

FOR IMMEDIATE RELEASE

July 21, 1975

Office of the White House Press Secretary

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THE WHITE HOUSE

TO THE HOUSE OF REPRESENTATIVES:

I am returning without my approval H.R. 4035, the Petroleum Price Review Act, because it would increase petroleum consumption, cut domestic production, increase reliance on insecure petroleum imports and avoid the issue of phasing out unwieldy price controls.

H.R. 4035 would go counter to the Nation's need to conserve energy and reduce dependence on imported oil. It would increase petroleum imports by about 350,000 barrels per day in 1977, compared to import levels under my phased decontrol plan. It would even increase imports by about 70,000 barrels per day over continuation of the current system of mandatory controls through 1977.

The provisions in this bill to roll back the price of domestic oil not now controlled, to repeal the "stripper well" exemption from price controls and to establish a three-tier price system which would require even more complex regulations would be counterproductive to the achievement of energy independence.

The bill does contain an Administration requested provision which would continue the coal conversion program through December 31st. Since coal conversion authorities authorized last year in the Energy Supply and Environmental Coordination Act expired June 30th, I urge rapid enactment of a simple one year extension of these authorities.

Last Wednesday, July 16, I submitted to Congress a compromise plan to phase out price controls on crude oil over a thirty-month period. Coupled with administratively imposed import fees, this plan will reduce the Nation's imports by 900,000 barrels per day by 1977. It will reduce our vulnerability to another embargo by adding slightly over one cent per gallon to the price of all petroleum products by the end of 1975 and seven cents by 1978.

If Congress acts on this compromise and on other Administration proposed energy taxes, including the "windfall profits" tax and energy tax rebates to consumers, the burden of decontrol will be shared fairly, and our economic recovery will continue.

I veto H.R. 4035, because it increases our vulnerability to unreliable sources of crude oil and does not deal with the need to phase-out rigid price and allocation controls enacted during the embargo. I urge Congress not to disapprove my administrative plan of gradual decontrol. If it is accepted, I will accept a simple extension of price and allocation authorities. If decontrol is not accepted, I will have no choice but to veto the simple six-month extension of these authorities now being considered by Congress.

For too long, the Nation has been without an energy policy, and I cannot approve a drift into greater energy dependence.

GERALD R. FORD

THE WHITE HOUSE,

July 21, 1975.

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