THE WHITE HOUSE
WASHINGTON

March 19, 1975

TO: JEAN McLANE

FROM: Glenn Schleede

Here is a copy for Mr. Cannon's use of the paper we used for the meeting on catalytic converters at 2:15. We didn't have a copy to leave with him.

Attachment

Draft
3/17/75

STATEMENT OF PROBLEM - POSSIBLE ACTION PLAN
Auto Emission-Fuel Economy-Catalytic Converter

I. ACTION FORCING EVENTS

A. Clean Air Hearings underway in both Houses. There is pressure to do something. Pressure will grow as June 30 deadline for auto companies decision on 1977 models approaches.

B. We need to have a new Administration position on both auto emission and fuel economy.

C. Hearings underway in Senate Commerce Committee - headed toward mandatory fuel economy standards.

D. OMB undertaking interagency effort to develop new legislative proposal on auto emissions for 1977-81.

E. FEA, Transportation and ERC are headed toward a new position on fuel economy standards - includes discussions with auto companies. Zarb intends to have a position in a few days.

F. It seems clear that the President wants a responsible course of action and a responsible position laid out quickly:

   1. This may or may not be consistent with rushing in with new fuel economy and emission standards beyond 1977.
   2. Laying out a responsible position could put the President in a clear leadership position on the issue and, probably, head off mandatory fuel economy standards until there is a better basis for deciding the right balance between air quality, fuel economy, auto cost.

G. As public perception grows, there probably will be growing pressure for somebody to "do something". Not clear anybody will have credibility, including Congress, auto companies, EPA, or the Administration (which probably will be accused of merely trying to save the auto companies).

II. PROBLEMS THE ADMINISTRATION MUST ADDRESS

A. Develop recommended auto emission standards for 1977 model year.

   1. Auto companies must know by June 30, 1975.

2. Five possible options, by order of liklihood:

	HC	CO	NOX
a. Train decision for 1977 (which is the least rigorous allowed under current law)	1.5	15.0	2.0
b. Maintain 75-76 standards, including NOx at 3.1 to avoid cost and fuel economy penalty - law change required.	1.5	15.0	3.1
c. Adopt tighter standards recommended by the President - law change required.	.9	9.0	3.1
d. Slightly less rigorous standards than 75-76 to open technical options and assure catalyst not needed (law change)	2.0	20.0	3.1
e. Return to 73-74 standards (law change)	3.0	28.0	3.1

B. Develop recommended position on fuel economy goals for 1980 and auto emission standards for 1978-81 model years -- which reflects the right balance.

C. Review the processes of Government which led to the catalytic converter-sulfate decision to see whether something can be learned which would prevent similar events in the future.

III. CONSTRAINTS

A. Dearth of good factual information.
B. Lack of agreement on facts.
C. Most information on emissions, relationship of auto emissions to air quality, etc. in the hands of EPA which will probably continue to be less than cooperative.
D. Lack of objectivity and credibility on the parts of most players, including even the National Academy of Science which did a study of the issue for the Senate Public Works Committee, which study has been discredited.
E. Time.

IV. POSSIBLE PLAN OF ACTION

A. Instruct ERC (including FEA, DOT and EPA)

1. Not to come to final position on recommended fuel economy standards,
2. To participate in the interagency effort outlined below.

B. Allow the OMB-led exercise go ahead -- with target of April 5 -- on developing recommended auto emission standards for 1977 and compiling facts related to 1978-81 emission standards and 1980 fuel economy goals to see what kind of decisions are possible; i. e., see whether the situation is clear enough to warrant an Administration position on 1978-81 emission standards and 1980 fuel economy goals.

C. Expand the OMB-led effort (Option A) or set up a new interagency group (Option B) to develop by April 15 a "Grey Paper" containing as much as possible of the information outlined in Tab A - which could be made public if necessary.

D. Head for target of submission of 1977 emission standards proposal, if it is different from Train's decision, by April 10.

E. Develop and issue Presidential statement on catalytic converter decision and what he is going to do about it by April 10. Outline at Tab B.

F. Appoint an outside Presidentially appointed Commission to review entire air quality, fuel economy and initial car cost issue to present:

1. Findings of fact -- a White Paper -- containing the information outlined in Tab A, to be ready by June 30. (They could use the Grey paper as one input.)
2. Recommendations as to auto emission standards, fuel economy goals by July 31.
3. Identification of work that should be done to get in a better position to make national decisions on these points for years ahead, also by July 31.

G. Appoint a second group -- either inside Government or outside -- to review the whole catalytic converter decision process to see what can be learned to head off future similar events. Should include evaluation of:

- Organization.
- Regulatory development and review process.
- Adequacy of information for decisions.

Inside group may be less able to criticize Congressional role. Could call for tripartite (Congressional, Executive Branch, public) membership.

TABS

TAB A - Outline for Presidential Statement
TAB B - Coverage for a White Paper
TAB C - Potential Members for a Commission
TAB D - Cabinet Meeting - Talking Points
TAB E - Agenda for OMB Effort which begins March 18

TAB A

APPROACH AND TOPICS FOR A WHITE PAPER ON AIR QUALITY, AUTO EMISSION CONTROLS, FUEL ECONOMY

I. BASIC APPROACH

A. Lay out facts as they are known.
B. Show range of disagreement where there is a dispute as to facts.
C. Identify gaps in data.
D. Show arguments justifying particular judgments or interpretations where there is a disagreement on either fact or opinion.
E. Assume that the Clean Air Act and the regulations implementing it can be changed, if necessary, to arrive at the requirements and course of action that is in the nation's best interest.
F. Target should be a clear presentation of the tradeoffs among air quality, public health, public welfare, esthetics, safety, fuel economy, initial car cost, and car maintenance costs, durability and performance.

II. PRELIMINARY OUTLINE FOR WHITE PAPER

A. Historical Data

1. Brief chronology of the events leading to current and future statutory auto emission standards, including Executive Branch and Congressional actions.
2. Describe the automobile and fuel modifications that have been made thus far (all years, at least since 1968) to control emissions. Show impact on emissions, air quality (to the extent possible), fuel economy, initial car cost, maintenance cost, performance, fuel specifications, etc.

B. Current Ambient Air Quality Situation

1. Describe current ambient air quality situation, showing trends and frequency and duration of violation of current standards.
2. Show sources and relative importance of air pollutants of concern, whether or not there is an existing criteria document and ambient standard. Show to the extent possible the amounts and relative importance of natural sources of pollutants. Show by area to the extent possible.

C. Expected future air quality trends.

1. Show expected trends by area and by source, mobile, stationary, natural, broken down to the extent possible to show relative importance of various control alternatives.
2. Show assumptions leading to future projections.

D. Ambient Air Quality Standards

1. Show current and possible future ambient air quality standards, primary and secondary.
2. Summarize health, welfare and aesthetic effects leading to conclusions on current or possible future ambient standards.
3. Describe criticisms of existing standards, and arguments supporting different ones.

E. Costs of Air Pollution and benefits of Reduction:

1. Summarize current information on costs and benefits of reducing air pollution.
2. Describe confidence limits associated with data.

F. Discuss alternatives and the impacts of various tradeoffs between control of pollutants from auto vs. stationary sources -- costs, air quality benefits.

G. For various auto emission standards, show:

1. technological options for achieving, together with --
2. the impact on:

   a. auto emissions.
   b. ambient air quality by area which has auto related pollutant problem; health and welfare impacts.
   c. initial car cost impact.
   d. fuel economy impact.
   e. implications for fuel specifications.
   f. safety.
   g. maintenance impact, durability, and related consumer costs.
   h. performance impact.
   i. capability of industry to achieve, and the investment cost, etc. necessary to achieve.
   j. time frame for achieving.

H. For projections of ambient air quality impact, describe assumptions as to population growth, dispersion, number of cars, vehicle miles traveled, fuel economy, gasoline availability and use, and other factors that go into or should be considered in

an estimate of future air quality. Indicate disagreements with approach, if any; modifications required; weaknesses, etc; and their implications for auto emissions or transportation plan requirements.

I. Describe the need or absence of need for no-lead or low-lead gasoline and the health, air quality and other impacts of various positions. Also, disagreements on positions, if any.

J. Summarize potential new regulations or other requirements impacting auto emissions, transportation controls, or indirect sources which might have an effect on a national decision on auto emission requirements.

K. The rationale for and implications of the threshold theory of health damage that underlies the Clean Air Act; the alternatives.

L. Accuracy of ability to measure.

1. Describe the relative accuracy of air quality instrumentation, monitoring systems, and predictive models for the various auto related pollutants of concern.
2. Describe the significance of our ability to measure and predict to our actions to improve air quality and to our ability to strike a balance between air quality and other objectives.

M. Special topics for coverage:

1. Present and future of the catalytic converter.
2. Status and outlook for the sulfate problem, covering mobil and stationary sources of sulfates.
3. The justification for and alternatives to a single national (49 state) standard for auto emissions.

TAB B

TAB B

PRESIDENTIAL STATEMENT* - OUTLINE

I. Our National Drive to improve the quality of life for all Americans often leads us to set rigorous goals and objectives and tight deadlines.

II. Events have shown that our drive to achieve some goals, e.g., air quality goals, presents a conflict with our drive to achieve other national goals, public health, safety, energy

III. The series of actions that have led to the initial decision to set standards requiring catalytic converters -- and the subsequent decision by EPA that catalytic converters may cause a health hazard even worse than the health problem it sought to minimize -- illustrates:

1. The complexity of the task of improving air quality.
2. The implication of air quality requirements for other national goals.
3. The kind of costs that are imposed on consumers.
4. The implications of proceeding with rigid requirements without:
   - full understanding of the impacts.
   - full public knowledge of the impacts.

IV. Now faced with the job of finding:

1. The best balance among conflicting objectives.
2. The best set of requirements for the years ahead.

V. Must avoid more precipitious actions -- either in the form of premature air quality requirements or mandatory fuel economy requirements.

VI. President's plan of action:

1. 1977 auto emission standards.
2. 1978-81 auto emission standards and fuel economy goals - National Commission.
3. Review of the process of Government that led us through the path that has cost billions in consumer dollars and may have caused a serious or potentially serious health problem.

VII. Other points to cover along the way:

1. Issue is not protecting the auto industry, instead it is protecting citizens, consumers and taxpayers.
2. There is blame to be shared by all - Congress, Exeuctive Branch, auto industry, environmentalists. But not the consumer and the citizens who have had to pay the bill.

*Use philosopy, tone of Taking Points - Tab D.

TAB C

POSSIBLE MEMBERS OF AN OUTSIDE COMMISSION TO STUDY FUEL ECONOMY, AUTO EMISSIONS ISSUE

A. Chairman - Should be someone who is able to lead and coordinate a highly complex cost-risk-benefit analysis. Preferably someone who is already familiar to some extent with the Clean Air Act and the actions that have been taken to implement it.

