

The original documents are located in Box 16, folder “Energy - Oil Import Fees (2)” of the John Marsh Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald R. Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

February 17, 1975

MEMORANDUM FOR: THE PRESIDENT
FROM: JACK MARSH

Our present soundings indicate we have the best chance with the following Senators on the forthcoming tariff suspension vote. Therefore, it is believed a phone call would be most helpful to the following:

1. Harry Byrd. Although he voted against us in the Committee, it is believed there is a chance that he might vote with the Administration on the Floor.
2. John Stennis
3. James Eastland

Advice is that the recent action by the Department of Interior on off-shore drilling has caused problems with Senators from Gulf States.

4. John McClellan. Chance of getting his vote is not good as he is a sponsor of the Jackson/Kennedy Amendment.

As you are aware, Senator Griffin is anxious that you contact some of the Southern Senators by phone.



February 17, 1975

MEMORANDUM FOR: THE PRESIDENT

FROM: JACK MARSH

BACKGROUND INFORMATION

1. You can expect discussion about compromise amendments particularly in the form of the Dole Amendment which leaves the first \$1 on and suspends your authority for the next two installments for 60 days. The Dole Amendment also adds some levy for New England. Dole believes although he does not have White House support for his Amendment now that by the time he offers it, he will have Administration backing.

You will want to give some indication about how you feel about the Dole Amendment and while indicating your willingness to seek reasonable compromise, I believe that you will want to stress that compromise at this time is premature. It is a major concession to the opposing forces and also does not meet the problem of avoiding delay in Congressional action.

2. The point should be emphasized in your discussion of the interrelation between the economic problem and the energy problems. Economic dislocations are the major concerns of most people and by your emphasis on energy you should not be construed as either being insensitive or unaware of severe economic stresses such as unemployment, inflation, high interest budget deficits, trade deficits, etc. Point out that the high cost of energy impacts on production, on jobs, etc.

3. It is generally conceded that notwithstanding what occurs on any of the votes, your efforts have made energy a number one National priority. National attention and Congressional attention are now being focused on this problem. This is a major achievement in itself and should be stressed.



4. You will want to encourage contribution to Senate debate by your supporters and, therefore, the offer should be made to assist them in the production of speech materials, etc.

5. The most powerful argument you have to overcome is the question of what is wrong with a temporary delay. You should point out that you have been the first to bite the bullet and have had to take the heat by imposing these levies. Your first step has given the Congress an easy second step which is the implementation of a permanent program. Point out to them yours is only an interim temporary program until the Congress can shape and adopt the final program. To suspend your authority only increases our vulnerability to OPEC blackmail as well as takes away the incentives for Congressional action. Delay will not lead to action; it will lead to procrastination and inaction.

Members of the Senate should be sensitive to the foreign reaction to revoking your authority. This will be a signal to OPEC countries that the U.S. is not willing to make small sacrifices to achieve energy independence. In the long run one of the most harmful results of an adverse vote is that it sends the wrong signal to the rest of the world.

6. Tailoring the program -- point out you are not locked into an iron-clad position but are amenable to reasonable compromise and modifications. This has been evidenced in special treatment for the Northeast. It is evidenced by special arrangements being worked out to take care of agriculture. This latter point is of great meaning to agricultural States and you may wish for Zarb to explain it further.

7. In addition to your arguments advanced in earlier meetings, you might expect a strong argument that the energy program does not slow down the recession but on the contrary, may worsen our economic crisis. Allen Greenspan and others present should be ready to counter this argument and point out the facts to the contrary.



THE WHITE HOUSE
WASHINGTON

2/18

TO: MAX FRIEDERSDORF

FROM: JOHN O. MARSH, JR.

_____ For Direct Reply

_____ For Draft Response

_____ For Your Information

_____ Please Advise

What is your view on the attached?

Good idea!

FEB 14 1975

THE WHITE HOUSE
WASHINGTON

February 12, 1975

MEMORANDUM FOR: JOHN O. MARSH
MAX L. FRIEDERSDORF *M.L.F.*

THRU: VERN LOEN *VL*

FROM: DOUGLAS P. BENNETT *DPB*

SUBJECT: High-Level Consultation with Oil
Industry Chief Executive Officers

I am becoming increasingly aware that the individual oil companies are sending the message via their Washington representatives to the various oil state Congressmen to oppose the imposition of the tariff. I think it most timely and very important that we talk with the oil company leaders in an effort to gain their support or at least blunt their opposition to the President's energy program.

I have prepared the attached draft memorandum for you to send to Bill Baroody if you deem appropriate.

Attachment

Max - What is your view?
DPB

THE WHITE HOUSE

WASHINGTON

DRAFT

Memorandum

We have noticed in the past couple of weeks opposition to the President's decision to impose a tariff on oil imports expressed by oil state Congressmen of both Houses. It is my view that there is a tendency on the part of the business leaders of this industry to be short-sighted in their views and are expressing this attitude to their elected officials. It strikes me that it might be very wise for the President or another very high-level official to call a meeting in Washington of the oil company chief executive officers (as opposed to industry association leaders such as Frank Ikhard) to fully discuss the President's program.

It seems to me we may be able to rally the support of the key oil principals involved and thereby greatly assisting our efforts to sustain a veto of H. R. 1767, the oil tariff 90-day delay bill.

THE WHITE HOUSE

WASHINGTON

February 17, 1975

DINNER MEETING WITH THE REPUBLICAN WEDNESDAY CLUB
OF THE SENATE

Tuesday, February 18, 1975

6:30 - 9:15 p.m. (2 hours, 45 minutes)

The First Floor Family Dining Room

From: Max L. Friedersdorf

I. PURPOSE

To win support for the President's position on the Congressional attempt to delay for 90 days the imposition of the oil tariff.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background:

1. Twelve Republican members of the Wednesday Club of the Senate will attend the dinner.
2. These Senators, most of whom consider themselves moderates, are a key group in our attempt to gain enough votes for sustaining a veto of the Kennedy-Jackson Resolution.
3. At the present time five of this group (Beall, Packwood, Pearson, Percy and Stevens) will vote with us; seven will vote for Kennedy-Jackson (Brooke, Hatfield, Case, Javits, Schweiker, Stafford and Weicker) and one (Mathias) is undecided. We understand that some of the second group may be persuaded to vote our position, such as Hatfield. The last member of the group, Senator Taft, is in the hospital, but has declared he will vote for the Resolution.
4. This meeting can serve as a forum for the President and his advisors to emphasize the importance of the vote and might serve to open up a channel of communication for the future.

5. Miscellaneous topics -- See Tab D

B. Participants: See Tab A

C. Press Plan:

The Press office has announced this as a meeting with the Wednesday Club. White House Photographer only.

III. TALKING POINTS

See Tab B

IV. AGENDA

See Tab C

PARTICIPANTS

The President
The Vice President

SENATE

J. Glenn Beall, Jr. (Md.)
Edward W. Brooke (Mass.)
Clifford P. Case (N. J.)
Mark O. Hatfield (Oreg.)
Jacob K. Javits (N. Y.)
Charles McC. Mathias, Jr. (Md.)
Bob Packwood (Oreg.)
James B. Pearson (Kans.)
Richard S. Schweiker (Pa.)
Robert T. Stafford (Vt.)
Ted Stevens (Alaska)
Lowell P. Weicker, Jr. (Conn.)
Charles Percy (Ill.) (Cocktails only)

STAFF

Secretary Simon
Secretary Morton
James Lynn
Donald Rumsfeld (Cocktails only)
Robert Hartmann
Jack Marsh
Bill Seidman
Frank Zarb
Allan Greenspan
Max Friedersdorf
William Kendall
Patrick O'Donnell

REGRETS

Senator Charles Percy (Ill.) - is hosting a dinner for Amb. of Pakistan
Senator Robert Taft (Ohio) - hospitalized

TALKING POINTS

1. I am delighted that you are able to be with us this evening.
2. The upcoming vote on the oil tariff deferral bill is of sufficient importance that I felt a working dinner was in order.
3. It is apparent that the Democrats' strategy is one of more delay, prolonged study and general failure to face up to the problem.
4. You will recall that six months ago we were being criticized for having no program; it was then claimed that voluntary conservation efforts would not be sufficient for the magnitude of the problem.
5. After months of work and exhaustive exploration of the numerous approaches and options, we have offered a comprehensive program that addresses the goals of conservation and self-sufficiency.
6. Now the critics are saying we have offered a program that is too harsh.
7. I believe, as Bill Simon, Frank Zarb and others have explained this evening, the situation calls for some strong decisions. Those decisions have now been made.
8. We simply cannot continue to drift and become more dependent on foreign imports, while at the same time neglecting our own productive capacity.
9. If the United States is to continue to play a leading role in the affairs of the world, regain domestic prosperity and protect our security--we must act now.
10. If the Arab nations observe that we do not have the courage to add \$1.00 on imports, they will continue to raise their prices and we will have price control by the cartel.
11. The OPEC nations have increased their prices twice since the embargo, and they likely will continue if we do not act promptly.
12. From the political standpoint, if we let the Democratic majority roll over us on this one, it will set the tone for the entire session.

13. If we unite on this issue and produce enough votes to sustain a veto, we can have a continuing and real impact on the course of the 94th Congress.
14. If we can win on this first big test, I can be flexible on the second and third dollar tariff deadlines. My flexibility would be based on the progress made on the energy legislation.
15. Finally, as a personal request from the President, I would deeply appreciate your support and assistance on this important vote.

AGENDA

- 6:30-7:00 p.m.
(30 minutes) Cocktails
- 7:00 p.m. Guests are seated for dinner.
- 7:00-7:45 p.m.
(45 minutes) Dinner
- 7:45-8:00 p.m.
(15 minutes) The President introduces Secretary Simon who talks on global implications of the energy crisis and resultant damage if oil tariff is deferred by Kennedy-Jackson.
- 8:00-8:15 p.m.
(15 minutes) President introduces Alan Greenspan who discusses domestic consequences and dangers of deferral.
- 8:15-8:30 p.m.
(15 minutes) President introduces Frank Zarb who explains rationale and advantages of Presidential energy.
- 8:30-9:00 p.m.
(30 minutes) President and staff respond to questions.
- 9:00-9:15 p.m.
(15 minutes) President summarizes and closes meeting.
- 9:15 p.m. Meeting adjourns.

MISCELLANEOUS TOPICS

Although the purpose of this meeting is to discuss the energy and economic situation, these Senators might bring up other subjects. The following is a random list of topics which might be worked in to the evening by various Senators:

1. Presidential appointments, patronage and personnel
2. Cargo Preference
3. Environmental Protection
4. Strip Mining/Land Use
5. No-Fault Insurance
6. A Congressional/Executive Task Force on Energy
7. Bureau of Labor Statistics figures

BREAKFAST MEETING WITH SOUTHERN SENATORS

Wednesday, February 19, 1975

7:30-9:00 a.m. (1 hour, 30 minutes)

The First Floor Private Dining Room

Thru: Max L. Friedersdorf

From: William T. Kendall

I. PURPOSE

To influence the Senators to vote with the President on the Kennedy-Jackson oil tariff deferral bill.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background:

1. In order to achieve the thirty four votes needed to sustain a veto of the proposal to defer for 90 days the \$3 per barrel oil tariff, we need at least four or five Democrats. The vote will take place at 5:00 p.m., Wednesday, February 19, 1975. The most likely group of Democrats are those Southern Democrats plus Senator Cannon, all of whom will attend the breakfast.
2. Senator Long, a leader of this group, and Chairman of the Finance Committee of the Senate which reported the bill, has said he will vote against the deferral plan. We believe Senator Cannon will vote the same way. Senators Talmadge and Byrd (Va.) have said they will vote for the deferral bill. The rest appear to be undecided.
3. There are two reasons why these Senators are hesitant about supporting the President's position. First, they are concerned about the inflationary effects of the tariff. Secondly, they are troubled about higher fuel costs to farmers resulting from the tariff.

B. Participants: See Tab A

C. Press Plan:

The Press Office has announced this meeting. White House Photographer only.

