The original documents are located in Box 16, folder "Energy - Oil Decontrol: General (4)" of the John Marsh Files at the Gerald R. Ford Presidential Library.

Q. Mr. Zarb, do you think immediate oil price decontrol Sept. 1 will have a "catastrophic" effect on the economy, as Congressman Dingell has said it will?

A. No, I do not. Immediate decontrol coupled with removal of the supplemental fees on petroleum imports, a windfall profits tax and consumer rebates will have no significant economic impact -- for the simple reason that petroleum price increases will be moderate and the consumer rebates will assure that there will be no loss of consumer purchasing power.

Q. Mr. Dingell predicted that gasoline prices, under decontrol, would rise quickly to 75¢ a gallon and might go as high as 90¢ a gallon by year-end. How do you answer those assertions?

A. I do not believe that gasoline prices will rise to 90¢ or even 75¢. Our analysis indicates that immediate decontrol alone will increase product prices by about 6¢ a gallon at most. However, the President has announced his intentions to remove all supplemental fees on petroleum imports if his veto of the extension of the allocation act is sustained. This would reduce the net impact by approximately 3¢ per gallon. Higher prices than this could only occur if the market could justify it and, as we have seen, demand today is slightly below 1974 levels, making an additional 10¢ to 30¢ increase highly unlikely.

Q. Mobil Oil Co. is now advocating phased decontrol of oil prices, instead of immediate decontrol, warning that immediate decontrol would "stimulate higher prices, higher wages, and an inflationary spiral". How do you respond to those fears?

A. All I can say is that the Federal Energy Administration does not recommend policy on the basis of what the major oil companies prefer. I have seen Mr. Warner's letter to Members of Congress and frankly, I just don't see immediate decontrol stimulating prices to the extent he indicates. Most important, however, is that we have proposed phased decontrol and the Congress has twice rejected our proposals. Consequently, the choice we face now is another six months of delay or immediate decontrol.

Q. Mobil makes the point that a windfall tax and tax rebates to consumers would, in themselves, stimulate higher prices, wages and spur inflation. How do you answer that?

A. Immediate decontrol without a windfall profits tax will mean unwarranted windfall profits for the oil industry. A windfall profits tax would allow the Federal Government to recoup these profits and recycle them back to energy consumers. Higher prices will result but this assures that purchasing power is maintained and adverse economic impact minimized. If the tax is properly structured, it will not be a disincentive to increasing domestic production.

Q. The Administration has failed to spell out its proposals for a "windfall profits tax" and a tax credit for "plowback" into eligible domestic investments. What do you believe should be the base for the tax on old oil, how fast should the base rise, how long should it last, and what percentage of the tax should be permitted as a credit for plowback?

A. As you know, Senator Long has proposed a windfall profits tax, which, with minor modifications, would probably be acceptable to the Administration. I hope that we will be able to work with him, other members of the Senate Finance Committee and the House Ways and Means Committee to come up with an acceptable windfall profits tax and consumer rebate proposal. And I hope we can do it quickly.

Q. Mobil recommends a phased decontrol of oil prices over a period of "several years", without a windfall tax and without tax rebates to consumers--with 50% of the phase-out occurring in the first year. What is wrong with that, in your opinion?

A. Mobil's suggestion resembles the Administration's phased decontrol proposal sent to Congress in July. However, the Congress turned down this proposal.

Q. You have said that crude oil prices will rise close to the price for foreign oil, but that removal of the $2 fee on oil imports will substantially mitigate the effect of higher oil prices. Do you have any idea how rapidly domestic old oil prices would rise--and to what level domestic old oil prices might rise?

A. As I've stated before, the net effect of decontrol, with removal of the supplemental fees, in our estimate will cause a price increase of about 3¢ a gallon. With regard to old oil prices, I think we might well see the $5.25 price of old oil rise relatively rapidly to slightly below world prices, or equivalent to new oil prices. At the same time, we might also see new oil prices being somewhat depressed, depending on market conditions and consumer response to higher prices. This overall adjustment process will probably occur in a matter of months.

Q. Do you see any indication at all that the Administration is now willing to again seek a phased decontrol of oil prices over several years, and to accept a temporaty extension of the Emergency Petroleum Allocation Act to accomplish that?

A. As you know, the President has indicated that he will veto the extension of the EPAA bill. Obviously, therefore, he is not willing to accept a six month extension of current controls. With respect to further compromise, I am not very encouraged, given the House actions just prior to recess -- disapproval of the President's very gradual phase out plan and the price roll back provision which was added to H.R. 7014 on the House floor.

Q. Do you have any more hope now than a month ago that Congress would adopt a phased decontrol program, with a windfall tax and tax rebates to consumers?

A. I continue to hope that Congress will adopt a windfall profits tax and rebate the proceeds to American consumers. I do have some hope that this will occur more rapidly than I had imagined a month ago since Senator Long has reported such a bill out of the Finance Committee. With regard to phased decontrol, the President twice offered decontrol compromises to the Congress and was twice rejected. We think the final decontrol plan went more than halfway toward meeting the concerns raised by the Congress. And even more gradual plan just wouldn't come close to meeting the conservation goals the President wants to achieve over the next few years.

Q. Assuming oil price controls are not re-imposed within the next few months, and that OPEC should raise prices by $2 a barrel, raising the domestic uncontrolled crude oil price to about $14 a barrel after removal of the $2 import fee--what then would be the effect on gasoline prices, heating oil prices, residual fuel oil prices, natural gas prices, coal prices?

A. We are in the middle of assessing that possibility right now and should have some definite answers within a few weeks. One thing to keep in mind is that any OPEC price increase would have quite significant effects on domestic energy prices whether controls were in place or not. A rough estimate is that without any controls, every dollar of OPEC price increase would translate into about 2.5 cents of increased petroleum product cost.

Q. But, isn't it true that about half of the residual fuel oil consumed in the U.S. is refined domestically and that about 60% of that comes from $5.25 old oil? With old oil rising to $12 or $14 a barrel, would it not be inevitable that residual prices would rise?

A. While we do produce significant residual fuel oil domestically, on the East Coast where coal and residual oil compete, the market price is set by the world import price. Therefore, even though domestic refiner's crude oil costs will increase, they would not be able to pass on these cost increases to residual oil users. Because residual oil prices won't rise, I don't expect any increase in coal prices.