1. Don Rice - President of Rand Corporation, former Associate Director of OMB (Natural Resources)
2. _____ - Director of Ames Laboratory of NASA.

B. Member - Having thorough knowledge of the environmental health issues.

1. Ivan Bennett - Head of the New York University Medical School, Deputy Director of the Office of Science and Technology until 1969. M. D.
2. Dr. Morton Corn, Department of Occupational Health, University of Pittsburgh. Regarded widely as a top occupational health and epidemiology expert.
3. Dr. Brian McMahon, Chairman, Department of Epidemiology, Harvard School of Public Health.

C. Member - Having thorough knowledge of the automotive technology issues.

1. Philip Meyers, Professor of Mechnical Engineering, University of Wisconsin. Past President of Society of Automotive Engineers, Member of National Academy of Engineering. Did not participate in NAS-NAE air pollution study.
2. John Heywood, Department of Mechnical Engineering, MIT. Extensive research and writing experience on motor vehicle issues but apparently has no direct industry experience.

D. Other potential members or leading advisers

1. William Simmons - Director of the California Air Resources Board, Knowledgeable about California problems; California's criticisms of EPA's approach to air quality control; and about the special problems of natural sources of air pollution which complicate air quality control problems.
2. Selected members from the committees and panels that prepared the recent National Academy of Sciences-National Academy of of Engineering study on air quality and auto emission control for the Senate Public Works Committee. List attached. Problem with this is that the summary version of the study has been discredited.

COORDINATING COMMITTEE
for
AIR QUALITY STUDIES
(of the Commission on Natural Resources)

HERBERT A. SIMON, Carnegie-Mellon University, Pittsburgh, Pa., Chairman

IVAN BENNETT, New York University Medical Center, New York, New York

JAMES D. EBERT, Carnegie Institution of Washington, Baltimore, Md.

EDWARD GINZTON, Varian Associates, Palo Alto, California

BERNARD GREENBERG, University of North Carolina, Chapel Hill, N.C.

HERSCHEL E. GRIFFIN, University of Pittsburgh, Pittsburgh, Pa.

GEORGE HIDY, Rockwell International, Thousand Oaks, California

HOWARD JOHNSON, Massachusetts Institute of Technology, Cambridge, Mass.

J. ROSS MACDONALD, University of North Carolina, Chapel Hill, N.C.

JOHN MEYER, National Bureau of Economic Research, Cambridge, Mass.

GORDON J. F. MACDONALD, Dartmouth College, Hanover, New Hampshire (ex officio)

DAVID HOLTZ, Staff Officer

I. COMMITTEE ON THE RELATIONSHIP OF
EMISSIONS TO AMBIENT AIR QUALITY

GEORGE HIDY, Rockwell International, Thousand Oaks, California, Chairman

ALAN ESCHENROEDER, General Research Corporation, Santa Barbara, California

RICHARD HURN, U.S. Bureau of Mines, Bartlesville, Oklahoma

HAROLD JOHNSTON, University of California, Berkeley, California

JAMES MAHONEY, Environmental Research & Technology, Incorporated, Lexington, Massachusetts

PETER MUELLER, Environmental Research & Technology, Incorporated, Newport Beach, California

JOHN SEINFELD, California Institute of Technology, Pasadena, California

JOHN TRIJONIS, TRW, Incorporated, Redondo Beach, California

DAVID HOLTZ, Staff Officer

RONALD TIPTON, Staff Officer

II. COMMITTEE ON THE COSTS AND BENEFITS OF AUTOMOBILE EMISSION CONTROL

John Meyer, National Bureau of Economic Research, and Harvard University, Cambridge Massachusetts, *Chairman*
Victor Fuchs, National Bureau of Economic Research, and Stanford University, Palo Alto, California
John Kain, Harvard University, Cambridge, Massachusetts
John Krutilla, Resources for the Future, Washington, D.C.
Lester Lave, Carnegie-Mellon University, Pittsburgh, Pennsylvania
Lester Lees, California Institute of Technology, Pasadena, California
Herbert Simon, Carnegie-Mellon University, Pittsburgh, Pennsylvania
Jan Stolwijk, Yale University, New Haven, Connecticut
George Tolley, University of Chicago, Chicago, Illinois
Raphael Kasper, Staff Officer
Ronald Tipton, Staff Officer
Gregory Ingram, Harvard University, Cambridge, Massachusetts, Director of Staff Research

III.

Subcommittee on Health Effects of Air Pollutants

of the

Committee on Medical and Biologic Effects of Environmental Pollutants

HERSCHEL E. GRIFFIN, University of Pittsburgh Graduate School of Public Health, Pittsburgh, Pennsylvania, Chairman

BERTRAM W. CARNOW, University of Illinois School of Public Health, Chicago, Illinois

RONALD F. COBURN, University of Pennsylvania School of Medicine, Philadelphia, Pennsylvania

T. TIMOTHY CROCKER, University of California College of Medicine, Irvine, California

SHELDON K. FRIEDLANDER, California Institute of Technology, Pasadena, California

IAN T. T. HIGGINS, University of Michigan School of Public Health, Ann Arbor, Michigan

JOHN REDMOND, JR., Staff Officer

Panel on Carbon Monoxide

of the

Committee on Medical and Biologic Effects of Environmental Pollutants

Ronald F. Coburn, Chairman
Eric R. Allen
Stephen Ayres
Donald Bartlett, Jr.
Steven M. Horvath
Lewis H. Kuller
Victor G. Laties
Lawrence D. Longo
Edward P. Radford, Jr.

James Frazier, Staff Officer

Task Force on Health Effects

of the

Panel on Nitrogen Oxides

of the

Committee on Medical and Biologic Effects of Environmental Pollutants

E. Goldstein, Chairman
R. Ehrlich
C. M. Shy
L. F. Wolterink

E. E. Force and J. Redmond, Jr., Staff Officers

Panel on Photochemical Oxidants and Ozone

of the

Committee on Medical and Biologic Effects of Environmental Pollutants

S. K. Friedlander, Chairman
B. Altshuler
A. Q. Eschenroeder
J. D. Hackney
W. W. Heck
J. R. McCarroll
P. R. Miller
P. K. Mueller
S. D. Murphy
K. R. Wilson

J. A. Frazier, Staff Officer

Panel on Airborne Particles

of the

Committee on Medical and Biologic Effects of Environmental Pollutants

I. T. T. Higgins, Chairman
R. E. Albert
R. J. Charlson
B. G. Ferris, Jr.
R. Frank
M. Lippmann
B. Y. H. Liu
P. E. Morrow
K. T. Whitby

J. Redmond, Jr., Staff Officer

and the

Panel on Sulfur Oxides

of the

Committee on Medical and Biologic Effects of Environmental Pollutants

B. W. Carnow, Chairman
Y. Alarie
P. Meier
J. A. Nadel
E. D. Palmes

J. Redmond, Jr., Staff Officer

Task Force on Interactions of Pollutants in Producing Health Effects

of the

Committee on Medical and Biologic Effects of Environmental Pollutants

C. M. Shy, Chairman
Y. Alarie
D. V. Bates
R. Frank
J. D. Hackney
S. M. Horvath
J. A. Nadel

E. E. Force and J. Redmond, Jr., Staff Office

Task Force on Effects on Plants

D. C. McCune
W. W. Heck

J. Redmond, Jr., Staff Officer

TAB D

THE WHITE HOUSE

WASHINGTON

March 11, 1975

MEMORANDUM FOR JIM CONNOR

THROUGH: JIM CANNON

FROM: MIKE DUVAL

SUBJECT: TALKING POINTS -- CABINET MEETING

The attached is long but the subject is fundamental -- it is an attempt to establish a philosophical base for our domestic policy.

If the President decides to use this, I recommend that Nessen not specifically cover the "Truth in Government" theme in his briefing. Let the tone leak out from the Cabinet. Let the President build up to this theme slowly.

DRAFT
M. Duval (3/11/75)

TALKING POINTS - CABINET MEETING DISCUSSION ON THE CATALYTIC CONVERTER

- I think that the most important lesson for all of us, from the experience we have had with the catalytic converter, is that we should exercise far greater care when we propose legislation and take regulatory and Executive action. It is obvious that the American public will pay a very high price for the decisions made by the Congress and by the Executive Branch concerning these automobile polution regulations. I think it is fair to say that if we had known the full cost which ultimately will flow from these actions prior to making the regulatory decisions which locked us onto this course, the specific legislation and regulatory action might have been very different.

- I have a very basic philosophy concerning my approach to these kinds of regulatory actions and to legislation which sets them in motion. It can be summed up by the phrase: "Truth in Government." By this, I mean that we should level with the American people and tell them the true price of government actions and who's going to pay for it. This is the principle that I followed with my Fiscal 1976 Budget and in my State of the Union Address and subsequent legislation. I believe in laying out the true costs of my actions. For example, the price tag of my energy proposals is right out there for everyone to see. It's $30 billion a year and this will result in a one-time 2% increase in the CPI. Contrast this clearly-defined price tag with the Democrats' so-called Pastore-Wright plan. Although my energy and economic advisers think that the total price tag of their plan will equal or exceed mine, this will show up in hidden costs which will ultimately result from quotas and allocation and further government intrusion into the marketplace. In short, while their proposal is politically attractive because it doesn't appear that anyone will have to pay the bill, I don't think government decisions should be made this way. I think the people should know the true cost of the programs proposed here in Washington and, importantly, who's going to pay the bill and when.

- I have taken some steps myself to implement this "Truth in Government" philosophy. In addition to the State of the Union and Budget Messages, I have signed an Executive Order requiring that an Inflation Impact Statement be prepared for every government action under my control. If an honest Inflation Impact Statement had been done when the initial decisions were made concerning the catalytic converter, I suspect we would not be faced with the problem confronting us today. Of course, it's not just the environmental regulations which raise this issue. There are literally thousands of examples, but I recall specifically the problem we had with the truck brake regulation issued by the Department of Transportation before you, Bill (Coleman), came on board. I had to make a decision on

New Year's Eve out in Vail to let that regulation go forward because we were so far down the road that, to hold it up would have imposed economic hardship on the industries which had geared up to implement the Federal rule. As a result, we are increasing the cost of trucks and trailers 5-7% and, I now understand, this regulation may force many little companies out of business. I have no doubt that many of the energy regulations create the same kind of dislocations.

- The point here is that each one of you must control the actions of your departments and agencies to insure that the full cost of every proposal and regulatory action you take is laid out clearly. I think it is also important that this be done in time so that a real choice can be made between going forward or not. Too often, the economic consequences of the regulation only come to light so late in the process that there really isn't any opportunity to pull back. The pressures to go forward come from the legislation itself, from law suits which have been brought by proponents on one side or the other, from industry who will be benefitted or hurt by the proposed rule and, often from within the agency itself when the Federal officials in charge of implementation become advocates for one course of action or another.

