SCOMM

#9:130

In a suburb of Buffalo, a resident walks along a street bordered by snow drifts which have covered the entire first floor of local homes.

MUGGING THE PUBLIC

THE UNNATURAL GAS SHORTAGE

"I think it is a mugging of the consumers by the oil and gas companies," said Senator Abourezk (D-South Dakota). "People get 10 years for a mugging down here; they get rewarded monetarily if they mug their customers."

Abourezk's listeners on the Senate floor showed more sympathy for the muggers than for the victims, however, as they voted down all amendments to President Carter's emergency natural gas bill. Abourezk proposed limiting gas prices to $1.42 per thousand cubic feet, or the cost of production plus an 18 percent profit on investment, whichever is *greater*. The Senate defeated this proposal 83-9, and adopted Carter's original bill.

That bill does two things: it removes all price controls on new natural gas contracts until August 1, allowing a substantial price increase (see box); and it grants the President powers to reallocate gas, which the Federal Power Commission was already authorized to do in an emergency.

The culprits in this latest fuel price mugging are not first-time offenders. The five largest natural gas producers are Exxon, Texaco, Phillips, Gulf and Mobil. Eighteen of the nation's top twenty gas producers are oil companies. Soon after they won whopping oil price and profit increases in the 1974 gasoline shortage, they began warning that a natural gas shortage would be next. (See "Natural Gas Shortage Looms," *D&S* 12, December 1975).

Natural gas production has decreased each year, beginning in 1974, but warm weather in the winters of 1974-76 reduced the need for gas as well. This year, a severe winter finally allowed the gas producers to make their shortage predictions come true.

The Shortage of Facts

The shortage of natural gas during January's heavy snows and freezing temperatures caused serious economic damage. According to the Joint Economic Committee of Congress, two million people were unemployed due to the lack of gas, losing an average of $500 more in wages than they received in unemployment compensation. Some marginal small businesses closed down and do not plan to reopen.

In the hardest-hit states, the shortage led to a near-panic atmosphere. In late January Governor Byrne of New Jersey dispatched state police in sound trucks to order everyone to turn down their thermostats.

But were we really running out of gas? Not according to government estimates. A 1975 U.S. Geological Survey study concluded that at the end of 1974 the U.S. had a 35-to-50-year supply, if consumption remained at the 1974 level of 21.3 trillion cubic feet. Moreover, only one-third of this supply is offshore or in Alaska, where production costs are particularly high.

The Geological Survey study included gas in three categories: measured or proved reserves, in fields which are well enough known that the remaining amounts can be calculated; inferred or probable reserves, which have been discovered but not yet measured with much precision; and estimates of undiscovered gas. The much lower figures seen in the newspapers, based on oil company press releases, usually include only the first of these categories, and thereby "prove" that there is less than 10 years' supply left.

The Geological Survey's figures for measured and inferred reserves are taken directly from the gas producers' data. The estimates of undiscovered gas involve difficult, somewhat uncertain predictions based on geological studies of gas-producing regions and projections of the expected rate of decline of new discovery. However, it would be a com-

plete, astonishing break with all past experience if there turned out to be *nothing* in the inferred reserves or undiscovered gas categories — the implicit assumption behind news reports that focus on the measured reserves alone.

Gulf's Missing Reserves

Even if the gas is there in the ground, could the companies have delivered it this winter? Defenders of the industry claim that there aren't enough wells and pipelines in place to get the gas to the customers, and that bigger incentives (higher prices) are needed to expand gas deliveries in the future. There are, however, a large number of government reports describing deliberate withholding of natural gas by the producers. A list of these reports was read into the Congressional Record by Senator Metzenbaum (D-Ohio) on January 31.

The clearest case of withholding is the longstanding Gulf Oil-Texas Eastern dispute (see *D&S* #12). In 1963, Gulf Oil signed a 26-year contract to provide a daily minimum of 500 million cubic feet, and a maximum of 625 million cubic feet, to the Texas Eastern pipeline running from Texas to New York. The average price was 21 cents per thousand cubic feet, far below what Gulf could get if it could break the contract and resell the gas today.

