

REMARKS BY SENATOR BOB DOLE

ATCHISON, KANSAS CHAMBER OF COMMERCE - FEB. 15, 1974

I AM SURE THAT THOSE OF YOU WHO FOLLOW SUCH THINGS ARE AWARE THAT THE NATIONAL PUBLIC OPINION SURVEYS SHOW THE PRESIDENT'S RATINGS AT AN ALL-TIME LOW. ACCORDING TO THE LATEST HARRIS POLL ONLY 30% OF THE AMERICAN PEOPLE APPROVE OF THE WAY PRESIDENT NIXON IS DOING HIS JOB.

THIS IS REALLY AN UNPRECEDENTED SITUATION, ESPECIALLY IN VIEW OF HIS VICTORY MARGIN AT THE POLLS ONLY 14 MONTHS AGO.

NOW, I AM SURE THAT AT THIS POINT WE COULD LAUNCH INTO A LENGTHY DISCUSSION OF THIS POLL'S SIGNIFICANCE AND TRY TO ANALYZE ALL THE DIFFERENT FACTORS INVOLVED IN IT. WE COULD DRAG OUT WATERGATE AND SPECULATE ABOUT IMPEACHMENT, RESIGNATION AND ALL THE OTHER THINGS DONE IN CONGRESS, THE TV NETWORKS AND NEWS

MAGAZINES HAVE HASHED AND RE-HASHED FOR SO MANY MONTHS. BUT I SUSPECT THAT YOU MAY BE JUST A BIT TIRED OF THIS STORY -- AND FRANKLY, SO AM I.

BUT I BROUGHT UP THE SUBJECT OF THE PRESIDENT'S STANDING IN THE POLLS TO PROVIDE A POINT OF COMPARISON FOR ANOTHER SURVEY WHICH WAS ANNOUNCED ONLY THIS WEEK. AND IF YOU CAN BELIEVE IT, COMPARED TO THIS SURVEY, THE PRESIDENT'S STANDING IN THE POLLS DOESN'T LOOK THAT BAD. IT DOESN'T LOOK ALL THAT GREAT, EITHER. BUT THE POINT IS THAT THE PRESIDENT IS NOT DWELLING AT THE BOTTOM OF THE PUBLIC APPROVAL GULCH ALL BY HIMSELF.

LOW RATING FOR CONGRESS

THE OLD SAYING REMINDS US THAT PEOPLE WHO LIVE IN GLASS HOUSES SHOULDN'T THROW STONES. AND THIS LATEST POLL SHOULD PROVIDE PLENTY OF FOOD FOR THOUGHT IN THE TWO HOUSES OF CONGRESS. FOR THIS SURVEY SHOWS CONGRESS' RATING EVEN LOWER

IN TERMS OF PERFORMANCE AND PUBLIC APPROVAL THAN THE PRESIDENT'S. ACCORDING TO FIGURES RELEASED MONDAY BY LOUIS HARRIS, ONLY 21 PERCENT OF THE PUBLIC GIVES THE CONGRESS A FAVORABLE RATING WHILE 69 PERCENT DISAPPROVE OF THE JOB IT IS DOING. UP AGAINST THAT, THE PRESIDENT'S 30-68 SCORE LOOKS PRETTY SHINY.

NO ONE HAS EVER BEEN ABLE TO CONVINCE ME THAT THE PUBLIC WAS EASILY FOOLED BY POLITICIANS, BIG BUSINESS, LABOR OR ANYONE ELSE. SO THE FINDINGS OF THIS POLL DID NOT COME AS A GREAT SURPRISE TO ME. IN FACT I WOULD ONLY BE SURPRISED IF IT WERE SIGNIFICANTLY DIFFERENT, BECAUSE, AS I SAID, THE AMERICAN PEOPLE ARE NOT EASILY FOOLED. AND HOW COULD ANYONE FORGET THOSE WONDERFUL MEN AND WOMEN WHO BROUGHT AMERICA THE DAYTIME MELODRAME OF THE WATERGATE HEARINGS, THE DARK ADVENTURE OF WINTER DAYLIGHT SAVING TIME, AND THE WHOLE NEW AUDIENCE-PARTICIPATION GAME WE KNOW AS ENERGY CRISIS?

