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NEWS CONFERENCE

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AT THE WHITE HOUSE

WITH RON NESSEN

AT 12:50 P.M. EDT

JUNE 10, 1975

TUESDAY

MR. NESSEN: I want to say, we have a guest here this morning, who is the Press Secretary to the President of Colombia, Mrs. Lucy Samper, and she is our guest. And we are glad to have her see how we do things here.

The President had his usual staff meetings in the morning and, then, at 11:00, had the first meeting with the full membership of the Domestic Council in four years.

As soon as my notes arrive, I will tell you what transpired. I will just go on with a couple of items and then come back.

Q What do you have as the date for the last meeting?

MR. NESSEN: I do not have the precise date, but I am told it was four years ago. I will just go on and come back.

At 2:00, the President is meeting with the energy and economic advisers. The subject of this afternoon's meeting is railroads.

Q Did they have the one yesterday, or was it postponed? Is this another one?

MR. NESSEN: There was a different agenda for yesterday's. Yes, that was held yesterday.

Q That was railroads yesterday?

MR. NESSEN: No, yesterday's agenda was public utility construction and a general review of the current economic situation.

Q When are you going to get the Junglegyms?

MR. NESSEN: What does that mean?

Q I withdraw the question.

MR. NESSEN: I don't understand the question.

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Q I will explain it to you later.

Q What was it?

MR. NESSEN: When do we get the Junglegym.  
(Laughter.)

The President opened the meeting of the Domestic Council by saying that he had talked to the Vice President a number of times about a series of programs that would be run by the Domestic Council to do a serious study on a list of problems which face America now and on into the future, and that the purpose of these programs would be to get ideas from all over the country as to what the problems are and as to what the solutions are.

The President said that he would not promise that he was going to adopt the proposed solutions, or even consider that some of the problems raised would be first priority in his Administration, but that he does want to hear what people think the problems are and what they think the suggested solutions are.

Then, he turned the meeting over to the Vice President, who, as you know, is Vice Chairman of the Domestic Council. And he said that he thought that review groups should be established in areas of each major problem and that they would develop ideas on how to solve these problems and then bring options to the President for him to make the decisions. He said that in doing this it would be more than just domestic problems, that the world view would have to be kept in mind, because, he said, the world is totally interdependent. Then, he listed some of the kinds of problems he thought the Domestic Council --

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Q Is this the Vice President?

MR. NESSEN: The Vice President speaking. He listed some of the problems he thought the Domestic Council could do this sort of study of, and they included population, prices, food, impact of science on the world, inflation and recession, raw materials problems, energy problems, and problems in developing countries.

Then the President called on each member of the Domestic Council, mostly Cabinet members and some agency heads, and asked what they felt were the leading problems in their particular area, not just the immediate problem of today but looking in their area out to the year 2000.

For instance -- just to give you an example of what I am talking about -- Secretary Coleman talked about the possibility of developing a new kind of automobile that would be very resistant to crashes up to 55 miles an hour. It would have very low gas consumption; it would be small and light, and that is a kind of example of the long-range view.

The President just went around the table and called on each member of the Council for them to outline the kind of problems they saw in the years ahead, that the Domestic Council might apply this process to.

Q What problems did they see for the year 2000?

MR. NESSEN: Well, for instance, the Acting Interior Secretary talked about the heritage that his department has to protect in the way of lands, water and air, and the kinds of decisions that had to be made of weighing the ideal of protecting that heritage against the need for a certain amount of development.

There was talk about the finite quantity of minerals and energy sources in the country and how they were to be used between now and the year 2000, and those sorts of problems.

Q Ron, was there any interrelationship between this and the President's statement about looking for goals in the next generation or so?

MR. NESSEN: I think you will see when I come to the end of this that the Vice President then went to a chart that I think maybe some of you saw when you were in there with the pool, and it showed that the Domestic Council has been at -- its operation has been divided into 10 areas dealing with 10 major domestic areas, and in those 10 areas groups have been set up to sort of deal with the day-to-day problems. And then an entirely separate group has been set up to deal with what is called policy and review, which is to take a look at the problems and make recommendations and gather ideas for the longrun.

