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THE WHITE HOUSE

WASHINGTON

Date: 10/3

TO:

John Marsh

FROM: Robert K Wolthuis

For your information ✓

Please handle ✓

Other

Bob W
An excellent piece
of work!
John
Bob
10/4/25

BiPartisan Leadership Meeting
Thursday, September 25, 1975 Cabinet Room

President Controls ended Aug. 31, 1975. On Sept. 11 the House passed a 60-day extension. The Senate is talking 75 days with a limitation on my sending up phased decontrol until last 15 days or not sending up one at all. The House passed the Dingell bill with a 5 tier pricing mechanism. This goes to conference with S 622. There is no way an acceptable bill can come out of that conference. I favor 60-75 days of existing controls with time to negotiate. We've had no adverse reaction to decontrol. I took off the \$.60. That ought to make you happy Tip -- Smile. I am looking at taking off the \$2.00, but we are waiting on the OPEC meeting which is today. Price may go up 10-20% or we may see a compromise at 5-10%. Frank, would you like to add anything?

Zarb Mr. President, you covered all the points.

Speaker We passed 45 days by unanimous consent. If Senate passed 60 days we would probably take it.

Sen. Mansfield We met with Kendall and Zarb. Senator Muskie outlined his position and we took the Administration proposal to the Democratic policy committee. Reaction was not very good. I will take it to the Democratic Conference today.

Speaker 60 days is now moot. It actually is 30 days. No screams from producers.

President Frank will you update us on problems with propane, independent refiners and small retailers.

Zarb We must clarify if we are going forward with no controls or with the 4 legislative proposals. Most crude contracts have been "no price" contracts since controls went off. To date there has been no disruption. Some members are saying they would rather have disruption than the authority.

Speaker This will be hard on farmers and people renting in rural areas. Don't hold them hostage. It's like holding up the old age pension.



President These are relatively simple bills.

Zarb These give us authority to interfere with the market if necessary, primarily during the winter months.

Speaker They would be damn fools if they tripled price of propane.

Zarb Most dealers will try to hold down, but a few dealers may try to corner the market. If we have windfall profits tax, small refiners and propane we can take care of it.

Sen. Moss They want it all controlled -- natural gas propane. Hopefully we are close to getting the whole thing worked out.

Zarb The House bill is very bad. In current form it will cost us more in imports than we were paying three months ago. In the interim, simple remedies are in order. Politics notwithstanding, we must take care of short term needs.

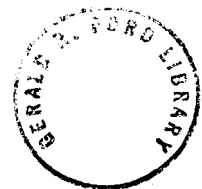
Moss The problem is bigger than just farmers and rural areas. It goes to the inner city.

President I will accept a 75 day extension. It's academic whether we should write into or take my word that I won't send anything up. I still think the 39 months with the \$11.50 phased cap is best approach. If we don't extend beyond the 75 days the whole thing will expire at the end of the 75 days.

Speaker The votes are just not there to get the 39 months. Right Tip?

O'Neill Your only chance was several months ago on the Krueger Amendment. Since then you have had an election in New Hampshire and this is a problem. Since then the Brown Amendment lost by 90 votes.

Speaker People don't want things changed. Congress is reading the public. People still don't think there is a shortage. If you take controls off or companies do, it will be a wild reaction.



Michel What does the President have to give?

O'Neill The average Congressman can't accept \$11.50. Zarb can't say a bill you worked on for 29 days is nothing.

President Forget whether \$11.50 or \$7.50 is right. The Arabs are going to raise prices 5-10% and 40% of what we buy is going up 5-10%.

O'Neill Bring in the Conference Committee and talk to them. You must give somewhere along the line.

President Is there a range of compromise within the range of Senate and House bills.

Zarb There is a range outside of both bills. \$11.50 is in the Senate bill.

Moss It's hard to say what Senate version might be. We are looking at compromise and it may be \$9.50. It contains natural gas.

President I won't rule out asking Conference to come down, but 66 months is over 5 years. In the end do we go to 5 years?

Scott Can we be sure that at the end of 5 years Arab oil won't be at \$20 per barrel.

Zarb One foreign embassy says they feel it will take the U.S. another 2 years to come to grips with the problem. We must see if Conference will really achieve our objectives.

President I will talk to Frank and I have no hesitancy in bringing them down here.

O'Neill Maybe if you bring them down you will hear the other side of the story.

President 39 months is more than half-way. We'll talk and we'll go half way.

Moss There is a sense of urgency and sharp difference of opinion. In 1 hour's time you could hammer it out. We should give the appearance of coming together.



Scott What motives they bring into the room is what counts. But if press conference is objective it will destroy concept of compromise.

Michel Why shouldn't conference meet and see if they can agree on some things in advance.

President Are you suggesting Ted that I wait a day or so?

[Moss Yes, wait until the Speaker calls you.]

President We have a serious problem and if we don't get something worked out, we all will have serious political consequences and it will hurt the country.

Michel You've been a conferee, Mr. President. The conferees should work out some agreement before they come down.

Sec. Morton You have a problem of synthetic fuels. It will cost a lot of money. We hurt investment in coal and synthetic fuels when you cap crude. It will dry up money for synthetics.

V.P. The Shah told me that he wants to set price of oil at the price of substitute fuels. If we go below world price we hurt synthetic fuels.

Speaker It is really a defense problem. Russia is now the number one producer of petroleum. The U.S. is second and Saudi Arabia is third. Russia has the greatest oil reserves.

V.P. We have twice as much oil as the Arabs in oil shale if we can produce it. There is much unreality here and a real security problem.

Moss One way to solve the problem is a pay and take situation. The Government can buy all oil produced from shale at \$12.00. I commend the President for announcing his program to go after alternate sources.

