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NEWS CONFERENCE

#92

AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:00 A.M. EST

DECEMBER 10, 1974

TUESDAY

MR. NESSEN: Last night, the President had the dinner with the three scholars and some people expressed an interest in hearing about the dinner.

Everybody gathered in the Red Room initially and there was a fire burning. The President had worked late in his office and was a little late getting there. There was general conversation and introductions and the President took everyone on a tour of the Christmas decorations which have been put up.

They then adjourned to the small dining room on that floor for dinner. The senior staff members who were there were Dom Rumsfeld, Jack Marsh, Bob Hartmann, Bob Goldwin and myself, and the President and three scholars and a friend of the President's named John Robinson, who is a lawyer from Chicago.

I am just going to give you the general areas discussed because it was too hard to keep up with who said what, but as soon as we sat down at the table, the discussion turned to the philosophy of information distribution in America and especially on newspapers as educators of people. That sort of flowed into a discussion of the mood of the country and a certain amount of pessimism that seems to be in the country.

Q About newspapers? (Laughter)

MR. NESSEN: No. The scholars pointed out that normally, historically, Americans have been an optimistic people about their country's future and how the Bicentennial might change the mood of the country to remind the Americans of the accomplishments made in 200 years.

Q Did they offer any reasons as to why this era of pessimism?

MR. NESSEN: Mostly, the events of the past few years. That is the narrow reason. A broader reason is -- I don't know if any of you know Professor Boorstein's writings --- but he talked about his theory of self-destructing ideals; that is, that Americans have always had high ideals and always achieved their ideals. After you have achieved your ideals, you sort of feel let down and don't know what to go on to next.

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There also was a discussion of the fact that since the 1950s, roughly, there has been a feeling that the quality of life has not improved for people in America as much as they had anticipated it would. I made a note that somebody talked about the feeling of dissatisfaction by Americans with their lives.

Then, there was a discussion of the President as an educator of the public; to educate the public about some of the big issues facing America. After dinner, everybody went back to the Red Room and the conversation became a little more specific. There was some talk about the food problem in the world and also about the crime problem in America.

The dinner broke up at about 10:30 or quarter of 11 and the President, at the end, expressed his pleasure with having done this and the hope that it would be done again.

I talked to Bob Goldwin again this morning and he has started planning the next one, which we will give you when we have the date and the participants.

Q Did the President have anything to say about the mood of pessimism and letdown after achieving certain goals? Did he have any observations?

MR. NESSEN: As I said, it was a real, sort of give-and-take around the table and I just didn't have time to make notes about what everybody said.

Q Were there any specifics on the President as an educator of the public?

MR. NESSEN: There was some talk about him being the leading educator because people do look up to the President and look to the President for guidance. The President expressed the feeling that he thought people should be more aware of the difficulties of some of these problems and how many different matters he has to take into consideration when making a decision.

He thought perhaps it would be possible to take people, not into his confidence, but to make people aware of how many things he has to weigh in making a decision so that they don't cast it in simple black and white terms.

Q Did they talk generally about the Presidency or talk specifically about President Ford and his predecessor?

MR. NESSEN: No, there were no specifics.

Q What was the President's reaction when they discussed the mood of the country and did the President agree with it and did he say that he was going to do anything to change it?

MR. NESSEN: He used an expression in that Saul Pett interview which he used last night about a kind of self-destructive impulse that he sees as tearing down institutions and devouring public officials and that kind of thing.

Nobody proposed a solution to it. The problem was discussed but no solutions were agreed to.

Q Does he feel devoured?

MR. NESSEN: No, he doesn't feel devoured. This is in sort of the long, historical context of one President was shot, another President was sort of drummed out of office because of the war, another President was drummed out of office because of his actions and the kind of intensive questioning that Governor Rockefeller underwent. Those kinds of things. But it was broader than that.

Q Did he say anything about doomsday or strident voices?

MR. NESSEN: It was very funny, at one point during the dinner I believe Professor Wilson -- I forget what the context was -- but he said, "Mr. President, I don't want to be a doom crier." I sort of had to smother a laugh and I am sure he didn't realize it was something the President had said in his speeches as Vice President. The President didn't talk about doomsday.

