

Opinion

Black gold?

Recent oil price drop accentuates greater problems

I concluded a speech in Los Angeles on Nov. 3, 1960, by predicting economic chaos and a threat to national security as a result of failure to increase domestic oil production. That prediction came true with 1973-74 energy crisis. What I said then applies today. The present volatile energy price and supply situation has many aspects of comparison with the energy dilemmas we faced in the '60s and '70s.

Michel T. Halbouty
Guest Columnist

Domestic oil production is falling; drilling is down to a dramatic low equal only to that of the mid '70s; our oil imports are gradually increasing; companies are going under; massive layoffs are regular occurrences; and budget cutbacks in exploration and production, as well as in research and development, are reported almost daily.

But what got us into this sorry state has been almost totally forgotten or ignored by the media. Today's dangerous retrenchment trend was precipitated by the hostile raids on the industry — raids which saddled the companies with huge debts, triggering cutbacks and personnel layoffs. The recent oil price slide has only accentuated the problem and accelerated the attrition.

Personnel and exploration cutbacks are severe, and it seems that more will occur. What disturbs me most is the complete disregard for the human element. It is a sad commentary of our morality in doing business that the welfare of those who sustain the growth of business is being neglected at best and ignored at worst. Mass layoffs of personnel for the sake of paying the highest dividend or sustaining the dividend even though a reasonable profit can be made without cutbacks is counterproductive.

Instead of letting thousands of employees go and drastically cutting back

on exploration, companies could take a lower profit and still maintain the employees and sustain reasonable and effective exploration activities. In this way, they could build for the future. Such, unfortunately, is not the case and when the turn-around comes, the same companies will not have the benefit of dedicated, experienced professionals. Instead they will be forced to hire inexperienced and untrained personnel. Greater sums will be spent on trying to catch up than were saved by cutting back.

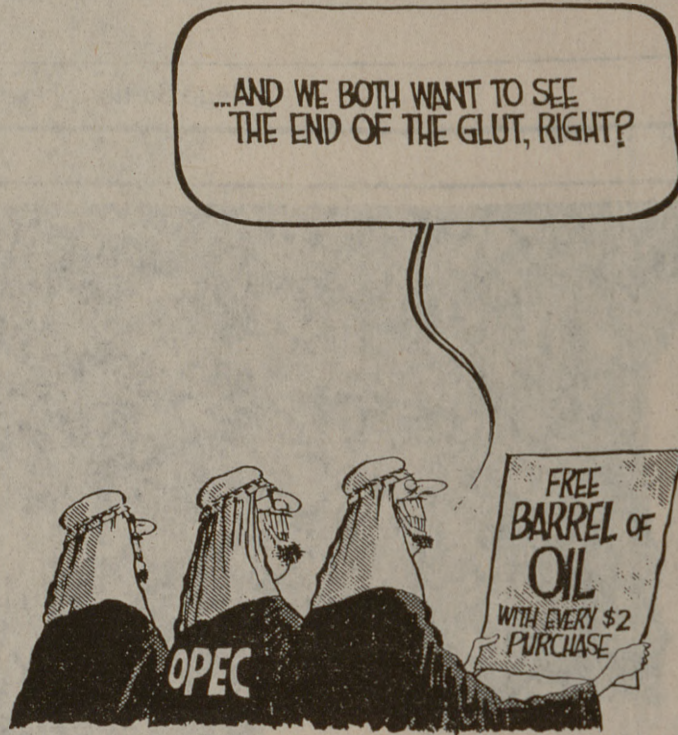
The impact of exploration cuts and employee layoffs is felt in all sectors of the petroleum industry. The multiplier effect of these cuts will soon be felt throughout the communities where those cuts were made. The job loss toll has reached the hundreds of thousands since the raiders and their Wall Street cohorts started their assault on the petroleum industry. Eventually the nation as a whole will experience the effects of the devastation left in the wake of hostile raider demolition tactics and the added thrust of crude oil price declines.