III. TALKING POINTS

1. Gentlemen, I appreciate your coming here this morning and I would like to discuss with you some of the aspects of my energy proposal relating to the vote you will have on the deferral bill in the Senate at 5 p.m. today.

I am aware there are two areas of concern regarding this tariff proposal which I would like to discuss with you this morning.

The first concern is the possibility of a price rise or ripple effect relating to the eventual \$3 per barrel oil import tariff. Both Bill Simon and Alan Greenspan have been testifying extensively on the Hill about this concern this week. We believe the inflationary impact of this tariff will be very gradual and minimal in its effect on consumers. To give you a broader picture of what we have found I am going to ask Alan and Bill to say a few words on the subject.

2. The second area of concern has been the effect of the tariff on our Agriculture industry which uses a large amount of gasoline and diesel fuel. As I observed last week in Topeka, Kansas, I am very concerned about this problem and we are prepared to recommend an exemption which would alleviate this problem for our farmers. Frank Zarb is here and will give you some additional thoughts on this subject.
3. Our great concerns in the energy field are with our increasing vulnerability to the Arabs and the diminishing production here in the United States. To get us back on the right track I have recommended a conservation program and other measures to stimulate domestic production.

Defeat of our tariff program would mean that the United States is without a comprehensive energy program and would delay the critical need to move towards self-sufficiency as quickly as possible.

4. I need not mention to this group the critical importance to our national security of having a program of self-sufficiency in energy. We have our top Administration staff here today in energy and now I would welcome any questions you may have about our program.

PARTICIPANTS

The President

SENATE

James Allen (Ala.)
Harry Byrd (Va.)
Howard Cannon (Nev.)
Bennett Johnston (La.)
Russell Long (La.)
John McClellan (Ark.)
Robert Morgan (N.C.)
Sam Nunn (Ga.)
John Sparkman (Ala.)
John Stennis (Miss.)
Herman Talmadge (Ga.)

STAFF

Secretary Dent
Secretary Morton
Secretary Butz
Secretary Simon
Donald Rumsfeld
Jack Marsh
Robert Hartmann
Allan Greenspan
James Lynn
Max Friedersdorf
Bill Seidman
Frank Zarb
William Kendall
Patrick O'Donnell

REGRETS

Senator James Eastland (Has the flu)

MR. MARSH - FYI - released well
before RAR spoke with you - sharply
reduced to 3 paragraphs.

con

THE WHITE HOUSE

WASHINGTON

February 19, 1975

MEMORANDUM FOR: JACK MARSH
FROM: PAUL THEIS *PT*
SUBJECT: Proposed Presidential Statement
on Senate Action on Energy
Legislation

Attached is a proposed Presidential statement for use following Senate vote today on energy legislation.

Would you telephone your clearance or your comments and suggestions to me by 4 p. m. today?

Many thanks.

Attachment

*Marsh
may
Kendall*

CLEARANCE FORM FOR PRESIDENTIAL SPEECH MATERIAL

TO: THE PRESIDENT
VIA: ROBERT HARTMANN
FROM: PAUL A. THEIS
SUBJECT: Statement on Senate Action on Energy
Legislation

TIME, DATE AND PLACE OF PRESIDENTIAL USE: _____

Approx. 5 p.m., Wednesday, February 19, the White House

SPEECHWRITER: Friedman

EDITED BY: Theis

BASIC RESEARCH/SPEECH MATERIAL SUPPLIED BY:

FEA and Congressional Liaison Office

CLEARED BY (Please initial):

- (X) OPERATIONS (Rumsfeld) _____
- (X) CONGRESSIONAL/PUBLIC LIAISON (Marsh) _____
- (X) PRESS (Nessen) _____
- () LEGAL (Buchen) _____
- () ECONOMIC POLICY BOARD (Seidman) _____
- () OFFICE OF MANAGEMENT AND BUDGET (Lynn) _____
- () DOMESTIC COUNCIL (Cole) _____
- () NATIONAL SECURITY COUNCIL (Scowcroft) _____
- () RESEARCH (Waldron) _____
- (X) JERRY WARREN (FYI) _____
- (X) Frank Zarb
- (X) Max Friedersdorf

(Friedman) *PT*

*March
Friedman
K...*

February 19, 1975

SUGGESTED STATEMENT ON SENATE ENERGY VOTE

*actions today
the Senate's ~~block~~ defeat
today of*

(If vote shows that we have enough Senators to uphold veto)

①

to the deferral of any

I have no alternative but to veto the energy measure adopted

today by the Senate because of my conviction that it is against the national economic and security interests of the United States.

immediately chosen to reject of the first

The Congress has rejected the comprehensive, integrated program

step in my plan to

which I offered to achieve energy independence for America. It has failed

to offer an effective alternative program of its own design. Since action is

essential for our continuity as a great and prosperous nation, I will appeal

to the Congress and to the American people through every means at my

disposal to uphold my veto.

of much consideration

The Senate vote is a rejection of increased production in the United

States and acceptance of greater dependency on the OPEC nations.

This could lead to disaster. The Senate is aware of the implications

for our national security and economic future.



check statistics

Today, we are dependent on the OPEC nations for 38 percent of our oil. Another embargo would paralyze our economy at a time when we can least afford it.

The failure of the Congress to move ahead on my comprehensive program would deal a terrible blow to our economic future. If the Congress overrides my veto, it would thereby reject responsibility *(Just stop them!)* for an integrated energy policy to cope with a worsening situation.

Every day of delay means more dollars flowing out of the United States while more expensive foreign oil flows in. Every day of delay means *substantially worsens our energy situation & economy* more (recession and more inflation) Every day of delay evades the challenge and avoids the short-term actions essential to reach long-term goals.

~~We cannot bury our head, like an ostrich, in an American sand trap of our own making while a storm of change blows throughout the world.~~
We cannot avoid the problem -
Nor can we be credible in asking other oil consuming nations to cooperate with us.



I ~~cannot~~ believe that the American people ~~lack~~ the courage and determination to make the necessary sacrifices and to face the reality of the energy situation. I have faith in America. And I still have faith in the wisdom and high motivation of the Congress.

#



②

The Congress has not voted on the merits of my plan, but has voted ~~to~~ to delay its consideration

They voted to block and therefore unwillly and ~~was~~ thereby unwillly delayed.

Cheney



February 20, 1975

Votes Gained on the Javits Amendment (6)

Beall
Case
Javits
Mathias
Roth
Stafford

Votes Lost on the Javits Amendment (8)

Bartlett
Buckley
Cannon
Domenici
Fong
Hansen
Hruska
Long

Not Voting on the Javits Amendment (1)

Goldwater



Energy LIG Assignments on 114 House Members who voted
with the President on Energy

LIG Meeting Friday, February 21

Abdnor	Loeffler
Anderson, John (Ill.)	Sparling
Andrews, Mark (N.D.)	FEA
Archer	FEA
Armstrong	ERDA
Beard, Robin (Tenn.)	ERDA
Bell	ERDA
Broomfield	Commerce
Brown, George (Calif.)	ERDA
Brown, Garry (Mich.)	HUD
Brown, Clarence (Ohio)	DOT
Broyhill	FEA
Buchanan	State
Burgener	DOT
Burleson, Omar (Tex.)	Commerce
Butler	ERDA
Carter	Interior
Cederberg	Treasury
Clausen, Don (Calif.)	Interior
Cleveland	EPA
Cochran	Commerce
Collins, James (Tex.)	FEA
Conable	Treasury
Coughlin	ERDA
Crane	Commerce
Daniel, Bob (Va.)	ERDA
Derrick	ERDA
Devine	Interior
du Pont	DOT
Edwards, Jack (Ala.)	FEA
Erlenborn	State
Esch	DOT
Eshleman	W.H.
Findley	Agriculture
Flowers	ERDA
Flynt	FEA
Forsythe	W.H.
Frenzel	Treasury
Frey	ERDA
Ginn	Agriculture
Goldwater	FEA
Gradison	Treasury
Guyer	State
Hagedorn	EPA
Hammerschmidt	FEA
Hastings	DOT

①
Sivigate
Material
②



Doug Bennett

Heinz
Hillis
Hinshaw
Horton
Hutchinson
Hyde
Johnson, James (Colo.)
Johnson, Albert (Pa.)
Kasten
Kelly
Kindness
Lagomarsino
Landrum
Latta
Lujan
McCloskey
McCollister
McDade
Martin
Mazzoli
Michel
Miller, Clarence (Ohio)
Mitchell, Donald (N.Y.)
Montgomery
Moorhead, Carlos (Calif.)
Mosher
Myers, John (Ind.)
O'Brien
Pritchard
Quie
Quillen
Railsback
Regula
Robinson
Rousselot
Ruppe
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Sikes
Skubitz
Smith, Virginia (Neb.)
Spence
Stanton, Wm. (Ohio)
Steiger, Wm. (Wis.)
Steiger, Sam (Ariz.)
Stephens
Stuckey

FEA
Interior
FEA
ERDA
Commerce
HUD
Interior
HUD
Treasury
Agriculture
W.H.
DOT
FEA
Interior
FEA
State
DOT
FEA
FEA
W.H.
Commerce
Interior
Commerce
FEA
HUD
DOT
Agriculture
FEA
DOT
Treasury
W.H.
Commerce
Interior
EPA
HUD
DOT
FEA
FEA
Treasury
HUD
Agriculture
OMB
FEA
EPA
Interior
FEA
HUD
HUD
Treasury
Commerce
Agriculture

Vern Loen

Vern Loen

Charlie Leppert

Talcott
Taylor, Gene (Mo.)
Taylor, Roy (N.C.)
Thone
Treen
Vander Jagt
Waggonner
Wampler
Whitehurst
Wiggins
Wilson, Bob (Calif.)
Wilson, Charles (Tex.)
Winn
Wydler
Young, Don (Alaska)

EPA
HUD
Interior
Agriculture
FEA
EPA
FEA
Agriculture
ERDA
FEA
Commerce
FEA
DOT
ERDA
Interior

Not Voting

Collins, Cardiss (Ill.)
Derwinski
Dickinson
Diggs
Jarman
McClory
Madigan
Mills
Pepper
Solarz

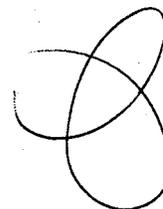
W.H.
FEA
Commerce
State
ERDA
State
Agriculture
W.H.
OMB
State

Vern Loen

Doug Bennett
Defense

February 21, 1975

The List



Beall	Gas tilt - should be the easiest to convince. Wants BLS figures exclusively: Undersecretary Schubert is holding them until next week. If Beall gets scooped on this one, kiss him goodbye.
Hatfield	A tough case. Probably is not to be had.
Javits	Wants gas tilt. My guess is he will get as much as he can, then vote the other way.
Johnston	Says he is willing, if the right moves are made. He is interested in his off-shore revenue sharing bill passed last year by the Senate.
Mathias	Would go for an 80% tilt to gas. Convince Janney.
Nunn	Tough.
Schweicker	Probably same as Mathias.
Stafford	Tougher than tough.
Stennis	A personal call from the President.
Roth	Petro Chemicals and the rise in energy costs to poor.
Byrd (Va.)	I don't see how
Allen	Perhaps. Another call from the Oval Office.
Brooke	Forget him.
Case	Him, too.
Taft	Recuperating for two weeks, still opposed.
Weicker	NO way.

THE WHITE HOUSE

WASHINGTON

February 22, 1975

MEMORANDUM FOR THE PRESIDENT

FROM:

PHILLIP AREEDA

P.A.

You asked whether altering or delaying further implementation of your Oil Import Proclamation would either weaken the legal foundation of the Proclamation or undermine the judicial refusal to issue a temporary injunction against it.

My rough judgement is that such revision or delay would not weaken or undermine our position in either respect.

A more refined judgement will be possible once I receive and read the court's opinion which will be issued on Monday.

THE WHITE HOUSE
WASHINGTON

Don -

The President
asked me to get
this.

Just

sent to R. Keimfeld 2-23-5 (delivered)

FEDERAL ENERGY ADMINISTRATION

Date: February 24, 1975

P.C.