Q On the same subject and mood, Rumsfeld made a point to the McClendon group the other day saying that seven of the last Presidents have existed since he has been in Washington and there seems to be a mood here, if I read you correctly and if I heard over there, that the President is very concerned about a sort of negative attitude in the country. Have you heard him express this?

MR. NESSEN: I think you have heard him express that or read him expressing that. He did, in the Saul Pett interview and I think he may have in the Newsweek interview. It is not any kind of feeling that it is being directed at him.

Q Does he feel he may be victimized by this mood is what I am asking?

MR. NESSEN: I haven't heard him speak of himself as a victim. I think he feels there is that kind of pessimism and some others at the table felt the same way.

Q Was there any note of optimism for the future discussed by the President or his guests last night?

MR. NESSEN: Yes. In the discussion of the Bicentennial -- I don't know who precisely it was but it is the project of one of these scholars -- the Bicentennial would be an opportunity to sort of look back. Some of these scholars have written books -- I think especially Professor Wilson -- saying Americans seem to be disappointed in accomplishing their expectations but in an objective sense, Americans really have made great strides in health, and jobs and environment and so forth and I must say he took the more optimistic view than the other two professors did.

There was agreement that the Bicentennial might be an occasion to sort of -- they weren't talking about the Government doing it -- but for instance, one of the scholars, again I forget which one, said that various institutions in America, labor unions, the press, might use the Bicentennial to say, "Here is what we have accomplished in our area of America in the past 200 years," and they thought if various institutions did that on that occasion it would remind Americans that things have improved a good deal in this country.

Q Ron, you spoke of Presidents Nixon and Johnson being drummed out of office. Is that a paraphrase on your part or a comment by the President?

MR. NESSEN: That is just my words. It never really came up specifically. In fact, it never came up at all. Frank was asking a more general question. Nixon and Johnson's name, and in fact, no President really came up last night.

Q Did the President speak of his problems in a broad sense of leadership and if he did, did he then speak of his current problems of leadership and decision-making? Did he take it behind the scenes along that line?

MR. NESSEN: On one specific decision that he is weighing -- and somebody asked me about the President as an educator -- the way it came up is he said, "Look, I have this decision and here are about four things I have that I am weighing and I have to decide what weight to give to each one."

Q Did he spell it out?

MR. NESSEN: Yes.

Q Which decisions?

MR. NESSEN: I don't think I should say that.

Q Why don't you educate us?

MR. NESSEN: He will educate you on this issue fairly soon.

Q Did he ask you not to speak about that?

MR. NESSEN: I think the whole dinner was a private dinner and that was understood.

Q An off-the-record dinner?

MR. NESSEN: I think it was a private dinner.

Q Did the President think he was misunderstood in his decision-making?

MR. NESSEN: No, he didn't say that.

Q I really hate to move off such an interesting topic, but time is running short.

MR. NESSEN: The President met this morning with Senator Mark Hatfield to receive a Presidential medal, the first one struck. It was created by two sculptors who were in to see him and these will be distributed and the proceeds will go to the American Cancer Society. There was also, if you recall, a Vice Presidential medal of Mr. Ford and the proceeds from its sale went to the Gerald R. Ford Scholarship Fund at the University of Michigan. There is a release on this so I won't go through that.

Then you saw Muhammad Ali, who was on a tour of the White House and stopped in to see the President with his wife, Belinda. They spent about eight minutes in there.

The President met for 35 minutes with the following people: Simon, Seidman, Greenspan, Ash, Hartmann, Rumsfeld, Theis, and myself to discuss the speech for tomorrow night. The speech is still being prepared and in all honesty I can't give you any guidance on what the speech will contain, mostly because the speech is not written yet.

Q It will not be broadcast?

MR. NESSEN: It hasn't been offered for broadcast.

Q It is an economic speech?

MR. NESSEN: Yes, it is.

Then, the President had another one of his meetings with his Domestic Council Advisers to prepare for the State of the Union speech. As you know, these have been done by topic areas and this one dealt with what he will say about transportation and Secretary Brinegar attended. I believe there were pictures taken there.

