THE WHITE HOUSE
WASHINGTON

Mr Leach - Calif
has a machine that
turns water in Hydrogen.
(Sen. Goldwater + Gen
LeMay have seen it
operate)
Sen G. strongly advises
Bob Seamans + Malcolm
Currie go out + see it
very quietly.

Mtg Sat P.M. -
to discuss -

Goldwater - Convention

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

THE WHITE HOUSE
WASHINGTON

Frank Zrob

1) Texas trip

a) "Leroy" steps

b) How many reps before + after signing of bill

c) Any other info.

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

Dick Handle

THE WHITE HOUSE

WASHINGTON

January 17, 1975

MEMORANDUM TO THE PRESIDENT

THROUGH: DONALD RUMSFELD

FROM: ROBERT GOLDWIN

The enclosed copy of a letter from Irving Kristol contains two interesting suggestions:

1. That the tax rebate for middle class families with incomes in the $15,000 to $40,000 a year bracket be defended against congressional attack.

2. That Congress be challenged to pass a gasoline tax or institute oil rationing on its own if it turns down the Administration's oil tax program.

His reasoning is interesting and worthy of consideration.

Enclosure

THE WHITE HOUSE

WASHINGTON

January 22, 1975

MEMORANDUM FOR THE FILE

Attached is the Al Ullman letter. The President decided at 10:15 AM today to go with option 3 and impose the tariff.

Attachment

THE WHITE HOUSE
WASHINGTON

JANUARY 22, 1975

MR. PRESIDENT

Max Friedersdorf called with the following message:

Ullman announced this afternoon at the conclusion of hearings in the Ways and Means that if the President proceeds with his proclamation hearings on the Jackson-Kennedy Joint Resolution will be held by Bill Green's Trade sub-committee on Friday and if not concluded then will be resumed a week from Thursday. An attempt will be made to get a bill out at that time.

Ullman also said he was waiting for a call from the President.

1/22/75
Ullman (March present)
Said I had to proceed.
Ullman said Com. action &
House floor action next week.
He is confident of votes & ability to
over-ride. May put on debt limitation

Uhlman Request for Delay in Tariffs

Option #1

No delay, increase tariff as originally announced to $3 by April 1.

Option #2

Delay any increase for 30-60 days in return for quid pro quo from House Democrats.

Option #3

Impose first $1 increase on February 1. At the same time announce that the next increase to $2 will be delayed if, and only if, Congress moves rapidly over the next 30 days to pass the tax cut and begin hearings on the energy package.

Issues

Possibility of Congressional enactment of a resolution requiring a delay of 60 days?

Can a veto be sustained if required?

Are the Democrats really giving up anything in return for delaying first increase of $1?

Are they more likely to act on the legislation if the February 1 increase is delayed? Or will they be more likely to act if the threat of another increase March 1 is posed?

Assuming the February 1 increase is implemented, what is the likely outcome of expected court challenges?

THE WHITE HOUSE

WASHINGTON

January 21, 1975

MR. PRESIDENT

Al Ullman is sending you a letter requesting a delay in the imposition of a tariff on imported oil. This question may come up in the Press Conference and you can acknowledge that you understand the letter is on the way but you have not received it or had time to study it.

Tip O'Neill plans to introduce the resolution prohibiting the tariff and it will be discussed in the Ways and Means tomorrow.

MAX FRIEDERSDORF

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

January 21, 1975

The Honorable Gerald R. Ford
President of the United States
The White House
Washington, D. C. 20500

Dear Mr. President:

This is in reference to your proposed action of imposing a $1-$3-per-barrel import fee or tariff on imports of crude oil (and a tariff of similar incidence on petroleum products) under Section 232, the national security provision of the Trade Expansion Act of 1962.

There has been no indication of which I am aware that the Secretary of the Treasury has conducted an investigation and recommended to you on the basis of such an investigation the action you propose to take under Section 232 of the Trade Expansion Act. In the absence of any indication along these lines, I must assume that you are acting under the national security investigation and Presidential finding of 1959 under which the import quota system on petroleum and petroleum products was established some 15 years ago.