Reply to
Attn of:

Paul Cyr - Director for Congressional Affairs

Subject:

Reporting Congressional Positions Relative to a Veto
Vote on H.R. 1767, a Bill which would Delay Imposition
of the Fee Levied on Imported Crude and Crude Products

To:

Legislative Inter-governmental Group

Each of you have been designated to contact and ascertain
positions of various Members of Congress concerning the
up-coming veto vote on H.R. 1767. (See attached
assignment sheet)

In order that your information may be recorded in an
orderly manner, you are requested to relay your
findings to any of the following people in my office:

Miss Adair Atwell
Miss Nancy Dinse
Miss Margot Hastings

Telephone numbers 961-6112 or 961-7263

Your report should include:

- 1) Your name
- 2) Name of Member
- 3) Member's Position:
 - To sustain veto
 - To override veto
 - Leaning to sustain veto
 - Leaning to override veto
 - Non-committal
- 4) Any comments concerning Member

At the end of each day this combined information will
be made available to Max Friedersdorf's office.

If you need assistance on substantive matters relating
to the President's proposed economic/energy program,
you should contact either of the following individuals:

Bruce Pasternack - 961-6295
Bert Concklin - 961-6187

February 24, 1975 (cont.)

Both Bruce and Bert will make every effort to remain in their offices at all times throughout the day. However, if you are not able to reach them immediately, leave your name, the name of your department/agency, your telephone number and question with their secretary. Bruce or Bert will return your call promptly.

Energy LIG Assignments on 114 House Members who voted
with the President on Energy

LIG Meeting Friday, February 21

Abdnor	Loeffler
Anderson, John (Ill.)	Sparling
Andrews, Mark (N.D.)	FEA
Archer	FEA
Armstrong	ERDA
Beard, Robin (Tenn.)	ERDA
Bell	ERDA
Broomfield	Commerce
Brown, George (Calif.)	ERDA
Brown, Garry (Mich.)	HUD
Brown, Clarence (Ohio)	DOT
Broyhill	FEA
Buchanan	State
Burgener	DOT
Burleson, Omar (Tex.)	Commerce
Butler	ERDA
Carter	Interior
Cederberg	Treasury
Clausen, Don (Calif.)	Interior
Cleveland	EPA
Cochran	Commerce
Collins, James (Tex.)	FEA
Conable	Treasury
Coughlin	ERDA
Crane	Commerce
Daniel, Bob (Va.)	ERDA
Derrick	ERDA
Devine	Interior
du Pont	DOT
Edwards, Jack (Ala.)	FEA
Erlenborn	State
Esch	DOT
Eshleman	W.H.
Findley	Agriculture
Flowers	ERDA
Flynt	FEA
Forsythe	W.H.
Frenzel	Treasury
Frey	ERDA
Ginn	Agriculture
Goldwater	FEA
Gradison	Treasury
Guyer	State
Hagedorn	EPA
Hammerschmidt	FEA
Hastings	DOT

Doug Bennett

Heinz
Hillis
Hinshaw
Horton
Hutchinson
Hyde
Johnson, James (Colo.)
Johnson, Albert (Pa.)
Kasten
Kelly
Kindness
Lagomarsino
Landrum
Latta
Lujan
McCloskey
McCollister
McDade
Martin
Mazzoli
Michel
Miller, Clarence (Ohio)
Mitchell, Donald (N.Y.)
Montgomery
Moorhead, Carlos (Calif.)
Mosher
Myers, John (Ind.)
O'Brien
Pritchard
Quie
Quillen
Railsback
Regula
Robinson
Rousselot
Ruppe
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Sikes
Skubitz
Smith, Virginia (Neb.)
Spence
Stanton, Wm. (Ohio)
Steiger, Wm. (Wis.)
Steiger, Sam (Ariz.)
Stephens
Stuckey

FEA
Interior
FEA
ERDA
Commerce
HUD
Interior
HUD
Treasury
Agriculture
W.H.
DOT
FEA
Interior
FEA
State
DOT
FEA
FEA
W.H.
Commerce
Interior
Commerce
FEA
HUD
DOT
Agriculture
FEA
DOT
Treasury
W.H.
Commerce
Interior
EPA
HUD
DOT
FEA
FEA
Treasury
HUD
Agriculture
OMB
FEA
EPA
Interior
FEA
HUD
HUD
Treasury
Commerce
Agriculture

Vern Loen

Vern Loen

Charlie Leppert

Talcott
Taylor, Gene (Mo.)
Taylor, Roy (N.C.)
Thone
Treen
Vander Jagt
Waggoner
Wampler
Whitehurst
Wiggins
Wilson, Bob (Calif.)
Wilson, Charles (Tex.)
Winn
Wydler
Young, Don (Alaska)

EPA
HUD
Interior
Agriculture
FEA
EPA
FEA
Agriculture
ERDA
FEA
Commerce
FEA
DOT
ERDA
Interior

Not Voting

Collins, Cardiss (Ill.)
Derwinski
Dickinson
Diggs
Jarman
McClory
Madigan
Mills
Pepper
Solarz

W.H.
FEA
Commerce
State
ERDA
State
Agriculture
W.H.
OMB
State

Vern Loen

Doug Bennett
Defense

DEMOCRATS

Hamilton, Lee (Ind.)	State
Alexander, Bill (Ark.)	Treasury
Annunzio, Frank (Ill.)	Treasury
Ashley, Thomas (Ohio)	HUD
Bedell, Berkley (Iowa)	Agriculture
Bevill, Tom (Ala.)	Interior
Boggs, Lindy (La.)	FEA
Breaux, John (La.)	FEA
Brinkley, Jack (Ga.)	Agriculture
Byron, Goodloe (Md.)	W.H.
Daniel, Dan (Va.)	ERDA
Eckhardt, Bob (Tex.)	Treasury
Evins, Joe (Tenn.)	OMB
Fountain, L.H. (N.C.)	State
Hanley, James (N.Y.)	HUD
Hebert, Ed (La.)	FEA
Henderson, David (N.C.)	Commerce
Hightower, Jack (Tex.)	Treasury
Ichord, Richard (Mo.)	DOD
Jones, Bob (Ala.)	EPA
Jones, Walter (N.C.)	Commerce
Jones, Jim (Okla.)	Treasury
Jones, Ed (Tenn.)	Agriculture
Jordan, Barbara (Tex.)	FEA
Karth, Joseph (Minn.)	Treasury - W.H.
Krebs, John (Calif.)	State
Krueger, Bob (Tex.)	FEA
Litton, Jerry (Mo.)	Agriculture
Long, Gillis (La.)	FEA
McCormack, Mike (Wash.)	Interior - ERDA
Mahon, George (Tex.)	OMB
Mann, James (S.C.)	Commerce
Mathis, Dawson (Ga.)	Agriculture
Milford, Dale (Tex.)	FEA
Nichols, Bill (Ala.)	FEA
Oberstar, James (Minn.)	EPA
Passman, Otto (La.)	State
Pickle, J.J. (Tex.)	Treasury
Poage, W.R. (Tex.)	Agriculture
Rostenkowski, Dan (Ill.)	Treasury
Runnels, Harold (N.Mex.)	Interior
Sisk, B.F. (Calif.)	W.H.
Steed, Tom (Okla.)	OMB - FEA
Stratton, Sam (N.Y.)	DOD
Teague, Olin (Tex.)	FEA
Thornton, Ray (Ark.)	Agriculture
Haley, James (Fla.)	Interior
Downing, Thomas (Va.)	Jack Marsh
<u>Not Voting</u>	
Jarman, John (Okla.)	
Mills, Wilbur (Ark.)	
Solarz, Stephen (N.Y.)	

REPUBLICANS

Ashbrook, John (Ohio)	Defense
Bafalis, Skip (Fla.)	Treasury
Bauman, Robt. (Md.)	Commerce
Biester, Ed (Pa.)	DOT
Burke, Herbert (Fla.)	W.H. - DOD
Clancy, Donald (Ohio)	Interior
Clawson, Del (Calif.)	DOT
Cohen, Wm. (Me.)	Treasury
Conlan, John (Ariz.)	HUD
Duncan, John (Tenn.)	Treasury
Emery, David (Me.)	Treasury
Fenwick, Millicent (N.J.)	HUD
Fish, Hamilton (N.Y.)	State
Gilman, Ben (N.Y.)	State
Grassley, Charles (Iowa)	Agriculture
Gude, Gilbert (Md.)	State
Hansen, George (Idaho)	Interior
Harsha, William (Ohio)	DOT
Heckler, Margaret (Mass.)	State
Holt, Marjorie (Md.)	FEA
Jeffords, James (Vt.)	Commerce
Kemp, Jack (N.Y.)	W.H.
Ketchum, William (Calif.)	FEA
Lent, Norman (N.Y.)	W.H.
Lott, Trent (Miss.)	FEA
McEwen, Robert (N.Y.)	State
McKinney, Stewart (Conn.)	HUD
Moore, Henson (La.)	FEA
Myers, Gary (Pa.)	W.H.
Peyser, Peter (N.Y.)	FEA
Pressler, Larry (S.D.)	Treasury
Rinaldo, Matthew (N.J.)	Treasury
Shuster, Bud (Pa.)	W.H.
Snyder, Gene (Ky.)	FEA
Steelman, Alan (Tex.)	FEA
Symms, Steven (Idaho)	Interior
Walsh, William (N.Y.)	Interior - Cannon
Wylie, Chalmers (Ohio)	DOT
Young, Bill (Fla.)	Treasury

Not Voting

Derwinski, Ed (Ill.)
Dickinson, William (Ala.)
McClory, Robert (Ill.)
Madigan, Ed (Ill.)

FEB 28 1975

THE WHITE HOUSE
WASHINGTON
February 28, 1975

MEMORANDUM FOR: MAX L. FRIEDERSDORF
FROM: WILLIAM T. KENDALL *WTK*
SUBJECT: The veto of the Oil Deferral Bill

It would appear that at least four votes are available from the Wednesday Club members. Senator Beall is all but on board since he appears to accept the gas "tilt" as it now stands. Senator Mathias and Senator Javits are holding out for an 80-20 split, but I believe that any change would entice Mathias-- say 75-25. If you want to go as far as 80-20 you can pick up Javits and probably Schweiker and Stafford. Roth, though not a member of Wednesday Club, might also go along with the higher percentages.

✓ ccc: Jack Marsh

TABLE OF CONTENTS
TALKING PAPERS
LEGISLATIVE INTERGOVERNMENTAL GROUP

- TAB A - Synopsis of H.R. 1767
- TAB B - Need for Immediate Action - Why Sustain Presidential Veto
- TAB C - Energy Program Talking Points
- TAB D - Why the Pricing Approach
- TAB E - Economic Impact/Income Tax Offset
- TAB F - Gasoline Rationing
- TAB G - Problems With Allocation
- TAB H - Gasoline Tax
- TAB I - One Day a Week Driving Ban on Private Automobiles
- TAB J - Regional Aspects
- TAB K - Agriculture
- TAB L - Gasoline Tilt
- TAB M - Windfall Profits/Plowback/Depletion
- TAB N - Energy Intensive Industries
- TAB O - Critique of Other Proposals/Analyses



SYNOPSIS H.R. 1767

This bill suspends for a 90-day period the authority of the President under section 232 of the Trade Expansion Act 1962 or any other provision of law to take any import adjustment action with respect to petroleum or products derived therefrom. It also provides that any action taken after January 15, 1975 and before the date of the enactment of this Act by the President which results in the imposition of a duty on petroleum or any products derived therefrom shall cease to have effect on the date of the enactment of this action.

STATUS

- o Passed House February 5, 1975 by a vote of 309-114
- o Passed Senate February 19, 1975 by a vote of 66-28.

