

REMARKS OF SENATOR BOB DOLE
TO THE
NATIONAL FLEXIBLE PACKAGING ASSOCIATION
WALDORF ASTORIA, NEW YORK, N.Y.
SEPTEMBER 20, 1977

*By Bob Dole
- Senator -*

IT IS INDEED A PLEASURE TO BE WITH YOU THIS EVENING.

LET ME SAY FIRST THAT IN THE CONGRESS, WE HAVE LESS THAN FIVE WEEKS REMAINING UNTIL THE TENTATIVE DATE SET FOR THE END OF THE 1977 SESSION--OCTOBER 21. THE BIGGEST ISSUE REMAINING, AND PROBABLY THE MOST IMPORTANT TO YOU, IS ENERGY. NATURAL GAS DEREGULATION AND THE ENERGY TAX PROPOSED ARE THE TWO MOST SIGNIFICANT MATTERS WE WILL CONSIDER.

NATURAL GAS DEREGULATION

NO LEGISLATION IS OF MORE CRITICAL IMPORTANCE TO THE FLEXIBLE PACKAGING INDUSTRY THAN THE NATURAL GAS BILL. THE SENATE BEGAN DEBATING THIS LEGISLATION YESTERDAY AND WE ARE SCHEDULED TO BEGIN VOTING ON AMENDMENTS TOMORROW. THERE ARE, AS YOU KNOW, A NUMBER OF COMPREHENSIVE PROPOSALS DEALING WITH NATURAL GAS PRICES. GIVEN THE CONTROVERSY OVER THIS ISSUE, IT IS IMPOSSIBLE TO JUDGE WHICH APPROACH HAS THE GREATEST LIKELIHOOD OF SUCCESS. ONE PROPOSAL CURRENTLY BEING GIVEN AN OUTSIDE CHANCE OF SUCCESS IS THE SO-CALLED PEARSON-BENTSEN AMENDMENT.

-2-

THIS PROPOSAL WAS ORIGINALLY PASSED BY THE SENATE ON OCTOBER 22, 1975. IT EMBODIES A PHASED-IN DEREGULATION CONCEPT. IT IS A COMPROMISE HAMMERED OUT AS THE BEST SOLUTION TO BALANCE THE INTERESTS OF CONSUMERS AND INDUSTRY IN HOLDING DOWN PRICES. THE BILL WAS THE PRODUCT OF THE IDEAS OF MANY SENATORS, REPUBLICANS AND DEMOCRATS, INCLUDING MYSELF.

THE PROPOSAL SHOULD BE OF PARTICULAR INTEREST TO THE FLEXIBLE PACKAGING INDUSTRY. IT GIVES A HIGH PRIORITY TO THE USE OF NATURAL GAS IN THE FOOD PACKAGING INDUSTRY. IN SHORT, THE PEARSON-BENTSEN APPROACH WOULD GIVE A FAVORABLE TREATMENT TO THE PROCESSES THAT ARE INHERENT IN YOUR INDUSTRY. IT GIVES AGRICULTURAL USES, INCLUDING FOOD PACKAGING, THE HIGHEST PRIORITY AFTER HOME HEATING, SMALL COMMERCIAL USERS AND PROTECTION OF LIFE, HEALTH AND PROPERTY. IMMEDIATELY AFTER AGRICULTURE IS THE PRIORITY FOR FEEDSTOCK AND PROCESS USES WHERE NO PRACTICAL SUBSTITUTE FOR NATURAL GAS IS AVAILABLE. THAT WOULD TAKE CARE OF THE PRODUCTION OF PLASTIC AND MANY MATERIALS YOU DEPEND ON.