V.P. Real crunch will come if guy can't get supply. He will be willing to pay whatever price if the stuff is available.



O'Neill We need more than a one day cooling off period.

President I'll be available. We have a serious natural gas problem in 10 states over a short period. Senator Case has 11,000 workers affected. North Carolina has serious problems in textiles. Eight other states including Ohio will be affected.

Sen. Mansfield We will start on emergency bill today. I have given it to Hollings and others. Long may try to attach it. We hope to finish in 10 days.

Zarb Cong. Dingell held hearings, but we have more difficulties in the House than in the Senate.

Sen. Scott I recently talked to a pollster who polled in 14 states. He asked if people would rather have higher fuel prices and lower unemployment or lower fuel prices and higher unemployment. In all cases they preferred higher fuel prices and lower unemployment.

President Next 180 days will be critically important. Our proposal will allow users to go to producing states like Oklahoma and Louisiana to buy in the intra-state market and ship it in the interstate lines. If not we will have serious unemployment. We have alerted people, mayors, governors, Chamber of Commerce on a non-partisan basis to come and talk to their Congressman.

Speaker Is this unlimited competition in producing states?

V.P. No, it is simply to buy surplus in the intra-state market.

Speaker Is there much objection to that?

Moss Not much.

Speaker If we can keep plants going.....

Morton There is a fair amount of gas in sport markets and with this you would encourage conversion to other fuels in producing states.

Speaker Ted, you said you would put propane in a holding pattern.

Moss Only for 180 days.



President Carl, I appreciate your help on Turkey Aid in the Rules Committee. When is it scheduled for the Floor

Speaker Next Wednesday.

Cong. Anderson The opponents are using a new argument that we are meddling in the Turkish election. Therefore we should postpone the vote for another 30 days.

Speaker I received a scroll containing 130,000 names. It was a sad story. They told of their houses being taken and the crowded conditions. Sad part of the story is that the Turks did it.

Mansfield My daughter visited me and she has been talking to Brademas. She asked me why I voted like I did and I said because I'm pro-Greek.

President We should remember what potential action the Turks could take. They have talked about setting up a free and independent Turkish Cypriot nation on their part of Cyprus. This is the last thing the Greeks want. They have 30,000 troops on the island. Nobody can stop them. The U.S. can't. The U.N. can't. Only way to solve the problem is through an agreement. Everyone is hurt without it: The refugees, NATO, The U.S., and Greece

O'Neill What if you loose the vote? Wouldn't it be better to hold off 30 days.

President We must do it to solve the problems of NATO, our own interests and for Cyprus. Another delay and defeat will deteriorate to an intolerable situation.

V.P. You may get Ecevit back after the election.

Anderson NATO Gen. Secretary Luns told me if we want any credibility within NATO we must get it straightened out.

President Everyone has been told by the U.S. to negotiate. My credibility is on the line. We must do it promptly. If no progress, the embargo could be reimposed and there are many legislative vehicles available for that.



O'Neill I'm not the Devil's advocate. I'm only giving the facts as I see them.

Speaker John, Is our whip count completed?

McFall Not yet.

Michel Our side has improved.

V.P. Dean Alfange, former President of AHEPA, is working in Greek Community. He says to his Greek friends the only way to solve the refugee problem is to negotiate it. He is making some progress.

Scowcroft There is a new factor in Turkish vote. Demeril can go one of two ways. If we vote to lift the ban, he can take credit for getting it lifted or he can get tougher.

President We will work as hard as we can. Every part of the Administration will do its best. It must be done on a combined basis.
I want to point out that Israel has refused to sign the agreement until the U.S. Congress has acted. Egypt has signed.

Speaker The agreement will pass, but Israel should have signed.

President I agree, but they are not the easiest people to deal with.

Scott We are in executive session, but one group wants public disclosure of all papers. Perhaps a majority would accept submission of all secret papers to the Committee without public disclosure.

O'Neill Our committee hearings continue. I see no problem in getting it done. The committee feels they are not getting all the answers. We have not yet received the aid package from the Administration.

President We will withhold figures until we get approval of the 200 Americans agreement. If this is not approved, then we must reconsider our situation, because everything then is totally different.

O'Neill Why include the Pershing missile. Did we agree to it? Why didn't Schlesinger know? Will same occur in the Golan Heights?



President

The facts are these. In September Rabin saw me and discussed their need for military equipment. They submitted their MATMON-B shopping list. It requested Pershing missiles. We said then we would not consider Pershings because it was premature. Subsequent to the Sinai agreement they resubmitted the list and it included again the Pershing missile. We again said we would study it, but we have made no commitment. The Israelis are tough negotiators and they are requesting a lot of hardware. The study will be detailed and take time. There is no immediate prospect that the Pershing will be given to Israel. Defense saw the MATMON-B list last year and they saw the one submitted subsequent to Sinai. Pershing was in both requests. I don't know who at DOD saw the list.

Scott

I hope we don't draw down on U.S. stock.

President

DOD has been told we will not draw down on our own supplies. We won't do it. Israel knows it.

President

We are getting new weapons from our own manufacturers and Israel won't get priority ahead of U.S. They will not preempt U.S. procurement. They will not jeopardize U.S. security. They are well protected.

Scowcroft

There is real urgency of U.S. technician agreement. Israel and Egypt have a closing timetable at Geneva. Israel says this will have to be renegotiated. Sadat is taking much flak from Arab world. Delay in Congress gives Sadat detractors ammunition that the agreement is a lousy one.

Mansfield

Do technicians have to be considered separate and apart.

President

I will not send up the dollar figure until the technician is resolved. We have made a gamble for peace and if this doesn't go it will require substantial change in what we submit.