It is anticipated the President will veto the bill on March 4.

if we are going to work together, must if we are going to have a uniposition in this country, that we would leave to the national security manism, and give the President the r to take unilateral action for the 90 days, which might be disagreed by the Congress.

happen to prefer the quota route and aps some kind of allocation and per- a gasoline tax as a method of re- ag consumption and as a way of ing those 1 million barrels out. I think we will work best if we can lop a program at this time. But this admment tends to leave the President one option if he wants to act. I do think we want him to act unilater- I do not think he should act unilat- y, and I think we want to work him in a spirit of compromise that r talking about, and I do not think I take us 90 days to come up with an.

r. KREBS. Mr. Chairman, I move to e the requisite number of words, and e in support of the amendment of- i by my distinguished colleague, the leman from California (Mr. SISK). r. KREBS asked and was given per- sion to revise and extend his re- ks.)

r. KREBS. Mr. Chairman, I am a omer to these Chambers and as such unt to make it abundantly clear that eak for myself. If there was a man- : that the people of this country gave body in this past election, it was a idate not to obstruct, and I am very h away of my responsibility in that ction. I should not be reminded by the retary of Agriculture or by Members he minority party in these Chambers his responsibility.

ut let me say that in my opinion this ntry is facing an emergency, and ther it is facing a national security oblem or not is a question of semantics of individual interpretation, but it ns to me that when the reserves of di Arabia are only 2 billion dollars ind the United States, this country ed is facing a grave problem and old attend to it forthwith.

certainly concur wholeheartedly with President in his attempt to do so. ver, I respectfully depart from his hods for reasons that have already n eloquently stated and therefore I not dwell on them in any detail. et me say, having grown up in the dle East, I do not have the slightest sion that any time the Arabs see fit, y will cut oil supplies to this country, I let us not kid ourselves on that.

wish I could stand here and support President's program. I want to st- t the President of the United States rtime I feel that I can agree with a; but I simply cannot buy a program t I in my own mind, and everybody t I have talked to almost without ex- sion, feels is not going to solve the rgy problem of this country; how- er, by the same token, it is not my in- st to tie the hands of this President y more than I absolutely have to in- ler to p- sct the best interests of the ple who sent me to these Chambers.

It is for this reason that I am support- ing the amendment proposed by my dis- tinguished colleague, the gentleman from California (Mr. SISK).

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. KREBS. I yield to the gentleman from Pennsylvania.

Mr. GREEN. Mr. Chairman, the Presi- dent of the United States without this amendment can propose a quota and we can make decisions then to agree with it.

The fact of the matter is that what we are trying to do is get something to work together and not unilateral ac- tion. I think we have to be very careful in the area of national security but even our bill does not strip the President in the case of emergency from imposing a fee or a quota if we were attacked or in a situation of hostility of any kind.

So I think we have the opportunity to work together and let us not do what we do by unilateral action which might cause reaction by this House causing further delay. Let us leave the situation so we can work together in the next 90 days.

Mr. KREBS. Mr. Chairman, may I point out that I sense the same feeling of compromise on both the executive as well as the legislative branches of the Government; but I do not wish to leave the impression with anybody in or out of this Chamber that the Democratic majority is not willing to work with the President wholeheartedly. It is in this spirit and in this spirit only that our distinguished colleague, the gentleman from California (Mr. SISK) offered this amendment. I urge its adoption.

The CHAIRMAN. The question is on the amendment offered by the gentle- man from California (Mr. SISK).

The amendment was rejected.

The CHAIRMAN. Are there additional amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Commit- tee of the Whole House on the State of Union, reported that that Committee having had under consideration the bill (H.R. 1767) to suspend for a 90-day period the authority of the President under section 232 of the Trade Expansion Act of 1962 or any other provision of law to increase tariffs, or to take any other import adjustment action, with respect to petroleum or products derived there- from; to negate any such action which may be taken by the President after Jan- uary 15, 1975, and before the beginning of such 90-day period; and for other purposes, pursuant to House Resolution 142, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes ap- peared to have it.

RECORDED VOTE

Mr. ULLMAN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic de- vice, and there were—ayes 309, noes 114, not voting 10, as follows:

[Roll No. 13]

AYES—309

Abzug	Early	Krebs
Adams	Eckhardt	Krueger
Addabbo	Edgar	LaFalce
Alexander	Edwards, Calif.	Leggett
Ambro	Eilberg	Lehman
Anderson, Calif.	Emery	Lent
Andrews, N.C.	English	Levitas
Annunzio	Evans, Colo.	Litton
Ashbrook	Evans, Ind.	Lloyd, Calif.
Ashley	Evins, Tenn.	Lloyd, Tenn.
Aspin	Fascell	Long, La.
AuCoin	Fenwick	Long, Md.
Badillo	Fish	Lott
Bafalis	Fisher	McCormack
Baldus	Fithian	McDonald
Barrett	Flood	McEwen
Baucus	Florio	McFall
Bauman	Foley	McHugh
Beard, R.I.	Ford, Mich.	McKay
Bedell	Ford, Tenn.	McKinney
Bennett	Fountain	Maconald
Bergland	Fraser	Madden
Bevill	Fulton	Maguire
Biaggi	Fuqua	Mahon
Biester	Gaydos	Mann
Bingham	Giaino	Mathis
Blanchard	Gibbons	Matsunaga
Blouin	Gilman	Needs
Boggs	Gonzalez	Nelcher
Boland	Goodling	Metcalfe
Bolling	Grassley	Meyner
Bonker	Green	Mezvinsky
Bowen	Gude	Mikva
Brademas	Haley	Millford
Breaux	Hall	Miller, Calif.
Breckinridge	Hamilton	Mineta
Brinkley	Hanley	Minish
Brodhead	Hannaford	Mink
Brooks	Hansen	Mitchell, Md.
Burke, Calif.	Harkin	Moakley
Burke, Fla.	Harrington	Moffett
Burke, Mass.	Harris	Mollohan
Burlison, Mo.	Harsha	Moore
Burton, John	Hawkins	Moorhead, Pa.
Burton, Phillip	Hayes, Ind.	Morgan
Eyron	Hays, Ohio	Moss
Carney	Hebert	Mottl
Carr	Hechler, W. Va.	Murphy, Ill.
Casey	Heckler, Mass.	Murphy, N.Y.
Chappell	Hefner	Murtha
Chisholm	Helstoski	Myers, Pa.
Clancy	Henderson	Natcher
Clawson, Del.	Hicks	Neal
Clay	Hightower	Nedzi
Cohen	Holland	Nichols
Conlan	Holt	Nix
Conte	Holtzman	Nolan
Conyers	Howard	Nowak
Corman	Howe	Oberstar
Cornell	Hubbard	Obey
Cotter	Hughes	O'Hara
D'Amours	Hungate	O'Neill
Daniel, Dan	Ichord	Ortner
Daniels	Jacobs	Passman
Dominick V.	Jeffords	Patman
Danielson	Jenrette	Patten
Davis	Johnson, Calif.	Patterson, Calif.
de la Garza	Jones, Ala.	Patterson, N.Y.
Delaney	Jones, N.C.	Parkins
Dellums	Jones, Okla.	Pawley
Dent	Jones, Tenn.	Pickle
Dunell	Jordan	Price
Dodd	Karch	Presler
Downey	Kastenmeyer	Preyer
Downing	Kazen	Price
Drinan	Kemp	Randall
Duncan, Oreg.	Ketchum	Ranney
Duncan, Tenn.	Ke's	Rees
	Koch	

Reuss	Shipley	Ullman
Richmond	Shuster	Van Deerlin
Riegle	Simon	Vander Veen
Rinaldo	Sisk	Vanik
Rise	Slack	Vigorito
Rob	Smith, Iowa	Walsh
Rod	Snyder	Waxman
Roe	Spellman	Weaver
Rogers	Staggers	Whalen
Roncallo	Stanton	White
Rooney	James V.	Whitten
Rose	Stark	Wilson
Rosenthal	Steed	Charles H.
Rostenkowski	Steelman	Calif.
Roush	Stokes	Wirth
Royal	Stratton	Wolf
Runnels	Studds	Wright
Russo	Sullivan	Wylie
Ryan	Symington	Yates
St Germain	Synms	Yatron
Santini	Teague	Young, Fla.
Sarbanes	Thompson	Young, Ga.
Scheuer	Thornton	Young, Tex.
Schroeder	Traxler	Zablocki
Seiberling	Tsongas	Zeferetti
Sharp	Udall	

NOES—114

Abdnor	Frey	Quillen
Anderson, Ill.	Ginn	Railsback
Andrews, N. Dak.	Goldwater	Regula
Archer	Gradison	Rhodes
Armstrong	Guyer	Robinson
Beard, Tenn.	Hagedorn	Rousselot
Bell	Hammer-	Ruppe
Broomfield	schmidt	Sarasin
Brown, Calif.	Hastings	Satterfield
Brown, Mich.	Heinz	Schneebeil
Brown, Ohio	Hillis	Schulze
Broyhill	Hinshaw	Sebelius
Buchanan	Horton	Shriver
Burgener	Hutchinson	Sikes
Burleson, Tex.	Hyde	Skubitz
Butler	Johnson, Colo.	Smith, Nebr.
Carter	Johnson, Pa.	Spence
Cederberg	Kasten	Stanton
Clausen, Don H.	Kelly	J. William
Cleveland	Kindness	Steiger, Ariz.
Cochran	Lagomarsino	Steiger, Wis.
Collins, Tex.	Landrum	Stevens
Con	Latta	Stuckey
Cou	Lujan	Talcott
Crane	McCloskey	Taylor, Mo.
Daniel, Robert W., Jr.	McCollister	Taylor, N.C.
Derrick	McDade	Thone
Devine	Martin	Treen
du Pont	Mazzoli	Vander Jagt
Edwards, Ala.	Michel	Waggoner
Erlenborn	Miller, Ohio	Wampler
Esch	Mitchell, N.Y.	Whitehurst
Eshleman	Montgomery	Wiggins
Findley	Moorhead,	Wilson, Bob
Flowers	Calif.	Wilson,
Flynt	Mosher	Charles, Tex.
Forsythe	Myers, Ind.	Winn
Frenzel	O'Brien	Wydler
	Pettis	Young, Alaska
	Pritchard	
	Que	

NOT VOTING—10

Collins, Ill.	Jarman	Pepper
Derwinski	McClory	Solarz
Dickinson	Madigan	
Diggs	Mills	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Diggs for, with Mr. McClory against.

Until further notice:

Mr. Pepper with Mr. Mills.

Mr. Solarz with Mr. Jarman.

Mrs. Collins of Illinois with Mr. Madigan.

Mr. Dickinson with Mr. Derwinski.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that I may have 5 legislative days in which to revise and ex-

tend my remarks and include extraneous matter on the bill just passed and that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

RESIGNATION AS CHAIRMAN OF THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

The SPEAKER laid before the House the following resignation from the Committee on Standards of Official Conduct:

WASHINGTON, D.C., February 5, 1975.

Hon. CARL ALBERT, Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I hereby resign as Chairman of the House Committee on Standards of Official Conduct effective this date.

Sincerely,

MELVIN PRICE, Member of Congress.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

DESIGNATING MEMBERSHIP ON CERTAIN STANDING COMMITTEES OF THE HOUSE

Mr. O'NEILL. Mr. Speaker, I offer a privileged resolution (H. Res. 144) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 144

Resolved, That John J. Flynt, Jr., of Georgia be, and he is hereby, elected chairman of the Committee on Standards of Official Conduct; and,

That Wright Patman, of Texas be, and he is hereby, elected a member of the Committee on Interior and Insular Affairs.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ELECTION OF MEMBERS OF THE STANDING COMMITTEE ON THE BUDGET

Mr. O'NEILL. Mr. Speaker, I offer a privileged resolution (H. Res. 145) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 145

Resolved, That the following-named Members, be, and they are hereby, elected members of the standing Committee on the Budget of the House of Representatives: Brock Adams (chairman), Washington; Thomas P. O'Neill, Junior, Massachusetts; Jim Wright, Texas; Thomas L. Ashley, Ohio; Robert L. Giannino, Connecticut; Neal Smith, Iowa; James G. O'Hara, Michigan; Robert L. Lemgett, California; Parren J. Mitchell, Maryland; Omar Burleson, Texas; Phil M. Landrum, Georgia; Sam Gibbons, Florida; Patcy T. Mink, Hawaii; Louis Stokes, Ohio; Harold Runnels, New Mexico; Elizabeth Holtzman, New York; Butler Derrick, South Carolina.