As our domestic oil production dwindles and companies further reduce their exploration programs, our imports of crude oil and products from foreign nations will increase. From that point it would be only a matter of time until imports set record highs, and America is once again at the mercy of foreign cartels.

Our domestic petroleum is the only available dependable supply. Other sources are subject to nationalization, expropriation, confiscation by exorbitant taxation, the caprice of foreign sovereigns, war and other emergency disconnections.

A shift in oil import dependence translates into danger for the country as a whole, and especially impacts our national military security. Without secure petroleum supplies to fuel our military

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...AND WE BOTH WANT TO SEE THE END OF THE GLUT, RIGHT?

complex, we are at a disadvantage among world nations in the event of hostilities or outright war. If our domestic petroleum industry cannot provide those secure supplies, we would stand little chance of sustaining, much less winning, any confrontation.

The world still runs on oil energy, and it will for decades to come. As a result of lower oil prices, most of our alternate energy research and developing projects have been curtailed or cancelled. Our nuclear power policy is ludicrous, prohibiting nuclear energy from taking its valuable place in our energy markets. Restrictive fuel use regulations further hamper our devel-

opment of increased energy security. And with the fall in oil prices, other energy resources will also lose ground.

What we must not do at this time is underestimate the influence of foreign oil exporters. The American petroleum industry's retrenchment in the wake of raider threats and foreign producers' continuing to flood world oil markets to drive prices down add up to excessive U.S. oil import dependence.

The petroleum industry, which is so vital to our national security, must be strengthened instead of weakened. To stave off the possibility of another oil crisis we must take immediate and responsible measures. Legislation which



has been proposed by Congress removing the onerous, punitive counterproductive regulations and of past years must be supported, those proposals which would harm industry and the country in the term must be opposed.

If we don't defuse the time bomb associated with the continuous domestic exploration, we will be faced another, far worse crisis of oil production and oil import dependence, likes of which we have never seen.

Michel T. Halbouty, Class of '54 chairman of the board and chief executive officer of the Michel T. Halbouty Co.

... but the losers are those laid off, not the oil companies

At last, the truly needy have surfaced. They are not the hungry, about whom the evidence is only anecdotal (say, have you heard the anecdote about the starving kid?) or the sick or those chislers still on welfare. It is the domestic oil industry which is hurting plenty, and in the name of national security it is singing a version of the Sophie Tucker torch song: One of these days, you're gonna miss me, baby.



Richard Cohen

When oil was at \$35 a barrel overseas, it was \$35 a barrel here. Now oil is selling for as low as \$10 and the domestic oil industry is loathe to go along. It cites the national security. Save the oil industry for when you really need it.

In Washington, whenever anyone cites national security, it is time to reach for your wallet. National security is at stake when some congressman cries about the closing of a military base in his district or the loss of a contract to a firm that (what a coincidence!) also happens to be in his district. The same coincidence compels the two Texans, White and Bush, to take the long view when it comes to oil. Better pay a little bit more now to ensure that you have oil when you need it: National security says so.

In truth, there is something to what they say. But just as surely as oil is down, it will someday go up. This has been the historic pattern of this commodity ever since we discovered it in Titusville,

Penn. A year after the first well was brought in, the barrel price was \$20; a year later it was 10 cents. Western Pennsylvania produced both a pattern and an expression to describe it: The bottom fell out of the market. It took only a short time for the oil industry to learn that the only way to make money was to control production. John D. Rockefeller pioneered the manipulation of the market. The Texas Railroad Commission, the Seven Sisters and OPEC merely followed. It is only a matter of time until production will be restricted again.

In the meantime, the real loser is not national security or some entity called the oil industry. In a scale based upon need, it is not even the independents or their investors — and certainly not the major producers or distributors. Instead, it is the people who are out of work, the many thousands of them in the industry and all the rest who rely on it in one way or another. They hardly

get mentioned. In fact, you think that the Texas unemployment rate of 8.4 percent is comprised of nothing but capped wells. In a national television appearance, White acted as if to mention people would be an insult to Texas' spirit.