I am aware that the President in February of 1973 changed the import quota system on petroleum and petroleum products to an import license fee system without benefit of a new national security investigation and Presidential finding. Such action at that time was not broadly questioned by the Congress, although many Members, including Members of the Committee on Ways and Means, had reservations concerning the basis of that action. Under H.R. 14462, as reported by the Committee on Ways and Means, any import restriction on petroleum under Section 232 would have become subject to specific legislative criteria. Also reflecting those concerns are the new procedural and reporting requirements which were added by amendments to Section 232 contained in the Trade Act of 1974, Public Law 93-618.

There are serious legal questions created by continued Presidential use of Section 232 to drastically change (merely by issuing executive orders) restrictions on imports of petrole products without benefit of the statutory investigation and findings required by that provision.

It can be recognized that the President from time to time would find it necessary to make some changes in the program of adjusting imports under Section 232 in light of changing circum stances. However, the original thrust and purpose of the 1959 national security finding with respect to petroleum has all but disappeared. Obviously what remains is the continued, even increased dependence on imports of petroleum and petroleum produc The question is how best this situation can be dealt with in light of completely different circumstances in 1975?

The divergence of economic interests involved in the exist complicated import license fee system on oil imports will be exacerbated by the additional, and changing level of import fee which you propose to impose under Presidential authority. The changing costs and price conditions which the import fee will create are not conducive to sound legislation.

As you have implied in your message to the Congress, the energy and indeed the economic problems we face call for compre· hensive and consistent legislative approach. In this regard, there is a preferable course to take and one which will provide the greatest degree of cooperation between the Executive branch and the Congress. To this end I respectfully request that you take no further action under the national security provision to impose additional fees or tariffs on imports of petroleum and petroleum products, but await appropriate legislative action. As I am sure you are aware the Committee on Ways and Means is responding to your request for action by making your proposal the first order of business.

Sincerely yours,

Al Ullman

Al Ullman
Chairman

AU:hll

THE WHITE HOUSE

WASHINGTON

F

June 17, 1975

P. has seen

DICK:

Peter Wallison just informed me that there is as yet no final version of the energy bank proposal. He has asked Jim Cannon to assemble the different pieces of the latest version and to get them to me as soon as possible. This will be tomorrow morning at the earliest.

JIM CONNOR

To: Don Rumsfeld

R. Cheney

THE WHITE HOUSE

WASHINGTON

September 4, 1975

MEMORANDUM FOR: THE PRESIDENT

FROM: JACK MARSH Jack

Max has obtained a copy of the Resolution adopted by the Senate Democrats in their conference today in reference to the energy matter. A copy of this resolution is set out below.

It should be noted that so far a vote count on the resolution is not available and probably was adopted by a voice vote. Max and I feel the last paragraph is significant.

Additionally, you should be aware our Whip count is improving and shows 34 votes to sustain. However, Max and I are keeping this on a very close hold basis in an effort to avoid counter pressure on swing votes.

Additionally, we are DEXING to you the Mansfield statement made at the Conference.

On another subject, Max says that Chairman Madden of the Rules Committee, has balked again at scheduling the Turkish aid matter before the Rules Committee and Doc Morgan indicated he will not press the issue until after the Yom Kipper recess of September 12-17. It means that we are unlikely to have a vote in the House until late September.

The resolution follows:

RESOLUTION TO THE SENATE DEMOCRATIC CONFERENCE

Whereas, the Congress is continuing to seek a responsible consensus on the question of energy prices;

Whereas, enactment of S. 1849 would prevent the immediate decontrol of energy prices with such decontrol's implicit threat of halting economic recovery and stimulating inflation;

Whereas, enactment of S. 1849 would preserve the competitive protections of the Emergency Petroleum Allocation Act;

Whereas, a brief extension of the existing energy price control authority is the step best designed at this time to provide the time needed by Congress and the Administration to reach an acceptable agreement on energy prices;

THEREFORE, The Senate Democratic Conference urges the President to sign into law S. 1849; and, in the event of a veto, the Senate Democratic Conference urges that the veto be overridden.