I DO NOT HAVE AN ANSWER TO THAT QUESTION, EXCEPT TO SAY
THE POLL APPARENTLY SHOWS THAT THE PEOPLE HAVE NOT FORGOTTEN,
AND CREDIT IS BEING GIVEN WHERE CREDIT IS DUE.

POLITICS AND ENERGY

UNFORTUNATELY, HOWEVER, IT APPEARS THAT MANY IN
CONGRESS ARE NOT CONTENT WITH A 69 PERCENT DISAPPROVAL RATING,
AND IF RECENT EVENTS ARE ANY GUIDE, THEY ARE MOUNTING A MAJOR
CAMPAIGN TO DRIVE PUBLIC CONFIDENCE IN THE CONGRESS DOWN EVEN
FURTHER. AS IT WORKS OUT, THESE INDIVIDUALS HAVE BEEN PRESENTED
WITH AN EXCELLENT OPPORTUNITY TO IMPLEMENT THEIR STRATEGY.
AND THEY HAVE MADE THE MOST OF IT WITH THE ENERGY EMERGENCY
ACT. THIS BILL CONTAINS SOME OF THE BASIC AUTHORITIES THE
PRESIDENT REQUESTED TO DEAL WITH THE PROBLEMS OF ENERGY
SCARCITY AND FUEL SHORTAGES IN AMERICA. IT WOULD ESTABLISH THE
FEDERAL ENERGY ADMINISTRATION AS A SEPARATE GOVERNMENT AGENCY.

IT PROVIDES THE BASIS FOR PUTTING RATIONING INTO EFFECT IF NECESSARY. IT DEALS WITH ALLOCATIONS, UNEMPLOYMENT ASSISTANCE, ENVIRONMENTAL REGULATIONS AND A NUMBER OF OTHER IMPORTANT FEATURES OF OUR FRAMEWORK FOR DEALING WITH ENERGY-RELATED QUESTIONS.

THE ENERGY EMERGENCY ACT PASSED THE SENATE ON NOVEMBER 19, 1973. ON DECEMBER 17 IT WAS APPROVED BY THE HOUSE, SINCE THEN, A HOUSE-SENATE CONFERENCE REPORT HAS COME BEFORE THE SENATE THREE TIMES, AND THE BILL HAS STILL NOT BEEN SENT TO THE PRESIDENT FOR SIGNATURE.

SECTION 110

BUT THE STORY OF THIS BILL IS NOT ONLY THAT IT HAS FAILED TO BECOME LAW. THE FULL STORY INVOLVES THE ATTITUDES AND TACTICS OF SOME SENATORS AND CONGRESSMEN WHO -- GIVEN THE CHOICE BETWEEN THE PUBLIC INTEREST AND POLITICAL OPPORTUNISM --

HAVE REPEATEDLY SET THEIR OWN NARROW AMBITIONS ABOVE THE COUNTRY'S INTEREST OF HAVING A SOUND NATIONAL ENERGY POLICY. AND TO UNDERSTAND THIS POINT, WE NEED LOOK NO FURTHER THAN SECTION 110 OF THE BILL.

SECTION 110 DID NOT EXIST WHEN THE ENERGY EMERGENCY ACT PASSED THE SENATE IN NOVEMBER. AT THAT TIME THE ATMOSPHERE IN THE SENATE SUPPORTED ENACTMENT OF A BASIC, STRAIGHTFORWARD BILL TO PROVIDE NEEDED STATUTORY TOOLS FOR HANDLING THE ENERGY CRISIS. THE VOTE OF 78 TO 6 IS A GOOD INDICATION OF THE SERIOUS BIPARTISAN ATTITUDE THAT PREVAILED THEN. BUT WHEN THE BILL WENT TO THE HOUSE, A SUCCESSFUL EFFORT WAS MADE TO TURN IT INTO AN EMOTIONAL AND EMPTY PLAN ON THE CONCERNS HELD BY MANY AMERICANS OVER POSSIBLE WINDFALL PROFITS TO THE ENERGY INDUSTRY AS A RESULT OF THE FUEL CRISIS.

