

**The original documents are located in Box 15, folder “Energy - Oil Decontrol: General (2)” of the John Marsh Files at the Gerald R. Ford Presidential Library.**

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do memo

[Aug. 1975?]

APPEAR TO BE FIRM

Bartlett  
Bellmon  
Fong  
Garn  
Griffin  
Hansen  
Helms  
Laxualt  
McClure  
Tower  
Young  
Fannin  
Hruska  
Scott, Hugh  
Scott, Bill  
Stevens  
Curtis  
Buckley  
Hatfield  
Packwood  
Goldwater  
Pearson  
Johnston  
Gravel  
Long  
McGee

POSSIBLE PICK UPS

Beall  
Bentsen  
Tunney  
Cotton

KEY PROSPECTS

Percy  
Weicker  
Roth  
Mathias  
McClellan  
Nunn  
Montoya  
Stennis  
Allen  
Eastland  
Morgan  
Sparkman  
*Randolph*

MAY BE QUESTIONABLE

Brock  
Domenici  
Dole  
Thurmond  
Baker  
Taft



SENATE POSITIONS ON S. 1849

FIRM

Bartlett  
Bellmon  
Fong  
Garn  
Griffin  
Hansen  
Helms  
Laxault  
McClure  
Tower  
Young  
Fannin  
Hruska  
Scott, Hugh  
Scott, Bill  
Stevens  
Curtis  
Buckley  
\*Hatfield  
\*Packwood  
Goldwater  
Pearson  
Johnston  
Gravel  
Long  
McGee

VOTING WITH, BUT QUESTIONABLE

Brock  
Domenici  
Dole  
Thurmond  
Baker  
Taft

POSSIBLE PICK UPS

Beall  
Bentsen  
Tunney  
Cotton

KEY PROSPECTS

Percy  
Weicker  
Roth  
Mathias  
McClellan  
Nunn  
Montoya  
Stennis  
Allen  
Eastland  
Morgan  
Sparkman

The following Senators voted against S. 13-9

{Aug. 1975?}  
7

26		3	
Republicans		Democrats	
Bartlett	P	Gravel	P
Bellmon	B 45754	Long	Zach
Brock	P	McCree	M
Dole	M		
Domenici	B 46621		Tues
Fong	P		
Garn	B 45444		
Griffin	M		
✓ Hansen	B 3424		Wyoming
✓ Helms	T		
✓ Laxalt	P		
McClure	B 42752		Mike Hathaway
Tower	T		
✓ Young	P		
✓ Fannin	P		
Hruska	B 6551		
✓ Scott (Pa.)	P		
Scott (Va.)	M		
✓ Stevens	P		
Thurmond	B		
Baker	M		
Curtis	T		
✓ Buckley	P		
→ Taft	P		
✓ Hatfield	P		
Packwood	P		

7? Senator Goldwater was absent, but would have voted nay. Newly appointed Senator Cotton (N. H.) and Senator Pearson have indicated that they will vote to sustain the veto. This means we will need two additional votes from the target list below.

REPUBLICANS

- Percy
- Beall
- Weicker
- Roth
- Mathias

DEMOCRATS

- Johnston
- McClellan
- Nunn
- Montoya
- Stennis
- Allen
- Eastland
- Morgan
- Sparkman

" we have now picked up:  
Johnston  
Beutner

The following Senators voted against S. 1349

[Aug. 1975?]

26		3	
Republicans		Democrats	
Bartlett	P	Gravel	P
Bellmon	B 45754	Long	Zach
Brock	P	McGee	M
Dole	M		
Domenici	B 46621		Tues
Fong	P		
Garn	B 45444		
Griffin	M		
✓Hansen	B 3424		Wyoming
✓Helms	T		
✓Laxalt	P		
McClure	B 42752		Mike Hathaway
Tower	T		
✓Young	P		
✓Fannin	P		
Hruska	B 6551		
✓Scott (Pa.)	P		
Scott (Va.)	M		
✓Stevens	P		
Thurmond	B		
Baker	M		
Curtis	T		
✓Buckley	P		
→ Taft	P		
✓Hatfield	P		
Packwood	P		

7? Senator Goldwater was absent, but would have voted nay. Newly appointed Senator Cotton (N. H.) and Senator Pearson have indicated that they will vote to sustain the veto. This means we will need two additional votes from the target list below.

REPUBLICANS

Percy  
Beall  
Weicker  
Roth  
Mathias

DEMOCRATS

Johnston      Allen  
McClellan      Eastland  
Nunn            Morgan  
Montoya        Sparkman  
Stennis

we have now picked up:  
Johnston  
Bentsen

Aug. 1975?

APPEAR TO BE FIRM

Bartlett  
Bellmon  
Fong  
Garn  
Griffin  
Hansen  
Helms  
Laxualt  
McClure  
Tower  
Young  
Fannin  
Hruska  
Scott, Hugh  
Scott, Bill  
Stevens  
Curtis  
Buckley  
Hatfield  
Packwood  
Goldwater  
Pearson  
Johnston  
Gravel  
Long  
McGee

POSSIBLE PICK UPS

Beall  
Bentsen  
Tunney  
Cotton

KEY PROSPECTS

Percy  
Weicker  
Roth  
Mathias  
McClellan  
Nunn  
Montoya  
Stennis  
Allen  
Eastland  
Morgan  
Sparkman

MAY BE QUESTIONABLE

Brock  
Domenici  
Dole  
Thurmond  
Baker  
Taft

APPEAR TO BE FIRM

Bartlett  
Bellmon  
Fong  
Garn  
Griffin  
Hansen  
Helms  
Laxualt  
McClure  
Tower  
Young  
Fannin  
Hruska  
Scott, Hugh  
Scott, Bill  
Stevens  
Curtis  
Buckley  
Hatfield  
Packwood  
Goldwater  
Pearson  
Johnston  
Gravel  
Long  
McGee

MAY BE QUESTIONABLE

Brock  
Domenici  
Dole  
Thurmond  
Baker  
Taft

POSSIBLE PICK UPS

Beall  
Bentsen  
Tunney  
Cotton

KEY PROSPECTS

Percy  
Weicker  
Roth  
Mathias  
McClellan  
Nunn  
Montoya  
Stennis  
Allen  
Eastland  
Morgan  
Sparkman

[Aug. 1975?]



appear to be firm

Questionable  
VOTING WITH, BUT QUESTIONABLE

Bartlett  
Bellmon  
Fong  
Garn  
Griffin  
Hansen  
Helms  
Laxault  
McClure  
Tower  
Young  
Fannin  
Hruska  
Scott, Hugh  
Scott, Bill  
Stevens  
Curtis  
Buckley  
Hatfield  
Packwood  
Goldwater  
Pearson  
Johnston  
Gravel  
Long  
McGee

Brock  
Domenici  
Dole  
Thurmond  
Baker  
Taft

POSSIBLE PICK UPS 4

Beall  
Bentsen  
Tunney  
Cotton

KEY PROSPECTS 12

Percy  
Weicker  
Roth  
Mathias  
McClellan  
Nunn  
Montoya  
Stennis  
Allen  
Eastland  
Morgan  
Sparkman

~~C. A. J.~~

W. H. White



BARBER B. CONABLE, JR.  
NEW YORK, 35TH DISTRICT

COMMITTEES:  
WAYS AND MEANS  
BUDGET

JOINT COMMITTEE ON  
INTERNAL REVENUE TAXATION

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

WASHINGTON OFFICE:  
2228 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, D.C. 20515

DISTRICT OFFICE:  
311 FEDERAL OFFICE BUILDING  
100 STATE STREET  
ROCHESTER, NEW YORK 14614

August 1, 1975

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

Dear Mr. President:

I and an increasing number of my colleagues are convinced that it would be politically desirable for you to call the Congress back from its August recess further to consider the problems of formulating an energy policy and aid to Turkey. The energy problem is particularly troublesome to me because I am convinced that unless you keep Congress out front as a political issue itself, the American people will blame you as the price of gasoline goes up. The price of gasoline inevitably will go up for many reasons other than decontrol, but the public will not believe it is anything but your decontrol action unless you press Congress in the most vigorous and news-making manner.

