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

#129

AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:45 P.M. EST

JANUARY 22, 1975

WEDNESDAY

MR. NESSEN: Is somebody from Time Magazine here?

Hugh Sidey.

I want to thank your Mr. Wiedemann for sending me a very nice letter at home.

It starts off: "Dear Mr. Nessen, how would you score on a high school current events test these days? Pretty well you think; well, let's see."

Then it has a lot of questions, and then, on the back it says, "Knowing who is who and what is going on in the world is not only for teenagers, it is part of our basic responsibility to ourselves, don't you think?" Then it offers me Time Magazine for 25 cents a week.

Q How did you score?

MR. NESSEN: I flunked.

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At 11:00 this morning, the President met with Secretary Brennan and Secretary Dent and with 17 members of the National Commission for Manpower Policy. This Commission was created by Title V of the Comprehensive Employment and Training Act of 1973. Eleven of its public members are appointed by the President. This Commission advises the President, the Congress and the Secretary of Labor on national manpower issues, policies and programs.

If you want to know anymore about it, we do have some additional material we could give you later.

At 12:00 p.m., the President will be meeting with Sir Peter Ramsbotham, the British Ambassador to the United States, and Dr. Kissinger. The purpose of this meeting is to have some preparatory talks prior to the visit of Prime Minister Wilson on January 30th.

At 12:30 p.m., there will be a signing ceremony in the East Room, where the President will sign the Instruments of Ratification of the Geneva Protocol of 1925 and the Biological Weapons Convention. There will be open coverage for this, so we should try to finish here in time for you to go over there.

We do have a somewhat lengthy paper describing the protocol and the convention, and as soon as this is over, you can pick your copies up in the Press Office.

This evening, the President will address the Conference Board at the Sheraton Park Hotel. The President will leave the South Grounds by motorcade at about 6:40 p.m. Those in the travel pool should be here by 6:30 p.m. There will be open coverage of the President's speech at the Sheraton Park.

He should begin to talk at about 8:15 p.m. We expect to have an advance text of the speech, which will deal with economic matters, in the Press Office sometime between 4:00 and 5:00 p.m. this afternoon.

This Conference Board, incidentally, was established almost 60 years ago as an independent, non-profit institution for business and economic research. Altogether there are 4,000 members from both small business and large business firms, also, from labor unions, trade associations, government agencies and from colleges and universities.

Just as an example of the kind of people there, Arthur Burns at one time was the head of the Conference Board.

Q This is a national convention?

MR. NESSEN: I think it is an annual meeting they have.

Q When is the speech going to be for release?

MR. NESSEN: It would be for release upon delivery, at about 8:15 p.m. I think there will be about 800 or 900 of the members there tonight.

Q Is it a dinner?

MR. NESSEN: It seemed to me there must be, or else he would not get there at 6:40 p.m. There is a dinner.

On Saturday, just to move you right along toward the weekend -- Saturday is the day for President Ford's annual physical checkup at Bethesda Naval Hospital. It should last from about 8:00 a.m. until 11:00 a.m. I don't, yet, have the departure time from here or who is in the travel pool or whatever, but we will have that.

The exam will be performed by Dr. Lukash, aided by hospital staff members. Our plan is to come on back here after the physical and then put out a statement. If it appears necessary, we would have Dr. Lukash available to answer your questions.

Q We would like to see him.

MR. NESSEN: I thought you would.

Q Is this his first, Ron, since he took office?

MR. NESSEN: It is his first one.

Q Didn't you report once he would have to lose weight and things like that?

MR. NESSEN: That was not his annual physical checkup.

Q How many has he had, not annual but physical checkups, with Dr. Lukash?

MR. NESSEN: Let me check on that.

We have a visitor here today who is a member of the Brazilian press, Mr. Milton Di Lucca, who is a Political Editor of Estado de Minas, and he is visiting with us today.

Q Ron, do you know if the President has a record of ill health or any chronic health problems?

MR. NESSEN: No, he does not. I talked to Dr. Lukash about that. The only thing he has ever had in the way of a health problem was his knees, which were originally damaged from football. He had an operation a couple of years ago to have some cartilage removed, and he will never play linebacker again.

Because of some considerable interest in the question of rationing and some questions I have had about rationing and its effects, the FEA and Frank Zarb have put together some facts and figures that I would be happy to give you if there was any desire for that.

The President said yesterday that, in order to save one million barrels a day on imported oil, the rationing limit would have to be something less than nine gallons a week for each driver. The way that is arrived at is this: the average driver currently uses 50 gallons a month now. In order to save the million barrels a day, the average driver would have to be cut back to 36 gallons a month, which figures out to somewhere between eight or nine gallons a week.

In addition, the FEA feels that gas stations would have to raise their prices on gas. The reason for this is that they would be selling something like a third less gasoline a month, and in order to make their expenses and pay their help, they would have to raise the price they charge for gas.

In addition to the cut-back on the amount of gas that the average driver would be allowed, businesses would be expected to have their rationing limit pegged at 10 percent less than they used in 1974.

Q Excuse me, could you repeat that last sentence?

MR. NESSEN: I say, in addition to this eight or nine gallon a week coupon limit on what the average driver could use, there would have to be a cut-back in the amount of gas that business would be allowed to use. FEA figures, as the other part of the equation, to reach the one million barrels, you would have to ration business to no more than 90 percent of the gas they used in 1974 -- in other words, a 10 percent cut-back.

Q Ron, is that all business, or just the transportation business, or what?

MR. NESSEN: Businesses that use gasoline.

Q That is gasoline, not fuel?

MR. NESSEN: We are talking about gasoline rationing.

Q Do you have the figures on the number of drivers and number of gallons of gasoline that are available?