- As each of you makes the day-to-day regulatory and policy decisions, I want you to think through very carefully the impact of those decisions a year from now, five years from now, ten years from now. Think through what will happen if those policies and programs are to be implemented by some future administration which might not be as conscious as we are of preserving the freedom of individual choice and the market mechanism. One discipline that should assist you is to ask three questions each time you face an important governmental decision:

  1. What is the problem -- specifically -- that I am being asked to solve?

  2. Does the proposed solution in fact solve the problem?

  3. What additional problems will this government "solution" create? It is this last step that we so very often fail to take.

- Of course, concerning the catalytic converter, we need to make a decision concerning my proposed legislation which is now pending before Congress recommending that we adopt a modified California standard. I submitted this legislation because it was part of the compromise worked out whereby the automobile manufacturers could achieve a 40% increase in auto efficiency by 1979, without a large increase in the cost of cars and with reasonable environmental standards still intact.

It is clear from the decisions and conclusions reached by Russ Train, that we must reconsider my legislative proposal. We can't dillydally around on this one because I want the Congress to move quickly on my entire energy plan, but now one part of it may no longer be valid. Accordingly, I want to be able to review my decision on the long-range automobile polution standards and submit new legislation, if necessary, prior to the Easter recess. I understand that Frank Zarb and Russ Train already have studies underway and that they are coordinating this with the Department of Transportation. I'd like the Domestic Council to follow up on this so that I can have the views of all the interested agencies and departments and final recommendations very quickly.

TAB E

TAB E

AGENDA
3/18/75

I. Explanation of Administrator Train's recommended five-year automobile emission standards (EPA).

II. Areas of Discussion:

a. the air quality, technological and economic impacts of EPA's recommended HC and CO standards for 1977-1979 model years. Also impacts associated with extending these standards through 1981.

b. Air quality, technological and economic impacts of EPA's recommended NOx standard for model years 1978-1981.

c. Impact of EPA's recommended NOx standard on President's 40 percent fuel economy improvement goal.

d. Should NOx standard be set administratively after 1981 (President's proposal) or should standard be kept indefinitely (EPA's recommendation)?

e. Air quality, technological and economic impacts of setting sulfate standard for 1979 model year. Impacts of setting standard for 1978; for 1980.

III. Next Steps:

a. Time frame for recommending changes, if any, to President's proposal (OMB).

b. Methods of analysis - task forces, individual agency views, etc.

c. Tasks - with estimated dates of completion.

1. resolve differences between HC and CO standards
( )

2. resolve differences between NOx standards
( )

3. resolve setting of NOx level after 1981
( )

4. sulfate standard
( )

Attachment

ATTACHMENT

Model Year	HC	CO	NO_x
1976			
EPA Recommended	1.5	15	3.1
President's Proposal	1.5	15	3.1
1977			
EPA Recommended	1.5	15	2.0
President's Proposal	.9	9.0	3.1
1978-1979			
EPA Recommended	1.5	15	2.0
President's Proposal	.9	9.0	3.1
1980-1981			
EPA Recommended	.9	9.0	2.0
President's Proposal	.9	9.0	3.1
1982			
EPA Recommended	.4	3.4	2.0
President's Proposal	N/A	N/A	Set Administratively

File

OIL STORAGE REPORT

by

Edward Teller

Gary Higgins

Tom Palmeiri

Stuart Winter

April 4, 1975

OIL STORAGE REPORT

We have further investigated ways of quickly establishing a large oil storage capacity within the United States. Some of the numbers we communicated by phone have turned out to be too conservative. We now find that existing salt mines and presently available tanker ships could provide storage for 500 to 800 million barrels. This space would be available starting immediately for the ships and within six months for the mines.

Arab Imports

We now find that we are importing about two millions barrels per day from Arab countries. One million comes directly as crude oil and another million is shipped to intermediate countries where it is refined and then imported into the U. S. as a finished product.

Five hundred million barrels of stored oil, therefore, could completely replace all our Arab imports for eight months even in case of a totally effective embargo.

Shut-in productive capacity which could be turned on rapidly in non-Arab exporting countries (Venezuela, Nigeria, Indonesia, etc.) exceeds two million barrels per day.

Additional productive capacity also exists in the United States. Elk Hills could begin producing 130,000 barrels per day in three to four months, but availability of this oil appears limited by local pipeline capacity.

Storage

Oil Tankers — The most readily available storage is in empty tanker ships. According to persons at Global Marine Corporation and the Maritime Administration, the total idle tanker capacity amounts to 185 million barrels. As of January 1975, total worldwide orders for new ships would provide capacity for an additional 1000 million barrels. In the first message this figure was greatly underestimated. Some of these orders have been cancelled due to reduced shipping demand but for the near future it appears that the number of idle ships will continue to grow.

Chartering such space in the present depressed market would cost from $1.50 to $4.00/barrel/year depending on the availability. The cost would probably go up as the number of idle ships decreased. To purchase the ships would cost well over $10.00/barrel.

In addition to being used for storage, a large number of ships will be required to transport large quantities of oil to other storage sites.

Salt Mines and Wells – The second kind of available storage is in existing rock-salt mines and solution mined salt wells. People at Fenix and Scisson (mining and consulting engineers) and at the International Salt Company have said that space for 750 million barrels could be made available with little or no disruption of the nation's salt industry. These mines and wells are in Louisiana and Texas close to existing pipelines. Purchasing and converting them to oil storage use would cost from $1.00 to $1.50 per barrel. Conversion could be accomplished in two to six months.

Another storage option that could accomodate 100 million barrels within six months is the creation of man-made surface storage ponds. According to individuals in the Army Corps of Engineers such ponds could be excavated, lined and covered at a cost of $1.00/barrel. Some environmental problems may exist (for instance, due to dispersal by extremely strong winds) but such problems appear to be solvable.

Mines, other than salt mines, may provide additional storage space but the uncertainty about their tightness (ability to retain oil) and their distance from existing pipelines relegates them to a lower level of consideration.

Recommendations

We recommend the following actions:

(1) Begin leasing the needed ships.

(2) Make arrangements for the use of salt mines and wells.

(2a) As a contingency, make plans for establishing surface storage.

(3) Obtain the pipeline supplies that will be needed to move the oil to the storage sites and from Elk Hills to a refinery.

(4) Write an environmental impact statement for each form of storage. In the case of surface storage, some research may be necessary to obtain a suitable surface cover. This research should be initiated immediately.

Conclusions

For approximately one billion dollars and in approximately one-half year, substantial oil storage can be established in the United States. Since such storage would give us considerable leverage in any negotiations, it is recommended that serious consideration be given to the establishment of such storage.

APPENDIX

APPENDIX

I. Mechanism of an Embargo

The following total productive capacities and shut-in capacities are relevant when one considers the possibility of an embargo.

	Total Productive Capacity (millions of barrels per/ day)	Amount Shut-In (millions of barrels per/da
Arab countries with low population (Saudi Arabia, Kuwait, Libya, Emirates)	21.1	9.8
Arab countries with high population (Iraq, Algeria, Egypt)	4.1	0.9
Non-Arab exporting countries (Iran, Venequela, Nigeria, Indonesia, Ecuador)	14.0	2.2

An embargo exclusively against the U. S. can therefore be replaced by presently shut-in wells from non-Arab countries. By increasing their shut-in capacity the Arab countries having low populations could create a worldwide scarcity which could make an embargo against the U. S. effective. It should be realized that this can be done only by a further decrease in production in the countries of low population where the percentage of shut-in capacity is already quite large.

Having available stored oil under control of the U.S. could decrease the threat of an embargo.

II. Background Information on Storage Options

We have divided our results into two categories. The first category includes existing volumes that can be readily converted into storage facilities. The second category suggests projects to construct new storage facilties. Because of the need for construction, more uncertainty is involved, and so these are listed separately.

Briefly our recommendations are:

