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N E W S C O N F E R E N C E

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AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:30 A.M. EDT

JULY 15, 1975

TUESDAY

MR. NESSEN: Well, an old friend of some of us is here today -- Tony Day, who is now the editor of the editorial page of the L. A. Times, with his family and children. Tony was here in the good old days and is now back for a visit. He is going to stay a while and watch today.

Yesterday somebody asked me about the phone or public reaction to the Solzhenitsyn matter and so I had a count made of the letters and the telegrams, and if anybody thinks that we put out only the good news here this ought to convince you.

There were 478 letters and telegrams from people who felt the President should see Mr. Solzhenitsyn and none who felt he should not. (Laughter)

Q None?

MR. NESSEN: That may be a record.

Q Anything new on a visit?

MR. NESSEN: No. I checked this morning and there has been no contact by anybody requesting a visit.

Q What did Mr. Dobrynin say this morning during the television show?

MR. NESSEN: I don't think they probably talked about that.

Q You say no contact by anyone requesting a visit?

MR. NESSEN: Or trying to set up a visit or in any way related to a visit.

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Q Is there a relationship between those figures and the President deciding maybe he would not mind setting up something? (Laughter)

Q Is the President going to see him? He is in town now.

MR. NESSEN: As I say, the President has expressed a willingness to see him if Solzhenitsyn wants to come in.

Q Has the President been in touch with either Helms or Strom Thurmond on this?

MR. NESSEN: No.

Q And you have no contact from anyone?

MR. NESSEN: No.

Q Nothing from Senator Helms or Senator Thurmond requesting a new ---

MR. NESSEN: No.

This afternoon at 3:50, the only addition to what we have posted is the President is going to watch the launch of the American spacecraft on television in his office, and if you want to go in and watch with him, I guess we ought to take a pool in, and if the cameramen and photographers want to go in, we can do that, too.

I think we probably better do it with hand-held cameras rather than taking the time to set up tripods and so forth. It will be fairly brief.

Q Back to the Solzhenitsyn thing for one more question. In addition to these letters and wires, did the President or people in the White House have communications of one sort or another, telephone calls or whatever, from any prominent conservatives, people in the conservative wing of the Republican Party, or that kind of person, complaining about his failure to see Solzhenitsyn?

MR. NESSEN: I am not aware of any, Jim. I mean, I personally did not get any. What the others got -- I have not heard of anybody speak of such phone calls. I cannot absolutely guarantee every phone call that may have come in, but I didn't get any and I didn't hear anybody hear talk about getting any.

Q Ron, if I could ask a question on another issue, the Army spokesman this morning said that the result of that panel of Generals who studied the screening out of Jews from units in Saudi Arabia, is that that policy would end. It has ended.

And in view of that, he said also that they could not do anything, however, about the Saudi Arabian visa policy which excludes all Jews.

Now, since the President has said this must stop ---

MR. NESSEN: I don't know that that is right.

Q I checked it. You have to have evidence of baptism or church membership.

The question is: Since the President has said this must stop, is the President required to request that Saudi Arabia either stop it or we pull our units out rather than allow them to impose this segregation on the U.S. Army units?

MR. NESSEN: Les, the only thing we have control over is our own policy, and we do have a policy, and it is a non-discriminatory assignment policy. The real practical world we live in is that you cannot control the policies of other countries.

Q But we could conceivably pull our troops out of there rather than ---

Q What troops have we got there?

Q Corps of Engineers, Bob, in large numbers.

Is it possible that we could do this?

MR. NESSEN: I have heard no plans for that.

Q Ron, you said yesterday the President is going to speak out further on the decontrol on his oil decontrol plan before the plan is submitted to Congress.

MR. NESSEN: I said there would be more public discussion and dialogue.

Q I thought you said the President himself was going to speak out.

MR. NESSEN: I said there was a possibility that he would speak on the issue. I think more generally, though, there will be a kind of discussion and dialogue in these next few days about the issue.

