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MUSKIE

Maine

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FOR RELEASE

September 30, 1970

MUSKIE CALLS FOR PRICE CEILING ON FUEL OIL WATERVILLE, MAINE

Senator Edmund S. Muskie (D-Maine) today called for "greater oil imports, increased domestic production and if necessary a price ceiling on all heating fuel" as ways to cope effectively with the national fuel shortage.

Muskie said that the Nixon Administration's strategy to deal with the problem, released yesterday, "reflects a callous disregard of New England's fuel problems." He said the program "does not address itself to the problems of inadequate supplies and unconscionably high prices."

Muskie charged that the "fine rhetoric" of the Administration's statement reflects a "hands-off attitude to rising fuel costs."

"It is about time we stopped hearing about how familiar the White House is with the fuel shortage, and began seeing the application of ways to effectively cope with the shortages."

The text of Senator Muskie's statement is attached.

STATEMENT BY SENATOR EDMUND S. MUSKIE ON
NIXON ADMINISTRATION'S FUEL POLICY STATEMENT

The statement released yesterday by the chairman of the President's Council of Economic Advisers Paul W. McCracken and General George Lincoln on the fuel situation for the winter of 1970-71 reflects a callous disregard of New England's fuel problems -- the problems of inadequate supplies and unconscionably high prices. The Administration's program does not address itself to either of these problems.

In June, 1970, the White House announced a 40,000 barrels per day increase in home heating oil imports. At that time many of us in the New England delegation pointed out that any increase of less than 150,000 barrels would have no significant impact on our on our projected needs.

Our fear of a fuel shortage and subsequent price rise was realized when we saw the cost of heavy oil jump as much as 78 percent in the last five month period. While the prices were climbing, New England consumers were told to pay the price or look elsewhere for their fuel.

Now we are told in today's release that action is being taken to "continue the importation through calendar year 1971 into the east coast of an average 40,000 barrels per day of No. 2 fuel oil with up to 80,000 barrels concentrated in the first quarter heating season."

What this means is that the 40,000 quota for 1970 will be continued through 1971 -- and instead of allowing the import of 40,000 barrels a day for six months, the White House will approve the import of 80,000 barrels for the first three months with no imports in the second three months.

At the same time no provision has been made to halt the sky rocketing costs of heating oil.

To the contrary, Chairman McCracken and General Lincoln have also taken a hands-off attitude to rising fuel costs when they state in their press release that they, "...rely upon the proven adaptability of the American economic system which must respond to the present and prospective demands for fuel...the increased national requirements and the changes in the price structure that arise from them, provide a powerful incentive to this adjustment of supply, which is in fact already taking place."

What they are saying is, "set your prices as you would in a free market where prices are determined by supply and demand." That may be fine rhetoric, but it does not describe the fuel situation in New England. The fact is that we do not have a free market in oil because of the controls on both oil imports and domestic production -- controls which are geared to the interests of the oil industry. Under these circumstances, the New England consumer will inevitably pay unconscionably high prices for oil, and the Administration has now said that the New England consumer must continue to pay those prices.

It is about time we stopped hearing about how familiar the White House is with the fuel shortage, and began seeing the application of ways to effectively cope with the shortages. We must have greater oil imports; increased domestic production, and if necessary a price ceiling on all heating fuel during this current emergency.