During much of 1975 and 1976 Gulf supplied less than the contract minimum, dropping as low as 350 million cubic feet a day, and claimed that it did not have enough reserves to keep the agreement. But when the Federal Power Commission ruled last November 11 that Gulf had to provide the maximum 625 million cubic feet a day by December 15, Gulf somehow "found" the needed reserves and complied with the FPC order.

PRICE REGULATION IN NATURAL GAS

A 1954 Supreme Court ruling gave the Federal Power Commission (FPC) control over natural gas prices in interstate sales. Until recently the price charged by the producer to the pipeline was set at 52¢ per thousand cubic feet; in response to last year's shortage threats, the FPC raised the price to $1.42 for newly discovered gas.

In the unregulated intrastate markets within the producing states (mainly Texas, Oklahoma and Louisiana), gas now sells for $2.00 to $2.25 per thousand cubic feet. At this price, a unit of energy produced from gas costs about as much as the same amount of energy from oil. This is the level to which interstate prices will rise under Carter's "emergency" deregulation: **It has little to do with the cost of production, but a lot to do with what the market will bear.**

Bargains in Federal Leases

The fact that companies like Gulf can throw two million people out of work in order to end gas price controls dramatizes the absurdity of private ownership and control of essential resources. But surprisingly enough, about one-half of U.S. natural gas supplies *are* owned by the federal and state (mainly Alaskan) governments — either offshore, under public lands, or under private lands where the government retains subsoil mineral rights.

The government, however, does not produce publicly owned gas or other fuels. It leases the fields to the oil companies for initial cash payments plus royalties paid when the fuel is produced. The royalty is one-sixth of the fuel's value at the wellhead for federal offshore leases, and one-eighth for the Alaskan state leases at Prudhoe Bay — both much less than Western European or OPEC governments take on their resources.

The oil companies sublease public gas to each other at much higher prices than they pay the government, indicating they think the gas is worth more than the government charges. Moreover, with only insignificant penalties for withholding production of leased resources, the oil companies often find it profitable to sit on the public's gas and wait for future price increases before producing.

This waiting game — played, of course, on private as well as public resources — is no penny-ante affair. For example, the deregulation of natural gas adds $30 billion to the value of the Prudhoe Bay gas reserves leased primarily by Exxon, Arco and Sohio. People have often been mugged for much smaller stakes. ■

Sources: *Congressional Record* 2-2-77, 1-31-77; U.S. Geological Survey Circular 725; Ford Foundation, *A Time to Choose*; *Dollars & Sense* 12-75; interviews.

"The oil companies, which dominate the production of all three fuels, can raise coal and gas prices up to the point where a unit of energy from coal and gas costs just less than the same amount of energy from oil." — "Natural Gas Shortage Looms," *Dollars and Sense*, December 1975.

Nat Gas

If the weather is cold enough, a little blackmail can go a long way

What Natural Gas Shortage?

BETHANY WEIDNER

One of the most persuasive arguments advanced on Capitol Hill for swift enactment of the Carter Administration's Emergency Natural Gas Bill was that unless Congress hurried, the crisis would pass without the benefit of Government action.

Another persuasive argument was that the measure to suspend price controls on natural gas was much easier to justify as action to keep babies from freezing than as action to enhance the profits of the natural gas industry.

There is no doubt that the winter really was unusually severe — Mother Nature can't fool us. But was there really a shortage of natural gas? The industry *can* fool us, and there is powerful evidence that it did.

Certainly natural gas users could not obtain all the fuel they needed and wanted. The industry and its supporters maintain the shortage was an inevitable consequence of low prices. Critics say the shortfall was part of a deliberate strategy pursued by the gas industry, encouraged by the Ford Administration, and abetted by a Federal Power Commission (FPC) that represents the industry's interests rather than the public's.