Q Ron, regarding that discussion and dialogue, do you rule out any further changes in the President's plan between now and the time it is submitted?

MR. NESSEN: It will go up as it was drafted yesterday.

Q So this is his final offer, so to speak, the 30-month plan?

MR. NESSEN: He, himself, called it a reasonable compromise.

Q Who is going to carry the dialogue for the White House?

MR. NESSEN: Well, Zarb has had a number of briefings and I think Eric is standing by here to answer any of your questions on it. There will be others testifying on the Hill and doing interviews, and that is the way it will be conducted.

Q Ron, are there any plans now for the President to make a nationwide address?

MR. NESSEN: There are no plans right now for him to do that.

Q When do you plan to send it up? Are you going to send it up at mid-week?

MR. NESSEN: It may go up tomorrow, but I would not absolutely lock on to that.

Q Are there plans for the President to go before a joint session to talk about it?

MR. NESSEN: No.

Q Ron, the chief criticism seems to be this will cause a lot more inflation and deflation if this program goes into effect. Is there going to be a thorough answer to the economic problems posed?

MR. NESSEN: Well, the economic problems in the shortrun, Carroll, or the economic effect in the shortrun is a penny a gallon. That would be in the first period. And then the second period, the effect would be another three cents. And then the period after that, three cents, for a grand total of seven cents spread over two and a half years. That is the economic effect.

Now the thing to keep in mind about the short-range economic effect is that the Democratic Congress is withholding and denying the American people the billions of dollars that the President wants to give back to them, from higher fuel cost.

Now you all remember the President's proposal in January and it contained a very explicit plan to rebate the higher cost of energy with the people in the lower income area actually getting more back than their increased cost in energy.

Now Congress has refused to give the American people their refund and I think that is one of the problems with the economic effect of this. The President wants to give people the money back and Congress won't do it.

Now, the long-range economic effect -- I think as the President and others have put it -- do we want to control the price of our own fuel or do we want people in foreign countries who we have no control over whatever to set the price of our fuel? And it has happened in the past two years and it is going to continue to happen until we control our own source of energy.

You do have to look at this in the longrun. It is a 10-year program with the goal. The end goal of the thing is to have us control our own fuel prices instead of others controlling our fuel prices.

Q Ron, on this subject, are you guaranteeing that all the money taken out of the economy would be returned with the exception of the plowback provision of the windfall profits tax? That was the position in January -- that the money that came out for the oil imports fee would be returned; the excise tax would be returned; the whole bit would be returned.

But now you have the windfall profits tax with the plowback provision, which could equal 100 percent. So you still are taking some money out of the economy; is that not correct?

MR. NESSEN: Well, is Eric here? We asked Eric to come down.

MR. CARLSON: He can be here in a few minutes.

Q On the rebate, is that retroactive, and what is the date for the retroactive? This is tangentially his question.

MR. NESSEN: Well, I think Zarb indicated yesterday that there might have to be some minor modifications made in precise formulas and so forth, but the basic idea of the plan remains that the money you collect from the tariff on imports, the excise tax on domestic oil and what you collect in windfall profits from the decontrol would be given back to the economy, and some of it would be given to State and local governments for their higher costs, and some to businesses and to the consumer who is paying higher prices.

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Q Now, the way rebates normally work, you set up a bottom line figure -- \$12 billion, whatever it may be -- and divide it through some formula to the taxpayer. In this case, is there going to be a pool that know matter what will total the amount that comes out of these energy taxes?

MR. NESSEN: As Frank said, there might have to be some revisions based on some changes that have already been made, but the basic plan which was actually for a permanent revision of the tax schedule with most of the benefits going to the lower income, the middle income, that is the plan, and that is what Congress will not pass and that is why Congress is keeping people from getting these billions of dollars back.

Q How much money exactly are you talking about?