I think you must veto the six month extension. I understand from Frank Zarb you intend to do so. The public will see you sign the congressional pay increase with apparent approval of a Congress that has not responded to the vital issues of the nation. The congressmen will have a one month hiatus, unless you call them back, to disassociate themselves from the expiration of the control law while you are increasingly identified with the consumer and economic impact of your actions. If decontrol does not raise the price of gas as much as the alarmists are predicting, it will help you very little, since the public will remember its sense of panic and will doubtless blame you for any increase in the cost of petroleum, however small. On the other hand, the public would find some pleasure in your scolding Congress back into session. You have a right to insist that Congress behave more constructively, but unless you make that insistence clear, the public will assume you are the problem rather than Congress. That the members of Congress themselves would be angry to be called back should be only a modest concern. Any commitment you may have made to the Speaker should be mooted by his failure to deliver on either Turkey or energy.

*Referred  
Congress  
Vote six months  
extension control laws*

*MF*



Honorable Gerald R. Ford  
August 1, 1975  
Page 2

John Rhodes is advocating your "jawboning" the oil companies. I think this course has some peril. To begin with, I expect the price of gas will have to go up in any event, and so the public will not be grateful for your pressure on the oil companies and will tend to discount its value and effect. Second, it identifies you with the oil companies, still the major whipping boys in the eye of the public. I do not advocate scourging them, nor do I think that you should take steps which will result in your being identified with them.

I think you know, Mr. President, that I will try to support whatever course you decide upon. There is not much pleasure for a Republican in service in Congress nowadays, and so we are foolish when we do not support you. This also is our justification for trying to advise.

Sincerely,



Barber B. Conable, Jr.

C/1

Office of Communications and Public Affairs

Room

Ext

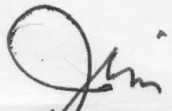
AUG 4 1975

Date Aug. 1, 1975

To Russ Burke


Russ:

The attached demagoguery is unbelievable. Thought you might be interested.

  
Jim Merna

Federal Energy  
Administration

THE WHITE HOUSE  
WASHINGTON

  
Jack -  
Extremely interesting  
memo sent to  
me by my old  
pal, Jim Merna!  
Russ



FEDERAL ENERGY ADMINISTRATION

Date: Aug. 1, 1975  
Reply to: Jim Merna *Jim Merna*  
Aim of:  
Subject: Senator Jackson/Kennedy press conference 2 p.m. today  
To: Bob Nipp/Media Relations

Senator Jackson, Kennedy & Hollings held a news conference at 2 p.m. today in response to "President Ford's threat to veto the oil price control bill." Others participating were Rep. Brock Adams, Rep. Staggers. All the networks were there represented by: Nelson Benton, CBS; Cathy Mackin, NBC; & Sam Donaldson, ABC.

Each of them opened up with a brief statement, though it was clearly Jackson's news conference.

A chart was displayed labelled "Effect of Decontrol" for the end of '76 and '77 impacting on Jobs/Unemployment/%; Pay (real); Inflation; GNP; Car Sales; and Housing. It was a small & very crowded room w/many Hill staffers & I was unable to get the details from the chart.

Jackson opened up saying:

. We have asked the President to accept the decision of the Congress, Don't veto us into higher prices, higher unemployment. Don't give us another price increase. We asked the President to listen to the people. Let's not pull a cruel hoax - this talk today about controlling bottled gas and propane - I hope it will include all petroleum products.

Sen. Hollings:

The country has done quite well so far under regulations. There has been enough compromises. I congratulate the House for their vote yesterday. Pres. Ford can take his 39 month program so long as he complies w/Executive Order. We have a problem. Congress has 19 measures already acted on -- a good batting record, particularly in the area of conservation (automobile, etc.) We know what these will save rather than the President's indirect program in which he is hoping that the price mechanism and price increase measures will work.

Brock Adams:

Our purpose in the House is very simple. People want to continue controls over oil and gas. Our proposition -- to control the price of oil. I hope the Pres. does not veto this bill because effects would be devastating - will put out of work over a million people by 1977. This is no time to do this to the economy. We've sent a 6 months extension bill to the President. The choice is clearly up to him.

(more)

Rep. Staggers:

Congress has been doing their part -- we sent the President 2 good bills. All we keep getting from the White House is a request to remove price controls -- they have no positive program. We've been working 20 weeks on this bill-- in the democratic process -- it's not a product of just one man. The President has said he's going to veto the extension of the allocation act -- I don't believe the President has said it -- I think it's just his advisors. I believe President Ford has the interest of Americans at heart and won't veto it. Our bill doesn't kneel down to OPEC nations.

Senator Kennedy:

It's quite clear there are many questions in the President's program. His bill has devastating implications -- it would continue the recession, increase unemployment, etc. Congress, in its best wisdom, extended the Allocation Act. It's important for every American housewife and every working man to understand that if the cost of a gallon of gasoline goes up 1 cent, that the President is responsible for it. The same for heating oil, and increased energy costs to industry. We're just asking the President for a stroke of the pen to sign that extension.

I have written to Frank Zarb about a loophole in FEA regulations permitting 3 major oil companies, or more, to substitute pricing of new oil for old oil, so called transfer pricing. FEA has known about this from their own internal documents for about 10 months. This means that millions of dollars have gone to the major oil companies and lost to the consumer. I hope FEA will pursue this to change the regulations which enrich unduly the oil companies.

#### Q and A

Jackson, asked about overriding the veto extension, said we will try to override. Asked about price impact of total decontrol, said the price of oil will go up. He estimated the total cost as \$50 more per month for a family of 4, and coupled with a projected OPEC price increase, would bring it to \$75 a month. The effect would be a new all time low economic bottom. He predicted gasoline prices will be going up this month, said oil companies already have banked costs. He said if it was all done in one month, prices would increase by 15¢. Jackson referred to the gasoline price increases on the Fourth of July Holiday as the "July 4th Massacre." He said it was one of those things that the consumer resented. He said old oil costs less than \$3 a barrel to produce and that any price above \$5.25 is unwarranted on economics alone. He asked: Why should the American people pay a price for their oil dictated by a cartel? "I don't see any need to decontrol old oil." He said we ought to have a windfall profits tax and that the one that came out of Committee has an awful lot of loopholes in it. We should have a windfall profits tax to keep the lid on.

Sarah McLendon asked Jackson: If the oil companies have a windfall profits tax and a plowback, do they still make a profit? Jackson replied: We haven't even touched on the biggest profit of all -- it involves billions of dollars, the value of old oil. One company said they have \$4 billion of appreciated value of oil in the ground."

(more)

Brock Adams said the reason we're rejecting all these bills is that they all say decontrol. That isn't necessary.

Jackson:

A real tragedy is that when the President vetoes this bill, in effect he's giving OPEC authority to fix the price of American oil. The argument about price that the Administration uses is a hoax, and the American people know it.

The President's proposal to take care of propane is just to get the farmer's vote.