According to industry spokesmen, low prices account for the fact that the amount of new gas discovered each year since 1968 has been less than the amount consumed. They contend that the companies which produce gas are not given enough "incentive" to search out new fields, so the gas used up each year is not being replaced. If this trend is allowed to continue, industry leaders warn, we will run out of supplies in ten more years.

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But the industry's critics charge that the reserve estimates which reflect new gas discoveries are false, and that the big gas producers have consistently revised these estimates downward to blackmail the public and pressure Congress and the Executive to remove price ceilings on natural gas. The critics claim no one knows exactly how much we have in the way of producible gas reserves, because the companies deliberately neglect to list certain fields whenever the Government tries to ascertain what is out there.

Reserves are the amount of gas that has been determined to be recoverable at current prices. It is significant that the apparent decline in reserves dates from 1968. In 1967, the gas companies argued before the U.S. Supreme Court that the FPC had underestimated their costs and had, therefore, set too low a rate. The Court rejected the producers' claim, noting that additions to reserves had consistently exceeded annual production.

The Court's opinion had a remarkable effect: Beginning in the following year, additions to reserves plummeted. Each year since 1968, the companies have severely reduced their original estimates of probable reserves — often by hundreds of billions of cubic feet. And the American Gas Association (AGA), which assembles the data on national gas reserves, has annually revised its estimate of total reserves downward.

When a new gas field is discovered, a company estimates the likely total yield, and submits that figure to the AGA. The FPC relies on these figures to determine the productivity of fields, and in turn sets a national area rate for new natural gas based largely on that productivity projection. Once a company begins to produce gas from a field, its geologists can make more accurate estimates of the total yield. Thus, companies revise their estimates each year, add new discoveries, and send the results to the

FPC. Before 1968, most revisions showed that fields would probably produce more than the original estimate; the historical trend for natural gas field has been toward *greater* productivity and lower unit prices. But according to the industry's data, that historic trend has been reversed.

A few attempts have been made to find out whether reserves are really declining at this precipitous rate, or whether the new figures are a result of deliberate non-reporting by the companies. The Bureau of Competition of the Federal Trade Commission, after studying offshore reserves for several years, recommended in March 1975 that the FPC issue a complaint against the companies because it found that "AGA reserve reporting procedures are tantamount to price rigging."

The House subcommittee on investigations and oversight also looked into reserve figures in 1975, and found huge discrepancies between what the AGA reported and what was shown on company books. AGA geologists responsible for collecting data told the subcommittee that when a company offered no data, the fields were routinely listed as having "zero" reserves.

The U.S. Geological Survey (USGS) has also attempted to find out whether AGA estimates of reserves underlying leases in the Federal offshore domain matched USGS figures. (The USGS can get data for Federal lands, but companies refuse to provide extensive data on reserves they hold on private lands.) What the USGS found when it examined data subpoenaed from the AGA was that the AGA had reported 8.8 trillion cubic feet less than the USGS estimate — a difference of 37 per cent. As the Survey concluded in testimony to Congress in January 1976, if the same sort of disparity existed nationwide, "the AGA reserve shortfall would amount to 102.7 trillion cubic feet of nonassociated gas — enough to cover this winter's projected curtailment 100 times over."

And there are huge amounts of gas whose disposition no one really knows about. In 1963, the companies began to hold back a quarter or a half of entire fields in the offshore domain for their own use. This practice was simply acquiesced in by the FPC, which ignored the requirement that gas produced offshore must be sold to interstate pipelines. By 1974, the FPC had approved eleven instances where daily production of thirty million to seventy million cubic feet was taken out of offshore fields by such producers as Mobil, Exxon, Tenneco, Phillips, and Standard of California, to be used at best as chemical feedstocks, and more probably as a cheap replacement for oil in running refinery operations. The Commission claims to have initiated an investigation into the disposition of this gas about a month ago, at the height of this winter's "crisis."