MR. NESSEN: Originally \$30 billion.

Q Over what period?

MR. NESSEN: A year.

Q Of which about \$27 billion or \$28 billion would come back --

Q Wait a minute. Does that not include the amount of tax cut that we already had?

MR. NESSEN: No, no. This was an entirely separate energy tax program. The \$30 billion would come from, as I say, tariffs on imports, excise tax on domestic production, windfall profit tax collections from the decontrol.

Some of that would be given back to the people who insulated their homes, if you recall, some would be given to factories, which have to pay higher cost for their energy, and also to the consumers who are paying higher costs, and Congress won't pass that.

Q How much of that \$30 billion will come back?

MR. NESSEN: \$27 billion would come back. \$3 billion would be held by the Federal Government for its own higher energy cost.

Does this still hold, John?

MR. CARLSON: No, it would have to be refined and redone again. That is the basic thesis of the whole thing.

MR. NESSEN: So, the \$30 billion we are not sure will hold up.

Q You didn't have a plowback in the original?

MR. NESSEN: No, that is correct, Margaret. As Frank said yesterday, it is not possible at this point to calculate that. I think he said he was calculating it this week over at FEA. The theory is what I am talking about of giving people their money back.

Q How can Congress pass it if you haven't submitted the specific proposals?

MR. NESSEN: What package? The proposal went up in January.

Q But you say things are changed now and the formula has to be recalculated.

MR. NESSEN: One of the things has been that the windfall profits tax, the President has decided that he would support a plowback provision, which would allow companies to keep some of their profits if they put them into the drilling of new wells.

Q Does the Administration feel that plowback provisions should equal 100 percent?

MR. NESSEN: I thought Frank discussed that yesterday. That is getting into a technical area that I am not able to grapple with.

The other factor, incidentally, I noticed yesterday, since we are talking about energy and reaction to decontrol program, some of the criticism was that the President was in league with the oil companies to help them make bigger and bigger profits.

Thanks to Congress, the oil companies are right now making \$2 a barrel more than the President wants them to make on new oil. The price of new oil is about \$13.50 to match the world price.

The oil companies get all of it. If the President's plan was in effect, they would get to keep \$11.50 and \$2 of it would be taken away from them and put into the Federal Treasury. So, Congress is right now giving the oil companies \$2 a barrel more than the President wants them to have on new oil.

Q Doesn't the Democratic plan provide the same reduction of \$2 on new oil?

MR. NESSEN: Which plan?

Q The Democratic plan provides the same reduction of \$2 on new oil.

MR. NESSEN: I have not seen the Democratic plan getting anywhere.

Q If they are getting \$2 a barrel more, why don't they have the incentive as of today to increase domestic production?

MR. NESSEN: There is no economic disincentive to drill new wells. There is a lack of economic incentive to drill new holes in the old fields and to recover oil by the secondary and tertiary methods, which are quite expensive and cannot economically be carried at \$5.25 a barrel.

Q Ron, could I change the subject for just one minute?

MR. NESSEN: Yes.

Q The Bonn correspondent of a very reliable weekly magazine reports that the preparations are being made there to receive the President on the 26th of July.

MR. NESSEN: I just don't have anything to give you on European travel, Howard.

Q One last question. If the summit is held, which it obviously will be, a three-day summit, will this mean a postponement in the Japanese Prime Minister's visit, scheduled for the 5th of August. Do you know that?

MR. NESSEN: I think you all read the announcement out of Geneva, and you know what direction they are moving in and what their tentative agreements in principle and so forth are aiming towards, so there is no use kidding about where it looks like it is going, although the final agreement has not been reached.

As for any other travel in connection with that trip or any changes in his schedule here that would have to be made, I just can't tell you right this minute, and the reason I cannot tell you is that it has not been arranged.

Q Is the pre-advance leaving today, Ron?

MR. NESSEN: I don't think so. Are they?

Q Tonight, we understand.