B. Regardless of the outcome of the override vote in Congress the Senate Democratic Conference also urges the Majority Leader in cooperation with the Speaker of the House to immediately consult with the President to resolve our differences and develop an acceptable agreement on energy prices.

THE WHITE HOUSE
WASHINGTON

Speaker Albert

Called - wants me

to see Cong. Murphy +

Fish on [illegible] shore sale.

They want to delay

OCS sale -

F

memo to
Max Friedersdorf
9/15/75

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

policy factors separate from pol.
changing mix of old + new

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

November 28, 1975 alternative scenarios

OFFICE OF THE ADMINISTRATOR

impact on price
production
consumption
imports
under various options

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK G. ZARB

SUBJECT: Summary of Omnibus Energy Bill

current sys.
new bill
39 month
instant de-control

projected import price

projected gap betw. domestic composite price + import

FEA staff are continuing to work with Congressional staff to develop final statutory and managers report language for the omnibus energy bill passed by the Conference Committee on H.R. 7014/S. 622. The Conference Report is likely to be completed for final printing by Monday, December 2, and reported out of the Conference Committee on Tuesday, December 3. The timing of final Congressional action on the bill is not certain, but could be delayed until your return from China.

Our efforts with the committee staff to get the best possible language in all of the provisions have been relatively successful. Committee staff have accepted our language on most of the critical issues and have worked with us to define ourselves out of problem areas where the intent of conferees cannot be altered.

I have attached for your review a summary of the provisions of the conference bill that reflects policy determinations as of Friday, November 28. Major changes from this point in time are not likely. No judgements are made regarding the acceptability of the provisions and no decisions are required.

I have begun preparation of a detailed memorandum that evaluates each of the provisions and relates them to your energy and economic goals. This analysis, along with the views and recommendations of your advisors will be ready when you return from China.

new 11.30
Attachment old 5.25
composite 7.66

inflation forecast
escalator - GNP deflator + 3% annually
potential adj. every 90 days

SUMMARY OF CONFERENCE COMMITTEE
OMNIBUS ENERGY BILL

PRICE AND ALLOCATION CONTROLS

- Extension of the current Emergency Petroleum Allocation Act for 40 months with changes that require:

  ° Replacement of the existing price control scheme (i.e. old oil at $5.25 and new oil uncontrolled) with a "domestic composite" control methodology. Under this scheme, all domestic oil is initially controlled at an average price of $7.66. This average can be increased as follows:

    -- The composite price ceiling may be adjusted upward each month by the GNP deflator, plus a maximum of three percentage points per year to provide a production incentive, but the total upward adjustment may not exceed 10 percent per year (compounded monthly) unless further authority to modify the adjustment is obtained.

    -- Increases over and above the 10% limitation may be made at <u>any</u> time during the 40 month period upon a Presidential recommendation that is not disapproved by either House. These recommendations can be submitted every 90 days and are maintained for the life of the program if approved.

    -- Alaskan oil is excluded from the composite (the effect being to raise the average price for all domestic oil) after April 15, 1977 or whenever Alaskan oil begins to flow through the pipeline.

- The President is provided flexibility to set various prices for different categories of oil or fields to assure maximum production incentive.

- Conversion of the mandatory control program to standby at the end of 40 months. It can be maintained in full mandatory status by the President based upon certain findings; Congress cannot prevent the conversion to standby except, of course, by passing a new law.

- FEA to dismantle as much of its regulatory program as possible, particularly price and allocation with respect to wholesalers and retailers (the bulk of those currently controlled by FEA). The objective here is to reduce FEA's regulatory program to a crude price control system as soon as possible coupled with entitlements to insure the competitive viability of refiners who do not have access to low priced oil.