MR. NESSEN: I will check that.

Q Ron, do you have the figures that your program would require a cut-back on? In other words, you are asking for an across-the-board cut-back on all petroleum usage. How much of that will be in gasoline?

MR. NESSEN: Let me finish this analysis by the FEA first, if I could.

There would presumably be a system in which, if you absolutely needed more fuel than your coupons would allow you -- your eight or nine gallons a week -- you would be allowed this so-called "white market," in which you could go and buy extra coupons. The FEA calculates each coupon would entitle you to an extra gallon of gas and would have to be priced somewhere between 80 cents and \$1.25. What you would do -- say you needed an extra gallon --

Q Is that the coupon or the gasoline?

MR. NESSEN: That is what I am getting to in just a second, Jim.

Let's say, just for explanation's sake, you need one extra gallon of gas. You would go and you would pay between 80 cents and \$1.25 to buy this extra coupon. You would take it to the gas station and then you would still pay the basic price for a gallon of gas, which, let's say -- even if it did not go up -- is 55 cents. So you would have 55 plus 80 to \$1.25 to get what you needed beyond your rationing limit.

Q Ron, do you have there how much the FEA thinks filling station operators would have to increase their prices?

MR. NESSEN: No, all I have is a notation that the gas stations will have to raise their prices to make up for their reduced volume.

Q They will presumably have to raise their prices somewhat if we all use less gasoline, which the President wants us to do anyway?

MR. NESSEN: The price of gasoline is going to go up under the President's program.

Q It is going to go up, one, from the taxes and, two, if we use less gasoline, the same argument would apply that filling station operators, to meet their costs, would have to increase their prices?

MR. NESSEN: The cameras and sound technicians which have to set up in the East Room for the signing ceremony will have to go now with Bill Roberts.

The million barrels would not all be taken out of gasoline. It would be spread across all petroleum uses.

Q But you would have an increase from the same cause that you say would cause an increase with the rationing thing?

MR. NESSEN: Yes, sir.

Q And you would also have whatever effects in the increased prices of crude?

MR. NESSEN: Yes, sir.

Q So, you might not, in fact, have as much increase on the price at the pump?

MR. NESSEN: I will have to check and see whether there is that factor in there. It is a good point.

Q Do you have figures on increased unemployment that might result from --

MR. NESSEN: I do have some other figures along that line.

Q Whose concept is this white market? Is that a concept based on some previous experience with rationing -- I don't recall it -- or is it just a concept that the FEA has come up with in order to make additional fuel available or what; in other words, who reports on this white market?

MR. NESSEN: It is not a proposal because the President does not want rationing under any form, but if you did have rationing, the assumption is you would have to have a way to allow people to buy extra gasoline if they felt they really needed it.

Q Ron, while we are still on that point, you said under the President's proposal the million barrels would not all be taken out of gasoline consumption?

MR. NESSEN: Right.

Q But heating oil and that sort of thing is not really all that discretionary, is it? Isn't the majority of the savings still going to have to come from gasoline?

MR. NESSEN: I disagree that it is not discretionary. In fact, the whole point of this -- and it seems to me it may have been lost somewhat in the first week or so of debate about this program -- is the very purpose of this is to give people the choice of let's say cutting their thermostats down to 68 instead of 72, or whatever it might be.

It also gives people the choice of paying higher fuel heating oil cost or insulating their houses, that kind of thing. He used the word incentive yesterday. Discretion would be another way to put it. The higher price gives people an incentive to turn down their heat, drive less and all the other ways. That is the whole purpose of the program.

Q As long as we are on this rationing thing, why does the FEA assume that if you go to gas rationing there cannot be any additional allocation? In other words, why does this million barrels have to be exclusively gas rationing?

There are some ideas -- the President does have allocation authority now -- that a portion of this billion, just by allocation of authority of the President, can be assigned to other sectors. Isn't that true?

MR. NESSEN: The point which he made is he has a program to save the million barrels a day. As he said yesterday, his critics are picking at pieces of it. In another conversation yesterday, I heard him use the expression "nit-picking" at it. I suppose we could sit here and dream up some "jerry-rigged" system, but the point is there is a system that he has been --

Q What is a jerry-rigged system?

MR. NESSEN: Isn't that a felicitous choice of words? (Laughter)

Q Aren't you, in fact, giving us a worse case of gas rationing?

MR. NESSEN: I am telling you what the FEA thinks the effect of gas rationing would be in dollars and cents.

Q If a million barrels were taken out of gasoline alone?

MR. NESSEN: That is correct. We might as well understand what we are talking about, and that is what we are talking about.

Q As a matter of fact, isn't that figure one that assumes a full Arab oil embargo and that these figures were developed in January of 1974?

MR. NESSEN: These figures were developed yesterday and refined this morning, and they are full of corrections that the FEA made overnight.

Q Let me ask it this way, then. Are these figures any different than the figures that the FEA put out in January of 1974?

MR. NESSEN: I have to assume they are because the final changes were made this morning.

Q Let me finish the question. Assuming a full Arab oil embargo which would reduce imports three or three and one-half million barrels a day -- and that was a full rationing plan that would limit drivers to between 33 gallons a month to 41 gallons a month -- isn't that the source of this 36 average figure?

MR. NESSEN: No, it truly is not. Where these figures came from was starting off with these assumptions: one, a rationing system limited solely to automobile gasoline, and two, a rationing system that would reduce imports by one million barrels a day, and those are the only two assumptions this is based on.

Q To follow that, isn't it also a fact that the FEA in their January 1974 report said that in a less than total embargo rationing would limit drivers to between 41 gallons a month and 49 gallons a month?

MR. NESSEN: I was not here then, and I don't know anything about that.

Q Which would be closer to the one million?

