent tax cuts.

Dr. Kissinger was introduced. He is scheduled to leave tomorrow, as you know, on another trip to the Middle East. He talked about the international aspect of the energy problem and how important it is for the United States to demonstrate that it is serious about energy conservation. He spoke briefly about his hopes for the Middle East negotiations.

The rest of the meeting was devoted to the questions and answers from the Members. I would say, rather than going into the specific questions, they fell into the areas of offshore drilling for oil; the increased prices that will come about because of the President's energy program; and government assistance to the housing industry.

The President, as you know from speaking to some of the Members outside, indicated he was going to take action later today as part of his desire to have Congress pass the anti-recession tax cut and come up with an energy program. He did not give details of what he is going to do later today.

At noon, the President began a meeting with Hushang Ansary, the Iranian Minister of Economic Affairs and Finance, to discuss the continuing United States' close relationship with Iran. I believe we gave you some details of that yesterday.

I want to add that after the meeting we will have a brief report on what went on. Also, Minister Ansary and the Secretary of State will have a news conference at the State Department at 3 o'clock.

At 3:30, the President will be meeting with Senators Pearson and Church to discuss aid to Indochina. The meeting was requested by the two Senators.

At 1:30 this afternoon, the President will make a statement in the Oval Office. The 4:00 announcement has been scheduled for 1:30 today.

Q That is the veto?

MR. NESSEN: It is a veto statement. It will be the veto and a statement. We are running a shade late on getting this in its final form, and all I can say is that-- the statement that he will deliver orally in the Oval Office as well as a longer statement that he is sending to Congress-- we are just going to get it out as fast as we can. I have Lou camped over there in the speechwriters' office. I do anticipate we would have at least the oral statement before the event. The cameras will be going in to set up at about 12:30, I believe, and then there will be a pool that will go in there.

All the networks and the still cameras will go in. We will have a writing pool that we will post. Bill Roberts is taking care of this event, as far as arrangements go, so talk to him if you have any problems.

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Q Will it be piped in here?

MR. NESSEN: Sure.

Q There will be a loudspeaker and so forth?

MR. NESSEN: Yes.

Q And then the veto message is something else?

MR. NESSEN: The longer statement to Congress will be coming along either at the same time or a little later.

I thought there might be some curiosity about the technical aspects of this, so I asked Frank Zarb whether he would come over to see you immediately after the veto signing, and he will. He will be here.

I wonder if it would be possible for the networks to have separate cameras in here and in the Oval Office because Frank has another appointment at two o'clock, and I am afraid if we wait for the cameras to be moved in here, it is going to run him past his next appointment.

At two o'clock, the President is having his weekly meeting with the economic advisers. Those attending will be Secretary Simon and Secretary Morton, Bill Seidman, Dr. Greenspan, Dr. Burns, Frank Zarb and Paul O'Neill.

Is Jim Lynn not going to be in that meeting for any special reason? We will check that out and see.

At three o'clock the President will hold his weekly meeting with the Vice President in the Oval Office.

In the way of personnel appointments today--have you received a sheet?

Q Yes.

MR. NESSEN: The President is announcing his intention to nominate Robert W. Fri of Sumner, Maryland, to be the Deputy Administrator of Energy Research and Development. This is in the Energy Research and Development Agency, which, as you know, was created last fall.

Since June of 1971 Mr. Fri has been the Deputy Administrator of the Environmental Protection Agency.

The President is also announcing his intention to nominate two Assistant Administrators of Energy Research and Development with the same organization. They are Dr. James L. Liverman of Rockville, Maryland, to be the Assistant Administrator for Environment and Safety, and Dr. John M. Teem of Greenwich, Connecticut, to be Assistant Administrator for Solar, Geothermal and Advanced Energy Systems.

The President is also announcing his intention to nominate Richard C. Atkinson of Stanford, California, to be Deputy Director of the National Science Foundation. Dr. Atkinson, at the moment, is a Professor of Psychology and Associate Dean of the School of Humanities and Sciences at Stanford University, and I think you have the biographies of all those gentlemen.