SUPPLY AVAILABILITY

Energy Supply and Environmental Coordination Act (ESECA)

- Conversion of utilities and major fuel-burning installations from gas or oil to coal.

    ° Extends authority to issue orders until June 30, 1977 and to enforce orders until December 31, 1984.

    ° Allows FEA to order recipients of construction orders to burn coal.

- Language is substantially the same as that requested by the Administration.

Coal Loan Guarantees

- Provides $750 million loan guarantee authority for 80% of any loan to a small coal producer, with any single guarantee not to exceed $30 million.

    ° Available for reopening closed mines, expanding existing mines, including coal preparation plants, and opening up new underground mines with preference to new market entries.

    ° Eighty percent of guarantees are reserved for low sulfur coal mines, the product of which will meet new source performance emission standards, and 20% for new high-sulfur mines which can be burned in compliance with Clean Air Act.

    ° Adopts the "credit elsewhere" test from Administration's proposed Energy Independence Authority Act.

Limitations on Exports

- President granted authority to control exports of energy materials, equipment and supplies, coal, natural gas, refined petroleum products, and petrochemical feedstocks.

- President required to promulgate a rule prohibiting exports of crude oil and natural gas except under conditions he determines to be in the national interest.

- President given discretionary authority to restrict other exports if necessary to maintain or increase domestic energy supplies or facilities.

- Exemption for historical trading relationships with Canada and Mexico.

<u>Materials Allocation</u>

- President given discretionary authority to allocate supplies of materials and to require the selective performance of contracts if he finds that:

  - Supplies are scarce, critical and essential to maintaining or furthering exploration and production.

  - These objectives cannot be "reasonably accomplished" without exercising such authority.

- Requires the President to report to Congress within 60 days on how the authorities will be administered and authority expires December 31, 1984.

<u>Production at Maximum Efficient Rates (MER) and Temporary Emergency Production Rates (TEPR)</u>

- The Secretary of Interior is directed to determine MER's and TEPR's (if any) on all federal lands.

- With respect to state lands, the Secretary of Interior may determine MER's and TEPR's only if the state has not done so.

- In unitized fields containing both state and federal lands, the Secretary may determine MER's or TEPR's only if none have been established.

- The President may require production at MER in non-emergency situations and, during a severe energy supply interruption, at the TEPR.

Joint Ventures

- Codifies the recent DOI/OCS joint venture regulations prohibiting joint bidding by major oil companies to develop crude oil or natural gas, but grants exceptions with respect to high risk areas and where necessary to permit more efficient development.

- Would prohibit such joint ventures for exploration and development, but not for production.

- Directs DOI to report to the Congress within nine months on the feasibility of extending such regulations to on-shore oil and gas, oil shale, and coal.

Recycled Oil

- Promotes the use of recycled or re-refined oil and directs the federal government to encourage procurement of such oil.

EMERGENCY MEASURES

Strategic Reserves

- Policy to establish a reserve up to one billion barrels and sets a target of 90 days of imports (approximately 560 MM BBLS).

  ° Sets time and quantity goals which the plan shall follow to the maximum extent practicable.

- Authorizes and requires an Early Storage Program of 150 MM BBLS to be completed in three years.

- No-year "such sums" authorization of funds to construct and fill the Early Storage Program, and authorization of $.9 billion to construct facilities for the long-range program.

- Construction of facilities for the long-range program is dependent on the presentation of an overall plan within one year and is subject to disapproval by either House.

  ° Flexibility is allowed in determining size and schedule for completion.

- Filling of the long-range program facilities is subject to additional authorizing legislation.

- Authorizes Interim Industry Storage (three percent of imports or refinery throughput - 150 MM BBLS at present demand), which could be part of either the Early Storage or Long-Range Programs.

- Requires Regional Product Reserves of refined petroleum products for import-dependent areas (New England and the Middle Atlantic States).

