

Ford Wants Tax On Oil Windfalls

Washington

The Ford administration favors a tax that would take away oil companies' windfall profits without interfering with increased production, a Senate panel was told yesterday.

Treasury Secretary William E. Simon said that if such a tax had been imposed

in February, as suggested by the Nixon administration, "it would have absorbed much of the estimated \$5 billion in windfall oil profits during 1974."

The excess-profits tax also was endorsed anew by John Sawhill, head of the Federal Energy Administration. He said the proposal would allow oil companies to escape the tax if they plowed their profits back into exploration and production of more petroleum.

Simon and Sawhill testified before a Senate Small Business subcommittee, which is studying oil profits and their effects on investment needs of small businesses.

John G. Winger, vice president of Chase Manhattan Bank, said the higher profits rung up by major oil companies earlier this year have resulted in a significant increase in capital investment in the petroleum industry.

During the first half of 1974, Winger said, profits of a large group of oil companies studied by the bank rose by 45 per cent over the same period last year. But investment in the same companies increased by 122 per cent he added.

If such a performance can be sustained, Winger said, "the prospects for expanding this nation's petroleum supply will be greatly enhanced."

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