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[redacted]

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MAY 19 1975

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THE WHITE HOUSE

WASHINGTON

May 19, 1975

MEMORANDUM FOR: JOHN O. MARSH
MAX L. FRIEDERSDORF

THRU: VERN LOEN VL

FROM: DOUGLAS P. BENNETT DPB

SUBJECT: Energy Tax Legislation

On Monday, May 19, the Rules Committee is scheduled to take up H. R. 439 - a resolution out of the Commerce Committee which would block the President from administratively decontrolling the price of "old" oil as announced a short time ago. Recalling that upon compliance by the Administration with the Administrative Procedures Act (notice hearings etc.) and the appropriate paper work forwarded to the Hill, either House of the Congress by resolution agreed to by majority vote may block the President from taking this action. This paper work will not be going to the Hill until the latter part of this week.

In addition to the five Republicans there are three Democrats whose Districts reflect oil interest - Long, Young and Sisk. In order to prevent this bill from being granted a rule, I have asked Waggonner and Burleson and they have agreed to approach these three individuals and also Delaney so as to arrange the votes against Rules' approval of this resolution. I believe there will be success in this effort.

On Tuesday the Rules Committee is scheduled to take up the Energy Tax Bill - H. R. 6860, the so-called Ullman bill - out of the Ways and Means Committee. Although this bill was reported out of Ways and Means by a 19-16 vote, in my opinion more than two-thirds of the members of that Committee are in opposition to that bill and will speak against it on the House Floor. The Committee provided no title for windfall profits tax, hence little hope of legislative inclusion of decontrol. The rule Ullman will be requesting will be a four-hour open rule, express provisions that no new titles may be added to the bill and all amendments must be printed in the Congressional Record by today.

Since the granting of such a rule would prevent the inclusion of decontrol/windfall profits tax, it is the Republicans desire to open up the rule further so as to allow amendments on this title. Barber Conable argued strongly in the Ways and Means Committee for this but the effort failed. Frank Zarb advises that he had a commitment from Ullman that the windfall profits tax would be taken up by Ways and Means so that it could be included in this bill. Frank feels he has reneged on this commitment.

The House Commerce Committee - John Dingell's Subcommittee on Energy and Power - reported out last week a package which includes decontrol over a five-year period (fundamentally acceptable to Zarb) and guidelines for a fairly stiff windfall profits tax. There is mixed emotion within the oil industry respecting the windfall profits tax. The steps being taken to include this title on the Floor are basically the same as above, i.e. get the oil state Democrats and the Republicans to agree to such a rule. Bud Brown, Ranking Republican on the Dingell subcommittee, will be introducing this title today. The potential problem is that the oil state people will find the windfall profits tax too tough and hence will be reluctant to take it to the Floor for fear the windfall profits tax will be made even more harsh.

With the objective of posturing the President so that if he decides to go forward with the second dollar of tariff, he has strong rationale for so doing, we are attempting to open up the rule, remain pure as Republicans, and probably witness a full House further diluting the Ullman bill so that it becomes completely unacceptable. In this connection, the whole thrust of the Ullman approach rests in a gasoline tax which can rise to a total of 23¢ a gallon. All of the other provisions in the bill are merely trappings. It is the widely shared concern that the gasoline tax will be struck on the Floor and leaving virtually a nothing bill.

oil decontrol [July 1975?]

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Bafalis
Bauman
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Boggs
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Breaux
Brinkley
Brooks
Broomfield
Brown (Mich)
Brown (CAlif)
Brown (Ohio)
Broyhill
Buchanan
Burgener
Burleson (Texas)
Butler
Byron
Casey
Cederberg
Clancy
Clausen
Clawson
Cleveland
Cochran
Collins (Texas)
Conable
Crane
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de la Garza
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Derwinski
Devine
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du Pont
Edwards (Al.)
English
Erlenborn
Esch
Eschleman
Findley
Fish
Flowers
Foley
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gibbons
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Hamilton
Hammerschmidt
Hansen
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Hungate
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Hall
Hanley
Harkin
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Harris
Hawkins
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Helstoski
Hicks
Holtzman
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Hughes
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Zablocki
Zeferetti

[July 1975?]

FACT SHEET - OIL DECONTROL

The President has indicated that he cannot accept an extension of price controls on oil past August 31 unless Congress approves his compromise plan to decontrol over 39 months prior to its recess.

The only way Congress can approve the President's compromise plan prior to recess is to reject H. Res. 641 - a resolution to disapprove the President's program. The only alternative to rejection is immediate decontrol on August 31.

Some Congressmen believe that a better approach to this issue is to approve H. Res. 641 -- to reject the President's plan administratively -- and then approve Rep. Krueger's amendment to H.R. 7014, an amendment that would legislate the President's 39 month compromise into law with a windfall profits tax.

This latter approach is not viable in the few days remaining before the recess. H. R. 7014 contains many controversial features that may not be resolved by Friday. The windfall profit tax has not even been developed. There is also the issue of how to move H.R. 7014 through the Senate before recess. Rep. Krueger has proposed to conference H.R. 7014 with S. 622, a bill that has never had hearings in the House and one that passed the Senate with only a narrow margin due to several controversial provisions. The House simply cannot accept such a measure without a full debate.

There is no need to even try to rush H.R. 7014 or S. 622 through the Congress before recess, even if it were possible. Acceptance of the President's decontrol plan by rejecting H. Res. 641 is only valid for 90 days under provisions of the Emergency Petroleum Allocation Act.

If the resolution is rejected, the President would accept a short extension of price controls and Congress would thus have additional time to complete H.R. 7014 with the Krueger amendment and an appropriate windfall profits tax. During this period, prices would be rolled back below current levels as a result of the President's administrative action. Immediate decontrol would be avoided.

If Congress could not resolve these issues by the end of 90 days, the President's administrative action would terminate unless approved by Congress for a second 90 day period. With this option, therefore, the Congress has a significant insurance policy.

Finally, it should be noted that the Administration has agreed to drop the import fee on residual fuel, heating oil and other products as part of the President's decontrol plan. Besides the price reductions already present in the President's compromise, this further action would reduce energy bills along the east coast and in areas such as California by $300 - 400 million per year.

[July 1975?]

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

FROM: Frank G. Zarb

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:

Date	Action
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).

Date	Action
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 impacts 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 a major Presidential announcement 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.

   no

   ° 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 vetoes a simple extension, it may be desirable 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 legislative 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 would 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, I would not favor further substantive modifications of the decontrol plan at this time.

[July 1975?]

REPUBLICANS

Senator	# times voting in support of administration	# times voting	Percent support
Bartlett FEA			
Bellmon HOLLY			
Brock KENDALL			
Dole KYL			
Fong KENDALL			
Garn FEA			
Griffin SPARLING			
Hansen FEA			
Helms SPARLING			
Laxalt KYL			
McClure HOLLY			
Tower STATE (McKENZIE)			
Young FEA			
Fannin FEA			
Hruska KENDALL			
Scott (Pa.) KENDALL			
Scott (Va.) FEA			
Stevens McKENZIE (STATE)			
Thurmond SPARLING			
Baker KENDALL			
Curtis HOLLY			
Buckley McKENZIE			
Goldwater KYL			
Taft KENDALL			
Hatfield FEA			
Packwood SPARLING			
✓ Pearson			
Percy [redacted] ZARB			
Beall SPARLING			
Weicker SPARLING			
Mathias KENDALL			
Roth KYL			
Brooke HOLLY			
Case KENDALL			
Javits			
Schweiker			
Stafford SPARLING			

DEMOCRATS

Senator	# times voting in support of administration	# times voting	Percent support
✓Gravel			
✓Long			
McGee STATE			
Montoya HOLLY			
Bentsen KENDALL			
Johnston FEA			
Allen HOLLY			
McClellan SPARLING/O'DONNELL			
Stennis FEA			
Nunn KENDALL			
Eastland FEA			
Chiles KENDALL			
Huddleston—			
Morgan—			
Cannon			
Abourezk			
Cranston			
Randolph SPARLING			
Sparkman STATE			
Stevenson			
Tunney			
Bumpers			
Burdick			
Byrd (W. Va.)			
Clark			
Culver			
Eagleton			
Ford			
Hart (Colo.)			
Hart (Mich.)			
Haskell			
Hathaway			
Jackson			
Mansfield			
McGovern			
McIntyre			
Mondale			
Muskie			
Nelson			
Pastore			
Pell			
Proxmire			

DEMOCRATS (continued)

Ribicoff
Stone
Symington
Talmadge FEA
Williams
Biden FEA
Church
Hollings
Humphrey STATE
Leahy
Magnuson
Moss
Glenn FEA
Inouye
Kennedy
Metcalf
Bayh
Hartke

THE WHITE HOUSE

WASHINGTON

July 12, 1975

MEMORANDUM TO: MIKE DUVAL/PAUL THEIS

FROM: JACK MARSH

I am sending this memo to you in rough draft. Concerning the decontrol statement, I submit the following:

1) Can there be some simple explanation of this complex problem. Most Americans do now know what decontrol means, because they don't know oil is presently controlled. Most Americans don't know what the President proposed in the State of the Union address. They only know that there is a problem on high cost and shortage of fuel.