The Vice President said that when the problems were identified and solutions were proposed that that would then become the program of the Ford Administration. And the President said that he has here at the White House the NSC, the Economic Policy Board, the Energy Resources Council, and now the Domestic Council, organized in this way, and he said this is the final piece of the White House operation. He said now we have to put it together and get results. That was the end of the meeting.

Q Ron, does this follow on the Vice President's former organization, the critical choices?

MR. NESSEN: Well, he did not mention that at all in the meeting. There was no reference made, but I talked to him a little afterward and obviously his interest in this kind of approach to problems is a carryover from his interest in the critical choices group. That is my impression.

Q Ron, was there a time limit put on when these programs would be identified, and solutions developed?

MR. NESSEN: I think you know each one has a different timetable to it, Peter. The only specific date mentioned there was the crime bill. The crime message is in the process of being drafted and should be going to Congress either at the very end of this week or perhaps next week.

Q Is that supposed to deal with long-term?

Q I did not hear you say crime earlier on.

MR. NESSEN: When it came time for Attorney General Levi's turn to mention the problems in his area, he said crime is the basic problem in his area and that led into a brief discussion of the crime message.

Q But when you talk of a Ford program, I assume it will have to be developed by next year some time, wouldn't you?

MR. NESSEN: I think it will be developed at different paces, Peter, different pieces that are ready. You can see some of it is going already very quickly; the energy program, the crime program will be this week or next week. There will be a highway program, and some of these are further down the pike.

Q Ron, is this pointing to the new agenda the President has talked about?

MR. NESSEN: That expression was not used today, but the answer is yes, that as these pieces get put together and get put into legislative form they will form all together the agenda.

Q Ron, in the speech that Rockefeller gave, he did not mention crime. Did he mention crime as one of the things?

MR. NESSEN: He did not mention it in these long-range problems like population and food, but when the President went around the table and asked each Cabinet member or agency head what did he see as major problems in his area, Levi mentioned crime as the basic problem.

Q Can we get in some way what each said?

MR. NESSEN: I did not keep track of all of them.

Q Ron, will the crime message include a speech of any kind?

MR. NESSEN: It has not been decided yet. It will include a message, but whether the President will deliver it in person, I don't know.

Q Ron, are these research projects going to be basically done by the Domestic Council staff or by the departments involved in the Council?

MR. NESSEN: When the Vice President referred to the chart with the 10 categories, that is a division of labor in the Domestic Council but, of course, Cabinet members are members of the Domestic Council and they will have material put in from their department. The coordination and pulling together of it is done by the Domestic Council. That is the way the crime message has been put together.

Q How big is the Domestic Council staff now?

MR. NESSEN: We maybe ought to get a Domestic Council member -- 33 people entirely.

Q Is that going to have to be expanded before you do all this grandiose ---

MR. NESSEN: He did not mention any expansion today.

Q Ron, did the President or anyone on the Domestic Council discuss the question of affirmative action? And while we are on that, what is the President's position on affirmative action? I asked eight weeks ago and have never gotten an answer. How does he stand?

MR. NESSEN: I am not sure what you mean by affirmative action, Les.

Q Quotas is another word for it. Quotas in hiring, stuff like that.

MR. NESSEN: I see. No, that did not come up today and I have not had an opportunity to get an answer for you from the President.

Q Ron, I am not familiar with the phrase "new agenda." Where does that come from?

MR. NESSEN: Was it the Tulane speech saying that the war is over as far as America is concerned, and we have to get on with a new agenda for the future? Vaguely; that is a paraphrase.

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Q Was that understood to be a domestic reference?

MR. NESSEN: Not exclusively domestic, certainly not.

Q I don't mean to ask this in any kind of derogatory sense, but is this a campaign slogan? Is this going to be folded into the campaign, that he is going to produce a new agenda for America?

MR. NESSEN: I don't think it was meant for that purpose. It was to kind of give a view of what he intends to do with his Administration. It was not formulated for campaign reasons.

