The original documents are located in Box C18, folder "Presidential Handwriting, 4/9/1975 (2)" of the Presidential Handwriting File 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 Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections.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.

THE PRESIDENT HAS FEIN ...

THE WHITE HOUSE

WASHINGTON

April 9, 1975

MEMORANDUM FOR:

DONALD RUMSFEL

FROM:

JERRY JONES

The Presidentasked on March 24th about an article on U.S. oil policy which was written by Edward Cowen and appeared in the New York Times on March 22nd. The article indicated that high ranking energy and defense officials are urging a strategy of directing United States interest in oil supplies away from the Persian Gulf and toward other parts of the world (See Tab A).

I asked Frank Zarb what the background of this was, if he knew who was discussing it and why. Frank tells me that a strategy paper on this topic was drafted by FEA sometime ago. This paper was staffed by FEA to State, DOD, and the NSC. The State Department did not like the idea, but DOD was interested in it because of the difficulty of conducting U.S. military operations in the Mideast.

Zarb indicates that he does not favor the idea and sees it simply as trading one set of cartel controls for another. He also feels that an attempt to implement the idea would cost the U.S. a great deal of money with no net improvement in the security of our petroleum supplies. Frank believes the article came from DOD and was floated in an effort to attract attention to it. He does not believe high level officials in the Department of State support it. He also mentioned that Joe Kraft had had an early interest in the idea and could well be pushing it now.

Frank considers the idea a dead issue but will develop a more detailed evaluation if the President is interested.

Attachment

U.S. POLICY SHIFT ON OIL IS URGED

Some Energy and Pentagon Officials Criticize Focus on Mideast Supplies

By EDWARD COWAN
Special to The New York Times

WASHINGTON, March 22 Several high-ranking energy and defense officials have out-lined an "alternate strategy" for directing United States in terest in oil supplies away from the Persian Gulf and toward other parts of the world, chiefly Venezuela, Mexico, Nigeria, In-donesia and possibly Canada.

The new approach proposed by the dissident officials is an implicit criticism of Secretary of State Kissinger's policy of emphasizing strengthened United States relations with Iran and Saudi Arabia, the two major Persian Gulf oil producers.

The dissenting view contends that the Persian Gull is inher-

that the Persian Gulf is inherently the least secure source of oil and that other sources are more reliable.

"Some of us have said for months that we should distinguish more secure and less secure sources and not treat all oil imports the same, but the State Department has stamped out that kind of heresy every time," one highly experienced energy policy analyst said.

Both official policy and the

Both official policy and the alternate approach are based on the assumption that the United States must import sub-stantial quantities of oil for the indefinite future, even amid greater efforts to curtail congreater el sumption.

The "alternate strategy" has been outlined by some energy and defense planners on the basis of military, political, geological and economic analyses. The exposition and analyses are preliminary, the officials say, because they have been unable to win from senior policy-makers the interest and resources necessary for a more comprehensive examination.

Several of the dissenters discussed their views on the condition that they not be identified. They hope that their ideas will find support in Congress and the executive branch.

"The problems" said one high-ranking official, "is that everything has to go through the head of Dr. Kissinger personally."

The new approach would supplement present policy by devoting additional diplomatic, political and economic atternation to the non-region atternation to the non-region and Ottawa or Caracas, they could be improved.

With better relations and with financial and technological help from the United States, it is said, Venezuela, Nigeria, Indonesia, Mexico and perhaps Studies Are Preliminary. The "alternate strategy" has

it is said, Venezuela, Nigera, Indonesia, Mexico and perhaps even Canada would sell more off to this country, reducing American dependence on the Persian Gulf.

Attention on Tar Sands

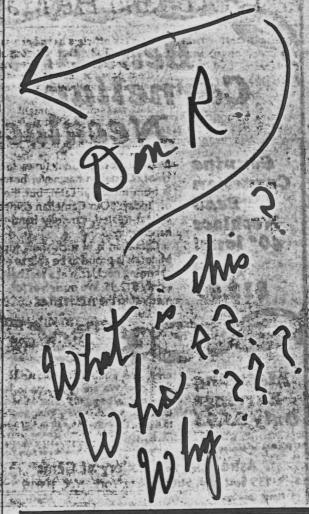
With respect to Canada, which has said she will phase out all oll exports to this country by 1982, officials say that try by 1982, officials say that exports would depend on co-operative solution of tar-sands exploitation and financing problems, perhaps in conjunc-tion with Venezuela, which also has a tar belt.

