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THE WHITE HOUSE
WASHINGTON

January 16, 1975

Bipartisan Leadership Breakfast, 8:00 a.m., Thursday, January 16, 1975

Members Present:

Speaker, Mansfield, Scott, Bob Byrd, Griffin, Moss (Ted), Curtis, Marsh, Hartmann, Loen, Vice President, Kendall, Friedersdorf, Rumsfeld, Burton, McFall, Michael, Rhodes

Absent:

Anderson (foreign trip), O'Neill

The President thanked those present for their cooperation and gave very brief summary of his views about yesterday's message. He urged them to move forward to consider the program recognizing there would be differences. Promised to cooperate with them.

Speaker Albert expressed his hope for cooperation by the Congress and promised speedy consideration on the tax proposal which he hoped would be to the President by 1 April. Cautioned the President about his veto promise insofar as creation of public service employment.

Senator Mansfield echoed the same cooperative attitude and praised the President's remarks including his Monday night address to the people. He pointed out that all recognized there would be differences but he felt there was plenty of common ground for workable compromises.



McFall indicated a concern about the President moving to the import levy on 1 February as having an adverse impact in an inflation sense. The President responded explaining the rationale for his proposal.

Byrd complemented the President's Message yesterday. Said it was a good delivery and that he liked the tax rebate proposal in a general way but did not agree with its across the board application.

Byrd commended the President's remarks in reference to foreign policy questions and the expanding role of the Congress in reference to the same. Felt the President's remarks were in order in this regard. He further pointed out that he favored some form of gas rationing. He felt this should be given serious consideration. He emphasized a need for coal research and requested a meeting with key people in the Administration handling this. The President recommended that Bob Seamans of ERDA meet with Byrd. Byrd indicated a desire to have this similar type meeting with House leaders. The final suggestion was that Seamans would meet with Byrd, Moss and counterparts in the House.

Scott suggested that Congress should sense the American attitude and it should be the Congress who should impose rationing.

The President stressed the need for (1) changing the auto emission standards; (2) development of Elk Hills; (3) amendments to the Clean Air Act to exploit further coal. The President stressed that these were three key proposals that required legislative action.

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Rhodes urged relaxation of standards on the use of coal and the speeding of licensing of nuclear plants by necessary legislation.

Moss urged gas rationing with some type of a time trigger that would either implement rationing or would take rationing off. He also said that we should use the Selective Service Boards as administrative agents to handle rationing.

Curtis warned that we should be careful that the conversion program does not impact adversely on our productivity. He pointed out that production was what was needed and that conservation measures could affect production of fertilizer and therefore food supplies.

The President urged deregulation of natural gas and indicated that this might run counter to Harley Staggers' views.

Byrd felt that maybe Harley Staggers might go along with some possible modified proposal on deregulation of natural gas.

Moss urged that we restrict natural gas and not permit it for use in industrial boilers.

The President said that new gas unless it is deregulated will not leave Texas or Louisiana and that it will cause the industry to move to that area of the country. He pointed out that the Clean Air Act restricts the conversion program for coal.



McFall urges that we apply regulation to intra-state gas as well, or at least look at it. He thinks that rather than full deregulation that we should talk in terms of controlled deregulation.

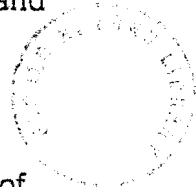
Rhodes pointed out that gas is a commodity that will have to seek its own level in the marketplace.

Byrd urged a modified approach on gas deregulation too. Byrd pointed out that the electrical users are the ones that are hard hit by no gas which in some instances require people to heat with electricity because gas is not available in new home construction.

Moss pointed out that with this exclusive commodity that gas states are engaged in a type of blackmail for the rest of the country. Several members commented on remarks that Senator Long had made in reference to his views on the monopoly that they enjoy on natural gas and how those who wanted it would have to pay the price. (Senator Long was not present.)

The Vice President pointed out these problems impost an opportunity and challenge and if we can lick them, we can assure the U.S. position at home and abroad. It is an exciting time and one where we should bend our efforts and energies to resolving these issues.

Griffin said the program really offers incentives for the development of other fuels. He questions whether we should resort to a rationing program.



Scott urged that we move toward some deregulation.

Speaker and others indicated that they had to leave because of the Democratic Caucus which would begin at 9:30, and the breakfast meeting adjourned at 9:15.