MR. NESSEN: What I am saying is these figures were put together yesterday and gone over and corrected today, so they are not something that somebody pulled out of the file.

Just to finish telling you what the FEA thinks the effect of a gasoline rationing plan would be to save one million barrels a day, they believe, as the President said, it would have to remain in effect between five and ten years.

The FEA believes it would take between four and six months to put the rationing system into full effect. The FEA believes that it would be necessary to hire between 15,000 and 20,000 full-time people -- and I won't call them bureaucrats -- to run this program and that the cost of the program in Federal costs would be \$2 billion.

Q For what?

MR. NESSEN: For the bureaucracy, \$2 billion a year to run the rationing program. They anticipate that 40,000 post offices would be used to distribute the coupons, and that 3000 State and local boards would have to be set up to review requests for exceptions.

Q Ron, 20,000 people divided -- and obviously there are other costs in the \$2 billion -- suggests \$100,000 a year. Is it really going to cost that much to sustain every one of these employees?

MR. NESSEN: Obviously, the 15,000 to 20,000 people you do not divide into the \$2 billion. It is not all salaries. It is office expenses and all the other expenses, printing the coupons and distributing the coupons.

Q I thought the coupons were already there.

MR. NESSEN: If those are the coupons that are used.

Q Ron, are these 3000 local and State boards supposed to be volunteers or are they a part of the 15,000 to 20,000?

MR. NESSEN: The 3000 State and local boards?

Q Are they like draft boards, volunteer, or are they employees?

MR. NESSEN: There is no plan for this, Bob, but they are separate from the full-time people at the Federal level.

To answer a couple of questions earlier, there are 125 million licensed drivers in the United States. It is expected that that would go up to 140 million licensed drivers if there were rationing because presumably people who do not now drive would rush out and get a license so their husbands or children could get the benefit of the rationing.

Q Why don't you put them in cars, then?

MR. NESSEN: The gasoline allocation, in order to reach one million barrels a day reduction, gasoline allocation would be 270 million gallons per day, and 270 million gallons per day would be the upper limit on gasoline in order to meet the million barrels.

Q What is it now?

Q It must be 271 now.

Q Ron, what is the 270 million now?

MR. NESSEN: It is the amount of gas that would be allocated under rationing per day, and John has gone to find out how much gasoline is used per day now.

Q Ron, if you check the figures -- 140 million drivers and 270 million gallons per day -- that is approximately two gallons per driver per day, and multiplied by seven is 14 instead of nine.

MR. NESSEN: We have 270 million gallons and we have 125 million drivers. You are right.

Q So, it is approximately 14 gallons a week.

MR. NESSEN: Just a second. You are not counting any savings for business, either. That 270 million gallons, some of it goes to businesses, too, don't forget. This is total gas.

Q What proportion goes to business?

Q In other words, what we would like to do is go through the arithmetic.

Q Yes, maybe exaggerated, Ron.

MR. NESSEN: These figures, as I say, come from the FEA, and they were revised this morning. Bill Simon called me and said he had sat down and gone through them and he proposed some of the changes to make the figures as accurate as we could get them. (Laughter)

You know, we were asked a lot of these questions. The FEA, as far as I know, did an honest job. Mr. Simon reviewed them, and made some suggested changes, and you can see they are penciled in here on my paper.

Q Ron, I would like to go back. You said there were two assumptions underlying these figures. One is there would be a million barrel a day reduction, and the other is we go to gas rationing. I think there is a third here, and I just want to see if I am right. The third assumption is that all of the reductions will be allocated to gasoline, is that correct?

MR. NESSEN: We are talking about a gasoline rationing system.

Q You can have gasoline rationing without allocating all the cutback to gasoline. We did it during the Arab boycott. There was a short fall, and some was allocated to heating by allocation. The President has that authority right now, does he not?

MR. NESSEN: Allocation is the same as rationing.

Q No, it is not.

MR. NESSEN: All you do is reduce the supply and make people fight over what is left.

Q If he decides to reduce the supply exclusively to gasoline -- you can have a rationing system without accounting for it -- and I don't want to argue with you, I just want to make sure people understand the assumptions of the system that you are outlining, I think you are leaving out a very important assumption.

MR. NESSEN: As I started off saying, just so we understand what precisely it is we are talking about, these are the answers and figures to a system which is gasoline rationing only and getting the whole million barrels a day out of gasoline, and I am not kidding you that it is anything but that.

Q Doesn't that make it invalid, though, because you are not going to continue your rate of home heating oil and other uses of one million barrels?

MR. NESSEN: Peter, I am not advocating or defending this in any way. The President does not want it and would veto it, as he said yesterday. All I am saying is these are the numbers that you are working with if you are an advocate of gasoline rationing.

Q It seems to me, Ron, you have set up an improbable situation that you are using.

MR. NESSEN: I thought this is what I was asked, in any case.

Q If in order to save one million barrels a day you have to limit people to nine gallons a week, how do you --

MR. NESSEN: Between eight and nine. How do you do what?

Q What are these figures you said, nine gallons a week?

MR. NESSEN: Eight or nine, yes.

Q That is what it requires under rationing to save one million barrels a day?

MR. NESSEN: Plus a 10 percent cut for every business that uses gas.

Q Under your program your goal is the same to save one million barrels a day. How do you save one million barrels a day without limiting it to nine gallons a week?

MR. NESSEN: People will make their own choices. Some people, because of the higher price of gasoline, will not use eight or nine gallons a week. Other people may. Other people will decide to turn their home thermostats down or insulate their homes or business will convert to coal or natural gas or nuclear power or whatever.