COST VERSUS SUPPLY

AN ISSUE AS COMPLEX AS NATURAL GAS REGULATION OR DEREGULATION, AS THE CASE MAY BE, IS NOT WITHOUT CONTROVERSY. EARLIER THIS WEEK, A CONGRESSIONAL COMMITTEE RELEASED A STUDY SHOWING THAT COMPLETE DEREGULATION COULD ADD \$25 BILLION DOLLARS TO CONSUMER BILLS BY 1980. RECENTLY, THE NATURAL GAS SUPPLY COMMITTEE RELEASED A STUDY SHOWING THAT IT WOULD COST AMERICAN CONSUMERS MORE THAN \$123 BILLION DOLLARS THROUGH 1990 IF FEDERAL CONTROLS ARE NOT REMOVED FROM NATURAL GAS PRICES. THAT STUDY IS BASED ESSENTIALLY ON THE DIFFERENCE BETWEEN THE COST OF INCREASED SUPPLIES AVAILABLE UNDER DEREGULATION OF NEW NATURAL GAS AND THE COST OF ALTERNATE FUELS NEEDED TO REPLACE LOST SUPPLIES THAT WOULD OCCUR UNDER CONTINUED PRICE CONTROLS.

ONE THING IS CLEAR: IN AN INDUSTRY SUCH AS YOURS, WHERE NATURAL GAS IS A BASIC FEEDSTOCK FOR ONE OF YOUR MOST BASIC MATERIALS, PLASTIC, IT IS ABSOLUTELY ESSENTIAL THERE BE AN ADEQUATE SUPPLY. WHAT IS NEEDED IN THE WAY OF NATIONAL POLICY IS AN APPROACH THAT BALANCES THE NEED TO HOLD DOWN PRICES AGAINST THE NEED TO INSURE ADEQUATE SUPPLIES. THE PEARSON-BENTSEN APPROACH OFFERS THE BEST HOPE FOR THAT THROUGH THE PRIORITIES IT GIVES AND INCENTIVES PROVIDED FOR INCREASED PRODUCTION.

FURTHER, THE ADMINISTRATION PROPOSAL WOULD EXTEND NATURAL GAS CONTROLS TO THE ONE SECTOR WHERE AN ADEQUATE SUPPLY HAS BEEN AVAILABLE. THAT IS THE INTRASTATE MARKET. IT WOULD EXPAND THE REGULATORY PROGRAM IN A WAY TO DECREASE PRODUCTION RATHER THAN REDUCING REGULATIONS IN A WAY TO INCREASE PRODUCTION.

HOPEFULLY, WHEN THE SENATE RESOLVES THE NATURAL GAS ISSUE, WE WILL SEE THE ADOPTION OF THE PEARSON-BENTSEN PROPOSAL OR SOME SIMILAR APPROACH THAT WILL ACHIEVE THE GOALS THAT ARE SO IMPORTANT TO THE WELL-BEING OF YOUR INDUSTRY AND THE NATION AS A WHOLE.

ENERGY TAX BILL

THE SECOND MAJOR ENERGY BILL REMAINING IS NOW IN THE FINANCE COMMITTEE. I AM A MEMBER OF THIS COMMITTEE. WE HAVE BEEN WORKING ON THIS LEGISLATION FOR SEVERAL DAYS, AND SHOULD WRAP IT UP NEXT WEEK. TODAY THE COMMITTEE KILLED THE SO-CALLED GAS GUZZLER TAX AND THE PROPOSAL TO ELIMINATE THE STATE AND LOCAL GASOLINE TAX DEDUCTION. THESE ACTIONS ARE TWO SUBSTANTIAL DEFEATS FOR THE ADMINISTRATION. IT BECOMES MORE OBVIOUS EVERY DAY THAT WE ARE REALLY DEALING WITH A MASSIVE TAX PROGRAM SENT TO CONGRESS UNDER THE GUISE OF AN ENERGY BILL.

DURING THE EXTENSIVE HEARINGS ON THIS LEGISLATION, I WAS IMPRESSED THAT HARDLY A SINGLE WITNESS EXCEPT THOSE ADMINISTRATION WITNESSES, PAID BY THE TAXPAYERS, SUPPORT THE CARTER ENERGY PACKAGE. OUR WITNESSES INCLUDED A GREAT DIVERSITY INCLUDING CONSUMERS, LABOR, AND INDUSTRY. I APPLAUD THE PRESIDENT ON HIS EMPHASIS; I BELIEVE THAT HE SHOULD HAVE TAKEN MORE TIME.

