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TN 7

THE PRESIDENT HAS SEEN *df*

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

INFORMATION

December 20, 1974

MR 7

MEMORANDUM FOR THE PRESIDENT
 THROUGH: KEN COLE
 FROM: MIKE DUVAL
 SUBJECT: COMMITMENTS REGARDING CARGO PREFERENCE

As you requested, I have tried to determine what commitments -- if any -- have been made concerning the Cargo Preference bill.

There does not appear to have been any commitment linking the Trade and Cargo Preference bills.

I have found no commitment from you to sign cargo preference. You did commit to work with the bill's supporters in an effort to develop acceptable legislation. As a part of this effort, you asked for a compromise waiver and pushed for other changes (e.g., double-bottoms and oil import fee rebates). (See Tab A.)

As a result of this decision we asked the Conferees, in early October, to:

- (1) adopt the compromise waiver language (expressly including language in the Conference Report that it is intended to be broad in scope); and
- (2) accept our amendments on double-bottoms, oil fee rebate, and transfer of foreign to U.S. flags after three years. We also asked them to delete the Mondale Amendment.

(See Tab B.)

The Conferees did accept the compromise waiver in the bill itself and they deleted the Mondale Amendment.

They did not adopt the explanatory language in the Conference Report or our amendments on rebate, three-year wait period or double-bottoms.

It is reasonable to conclude that the Conferees may have thought they had complied with your essential desires. The Conference Report was adopted by the House before the recess and Representative Grover, in debate, stated that the waiver was intended to be broad.

However, on November 18 you sent a Message to the Congress. You expressed concern with the Conference Committee bill and specifically referred to:

- (1) the lack of specific language in the Conference Committee report that the Congress intends to grant broad waiver authority;
- (2) the three-year wait period;
- (3) oil fee rebate; and
- (4) double-bottoms. (See Tab C.)

Although some might have thought that the adoption of the compromise waiver language by the Conference Committee was sufficient to make the bill acceptable to you, the November 18 Message clearly set forth your position on the bill.

I conclude that as of November 18, your options on Cargo Preference were still very open.

Obviously, Congress has not corrected the objectionable provisions listed in your Message. Therefore, the only question is whether or not the proponents, principally Senator Long, were led to believe that the Senate floor debate and exchange of letters by the House-Senate Conferees on the waiver provision will result in your accepting the bill.

Your advisers say that no such commitment was made in your name.

Bill Eberle says that it is reasonable to conclude that Long and the others believe that they have complied with your request and that you will sign the bill.

In such a serious matter, a commitment cannot be inferred -- it should be clearly given. The November 18 Message and the report by your advisers that no direct commitment was made, leads me to conclude that your options on this bill are still open.

However, if you decide to veto, I suggest that you talk to Senator Long prior to announcing your decision.