That is the point the President was trying to get over yesterday. We have not talked about those factors in rationing this morning. We have only talked about numbers. The fact is the President's program provides a whole range of ways to drop that one million barrels a day. The people who advocate rationing of gasoline are saying it all has to come out of here.

Q Can I pursue that a little bit further? Can you give us any kind of projected figure on where you expect the savings to come from under the President's program?

Q How much for each of these different factors?

Q For the sake of comparison.

Q I know some of the figures were in the fact sheet.

MR. NESSEN: All the figures were in the fact sheet because every proposal the President made has the barrel saving under it, does it not? I know that the fact sheet has how much each action would save in barrels.

Q For example, do you know offhand what the estimated savings in gasoline consumption would be under the President's pricing approach.

MR. NESSEN: I will try to find it.

Q Could you meanwhile answer something else?

MR. NESSEN: Let's wait for John to tell us where that is.

Q You were asked, Ron, for numbers on the FEA projection, the effect on employment or unemployment, and you said you would get that later.

MR. NESSEN: I do not have it in detail, but what I do have is some sort of specific examples of what would happen. I do not know if you are interested in that. I do have a feeling by the FEA that a pure gasoline rationing system would have an extremely strong effect on the recreation and tourism industries, as well as the automobile industry.

For instance, migrants who tend to be poor but who also tend to drive long distances to get from harvest to harvest would suffer unduly from a limitation on the amount of gas they would use.

Q Wouldn't they qualify as rural workers who would get over 40 gallons a month under the January 1974 estimate?

MR. NESSEN: They would qualify as what?

Q Rural workers. As a matter of fact, the President said --

Q How are these migrants going to afford the higher price gasoline, anyway?

MR. NESSEN: They are also going to get their tax rebate, which will more than pay for their higher cost of gasoline.

Those figures are broken out. The five million people, as you know, at the lowest income levels would be removed entirely from any requirement to pay taxes. People who pay no taxes would get a flat \$80 payment from the Government to offset their higher energy cost.

The Treasury Department estimates that, at the lowest income levels, the higher cost of fuel a year would be \$44, so in effect, they would get all their \$44 back plus another \$36 on top of that.

Q I have a complicated question relative to gas. You originally told us that when the President requested standby authority for gas rationing it was in the event of another Arab oil embargo.

MR. NESSEN: Correct.

Q You say this is to save one million barrels of foreign imports a day?

MR. NESSEN: Yes.

Q If the embargo was cut off, that would cut three million barrels of oil a day?

MR. NESSEN: Right.

Q Can we assume in the event a full-scale Arab oil embargo began that the gas rationing authority which the President requested would require even more stringent rationing?

MR. NESSEN: More Draconian.

Q Than what you cited here?

MR. NESSEN: Depending on what the reduction was and what the gasoline in storage was and how many of the imports came from non-Arab countries. You would have to put those factors together to figure out how much you had to make up or how much you had to reduce.

Q Theoretically, at least, if it were a full-fledged embargo as the result of another Mideast war, which the President said he feels might be a possibility, at least, we could have even much worse gas rationing than what you have cited?

MR. NESSEN: If there was nothing in storage and there was no oil coming in from other non-Arab countries, but the fact is you would have to work the equation if and when you ever got there.

In terms of economic effects that I have been asked about, as you probably know, America is a mobile society with one out of every five families moving each year. If you were a family of four with two licensed drivers and a car which got 15 miles per gallon and your company moved you from New York to California, you would have to save up two and one-half months' coupons to make the move, or else pay this penalty for buying extra coupons.

Q Ron, there are two questions I would like to ask you. One is how many gallons of gasoline are you figuring would come out of that billion barrels of oil?

MR. NESSEN: Forty-two gallons. He is getting that, but roughly 42 gallons from a barrel so that would be 42 million gallons of gasoline.

Q Suppose you had gasoline rationing. Would these jobs to administer this program, could they be public service jobs to put the unemployed to work?

MR. NESSEN: Sarah, the fact of the matter is the President will veto a rationing program so all the schemes we are creating here -- we are not talking about ever doing this.

Q Ron, could I follow this one point up. You said the President would veto a rationing program and the way I interpret that means gasoline rationing, is that right?

Q Does the position apply across the board, in a broader scale?

MR. NESSEN: I talked to him this morning about that because --

Q What was the question, Ron?

MR. NESSEN: It was a question that you and some others raised yesterday afternoon, Bob, about had he closed the door entirely to a rationing program or did he leave a loophole by saying he would veto a superficial answer.

I asked him this morning. He said he meant he would veto any mandatory rationing program.

Q Does the President regard it as at all likely that Congress would pass a mandatory rationing program? You have obviously gone to a great deal of work and had people in the FEA up --

MR. NESSEN: Up half the night, right, burning electricity and keeping their offices warm.

Q Do you regard it as a likely possibility that they might pass it?

MR. NESSEN: No. He has heard the same talk and read the same things we have all read. I must say that he has the feeling today that the support for rationing, whatever it is, is lessening.

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Q Is that on the basis of his conversations with Mr. Ullman, or what?

Q Based on what?

MR. NESSEN: Based on his contacts on the Hill and in the public and things that his advisers have heard and seen.

Q I just want to make sure the figures you have given us today are based on the assumption that the rationing plan would simply be rationing gasoline at the pump. That is all.

MR. NESSEN: That is right.

Q No other conservation measure?

MR. NESSEN: And getting the full million barrels a day out of gasoline.

Q No other conservation measures were taken, is that right?

Q Is there anyone who has proposed a program like that that you can think of?

MR. NESSEN: I thought he was asked about it a number of times yesterday, was he not?

Q No, I am saying, have you heard anybody on the Hill or anyone anywhere saying the way we ought to conserve gas is to do it in the way you described with these figures?