LEGITIMATE PUBLIC CONCERN

LET ME SAY AT THE OUTSET THAT I BELIEVE THE CONCERN OVER WINDFALL PROFITS IS PROPER AND LEGITIMATE. THERE IS NO REASON, EXCUSE OF JUSTIFICATION FOR ANY INDUSTRY, BUSINESS OR CORPORATION TO GET RICH ON THE SACRIFICES AND HARDSHIP THE ENERGY SITUATION IMPOSES ON MILLIONS OF AMERICANS.

THE PUBLIC HAS A PERFECT RIGHT TO EXPECT THAT THEY WILL BE PROTECTED FROM PROFITEERING, PRICE GOUGING OR ANY OTHER UNFAIRNESS. IF SACRIFICES ARE CALLED FOR, THEN EQUALITY AND BASIC JUSTICE MUST BE GUARANTEED. THIS IS THE AMERICAN WAY, AND IN THIS SENSE THE ENERGY CRISIS IS NO DIFFERENT FROM WORLD WAR II OR ANY OTHER GREAT CHALLENGE TO OUR ABILITIES AND RESOURCES.

SUPPORT FOR EXCESS PROFITS TAX

AS A MEMBER OF THE SENATE FINANCE COMMITTEE, I HAVE
ALREADY SPOKEN OUT IN SUPPORT OF A TECHNICALLY SOUND AND
ADMINISTRATIVELY EFFECTIVE MEANS OF TAXING EXCESS PROFITS.
HEARINGS HAVE ALREADY BEGUN, AND I AM CONFIDENT THAT WE WILL
BE ABLE TO WRITE A BILL WHICH IS EFFECTIVE IN PROVIDING THIS
NECESSARY PROTECTION WHILE CONTRIBUTING TO THE OVER-ALL
ENERGY EFFORT AT THE SAME TIME.

BUT THERE IS A DIFFERENCE BETWEEN IDENTIFYING A BROAD
PUBLIC CONCERN AND DOING SOMETHING RESPONSIBLE AND EFFECTIVE
TO DEAL WITH IT. AND THE CASE OF CONGRESSIONAL ACTION ON THE
WINDFALL PROFITS ISSUE, SO FAR, SHOWS HOW GREAT THAT GAP CAN BE.

EASY POSTURE

WITH MUCH PUBLICITY AND PIOUS RHETORIC SECTION 110 WAS UNVEILED IN THE HOUSE AS THE GREAT CURE-ALL FOR THIS PROBLEM. ITS SUPPORTERS WENT ON TELEVISION TO PROCLAIM HOW IT WOULD PROTECT THE AVERAGE CITIZEN, HOLD THE CORPORATE GIANTS IN CHECK AND PROVIDE THE ANSWER TO PROFITEERING IN THE ENERGY CRISIS.

OF COURSE, THIS SOUNDED GOOD. HOW CAN ANYONE LOSE BY BEING FOR THE LITTLE GUY AND AGAINST THE FORCES OF CORPORATE GREED? BUT A LOOK BENEATH THE SURFACE REVEALED AN ASTOUNDING EXAMPLE OF PURE POLITICAL HOKUM. INSTEAD OF HOLDING THE PROMISE OF PUBLIC PROTECTION, THIS PROVISION ACTUALLY HID A GRAVE THREAT OF WHOLESALE ECONOMIC DISRUPTION. SECTION 110 WAS NOT A TAX. [IT WAS NOT A MEANS OF PROVIDING MORE ENERGY. IT DID NOT EVEN GO INTO EFFECT UNTIL 1975.] IN FACT, A PANEL OF TAX EXPERTS WHO APPEARED BEFORE THE SENATE FINANCE COMMITTEE COULD NOT TELL US EXACTLY WHAT SECTION 110 WAS -- OTHER THAN

A SURE-FIRE PRESCRIPTION FOR DISASTER.

~~W~~ IT WAS A PRESCRIPTION WRITTEN BY SOMEONE WHO EITHER HAD NO REAL IDEA OF THE PROBLEMS WE ARE FACING -- OR DID NOT REALLY CARE ABOUT SOLVING THEM.