The President has left to go to the Capitol to participate in the unveiling of Representative George Mahon's portrait. Others there will be the Chief Justice and the Congressional leadership. A pool has gone up with the President. They will give you a report and we will have a transcript. I think you have a text of what he is going to say. We will give you an as-delivered when we get it back.

The President will meet this afternoon with Roy Ash and the OMB staff in another of his meetings to make decisions on the 1976 budget. That is at one o'clock. Again, you can take pictures at the start of that meeting if you like.

You have the New York schedule, I believe.

One word about Martinique. The French Government has changed its mind a couple of times about the housing for the press in Martinique, plus the fact that accommodations are limited. It appears that some of you may have to double up in rooms, so if you have any roommate preferences -- somebody with a sense of humor wrote this -- you should let Ray Zook know, so if you do have to get paired off here, you will get paired off with somebody you like. Being that it is a French island, obviously, you will be co-ed. (Laughter)

Those are the announcements.

Q What is the President going to do about that bill regarding the Nixon tapes? Has he made up his mind?

MR. NESSEN: He hasn't, Bob. I guess they rushed it over here last night and it is being studied by the lawyers and no decision has been made.

Q Ron, I am told -- and I have it second hand, so it may not be correct -- that Secretary Morton today said that the President was considering, or might reconsider, his opposition to a gas tax.

MR. NESSEN: I watched him on the Today Show this morning and I think that is an incorrect version of what he said.

Q Is the President reconsidering his opposition to the gasoline tax?

MR. NESSEN: I haven't heard him say anything other than what he said at the last news conference, which is that he has not been persuaded of the need for it.

Q How about the question of the public service jobs and the bill that is now pending?

MR. NESSEN: As you know, Fran, that is his own proposal, a public service jobs program.

Q Not to the extent in the bill.

MR. NESSEN: Let me say this: The dollar figure of the public service jobs program is negotiable as far as the President is concerned. Some of the principles that he believes should be in a public service jobs program, he is firm about. Those have to do with the mechanism for triggering the program to get started when unemployment reaches a certain level and at the other end, a mechanism for phasing the program out when unemployment goes down. That is one of his principles.

Q He is firm about triggers then, contrary to certain reports?

MR. NESSEN: Yes.

Q He would not favor putting it into effect at this point with unemployment at 6.5?

MR. NESSEN: As you know, Fran, his own program, if it had been passed, would have gone into effect last Wednesday or around then. If his recommendations had been followed, those jobs would have been triggered already. But let me finish about the principles.

One, he believes there should be a mechanism for triggering it to get it started and a mechanism at the other end to phase it out when the unemployment goes down. He also believes that these ought to be jobs that have to do with a specific project rather than sort of permanent State and local Government jobs. Otherwise, he feels you are building up a permanent corps of people working for State and local Governments even when there are plenty of private jobs around later on.

In this same connection, he feels that some of the language being discussed, as far as pay levels, would allow people to make \$16,000 or \$17,000 in these jobs and that there would be no incentive when there are private jobs around to get off the program and get a private industry job. So, those are the principles he believes. The money figure is negotiable.

Q Is it negotiable up to \$4 billion, to double what he asked for?

MR. NESSEN: It is negotiable, Bob. I think he would rather wait and see what figure they come up with and what he can talk to them about.

Q Is he against going to \$4 billion?

MR. NESSEN: As I say, the money figure is negotiable.

Q How soft is he? He is hard on these principles but how hard is he on the money figure?

MR. NESSEN: It is negotiable.

Q Is there a limit he will go?

MR. NESSEN: If you negotiate something you come up with something between what the two sides want.

Q Did he have any comment on Henry Ford's comments yesterday?

MR. NESSEN: Some of you probably know that Henry Ford came in to see the President briefly yesterday, for about ten minutes, I believe it was; this was a request from a representative of the Ford Motor Company down here for this appointment. The President does know Henry Ford and has seen him in the past.

As I understand it, the meeting they had had nothing to do with the earlier economic proposals by Mr. Ford. I asked the President this morning and he said the meeting discussed clean air legislation and his program to have the automobile makers increase the mileage of the cars by 40 percent and Mr. Ford's reaction to that and Henry Ford said that this would require an extension of the emission standards.

