

PRESS CONFERENCE NO. 6

of the

PRESIDENT OF THE UNITED STATES

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Tuesday

In Room 450
Old Executive Office Building
Washington, D. C.

THE PRESIDENT: How do you do. Sit down, please.

Before getting into questions, I would like to take a few moments to briefly review with you several critical energy issues.

The energy decisions which I announced as a part of my State of the Union address resulted from the most comprehensive review this Nation has ever had of our energy problems. This study demonstrated that there are only three basic alternatives, the first to continue doing what we have been doing.

I have rejected this because if we do continue, we will be importing 25 percent more oil by 1977. By 1985 we will be dependent on foreign sources for more than half of our oil. This would subject the economy of the United States to very serious disruption if these supplies were once again curtailed.

The embargo of 1973 occurred during a period when a little more than one-third of oil came from foreign sources. The disruptions we suffered then were just a small taste of what would likely happen in the event of a future embargo when we would be far more vulnerable.

Some have suggested rationing as the second alternative. I can understand why many in Congress and elsewhere are attempting to find a solution which does not entail sacrifice and hardship, but there is no easy solution, and I never promised one.

I believe that those who propose rationing do not have a clear understanding of what their plan would entail for the American people. Many of us, of course, remember rationing during World War II.

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I have no doubt that this Nation is capable of sustaining a rationing program during a short emergency. However, to really curb demand, we would have to embark on a long-range rationing program of more than five years.

Those favoring rationing must be thinking of a short-term program, not a serious long-term effort to end energy dependency.

Further, there is no simple way to reach our goals by rationing. Rationing provides no stimulus to increase domestic petroleum supply or accelerate alternative energy sources. By concentrating exclusively on gasoline rationing, many other areas for energy conservation are overlooked.

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In addition to being ineffective, gas rationing is inequitable. Even a rationing system that is designed with the best motives in mind and implemented by the most conscientious administrators would not be fair.

If you were to go around the country and ask individuals what they should get under a fair rationing system, you would find that there would be simply not enough gasoline to go around. In fact, to reach our 1975 goal of reducing foreign oil imports by one million barrels per day, a gas rationing system would limit each driver to less than nine gallons a week.

Inequities would be everywhere. How would people in remote areas of the country get enough gas to drive into town? How would farmers get enough gas to harvest their crops? What would happen to people who must drive a long way to work each day and who would make those decisions?

It is essential that we recognize the size of the problem which we are attempting to solve. As a consequence, we must evaluate each energy program to see whether in fact it actually confronts and solves the problem. It does us little good to impose rationing or a gasoline tax or simply shut down gasoline stations on Sunday. These will not give us energy independence.

The alternative I have chosen relies on freedom of individual choice -- giving people and businesses an incentive to save energy. This is the only way to achieve our energy goals.

A need for action is obvious. Therefore, later this week, I will sign a Presidential Proclamation which will set in motion the most important and far-reaching energy conservation program in our Nation's history. It is the first step toward regaining our energy freedom. We must reverse our increasing dependency on imported oil. It seriously threatens our national security and the very existence of our freedom and leadership in the free world.

The Proclamation is designed to impose higher fees on imported oil which are equitable and fair. For example, it will contain special provisions to avoid undue hardships on certain regions of the country, such as the Northeast, which are heavily dependent upon high cost foreign oil.

On Thursday, I will meet with the Governors of the Northeast States on their special problems. It is absolutely critical that Congress act quickly on my energy proposals. The increased revenues which the Government will collect from energy taxes must be returned to consumers and businesses through my proposed tax cut. To insure speedy enactment of the program, I will, of course, work with the Congress. I will not sit by and watch the Nation continue to talk about an energy crisis and do nothing about it. Nor will I take halfway measures which fail to change the direction that has put our Nation in this position.

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We have the resources in this country, the technological capability and the spirit to regain our energy independence. I will, of course, use all of my powers as President to make certain that we succeed.

Mr. Cormier, please.

QUESTION: Mr. President, you just said that you are willing to work with the Congress on this package. How flexible are you in compromising with those Democrats who argue that your tax plan plus the higher gas, crude oil levies bear most heavily on the poor?