REVENUE IMPACT

THE MOST STRIKING ASPECT OF THE PRESIDENT'S ENERGY TAX PLAN IS THE INCREDIBLE COST. YOU MAY HAVE NOTICED A RECENT EDITORIAL IN THE WALL STREET JOURNAL POINTING OUT THAT THE CARTER PROGRAM "WOULD INCREASE TAXES BY WELL OVER \$20 BILLION DOLLARS, AND PERHAPS MORE THAN \$100 BILLION DOLLARS" PER YEAR. REALLY NO ONE KNOWS AT THIS POINT.

ENERGY CONSERVATION IS GOOD, AS WE MIGHT ALL AGREE. BUT GIVEN THE IMPORTANCE PETROLEUM PRODUCTS HAVE IN OUR ECONOMY AND THE FACT THAT LAST YEAR WE IMPORTED MORE THAN 45% OF THE ENERGY WE USED, IT IS HARD TO BELIEVE THAT THIS BILL IS GOING TO SOLVE OUR ENERGY PROBLEM. I, FOR ONE, BELIEVE THAT THE PRESIDENT'S PROGRAM WOULD CREATE MORE PROBLEMS THAN IT WOULD SOLVE.

CHANGES LIKELY

IN THE NEXT FEW DAYS, SENATE FINANCE COMMITTEE MEMBERS WILL VOTE ON THE ELEMENTS OF THE PRESIDENT'S PROGRAM. I PREDICT THE COMMITTEE WILL JUNK THE INDUSTRIAL USER TAX. THERE IS WIDESPREAD AGREEMENT ON THE COMMITTEE THAT THIS PROVISION, INTENDED TO FORCE INDUSTRIAL CONVERSION TO COAL, WOULD DO LITTLE TOWARD ACHIEVING THAT AIM. THE RECORD SHOWS THAT INDUSTRY IS CONVERTING AS FAST AS POSSIBLE TO COAL WITHOUT THE TAX, SO THE TAX WILL ONLY BE AN ADDED BURDEN, AND THE BURDEN, WOULD BE PASSED ON TO THE CONSUMING PUBLIC.

THE "CENTERPIECE" OF THE CARTER ENERGY TAX PROGRAM IS THE CRUDE OIL EQUALIZATION TAX. I ANTICIPATE THE VOTE ON THE CRUDE OIL EQUALIZATION TAX PROVISION TOMORROW WILL BE VERY CLOSE. IT IS ALSO OPPOSED BY SUCH DIVERSE GROUPS AS THE CHAMBER OF COMMERCE, THE AFL-CIO AND, OF COURSE, THE INDUSTRY. THIS PROVISION ALONE WOULD HAVE A COST OF SOMETHING LIKE \$15 BILLION TO \$18 BILLION DOLLARS PER YEAR.

HAVING INDICATED WHAT WE ARE GOING TO ELIMINATE, LET ME ADD THAT POSSIBLY SOME MODIFIED VERSION OF THE CRUDE OIL EQUALIZATION TAX COULD BE ADOPTED IF THE REVENUES RAISED COULD BE PLOWED BACK INTO EXPLORATION AND PRODUCTION. IN MY VIEW, SUCH A COMPROMISE MIGHT BE MORE DESIRABLE IN THAT IT WOULD DO SOMETHING TOWARD INCREASING OUR OWN ENERGY PRODUCTION AND SUPPLY.

CONSERVATION VERSUS SUPPLY

THE FUNDAMENTAL FOCUS OF THE ADMINISTRATION ENERGY PROGRAM IS ON CONSERVATION. THE ADMINISTRATION'S APPROACH SEEMS TO BE PREDICATED ON THE ASSUMPTION THAT THERE IS SIMPLY NOT MUCH OIL AND GAS LEFT TO BE FOUND, AND THAT THERE IS NO NEED TO MAKE ANY EFFORT TO EXPAND ENERGY PRODUCTION IN THIS COUNTRY.

AS A CONSEQUENCE, THE PRESIDENT'S PROGRAM DOES VIRTUALLY NOTHING TO EXPAND SUPPLY WHILE AT THE SAME TIME PUTTING AN EXTREMELY HEAVY--AND COSTLY--EMPHASIS ON CONSERVATION.

THIS IS THE BASIC DISAGREEMENT I HAVE WITH THE PRESIDENT'S POSITION. APPARENTLY, SOME AGENCIES OF THE U.S. GOVERNMENT ARE IN BASIC DISAGREEMENT WITH THE PRESIDENT AS WELL.