I told you about the 2:00 meeting with the energy and economic advisers on railroads. Then, at 5:00, the President is going to be the host at a reception for members of the National Industrial Council. This is an organization made up of about 300 state and city manufacturing associations, like the Ohio State Manufacturers Association. It is affiliated with the National Association of Manufacturers.

They are coming here for a briefing by Secretary Morton and by Director Lynn, and the President will speak at 5:00 to this group in the East Room.

Do you have the text of his remarks?

Q No.

MR. NESSEN: It is done, and we will give it to you right after the briefing.

Q Will we have a briefing after the reception?

MR. NESSEN: The briefings will be going on all afternoon, and you are free to film the briefings, too, if you want to. That is the Morton and Lynn briefing and then just to stay on for the President's speech at 5:00.

Q Where is that going to be?

MR. NESSEN: It is in the East Room, and because the President will follow directly after Morton and Lynn, your cameras will have to be in place by 3:30. Bill Baroody arranged this as part of his series of programs bringing different groups into Washington not only to hear the Administration's views on various subjects but also for the Administration to hear their views on various subjects.

There is a reception after the public part of this, Helen, which is a private reception.

Q How can it be private with 300 people?

MR. NESSEN: It is private for the 300 people.

Then, on Saturday -- I think I told you yesterday about Fort Benning. I don't really have much more in the way of details. I think the day will be lengthened somewhat beyond what I said yesterday. I still think the President will leave about 8:00. I said yesterday he would return about 3:00. I think he will probably return about 5:00 now. The schedule is just simply not locked up yet, and I cannot give it to you. But I will as we get more details.

We have put up a sign-up sheet already for the trip on Saturday.

Q Do you mean there is another stop, or just additional --

MR. NESSEN: No, the day is being lengthened.

Q Is he going to attend the opening of Wolf Trap that night?

MR. NESSEN: I have not heard of it, if he is.

Now, we also have a little package of announcements. They include the designation by the President of William F. Gorog, as Deputy Director of the Economic Policy Board, in the area of domestic economic policy. He will, in effect, be Bill Seidman's deputy. You have the biographical information. In fact, he attended the senior staff meeting this morning, so he is on board.

The President is also appointing John N. Brown, of Providence, Rhode Island, to the National Armed Forces Museum Advisory Board. That is a nonsalaried job.

The President is transmitting to Congress the annual report required by law setting forth the plans for U. S. participation in the World Weather Program for fiscal 1976. You have the letter of transmittal, and we have the whole report in the Press Office for those of you who want to see it.

Q We don't have Brown.

MR. NESSEN: We will have that after the briefing, Fran.

Also, you have a release announcing the President's appointment of three people to the Privacy Protection Study Commission, which was created by the Privacy Act that the President signed last December 31st. The three people being named -- and you have that in here.

Now, as you know, Prime Minister Rabin of Israel is arriving tomorrow afternoon to begin his official visit with the President tomorrow. Prime Minister Rabin arrives this afternoon. His first meeting with the President will be tomorrow morning at 10:00 and, then, a second meeting on Thursday morning at 10:30.

The President will be the host at a working dinner in the Prime Minister's honor tomorrow night at the White House at, I guess, 8:00. I don't have the time. Prime Minister Rabin is also going to meet here with Secretary Kissinger and other high level officials of the Government and also members of Congress.

I think you probably know that this meeting is part of the President's consulting process as he reassesses the American Middle East policy and also as he reviews ways in which progress towards peace can be made in the Middle East.

One other announcement on a foreign visit -- the President has invited and President Suharto of Indonesia has accepted an informal visit to the United States on July 5th. During the visit, President Suharto and President Ford will hold discussions on a wide range of issues that relate to the interests of the two countries.

Q What is his first name?

MR. NESSEN: In Indonesia, Helen, there are no first names. I remember, when I was at UPI, we always had a hard time with that. Sukarno -- he made up a name. What was it?

Q Harry Tojo. (Laughter.)

Q When is the Ceausescu meeting?

MR. NESSEN: Tomorrow.

Q What time is that?

