

REMARKS OF SENATOR BOB DOLE  
INDEPENDENT OIL AND GAS SPEECH

JUNE 20, 1979

SANDESTIN, FLORIDA

IT'S A PLEASURE FOR ME TO BE WITH YOU THIS EVENING, AND TO DISCUSS WITH YOU, THE EXPERTS IN THE ENERGY FIELD, WHAT MAY VERY WELL BE AMERICA'S NUMBER ONE DOMESTIC AND INTERNATIONAL PROBLEM. FOR WHAT, NEXT TO THE ENERGY CRISIS, CAN COMPARE IN ITS EFFECTS UPON THE WAY WE LIVE OUR LIVES? WHAT HAS MORE SIGNIFICANCE UPON THE PRICES WE PAY FOR BASIC GOODS, THE JOBS OUR ECONOMY CAN CREATE, AND THE WAY WE APPROACH THE REST OF THE WORLD? WHAT, INDEED.

THAT A CRISIS EXISTS IS BEYOND DOUBT. POLLS SHOWING DISBELIEF ON THE PART OF THE AMERICAN PEOPLE REFLECT BADLY, NOT ON THEIR POWER OF COMPREHENSION, BUT ON THE ABILITY OF OUR CURRENT LEADERSHIP TO DEMONSTRATE CONVINCINGLY THAT A SHORTAGE IS FOR REAL. IN FACT, EXCEPT FOR THIS BASIC ISSUE, THE PUBLIC MAY BE MORE PERCEPTIVE THAN WE THINK. IN A RECENT NBC NEWS POLL, ONLY 14% GAVE PRESIDENT CARTER A GOOD OR EXCELLENT RATING FOR HIS HANDLING OF THE ENERGY CRISIS. AND ONLY 5% SAID AS MUCH FOR THE CONGRESS.

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29 PERCENT LISTED ENERGY AND GASOLINE AS THE NATION'S MOST PRESSING PROBLEM, UP SHARPLY FROM A SIMILAR SURVEY LAST APRIL, AND SECOND ONLY TO THE COST OF LIVING. OTHER NUMBERS PROVIDE PERSUASIVE TESTIMONY TO THE CYNICISM OF THE NATION'S ENERGY CONSUMERS TOWARD THOSE WHO PRODUCE THIS VITAL COMMODITY. 71 PERCENT AGREED WITH THE STATEMENT "THE OIL COMPANIES HAVE CREATED THE SHORTAGE OF GASOLINE SO THEY COULD RAISE PRICES AND INCREASE THEIR PROFITS." TWICE AS MANY PEOPLE BLAMED THE OIL COMPANIES FOR RECENT SHORTAGES AS OIL PRODUCING COUNTRIES. AND NEARLY HALF OF THOSE RESPONDING TO THE POLL ACKNOWLEDGED THAT THE CURRENT GASOLINE SHORTAGE HAD FORCED THEM TO CURTAIL THEIR VACATION PLANS.

IT'S OFTEN SAID THAT THE LETTERS D.C. AFTER WASHINGTON STAND FOR DARKNESS AND CONFUSION. CERTAINLY THAT APPLIES TO THE ENERGY CRISIS. GOVERNMENT IS BUSY TRYING TO ASSESS THE BLAME ON ANYONE AND EVERYONE. THE ADMINISTRATION DEMAGOGUES ABOUT OIL LOBBYISTS ON CAPITOL HILL. CONGRESS COMPLAINS ABOUT THE DEPARTMENT OF ENERGY AND THE OPEC CARTEL. THE DEBATE PRODUCES NO ENERGY, AND VERY LITTLE OF A CONSTRUCTIVE NATURE. RHETORIC AND POLICIES DESIGNED TO FIND SCAPEGOATS MAKE GREAT RE-ELECTION SPEECHES BUT DO LITTLE TO ADDRESS THE PROBLEM.



WELL, AS THE OLD SAYING GOES, WHAT WE HAVE HERE IS A FAILURE TO COMMUNICATE. THE FAILURE IS SHARED BY BOTH PRESIDENT AND PRIVATE INDUSTRY, AND UNLESS THAT FAILURE IS CORRECTED SOON, WE RUN THE RISK OF AN ANGRY PUBLIC DEMANDING MUCH MORE THAN A SIMPLE EXCESS PROFITS TAX. WE WILL FACE THE PROSPECT OF EVEN FURTHER GOVERNMENT INTERVENTION IN AN INDUSTRY WHERE ECONOMIC DICTATION HAS BEEN BAD FOR CONSUMER AND PRODUCER ALIKE. I WANT TO PREVENT GOVERNMENT FROM CONSOLIDATING ITS POWER. I WANT INSTEAD TO REVERSE THE FLOW OF ECONOMIC AUTHORITY, AWAY FROM WASHINGTON AND BACK TO THE PLACES WHERE DECISIONS SHOULD BE MADE--NAMELY, IN THE MARKETPLACE, WHERE NEEDS EXIST AND CAN BEST BE MET.

#### DEPENDENCE AND DRIFT

YOU KNOW AS WELL AS ANYONE IN THIS COUNTRY JUST WHAT DIRE CONSEQUENCES HAVE FLOWED FROM OUR FAILURE TO ANTICIPATE THE CURRENT ENERGY CRISIS.

