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AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:06 A.M. MDT

AUGUST 21, 1975

THURSDAY

(Vail, Colorado)

MR. NESSEN: This morning, I think you know the President had a series of staff meetings with General Scowcroft, Dick Cheney and myself. He is right now meeting with Neil Jacoby, which I think you know about, and then he will be going out to play golf in a little while. I think you already have the foursome for that.

The President has been invited to dinner tonight at the Scott's house, which is directly behind his house.

Q By Scott himself?

MR. NESSEN: Yes, and I don't have a guest list yet.

Q Do you know why Scott left after he got here and then came back?

MR. NESSEN: Yes.

Q Why?

MR. NESSEN: He had some business to do in another State.

Q Over the weekend?

MR. NESSEN: Yes.

Q What State?

MR. NESSEN I am not Fitzhugh Scott's press secretary. I think his business matters are his own business matters. I am surprised there is any interest in that.

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Q I was just raising the question because I was wondering if he was asked to make his house available for Secretary Kissinger while he was here.

MR. NESSEN: No, he went to Montana on business.

Q At Libby Dam?

MR. NESSEN: No.

You probably know about the increase in the Consumer Price Index. As Alan Greenspan told you last week, I believe, there was an anticipation that the CPI would go up. I must say that the figures, as they have come in now, are somewhat higher than had been anticipated.

There is some small evidence from the first part of August -- these were July figures that came out today -- for the first part of August, the early evidence is that the CPI will drop back when the August figures come out next month.

However, I think that the large increase for July is simply another warning that there has to be a good deal of vigilance exercised or else inflation will be reignited and will go back onto the double figures.

The President has spoken often on this, and you know his views concerning excessive spending, which causes a large Federal deficit, which causes the Government to have to borrow great sums of money.

So, these figures for July have significance as a warning of what can happen to the inflation rate unless the President's economic policies are followed.

The one component of the CPI which went up quite a lot was food. However, there is no effect in these figures from the sale of grain to the Soviet Union. There is none.

If there is any effect at all, it will be a minimal one, and if there is any effect at all, it would take several months to work its way into the Consumer Price Index. What did happen is that last year feed grain for livestock was quite high in price, if you recall.

This caused the raisers to cut back on their steers, and their hogs, being fed in this high-priced feed grain, and it takes about six months for a steer to go from feeding to market. It is the cutback in livestock production which is largely responsible for the increase in food prices.

Q How about the effects of the gasoline price increase?

MR. NESSEN: There has been an increase in petroleum prices over a period of four months. Partly, this is due to the normal price increase in the heavy summer driving months and partly it is due to the \$2 import fee.

In the last four months gasoline prices have gone up 7 cents, but, as you know, the anticipated effect of eliminating the \$2 and of decontrolling the price of old oil is expected to be about 2 to 3 cents, spread over anywhere from one to nine months.

Even that might be affected by supply and so forth, so it would appear that the increase in fuel prices over the next few months will be considerably less than the increase in the past few months.

Q Ron, did I understand you to say that there has been an increase in petroleum prices in the past three or four months due to a normal increase in summer driving months?

MR. NESSEN: Yes, that is part of it.

Q That is normally when it goes down?

MR. NESSEN: No, the price normally goes up in summer, when the demand is greater.

Q Ron, what increase in the CPI was actually anticipated? You said the anticipation was --

MR. NESSEN: I don't have the precise figure of what was anticipated, but this is somewhat higher than what was anticipated.

Q Can you say where the increase was higher than anticipated?

MR. NESSEN: I don't have that much of a breakdown but John can perhaps help you later with those details.

Bob?

Q Congressman Dingell claims that his committee studies show that the price of gasoline is going to go up to 90 cents a gallon by the end of the year. Does the WhiteHouse have any comment on that?

MR. NESSEN: It is just totally and completely out of line with any figures that we have seen.

Q Is anyone in the Administration analyzing Dingell's figures?

MR. NESSEN: The FEA has run through its computers what it expects the effect to be and it is nowhere near that.

Q What is it?

MR. NESSEN: We have given it to you piece by piece, Don. There is 2 to 3 cents on the decontrol, and really there is nothing down the line beyond that that would have any effect on prices.

