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

#124

AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:52 A.M. EST

JANUARY 14, 1975

TUESDAY

MR. NESSEN: As you probably know, the President went to the National Presbyterian Church this morning, came back to his office at 9:20 and has been working there ever since. He will be spending most of his day working on his State of the Union speech to Congress tomorrow.

We have some information now on briefings and so forth.

The briefings will be tomorrow morning. The material will be ready at 8:00 tomorrow morning in Room 450 of the EOB, and that will include quite extensive fact sheets, copies of the speech and other material. You will get the material at 8:00 in Room 450 of the EOB. It will be embargoed for use until 1:00 p.m., and it will be embargoed for wire transmission until 10:00.

The briefing begins at 8:30 a.m., also in Room 450 of the EOB, and you can film and tape the briefing if you desire.

The briefers will be Bill Seidman, who is Assistant to the President for Economic Affairs and Executive Director of the Economic Policy Board, and Frank Zarb, who is the Director of the Energy Resources Council and the Administrator of the Federal Energy Administration. There is a 1:00 p.m. embargo on use, 10:00 embargo for wires.

There will be a protective travel pool going to the Hill with the President tomorrow. Later in the day we will post the names and also the time you should assemble here tomorrow.

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At 5:30 this afternoon, the President is meeting with Republican Congressional leaders to brief them on the State of the Union speech. He will meet with the bipartisan leaders on Thursday. He has already talked to a considerable number of Democrats about his proposals, including Mansfield, Albert, Ullman, Long, and he saw Mahon last night after the speech.

I can't give you much in the way of an additional schedule for tomorrow, other than the State of the Union. I don't think we will have a briefing here tomorrow. It doesn't make much sense to me to have a briefing tomorrow.

Q Ron, one question on the State of the Union. Do you have an estimate of the wordage?

MR. NESSEN: I don't.

Q Not even in the roughest way?

MR. NESSEN: I would say, in the roughest way, 40 to 45 minutes for the speech, but I haven't seen any final version of the speech to give you on that.

Q Ron, I know you are going to give --

MR. NESSEN: Wait a minute. There is something glittering in your eye, Bob. Is that your contact lens?

Q I was wrong about that.

MR. NESSEN: Yes, you were.

Q Did the President wear contact lenses last night?

MR. NESSEN: The President did not wear contact lenses last night and doesn't wear contact lenses at all.

Q But he does have some?

MR. NESSEN: He has a pair that he once was fitted for, but never went back for the final fitting.

Q Why didn't he? Didn't he like them?

MR. NESSEN: He didn't like them.

Q Were those the ones at the Naval dispensary he was fitted for?

MR. NESSEN: Yes, and you remember he had an appointment to go back one afternoon and he never went. That was the end of the contact lenses.

Q But how much did this cost the taxpayers?

MR. NESSEN: The contact lenses? I don't know. But anyhow, there is glittery-eyed Bob Schieffer back there.

Q Can you tell us how the State of the Union is going to be different from the speech, or will there be any difference, Ron?

MR. NESSEN: There will be considerably more detail, Bob, and there will also be other matters mentioned that were not mentioned last night.

Q Such as?

MR. NESSEN: If I mention them, there won't be any surprises for tomorrow. Don't you like surprises?

Q Foreign stuff, foreign affairs?

MR. NESSEN: No, there won't be very much about foreign affairs, but there will be a couple of other programs mentioned.

Q Ron, you told us -- I think, out in Colorado -- that the State of the Union would be devoted almost exclusively to energy and economics?

MR. NESSEN: Correct.

Q Is this still the case?

MR. NESSEN: Yes.

Q Ron, is there any consideration for setting up a State of the World Message?

MR. NESSEN: I think the President will have a speech in which he talks about foreign affairs, but it won't be called the State of the World.

Q He will give us details on how the \$30 billion in fuel taxes is to be returned?

MR. NESSEN: He will, or I can, whichever you prefer.

Q Could you give us some more details on the \$30 billion returned?

MR. NESSEN: Yes. I have a feeling there will be a number of questions on the speech, and what I would like to do is go through my announcements and come back to that, if that is all right.

Q Before you go through that, will there be any arrangements made for us to get into the EOB at 8:00 in the morning?

MR. NESSEN: Oh, sure.

Q And to get out? (Laughter.)

MR. NESSEN: It is easy to get in; it is hard to get out. (Laughter.)

Q Which door, Ron?

MR. NESSEN: Let's get John Carlson and find out.

Q Before we leave that, this will not be the same kind of situation we had in the October speech?

MR. NESSEN: I can assure you it won't be. I know the fact sheets were very late, but the fact sheets are right here now, so there is no problem about the fact sheets being late.

Q Nobody could leave the building until about 10 minutes after the speech last time. We won't have that?

MR. NESSEN: No, absolutely not. You can leave any time you want to, if you want to hear the briefing.

Q Can you leave before the briefing?

MR. NESSEN: If you care to. If you would rather not have the explanation.

Q In view of your statement, we can leave before the briefing is over and the wires don't have too much time between the briefing and 10:00 a.m. Can we pick up copies of the speech and the fact sheets here as well, so that our colleagues can cover the briefings and we can concentrate on the speech?

MR. NESSEN: I don't see why not.

Q At 8:00?

MR. NESSEN: Yes, fine.

There is no schedule for tomorrow that I know of, and I don't see any reason for having a briefing here tomorrow, since his speech is at 1:00 p.m.