MEANINGLESS MECHANISM

THE HEART OF SECTION 110 WAS THE RENEGOTIATION BOARD, AN OBSCURE FEDERAL BUREAUCRACY WHICH HAS NOT DONE MUCH OF ANYTHING SINCE BEING CREATED IN 1951. THE BOARD WAS TO HEAR COMPLAINTS FROM CITIZENS WHO FELT THEY HAD BEEN CHARGED TOO MUCH FOR 'PETROLEUM PRODUCTS.' AND IF THE BOARD AGREED WITH THE COMPLAINT AND FOUND THAT THE PRICE WAS TOO HIGH, IT COULD ORDER A REFUND OF THE "WINDFALL PROFIT."

BUT WHAT PETROLEUM PRODUCTS WERE COVERED? WHAT SALES WERE INCLUDED? WHAT WAS A WINDFALL PROFIT? WHO COULD BRING A COMPLAINT?

DANGEROUSLY VAGUE

SECTION 110 DID NOT ANSWER THESE QUESTIONS. BUT THE EXPERTS WHO APPEARED BEFORE THE FINANCE COMMITTEE AGREED THAT IT WOULD GIVE ANYONE THE RIGHT TO FILE A COMPLAINT AGAINST ANY DEALER, MERCHANT OR COMPANY THAT SOLD PETROLEUM PRODUCTS, AND THIS RIGHT EXTENDED ALL THE WAY DOWN FROM THE MAJOR INTERNATIONAL OIL COMPANY TO THE CORNER SERVICE STATION.

THERE HAVE BEEN SOME LOGJAMS IN ADMINISTRATION OF MANY LAWS. THE NATIONAL LABOR RELATIONS BOARD FIGHTS A CONTINUING BACKLOG OF LABOR-MANAGEMENT CASES. THE COST OF LIVING COUNCIL AND THE FEDERAL TRADE COMMISSION ALL ARE FACED WITH WEEKS AND MONTHS OF DOCKETED CASES. BUT CAN YOU IMAGINE THE TIDALWAVE OF COMPLAINTS THAT WOULD HAVE SWEEPED OVER THE RENEGOTIATION BOARD IF IT WAS TOLD TO DECIDE WHETHER EVERY TANKFUL OF GASOLINE SOLD IN AMERICA RESULTED IN WINDFALL PROFITS TO THE SELLER OR HIS COMPANY?

NO ONE KNOWS THE ANSWER TO THAT QUESTION, AND FORTUNATELY WE WILL NEVER FIND OUT. BUT A ROUGH ESTIMATE CAN BE GAINED FROM THE FACT THAT IT NOW TAKES SOME 3 1/2 YEARS FOR THE RENEGOTIATION BOARD TO DECIDE ONE OF ITS CASES.

AFTER LOOKING AT THIS PROVISION IT IS NOT HARD TO UNDERSTAND THAT ITS IMPACT ON AMERICA WOULD HAVE BEEN TOTALLY DEVASTATING. IT WOULD HAVE BROUGHT EVERY ELEMENT OF THE PETROLEUM INDUSTRY TO A GRINDING HALT IN A WEB OF RED TAPE. AND THE AMERICAN PEOPLE WOULD HAVE BEEN LEFT HIGH AND DRY WITH NO FUEL AND NO REAL PROTECTION AGAINST UNFAIR PROFITS. THIS IS NOT HARD TO SEE.

THE POINT THAT IS HARD TO UNDERSTAND IS THAT ANY SERIOUS MEMBER OF CONGRESS COULD HAVE PROPOSED SUCH A SCHEME -- OR THAT IT WOULD HAVE BEEN SOLD TO A MAJORITY OF THE HOUSE.

FORTUNATELY, THE SENATE WAS ABLE TO RECOGNIZE THIS HOAX AND THE THREAT IT REPRESENTED, AND BY A 57 TO 37 VOTE REFUSED ITS APPROVAL.

THOSE OF US IN THE MAJORITY ON THAT VOTE WERE HOPEFUL

THAT ANY ALTERNATIVE TO SECTION 110 WOULD HAVE TO BE AN IMPROVEMENT. BUT WE WERE MISTAKEN.

CRUDE OIL ROLLBACK

WHEN THE BILL RE-EMERGED FROM THE CONFERENCE COMMITTEE, THE WINDFALL PROFITS PROVISION WAS GONE. BUT IT HAD BEEN REPLACED BY A SO-CALLED "ROLLBACK ON CRUDE OIL PRICES."

