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Democratic Conference

Mike Mansfield 1903-2001

Remarks of
Senator Mike Mansfield before the Democratic Conference
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Gentlemen:

After yesterday's 61-39 vote sustaining the President's veto of the 6-month extension of the Allocation Act, I met with a large group of Democratic Senators at the request of Senator Jackson to discuss the question of where we go from here. It was my intention in any case to call a Conference of all Democrats before taking any leadership action. I believe, however, the range of options discussed at that meeting yesterday provides a full spectrum of what might now be done to achieve a rational and fair national energy policy along with or as an alternative to total decontrol. To work out such a policy, the President would apparently go along with an extension of controls.

In brief, the four major procedural options are as follows:

(1) Make no further efforts to override the President's position - let the prices rise - enact a <u>real</u> windfall profits tax.

(2) Enact a 60-day extension of the Emergency Allocation Act but attach to it the eight or nine major energy measures already passed the Senate as riders.

(3) Enact a 60-day Allocation Act extension (to about December 1) to permit time for negotiation and freeze for that period the prices of crude oil as of their August 31, 1975 levels. In other words, maintain the statusquo throughout the "negotiating period."

(4) Enact a 60-day extension - leave the President's authority to set prices of old oil on condition that any such new prices can meet the criteria prescribed by the President's own Executive Orders that require economic justification for unilateral price increases.

Let me now endeavor to amplify each of these proposed courses of action.

First: The option to acquiesce in the President's victory of yesterday but to go ahead and concentrate on a truly effective windfall profits tax. This option accepts as futile any effort to obtain agreement by two-thirds of the Senate. The President has had his way; it would be impossible to put together any oil price policy other than on terms dictated by the Administration.

Second is to enact a 60-day extension and attach thereto any or all of the major energy measures already passed by the Senate. These measures, each of which would be carried as a separate title of the extension bill, include the following:

(a) H.R. 49, Develop Petroleum Reserves on public lands

(b) S. 667, Establish National Stretegic Reserve

(c) S. 1518, Motor Vehicle Information and Cost Savings Act

(d) S. 349, Truth in Energy Act

(e) S. 1883, Mandatory Auto Fuel Economy Act

(f) S. 2063, Home Energy Disclosure Act

(g) S. 586, Coastal Zone Management Act

(h) S. 521, Outer Continental Shelf Act

(i) S. 391, Coal Leasing Act

(j) S. 7, Strip Mining Control and Reclamation Act.

All of these measures have passed the Senate in addition to the emergency powers provided in the Allocation Act. This option would definitely highlight the extent of the energy efforts in the Senate and the Congress. It would illuminate the Senate program in contrast to that of the Administration's program of higher prices as a way of conserving energy.

Pursuit of this option could create some problems with the House since some of these measures have not yet been considered there.

The <u>third</u> and <u>fourth</u> options are very closely related to and offer courses of action which relate to maintaining the status quo during this interim 60-day period. The President apparently wants an extension of the Allocation Act for 45 days to permit the Congress to work out with the Administration a final determination as to energy price pooicy. In fact, the House presently has before it H. R. 7014 to which the Eckhardt amendment is offered which will provide the opportunity--the vehicle--for the Congress to determine whether old oil should be decontrolled and, if so, over what period of months and to what price. Under the third option, crude oil prices would be frozen during the 60-day extension period as of their August 31 levels. Congress and the President would then be provided the opportunity to establish what the pricing policy would be. No price changes could occur during the period. Old oil would thus be frozen at \$5.25 and new at \$11.50.

Under the fourth option there would also be a 60-day extension. However, the President would be given the same power to set oil prices which he had under the now expired Allocation act. In other words, during this interim period the President could set higher prices for old oil if in doing so he could meet the criteria requiring an economic justification for any such price rise which his administration has already established. You will recall that President Nixon on his own raised the price of old oil from \$4.25 to \$5.25 under this authority. Under the fourth option, President Ford could do the same.

Something must be done to protect the consumer. Without the Allocation Act, there will be shortages of propane and other refined petroleum products that will cause great hardship during the winter.

Any extension of the Allocation Act, it seems to me, should be for a period of time sufficient to permit Congress--both Houses of the Congress--to focus on and dispose of the pricing issue directly. Nor is it proper, I think, to continue to face these Administration decontrol proposals always on an up or down or take it or leave it basis. To give Congress five days either to swallow or to reject an Administration plan is not conducive to the give and take atmosphere needed for a proper resolution of the issue.

As a final note, I want to mention that if an extension of 60 days is adopted, it will be possible to consider alternative proposals--proposals other than just the 39-month plan. Proposals have been offered, for example, that would phase out old oil prices in ways that are linked to unemployment and inflationary impact. However, these substantive pricing policy decisions should be separated from the immediate question before us. It is up to us now to decide one question: what procedural framework should be established to permit the Congress and the President to reach a final energy pricing policy.

I might say in conclusion that the Leadership is presently under instructions from the Conference to join Speaker Albert in meeting with the President to try to work out joint proposals. It would be appreciated if the Conference would supply further guidance on how to carry out this mandate.

The meeting is open for discussion.