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CONTROL OF OIL PRICES

Mr. MANSFIELD. Mr. President, just for the purpose of making a statement, it is my understanding that the House of Representatives a short while ago voted to disapprove the administration's plan of gradual control of oil. In his message to the House of Representatives on yesterday, the President stated, and I quote:

... If decontrol is not accepted, I will have no choice but to veto the simple six-month extension of these authorities now being considered by Congress.

Mr. President, what I am about to say I do in my capacity as a Senator from the State of Montana and not as a majority leader and not speaking for the Democrats but speaking for **MIXZ MANSFIELD**.

There is no question but that the price of gasoline is going to increase, no matter which way we turn. The President has proposed a gradual decontrol of prices on oil produced in this country from fields that were in operation in 1973, that is, "old" oil. The price of that oil is \$5.25 per barrel, while the "new" oil produced sells for roughly \$13.50 a barrel, the same, in effect, as imported

foreign oil. There are no price controls on crude oil produced from new fields, from small stripper wells in old fields, or on above-1972 production levels for old wells.

There is little or no incentive for owners of wells which produce an average of 15 to 20 barrels a day to keep on producing under present circumstances. They could let their production decline below 10 barrels daily so that they could qualify for the free market stripper-well prices and, as a result, could make more money from producing less oil. They will not invest in secondary or tertiary recovery methods because they could not afford to do so while they receive \$5.25 a barrel.

The existing controls expire on August 31, and the President has said, I repeat, in his message to the House of Representatives on yesterday:

If decontrol is not accepted, I will have no choice but to veto the simple six-month extension of these authorities now being considered by Congress.

To repeat again, the existing controls expire on August 31. If they do, there will be a very abrupt increase in prices which will tend to halt the economic recovery which now seems to be in progress and turn it into a backward slide. The President has proposed a plan to gradually lift controls on a month-by-month basis over a 30-month period.

That proposal has again, to repeat, been disapproved by the House of Representatives.

Federal Energy Administrator Zarb estimates that prices would increase by 1½ cents per gallon by the end of this year, by 2½ cents more in 1976, and by 3 cents more in 1977, for a total increase of 7 cents a gallon. This, in my opinion, is an underestimation of the price rises which would very likely occur.

I would suggest that, instead of decontrols being phased out over a 30-month period, that serious consideration should be given to phase them out over

a 4- to 6-year period. The President also should put an end to the \$2-a-barrel tax on imported oil. An excess profits tax should apply not just on producers of decontrolled oil, but on profits from new oil as well.

It appears to me that there is room for compromise between the congressional and the administration points of view. If something is not done and this deadlock is allowed to continue, the people will suffer more and more. The oil produced will be less and less and the consequences, based on the effect this would have throughout the economy, would be disastrous. The President cannot and must not allow all controls to expire on August 31. The deadlock which now exists must be broken and perhaps some of the suggestions I have made could be used as the basis for a compromise which would benefit the people of the Nation and the economy. If we cannot, as representatives of the two branches of Government, work toward such a possibility for the common good, then what I have said at the beginning would still hold, except that the "rippling" economic results would be catastrophic.

No matter what we do, it is going to call for increased costs. What we ought to endeavor to do is to handle these increased costs on a prolonged basis so that the economic effect will be minimal. I repeat, no matter which way we turn, the cost of oil is going to increase. There is no way to avoid this and with that fact in mind, the Congress and the President have a duty to get together to work out an agreement which will be best for the Nation.

Mr. HUGH SCOTT. Mr. President, will the Senator yield?

Mr. MANSFIELD. I am glad to yield.

Mr. HUGH SCOTT. Mr. President, the distinguished majority leader, in his capacity as the Senator from Montana, has made a serious and a concerned statement.