Q. Assuming a $14 per barrel domestic oil price, how much would that increase domestic oil prices, over a year, in billions of dollars at the wellhead?

A. If price controls were to continue in their present form and the price of uncontrolled domestic oil were $14 per barrel, domestic crude oil costs would be about $28.8 billion in 1976. Removing price controls on old oil would increase 1976 domestic crude oil costs by $14.4 billion to $43.2 billion.

(continued on next page)

A. (continued) - However, the President has announced his intention to remove the supplemental fees on imported crude and petroleum products, which would result in domestic oil being about $12.00 per barrel. This would reduce the price of domestic uncontrolled oil and imported crude by $2.00 per barrel and imported products by 60 cents per barrel. Under these conditions, FEA estimates that the total net increase in annual petroleum and NGL costs would be $5.3 billion.

Q. How could independent refiners and marketers, forced to buy and market oil and oil products costing $14 a barrel, compete with the major companies who have most of the old, low-cost oil, which they would run in their own refineries, or sell at a large profit?

A. FEA does not expect crude-rich refiners to impose a profit squeeze on other refiners. With decontrol and a winfall profits tax, all domestic oil will sell at about the same price and major oil companies will not have exorbitant profits from crude production with which to subsidize refinery operations, even if such subsidization were advantageous to refiners.

Q: Do you believe some type of special relief, with or without new legislation, should be considered to help the independents during the transition period to free markets? If so, what form could this take?

A. Obviously, we are very concerned with the health of the independent sector of the petroleum industry and we are currently monitoring and assessing their situation to see what, if any, forms of relief would be appropriate.

Q. If oil price controls are not renewed, do you believe that the Administration might favor imposing a price ceiling of say, $11.50, on domestic oil, permitting the price of old oil to gradually escalate over the next couple of years up to the ceiling and recommend such a program to Congress?

A. If price controls are not renewed, the Administration would not have the authority to impose a cap on domestic oil prices. I might add, however, that such a cap and gradual decontrol was included as part of the 39 month plan which was rejected by the Congress.

Q. The Administration has argued forcefully that lacking adequate domestic supplies of oil, the only practical method to spur conservation of petroleum is to permit prices to rise and the President imposed the $2 in oil import fees for this reason--in order to hold down oil imports. What do you believe imports would average in 1976 and in 1977 if oil prices do rise to free market levels after Sept. 1 and controls are not renewed? And how would these levels compare with present import levels?

A. The answer to this question depends on whether the current supplemental import fees are retained or not. If they are removed and decontrol occurs imports will be approximately 150,000 barrels per day less in 1975 and about 200,000 less per day by 1977 than without any program. If the Congress acts on Elk Hill, coal conversion and the insulation tax credit, savings would reach 1.5 million by 1977. These figures can be compared with current imports of about 6.0 million B/D in 1975 and an expected 7.5-8.0 million by 1977.

Q. If oil price controls are not renewed by Sept. 1, but a windfall tax is imposed and, say, a 50% credit for plowback is allowed, what effect would that have on domestic oil supply? Would you expect oil supply to increase? How much? By when? Why?

A. The effect of a windfall profits tax on oil production will depend largely upon the specific provisions of the tax. In general, however, it is my belief that whatever tax is enacted it should contain some automatic phase out provision, and it should provide an ultimate realization to producers sufficient to stimulate new exploration, production and investment in more sophisticated enhanced recovery techniques.

Of almost equal importance is the overwhelming necessity for the government to provide an environment of relative certainty so that investments may be contemplated in a rational business fashion. If these objectives are met I would expect a few hundred thousand barrels per day extra supply within the first few years and an increase of as much as 1.4 million barrels per day or more by 1985.

Q. What impact on GNP, unemployment and the CPI would you expect from free market prices for crude oil and petroleum products, assuming crude oil average about $12 a barrel after price controls end?

A. Our macroeconomic simulations indicate that decontrolling oil and removing the supplemental import fees will not hinder our economic recovery. Relative to the the case where controls and the import fees are retained we expect the Consumer Price Index to rise by about one-half of a percent by 1977; real output, GNP, falls by about 2 to 3 billion dollars on an annual basis for 1976 and 1977; and the unemployment rate increases insignificantly during the same period. These effects are well within the forecasting error of our models and most importantly, are small compared to the economic consequences if our vulnerability continues to grow due to inaction and we experience another embargo.

Q. Cities Service Co. announced last week that it intends to cut the price it now pays for uncontrolled oil by about $2 a barrel and raise its price posting for old oil by about $5 a barrel. Do you think Cities Service will be able to maintain its crude purchases at such a price level if other purchasers do not follow Cities Service and do the same thing?

A. The President has announced that he will remove the $2 per barrel import fee if the Congress sustains his veto of the bill extending price controls. Consequently, the price of uncontrolled domestic oil will drop by as much as $2. At the same time, old oil will tend to rise to parity with the other domestic crudes. The total extent of that increase will depend upon the quality of the oil, location and other factors which normally influence the price of goods and services. If Cities Service undertakes even further drops in new oil prices, they will be subject to normal market forces. To the extent that others may bid a higher price for the decontrolled oil, CITCO must make a decision of whether or not to meet the new price or lose the supply.

Q. What special problems do you believe might arise with price decontrol and the end of allocations? Do they involve propane, heating oil, other products? What is the Administration considering to deal with those problems?

A. In general, no shortages of any petroleum products will occur as a result of price decontrol and the end of allocations. However, we are expecting a natural gas shortage this winter which could create unexpected demands for substitute fuels, such as propane. We are now developing options for the President to deal with the overall natural gas problem including special petroleum problems associated with a natural gas shortage.

Q. Some 14 states will have more or less severe shortages of natural gas next winter for industrial consumers. What is the Administration considering to deal with that problem? Might it be necessary to allocate intrastate gas to interstate markets?

A. The Administration is considering legislation and administrative actions to deal with the expected increase in natural gas shortages. With respect to specific recommendations, the President has made no final decisions, although I might add that in general we do not believe allocation can solve our natural gas problems and that ultimately deregulation of natural gas prices is the only way to increase supply and bring the situation back into balance.