Those are my announcements for today.

Q Is he going to suspend the second and third stages of the oil tariff inclusive?

MR. NESSEN: Helen, it is so close I think I ought to wait for him to make his own announcement on that.

Q The speculation has not been wrong, has it?

MR. NESSEN: I think we will just wait the extra hour and let him do it himself.

Q Ron, do you have any analysis now -- Zarb's analysis of the Ullman proposal?

MR. NESSEN: Yes.

Jim Lynn's name was left off the list of those who are attending the economic meeting this afternoon.

Let me just give a kind of overall assessment for the moment, in general terms. I think by the end of the day yesterday we had gotten the word around to most people that the Ullman plan, it is felt, does provide a basis for discussion, but by itself it is not an acceptable compromise. It does provide the basis for discussion.

Just to give you the highlights of the technical discussion, the President's goals for reducing imports, as you know, are one million barrels by the end of this year and two million barrels a day by the end of 1977.

The Ullman plan, as analyzed by the technicians of the FEA, would save a half million barrels by the end of next year, 1976, and one million barrels a day by the end of 1977, so it is about half the President's goal.

It does seem to agree with the President's idea that there is a need to cut back on nonessential driving of automobiles. The White House feels that it is also necessary to encourage the conservation of other forms of petroleum, such as home heating oil and the residual oil used by industry and others.

As far as the effect of the 10 cent a gallon per year increase in the gas tax as called for in the Ullman plan, the effect of that would be to raise the cost of living by 1 percent a year. For each dime a year it goes up, it would increase the cost of living by 1 percent a year, if you follow the Ullman timetable of 10 cents a year. Whereas, the President's plan would add something less than 2 percent this year and about 1/2 a percent next year.

The White House analysis also indicates that by concentrating increased prices only on gasoline, you would have a disparity between regions and industries; and especially the travel industry, the leisure industry and the auto industry would suffer serious economic impacts.

The method of returning this tax money through a coupon system is considered to be extremely complex and less effective than the permanent tax changes that President Ford's plan calls for.

The allocations called for in the Ullman plan are thought here not to be a good long-range solution because, again, allocation is really only another word for rationing, and it would be the government which would decide how much each region of the country and each sector of the economy, each user of fuel, would get.

It is considered better to let the economy make those adjustments itself rather than having a government allocation agency decide how much each person and industry gets.

Also, it is believed that because of the cutbacks that would be necessary under the allocation system, that unemployment would be higher and the Gross National Product would be lower under the Ullman program.

The Ullman plan suggests decontrolling the price of oil over a five-year period. The President, as you know, believes in decontrol immediately, although the President is pleased to see that the Ullman plan accepts the concept of decontrolling oil.

Also, the President is pleased to see that the Ullman plan accepts the concept of reducing consumption through higher prices, which is at the heart of his plan.

Q Ron, on the matter of decontrols, are you saying the President is not prepared to compromise in any fashion the decontrol schedule that he has outlined?

MR. NESSEN: I think it is too soon to talk about specific accommodations that might be made, Tom. The overall Ullman plan provides a basis for discussion, but it is clear that the two main philosophical bases of the President's plan -- decontrol of oil and discouraging consumption by higher prices -- has been accepted by Congressman Ullman.

Q Ron, what is left to compromise on after you get done tearing the program down piece by piece, as you have done?

MR. NESSEN: No, I was asked to relay the technical analysis that the FEA has made, but the general view of the Ullman plan is that it is a basis for discussion.

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Q Was there any discussion on the two-tier price concept?

MR. NESSEN: I don't know what you mean by the two-tier price concept. He calls for the decontrol of oil. He would phase it in instead --

Q The two-tier price concept on gasoline.

MR. NESSEN: I see. On the extent that it is cumbersome and complex and that the easier way to do it would be to raise prices of energy across-the-board and then return the money to the economy through permanent tax cuts weighted toward the lower income brackets.

Q You do not go so far, though, as to say it is unworkable. Is that correct?

MR. NESSEN: I say it is a basis for discussion.