International Authorities

- Contains international allocation authority, which grants broad discretion to the President and is consistent with the IEP agreement.

- New procedures are contained for the formation and implementation of voluntary agreements to implement the allocation and information provisions of the International Energy Program.

- Would allow the United States to provide data to the International Energy Agency on the finding that the IEA has adequate safeguards against disclosure of any confidential or proprietary business information.

- Bill contains the authority needed for the United States to participate fully in the International Energy Program.

Standby Energy Authorities

- Broad domestic authority to deal with future energy emergencies.

- Both rationing and conservation plans would be proposed now (within 180 days after enactment) and sent to Congress for approval. Congress would have 60-day deadline to approve or disapprove.

- If Congress approves plan, it goes on shelf for future implementation in emergency. Conservation plans could be implemented without further Congressional action, while rationing plans would be subject to an either-House veto.

CONSERVATION

Appliance Labeling

- Requires efficiency labeling on various home appliances, unless FEA determines it not feasible. FTC is required to issue labels and enforce the provisions of this section.

- FEA required to set energy efficiency targets for each category of appliances to provide by 1980 overall energy improvement by 20% over 1972 levels. If 20% target not met, FEA is required to commence a standard setting proceeding (but not necessarily required to set standards).

- Includes citizen suits provision permitting injunctive relief (but not money damages) against the government, manufacturers, suppliers and importers, but not against manufacturer, supplier or importer where he is in compliance with the regulations.

- Mandatory labeling program is similar to that included in the President's energy program.

Industry Energy Conservation

- Requires FEA to set 1980 energy efficiency improvement targets for the top 10 industries.

- Targets would be designed to facilitate conservation to the "maximum extent technologically and economically feasible."

- Requires reports from approximately 400 companies in the top 10 industries, but permits exemption for companies which participate in an effective voluntary industry reporting program through trade associations.

- Provides only injunctive relief for failure to report (no civil or criminal penalties).

Automobile Fuel Economy

- After model year 1977, new cars and light duty trucks to comply with mandatory fuel economy standards.

- Civil penalties for manufacturers who fail to comply. Falling below standard carries a civil penalty of $5 per vehicle for each .1 m.p.g. below the standard. Credit for exceeding the standard could be carried forward or backward for one year.

- Fuel economy labeling required. DOT and FEA would jointly administer the mandatory mileage labeling program.

- Secretary of Transportation may revise standards to take into account more stringent federal emission, noise, safety and damageability standards.

- Model year 1978 average fuel economy would be 18 m.p.g., gradually increasing to 27.5 m.p.g. in 1985.

- Authorizes $130 million and $55 million loan guarantee authority for two years to promote development of fuel efficient automobiles. Production prototype is objective, but would need new legislation to produce.

<u>State Energy Conservation Programs</u>

- Provides for development and implementation of state energy conservation programs with federal financial and technical assistance.

- Within 180 days of enactment, each state would submit a feasibility study to FEA for achieving a five percent reduction in projected energy consumption by 1980. On the basis of state studies, FEA is required to set 1980 energy conservation targets for each state and may set interim targets.

- FEA authorized to fund implementation of acceptable state conservation programs, including incentive grants to states meeting energy conservation targets.

- FEA to provide technical and financial assistance for state feasibility studies and preparation of adequate state energy conservation plans.