2) Most of our citizens do not understand the economics whereby price increases achieve conservation.

3) At Page 2 before the paragraph reading "many members" add a phrase to indicate that he was asked to delay sometime ago.

4) In the same paragraph rewrite the sentence that "compromise has not been successful" by perhaps dropping the word compromise because it can be argued that he failed to agree thereby placing the burden of failure on the President.

5) Change the last sentence in the same paragraph to insert after "gamble", that will lead to...

6) Strike the word "spiraling" and identify what it is that is going down.

7) The last sentence on Page 2 is not clear. It appears to relate to the preceding sentence rather than to the "plan".

8) First sentence, Page 3 makes it appear that the President's veto will defeat the goal he seeks to achieve as stated in the last sentence, first paragraph, Page 1.

9) The last sentence, first paragraph, Page 3 appears that he can get what he wanted in the State of the Union address by exercising a veto which leads those who don't know the problem to ask why isn't that the course of action.

10) Paragraph 2, Page 3, by increasing of one cent per gallon in '75 and 2 1/2 cents in '76 is felt by the consumer immediately rather than in '78.

11) The last sentence, Page 3 does not sound like the President's language.

12) Page 4, strike "destiny" and substitute some other phrase or word.

In conclusion, anything that can be done to simplify the statement and make it more understandable to the man on the street would be helpful.

THE WHITE HOUSE

WASHINGTON

July 12, 1975

MR. MARSH:

Mike Duval said he'd like your comments, hopefully, by tomorrow. He'll be in his office tomorrow, Sunday, and this will be written up in final form Monday morning.

Connie

THE WHITE HOUSE

WASHINGTON

Jack.

May we please have your comments on this oil decontrol statement by 1^30^ pm Sunday.

Thanks.

Mike Duval

STATEMENT BY THE PRESIDENT

45 sec.

In order to reduce our growing dependency on foreign cartel oil, I will today send to Congress a compromise plan to slowly decontrol domestic oil prices. My plan will maintain price controls through January 1978, but gradually reduce them month by month.

I am also imposing a ceiling on domestic oil prices to ensure that the foreign cartel cannot continue to force up the price Americans must pay for American oil.

Finally, under my plan, every penny of increased oil prices will either be returned to the consumer or be used to increase our supply of domestic oil.

I am once again urging the Congress to quickly enact my energy taxes including a windfall profits tax, with plowback for domestic production.

In my State of the Union Address in January, I announced that I would take all price controls off domestic oil on April 1st. I decided that this was necessary for two essential reasons:

First, the Nation must conserve energy. Every barrel we do not use, because of conservation, makes us that much less dependent on foreign countries who already have the power to severely damage our country by withholding the energy we need. Decontrol of old oil would result in a small increase in the ~~cost of~~ average price of all petroleum consumed in the U.S., but this would induce conservation without the need for rationing or long gasoline lines.

Second, price controls are having the effect of discouraging domestic production. Government price control regulations have resulted in tying the hands of American industry and strengthening the hand of the foreign oil cartel. Decontrol will result in increased domestic oil production.

Some time ago Many members of Congress asked me to hold off my announced decontrol decision and to work with them to develop a compromise energy plan. Even though I saw our Nation becoming more dependent every day that went by as we talked instead of acting, I agreed to the delay and went right to work with the Congress in an attempt to develop a compromise. Unfortunately, these efforts at compromise have not been successful. As domestic oil production diminishes, and the appetite for energy consumption by the American people increases, we will continue to become more and more dependent on foreign countries. This is an unacceptable gamble that could lead with economic disaster.

My Administrative plan will reverse the spiraling downward trend the Nation is on because Congress has not passed sound energy legislation. However, the powers I possess under the current laws are limited. Thus Congress can, by a majority vote of either the Senate or the House of Representatives, prevent it from going into effect.

If Congress does block my plan, then I will be forced to veto an extension of the law which sets up these oil price controls. However, because I have agreed to a phased decontrol plan, plus the other steps I have announced to help the American consumer, I will agree to extend the price control act if it encompasses these important administrative provisions. This will allow us to maintain the ceiling I have proposed on domestic prices while we are phasing out of controls. If Congress says no to this reasonable compromise, then I will have no alternative but to veto the price control act extension, and we will end up with immediate decontrol as I proposed in January.

Each American should know exactly what my compromise will mean to ~~you~~ them individually. Under my phased decontrol plan, prices of petroleum products will only rise by slightly over 1¢ per gallon by the end of this year, by an additional 2 1/2¢ per gallon by the end of 1976, and it will by 1978 before the full effect is felt. I believe this is a reasonable price to pay to avoid being further hooked on the whims of a foreign oil cartel. I would like to be able to announce that we are going to do nothing to increase the prices you pay for the fuel you need. But if I were to do that -- no matter how popular it might be at the moment -- I would be condemning the country and each of you individually to a potentially disastrous future.

We have become addicted to foreign oil and we must pay a reasonable price now to break the habit and regain control over our own destiny.

[ca. 7/14/75]

FACT SHEET

THE PRESIDENT'S COMPROMISE OIL DECONTROL PLAN

THE PRESIDENT'S ANNOUNCEMENT

The President today announced a new compromise plan to gradually decontrol the price of old oil (oil now under federal price controls) over a 39-month period. In addition, the President announced for the same period a ceiling on the price of all uncontrolled domestic oil (other than from wells which produce less than 10 barrels per day which are currently exempted from controls) of approximately $11.50, increasing at $.05 per month beginning October 1, 1975.

The President also called for enactment of energy taxes including a windfall profits tax (with appropriate plowback provisions) and extension of the Emergency Petroleum Allocation Act to implement the decontrol plan. These actions will result in substantial energy savings, provide an incentive for expanding domestic production, and ultimately remove a complex and counter-productive set of regulations.

Under the President's plan, imports will be reduced and prices will increase gradually, but consumers will receive energy tax rebates. Phased decontrol will thus not impede economic recovery.

BACKGROUND

- The price of old oil is currently controlled at an average of about $5.25 per barrel, while the average price of new domestic oil is now uncontrolled and is about $12.50.

- Controlled oil currently represents about 60 percent of domestic oil production. New, released, and stripper well oil account for the remainder.

- Domestic oil production has been declining since 1970 (it is down 11% since early 1973) and is now about 8.4 million barrels per day (MMB/D), a decline of more than 500,000 barrels per day from last year (see chart 1).

- Imports are predicted to average about 6.5 million B/D, but are expected to rise to up to 7 MB/D by the end of this year, which is about 40% of domestic consumption.

- Imports are expected to grow to an average of more than 7.5 MMB/D in 1977, if no action is taken to reduce demand or increase supply. The added imports in the next two years are expected to come mainly from Arab nations and could double our vulnerability to an embargo (see chart 2).

- The Emergency Petroleum Allocation Act of 1973, which requires the control of prices and distribution of oil expires on August 31, 1975.

- None of the measures requested by the President almost six months ago in his State of the Union Address has been enacted by the Congress.

- The President originally proposed in his State of the Union Address immediate and total decontrol in April, 1975. In response to concerns expressed by some Members of Congress, on April 30, 1975, the President directed FEA to hold public hearings on a phased decontrol plan in May.

- The President submitted a 30-month decontrol plan to the Congress on July 14, 1975, which also contained a $13.50 per barrel ceiling on domestic oil. The 30-month plan was disapproved by the House of Representatives on July 22.