Q No, I mean specifically the coupon, the two-tier thing?

MR. NESSEN: It is much more complex than the President's plan.

Q Ron, what is the difference between a basis for discussion and a basis for compromise?

MR. NESSEN: I don't know.

Q In relation to the plans?

MR. NESSEN: If I say I don't know, everybody will say Nessen does not know. I think I will just stick with the basis of discussion.

Q Ron, does the White House see the essential difference between these plans as the Ullman plan being based on control by quota and the White House plan on control by price. And if so, would that reconcile the difference?

MR. NESSEN: Ullman goes a long way toward accepting, as I say, the President's belief that consumption should be controlled by price.

Q Ron, did the CIA director report orally to the President that they had planned assassinations of foreign leaders?

MR. NESSEN: I am not going to say anything about that, Carroll.

Q Can you say whether the President has been concerned that there would be revelations in that area?

MR. NESSEN: I am not going to say anything about it, Helen.



Q Why?

MR. NESSEN: I am not going to say anything about it.

Q Why?

Q Are you under orders or instructions not to say anything about it, Ron?

MR. NESSEN: I am just not going to say anything about it, Jim.

Q You won't say whether the reports are true that he is concerned?

Q Was this subject not discussed in a meeting which you attended, Ron?

MR. NESSEN: I don't know what you mean, a meeting I attended.

Q A meeting with visitors to the White House.

MR. NESSEN: I am just not going to say anything about it, John.

Q What was the question?

MR. NESSEN: John was wondering whether this matter had been discussed once at a meeting at which there were visitors to the White House.

Q And which you attended?

MR. NESSEN: Yes. I understand the question, but I am not going to say anything about it.

Q Ron, since you are not going to say anything on that, if I could ask you about the charges of Arab discrimination. B'nai B'rith charged yesterday, in fact wrote a letter to the President, reporting, "a concerted campaign among shipping companies aided and abetted by American commercial banks unlawfully to comply with the Arab boycott regulations against Israel."

The letter went on to urge the President to order immediate corrective action by the appropriate Federal agency. Has the President had a chance to read this letter and make any decision?

MR. NESSEN: Was the letter sent to the President?

Q According to the Times this morning.

MR. NESSEN: I don't know that the President has received the letter. I do know the President has sent a memo to the Secretaries of State, Defense, the Attorney General, and the Secretary of Commerce, spelling out for them what he said about discrimination in his news conference in Florida, and asking them to determine whether their agencies might be involved in discriminatory practices, and telling them that he wanted to be assured that they would not allow discriminatory practices which violate the law.

Just to give you a little more of a progress report, that memo has gone out from the President.

Q Who did that go to?

MR. NESSEN: The Secretaries of State and Defense, the Attorney General and the Secretary of Commerce.

Q Do you have copies of it?

MR. NESSEN: I do not have it with me. I saw it last night.

Q Could you distribute copies?

MR. NESSEN: I think we can probably get hold of that.

Q Ron, I am concerned --

MR. NESSEN: Let me finish on a kind of progress report on the matter of discrimination.

The Justice Department has instructed the Anti-trust Division and also the Civil Rights Division to study the matter to determine whether there are violations of Federal law and also to determine if new laws are needed.

The Commerce Department, as part of its response to the President, is putting together the information it has on the boycott, various aspects of the boycott, and also, is continually monitoring any form of economic sanctions that are used against American companies to make sure that there is no violation of the law.

In addition, the State Department and the Justice Department are working together for a review of any international laws that may be involved in the boycott issue.

At the moment, that is the progress report on what action has been taken.

Q What about Defense?

MR. NESSEN: I think Secretary Schlesinger said himself that he has ordered a thorough investigation and will take disciplinary action if it is called for.

Q Ron, has the President been told by the Justice Department, or his own legal counsel, or anybody else, whether compliance by either government or private companies with the demands of foreign governments that people of certain ethnic or racial origin be excluded from assignment to those countries; whether that, in itself, is a violation of existing United States law?