I. EXISTING VOLUMES

A. Utilize presently available storage space in rock-salt mines.

Available Volume = 138 MMB

Time = 3 Months
Cost = $1.10/bbl

B. Utilize available space in solution-mined salt wells.

Available Volume = 612 MMB

Time = 2 Months
Cost = $1.30 - $1.50/bbl

C. Utilize available oil tankers for storage.

Available Volume = 100 MMB

Time = 3-6 months
Rental Cost = $1.50-$3.50/bbl/yr

Total Available Volume = 850 MMB

Typical Total Time = 6 months

II. NEW CONSTRUCTION

A. An intensive program of solution mining of salt domes.

Volume = 100 MMB

Time = 6-9 months
Cost = about $3.00/bbl

B. Construction of environmentally acceptable surface reservoirs.

Volume = 100 MMB

Time = 3 months
Cost = $1.00/bbl

C. For product storage, an intensive program to survey and obtain space in operating mines.

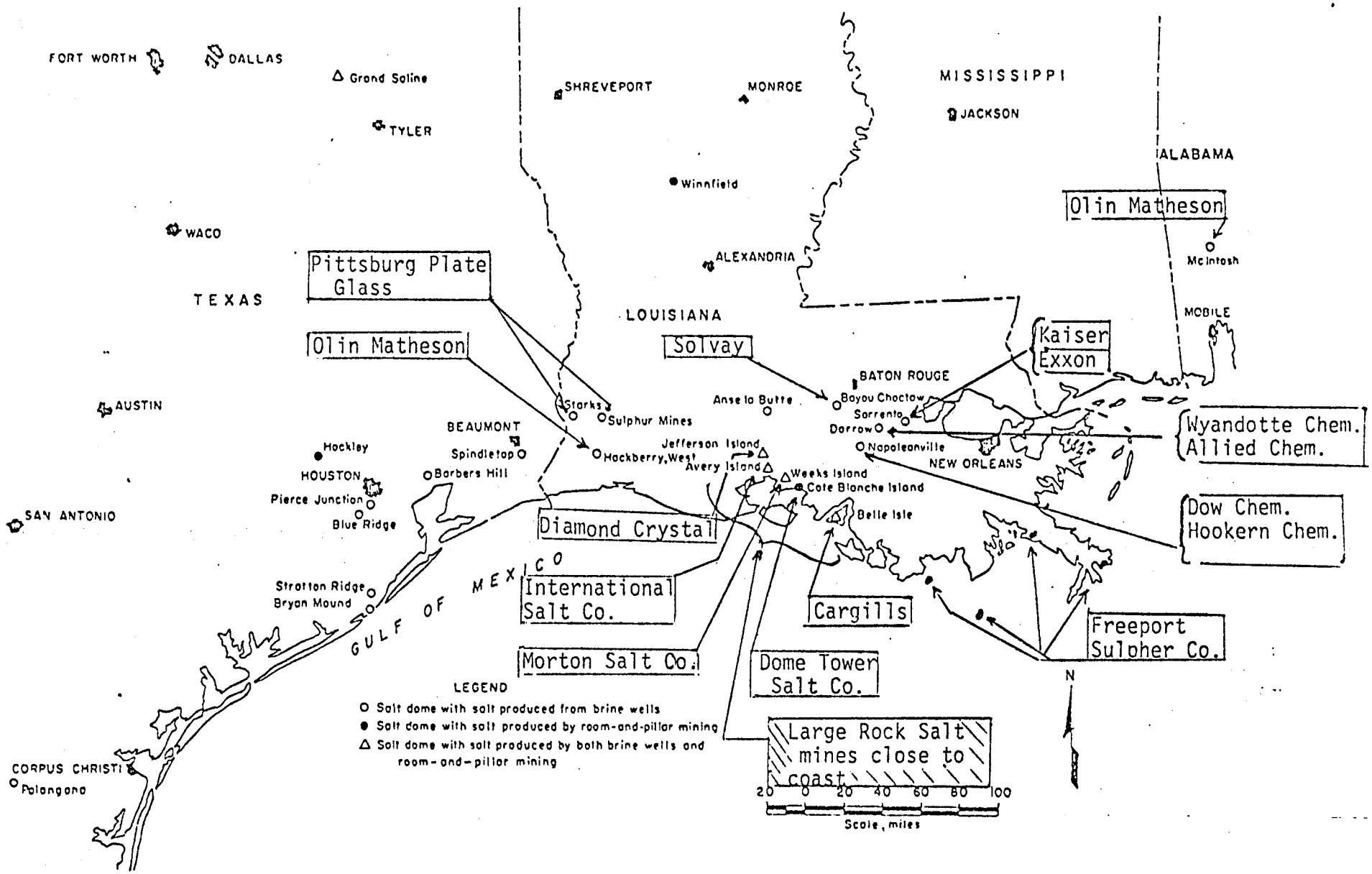
Volume = several hundred MMB

Time = 6-9 months
Cost = less than $2.00/bbl depending on location

D. For product storage, an intensive program to locate, survey and refurbish shut-down mines and abandoned mines.

Volume = 2-3 times that of operating mines

Time = 9-12 months
Cost = less than $2.00/bbl depending on location



Location and ownership of all operating rock salt mines and brine wells in Louisiana

The following is a more detailed explanation of the various options.

I.a. ROCK SALT MINES

Five large salt mines are located in Louisiana on the Gulf Coast. These are shown on the enclosed map. In these mines there is presently available 138 MMB of storage capacity with no adverse effect on the salt industry.

We mention these mines first because they have easy access to oil trunk lines and to port facilities where the supplies could enter the country. It would take about six months to install the necessary equipment to convert parts of these mines to storage facilities. Costs would run about $30 million per mine, or about $1.10/bbl.

In the North, we have specific information on three mines owned by the International Salt Company. The volumes available are:

Cleveland ----48 MMB
Detroit -----118 MMB
Retsof, NY---229 MMB

Total -------395 MMB (Int'l Salt Co. only)

These mines would have access to the St. Lawrence Seaway but would require new pipeline construction since they do not lie near major oil fields.

International Salt Company also has experience in converting their mines to storage. The have quoted $30 million and six months for conversion for each mine. Thus in the North we have identified 395 MMB of potential storage capacity at a cost of about $0.23/bbl, exclusive of the pipeline to access the facilties.

I.b. BRINE WELLS

Again the the Gulf states, we have considered solution mined wells in salt domes. Storage in these wells is a developed technology. As of 1971, petroleum products in salt domes occupied volumes of 24 MMB in Louisiana, 84 MMB in Texas, and 5 MMB in Missiissippi. See the enclosed map.

Our information is that as of January 1975, there are 262 MMB of capacity available in Louisiana, and another 350 MMB available in Texas. Thus a total of 612 MMB could presently be converted to storage.

Brine wells are much smaller than rock-salt caverns, with sizes typically 4 to 10 MMB. Thus a storage facility could involve about 60 or more wells. The cost to buy these wells would be about $1.30 to $1.50/bbl. Because the technology of conversion is well established, they could be ready to accept the oil in about two months.

I.c. TANKERS

There are presently 30 VLCC's (Very Large Crude Carriers) in the Persian Gulf that are awaiting a charter. The average capacity of these tankers is about 2 MMB. They are free because of cutback in Arab production. Another 20 of these tankers are temporarily out of service for various reasons. All of these tankers could be brought into service in about three months. The volume available is about 100 MMB.

These ships are under the flags of various countries (Greece, Libya, Panama, Japan, Scandanavian countries, etc.). They could be bought or leased, depending on the time they would be held as storage facilities. The purchase cost of a VLCC comes to about $15.50/bbl. The lease price is presently about $1.50 to $4.00/bbl/yr.

II.c. OPERATING MINES

These cavities would be useful for product storage in that they are widely dispersed grographically, and all are served by rail connections.

In 1974, engineers at Fenix and Scisson, Inc. (F&S) did a study for the EPA to determine the suitability of mines for storage of wastes. Of the 672 operating mines in the country (excluding coal), F&S identified 172 that look promising for storage.

Although estimates for total volume are hundreds of MMB, the volumes of these mines are poorly estimated. For products however, storage in the range 10 to 100 MB per mine would suffice and all the above mines would qualify.

Conversion could take about 6 months, at a cost of less than $2.00/bbl.

F&S has recently bought and converted an iron mine in South Africa for $0.40/bbl. Thus the technology is proven and the ability to realize this option is assured.

II.d. SHUT-DOWN AND ABANDONED MINES

Shut-down mines are also a possibility. Beneath Kansas City, a limestone mine is used for warehouse storage. Its volume is about 400 MMB. Two other shut-down mines that we have identified represent 20 MMB in Illinois and 20 MMB in Ohio.

A program to document and determine the suitability of shut-down mines could take about 3 months. As with operating mines, conversion could be accomplished in about 6 months, for a total of 9 months until the facilities are useful.

The volume of abandoned mines is estimated to be 2 to 3 times that of operating mines. Although the actual useable volume is not presently known, it is our understanding that the Bureau of Mines and the Geological Survey are now involved in a study that will determine these volumes. Results should be available within a few months.

F&S estimate that documentation and surveying could be completed in about 6 months, with another 6 months to convert the suitable mines. Cost would again not exceed $2.00/bbl, depending on location.

Finally with all the options and corresponding volume that could be made available, there is enough flexibility such that other less desirable options need not be considered. Among these are

- Steel tank storage, with its high cost.
- Nuclear cavities or craters, with the adverse sentiment it arouses.
- Shut in storage or storage in abandoned oil wells, with the ensuing loss of oil and high economic cost.

III. CIRCULATING STOCKS

Our oil economy consumes approximately 16 million barrels per day. A little more than 50 days supply is available in this country at a time in the form of crude oil, intermediate and as products. Only a fraction of this unit can be counted on as stocks. In fact any significant decrease of the total that exists ($\sim$ 900 million bbls) will cause disturbances requiring actions of various severity. Therefore we have not counted on this circulating stock in any way as a cushion in case of an embargo.

IV. ACKNOWLEDGEMENTS

The information was assembled by

G. Higgins x8582
T. Palmieri x8835
S. Winter x8582

Lawrence Livermore Laboratory
P. O. Box 808
Livermore, CA 94550
(415-447-1100)

We have received much assistance from all of the following.

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International Salt Co.
Clark Summit, Penn.
(717-587-5131, x408)

Mr. R. Stone
Fenix & Scisson
5805 East Fifteenth Street
P.O. Box 15609
Tulsa, Oklahoma 74115
(918-835-9471)

Mr. D. Richner
Terraneers Ltd.
9234 Mentor Avenue
Mentor, Ohio 44060
(216-255-9113)

Mr. F. Wood
The Salt Institute
206 N. Washington
Alexandria, Va.
(703-549-4648)

R. Curtis Crook, President
Rear Admiral N. Sonenshein, USN (Ret.)
Global Marine Corporation
5959 West Century Blvd.
Los Angeles, CA
(213-649-1222)

LAWRENCE LIVERMORE LABORATO

P—
oil storage

April 4, 1975

The Honorable Nelson A. Rockefeller
The Vice-President of the United States
Washington, D. C. 20500

Dear Nelson:

The following is a brief report on oil storage which is to supersede the material transmitted to you by telephone on March 28, 1975. The report was prepared with most active collaboration of my friends in Livermore. As you will see, substantial and relatively inexpensive storage for oil can be made available.

In addition to the short report, I am transmitting an appendix giving some details.

We should be most happy to answer any questions or to go into further details.

Sincerely,

Edward

EDWARD TELLER

ET:tw

OIL STORAGE REPORT

by

Edward Teller

Gary Higgins

Tom Palmeiri

Stuart Winter

April 4, 1975

OIL STORAGE REPORT

We have further investigated ways of quickly establishing a large oil storage capacity within the United States. Some of the numbers we communicated by phone have turned out to be too conservative. We now find that existing salt mines and presently available tanker ships could provide storage for 500 to 800 million barrels. This space would be available starting immediately for the ships and within six months for the mines.

Arab Imports

We now find that we are importing about two millions barrels per day from Arab countries. One million comes directly as crude oil and another million is shipped to intermediate countries where it is refined and then imported into the U. S. as a finished product.

Five hundred million barrels of stored oil, therefore, could completely replace all our Arab imports for eight months even in case of a totally effective embargo.

Shut-in productive capacity which could be turned on rapidly in non-Arab exporting countries (Venezuela, Nigeria, Indonesia, etc.) exceeds two million barrels per day.

Additional productive capacity also exists in the United States. Elk Hills could begin producing 130,000 barrels per day in three to four months, but availability of this oil appears limited by local pipeline capacity.

Storage

Oil Tankers – The most readily available storage is in empty tanker ships. According to persons at Global Marine Corporation and the Maritime Administration, the total idle tanker capacity amounts to 185 million barrels. As of January 1975, total worldwide orders for new ships would provide capacity for an additional 1000 million barrels. In the first message this figure was greatly underestimated. Some of these orders have been cancelled due to reduced shipping demand but for the near future it appears that the number of idle ships will continue to grow.

Chartering such space in the present depressed market would cost from $1.50 to $4.00/barrel/year depending on the availability. The cost would probably go up as the number of idle ships decreased. To purchase the ships would cost well over $10.00/barrel.

In addition to being used for storage, a large number of ships will be required to transport large quantities of oil to other storage sites.