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TWX MOBIL OIL NYK
061 NEW YORK NEW YORK AUG 25
ZIP 20500

western union Mailgram

THIS MAILGRAM WAS TRANSMITTED ELECTRONICALLY BY WESTERN UNION TO A POST OFFICE NEAR YOU FOR DELIVERY

RON - give me a call after you've read this - Bill Baroody Jr.

MR. JOHN VICKERMAN
EXECUTIVE OFFICE OF THE PRESIDENT
THE WHITE HOUSE
WASHINGTON, D.C. 20500

YU5770

IN CONNECTION WITH THE RECENT NEW YORK TIMES ARTICLE COMMENTING ON MR. RAWLEIGH WARNER, JR.'S LETTER TO CONGRESS ON DECONTROL, THE FOLLOWING LETTER, SIGNED BY MR. HERMAN J. SCHMIDT, VICE CHAIRMAN OF THE BOARD OF MOBIL OIL CORPORATION, HAS THIS DATE BEEN HAND DELIVERED TO MR. A. M. ROSENTHAL, MANAGING EDITOR OF THE NEW YORK TIMES:

'' MR. A. M. ROSENTHAL
MANAGING EDITOR
NEW YORK TIMES
229 WEST 43 STREET
NEW YORK, NEW YORK

DEAR MR. ROSENTHAL:

IN TODAY'S NEW YORK TIMES FRONT-PAGE STORY, MR. MAIDENBERG EDITORIALIZAED JUST ENOUGH TO DISTORT MOBIL'S POSITION ON THE DECONTROL OF OIL PRICING. THIS OCCURS IN THE SECOND PARAGRAPH OF THE STORY WHERE HE SAID THAT RAWLEIGH WARNER, JR., 'URGED CONGRESS, IN EFFECT, TO OVERRIDE THE PRESIDENT'S PROPOSED VETO OF A CONGRESSIONAL BILL THAT WOULD EXTEND SUCH CONTROLS BEYOND AUGUST 31'.

western union Mailgram

THIS WAS NEVER SAID IN OUR LETTER TO CONGRESS OR IN OUR NEWS RELEASE, NOR WAS IT INTENDED IN ANY WAY. MR. MAIDENBERG'S INTERPRETATION WAS WHOLLY HIS OWN. WE DO NOT BELIEVE THAT A FURTHER SIX- MONTH DELAY IN FACING THE ISSUE OF DECONTROL IS IN THE NATIONAL INTEREST, AND THIS IS WHAT WOULD RESULT FROM AN OVERRIDE.

THE SOLE INTENT OF OUR LETTER TO CONGRESS WAS TO URGE IMMEDIATE ACTION TO ESTABLISH A PROGRAM OF GRADUAL DECONTROL OF OIL PRICES -- A PROGRAM WHICH WE STRONGLY BELIEVE WOULD BE IN THE BEST INTEREST OF THE ECONOMY. IF SUSTAINING THE PRESIDENT'S VETO WOULD ACHIEVE THAT GOAL, WE WOULD FAVOR CONGRESS TAKING SUCH ACTION, RATHER THAN OVERRIDING THE VETO AS YOUR REPORTER SUGGESTED.

SINCERELY,

HERMAN J. SCHMIDT''

SIGNED: EDMUND P. HENNELLY

GENERAL MANAGER, GOVERNMENT RELATIONS

18:14 EST

MGMWSHT HSA

TI / Tues.

F

THE WHITE HOUSE

WASHINGTON

August 29, 1975

MEMORANDUM FOR: JACK MARSH
MAX FRIEDERSDORF

FROM: PATRICK O'DONNELL POD

SUBJECT: Senators Cotton, Hatfield, and Packwood

Walter Mote's statement on Hatfield and Packwood is incorrect. I double-checked ; both are firmly with us and as a matter of fact, Senator Packwood is willing to work targets and make speeches in support of the President.

Senator Cotton said he had no intention of making a statement on voting to override the veto. That rumor obviously is also incorrect. He is aware that he would be the only member from New England to vote to sustain but is not frightened by the prospect. He wants to help the President, but must be armed to take the heat. I told him that Frank Zarb would go up to see him on Tuesday or Wednesday.

cc: Frank Zarb

AUG 30 1975

THE WHITE HOUSE

WASHINGTON

August 29, 1975

MEMORANDUM FOR: JACK MARSH and MAX FRIEDERSDORF

FROM: PATRICK O'DONNELL PO'D

SUBJECT: S. 1849 -- override attempt

Contact with selected Senators on S. 1849 override attempt:

TAFT	"Want to re-examine issue. Have Zarb meet with me after my return on September 3. Will meet with the President on Wednesday, September 3, with the Wednesday Group -- will no doubt discuss at that time."
BUCKLEY	"Will vote to sustain, notwithstanding Mobil Oil."
HATFIELD	"I voted against S1849 and will vote to sustain the veto."
LONG	Out of the country.
STEVENS	Will be with the President. Not back until around September 9.
GRAVEL	Will work Bentsen for us and coordinate with Fannin. Involved in meetings at the U.N. until September 15 but will be back for vote and debate.

SCOTT(Penna.)	Send back promptly -- put burden on Democrats for any politically motivated delay.
FANNIN	"Am working on selected targets and am inclined to recommend that the President send the veto back to the Hill quickly." Sees no advantages in delay and some political opportunities by taking advantage of any attempt by the Democrats to delay. Also confirmed Johnston's statement that he will vote to sustain.
JOHNSTON	In Tokyo but he told POD and Senator Fannin on separate occasions that he would vote to sustain the veto.
COTTON	When he met with the President recently he told the President he did not see any way a New England member could vote to sustain the veto of S. 1849. The President told him there would be special steps taken to alleviate the New England situation and that he would see to it that Cotton was fully educated on matter. He stands available to be persuaded. I'll arrange a Zarb briefing.
YOUNG	Will vote to sustain but strongly urges a reiteration in the veto message of the President's desire for phased-in decontrol. He also suggests some statement on how the President will handle the allocation problems facing the mid-West.
GOLDWATER	"Don't worry about me; I'll be there whenever needed. Tell the President

to use some muscle on this one in the fashion of Harry Truman and Lyndon Johnson."