Q What about OPEC raising the price of oil?

MR. NESSEN: They haven't, and the President would hope if Congress would give some sign to the OPEC countries that the United States is serious about conserving energy and reducing its dependence on foreign oil producers, the President believes that that would have a real effect on what decision the OPEC countries come to.

Q Has the President done anything today on the grain, any further contact with Meany?

MR. NESSEN: No, it is in the hands of Secretary Dunlop for the moment.

Q You say you have evidence in early August the CPI will drop back. What evidence do you have it will drop back?

MR. NESSEN: John, you talked to them over there today.

MR. CARLSON: Greenspan has some data that has not been made public, some early figures. I will try to get some figures later.

Q It seems to me you have given the kind of assurances the maritime unions want. You said the increase of sales to the Russians would be minimal and would take months to work into the CPI. Aren't you in effect telling the longshoremen they have this assurance?

MR. NESSEN: I am not saying anything that Secretary Butz has not said from the beginning, or the President has not said at the Iowa State Fair and elsewhere. We can review the figures. You know the enormous size of the grain crop this year, both corn and wheat. You know the United States only uses a third of the wheat crop for its own needs and has 38 million tons to export.

So, what I am saying here today is no different than what the President and the Secretary said before.

Q What I am wondering, is this sort of a prediction or an assurance? In other words, I am wondering, maybe you could tell me what Dunlop is saying. Does he translate this as an assurance there will be nothing more than a negligible effect?

MR. NESSEN: I don't know precisely what the Secretary is telling various parties, but I think I will follow the President's advice yesterday, which was to cool the public rhetoric and work this out quietly in negotiations.

Q Can you tell us what the President had to say to George Meany yesterday and has he talked to him since then?

MR. NESSEN: No, he didn't talk to him since then. Basically what he told President Meany was that Dunlop would be working with him and with others interested in this matter, and the President said he hoped that it could all be worked out by negotiation quietly.

Q Are we going to get a report on the Occidental meeting?

MR. NESSEN: No, I don't think so.

Q Why not? We would like to have something on it.

MR. NESSEN: I think maybe I can tell you something about it.

Q About what?

MR. NESSEN: Helen was curious about the meeting with Mr. Jacoby that is going on now.

Q Excuse me, Ron, before you get into that, on this Meany thing, can you tell us anything about that -- for one thing, how long the call lasted?

MR. NESSEN: I wasn't over there.

Q Can you tell us what Meany told the President?

MR. NESSEN: No, I don't know what the other side of the conversation was.

Q Ron, did the President ask for Meany's active support in this effort?

MR. NESSEN: I didn't listen in on either end of the conversation, Don, so I don't really know precisely what he said other than what I know he generally intended to tell Meany.

Q I am curious as to why you chose not to announce that the President talked to Meany. Is there any reason for that?

MR. NESSEN: Only that there had been no phone call at the time I briefed.

Q You had a posting later. You could have suggested it on that.

MR. NESSEN: I think the President makes a lot of phone calls, and we don't post every phone call.

Q Ron, you were asked specifically about that. Did you not know about the phone call?

MR. NESSEN: No, I did not know about the call. I knew the President intended to make a phone call. He had not made it at that time.

Q He made it just before he met with the wheat people, and you briefed --

MR. NESSEN: No, I think the call came as he was leaving the wheat growers meeting.

Q Wasn't Meany returning a call the President put in to him?

MR. NESSEN: Yes.

Q Before he went to the wheat growers meeting?

MR. NESSEN: Yes.

Q Was that in response to Meany's statement that he would not go to the President or anybody else?

MR. NESSEN: No, it wasn't in response to anything, Ken, it was part of what the President said he wanted to do yesterday, which was to resolve this by quiet negotiation.

Q You don't know what Meany's response was, whether it is meaningful?

MR. NESSEN: No, but I would suggest you call the ALF-CIO and have them tell you that.

Q I assume you didn't tell us because you didn't want us to know?

MR. NESSEN: Phil, there had been no phone call at the time I briefed.

Q You knew he had placed a call?

MR. NESSEN: That is right.