- Under provisions of the Emergency Petroleum Allocation Act, either House of Congress has five working days in which to disapprove a decontrol plan by majority vote.

OBJECTIVES OF THE PLAN

The plan announced by the President is designed to meet the following objectives:

- Achieve a major reduction in imports by providing an incentive to increase domestic production and by cutting demand through increased conservation.

- Reduce the power of foreign oil cartels to control the prices Americans pay for energy.

- Provide a compromise decontrol plan acceptable to the Congress.

- Remove over a 39-month period the complex, counter-productive, and administratively burdensome government redulations.

- Eliminate excessive oil company profits and minimize consumer and economic impact by rebating energy taxes.

PRINCIPAL ELEMENTS OF THE PLAN

Today's proposal by the President would gradually remove price controls from all currently controlled oil over a 39-month period beginning September 1 of this year and ending in November 1978. Under this plan, the amount of oil under controls is decreased by an additional 1.5 percent per month of a decontrol base production level (which is the average monthly production of old oil during April, May, and June of this year) for the first year beginning September 1, 1975, 2.5 percent per month for the second year; and 3.5 percent per month for the remaining 15 months.

The 39-month ceiling on prices for domestic crude oil proposed by the President would be equal to the old oil ceiling price plus $6.25 per barrel, for a total of approximately $11.50 per barrel.

Prices of domestic oil produced from stripper wells -- wells producing less than 10 barrels per day -- are not now controlled nor would they be under the President's proposal.

The President also announced that along with the decontrol plan, he would urge the Congress to enact his proposed energy taxes including a windfall profits tax with appropriate plowback provisions and to extend the Allocation Act with appropriate modifications to cover this 39-month decontrol period.

The President also called upon the Congress to enact the other critical conservation, domestic supply, and emergency standby measures which were included in his State of the Union proposals of January 15, 1975.

IMPACT OF THE PLAN

- On prices:

  The President's phased decontrol plan will increase the average petroleum product price (such as gasoline) by a cumulative amount of approximately:

  End of

  1975 - (.7¢)/gal.

  1976 - 1.7¢/gal. (total)

  1977 - 4.4¢/gal. (total)

- On Import Savings:

End of	Phased decontrol - alone	Phased decontrol, existing $2 import fee & other proposals by President
1975	30,000	260,000
1977	300,000	1,400,000
1978	550,000	1,950,000

CHART 1

DOMESTIC PRODUCTION OF CRUDE OIL

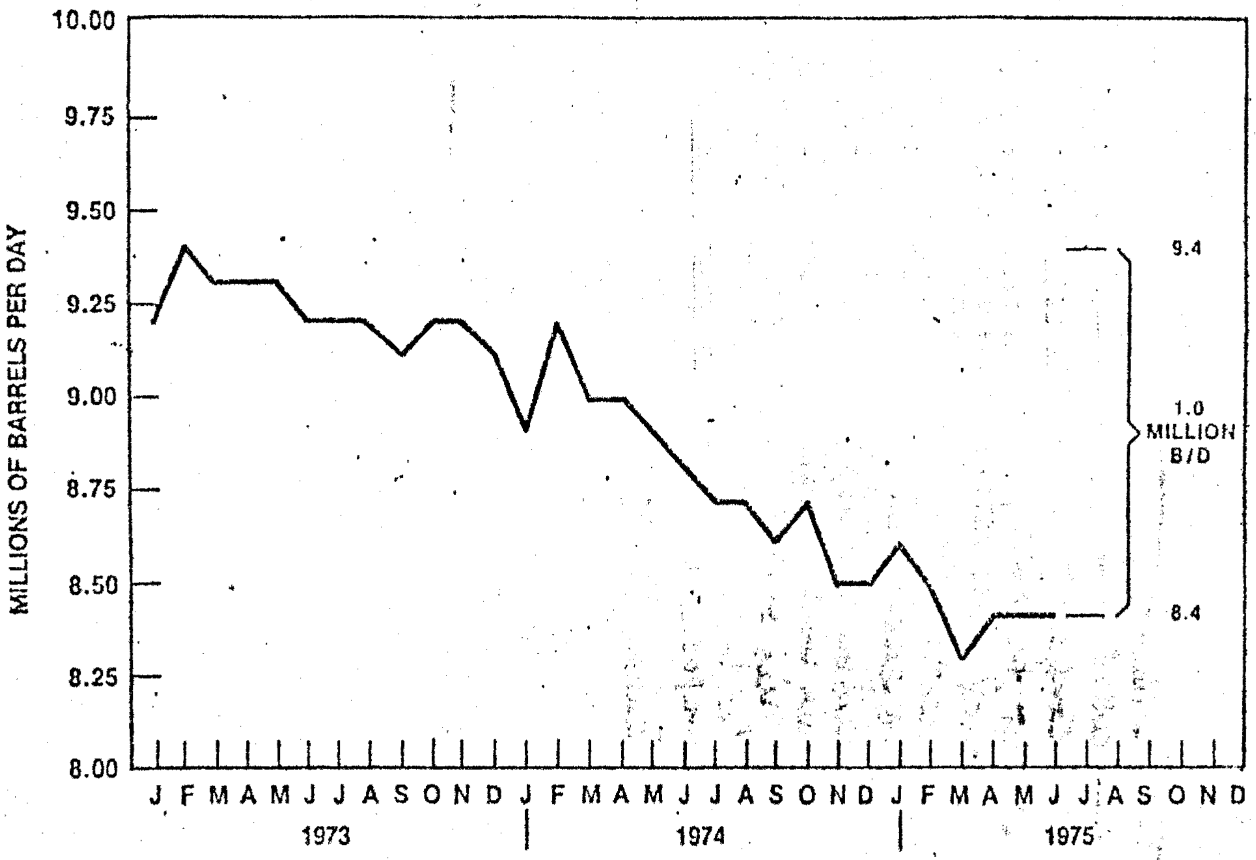
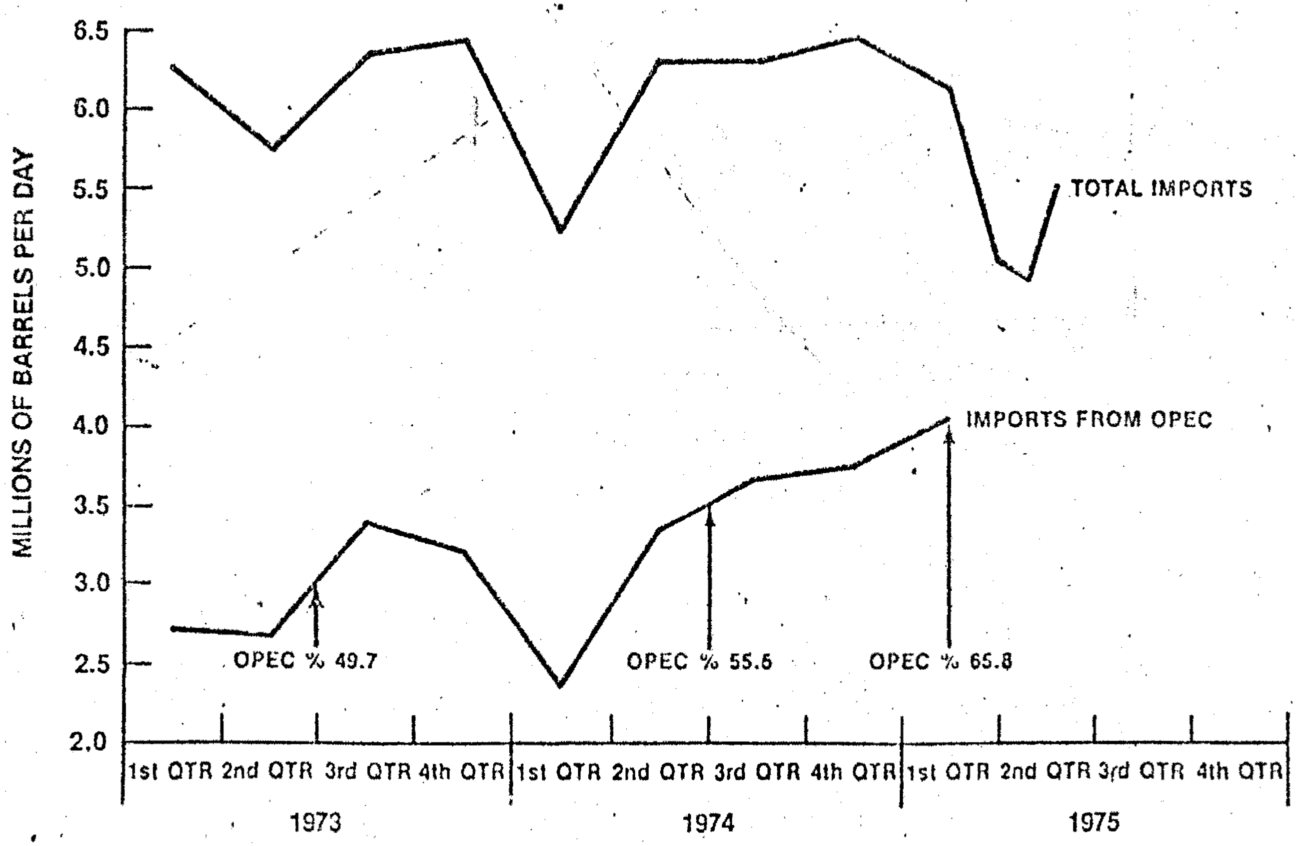