Speaking of muscle, the Senator ruptured a calf muscle in late July. It hemorrhaged and he spent a week or so in Bethesda Hospital. He's now on crutches but very much on the mend.

HRUSKA	Will support the President. Took a few targets to call before returning to Washington. He will focus on Dole whom we understand is wavering in his support.
GARN	Will support the President.
SCOTT (Va.)	"Will support the President." Was pleased that we called (interrupted a meeting with constituents).
BELLMON	"Don't worry about me."
CURTIS	Will support. Preparing speech highlighting proposal that we must face higher oil prices as a fact of life.
THURMOND	Due to pressures he received in South Carolina during the recess, the Senator feels he cannot commit to supporting the President at this point. I feel it might take a Presidential call to bring him around and so recommend. He will be at 803/ 236-7311 during the Labor Day weekend.

BROCK	Will support the President
FONG	"I'm with the President. What about my candidate for the Postal Rates Commission Board of Governors(?)."
PACKWOOD	Will support the President.
GRIFFIN	Will support the President and is anxious to compare notes.
DOMENICI	Not in favor of immediate decontrol but recognizes the limited options available to the President. Will vote to sustain the veto but still encourages a compromise if possible.

UNABLE TO REACH THE FOLLOWING SENATORS:

JOHNSTON	As stated earlier, he is in Tokyo and will return to Washington Tuesday.
DOLE	En route from Kansas to Washington by automobile -- will probably arrive late Friday, August 29.
BAKER	Expected to be available approximately 11:00 p.m. Friday, August 29.
SPARKMAN	Not reachable by telephone.

DIRECT CONTACT BY OTHERS:

BARTLETT	Will support the President
HANSEN	Will support the President

HELMS	Will support the President
McCLURE	Will support the President
PEARSON	Will support the President

THE WHITE HOUSE

WASHINGTON

August 29, 1975

Keep Handy

The Honorable Mike Mansfield
Minority Leader
United States Senate
Washington, D. C.

The Honorable Carl Albert
Speaker of the House
House of Representatives
Washington, D. C.

Dear Senator Mansfield and Speaker Albert:

SUBJECT: <u>Summary of our discussions with the President earlier today concerning oil decontrol</u>

The following, I believe, represents a fair summary of our discussion with the President:

1) The President has indicated that he will veto the six-month extension, but withhold the actual veto message until Thursday, September 4, 1975.

2) The President would not veto a 30-day extension of the Emergency Petroleum Allocation Acct (Messrs. Mansfield and Albert suggested 45 days) if the Congress will move toward the approval ot a phase-out decontrol program.

3) The details of the compromise phase-out program would be as follows:

   a. Decontrol would take place over a 39-month period, at a monthly rate of; 1 1/2 percent first year, 2 1/2 percent second year, 3 1/2 percent last fifteen months. This program would not increase prices during the first year.

   b. A ceiling of $11.50 will be placed on new and released oil escalating at the rate of 5¢ per barrel per month during the 39-month period.

   c. Price control and allocation authorities required to support this program would be enacted for the 39-month period. An appropriate windfall tax program with plow back and consumer rebate provisions would also be enacted.

d. The 60¢ per barrel fee on imported products would be withdrawn by the President.

4) It was agreed that this compromise does not affect the President's authority to retain the existing $2 per barrel import fee on crude oil.

It is clear that it would be in the best interest to clarify whether or not this compromise will be accepted by the Congress at the earliest possible date.

Sincerely,

Frank G. Zarb

FGZ:cb

M

THE WHITE HOUSE

WASHINGTON

August 29, 1975

The Honorable Mike Mansfield
Minority Leader
United States Senate
Washington, D. C.

The Honorable Carl Albert
Speaker of the House
House of Representatives
Washington, D. C.

Dear Senator Mansfield and Speaker Albert:

SUBJECT: Summary of our discussions with the President earlier today concerning oil decontrol

The following, I believe, represents a fair summary of our discussion with the President:

1) The President would not veto a 30-day extension of the Emergency Petroleum Allocation Act (Messrs. Mansfield and Albert suggested 45 days) if he is confident that the Congress will act favorably on a "phase-out" decontrol program.

2) The details of the compromise phase-out program would be as follows:

a. Decontrol would take place over a 39-month period, at a monthly rate of; 1 1/2 percent first year, 2 1/2 percent second year, 3 1/2 percent last fifteen months. This program would not increase prices during the first year.

b. A ceiling of $11.50 will be placed on new and released oil escalating at the rate of 5¢ per barrel per month during the 39-month period.

c. Price control and allocation authorities required to support this program would be enacted for the 39-month period. An appropriate windfall tax program with plow back and consumer rebate provisions would also be enacted.

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It is clear that it would be in the best interest to clarify whether or not this compromise will be accepted by the Congress at the earliest possible date.

Sincerely,

Frank G. Zarb

Frank G. Zarb, Administrator
Federal Energy Administration

FGZ:cb

FOR IMMEDIATE RELEASE August 29, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

M

STATEMENT BY THE PRESS SECRETARY

The President met for one hour with Senate Majority Leader Mansfield and House Speaker Albert. Also attending were Frank Zarb, Alan Greenspan, Rogers C.B. Morton, Max Friedersdorf, and Jack Marsh.

The President expressed his appreciation for the constructive way in which Senator Mansfield and Speaker Albert are seeking to resolve this difficult national energy problem.

It was understood that the President will veto the six-month extension of oil price controls because he strongly believes the economic health and security of the United States permit no further delay in beginning a program to achieve independence from unreliable foreign energy sources which can set our oil prices at will.

However, the President agreed to delay vetoing the bill until Senator Mansfield has discussed his compromise decontrol plan with Senate Democrats. Speaker Albert also will review the compromise plan with a number of House Democratic leaders.

The President told Senator Mansfield and Speaker Albert that he would not veto a short extension of oil price controls if he is reasonably confident that Congress will act favorably within a matter of weeks on the phased decontrol plan offered by Senator Mansfield.

# # #

Some items in this folder were not digitized because it contains copyrighted materials. Please contact the Gerald R. Ford Presidential Library for access to these materials.