There seems, in sum, to be little doubt that the industry has delayed production and withheld available gas. An FPC staff investigation released last December examined the status of natural gas reserves that have already been dedicated to the interstate system. It found that an additional 300 billion cubic feet could have been available this winter — enough to reduce by one-third the curtailmen suffered by consumers; schools, and factories.

Exxon, for example, failed to report the availability o 100 billion cubic feet of proved, producible reserves i 1975, though it was arranging to spend $13 million o development equipment. Texaco had six non-producin reservoirs containing 164 billion cubic feet of gas whic were promised in part to Texas Gas Transmission Com pany — a pipeline with serious curtailment problems. Bu Texaco plans to wait until March 1979 to begin produc tion in the first of these fields, and will postpone most pro duction until 1981. The FPC staff also identified billion of cubic feet in fields owned by Mobil Oil, Superior Oi and Union Oil — all accessible fields, all with reserve dedicated but not yet sold to interstate pipelines, all wit no plans for rapid development.

In a notorious case opened by the FPC last fall, Gulf Oi Company had contracted to deliver 625 million cubic fee of gas a day to the Texas Eastern Transmission Company In the last year, Gulf had, in fact, delivered an average o 366 million cubic feet a day on that contract — about hal what was called for. Customers of Texas Eastern were hi with deeper and deeper curtailments, and the FPC finally ordered Gulf to explain why it was not meeting the terms of its contract. Texas Eastern, in the meantime, had made no effort to get Gulf to deliver; the pipeline had simply purchased higher-priced supplies elsewhere and passed the cost on to its customers. Gulf executives told the FPC that the company simply had no gas to deliver.

At the insistence of the Commission, Gulf finally agreed to come up with 500 million cubic feet of gas daily — still 125 million less than the contract called for — but not until the middle of 1977. The FPC administrative judge who heard the case suggested that Gulf's breach constituted a cause for action by the Justice Department because there was evidence of collusion between Gulf and Texas Eastern. Suddenly, Gulf appeared with an offer to begin delivering 575 million cubic feet of gas by January 1, 1977.

There are two markets for natural gas — one made up of gas sold within the state in which it is produced, and the other of gas sold across state lines at prices set by the FPC. What distinguishes the two markets is the significant difference in prices companies can command in each one. Before the newest rate was set last August, the maximum price of gas in the regulated interstate market was fifty-two cents per thousand cubic feet (Mcf), while gas in the intrastate market was selling for as much as $2 per Mcf.

This discrepancy gave the industry a powerful argument for deregulating the interstate price. It simply asked whether any gas producer would sell at the regulated price when he could sell in the intrastate market for almost four times as much. This argument has just one basic flaw: What if the price of gas in the interstate market is a fair one, and the intrastate price is an unfair one compelled by the monopoly power of the gas industry? If that is the case, the obvious solution is not to remove controls on the price of interstate gas, but to regulate *both* markets ac-

cording to the same standard and put buyers in the two markets on an equal footing.

The oil companies, which control most of our natural gas supply, have spent twenty years trying to obtain total deregulation of natural gas prices. They tried in Congress and were thwarted by Presidential vetoes cast by Harry S. Truman and Dwight D. Eisenhower. They tried in the courts and were repeatedly rebuffed. And they tried through representations to the Federal Power Commission, where, since 1969, they have met with substantial success.

The industry's most successful efforts have entailed the exercise of the economic power they possess by virtue of their almost complete control over the price and supply of all our energy resources. But though the largest producers in the principal gas fields of the United States can and do control supplies, the FPC still has jurisdiction over the price of gas sold to interstate pipelines. The companies have been ingenious in devising ways to use their control over intrastate market prices to affect the interstate price and finally compel its deregulation.

The success of their methods was evident in the national reaction to this winter's shortage. The only policy option presented to the country during the bleak days of January was deregulation — and deregulation was what we got with President Carter's emergency legislation. Curtailed pipelines are now paying $2.25 per Mcf for gas to cover the amounts they lost because of curtailments by their normal suppliers.