<u>Other Energy Conservation Measures--Federal Energy Conservation Program</u>

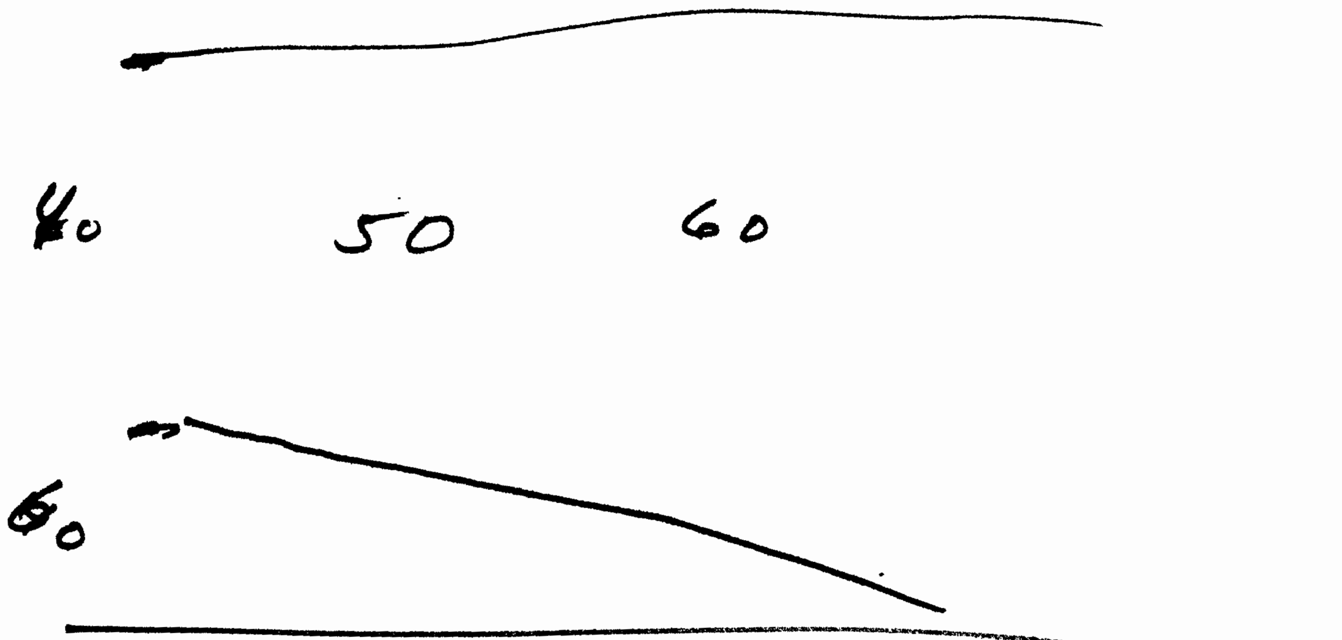
- The President would be required to promulgate and implement a ten-year plan for energy conservation with respect to buildings, military operations, and employee transportation.

- FEA would be required to coordinate federal agency actions to develop mandatory standards governing procurement policies to achieve energy savings by the Federal Government.

- Each independent regulatory commission would be required to prepare an assessment of its energy conservation practices.

GAO Audits

- These provisions would authorize the Comptroller General to conduct verification audits on its own or at the request of any Congressional Committee with respect to the books and records of any person (1) who is required to submit energy information to the FEA, the FPC, or the Department of Interior, (2) who voluntarily submits such information to any Federal Agency, or (3) who is a vertically integrated oil company.


40
50
60
60

[Dec. 1975?]

THE WHITE HOUSE
WASHINGTON

Mr Pres.

Fred Hartley (Union oil) is pressuring to see you. He was with you when you visited the geysers in Cal.

I promised to get the word to you. If you are going to sign the Energy bill he could be persuaded to be with you and be very helpful. If you are not - keep your powder dry -

Rog

[ca. 4/16/76]

THE WHITE HOUSE
WASHINGTON

Dick Cheney)

Note p. 2.
I don't believe it.

Get copy of rough draft
or FEC conf. bill -

Bills -

Message
dates
vacations
+
bills by House & Senate

mtg on
Israelis
& [illegible]

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

Names/Faces

Can't Somebody Turn It Off?

Treasury Secretary William E. Simon is helpless, along with the rest of us. Growing uncontrollably in our midst, it seems, is the Federal Energy Administration, nudged into prominence by, of all people, Simon. He was in Houston, Tex., and said: "Speaking from personal experience, I know all too well how an originally small, temporary bureaucracy can take on a life of its own and spread its tentacles." Little did he know, he said, that "in becoming the so-called 'energy czar' I would also be present at the creation of a vast new federal energy empire."