AUG 30 1975

THE WHITE HOUSE

WASHINGTON

August 29, 1975

MEMORANDUM FOR: JACK MARSH

FROM: MARGITA WHITE mw

SUBJECT: Oil Decontrol Editorials

Attached are editorials on oil decontrol compiled from the newspapers the White House subscribes to, FEA's clip files and other sources. They are in order by date and all support the President's position and/or urge compromise action. Some of the more recent editorials appear to deal with the Appeals Court decision on the oil fee but have been included if they also involve the President's policy.

I apologize for the poor quality of the xerox copies, but the FEA files xeroxes only and not the originals.

cc: Alan Greenspan
Ron Nessen
Don Rumsfeld
Frank Zarb

Compromise on oil pricing

F/ed 7/28/75
Wash. Star

President Ford and Congress both have more to gain than to lose, politically, by meeting midway on the issue of domestic crude oil pricing. Finding that meeting point, somewhere between "free market" pricing and arbitrary legislated ceilings, has not been easy.

cost of search and drilling, domestic crude should be held to the neighborhood of $7.50 a barrel, lest the oil cartel and OPEC drain the proceeds of higher prices out of our pockets.

It shouldn't be beyond the wit of man — even of Congress — to combine incentive to increase

Detroit Free Press
AN INDEPENDENT NEWSPAPER
JUL 29
12-A
TUESDAY, JULY 29, 1975

As We See It

Compromise in Congress Urgent on Oil Prices

AS CONGRESS moves toward its expected recess at the end of this week, the need for compromise to end the stalemate over energy policy is urgent.

The alternative to compromise is to have the controls on the price of oil expire outright at the end of August, which would produce a strong inflationary jolt to the economy. Thus, the only responsible course for Congress is to

had no energy policy at all. Almost every congressional effort at a conservation policy has come to grief, and there has been almost no attention given to the need for stimulating the search for and production of domestic oil.

Therefore, what we have had has been stalemate, with the president thus far unwilling to give up on the idea of moving toward the elimination of controls and with Congress un-

The Dallas Morning News

The News, oldest business institution in Texas, was established in 1842 while Texas was a Republic

Editorial Page

Dick West, Editorial Director

TUESDAY, JULY 29, 1975

Energy:

Ford's Loaded Proposal

PRESIDENT FORD has re-shaped an energy plan following Congressional refusal of his original model, and has sent it back to Capitol Hill for what he hopes will be quick approval.

This latest version comes equipped with just about all of the accessories that are politically attractive to Congressmen, such of "new" oil, that produced in 1973 and after, and selling on the open market at about $12.50 per barrel, would be rolled back to $11.50 per barrel and allowed to rise slowly over the next three years.

Details of the consumer rebate and windfall profit tax aspects of the proposal have not been spelled out yet.

JU

THE CHRISTIAN SCIENCE MONITOR

For action on oil

ps 20

The time has come for Congress to bite the political bullet on energy. It can demonstrate this week that it is capable of responsible, bipartisan action by adopting President Ford's program to decontrol oil prices.

Mr. Ford has walked another mile to make his second decontrol package more palatable to the Democrats. This plan would stretch the

price hike). Thereafter they should rise modestly and have a tolerable impact on the economy. According to Data Resources, Inc., a leading nonpartisan research firm, the rise in prices on domestically produced "old" oil and resulting increases in other fuel costs would boost the rate of inflation by only 0.3 percent in 1976 and by 0.3 percent in 1977. The

The Times' opinion and comment:

Break the oil stalemate

THE months-long deadlock between the administration and Congress over energy policy has reached the showdown stage. President Ford has offered Congress a compromise that now looks like the best way to break the impasse.

The President and the congressional majority established

the nation's dependence on imported oil. The congressional majority talks a great deal about the economic and strategic perils of continued dependence on the international oil cartel—but lacks the political fortitude to take any of the hard measures needed to reduce that dependence.

"For too long, the nation has

THE DALLAS TIMES HERALD
EDITORIALS
2—B * * * * Fri., Aug. 1, 1975 Dallas, TX

People the losers

W

THE ISSUE: The impasse reached by the President and Congress on decontrol of oil prices.

CONGRESS AND the President have reached a critical point in the formulation of a national oil pricing program, still at irreconcilable loggerheads. And the losers sooner

much as 12 cents per gallon. Further, the increased costs of other petroleum products will have an inflationary impact throughout the economy.

Congress, and particularly the Democratic membership, is banking on President Ford's taking the blame of the public for the in-

THE PLAIN DEALER
OHIO'S LARGEST NEWSPAPER
THOMAS VAIL
Publisher and Editor
ROY O. KOPP
Business Manager
THOMAS R. GUTHRIE
Executive Editor
Net paid circulation for the year ended March 31, 1975
DAILY 395,826 SUNDAY 487,110
As filed with the Audit Bureau of Circulations, subject to audit
Page 4-B Cleveland, Ohio Friday, August 1, 1975

Congress bungles oil prices

Congress has defeated itself as well as the American consumer by botching the oil price control system. It tried to hold the lid on domestic oil prices. Instead, the lid almost certainly is going to blow off on

remodeling his decontrol proposal ever since January and Congress has not shown the slightest give. If there is instant decontrol, Congress will be to blame for the unhappy consequences of its ill-advised po-

Chicago Tribune

FOUNDED June 10, 1847

STANTON R. COOK, Chairman and Publisher
ROBERT M. HUNT, President and General Manager

CLAYTON KIRKPATRICK, Editor
MAXWELL McCROHON, Managing Editor
JOHN McCUTCHEON, Editorial Page Editor
WILLIAM H. JONES, Managing Editor, News

12 Section 1 Friday, August 1, 1975

THE NEWSPAPER is an institution developed by modern civilization to present the news of the day, to foster commerce and industry, to inform and lead public opinion, and to furnish that check upon government which no constitution has ever been able to provide.

—THE TRIBUNE CREDO

If oil price controls end

In an astonishing display of obtuseness or partisan brinkmanship or both, the House has rejected President

countries, which provide us with some 30 per cent of our domestic oil requirements, from raising prices. The govern-

Filed

Oil Veto Is In Order

Memphis Commercial Appeal 8/1/75

PRESIDENT FORD should veto proposed legislation to extend current price controls on domestic oil for six months. A price bill passed yesterday by the House and by the Senate July 15 would continue to leave the United States without an energy policy and, as Ford warned recently, would cause the nation to "drift into greater energy dependence."

