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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 1, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: MAX L. FRIEDERSDORF

SUBJECT: Majority Leader Mike Mansfield

The attached material contains information which Mike Mansfield wanted you to have.

THE WHITE HOUSE

WASHINGTON

April 30, 1975

MEMORANDUM FOR: MAX FRIEDERSDORF
FROM: WILLIAM KENDALL 
SUBJECT: A request from Senator Mansfield

Senator Mansfield gave his attached statement to the Policy Committee and asked me to make it clear to the President that he had not released to the press the President's letter which I delivered to the Senator last week. He also wanted the President to know that he did not "warn" the President on the oil price rise. As a matter of fact he told me he thought the President had been quite reasonable in the whole matter of energy policy.

Bill - Please refer to the President Mr. M.

Note N.Y. Times story: I did not warn President nor did I release the President's letter to me. I just want to keep the record clear.
Mike Mansfield

STATEMENT OF SENATOR MANSFIELD
TO
DEMOCRATIC POLICY COMMITTEE
APRIL 28, 1975

Gentlemen,

I wish to welcome Mr. Frank Zarb, Federal Energy Administrator, to our Policy Committee meeting. This meeting is the result of an exchange of letters with the President on energy policy.

On April 18th, I reported to the President on the status of negotiations since March 4th between the Senate Leadership, represented by Senator Pastore, and the Administration, represented by the President's designee, Mr. Zarb. Our report to the President was discussed at the last meeting of the Policy Committee. We strongly recommended to the President that both branches seek to continue to find areas of agreement in energy policy through consultation and negotiation.

The unilateral action of an Executive order for decontrol of oil prices and higher tariffs on imports would impose an energy program and approach on the Nation to which the Congress had not assented. It was the judgment of the Senate Majority Conference--unanimously expressed by ~~all 61 Democrats~~ on February 27--to reject such unilateral action. If such action is taken unilaterally and without any participation by the Congress, it is my own personal judgment that further negotiations between the Congress and the Administration will be all but impossible.

Both the Congress and the President have a responsibility for determining the broad policy for the Nation; certainly energy matters must be included in this context since those presently contemplated would affect substantially the lives of every

American for generations. It is inconceivable that the elected representatives of the people would be precluded a voice in charting broad policy guidelines on an issue of such surpassing significance.

I have now received a response from the President dated April 25th. He agrees that there are substantial areas of conceptual agreement but raises a number of matters yet to be resolved. These include the substance of a short-term crash program, short-term conservation and environmental standards over the short-term, and the price of old oil and old natural gas over the next few years.

A copy of the President's letter is before you.

In connection with this response, the President has requested Mr. Zarb to communicate directly with ^{us} ~~me~~ today. Accordingly, I have convened this meeting of the Policy Committee to enable Mr. Zarb to express his views directly to those of you who have been working so diligently over the past several months on these matters. It is still our hope that we might identify those objectives on which we agree and thereby permit the orderly process to take its course with regard to the implementation of these broad areas of agreement between the Executive and the Legislative Branches. To stress the positive at this particular time in our national life will not only produce greater harmony, but might even reduce the gap in those areas of present disagreement over energy policy matters. Challenge and confrontation, on the other hand, would serve no purpose whatsoever.

Viewing the present status of the matter as reached by

Senator Pastore and Mr. Zarb, it appears that there is substantial agreement of objective with regard to long-term programs involving strong energy conservation efforts and those relating to augmented and more diverse sources of domestic supply. Notable, too, is the apparent harmony between us regarding emergency authorities that may be triggered in the event of shortfalls, embargoes or whatever else may jeopardize the available supply of fuel. The significant area of disagreement--as is evident from the President's letter of April 25th--is in the short-term crash program.

Since we do agree substantially on the long-term matters, the question is: what short-term remedies are in order pending the realization of longterm objectives in terms of energy saved through conservation and of new sources of energy produced domestically? It is the President's view that there must be a steep, across-the-board increase in the price of all oil and gas--in effect a doubling of present prices--in order to discourage and prevent, in many cases, the consumption of energy. It has been the view of Senator Pastore, the Ad Hoc Committee and the ~~the~~ members of the Democratic Caucus that such a total decontrol of price would have but a negative impact upon an economy still deteriorating. In short, it would price energy out of the marketplace for those least able to afford it. Our basic assumption has been that energy--heating oil or gas or whatever--is not a luxury but an essential ingredient of American life indispensable especially if we are to recover as a Nation, economically speaking.

The manipulation of price to reduce consumption by putting energy beyond the reach of the poor is not a satisfactory policy.

Detected, however, in the urgency of the Administration to obtain an immediate reduction in oil imports, is a strong foreign policy consideration. To reduce our dependency on OPEC is desirable, but the receding American economy--brought on to a great extent by the precipitous increase in the price of OPEC oil in late 1973--has already reduced dramatically the imports of oil to this country. In fact, the Nation's balance of trade surplus was in excess of \$1.4 billion last month due in large part to reduced oil imports. So let us focus on the long-term program--agreeing to objectives--and let us get down to the business of constructing a rational and sensible energy policy through negotiation and in the framework of the orderly legislative process.

To do otherwise might mean to sacrifice a farreaching energy policy for the Nation that is based on substantial agreement between *the* branches.

