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THE WHITE HOUSE
WASHINGTON


July 21, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

FRANK G. ZARB

FROM:

JAMES E. CONNOR 

SUBJECT:

NEXT STEPS IN DECONTROL

The President has reviewed your memorandum on the above subject and approved the following option:

- "1. Veto H.R. 4035 on Monday and announce veto of 6 months extension if no agreement on Phase In"

Please follow-up with appropriate action.

cc: Don Rumsfeld

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK G. ZARB *3*
SUBJECT: NEXT STEPS IN DECONTROL

Background

The Congress has passed H.R. 4035, an extension of the Emergency Petroleum Allocation Act, which has now been enrolled. In addition to the six month extension of price and allocation controls, it rolls back the price of new oil to about \$11.30 per barrel and increases the Congressional review period on decontrol plans from five days to twenty days. This legislation is unacceptable. If it became law, it would result in 350,000 barrels per day greater imports than your 30 month decontrol plan.

Projected Sequence of Events

The next two weeks are still uncertain, but our best estimate of how events will unfold are summarized below:

<u>Date</u>	<u>Action</u>
Monday, July 21	- President vetoes H. R. 4035. - Press conference indicating that simple extension will also be vetoed if decontrol is disapproved.
Tuesday, July 22	- Thirty month decontrol plan is disapproved by either/or both Houses. - House decides on rule on a simple six month extension (a conference will probably not be needed).

<u>Date</u>	<u>Action</u>
July 23 - 25	- Simple extension passes and is enrolled.
July 25 - 28	- Veto statement on six month extension.
	- Presidential T. V. address.
	- Press conference on the economic impact s of immediate decontrol.

Options Regarding Timing and Possible Follow-Up Steps

The above schedule does not take account of two issues which should be considered:

Timing

There are two alternatives regarding timing of the veto of the 6 months extension combined with a major Presidential address on decontrol:

1. Before the President leaves for Europe.
 - This will leave time for the Congress to attempt to override the veto and react publicly before they depart.
2. After the Congress is in recess, but before the ten days expire on the simple extension.
 - Congress will not be able to override the veto before the recess, but the President will be out of the country when the address is delivered.

Possible Further Steps

If the President ultimately veotes a simple extension, it may be desireable for him to make one additional effort to reach an agreement with the Congress before the recess. Such a step could be undertaken in one of two ways.

1. Resubmittal of administrative decontrol plan by July 24, to allow the five days to elapse before the Congressional recess begins.

2. Submission of a 30 month extension combined with decontrol when the veto of the simple six month extension is announced.

Although neither option would likely be approved by the Congress, it may place the President in a better posture politically on immediate decontrol. The President would have tried one last time to avoid the full impact of decontrol. More importantly is the fact that it would put the final action back in the Congress' lap as they recess -- not in the President's.

Regardless of which option is chosen, we would not favor further substantive modifications of the decontrol plan at this time.

Summary of Options:

1. Veto H. R. 4035 on Monday and announce veto of 6 months extension if no agreement on Phase In Yes yes No
2. After rejection of President's Phase Out Program, submit Administrative program or legislative package to put burden back with them. (Ask to stay in session.) Yes No
3. Accept 6 months extension or work toward 30-90 day extension. Yes No
4. Veto 6 months extension and work for compromise after recess. Yes No
5. Decide now that we want abrupt decontrol and begin now to prepare for impacts. Yes No