OF COURSE, IT SOUNDS GOOD TO SAY "LET'S ROLL BACK THE PRICE OF THE CRUDE OIL WHICH MAKES ALL OF OUR FUELS, FERTILIZERS, AND OTHER PETROLEUM PRODUCTS SO EXPENSIVE." BUT BEFORE JUMPING ON THIS BANDWAGON, IT WOULD BE WISE TO LOOK AT THE DETAILS AND EFFECTS OF SUCH A PLAN.

LIMITED EFFECT

[IN THE FIRST PLACE MORE THAN FIVE-SIXTHS OF THE OIL CONSUMED IN THIS COUNTRY WOULD NOT BE AFFECTED. A THIRD OF OUR OIL COMES FROM IMPORTS, AND NO ACT OF CONGRESS IS GOING TO CHANGE THE PRICES CHARGED BY CANADA, VENEZUELA AND THE

OTHER EXPORTING COUNTRIES. FURTHERMORE, TWO-THIRDS OF THE OIL PRODUCED DOMESTICALLY IN AMERICA IS NOW UNDER PRICE CONTROLS AT LEVELS EQUAL TO OR BELOW THE ROLLBACK LEVEL, SO THERE WOULD BE NO EFFECT ON THIS OIL. TOGETHER, IMPORTS AND OLD OIL ADD UP TO MORE THAN 82 PERCENT OF OUR CONSUMPTION FROM BOTH FOREIGN AND DOMESTIC SOURCES.

THIS LEAVES ONLY ONE-SIXTH OF ALL THE OIL IN THE UNITED STATES TO BE COVERED BY A ROLLBACK. AND WHAT OIL IS THIS? IT IS THE SO-CALLED "NEW" OIL WHICH REPRESENTS THE NEW DISCOVERIES AND INCREASED PRODUCTION WHICH ARE NEEDED TO EXPAND DOMESTIC SUPPLIES AND AVOID DEPENDENCE ON COSTLY IMPORTS. AND IT IS THE PRODUCTION OF THE SMALL, MARGINAL STRIPPER WELLS. THERE ARE HUNDREDS OF THOUSANDS OF THESE WELLS AND ALTHOUGH

THEY EACH PRODUCE LESS THAN 10 BARRELS PER DAY, THEY SUPPLY SOME 12 PERCENT OF OUR TOTAL DOMESTIC PRODUCTION -- AN EXTREMELY CRITICAL MARGIN IN THESE DAYS OF EMBARGOES AND OTHER UNCERTAINTIES. IN ADDITION, THESE STRIPPER WELLS CONSTITUTE MORE THAN 90 PERCENT OF ALL THE OIL WELLS IN KANSAS.

ANOTHER HOAX

SO THE CONGRESSIONAL OPPORTUNISTS HAVE STRUCK AGAIN BY PROMISING A SIMPLISTIC CURE -ALL FOR THE ENERGY CRISIS. THIS ROLLBACK WOULD AFFECT VERY LITTLE OF THE OIL PRODUCED BY THE MAJOR OIL COMPANIES WHOSE PROFITS ARE SUCH A GREAT CONCERN TO MANY OF THE MORE PROMINENT "ENERGY EXPERTS." IT WOULD MAKE NO DIFFERENCE AT ALL ON THE PRICES OF THE GROWING VOLUME OF IMPORTS. BUT IT WOULD HAVE A MASSIVE IMPACT ON THE SYSTEM

OF INCENTIVES THAT HAVE BEEN SET UP TO EXPAND THE SEARCH FOR NEW OIL WITHIN OUR BORDERS. AND IT WOULD PROBABLY MEAN A SUBSTANTIAL REDUCTION IN THE NUMBERS AND PRODUCTION OF THE THOUSANDS OF SMALL STRIPPER WELLS IN KANSAS AND ELSEWHERE.

PRICE SHOULD BE REASONABLE

NOW I AM NOT IN FAVOR OF \$10 PER BARREL PRICES FOR OIL IN THIS COUNTRY. THERE IS SUCH A THING AS A REASONABLE INCENTIVE, AND BEYOND THAT THERE IS UNNECESSARY GRAVY. BUT A SIZEABLE DIFFERENCE EXISTS BETWEEN THE INCENTIVES IN A \$5 BARREL OF OIL PRICED IN THE NEIGHBORHOOD OF THE LONG-TERM EQUILIBRIUM LEVEL FOR OIL WHICH IS ESTIMATED TO SOMEWHERE IN THE \$7 TO \$8 RANGE.