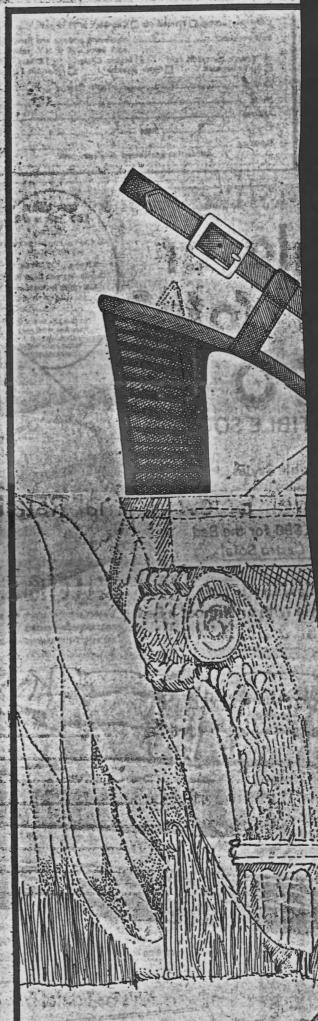
has a tar belt.

"If we devoted to Canada one-tenth of the attention we devote to Iran and Saudi Arabia, we might get sonewhere," an Administration official said.

"In Venezuela we have a real problem," he continued. The Venezuelans have a tremendous oil income rolling in and they have a conscious policy of using that dough to gain influence in Latin America. What do we do? We just let Venezuela fall into the sinkhole of policy we call Latin America. President [Carlos Andres] Perez is interested in America. President [Carlos Andres] Pérez is interested in the development of his country. We could be extremely helpful to him just as we are helping the Shah or Iran and the King of Sandi Arabia develop their countries."

lop their countries.





that the Persian Gulf is inher ently the least secure sources of oil and that other sources

"Some of us have said for months that we should distinsaid for months that we should unsurguish more secure and less secure sources and not treat all oil imports the same, but the State Department has stamped out that kind of heresy every time," one highly exper-ienced energy policy analyst said.

Both official policy and the alternate approach are based on the assumption that the United States must import sub-stantial quantities of oil for the indefinite future, even amid greater efforts to curtail con-sumption sumption.

Studies Are Preliminary has The "alternate strategy and defense planners on the basis of military, political, geo-logical and economic analyses. logical and economic analyses. The exposition and analyses are preliminary, the officials say, because they have been unable to win from senior policy-makers the interest and resources necessary for a more comprehensive examination.

Several of the dissenters discussed their views on the condition that they not be identified. They hope that their ideas will find support in Congress and the executive branch.

"Th problem" said one high-ranking official, "is that everything has to go through the head of Dr. Kissinger personally."

The new approach would upplement present policy by evoting additional diplomatic, olitical and economic attention to the non-Persian duli oil countries. countries. The idea is that re relations are tense, such between Washington and

Ottawa or Caracas, they could be improved.

With better relations and with financial and technologi-cal help from the United States, it is said, Venezuela, Nigeria, Indonesia, Mexico and perhaps even Canada would sell more oil to this country, reducing American dependence on the Persian Guif

Persian Gulf.

Attention on Tar Sands

With respect to Canada, which has said she will phase out all oil exports to this country by 1982, officials say that exports would depend on coperative solution of tar-sands exploitation. exploitation and financing problems, perhaps in conjunction with Venezuela, which also has a tar belt.

has a tar belt.

"If we devoted to Canada one-tenth of the attention we devote to Iran and Saudi Arabia, we might get sonewhere," an Administration official said.

"In Venezuela, we have a real problem," he continued.

"The Venezuelans have a tremendous oil income rolling in and they have a conscious policy of using that dough to gain influence in Latin America. What do we do? We just let Venezuela fail into the sinkhole of policy, we cail Latin America. President [Carlos Andres] Pérez is interested in America. President [Carlos Andres] Pérez is interested in the development of his country. We could be extremely helpful to him just as we are helping the Shah or Iran and the King of Sandi Arabia develop their countries."

Some critics of Mr. Kissinger have objected to economic and military cooperation with Saudemi Arabia and Iran as providing support for oil policies that the United States should op-

However, the proponents of a shift in oil-supply reliance do not call for an outright reversal of Persian Gulf policy. Rather, they would strenghten American relations with other oil exporters to create the conditions that would permit less support for Persian Gulf states.

Policy of Mutual Interests

"We need quiet, bilateral ex-ploratory conversations with these other countries to find out what the mutualities of interest are, a diplomat said.

"A sure way to poison this well is to try to sell them a United States program. This has to be on the basis of equals, not daddy and sonny."

Military and political analysts.

Military and sonny.

Military and political analysts say that the Persian Gulf is the most indefensible and unstable oil region in the world because of the narrow ship passage at the Strait of Hormuz and because any political up-heaval in the area is likely

The analysts say that the United States Navy is less able protect an Indian Ocean troleum lifeline" than one to protect "petroleum sross the Pacific from Indonea or the Atlantic routes from Nigeria and Venezuela.



Saka Fifth Avenue at Rockefeller Center, New York open Thursdays Bala-Cynwyd • Boston • Atlanta • Pittsburgh • Detroit • Troy • Critcago • S