We are going to have in the Press Office after this briefing a statement by the President on the 46th anniversary of the birth of Dr. Martin Luther King, Jr. This will be embargoed for release at 6:00 this evening since tomorrow is the 46th anniversary of his birth. It will be available after the briefing.

The President has sent a telegram to Dr. King's widow in which he expresses his high regard for the memory of her late husband and wishes them a productive meeting, which is now going on in Atlanta. He also tells Mrs. King of the statement we are putting out today.

I want to call to your attention that in the statement that the President is issuing at 6:00 he announces that he will send to Congress this week a proposal to extend the Voting Rights Act for five years and gives his views on the Voting Rights Act, which is that it has helped to open political processes to full citizen participation and that we must safeguard these gains through another five year extension of the act. So, that will be available.

Q Do we have to wait until 6:00 to say that?

MR. NESSEN: It is an anniversary message and tomorrow is the anniversary.

Q But you just told us part of the message now. Is that embargoed?

MR. NESSEN: Yes, it is.

Q Is the meeting in Atlanta the Southern Christian Leadership Conference?

MR. NESSEN: No, I think it is larger than that, but I am not sure.

Q We have to hold off in saying he asked for an extension?

MR. NESSEN: Yes, because that is in his statement.

Q Could you have someone check whether as a Congressman he ever met Martin Luther King?

MR. NESSEN: Somebody can call Stan Scott while we are out here.

The President would like me to tell you today that he is today announcing his intention to nominate Dr. Edward H. Levi to be Attorney General of the United States.

Dr. Levi is President of the University of Chicago and is a former law professor there. Dr. Levi will succeed William Saxbe, who has been nominated to be Ambassador to India.

After Mr. Saxbe has been sworn in as Ambassador to India and pending Dr. Levi's confirmation, Lawrence H. Silberman will serve as Acting Attorney General.

Q Isn't he now?

MR. NESSEN: He has been Deputy Attorney General since March 1974. Actually, Mr. Saxbe is the Attorney General now because he has not been sworn in or presented his credentials as Ambassador. During the interim, Mr. Silberman will be Acting Attorney General. Then, after Mr. Levi becomes Attorney General, the President has asked Mr. Silberman to stay on as Deputy under Mr. Levi.

The President also is nominating William T. Coleman to be Secretary of Transportation. Mr. Coleman is a partner in a Philadelphia law firm. He will succeed Claude S. Brinegar, who has resigned effective February 1st.

The President is pleased that two individuals of the caliber and abilities of Dr. Levi and Mr. Coleman will be joining the Cabinet.

We mentioned to you awhile back -- I think that we indicated the President's intention to nominate Jim Lynn as OMB Director, and that nomination is now being formally sent to Congress.

Q Who is the successor?

MR. NESSEN: There has been no successor named yet.

Let me clear up one or two things about the briefings tomorrow. The Seventeenth Street Entrance is the one you go in. Your White House passes will admit you, and someone will be at the Seventeenth Street Entrance to help you get in.

Q Who do we contact to get in, the others that don't have passes?

MR. NESSEN: Jerry Warren's office.

Q Ron, a very simple housekeeping question. There has been some confusion as to how the Attorney General-Designate pronounced his name. You said Levi; I heard Levi. Is there an official pronunciation?

MR. NESSEN: It is Levi.

Q Ron, were you able to determine, in fact, whether he is a Democrat, as the President has indicated in Time Magazine?

MR. NESSEN: He has no known political affiliation.

Q What about Mr. Coleman?

MR. NESSEN: Mr. Coleman is a Republican.

Q Did the President inform -- I know Eastland didn't show -- Hruska yesterday that he was going to appoint Dr. Levi?

MR. NESSEN: I believe that was part of their conversation, yes.

Q Was there any fuss put up?

MR. NESSEN: Not that I know of.

Q Does the President think he will be confirmed?

MR. NESSEN: He certainly hope so.

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Q What are you all talking about up there?
(Laughter)

MR. NESSEN: We are just whispering in each other's ears, Sarah. (Laughter)

Helen was curious as to whether the President told Senator Hruska that he intended to nominate Mr. Levi, and I said I thought that did come up yesterday when they talked, and she asked whether there was a fuss, and I said not that I know of. Then she asked, does the President think he will be confirmed, and I said that the President certainly hopes so.

Q The President also met with the Chairman of the Senate Judiciary Committee, Senator Eastland. Did Senator Eastland tell the President he is opposed to the nomination?

MR. NESSEN: I hadn't heard that.

Q I thought the meeting was cancelled.

MR. NESSEN: The meeting was cancelled, but he has talked to Senator Eastland about the nomination.

Q Isn't it a little unusual for a President to name a deputy even before the Attorney General is nominated? Doesn't the Attorney General traditionally select his own deputy?

MR. NESSEN: I think the President is indicating his desire for Mr. Silberman to stay on, at least for a certain period, in that job.

Q It is like an interim request, a request for him to stay on until he is confirmed? Is that what you are suggesting?

MR. NESSEN: At least for a period beyond Mr. Levi becoming Attorney General.

Q Ron, are these Mr. Levi's desires, do you know?

MR. NESSEN: I am not sure. It is the President's desire.

Q Ron, Mr. Coleman was appointed to Mr. Kitchel's group, legal services. I take it he will not serve on that commission?