MR. NESSEN: It is hard to tell what is being proposed on the Hill. I know there is a good deal of talk about gasoline rationing. There is a good deal of interest here in gasoline rationing.

Q Your 36 gallon figure, is that based on the projected 140 million drivers, or the 125 million that presently exist?

MR. NESSEN: John is on the phone cleaning these figures up right now.

Let's get somebody that hasn't had a question.

Bob.

Q The President's Civil Rights Commission said that there are three agencies in the Federal Government that were the worst violators of the Civil Rights Act, HEW, IRS and VA.

MR. NESSEN: Yes.

Q And it also asked the Executive Branch be pulled together to enforce the Civil Rights Act. What is the President's reaction to that, and what is he going to do about forcing IRS and VA and HEW people to live up to the Civil Rights Act?

MR. NESSEN: Well, as you probably know, Bob, this is the third report by the Commission. They have sent in two earlier ones dealing with other parts of the Executive Branch. This particular latest report arrived yesterday afternoon, and the President has not truly had a chance to study it carefully.

However, he has, of course, received the two earlier volumes and has read those and, in fact, last week he sent a letter to the Chairman of the Commission, who is Arthur Flemming. The point of the letter, without going through the whole thing, was this quotation, which says -- and it would apply to this latest report, I think, although he has not had a chance to read it -- "The views and recommendations of the Commission raise important questions about which I have requested the views of appropriate officials within the Executive Branch and the regulatory agencies. You may be assured that the Commission's recommendations will be fully and fairly considered."

Now, this was dated January 15th, and it was sent to the Chairman, Arthur S. Flemming. It referred, as I said, specifically to the two earlier reports dated November 15th and December 13th, and I suspect he will take the same action on this report.

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Q Ron, that is rather inadequate in view of the fact that here comes along a third report saying some of the same things they said before. This is not really the situation at all, and the very fact that he told them he wanted their views and now he has got their views -- can't you get an immediate reaction from him today on this thing, rather than wait for him to study it for two or three weeks?

MR. NESSEN: I think it would be better for him to study it and see what they say, Sarah, and see what the problem is.

Q He should have some reaction at once for these three powerful agencies here.

MR. NESSEN: This is the reaction.

Q That is no reaction at all. That is out of date before you could have read the words.

MR. NESSEN: I say I suspect his reaction to this latest report, when he has a chance to read it, will be the same.

Q If it is the same, that will be totally inadequate.

Q Ron, today is the second anniversary of the Supreme Court decision on abortion. Since the President has been President we have gotten only bits and pieces of what he feels about this issue. He seems to disagree with the courts.

Could you ask him for a definitive answer on what he feels about this decision, if we should have a Constitutional amendment, and what that amendment should contain?

MR. NESSEN: Do you want his position on the ruling or do you want his opinion on abortion?

Q The whole issue. Both on the ruling, on the issue of abortion, whether he would advise somebody in his own family to have one or advise against it.

MR. NESSEN: I will ask if he wants to do that.

Let me say now that if you do run out of time here -- and John is still on the phone -- I think all of you know John Carlson. He is extremely helpful in these kinds of details, and he will be available this afternoon to tidy up these loose ends on gas rationing.

Q I asked you the other day about the Federal Election Commission. Does the President plan anytime soon to --

MR. NESSEN: -- to name the two members?

Q Yes.

MR. NESSEN: I do not know what the timetable is. Obviously he is going to name the members. I don't know what the timetable for naming them is.

Q Ron, the Israelis apparently have asked for \$2 billion more in aid, military and economic. Does the President have a reaction to such a request?

MR. NESSEN: Only that I do not really think we should get into the details of the exchanges with Israel. This American assistance to Israel was something that he talked about with Foreign Minister Allon during the recent visit, and the matter is under study.

I think it is just premature to talk about what the budget, which will be coming out early next month, will contain in the way of dollar figures on that.

Q A decision has been made?

MR. NESSEN: I say the matter is under study, Helen.

Q How can it be under study when the budget has to be at the printers right now, if it is in the budget?

MR. NESSEN: There is a foreign assistance figure, and within that the President would allocate --

Q Ron, that is our money, it is the taxpayer's money. I think we have a right to know a little bit about what is going to happen here, especially when we may be in war over this issue..

MR. NESSEN: And you will, Sarah, as soon as the matter is decided.

Q Won't the amount of the Israeli aid be included in the public budget, the specific amount for Israel?

MR. NESSEN: I don't think it is normally broken down that way, but it would be, I think it will be known.

Q Do we have any official Government figure for what in the last fiscal year our total aid to Israel was in all categories?

MR. NESSEN: Let me check and find out.

Q Does that mean a decision on this matter has been made?

MR. NESSEN: No, I say it is under study.

Q Is it in any way contingent on the progress toward a new Middle East peace settlement?

MR. NESSEN: I am not aware that it is.

Q How about landing rights in Oman?

MR. NESSEN: It is not Oman that we are talking about. It is a little island called Masira. The United States is not establishing any base on Masira Island, just to give you some feeling of what is going on.

Q Is that the British Island, Masira?

MR. NESSEN: No, this is Oman. Just to give you a feeling of what is happening, as you probably know, more American ships and planes have been in the Indian Ocean visiting in recent months.

Q Why?

MR. NESSEN: Because of what was announced previously, which was a policy of more regular U.S. military presence in that area.

Q Why?

MR. NESSEN: Because of those more frequent visits, the United States has raised with the Omani government, our interest in having permission for U.S. military aircraft to use -- I am sorry if I said that island was Oman. It is a British air base on an Omani island.

We have expressed our interest in having permission for U.S. military aircraft to use British landing facilities on Masira occasionally or for aircraft emergencies, and this is the extent of our discussions with Oman and the United Kingdom on this issue.