Crass politics appears to have swayed

while on vacation, and controls run out Aug. 31, oil prices would be free to begin rising Sept. 1. Energy chief Frank Zarb predicted gasoline would be selling for 70 cents a gallon by winter without any controls.

If Ford allowed an extension bill to become law, Congress would be less likely to try to put together some kind of energy package when it returns from vacation next month. Perhaps a sudden surge in

THE KANSAS CITY TIMES
Vol. 107 ★ Saturday, August 2, 1975 ★ No. 282

Energy Deadlock Could Bring A Day of Reckoning

Congress went into the final hours before its month-long August recess mired in an incredible mishmash of conflicting energy legislation. Twice in as many weeks the House killed President Ford's proposal to phase out oil price controls gradually, his third offer lengthening the period from 30 to 39 months.

Meanwhile Congress has been struggling with a bill to extend price control to so-called new (post-1972) oil and on Thursday it sent Mr. Ford a measure

So long as the incipient energy crisis remains, in Frank Zarb's words, invisible, then Congress can afford politically the luxury of rejecting President Ford's plans for dealing with it while offering no effective counter proposals of its own. But some ominous and inexorable trends are at work: As our old domestic oil fields play out, without adequate price incentive to stimulate sufficient new exploration and production, this country's reliance on imported oil will increase. And that oil promises to become increasingly

A scandal of inaction

"We have struggled and struggled," Rep. B. F. Sisk told the House of Representatives as it went on running in circles on the oil-pricing issue, "and haven't even brought forth a mouse."

It isn't necessary to sharpen this self-indictment by one of the House's own. After all, Congress from the outset of its curious treatment of the energy issue has conceded that President Ford is right in principle — i. e., that the American dependency on imported crude oil is dangerous; that the search for larger domestic produc-

another attempt to shift blame for the approaching sudden lapse of price controls on "old" oil to Mr. Ford — an extension of these controls that the President has all but sworn to veto.

We do not contend that so-called "market forces" are an ideal instrument of control of crude oil prices; but if the either-or choice has to be made because of congressional inaction market regulation may be preferable to legislated ceilings that are manifestly too low. In the oil market, whose mysteries certainly baffle us, there are too many ways in which prices can be

N.Y. Times 8/3/75

Congress Triumphant?

Congress has quit for its traditional August recess on a note of institutional triumph, having successfully rebuffed President Ford on several foreign and domestic issues; but its sense of satisfaction is unjustified.

After months of public posturing and private negotiating, Congress and the President reached a critical showdown on oil policy last week, and Mr. Ford lost. His final compromise plan for phasing out oil price controls gradually over 39 months was rejected by the

8/4/75

THE WALL STREET JOURNAL

REVIEW & OUTLOOK

Nabbing the Pink Panther

Like Inspector Clouseau, who fumbles his way to solution of a crime, the Democratic Congress and Republican President have been bungling and stumbling on energy legislation for months, yet in the end the perfect solution—oil-price decon-

but only $5.25 during August, there is bound to be a brief and overwhelming incentive to hold back domestic production. Before the Federal Energy Administration bureaucrats knew what hit them, there would be a sufficient

Doubts on Deregulation

A Harris Survey in this newspaper yesterday recorded a stunning vote of confidence in two of the Ford Administration's energy policies. The returns were decisive, certainly, but it seems more than likely that many who took part in the balloting may later demand a recount—or express themselves differently in coming elections.

The poll recorded thumping 54 to 22 per cent majorities in favor of decontrol-

sion bill voted by Congress before it recessed.

But there is more. Many poll respondents agreed that "deregulation will bring in more production at home and eventually will bring prices down." More production? Perhaps, especially from wells that have been left idle while their operators lobbied for decontrol. But lower prices? That is a dangerously speculative proposition. Oil, an increas-

Los Angeles Times

HARRISON GRAY OTIS, 1882-1917
HARRY CHANDLER, 1917-1944
NORMAN CHANDLER, 1944-1960

Easing the Jolt at the Pump

Members of Congress found time to vote themselves a pay raise last week before taking off for a vacation lasting until after Labor Day. But they wouldn't stay in town long enough to work out a

But critics in Congress and elsewhere rightly pointed out that the jolt to an already-depressed economy would be too dangerous. The President ulti-

Lansing, Mich.

Tuesday, August 5, 1975 THE STATE JOURNAL-REGISTER Page 4

Democrats play politics with energy problem

A BRIEF REVIEW of recent history is in order for those Americans who wish to put the present dramatic showdown between Congress and the administration into focus.

The elements of the drama make very good headlines. Congress has vetoed a President's energy program in a period when many are assessing the relative strengths of the presidency and the Congress. The legislative branch in turn voted only to ex-

price of all oil. Democrats in Congress, unsure whether they could make a veto of the President's act stick, compromised by freezing oil prices for 90 days — promising that they would have a comprehensive energy program in that time. Since then the President has reminded them of their promise by adding another $1 per barrel import tax on June 1.

Coincidentally, the 90-day gestation period for the Democratic

THE DENVER POST

Ford Should Veto Oil Lid

AEB 8/6/75

President Ford should veto the congressional price freeze on petroleum prices. The freeze was only a time-saving device by the Democratic leadership. And as Colorado Rep. Tim Wirth, a Democrat, has pointed out there is not likely to be any price impact resulting from the veto.

During the crisis over oil prices two years ago Congress enacted a price freeze on "old" oil in the United States. This is oil presently being produced. This emergency control is to expire Aug. 31.

Congress and the Ford energy experts have been working hard on a replacement legislative package for price control. They've made some progress. But when the chips were down last week—just before congressional adjournment—the process stalled. Since Congress isn't coming back until Sept. 3 the leadership hastily passed a six-month extension of the price freeze.

As Congressman Wirth pointed out last weekend nothing much is likely to happen to oil prices Aug. 31 even if the President does exercise his veto. Wirth predicted the oil companies will exercise restraint on prices to insure a good climate for renewal of legislative negotiations on the subject in September.