Asked about any chances for Congress to sit down with the Administration to solve the problem before September 1st, Jackson replied: We've tried everything. The Administration says their energy program is price -- we feel this is a total arbitrary position. The President made it clear on January 15th in his State of the Union Message when he said then that all controls were coming off on April 1st. Well they're coming off all right, now they're coming off on September 1st.

Jackson continued: I have a hunch that a bill will get down there in time to have the President act on it, and will not allow him to pocket veto it. The only way we can override it is to send him a new bill. The bill provides that the law is extended, thus continuing during this hiatus, until we come back on the 3rd. The bill will go down this weekend.

Q. Override -- chance of success?

A. It's going to be very close. When the public finds out what decontrol really means at the gas pump, in heating oil, and in increased food prices, I think you will have a revolt in this country. Every major bill we've had thus far we've had White House people tell us they're going to veto (strip-mining, OCS, may veto ERDA bill) -- an attitude of arrogance on the part of the Administration -- we've had no cooperation whatsoever. President Ford has vetoed more bills than LBJ, Kennedy, Nixon --- all major bills too. Asked about the mood of people today, Jackson said: The number one complaint is utility prices, also gasoline.

-End-

Note: After briefing Bob Nipp on this immediately upon my return from the news conference, Bob had me brief Mr. Zarb. Also in attendance were John Hill, Gorman Smith, John Askew, & Doug Robinson. Mr. Zarb told Bob Nipp, "let's have a press conference on this next week, either Wednesday or Thursday, with Allan Greenspan, to reply to some of these charges." We await further word from Bob Nipp on this.

# Chicago Tribune

THE WORLD'S GREATEST NEWSPAPER

Sec 1 Pg 10

AUG 4 1975

Harris Survey

## Public makes big shift, supports oil decontrol

By Louis Harris

achieve deregulation, but receive credit for sticking to his position in the face of

The risk acknowledged in deregulation, is that the price of gasoline, home fuel, and other basic energy resources will rise sharply, bring back rising inflation,

*Jim Mitchell*



8-4

HUBERT H. HUMPHREY, MINN., CHAIRMAN  
JOHN SPARKMAN, ALA.  
WILLIAM PROBY, WIS.  
WILLIAM M. RISICOFF, CONN.  
LLOYD M. BENTSEN, JR., TEX.  
EDWARD M. KENNEDY, MASS.  
JACOB K. JAVITS, N.Y.  
CHARLES H. PERCY, ILL.  
ROBERT TAFT, JR., OHIO  
PAUL J. FANNIN, ARIZ.

WRIGHT PATMAN, TEX., VICE CHAIRMAN  
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MARGARET M. HECKLER, MASS.  
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# Congress of the United States

JOINT ECONOMIC COMMITTEE

(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 75TH CONGRESS)

WASHINGTON, D.C. 20510

August 4, 1975

*File*

*Begin \$18.49  
Controls on old oil price*

The President  
The White House  
Washington, D.C.

Dear Mr. President:

We urge you to join the Congress in extending price controls on old domestic oil for six months by signing S. 1849.

*MP*

Congressional passage of this legislation was a clear signal that the Congress wishes to continue negotiations with you on the appropriate level of oil prices.

We began these negotiations with a proposal rolling back the price of new oil to \$ 11.28 a barrel, a proposal you rejected. Your counter-proposals decontrolling old oil over 30 months and over 39 months were rejected following debate by the House. The House then completed action on another price rollback proposal. This legislation will be acted upon by the Senate and then sent to you in September.

We believe this negotiating process has been constructive and can lead to a mutually agreeable resolution to the issue of oil price levels. This process can continue most fruitfully, however, only if existing controls on oil are retained.

Extension of oil price controls is essential if our economic recovery is to continue. A veto of S. 1849 during this negotiating process will result in a rapid, economically crippling jump in all energy prices when controls expire on August 31st.

A veto can turn our economic recovery into an energy recession.



The President  
Page Two  
August 4, 1975

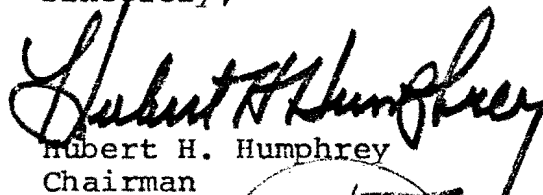
It is estimated that old oil decontrol will reduce the real growth in our nation's income and production, our Gross National Product, by up to 3 percent. A production drop of this size would increase the number of unemployed workers by 400,000 to 700,000 over the next six months.

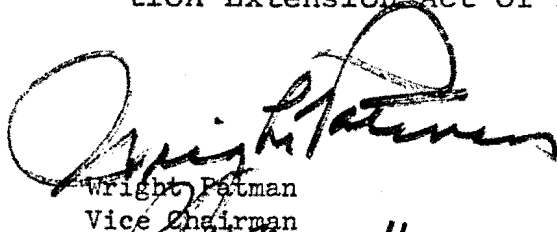
Econometric projections indicate that old oil decontrol could cause prices this winter and next year to increase much more sharply than had been expected, and it could well bring us double-digit inflation once again. It can push gasoline prices up as high as 70¢ or more per gallon by the end of this year. It can push diesel prices paid by truckers and farmers up close to 50¢ per gallon. It will increase the cost of agricultural production, which will translate into higher food prices next year.

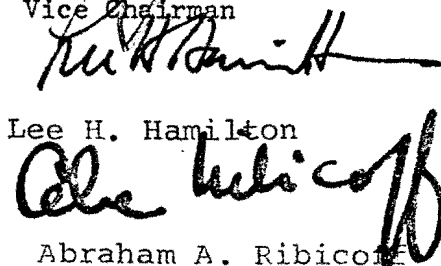
Some studies have concluded that it could increase the energy and energy-related costs of an average four-person American family by \$ 400 to \$ 800 in the next twelve months.

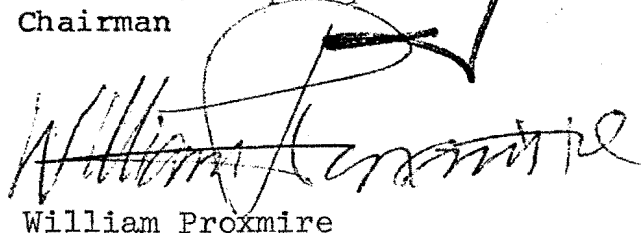
To ensure continuation of our economic recovery and of negotiations towards a national oil price policy, we respectfully urge you to retain controls on the price of oil by signing S.1849, the Emergency Petroleum Allocation Extension Act of 1975.

Sincerely,

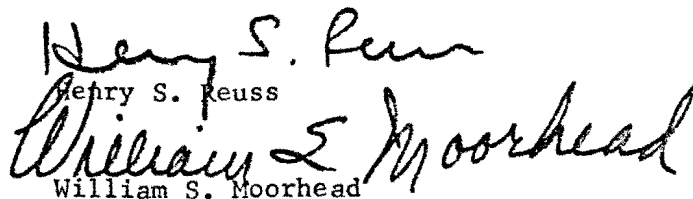
  
Hubert H. Humphrey  
Chairman

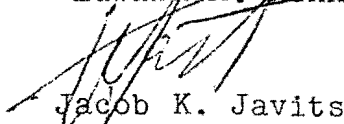
  
Wright Patman  
Vice Chairman

  
Lee H. Hamilton  
Abraham A. Ribicoff

  
William Proxmire

  
Edward M. Kennedy

  
Henry S. Reuss  
William S. Moorhead

  
Jacob K. Javits

THE WHITE HOUSE

WASHINGTON

August 6, 1975

MEMORANDUM FOR: THE PRESIDENT

FROM: JACK MARSH 

Bill Kendall and his staff have prepared an excellent analysis of the vote on 1849 which I think you will find both interesting and helpful.

cc: Don Rumsfeld

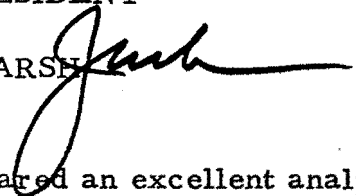
THE WHITE HOUSE

WASHINGTON

August 6, 1975

MEMORANDUM FOR: THE PRESIDENT

FROM: JACK MARSH

A handwritten signature in black ink, appearing to read "Jack Marsh", written over the printed name "JACK MARSH".