There was also a discussion of the safety standards and the President said they talked a little bit about the economy but that on Thursday or Friday of this week Henry Ford will be back with executives of all the motor companies, together with Leonard Woodcock, for a more detailed discussion of the economy and especially its effect on the automobile industry.

He had no specific comment on Henry Ford's proposals, Bob.

Q Was that announced that he met with Ford?

MR. NESSEN: Ford came in late in the afternoon, I think after 6:00.

Q Where is it going to be held, the meeting Thursday or Friday? Had that been previously announced?

MR. NESSEN: The first I heard of it was when the President mentioned it this morning.



Q You mean that Mr. Ford came in rather unexpectedly and had this meeting set up?

MR. NESSEN: No, I don't think that is the case at all.

Q How long did you know about the meeting with Mr. Ford yesterday before it was held?

MR. NESSEN: I don't know, sometime in the late afternoon, I guess.

Q During that conversation they set up the other meeting?

MR. NESSEN: No, this other meeting, as I understand it, was scheduled before. In fact, one of the reasons they didn't discuss the economy yesterday, I take it, is because this other meeting was coming up and had been scheduled.

Q Is this meeting coming up to discuss the economy with these people because of the extreme distress of the auto industry?

MR. NESSEN: They asked for it and I assume that is what they want to talk about.

Q Which Ford Company executive here set it up, the one that is a friend of the President?

MR. NESSEN: I understand it was Rod Markley, Vice President in charge of the Washington office.

Q Is it Thursday or Friday, Ron?

MR. NESSEN: Tentatively, it is Thursday.

Q Do you know a time yet?

MR. NESSEN: Sometime in the morning. You won't miss it.

Q To clarify his public service stand again, you say he definitely is against doing away with the trigger system?

MR. NESSEN: The President wants a cyclical program so it doesn't become a permanent program. The dollar amount is negotiable but the principles are important. That is, a triggering and phasing out mechanism. If Congress passed a bill containing these principles, then the dollar figure is negotiable.

The other principles are that this jobs program be available to those who have exhausted their unemployment benefits so that these jobs go to the people who need them the most. Also, I mentioned to you he is disturbed by some things he has seen which would indicate these people could be paid \$16,000 or \$17,000 and these jobs be on a kind of project basis so that they don't become permanent jobs with no incentive to go out and get a job in the private economy.

Q From an interview with Simon this morning on PBS, it characterized that he is pushing for a bigger public service jobs program than he originally asked for.

MR. NESSEN: The President is?

Q Yes.

MR. NESSEN: The money amount is negotiable, Bob. I don't know what more I can say to you beyond that.

Q Can you clarify two points? Henry Ford yesterday asked for the meeting. Is it possible --

MR. NESSEN: No, one of his executives.

Q Henry Ford, himself, asked for the meeting yesterday.

MR. NESSEN: He did?

Q Yes. My first question is if you know, was the meeting possibly set up before Ford publicly asked for the meeting?

MR. NESSEN: It is my understanding that Henry Ford asked publicly sometime during the day yesterday for a meeting with the President but at that time, he had an appointment with the President.

Q My second question is that his remarks in New York yesterday, when he asked for a meeting with the President, it was to discuss the economy on a broad basis and he did not ask for this meeting, he said, to discuss the automotive industry or the automobile problems.

MR. NESSEN: Mark said Mr. Ford wanted to come in and talk to the President and he did talk to the President and these are the things he talked about: Auto emissions and improving gas mileage. The other meeting, on Thursday, which I understand was set up before yesterday's meeting with Henry Ford, is to talk about the economy and especially as it affects the auto industry.

Q But the economy on a broad basis?

MR. NESSEN: Yes.

Q Who are the other auto executives? Will there be other people at the Henry Ford level of the other three auto makers?

MR. NESSEN: The President this morning mentioned Lee Iacocca, and I guess he mentioned Lynn Townsend. I wouldn't take this as the official guest list until we see who is coming. The President mentioned those people as the kind of people who are coming.

Q Is American Motors involved?

MR. NESSEN: Yes.

Q In their discussion of gas mileage, did they discuss the force development which is under test and did Mr. Ford give any indication of a sympathetic attitude to the subject?