MR. NESSEN: I don't see how he can.

Q Has the President withdrawn Mr. Kitchel's name?

MR. NESSEN: I looked back at that paper we put out with the names on it, and it indicated that these were the names the President was considering for nomination. I am told Mr. Kitchell has indicated he does not want to serve on that board for personal reasons.

He will not be nominated. He has not been nominated, and will not be nominated.

Q Ron, is the President satisfied that Mr. Coleman's directorship of Pan American World Airways will not serve as a bar on conflict of interest grounds to confirmation?

MR. NESSEN: I think Mr. Coleman said in the paper this morning that he intended to resign from the Board of Directors of Pan American. Obviously, the appropriate committee up in the Senate is going to ask Mr. Coleman questions about his interests. So, I would think we probably ought to leave the confirmation process to explore those questions.

Clearly, by nominating him, the President has indicated he considers him to be a very able lawyer and a man who he believes could do an excellent job as Secretary of Transportation.

Q Ron, can you pinpoint the date when the President decided that he wanted Mr. Levi to be Attorney General?

MR. NESSEN: No, I can't. It was a couple of weeks ago.

Q Ron, are you ready for questions now on the speech last night?

MR. NESSEN: On the economic message? I am ready if everybody else is ready.

Q Can we have just one more on the Cabinet? Is there a new Housing Secretary yet?

MR. NESSEN: No, we don't have a Housing Secretary to announce.

Q Are you expecting any more changes in the Cabinet soon?

MR. NESSEN: Helen, it is hard to set a timetable on these things. I think we just have to take them as they come.

Q Has the President had a reaction to the reports of Secretary Simon's dissatisfaction with this program?

MR. NESSEN: No.

Q Does he plan to keep Secretary Simon?

MR. NESSEN: As far as I know.

Q Do you know if Secretary Simon intends to resign?

MR. NESSEN: Not that I have heard.

Q Ron, on the President's year-long moratorium on new spending programs he announced last night, does that mean that he will oppose the national health insurance program for this year, the enactment of that?

MR. NESSEN: It means that he will not propose any new spending programs for this year.

Q But that wouldn't require spending this year, would it?

Q Does this mean he will oppose enactment of the national health insurance program?

MR. NESSEN: If it is a new program and it involves spending, I think it would fall into that category. If it is a new program that involves spending this year, I think it would fall into that category.

Q Does that also include the new housing program about which the President was talking earlier?

MR. NESSEN: I am not sure housing would be a new program, Peter.

Q It would be new spending.

MR. NESSEN: I think the way he phrased it was the way he meant to phrase it -- new spending programs.

Q Ron, health insurance, that is a question because the proponents say it would not require spending this year and the President emphasized this year, and you have.

MR. NESSEN: That is right.

Q Does that mean he would not veto that?

MR. NESSEN: I think the President's views on the need for a national health insurance program are clear. He certainly is not abandoning his support for national health insurance, a health insurance program, but he means precisely what he said last night, which is a one-year moratorium on new spending programs.

Q Ron, it may be the case, but I don't know, but enactment of this health insurance program now would mean there is no new spending for a year.

MR. NESSEN: I don't know either. It is a little bit of an "iffy" question.

Q I am trying to find out if the President is still in favor of enactment of a national health insurance program this year.

MR. NESSEN: Certainly, I have said that. You say this year?

Q Yes, this session of Congress.

MR. NESSEN: If it is not a new spending program during the one-year moratorium.

Q If it doesn't require the outlay of funds, though -- I think is what Gene is saying -- would he veto a national health insurance program passed during this session of Congress?

MR. NESSEN: I tell you, what the President said is that he will not propose any new spending programs this year and will veto any new spending programs Congress sends him.

Q Does that mean what he wants is a national health program enacted this year but taking effect next year, or spending next year?

MR. NESSEN: Let me do a little research on national health insurance programs.

Q Ron, on the housing that has been mentioned, too, if I understand it right, most new commitments on housing programs have been suspended for about the last two years. Would the President consider any--

MR. NESSEN: That is not entirely true, is it? We are talking about 235 and 236, but there are other housing programs.

Q Well, 236 is the exception, but I think they have been suspended. I don't want to debate that, but in any case, housing programs have been on fairly short rations for the last couple of years.

MR. NESSEN: A \$3 billion program is not short rations, is it?

Q Would he consider any reform in housing programs to be a new spending plan?

MR. NESSEN: I will have to check on that one, too.

Q Ron, on Vietnam, a Congressman, whose name escapes me, although I think it was Wright of Texas, says that the President's request for additional aid for Vietnam might fall into the new spending program category.

MR. NESSEN: No, it doesn't. It is not a new program.

Q But it is still spending, is it not?

MR. NESSEN: What I am saying, Peter, is that what he said was "no new spending programs."

Q That is what I am saying.

MR. NESSEN: With the emphasis on "new."

Q So, if a program were going to be added to, then obviously, according to what you are saying, he would approve it?

MR. NESSEN: He also indicated his overall desire to hold Federal spending down, but that would be technically right.

Phil?

Q Under this same moratorium, then, when we are dealing with future job programs --

MR. NESSEN: That is not a new program.

Q -- this would just be added to what is already going?

MR. NESSEN: He said clearly last night one of his primary concerns was to avoid the hardships of unemployment.

Q Can you tell us where the \$30 billion is coming from and where it is going?