MR. NESSEN: No, they are not.

Q Ron, is it likely that he will go to the other places, that he will go some place before Helsinki rather than everything after?

MR. NESSEN: Bill, the truth of the matter is that the plans really have not been made.

Q You think you will know something tomorrow? It is fairly close.

MR. NESSEN: It is fairly close, and meetings are being held, and when it is arranged, we will announce it as quickly as we can so you can make your plans, too.

Q Let's put it this way, Ron. Can you rule it out?

MR. NESSEN: I cannot rule anything out or in.

Q Ron, if the President does go to Europe, does he still plan to visit those three -- I think it was three -- European countries without respect to when or anything? Before or after, does he still plan to visit the three Eastern European countries that have been talked about?

MR. NESSEN: Jim, it is really not possible to say because the plans are really not arranged yet.

Q Ron, did you say that no advance work is being done on this trip now?

MR. NESSEN: No, that is not true. I said there are some meetings here.

Q Ron, let me say, I was very impressed with your candor in telling us about this 480 to nothing because I don't recall that ever --

MR. NESSEN: 478. Don't make it worse than it is now, Les.

Q In that connection, Ron, admittedly a hypothetical question, in your professional opinion as Press Secretary, if the President --

MR. NESSEN: I am sorry. What was the point? What did you say about the Press Secretary?

Q In your professional opinion as Press Secretary, if the President were to decide to surprise everyone and go up to Senator Jackson's party for Solzhenitsyn this afternoon, do you think that he would suffer? In other words, what do you think the reaction of the American people would be, Ron? If he asked you, I mean.

MR. NESSEN: Let me say two things about that. One, he has not been invited to attend that, and secondly, he is not going. (Laughter)

Q You don't think --

MR. NESSEN: One follows the night as the day, however that goes. He was not invited, and he hardly ever crashes parties.

Q Ron, there are talks aimed at averting a railroad strike very close to bogging down. Is the Administration prepared to propose legislation in the event that the talks break down and all avenues are exhausted under the Railway Labor Act?

MR. NESSEN: I think you know Bill Usery is meeting with both sides and he is also keeping the President posted on how they are doing. There is some machinery here now -- I don't want to prejudge how the talks are going because frankly I just don't know how they are going, but if they can't reach an agreement by the time the contract runs out, the legislation which set up the Postal Service provides for a fact-finding panel to be appointed.

Q Railroads he is talking about, not the Postal Service.

MR. NESSEN: I am sorry. I have the wrong strike.

Q What about inflation, while you are there?

MR. NESSEN: I have here in my hand the railroad strike information.

Q Excuse me. Which question were you answering?

MR. NESSEN: I made a mistake. I thought you were talking about the postal strike.

Q Does your answer apply to postal or to the railroad?

MR. NESSEN: I have given the wrong answer to the right question.

Your question was, does he plan to take any steps to avert the railroad strike?

Q Will the Administration propose legislation?

MR. NESSEN: Well, at this moment Usery is also in that strike. I wonder if he can keep them straight.

The collective bargaining process is still going on with Usery sitting in and keeping the President informed. I think I would rather not pre-judge what might come out of that.

Q Ron, in connection with the possible postal strike, does the President intend to enforce the two Federal statutes that in the opinion of the Justice Department would forbid that strike?

MR. NESSEN: I think at this point in the negotiations, John, it probably would not be helpful to speculate on what he might do if certain events take place.

Q Ron, is it true that the President will shortly accept the resignation of Arthur Sampson as head of GSA?

MR. NESSEN: I think if we have any personnel changes to announce, we will announce them when they take place, if they take place.

Q Is it true that Mr. Rumsfeld has recommended that the President accept that resignation?

MR. NESSEN: I will have to check on that. I am not familiar with that.

Q Is it true that Nicholas Panuzio, from Bridgeport, Connecticut, is going to be named to replace Sampson as head of the GSA?