MR. NESSEN: He didn't mention to me, Bill, that they had discussed that.

Q If the President spent 10 minutes with Mr. Ford discussing something as important as energy, what did he talk to Muhammad Ali about for eight minutes?

MR. NESSEN: I think the press was in there for most of the eight minutes. You can ask the pool.

Q There is a pool report posted. I filed it.

Q This Executive Order on designating a stand-in for the Secretary of the Treasury. Is this routine?

MR. NESSEN: I checked that before I came here and I am told it is a technical matter that has no great significance.

Q You do not expect a vacancy there in the near future?

MR. NESSEN: I certainly wouldn't read that into it.

Q Secretary Simon was also quoted today saying that the President has abandoned his idea to keep spending in 1975 below the \$300 billion level and also that it would go beyond an agreed to deficit spending in 1976.

Do you know anything about that?

MR. NESSEN: It is no news, is it, that he is not going to spend below \$300 billion. You saw that when he sent the budget cut up.

Q That he would go beyond the \$300 billion level.

MR. NESSEN: It is already \$302 billion.

Q I think we are talking about much more than \$2 billion over.

MR. NESSEN: My understanding is that there is a package of rescissions that Congress declined to go along with of \$500-and-some-million worth of cuts. So that would certainly raise it up. As for 1976, you know the goal was a balanced budget, but I think Roy Ash and others have told you that the problems in the economy and other problems will make that unlikely.

Q I am asking what the President's attitude is now, not the advisers, but has he changed his mind? He has talked about that publicly.

MR. NESSEN: I don't know what you mean, "has he changed his mind."

Q Toward keeping it around \$300 billion. Is he going to let it go and has he changed his mind officially now of a deficit spending in 1976?

MR. NESSEN: On 1975, I don't understand your question, Bob. He sent up a revised budget of \$302.2 billion which he believes should be the maximum. Congress has added to that and he has exhausted his last tool for holding it down.

For 1976 the President's goal has always been a balanced budget.

Q Is he sticking with that?

MR. NESSEN: It is his goal but he realizes what is happening to revenues and the need to spend money to help out in the recession. Those decisions are being made at the meetings like today.

Q There is no fundamental change in strategy to move toward an expansion of the 1976 budget?

MR. NESSEN: As a specific tool to fight inflation?

Q Right. In other words, a move away from fighting inflation to one toward fighting recession?

MR. NESSEN: I tell you, I have heard the President talk a lot about that and he doesn't see this as two opposite directions where you swing around 180 degrees from fighting inflation to fighting recession. He sees this as an economic problem in this country in two aspects, recession and inflation. He has an economic program in place which deals with those two problems. There may have to be a shift in emphasis as the economy changes. But I have tried to say the overall program is designed to deal with both of those.

By way of passing, I might say that the President, I believe, feels that the sort of traditional pump-priming by Congress is an inefficient way to fight recession. It takes a long time to get going and it takes a lot of money and that lot of money contributes to inflation without doing very much about recession.

The two quickest things you can do to fight recession are to increase unemployment benefits, because it gets right to the people who need it, and secondly, this public jobs program which gets jobs directly to the people who need them.

But the old-fashioned pump-priming is an inefficient, slow way of fighting recession.

Q What happens to the income tax surcharge proposal if this Congress doesn't pass it? Will that be pushed again next year or will that be a dead issue if this congress doesn't act on it?

MR. NESSEN: I think we will have to wait until he puts the State of the Union speech together, and see whether that is in it or not. I can't give you a specific answer now.

Incidentally, we will have a briefing in New York after the President's discussion with the Critical Choices people. It will be in the Waldorf around 6:00.

THE PRESS: Thank you, Ron.

AT THE WALDORF-ASTORIA HOTEL  
NEW YORK CITY, NEW YORK

WITH RON NESSEN

AT 6:20 P.M. EST

DECEMBER 10, 1974

TUESDAY

MR. NESSEN: The meeting has just broken up, so you can gauge for yourself the time. It started just a couple of minutes late, so it ran a little over an hour and a half.

Does everybody know who the participants were so I don't have to go through them? You know who was there from the White House, don't you?