The resolution was agreed to. A motion to reconsider was laid on the table.

TO INCREASE THE TEMPORARY DEBT LIMITATION AND TO EXTEND SUCH TEMPORARY LIMITATION UNTIL JUNE 30, 1975

Mr. ULLMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2634) to increase the temporary debt limitation until June 30, 1975.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2634, with Mr. NATCHER in the chair.

The Clerk read the title of the bill. By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Oregon (Mr. ULLMAN) will be recognized for 1 hour, and the gentleman from Pennsylvania (Mr. SCHNEEBELI) will be recognized for 1 hour.

The Chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Chairman, I yield myself such time as I may consume.

(Mr. ULLMAN asked and was given permission to revise and extend his remarks.)

Mr. ULLMAN. Mr. Chairman, I feel very badly that in my first appearance here chairing the Committee on Ways and Means in handling this matter of the debt limit, that it is necessary to come to this body and ask for one of the most significant increases that we have asked for in some time.

The fact remains that this Nation, because of the impact of both the recession and inflation, and the energy problem, and other factors, is in serious economic difficulty, and the 1975 and 1976 budgets are going to see this Nation with a total deficit that will run over \$90 billion.

This is the result of the factors that I have mentioned, but it is clearly an indication that the economy of the Nation is out of order; that we do need a better system of budgeting and managing our resources.

The increase in the debt limit before us today will be sufficient until fiscal limit expires on March 31 of this year.

It is, however, a substantial increase of \$36 billion over the present limit. The present temporary limit is \$47.5 billion, and the bill increases it to \$83.1 billion. The bill also extends this new limit to June 30, 1975. The present temporary limit expires on March 31 of this year.

The need for so large an increase in the debt limit reflects, first of all, the effects of the recession on both receipts

The bill was read the third time.
Mr. RIBICOFF. Mr. President, I ask the yeas and nays on final passage.
The VICE PRESIDENT. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.
The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH) and the Senator from New Mexico (Mr. MONTROYA) are necessarily absent.

I also announce that the Senator from Alaska (Mr. GRAVEL) is absent because of illness.

I further announce that, if present and voting, the Senator from Indiana (Mr. BAYH) and the Senator from Alaska (Mr. GRAVEL) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. FANNIN) and the Senator from Ohio (Mr. TAFT) are absent due to illness.

On this vote, the Senator from Arizona (Mr. FANNIN) is paired with the Senator from Ohio (Mr. TAFT). If present and voting, the Senator from Ohio would vote "yea" and the Senator from Arizona would vote "nay."

The result was announced—yeas 66, nays 28, as follows:

[Rollcall Vote No. 13 Leg.]

YEAS—66

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

NAYS—28

Baker	Garn	Pearson
Bartlett	Goldwater	Percy
Bellmon	Griffin	Scott, Hugh
Brook	Hansen	Scott,
Buckley	Helms	William L.
Cannon	Hruska	Stevens
Curtis	Laxalt	Thurmond
Dole	Long	Tower
Donnell	McClure	Young
Fong	Packwood	

NOT VOTING—5

Bayh	Gravel	Taft
Fannin	Montoya	

So the bill (H.R. 1767) was passed.

Mr. RIBICOFF. Mr. President, I move to reconsider the vote by which that bill was passed.

Mr. JACKSON. 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 suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARTKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

CHANGE OF REFERENCE—S. 111

Mr. HARTKE. Mr. President, on January 15, the Senator from Hawaii (Mr. INOUE) introduced S. 111, to authorize the widows of certain former members of the Armed Forces to use post exchanges and commissaries. The bill, as it was last Congress, was referred to the Committee on Veterans' Affairs.

I ask unanimous consent that the Committee on Veterans' Affairs be discharged from further consideration of S. 111, and that it be referred to the Committee on Armed Services.

The PRESIDING OFFICER (Mr. CULVER). Without objection, it is so ordered.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. CULVER). The Chair, on behalf of the Vice President, pursuant to Public Law 91-452, appoints the Senator from South Dakota (Mr. McGovern) to the National Commission on Individual Rights, in lieu of the Senator from North Carolina (Mr. Ervin), resigned.

The Chair, on behalf of the Vice President, pursuant to Public Law 93-579, appoints Mr. Robert J. Tennesen and Mr. William Dickinson to the Privacy Protection Study Commission.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 11 a.m. tomorrow.

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

ORDER FOR RECOGNITION OF SENATORS EAGLETON, ALLEN, AND BARTLETT TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order tomorrow, the following Senators be recognized, each for not to exceed 15 minutes, and in the order stated: Mr. EAGLETON, Mr. ALLEN, and Mr. BARTLETT.

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

ORDER VACATING RECOGNITION OF SENATOR NELSON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order

which was entered on yesterday for the recognition of Mr. NELSON for not to exceed 15 minutes on tomorrow be vacated.

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

PRIVILEGE OF THE FLOOR—SENATE RESOLUTION 4

Mr. CLARK. Mr. President, I ask unanimous consent that during the consideration of the debate tomorrow on Senate Resolution 4, two members of my staff, Mr. Andy Loewi and Mr. Brady Williamson, be granted the privilege of the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

QUORUM CALL

Mr. CLARK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

ORDER FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW, AND FOR RECOGNITION OF SENATOR PEARSON

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the orders for the recognition of the three Senators—which orders have been previously entered—are consummated on tomorrow, there be a period for the transaction of routine morning business not to extend beyond the hour of 12 noon, with statements limited therein to 3 minutes each; and that at the hour of 12 noon Mr. PEARSON be recognized.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will meet at 11 o'clock tomorrow morning. After the two leaders or their designees have been recognized under the standing order, Mr. EAGLETON, Mr. ALLEN, and Mr. BARTLETT will be recognized each for not to exceed 15 minutes, and in the order stated.

There will then ensue a period for the transaction of routine morning business, with statements limited therein to 3 minutes each, such period not to extend beyond the hour of 12 o'clock noon.

At the close of morning business, at no later than the hour of 12 o'clock noon tomorrow, the Senator from Kansas (Mr. PEARSON) will then be recognized.

If all votes are anticipated, it is anticipated that there will be some action in relation to Senate Resolution 4, a resolution amending rule XXII of the Standing Rules of the Senate with respect to the limitation of debate.



NEED FOR IMMEDIATE ACTION

WHY SUSTAIN PRESIDENTIAL VETO?

Action now on a National Energy Program is imperative if the U.S. is to achieve energy independence by 1985 and maintain its international leadership. Our oil and gas supplies will continue to dissipate and imports will grow, unless we take immediate steps to reduce our consumption of oil and create incentives to bring on new supplies. There are long lead times to build new facilities, manpower and equipment constraints, capital availability problems, etc. Even if the actions recommended in the President's energy proposals could be taken immediately, it is anticipated that by the end of 1977 we will be importing about 8 million barrels of oil per day -- 25 percent more than at the time of the last embargo. At this level of imports:

- Half of our oil could be coming from OPEC countries.
- If another Arab oil embargo were to be imposed in 1977, we could be faced with a cutoff of 4 million barrels per day which would have serious repercussions for our economy. There could be approximately a \$40 billion drop in the GNP which could be translated into 2 million people unemployed.

We cannot expect other nations to tighten their belts without the U.S. doing the same. We cannot appear unwilling to take the unpleasant, but necessary steps to cure our energy and

economic problems at a time when other nations have already faced up to their own problems.

If the U.S. plans to save 8 million barrels of oil per day on imports by 1985 (12.7 without action; 4.7 with the President's goals), we will have to reduce imports by almost 1 million barrels per day per year in each of the next ten years. The economic and energy program which the President submitted for consideration by the Congress offers the only comprehensive, integrated approach to our economic and energy ills in existence today. If we do not act now on the short term goals, there will be unacceptable costs to the United States -- both domestically and internationally. The costs of any comprehensive economic and energy program are obviously debatable and may be large, but are insignificant when compared with the costs of doing nothing or enduring a political stalemate which could lead to the implementation of political expedients, as opposed to achievement of long-term economic survival.

A vote to sustain a Presidential veto is neither a blanket endorsement of the President's economic and energy proposals nor a blanket rejection of the emerging so-called Democratic alternatives. Rather, it is a vote which continues to recognize the urgency of doing something positive now by not allowing

the current program impetus to occupy the back burner. A first step had to be taken in the resolution of our energy problems in order to get the legislative machinery into action on all economic and energy related issues. The fact that, after much deliberation, this first step took the form of an import tariff does not mean that subsequent modification is impossible. First steps are not necessarily irretractible. The question of imports is only one part of the total economic and energy picture. A vote to sustain Presidential veto recognizes that we have already lost precious time - approximately 2 years - in enacting energy legislation. Overriding a veto will cost more crucial time and put us right back where we were when the 93rd Congress adjourned on December 20, 1974. Should we be inclined to override a Presidential veto we stand the risk of inaction by the Congress, coupled with the hope that the Cartel will fade away -- an inconceivable thought. The likelihood that no solution at all would be forthcoming as a result of suspending the President's authority is an acknowledgement to the American people that they are deprived of the action they demand and deserve from their elected officials.

Despite the objections of many in the Congress, over the last 20 years our Nation has lost its energy independence as a result of importation of cheap foreign oil. We must now begin to achieve that independence and at the same time recognize that

the era of band-aid solutions and cheap energy does not enhance our long term energy independence and economic survival. Energy proposals such as those contained in the President's program will at least keep the Congress moving and force it to improve on the specifics.

3



ENERGY PROGRAM TALKING POINTS

1. NEED FOR INDEPENDENCE

- economic and national security -- we no longer control our economy
- avoidance of political blackmail
- create new jobs in U. S.

2. U.S. OIL IMPORTS CONTINUE TO INCREASE

- U.S. domestic production is declining - 8.8 MMB/D in 1974 compared to 9.2 MMB/D in 1973
- demand is growing although at slower rate than before embargo
- now importing 6.5 MMB/D. If no action is taken, that figure will rise to 8.0 MMB/D by 1977
- domestic consumption now at 17.5 MMB/D compared to 17.3 MMB/D in 1973

3. NATURAL GAS SHORTAGES

- forcing curtailment of supplies to industries and denial to new residential customers
- this results in unemployment
- causes greater dependency on foreign imports
- artificially low prices keep demand high

4. PRESIDENT'S PROGRAM

- no major impact on economy
- the import fees will have about 0.5 - 0.7 percent effect on inflation at their maximum

- Federal Revenues for FY 76 will increase -- increase will be more than offset by income tax cut and rebate measures
- no significant unemployment foreseen with President's program -- Chase Econometric Associates, a respected consulting firm, sees no unemployment effects from the President's program
 - 500,000 people were unemployed as a result of Arab oil embargo
 - figure could go as high as 2 million if another embargo is imposed
- increase domestic resource development
- encourage energy conservation
- will result in a one-time only increase in inflation of 2.0 - 2.5 percent. Probably only 2%
- reduce dollar outflow for oil to 21.3 billion in 1977 and 12 billion in 1985
- will provide level of tax relief to stimulate the economy for benefit of all

5. ECONOMIC IMPACT

- massive dollar outflow - \$24 billion in 1974 compared with \$2.7 billion in 1970
- it will be over \$32 billion in 1977 if we do not act
- tremendous balance of payments deficit
- billions of dollars in revenues accumulating in oil importing nations
- world economic stability threatened
- increasing vulnerability to severe economic disruption if another embargo occurs
- we will be importing 4 MMB/D from insecure sources in 1977

6. ALTERNATIVES

- at present no viable alternatives
- Democrats have submitted no comprehensive proposal
- GAO report prepared for House calls for drastic and stringent measures
 - immediate and extended use of import cap and allocation
 - by end of 1975 they would be allocating a shortage of over 300,000 barrels per day and a shortage of over 2 MMB/D by 1977
 - this would have an impact on GNP of approximately \$25 billion
- gasoline rationing or allocations would have severe regional effects -- especially in Mountain and Southwest States. They are not viable long-term solutions and provide no incentive to increase supplies
- import quotas would also require allocation and would have large economic impacts

D



WHY THE PRICING APPROACH?

