U.S. Still Vulnerable to Oil Embargo; Dependence on Arab Suppliers Grows

By EDWARD COWAN
Special to The New York Times
WASHINGTON, Oct. 28—Two years after the Arab oil embargo against the United States, this country remains just as vulnerable to another such embargo and perhaps more so.

Despite exhortations from Presidents and endless debate in Congress, the "energy independence" first proclaimed as a national objective two years ago by President Nixon remains a distant goal.

In fact, with the American economy climbing out of recession, Government analysts believe that energy consumption and oil imports will resume a long-term upward trend in the closing months of 1975 and in 1976, after remaining level for the last two years.

Because Canada has cut back its exports to the United States, the Arab countries now provide an even larger share of this country's oil than they did in 1973. Moreover, that share is viewed the two years since the Arab oil embargo. "Anything we have done in the past two years has been in vain," one high-ranking energy country's oil than they did in 1973. Moreover, that share is expected to grow as total imports rise.

Imported oil remains the way of conservation was before, "swing" fuel in the American cause the market reacted to economy, as it was back in 1973. If more production and more jobs in the next few years require more energy, imported oil must satisfy almost all of the additional need.

Only slowly is the customary American profligacy in the use of energy changing. Federal analysts calculate that in 1974 Americans burned 16.6 million barrels of oil daily—1.9 million less than if the pre-embargo consumption trends had continued. But they attribute half of those cutbacks to conservation induced by higher energy prices, and the rest to recession and a mild winter last year, rather than to permanent changes in consumption patterns.

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This is the first of five articles examining the nation's energy situation two years after the Arab oil embargo.

OPEC, the Organization of Petroleum Exporting Countries, invoked the embargo against the United States in 1973 in reprisal for American support of Israel in the Arab-Israeli war that year.

Against that rather gloomy backdrop, the nation faces a number of vital questions:

Will the growth of energy consumption zoom back to the old rate of 5 per cent a year, driving oil imports up with it? Or will the gradual improvement in automobile gasoline efficiency and other slow, long-term gains in energy conservation hold down the growth rate?

Can other fuels take up the slack for oil? Will higher prices and Federal financing for synthetic fuels and such exotic sources of energy as sunshine and earth heat, or heavy Federal support for nuclear fuel recycling, spur a long-term increase in domestic energy supplies?

By 1985 or 1990, could oil imports play a less important role in the American economy?

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Nation Is Still Vulnerable to an Oil Embargo

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and balance of trade?

Can the United States, in other words, achieve some kind of energy independence?

The answers are not clear. Much depends on what happens to energy prices, on how the public responds, and on how the energy policy—enactment of tax credits for home insulation, for example, or penalties on gas-guzzling cars—will affect the economy.

The public, according to a survey financed by the Federal Energy Administration, expressed a strong desire to conserve energy. The survey found that the public is convinced of the need to save energy. However, this is only a survey of a few people. When it comes to choices that can hurt the public's elected representatives in Congress reject rationing, deliberate shortages, higher fuel taxes and higher prices.

Disappointingly Slow

Even among big companies—the energy consumers that are supposed to be most sensitive to price—and conservation has been disappointingly slow, according to Roger W. Sant of the energy administration.

"They tell me there's a lot of apathy," he said when asked about the need for more conservation. "They say they'll do it if prices go up, but they're not doing it now." Sant said that the energy administration is trying to get business to use less energy by making it more expensive to use it.

Coal, the country's most abundant resource, is proving difficult to shift into high gear.

"The problem is that our energy system is not designed for high prices," Sant said. "We have to build new plants and they take a long time to build."

The country needs more electricity and more coal, Sant said, but it is not clear how much more.

President Ford's goal of reducing oil imports by two million barrels a day by 1976 is not likely to be met, according to Sant.

The Administration's plan for gradual decontrol of oil prices and its final authority to cut commercial production from the Elk Hills naval petroleum reserve in California, if it is to work, will require a new plan for the country's energy needs. Sant said it is not clear how much more the country needs and how much it can afford.

U.S. Oil Supplies—Domestic and Foreign

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<th>Year</th>
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<td>1975</td>
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*Federal Energy Administration projections.

(a) Assumes the Administration's plan for gradual price decontrol is adopted.

(b) Assumes the continuation of present price controls, the repeal of the $2.50 barrel tariff on imported crude oil and a cold winter.

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Not Zero, But Low

Nonetheless, even the Administration's Project Independence does not envisage "zero imports" of oil, but simply a low level of imports. In terms of increasing domestic supplies, the Administration's major long-term push is for energy independence centers on the proposed Energy Independence Authority, which would pour $100-billion into research and development of new technologies.

The Government has also ordered utilities to convert 32 generating stations to coal from natural gas or oil. But some utilities have challenged the orders in court.

The potential savings from mandatory conservation are substantial, but the reality to date has been frustrating.

 Tomorrow: Energy conservation efforts.