Bill Kendall and his staff have prepared an excellent analysis of the vote on 1849 which I think you will find both interesting and helpful.

cc: Don Rumsfeld

AUG 7 1075

THE WHITE HOUSE  
WASHINGTON

Date 8/6/75

TO: JACK MARSH

FROM: CHARLES LEPPERT

Please Handle \_\_\_\_\_

For Your Information XX

Per Our Conversation \_\_\_\_\_

Other:

cf. 5-4-75

A forum—ideas, analysis, diverse opinion

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Harris Survey

# Public makes big shift, supports oil decontrol

By Louis Harris

achieve deregulation, but receive credit  
for sticking to his position in the face of

THE WHITE HOUSE

WASHINGTON

August 6, 1975

MEMORANDUM FOR: JAMES CONNOR

THROUGH: JOHN O. MARSH, *John*

FROM: CHARLES LEPPERT, JR. *Clay*

SUBJECT: Letter to the President from  
Majority Leader O'Neill in  
reference to S. 1849.

The attached letter to the President has received an interim acknowledgment. Would you please undertake the appropriate staffing action to develop a substantive response.

Many thanks.

August 6, 1975

Dear Mr. Majority Leader:

- This is a brief note to advise you that your August 4 letter to the President was passed along for his attention immediately upon receipt. I have been asked to let you know that you will hear further shortly.

With kindest regards,

Sincerely,

Charles Leppert, Jr.  
Special Assistant for  
Legislative Affairs

The Honorable Thomas P. O'Neill, Jr.  
Majority Leader  
House of Representatives  
Washington, D. C. 20515

~~Rec:~~ w/incoming through Jack Marsh to James Connor by  
Memorandum for development of substantive reply

CL:EF:VO:vo



4 THOMAS P. O'NEILL, JR.  
MASSACHUSETTS  
MAJORITY LEADER

*Sept 5 1849*

Congress of the United States  
House of Representatives  
Office of the Majority Leader  
Washington, D.C. 20515

4 August 1975

The President  
The White House  
Washington, D. C.

Dear Mr. President:

*me*

Now that you are back from Europe, I know that you will be turning your attention to the all important energy issue. We have talked about this issue in the past and I am familiar with your views. I agree with you that the nation must get its energy house in order. If we are to restore our economy and our position in the world, Congress and the Administration must find a way to compromise their differences over the means for dealing with energy issues.

A stalemate now appears to exist between the Administration and the Congress. Should you veto S.1849, the six-month extension of the Emergency Petroleum Allocation Act, a serious confrontation would follow. Economic recovery would be threatened and future cooperation with Congress would be even more difficult - if not impossible. If this confrontation can be avoided, I think that the Congressional Majority, meeting the challenge of putting together an alternative to the Administration's energy program, will be ready for real negotiation and compromise.

A fair reading of the record of this Congress on energy demonstrates that in only one quarter of a term it has hammered out a record number of important pieces of energy legislation, which will go to House-Senate Conference in September. Issues covered by both House and Senate passed legislation will include:

- Strategic energy storage.
- Oil reserve development.
- Auto fuel efficiency standards.
- Industrial fuel efficiency standards.
- Standby emergency powers in case of a renewed embargo, and others.



These are key pieces of any broad energy program. One billion barrels of emergency storage is the equivalent of six-months' total imports, and more than one year's imports from the Arabs.

Similarly, increased auto and industrial fuel efficiency standards, if diligently developed and administered, would save more energy than would any reasonable increase in oil prices. European nations lower gasoline consumption levels by selling gasoline for \$1.50 to over \$2.00 per gallon, prices which are unthinkable here. Clearly, conservation legislation like that now going to Conference is a better answer.

I believe that the Congress can get together with you on these issues, and on price issues as well, this fall. In addition, I understand that there may be natural gas and energy tax measures which might be part of a larger energy policy compromise.

I urge you, therefore, to sign the extension of the Emergency Petroleum Allocation Act which the Congress has adopted. Extension of the EPAA continues very high prices for new oil, contrary to the wishes of the Congressional Majority, and controlled prices for old oil, which the Administration has opposed. But, I would hope that the Administration would prefer the extension to political confrontation and economic devastation which would follow a veto.

With every good wish,

Sincerely,

*Tip*

Thomas P. O'Neill, Jr.

P-file

THE WHITE HOUSE

WASHINGTON

August 6, 1975

MEMORANDUM FOR: JAMES CONNOR

THROUGH: JOHN O. MARSH, JR. *John*

FROM: CHARLES LEPPERT, JR. *Clg.*

SUBJECT: Letter to the President from  
Majority Leader O'Neill in  
reference to S. 1849.

The attached letter to the President has received an interim acknowledgment. Would you please undertake the appropriate staffing action to develop a substantive response.

Many thanks.

August 6, 1975

Dear Mr. Majority Leader:

This is a brief note to advise you that your August 4 letter to the President was passed along for his attention immediately upon receipt. I have been asked to let you know that you will hear further shortly.

With kindest regards,

Sincerely,

Charles Leppert, Jr.  
Special Assistant for  
Legislative Affairs

The Honorable Thomas P. O'Neill, Jr.  
Majority Leader  
House of Representatives  
Washington, D. C. 20515

~~cc:~~ w/incoming through Jack Marsh to James Connor by  
Memorandum for development of substantive reply

CL:EF:VO:vo

**THE WHITE HOUSE**

**WASHINGTON**

Copy 1 -- President  
Copy 2 -- Rumsfeld  
Copy 3 -- Marsh  
Copy 4 -- Zarb  
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THE WHITE HOUSE  
WASHINGTON

August 6, 1975

MEMORANDUM FOR: THE PRESIDENT  
FROM: JACK MARSH *Jack*

Bill Kendall and his staff have prepared an excellent analysis of the vote on 1849 which I think you will find both interesting and helpful.

cc: Don Rumsfeld

Vote

- 1. Senate first
- 2. 1849 vote (29)
- 3. G'water, Cotton. (2) - 31
- 4. Pearson, Perry (2) - 33
- 5. Johnston.



Veto \* 6. Caveat / Veto based on Cong. Assumptions

THE WHITE HOUSE

WASHINGTON

August 6, 1975

MEMORANDUM FOR: JACK MARSH

FROM: WILLIAM KENDALL *WK*

SUBJECT: Analysis of the Attempted Override  
of a Veto of S.1849

When S.1849 passed the Senate on July 15, 1975, twenty-nine Senators voted against it. If all Senators are present and voting it will take five additional Senators to sustain a veto, provided we hold the 29 who voted Nay.

We have chosen six energy policy votes in the Senate for analysis, including the vote on S.1849. All of the votes are shown at TAB-A.

We have graded the Senators in two ways -- by a fraction and by percentage. As an example, if a Senator voted six times and supported the Administration position 4 times, his fraction is  $4/6$  and his percentage is 67%. At TAB-B I have listed all Senators and their support scores -- Republican first, then Democrats. By examining the support figures on energy policy we are able to identify likely prospects for those additional five votes needed to sustain a veto of S.1849.