MR. NESSEN: Three or 3:30 in the afternoon, tomorrow.

Q Ron, will you guarantee the Suharto meeting is going to be in Washington? In other words, what I am trying to figure out -- it looks like the President is not going to be out-of-town July 4th weekend.

MR. NESSEN: No, the President has invited President Suharto to join him at Camp David for these meetings.

Q Is it just a one-day meeting, Ron?

MR. NESSEN: Yes.

Q At Camp David?

MR. NESSEN: Yes.

Q Is the President going to Cleveland that weekend?

MR. NESSEN: I don't have anything to announce yet on his travel plans, Helen.

Q Ron, last night, when the President was asked about the Middle East, he said if the step-by-step peace progress can't be achieved, that he would recommend his own comprehensive solution to the Middle East problem, possibly at Geneva. Does that mean the President has in mind what Israel's borders should be in such a form that he could present them in case the step-by-step progress is not achieved?

MR. NESSEN: That was not a new revelation last night, Mort. He has said that before, and I just think, on the eve of the Rabin meeting and, really, ahead of any final determination by the United States, that I really can't be very helpful in discussing in very much detail the Middle East policy.

Q Ron, how soon after the Rabin meeting can we expect some sort of an announcement of the results of this reassessment process?

MR. NESSEN: I don't have a timetable for you.

Q Yesterday, Ron, you seemed to be leaning towards the idea that there might be, or ought to be, a briefing on the Rockefeller Commission report. Would you explain the rationale for not holding a briefing on it?

MR. NESSEN: Well, the Vice President felt -- and everyone agreed -- that the report pretty much spoke for itself, at least the first day, and that we would wait and see what and how many questions developed and then decide whether to have a briefing after that.

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Q Ron, a question I think you can take today: When will the Attorney General get the material, and what instructions are being sent with the material to the Attorney General?

MR. NESSEN: Today, the Legal Counsel's Office is in the process of arranging to take custody of the background information in the files collected by the Rockefeller Commission.

Q The White House Legal Counsel's Office?

MR. NESSEN: The White House Legal Counsel's Office, right, is today in the process of arranging to take custody of this material concerning allegations of assassinations, and I think that will be done in a day or so.

Q Ron, is that going to the Hill at the same time?

MR. NESSEN: At the same time, there is going to be a letter of transmittal -- actually, it is being written now -- to the Attorney General, and as soon as the letter goes and as soon as the material gets transferred over here, which is a day or so, then it will be made available immediately to the Attorney General.

Q That includes the whole of the report, does it not, not just allegations of assassination?

MR. NESSEN: You mean the whole of the report you have in your hand?

Q The whole of whatever the President is going to send.

MR. NESSEN: He said both elements were going to be turned over.

Q You suggested ---

MR. NESSEN: I thought the question had to do with the allegations of assassination.

Q No, I am referring to the full report.

MR. NESSEN: Obviously, that is available today to anybody.

Q Ron, the letter of transmittal, then, is confined to the assassination part of it?

MR. NESSEN: Yes. Let me go on and answer what I think will be your follow-on questions.

Let's see, you want to know, Peter, when that material is going to go.

Q No, I think the question came from over there -- "When the material --" and I assumed it was all of the material that might involve some later prosecution because of violations.

Q I meant the question to include the raw evidence as well.

MR. NESSEN: We are in the process, as I say, of getting the stuff from there to here. Maybe not moving it physically, but taking custody of it. Then the letter of transmittal will go and then it is immediately available to the Attorney General.

Q This includes the files of evidence from which this report we have was drawn, domestic surveillance?

MR. NESSEN: As far as I know, both segments -- the allegations of assassination and the bulk of ---

Q You will get custody today?

MR. NESSEN: Today or tomorrow, and then it will be available immediately to the Attorney General, both aspects.

Q Has the Attorney General given the President any estimate, rough estimate, of how long he thinks it will take to either get a) indictments if they are warranted, or b) turn over the report to the people, the public?

MR. NESSEN: I have not heard of one, Les, of a time estimate.

Q The President is deeply concerned about this, that it be done expeditiously?