It is under discussion with both governments, and the committees in Congress are being kept informed.

Q Both governments. Is that Britain --

MR. NESSEN: Britain owns the air base and Oman owns the island. As I say, just to emphasize, there is no plan for any sort of permanent presence there, but rather for occasional use and especially for aircraft emergency use.

Q Would we have U.S. troops stationed there, or U.S. representatives or employees in any way?

MR. NESSEN: That is not contemplated, Sarah.

Q Ron, is the need for the U.S. presence there because of the Indian Ocean or the Middle East or both?

MR. NESSEN: The Indian Ocean.

Sol?

Q Does the President have any reaction to the FBI's keeping files on Congressmen, and has he asked to see his own?

MR. NESSEN: I think those who want to go to the Treasury signing, it is almost now or never. Do you want to knock this off or how do you want to do it?

Q Let's keep going. We have a lot of things to ask you about.

MORE

MR. NESSEN: I can clean up some of these rationing figures.

But let me answer Sol's question. Sol's question concerned the FBI. The President does not approve of spying on Congress, nor does the FBI approve of spying on Congress.

The President has been assured by the FBI, and has no reason to doubt, that any information on Congressmen is used only in criminal investigations and in suitability checks for prospective appointees to the Executive Branch, and that this information, whatever it is, is never used to influence the judgment or action of any Member of Congress or anybody else.

Q Is it ever considered --

MR. NESSEN: Let me finish the President's statement. It is not a Presidential statement, it is a report on the President's views.

The President understands, from the FBI, that the FBI legitimately gets information on members of Congress in three situations. One, when the Congressman or Senator, like any other citizen, is either the subject of a criminal investigation, or is the victim of an action that leads to a criminal investigation.

The second situation is when a Member of Congress or a Senator, again, like any other citizen, is being considered for an appointment to an Executive or Judicial post. The third type situation in which the FBI might legitimately have information on a Member of Congress is when the Member of Congress, like any other citizen, has unsolicited information about him sent to the FBI, and such unsolicited information is received by the FBI from time to time about individuals in both public and private life.

Q Why is that information kept if it is unsolicited?

MR. NESSEN: Let me finish. When such allegations do not appear reasonably related to the investigative jurisdiction of the FBI, the FBI tells that to the person who sent in the information. The information that was sent in, the letters and exchanges and the reply from the FBI, are retained as a record by the FBI.

The reason for that is because it is not possible to predict, when such unsolicited information comes in, whether that person, either private citizen or Government official -- it is impossible to determine at the time the information comes in whether the person might in the future possibly be given consideration for a job in the Executive Branch or the Judicial Branch, which would require looking into his suitability. For that reason, information sent in is retained, although the person who sent it in is notified that it does not seem to apply to any investigative jurisdiction of the FBI.

Overall, as I say, again, the President does not approve of spying on Congress and neither does the FBI.

Q Is the targeted individual apprised that this information is in the file?

MR. NESSEN: I think you really need to talk to the FBI, Bill, about more details. This sort of tells you what the President's views are, and I think, for more details you really need to talk to the FBI.

Q How did the President ascertain this information? How was it ascertained?

MR. NESSEN: His Legal Counsel has been in touch with the Justice Department.

Q Did they find out for him how many Members of Congress and former Members of Congress the FBI has information on?

MR. NESSEN: I do not know that, Maury.

Q How does he know it has never been used?

MR. NESSEN: I say, he has been assured and has no reason to doubt it.

Q Has he talked to Mr. Kelley personally?

MR. NESSEN: Not that I am aware of.

Q Ron, on a couple of points, one, on the point of being assured and he has no reason to doubt it. There are, in the public records, incidents where this very information was used and incidents where it was gathered, not unsolicited, but gathered by the FBI --

MR. NESSEN: Wait a minute now. We are talking here about what the current President of the United States has some interests and authority over, and he is assured that the information is used only -- what went before under previous Presidents --

Q You didn't say "never."

MR. NESSEN: I said that the FBI has assured him and he has no reason to doubt it that such information is used only in criminal investigations and in suitability checks.

This President cannot be responsible for what may or may not have gone before.

Q The second thing is, the one question that is unanswered in my mind is, what does the President feel the propriety is of keeping these files of unsolicited information plus the correspondence on Congressmen who are not under consideration at this time?

MR. NESSEN: I say, it is not possible at this time to tell whether at some point in the future they will or will not be the subject of a suitability check for a Federal job.

Q Ron, did the President seek or was he informed -- did the FBI keep a file on him?

MR. NESSEN: I did not ask that, Dick.

Q Ron, the President used to be a Member of Congress, and it would amaze me if he has not heard, as any reporter who has ever covered the place has heard, the concern expressed by Members of Congress--whether or not this information is used to influence them--the fact that they think it is around and the files are being kept they say does influence them.

Does the President have any views on the chilling effect on Members of Congress in dealing with the FBI? Would their budget, among other things, be affected by this?

MR. NESSEN: I think I will stick with the kinds of reaction that I have given and not go into that.

Q Ron, let me ask you an admittedly hypothetical question. Since this material is held in case these people are ever -- it is ever necessary to make a suitability check with them for an appointment to the Executive or Judicial Branches, wouldn't the same logic require that this material be given to the voters in the Congressmen's home State or Congressmen's districts so that they could make a judgment as to their suitability for the Legislative Branch?

MR. NESSEN: As you say, it is hypothetical, Jim.

Q What about the logic of it?

MR. NESSEN: I think I will stick with this.

Q Ron, let's ask the President if he was ever shown an FBI file on anybody when he was a Member of the House. If he was not, he was one of the few who was not.

MR. NESSEN: I will ask him, Sarah.

