



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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STATEMENT OF SENATOR BOB DOLE ENERGY -- A YEAR OF INDECISION

SENATE CHAMBER

Mr. Dole. Mr. President, today marks one year since the President announced his national energy plan to Congress. It has been a long, hard year for both the Administration and Congress.

Today is a good day to review the lessons we have learned over the past year, and the reasons why the energy package has run into such trouble. Today is also a good day to look to the future in hopes that the Administration might avoid the same problems when they send the Congress their next package of energy legislation.

THE NATURE OF THE PROBLEM

First of all, I think that one year ago the Administration really did not understand the nature of the energy problem. Last year, we heard that we were running out of energy, and worse, that the world was running out of energy. The call was to conserve energy because increased production was futile. There just wasn't any more oil and gas out there.

This year the story is somewhat changed. We now realize that the energy is there, at a price. If prices stay up, we now foresee a gradual shift to fuels derived from coal and shale, and we foresee a steady growth of nuclear power, solar energy, and other forms of inexhaustible supplies. But the transition to these fuels will take time.

The more immediate problems seem to be how to avoid, or how to cope with, the possibility of another OPEC price hike that could occur in the mid-1980's.

Thus it was inevitable that the national energy plan would run into trouble. We now realize that the problem is different from the one that the Administration was trying to solve.

CONSERVATION

Conservation was the cornerstone of the National Energy Plan. But over the last year, we have also come to realize that the Administration has greatly over-extended the concept of conservation. When conservation means cutting down on wasted energy, we have seen that it is indeed cheaper to save a barrel of oil than to buy one. During the last year, industry has been rapidly changing its patterns of energy use and presently industry is progressing right on schedule towards its well-publicized energy efficiency goals.

Now industry is obviously not losing money because of their program to cut out waste and become more efficient. They are doing it precisely because it pays. And this is how conservation should work.

But in attempting to cut down on our energy consumption, we have also found that some methods are simply not worth the cost or the hardship that would result. The Crude Oil Equalization Tax is a good example. The COET would cost the country \$47 to save a barrel of oil. It is simply not worth the cost.

Lately we have also been threatened with a fee on imported oil, again purported to be a conservation measure. But our calculations have shown that such a measure would cost the people of this country between \$100 and \$150 to save a barrel of oil. Again, we can do without such a waste of our economic resources.

In fact, this brings us to one of the most important concerns that have risen in dealing with the energy bill this year. We have become very concerned of the costs as well as the effects in determining what makes a good approach to conservation. And it is on that basic issue that

the Administration and the Congress continue to disagree.

PRODUCTION

In the area of energy supplies, the Administration has just simply failed to enact its one and only proposal to increase production. The Administration had, and still does have, the authority to define certain classes of oil that could qualify for the world price. One year ago today, they announced that they planned to offer a production incentive by defining a class of oil priced at the world level. This did not appear in any of the bills because they had the authority to do it administratively.

But they haven't done it. Somehow the Administration continues to downplay the need to increase domestic production. They continue to hold out on this part of their plan, and they now call it a major concession. They will agree to do it, but only if the Congress agrees to pass the Crude Oil Equalization Tax.

In continuing to point the finger at Congress, the Administration conveniently ignores the fact that they are failing to implement parts of the program that we all believe are absolutely necessary.

THREE BILLS READY

Then there is also the problem that three out of the five energy bills could have been passed last December, if the Administration had been willing to let that happen. But they didn't. And they continue to hold up these bills.

Today there is no good reason why several worthwhile energy programs are not already underway in this country. The pending bills would start a major program to insulate houses. They would assure that industry converts away from oil and gas in its new plants. They would signal the electric utility industry that the country expects a greater level of efficiency in their operations.

But these three bills have gone nowhere because the Administration is holding them up. If the energy problem is so serious, and I for one am convinced that it is, then the Administration should at least let us start the country on the road toward energy efficiency. Holding up these bills just makes no sense.

I have said it before, but today let me again urge the Administration to allow us to pass the parts of the energy bill that are now ready.

AVERTING THE NEXT CRISIS

In looking to the future, the Administration now realizes that the real problem is to increase supplies enough so that we can avert another crisis in the mid-1980's. Certainly they now have the means to work on this problem. The new Department of Energy, created last year, employs nearly 20,000 people. The American people have made a major commitment and we expect the new Department to solve this problem. With 20,000 people and \$10 billion a year to work with, there can be no excuse for failure.

But I am already worried about whether the new Department can handle the problem. I am disturbed by reports about the approach that is being taken to the problem of increasing supplies. The last thing we need is another misguided list of proposed measures that have nothing to do with solving the problems that are facing this country.

The DoE is now busy at work on a study that is being called a "supply strategy". From what I have heard about it, they are only concerning themselves with exotic energy supplies like coal liquefaction and gasification, technologies that will have no effect on our energy problems before 1990. I have yet to hear about what they plan to do to help the country during the next five years.

Today we have already lost a year during which we could have been increasing supplies in this country. If this new program from the DoE does not address supplies in the very near term, then it will quickly be judged to be a failure. After the experience of the last year, the Administration should be aware of what can happen if they send another package of misguided energy measures to the Congress. I sincerely hope that this next package will more appropriately address the energy problem. This is the start of a new year for energy. We have created a new Department to deal with the problem, and the first test of that Department is coming soon. This time the Congress expects to see proposals that will really address the problem.

I sincerely hope that we will not be disappointed.