



# NEWS from U.S. Senator Bob Dole

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FROM THE NATION'S CAPITOL  
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ENERGY LEGISLATION

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The House of Representatives recently passed its Energy Tax Bill, and even after four months of work on the subject, it is hard to see how it does very much to reduce our dependence on foreign oil that is about 37% of our total usage already. I am afraid the majority in the House has tried to give the American people something that can't be given -- energy independence at no cost.

The strongest provision in the House bill is the import quota, limiting oil imports to 6 million barrels per day. The Finance Committee staff estimate this could reduce oil imports by 2 million barrels per day by 1985. But the Budget Committee staff has shown that cutting oil usage this much could cost the economy as much as \$60 billion per year. So I have concluded there is no easy or painless way to end our dependence on foreign oil.

We need to take strong steps now, and the House Energy Tax Bill is another low mark on Congress' already poor record. But this legislation has been referred to the Senate Finance Committee, of which I am a member, and I am determined and hopeful that we will produce something more meaningful.

### REGULATION PAINFUL

Some Members of Congress apparently think the best way to handle the energy problem is to make price regulation a permanent part of the energy industry. But we have already seen how Federal price regulation affects production. The price of natural gas, for example, has been regulated -- and kept below the market price -- for the last twenty years. As a result, production has declined and curtailments of natural gas this winter are expected to rise as high as 3.3 trillion cubic feet. These curtailments can mean factory shut-downs, higher unemployment and economic hardship. In my view, deregulation of new natural gas is an essential part of any rational, comprehensive energy plan.

(more)

No provision of the House version of the Energy Tax Bill would result in the production of another barrel of oil in this country. It seems clear enough to me that, while conservation is important, the key to achieving energy independence lies in expanding the production of all types of energy, including oil, natural gas, and coal.

KEY IS PRODUCTION

For that reason, I strongly believe the Finance Committee and the Congress as a whole must consider how to get the competition and production incentive of the market back into the energy industry. I do not advocate a get-rich-quick scheme for the oil industry but I do believe the increased revenue the industry is getting from high oil prices should be channelled back into the exploration and development of the additional oil and gas we need. The mechanism would be a phase-in of price decontrol with provisions to tax excess or "windfall" profits and to require a "plowback" of oil revenues.

Such decontrol should be phased in gradually over a period of years, so that prices to consumers will rise slowly and so as to avoid an inflationary shock just as the economy begins to recover from recession. At the same time, the excess profit tax with an incentive provision would insure that the additional revenues would be "plowed back" into production of new domestic oil sources.

This approach would greatly benefit Kansas and the rest of the country as well. We have a very large independent oil industry which employs 100,000 Kansans. We have considerable natural gas deposits, many of which are not being exploited because under regulation, it is not profitable to do so. Adoption of the measures I have briefly outlined would provide an enormous boost to our State's economy. It would create new jobs, more revenues for State government, and would help attract more industry. Hopefully, these proposals will be adopted by the Senate in coming weeks.