He said the energy crisis is over but the FEA lives on. In fact, he said, "it has taken on a life of its own and is still a large and growing part of the Washington scene — a striking example of the cancer of big government."

She Probably Understands Him

The economist, Alan Greenspan, chairman of the President's Council of Economic Advisers, confirmed to an interviewer this week, in a rare burst of clarity, hat he has "been going out with" Barbara Walters. It s not been determined if the relationship is "seri-," whatever that may mean. Greenspan is 50 and once married. Walters, 45, was recently divorced. ...ently attended a Palm Springs party.

...u Have No Choice

a retired general in the ...er of the Senate ... ...rent...

Mrs. Joan... r home "G... Morgant... violatin... raising...

Sh...

THE WHITE HOUSE

WASHINGTON

July 29, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: MAX FRIEDERSDORF M.F.

Following is the update on two urgent legislative items which have changed drastically during the events of the day:

1. Separation of auto emissions from the non-degradation portion of the Clean Air Act was not accomplished in the Senate today and the bill has been put over until Tuesday when the pending business will be the Moss Amendment providing for a one year study on the non-degradation portion.

2. The conference on extension of the FEA has fallen apart because of an alliance between Scoop Jackson and Javits who have objected to the pricing provision. Zarb says that if this agreement reached yesterday on pricing is dropped because of Jackson-Javits, the bill will be unacceptable. FEA Authorization expires mid-night tomorrow night and it is now unlikely that any extension can be accomplished by Congress. Therefore, signing of FEO executive may be the only option.

[11/22/76]

THE WHITE HOUSE
WASHINGTON

Dick Cheney

Wall St. Jr. for this A.M.

Any reaction from Alan?

26 THE WALL STREET JOURNAL, Monday, Nov. 22, 1976

OPEC Advisers Said To Be Recommending Oil Price Boost of 20%

Special to THE WALL STREET JOURNAL

VIENNA—Economic experts of the Organization of Petroleum Exporting Countries agreed to recommend a 20% increase in the price of oil, effective Jan. 1, a participant in the week-long talks said.

Officially, however, the experts maintained their traditional silence over the size of the increase they would recommend to OPEC oil ministers, who are due to review their common price—based on $11.51 a barrel for Saudi Arabian light crude since October 1975—at a meeting starting Dec. 15 in Doha, Qatar, on the Persian Gulf.

In the past, OPEC ministers generally have adopted smaller increases than the ones proposed by their experts, so a 20% recommendation would indicate that calls by Iran and others for a 25% boost wouldn't be heeded, observers said.

As has happened before, Saudi Arabia, the world's largest oil producer, appears to be holding some of the more militant of OPEC's 13 member states in check, these observers said. However, a decision on an oil price boost must be unanimous, they noted.

It's a foregone conclusion that some oil price increase is coming soon, but the questions are how much and when. "The oil price will have to be adjusted in line with Western inflation," one OPEC official said, adding: "We can only make recommendations, however. The final decision is up to the oil ministers."

None of the experts participating in the meeting at OPEC's secretariat here expected a boost of less than 10%. Saudi Arabia's oil minister, Sheikh Ahmed Zaki Yamani, was quoted in a Business Week interview as saying the Saudis "will accept nothing above 10%," which seems to leave 10% as the only figure left.

Formally, the boost is to be made Jan. 1 and decided at the meeting in Qatar. But some OPEC ministers suggest delaying their session until after a meeting of the so-called North-South Dialog that begins the same day in Paris. At the Paris meeting, ministers of 27 rich and poor nations are due to consider initiatives on higher raw materials prices and debt relief to benefit the Third World.