MR. NESSEN: Where it will come from or where it will go?

Q Where it will go, also, but if you have details on where it is coming from.

MR. NESSEN: This is where the \$30 billion would come from, but let me explain one thing philosophically to you. The \$1, \$2 and \$3 import fee he is doing by Presidential action because he can. The rest of the program requires Congressional approval. That would consist of a \$2 per barrel excise tax on both domestic crude oil and imported crude oil and products.

Q Is that in addition to the increase in import fees?

MR. NESSEN: No, when Congress passes this, then it would replace the import fees.

Q Why are you talking about \$2 a barrel instead of \$3?

MR. NESSEN: Because in order to get the same effect on prices by putting the \$2 excise on domestic crude and \$2 on imported crude and products, you would come out with the same effect on oil prices that you do with a \$3 Presidentially imposed import fee on only imported crude.

Q Does that mean the import fees, the \$1 to \$3 per barrel is a temporary measure until the excise tax is --

MR. NESSEN: Yes.

Q Are both imported products and domestic products covered by the excise tax or only the imported products?

MR. NESSEN: No, there would be no excise tax on domestic products.

Q That has already been paid in domestic crude?

MR. NESSEN: That is right, it is in domestic crude. The idea of having it on both imported crude and products, the philosophy behind that is to avoid the idea that the oil would be refined overseas and sent here in the form of products which wouldn't be taxed. That is part.

Then you would have an excise tax on natural gas of 37 cents per thousand cubic feet, which the economists translate as being the equivalent of \$2 per barrel on petroleum; 37 cents per thousand cubic feet. That is an excise tax.

Then there would be a windfall profits tax, and the windfall profits tax would be retroactive to January 1 of this year. Parenthetically, the Administration has supported a windfall profits tax for some time, and Congress didn't pass it last year. If it had, some of the windfall profits from last year would have been recaptured.

Anyhow, in this proposal, the President is asking a windfall profits tax on petroleum companies retroactive to January 1, and the first year this would recapture every dollar that the industry might make from this new set of fees, plus \$3 billion out of their existing profit structure.

In the future, the windfall profits tax that the President proposes would be structured in such a way that the oil industry would be able to retain some of its earnings in order to allow investment in new energy sources.

Q Ron, is this tied in somehow with phasing out remaining controls on domestic crude oil?

MR. NESSEN: The President will also propose the decontrol of that domestic oil which remains under control.

Q Can't he do that by sending a message to Congress that they have five days to pursue?

MR. NESSEN: He can do that on his own.

Q Is he going that route?

MR. NESSEN: What? Doing it on his own?

Q Or will he ask Congress to do it?

MR. NESSEN: That technique has not been completely decided upon yet, the decontrol technique.

Let me give Bob the numbers here that he is asking for.

The windfall profits tax would collect \$12 billion this year, and the remaining \$18 billion -- these are approximate numbers -- would come out of the series of excise taxes that I have described.

Q Do you have that broken down?

MR. NESSEN: I am sorry, I don't.

Q One more question. Would the decontrol of old oil depend on the passage of a windfall profits tax?

MR. NESSEN: The program fits together as a number of pieces and all are dependent on the other pieces, and to give you now where this \$30 billion goes --

Q Could I ask a question about where it comes from? Do you have figures on the impact of these kinds of prices on the average home that is heated with gas, for example, or the average home that is heated with oil? Has that been worked out?

MR. NESSEN: The average family -- and I don't know how you get an average family, somebody told me today how you do it -- but anyhow, the average family, their annual increase in all fuel costs -- gasoline, home heating and so forth -- would be about \$250 a year under this plan.

Q Who would, the average family?

MR. NESSEN: The average family would pay \$250 more per year for all kinds of fuel.

Q Do you have a description of this average family?

MR. NESSEN: The average of all families, that would include all your fuel costs.

Q Does that include gasoline for automobiles?

MR. NESSEN: Yes.

Q Does that depend upon reduction in the amount of gas used for automobiles and how much reduction?

MR. NESSEN: This is an average of all families, rich and poor.

Q That is just fuel costs, it doesn't go into synthetic fibers that might be made from oil?

MR. NESSEN: I don't know how much they factor into this, but this is what the energy people came up with.

Q The average family, is that the cost.

MR. NESSEN: I said it is an average of all families from the very richest to the poorest.

Q Do you have a size for this, four people, or two?

MR. NESSEN: The average family must be four people, isn't it?

Let me say one thing. A lot of the more technical details of this are going to emerge in tomorrow's briefing. I am trying to give you some additional information.

Q One other detail on this cost. I think it would be helpful if you have it; that is, do you have an estimate as to what this will mean in cents per gallon on gas prices and cents per gallon on oil?

MR. NESSEN: It is somewhere around ten cents per gallon.

Q Ron, when you speak of all fuel costs for the average family, are you including in that utility costs?

MR. NESSEN: I said I am including all their fuel costs.

Q Electricity is not exactly fuel. Are you talking about electrical rates, too?

MR. NESSEN: I don't know. I think that is something you will need to talk to Mr. Zarb about. This is a figure Mr. Zarb gave me this morning, but I didn't explore it.

Q What is the ten cents?

MR. NESSEN: About ten cents a gallon in gasoline prices.

Q How about fuel oil?

MR. NESSEN: I don't have the fuel oil figure.

Q Does the \$250 include the additional costs that consumable items will bear?