PROBLEM

Many in the Congress have called for allocations, quotas, or rationing to achieve our goals rather than higher prices. What's wrong with these approaches?

TALKING POINTS

- The price mechanism enables the individual to allocate his resources efficiently and to have freedom of choice. By returning revenues generated by energy taxes in the form of rebates to the American public and revised tax rates, purchasing power is maintained while spending choices place a new value on energy.
- The other approaches involve government involvement in each individual's decision making.
- Import quotas will result in allocations and possibly rationing.
- Allocation means higher prices or long lines, and there is no incentive for competition.
- Allocation will cause large and indiscriminate impacts on industries and individuals, as the government will just arbitrarily cut supplies and not allow people the choice of how to spend their money.
- Allocation, quotas and rationing will cause severe economic disruptions.
- In the long-term, only the pricing mechanism will provide the necessary incentives for increased domestic supply.

3



ECONOMIC IMPACT/INCOME TAX OFFSET

TALKING POINTS

- The economic impact of the President's energy program will be about \$30 billion in the first year. The income tax rebates will be \$30 billion and, in addition, the President has proposed a one-time \$16 billion tax rebate.

- This effect can be translated to:

\$275 per household

- \$171 of direct costs
- \$104 of indirect costs

If the full \$30 billion impact is felt, the rise will be \$345 per household

- \$171 of direct costs
- \$174 of indirect costs

We do not expect to see the full \$345 of impact since business will absorb some increased costs for at least two reasons:

- 48-42 percent corporate tax decline
- the economy is soft and can't absorb price rises (i.e., Detroit auto sales rebates)

- This effect will increase inflation rates about 2.0 percent this year and less than 0.5 percent next year (ripple effect).
- The administrative import fees will only raise the CPI by less than 0.5 percent.



GASOLINE RATIONING

Description

Without rationing, each driver would use 50 gallons/month.

To curb demand permanently a governmental rationing program would have to be implemented for a period of 5 to 10 years.

Each licensed driver would be entitled to an equal monthly allotment of coupons to purchase 36 gallons/month.

This would limit each driver to 9 gallons/week. To get his tenth gallon, or more per week, a motorist would have to buy a gasoline coupon on the so-called "white market" for an estimated \$1.20--and then pay another \$.55 at the pump--total cost would be \$1.75/gallon.

Problems

Massive Federal bureaucracy to arbitrarily determine "fair share" of gasoline. It would take 4-6 months to implement, about 15,000-25,000 full-time people and \$2 billion in Federal costs, use 40,000 Post Offices for distribution, and require 3,000 State and local boards to handle exceptions.

It would be inequitable no matter how conscientiously administered. There is no objective rule for determining fair shares between products, or among buyers of a given product.

Substantial regional inequities would exist. The average driver in Montana travels nearly 600 miles per month versus about 300 in less rural states such as New York and New Jersey.

The recreation and tourism industry would be heavily impacted.

Provides no economic incentive to increase domestic supplies of energy.

Would cost the country \$13 billion in GNP with substantial reduction of unemployment.

Would take away an individual's freedom of choice in the determination of how to conserve energy.

PROBLEMS WITH ALLOCATIONS

PROBLEM

Many in Congress have called for allocation systems to achieve our goals rather than higher prices. What is wrong with allocation programs?

TALKING POINTS

- Allocations require that the government replace the market in distributing energy supplies, including determining individual fuel needs, classifying fuel users and monitoring the energy flows.
- Allocations make no contribution to mid or long term energy goals because they provide no incentive for increasing domestic energy supply.
- A base period must be chosen and this process contains numerous inequities.
- Allocations have a retarding effect on GNP growth and employment because the programs are relatively inflexible and unsensitive to the needs of the various sectors of the economy.
- Allocations would require pricing regulations.
- Allocations while limiting direct increases in fuel costs through price regulations cause other indirect cost increases and overall will result in higher prices.
- Allocations do not allow the pricing mechanism within the market place to operate.
- Allocations reduce the incentive for competition.
- Allocations cause large and indiscriminate impacts on industries and individuals because of the arbitrary cuts imposed.

H



GASOLINE TAX

PROBLEM

Many Congressmen and Senators are calling for a gasoline tax rather than across the board taxes.

TALKING POINTS

- A gasoline tax has the following disadvantages:
 - provides no incentive to conserve other petroleum products
 - only hits 45 percent of the barrel (thus tax must be higher)
 - disproportionately impacts Mountain, Mid-West, and Southern States
 - results in severe impacts on leisure industries and automobile sales
 - must be accompanied by a more involved system of rebates



ONE DAY A WEEK DRIVING BAN ON PRIVATE AUTOMOBILES

DESCRIPTION

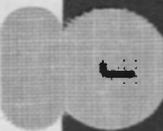
One possible method for reducing auto travel is to prohibit use of every private automobile one day each week.

The maximum possible savings due to implementation of this proposal would be one-seventh of all private automobile fuel use. However, this maximum cannot be achieved for a number of reasons.

PROBLEM

Most drivers will respond to the one-day a week driving prohibition by shifting their travel to one or more of the other 6 days.

This program strongly favors wealthy households because poor people own fewer cars than do wealthy people.



REGIONAL ASPECTS

Talking Points

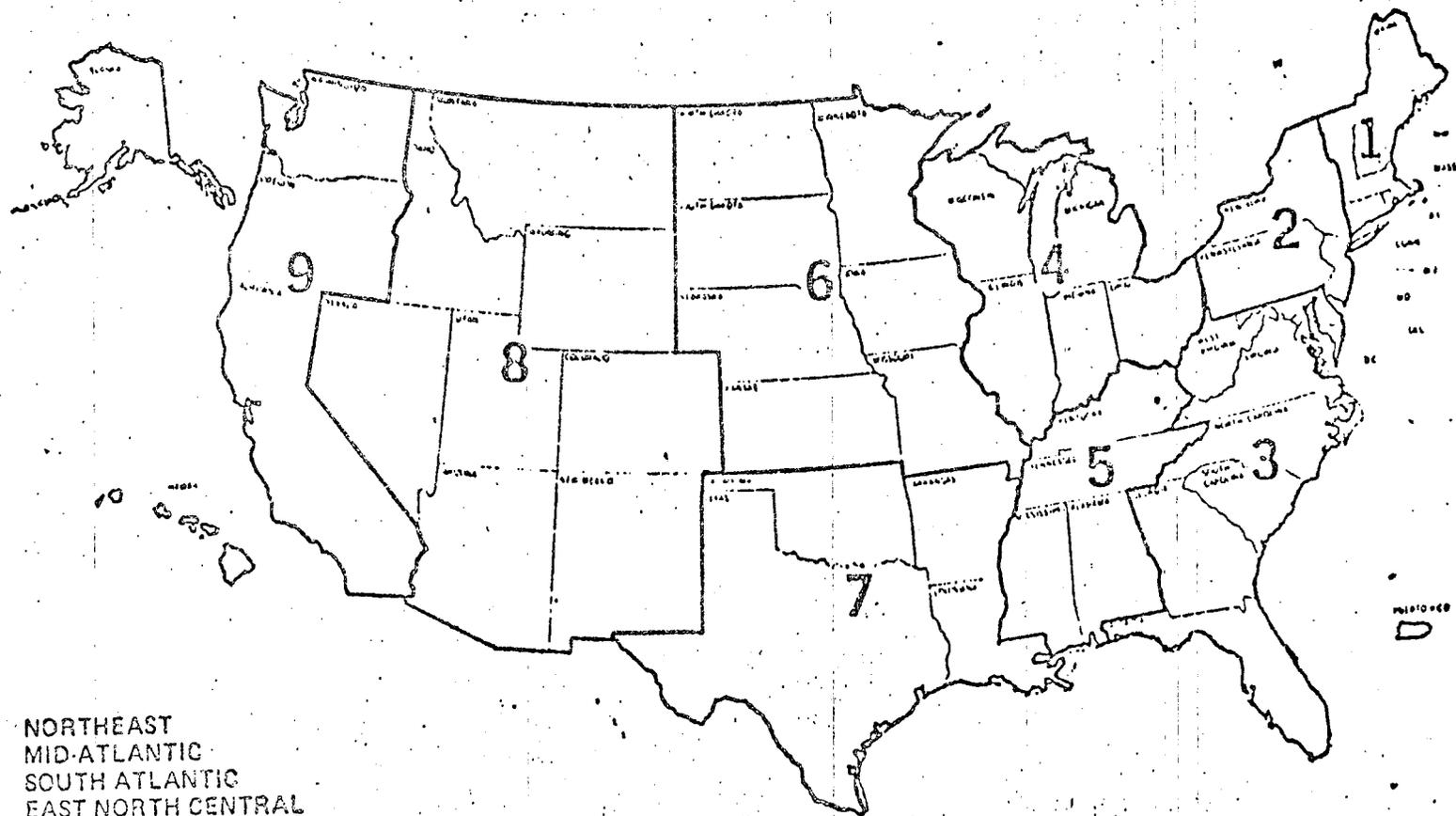
- General statement: Both the President's short-term and longer-term programs have few disproportionate regional inequities. That's the way they were designed (see attached table).
- East Coast
 - current entitlements program has reduced higher oil costs.
 - lower product import fees equalize impact on import dependent regions.
 - gasoline tilt will directly and indirectly benefit this region -- it uses less gasoline and more residual and heating oil than other regions.
 - import quotas or allocation would mean higher costs or long lines.
- South, Southwest, and Mountain States
 - these areas fare better under the President's program than with rationing, allocations, or a gasoline tax. They are more dependent on gasoline for their livelihood.
 - these regions will benefit from the President's proposed rebate for farmers.
 - natural gas prices must be allowed to rise to encourage new exploration.
- Midwest
 - will be least affected by President's program.
 - most dependent on coal which will experience the smallest price increases.
 - we must reduce natural gas curtailments which are costing jobs.
- Pacific Coast
 - gasoline tilt will greatly benefit this region and will allow for continued cutback in automobile travel.
 - much of this region relies on hydropower which should experience little impact.
 - the development of the Naval Petroleum Reserves and Alaska will help create jobs and enhance this region's independence.

Regional Distribution of the Increased Direct Energy Expenditures Per Household

	<u>Gasoline & Motor Oil</u>	<u>Heating Oil</u>	<u>Natural Gas</u>	<u>Elec- tricity</u>	<u>Total</u>
New England	\$ 95	\$56	\$14	\$15	\$180
Middle Atlantic	83	54	24	9	170
East North Central	107	19	44	4	174
West North Central	126	13	36	12	187
South Atlantic	118	10	14	12	154
East South Central	116	2	19	5	142
West South Central	116	0	27	42	185
Mountain	141	3	37	10	191
Pacific	<u>102</u>	<u>3</u>	<u>30</u>	<u>16</u>	<u>151</u>
Total U.S.	\$109	\$ 19	\$30	\$13	\$171

PROJECT INDEPENDENT EVALUATION REGIONS

CENSUS REGIONS



1. NORTHEAST
2. MID-ATLANTIC
3. SOUTH ATLANTIC
4. EAST NORTH CENTRAL
5. EAST SOUTH CENTRAL
6. WEST NORTH CENTRAL
7. WEST SOUTH CENTRAL
8. MOUNTAIN
9. PACIFIC

K



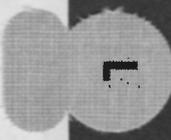
AGRICULTURE

Problem

Farmers will face increased fuel costs for gasoline and diesel fuels, especially for off-road use and for fertilizer (natural gas price rise). The small farmers, in particular, could be hurt by their inability to recoup added costs by raising prices of farm produce.