Salt Mines and Wells – The second kind of available storage is in existing rock-salt mines and solution mined salt wells. People at Fenix and Scisson (mining and consulting engineers) and at the International Salt Company have said that space for 750 million barrels could be made available with little or no disruption of the nation's salt industry. These mines and wells are in Louisiana and Texas close to existing pipelines. Purchasing and converting them to oil storage use would cost from $1.00 to $1.50 per barrel. Conversion could be accomplished in two to six months.

Another storage option that could accomodate 100 million barrels within six months is the creation of man-made surface storage ponds. According to individuals in the Army Corps of Engineers such ponds could be excavated, lined and covered at a cost of $1.00/barrel. Some environmental problems may exist (for instance, due to dispersal by extremely strong winds) but such problems appear to be solvable.

Mines, other than salt mines, may provide additional storage space but the uncertainty about their tightness (ability to retain oil) and their distance from existing pipelines relegates them to a lower level of consideration.

Recommendations

We recommend the following actions:

(1) Begin leasing the needed ships.

(2) Make arrangements for the use of salt mines and wells.

(2a) As a contingency, make plans for establishing surface storage.

(3) Obtain the pipeline supplies that will be needed to move the oil to the storage sites and from Elk Hills to a refinery.

(4) Write an environmental impact statement for each form of storage. In the case of surface storage, some research may be necessary to obtain a suitable surface cover. This research should be initiated immediately.

Conclusions

For approximately one billion dollars and in approximately one-half year, substantial oil storage can be established in the United States. Since such storage would give us considerable leverage in any negotiations, it is recommended that serious consideration be given to the establishment of such storage.

APPENDIX

I. Mechanism of an Embargo

II. Background Information On Storage Options

III. Circulating Stocks

IV. Acknowledgements

APPENDIX

I. Mechanism of an Embargo

The following total productive capacities and shut-in capacities are relevant when one considers the possibility of an embargo.

	Total Productive Capacity (millions of barrels per/ day)	Amount Shut- (millions of barrels per/
Arab countries with low population (Saudi Arabia, Kuwait, Libya, Emirates)	21.1	9.8
Arab countries with high population (Iraq, Algeria, Egypt)	4.1	0.9
Non-Arab exporting countries (Iran, Venequela, Nigeria, Indonesia, Ecuador)	14.0	2.2

An embargo exclusively against the U. S. can therefore be replaced by presently shut-in wells from non-Arab countries. By increasing their shut-in capacity the Arab countries having low populations could create a worldwide scarcity which could make an embargo against the U. S. effective. It should be realized that this can be done only by a further decrease in production in the countries of low population where the percentage of shut-in capacity is already quite large.

Having available stored oil under control of the U.S. could decrease the threat of an embargo.

II. Background Information on Storage Options

We have divided our results into two categories. The first category includes existing volumes that can be readily converted into storage facilities. The second category suggests projects to construct new storage facilties. Because of the need for construction, more uncertainty is involved, and so these are listed separately.

Briefly our recommendations are:

I. EXISTING VOLUMES

A. Utilize presently available storage space in rock-salt mines.

Available Volume = 138 MMB

Time = 3 Months
Cost = $1.10/bbl

B. Utilize available space in solution-mined salt wells.

Available Volume = 612 MMB

Time = 2 Months
Cost = $1.30 - $1.50/bbl

C. Utilize available oil tankers for storage.

Available Volume = 100 MMB

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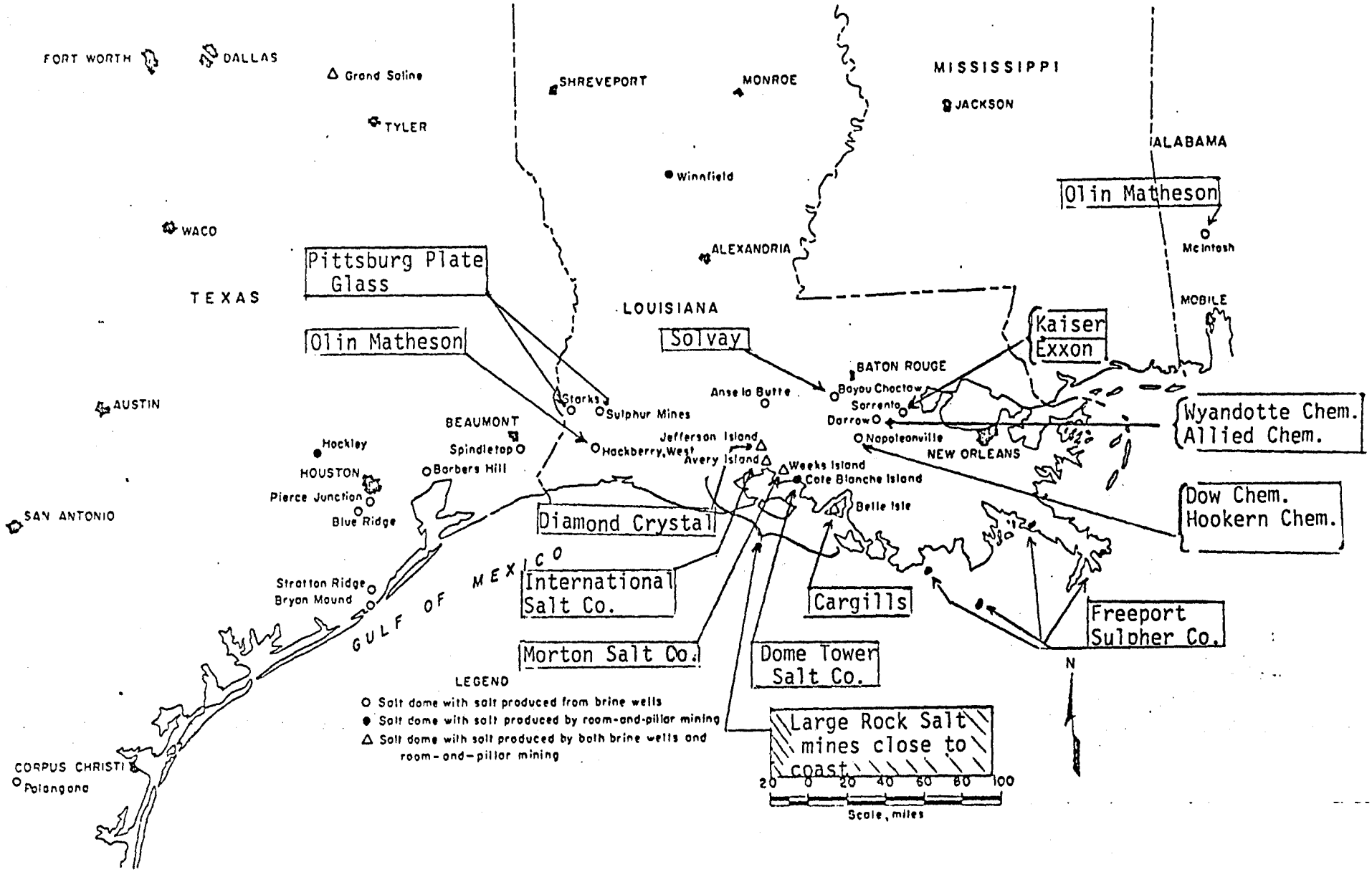

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(213-649-1222)

THE WHITE HOUSE FYI
WASHINGTON

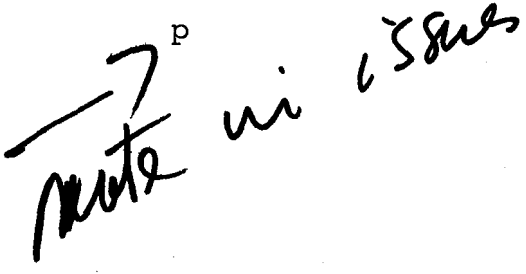
JMC:

Copies routed to

Dick Parsons

Mike Duval

P



THE WHITE HOUSE

WASHINGTON

April 10, 1975

MEMORANDUM FOR: JIM CANNON

FROM: MAX FRIEDERSDORF M.G.

Jim, this material was presented to me during a visit by Carl Wallace, a former top aide to Mel Laird and a very close friend of the President. I know that you will be interested in his position on these two issues.

April 10, 1975

Dear Carl:

It was a pleasure seeing you again yesterday and I appreciate your taking the time to stop by and give me your views regarding H.R. 3211, the Overseas Citizens Voting Rights Act of 1975, and H.R. 5055, the Energy Conservation and Conversion Act of 1975.

I certainly appreciate having the benefit of your thinking on these two matters and will advise other members of the President's staff of your views.

Please let me know whenever I can be of further assistance.

With cordial regard,

Sincerely yours,

Max L. Friedersdorf
Assistant to the President

Mr. Carl S. Wallace
Corporate Vice President
Purolator, Inc.
1800 K Street, N.W.
Suite 614
Washington, D.C. 20006

MLF:jg

cc: Jim Cannon w/inc.

Purolator, Inc.
1800 K Street, N.W., Suite 614
Washington, D. C. 20006
202 659-2750

Carl S. Wallace
Corporate Vice President

Max—

Enclosed is a copy of a letter I have sent to Barber Conable and several other members of the Ways + Means committee.

It seems to me that the intent of the President is to cut back on the consumption of gasoline, primarily by private individuals.

Companies such as Purolator Courier and Purolator Security are regulated by the I.C.C. and any essential products over established routes.

It would seem logical to me that regulated motor carriers should be exempt from any gasoline tax.

Carl

Purolator, Inc.
1800 K Street, N.W., Suite 614
Washington, D. C. 20006
202 659-2750

Carl S. Wallace
Corporate Vice President

April 3, 1975

Dear Barber:

It is my understanding that the markup of H.R. 5005, The Energy Conservation and Conversion Act of 1975, will begin shortly after Congress returns on April 7th.

Purolator Services, Inc., courier and armored car services, uses approximately 16 million gallons of gasoline a year, and you can readily see that a 5¢ per gallon gasoline tax would have a great effect on our business.

Purolator Security provides armored car service for the transportation of coin, currency, securities, food stamps, bullion, precious metals and other valuables. Purolator Courier provides expedited ground and air courier services throughout the United States and transports a wide variety of time-critical commodities, including cardio-vascular instruments, radioactive isotopes, blood, surgical arterial grafts, checks in the process of collection to and from Federal Reserve Centers and clearinghouses, and other urgent accounting data for banks. These companies carry essential products over established routes and are regulated by the I.C.C. and the Public Service Commissions in the various states.

We believe that all regulated motor carriers should be exempt from the proposed increased tax on gasoline. If the regulated motor carriers are not granted an exemption, we will have to request appropriate rate increases from the respective state Public Utility Commissions to offset the tax. It appears to me that this would be inflationary in nature, and I feel sure that this is not the intent of the bill.

I realize the complexity of dealing with inflation, recession, and the energy crisis but feel that the exemption of regulated motor carriers from the tax increase would be in the best interests of all the people in the United States.