THE PRESIDENT: Well, we have submitted a tax rebate program that is aimed at getting money back into the hands of individuals to the extent of \$12 billion-plus as quickly as possible, with a cap on the 12 percent rebate. The cap being a \$1,000. We think this is fair and equitable, particularly, when you combine it with the method of returning the \$19 billion to individual taxpayers under the energy program.

The two, in my judgment, do provide equity in that we increase the low income allowance, and we try to equalize the burden on the less well off. At the same time, giving the people in the middle income brackets a fair share. Now, that is our proposal.

Of course, the Congress will have witnesses; they will act independently, but I think, if they take a good look at our program, they will see that it is well-balanced, giving the poor a fair break, giving the people in the middle income a fair opportunity to get their funds. And I hope the Congress won't make too many changes in it.

Miss Thomas.

QUESTION: On recent occasions, several times you have warned of the serious possibility of another war in the Middle East. Why, then, is the United States contributing so heavily to the military build-up there, and I have a follow-up?

THE PRESIDENT: The United States does feel that the danger of war in the Middle East is very serious. I have said it repeatedly, and I say it again here today. But in order to avoid that, we are maximizing our diplomatic efforts with Israel as well as with several Arab states.

In order to maintain the internal security of the various countries, in order to maintain equilibrium in arms capability, one nation against the other, we are supplying some arms to various states in that region. I think, while we negotiate, or while we expand our diplomatic efforts, it is important to maintain a certain degree of military capability on all sides.

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QUESTION: Mr. President, both you and Secretary Kissinger have said that in case of strangulation of the West by the oil producers you would use military force, and you were hypothetically speaking. I think on that same basis the American people would like to know whether you would require a Congressional declaration of war or whether you would bypass that Constitutional process, as some of your predecessors have done?

THE PRESIDENT: I can assure you that on any occasion where there was any commitment of U.S. military personnel to any engagement we would use the complete Constitutional process that is required of the President.

QUESTION: Mr. President, I believe I have detected the subtle thunder of politics interwoven among the bid by Washington officials to come up with a program for the Nation's energy and the economy. My question goes to you, sir.

Do you feel that your political future is tied directly to turning the economy around and, more specifically, can a man be elected to your office when polls show that a large majority of the public does not have confidence in his handling of the economy?

THE PRESIDENT: I think any President or any candidate for the Presidency is affected by the status of the economy. In my judgment, the program I have submitted both to answer the energy problem and to meet the difficulties we are having in the economy today will be reflected in a definite improvement in our economy in the months ahead.

The plan for energy, if approved by the Congress, will get us on the road to meet our difficulties in the field of energy. It will make us less vulnerable to outside or foreign sources.

I am convinced both programs are sound. We may be at a low point now, but I am convinced that the months ahead will prove that we were right and that political prospects, if they are affected by that, will likewise be improved.

QUESTION: Mr. President, are there circumstances in which the U.S. might actively re-enter the Vietnam war?

THE PRESIDENT: I cannot foresee any at the moment.

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QUESTION: Are you ruling out the possibility of bombing, U.S. bombing over there, or naval action?

THE PRESIDENT: I don't think it is appropriate for me to forecast any specific actions that might be taken. I would simply say that any military actions, if taken, would be only taken following the actions under our Constitutional and legal procedures.

QUESTION: Mr. President, some critics of your energy and tax proposals say that it looks like a "made in Detroit" plan, and that it is more an effort to rescue or revive the auto industry in that it does not attack the horsepower and weight of automobiles and the gas-guzzling machines.

I would like to ask you whether you considered these options and if so, why you rejected them.

THE PRESIDENT: I can assure you, Mr. Lisagor, we considered every option, including the options that some are talking about, gas rationing, closing gas stations on Sunday and things of that nature, but we did not think any of those proposals were the right solution.

Let me just take one that you mentioned -- a tax on new automobiles, I assume, that had a high horsepower.

I really do not think that is any solution because automobiles in that category are not the ones that are bought by most people. So, the impact really would be minimal.

All of these little pieces that people talk about are not a part of a comprehensive plan, the kind of a program that I have submitted to the Congress and to the American people.

Until someone comes up with a total plan, such as we have come up with, I think it is unfortunate to have this rather limited criticism.

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QUESTION: Would your plan come apart if any piece of it were not approved by the Congress?

THE PRESIDENT: I think it is so comprehensive that one piece not being implemented would not bring about its downfall. But I can assure you that it is so well integrated that every piece is essential if we are to achieve the maximum results, which is no vulnerability against foreign sources of energy after 1985.