CHART 2

IMPORTS OF CRUDE OIL AND PETROLEUM PRODUCTS



EMBARGOED FOR RELEASE
UNTIL 9:45 A.M. (EDT)

July 14, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

This scares people. They wrongfully see life jacket going

To reduce our growing dependence on foreign oil, I will today send to the Congress a compromise plan to phase out remaining Government price controls on domestic oil by January, 1978.

During this period of decontrol, a price ceiling will be placed on all domestically produced oil to ensure that American crude oil prices cannot be dictated by foreign oil producers.

By removing these government controls, domestic production of oil will be stimulated and energy conserved. Decontrol and the import fees I imposed earlier will reduce our dangerous reliance on foreign oil by almost 900,000 barrels a day in just over two years.

There is no cost-free way to reduce our dependence on increasingly expensive foreign oil. Although gradual decontrol will result in a price increase on all petroleum products -- less than one and one-half cents per gallon by the end of the year and seven cents by 1978 -- this is a small price to pay for our independence from the costly whims of foreign suppliers.

If the Congress acts on this compromise, on my other proposed energy taxes, including the tax on excessive profits of oil companies, and on the energy tax rebates for the American consumer, then the burden of decontrol will be shared fairly. Our economic recovery will continue. We will be able to protect American jobs.

The problem is -- 60 percent of all domestic production is still price controlled at about $5.25 per barrel. This price discourages the use of new and more expensive production techniques. It encourages wasteful use of this limited domestic resource.

But the powers I possess under the current law to phase out controls are limited. Either the Senate or the House of Representatives can prevent gradual decontrol from going into effect.

I urge the Congress to accept this reasonable compromise. If it does not, my only alternative to ensure continued progress toward energy independence, will be to veto an extension of the oil price control law which will expire in August.

The plan I propose will gradually lift price restrictions on controlled oil and place a ceiling on all domestic crude oil prices.

more

GERALD R. FORD LIBRARY

We still have the choice of acting in our own best energy interests instead of reacting to decisions made by foreign countries. We must start thinking of the energy crisis in terms of American jobs, homes, food and financial security.

Our economic well-being and national security depend upon American control of the American economy. We cannot jeopardize the future by avoiding the tough energy choices today. We must pay the price necessary to give us command of our own economic destiny.

# # # #

EMBARGOED FOR RELEASE
UNTIL 9:45 A.M. (EDT)

Keep Handy

July 14, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

The President's Compromise Oil Decontrol Plan

THE PRESIDENT'S ANNOUNCEMENT

The President today announced administrative actions to gradually decontrol the price of old oil (oil now under federal price controls) over a 30-month period. In addition, the President announced for the same period a ceiling on the price of all uncontrolled domestic oil (other than from wells which produce less than 10 barrels per day which are currently exempted from controls) equal to the price of uncontrolled domestic crude oil in January, 1975, plus two dollars a barrel to account for the import fees already in place. This will be approximately $13.50.

The President also called for enactment of energy taxes including a windfall profits tax (with appropriate plow-back provisions) and extension of the Emergency Petroleum Allocation Act to implement the decontrol plan. These actions will result in substantial energy savings, provide an incentive for expanding domestic production, and ultimately remove a complex and counter-productive set of regulations.

Under the President's plan imports will be reduced and prices will increase gradually, but consumers will receive energy tax rebates. Phased decontrol will thus not impede economic recovery.

BACKGROUND

-- The price of old oil is currently controlled at an average of about $5.25 per barrel, while the average price of new domestic oil is now uncontrolled and is about $13.00.

-- Controlled oil currently represents about 60 percent of domestic oil production. New, released, and stripper well oil account for the remainder.

-- Domestic oil production has been declining since 1970 (it is down 11% since early 1973) and is now about 8.4 million barrels per day (MMB/D), a decline of more than 500,000 barrels per day from last year (see chart 1).

-- Imports are predicted to average about 6.5 million B/D, but are expected to rise to up to 7 MMB/D by the end of this year, which is about 40% of domestic consumption.

-- Imports are expected to grow to an average of more than 7.5 MMB/D in 1977, if no action is taken to reduce demand or increase supply. The added imports in the next two years are expected to come mainly from Arab nations and could double our vulnerability to an embargo (see chart 2).

more

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-- The Emergency Petroleum Allocation Act of 1973, which requires the control of prices and distribution of oil expires on August 31, 1975.

-- None of the measures requested by the President almost 6 months ago in his State of the Union Address has been enacted by the Congress.

-- The President originally proposed in his State of the Union Address immediate and total decontrol in April, 1975. In response to concerns expressed by some Members of Congress, on April 30, 1975, the President directed FEA to develop a 25-month compromise decontrol plan. The Federal Energy Administration held public hearings on this proposal in May.

-- Under provisions of the Emergency Petroleum Allocation Act, either House of Congress has five working days in which to disapprove a decontrol plan by majority vote.

OBJECTIVES OF THE PLAN

The plan announced by the President is designed to meet the following objectives:

-- Achieve a major reduction in imports by providing an incentive to increase domestic production and by cutting demand through increased conservation.

-- Reduce the power of foreign oil cartels to control the prices Americans pay for energy.

-- Provide a compromise decontrol plan acceptable to the Congress.

-- Remove over a 2-1/2 year period the complex, counter-productive, and administratively burdensome government regulations.

-- Eliminate excessive oil company profits and minimize consumer and economic impact by rebating energy taxes.

PRINCIPAL ELEMENTS OF THE PLAN

Today's proposal by the President would gradually remove price controls from all currently controlled oil over a 30-month period beginning August 1 of this year and ending in January 1978. Each month the amount of oil under controls is decreased by an additional 3.3% of a decontrol base production level (which is the average monthly production of old oil during April, May and June of this year).

The 30-month ceiling on prices for domestic crude oil proposed by the President would be equal to the highest price charged for a particular uncontrolled domestic crude oil in the month of January 1975, plus $2.00 per barrel -- the current import fee -- for a total of approximately $13.50 per barrel.

Prices of domestic oil produced from stripper wells -- wells producing less than 10 barrels per day -- are not now controlled nor would they be under the President's proposal.

more

The President also announced that along with the decontrol plan, he would urge the Congress to enact his proposed energy taxes including a windfall profits tax with appropriate plowback provisions and to extend the Allocation Act with appropriate modifications to cover this 30-month decontrol period.