MR. NESSEN: I think he expressed that last night.

Q Is this letter that is going from the President instructing the Justice Department to do something, or is it just outlining what they are to get?

MR. NESSEN: I have not seen the letter of transmittal.

MR. HUSHEN: I think it is pretty pro forma, to take whatever action they deem necessary.

Q We would like to have it.

MR. NESSEN: I think that is possible.

Q Is there a feud between the White House and the Vice President's office over the handling of this report?

MR. NESSEN: Not that I know of.

Q Is there some sort of disagreement?

MR. NESSEN: No, not at all.

Q Not at all?

MR. NESSEN: Not that I am aware of. I had a very pleasant chat with the Vice President this morning, and he did with other people. I don't see any sign of it.

Q Ron, has the President begun communicating orders or preparing orders for the CIA in conjunction with the recommendations? He said he was going to issue some orders.

MR. NESSEN: I don't have the timetable on what he intends to do with each of those many recommendations. Some, as he indicated last night, have to be handled administratively, and some would require legislation. But I will keep you posted as we move along on that.

Q Will the White House draw up legislation, or will it leave that to the committees?

MR. NESSEN: I don't know if that has been decided yet. I am not sure.

Q Ron, on this business of an alleged feud, you are aware that at least one newspaper has a front page story about that?

MR. NESSEN: I read that, yes.

Q And therefore, would you characterize these stories as unfounded, as irresponsible, inaccurate?

MR. NESSEN: Well, Phil, I try never to characterize any stories, and I think the President was asked the question last night and he gave you his answer. From my point of perspective, I have not seen any feud with the Vice President's staff.

Q Do you know of any other White House officials who are expressing criticism of the Vice President's office?

MR. NESSEN: As I say, I am not aware of any feud.

Q Let's retract the word "feud" if that is the hang-up.

Were there some misunderstandings between the two offices?

MR. NESSEN: I think, Helen ---

Q What do you think of the Star story, first?

MR. NESSEN: You know I am not going to comment on anybody's story.

Q Is it true? We are asking if it is true or not.

MR. NESSEN: Helen, I think you know the sequence of events and some of the issues that have been raised ever since last Friday and, you know, I don't think it needs any elaboration beyond that.

Q You hesitated when asked if there were some misunderstandings. Would you go ahead and answer on that?

MR. NESSEN: I think I would say, Phil, what I said to Helen, which is, you have been here in the last four or five days and I think you know the sequence of events, and I think probably everybody understands them by now.

Q I don't.

(Laughter.)

MR. NESSEN: Don't you?

Q No, I don't know what you are talking about. What sequence of events? Does it involve a misunderstanding or does it not? It is too cryptic for me. I don't understand it, Ron. Maybe somebody else in the room does, but it is very cryptic to me.

MR. NESSEN: I went through this on Friday and Monday and Rod Hills went through it for over an hour yesterday afternoon. I think everyone knows the White House's intention.

The two points that have been raised in the past couple of days, it seems to me, are one, why did you "delay" publication; and why did you -- what was the word used -- delete a chapter on assassinations, and I think those questions have been answered extensively in the past couple of days, and I don't see any purpose going through the whole exercise again today.

Q Can I phrase it this way, then? Was the President unhappy with the Vice President for prematurely ---

MR. NESSEN: Helen, you heard the President himself answer the question last night. Why do you need my answer? I thought he was pretty explicit. He was asked that question.

Q That was not the question he was asked. He was asked if he was embarrassed. He said he was not embarrassed.

MR. NESSEN: I do not have the transcript here but I think you have his views on it.

Q In fact, he said, Ron, if I recall correctly, that he and the Vice President understood each other perfectly. Now, does that involve the misunderstanding or not?

MR. NESSEN: I don't know what misunderstanding. (Laughter.) Come on, Peter, we are beating a dead horse here, I think.

Q Ron, I have another horse to beat, (Laughter) since it doesn't look like this is going anywhere.