Q What about Douglas?

MR. NESSEN: What about Douglas?

Q The impeachment investigation of Douglas.

MR. NESSEN: I don't know what the question is.

Q What was the question?

MR. NESSEN: I don't know yet.

Q He said, "Was he shown files?" I said "like William O. Douglas?"

MR. NESSEN: Do you mean was he shown William O. Douglas' FBI file? I think that was gone through in great detail at his confirmation hearings, which I covered, and I don't recall that that was mentioned there.

Q Does that bit on unsolicited information mean that the FBI is also keeping all the crank letters that come in there in the file?

MR. NESSEN: You really need to talk to the FBI about its procedures.

Q Does the President approve of retaining material that is not relevant and the person is so notified? Then they keep it around in case some day they may need some information? If it is not relevant, why don't they wipe it out and start all over again in case somebody needs an investigation.

Q That is the same point I am trying to raise. What this statement says to me is the President approves of the current FBI practice of keeping nonrelevant files that may contain scurrilous information on Members of Congress who are not now and for all their information -- you say they don't know they won't be -- but by the same token they don't know that they will not be ever.

MR. NESSEN: When the time comes for a Member of Congress to be considered for an Executive or Judicial job and the suitability check is made, obviously his suitability is not judged from crank letters or --

Q Why keep the file, then? What I am saying is the President of the United States --

MR. NESSEN: I don't really think we ought to argue the philosophy of this. I was asked for his reaction and I have given you his reaction, his strong opposition --

Q I just want to make sure.

MR. NESSEN: -- his disapproval of spying on Congress, and the assurances he has received from the FBI. Obviously, many of you disagree with it, but I was asked his reaction, and I have given you his reaction.

Q Ron, the usual definition of spying is that it includes, among other things, the collection of information. The President says he is opposed to spying on Congress and then in the next paragraph said it is perfectly okay.

MR. NESSEN: Jim, don't oversimplify his statement, but take it for all the parts of it, and it is his reaction. Clearly, many of you strongly disagree with it, but it is his reaction.

Q Ron, can you ask the President for his reaction to any other Government agency which does have files on Members of Congress and the Senate?

MR. NESSEN: Such as?

Q Such as military intelligence.

Q Such as the State Department.

Q Such as the Secret Service.

Q What was the question?

MR. NESSEN: Would I check and find out what the President thinks about the possibility that other Government agencies might have files on Members of Congress.

Q Would there be another exception? You listed three cases where the President considered it legitimate. What about a hypothetical case of a man who is about to become Chairman of the Armed Services Committee who has a very severe drinking problem. Would the FBI file of that Congressman then be brought into bear as to the amount of classified information that would be available to that individual?

We did have a case like that once in the not too recent past or let's say for example the Joint AEC Committee.

MR. NESSEN: I just don't think we can deal with those kinds of hypothetical questions, Walt.

Q Ron, could it possibly be that the President was not aware of the role of the FBI and its trying to influence Members of the House Banking and Currency Committee when Mr. Patman wanted to investigate Watergate?

Could President Ford not have been aware of what went on then? Members of that committee have admitted being told by the FBI of things about their own families.

MR. NESSEN: Sarah, this is the assurance the President has received from the FBI as to its current operation and as I say, he has no reason to doubt it.

Q Ron, let me ask you a question that is not hypothetical on this. As we know, American politics sometime can be very dirty. Suppose a Congressman gets involved in a campaign where a very vicious rumor campaign is started against him by his opponents and all kinds of things are said.

Scmebody sends that all into the FBI. Do you mean by this the FBI is going to keep this information say, ten, 15 or 20 years, then when he comes up for a Federal job or something there would be no way of judging the relevance of it, but it would all be in the file. Is this the way the thing works?

MR. NESSEN: John, for the way the thing works, you need to check with the FBI.

Q Ron, does the President believe the subject of this unsolicited information should be told that it has come into the FBI. What is the President's feeling on that?

MR. NESSEN: Specifically, I don't know.

Q Ron, since the President took office, has any Member of Congress or former Member of Congress been rejected for an Executive or Judicial post based on whole or in part on a basis of suitability information that was in any of these FBI files.

MR. NESSEN: I don't know that any have, but if they were, I don't feel it would be proper to talk about it.

Q You cannot rule it out.

MR. NESSEN: I don't know about any.

Q Is it closed as far as the President is concerned, or has he asked for another report?

MR. NESSEN: I think I mentioned to you the other day, Helen, when you came around that the Attorney General has asked for a report from Director Kelley, and that if there were anything in there that needed to be called to the President's attention, it would be.

I have some answers to the previous questions about gasoline. I was asked our conclusion that only 36 gallons a month could be allotted to each licensed driver, and it is based on 140 million licensed drivers. That is on the assumption that about 15 million extra people would get licenses so they could get a gas allotment.

Q What is the monthly consumption now per driver? Would you give us that figure?

MR. NESSEN: Fifty gallons. Just to avoid now some confusion that may have crept in earlier, the present amount of gasoline available per day is 270 million gallons. Under a rationing system to reduce imports by one million barrels a day, that would need to be cut down to 169 million gallons of gasoline available each day for the private sector, 169 million gallons a day available to private drivers.

Q Is that what the 270 is also?

MR. NESSEN: It is 270 million gallons of gasoline available now per day to private drivers. That would need to be cut to 169 million gallons of gasoline per day for private drivers as part of a rationing program to eliminate one million barrels of imports.

Q I thought you said you were saving a total of 42 million. That adds up to 101. Where is the extra?

MR. NESSEN: Where did the 42 million come from?

Q You said there are 42 gallons per barrel to meet the million barrel goal.

MR. NESSEN: Are there 42 gallons per barrel? Why don't the figures add up, John?

