

REMARKS OF SENATOR BOB DOLE
MID-AMERICA GASOLINE DEALERS' ASSOCIATION
PITKO'S RESTAURANT
KANSAS CITY, KANSAS
APRIL 17, 1974

IT IS A PLEASURE TO BE HERE TODAY WITH THE EMBATTLED VETERANS--OR
PERHAPS I SHOULD SAY SURVIVORS--OF THE FREE ENTERPRISE SYSTEM.

THE PAST SIX MONTHS OR SO HAVE BEEN ONE OF THE MOST TRYING AND DIFFICULT
PERIODS IN THE LONG HISTORY OF OUR ECONOMY. AND NO SECTOR OF THAT ECONOMY
HAS BEEN IN GREATER TURMOIL THAN THE GASOLINE RETAILER.

MAJOR CHANGES

ALMOST OVERNIGHT YOU HAVE SEEN YOUR WORLD FLIP-FLOP. FROM A BUYER'S
MARKET,--WHERE YOU PRACTICALLY HAD TO STAND ON YOUR HEAD AND GIVE AWAY THE
KITCHEN SINK, TO ATTRACT PEOPLE TO YOUR PUMPS--YOU HAVE SEEN A POWERFUL SELLER'S
MARKET DEVELOP. AND AFTER DECADES OF BEING TAKEN FORGRANTED, DEALERS HAVE

BEEN COURTED CLAMORED AFTER--AND OCCASIONALLY CUSSED--BY DRIVERS SCRAMBLING AFTER THEIR NEXT TANK OF GAS.

FROM GAS WARS AND FREE GLASSWARE YOU HAVE GONE TO LIMITED HOURS OF OPERATION AND UNCERTAIN SUPPLIES. FROM ALMOST STRICTLY GASOLINE AND SERVICE MERCHANTS, YOU HAVE BECOME VIGOROUS MARKETERS OF TIRES, BATTERIES AND ACCESSORIES IN AN EFFORT TO BROADEN AND MAINTAIN YOUR REVENUE BASE.

THE CHANGES AND CRISES AND TROUBLES HAVE COME SO FAST IT HAS BEEN HARD FOR YOU TO CONFRONT ONE BEFORE ANOTHER WAS ON TOP OF YOU.

ONE PROBLEM AFTER ANOTHER

FIRST, CAME THE GENERAL SQUEEZE OF RISING DEMAND AGAINST INSUFFICIENTLY EXPANDED REFINING CAPACITY. THIS CREATED SPOT SHORTAGES AND BEGAN TO MAKE EVERYONE A BIT NERVOUS LAST SUMMER.

THEN, IN THE FALL, THE ARAB EMBARGO CUT OFF OUR MARGIN OF COMFORT IN SUPPLIES AND THE LEAPFROG INCREASE IN THE WORLD CRUDE OIL PRICES SCRAMBLED OUR

OWN PRODUCT PRICING STRUCTURE.

NEXT, CAME THE GOVERNMENT WITH ALLOCATION PLANS, PRICE CONTROLS AND YOUR ALL-TIME FAVORITE BUREAUCRACY THE FEO.

HEAVY TOLL ON DEALERS

HOW SO MANY OF YOU IN THE RETAIL SEGMENT OF THE PETROLEUM INDUSTRY HAVE MANAGED TO COPE AND HANG ON AND SURVIVE THROUGHOUT THESE ASSAULTS IS A MYSTERY TO ME. OF COURSE MANY RETAILERS HAVE NOT SURVIVED, AND EARLIER THIS MONTH THE CBS NEWS FEATURE "ON THE ROAD" DEVOTED A FULL REPORT TO THE NEW USES BEING FOUND FOR THE HUNDREDS AND HUNDREDS OF ABANDONED SERVICE STATIONS THROUGHOUT AMERICA.

IT WAS A RATHER SAD REPORT, NOT SO MUCH BECAUSE THIS NATION NEEDS ANY CERTAIN NUMBER OF SERVICE STATIONS, BUT BECAUSE EACH EMPTY BUILDING, NEW TACO SHOP OR FURNITURE STORE WITH A CONCRETE ISLAND IN FRONT OF IT REPRESENTS A

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SMALL BUSINESSMAN, A MEMBER OF THE ECONOMIC FRAMEWORK WHO IS NO LONGER IN OPERATION. AND IT MEANS THAT GOOD MECHANICS HAVE HAD TO GO ELSEWHERE TO FIND WORK AND HIGH SCHOOL BOYS HAVE LOST THEIR AFTER-SCHOOL JOBS. THESE LOSSES DIMINISH OUR COMMUNITIES AND OUR NEIGHBORHOODS AND OUR WHOLE ECONOMY.

SO I BELIEVE THOSE OF YOU WHO ARE HERE TODAY DESERVE A GREAT DEAL OF CREDIT. AND YOU DESERVE A FULL MEASURE OF SUPPORT IN FACING YOUR MANY PROBLEMS.