DEVELOPMENT NEEDED

THE U.S. GEOLOGICAL SURVEY ESTIMATES THAT THE TOTAL OIL RESOURCES REMAINING IN THIS COUNTRY ARE BETWEEN 40 AND 64 TIMES THE TOTAL U.S. PRODUCTION IN 1975.

WITH NATURAL GAS, THE ESTIMATES FOR OUR TOTAL REMAINING RESOURCES RANGE FROM 39 TO 55 TIMES THE FULL U.S. PRODUCTION IN 1975.

SO, IT IS HARD FOR ME TO UNDERSTAND WHY THE PRESIDENT SEEKS TO GET OUR NATION INDEPENDENT OF FOREIGN ENERGY SOURCES SIMPLY THROUGH FORCED CONSERVATION, WHILE DOING NOTHING TO DEVELOP THE ADDITIONAL RESOURCES THAT ARE AVAILABLE IN THIS COUNTRY. IT IS NOT ENOUGH TO CREATE A NEW DEPARTMENT OF ENERGY AND TO ADD ANOTHER CABINET OFFICER, THOUGH BRILLIANT HE MAY BE.

IT IS NOT ENOUGH TO PUT FORWARD A PROGRAM THAT FOCUSES SOLELY ON CONSERVATION, ESPECIALLY WHEN THAT PROGRAM MAY HAVE LITTLE IMPACT ON CONSUMPTION.

IT IS ESSENTIAL THAT WE ACHIEVE SOME FORM OF BALANCED PROGRAM THAT WILL ENCOURAGE CONSERVATION AT A REASONABLE COST WHILE AT THE SAME TIME INCREASING OUR OWN ENERGY PRODUCTION.

ATTENTION NEEDED

WHILE THE FOCUS IN CONGRESS FOR THE REMAINDER OF THIS YEAR WILL BE ON ENERGY, THERE ARE MANY OTHER ISSUES THAT ARE "COOKING ALONG" IN THE CONGRESS AND IN THE ADMINISTRATION THAT WILL POTENTIALLY HAVE A GREAT IMPACT ON YOU AND THE COUNTRY AS A WHOLE. THERE WILL BE MATTERS SUCH AS TAX REFORM, WELFARE REFORM, LABOR LAW AMENDMENTS, AND THE PANAMA CANAL TREATY. THERE ARE SOME OTHER MORE FAMILIAR ISSUES LAYING AROUND THAT ARE ALSO LIKELY TO SURFACE, SUCH AS THE CONSUMER PROTECTION BILL.

-9-

I WILL DWELL FOR A MOMENT ON THE CONSUMER PROTECTION ACT. WITHOUT A DOUBT, THE DELAY IN TAKING UP THE CONSUMER PROTECTION BILL FROM THIS YEAR HAS BEEN THE RESULT OF AN EFFECTIVE EFFORT TO POINT OUT THE INCONSISTENCIES AND THE DANGERS OF THE PROPOSED CONSUMER PROTECTION AGENCY.

I WON'T BOTHER YOU WITH ALL THE ARGUMENTS OVER THIS PROPOSAL. IT WILL SUFFICE TO SAY THAT I BELIEVE THE CONSUMER PROTECTION ACT IS BOTH ANTI-BUSINESS AND ANTI-CONSUMER. THE PROPOSED AGENCY CAN USE COMPULSORY PROCESS TO IMPOSE BURDENSOME INFORMATION DEMANDS UPON THE PRIVATE SECTOR; IT CAN TIE UP GOVERNMENT DECISION MAKING BY INTERVENTION AND LITIGATION; AND IT CAN INCREASE THE CLIMATE OF SUSPICION AND DISTRUST.

EXPANDED GOVERNMENT EXPENSIVE

NOR WILL THE DESIRE TO CONTROL INFLATION BE SERVED BY A SUPER-CONSUMER ADVOCACY AGENCY. THERE IS A PRICE TAG FOR MORE GOVERNMENT, AND IT IS A VAST MISTAKE TO ASSUME THAT BUSINESS ALONE CAN FACT THAT PRICE WITHOUT PASSING IT ON.