Talking Points

- Energy amounts to less than 3% of farm production costs.
- The tax cuts and rebates of the economic program should offset most increased energy costs.
- Nevertheless, because of the vital importance of farming to our nation, the President is considering a rebate for increased off-road gasoline and diesel costs up to \$1,000 per farmer.
 - this will assure that higher energy prices can be absorbed.
 - this will enable all farmers to get some rebate, but will limit rebates to large corporate farmers.
 - the rebate will cost about \$300 million yearly.
- The major problem with fertilizer is not increased natural gas costs, but shortages of natural gas and fertilizer supply. The Administration has a high-level fertilizer task force intensively reviewing this problem and will soon make recommendations to the President.
- There will be no special provisions for fishermen, although their situation will be carefully monitored.



GASOLINE TILT

Problem

The President is considering a gasoline tilt for pass-through of increased fuel prices.

Talking Points

- Reduces the financial pressure on residential and industrial consumers of heating oil and electricity, airlines, non-profit institutions, and other special industries, which would be significantly increased by an equal increase in all fuel products.
- Provides greater incentive to conserve gasoline.
- Maintains some incentive to conserve heating oil, residual oil, jet fuel, etc.
- But, has negative effect on Mountain and Southern States; leisure industry; and automobile industry.

Implementation

- Rather than 4.3¢ per gallon increase for all products (as a result of \$3.00 crude import fee and \$1.20 product import fee), the increase will be about 6¢ per gallon on gasoline and less than 3¢ per gallon on other products.
- To accomplish the "tilt," the product import fee will have to be reduced from \$1.20 per barrel.
- The "tilt" will be accomplished through existing FEA price regulations.
- FEA is now working out the details for a longer-term tilt.
- This action will slightly reduce revenues from the import fee, but should have only a small affect on the conservation savings.



W

WINDFALL PROFITS/PLOWBACK/DEPLETION

Problem

The independent producers and major oil companies are objecting to the Administration's windfall profits tax proposals. They claim that the tax will reduce production by effectively lowering the price of new oil. They would like a plowback of the tax for exploration purposes.

Talking Points

- There is a delicate balance between providing sufficient incentives for domestic production and excessive profits.
- We definitely want to see greater exploration and production and will not take action to stifle such development.
- We believe the current windfall tax proposals provide this incentive by allowing \$6.47 per barrel in 1975 and over \$8 per barrel by 1977.
 - 2 years ago production was profitable at \$3 per barrel.
 - although costs have risen, \$6.47 should provide sufficient profits and cash flow.
- We have limited the tax to 75% of net income and may also allow a minimum profit per barrel.
- A plowback provision encourages poor investment decisions.
- We are anxious to hear all sides of the argument and will work with the Ways and Means Committee to draft legislation.
- We have not proposed removal of the depletion allowance; if such an action is taken by the Congress, we will have to review and probably revise the rest of these proposals.



N

ENERGY INTENSIVE INDUSTRIES

PROBLEM

The airlines, petrochemicals, and other energy intensive industries will feel the brunt of increased energy costs -- what are we doing about this?

TALKING POINTS

- We are looking at each industry very carefully and while we agree with the thrust of their arguments, most have overstated the impact of the program.
- The gasoline tilt will have very positive benefits for these industries by reducing costs of other oil products.
- The reduction in corporate taxes from 48 to 42 percent will also benefit these industries.
- FEA has prepared an analysis of the six most energy intensive industries which is available in draft form.



CRITIQUE OF OTHER PROPOSALS/ANALYSES

Talking Points

(1) Senate Interior Committee/Library of Congress (CRS) Analyses

- We are in basic agreement on the effects of the price rise on oil.
- We disagree strongly on natural gas and coal:
 - they assume one-half the coal contracts will be negotiated and increased by the equivalent increase of oil.

In fact, only 20% of the coal contracts are up for renewal and there are limited alternative markets.

- they assume intrastate gas will rise to the equivalent of about \$13 oil.

If that were true, intrastate gas would now sell for about \$1.75 per mcf (oil equivalent). Although spot prices are that high, the average intrastate price is 50¢/mcf.

- There are similar assumptions about new interstate gas.

- they assume the electric utility costs are part of the tax program.

This is comparing apples to oranges. The utility program is not part of the short-term tax proposals. If you consider it as part of the program, you should also add OCS leasing revenues, NPR development, storage, etc.

(2) House and Senate Democratic Proposals

- Reduce President's goals substantially.
- Both have some elements that we would and do agree with.
- Rely on quotas, allocations, and gas tax.
- Senate proposal has virtually no short-term effect and couldn't possibly achieve long-term goal.
- Both proposals create national energy corporations which would interfere with normal business decision-making.

Press Office Copy TM 1.30

①

Statement (March 1975?)

In mid-January, I said this country needed an immediate Federal income tax cut to reverse the current recession and create more jobs.

I went to the new Congress with a specific program of legislative actions against recession, inflation and energy dependence. I asked Congress to act by April 1st.

I used the authority Congress had given the President to apply additional tariffs on most foreign oil.

I did this for two reasons: first, as an immediate step toward energy conservation -- the only step taken so far to slow the inflow of foreign oil and the outflow of American dollars; and, secondly, to prompt the Congress to action on energy independence.

The Congress responded initially by saying it needed more time. It pushed through ^{H.R. 1767} ~~this bill (HOLD IT UP)~~ to take away Presidential authority to impose tariffs on foreign oil for 90 days.



I am vetoing this bill -- which is a negative rather than positive measure -- for the reasons outlined in the message I sent to the Congress today. But I meant what I said about cooperation with Congress. I will give Congress a reasonable time to act, and the opportunity to avoid a confrontation which helps nobody, least of all the American people.

I do this readily because the most important business before us after 50 days of debate is still the economic stimulant that could be provided by the income tax cuts and credits to individuals, and job-creating tax credits to farmers and businessmen that I called for in January.

Last Friday, the majority leaders of the Congress asked me to delay scheduled increases in the tariff on foreign oil for another 60 days while they work out the specifics of their energy policy. I find this request reasonable.

The important thing is that Congress is finally moving on this urgent national problem. I welcome these efforts and the leadership shown. I am, therefore, amending my tariff proclamation to postpone for two months the increases scheduled for March and

April.

We are now agreed on a deadline of May 1st.

The most compelling reason for this 60-day postponement is that I want no part in delaying the speedy enactment by the Congress of the income tax cuts which can be on this desk by the end of March. We have exactly four weeks.

What we need now is a simple tax cut to revive our economy and make more jobs.

What we need next is a comprehensive energy plan to end our dependence on foreign oil producers.

What we don't need is a time-wasting test of strength between the Congress and the President. What we do need is a show of strength that the United States government can act decisively and with dispatch.

#

#

#

MAR 4 1975

THE WHITE HOUSE
WASHINGTON

M

March 1, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: MAX L. FRIEDERSDORF *M.L.F.*
SUBJECT: Oil Deferral Bill Veto *6*

Soundings thus far with House and Senate Members regarding the possibility of a 60 day deferral of the second dollar on the oil import tariff indicate strong chance for sustaining veto in the Senate and increasing possibility for doing so in the House.

In the Senate we have commitments now from Senators Beall, Roth, Sparkman for sustaining the veto and the possibility of picking up Senators Stafford, Mathias, McClellan, Talmadge and Nunn.

Senator Javits is still waffling and says he wants to think about it.

Senators Eastland and Stennis have not budged and indicate they would first have to free themselves from a commitment to oil lobbyists to vote to override.

Senator Ted Stevens of Alaska is upset because of a DOD announcement about the closing of the Alaskan Air Command and says he will vote to override because of this.

Senator Thurmond is still incensed about the Rule 22 fight and indicates he will vote to override.

Conversation with Senator Mansfield this morning indicates that he thinks the Senate should not vote on the veto if you defer the tariff for 60 days and he is exploring this with the Senate Parliamentarian.

However, Senator Mansfield cautions that he is speaking for himself personally and not for the entire Senate.

Senator Griffin and our staff are continuing contacts through the weekend and should have a better reading by the 8:00 A.M. Leadership Meeting on Monday morning.

In the House Congressmen Peyser, McEwen, Cohen and Lent all indicate they would probably vote to sustain if you defer.

Congressmen Bill Walsh, Matt Rinaldo, and Peggy Heckler still indicate they would vote to override.

Herm Schneebeli believes we would pick up 10 or 11 votes in his delegation by the deferral but he would prefer 30 days instead of 60 days. Gary Myers of Pennsylvania indicates he would switch his vote to sustain and Bill Goodling of Pennsylvania said he could possibly support your veto.

Joe Waggoner said that it is his preliminary instinct that if you defer the veto could be upheld in the House.

Joe is in Louisiana and is going to make a series of calls today and Sunday and give me a report Sunday night after he touches base with a cross-section of the Southerners.

Joe suggested you might want to call Al Ullman over the weekend because of his opposition to the Democratic plan and the fact that this deferral bill came out of his committee.

John Rhodes indicated optimism about sustaining the veto and said today that he and Michel will be making calls over the weekend.

The Speaker, however, still is saying that he could not delay the bill being called up for a veto vote despite your action for a 60 day deferral. We believe this is a reaction to fear of a caucus.

Secretary Butz also reported that he has talked to Otto Passman and he would switch to sustain your veto.

Congressman Dave Satterfield, Chairman of the Democratic Research Organization indicated support for the 60 day delay. He commented that with the first dollar already in place your program is still under way and the 60 day delay will not be damaging because it will still require the Democratic leadership to focus on the issue by the end of the 60 days. Satterfield indicated that the Democratic proposal cannot stand scrutiny and believes that your veto can be sustained in the House if you defer for 60 days.

Addendum to the Senate Report

We have now talked to Senator Robert Byrd and he favors a delay of the veto override attempt by unanimous consent if you defer for 60 days..

THE WHITE HOUSE

WASHINGTON

March 1, 1975

MEMORANDUM FOR:

MAX L. FRIEDERSDORF *M.F.*

FROM:

WILLIAM T. KENDALL *WTK*

SUBJECT:

Treatment of the Oil Deferral Veto message
in the Senate

I have explored with the Senate Leadership what might happen when the veto message reaches the floor of the Senate should the President freeze the oil tariff for 60 days as suggested by Senator Pastore and Senator Roth.

Mr. Zweban, the Parliamentarian, says the message can be handled in three ways: the Senate can vote on the override attempt; it can be referred to committee which in effect would delay consideration; it can be tabled, which in effect would kill it. The latter two ways need only a simple majority vote.

In conversation with Senator Griffin, Senator Pastore said he would prefer to delay a vote on the veto override because he could not vote to sustain. Senator Mansfield told me his personal inclination would be to delay a vote. However, Senator Mansfield said he would have to check with the sponsors and with the Leadership before committing himself. He expressed delight that the President was considering the compromise offer.

Senator Robert Byrd said that in addition to the above procedures, the Senate can ask unanimous consent that consideration of the matter be delayed for 60 days. He further stated that at that time it could be tabled (killed) should the matter be resolved. He prefers the unanimous consent procedure and does not want an up or down vote on override in the face of the President's possible compromise offer.

THE WHITE HOUSE

WASHINGTON

March 1, 1975

MEMORANDUM FOR:

MAX L. FRIEDERSDORF *M.F.*

FROM:

WILLIAM T. KENDALL *WK*

SUBJECT:

Treatment of the Oil Deferral Veto message
in the Senate

I have explored with the Senate Leadership what might happen when the veto message reaches the floor of the Senate should the President freeze the oil tariff for 60 days as suggested by Senator Pastore and Senator Roth.

Mr. Zweban, the Parliamentarian, says the message can be handled in three ways: the Senate can vote on the override attempt; it can be referred to committee which in effect would delay consideration; it can be tabled, which in effect would kill it. The latter two ways need only a simple majority vote.

In conversation with Senator Griffin, Senator Pastore said he would prefer to delay a vote on the veto override because he could not vote to sustain. Senator Mansfield told me his personal inclination would be to delay a vote. However, Senator Mansfield said he would have to check with the sponsors and with the Leadership before committing himself. He expressed delight that the President was considering the compromise offer.

Senator Robert Byrd said that in addition to the above procedures, the Senate can ask unanimous consent that consideration of the matter be delayed for 60 days. He further stated that at that time it could be tabled (killed) should the matter be resolved. He prefers the unanimous consent procedure and does not want an up or down vote on override in the face of the President's possible compromise offer.

