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ployment rate went from 6.9% to 8.8%, according to the *Houston Post*.

The Houston unemployment rate jumped from 7.4% in January 1986, to 9.6% in February 1986, as shown in **Table 3**, an astounding 2.2% jump in one month. However, the unemployment rate in the McAllen-Edinburg-Mission area, an agricultural area sensitive to problems in Mexico, jumped from 18.5% to 22.7% during the same period, a 4.2% jump.

The total labor force in the Greater Houston decreased from 1.5 million in March 1982, to 1.4 million in January 1986. By major sector, the casualties include the following:

- In the oil tool business, peak employment in March 1982 was 51,700, compared to 20,900 in January 1986.
- In oil-field services, 54,500 in March 1982, and 37,800 in January 1986.
- In oil drilling, the peak was 60,400 in June 1982, compared to 51,500 in January 1986. Thus, according to Bureau of Labor Force statistics, there were 59,300 fewer oil and gas jobs in Houston in January 1986, than in spring 1982. In the 1982-83 oil and gas tailspin, about 150,000 local jobs disappeared; about 70,000 of those jobs came back after the "recession."

These data do not reflect the wave of oil-related layoffs that is now sweeping Houston, following the last month's events on the oil market.

- **Baker International** is laying off between 800 and 1,000 workers at its seven Houston operating companies, which represent 15-30% of its local employees; by the end of

The urgent need for an 'oil parity tariff'

On Jan. 29, 1986, presidential candidate Lyndon H. LaRouche, Jr., proposed an oil-import tariff to keep domestic petroleum prices at a level high enough to allow domestic production and investment to continue, for obvious national security reasons. The point of such a tariff would not be to raise revenues, but to protect our internal oil industry, which otherwise faces disaster. Even if we did not face a massive reduction of current oil production, we would feel the effect of lowered exploration within about five years, as old fields run dry. Without continued, aggressive development of new sources, the United States will be on the way out of the oil business by the early 1990s.

On April 1, the National Democratic Policy Committee announced its support for the implementation of the emergency oil tax package, as one step in a program to stop a financial blowout in 1986.

At the center of the package is an "oil parity tariff," which would establish a parity price for oil, and impose a revenue tariff on imported oil when oil was below that price. The parity concept is the same as that in farming. It sets a commodity price which takes into account the cost of maintaining current production, and of investing for future production, thus allowing the producer the equivalent of a "living wage," and society the provision of needed resources. The federal government is responsible for guaranteeing parity prices.

The current parity price is minimally $20 a barrel. But the market price is now hovering around $10 a barrel. That is why oil producers in the United States cannot cover their costs of production, and are beginning to fold up their operations. Thus, Alaska and Texas, two of the largest oil producers in the United States, depend for solvency on an oil price of over $13 to $15 a barrel. If the current collapse in the price continues, as seems likely, at least 5% of U.S. GNP can be expected to be wiped out in the near term.

Oil production will not be the only casualty, however. As the case of Texas shows, the oil price drop way below parity will trigger a deflationary collapse in real estate, and could pull the entire rotten banking system down with it.

The only way to avoid this disastrous result is for Congress to break from the illusion that the "free market" will save us, and impose an oil parity tariff. Under the tariff, the difference between the current price, and the $20 a barrel parity price, will be taken as revenue by the federal government. The maintenance of the $20 price will at the same time protect our oil production and exploration, which are, in fact, vital for national security.

Such a protective tariff, in defense of the national oil supply and the nation's financial health, is one of an array of measures outlined needed to prevent a financial collapse in 1986. It follows in the tradition of Alexander Hamilton, Abraham Lincoln, and the school of American System economists, who built our nation on a program which united workers and industrialists in pursuit of progress, and used governmental powers to implement it.

Opposition to such a program is not only financial lunacy, but in the tradition of those "free traders" who opposed the formation of the United States as a republic, and the preservation of the United States by President Abraham Lincoln.

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