Regulation of prices charged by gas producers was first demanded in 1947, when the FPC found it could not protect natural gas users against price gouging by regulating interstate pipeline prices alone. Pipelines bought gas at prices that reflected their status as captive customers of the gas producers. The producers, alarmed by the threat of price controls, turned to Congress for help in being exempted from any such price regulation. They relied on the same persuasive argument which reverberated through the land for the past two winters -- the specter of a shortage.

Senator George Aiken, Vermont Republican, pointed out during the 1950 debate that "it has been represented that if the Senate does not approve [deregulation], producers of natural gas in the Southwest will not sell gas to interstate pipelines and, as a result, the New England states will not get gas." But he concluded, "Economic coercion of members of Congress deserves our most serious consideration. I am sure we all agree that this is not a sound basis for determining public policy." President Truman, noting the "clear possibility that competition will not be effective. . . in holding prices to reasonable levels," vetoed the bill.

Senator Aiken's scorn for the gas industry's empty threat was confirmed by events. After the 1950 deregulation bill was vetoed, the dual market continued to operate, and increasing amounts of gas were dedicated year after year to the regulated interstate pipelines.

Meanwhile, the gas interests turned their attention to the FPC, where more sympathetic appointees had replaced those responsible for suggesting regulation of producers. In 1951, the Commission refused to exercise jurisdiction over a natural gas sale by Phillips Petroleum Company, then the biggest in the business. In a famous 1954 decision, the Supreme Court instructed the FPC to regulate the prices which natural gas producers could charge pipelines, and so closed off judicial recourse for the companies.

Haynie in the Louisville Courier-Journal

'Shortage? WHAT short-t-t-t. . . Oh, you mean that terrible ol' FUEL shortage'

This precipitated another attempt to obtain relief from Congress. The oil industry spent $2 million lobbying for a second deregulation bill, and Congress passed it in 1956. But a scandal erupted: Senator Francis Case, South Dakota Republican, dramatically announced that a Superior Oil lobbyist had contributed $2,500 to his campaign fund. The apparent bribe attempt prompted a highly publicized investigation into industry influence and lobbying, and President Eisenhower felt compelled to veto the deregulation bill.

Supplies did not dry up after this second failure to end price controls. In fact, the volume of gas sold in interstate commerce increased from five trillion cubic feet to eight trillion cubic feet between 1954 and 1961, and the regulated price advanced steadily, from an average of 9.5 cents per Mcf to 16.5 cents per Mcf. Intrastate sales represented

far smaller volumes, and intrastate prices lagged behind the regulated price.

The average weighted price for new gas sold interstate increased by only 2.5 cents between 1961 and 1968. The volume dedicated to the interstate market rose from eight trillion cubic feet a year to fourteen trillion cubic feet during that period. Regulation seemed to be working out for the protection of consumers while providing a substantial rate of profit to the producing companies. New additions to reserves during the period outstripped production every year. The FPC developed a workable method of setting national rates on the basis of average cost trends in the major producing areas of the country. The national area rate included an allowance for dry holes and provided a 12 per cent rate of return on investment (which the current Commission has increased to 15 per cent). The natural gas business grew, and regulated prices remained stable.

Then, in 1968, there were two significant developments: Richard M. Nixon was elected President, and for the first time in the history of the U.S. gas industry, additions to reserves dropped below production. The companies had good reason to expect higher prices — and achievement of their long-sought goal of deregulation — in the Nixon Administration. Upon his appointment to the FPC chairmanship, John Nassikas announced that he wanted a "Nassikas round of gas rate increases" to match the Kennedy round of tariff negotiations. But despite his resolve, Nassikas could not simply ignore the Natural Gas Act and use his regulatory powers to eliminate regulation.