Before going to the figures, it should be noted that Senator Goldwater was absent for the S.1849 vote but the Assistant Minority Leader announced that had the Senator been present he would have voted "nay." This would give us 30 votes. Further, former Senator Norris Cotton will be appointed to fill the vacancy in New Hampshire until the Wyman-Durkin contest is held. While Senator Cotton has no record on energy policy, we believe he would vote to sustain.

The Yea Vote on S.1849

Below are listed the 29 Senators who voted against S.1849 with their energy policy support scores.

<u>Republicans</u>	<u>#times voting in/# votes</u> <u>support</u>	<u>% support</u>
Bartlett	6/6	100%
Bellmon	6/6	100%
Brock	6/6	100%
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Garn	6/6	100%
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Hansen	6/6	100%
Helms	6/6	100%
Laxalt	6/6	100%
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Tower	6/6	100%
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Hruska	5/5	100%
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Thurmond	5/5	100%
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Curtis	4/4	100%
Buckley	3/3	100%
Taft	3/3	100%
Hatfield	5/6	83%
Packwood	4/6	67%

Democrats

Gravel	4/4	100%
Long	5/6	83%
McGee	4/6	67%

Senator Goldwater, who as mentioned previously would have voted nay, has a 3/3 for a 100% support score.



The Republican Prospects

There were eleven Republicans who voted "Yea" on the bill. They are listed below with their energy support scores.

	<u># times voting in/# votes</u>	<u>% support</u>
	<u>support</u>	
Pearson	4/6	67%
Percy	4/6	67%
Beall	3/6	50%
Weicker	3/6	50%
Roth	2/6	33%
Mathias	1/4	25%
Brooke	1/6	17%
Case	1/6	17%
Javits	1/6	17%
Schweiker	0/6	0%
Stafford	0/5	0%

The Senators rated 50% or better are obvious targets, Pearson and Percy being the best of the four because they are not in the energy-critical Northeast area of the nation. If we recaptured our original 29, with Goldwater and Cotton also voting to sustain we would be at 31 -- three short. Pearson and Percy voting to sustain would leave us one short. Likely targets for the needed vote would be Beall, Weicker, Roth, Mathias, Brooke and Case -- all from the Northeast and all with low energy support scores. Schweiker and Stafford seem hopeless and Javits has already signed the Humphrey letter asking the President to sign S. 1849.

Since prospects look dim for another Republican vote we must look to the Democrats for the needed vote.

The Democratic prospects

	<u># times voting in/# votes</u>	<u>% support</u>
	<u>support</u>	
Byrd (Va.)	3/5	60%
Bentsen	3/6	50%
Johnston	3/6	50%
McClellan	3/6	50%
Nunn	3/6	50%
Montoya	2/4	50%
Stennis	2/5	40%
Allen	2/6	33%

Chiles	2/6	33%
Huddleston	2/6	33%
Eastland	1/3	33%
Morgan	1/4	25%
Cannon	1/5	20%
Abourezk	1/6	17%
Cranston	1/6	17%
Randolph	1/6	17%
Sparkman	1/6	17%
Stevenson	1/6	17%
Tunney	1/6	17%

Senator Byrd (Va.) and the five 50 percenters make tempting targets on the Democratic side, especially since some are from oil-producing states. Senator Long has given me every reason to believe that his junior colleague (Senator Johnston) will vote to sustain which would give us our 34th vote. For some reason, according to Long, Johnston believes the White House has ignored some of his legislative ideas. A Presidential visit here would be helpful. Senator Byrd (Va.) might be a good target but has, in the past, been concerned with the economic impact of oil price increases.

Senator Bentsen would be a likely prospect, coming as he does from a producer state, but his presidential ambitions will be a factor in his decision.

McClellan, Nunn and Montoya along with Senator Stennis (40%) would all be susceptible to the President's persuasion. All Senators down to Morgan (25%) should be considered likely prospects.

Unquestionably, this statistical analysis has pitfalls and there may be new factors such as the removal of the import fee (should this action be taken) which might influence a Northeastern Senator with zero percent to vote to sustain. It would appear, however, given the above figures that a veto of S. 1849 can be sustained.

Incidentally, I find it somewhat amusing that those Senators -- Mansfield, Javits, Humphrey, etc. -- who are calling for "compromise" have zero percent support ratings. Not once have any of them voted with the Administration on energy policy.



Energy Policy Votes in the Senate  
94th Congress, 1st session, as of  
the August recess.

Votes counted in evaluating support:

- 1) H.R. 1767: Oil Import Fees. To suspend for 90 days the President's authority to adjust petroleum imports and prevent the levy of a \$3 import fee. Passed 66-28.
- 2) S. 622: Standby Energy Powers. To delete Title II, directing establishment of a nationwide energy conservation program. Rejected 25-60.
- 3) S. 621: Decontrol of oil prices. To prohibit for 90 days the lifting of price controls on domestic oil and provide for Congressional review thereafter. Passed 47-36.
- 4) Motion to table Hollings amendment to the resolution providing funds for the Senate Select Committee on Nutrition, to express Senate disapproval of President Ford's plan for gradual removal of price controls on domestic oil. Adopted 50-44.
- 5) Cloture petition to close debate on the resolution to disapprove the President's plan to remove price controls on domestic oil. Failed passage 54-38.
- 6) S. 1849: Emergency Petroleum Allocation Act Extension. To extend the Emergency Petroleum Allocation Act from August 31, 1975, until December 31, 1975; and require FEA to report on coal price trends. Passed 62-29.

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Brock	6/6		100%
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Domenici	6/6		100%
Fong	6/6		100%
Garn	6/6		100%
Griffin	6/6		100%
Hansen	6/6		100%
Helms	6/6		100%
Laxalt	6/6		100%
McClure	6/6		100%
Tower	6/6		100%
Young	6/6		100%
Fannin	5/5		100%
Hruska	5/5		100%
Scott (Pa.)	5/5		100%
Scott (Va.)	5/5		100%
Stevens	5/5		100%
Thurmond	5/5		100%
Baker	4/4		100%
Curtis	4/4		100%
Buckley	3/3		100%
Goldwater	3/3		100%
Taft	3/3		100%
Hatfield	5/6		83%
Packwood	4/6		67%
Pearson	4/6		67%
Percy	4/6		67%
Beall	3/6		50%
Weicker	3/6		50%
Roth	2/6		33%
Mathias	1/4		25%
Brooke	1/6		17%
Case	1/6		17%
Javits	1/6		17%
Schweiker	0/6		0%
Stafford	0/5		0%

DEMOCRATS	# times voting in support of admini- stration	# times voting	Percent support
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Long	5/6		83%
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Johnston	3/6		50%
McClellan	3/6		50%
Nunn	3/6		50%
Montoya	2/4		50%
Stennis	2/5		40%
Allen	2/6		33%
Chiles	2/6		33%
Huddleston	2/6		33%
Eastland	1/3		33%
Morgan	1/4		25%
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Abourezk	1/6		17%
Cranston	1/6		17%
Randolph	1/6		17%
Sparkman	1/6		17%
Stevenson	1/6		17%
Tunney	1/6		17%
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Burdick	0/6		0%
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Clark	0/6		0%
Culver	0/6		0%
Eagleton	0/6		0%
Ford	0/6		0%
Hart (Colo.)	0/6		0%
Hart (Mich.)	0/6		0%
Haskell	0/6		0%
Hathaway	0/6		0%
Jackson	0/6		0%
Mansfield	0/6		0%
McGovern	0/6		0%
McIntyre	0/6		0%
Mondale	0/6		0%
Muskie	0/6		0%
Nelson	0/6		0%
Pastore	0/6		0%
Pell	0/6		0%
Proxmire	0/6		0%
Ribicoff	0/6		0%
Stone	0/6		0%

