

'It's an economic crisis'

Congressman sounds mandatory controls alarm

By TOM LONERGAN

The recent OPEC oil price increase could send "inflationary shockwaves" through the country with an impact "the most ominous since the depression."

That dire warning came from U.S. Rep. James Blanchard last week during a speech in Southfield.

The Democratic congressman, whose district includes southern Oakland County, told members of the American Lung Association: "If events as I read them continue, we could have a serious economic crisis."

An inflation outbreak would "make mandatory wage and price controls inevitable," the congressman said.

Blanchard said the Organization of Petroleum Exporting Countries' price hike to \$23 for a barrel of crude oil puts crude \$10 higher than it was at the beginning of the year. OPEC has also decided to produce less oil than western importing countries have been demanding, thus maximizing future higher prices, he added.

The Carter administration said last week the inflationary impact of higher oil prices could cause a recession and loss of up to 800,000 jobs nationwide.

"Imagine the effect on the auto industry," Blanchard said. "Michigan is already an area of declining investment and growth."

But, Blanchard said, the federal government could head off a recession. He called for the Federal Reserve Board to loosen the money supply and for Congress to give the president gas rationing authority, and for the Senate to approve a windfall profits tax on oil companies and a synthetic fuels bill, both recently passed by the House.

He added that Congress should reconsider wage insurance, where retroactive wages would be given to unemployed workers if inflation exceeds a contract wage increase. The House killed the



JAMES BLANCHARD

Carter-proposed measure earlier this year.

IN A PHONE interview late last week, Blanchard said, "it's not just an energy crisis we're faced with, it's an economic crisis. You can't separate the two."

Although the congressman didn't mention the oil companies in his speech to members of the Southeastern Michigan chapter of the lung association, he said later that the "cozy relationship" between the seven major oil companies and OPEC should be addressed.

"It's hard to tell the difference between the two. They (oil companies) administer OPEC on us and the other western countries," Blanchard said, noting that the five oil companies based in the U.S. have "total anti-trust immunity," via an agreement made in

1973 with then Attorney General John Mitchell.

"There's no question they have been making big money out of this," Blanchard added.

"I'm not saying making a profit is wrong," he continued, "but it's foolish to look to them (the oil companies) for the country's energy security."

Blanchard said the major oil companies developed a reliance on Middle East oil because it's "cheaper to get out of the ground and more profitable."

Blanchard supports the federal government acting as a purchasing authority to buy crude oil from OPEC which has been proposed by U.S. Rep. William Brodhead, D-Detroit, among others.

A government purchasing authority would give the country "a better bargaining position on oil," Blanchard said, but he sees approval of it "as a long shot compared to others."

Those "others" include the synthetic fuels bill, which Blanchard co-sponsored. The bill, now before the Senate, would promote production of fuels like gasoline or methanol from coal, shale, crop wastes or grain.

The bill passed the House, 368-25.

Referring to the wide margin, Blanchard said the bill, "wouldn't have got it except for the long (gas) lines."

He said the technology exists for up to 50 plants to generate synthetic fuels within the next 10 years.

THE OIL companies "are making so much off oil," according to Blanchard, "there's no incentive to go into synthetics until it's a sure thing."

The synthetic fuel bill proposes the government set aside at least \$3 billion to purchase alternate fuels.

Revenues from a proposed windfall profits tax on oil companies would be used to develop alternate fuel sources and provide heating cost rebates to the poor and elderly, Blanchard said.

But, he added, the Senate may "fiddle" with both the windfall profits tax and synthetic fuels legislation.

Congress should grant Carter the authority to ration gas, Blanchard said, because it would "show discipline to OPEC."

"We'd not be looked at as a country which will do anything to get gas," Blanchard characterized OPEC's attitude toward the U.S. as, "these guys

will stand for anything. They'll run over the president to get that gas."

In May, House Democrats refused to give Carter standby rationing authority.

With the country's dependence on imported oil increasing, Blanchard said U.S. allies in the Mid East and elsewhere "can't understand why we won't rise up and consider strong programs."

He said decontrol of domestic oil production, proposed by Carter earlier

this year with the windfall profits tax, "won't produce oodles of oil like a lot of people think."

DURING HIS SPEECH last week, Blanchard said "fear has paralyzed our political institutions." He said elected officials fear "being denounced by the press and the public," and wasting money.

"Money gets wasted in everything we do," he said.



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