

# international news

## Credibility gap worries US energy office

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After being deluged with dire warnings about the energy crisis that was supposed to hit the United States this winter, many Americans are now beginning to wonder whether there is a crisis at all, or whether the whole thing is an elaborate plot by the oil industry to drive up prices and profits. So far, there have generally been adequate supplies of gasoline and heating oil, cities are still brilliantly lit at night by hideous advertising signs, and life is proceeding more or less normally for most people. About the most tangible sign of energy shortages is that gasoline and heating oil have increased in price.

According to William Simon, Director of the Federal Energy Office, his biggest problem in the next few months is the growing public scepticism about the energy crisis. He is anxious because such scepticism could lead to backtracking on conservation measures which have so far turned out to be remarkably effective in curbing demand, and that in turn could precipitate a full-blown crisis before the summer arrives. And the problem of maintaining public support will become even more difficult once Arab oil again starts flowing into the United States. In fact, the Administration is so concerned about the matter that President Nixon made a radio address last weekend during which he warned that "if we permit ourselves to slack our efforts, to slide back to the wasteful consumption of energy, then the full force of the crisis will be brought home to Americans in a most devastating fashion, and there will be no longer any question in anyone's mind about the reality of the crisis".

The scepticism stems not only from the fact that there has been little discomfort so far in the United States, but also from a series of reports of record profits in the oil industry, rumours of tankers sitting outside ports waiting for oil prices to creep up before they unload their cargoes, and allegations that storage tanks at refineries are brimming with heating oil. But perhaps the most damaging blow to the credibility of the

crisis is the growing public awareness of the fact that the government has been forced to rely almost exclusively on the oil industry itself for statistics about production and stocks of oil. As Mr Silvio O. Conte, a Republican Congressman from Massachusetts, put it last week, that is like "putting a fox in to watch the chicken coop".

The Administration is thus beginning a campaign to assure the American public that the crisis is real, and that conservation measures are still necessary. First, President Nixon promised in his radio message that he will send a bill to Congress which would impose a windfall profits tax on oil companies to force them either to turn over excess profits to the government or to invest them in exploration for new sources of energy. And second, the Administration is sponsoring a bill which will, in Nixon's words, "require the oil companies to provide a full and constant accounting of their inventories, their production, their costs and their reserves". And, in the meantime, Simon has ordered a full audit to be conducted on the companies' figures. Those measures should, at least, help dispel some of the public distrust over the figures.

But, although the government has been relying on industry data for its analysis of the energy situation, there is still good reason to believe that the shortages are real, and are not solely the product of an inspired public relations exercise by the oil companies. As S. David Freeman, Director of the Ford Foundation Energy Policy Project, suggested last week, the companies have certainly been making a lot of money out of the situation, and the data they have supplied through the American Petroleum Institute may not tell the whole truth and nothing but the truth, but he suggests that they still indicate the need for gasoline rationing to be imposed in the spring.

And there is also good reason to believe the Administration's assertions that if the American public slackens in its conservation efforts, a severe crisis could still develop. For one thing, a variety of data supplied by the electricity industry, by the oil companies and by independent analyses all attest to the fact that conservation efforts have been remarkably successful in decreasing demand, even if the unusually warm weather in the last quarter of 1973 is taken into account. And for another, a

lot of oil has been flowing into the United States through the embargo, and this is now beginning to dry up—and even if the embargo is suddenly lifted, it will take several weeks for the oil to reach United States ports.

One of the most direct indicators of demand for energy is the amount of electricity supplied to consumers. According to data produced by the Edison Electric Institute, at the end of last year, consumption of electricity throughout the United States was averaging about 1.5% below that of a year previously. Moreover, during the week ending on January 12, demand dropped by 4.1%. Compared with an expected increase of about 7%, those figures show a very substantial decrease in demand.

In his radio address last weekend, President Nixon also cited a sheaf of statistics to show that demand for other forms of energy has declined equally dramatically. Consumption of gasoline in December was reduced by 9% below expected levels, for example, natural gas consumption was down by 6% compared with last year, and he also referred to a study in the North East which showed that some 19,000 households had reduced their heating oil consumption by an average of 16% compared with last year, even after adjustments had been made for the warmer weather.

The Administration still reckons however, that during the first three months of 1974, supplies of oil will fall short of previous demand by about 2.7 million barrels a day, or about 15%. This must be accounted for either by rationing or by conservation measures. Heating oil is already being allocated to parts of the country which are especially hard hit by the oil embargo (in other words, it is being rationed at the wholesale level), and last week the Federal Energy Office published details of a gasoline rationing plan which will be brought in if necessary, although no earlier than March.

In any case, President Nixon declared last weekend that he is opposed to gasoline rationing, and will avoid bringing it in if at all possible. He said, for example, "if this voluntary cooperation (in reducing consumption) continues, . . . we can avoid gas rationing this spring . . . and you can be sure that I will do everything in my power to achieve the goal of avoiding gas rationing."