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CBC Says Carter's Energy Plan Is Close, But Not Quite

WASHINGTON, D.C. -- Congressman Charles B. Rangel, a member of the Congressional Black Caucus and newly-appointed member of the Ad Hoc Select Committee on Energy, said today that members of the Caucus were pleased that the President's energy message stressed energy conservation, but said that a number of difficult questions remained about certain aspects of the proposal.

"There is no question that it is much more economical to conserve a barrel of oil than it is to produce a new barrel of oil," Congressman Rangel said. "Considering this nation's gargantuan appetite for energy, the President's emphasis on conservation is prudent."

"Nonetheless," Congressman Rangel pointed out, "there are several aspects of the package which need closer inspection. We must remember that poor people and people on low or fixed incomes have little elasticity in their budgets and can be severely hurt by energy price rises. For many, increased energy costs will mean that they must choose between staying warm and having enough to eat."

The Caucus called for a refundable tax credit for lower income persons consistent with the President's proposal, so that the poor will not bear the burden of higher energy costs. Figures compiled by the Washington Center for Metropolitan Studies show that the wealthiest 20 percent of the nation consumes twice as much energy as the nation's poorest 20 percent. "We should be certain," Congressman Rangel said, "that a system is devised to provide the equivalent of the tax credit to those who earn

so little that they pay no tax. These are the people who will be most affected by increased energy prices and they must be protected."

The Caucus pointed to several aspects of the energy proposal which raised questions:

-- The market price of oil is pegged to the OPEC cartel rate, which has no relevance to the cost of production, transportation and refinement of oil.

-- The price of natural gas, presently \$1.43 per 1000 cubic feet would go to \$1.75. Just two years ago, the price was at \$.43.

-- There is no call for horizontal and vertical divestiture by the oil companies, which is called for in the Caucus' Legislative Agenda.

-- The standby gasoline tax, as distinguished from the gas guzzler tax, could be harmful to the poor unless the refundable tax credit adequately compensates for the increased cost.

Congressman Rangel indicated that a number of aspects of the energy proposal were particularly good:

-- Utility rate restructuring so that small users, rather than large users are given lower rates.

-- Credit and subsidies for home insulation.

-- Encouragement of the development of solar energy.

-- Mandatory efficiency ratings for appliances.

-- Congeneration of energy through the use of waste heat from industrial and electrical generating processes.

Congressman Rangel said that the Black Caucus will be studying the President's proposals in more detail and responding to them as they are proposed as legislation before the Congress. "It would be much better to subsidize Americans and keep

dollars and jobs in the United States than it would be to subsidize OPEC. It should be remembered that through conservation we must only reduce our consumption of energy, not our standard of living."

"We know from experience," Congressman Rangel concluded, "that whenever a major shift affecting peoples' pocketbooks gets made, it is the poor who bear the brunt of the costs. This must not be the case with our new energy policy."