I urge your support of this position as you consider this very important energy bill before the Ways and Means Committee.

Sincerely,

Carl S. Wallace

The Honorable Barber B. Conable, Jr.
The House of Representatives
Washington, D. C. 20515

• PHONE 202 - 833 - 1973

bipartisan committee
FOR ABSENTEE VOTING
1800K STREET N.W., WASHINGTON, D.C. 20006

April 3, 1975

Dear John:

On January 15, 1975, The Overseas Citizens Voting Rights Act of 1975, was introduced in the Senate by Senator Mathias (for himself, and Senators Pell, Goldwater, Bayh, Brock and Roth). An almost identical bill was passed by the Senate unanimously in the 93rd Congress.

On February 19, 1975, H.R. 3211 was introduced in the House of Representatives by Congressman Dent (for himself and Congressman Hays), and separate bills were introduced by Congressmen Frenzel and Gude. H.R. 3211 is identical to S. 95. The Frenzel and Gude bills are virtually identical. Hearings have been held by the Subcommittee on Elections, and this bill is expected to be referred to the House Administration Committee immediately following the Easter Recess.

As Executive Director of the Bipartisan Committee on Absentee Voting, I strongly urge your support of this bill. There are some 750,000 American civilians residing abroad who are barred from participating in Presidential or Congressional elections. Members of the military and federal employees overseas can vote in these elections, and I believe these private citizens should have the same rights. These private citizens are vitally affected by actions which the President and the Congress take, and they deserve to be represented in the Congress of the United States.

In the course of their stay overseas, Americans meet many more of the average citizens than our official representatives, both civilian and military, possibly can and certainly should be our best ambassadors. However, this becomes extremely difficult when they are confronted with a question such as, "If your country is so great, why aren't you allowed to vote?"

During the last Congress some of the Republican members of the House Subcommittee on Elections objected to the postcard registration feature and the payment of postage for overseas voters. These two objectionable features have been removed from the bills as introduced in the Senate and House.

I hope you will give this bill your wholehearted support when it reaches the House floor.

Sincerely,

Carl S. Wallace
Executive Director

The Honorable John J. Rhodes
The House of Representatives
Washington, D. C.

Hope Committee to report this -
with ~~will be Budd~~ Buttz & Wiggins
may oppose.

fication in either the threatened or endangered classes.

It might also be possible to amend the Act, giving a qualified but protected status to the species under study. This qualified status could be limited to a reasonably adequate study period, (such as, two years), or might protect the studied species on Federal lands, or on certain classes of Federal lands only. This alternative however, also raises the controversial issue of competing State and Federal powers over the management of wild animals, an issue which Mr. Widman of this office has discussed with your staff. It would appear desirable to have any potential legislative solution to this controversy developed before introducing an amendment to extend the coverage of the Act.

In regard to the specific problem of the grizzly bear, we have checked the matter with the Department of the Interior. As you know, during the court proceeding that Department agreed to initiate an independent study of the grizzly bear's status. We are advised that the final report of that study has now been submitted to Interior, and that Interior is planning to take appropriate action on the grizzly bear in the immediate future.

While the Council has no immediate suggestions for resolving all these issues, we would be happy to review any proposal which you might develop.

Sincerely,

RUSSELL W. PETERSON,
Chairman.

COUNCIL ON ENVIRONMENTAL QUALITY,
Washington, D.C., February 3, 1975.

HON. ROGERS C. B. MORTON,
Secretary of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: On December 30, 1974, notice of rule making appeared in the Federal Register regarding the threatened kangaroos. Similarly, on January 2, 1975, notice of proposed rule making appeared in the Register regarding the grizzly bear. This letter represents the Council's comments on those two actions.

We commend the Department of the Interior for taking these two actions. We realize that both have been highly controversial and there have been numerous delays and false starts. With these two actions, the Department is taking its first steps in public implementation of the Endangered Species Act of 1973, which was an important component of the Administration's Environmental Program. As a consequence, these two actions take on considerable significance as potential precedents.

In that regard, elements of the actions concern us greatly, particularly in light of the intent and substantive provisions of the Act.

Section 4(d) of the Endangered Species Act requires the Secretary of the Interior to promulgate "such regulations as he deems necessary and advisable *to provide for the conservation of such (threatened) species.*" (Emphasis added). Conservation is defined, *inter alia*, as ". . . to use . . . all methods and procedures which are necessary to bring any endangered species or threatened species to the point at which the measures provided pursuant to this chapter (the Act) are no longer necessary. Such methods and procedures included . . . research, census, law enforcement, habitat acquisition . . . and, *in the extraordinary case where population pressures within a given ecosystem cannot be otherwise relieved, may include regulated taking*" (16 U.S.C. 1532) (Emphasis added).

This language clearly restricts the use of regulated taking to the "extraordinary case" where population pressures cannot be otherwise relieved. In the absence of facts which clearly establish that the population pressures cannot be relieved in any other way, there would appear to be no basis for legally valid regulations on regulated taking. Also, the principal language establishes the goal of other regulations, to be promulgated, as the restoration of species to a non-threatened or non-endangered status.

In this regard, the regulations promulgated regarding the three species of kangaroo are not consistent with the letter or the spirit of the Endangered Species Act of 1973. The regulations purport to allow importation of taken kangaroos when (1) a sustained yield program is established that (2) is not detrimental to the survival of the species. Neither the "sustained yield program" nor the "not detrimental" test meet the statutory criterion, showing that population pressures cannot be otherwise relieved. Thus, we believe that the regulations should be revised or interpreted so as to be in keeping with the mandate of the Act.

The rules submitted with the proposed listing of the grizzly bear are also troublesome. One portion of the proposal indicates that de facto regulations will be promulgated which allow the taking (mostly by sport hunting) of up to 25 bears per year in the Bob Marshall Ecosystem. Again, in our view, the Secretary must first fulfill the statutory burden by showing that the proposed taking by hunting will be the "extraordinary case" which follows substantial attempts to relieve population pressures by other means. In our view, this test, again, has not been met and we believe that the regulations and proposal for final action should be revised accordingly.

One other portion of the proposed regulations concerning grizzly bears is also of special concern to us. The regulations pertaining to listing of grizzlies in the Yellowstone ecosystem state that depredating bears may be taken. Similarly, the de facto regulations for the Bob Marshall Ecosystem state that nuisance (including depredating) bears may be taken.

We feel that the regulations in both cases should clearly differentiate between bears causing depredations on public and on private lands. On public lands, no threatened grizzly bears should be taken except for clear reasons of human safety.

Grizzly bears, and in fact all endangered and threatened species, are valued highly by the people of this nation. Public lands are lands held in trust for all Americans, not just one or another special interest group.

Certain uses of these lands require specific regulation and are a privilege, not a right. Grazing and ranching are such uses. Thus, in determining which of such discretionary uses may be allowed or may have priority, the public land manager must consider the impact of the proposed use on other public uses or values of those lands. Where there are public values, particularly wildlife such as the threatened grizzly on public lands, it may be logically argued that if a livestock owner wishes the privilege of grazing domestic livestock on the same area, he must accept some losses from the wildlife as part of the cost of doing his business on that public land. In such a case the restoration of the threatened species should be recognized as having a greater public value than the economic return to the affected rancher. Considering this, we believe that taking of a threatened species committing depredations, or otherwise being a "nuisance," on public lands should be prohibited in any case not involving direct threats to human safety. In fact, we suggest that the intent of Section 7 (16 U.S.C. 1536) of the Act, inter alia, to prohibit taking (killing) of endangered or threatened species on lands belonging to all of the American people, in any situation where it cannot be shown that such taking represents the "extraordinary case where population pressures . . . cannot be otherwise relieved."

Again, we are aware of the deep commitment with which the personnel in the Department of the Interior have approached the preservation of endangered and threatened species. Implementation of this law will undoubtedly aid in protecting both endangered species and environmental quality throughout the U.S. and the world. In that regard, we hope our comments are helpful in further administration of the law and in achieving its objectives.

Sincerely,

RUSSELL W. PETERSON,
Chairman.

REBUTTAL TO CRITICS OF OVERSEAS VOTING LEGISLATION

Mr. GOLDWATER. Mr. President, it has been brought to my attention that some questions were raised recently at hearings by the House Subcommittee on Elections with respect to the constitutionality of legislation strengthening the voting rights of overseas citizens.

PRECEDENT OF 1970 LAW SUPPORTS FURTHER ACTION BY CONGRESS

Frankly, I cannot see any doubt at all about the constitutionality of the proposed law. It is a logical extension of a law on the same subject which I authored in 1970 and which was upheld as a valid exercise of Congress powers by the U.S. Supreme Court 6 months later.

This law is section 202 of the Voting Rights Act Amendments of 1970, which extended absentee registration and balloting rights to American citizens who were denied the right to vote because they were away from home on election day and were not allowed to register absentee or obtain absentee ballots. One of the stated purposes of the law, spelled out during Senate floor action on it, is the intent to facilitate the vote in Presidential elections for Americans outside the United States.

The law also struck down the durational waiting periods preventing Americans from voting for President and Vice President solely because they had made a change of households before the election. Section 202, in which these provisions were set forth, was upheld in *Oregon* v. *Mitchell*, 400 U.S. 112 (1970).

In overhauling State residence and absentee regulations in Presidential elections, Congress had relied upon at least four district grounds for the exercise of congressional authority. In the case of Oregon, the Supreme Court seized upon each of these justifications in holding for the validity of the statute.

First, section 202 rests upon Congress power to secure the rights inherent in national citizenship, which include the right to vote for Federal officers. Since these rights adhere to U.S. citizenship, rather than citizenship of a State, we acted to protect the rights under the necessary and proper clause of article I of the Constitution.

A related basis for congressional power was our design to protect the fundamental, national right of travel by a citizen.

A third basis of Congress authority that was asserted is our power to enforce

the privileges and immunities guaranteed to citizens of all the States. Here we were mindful of correcting the maze of conflicting State and local requirements applicable to Presidential elections which created a serious inequality of treatment among citizens of one State as compared with citizens of the other States.

Fourth, we viewed section 202 as an exercise of power under the 14th amendment. In this context, we were protecting against a discriminatory classification in voting made between citizens who were able to be physically present at the time of registration or voting and those who could not be present in person. Also, we considered the unfair classification made between citizens who were new residents and those who were longtime residents of a State or locality.

In light of similar laws in many of the States which indicated that States could satisfy their legitimate interests by the rules legislated in section 202, we in Congress could not find any compelling reason why a State should condition the right to vote for President on the duration of resident's physical presence or absence at the polls.

Eight members of the Supreme Court upheld Congress' power to adopt the uniform regulations of section 202. Justice Brennan, joined by Justices Marshall and White, rested his opinion squarely upon the "compelling interest" doctrine and Congress' power to enforce the 14th amendment by "eliminating an unnecessary burden on the right of interstate migration" (400 U.S., at 239).