THE NEW AGENCY WOULD CAUSE A DIRECT INCREASE IN GOVERNMENT SPENDING OF \$15 MILLION DOLLARS DURING ITS FIRST YEAR OF EXISTENCE, WHICH HAS BEEN PORTRAYED BY ITS PROPONENTS AS A MINOR AND INSIGNIFICANT AMOUNT. AFTER THAT, AS IS THE CASE WITH ANY GOVERNMENT AGENCY, THE SKY IS THE LIMIT. FOR EXAMPLE, YOU ALL KNOW ABOUT OSHA--ITS FIRST YEAR'S AUTHORIZATION WAS \$376,000. OSHA'S BUDGET FOR THIS YEAR IS MORE THAN \$133 MILLION DOLLARS.

THERE IS GREAT IRONY IN THE CONSUMER PROTECTION LEGISLATION. LABOR SUPPORTS IT, BECAUSE LABOR IS EXEMPT. OTHERS WOULD SUPPORT IT IF THEY TOO WERE EXEMPT, I ASSUME.

WHAT CONSUMERS NEED IS PROTECTION FROM THIS AGENCY. I SHALL VOTE TO PROTECT THE CONSUMER--BY OPPOSING THE SO-CALLED CONSUMER PROTECTION ACT OF 1977. FORTUNATELY, THIS MEASURE IS LEGISLATION WHOSE TIME HAS COME--AND GONE--AT LEAST FOR THIS SESSION OF CONGRESS.

VOLUNTARY STANDARDS LEGISLATION

THERE ARE OTHER BILLS IN THE WORKS THAT MAY BE FAMILIAR TO YOU. THERE IS THE VOLUNTARY STANDARDS BILL. THE PROPOSAL, AS I UNDERSTAND, IS AN EFFORT TO SUBSTITUTE GOVERNMENT-SET STANDARDS FOR VOLUNTARY STANDARDS SET IN MANY INDUSTRIES BY TRADE ASSOCIATIONS OR OTHER ORGANIZATIONS. THE RATIONALE GIVEN FOR THIS LEGISLATION IS THAT INDUSTRY ORGANIZATIONS SET STANDARDS THAT CUT DOWN ON COMPETITION. PRESUMABLY, THE FEDERAL GOVERNMENT COULD SET STANDARDS THAT WOULD NOT.

BASICALLY, THE WHOLE ISSUE REVOLVES AROUND WHETHER THE FEDERAL GOVERNMENT CAN SET STANDARDS FOR INDUSTRY BETTER THAN PRIVATE, VOLUNTARY ORGANIZATIONS. THERE CAN BE NO QUESTION ABOUT THE IMPORTANCE OF MAINTAINING COMPETITION, AND THERE MAY BE A ROLE THAT GOVERNMENT CAN PLAY IN THE AREA OF VOLUNTARY STANDARDS. BUT, IT SEEMS CLEAR TO ME THAT THE PUBLIC WILL NO LONGER ACCEPT WITHOUT QUESTION THE BELIEF THAT GOVERNMENT CAN REGULATE INDUSTRY BETTER THAN THE PRIVATE SECTOR.

PRODUCT DISPOSAL CHARGE

THERE IS THE PROPOSAL TO IMPOSE A PRODUCT DISPOSAL TAX ON THE PRODUCTION OF CERTAIN PRODUCTS THAT END UP AS SOLID WASTE, INCLUDING PLASTIC WRAPPERS AND OTHER PACKAGING MATERIALS. THE TAX WOULD BE USED TO PAY THE DISPOSAL COSTS FOR SOLID WASTE. IT WOULD SHIFT THE COST FOR DISPOSAL FROM LOCAL UNITS OF GOVERNMENT AND THE GENERAL TAXPAYER TO THE CONSUMER OF PRODUCTS THAT END UP AS SOLID WASTE.