IMPACT OF THE PLAN

-- On Prices:

The President's phased decontrol plan will increase the average petroleum product price (such as gasoline) by a cumulative amount of approximately:

End of		
1975	-	1¢/gal.
1976	-	4¢/gal.
1977	-	7¢/gal. (Total)

-- On Import Savings:

(barrels per day)

End of	Phased decontrol	Phased decontrol and existing $2 import fee
1975	25,000	175,000
1977	300,000	900,000

# # # #

CHART I

DOMESTIC PRODUCTION OF CRUDE OIL

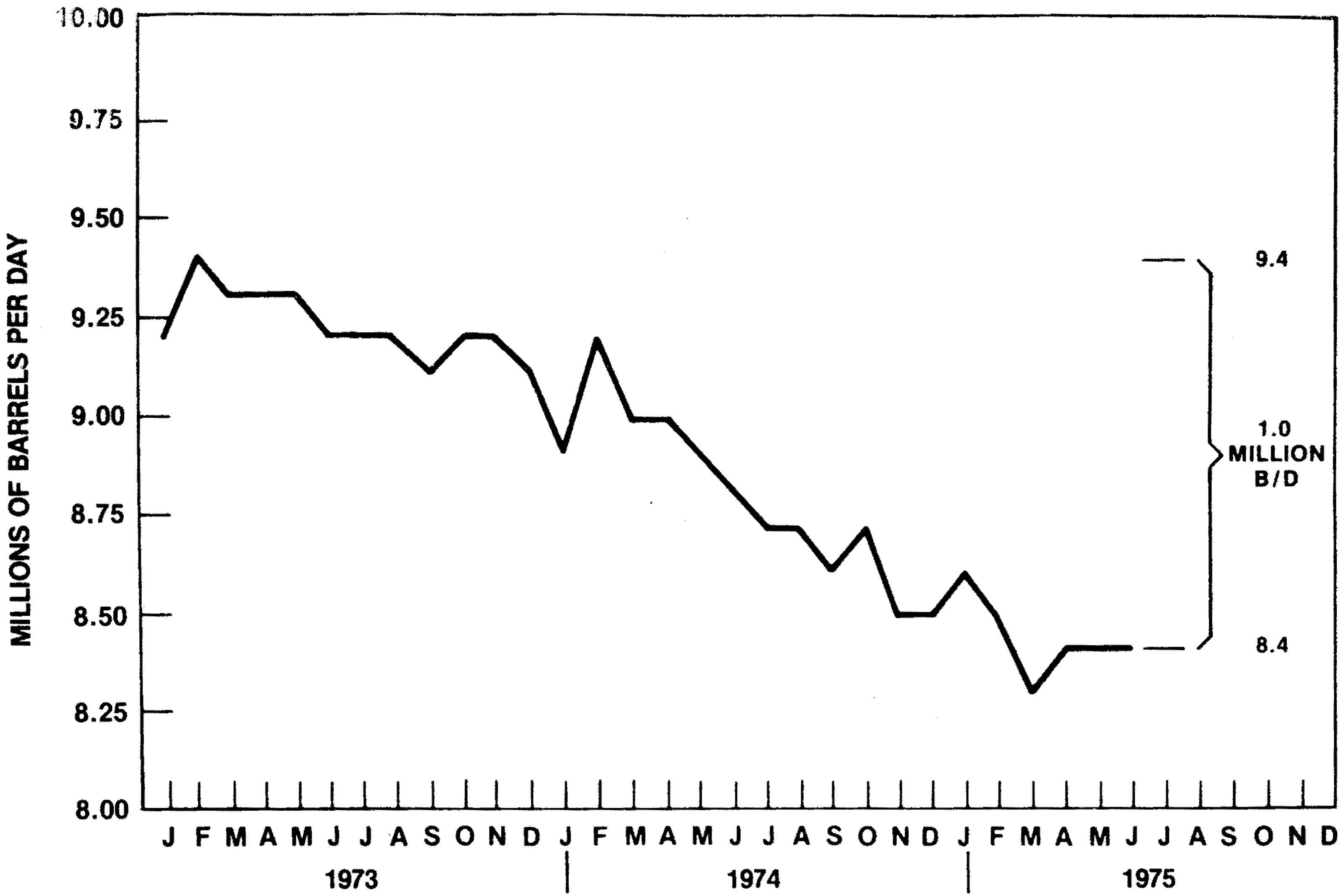


CHART 2

IMPORTS OF CRUDE OIL AND PETROLEUM PRODUCTS

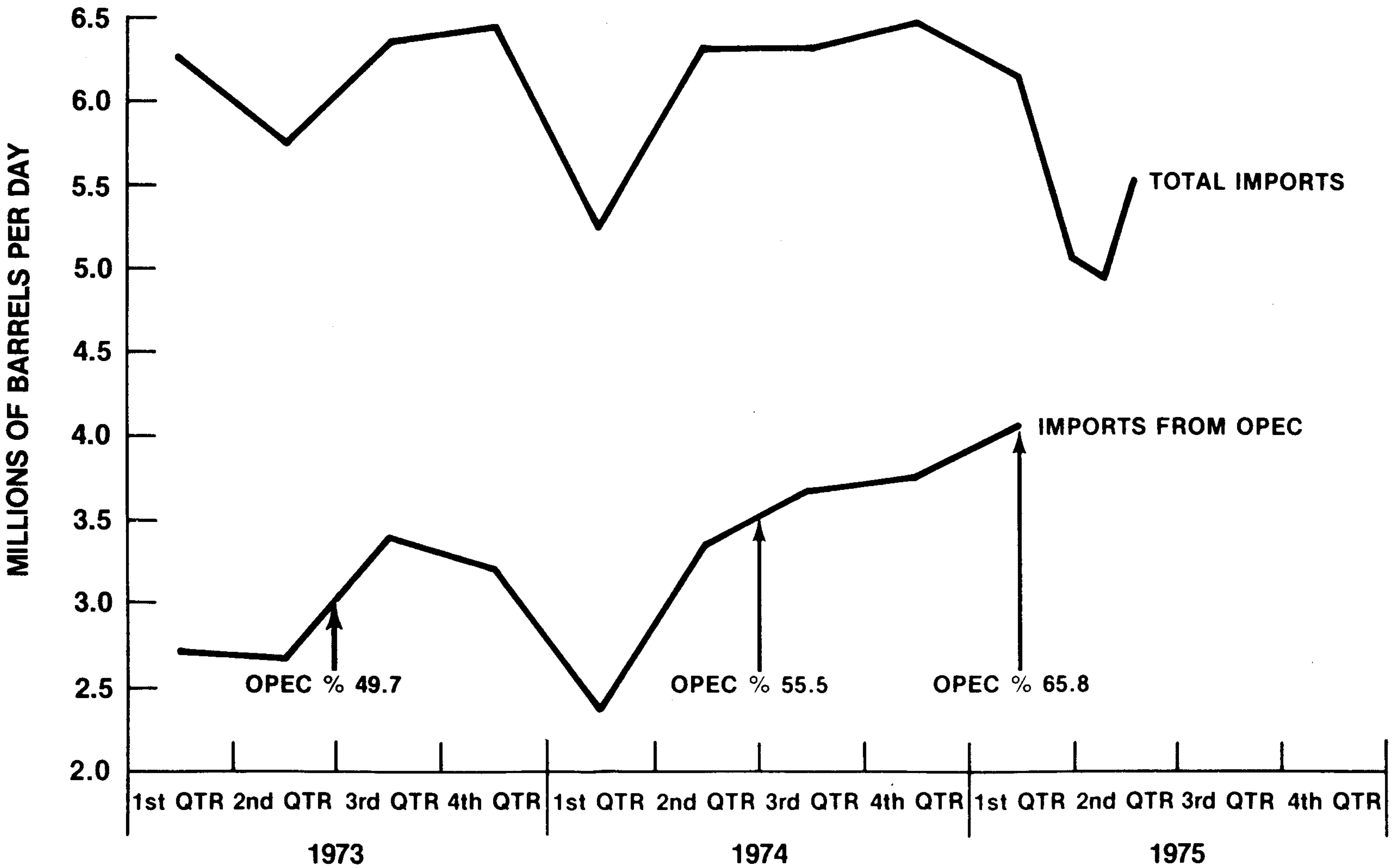
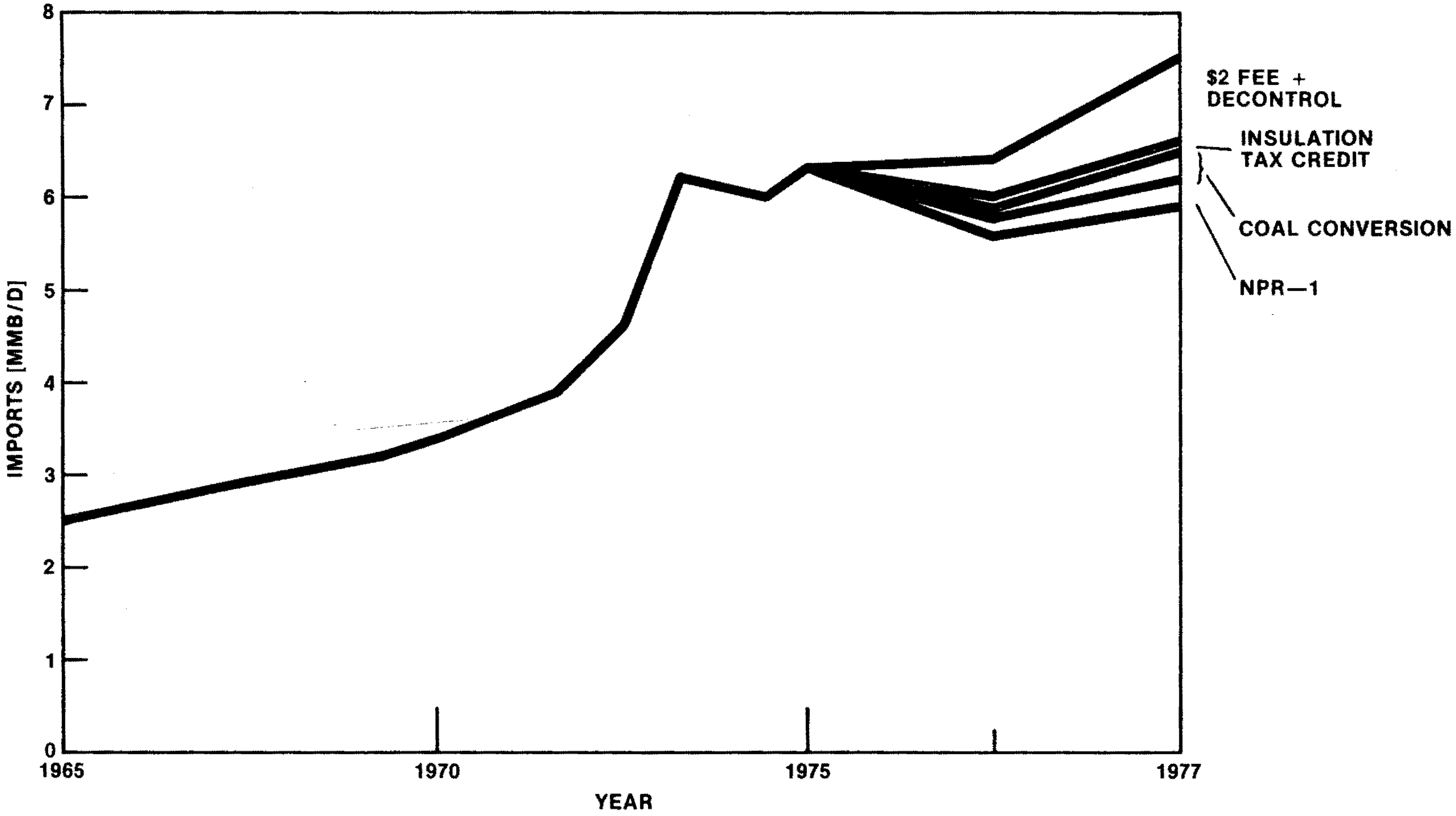