Q So, we can only assume this is part of the quiet negotiation and he did not want the press to know?

MR. NESSEN: It was part of the quiet negotiation.

Q For the record, they did talk to each other before you came back here to brief?

MR. NESSEN: Maybe so. I didn't know that the call had actually been completed. I knew the President placed it.

Q Have there been any other calls of that nature to Gleason or any of the Maritime Union people? Has the President contacted anybody else on this?

MR. NESSEN: Not that I know of.

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Q On that same subject, it costs more to use United States ships, as we all know. Who would pay the cost if the Russians agreed to use more United States ships? Would they pay, or would we pay?

MR. CARLSON: That is part of the whole problem to be discussed right now.

Q I presume it would cost more, it would cost the Soviet Union more if they used an increased quantity of American ships to transport this grain?

MR. NESSEN: I don't know that many details about the shipping arrangements.

Q Has the President spoken to Dunlop about this matter today?

MR. NESSEN: Not today, no. He talked to him yesterday on the phone.

Q Is there anything in the schedule for next week on this problem?

MR. NESSEN: Nothing has been arranged yet, no.

Q Will he be talking to Dunlop at some point today? Yesterday you talked about daily reports.

MR. NESSEN: I don't know whether he specifically has a phone call coming from Dunlop or not. He has not talked to him so far today.

Q There is a story out of the State Department today that there may be an announcement about the partial lifting of the U.S. embargo on Cuba. Do you have anything on that?

MR. NESSEN: I think there is already a wire story on that, if I am not mistaken.

Q That the announcement has been made?

MR. NESSEN: As far as I know, it has. I don't know the precise timing, but it will be made by the State Department in Washington.

Q What is the President's view of the lifting of the embargo?

MR. NESSEN: You better read the story. That is too much of a simplification of what the step being taken is, Bob.

Q The President made the decision, did he not?



MR. NESSEN: Yes, he did.

Q Why did he make it?

MR. NESSEN: Well, it is really a decision -- it is funny to talk about a decision that you don't know about --

Q You don't know about it?

MR. NESSEN: Well, I think it is being announced by the State Department, and you ought to see the wire copy, but I will say the decision doesn't really relate to bilateral relations with Cuba. It really is a decision more in keeping with the inter-American system.

As you know, the OAS, at its recent meeting, passed a resolution saying that each country was free to determine for itself what kind of relations it would have with Cuba based on its own national interests.

As you know, the United States supported that resolution. So it would be inconsistent for the United States to penalize other countries for carrying out the resolution.

Q You don't consider, or do you consider, this a step toward future resumption of diplomatic relations?

MR. NESSEN: As I said, that is not a bilateral matter, Helen. Rather, it relates to American relations with other countries of Latin America, not Cuba.

Q Ron, are you saying the United States has not determined for itself yet whether it will, in fact, resume trade with Cuba?

MR. NESSEN: No, I think what the United States has said before and what is certainly true now is, that there is no advantage that we see to a permanent antagonism between the United States and Cuba. But before there can be any change in the bilateral relationship with Cuba -- or I should say that any change in our bilateral relationship with Cuba will really depend on Cuba's attitude and policies towards the United States.

There are a lot of issues outstanding between the United States and Cuba, and they are complex. I just think at this point it is not possible to predict when or whether it will be possible to begin to work on these issues.

Q Why not?

MR. NESSEN: John?

Q Talking about grain, you said the impact of the Russian sales would be minimal. Would you define what minimal is?

MR. NESSEN: I think Earl Butz has probably defined that pretty clearly a couple of times.

Q He says now 1.5 percent. Is that minimal?

MR. NESSEN: It is Butz's area, Fran. I don't know that much about it.

Q Ron, I would like to ask you a question about the U.S.-Soviet grain shipments. Have any third nation shipping interests requested the opportunity to present their case to the U.S., either to the President or to Dunlop?

MR. NESSEN: I don't know what you mean by "present their case".

Q It looks like third nation shippers are going to get squeezed out in whatever is going on between the United States and the Soviet Union, and whose bottoms are going to be used in the transport of the grain.