END OF EMBARGO SHOULD EASE SUPPLIES

WE ALL HOPE, OF COURSE, THAT THE WORST IS NOW BEHIND US AS FAR AS SUPPLIES ARE CONCERNED. THE END OF THE ARAB EMBARGO WAS A GREAT RELIEF TO US ALL, FOR IT WILL HOPEFULLY PUT AN END TO THE MAJOR DIFFICULTY OF MEETING THE NATION'S FUEL REQUIREMENTS. BUT BECAUSE OF THE SAME INADEQUATE REFINING CAPACITY THAT PLAGUED US LAST SUMMER, WE COULD STILL FACE 4-5 PERCENT SHORTAGES THROUGHOUT THE REMAINDER OF THE YEAR.

CONSERVATION NEEDED

OUR CONSERVATION EFFORTS THEREFORE, COULD PLAY A CRITICAL ROLE IN SEEING TO IT THAT DEMAND IS RESTRAINED ENOUGH TO AVOID THAT 4-5 PERCENT SHORTAGE AND ALL THE PROBLEMS THAT WOULD FLOW FROM IT.

INITIALLY, THIS CONSERVATION EFFORT MIGHT TEND TO IMPACT UNFAVORABLY UPON THE SERVICE STATION OPERATOR WHO NEEDS TO PUMP MORE AND MORE GASOLINE TO MAINTAIN HIS REVENUES ON MARGINS THAT ARE FROZEN OR REGULATED AT ARBITRARY LEVELS. BUT IT MAY WELL BE THAT THE OTHER SIDE OF THE CONSERVATION COIN--THE MOTORIST'S NEED TO KEEP HIS CAR IN TUNE, WELL MAINTAINED AND EQUIPPED WITH SUCH ITEMS AS RADIAL TIRES--WILL EFFECTIVELY OFFSET THE REDUCED VOLUME OF GASOLINE SALES WHICH IS INEVITABLE IN A STRONG CONSERVATION PROGRAM.

END ECONOMIC CONTROLS

INFLATION IS ANOTHER FACTOR WHICH HAS BEEN AN ESPECIALLY DIFFICULT PROBLEM FOR YOU. WHILE MOST OF THE REST OF THE ECONOMY HAS BEEN SET FREE FROM THE CONTROLS

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DUE TO EXPIRE AT THE END OF THE MONTH, YOU ARE STILL UNDER THE SPECIAL PETROLEUM CONTROLS WHICH WILL REMAIN IN FORCE. SO WHILE YOUR MARGINS HAVE BEEN REGULATED AND YOUR PRODUCT VOLUME HAS BEEN ALLOCATED, THE WAGES, INSURANCE PREMIUMS, UTILITY RATES AND FAMILY FOOD PRICES THAT YOU PAY HAVE KEPT RIGHT ON GOING UP.

THERE IS NO REALLY EASY ANSWER TO THIS PROBLEM, BUT I BELIEVE THE SOONER OUR ENTIRE ECONOMY CAN MOVE AWAY FROM CONTROLS AND ARTIFICIAL TAMPERING WITH THE MARKET SYSTEM, THE BETTER OFF OUR FREE ENTERPRISE SYSTEM AND ALL OF OUR PEOPLE WILL BE.

IRRESPONSIBLE POLITICS

AND FINALLY THERE IS ANOTHER PROBLEM YOU--AND THE WHOLE COUNTRY--NEED SUPPORT AGAINST. AND THIS IS THE PROBLEM OF THE SHORT-SIGHTED AND SENSATION-SEEKING POLITICIANS WHO HAVE BEEN TRYING TO MEDDLE WITH THE ENERGY SITUATION FROM THE OUTSET--ALWAYS HUNGRY FOR A HEADLINE, ALWAYS READY WITH SIMPLISTIC

RHETORIC AND EASY SOLUTIONS TO COMPLICATED PROBLEMS, THEY HAVE/ PROBABLY BEEN YOUR GREATEST PROBLEM--AND THE GREATEST OBSTACLE TO FINDING REAL AND LASTING SOLUTIONS TO OUR COMMON, NATIONAL PROBLEMS.

IN A WAY WE ARE FORTUNATE THAT SO MANY OF THEM HAVE BEEN SO EXTREME AND RADICAL AS THEY CLAMMOR TO GRAB THE MOST TIME ON THE NETWORK NEWSCASTS AND SHARE THE BIGGEST HEADLINE. SO FAR THEIR ONLY ACCOMPLISHMENT HAS BEEN TO DELAY ANY CONSTRUCTIVE ACTION ON THE PART OF CONGRESS. A GOOD MEASURE OF FRUSTRATION HAS BEEN BUILT UP ON THE PART OF THE AMERICAN PEOPLE AS THEY WAIT FOR CONGRESS TO DO SOMETHING TO CREATE MORE ENERGY. UP TO THIS POINT THE ONLY THING CONGRESS HAS DONE IS TO ESTABLISH WINTER DAYLIGHT SAVING TIME. AND THIS CERTAINLY CREATED NO ENERGY WHILE APPARENTLY SAVING NONE EITHER.