CHART 3

EFFECTS OF PRESIDENT'S PROPOSALS



cisions if we are allowed to have other tes.

There is a strong desire on the part of any Senators, if not all Senators, on is side to look at each issue as it comes, compromise where compromise is possible, to vote with the other side wherever iat is possible within one's conscience n these issues. I think that should be oted in terms of the very close vote that ıst occurred.

Mr. HUGH SCOTT. Mr. President, I ontinue to say that there are issues n which we should consider possible tipulation, possible compromise. This learly was one of them. This and the ıext one are the ones made by the Washngton Post.

It is no wonder that the majority wants to steamroller us, not only on this issue but on the next one as soon as they can get to it, because that knocks out the one possible proposal of compromise that might have had some merit here that we could have gone into.

In answer to the charge that there was no steamroller, indeed there was. This issue passed, just before the announcement of the vote, by a majority, I believe, of three votes. Then four votes were changed. Of course, I would never, ever, refer to how they were changed, but four votes were changed.

Mr. SYMINGTON. Will the Senator yield?

SEVERAL SENATORS. Regular order, Mr. President.

The PRESIDING OFFICER. The Senator's minute has expired.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. Symington have 1 minute.

Mr. MOSS. Mr. President, reserving the right to object.

Mr. HUDDLESTON. I object.

The PRESIDING OFFICER. The objection is heard.

EMERGENCY PETROLEUM ALLOCATION EXTENSION ACT OF 1975

The Senate resumed the consideration of the bill (S. 1849) to extend the Emergency Petroleum Allocation Act.

The PRESIDING OFFICER. The Senate will now proceed to vote on S. 1849, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 1849) to extend the Emergency Petroleum Allocation Act.

The PRESIDING OFFICER. The question is, Shall the bill, as amended, pass? The clerk will call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Indiana (Mr. HARTKE), the Senator from Minnesota (Mr. HUMPHREY), and the Senator from Montana (Mr. METCALF) are necessarily absent.

I further announce that the Senator from Ohio (Mr. GLENN), and the Senator from North Carolina (Mr. MORGAN) are absent on official business.

I further announce that, if present and voting, the Senator from Ohio (Mr. GLENN), the Senator from North Carolina (Mr. MORGAN), the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Vermont (Mr. LEAHY) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) is absent on official business.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "nay."

The result was announced—yeas 62, nays 29, as follows:

[Rollcall Vote No. 281 Leg.]

YEAS—62

Abourezk	Hart, Philip A.	Nelson
Allen	Haskell	Nunn
Beall	Hathaway	Pastore
Bentsen	Hollings	Pearson
Biden	Huddleston	Pell
Brooke	Inouye	Percy
Bumpers	Jackson	Proxmire
Burdick	Javits	Randolph
Byrd, Harry F., Jr.	Johnston	Ribicoff
Byrd, Robert C.	Kennedy	Roth
Cannon	Leahy	Schweiker
Case	Magnuson	Sparkman
Chiles	Mansfield	Stafford
Church	Mathias	Stennis
Clark	McClellan	Stevenson
Cranston	McGovern	Stone
Culver	McIntyre	Symington
Eagleton	Mondale	Talmadge
Ford	Montoya	Tunney
Hart, Gary W.	Moss	Weicker
	Muskie	Williams

NAYS—29

Baker	Garn	McGee
Bartlett	Gravel	Packwood
Bellmon	Griffin	Scott, Hugh
Brock	Hansen	Scott, William L.
Buckley	Hatfield	Stevens
Curtis	Helms	Taft
Dole	Hruska	Thurmond
Domenici	Laxalt	Tower
Fannin	Long	Young
Fong	McClure	

NOT VOTING—8

Bayh	Goldwater	Metcalf
Eastland	Hartke	Morgan
Glenn	Humphrey	

So the bill (S. 1849), as amended, was passed as follows:

S. 1849

An act to extend the Emergency Petroleum Allocation Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SHORT TITLE

SEC. 101. This title may be cited as the "Emergency Petroleum Allocation Extension Act of 1975".

EXTENSION OF MANDATORY ALLOCATION PROGRAM

SEC. 102. Section 4(g)(1) of the Emergency Petroleum Allocation Act of 1973 is amended by striking out "August 31, 1975," wherever it appears and inserting in lieu thereof "March 1, 1976,".

TITLE II

SEC. 203. Section 11(c)(2) of the Energy Supply and Environmental Coordination Act of 1974 is amended by adding the following new subparagraph:

"(E) Price trends and related developments for coal and for other major energy sources which are not subject to direct price regulation at any level by the United States Government. As soon as practicable after the date of enactment of this subparagraph and at such times thereafter as he deems appropriate, the Federal Energy Administrator, after consultation with such other persons and agencies as he deems appropriate, shall provide an assessment of the relationship between price trends and related developments for energy sources covered by this subparagraph and energy policies, including any recommendations he may have in connection with such assessment.".

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the bill, as amended, was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of S. 1849.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS ON S. 1849

EXTENSION OF EMERGENCY PETROLEUM ALLOCATION ACT

Mr. MOSS. Mr. President, I rise in support of S. 1849, extension of the Emergency Petroleum Allocation Act. Passage of the bill is vital to protect consumers from unjustifiable oil company price increases, to preserve the positive trends we have seen recently in the inflation rate, and to prevent a new explosion of job layoffs in industry.