You get 42 gallons of fuel out of a barrel but all of it would not be gasoline.

On President Ford's physical examination history, his last annual, regular physical examination was on January 28, 1974, at Bethesda Naval Hospital, performed by a staff doctor, so it was a year ago. Shortly after taking office, as President, President Ford had a limited physical examination by Dr. Lukash here in the Residence in the doctor's office, and that occurred on August 22, 1974.

Q Ron, there is one thing missing in all of this gas rationing. That is that some estimate of what the impact of the President's program would be on gasoline availability, fuel oil and that kind of thing. Do you have some basis of estimate?

MR. NESSEN: I thought Zarb's fact sheet had a breakdown by barrels saved for each step.

MR. CARLSON: The import fee saves 500,000 gallons a day.

Q I suppose since it is all a matter of free choice from then on, the impact on an average family is difficult to figure, but in order to save a million barrels a day and you have these individual items of how that million barrel reduction would be allocated -- but then can you, within those figures, break it down to what the impact on a family is?

MR. NESSEN: Do you mean take the barrels and figure out how much the FEA estimates they would reduce their gas usage and that kind of thing?

Q How many less gallons of fuel oil, for example, would each home in the country have to cut? To put it in equal terms, if you are comparing the President's energy saving program with the rationing, you have to have some basis of comparison.

MR. NESSEN: I agree with you and let's see if we can get that together for tomorrow.

Q In that same connection and related to Morton's question, it is not only the question of amounts of different kinds of fuel but also the question of price. You have given us a lot of figures on price of these coupons, and you said the price at the gas station has to go up because of lower sales and so forth, but the only figure we have that I know of as to what the cost of gasoline would go up under the President's program was the Zarb figure of 10 cents a gallon average for all fuel.

MR. NESSEN: Right.

Q With a somewhat higher amount for gasoline.

MR. NESSEN: Right.

Q Can you find out what that higher amount first for gasoline is so we have some basis of comparison on gasoline?

MR. NESSEN: He said 10 to 12.

Q For gasoline?

MR. NESSEN: Yes.

Q I thought he said 10 average with gasoline somewhat higher.

MR. NESSEN: No, I say an average of 10 cents a gallon for all fuel. It might go to 12 or 13 for gasoline.

Q That is what I would like to find out. Do you have it broken out for gasoline?

MR. NESSEN: It is not something that you can determine with a high degree of precision because it depends somewhat on how the refineries plan to allocate the cost.

Q It seems to me, if you can determine it with such high precision under a rationing system --

MR. NESSEN: That is easy.

Q -- you ought to be able to do something a little more precise under your system.

MR. NESSEN: We will try.

Q Ron, there is a story on the front page of the Post saying the White House is convinced that President Ford's decision to move quickly in imposing the oil import levy has given him a political advantage over the Democratic Congress. There are some quotes from Mr. Seidman and some from Congressman Rhodes. I assume you looked at that?

MR. NESSEN: Yes, sir.

Q Is that a fair representation of the White House's view of the politics involved in this decision?

MR. NESSEN: I think you ought to talk to somebody who is more involved in politics than I am.

Q Ron, against this listing of the witnesses for rationing per se, how much of a factor in the Administration's thinking is the fact that it would not produce any revenue to pay for these tax cuts?

MR. NESSEN: I did not go into any of that today because we have gone into it so many times, but clearly, there is no way to raise the revenue needed for this permanent tax cut weighted towards the lower and middle incomes that he talked about. There is nothing in here that would stimulate production, to get domestic production up so imports can come down. It is missing in those factors.

Q Isn't the revenue factor a predominant one as against the orders of rationing and the hardship it would impose?

MR. NESSEN: I don't know that you can say one factor is more than the other. When you add all the factors up, it seems to him that it comes down heavily against rationing.

Q Ron, what is the 80 cents to \$1.25 a gallon for white market coupons, if it does not raise revenue?

MR. NESSEN: How would you pay for the \$2 billion cost of running the program?

Q Then it does raise revenue?

MR. NESSEN: It raises revenue. It raises costs, too.

Q But you can take your budget for the public service people and use that to pay for the employees.

MR. NESSEN: Again, we are talking about something here the President is opposed to and will veto. As I said before, we can sit here and between us put together a rationing system. The fact is, he does not want a rationing system and will veto rationing.

Q Ron, the President yesterday said he hopes Congress does not make too many changes in his tax rebate proposal. Would he be willing to accept, instead of a one-shot tax rebate affecting 1974 taxes, a change which involves a reduction in the withholding rates for 1975 taxes?

MR. NESSEN: He proposed that. That is what he would do with the revenues from the fuel taxes, reduce withholding rates in 1975, which would begin on June 1st, if Congress would pass the bill.

Q I mean, instead of the 1974 rebate?

MR. NESSEN: You mean, instead of. The economists and the President feel that to get the maximum stimulation in the economy, get the recession turned upward again, it is important to get as much money in one hunk into peoples' hands as possible. And that is why he took that route.

He feels people, if they get a check for \$200 or \$300 or more, \$500 maximum, would be more likely to go out and spend it than they would if their withholding was cut \$2 a week or something. You cannot really see a \$2 cut in withholding, whereas you can see a check for \$500.

Q Ron, you may have answered this previously when I was out, but has President Ford ever said how he operated when he was on the House watchdog Appropriations Subcommittee to overlook the CIA? Did he believe in regular meetings and full investigations then, or did they just superficially watchdog it?

MR. NESSEN: I have not asked him that question, Sarah.

Q Would you check with him on that and give me the answer, please, in the next few days?

MR. NESSEN: I will.

THE PRESS: Thank you, Ron.

END

(AT 12:55 P.M. EST)