Justice Douglas also upheld section 202 as a 14th amendment matter, but tied his opinion to section 1 of that amendment, the privileges and immunities clause.

Justice Stewart, jointed by Chief Justice Burger and Justice Blackmun, sustained section 202 on the ground of Congress' authority to protect and facilitate the exercise of privileges of U.S. citizenship under the Necessary and Proper Clause of Article I. He stated that the privilege of free travel, without loss of the right to vote, "finds its protection in the Federal Government and is national in character" (400 U.S., at 287).

Justice Black based his opinion sustaining section 202 on the final authority of Congress to make laws governing Federal elections and Congress' general powers under the Necessary and Proper Clause of Article I.

Only Justice Harlan believed section 202 was invalid on any ground.

The fact that the Court divided in choosing alternative grounds for upholding section 202 is argued by some as depriving the case of precedential weight. But what this restricted view overlooks is the fact that eight Members of the Court actually did unite on the principle that the jurisdiction of the States over matters normally considered as being within their primary domain is subject to the superior power of Congress to vindicate personal rights or privileges of citizenship which the Court has determined to be secured by the Constitution.

Moreover, Oregon clearly stands for the proposition that so long as Congress acts with a purpose of protecting these rights or privileges in a narrowly drawn manner, rather than with the purpose of passing general legislation over a State-reserved field, Congress possesses power to establish specific regulations attacking a particular problem in that field.

POWER OF CONGRESS RESTS ON WELL-SETTLED CASE LAW

Applying the above rules to the pending legislation on behalf of overseas citizens, I am confident Congress is on firm ground in proposing to expand the 1970 vote law to cover congressional as well as Presidential elections. The case law may be summarized as follows:

First. In the past 10 years there have been, at least eight Supreme Court decisions upsetting State and local election practices founded upon the principle of a strict judicial scrutiny under the 14th amendment of the State or local governmental objectives and methods. *Bullock* v. *Carter*, 405 U.S. 134, 144 (1972); *Dunn* v. *Blumstein*, 405 U.S. 330, 337 (1972); *Evans* v. *Cornman*, 398 U.S. 419, 424, 426 (1970); *Phoenix* v. *Kolodziejski*, 399 U.S. 204, 205 (1970); *Ciprian*o v. *City of Houma*, 395 U.S. 701, 704 (1969); *Kramer* v. *Union School District*, 395 U.S. 621, 628 (1969); *Harper* v. *Va. Board of Elections*, 383 U.S. 663, 670 (1966); and *Carrington* v. *Rash*, 380 U.S. 89 (1965).

Second. In at least three of the above cases, the Supreme Court has overturned State rules which were purported to be bona fide residence requirements.

In *Carrington* v. *Rash*, 380 U.S. 89 (1965), the Court overturned the use by Texas of an irrebuttable statutory presumption that excluded servicemen from the vote by classifying them as nonresidents.

In *Evans* v. *Cornman*, 398 U.S. 419 (1970), the Court struck down a Maryland statute which created a presumption that persons living on a Federal enclave within the State did not fulfill the residence requirement for voting in Maryland.

In *Dunn* v. *Blumstein*, 405 U.S. 330 (1970), the Court held unconstitutional the 1-year durational waiting period Tennessee had used as a precondition to voting in that State.

Ironically, Dunn, which overturned a State residence rule, is cited by opponents of the overseas voting bill for the proposition that such rules are immune from the reach of Congress. To the contrary, the Supreme Court observed in Dunn that:

> If it was not clear then [referring to 1965], it is certainly clear now that a more exacting test is required for any statute that "places a condition on the exercise of the right to vote." 405 U.S., at 337.

Thus, the Supreme Court has made it clear that the States may not use a bona fide residence rule in such a way that it could sweep an entire group of otherwise qualified U.S. citizens off the voting rolls, unless the restriction is proven necessary to promote a compelling State interest.

Third. The right to vote for national elective officers, including Members of Congress and Presidential electors, has been expressly recognized as a right directly secured to citizens by the Constitution.

Contrary to the blanket statement by opponents of overseas voting legislation that no Supreme Court opinions indicate the existence of any inherent constitutional right to vote in Federal elections, other than the lone opinion of Justice Black in Oregon, there are at least five Supreme Court decisions in which such a right has been specifically mentioned: *United States* v. *Classic*, 313 U.S. 299, 314, 315 (1941); *Twining* v. *New Jersey*, 211 U.S. 78, 97 (1908); *Wiley* v. *Sinkler*, 179 U.S. 58, 62 (1900); *In re Quarles*, 158 U.S. 532, 538 (1895); and *Ex parte Yarborough*, 110 U.S. 651, 663 (1884). (Also see the opinion of Justice Frankfurter in *United States* v. *Williams*, 341 U.S. 70, at 79 (1951).

In Twining, the Supreme Court plainly announced that:

> Among the rights and privileges of National citizenship recognized by this court [is] the . . . right to vote for National officers." 211 U.S., at 97.

Fourth. Opponents of overseas voting legislation argue that elections for Presidential electors may be State rather than Federal elections for constitutional purposes. This argument ignores the decision of *In re Quarles*, where the Supreme Court expressly stated that:

> Among the rights secured to citizens directly by the Constitution is "the right to vote *for presidential electors* or members of Congress." 158 U.S., at 535. (Emphasis added.)

These same critics mistakenly cite *Burroughs* v. *United States*, 290 U.S. 534 (1934), in support of their position. Burroughs specifically considers and rejects the very suggestion raised by the critics, holding that Presidential electors, "exercise Federal functions under, and discharge duties in virtue of authority conferred by, the Constitution of the United States." Id. at 545. Thus Burroughs actually can be cited as additional support for the power of Congress to legislate with respect to Presidential elections.

Fifth. Critics of overseas voting legislation assert that the liberty to travel abroad is seemingly not as absolute as the right of interstate travel. Again, the critics ignore the clear message of the Supreme Court.

In *Kent* v. *Dulles*, 357 U.S. 116, 126 (1958), the Supreme Court plainly equated the right of interstate travel with the right to travel abroad.

The Court stated:

> "Freedom of movement across frontiers in either direction, and inside frontiers as well, was a part of our heritage. Travel abroad, like travel within the country, may be necessary for a livelihood. It may be as close to the heart of the individual as the choice of what he eats, or wears, or reads. Freedom of movement is basic in our scheme of values." 357 U.S. at 126.

Far from taking a narrower view of Congress power to secure the vote to travelers abroad, than of its comparable power with respect to interstate travelers, the Supreme Court has given a broad protection to foreign travel. In Aptheker against Secretary of State, the Court considered freedom of movement abroad to

be of such great importance that the Court held this personal liberty paramount to a substantial governmental interest in restricting travel based on grounds of national security, 378 U.S. 500, 505, 508 (1964).

LEGISLATION IS CONSISTENT WITH BASIC SCHEME OF REPRESENTATIVE GOVERNMENT

In summary, it is clear the proposed overseas voting legislation is constitutional. Its object is to protect and facilitate the right of almost 1 million U.S. citizens to vote in Federal elections. These citizens have a direct and substantial interest in decisions and policies acted upon by the public officials chosen in Federal elections, the President and Vice President and Members of Congress.

Action by Congress is required if overseas citizens are to be brought within the basic system of representative government. No single State can guarantee the franchise to all or most of these persons. In order to establish a uniform process by which all or most overseas citizens can enjoy an equal opportunity to vote in Federal elections, it is necessary for Congress to enact appropriate implementing legislation.

The specific procedures which Congress uses in the pending overseas voting bill are, in general, derived from section 202 of the Voting Rights Act Amendments of 1970, which in turn were drawn from the proven practice of the States themselves. In section 202 we made a finding that these practices were applied by many States with respect to some of their residents without significant fraud or administrative difficulty in their own elections, and in the overseas voting bill we again make the same finding.

If some of the States can use these practices successfully for purposes of voting, and determining residence for voting, by certain citizens from such State, such as absentee servicemen and women and their accompanying dependents, then surely we in Congress may properly find that there is no compelling reason why all States should not use the same practices for protecting the vote of citizens with at least an equal nexus with the particular State. Whatever the interest of the States in more narrowly defining residence for purposes of purely State, county, and municipal offices, there is no compelling need for using a stricter test in Federal elections than the one set forth in the pending legislation.

I would remind critics of the proposal that the bill is not open ended. It only applies to Federal elections. It only covers U.S. citizens who have a past nexus, a domicile, in the particular State where they are seeking to vote in Federal elections.

Moreover, the absentee citizen must comply with all applicable qualifications and valid procedural requirements of a State. Each State will retain full power to test whether an applicant for absentee registration or voting first, is of legal age; second, is incapacitated by reason of insanity; third, is disqualified as a convicted felon; fourth, meets the prescribed time and manner for making application; and fifth, is accurate or truthful in making statements pertinent to the application, such as a claim to being last domiciled in such State prior to departure from the United States.

Thus, Congress can act, consistent with the highest standards of our constitutional system, to establish uniform, national practices securing the right of Americans abroad to participate in the choice of Federal officers whose decisions and programs affect them directly and substantially.

NATIONAL AIR AND SPACE MUSEUM

Mr. MOSS. Mr. President, having recently been appointed to be a member of the Board of Regents of the Smithsonian Institution, I was disturbed to read an article on February 28 in the Washington Post indicating that the construction of the National Air and Space Museum is experiencing a cost overrun.

Michael Collins, the Director of the museum, has set the matter straight in a letter to the editor of the Post published on March 10.

I ask unanimous consent that Mr. Collins' letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[Letter to the editor, Washington Post, Mar. 10, 1975]

MUSEUM'S COST

Your February 26 front page story concerning construction cost overruns states that the National Air and Space Museum will have a 6% overrun. While it may seem a small point, those of us working on this project are proud of the fact that there will be no overrun, in terms of either time or money. The building will be ready for its public opening in July 1976, as originally planned, and it will cost no more than its original $41.9-million price tag.

MICHAEL COLLINS,
Director,
National Air and Space Museum.
Washington.

Mr. MOSS. Mr. President, at my request, Mike Collins has provided me with background information on the status of the National Air and Space Museum construction. So that the record may be completely clear in this regard, I ask unanimous consent that the background statement be printed in the RECORD.

This major and important construction project, even though delayed for many years, is not overrunning.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT ON PURPORTED COST OVERRUN ON THE NATIONAL AIR AND SPACE MUSEUM CONSTRUCTION

GAO's report to the Congress of February 24, 1975, entitled "Financial Status of Major Civil Acquisitions, December 31, 1973" cites on page 27 that the National Air and Space Museum's current cost estimate of $41,900,000 exceeds by $2,400,000 (6 percent) the 1962 estimate of $39,500,000. While both of these amounts do pertain to this building, their comparison over this extended period is completely misleading. This comparison, however, since it is now a matter of record, deserves to be explained. There is no cost overrun against the funds actually appropriated for this project.