Nonsense. Once again, the Reagan administration's refusal to have even a semblance of industrial policy is ruining the lives of thousands, maybe millions, of people. Workers who had lost their jobs in the mills of the North not so long ago were told to stop crying, enlist in the army of the Protestant Ethic and march to the Sun Belt. That's where there were jobs aplenty, a cornucopia of entrepreneurial opportunity. Now some of the same people who went South to work are out of work. Time to hit the road again.

There are the invisible people of the current oil crisis or boom — depending,

of course, on how you look at it, almost never get mentioned, and plea for either higher prices or a port fee is almost never made in the name. Conservative dogma has smeared the American fabric that considered just plain dreamy to see people are being hurt and lives ruined. For that you get dismissed as someone of dreamer, a central planner, a socialist, or, worst of all, a liberal.

I can't tell you what the proper response for the government should be, but it should intervene or allow the market to work its (bizarre?) magic. I do believe that out in oil country, which is also cattle and farming country, a pressure has settled over the land, economic tripod of a region has been kicked out from under it, and (George Bush and Mark White notwithstanding) it is not national security that is at stake, but the people who live there, one has put a cap on their pain.

Richard Cohen is a columnist for Washington Post Writers Group.

Former students invest in Aggies' integrity

Suppose you've got an extra million dollars.

Would you give it to 36,000 strangers — people who listen to a different kind of music, wear their hair and their clothes differently and are so preoccupied with their own lives that they may never care about your gift?



Cynthia Gay

And a conviction that the right mental attitude means subordinating the self to focus on the objective. He thinks of the kind of person he'd like to hire, and more importantly, like to know.

The Association of Former Students had a banner year in 1985, with Aggies setting a donations record of \$3.4 million in unrestricted funds — 18 percent more than last year. What makes those people over in the Forsyth Alumni Center especially pleased is that all this money is unrestricted. Which means that they and the University administration channel these maroon-tinted greenbacks wherever they feel A&M needs it most.

Last year a half million dollars went to academic programs and scholarships and another \$300,000 was spent to enrich student and faculty programs, to reward professors for teaching excellence and to send them on faculty study leaves.

But just let us try to stagger a "thank you" to these rich old Aggs, and they'll reach for a handshake to thank us — just for going to school here. Take last weekend, for instance, when 82 students received a handshake and a gift from the association for their academic achievement or A&M involvement outside the

classroom. There was a sentiment that winning awards meant winning for A&M.

There must be some hitch, right? But not only are these monies unconditional, they come from a group of graduates with the highest percentage of participation in giving for any college or university in America. The heart of the former students' giving is the Century Club, which translates into 18,589 Aggies who plucked out at least \$100 apiece in 1985.

Not content with donations to the association alone, last year former students also gave another \$16 million in gifts directly to the University and the Development Foundation, which oversees contributions such as real estate or wills. The first months of 1986 have been highlighted by one Aggie who gave the University over \$13 million worth of land, another who handed over \$5 million worth of art to be permanently displayed in the Memorial Student Center and the wife of an Aggie who gave a \$1 million MSC endowment for international travel.

So here we sit, fat-cat beneficiaries watching the Clayton Williams Jr. Alumni Center go up and wondering why former students don't spend more on our education. Or we downgrade the

bell tower because we suspect that a man whose name we can't remember but have built it to be remembered. We're dead wrong when we think this way, and we're cheating ourselves out of the encouraging realization that some old Ag out there is waking up and wondering how much he can give to A&M and to us.

When we meet former students or hear of their gifts, we can't afford to forget that for most old Ags the Corps experience shaped their ideals, their character and is the source of their love for A&M. We who have said fewer "how-dies" and endured less hardships still are trusted by old Ags simply because we're here.

To further this most important tradition of integrity, we must take a hard look at ourselves, where we've come from and where we're going. Most of us don't answer to a higher rank for our thoughts and actions, so our individual task is that much more difficult. Only by disciplining ourselves can we be worthy of these continuing contributions and the faith that goes with them.

Otherwise, we may never know the tender urge in later years to make a donation to another Aggie.

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