MR. NESSEN: Somebody else asked that, and I am not clear about how deeply they went into this.

Q Ron, what is the percentage increase on natural gas?

MR. NESSEN: The percentage increase represented by 37 cents? I am sorry, I don't know, Margaret, except that I am told it amounts to the equivalent of -- in terms of BRLs -- the equivalent of the same \$2 a barrel excise tax.

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Q Ron, the 10 cent a gallon hike in gasoline prices, is that suppose to come in one jump or be gradual or spread over a period or what?

MR. NESSEN: I guess that depends on the oil companies and how they plan to do it.

Q Does this include both the higher prices after decontrol as well as the taxes?

MR. NESSEN: Yes, this would be the effect.

Q Ron, what is the expected reduction in consumption?

MR. NESSEN: As the President said, the expected reduction in consumption is a million barrels a day this year, by the end of this year, and two million barrels a day by the end of 1977 and total invulnerability to foreign oil disruption by 1985. I am sure you saw the line in the speech which said that if this method does not reach those goals that he will make up the additional by a ceiling on imports.

Q Is there an impact on GNP of reduced consumption of oil by this amount, and what is it?

MR. NESSEN: I don't have the numbers. One of the major considerations in drafting this program was its impact on the economy, and so, it was taken into consideration and some other methods of doing this were rejected because they would have too serious an effect on the economy.

Q Does the President plan to ask for any change in the excise tax on tires?

MR. NESSEN: I haven't heard of any.

Q Would you get to where the \$30 billion goes to?

Q Ron, before we go there, have they made any projections on how much this will cut back domestic production?

MR. NESSEN: Hopefully it would have just the precise opposite effect, Sarah, of increasing domestic production. That is the whole aim of the program.

Q No, it doesn't, when you are taking away all the money they are making at the present time.

MR. NESSEN: I said in future years the tax tables for windfall profits will be structured in such a way that they will be allowed to keep some of the money for the purpose of --

Q But that is a few years, and in the meantime, they have to be planning a few years ahead before they can get to that in order to drill some wells. Is this going to cut back production considerably?

MR. NESSEN: It certainly is not, and the aim of it is precisely the opposite.

Q How much do they figure the price of this old oil will go a barrel when you take off those controls?

MR. NESSEN: It is very complicated because you don't get the whole jump translated into fuel prices because that is only a small portion of the fuel supply and so forth, but Zarb will be able to give you more precise figures tomorrow.

Let me tell you where the money goes now. First of all, as the President pointed out, there will be a permanent -- I am sure this was clearly under -- a permanent revision downward of the tax rates. When I say "permanent," permanent so long as this program continues in existence.

Now, to give you some examples of that. If you make \$5,600 a year in adjusted gross income, your present tax -- let's say your adjusted gross income is \$5,600 a year. Your present tax is about \$185 a year.

Q That is a single person, is it?

MR. NESSEN: A family of four.

Under the new tax tables that the President will propose -- to give back part of this \$30 billion -- your new tax would be zero, a reduction of 100 percent.

I can take various numbers. Let's say \$7,000 in adjusted gross income --

Q Same family of four?

MR. NESSEN: All these are for the same family of four. Your present tax is \$402.

Q What income?

MR. NESSEN: \$7,000.

Your present tax is \$402. Your new tax -- again, because of a revision in the tax tables to give back some of this money -- would be \$110, a reduction of 72.6 percent.

Q Is that a 10 percent reduction, or is there any percentage reduction?

MR. NESSEN: I want to make sure we keep clear now. We have a temporary one-year 12 percent reduction. That is one thing. What I am talking about now is various ways in which the \$30 billion will be given back on a permanent basis every year.

Q One way is a revision downward in the tax return. Is there a percent in dollars you can give us?

MR. NESSEN: No, the whole purpose in this is to give the lower income people more money back.

Q Is there a total figure for the cut?

MR. NESSEN: Yes, \$16.5 billion will go back to individuals.

Q Pin down the rest while we are on this.

MR. NESSEN: There are a lot of ways this money will go back, so it will take us a while to work our way through this, and this is one way.

Q Ron, there won't be enough to pay that extra oil bill.

MR. NESSEN: Let me go through the rest of the tax of the income levels so you will see how this is weighted very heavily in the direction of giving lower income people much lower tax rates and doing very little with the upper income tax rates.

Your adjusted gross income is \$10,000. You now pay \$867 in taxes. Under the new rates, you would pay \$518. That is a 40.3 percent reduction.

Your adjusted gross income is \$12,500. Your present tax is \$1,261. Your new tax would be \$961. That is a reduction of 23.8.

If you make \$15,000 a year in adjusted gross income, you now pay \$1,699. Your new tax would be \$1,478, thereby, reducing your taxes 13 percent.

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Q It is at this point, isn't it, Ron, that the \$250 increase in oil equals the tax reduction at \$15,000?

MR. NESSEN: Yes, if you did your arithmetic right you would see at \$15,000 your tax saving would be \$221 a year. That is the point. Let's say you make \$20,000 in adjusted gross income. You now pay \$2,660. Your new tax is \$2,450. Your tax bill would come down 7.9 percent.

In the \$30,000 adjusted gross income bracket, you now pay \$4,988. Your new tax would be \$4837. You would save 3 percent on your taxes.