I would hope, therefore, that the discussion today would focus on the long-range measures. I would hope that the short-term problems would be permitted to be resolved by negotiation. They will not be resolved by confrontation.

Mansfield Warns Ford on Oil Price Rise

By EDWARD COWAN

Special to The New York Times

WASHINGTON, April 28—The Senate Democratic leadership urged President Ford today to refrain from "unilateral action" on energy matters.

Senator Mike Mansfield of Montana, the majority leader, backed by other members of the Senate Democratic Policy Committee, said that if Mr. Ford took executive action to decontrol crude oil prices or increase the fee on imported crude oil, "further negotiations between the Congress and the Administration" for a comprehensive energy program "will be all but impossible."

The Senators gave that message to Frank G. Zarb, the Federal energy administrator, at a meeting in the Capitol that lasted more than an hour. After the meeting, Mr. Zarb went to the White House for a scheduled meeting with the President and other senior officials of the Administration.

Differences Remain

Mr. Zarb indicated that some important differences between the Administration and the Democrats remained, but he refused to tell reporters what he would recommend to Mr. Ford.

The issue before the President is whether to let the fee on imported crude oil rise from \$1 a barrel to \$2 on May 1, as it is scheduled to do under an Executive order signed by Mr. Ford early last month.

In February, Mr. Ford delayed the imposition of the second dollar for 60 days to give Congress time to write an energy program of its own that would curtail energy consumption and oil imports.

The President and his associates have indicated that they are not satisfied with Congressional progress to date. Mr. Zarb said today, in the corridor outside Senator Mansfield's office, that only one energy bill had gone from committee to the floor of either house.

More Time Needed

The Democratic Senators, he reported, counseled that the legislative process in Congress required more time. The question on Mr. Zarb's mind, some sources have said, is whether more time will lead to effective legislation.

While the Democratic Senators were urging Mr. Ford to take no action this week, the Republican President was getting different advice from some members of his party. Representative Barber B. Conable Jr. of upstate New York, the chairman of the House Republican Policy Conference, said that when two of Mr. Zarb's associates called on him this morning, he offered the following advice for Mr. Ford: "Go back to playing handball."

Mr. Conable also said the President "couldn't compromise too much without appearing weak—and that was one thing Gerald Ford couldn't afford to do."

Mr. Conable added, however, that any move to end price controls on crude oil should be phased "over a considerable period of time." The Administration is pressing for a three-year phase-out. The President could also initiate gradual decontrol by Executive order, but Mr. Zarb indicated that such action by next Thursday was unlikely.

Democrats on the House Ways and Means Committee voted tentatively to modify the gasoline tax that is a centerpiece of the committee's energy

conservation bill. Senate aides said the change would make the bill more palatable to liberal Democrats.

The new tax formula, as before, would add 3 cents a gallon next January to the present Federal levy of 4 cents a gallon. The committee also retained the principle that the tax should rise in 1977 if national gasoline consumption next year exceeded the record of 6.67 million barrels a day reached in 1973.

However, the increase might be 5, 10, 15 or 20 cents a gallon, depending on whether the increase in gasoline consumption in 1976 was under 1 per cent, under 2 per cent, under 3 per cent or more than 3 per cent.

The committee staff calculated that an increase of 5 cents was most likely in 1977. However, additional amounts could take effect in later years if gasoline consumption continued to rise.

The chairman of the Ways and Means Committee, Representative Al Ullman, Democrat of Oregon, was expected to press for votes on their key provisions tomorrow to show Mr. Ford that Congress was making adequate progress on energy bills.

Scheduling Conflicts

Progress has been slower in the House Commerce Committee's Subcommittee on Energy and Power, which has run into scheduling conflicts with the full committee. The subcommittee worked on strategic petroleum reserves this afternoon at a meeting that began 45 minutes late because of the absence of a quorum.

Emerging from the Senate meeting, Mr. Zarb observed that the Administration and liberal Democratic Senators remained at odds, as they did in January, over "whether we limit expansion of imports in the next two or three years."

A Senate source confirmed that the issue was unresolved. Senate Democrats do not share the view of Mr. Ford and Secre-

tary of State Kissinger that any increase in oil imports in the next few years would jeopardize American foreign policy interests or encourage the 13-nation oil-producing cartel to raise prices again.

The Senate view implicit in Mr. Mansfield's warning to Mr. Zarb and the President is that any Presidential "unilateral action" to limit imports would jeopardize enactment of a long-term, comprehensive energy conservation program.

Many Democratic Senators and many freshman Democratic Representatives continue to oppose higher prices as a way to discourage consumption. In turn, the Administration remains resistant to import quotas, production ceilings or other restraints that might create shortages and require the Government to go back to full-scale allocation of petroleum products.

In a letter to Mr. Ford that was written 10 days ago and made public today, Senator Mansfield listed 17 "broad areas of fundamental agreement" between Congress and the executive branch. The President's reply last Friday, which Mr. Mansfield also made public, said there had not been "sufficient substantive agreement."

Mr. Ford spoke of achieving "energy independence," a phrase not in the Mansfield letter.



The New York Times
President Ford discussing governmental business before U.S. Chamber of Commerce