MR. NESSEN: I have not heard that.

Q Ron, I asked this yesterday. Maybe you have the answer today. Do you know of any investigation of the LEAA?

MR. NESSEN: Do you, John?

MR. CARLSON: We have proposed extending it.

MR. HUSHEN: Is that in reference to the Jack Anderson column today?

Q No. I asked this yesterday before Jack Anderson came out.

MR. NESSEN: That is the advantage of working for a weekly magazine.

Do you know of one, Jack? I don't know of one.

MR. HUSHEN: You have to go to Justice. It would be for them to acknowledge it.

MR. NESSEN: Why don't you check with Justice? I have not heard of one here.

Q Ron, if we could go back a second to energy, in the fact sheet yesterday and the President's statement and so forth, everything seemed predicated on the continuance of the \$2 a barrel import fees. There was no mention made of a possibility of the third dollar ever being imposed.

Are we safe in assuming now that the third dollar is moot and ---

MR. NESSEN: I would not say it is moot because you know this is a constantly shifting and fluid situation, and he does maintain the authority to do it.

The original plan was--and it seems to be getting carried out in bits and pieces rather than as a whole--but the original plan was for \$2 on imported oil. Now he is going to stick with the \$2 for the time being and hold the \$3 in reserve, but there are no immediate plans to put the third on. He has not given up his authority to do the \$3 if he wants to.

Q Did he discuss with the Congressional leaders yesterday the possibility of pulling off \$1?

MR. NESSEN: It seems to me that in the course of that meeting a Member raised the question about taking off the dollar and the President was non-committal or did not answer directly. There are no plans to take off a dollar right now.

Q Ron, did you say the original plan was to impose \$2 on imported oil?

MR. NESSEN: Sure.

Q I thought it was \$3.

MR. NESSEN: No, \$3 administratively while waiting for Congress to carry out the rest of the program which called for \$2 on imported oil, \$2 on domestic oil, if you recall that. The \$3 was an administrative machinery measure partly to prod Congress into action, partly to reduce the consumption of oil while the rest of the program was getting in place.

Margaret?

Q Ron, you said that Congress was responsible for allowing new oil to rise to \$13.50.

MR. NESSEN: No, I didn't. I said that Congress was responsible for allowing the oil companies to keep \$2 of that when the President would take \$2 of that away through an excise tax.

Q I thought you were implying the President wants to roll back the price of new oil.

MR. NESSEN: No, he does not. No, he can't. You know, the world price is \$13.50 but \$2 of that the President wants to take away through the excise tax.

Q Well, he could if he wanted to mandate a cap on new oil at \$11.50.

What I am wondering is, why didn't he put \$11.50 in his proposal and say \$13.50 if Congress will enact an excise tax instead of placing the cap at \$13.50?

MR. CARLSON: The cap is at \$11.50 on imported oil, on new oil, in effect. The oil companies will get \$11.50 with excise tax ---

Q If Congress passes the excise tax.

MR. CARLSON: Yes.

Q But if Congress does not pass the excise tax it will be \$13.50.

MR. CARLSON: As Frank Zarb said, it would be disbelief if they would not pass the excise tax.

Q Does the President think since they do have this \$2 and until there is a windfall profits tax the oil companies might do something specific with it?

MR. NESSEN: To increase production?

Q Their own refining capabilities in the United States. Does he have any proposals with what they should do with this \$2 if he does not think they should have it?

MR. NESSEN: He thinks Congress ought to get busy and pass the program, take that \$2 back and give it to the people who are paying the higher cost for fuel.

Q Until then, he thinks they should just run it through to stockholders and higher earnings?

MR. NESSEN: Put it into new drilling. He wants that \$2 to be taken and given to the people who are paying higher gasoline charges and heating bills, and so forth.

You should ask Congress why they don't take the \$2 away and give it to the people.

Q Ron, does the President have any travel plans for the rest of this week?

