F.Y.I. R.N.

File

Star, Aug. 23

Hand delivered

Ralph Nader

Some Sense From GM

I've come across a General Motors statement that finally makes sense!

It has nothing to do with automobiles or the ways they are built.

Rather, it describes a vast source of practical energy that grows annually in this country and is left on the farm after harvest — the non-edible parts of plants such as cornstalks and husks, wheat straw, grain sorghum, soybean, cotton and other stalks.

THE TECHNICAL paper, "Energy Potential from Agricultural Field Residues," by GM's Farno L. Green, suggests a realistic solution to many of our energy problems. It is a solution that is annually renewable (a "solar product," says the author), virtually pollution-free and likely to encourage food production for a hungry world.

In presenting his paper recently before the American nuclear society, Green pulled together various technical studies and results from a practical demonstration of burning agricultural residues mixed with coal at a GM plant.

One of his conclusions is noteworthy: "Imported oil and gasoline needed in the next decade can be replaced by liquid fuels produced from agricultural residues."

Well, Messrs. Ford, Simon and Zarb! Will you believe what the environmentalists have been saying, now that General Motors is saying it?

Or will you still advance your devastating price decontrol program next month that will extract billions of dollars from the consumers' pocketbook to pay for your induced super-inflation?

WHAT GREEN WROTE is important not only for pinpointing agricultural residues as a major energy source. It is important not only because he acknowledged that other solar energies such as wind, tides, solar heat, wood waste products and energy plantations with fastgrowing plants (sunflowers, for example), deserve serious consideration.

Green's analysis shows that numerous homegrown forms of energy exist, and that these, with energy conservation, can help overcome our energy shortfall, reduce pollution, advance efficiency and conserve capital.

Yet such opportunities are being knowingly downgraded by federal officials and oil company executives. The reason: oil companies do not control these energy forms; and energy conservation reduces sales and profits of the energy corporations.

Consider the subject of Green's arresting thesis! He states that it is "economically feasible to harvest the residues."

If two-thirds of the agricultural residues had been used as a source of energy markets in 1972 (leaving one third for erosion and soil quality control, etc.), the heat value would have been about equal to 30 percent of the coal produced in the entire country. Accordingly, if U.S. food production doubles in the next 20 years, as some specialists forecast, the residues would also double.

Such a "second crop" fits in well with the farmer's equipment and schedule. The agricultural residues can be collected after he delivers his principal crop to market. Green describes how, during early February, cornstalks were collected in Michigan for GM's pilot project

FROM THIS kind of efficient use of nature's products, the farm economy will get a sizeable lift, and the economists will be impressed by the favorable relation between energy yield and energy input.

The assorted residues can be used in numerous ways, according to Green — as fuel for burning in a power burner, as substitutes for natural gas in selected manufacturing uses, in mixtures with high sulfur coal to reduce sulfur dioxide emissions and as liquid fuels for supplementing gasoline.

Indeed, he refers to a letter from Dean Fred J. Benson, College of Engineering, Texas A & M University, who suggests that a crop such as grain sorghum can be grown in sufficient amounts and then converted to provide enough liquid fuel for 100 million cars per year.

No wonder GM is interested. But is Exxon interested? And whose interest will in fact prevail in the interplay of power in Washington?

For a free copy of the GM paper, write to General Motors, Detroit, Mich.

Congress of the United States
House of Representatives
Committee on Interstate and Foreign Commerce
Room 2125, Rayburn House Office Building
Washington, D.C. 20515

July 11, 1975

Mr. Ralph Nader
2000 P Street, N. W.
Washington, D. C. 20036

Dear Ralph:

Thank you very much for your letter of July 3, hand delivered to my office.

From your communication, I have noted your feelings that the American public is being misled by the oil industry and the Administration's action on the recent increase in the price of gasoline.

Needless to say, I agree wholeheartedly with your comments and sentiments.

As you, of course, are aware our Committee is getting out a good bill, H. R. 7014. It is to be on the House Floor next week. It is my sincere feeling that this legislation will protect the interest of the average American consumer - - and the working men and women of America.

Assuring you and yours of my continued interest and efforts and with kind personal regards, I am

Sincerely yours,

HARLEY O. STAGGERS
Chairman

July 3, 1975

JUL 3 1975
5:40 pm

The Honorable Harley O. Staggers
Chairman
Interstate and Foreign Commerce Committee
U.S. House of Representatives
Washington, D.C. 20515

Ralph Nader

Dear Congressman:

The American public is being misled by the oil industry and Ford Administration explanations of the summer vacation time increases in the price of gasoline.

We have been told that the oil companies are simply passing on the cost of President Ford's \$2 per barrel tariff on imported oil.

The truth is that oil company decisions to pass through the \$2 per barrel Ford tariff are the source of only part of the gasoline price increase. A large share of the price rise is due to a parallel \$2 per barrel increase in the price of American oil which is not price controlled.

As the price of imported oil is increased by the \$2 Ford tariff, domestic oil producers are able to raise the price of forty percent of domestic oil (so-called "new oil") by an equivalent amount. Thus, while raising \$4 billion per year for the government, the Ford tariff enables domestic oil producers to reap a \$2 billion per year windfall profit. This \$2 billion gift to the oil companies is equal to a 2¢ per gallon increase in the price of gasoline.

In addition to glossing over the \$2 billion windfall profit caused by the Ford tariff, profiteers from the tariff have falsely claimed that it will discourage the use of imported oil. In fact, since domestic oil production strangely has not increased despite two years of rising prices, oil users cannot choose domestic oil in place of more expensive imported oi. Moreover, because the price of uncontrolled new oil rises with the price of imported oil, the tariff will not create a substantial price differential between imported oil and oil from any future increases in domestic production.

If the Ford tariff cannot deflect oil purchases from imported oil to domestic oil, it can only reduce the use of imported oil through a reduction of consumption due to higher fuel prices. But this justification for the Ford tariff largely fails because FEA regulations permit the oil companies to delay passing on higher oil prices until periods of peak consumer demand when reductions in fuel consumption in response to price increases will be minimized.

Hence gasoline prices go up in July and August after family vacation plans have been made, and next winter oil companies will raise the prices of home heating oil and fuel oil for electric utilities.

The only way that the Ford tariff will cut oil consumption is by deepening the recession as its $6 billion burden ripples through the economy. The only winners will be the oil companies which are reaping a $2 billion windfall profit from the prockets of consumers, compliments of the White House.

It is up to you, as Chairman of the Interstate and Foreign Commerce Committee, to lead the Congress toward an energy policy which will protect our hopes for economic recovery from the greed of the oil companies and the cartel pricing enthusiasts in the White House. I urge you to lead the battle in Congress for legislated price controls on domestic oil at least along the lines specified in the House Commerce Committee's energy bill, H.R. 7014. Such legislation is needed to protect our economy from cartel pricing by domestic oil producers and from indirect presidential increases in the price of domestic oil through the use of import tariffs.

The $7.50 and $8.50 prices in H.R. 7014 are far in excess of the $4 and %4 prices which the oil companies were saying in 1972 and 1973 would stimulate sufficient domestic oil production within this decade to assure our oil independence. If the giant oil companies refuse to produce at such prices, it will be further concrete evidence of the need for supporting pending legislation to deconcentrate the oil industry vertically and horizontally into competitive elements willing to produce oil at a competitive price rather than a cartel price.

Sincerely,

Ralph Nader