Yesterday there was what appears to be a disagreement between Secretary Morton and Mr. Zarb over what course the President should take should OPEC raise its oil prices this fall. That is whether the President should then cancel his own \$2 a barrel fees. This thing came out with Morton saying one thing and Zarb saying another, even though Zarb insisted they don't disagree. Can you enlighten us at all on which man reflects the President's views, or if either does?

MR. NESSEN: Well, I talked to Secretary Morton yesterday afternoon and his memory of what he said yesterday morning was that he had not said it quite so firmly and explicitly. So rather than tell you who is right and who is wrong, what I ought to do is tell you what the President's policy is.

He does not believe that America's domestic energy policy ought to be changed as a result of what may possibly be done by the oil producing countries. He is committed to his program to reduce American dependence on imported oil so that in the future, when this plan is fully in effect, the producing countries would not be able to play these kinds of games with supply and price.

His policy includes increased tariffs on imported oil, and he is sticking by that policy and intends to stick by that policy.

Q Ron, there is another factor in that equation and that is economic recovery, and a lot of economists feel a \$4 increase in the price of oil at this time or even this fall could delay or even submarine recovery. Is the White House worried that the timing of it is just too critical, that it is coming too quick?

MR. NESSEN: Well, the President is concerned that there would be or that there is talk of an oil price increase of this size at a time when the recession is beginning to turn around, and, after all, he points out that one of the causes of this recession was the sharp increase in oil prices beginning in 1973. I think it is important to keep in mind that we are talking about a possibility and that, for instance, Sheikh Yamani of Saudi Arabia, the Minister of Petroleum there, has said in Zurich that there would not be any sudden dramatic increase in the price of oil. Any talk about a \$4 increase per barrel of oil, the President thinks an increase of that size would be totally without economic justification.

Q Two of the dollars would be your own, would not be OPEC dollars.

MR. NESSEN: I think what we are talking about here is some reports I have seen that talk about a \$4 increase in the price of oil.

Q What happens to the President's optimistic prediction about economic recovery if ---

MR. NESSEN: Let me finish with his views on any possible \$4 increase in the price of oil. This would amount to a 38 percent increase in the price of oil and that goes far beyond any adjustment that would be needed to take care of any inflation. The prices within the consuming countries have increased during the first three quarters, or will -- the estimate is, during the first three quarters of this year -- by about seven or eight percent, and if there were to be any increase in the price of oil, the President feels that would be the maximum justified rather than the 38 percent increase that we are talking about here.

Q What percentage would be justified?

MR. NESSEN: If anything is justified -- and I will explain why perhaps no increase is justified in the President's view -- at the most it would be the seven or eight percent increase to reflect inflation. But the President does not believe that the price of oil necessarily is justified in going up or down based on worldwide inflation level.

The producing countries, at the moment, are producing a third less petroleum than they have the capacity for, so under those circumstances basic economics would suggest, perhaps, even a price reduction since they have excess capacity, rather than a price increase.

Anyhow, this is not by any means definite and the President would hope that the people within OPEC who are counseling against such a radical increase in prices would prevail. He thinks it would be a serious act to raise prices that much and would not be in the interest of the countries that produce the oil.

Now just to make one general observation, the President feels that even the talk or the threat of an oil price increase is just another dramatic example of why a program, his program, to once and for all eliminate American dependence on foreign oil -- not only the supply of foreign oil but leaving ourselves at the mercy of the foreign oil producers as far as price goes, as demonstrated here -- this is just another dramatic reason why he thinks Congress ought to get moving and pass his energy program.

Now, on another matter, the strip mining veto has just been upheld. It was sustained by a two vote margin and I have not had an opportunity, obviously, to check with the President, but I think it would be safe to say he is pleased.

Q Ron, whose decision was it not to put the assassination stuff in the report? I thought you told us that -- maybe I am mistaken -- that was the Commission's decision, but the President, last night, seemed to say that it was he who thought it was not in the public interest to make that public.

MR. NESSEN: Bob, I think you are mixing two things up there. I spent the morning very carefully reading Rod Hills' news conference and also the President's news conference, and it just seems to me that, it is abundantly clear to me and I think it will be to you -- I think, what you are mixing together -- the original question was, "Whose decision was it not to include it in the report?" and I think Rod went over that at great length yesterday. Then, your second question was, "Whose decision was it not to make it public?" which is a separate question.