WHILE WE CLEARLY HAVE A PROBLEM WITH SOLID WASTE, THERE ARE MANY QUESTIONS THAT ARISE ABOUT THIS LEGISLATIVE PROPOSAL. IT MAY NOT COST AS MUCH TO DISPOSE OF SOLID WASTE IN ONE PART OF THE COUNTRY AS IT DOES IN ANOTHER, SO WHY SHOULD CONSUMERS IN KANSAS BE PENALIZED FOR HIGHER DISPOSAL COSTS IN NEW YORK CITY? THE PROPOSAL IS A REGRESSIVE TAX, TAKING AWAY MORE PROPORTIONATELY FROM PEOPLE WITH LESS INCOME.

BUT THESE ARE ISSUES OF IMPORTANCE THAT MAY COME UP NEXT YEAR. THEY ARE IMPORTANT AND THEY NEED YOUR ATTENTION. WE NEED YOUR HELP IN THE CONGRESS TO INSURE THAT THE PROPOSALS WE ADOPT ARE IN THE INTEREST OF THE PUBLIC--CONSUMERS AND BUSINESSMEN ALIKE.

SOFT ECONOMIC OUTLOOK

UNFORTUNATELY, NOT ALL THE PROBLEMS LIE WITH CONGRESS. IN RECENT MONTHS, WE HAVE SEEN THE PROMISES FOR AN ADMINISTRATION THAT WOULD STREAMLINE AND REDUCE THE SIZE OF THE BUREAUCRACY THAT ARE GETTING LESS AND LESS ATTENTION. THE PROMISES ABOUT BALANCING THE BUDGET AND GETTING A HANDLE ON THE GROWTH OF THE FEDERAL BUDGET HAS BEEN INCREASINGLY DOWNPLAYED WHILE WE ARE HEARING MORE SUGGESTIONS ABOUT INCREASED SPENDING.

AT THE SAME TIME, WE ARE FACING A SHAKEY ECONOMIC OUTLOOK. FOR THE LAST THREE MONTHS, THE LEADING ECONOMIC INDICATORS HAVE BEEN FALLING. THE RATE OF INFLATION HAS BEEN RISING. UNEMPLOYMENT HAS REMAINED ABOUT 7.1% WITH PARTICULAR PROBLEMS AMONG YOUTH AND MINORITIES. THE DEFICIT FOR FISCAL YEAR 1978 IS PROPOSED TO BE \$61.25 BILLION DOLLARS.

WHILE DIFFICULTIES IN THE PRIVATE SECTOR HAVE BEEN INCREASING, THE CARTER ADMINISTRATION HAS PROPOSED TO SADDLE EMPLOYERS WITH A \$7 BILLION DOLLAR PACKAGE OF SOCIAL SECURITY TAX RATE INCREASES AND MINIMUM WAGE INCREASES. THE MORE RECENT DIFFICULTIES OF THE ADMINISTRATION ARE WELL KNOWN AND DO NOT NEED TO BE DESCRIBED HERE.

THE RESULT HAS BEEN A LOSS OF CONFIDENCE. IF THIS ADMINISTRATION FAILS TO MEET THE ASPIRATIONS OF THE GREAT MAJORITY OF THE AMERICAN PEOPLE, THEN WE MUST WORK TO ACHIEVE A REASONABLE AND RESPONSIBLE GOVERNMENT THAT NEITHER STRANGLES PRIVATE INITIATIVE NOR IMPAIRS INDIVIDUAL FREEDOM.

POLITICS

FINALLY, I WOULD POINT OUT THAT THIS YEAR IN SOME STATES AND NEXT YEAR IN ALL STATES IS AN ELECTION YEAR. POLITICS IS NOT A SPECTATOR'S SPORT.

THERE HAVE, IN THE PAST, BEEN ISSUES WHERE THE BUSINESS SECTOR HAS HAD A POSITIVE AND PROPER ROLE. I WOULD SAY--NOT IN ANY PARTISAN WAY--THAT THE PROPER INFLUENCE OF BUSINESS CAN AND SHOULD BE FELT.

WE HAVE A RESPONSIBILITY TO PARTICIPATE IN OUR GOVERNMENT. AMERICA MUST REMAIN A LAND OF OPPORTUNITY AND FREEDOM, NOT A COUNTRY OF GOVERNMENT BUREAUCRACY AND REGULATION. I WOULD SUGGEST THAT IT WILL BE THAT ONLY IF WE WORK TO MAKE IT SO.