

the supply of money primarily from the Federal Reserve Board.

I think Mr. Burns' primary concern is that we have created uncertainty in the business community by our major proposals, and this is a concern which I share. But when I'm faced with the problem of whether to ignore a depleting reserve, for instance, on social security and letting the integrity of the social security system be threatened on the one hand, or proposing bold measures to correct the social security problems—and I, of course, propose those corrections to the Congress.

I think we had delayed too long the addressing of the energy crisis, and these weeks, when there is a time of uncertainty, creates a dampening effect on the economy and on the attitude of businessmen toward future investment. But the alternative was to ignore the energy problem additionally for months and perhaps years.

The same thing applies to welfare reform; the same thing applies to tax reform. I believe that these kinds of criticisms that might have come from Mr. Burns, that the volume of proposals might have created uncertainty, are just honest differences of opinion. And I think I've made the right decision. I agree with Mr. Burns that the profitability of our free enterprise system—the business profits ought to be up, and one of the things that I hope to do with the tax reform proposals and others is to improve capital retention so that new investments can be made to provide new jobs.

I might say in closing that I welcome his public criticisms, and I think that I can understand his point of view. I have a luncheon meeting monthly with Mr. Burns, which is an innovation since I've been in office, and we exchange our views very frankly with each other. Sometimes there's a sharper disagreement at our pri-

vate luncheons even than there is in public. But we're working toward the same goal, and I respect him very much and the right of him to make his independent judgments of what I do.

SOUTH AFRICA

Q. Mr. President, on the subject of sanctions against South Africa, could you share your thinking on the course the United States should follow in this situation?

THE PRESIDENT. Yes. Our hope has been and our goal has been to work harmoniously with South Africa in dealing with the threats to peace in Namibia and in Zimbabwe in particular and to encourage South Africa to move toward the elimination of some of those racial problems which they've had historically, to do away with apartheid, to give an equal opportunity for employment, job promotion, education, and the participation in the political and economic affairs of South Africa for all its citizens.

The crisis was engendered last week when South Africa took away the rights of the free press and eliminated many of the organizations themselves who had been working toward improved equality for the citizens of South Africa. I think it's important that we express in no uncertain terms our deep and legitimate concern about those actions of South Africa.

We are working in harmony with our Western Alliance friends. We are working in harmony with leaders in Africa and throughout the rest of the world. My decision has been to support strong sanctions against the sale of weapons to South Africa. This will be carried out immediately by us.

My prediction is that the United Nations will adopt such a resolution and it will be overwhelmingly supported by the

nations of the world. This will be joined with a direction from me that this be carried out. It would include prohibition against the sale of spare parts to weapons. And we will also, of course, assess other actions that might be taken in the future.

We don't know yet what the negotiations might bring between us and the nations that I described to you. But this is an appropriate action, in my opinion, and we still hope that South Africa will not sever themselves from the rest of the world community, that they will cooperate with us in bringing peace, that they will move in a rapid but evolutionary way toward restoring—or granting for the first time those human rights that we hold so dear.

ENERGY LEGISLATION

Q. Mr. President, there's talk on Capitol Hill that the administration would accept a bill that sets the pricing of natural gas at \$1.85 per mcf. And you've said that you would only sign a bill that's fair to consumers. If the Congress were to pass a bill setting the price at \$1.85, would you sign it? And I have a followup.

THE PRESIDENT. Judy [Judy Woodruff, NBC News], I don't want to get into the role of saying I will or will not sign a bill that has this or that in it. As you know, the negotiations on the House and Senate side both are very sensitive at this point. And we had prospects several months ago, in June and July, of having a complete failure in the House. They debated and worked and very courageously came out with an acceptable package fairly close to what we proposed.

I still stand behind the proposals that we made to Congress in April. I believe that's the best approach. The price for natural gas that we put forward was \$1.75. It involves a slow but predictable increase in the price of natural gas that would be compatible with world prices,

and it had an accurate, I think an adequate description of the definition of new gas.

We also proposed to include both intrastate and interstate gas in this new program. That's still my position, and that's what I'm going to fight for and work hard for in the conference committee, and then when the conference committee comes back to the House and Senate.

I've not had any secret or private agreements with anyone to modify our own original proposal. We stuck with that proposal throughout the House deliberations, and because of that tenacity that we demonstrated, I think it kept our whole program together. And that's my present stance, and that's my future stance.

I have told Members of the House and Senate who come to see me, I've told labor leaders, business groups, and also consumer groups that before I modify at all our own official position on these very controversial energy policies, that I would consult with them ahead of time. It obviously might be necessary to do some compromising; otherwise, the conference committee report could not function. But my position is still completely compatible with what we proposed to the Congress back in April.

I outlined in my opening statement the three basic principles. One is to protect the interest of American consumers and not to permit windfall profits for the oil companies; secondly, to meet the conservation and conversion goals, and also production goals; and, thirdly, not to seriously unbalance the Federal Government. Within that framework, which is quite constrictive, we will work with the House and Senate leaders.

Q. What about a bill that included any amount of plowback to the oil industry? Could you accept that sort of bill?