MR. NESSEN: I think you need to get back to Washington, Russ. I just don't have any information out here.

Q Back to Cuba, can you characterize the President's feelings in any way on this? Is he now more hopeful that things can get going on a new relationship with Cuba?

MR. NESSEN: I don't think I can go beyond what I said, Phil.

Q Can I get back to oil for a minute? President Ford has held all along the present price mechanism is the way to reduce consumption.

Is the President pleased that the gasoline prices have gone up the way they have over the last several months?

MR. NESSEN: I don't know what you mean by "pleased", Ann.

Q Is he pleased that price is becoming a factor in holding down consumption?

MR. NESSEN: What do you mean by "pleased"? (Laughter)

Q I think it is a fairly common English word, Ron.

MR. NESSEN: Ann, I don't really see the need for a philosophical discussion. You know what the President's program is, what it is based on, what the effect has been. Let's not play word games. I have a cold and am not in the mood for it.

Q Does he feel this increase has been enough to really help in the area of conservation?

MR. NESSEN: John can give you the reduction in imports.

Q The meeting with Jacoby -- remember we talked about the fact the President was considering meeting with oil company executives to try to get them to voluntarily keep their prices down through the next few months. Is this meeting with Jacoby a part of that?

MR. NESSEN: No, this was purely on the subject of a method Occidental has developed, or is developing, for extracting oil from shale rock.

Just to give you a little background on it, some of you remember last year the President went up to New York and had a meeting with five or six people from the Rockefeller Critical Choices Commission.

During that, Edward Teller gave the President an explanation of one process. You know you saw one the other day which involves taking the shale rock out, putting it in a big retort and heating and extracting the oil that way.

What Teller told the President about and what the Occidental Company is working on is a process where you wouldn't remove the shale rock, you would dig down and sort of light a fire under the shale in place, and the oil would drip down, and you would recover it from the bottom.

Occidental has a project to develop this process at Logan Wash, Colorado.

Since the President went to see one method of extracting oil from shale the other day, which involves removing the rock and heating it in a big boiler, in essence, Occidental wanted the President to have an opportunity to hear more about another method of doing this, and that is why Mr. Jacoby came here, to tell him about it.

Q Ron, the President had originally been scheduled tentatively to see that other process. Is this a courtesy to Occidental because he didn't go there?

MR. NESSEN: I don't know how you would describe it except the fact that the President has visited a great number of different methods of producing energy other than imported oil, and he is anxious to hear about all of them.

Q Wasn't he scheduled to visit the Occidental process and the schedule was changed?

MR. NESSEN: I am told there were two problems with going to the Occidental plant. One, there was not enough time to go, and second, they could not find a suitable place for the helicopter to land.

Q On time, he has a whole week here. What was the time problem?

MR. NESSEN: John?

Q Going back to CPI, in Peoria the other day, the President was asked about recession, and he talked about inflation and he said, "We have had a tough time, we have had to take stern measures, but the net result is, we have made substantial progress against inflation."

Do the figures that came out today update what the President said? Does he still feel he has made substantial progress?

MR. NESSEN: Yes.

Q Ron, I didn't hear your answer to the question --

MR. NESSEN: I didn't. I don't have an answer.

Q Ron, is the President going to make choices from the different methods? Of course, it doesn't matter, but does he plan to pick one of the two as a favorite?

MR. NESSEN: No, these are being developed by private enterprise anyhow, and there is a \$2 billion research budget by the Energy Research and Development Administration which is looking into all kinds of new methods of producing energy. It is not a question of producing one over the other.

Q Following up Helen's question, does his choice of spots to visit indicate that that method is perhaps more advanced or more practical?

MR. NESSEN: I don't have any information that is true.

Q Is the Government subsidizing these experimental projects?

MR. NESSEN: This one up here -- the Paraho is purely private, and the Occidental is private -- both are.

Q Down the road though, isn't there necessity for heavy Government investment in one or more of these projects if they prove feasible? Isn't that what we are really moving toward?

MR. CARLSON: Right now, if it proves economically feasible and environmentally feasible, and there is a tremendous amount of additional capital that is needed, these companies may come to the Government and ask for some help.