At the outset, I want to make clear that our ultimate goal must be to restore free markets in energy. Free markets are unquestionably a more efficient allocator of economic resources and a more effective protection against unfair prices than Government regulation can ever be. It is equally clear, however, that there is not a free market in oil in the United States today. The price of oil, left unregulated by the Federal Government, is pegged to the monopoly price set by the OPEC cartel. That price is now around $13.40 per barrel, and every indication points to at least another $2 per barrel increase in the fall when the OPEC oil ministers again meet.

If the Emergency Petroleum Allocation Act is not extended, the Government's authority to control oil price increases will lapse on August 31. There will quickly follow a series of petroleum price increases which would be disastrous for the consumer, the farmer, business and the economy as a whole. At present, about 40 percent of our domestically produced oil sells at the OPEC level, $13.40. The end of price controls will mean a rise in the other 60 percent from its present price of $5.25 per barrel to the $13.40 monopoly level. That will mean increases in the price of gasoline which will make the 4 cents rise of July 4 seem like peanuts. And gasoline price hikes are only the beginning.

The price of food will skyrocket, because agriculture—as every farmer knows—is energy-intensive, and fertilizer is made from petroleum products.

Home heating and electric utility bills will continue to skyrocket upward—up nearly 25 percent this past year.

The cost of all goods and services will inflate because of increased transportation and material costs.

The President has belatedly recognized that instant decontrol of oil prices is a prescription for economic disaster. I am glad to see him now supporting an

Tally Sheet Decontrol — Will you vote against the resolution and for the President's plan? **94th Congress**

Western and Plains (Talcott)

	Yes	No	Und.	N/R
California				
Bell	/			
Burgener	/			
Clausen	/			
Clawson	/			
Goldwater	/			
Hinshaw	?			
Ketchum	/			
Lagomarsino (ARW)	/			
McCloskey	/			
Moorhead	/			
Rousselot	/			
Talcott	/			
Wiggins	/			
Wilson	/			
Pettis	/			
Alaska				
Young	/			
Arizona				
Conlan			/	
Rhodes	/			
Steiger	/			
Colorado				
Armstrong (ARW)	/			
Johnson			/	
Idaho				
Hansen			/	
Symms	/			
New Mexico				
Lujan	/			
Washington				
Pritchard	?			
Kansas				
Sebelius	/			
Shriver	/			
Skubitz				/
Winn	/			
Nebraska				
McCollister	/			
Smith	/			
Thone (ARW)	/			
North Dakota				
Andrews			/	
Oklahoma				
Jarman	/			
South Dakota				
Abdnor		/		
*Pressler	?			
Total	30	1	4	1
Total pages 1 and 2	88	18	27	12

Midwestern States (Myers)

	Yes	No	Und.	N/R
Indiana				
Hillis	/			
Myers		/		
Iowa				
Grassley	?			
Michigan				
Broomfield	/			
Brown				/
Cederberg	/			
Esch	/			
Hutchinson				/
*Ruppe				/
Vander Jagt	/			
Minnesota				
Frenzel (ARW)	/			
Hagedorn	/			
Quie	/			
Wisconsin				
Kasten	/			
Steiger	/			
Ohio				
Ashbrook	/			
Brown	/			
*Clancy			/	
Devine	/			
Gradison	/			
Guyer	/			
*Harsha		/		
Kindness	/			
Latta	?			
Miller	/			
Mosher	?	Depends on HR 7014		
Regula			/	
Stanton	/			
*Whalen		/		
Wylie	/			
Illinois				
Anderson	/			
Crane	/			
Derwinski	/			
Erlenborn	/			
Findley	/			
Hyde				/
Madigan	/			
McClory inclined	/			
Michel	/			
O'Brien	/			
Railsback	/			
Total	32	3	2	4

* = yes vote on conf. rpt.

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Tally Sheet Decontrol — 94th Congress

Border and Southern (Young)

	Yes	No	Und.	N/B
Maryland				
* Gude		/		
Holt				/
Bauman			/	
Missouri				
Taylor (ARW)			/	
Kentucky				
* Carter			/	
* Snyder			/	
Tennessee				
Beard	/			
Duncan			/	
Quillen			/	
Florida				
Bafalis		/		
Burke			/	
Frey			/	
Kelly	/			
Young			/	
North Carolina				
Broyhill		/		
Martin			/	
South Carolina				
Spence	/			
Virginia				
Butler	/			
Daniel	/			
Robinson	/			
Wampler			/	
Whitehurst (ARW)	/			
Alabama				
Buchanan		/		
Dickinson			/	
Edwards	/			
Arkansas				
Hammerschmidt		/		
Louisiana				
Moore	/			
Treen	/			
Mississippi				
Cochran				/
Lott	/			
Texas				
Archer	/			
Collins	/			
Steelman	/			
Total	14	5	12	2

New England and Mid-Atlantic (McDade)

	Yes	No	Und.	N/B
Connecticut				
McKinney		/		
Sarasin			/	
Delaware				
duPont	/			
Maine				
Cohen		/		
* Emery				/
Massachusetts				
* Conte (ARW)		/		
* Heckler			/	
New Hampshire				
Cleveland				/
New Jersey				
Fenwick				/
Forsythe	/			
* Rinaldo		/		
Vermont				
* Jeffords		/		
New York				
Conable	/			
Fish	?			
* Gilman			/	
Hastings	/			
Horton				/
Kemp	/			
Lent		?		
McEwen	/			
Mitchell (ARW)	/			
* Peyser		/		
Walsh		/		
Wydler			/	
Pennsylvania				
* Biester				/
Coughlin			/	
Eshleman			/	
Goodling	/			
* Heinz		/		
Johnson (ARW)	/			
* McDade			/	
Myers	/			
Schneebeli	/			
Schulze			/	
Shuster			/	
Total	12	9	9	5

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JUL 21 1975

DRAFT 7/19/75
ZAUSNER

TO THE HOUSE OF REPRESENTATIVES

I am returning without my approval H. R. 4035, the Petroleum Price Review Act.

I have no alternative but to veto this legislation because it would --

- Increase petroleum consuption, when the Nation's national security requires that we conserve;
- Cut domestic production, when the Nation's economic growth requires that we expand domestic energy production;
- Increase petroleum imports, at a time when we must reverse our growing reliance on insecure imports and stem the outflow of dollars and jobs; and
- Avoid the tough issue of phasing out unwieldy and counter-productive price and allocation controls 2-1/2 years after they were enacted to respond to the emergency of the embargo.

¶ Last Wednesday, July 16, I submitted to the Congress a compromise plan that would phase out price controls on crude oil over a thirty-month period. Coupled with the import fees I administratively imposed, this plan, if adopted, will reduce the Nation's imports by 900,000 barrels per day by 1977. It will achieve this significant reduction in our vulnerability to another embargo by adding slightly over 1¢ per gallon to the price of all petroleum products by the end of this year, and with a maximum increase of 7¢ per gallon by early 1978.

¶ H. R. 4035 would go in entirely the opposite direction. It would increase petroleum imports by about 350,000 barrels per day in 1977, compared to the import levels from the phased decontrol plan. It would even increase imports by about 70,000 barrels per day over what we could expect if the current system of mandatory controls were extended through 1977.

The bill would accomplish these counterproductive results by:

- rolling back the price of domestic oil that is now uncontrolled;
- repealing the "stripper well" exemption from price controls that existing law provides for wells which produce less than 10 barrels per day; and
- establishing a three-tier price system that would require an even more complex and unwieldy regulatory program than now exists.

Under the current Allocation Act, which was passed during the embargo in 1973, the Executive may not exempt crude oil or any product from the rigid price and allocation controls required by law unless each House of Congress has had five days to consider a proposal by the Executive. No decontrol can occur if a majority of either House of Congress disapproves it. So it is especially distrubing that this bill includes completely unnecessary provisions, in light of existing law, which would further complicate this process.

The bill does contain a desirable provision that the Administration requested which would permit continuation through December 31 of the coal conversion program authorized last year in the Energy Supply and Environmental Coordination Act. This extension is necessary because the Congress has yet to enact the longer extension of this authority that I requested in January and which, because of Congress' failure to act, expired on June 30.