In the \$40,000 bracket, adjusted gross income, you now pay \$7,958. Under the President's proposed revision of the tax tables, you would pay \$7828. Your taxes would come down 1.6 percent.

Now, that is a method of returning some of the \$30 billion.

Q Is that the \$16 billion total?

MR. NESSEN: No, there are other parts to this.

Q You totaled this portion?

MR. NESSEN: The \$16.5 billion is all the money to be returned to individuals. I have other ways I am about to explain.

Q Do you have a total for this portion?

MR. NESSEN: No, I don't have a total for that portion.

Q Would that be reflected in the withholding rates for 1975?

MR. NESSEN: I am not sure precisely how that is going to be carried out.

Q Is there an income level at which this reduction would disappear?

MR. NESSEN: My table only goes to \$40,000.

Q It seems to be sliding in that direction.

MR. NESSEN: That is correct.

Q Do those trend lines continue, do you know?

MR. NESSEN: I have a feeling they do, but I don't have the complete tables here.

Another method of getting this money back would be an increase in the so-called low income allowance. If you are not familiar with this, it means that below a certain level of income you don't pay any taxes.

The level at which you don't pay any taxes is going to be raised to \$5600. In other words, anybody who makes less than \$5600 in adjusted gross income will pay no taxes from now on.

Q For a family of four?

MR. NESSEN: Yes, a family of four.

Q Do you know the figure I asked for on where the cut-off is now?

MR. NESSEN: The cut-off now is \$4300. In other words, presently if you make \$4300 or less, you don't pay any taxes. If you make above \$4300, you start paying taxes. That is a family of four with adjusted gross income.

Now, people making less than \$5600 will pay no income tax.

Q What is the total dollar figure on that?

MR. NESSEN: The \$16.5 billion in this portion I don't have broken down between the various methods.

Q This formula just mentioned, does that form part of the \$16.5 billion?

MR. NESSEN: Yes, it does.

Q There are alternative methods?

MR. NESSEN: No, these are all part of the \$16.5 billion, some by cutting the tax rate, some by raising the level at which you pay no taxes, and together those two make up \$16.5 billion.

Q Ron, you keep saying "if you make." Would you define adjusted gross income? Is it not after exemptions?

MR. NESSEN: The taxes that I have talked about are calculated on a family of four, assuming either itemized deductions equal to 17 percent of income or the low income allowance, whichever is greater. These tables are computed to show you what the highest possible tax would be that these people pay.

Q Are these adjusted after taxes?

Q Plus exemptions?

MR. NESSEN: Adjusted gross income is taxable income, isn't it?

Q I don't believe so.

MR. NESSEN: Adjusted gross income is after exemptions but before deductions.

A third method of getting this \$30 billion back -- in fact, \$2 billion of it -- would be outright payments to people who pay no taxes, \$2 billion.

Q Is this part of the \$16.5 billion?

MR. NESSEN: No, it isn't. We have already talked about the two methods of sending \$16.5 billion back. Now we will talk about sending \$2 billion back. That will be done in the form of checks mailed out to people who pay no income tax. They will amount to \$80 a person.

Q Average or flat rate?

MR. NESSEN: Flat rate.

Q Per person?

MR. NESSEN: Per person, per adult and adults are defined as individuals who, during the year, are at least 18 years old and who are not eligible to be claimed as a dependent on the Federal income tax.

Q Would this include people like John D. Rockefeller, III, who paid no income taxes?

MR. NESSEN: No, this is aimed at people who pay no income tax because of low income.

Q How will the Government identify these people? They must file a return, I assume.

MR. NESSEN: It is going to be a very simple method, which is that you get a form provided by IRS on which you put your name, your address, your Social Security number and your income. You send it in and you get \$80 back.

Q Does the IRS have a list of all Americans who don't pay any income tax?

MR. NESSEN: I don't know. I don't see how you would gather that. If you don't pay any taxes, you send in this form with your income on it, and they send you \$80 back.

Q Does that apply to 1974 income or 1975 income?

MR. NESSEN: In 1975. Yes, it would begin in 1975.

Q Isn't all this we are talking about 1975?

MR. NESSEN: Yes, this is all 1975.

We have a few more methods to go for getting this \$30 billion back. Two billion dollars of it would be given to State and local governments in the form of increased revenue sharing to make up for the higher cost of fuel that State and local governments have.

In addition, there would be a tax credit for people who put up storm windows or insulated their houses.

Q How much?

MR. NESSEN: This could go as high as \$500 million a year in tax credits.

Q Is that just for poor people or for everybody?

MR. NESSEN: It is for everybody.

Q Insulation, or new storm windows, or is it existing storm windows?

MR. NESSEN: No, it is new.

Q What happens to people who already have them?

MR. NESSEN: This is to encourage additional insulation and storm windows.

Q In other words, if you make the investments you would get it for that year?

MR. NESSEN: This would be retroactive to January 1 so if you insulated your house this month, you would get this.

Q In parts of the country where there is cold weather, homes already have storm windows and insulation, don't they?

Q Ron, you only get that for one year, is that right?

MR. NESSEN: No, because there are 18 million houses in the country that could qualify, and presumably you couldn't get all 18 million of them insulated in one year. What you are saying is once you have insulated your house and put up storm windows, could you insulate it again?

Q Could you keep on taking a credit because you are insulated?

MR. NESSEN: No, it is a one-time deal.

Q Is it a total cost of the insulation or storm windows or is it a percentage, do you know?

