

Chicago economist denies energy crisis

By Casey Bukro

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CHICAGO ECONOMIST Milton Friedman said yesterday that gasoline rationing would be "foolish" and "absurd."

Denying there is an energy crisis, the University of Chicago economist said rationing is an "inefficient and uneconomical way to distribute gasoline."

Rationing would cause gasoline prices to rise higher than necessary, he said, because it will "lead to waste of gasoline and fuel oil."

INTERIOR Sec. Rogers Morton was widely quoted Sunday as saying that the United States might have to begin gasoline rationing for cars as early as January. That means that motorists will need rationing coupons to buy gasoline.

"We're going to do it, but it is a foolish thing to do," Friedman said. It is going to be done because the federal government insists on trying to control the prices of fuel, he explained.

"The simplest way to ration gasoline is to let the price go up," he said "Then you have an incentive for 210 million

people to hold down the consumption."

FRIEDMAN WOULD not predict how high gasoline prices would have to go to balance supply with demand.

Rationing by the government would be unnecessarily expensive and wasteful, he said, because there are no sensible rationing guidelines that federal authorities can use. Also, those who buy rationed gasoline at the low, controlled prices still are being encouraged to waste it, he said.

Friedman insists "there is no real crisis." In effect, he said, the American people are being asked today to use the amount of fuel they had in 1970.

"**THE POPULATION** grew by about 1½ per cent since 1970," he said. "Are you telling me there is a great crisis by cutting back energy use 1 or 1½ per cent."

The Middle East war has aggravated the fuel shortage, he said, but the real cause of the energy crisis is "we encouraged consumption and discouraged production" thru federal energy price controls. He called it "government mismanagement."