Q So that is what we are moving toward? The President is looking at this?

MR. CARLSON: That is a possibility. But before we talk about that, we want to see if it is feasible to do it.

Q What kind of money are we talking about in terms of Federal investment?

MR. CARLSON: I don't know.

MR. NESSEN: It's purely impossible to say, Bob. We don't know whether there is going to be a need to be any. If there is a need, it is down the road a while, and if it does, we don't know how much it will be.

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Q This meeting of Jacoby with the President, how long did they meet?

MR. NESSEN: They just started when I left, which was a quarter of 11, and they were scheduled to meet for about 30 minutes.

Q Can you send us back a report of what went on?

MR. NESSEN: I can tell you what went on, Fran. I think I have told you what went on. They brought some visual presentations in the way of film strips, and they just more or less gave a rundown on how the process works, what the costs are and so forth.

Q Ron, do you know what the cost per barrel is with their process?

MR. NESSEN: No, I don't, Phil.

MR. CARLSON: We have a handout by Occidental which I can give you. It says around \$6. I will give you this handout, and you can read it. This is from Occidental.

Q Ron, basically what you said about the CPI -- talking about the feed grains -- I gather that the President does not feel this inflation rate has anything to do with what Congress has done.

MR. NESSEN: I don't think you can separate out all the factors that go into the CPI, John, it has a lot of factors. I told you what accounted for most of the rise in food. I would have to take a look at what happened to interest rates. I didn't get down to that level, but I would want to look at it and see what happened to those interest rates.

Q Ron, you said the rate was a little higher than you anticipated. Was this higher than the economic advisers, Greenspan, had anticipated?

MR. NESSEN: Yes.

Q Are you expecting any big news during the rest of the day?

MR. NESSEN: No, I don't.

Q Will we get the Montana speech on Saturday?

MR. NESSEN: Yes, I am hoping to get the Montana speech on Saturday and the Chicago speech and the Milwaukee speech probably on Sunday.

Q Ron, has Cuba made any approaches for trade with the United States?

MR. NESSEN: I just don't know, Howard. I think you need to check the State Department on that.

Q Are you going to put on some sort of fact sheet on the Libby Dam for those of us who know nothing about it?

MR. NESSEN: Yes.

Q We had a question for Bill Greener yesterday, and I will put it to you again. Does the President currently have any financial interest in Vail Associates or Vail Enterprises beyond his own condominium?

MR. NESSEN: I don't know, Fran. I will check. I have not heard of any.

Q There was a question I think Bob Pierpoint asked about, after you were asked about whether the President talked with Dunlop today, and then you were asked about a meeting, and I think you said nothing has been arranged yet. What meeting?

MR. NESSEN: I didn't say "yet"! I said nothing has been arranged.

Q A meeting between who?

MR. NESSEN: I don't know what Bob had in mind.

Q I meant a meeting between the President and the representatives of the people involved in the grain problem.

MR. NESSEN: There is no meeting arranged.

Q Is there anything more on the TV address next week?

MR. NESSEN: I don't know what TV address that is, Helen.

Q Possibly one on the veto.

MR. NESSEN: I said to some people the other day it was possible, but there has been no decision made.

Q Ron, can you also find out for us who paid for the fare on Air Force One for Jack Ford and Christy Vail?

MR. NESSEN: Yes.

Q Do you have anything on the President's telephone conversation with Kissinger last night?

MR. NESSEN: No, it was about ten minutes of six. It lasted I guess about 15 minutes. The President took it in private so I don't know what was said.

Q Did he give him any instruction or anything like that?

MR. NESSEN: No.

Q Ron, how often does the President -- does the President agree with Mrs. Ford's description of -- (Laughter) does the President share Mrs. Ford's description of their personal life together?

MR. NESSEN: I don't have the vaguest notion.

Q What does he think of her latest interview and thoughts?

MR. NESSEN: I don't know.

Q Could you tell us what is on the President's schedule for tomorrow?

MR. NESSEN: Some meetings with the staff in the morning and golf at Eagle Vail tomorrow and the evening free.

THE PRESS: Thank you, Ron.

END (AT 11:39 A.M. MDT)