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Ford Set To Ask Oil Levy Rise

By Peter Milius

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President Ford has tentatively decided to ask the new Congress to increase the tariff on imported oil \$1 to \$3 a barrel and put a comparable excise tax on domestic crude, steps that would mean higher prices for most things made from petroleum, probably including gasoline.

Present plans call for coupling the tariff-excise tax combination with some kind of cut in non-energy taxes, so as not to leave the public with less purchasing power and further weaken the sagging economy.

That is in addition to the tax cut the President is considering to pump up the economy.

The idea behind forcing up prices of petroleum products is to discourage their consumption without having to resort to federal fuel allocation or rationing, both of which Mr. Ford has reportedly rejected for now. The increased tariff and new excise on crude would be comparable in their effect—but less visible—than an increased federal gasoline tax, which the President has also rejected.

Administration sources said the President tentatively decided on the tariff-excise plan at a meeting with his energy advisers last Friday in Vail, Colo.

The major reason the plan remains tentative, these sources said, is that the President has yet to decide exactly what he wants to do about the economy, and the two sets of decisions are interrelated.

The President is faced with a budget deficit for next fiscal year variously estimated at \$25 billion to \$35 billion even if he does nothing on taxes. Some advisers say that is more than enough to stimulate the economy out of the recession, and that any more would be inflationary. Others are telling him he needs the extra stimulus of a tax cut.

Whatever he does on energy taxes has to be meshed with what he does on taxes generally. What does appear "locked in" one source said, is the decision to go beyond last October's simple plea to the public to cut back fuel consumption voluntarily, and to do so "on the price side rather than the allocation side" — meaning through

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