DEMOCRATS (continued)

Symington	0/6	0%
Talmadge	0/6	0%
Williams	0/6	0%
Biden	0/5	0%
Church	0/5	0%
Hollings	0/5	0%
Humphrey	0/5	0%
Leahy	0/5	0%
Magnuson	0/5	0%
Moss	0/5	0%
Glenn	0/4	0%
Inouye	0/4	0%
Kennedy	0/4	0%
Metcalf	0/4	0%
Bayh	0/3	0%
Hartke	0/3	0%

It is interesting to note that among Republican Senators, who voted against the Administration on the extension of 1849, the following are candidates for reelection in 1976:

Beall  
Weicker  
Roth  
Stafford

Additionally, the following Senators, all of whom come from the Eastern Seaboard States, voted against 1849:

Mathias  
Case  
Javits  
Schweiker

Of Republican Senators this leaves only two who will be the best prospects for support to sustain the veto: mainly Pearson and Percy. It should be noted that both have relatively high support ratings of the Administration of energy questions with a rating of 67 percent each.



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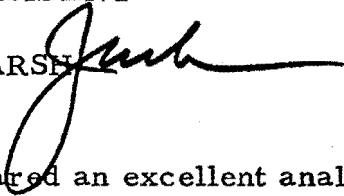
THE WHITE HOUSE

WASHINGTON

August 6, 1975

MEMORANDUM FOR: THE PRESIDENT

FROM:

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Bill Kendall and his staff have prepared an excellent analysis of the vote on 1849 which I think you will find both interesting and helpful.

cc: Don Rumsfeld



[8/6/75] ⑤

1. Dem. Strategy

- A. Achievement
- B. Compromise
- C. Chaos.

3. Conira  
Ahu.  
60 days.

2. Proof

- A. Mike
- B. Jt Eco.
- C. Tip.
- D. Cony Rec.

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Haskell	0/6		0%
Hathaway	0/6		0%
Jackson	0/6		0%
Mansfield	0/6		0%
McGovern	0/6		0%
McIntyre	0/6		0%
Mondale	0/6		0%
Muskie	0/6		0%
Nelson	0/6		0%
Pastore	0/6		0%
Pell	0/6		0%
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DEMOCRATS (continued)

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Talmadge	0/6	0%
Williams	0/6	0%
Biden	0/5	0%
Church	0/5	0%
Hollings	0/5	0%
Humphrey	0/5	0%
Leahy	0/5	0%
Magnuson	0/5	0%
Moss	0/5	0%
Glenn	0/4	0%
Inouye	0/4	0%
Kennedy	0/4	0%
Metcalf	0/4	0%
Bayh	0/3	0%
Hartke	0/3	0%



THE WHITE HOUSE

WASHINGTON

August 6, 1975

MEMORANDUM FOR: JACK MARSH

FROM: WILLIAM KENDALL *WK*

SUBJECT: Analysis of the Attempted Override  
of a Veto of S.1849

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The Yea Vote on S. 1849

Below are listed the 29 Senators who voted against S. 1849 with their energy policy support scores.

<u>Republicans</u>	<u>#times voting in/# votes</u> <u>support</u>	<u>% support</u>
Bartlett	6/6	100%
Bellmon	6/6	100%
Brock	6/6	100%
Dole	6/6	100%
Domenici	6/6	100%
Fong	6/6	100%
Garn	6/6	100%
Griffin	6/6	100%
Hansen	6/6	100%
Helms	6/6	100%
Laxalt	6/6	100%
McClure	6/6	100%
Tower	6/6	100%
Young	6/6	100%
Fannin	5/5	100%
Hruska	5/5	100%
Scott (Pa.)	5/5	100%
Scott (Va.)	5/5	100%
Stevens	5/5	100%
Thurmond	5/5	100%
Baker	4/4	100%
Curtis	4/4	100%
Buckley	3/3	100%
Taft	3/3	100%
Hatfield	5/6	83%
Packwood	4/6	67%

Democrats

Gravel	4/4	100%
Long	5/6	83%
McGee	4/6	67%

Senator Goldwater, who as mentioned previously would have voted nay, has a 3/3 for a 100% support score.

The Republican Prospects

There were eleven Republicans who voted "Yea" on the bill. They are listed below with their energy support scores.

	<u># times voting in/# votes</u> <u>support</u>	<u>% support</u>
Pearson	4/6	67%
Percy	4/6	67%
Beall	3/6	50%
Weicker	3/6	50%
Roth	2/6	33%
Mathias	1/4	25%
Brooke	1/6	17%
Case	1/6	17%
Javits	1/6	17%
Schweiker	0/6	0%
Stafford	0/5	0%

The Senators rated 50% or better are obvious targets, Pearson and Percy being the best of the four because they are not in the energy-critical Northeast area of the nation. If we recaptured our original 29, with Goldwater and Cotton also voting to sustain we would be at 31 -- three short. Pearson and Percy voting to sustain would leave us one short. Likely targets for the needed vote would be Beall, Weicker, Roth, Mathias, Brooke and Case -- all from the Northeast and all with low energy support scores. Schweiker and Stafford seem hopeless and Javits has already signed the Humphrey letter asking the President to sign S. 1849.

Since prospects look dim for another Republican vote we must look to the Democrats for the needed vote.

The Democratic prospects

	<u># times voting in/# votes</u> <u>support</u>	<u>% support</u>
Byrd (Va.)	3/5	60%
Bentsen	3/6	50%
Johnston	3/6	50%
McClellan	3/6	50%
Nunn	3/6	50%
Montoya	2/4	50%
Stennis	2/5	40%
Allen	2/6	33%



Chiles	2/6	33%
Huddleston	2/6	33%
Eastland	1/3	33%
Morgan	1/4	25%
Cannon	1/5	20%
Abourezk	1/6	17%
Cranston	1/6	17%
Randolph	1/6	17%
Sparkman	1/6	17%
Stevenson	1/6	17%
Tunney	1/6	17%

Senator Byrd (Va.) and the five 50 percenters make tempting targets on the Democratic side, especially since some are from oil-producing states. Senator Long has given me every reason to believe that his junior colleague (Senator Johnston) will vote to sustain which would give us our 34th vote. For some reason, according to Long, Johnston believes the White House has ignored some of his legislative ideas. A Presidential visit here would be helpful. Senator Byrd (Va.) might be a good target but has, in the past, been concerned with the economic impact of oil price increases.

Senator Bentsen would be a likely prospect, coming as he does from a producer state, but his presidential ambitions will be a factor in his decision.

McClellan, Nunn and Montoya along with Senator Stennis (40%) would all be susceptible to the President's persuasion. All Senators down to Morgan (25%) should be considered likely prospects.

Unquestionably, this statistical analysis has pitfalls and there may be new factors such as the removal of the import fee (should this action be taken) which might influence a Northeastern Senator with zero percent to vote to sustain. It would appear, however, given the above figures that a veto of S. 1849 can be sustained.

Incidentally, I find it somewhat amusing that those Senators -- Mansfield, Javits, Humphrey, etc. -- who are calling for "compromise" have zero percent support ratings. Not once have any of them voted with the Administration on energy policy.

Energy Policy Votes in the Senate  
94th Congress, 1st session, as of  
the August recess.