While Wirth disagrees with the position held presently by Ford's negotiators he does understand the necessity of having enough production to keep the economy healthy. He has, thus, been prominent among those congressmen working with the administration to try to find common ground for a national oil policy. Such a policy would protect the consumer but also recognize that such protection must not be allowed to destroy the incentive to explore and keep on producing petroleum products for a healthy econ-

Indianapolis Star

8/15/75

The Chicago Board of Education has, require new tactics by board members.

A tax that's done its job

President Ford is thinking of removing his $2-a-barrel duty on imported oil, now that the remaining domestic price controls are about to expire. He should do so. The purpose of the duty, as he said himself when he imposed it—the first $1 in February and the second in June—was to raise the price of oil and thereby discourage consumption. He

control will raise the price of a gallon of gasoline by about 7 cents at the most—and probably not all at once.

In view of this projected increase and the dampening effect it could have on the economy, there is no point continuing the import fee, which has raised the price of gasoline by perhaps 3 cents a gallon. Removing this would reduce the

The Midland Reporter-Telegram

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6A—THE MIDLAND REPORTER-TELEGRAM, FRIDAY, AUG. 8, 1975

JAMES N. ALLISON (1902-1975)

JIM ALLISON JR. .... PUBLISHER

EDITORIALS

Special Session (?)

Two Republicans—a senator and a representative—have urged President Ford to call Congress back from its month-long recess to deal with energy legislation.

The President, it is understood,

were rejected by Congress.

Existing controls expire Aug. 31, at which time the price of oil could advance to world levels. The free market actually should deter

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A PAGE OF OPINION

COLUMBUS

The Dispatch

AN INDEPENDENT NEWSPAPER FOUNDED JULY 1, 1871—EVENING AND SUNDAY

8/10/75

Energy Supply Hit By Brinkmanship

WHITE HOUSE assurance oil price controls will expire Aug. 31 means the American consumer's pocketbook may be in for another jolt all because of congressional brinkmanship in the field of energy supply.

The White House not only said President Ford would veto the six-

ing fact congressional leaders have yet to deal with such essentials as writing windfall profits legislation which will insure continued exploration as well as direct or indirect relief to the consumer.

Nor is there any assurance this nation is ready to embark on a necessary program to procure the

THE MILWAUKEE JOURNAL

LUCIUS W. NIEMAN, FOUNDER: 1882 HARRY J. GRANT: 1916-1963

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Court Curbs President on Energy

Once again it is shown that President Ford lacks sufficient authority to lead the nation out of its mounting energy problems unless Congress co-operates. The Federal Appeals Court ruling that

The Wall Street Journal, on the other hand, surveyed a wide variety of sources inside and out of the energy industry. It found generally that they expected fuel

Bangor Daily News

12 Friday, August 15, 1975

F/Ed

IN OUR OPINION

Going cold turkey on energy addiction

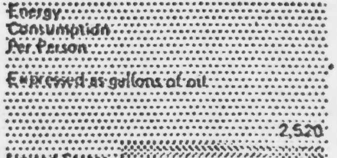
Energy is a lot like heroin. It's addicting. Its use leads to irrational behavior. And every fix is more expensive than the last.

Unfortunately, most of the energy addicts in the United States are also voters or powerful corporations. So not many politicians are willing to advocate a course of "cold turkey" to solve our energy problems.

That's why so many congressmen and governors (including Sen. Edmund S. Muskie

Many experts are saying that unless the United States changes the way it uses energy, it is likely to become a second or third rate nation by the end of this century.

The indications are all around us: inefficient use of materials and resources, lowest produc-



F/Ed.

THE ATLANTA CONSTITUTION

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James M. Cox, Chairman 1950-1957—James M. Cox Jr., Chairman 1957-1974

JACK TARVER, Publisher

REG MURPHY, Editor

★★★★

PAGE 4-A, MONDAY, AUGUST 17, 1975

Still No Program

President Ford and Congress are butting heads again about oil-price policies. Meanwhile, the nation continues with no energy program because Congress has refused to make the tough decisions and compromises necessary.

Because Congress has failed to

to allow the controls to expire over a period of time were rejected by Congress. It chose to pass an extension of the current controls for six months.

But Ford is vetoing it because approving it would "mean only more months of delay without the critically needed incentives to promote conservation and spur new domestic oil

The Pittsburgh Press

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Give Light and the People Will Find Their Own Way

PAGE 2 SECTION B

SUNDAY, AUGUST 17, 1975

Ford's Oil Plans

FlEd

President Ford has made Congress an offer it should not refuse.

His offer is to lift price controls from the oil industry and find out if a free market can lead to more domestic oil production and conservation—and less dependence on the foreign oil cartel.

promote conservation, and higher prices do produce increased efficiency in the use of petroleum products.

"Cheap energy encourages waste and preserves inefficient energy technology. When the price of energy reflects its value to society,

THE COMMERCIAL APPEAL

A Scripps-Howard Newspaper

GORDON HANNA, Editor

Published by The Memphis Publishing Co., 495 Union, Memphis, Tenn. 38101

JOSEPH R. WILLIAMS, Business Manager

Consolidated July 1, 1894 { The Memphis Commercial.......................Established 1889
The Appeal.......................Established 1840
The Avalanche.......................Established 1867

Ford On Oil

PRESIDENT FORD now has made it official. He will veto the six-month extension of petroleum price controls which are to expire at the end of this month. And if Congress upholds his veto he will remove the $2 per barrel import fee on crude oil.

His program for action was outlined again in his speech Friday to the Vail Symposium and followed the pattern

The present law in addition to controlling prices on old oil — that from wells which had been in operation prior to 1973 — also gave the Federal Energy Administration the power to allocate the supply of crude and oil products.

If a price scramble should occur as a result of decontrol, the major producers might find it advantageous to use all their

Ford's oil plans

PRESIDENT FORD has made Congress an offer we hope it can't refuse.

His offer is to lift price controls from the oil industry and find out if a free market can lead to more domestic oil production and conservation — and less dependence on the foreign oil cartel.

The President, his advisers and free-enterprise economists are convinced the test will work out well. We think Ford's plan is worth a try, especially since Congress couldn't come up with an oil policy in months of flailing about.