QUESTION: Mr. President, in recent days the Democratic Caucus seems to have emerged as the power up in the House. How can you, as a President, deal with the Caucus instead of the more traditional power base such as Speaker, Minority Leader, committee chairmen?

THE PRESIDENT: I know and have worked with many of the new forces that have emerged in the House of Representatives on the Democratic side. I will, of course, concentrate my working relationship with the Speaker and with the Majority Leader and the other elected leaders, but I will also, of course, be required to work with the committee chairmen, whoever they may be. We will have to be very pragmatic as we try to get our legislation through and that means working with the Majority from the top to the most junior Member.

QUESTION: Mr. President, I would like to follow up on Helen Thomas's question. There has been considerable discussion, as you know, about this question of military intervention in the Middle East and you and others have said it might be considered if the West's economies were strangled. Mr. President, as you know, the charter of the United Nations says that all members shall refrain in their international relations from the threat of the use of force against a territorial integrity or political independence of any state.

Now, Mr. President, I would like to know whether this section of the charter of the United Nations was considered, taken under consideration before these statements were made by members of the Administration and, if not, why not?

THE PRESIDENT: Well, the hypothetical question which was put to Secretary Kissinger, a hypothetical question of the most extreme kind, I think called for the answer that the Secretary gave and I fully endorse that answer.

I can't tell you whether Secretary Kissinger considered that part of the United Nations' charter at the time he made that comment, but if a country is being strangled, and I use "strangled" in the sense of the hypothetical question, that, in effect, means that a country has the right to protect itself against death.

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QUESTION: Mr. President, would a new oil embargo be considered strangulation?

THE PRESIDENT: Certainly none comparable to the one in 1973.

QUESTION: Mr. President, your fiscal austerity program, because of that, will you have to abandon plans for national health insurance?

THE PRESIDENT: Unfortunately, the "no new program guideline" that I laid down does mean the deferral of any recommendation by me of a national health insurance program.

Yes?

QUESTION: Mr. President, when you were Minority Leader of the House, would you not have been horrified by a President who proposed -- who predicted a \$30 billion deficit and then proposed a big tax cut on top of it?

THE PRESIDENT: Well, I am horrified as President (Laughter). But unfortunately, because of the economic problems we have, the recession, our revenues have dropped very substantially and because of the recession, we have had to pay out substantially more in unemployment compensation and for the Public Service Employment Act, and the net result is that we were looking at a \$30 billion-plus deficit, whether we did anything.

And in order to stimulate the economy and to provide jobs and to get money back into the hands of the American people, I felt that in these extenuating circumstances that a tax reduction or rebate was absolutely essential and I believe that it is the right medicine for our current illness. And I think if we had done nothing, the patient would have been in much worse condition.

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QUESTION: Mr. President, does the state of the American economy permit additional military and economic aid to Vietnam or Cambodia?

THE PRESIDENT: I believe it does. When the budget was submitted for fiscal 1975, in January of 1974, the request was for \$1.4 billion for military assistance. The Congress cut that to \$700 million.

The request that I will submit for military assistance in a supplemental will be \$300 million. I think it is a proper action by us to help a nation and a people prevent aggression in violation of the Paris accord.

QUESTION: The deadline for draft deserters and draft dodgers is about to run out to apply for your amnesty program. I was just wondering, are you considering extending that deadline or will it die?

THE PRESIDENT: I am in the process right now of analyzing whether there should be an extension of the amnesty program beyond the January 31 deadline. I have not made a final decision on that at this point.

QUESTION: Could you bring us up-to-date with an evaluation of the state of detente with the Soviet Union in the light of what happened to the trade agreement?

THE PRESIDENT: It is my judgment that the detente with the Soviet Union will be continued, broadened, expanded. I think that is in our interest, and I think it is in the interest of the Soviet Union.

I, of course, was disappointed that the trade agreement was canceled, but it is my judgment that we can continue to work with the Soviet Union to expand trade regardless. And I would hope that we could work with the Congress to eliminate any of the problems in the trade bill that might have precipitated the action by the Soviet Union.

QUESTION: Mr. President, would you consider gasoline rationing if that was the choice you were given by Congress and they rejected your plan for increased taxes?