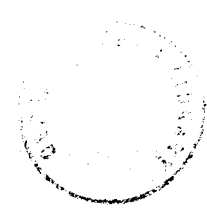
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- 3) S. 621: Decontrol of oil prices. To prohibit for 90 days the lifting of price controls on domestic oil and provide for Congressional review thereafter. Passed 47-36.
- 4) Motion to table Hollings amendment to the resolution providing funds for the Senate Select Committee on Nutrition, to express Senate disapproval of President Ford's plan for gradual removal of price controls on domestic oil. Adopted 50-44.
- 5) Cloture petition to close debate on the resolution to disapprove the President's plan to remove price controls on domestic oil. Failed passage 54-38.
- 6) S. 1849: Emergency Petroleum Allocation Act Extension. To extend the Emergency Petroleum Allocation Act from August 31, 1975, until December 31, 1975; and require FEA to report on coal price trends. Passed 62-29.



REPUBLICANS

REPUBLICANS	# times voting in support of administration	# times voting	Percent support
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Bellmon	6/6		100%
Brock	6/6		100%
Dole	6/6		100%
Domenici	6/6		100%
Fong	6/6		100%
Garn	6/6		100%
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Hansen	6/6		100%
Helms	6/6		100%
Laxalt	6/6		100%
McClure	6/6		100%
Tower	6/6		100%
Young	6/6		100%
Fannin	5/5		100%
Hruska	5/5		100%
Scott (Pa.)	5/5		100%
Scott (Va.)	5/5		100%
Stevens	5/5		100%
Thurmond	5/5		100%
Baker	4/4		100%
Curtis	4/4		100%
Buckley	3/3		100%
Goldwater	3/3		100%
Taft	3/3		100%
Hatfield	5/6		83%
Packwood	4/6		67%
Pearson	4/6		67%
Percy	4/6		67%
Beall	3/6		50%
Weicker	3/6		50%
Roth	2/6		33%
Mathias	1/4		25%
Brooke	1/6		17%
Case	1/6		17%
Javits	1/6		17%
Schweiker	0/6		0%
Stafford	0/5		0%



DEMOCRATS	# times voting in support of admini- stration	# times voting	Percent support
Gravel	4/4		100%
Long	5/6		83%
McGee	4/6		67%
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Bentsen	3/6		50%
Johnston	3/6		50%
McClellan	3/6		50%
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Stennis	2/5		40%
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Eastland	1/3		33%
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Culver	0/6		0%
Eagleton	0/6		0%
Ford	0/6		0%
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Hart (Mich.)	0/6		0%
Haskell	0/6		0%
Hathaway	0/6		0%
Jackson	0/6		0%
Mansfield	0/6		0%
McGovern	0/6		0%
McIntyre	0/6		0%
Mondale	0/6		0%
Muskie	0/6		0%
Nelson	0/6		0%
Pastore	0/6		0%
Pell	0/6		0%
Proxmire	0/6		0%
Ribicoff	0/6		0%
Stone	0/6		0%

DEMOCRATS (continued)

Symington	0/6	0%
Talmadge	0/6	0%
Williams	0/6	0%
Biden	0/5	0%
Church	0/5	0%
Hollings	0/5	0%
Humphrey	0/5	0%
Leahy	0/5	0%
Magnuson	0/5	0%
Moss	0/5	0%
Glenn	0/4	0%
Inouye	0/4	0%
Kennedy	0/4	0%
Metcalf	0/4	0%
Bayh	0/3	0%
Hartke	0/3	0%





It is interesting to note that among Republican Senators, who voted against the Administration on the extension of 1849, the following are candidates for reelection in 1976:

Beall  
Weicker  
Roth  
Stafford

Additionally, the following Senators, all of whom come from the Eastern Seaboard States, voted against 1849:

Mathias  
Case  
Javits  
Schweiker

Of Republican Senators this leaves only two who will be the best prospects for support to sustain the veto: mainly Pearson and Percy. It should be noted that both have relatively high support ratings of the Administration of energy questions with a rating of 67 percent each.

THE WHITE HOUSE  
WASHINGTON  
August 6, 1975

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MEMORANDUM FOR: JACK MARSH  
FROM: WILLIAM KENDALL  
SUBJECT: Analysis of the Attempted Override  
of a Veto of S.1849

When S.1849 passed the Senate on July 15, 1975, twenty-nine Senators voted against it. If all Senators are present and voting it will take five additional Senators to sustain a veto, provided we hold the 29 who voted Nay.

We have chosen six energy policy votes in the Senate for analysis, including the vote on S.1849. All of the votes are shown at TAB-A.

We have graded the Senators in two ways -- by a fraction and by percentage. As an example, if a Senator voted six times and supported the Administration position 4 times, his fraction is 4/6 and his percentage is 67%. At TAB-B I have listed all Senators and their support scores -- Republican first, then Democrats. By examining the support figures on energy policy we are able to identify likely prospects for those additional five votes needed to sustain a veto of S.1849.

Before going to the figures, it should be noted that Senator Goldwater was absent for the S.1849 vote but the Assistant Minority Leader announced that had the Senator been present he would have voted "nay." This would give us 30 votes. Further, former Senator Norris Cotton will be appointed to fill the vacancy in New Hampshire until the Wyman-Durkin contest is held. While Senator Cotton has no record on energy policy, we believe he would vote to sustain.

The Yea Vote on S. 1849

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Eagleton	0/6		0%
Ford	0/6		0%
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Hart (Mich.)	0/6		0%
Haskell	0/6		0%
Hathaway	0/6		0%
Jackson	0/6		0%
Mansfield	0/6		0%
McGovern	0/6		0%
McIntyre	0/6		0%
Mondale	0/6		0%
Muskie	0/6		0%
Nelson	0/6		0%
Pastore	0/6		0%
Pell	0/6		0%
Proxmire	0/6		0%
Ribicoff	0/6		0%
Stone	0/6		0%



DEMOCRATS (continued)

Symington	0/6	0%
Talmadge	0/6	0%
Williams	0/6	0%
Biden	0/5	0%
Church	0/5	0%
Hollings	0/5	0%
Humphrey	0/5	0%
Leahy	0/5	0%
Magnuson	0/5	0%
Moss	0/5	0%
Glenn	0/4	0%
Inouye	0/4	0%
Kennedy	0/4	0%
Metcalf	0/4	0%
Bayh	0/3	0%
Hartke	0/3	0%





FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D. C. 20461

OFFICE OF THE ADMINISTRATOR

August 6, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK G. ZARB *FZ*  
THROUGH: ROGERS C.B. MORTON  
SUBJECT: STRATEGY ON DECONTROL

BACKGROUND

Before the recess, the House passed the Staggers pricing amendment to H.R. 7014. This provision rolls back the price of new and released oil to \$7.50 per barrel, but provides that "high cost" oil can sell for as much as \$10.00 per barrel. Old oil prices will remain at \$5.25 per barrel for ten years or more.

The House then defeated your 39-month decontrol compromise program and passed S.1849, a simple 6-month extension of the price control provisions. Senator Mansfield has indicated that this legislation will not be delivered until the end of August so Congress can act quickly on the veto override. If you choose not to sign the extension, the EPAA will expire on Sunday, August 31, 1975. Congress will not be able to act on the veto until it returns at noon, Wednesday, September 3.

In addition to these events, OPEC meetings on pricing policies are scheduled for September 4 and 24, and in all likelihood will result in an announced price increase of \$1.00 to \$2.00 per barrel by October 1.

The vote on overriding the veto will be very close and is hard to predict. There are several actions which you can take to improve the chances of sustaining the veto. This memorandum requests several key decisions on these actions and the thrust and timing of public announcements on the subject.