Let me say one thing ahead of time. I am going to take a little time to go into some detail of this partly because some people asked me to, and partly because I found it fascinating. If there is too much detail, let me know and I will just skip through to the highlights.

To anticipate your first question, let me say that the gas tax was not discussed or recommended. I think you will see what I mean when I get into some of the things.

Governor Rockefeller, who was seated at the President's left, opened the meeting--and this is a fairly direct quote--by saying, "The future is tremendous. We have the resources. We have the ability. If the United States is strong, we can help the rest of the world. We view this as an exciting moment."

Then he called on the first speaker, who was Dr. Teller. Dr. Teller's area is energy, incidentally. He said there were a number of things that could be done, not in the short-term, to conserve energy. He talked about better insulation for homes and also labeling appliances to show how much energy they used and making the automobile more efficient in its use of energy.

On the supply side, he said there were a number of things that could be done on the short-term. One was to develop greater supplies of oil, gas and coal within the United States. He said that this had been neglected in recent years, and he especially said that the ceiling on gas prices is quite unrealistic.

He also said that there should be more leasing of Federal lands for gas, oil and coal exploration, and he said this should be done in such a way as to maximize production rather than primarily to raise revenue.

Let me stop myself here for a moment and say that as I go on you will see that there were some somewhat controversial ideas offered at this meeting, and the President did not indicate that he accepted or was going to recommend any of these ideas. I will give you some quotes from the President at the end.

What I would like to do is simply go through the ideas that were presented, rather than trying to defend them or they may not fit in with what your ideas are, but these were the ideas that were offered.

Back to Dr. Teller. We were talking on Dr. Teller's point of increasing in the short-term domestic supplies of fuel. He said you must give the companies an incentive to reinvest their profits.

Then he talked about coal and said we have plenty of coal, but there are problems. We must have realistic sulphur standards and Governor Rockefeller interrupted to say, for instance, in New York, when the wind blows out to sea, we should be able to use high sulphur coal and when the wind blows toward the city, then we could switch over to low sulphur coal.

The final point that Dr. Teller made on the short-term supply of fuel had to do with surface mining in the West. He said it is entirely feasible to restore the land and that mining there should be encouraged.

Then he talked about what he called the slightly more distant future. He said that he had an idea of how you could use fuel in the ground without taking it out of the ground, and then he gave a fairly detailed description of the technology which would be needed to convert oil shale into oil and coal into gas, and I won't give you the details or technical description of that, but the President asked how much is being done on this now. Dr. Teller said less than \$10 million a year is being spent on this idea.

Dr. Teller said that in one corner of Colorado, if you converted the shale into oil, you would have twice as much oil as in all the Arab countries combined. He said that he thought that oil shale could be produced in the West at \$5 to \$8 a barrel, which you know, I am sure, is cheaper than the world price.

He said that the production of gas from coal could be done for about \$1 per thousand cubic feet, perhaps as cheap as 70 or 80 cents per thousand cubic feet.

You probably know that the regulated price of natural gas has recently been raised to 52 cents per thousand cubic feet. He said that if we did this, develop the shale oil and the coal for gas, that we have enough supplies within our own country to take care of our energy needs for a century, but he said much more development is needed.

He said these methods of using energy right in the ground saves the environment, there is not much on the surface, and these processes don't take many people, so you would not have to bring hundreds of thousands of people into areas of the West and ruin the environment that way.

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He talked about nuclear reactors and said that the present reactors with some changes would be a good source of energy for a century.

He also very briefly touched on the production of electricity from solar power and from fusion, but he said these are ideas that won't come into use until the year 2000.

Dr. Teller concluded, and Governor Rockefeller said that we could be self-sufficient in exporting energy by the year 1985, and then he sort of laughed and said, "We are an optimistic group."

Q Who said that?

MR. NESSEN: That was Governor Rockefeller.

The next speaker was Carroll Wilson, and his area was the economics of the present oil situation. He explained that he had gotten together with four private citizens but experts on the subjects of both oil and economics from Iran, Japan, West Germany, and the United States, and had jointly produced an article which will be appearing in next week's issue of Foreign Affairs Magazine in which they offer a number of proposals on what to do about the great influx of money to the Arabs from their oil.