WINDFALL PROFIT RESTRICTIONS ON DEALERS

AND CONSIDERING SOME OF THE ENERGY-RELATED SCHEMES THAT WERE FLOATING AROUND, THIS DELAY AND INACTION IS PROBABLY A GOOD THING.

CONSIDER THE "WINDFALL PROFITS" MEASURE THAT WAS AUTHORED AND BALLYHOOD BY MY OPPONENT AND WHICH PASSED THE HOUSE OVER THE OPPOSITION OF THE REST OF THE KANSAS DELEGATION. IT WOULD HAVE PERMITTED THE PURCHASER OF ANY PETROLEUM PRODUCT WHO THOUGHT HE WAS PAYING AN UNREASONABLE PRICE TO TAKE ANY SELLER BEFORE A WASHINGTON BUREAUCRACY AND DEMAND A REFUND OF ANY "WINDFALL" EXCESS OVER THE PROFITS THE SELLER MADE DURING THE YEARS 1967-THROUGH 1971.

THIS MEASURE WAS SO FAR-REACHING, WITNESSES BEFORE THE FINANCE COMMITTEE TESTIFIED, THAT IT WOULD APPLY ALL THE WAY DOWN TO THE SERVICE STATION LEVEL. THIS MEANS THAT SOMEONE WHO PULLED INTO YOUR STATION AND THOUGHT YOU WERE CHARGING TOO MUCH -- COULD HAUL YOU UP BEFORE THIS WASHINGTON BOARD. EVEN IF HE ONLY BOUGHT ONE GALLON OF GASOLINE.

I AM NOT SURE HOW MANY OF YOUR THINK YOU ARE MAKING ANY WINDFALL PROFITS THESE DAYS. BUT SINCE MORE PEOPLE BUY GAS THAN SELL IT, I THINK IT IS SAFE TO

SAFE TO

ASSUME THAT PASSAGE OF SUCH A MEASURE WOULD HAVE TIED UP EVERY LEVEL OF THE PETROLEUM INDUSTRY IN A PARALYZING WEB OF RED TAPE THAT NEVER WOULD HAVE BEEN UNTANGLED.

FORTUNATELY, THIS AMAZINGLY INEFFECTIVE AND MISCHIEVOUS SCHEME WAS REJECTED BY THE SENATE. BUT OTHERS CAME AFTER IT, AND THERE WILL PROBABLY BE MORE.

RESPONSIBLE APPROACHES REQUIRED

HOWEVER, I AM HOPEFUL THAT CONGRESS AFTER HAVING HAD ITS ROUND OF HEADLINES AND SENSATIONAL PUBLICITY WILL NOW SETTLE DOWN TO SOME SERIOUS AND RESPONSIBLE APPROACHES TO AMERICA'S ENERGY SITUATION.

WE NEED A PERMANENT MANAGEMENT STRUCTURE FOR ENERGY POLICY AND FOR RESEARCH AND DEVELOPMENT.

WE NEED LEGISLATION TO PROVIDE GOVERNMENT WITH THE DATA ON SUPPLIES, RESERVES AND CAPACITY IN THE INDUSTRY, SO WE WILL KNOW WHAT WE NEED, WHERE AND HOW BEST TO OBTAIN IT.

WE ALSO NEED REASONABLE GUARANTEES OF PROTECTION FOR THE CONSUMER AGAINST UNFAIR OR IMPROPER PRICING PRACTICES. BUT THESE MEASURES MUST BE STRUCTURED SO THEY WILL CONTRIBUTE TO THE JOB OF EXPANDING ENERGY SUPPLIES AND NOT WORK AGAINST IT. AND AS A MEMBER OF THE SENATE FINANCE COMMITTEE I WILL BE WORKING TO ACHIEVE THESE GOALS WITH THE INTEREST OF OUR ENTIRE COUNTRY IN MIND.

CONCLUSION

ENERGY IS A VITAL CONCERN TO EVERY AMERICAN -- FROM THE CONDITION OF OUR INTERNATIONAL BALANCE OF TRADE, DOWN TO THE BALANCE SHEETS OF EVERY SERVICE STATION OPERATOR.

WE FACE SOME SERIOUS PROBLEMS IN THE DAYS AND MONTHS AHEAD. BUT WE ALSO HAVE A GREAT OPPORTUNITY TO ASSURE AMERICA'S ENERGY INDEPENDENCE AND THEREBY TO PROVIDE A SOUND FOUNDATION FOR OUR ECONOMY AND NATIONAL SECURITY IN A DYNAMIC AND SOMETIMES PERILOUS WORLD.