Ford's first step will be to veto the six-month extension of controls past Aug. 31, which Congress passed hurriedly before going on vacation.

Then, if Congress upholds the veto, Ford will remove his $2-a-barrel tariff on imported oil. That move, according to administration energy experts, should limit the rise in gasoline prices caused by decontrol to three cents a gallon over the next few months.

We would have preferred a gradual ending of controls over a 39-month period to sudden decontrol. But that Ford proposal was a bullet Congress proved incapable of

THE ARIZONA REPUBLIC

Editorials

After decontrol, what?

Democratic congressmen are making dire forecasts of how much the price of gasoline and fuel oil will rise if President Ford vetoes an extension of price controls on domestic oil and his veto is sustained.

Some have predicted an immedi-

nation independent of OPEC.

Decontrol also should encourage what oil experts call secondary recovery. This means getting the oil still left in the ground after the use of conventional techniques.

Decontrol also should encourage

The Philadelphia Inquirer

AUG 19 1975

The oil veto: no choice

President Ford has now made it official: "To help reduce dependence on imports and stem the outflow of American dollars and jobs, I will veto the six-month extension of price controls

domestic oil prices which are controlled and, for the first time, a ceiling on those which were not.

Even that proved unacceptable on Capitol Hill, where any sense of ur-

P/Coled

THE DENVER POST Wed., Aug. 20, 1975

Congress: Uphold Oil Veto

President Ford's economic advisers expect an increase of about three cents a gallon in gasoline prices over the next few months if price controls are killed. This is a small price to pay in return for getting increased domestic production.

While a price freeze made sense following the Arab oil boycott two years ago—as a means of stabilizing the U.S. economy—federal action to keep prices unrealistically low is bad long-term

cate such industries to return to the burning of coal.

We cannot avoid scarcities in domestic crude production. We already have them—this country produces only about 65 per cent of its present supply. But the shortfall will be a lot worse if Congress unwisely tries to keep prices unrealistically low.

Congress, therefore, should go along with President Ford's veto of the extension of price

Editorials Charleston Gaz: W.Va. 8/20/75

New Economic Policy Nation's Only Salvation

As an integral part of his energy program, President Ford will remove price controls on domestic oil.

Congressional Democratic leaders are upset and predict that gasoline prices will climb to 90 cents and higher a gallon. (Of course, Democrats in Congress have had seven months to develop an energy program, but vacations keep interrupting

fair of Tristan and Isolde resemble a childhood romance, is forced to fuel the light of his life with the lion's share of a twenty dollar bill. Mr. Ford's election bid next year could be in terrible trouble, no matter how much bloodletting occurs among Democrats.

The economy isn't bounding back. Infla-

THE COURIER-JOURNAL, WEDNESDAY, AUGUST 27, 1975

AUG 29

Opinion

Oil veto would force Congress to act

AS ECONOMICALLY RISKY and misunderstood as it may be, President Ford should veto the congressional bill extending oil-price controls for another six months. Those controls, on two-thirds of the nation's domestic oil production, are now due to expire at midnight Sunday.

To recommend that Mr. Ford veto extension

August 30, 1975

MEMORANDUM FOR: ~~MAX FRIEDERSDORF~~
FRANK ZARB

FROM: JACK MARSH

I believe we should pull together as quickly as possible some information that will be helpful for our use and those who support the President's position on the Hill to discuss and explain the present situation, particularly the facts to support sustaining the President's veto. I realize there may be some changes on how the issue might develop because of the Mansfield/Albert meeting, but nevertheless I think it would serve a two-fold purpose. First, to be ready to sustain the veto if the proposal suggested by Mike goes sour. Secondly, to have the information available to support the decontrol plan that might be offered pursuant to the Mansfield offer.

I would envision an information package that would consist of four separate parts:

Part One -- background which would be both a history and chronology of the energy and the President's effort to address it.

Part Two -- talking points which would be key, hard-sell, information bullets that support our position.

Part Three -- questions about decontrol you wanted to know but were afraid to ask. This would be a Q&A section of the 25 questions that nearly always reoccur.

Part Four -- collection of editorial comments on a nationwide basis which supports the President's energy program. Margita White has pulled this material together.

9/8

JOM/dl

decontrol

August 30, 1975

MEMORANDUM FOR: MAX FRIEDERSDORF

FROM: JACK MARSH

Early on Tuesday I think it would be most helpful if Kendall and O'Donnell could firm up those question mark Senators we had such as Brock, Taft, Dole, Domenici, Thurmond, Baker, etc.

JOM/dl

decontrol

August 30, 1975

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August 30, 1975

MEMORANDUM FOR: MAX FRIEDERSDORF

FROM: JACK MARSH

In reference to the decontrol matter, I think it's very important that the President personally talk by phone with Russell Long. I think we can wait a day or so on his calling McClellan or Eastland or other Democrats because they will want to wait to see what comes out of the meeting Mike Mansfield is going to have Thursday.

However, I think we should discuss with the President the possibility of having a meeting with John Rhodes and Hugh Scott in order to counter-part the meeting he had with Mansfield and Albert. You might feel it would be helpful to enlarge that meeting to include Griffin, Michel and perhaps one or two other Republicans.

I think we should chat about that.

JOM/dl

Rowland Evans and Robert Novak

WASH POST 8/31/75

Overriding an Oil Veto

President Ford's unexpected delay of his oil price control veto must be read against the background of a grass roots debacle for him during the August congressional recess: key senators defecting on oil price decontrol after talking to angry, inflation-conscious constituents.

Calls from congressional headcounters at the White House and the Federal Energy Administration placed

"Senators were inundated by constituent complaints—particularly among farmers—about any new gasoline price hikes."

conservative Republican Sen. Norris Cotton, who came out of retirement to temporarily fill the vacancy created by

Ford's CBS interview Aug. 13 is reflected in tabulated results of Albert Sindlinger's authoritative nationwide

asked Republican state chairman Richard Richards of Utah to suggest a state fundraiser, he replied that his conservative state was not Ford country in the wake of the First Lady's remarks.

•

Needless discourtesy by Gov. Edmund G. Brown Jr. of California toward a fellow governor may have decided last Wednesday's 11 to 9 vote