Q Right. That is the answer I am interested in.

MR. NESSEN: The answer, Bob, is as the President gave it to you last night, that this was his decision.

Q It was his decision?

MR. NESSEN: I think he said that himself last night.

Q Ron, I have two questions on oil. You said a price hike on oil would be a serious act that is not in the interest of the oil producing countries. Is that a threat?

MR. NESSEN: Oh, no.

Q All right.

My second question is, when the President gave his rather optimistic economic outlook last night, he seemed to be totally unaware of the fact that the oil producing countries are very seriously threatening to hike oil prices by \$2 a barrel, not \$4, but \$2, by October, or in October.

Now, you know what happens to his optimistic economic forecasts at that point if oil prices go up, not by the \$4 a barrel, which is not what we are talking about, but by \$2 a barrel.

MR. NESSEN: But that is what is being talked about.

Q But \$2 a barrel is your own, isn't it?

MR. NESSEN: No, my understanding is, there have been reports in the press that refer to a possible \$4 increase.

Q But the more recent forecasts are for \$2 a barrel.

MR. NESSEN: In any case, we are talking about something that has not happened and that the President hopes will not happen, and we are talking about something that merely emphasizes why we need to get unhooked from dependence on foreign oil.

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Q In your answer you are talking about allieviating the need for importing oil. Yet the Iranian government, in its public statements, is pointing to the President's action in raising the import fee to justify its own price increase or proposed price increase. They are saying that your own President feels the price of oil is not high enough.

MR. NESSEN: We have been around this track so many times on that question. I will go through it again if you want to, but as you know, that is part of a long range program of the President's to end dependence on imported oil. The point of the exercise is to reduce consumption of imported oil and increase the supply of domestic oil, and it takes ten years to get there, and you have to start somewhere. So to point to each little step and say, "That does not make any sense," -- I think from the very beginning of the explanation of this program, we have always said, "Keep your eye on the goal," and this is how the President believes it is best to get there.

Q Does the President feel the Iranian argument contributes to his goal? OPEC price increases would not in themselves reduce consumption.

MR. NESSEN: Obviously the President's whole program is based on the calculation -- and we have gone through this since Janurary -- is that when you increase the price you reduce consumption.

Q Would a \$2 a barrel increase in the price of oil by the OPEC countries fit in with your definition of an excessive price increase that would concern the President?

MR. NESSEN: I think the point is that if you take at the maximum justified, a seven or eight percent increase for inflation, the President is not convinced that even that is justified, because the producing countries have one-third excess capacity, and I guess basic economics tell you that excess capacity indicates that you should be lowering your prices.

Q So he would regard a \$2 increase as being just as serious a matter as a \$4 increase?

MR. NESSEN: Yes.

Q On that point, Ron, since we are all being economic experts --

MR. NESSEN: I'm not.

Q Does the President believe that OPEC oil is subject to free market forces or is the product of a cartel?

MR. NESSEN: I think you have just run up against my limits of economic knowledge, Peter.

Q You are talking about reduced production as though that would bring down prices and you are confronted with a cartel that arbitrarily fixes the price.

MR. NESSEN: That is correct.

Q How does he feel about the price of aluminum which has stayed up there even though production is at 70 percent of capacity?

MR. NESSEN: As I say, you are moving off into the area where I lack any knowledge.

Q Ron, you have some knowledge about this. Mr. Zarb, when asked the question about Senator Church's proposal for the U.S. Petroleum Import Administration -- that is to require that all OPEC countries submit individual sealed bids for the U.S. market and let them compete against each other -- his answer was that might drive them closer together. Now in the event that in October they raise it four bucks, or two bucks, how close did they have to get, and would the President be willing to follow the idea of Senator Church and the professor from MIT and a number of others?

MR. NESSEN: I know of the proposal, Les, and I have not had a recent opportunity to get the President's view on it, but I will.

THE PRESS: Thank you, Ron.

END

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