Despite this one positive element, I cannot approve legislation which both increases our currently unacceptable vulnerability to insecure imports and fails to address the tough issues necessary to phase-out the rigid price and allocation controls enacted during the embargo. I urge the Congress to not disapprove my administrative decontrol plan. If it is accepted, I will accept a simple extension of price and allocation authorities. If decontrol is not accepted, I will have no choice but to veto the simple 6 month extension of these authorities now being considered by the Congress. The Nation has been too long without a national energy policy and I cannot allow us to drift into even greater energy dependence, simply due to inaction.

THE WHITE HOUSE

WASHINGTON

July 22, 1975

MEMORANDUM FOR: JACK MARSH

FROM: MAX FRIEDERSDORF MF

SUBJECT: Decontrol Vote

Both Leppert and Loeffler were in the House restaurant when you called and were leaving to go back to the Floor.

Both have been up working the bill all day and reporting in.

Stan Hidalgo at FEA was on his way to the Hill when I called and said they had been working the bill today.

I told them all to say around the doors or in the gallery.

[7/29/75]

The House Rules Committee today granted a rule on the Resolution of Disapproval for the President's Decontrol plan and this vote will probably occur Wednesday, July 30.

The Rules Committee also granted a rule making the Krueger Amendment ~~an~~ in order as an amendment to the Dingell energy bill, also ~~was~~ under consideration on the House floor. The Krueger Amendment closely parallels the President's Decontrol Plan, but would be subject to amendment on the House floor.

7/29 - 3:45

REPUBLICAN WHIP—ROBERT H. MICHEL

Tally Sheet Can you support the Pres. latest decontrol plan? **94th Congress**

Western and Plains (Talcott)

	Yes	No	Und.	N/R
California				
Bell O/T				/
Burgener	/			
Clausen	/			
Clawson	/			~~/~~
Goldwater	/			~~/~~
Hinshaw	/	may be O/T		
Ketchum	? /			
Lagomarsino (ARW)	/			
McCloskey	/			~~/~~
Moorhead	/			~~/~~
Rousselot	/			~~/~~
Talcott	/			
Wiggins	/			
Wilson	/			
Pettis	? /			
Alaska				
Young	? /			
Arizona				
Conlan				/
Rhodes	/			
Steiger	/			
Colorado				
Armstrong (ARW)	? /			
Johnson	? /			
Idaho				
Hansen			/	
Symms	/			
New Mexico				
Lujan	/			~~/~~
Washington				
Pritchard	/			
Kansas				
Sebelius	/			
Shriver	? /			
Skubitz				/
Winn	/			
Nebraska				
McCollister	? /			
Smith				/
Thone (ARW)	/			
North Dakota				
Andrews				/
Oklahoma				
Jarman	/			
South Dakota				
Abdnor		/		
Pressler				/
Total	28	1	1	6
Total pages 1 and 2	96	9	18	22

Midwestern States (Myers)

	Yes	No	Und.	N/R
Indiana				
Hillis undecided	? /			
Myers	/			
Iowa				
Grassley				/
Michigan				
Broomfield	/			
Brown	/			
Cederberg	/			
Esch	/			
Hutchinson				/
Ruppe			/	
Vander Jagt	/			
Minnesota				
Frenzel (ARW)	/			
Hagedorn	/			
Quie	/			
Wisconsin				
Kasten	/			
Steiger	/			
Ohio				
Ashbrook	/			
Brown	/			
Clancy				/
Devine	/			
Gradison	/			
Guyer	/			
Harsha		/		
Kindness	/			
Latta			/	
Miller	/			
Mosher	? /			
Regula				/
Stanton	/			
Whalen		? /		
Wylie				/
Illinois				
Anderson				/
Crane		/		
Derwinski	/			
Erlenborn	/			
Findley	/			
Hyde	/			
Madigan	/			
McClory	/			
Michel	/			
O'Brien	/			
Railsback			/	
Total	29	3	3	6

REPUBLICAN WHIP—ROBERT H. MICHEL

Tally Sheet — **94th Congress**

Border and Southern (Young)

	Yes	No	Und.	N/R
Maryland				
Gude				✓
Holt	✓			
Bauman	✓			
Missouri				
Taylor (ARW)	✓			
Kentucky				
Carter			✓	
Snyder			✓	
Tennessee				
Beard	✓			
Duncan		✓		
Quillen	✓			
Florida				
Bafalis				✓
Burke				✓
Frey				✓
Kelly	✓			
Young	✓			
North Carolina				
Broyhill	✓			
Martin	✓			
South Carolina				
Spence				✓
Virginia				
Butler	✓			
Daniel	✓			
Robinson	✓			
Wampler	✓			
Whitehurst (ARW)	✓			
Alabama				
Buchanan	✓			
Dickinson	✓			
Edwards	✓			
Arkansas				
Hammerschmidt				✓
Louisiana				
Moore				✓
Treen	✓			
Mississippi				
Cochran	✓			
Lott	✓			
Texas				
Archer	✓			
Collins	✓			
Steelman	✓			
Total	23	1	2	7

New England and Mid-Atlantic (McDade)

	Yes	No	Und.	N/R
Connecticut				
McKinney			✓	
Sarasin	✓			
Delaware				
duPont	✓			
Maine				
Cohen			✓	
Emery			✓	
Massachusetts				
Conte (ARW)			✓	
Heckler				✓
New Hampshire				
Cleveland	leaning		✓	
New Jersey				
Fenwick			✓	
Forsythe	✓			
Rinaldo			✓	
Vermont				
Jeffords		✓		
New York				
Conable	✓			
Fish	✓			
Gilman			✓	
Hastings	✓			
Horton	✓			
Kemp	✓			
Lent	✓			
McEwen	✓			
Mitchell (ARW)	✓			
Peyser			✓	
Walsh		✓		
Wydler			✓	
Pennsylvania				
Biester				✓
Coughlin				✓
Eshleman			✓	
Goodling	✓			
Heinz		✓		
Johnson (ARW)	✓			
McDade		✓		
Myers	✓			
Schneebeli	✓			
Schulze	✓			
Shuster	leaning		✓	
Total	16 2 lea[illegible]	4 3	12 9	3 3

Vanane

Van Arni / Cohen - EEOC / Bangor Paper

Paul Welsh / ~~Brayout~~ Madigan / Dept Justice atty

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: July 30, 1975 Time: 7:30 pm

FOR ACTION: JACK MARSH
JIM LYNN

cc (for information): Donald Rumsfeld

FROM THE STAFF SECRETARY

DUE: Date: July 31, 1975 Time: ASAP

SUBJECT:

Frank Zarb's Recommended Statement to be Issued by the President from Helsinki July 31 re Congressional action on the President's compromise plan to decontrol domestic oil.

ACTION REQUESTED:

____ For Necessary Action

__X__ For Your Recommendations

____ Prepare Agenda and Brief

____ Draft Reply

____ For Your Comments

____ Draft Remarks

REMARKS:

PLEASE PHONE YOUR COMMENTS TO ME AS SOON AS POSSIBLE THURSDAY MORNING, JULY 31, SO WE MAY GET THIS TO THE PRESIDENT IN HELSINKI.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

JAMES E. CONNOR

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

OFFICE OF THE ADMINISTRATOR

July 30, 1975

MEMORANDUM FOR JIM CONNOR

FROM: FRANK G. ZARB Z

This ought to be ready to be issued from Helsinki tomorrow morning. You may want to pass this in front of Don Rumsfeld, Jim Lynn and Jack Marsh and get it out tonight.

Attachment

We are, of course, disappointed that the Congress disapproved the President's compromise plan to decontrol domestic oil over a 39-month period. That plan represented an attempt to demonstrate bi-partisan cooperation in the design, and implementation of our National energy policy.

With foreign oil producers scheduled to meet shortly on oil pricing, it is unfortunate that we cannot demonstrate that we are ready to tackle the tough decisions needed to lessen this Nation's dependence on their oil.

I cannot allow this Nation to continue to delay firm action and further increase its energy vulnerability. I plan to continue to take the necessary steps required to move forward. I have instructed the Energy Resources Council to make the necessary preparations for an orderly transition upon expiration of the Emergency Petroleum Allocation Act on August 31.