THE PRESIDENT: I think it is the obligation of the Congress, if they favor gas rationing, to make it mandatory. I do not approve of it because I think it is the wrong solution to the problem.

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Gas rationing, as I indicated, does not provide any stimulant whatsoever for alternative sources of energy. It would not provide us any of the wherewithal to find new sources of energy, whether it is solar, geothermal -- it would not provide us any capability of further exploration of crude oil.

I think gas rationing would provide many inequities. As I illustrated in my opening statement, in my judgment, gas rationing would provide an inflexible answer to a problem that has to be solved by some new initiatives, and a five year to ten year gas rationing program, which is what it would have to be, would hamstring rather than help our solution.

QUESTION: If requested by Congress, would you consider postponing, for a time -- 90 days perhaps -- your plan to increase the tariff on imported oil?

THE PRESIDENT: I think it is important for the Congress to understand, in the solution of the energy program, that we should move forward and not take a backward step.

If we were to postpone the imposition of the \$1 extra per barrel on imported oil, it would start the momentum going against the cutback of one million barrels per day in foreign oil imports, and the sooner we start that, the better it will be in the conservation of energy, which is essential to our present and future well-being.

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QUESTION: Mr. President, a two-part, follow-up on Vietnam.

What is your assessment of the military situation there, and are you considering any additional measures beyond a supplemental of assistance to the South Vietnamese government.

THE PRESIDENT: The North Vietnamese have infiltrated with substantial military personnel and many, many weapons in violation of the Paris accords. They are attacking in many instances major metropolitan areas and province capitals.

The South Vietnamese are fighting as skillfully and with firmness against this attack by the North Vietnamese. I think it is essential for their morale as well as for their security that we proceed with the supplemental that I am recommending, which will be submitted either this week or next week.

Now, I am not anticipating any further action beyond that supplemental at this time.

QUESTION: Mr. President, you have painted a pretty bleak picture of the economy. Just what can the American people expect in the months ahead, how high will unemployment go and how soon will your medicine start taking hold?

THE PRESIDENT: You can get a variety of answers as to how high unemployment will go, but you can take one figure of 7.5 percent, some say over 8 percent. Either figure is too high and my program, if implemented by the Congress, will remedy the situation.

Now, it seems to me that by the late summer we ought to see a turnaround both as to economic activity, and I hope a betterment in the unemployment figures.

QUESTION: Mr. President, in your State of the Union Message, you urged Congress not to restrict your ability to conduct foreign policy. Did you have in mind Senator Jackson's amendment on the emigration of Soviet Jews, and do you consider this to be an example of meddling by Congress in foreign policy?

THE PRESIDENT: I don't wish to get in any dispute with Members of Congress. I think that such restrictive amendments as the one that was imposed on the trade bill and the Ex-Im bank legislation and the limitation that was imposed on several pieces of legislation involving the continuation of military aid to Turkey, those kinds of limitations, in my judgment, are harmful to a President in the execution and implementation of foreign policy?

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I don't think that I should speculate as to what actually precipitated the action of the Soviet Union in the cancellation of the trade agreement.

QUESTION: Mr. President, in an earlier Vietnam question you left open the option for yourself of possibly asking Congress for the authority to engage in bombing or naval action in the future.

In light of the lengthy involvement by the United States in Vietnam and the pains that created, can you say now whether or not there are any circumstances under which you might foresee yourself doing that, or would you care to rule out that possibility?

THE PRESIDENT: I don't think it is appropriate for me to speculate on a matter of that kind.

QUESTION: Mr. President, you have proposed a 5 percent ceiling on the automatic cost of living increase attached to Social Security and your Administration has, in addition, proposed an increase in the amount of money that the elderly poor must pay for food stamps.

Do you stick by both of those conditions? What do you say to those who argue that the elderly poor are being asked to assume an unfair burden of the hardships and sacrifices?

THE PRESIDENT: I think it is proper to indicate that I am not requesting Congress to keep the Social Security payments at the present level. I am saying that in order to have a total effort in this country, to combat inflation and to help the economy, that there should be a 5 percent increase, but no more.

I think that is a fair recommendation under the circumstances, and I would say that the requirement -- that requires that people who want food stamps pay 30 percent of their income -- is also a proper requirement.