MR. NESSEN: No, it is a 15 percent tax credit.

Q Percent of what?

MR. NESSEN: Fifteen percent of the cost of doing it.

Q Up to how much?

MR. NESSEN: There is a ceiling. We will check that for you.

Then the Federal Government would keep \$3 billion of this \$30 billion to make up for its own higher energy costs and finally -- let's see if our numbers add up. We have \$16.5 and \$2, and \$2 to States and locals, and \$3 to the Feds, that is \$23, and the other \$6 would go to corporations in the form of having their tax rates lowered from 48 to 42 for 1975.

Q Is that percent?

MR. NESSEN: This is their percentage. You know the maximum of 48 percent would be cut down to 42 percent.

Q That is a permanent change, right?

MR. NESSEN: Yes. There you see how the \$30 billion gets back, so I think in some ways, or in many ways, you can see clearly that this is heavily weighted in the direction of low and middle income taxpayers.

Q Ron, can you go back to this insulation and storm windows thing?

MR. NESSEN: I don't have all that much on it.

Q The cost of insulation, or the cost of the storm doors and windows, would that be deducted as a tax credit?

MR. NESSEN: Fifteen percent of it would.

Q Would there be definitions as to what is insulation?

MR. NESSEN: Yes, this was considered quite thoroughly and they have all the legislation drafted.

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Q The lower corporate income taxes, will those extra funds returned to the State by the corporation have to go for any special purpose?

MR. NESSEN: No, no more so than the cut in the individual tax rates.

Tom.

Q There is a \$150 ceiling on the tax credit for insulation and storm windows?

MR. NESSEN: That is what they were talking about, and they were jockeying with the numbers.

Q Why didn't the President make this clear last night? You know, the permanent change in the tax rates affecting everyone is a major part of the proposal, yet it was only mentioned in a couple of words.

MR. NESSEN: Not really. As we said, last night was kind of a preview and outline of the major -- a sort of overview of this thing. You wouldn't have wanted the President to get up there last night and go through what I just went through.

Q Why wasn't this available last night so the stories could be written intelligently?

MR. NESSEN: I just got this this morning.

The ceiling on the insulation I think is \$150.

Q Is that the most you can get, \$150?

MR. NESSEN: In other words, \$150 would be your maximum tax credit. If it costs you a \$1,000 to insulate your house, you take \$150 off. If it costs you \$2,000 to insulate your house, you still take \$150 off.

I only got this fact sheet this morning. The President never intended to give a detailed spelling out of his program last night. He will do that tomorrow.

Q I don't recall anywhere in that speech the President saying there would be a permanent lowering of the income tax rates for all Americans. There was something in there about giving money back to lower income Americans who were hit hardest.

MR. NESSEN: That is right.

Q But it is a far cry from saying there is a permanent lowering of the tax rate.

MR. NESSEN: Adjusted gross income is gross income before all personal deductions and exemptions. It is your income after Social Security and so forth, is that right?

Q Ron, isn't it simply taxable income?

MR. NESSEN: No, it is far from it.

Q Would you repeat the definition?

MR. NESSEN: It is your gross income before personal deductions and exemptions.

Q It is before everything?

MR. NESSEN: No, there might be business deductions and exemptions.

I have a lot more stuff here, gang.

Q Well, give it to us.

Q On that corporate reduction, Ron, it will total \$6 billion. Do you happen to know what percentage that is of the total corporate income taxes?

MR. NESSEN: No, I don't. I have something to read.

No, I am just prepared to answer questions about this because I realize last night's speech was an outline and an overview and that you probably might want to ask some other questions.

Q Will the President ask Congress to put this lower deduction into effect at once and have it retroactive on your next 1976 returns?

MR. NESSEN: Yes, he wants this whole program as soon as possible. I mean, after all, the price of fuel is going up February 1st, or the import fee is going up, and the whole purpose of this is to get that money back into the economy, and this is the way.

Q Ron, I have two questions. First, what sort of reaction has the President gotten to his speech; how does he feel he did, and what has been the reaction received at the White House?

The second question, Ron, is what convinced the President, after he had said so many times in so many ways that he didn't want a gas tax, what finally convinced him, in effect, he had to have a gas tax?

MR. NESSEN: This is not a gas tax, Bob. The President has the same feelings about a gas tax. I think he said last night that this method of raising the price of fuel accomplishes the goals, which are to discourage consumption and encourage domestic production. It spreads the burden around through the whole economy, through fuel oil, through acetates and all the other products made from petroleum.

The first part of your question having to do with reaction, the President was pleased by the way he was able to get what he said over to the people. He has had some phone calls from friends, mostly in Congress. There were some people gathered last night at his house who thought that it went well.

In terms of public reaction, as of 11:15, on telegrams --

Q Is that this morning?

MR. NESSEN: Yes, 11:15 this morning -- there were telegrams, 112 in favor and 58 against and 41 with other comments. As I understand, the other comments mostly were your same comments, which is the desire for more detail.

Mailgrams as of 11:15 were 52 in favor, 89 against and 29 who had comments.

Telephone calls -- which included last night and this morning up through 11:15 this morning -- 94 in favor, 112 against and nine with comments.

Q Do you have a sample or indication of the ones that were against? What was it they were against?

MR. NESSEN: Joy, did you take a look at those?

We just got the raw numbers.

