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Oil Embargo Means a Bleak Winter

By Jack Anderson

Unless Saudi Arabia lifts its oil embargo, the United States can look forward to a bleak winter of electric power blackouts, chilly homes, restricted driving and factory shutdowns. A prolonged embargo will bring a serious recession, perhaps even a depression.

This is the grim view of the Treasury Department's energy experts, who are regarded as the best in Washington.

Most disturbing is their warning that the Arab boycott, if it continues, will plunge the nation into an economic tailspin. Already, some airlines and factories are laying off workers.

The petrochemical industry, which produces petroleum-based plastic products and synthetic fibers, was the first to feel the pinch. The shortage has forced some plastic plants to cut back production.

Alarmed industry leaders are circulating a private study, which warns ominously: 'As little as a 15 per cent reduction in output of the petrochemical industry would result in a loss of as many as 1.6 million jobs and a loss in domestic production value in excess of $65 billion."

A vast range of products—from aspirins and autos to tires and toys—require petroleum. Pesticides and herbicides are another example; a cutback could cost the consumer billions in high food costs as a result of crop damage.

The campaign to reduce pleasure driving will hurt out-of-the-way resorts and restaurants. The tourist and camping industries also depend heavily on non-essential driving.

Even President Nixon's call to hold highway speeds down to 50 miles per hour will slow freight deliveries and reduce truckers' income. The teamsters, whose pay is based on mileage, will also have to tighten their belts.

Many Americans already are growing uneasy about job prospects, lay-offs and loss of overtime. This has caused them to hold off purchases and save their money, according to the Treasury's consumer studies, as a hedge against possible income loss.

This sagging consumer confidence is expected to cause a drop in sales. Already, the sales of durable goods, such as cars and appliances, have leveled off.

Our political leaders, meanwhile, aren't anxious to have millions of voters shivering in their homes this winter. The Treasury experts, therefore, expect the politicians to give households priority over industries in allocating fuel. This will shut down still more factories and throw more people out of work.

The economic chain reaction, in the solemn opinion of the Treasury experts, will increase unemployment by 1975 to a dangerous 7 or 8 per cent. They believe this could rise to 10 or 12 per cent by 1976 if the Arab oil boycott persists.

Indeed, one private Treasury study warns: "A severe supply disruption in the late 1970's or early 1980's could . . . cause a major economic depression."

According to the Treasury's calculations, 16 to 18 per cent of the nation's petroleum consumption will be affected, directly or indirectly, by the Arab oil embargo. The last tankers from Saudi Arabia, which were filled before the boycott, are now arriving in U.S. ports.

Within a few weeks, say the Treasury experts, the nation will face power blackouts from New York City to San Antonio. New England and the Northwest will be the hardest hit. But there will also be power shortages in the central states.

Gasoline rationing, they add, is inevitable. The administrative machinery and the gas stamps will be ready in about two months.

Only a lifting of the oil embargo or providentially warm weather, they conclude, will save Americans from their worst winter since World War II. And it could get still worse during the winters to come.

MONEY FROM FORD—Vice President-designate Gerald Ford dished money out of his own campaign funds for two members of Congress who sit on the committees now investigating him.

Two separate $1,000 transfers were made from Ford's funds to political committees supporting the re-election of Sen. Robert Griffin (R-Mich.) on Oct. 24, 1972, and Nov. 1, 1972. Griffin is a member of the Senate Rules Committee which has been conducting hearings on the Ford nomination.

He conceded that he hadn't told the Rules Chairman Howard Cannon (D-Nev.) about the $2,000 turnover but contended, "This is no more a conflict of interest than the fact that Ford has been a close friend of mine for 25 years."

Another $1,000 was transferred from Ford's campaign chest to Rep. Trent Lott (R-Miss.) on Aug. 1, 1972. The Mississippi freshman serves on the House Judiciary Committee, which is also holding hearings on Ford.

Lott neglected to report the specific $1,000 contribution to the Clerk of the House, as required by law. "There was no effort to cover this up," he told my associate Bob Owens, "because I reported it to the State of Mississippi. Whatever mistake there may or may not have been, it was just an interpretation of the law."

He added that he saw no conflict in participating in the House investigation of Ford after having accepted $1,000 from him.