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QUESTION: Mr. President, in view of the rapport you seem to have established with Mr. Brezhnev in Vladivostok, can you shed any light on the conflicting reports about his current political and personal health?

Specifically, have you had any direct contact with him since your trip?

THE PRESIDENT: I have not had any direct contact. We have communicated on several occasions but we have had no personal or direct contact.

QUESTION: Mr. President, can we assume by your comments here, an objection to gas rationing, that you would veto a gas rationing program if it were to come to the White House for you to sign?

THE PRESIDENT: I have said that I would not hesitate to veto any additional spending programs or new programs that would cause new spending. I have pretty well outlined the objections which I think are valid against any gas rationing program.

Now, if the Congress wants to require mandatory gas rationing, that is a judgment they can make, as bad as I think it would be, and a program of that kind that was a superficial answer, in my judgment, I would veto.

QUESTION: Mr. President, as we all know, the State of the Union says that the price of fuel oil in this country is so great now that people cannot pay it. They are telling their Congressmen this. You propose to put an additional price on that on February 1st and then give them back, as an offset, a rebate in tax in May and September. How are the people going to pay these fuel bills in the meantime?

THE PRESIDENT: I think you have not analyzed the energy tax reduction in full. The money that would go back to individuals -- \$19 billion -- because of added energy costs, would go back to them through the change in the withholding tax, and to the poorest, an \$80 payment per person, any individual who was an adult.

So, I think the payback or the reduction in taxes would coincide with any added energy payments they would have to make.

QUESTION: Mr. President, the figures show that last year the United States had an inflation of 12.2 percent -- the highest in peacetime history. You have expressed in the State of the Union, and elsewhere, your fear that your programs for stimulating the economy may bring back a new surge of inflation in future months. Under those circumstances, don't you think it would be prudent to ask Congress for standby authority for wage and price controls and some restraint on profit margins if this happens?

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THE PRESIDENT: I do not believe in the economic environment we are in today that standby price and wage controls are the right remedy. I do not think that any profit control is a proper remedy, either.

The free economy over the years has proven to be the best answer and our experiences in the last several years with wage and price control has been not a very good one. So, I personally think, in the current circumstances, that we should not have standby or mandatory price and wage controls.

QUESTION: In that event, Mr. President, have you and your advisers been concerned, or had any anxiety that this cycle of inflation and recession -- inflation and recession -- this dreary cycle really, will just continue year after year and at some point one or the other of them will get completely out of control.

THE PRESIDENT: My economic program is aimed at stimulating the economy sufficiently to get us over the immediate recession we are in at the present time. And I believe if the Congress will take the actions that I have recommended to slow down the growth of spending and at the same time, pass the energy program that I have recommended, we can continue to make headway against inflation and at the same time, get over the hump of our current recession.

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QUESTION: Mr. President, you are now approaching six months in office. Could you tell us a little bit about how you like the job, about your personal philosophy towards it?

THE PRESIDENT: I think I have said several times that I enjoy the challenge of the job. It is not an easy one, but I enjoy the day-to-day responsibilities, challenges. I work hard at it. I try to have an open door policy to Members of Congress, to the public and to the Administration members individually, as well as collectively.

I feel we are making headway and we can and will make more headway if the Congress will work with me on some of these problems.

QUESTION: Mr. President, I would like to ask you, please, in view of the lack of confidence which has been expressed in the economy to date, what makes you think that your proposal for tax rebates would provide any real stimulus to buying power so the public would spend its way out of a recession?

What makes you think it won't all be eaten up in higher fuel taxes and the rest will be put in the bank for lack of public confidence?

THE PRESIDENT: The \$12 billion tax rebate predicated on 1974 income taxes, if the Congress acts promptly so we can make the first payment in May, will provide a stimulant and the tax refunds, or tax reductions that will be predicated on the energy package, will also, in my opinion, be helpful as far as the economy is concerned.

Now, I can't tell you how people are going to either spend or save the money that they will get in the rebate, but, if they spend it, that is good. If they save it, that might be helpful, too, because it will go into a bank or savings and loan and it will provide funds for the housing market, for the sale of automobiles.

In either case, I think there will be benefits and advantages to the rebate.

THE PRESS: Thank you, Mr. President.

THE PRESIDENT: Thank you very much. It is nice to be here. We will do it more often now.

END (AT 2:42 P.M. EST)