THE WHITE HOUSE
WASHINGTON

March 3, 1975

MEMORANDUM FOR: JOHN O. MARSH
MAX L. FRIEDERSDORF

THRU: VERN LOEN *VL*

FROM: DOUGLAS P. BENNETT *DPB*

SUBJECT: Oil Tariff Veto

It was indicated in the CR staff meeting this morning that the President is considering going on nationwide TV to announce his veto and the possibility of complying with the Democrats' desire for a 60-day deferral of the two and three dollar oil tariff.

In connection with this and in conversation with Joe Waggoner, he suggested it would be desirable for the President to describe the urgency of the energy situation in which we find ourselves. In describing the inflationary effect of our continued purchasing of foreign oil at world prices and the fact that we are importing approximately 40% of the United States needs now and, unless strong action is taken in the next few years, it will approach 50%, the President should point out that \$24.6 B went into the hands of foreign producers this year thus depriving United States capital markets of these badly needed investment dollars. Although \$16 B was lent back to this country, we paid about 8% on that money (this is about a billion dollars in interest costs). This clearly is inflationary and contributes most adversely to the United States balance of payments position.

If we are going to find the amount of capital necessary for the United States to achieve the oil production levels necessary in coming years, we can ill-afford to send this amount of money out of this country. It must remain in our own capital markets. The imposition of the tariff while contributing to a reduction in consumption, also, importantly, is a large step in the direction of reducing dependence on foreign oil and increasing domestic production.

cc: William Kendall, Pat O'Donnell, Charles Leppert



MARCH 4, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE HOUSE OF REPRESENTATIVES.

I am returning H.R. 1767 without my approval. The purposes of this Act were to suspend for a ninety-day period the authority of the President under section 232 of the Trade Expansion Act of 1962 or any other provision of law to increase tariffs, or to take any other import adjustment action, with respect to petroleum or products derived therefrom, to negate any such action which may be taken by the President after January 15, 1975, and before the beginning of such ninety-day period.

I was deeply disappointed that the first action by the Congress on my comprehensive energy and economic programs did nothing positive to meet America's serious problems. Nor did it deal with the hard questions that must be resolved if we are to carry out our responsibilities to the American people.

If this Act became law, it would indicate to the American people that their Congress, when faced with hard decisions, acted negatively rather than positively.

That course is unacceptable. Recent history has demonstrated the threat to America's security and economy caused by our significant and growing reliance on imported petroleum.

Some understandable questions have been raised since my program was announced in January. I am now convinced that it is possible to achieve my import goals while reducing the problems of adjustment to higher energy prices. Accordingly:

--- I have directed the Administrator of the Federal Energy Administration to use existing legal authorities to adjust the price increases for petroleum products so that the added costs of the import fees will be equitably distributed between gasoline prices and the prices for other petroleum products, such as heating oil. These adjustments for gasoline will not be permanent, and will be phased out.

--- To assist farmers, I am proposing a further tax measure that will rebate all of the increased fuel costs from the new import fees for off-road farm use. This particular rebate program will also be phased out. This proposal, which would be retroactive to the date of the new import fee schedule, will substantially lessen the adverse economic impact on agricultural production, and will reduce price increases in agricultural products.

These actions will ease the adjustment to my conservation program in critical sectors of the Nation while still achieving the necessary savings in petroleum imports.

more

Some have criticized the impact of my program and called for delay. But the higher costs of the added import fees would be more than offset for most families and businesses if Congress acted on the tax cuts and rebates I proposed as part of my comprehensive energy program.

The costs of failure to act can be profound. Delaying enactment of my comprehensive program will result in spending nearly \$2.5 billion more on petroleum imports this year alone.

If we do nothing, in two or three years we may have doubled our vulnerability to a future oil embargo. The effects of a future oil embargo by foreign suppliers would be infinitely more drastic than the one we experienced last winter. And rising imports will continue to export jobs that are sorely needed at home, will drain our dollars into foreign hands and will lead to much worse economic troubles than we have now.

Our present economic difficulty demands action. But it is no excuse for delaying an energy program. Our economic troubles came about partly because we have had no energy program to lessen our dependence on expensive foreign oil.

The Nation deserves better than this. I will do all within my power to work with the Congress so the people may have a solution and not merely a delay.

In my State of the Union Message, I informed the Congress that this country required an immediate Federal income tax cut to revive the economy and reduce unemployment.

I requested a comprehensive program of legislative action against recession, inflation and energy dependence. I asked the Congress to act in 90 days.

In that context, I also used the stand-by authority the Congress had provided to apply an additional dollar-a-barrel import fee on most foreign oil coming into the United States, starting February 1 and increasing in March and April.

I wanted an immediate first step toward energy conservation --- the only step so far to reduce oil imports and the loss of American dollars. I also wanted to prompt action by Congress on the broad program I requested.

The Congress initially responded by adopting H.R. 1767 to take away Presidential authority to impose import fees on foreign oil for 90 days.

Although I am vetoing H.R. 1767 for the reasons stated, I meant what I said about cooperation and compromise. The Congress now pledges action. I offer the Congress reasonable time for such action. I want to avoid a futile confrontation which helps neither unemployed nor employed Americans.

The most important business before us after 50 days of debate remains the simple but substantial tax refund I requested for individuals and job-creating credits to farmers and businessmen. This economic stimulant is essential.

more

Last Friday, the majority leaders of the Senate and House asked me to delay scheduled increases in the import fees on foreign oil for 60 days while they work out the specifics of an energy policy they have jointly produced. Their policy blueprint differs considerably from my energy program as well as from the energy legislation now being considered by the House Committee on Ways and Means.

I welcome such initiative in the Congress and agree to a deferral until May 1, 1975. The important thing is that the Congress is finally moving on our urgent national energy problem. I am, therefore, amending my proclamation to postpone the effect of the scheduled increases for two months while holding firm to the principles I have stated. It is also my intention not to submit a plan for decontrol of old domestic oil before May 1.

I hope the House and Senate will have agreed to a workable and comprehensive national energy legislation.

But we must use every day of those two months to develop and adopt an energy program. Also, I seek a legislative climate for immediate action on the tax reductions I have requested. It is my fervent wish that we can now move from points of conflict to areas of agreement.

I will do nothing to delay the speedy enactment by the Congress of straight-forward income tax cuts and credits by the end of this month.

Under present conditions, any delay in rebating dollars to consumers and letting businessmen and farmers expand, modernize and create more jobs is intolerable.

I do not believe the Congress will endanger the future of all Americans. I am confident that the legislative branch will work with me in the Nation's highest interests.

What we need now is a simple tax cut and then a comprehensive energy plan to end our dependence on foreign oil.

What we don't need is a time-wasting test of strength between the Congress and the President. What we do need is a show of strength that the United States government can act decisively and with dispatch.

GERALD R. FORD

THE WHITE HOUSE,
March 4, 1975.

#

MARCH 4, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE HOUSE OF REPRESENTATIVES.

I am returning H.R. 1767 without my approval. The purposes of this Act were to suspend for a ninety-day period the authority of the President under section 232 of the Trade Expansion Act of 1962 or any other provision of law to increase tariffs, or to take any other import adjustment action, with respect to petroleum or products derived therefrom; to negate any such action which may be taken by the President after January 15, 1975, and before the beginning of such ninety-day period.

I was deeply disappointed that the first action by the Congress on my comprehensive energy and economic programs did nothing positive to meet America's serious problems. Nor did it deal with the hard questions that must be resolved if we are to carry out our responsibilities to the American people.

If this Act became law, it would indicate to the American people that their Congress, when faced with hard decisions, acted negatively rather than positively.

That course is unacceptable. Recent history has demonstrated the threat to America's security and economy caused by our significant and growing reliance on imported petroleum.

Some understandable questions have been raised since my program was announced in January. I am now convinced that it is possible to achieve my import goals while reducing the problems of adjustment to higher energy prices. Accordingly:

--- I have directed the Administrator of the Federal Energy Administration to use existing legal authorities to adjust the price increases for petroleum products so that the added costs of the import fees will be equitably distributed between gasoline prices and the prices for other petroleum products, such as heating oil. These adjustments for gasoline will not be permanent, and will be phased out.

--- To assist farmers, I am proposing a further tax measure that will rebate all of the increased fuel costs from the new import fees for off-road farm use. This particular rebate program will also be phased out. This proposal, which would be retroactive to the date of the new import fee schedule, will substantially lessen the adverse economic impact on agricultural production, and will reduce price increases in agricultural products.

These actions will ease the adjustment to my conservation program in critical sectors of the Nation while still achieving the necessary savings in petroleum imports.

more

Some have criticized the impact of my program and called for delay. But the higher costs of the added import fees would be more than offset for most families and businesses if Congress acted on the tax cuts and rebates I proposed as part of my comprehensive energy program.

The costs of failure to act can be profound. Delaying enactment of my comprehensive program will result in spending nearly \$2.5 billion more on petroleum imports this year alone.

If we do nothing, in two or three years we may have doubled our vulnerability to a future oil embargo. The effects of a future oil embargo by foreign suppliers would be infinitely more drastic than the one we experienced last winter. And rising imports will continue to export jobs that are sorely needed at home, will drain our dollars into foreign hands and will lead to much worse economic troubles than we have now.

Our present economic difficulty demands action. But it is no excuse for delaying an energy program. Our economic troubles came about partly because we have had no energy program to lessen our dependence on expensive foreign oil.

The Nation deserves better than this. I will do all within my power to work with the Congress so the people may have a solution and not merely a delay.

In my State of the Union Message, I informed the Congress that this country required an immediate Federal income tax cut to revive the economy and reduce unemployment.

I requested a comprehensive program of legislative action against recession, inflation and energy dependence. I asked the Congress to act in 90 days.

In that context, I also used the stand-by authority the Congress had provided to apply an additional dollar-a-barrel import fee on most foreign oil coming into the United States, starting February 1 and increasing in March and April.

I wanted an immediate first step toward energy conservation --- the only step so far to reduce oil imports and the loss of American dollars. I also wanted to prompt action by Congress on the broad program I requested.

The Congress initially responded by adopting H.R. 1767 to take away Presidential authority to impose import fees on foreign oil for 90 days.

Although I am vetoing H.R. 1767 for the reasons stated, I meant what I said about cooperation and compromise. The Congress now pledges action. I offer the Congress reasonable time for such action. I want to avoid a futile confrontation which helps neither unemployed nor employed Americans.

The most important business before us after 50 days of debate remains the simple but substantial tax refund I requested for individuals and job-creating credits to farmers and businessmen. This economic stimulant is essential.

more

Last Friday, the majority leaders of the Senate and House asked me to delay scheduled increases in the import fees on foreign oil for 60 days while they work out the specifics of an energy policy they have jointly produced. Their policy blueprint differs considerably from my energy program as well as from the energy legislation now being considered by the House Committee on Ways and Means.

I welcome such initiative in the Congress and agree to a deferral until May 1, 1975. The important thing is that the Congress is finally moving on our urgent national energy problem. I am, therefore, amending my proclamation to postpone the effect of the scheduled increases for two months while holding firm to the principles I have stated. It is also my intention not to submit a plan for decontrol of old domestic oil before May 1.

I hope the House and Senate will have agreed to a workable and comprehensive national energy legislation.

But we must use every day of those two months to develop and adopt an energy program. Also, I seek a legislative climate for immediate action on the tax reductions I have requested. It is my fervent wish that we can now move from points of conflict to areas of agreement.

I will do nothing to delay the speedy enactment by the Congress of straight-forward income tax cuts and credits by the end of this month.

Under present conditions, any delay in rebating dollars to consumers and letting businessmen and farmers expand, modernize and create more jobs is intolerable.

I do not believe the Congress will endanger the future of all Americans. I am confident that the legislative branch will work with me in the Nation's highest interests.

What we need now is a simple tax cut and then a comprehensive energy plan to end our dependence on foreign oil.

What we don't need is a time-wasting test of strength between the Congress and the President. What we do need is a show of strength that the United States government can act decisively and with dispatch.

GERALD R. FORD

THE WHITE HOUSE,
March 4, 1975.

#