It essentially has three parts to it. One would be a method of giving outright grants to the less developed countries to buy the oil they need.

The second part would be an investment program in which the oil producing nations could invest in government securities for a period of five to ten years rather than the short-term investments they favor today.

The main proposal they make in this article coming out in Foreign Affairs next week is for what he called an OPEC mutual investment fund, which would in effect be a mutual fund, the money provided by the oil producing countries professionally managed for investments in the West in securities, properties, industries, and so forth, but with protection both for the investors and for the countries in which the money is invested.

And he said that this idea would give the OPEC countries protection against inflation, and also would give them an investment that would go on after their oil was used up. The phrase was "after their oil is used up and they have nothing left but sand."

He said that these ideas had come out of four private individuals, and he understood that there would be problems getting them carried out at the governmental level.

The next speaker was George Woods, and he talked about the connection between oil and food, and he said that in three areas of the world which seemed to have oil -- that is, the Middle East and North Africa as one area, Southeast Asia and black Africa -- there was a way to use the oil to revitalize what had been agricultural civilizations in these areas, that it would take 25 or 50 or 75 years.

One thing that would be needed would be water, but he said this could be done by desalting plants, and they now have the money from their oil to build the desalting plants.

The other problems of building great agricultural industries, which is what he called it, would involve a way to kill insects, and also to fertilize the crops, but he said this would be easy because those products are byproducts of their oil production, and they also have the market for their agricultural products because these oil producing areas are near the areas where people don't have enough food.

Then he said that if the oil producing countries are to create great agricultural industries they would need to spend some of their money in the United States, Western Europe, and Japan to buy the necessary management, training, and equipment for this.

He said that we need to get the OPEC countries enthused about a program to turn their part of the world into an agro-industrial part of the world. That is a fairly direct quote.

He said that he has been talking to some young Arabs who have been educated in the West, and they want to do something like that for their country. He said that the Shah of Iran is an example of a leader who has used oil revenues to increase the agricultural production of his country.

The next speaker was Hans Mark -- and incidentally his name shows up as M-a-r-k-s, and there is no "s" on the end of his name, it is M-a-r-k. His area was raw materials.

He said that there are plenty of raw materials available, but getting them at a reasonable price depends on energy.

He said that his group from the Commission on Critical Choices had addressed itself to answering a question, and that is, are there any other raw materials other than oil which are concentrated in such a way that the countries where those raw materials are located could use the raw material in the same way that the oil producing countries use their oil in an oil boycott.

The answer they came up with was there is no mineral or raw material that matches oil in its importance. There is no other raw material for which substitutes cannot be made, or which is concentrated in such an area that it could be used in the same way that oil was used in the boycott. He said there are plenty of substitutes, and there is an ability to recycle other raw materials, and he said this puts a damper on the ability of countries to use other raw materials in the same way the oil producing countries use oil.

The next speaker was John Foster. His area was how to deal with the energy problem from a management sense in the United States, and he said that very clearly the problem is up to the Government to solve.

He said it will take a lot of good people. He said that this is a tough problem technologically, politically, economically, and socially, and it will take steps by the Government to lead the country out of this.

He said time is short, and that even if you have good people in the top jobs in Government running the energy program they seem to get sucked up into what he called a supersystem where they spend all their time attending meetings, writing papers, and reading papers, making speeches and testifying before Congress, so that the program is left to the lesser officials of Government to run, and they concentrate on little details but don't have any vision of the broad program.

So he said he wanted to make a suggestion, and that was, for the Government to hire a large industrial contractor to carry out the Government's energy policy. This large industrial contractor would not make the decisions, he would only take the decisions of the Government and carry them out. He would also keep track of all the individual little programs that are going on around the country. "He would be an instrument of the Government", is the way he phrased it. He called it a midwife for bringing the energy program to life.

He said he realizes that lower-level Government officials opposed this because they think the contractor will take their jobs away. Then Don Rumsfeld recalled that this was the way that NASA had hired the Bell Telephone Company as an industrial contractor to manage the Apollo program, and John Foster's own company, TRW, acted in this same way in the ICBM program.

The President pointed out that there is what he called an atmosphere which is reluctant to turn over to outside companies such a major problem when it is the Government's responsibility.