Q I don't know if we have really gotten an honest count on these things --

MR. NESSEN: It is an open White House.

Q If it is not, it is by far the most early negative reaction we have ever heard. What does he ascribe that to?

MR. NESSEN: I didn't ask him what he ascribes it to. He did express some interest in seeing some of the telegrams.

Q Ron, you told us the average family will have an increase in all fuel costs of \$250 a year. How much will the average family get in tax reductions in this pertinent listing that you have given us, has anyone figured that?

MR. NESSEN: Ted, not that I know of, but we have done that one in a different way; that is, to give you the specific tax cuts by income category. I don't have what an average family would get.

Q Ron on that point, on the 1975 reduction in the rates, I realize you have given us a lot of examples, but is there any way you can categorize the reduction in the rates -- "from" to "to?" I don't mean a straight percentage because the percentage varies according to income, but can you give us a bottom line and a top line so we can write a sentence saying the rates were reduced?

MR. NESSEN: If you take the \$5,600 figure, you are reducing taxes a 100 percent. If you take it high enough, you are reducing the taxes by zero.

Q Is it done by reducing the rate?

Q Yes, I am talking of rates.

MR. NESSEN: The rates are coming down.

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Q Ron, if you know what the total personal income tax is and subtract \$14 to \$15 billion from it, you know what percent you are cutting your income by. Do you know those numbers?

MR. NESSEN: No, I don't.

Q I don't think you understand the question.

MR. NESSEN: Probably.

Q The way we have a graduated income tax, it goes from beginning with the first person level which are eligible, let's say 14 percent of your income up to 1972. Is there any way you could identify the new rate the same way?

MR. NESSEN: I think that will have to wait for tomorrow's more extensive briefing.

Tom?

Q When the President talked to the Business Council in December, he said the country is not in an economic crisis. He described a crisis as something that demands widespread and immediate drastic action. I take it the country is now in what the President considers an economic crisis.

MR. NESSEN: I would rather stick to his words, but clearly he said over and over again the economy has deteriorated rapidly. I think he said that last night, in terms of jobs lost and production going down, and he believes that the country does need rapid action.

Q Ron, who besides Mahon did he talk with last night after his speech?

MR. NESSEN: There were a lot of people up at the House, and I don't remember who they were.

Q Were they brought in special?

MR. NESSEN: No, they were up there for the unveiling of the picture and they stayed for this.

Q Do you know what the income of the average family of four in the country is now? The median, I guess.

MR. NESSEN: No, I don't.

Q Ron, on corporate taxes, that is 42 and that is a permanent change?

MR. NESSEN: Yes, that is correct.

Q Is the President still opposed to gasoline rationing and, if so, would he be inclined to veto legislative rationing?

MR. NESSEN: You know, there are lots of ways to go at this problem, Russ, and the President has spent a lot of time on it, as you all know. He has gotten the views not only of his own economic advisers but of the Joint Economic Committee, and he has seen a lot of Members of Congress and outside people, labor-management, his Labor-Management Council, and so forth, and the President feels that this is the best way to reach his goal.

And rather than looking ahead to what Congress might do, he expects Congress to pass this program.

Q Ron, doesn't he want standby authority for rationing in case this doesn't work?

MR. NESSEN: He expects this to work.

Q He is not asking for standby authority?

MR. NESSEN: Not that I know of.

Q That will not be in the details tomorrow? Were all the leaks wrong on that subject?

MR. NESSEN: Did they say he was going to ask for that?

Q Yes, every time around that seemed to be printed or broadcast.

MR. NESSEN: I have never heard that discussed here. I am told that it is part of a package of several conservation measures he will ask at this point, before the message is completely locked up, that he will ask for standby authority for rationing.

Q Ron, who is the President's principal adviser on oil?

MR. NESSEN: He has several. He has Rog Morton and Frank Zarb --

Q I mean, who is the man, a real oil man who advises him?

MR. NESSEN: I don't know, Sarah. Those are his two principal energy advisers.

Q Ron, you said the downward revision of taxes would go into effect on the 1975 income. Would it go into effect for the beginning of the year 1975 or when the law was passed or some subsequent time?

MR. NESSEN: I presume it would be retroactive to January 1. That is a very technical question, but essentially in the lawbooks it would take effect June 1, but you would get the same benefits in seven months you would have gotten in 12 months. I think that is really a technical question.

Q I guess your answer is that it would apply to your total income for the year?

MR. NESSEN: Yes.

Q You would get something every week as soon as the law starts June 1, is that right?

MR. NESSEN: Let's save that.

I do have one thing I have been asked to tell you about, if I can find it.

Q Ron, people are filing back here.

MR. NESSEN: They shouldn't be.

In accordance with the understanding reached at Vladivostok on November 24, 1974, between President Ford and General Secretary Brezhnev, the delegations of the U.S. and the U.S.S.R. to the Strategic Arms Limitation Talks will resume negotiations in Geneva on January 31 with the objective of working out this year a new agreement limiting strategic offensive arms through December 31, 1985.

The American delegation will be headed by Ambassador U. Alexis Johnson and the members of the delegation will be Dr. Harold Brown; Lieutenant General Edward L. Rowny of the United States Army; Mr. Boris H. Closson; Ralph Earle, II; and Dr. Michael May.

Just for background, the last round of SALT talks in Geneva ended on November 5.

THE PRESS: Thank you, Ron.

END (AT 1 P.M. EST)