What Nassikas managed to do was substitute a policy of "gradual deregulation" for the FPC's statutory responsibility to regulate. He ushered in a series of increases in ceiling prices which culminated in the $1.42 rate promulgated last August. The average price for new gas sold to interstate pipelines was 19.2 cents when Nassikas assumed the chairmanship of the FPC in 1969; five years later it had risen to fifty-six cents.

While the regulated rate was increasing, the FPC was taking other steps to increase the earnings of the producers and reward their strategy of withholding natural gas. It tried to end price regulation for small producers, but ran into trouble in the courts. In 1972, the Commission proposed an "optional procedure" for carrying out its task of setting prices for producers: It would allow producers to raise their prices above the regulated rate unless the FPC intervened to prevent it. The late Senator Philip Hart, Michigan Democrat, denounced the "optional procedure" as a "blatant and arrogant usurpation of the legislative function. . . manifestly anti-consumer and pro-industry."

Between 1973 and 1975, the Commission proposed several other piecemeal deregulation measures, including unregulated 180-day "emergency" sales (challenged and ultimately barred by the courts); sixty-day "emergency" sales; and direct purchases in which industrial users could buy directly from producers without regard to any ceiling price. The last two of these are currently in effect.

One effect of these exemptions was to raise the average price paid for new gas contracts in the interstate market to ninety-two cents per Mcf during the first six months of 1976. Fully two-thirds of the new gas contracts were made pursuant to one or another of the special orders. At the same time, surprising things happened in the intrastate market: In 1969, the average weighted price for gas was eighteen cents per Mcf. In 1971, it had risen to twenty-four cents, and by September 1975 it was between ninety-one cents and $1.17.

Most peculiar of all was the fact that despite these leaps in price, less and less gas was being produced. And within that reduced production, gas which had historically gone into the interstate pipeline system was being sold on the intrastate market — or withheld.

Since 1968, most of the sales of new gas have been made to intrastate buyers. From 1964 to 1969, 11.4 trillion cubic feet of new gas supply flowed to interstate users and 5.6 trillion cubic feet of new gas went to users buying production from their own state fields. Between 1970 and 1973, there was a drastic reversal. Less than one trillion cubic feet of new discoveries went interstate, while 8.4 trillion cubic feet went to intrastate buyers. Most of the new interstate supply came from Federal leases off the shores of Texas and Louisiana, where the gas produced is reserved by law for interstate buyers.

This shift in proportions represented a new tactic to force higher prices and eliminate regulation. Producers have never offered any evidence that they cannot profitably produce gas at the regulated price — and the regulatory structure permits prices above the ceiling price whenever a producer can show higher costs. A Union Oil Company official explained to the FPC that Union probably wouldn't sell any more gas to Tarnsco, an interstate pipeline which has been subjected to heavy curtailments this winter, because "even where it would be more economical to Union to accelerate production by drilling a new well, Union would not do so."

An oil company executive requesting a higher rate told the Federal Power Commission in 1973 that if the rate increase were denied, "the first thing we would do is look again at the intrastate market, because that is the obvious and quickest move. The second alternative would be not to market the gas at all. . . ."

Sales in the intrastate market serve two purposes: First, they provide producers with an outlet for gas that would otherwise go into the regulated interstate pipeline system. Second, the producers use their power as *purchasers* of gas sold intrastate to drive up the so-called free-market price, thus increasing the discrepancy between the regulated and the non-regulated price.

The industry can point to the supplies flowing into the intrastate market as evidence that gas is available if only the price is high enough. The producers do not dwell on the fact that the high intrastate price has created its own "shortage" for some people in the midst of the supposed plenty. As *The New York Times* reported when intrastate prices rose to $2, "Farmers in Pecos planted 51,789 irrigated acres of cotton in 1974. They paid thirty-five cents per Mcf for gas to run the pumps. On December 1, 1975,

their old gas contracts expired. Their dealer offered them a new contract for gas at $1.85 per Mcf." But that price made growing cotton too expensive, and 600 families lost their homes when they couldn't plant. Residents of several Texas cities have had to sell their homes because they could not pay the utility bills. In the western part of the state, thousands of farmers stopped planting when the price of gas to fuel the irrigation systems rose above $1.75.

