

-----FOR RAY HUARD-----

STATEMENT ON DECONTROL BY U.S. REP. PAUL TSONGAS  
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"Decontrol would remove price controls and allocation regulations immediately. This would allow oil companies to raise the price of a barrel of old oil from \$5.25 to the OPEC level of \$13.50 a barrel. Old oil cost of production ranged from \$2.50 to \$3 a barrel. The companies would now be able to make a profit of 400% and 500% on this oil.

"The Joint Economic Committee has calculated that with an accepted price of domestic oil at \$13.50, inflation related to higher fuel costs would increase by 5.4%, economic growth would be reduced by 2.7%, and housing starts would be lowered considerably. These figures paint a picture of a new recession at a time when we are attempting to fight our way out of an old one.

"Perhaps as significantly, decontrol would mean that allocation regulations would expire. This would leave New England at the mercy of the oil companies in the event of new shortages. Oil companies would again be in a position to force independent refiners and retailers out of business. This lack of competition could only result in higher gasoline and heating oil prices.

"One year ago, Treasury Secretary Simon suggested that \$7 would be an appropriate price for a barrel of oil. President Ford cautioned the OPEC nations that America would not be held hostage to oil at exorbitant prices. The new Ford energy plan is a complete contradiction to previous statements. It has the potential to halt our economic recovery in pursuit of an energy industry dream of a domestic cartel supplying 80% of our oil, gas, and coal. President Ford must realize that there is a difference between a 'free economy' and an economy that encourages monopolies.

"I support the Energy Conservation and Oil Policy Act that Congress is presently considering. This would eventually balance the price of old and new domestic oil at \$7.50 a barrel, retain allocation controls, institute commercial and individual energy conservation standards, require labelling of manufactured goods on the basis of energy consumption, and authorize the government to purchase all OPEC oil by sealed bids in order to attempt to break the cartel. Amendments which I am supporting would reduce government limousines by 95%, and prohibit misleading use of E.P.A. fuel mileage standards in automobile advertising.

"In conclusion, I would say that immediate decontrol of oil and gas would be of great benefit to energy industries while placing the severest burden on consumers who are today finding it difficult to pay the high cost of petroleum and related products."