MR. NESSEN: No.

Q Weekend plans?

MR. NESSEN: No.

Q Has the President made any comment on the political developments in Portugal since he last spoke on the subject?

Q Question?

MR. NESSEN: Has the President made any comment on the latest political developments in Portugal, and the answer is no.

Q Ron, how does the President feel about a law enforcement agency breaking the law in connection with its work? Namely, the FBI committing burglaries?

MR. NESSEN: Well, without accepting your premise that a Government agency is breaking the law, I think you know that this President's policy -- and it has been passed along to all the departments and agencies --

Q I didn't say his.

MR. NESSEN: -- is that this Government should operate always in a legal way.

Q You, as the spokesman for the White House, don't believe that the FBI broke the law now in the aftermath of Mr. Kelley's testimony? Is that what we understand?

MR. NESSEN: Jim, I am not, by training, a lawyer, and it seems to me that is a legal question.

Q So you are saying that maybe they do have the right sometimes?

MR. NESSEN: No, no.

Q While you expect the Government to operate within the law, that breaking-in might be within the law?

MR. NESSEN: No, I have no way of even answering that question, Bob. The President has given his instructions that all Government agencies should operate within the law.

Q The question is, is the FBI operating within the law? We wondered if the counsel's office has guided you on that?

MR. NESSEN: I really think it is something I just can't answer.

Q Ron, did the President send a memo to the FBI on surveillance shortly after he came in? Could you give us a copy of it?

MR. NESSEN: I saw that story and I have not been able to check it yet.

Q You will, won't you?

MR. NESSEN: I am looking into it.

Q Ron, one more question on this oil business. When is the President going to do this more detailed selling job that was promised yesterday?

MR. NESSEN: I think it is going on now, don't you? I mean, you are attending my briefing.

Q We do anyway.

Q You said the President was going to do it.

MR. NESSEN: No, no, I said the Administration.

Q Is the President going to attend the Midwestern Governors Conference in Cincinnati next week?

MR. NESSEN: There is no travel as far as I know until the end of the month; none before the end of the month.

John?

Q Given the events of the day, did you come out here prepared to tell us all about space, the President's philosophy about what the space program has been, where it is going, adequately funded in recent years, is he going to have to make further cutbacks?

MR. NESSEN: I have not looked into that subject, John.

Q Why didn't he go down to the Cape? It would seem the natural thing for the President to do. Could you give us any guidance on why he didn't go?

MR. NESSEN: I don't have any particular reason why he didn't go.

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Q He told us on the pool coming back from Cleveland it was because he had the Congress to work with.

MR. NESSEN: There is a fair amount of work up there.

Q Is Hartmann representing him?

MR. NESSEN: I think a number of people from the White House went, but I don't have any special reason why he didn't go.

Q Ron, has he expressed to you what he thinks is the point of all this exercise, of all these Russians and Americans going up in space, besides simply to prove that detente is a success? Has he talked about that at all?

MR. NESSEN: I thought he talked this morning, didn't he, both in his remarks and afterward, on the TV camera.

Q Not to that. He didn't address what the point of this exercise was.

MR. NESSEN: I thought he said it was a useful step to demonstrate cooperation in this specific area, and its broader implications for more general cooperation.

Q But that is what I said. Besides the idea that it proves that detente works, is there any useful accomplishment that this mission is supposed to perform?

MR. NESSEN: The scientific accomplishments I am not an expert on, and you need to check over at NASA, I guess.

Q Ron, does the President feel that those Soviet TV cameras could have been in a little sharper focus this morning?

MR. NESSEN: Maybe it was the American screen.

Q As long as we are back on space, can you tell us if we could expect sound from that pool when the President goes in? You said hand-held cameras. Does that mean they are going in hand held --

MR. NESSEN: No, I think we ought to take portable sound in there.

Q All right.

THE PRESS: Thank you, Ron.

END (AT 12 NOON EDT)