Then the question of cost was discussed, and Mr. Foster said that if you did hire a private management company to run the energy program, it would cost less than 1 percent of the money you were spending on the energy program.

The next speaker was Oscar Ruebhauser, and his area was technology. He said that "When you look back, you see the application of technology to solving practical problems is something that we in America do better than anyone. That is the service we can provide the world, to export our knowhow."

These are fairly direct quotes.

"Our primary function for the next era is to become the Nation which leads the human race in providing the technology to create a better life."

The President said how, and Ruebhauser said that just as one example the multi-national corporation, and he used IBM as one example, was a way of spreading American technology or exporting American technology.

At that point, Frank Zarb, who had not spoken when John Foster was giving his idea of hiring a private contractor to run the energy program, interjected at that point on the idea of hiring a private contractor. "If we don't go down that road some distance, we won't get the job done."

The last speaker was Bill Ronan, and his purpose was to pull together a lot of these other ideas and show how they affected the economy. He said that all these ideas that had been talked about provide great employment opportunities. You would be changing old plants to new purposes, you would be retraining workers, you would be building up a new technological plant, and you would be doing ecological work.

He said that the Arabs, by raising the price of oil, may have made it possible to finance some of the things we are talking about. He didn't explain that, but by that he meant that by raising the price of oil, they gave American oil companies and other energys the money to finance some of the ideas they are talking about.

He said we do have real capital needs, and this puts an interesting aspect on it. The high costs of fuel and food make it possible to assemble this capital. He said the way to lick inflation is through productivity, getting all these things going, providing jobs, rebuilding the strength of America.

Then Governor Rockefeller thanked everybody, and he said this was a unique opportunity to get together and think out loud. He said what we have heard today are some opportunities to get a great new era started.

Then the President closed the meeting by saying it had been very helpful, he had heard some very good ideas both for the short-range and the long-range, and he said that we will benefit from these ideas.

That is your graduate seminar on critical choices.

Russ?

Q Ron, did I understand you to say that Zarb favors hiring outside corporations?

MR. NESSEN: His quote was, "If we don't go down that road some distance, we won't get the job done."

Q Could you explain in a little more detail what this private organization would do, conservation programs or --

MR. NESSEN: No, no. It would be sort of a management corporation. The Government would decide what its policies are. It would hire up this company to carry out those policies. I think the best way to understand it is to use the analogies that were given, that the space agency hired the Bell Telephone Company to manage the Apollo program, the Government told them what the aim was, was to get a man to the moon.

These companies don't let contracts or anything else, the Government does that, and they are strictly the management level.

Q Was the concept speaking always to the production area, or was it also to the concentration area?

MR. NESSEN: They didn't get into that much detail.

Q Ron, I didn't understand Ronan's point about the Arabs raising their price of oil, which has made it possible for American companies to invest in technology.

MR. NESSEN: American oil company revenues are going up too, and as the price of oil goes up this enables them to accumulate the capital they need. He didn't spell that out, but I know that that is the --

Q Did the President have any reaction to the suggestion that Federal energy programs be farmed out to private industry?

MR. NESSEN: He didn't make any comment on that point, Walt.

Q Any discussion of the future of the Commission?

MR. NESSEN: There was not, actually.

I did want to point out -- I forgot at the beginning -- that President Ford, when he was a Member of the House, was a member of the Commission, and after he became Vice President he told Governor Rockefeller he wanted to stay on the Commission as an ex officio member.

He did, and he has told him again that he wants to stay on the Commission as an ex officio member. That didn't come up today. I know that has come up before.

Q That would indicate that the Commission is going to continue.

MR. NESSEN: In some form I think it is going to continue, but I don't know anything definite about that.

Q Ron, what facilities were available at this hotel that would not have been available at the White House, and the second part to that question, why were these several men too busy to come to Washington to see the President?

MR. NESSEN: I don't think we ever said that they were too busy to come to Washington to see the President.

Q Why did he come here to see them? Don't Presidents usually send for people like this?

MR. NESSEN: I think he thought he could combine this with the dinner that he is going to later.

THE PRESS: Thank you.

END (AT 6:42 P.M. EST)