MR. NESSEN: You have two separate questions, John. One, as it applies to private companies; and one, as it applies to government or military people. And frankly, I just do not think these various investigations have gone to the point yet where you can say that a law is being violated or not violated, but that is what they are aimed at.

Q Ron, I would like to ask you a rather complicated question about this boycott that admittedly goes back to prior administrations for which you cannot answer, but I would like to know whether this question is included in the current investigation ordered by this President.

The Department of Commerce, of course, has been keeping this list for a good many years, now.

MR. NESSEN: That is correct.

Q And I would like to know whether the President's investigation seeks to find out whether any agency of the Federal Government, since it had access to this boycott list, ever checked in to find out whether any of the companies on that list, or the Federal agencies, were in violation of it.

In other words, is he asking somebody, the Justice Department or somebody, to go over that list as it has been kept over the years and freely available to the White House and lots of other agencies, to find out whether anybody ever kept a continuing monitor on it in past years to see whether "X" company or "Y" company was complying with the boycott in violation of the law.

MR. NESSEN: I am going to need to check that, Jim, because I don't know how specific his instructions were to the Commerce Department, or Justice, but I will look into it.

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Q Schlesinger has already observed there are violations in terms of Saudi Arabia and so forth. What is going to happen next?

MR. NESSEN: I thought he said disciplinary action will be taken if called for. He also said he was not aware that this Corps of Engineers assignment procedure was in force and that it was contrary to the instructions within the Defense Department, and the instructions within the Defense Department which were formed after the case of the black colonel, you may remember.

The Department of Defense will not, by its own policies, discriminate against any employees because of religion or race. It is true that a foreign country may reject an American citizen for what it considers to be its own sovereign reasons, but Secretary Schlesinger will not tolerate any pre-screening by the Defense Department of personnel.

He has said that publicly.

Q Ron, do you happen to know -- as a matter of information -- whether black officers and enlisted men in the Armed Forces are still excluded from Iceland?

MR. NESSEN: I did not know they had been. I do not know what the policy is today.

Q Iceland had thrown them out, so I wondered what the policy was today.

MR. NESSEN: I do not know what the policy is on Iceland.

Q Did the President call Mansfield and Albert yesterday?

MR. NESSEN: Do you want me to volunteer some information?

Q Yes.

MR. NESSEN: I am going to start this and see if it works for a while.

Some of you who follow the great rescission and deferral battles might be interested in knowing that the 45-day period for a rather large batch of rescissions ran out on March 1.

The President proposed \$685 million in budget rescissions on November 26, 1974. As you know, the rescissions do not go into effect unless Congress takes positive action within 45 days.

In other words, the money stays in the budget for spending unless Congress affirmatively agrees with the President within 45 days. The 45 days ran out on March 1. So, the \$685 million goes into the budget. \$279 million of that was for the Defense Department.

The budget deficit, as a result of the inaction of Congress, will increase by \$205 million in fiscal 1975, of which \$117 million is for the Defense Department, including money for the F-111.

The budget deficit will be increased in fiscal 1976 because of the inaction of Congress by \$140 million.

Q What are the two figures again for fiscal 1975 and 1976?

MR. NESSEN: The budget deficit in 1975 will be increased by \$205 million, and the budget deficit in 1976 will be increased by \$140 million.

Q What was the DOD amount for F-111?

MR. NESSEN: The portion of the 1975 deficit that goes for Defense is \$117 million. I do not have a specific breakdown for F-111.

Out of the \$685 million all together that goes into the budget, \$279 million is for Defense.

Q Ron, maybe my mathematics is wrong, but if you have \$685 million in rescissions that are not going to take effect, then why would this only add up to \$345?

MR. NESSEN: Those are outlay figures and the rest of it would be spent in years beyond 1976.

That is my volunteer item for the day.

Q You didn't answer the question on whether he phoned Mansfield and Albert.

MR. NESSEN: Yes, he phoned Mansfield and Albert yesterday afternoon.

Q What did he tell them?

MR. NESSEN: He told them he was going to veto the bill today.

THE PRESS: Thank you, Ron.

END

(AT 12:45 P.M. EDT)