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2/13/75

THE PRESIDENT HAS SEEN *fg*



FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

FROM: Frank G. Zarb

SUBJECT: Your Meeting with Senator Javits Today

Senator Javits is attempting to find some basis for Congressional compromise with your energy program. He had a proposal of his own which called for a "phase-in" program depending largely on import quotas and allocation. In talking with him, I believe he now feels his plan may not be effective or equitable.

At your meeting today he is likely to propose a new compromise including the following:

- (1) An agreement that you will not impose the second and third \$1.00 increment in crude import fees or the \$1.20 product fees. The \$1.00 import fee on crude which became effective February 1 would be retained.
- (2) The establishment of a task force consisting of three congressmen, three senators, and three members of your Administration to work out a compromise with your complete energy program.

Recommendations

While Senator Javits may agree to accept your program in total if it is phased in over a one to three year period, we are not certain that Senator Javits would deliver on any compromise which might be worked out. The notion of phasing in your program over a one year period may not be a bad compromise. You would still be able to accomplish the 2 million barrel savings by the end of 1977. However, it is probably too early to give on that point.

I suggest that:

- (1) you ask for his help in sustaining a veto, indicating that you would be receptive to looking at a proposal which would implement your program over some brief phase-in period.
- (2) that you indicate your willingness to consider a modification of the import fees schedule if meaningful progress is made with the Congress toward the implementation of your energy program.