DECONTROL ALTERNATIVES

This section presents your alternatives on decontrol, both on the veto and actions to mitigate its effects.

Option 1. Veto simple 6-month extension.

- PROS: - Will be major action to stimulate supply and cut energy demand.
- Will remove a complex and counterproductive regulatory system.
- CONS: - Will result in difficult political problems with respect to price increases and with special interest groups such as airlines, farmers, etc.
- Will leave us temporarily without minimally needed authorities to deal with the natural gas shortages or special petroleum problems such as propane.

Recommendation: Veto the 6-month extension.

Presidential Decision:

Agree

Disagree

Option 2: Remove the \$2.00 and \$.60 per barrel import fees on crude and products respectively effective if the veto is sustained.

Removal of the import fees coupled with immediate decontrol and the other supply and demand actions of your original program will reduce imports by approximately 1.4 million barrels per day in 1977. This compares with 1.2 million barrels per day if your 39-month decontrol compromise was accepted. These import savings remain below the 2 million barrels per day of your original program announced in January.

- PROS: - Will substantially cushion if not eliminate the economic impact of sudden decontrol.
- Will increase Congressional support for sustaining your veto of the simple extension of the EPAA.
- CONS: - Will lower the conservation savings.
- Will reduce Federal revenues, but also decreases windfalls to petroleum industry.
  - Comes at an inopportune time vis-a-vis OPEC price increases.

Recommendation: Remove both the crude and product import fees effective when the veto is sustained.

Presidential Decision:

Agree

Disagree

Option 3. Support rapid enactment of a windfall profits tax and energy tax rebates to consumers.

The Senate Finance Committee has already voted out a windfall profits tax effective with immediate decontrol which is similar to the Administration's proposal and which allows for consumer rebates.

- PROS: - Tax will remove windfalls and help cushion economy from effects of decontrol.
- Support will help sustain the veto.
  - Administration support of this bill will help Chairman Long and will increase the likelihood of rapid enactment.

CONS: - The tax is probably somewhat more harsh than the Administration would propose.

Recommendation: Support the Finance Committee legislation in concept and basic provisions and indicate that rebates should not exceed revenues generated from the tax.

Presidential Decision:

Agree \_\_\_\_\_

Disagree \_\_\_\_\_

Option 4. Jawbone industry to ease transition during the few months following immediate decontrol.

PROS: - Such action would make the transition to full decontrol easier in terms of supplier-purchaser relationships, regional problems, etc.

- Would reduce adverse political backlash if the veto is sustained.

- Could be viewed publicly as the President taking action to assure oil companies act responsibly.

CONS: - Could prove to be ineffective if industry doesn't respond accordingly.

- Could be interpreted as major Administration concern on the problems with immediate decontrol.

- Might appear as industry/Administration collusion.

Recommendation: Begin early but quiet jawboning for voluntary cooperation.

Presidential Decision:

Agree  \_\_\_\_\_

Disagree \_\_\_\_\_

Option 5. New Legislative Initiatives

There are four basic legislative suboptions which could be proposed either before or after the veto vote to provide needed authorities and allay fears about the impact of decontrol.

Suboption A. Propose legislation which would merely convert the EPAA from a mandatory to a standby basis.

PROS: - A relatively simple proposal which would diffuse any fight over the specifics of allocation authorities.

- Would help to convince interest groups with identified problems that FEA still has authority to allocate if necessary.

CONS: - Would hurt chances of sustaining the veto since such a proposal is so similar to a simple extension of the EPAA.

Suboption B. Request limited new authorities to deal only with identified problems such as propane or independent marketers.

PROS: - Deals specifically with problem areas caused by immediate decontrol and would thus help to sustain your veto.

- It is significantly different from a simple continuation of the EPAA in either a mandatory or standby form.

CONS: - It could be easily "Christmas treed" by special interest groups.

- May only serve to heighten concerns about letting controls lapse.

- Special interest groups which are not included will fight for veto override.

Suboption C. Integrate selected petroleum authorities with the Natural Gas Emergency Standby Act of 1975, which we are proposing to deal with the natural gas shortage.

PROS: - Such a proposal is significantly different from a simple extension of the EPAA and should not hurt sustaining the veto.

- Standby emergency authorities are needed in any event to deal with the projected natural gas shortage; this winter and this would be an effective mechanism in which to get selected petroleum authorities.

CONS: - It will not be possible to cast all needed petroleum authorities as natural gas related.

Suboption D. Propose legislation to implement the 39-month decontrol plan in addition to one of the above options.

PROS: - Places the blame back on Congress for allowing immediate petroleum price increases.

- It is a gradual decontrol program, with slight economic impacts.

CONS: - Will lead to some confusion as to the Administration's true position because you are now supporting immediate decontrol.

- Since the 39-month administrative decontrol plan was not accepted by the House, the chance of acceptance is slim and would require even further compromise.

- Under the administrative option, only a yes or no vote could be cast. This plan could and would be greatly modified on the floor.

Recommendation: Suboption C - integrate selected petroleum authorities with standby authorities needed to deal with the natural gas shortage. Do not resubmit the 39-month decontrol plan.

Presidential Decision:

Agree \_\_\_\_\_

Disagree \_\_\_\_\_

In the event your veto is overridden, there are several administrative options to choose from to continue moving toward decontrol without submitting another plan to Congress. These specific options are being developed now and will be submitted to you later this month.

TIMING AND FOCUS OF PRESIDENTIAL STATEMENT

S.1849 will not reach your desk until late in August. There are several possibilities for a public statement prior to the reconvening of the Congress on September 3 which are outlined below.

Option 1. Public statement just covering the decontrol issue and the rescinding of the import fees on crude and products this week.

PROS: - The timing for this message is very good as you present your case to the people and the press early in August.

- It allows you to speak forcefully on the issue during your public engagements throughout the rest of August.

- An early address and specific removal of fees will allow Administration spokesmen the time during August to present your case on the positive energy effects and minimal economic impacts to the Nation.

CONS: - Will lose the opportunity to compromise on the \$2 import fee just before Congress reconvenes which may lose impact on Congress to sustain the veto.

- There is not adequate staff time to adequately brief all interest groups or prepare specific options for your decision on windfall profit taxes, rebates, or the form of your legislative proposals.

- By giving up the fees now, you will lose your opportunity to give them up later when OPEC raises world prices.

Option 2. Presidential message to be given during your vacation either at Vail or at one of your public speaking engagements during mid-August.

PROS: - Gives you and Administration officials more time to prepare for a speech.

- Still leaves adequate time for Administration spokesmen to reinforce message during August.

CONS: - Neither Vail nor any one of your other public engagements is the best setting since they involve either your vacation or political fund raising events.

- Delay until mid-August may give the impression of indecision on your part.



Option 3. A broad Presidential message after you return from Vail after August 25 but before September 3 when Congress reconvenes. Such an energy policy speech would include your position on decontrol but could also include the following major policy issues now under review in ERC and scheduled for your decision prior to the end of August.

- The Energy Resources Finance Corporation (ERFCO).
- Implementation of the synthetic fuels goal announced in your State of the Union Message.
- A much expanded voluntary energy conservation effort.
- A comprehensive plan for dealing with the winter natural gas shortage.

Recommendation: A broad Presidential television message after your return from Vail and before the Congress reconvenes on September 3. Have Frank Zarb and Alan Greenspan inform the press of your decision to veto the simple extension and if the veto is sustained to immediately remove the \$2 import fees. This will allow Presidential spokesmen and yourself to speak forcefully during August while still getting maximum press impact in early September with a major energy policy speech.

Presidential Decision:

Agree \_\_\_\_\_

Disagree \_\_\_\_\_