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# NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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FOR IMMEDIATE RELEASE CONTACT: JANET ANDERSON  
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## WINDFALL PROFITS MEASURE THREATENS KANSAS INDUSTRY

WASHINGTON, D.C.—Senator Bob Dole today expressed concern that the windfall profits measure now being debated in the Senate may threaten the entire Kansas independent oil industry.

During Senate Finance Committee hearings on the House-passed excess profits measure, Senator Dole questioned a panel of tax experts about the plan's possible impact on the Kansas independent oil industry -- including producers, refiners and even service station operators.

"In seeking to limit unreasonable and unfair profits, I believe it is important to understand how any proposal will apply to the seven major international oil companies. But we should also know how it would affect the independent oil and gas well explorer, the Kansas royalty owner and any others involved in the business of producing or selling energy," Senator Dole said.

"I want to see a workable and effective approach taken to protecting the average American against windfall profits by energy industries. But it would be a disaster for the Kansas economy -- and for the Nation -- to ruin our entire oil industry through some unworkable and unwise Congressional action."

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JANUARY 29, 1974

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## REMARKS BY SENATOR BOB DOLE ENERGY EMERGENCY ACT

The job of equipping our country with the programs and plans required to manage the energy crisis is vitally important.

This nation faces a great challenge over the remainder of this decade and beyond as we strive to re-establish our self-sufficiency in energy. Success in this effort is essential, for we must eliminate the intolerable drain on our balance of payments caused by the cost of foreign oil imports, and we must end our vulnerability to oil embargos and other foreign manipulations which threaten our military and economic security.

It is particularly unfortunate, therefore, that legislation needed to manage our energy effort has become enmeshed in dispute, disagreement and no small amount of political gamesmanship.

### TOO MUCH HASTE

I believe this situation is in large part due to the haste with which the Energy Emergency Act was considered in the House and Senate. This bill is highly complex, contains far-reaching grants of virtually unlimited presidential authority and will directly affect nearly every citizen of this country. In these respects, I believe it exceeds even a general tax reform measure in impact. But in contrast to the pending Tax Reform bill -- which has been the subject of months of hearings in the House and has yet to be taken up on the House floor or in the Senate Finance Committee -- the Energy Emergency Act was run through committee and floor consideration in the Senate and House in such a rushed and publicity-laden atmosphere that it was impossible to adequately explore its full impact.

Now, after a month-long opportunity for comment, study and assessment of the bill, several of its features are seen to raise serious questions regarding their necessity, their desirability and their capacity to accomplish the purposes for which they are supposedly designed.

### ENVIRONMENTAL CONCERNS

The Senator from Wisconsin [Mr. Nelson] and others have voiced their concern over the consequences of Title II upon the many years of effort in Congress and throughout the nation to restore and preserve the environment. In my four years of service on the Public Works Committee and its Air and Water Pollution Subcommittee, I was directly involved in the consideration, drafting and passage of the Clean Air Act, the Water Pollution Control Act and a number of the key laws which support our environmental programs. Many long weeks and months of work went into those laws, and I certainly have great concern that the Energy Emergency Act's hasty changes, modifications and suspensions of environmental statutes may do unforeseen damage to these programs -- perhaps without accomplishing everything necessary to achieve our energy goals. I cannot say for certain that this would be the result, but at the moment it is difficult to see the results of these provisions one way or another.

I would observe, however, that experience with the Winter Daylight Saving Time legislation -- which passed Congress with perhaps even less study and factual support than the Energy Emergency Act -- gives reason for caution in our approach. The imposition of winter daylight time seems to have done little more than produce widespread inconvenience, disruption and danger to school-age children. Negligible energy savings have been achieved, and there appears to be growing support for my measure which would bring about the new law's immediate repeal.

I would hope that the Energy Emergency Act will not backfire to a similar extent.

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## DANGERS OF SECTION 110

However, especially with regard to another area, I believe we are headed for just such a result, only much more serious.

While not wishing to be an alarmist or overly harsh in my criticism, I believe it is fair to say that Section 110, the so-called "Prohibition on Windfall Profits -- Price-Gouging" is one of the most unwise, ineffective and transparently shallow examples of shoddy legislation to come before the Senate. And this is all the more unfortunate, because it claims to deal with a very serious and deep concern of the American people.

In fact, however, it only plays on the emotions of the people and if enacted would completely frustrate their legitimate expectations that Congress effectively deal with the problem of profiteering in the energy crisis. Section 110 would not be effective in blocking unfair economic advantages, and it poses the more dangerous prospect that it would seriously hamper our energy-sufficiency efforts.

### INEFFECTIVE ENFORCEMENT

It would not be effective because it has no teeth, no real ability to combat the problem of profiteering. It would not even become effective until January 1, 1975. And its only enforcement would be through a slow, drawn-out and frustrating administrative procedure that is so vague and confusing that even experts in this area cannot say how or if it would even produce any final determinations.

### UNLIMITED APPLICATION

In the second place, Section 110 is so broad in its terms and application that in addition to the "major oil companies" it would cover every royalty owner, local jobber, corner service station operator, and who-knows else in the nation.

The possibilities for complaints, lawsuits and bureaucratic entanglement are almost unlimited. With it would come almost complete paralysis in every business which involves the sale at "any price" of "petroleum products" -- from the Alaska Pipeline to the local gas pump.

Now, one might say, so what? It would not make a great deal of difference if some obscure board was studying the prices charged for various petroleum products. After all, they might decide that there were no "windfall profits" involved.

But it would make a very great difference in a country that must maintain a strong, healthy domestic economy and which must expand its efforts to locate and develop new sources of energy within its borders.

As the Senate Finance Committee, on which I serve, heard last week, the almost certain result of Section 110's enactment would be a retardation of efforts to meet our energy needs.

### NO PLOWBACK

Aside from these other objectionable features of Section 110, I believe it omits an essential requirement for any measure designed to capture "excess" or "windfall" profits. It does not contain any provision to channel greater amounts of money into the broader program of energy development. This feature is often referred to as a "plowback" provision and means that a company is given the choice of either paying a tax or turning that money back into greater efforts to expand our energy supplies or develop better energy technology.

As I said in the Finance Committee hearings last week, it is not possible to step on the gas and the brake at the same time and still make progress.

We must be realistic and recognize that operation independence will be successful in meeting our energy needs only if it is pursued in a sensible and constructive manner.

### MEANINGFUL PROTECTION REQUIRED

Of course, steps must be taken to assure the average American that his sacrifices are going to contribute to the national cause and not just fatten some big oil company's profits. Every citizen has a right to expect this, and Congress has an obligation to see that those expectations are met.

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But Section 110 is a sham and a hoax. It would not protect the average citizen and would in the long run be seriously damaging to the public interest. And it is time to stop using the energy crisis as a political springboard.

#### APPROPRIATE STUDY

Windfall profits, excess profits and the like raise extremely complex and difficult questions. The taxing power of the federal government is by far the most appropriate means of dealing with these problems in a constructive and positive manner. No effort to do so, however, should be attempted without the fullest and most careful study. This is not to say that there should be delay, for there should not. But as last week's Finance Committee hearings disclosed measures in this area have the most serious and far-reaching impact throughout the economy.

I look forward to participating in February in the full-scale Finance Committee study of this field. I feel we must move with utmost dispatch to establish the protection needed to combat energy crisis profiteering and in a way which will contribute to -- not detract from -- the overall energy program.

Therefore, for the reasons I have stated, I believe it is essential that the Conference Report on the Energy Emergency Act be recommitted for further action and improvement.

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