John Wilson, chief of the FPC's division of economic studies, pointed out in 1973 testimony before the Senate antitrust and monopoly subcommittee that interstate sellers are also intrastate buyers, "which puts them in a unique position to manipulate the so-called market price." He noted that the fourteen largest intrastate *buyers* in one producing area were also interstate *sellers* — or affiliated with interstate sellers.

"Therefore," Wilson observed, "they can bid up the price of intrastate gas, or accept high prices without competing, simply in order to increase the pressure on the FPC to raise the interstate rate — or better yet, to deregulate. Thus, the intrastate prices we are now looking at are not free market prices; they are a result of many manipulations, among which this whipsawing is only the most obvious. To base the price to curtailed users which are by definition essential to the public good on these distorted prices amounts to selling out the people of this country."

The record is clear: There is a supply of natural gas backed up at the end of the pipelines, awaiting the removal of price ceilings. It has been kept off the market for the last eight years in anticipation of an event like this winter's cold — and a favorable climate for the industry in Washington. But that supply represents an accumulation of the most accessible offshore reserves, and behind it is enough natural gas to last another thirty or forty years at present rates of consumption — no matter how high or low the price.

The gas interests contend that the way to increase supply and discourage wasteful use is, of course, to deregulate the price of all gas. But the market for natural gas is not and never has been competitive; there are no constraints whatever on the demands which can be made by arrogant sellers. The obvious solution for the public would be to extend regulation to the intrastate market and close the loophole that has destroyed many of the benefits of regulation. Even John Nassikas acknowledged this: "The reality must be faced that either price controls are released on both interstate and intrastate markets, as I recommend, or price controls must be extended over the entire market. . . ." The use of gas for non-essential purposes will be much more effectively eliminated through regulatory policy than through the pricing mechanism.

The sticking point is that regulating gas prices and allocating gas according to premium uses serve the public interest, while allocation by the price mechanism will always serve the interests of the largest and wealthiest entities; not necessarily those whose uses of natural gas are more desirable, but those whose political power cannot be — or at least has not been — denied. □

THE WAY WE SAW IT

These excerpts from articles and editorials published during The Progressive's sixty-eight year history have been edited only to achieve brevity. Unless an author's name is appended, the material appeared as editorial comment.

Arms Race Spiral

As a form of international behavior, the arms race is a case of graduated, but reciprocal, unilateral action. It is obviously unilateral, in that the nation developing a new weapon, increasing its stockpile, or setting up a new military base does not make its action contingent upon any agreement with the other side. It is reciprocal because each increment in military power by one side provides the stimulus for intensified efforts by the other to catch up and get ahead.

Charles E. Osgood
May 1962

Instinct for Survival

"The only point of government," George Wald, the Harvard biologist and Nobel Prize winner, observed recently, "is to safeguard and foster life. Our Government has become preoccupied with death, with the business of killing and being killed. Our business is with life, not death." The people are beginning to recognize — through their basic instinct for survival, perhaps — that the Government's business should be "with life, not death." Now the people must tell that to their Government before it is too late.

June 1969

Waste at the Pentagon

The "gut" feeling in Washington is that billions upon billions of dollars are wasted each year by a military bureaucracy which is badly managed and is often incredibly careless with the taxpayers' dollars. But when the question of efficiency in the Pentagon is raised, most members of Congress shrug their shoulders and throw up their hands in despair. There is a feeling of helplessness in Congress toward the spendthrift policies of the Pentagon. Sporadic investigations are held, but no genuine reforms result. Every time the civilian guard is changed at the Pentagon, new promises are made to ferret out the waste. . . . But once the words have been spoken nothing much ever seems to get done.

Julius Duscha
October 1961