Some Third World nations want OPEC to retain its threat to raise oil prices steeply s a weapon to extract concessions in Paris. But preparatory negotiations there have been going slowly and there is a possibility that the mid-December North-South meeting may be postponed, perhaps until March. In that case, OPEC might decide on a modest price boost Jan. 1 to be followed by another review later in 1977, after a rescheduled Paris meeting takes place, some officials of oil-consuming countries believe.

British Aircraft, Iran Agree to a Barter Of Weapons for Oil

* * *

Contract for Tracked Rapier Air Defense Systems Valued at $672.8 Million

Special to THE WALL STREET JOURNAL

LONGON—British Aircraft Corp. and the Iranian government have agreed to swap weapons for oil, the state-owned company said.

The contract, estimated at the equivalent of $672.8 million, is said to be the first of its size to be paid for in oil by the Iranian government.

A number of U.S. companies have been negotiating similar arrangements but nothing definitive has been announced.

Under the agreement, BAC will supply the Iranian Ministry of War with tracked Rapier air defense systems, a mobile version of the Rapier missile already in use by the Iranian armed forces. The number of systems involved wasn't disclosed.

In return, National Iranian Oil Co. will supply BAC with crude oil, which then will be marketed outside of Britain by Shell U.K. Ltd., a unit of the Royal Dutch-Shell Group. BAC will ultimately receive the entire price of the contract in foreign exchange. The amount of oil to be supplied to BAC wasn't disclosed.

G. R. Jefferson, managing director of BAC's guided weapons operations, said after signing the agreement that the tracked Rapier system has been developed in very close consultation with Iranian defense authorities in light of the experience gained through the recent Middle East wars. The low-level air defense system has a unit cost below other such systems, he said.

Mr. Jefferson indicated that the company and Iran will be working closely on the possibility of selling the mobile system to other countries, presumably in the Mideast.

The BAC official also said the company expects to arrange production of the Rapier missile in Iran in partnership with Iran Electronics Industries. An agreement has already been reached to set up a joint company immediately, to be called Irano-British Dynamics, to carry out this work in Iran, Mr. Jefferson said.

Northeast Utilities' Rates in Connecticut To Continue for Now

By a WALL STREET JOURNAL *Staff Reporter*

HARTFORD, Conn.—Northeast Utilities was allowed to continue charging existing

Bank of Canad Interest Rate To Commercia

By a WALL STREET JOURNAL

OTTAWA — The Bank nounced a reduction in its from 9½%, effective today.

The rate, which is the int bank charges on loans to co had been 9½% since March

The announcement cam few hours after the U.S. Board disclosed that all districts except St. Louis we discount rates to 5¼% from

Bank of Canada gove Bouey, said the bank rate tified by the progress Can recent months in getting in ter control and in moderati monetary expansion.

The central bank has target range for monetary derlying annual growth ra for the narrowly defined which is currency plus che posits, measured from last

The bank said statistics cate that the money supply nificantly below 8%. So short-term interest rates, i rate, is consistent with bringing the money supply up within the target range, and U.S. monetary growth rectly comparable becaus tions of narrowly defined m fer slightly.

Strike Delays U.K. Jo

LONDON — Britain's pr ployment statistics for Nove to be released tomorrow, wi delayed due to industrial ac at the Department of En agency said.

Digest of

ALBERTSON'S INC (N)

13 wk Oct 30:	1976	1975
Sales	$381,122,616	$326,820,837
Net inco	4,144,155	4,561,646
Shr earns:		
Net inco	.55	.68
39 weeks:		
Sales	1,086,827,070	936,280,326
Net inco	12,759,066	12,332,371
Avg shrs	7,554,764	6,568,091
Shr earns:		
Net inco	1.69	.87

AMER FLETCHER MTGE INV (A)

Quar Oct 30:	1976	a1975
Net loss	$1,779,708	$4,065,319
9 months:		
Net loss	4,383,894	9,801,677

a-Restated to reflect accounting change.

AMER PAC INT'L INC. (O)

Quar Sept 30:	1976	1975
Revenues	$1,149,350	$1,244,62
Net loss	152,060	a352,34