While an exhaustive search of historical records has not been undertaken, the following chronology and facts are clear.

1. The construction of a suitable building to house the Nation's air and space collections has been a long-awaited event. The act of August 12, 1946, establishing the National Air Museum, included provisions for a method of selecting a site for a National Air Museum to be located in the Nation's Capital. The act of September 6, 1958, designated the site for a building to be on the Mall from Fourth to Seventh Streets, Independence Avenue to Jefferson Drive, S.W.

2. During the period of the late 1950's and early 1960's, the Smithsonian Institution engaged in preplanning studies for this new museum building. During this period it was concluded, as part of the planning process, that the costs of such a building should not exceed $40,000,000, which the Institution believed would produce an outstanding building to commemorate American attainments.

3. A "Schedule of Building Projects" was included by the Smithsonian in both its FY 1962 and FY 1963 budget submissions to the Congress. The Schedule in the FY 1962 submission (page 32) projected the FY 1963 request for a planning appropriation of $1,820,000 and an FY 1965 construction appropriation of $37,680,000 for the NASM building. These two amounts total $39,500,000. The Schedule in the FY 1963 document (page 57) maintained the two amounts but slipped the Schedule to FY 1964 and FY 1966. This Schedule, dated January 2, 1962, would appear to be the source of the 1962 "original estimate" cited in the GAO report.

4. In 1963, the Smithsonian revised its cost estimate to $41,920,000, including a total of $1,875,000 for planning. Actual planning appropriations in the amounts of $511,000 and $1,364,000, for a total of $1,875,000 were made available to the Institution by the Interior and Related Agencies Appropriation Acts for the fiscal years 1964 and 1965, respectively. This planning was completed and the project approved by the Commission of Fine Arts and the National Capital Planning Commission. The cost of the building, built to those plans and specifications, was estimated to be $40,000,000 in 1965.

5. In 1966, the Congress enacted legislation authorizing the construction of the NASM but deferred appropriations for construction until expenditures for the Vietnam war had shown a substantial reduction.

6. By the early 1970's, when it appeared this project might be allowed to proceed, it was obvious that as a result of rising costs of labor and materials over the intervening years, the 1965 plans would now cost between $60 and $70 million to implement. Consequently, in its FY 1972 budget, the Smithsonian requested an appropriation of $1,900,000 for planning and redesign of the museum building with the goal of using the latest design and construction techniques to lower the cost of the building to $40,000,000—the estimate of ten years earlier. Those new planning funds were appropriated and the redesign completed and approved by the Commission of Fine Arts and the National Capital Planning Commission.

7. For FY 1973 the Institution requested a construction appropriation of $40,000,000. The Interior and Related Agencies Appropriation Act for that year provided an appropriation of $13,000,000 and contract authority for an additional $27,000,000. Appropriations to liquidate the contract authority were provided in FY 1974 ($17,000,000) and FY 1975 ($7,000,000) and are requested for FY 1976 ($3,000,000, the balance of the approved amount).

8. The construction of the new museum building started in the fall 1972, and is now

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

April 28, 1975

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Energy Options for May 1

FROM: Frank G. Zarb

THRU: Rogers C. B. Morton

STATUS OF NEGOTIATIONS

Since our meeting last week, we have vigorously pursued our negotiations with Congressmen Ullman and Dingell in an effort to reach agreement on basic differences. Both chairmen have been receptive to our concerns and the May 1 deadline and are proceeding in some favorable directions. At the same time, neither chairman seems to have complete control over his committee, overall progress is slow, and significant differences in approach still persist. The situation in each committee is briefly summarized in the following:

Ways and Means

The committee is moving towards a bill that will rely primarily on price effects and market forces to achieve our conservation goals. It is likely that the price effects will be approximately equal to the $2.00 tax fee in our program, but applied in a selective manner and phased in over a longer period of time. Specific provisions include:

- $1.00 per barrel import fee or 10% of the value of imported crude oil, whichever is higher.
- A lower fee for imported products (1/2 the crude oil rate for two years). Although we have argued for a higher fee for imported products to protect and stimulate domestic refining capacity, the committee's approach is a concession to the Northeast.

- An ad valorem tax on new autos, starting in 1976, based on auto fuel efficiency. The tax, which would be between 2-10% in 1977 and rise to 16% in 1980, has strong support in the committee and is viewed by the chairman as being popular throughout the House.

- A gasoline tax of an as yet undetermined amount. The tax is likely to start low in 1976 and rise to the 20¢ level in 1980.

- An industrial fuels tax that rises to $1.00 per barrel over a several year period.

In addition to these market mechanisms, the committee strongly favors the establishment of an import quota system to assure that domestic conservation savings result in reductions in imports and a standby Federal petroleum import purchasing authority. Although our efforts to delete these provisions to date have not been successful, primarily because the chairmen believe that these provisions will have to be included in any legislation that is to be successful in the House, we have been successful in convincing the committee to render the provisions essentially harmless.

Commerce Committee

Progress in the Commerce Committee is much slower and the conceptual directions much less favorable than in Ways and Means. Several important issues have been put off until next week or later, including decontrol of old oil, emergency storage and coal conversion. Although there is a general commitment to decontrol, any decontrol provision from this committee is likely to be phased in over a several year period (e.g. 3-5) and there are disturbing amendments that would roll back the price of new oil as part of any phased decontrol scheme. To date, the Committee has agreed on the following provisions:

- Establishment of a fixed level of consumption of gasoline at 98 percent of comparable months in 1973-1974. Although some Presidential discretion is allowed, this allocation approach could be large enough to result in noticeable physical shortages.

. Standby emergency authorities that require submission of contingency plans to the Congress for approval prior to their implementation.

Action in the Senate remains slow and is tending towards multi-tier crude oil pricing systems and reductions in new oil prices. Active consideration is also being given towards price ceilings on all new natural gas, including the intrastate market which is now unregulated. Unrealistic, mandatory conservation programs are also being considered.

OPTIONS FOR MAY 1 ACTION

Of the basic options regarding the May 1st deadline for the 60 days you provided Congress to develop an energy package, three appear to merit primary consideration:

. impose the second dollar on the import fee,

. take steps towards decontrol, or

. do both.

OPTION 1: Impose the second dollar of the import fee.

Unless the national security proclamation is further amended before May 1, the import fee will rise to $2.00 per barrel on crude oil and $.60 per barrel on products. This action will result in an immediate attempt to override your veto of legislation prohibiting any increase in fees after January 15, 1975. If the veto is not sustained, you will not be able to increase import fees for 90 days, the $1.00 already in existence will be rescinded, and our strength for the rest of the program could be eroded.

If, on the other hand, the veto is sustained, it would be a clear sign of strength and a ratification, however narrow, of the market approach to our energy problems. It is our judgment that the veto could be sustained by a slim margin if an all-out effort is launched, but it could go either way.

Imposition of the second dollar will place additional pressure on Ullman and possibly give the impression that the Administration is not happy with his progress to date or the direction of the Committee's bill, even though the Committee:

. is farther along than any other in the Congress,

- has agreed to let us keep the $1.00 now in effect,
- is moving toward other price mechanisms that would be comparable to your program in both magnitude and philosophy if not in specific application, and
- is likely to produce legislation that has perhaps the highest degree of probability of being acceptable to both the House and the Administration.

In spite of this signal, however, Ullman would be in a position to push his bill as a response to your action, arguing that his bill would effectively roll-back the second dollar while enacting other positive provisions. He might see this as a better response than a negative action to simply negate the second dollar by pushing for an override of the vetoed bill that would suspend your tariff authority for 90 days.

A decision not to impose the second dollar would express general satisfaction with Ullman's efforts, give him additional time to produce a bill, and avoid strong moves/pressures from the New England delegation. At the same time, the viability of one of our major action-forcing levers would be seriously undermined. Failure to impose the second dollar now in the face of a poor performance by the Congress might be an indication of the fact that we do not intend to use it in the future.

OPTION 2: Initiate decontrol procedures.

Under this option, the second dollar would be held in abeyance for an unspecified period of time (an always present threat if the Congress doesn't move) and a phased decontrol plan would be submitted to the Congress within 15 days (to allow for 10 days of public hearings) for its 5 day period to approve or disapprove such a plan. The phased plan, which would be a two year program designed to remove 1/4 of old oil from control every six months, would be comparable in approach if slightly faster in speed, than the approaches that have some support in the Commerce Committee.

Although this action could result in punitive legislation, it is a further compromise from your original proposal of immediate decontrol, it places us on a firm decontrol schedule if successful, and has considerable chances of being viewed as an acceptable solution by the Congress, particularly since it can be construed as an action by

the President. As one of the most critical pieces of your entire legislative program, a move on decontrol while holding the second dollar might enhance the chances for the decontrol plan to be approved. The New England delegation, at least, would not actively oppose the plan.

OPTION 3: Impose the second dollar and initiate decontrol proceedings.

This action which combines the basic advantages and disadvantages, opportunities and pitfalls, of options 1 and 2, would be a strong move by the Administration to re-energize the entire Congress on energy legislation.

The basic arguments for this option are two-fold:

- Although Ullman is making some progress, his legislation faces many steps and obstacles before final Congressional action. The likelihood of action on his bill and others by the Congress is remote over the next several months, and the chances of legislation highly objectionable to the Administration are good if we do not maintain a show of strength.

- If successful, this option would represent 90% of the economic components of your energy program, even though achieved in a less efficient manner. All that would essentially be lacking is a windfall profits tax.

The basic problems with this action center in its magnitude and force. Prospects for negative legislation, particularly on the tariff, are higher for this option than options 1 or 2.

RECOMMENDATION

Given the lack of progress by the Congress to date, the need for maximum pressure to keep the Congress from trying to avoid the tough decisions required by the nation's energy situation, and the problems being generated by continued controls on old oil, the ERC recommends that the following actions proceed on May 1:

- Announce the imposition of the second dollar if we are reasonably certain of being able to sustain your veto;

- Initiate decontrol proceedings.

If we cannot sustain the veto, then the ERC would recommend the second option - decontrol with an indefinite hold on the second dollar.

The ERC further recommends the following sequence of events leading up to the announcement of your decision:

1. Monday afternoon - President meets with advisers; no final decisions are made, and public statements indicate only that the President has met with his advisers to review the options.

2. Wednesday morning - President meets first with Republican leadership to inform them of his decision, and then with Ullman and Dingell, separately if option 3, together if option 2.

3. Wednesday afternoon - Public announcement of decision.

4. Thursday - Press briefing by President or by Zarb.