TODAY'S PRICES FOR NEW AND STRIPPER OIL AVERAGE \$9.51. THE ROLLBACK PROPOSED IN THE ENERGY BILL WOULD MEAN A 45 PERCENT REDUCTION IN THE PRICE OF THIS OIL -- AND MAKE IT NO

DIFFERENT THAN THE SO-CALLED OLD OIL THAT INVOLVES NO EXPENSE OR RISK TO PRODUCE. THIS SORT OF APPROACH SIMPLY DOES NOT MAKE SENSE.

IT WOULD MEAN THAT ALL THE INCENTIVE DIFFERENTIAL FOR NEW AND STRIPPER OIL WOULD BE REMOVED, AND PRICES WOULD BE HELD BELOW THE EXPECTED LONG-TERM EQUILIBRIUM LEVEL. OF COURSE, THE PROVISION CONTAINS A DISCRETIONARY FEATURE ALLOWING THE PRESIDENT TO RAISE OIL PRICES BY 35 PERCENT. BUT THIS IS ONLY AN ATTEMPT TO LET CONGRESS OFF THE HOOK AND PUT THE MONKEY FOR HIGH FUEL COSTS ON THE PRESIDENT'S BACK.

AND IN PRACTICE, POLITICAL PRESSURES WOULD PROBABLY MAKE IT IMPOSSIBLE FOR HIM TO DO THIS. SO WE WOULD WIND UP BEING LOCKED INTO A SITUATION WHICH WOULD PROVIDE NO REAL PRICE RELIEF TO THE PUBLIC AND WOULD SERIOUSLY UNDERMINE THE EFFORT TO EXPAND DOMESTIC ENERGY SUPPLIES.

LONG TERM CONSEQUENCES

BUT THE POINT ABOUT THIS PROVISION AND ALL ITS VARIATIONS IS THAT IT IS SIMPLY ANOTHER ATTEMPT BY AMBITIOUS AND SHORT-SIGHTED POLITICIANS TO FOOL THE PUBLIC. AND ALTHOUGH IT MIGHT WIN A FEW HEADLINES NOW, IN THE LONG RUN THE PUBLIC WILL SEE THROUGH IT AND REALIZE THAT IT WAS JUST ANOTHER EMPTY PUBLICITY STUNT BY SOME AMBITIOUS POLITICIAN WHO WAS MORE INTERESTED IN HIMSELF THAN IN THE NATION.

AND, IF THIS COMES TO PASS, THE APPROVAL RATING FOR THE CONGRESS WILL SURELY SINK EVEN BELOW THE 21 PERCENT LEVEL.

WARNING TO CONGRESS

I DO NOT BELIEVE ANY CONGRESSMAN OR SENATOR SHOULD

CONSIDER THE OPINION POLLS AS HIS GUIDE IN REACHING DECISIONS
AND CASTING VOTES. BUT I DO BELIEVE THIS LATEST SURVEY CONTAINS
A VERY SERIOUS WARNING TO THE CONGRESS.

IT IS TIME TO STOP PLAYING POLITICS WITH THE MAJOR ISSUES
OF THE DAY AND START GETTING DOWN TO WORK ON SOLVING AMERICA'S
PROBLEMS AND MEETING ITS CHALLENGES.

THE STAKES ARE TOO HIGH AND THE RISKS OF FAILURE ARE TOO
GREAT FOR ANYONE IN PUBLIC OFFICE TO PLACE HIMSELF AND HIS
POLITICAL CONCERNS ABOVE WHAT IS RIGHT FOR THIS COUNTRY.

AND I BELIEVE THAT IF CONGRESS WILL START ACTING IN A
RESPONSIBLE FASHION -- AND WORRY LESS ABOUT FOOLING THE PUBLIC
AND MORE ABOUT DOING THE PUBLIC'S BUSINESS -- THEN WE WILL SEE
THE RESULTS NOT ONLY IN THE POLLS BUT IN THE PROGRESS THAT CAN
BE ACHIEVED BY THIS GREAT NATION.