OUR NEED FOR NEW SOURCES IS CLEAR. YET THE CURRENT ADMINISTRATION WASTED TWO YEARS IN A DOOMED AND UNIMAGINATIVE "ENERGY PROGRAM" THAT WAS REALLY NOTHING MORE THAN A SERIES OF TAX INCREASES. MEANWHILE, OUR BILL TO FOREIGN PRODUCERS CONTINUED TO SKYROCKET: \$42 BILLION LAST YEAR, \$57 BILLION--OR MORE--THIS YEAR. 2/5 OF OUR IMPORTS COME FROM THE POLITICALLY UNSTABLE MIDDLE EAST--83 PERCENT FROM THE OPEC CARTEL. AS A RESULT, OUR DOLLAR WAS WEAKENED AT HOME AND ABROAD. AND OUR VERY POSITION OF WORLD LEADERSHIP WAS THREATENED--ALL BECAUSE WE SEEMED UNABLE TO COME UP WITH A LOGICAL PLAN TO PROMOTE THE DISCOVERY OF NEW ENERGY AT THE SAME TIME WE CONSERVED WHAT WE ALREADY HAD.

THE PRESIDENT DECLARED WAR ON THE ENERGY PROBLEM, BUT NEVER MUSTERED THE TROOPS. THAT'S NOT LEADERSHIP, THAT'S DRIFT.



I THINK IT IS IMPORTANT TO UNDERSTAND THE RAMIFICATIONS AND THE REASONS FOR DECONTROL. ESSENTIALLY LOWER PRICES FOR DOMESTICALLY PRODUCED OIL ACT AS A SUBSIDY FOR IMPORTS. PRICE CONTROLS ALSO RETARDED DEVELOPMENT OF DOMESTIC PRODUCTION. TO BE SURE, DECONTROL WILL LEAD TO HIGHER PRICES FOR ENERGY. HOWEVER, FUEL AVAILABLE AT HIGHER PRICES IS BETTER THAN ARAB-INDUCED SHORTAGES.

IN RECENT WEEKS IN THE WASHINGTON AREA, GAS LINES HAVE BECOME A COMMON SIGHT. THERE HAVE ALSO BEEN FUEL SHORTAGES CAUSED BY GOVERNMENT BUNGLING AND POLICY SHIFTS. FIRST THE DEPARTMENT OF ENERGY TOLD THE COMPANIES TO REFINHE HEATING OIL-- THEN GASOLINE. THE DEPARTMENT OF ENERGY TOLD THE COMPANIES TO STAY OUT OF THE SPOT MARKET--THEN A MONTH LATER TOLD THE COMPANIES TO BUY ON THE SPOT MARKET. IN MY OPINION, WE ARE BETTER OFF IF GOVERNMENT STAYS OUT OF THE ENERGY BUSINESS. AND OIL DECONTROL IS THE FIRST, LONG DELAYED STEP TOWARD THAT BETTER DAY.

GASOLINE DEALERS ARE TAKING A GOOD SHARE OF THE PUBLIC'S AND GOVERNMENT'S ABUSE. I'M CONFIDENT THAT A VAST MAJORITY OF DEALERS ARE ADHERING TO THE RULES OF THE GAME IF ONLY THE RULES ARE UNDERSTANDABLE.

EVEN DECONTROL ISN'T ENOUGH TO MEET OUR NEEDS. BY 1985, PRIVATE FORECASTERS PREDICT THAT AMERICANS MAY FALL SHORT OF OUR REQUIREMENTS BY UP TO 11 OR 12 MILLION BARRELS PER DAY. THAT'S ENOUGH TO MAKE THE CURRENT SHORTAGES LOOK LIKE CHILD'S PLAY.

NOW, ACKNOWLEDGING THE SERIOUSNESS OF THE PROBLEM, THE LAST THING WE SHOULD DO IS PANIC. THE NEXT TO LAST THING IS TO TURN OVER TO THE FEDERAL GOVERNMENT ABSOLUTE AUTHORITY FOR PLANNING AND ADMINISTERING ENERGY POLICY. ONE NEED ONLY EXAMINE THE RECORD OF THE DEPARTMENT OF ENERGY TO SEE WHAT THAT WOULD MEAN.



## LEADERSHIP AND ENERGY PRODUCTION

A LEADER DOESN'T MAKE DECISIONS RASHLY. HE PONDERES ALTERNATIVES, INCLUDING THE PAINFUL ONES, AND DESIGNS A PROGRAM THAT MAXIMIZES PRODUCTION AND MINIMIZES ANY UNFORTUNATE SIDE EFFECTS. I BELIEVE I HAVE SUCH A PROGRAM.

IT IS BASED, FIRST, LAST AND ALWAYS, ON THE IDEA OF PRODUCING AS MUCH ENERGY FROM AS MANY SOURCES AS POSSIBLE. WE CAN'T AFFORD TO BE CHOOSY--WE NEED EVERY BARREL OF OIL WE CAN GET.

1. THAT'S WHY THE ADMINISTRATION WAS WRONG IN CANCELLING A DEAL FOR MEXICAN GAS IN THE WAKE OF THE CRISIS IN IRAN. I THINK THE UNITED STATES AND MEXICO HAVE MUTUAL INTERESTS, INCLUDING A HEALTHY ECONOMY SOUTH OF THE BORDER. WE CAN EXPORT OUR TECHNOLOGICAL KNOW-HOW--THEY CAN EXPORT OIL AND GAS.

THUS, I'VE CALLED FOR A NORTH AMERICAN ENERGY SUMMIT, THE FIRST STEP TOWARD ADOPTION OF AN INTERNATIONAL APPROACH TO AN INTERNATIONAL PROBLEM. THE U.S., CANADA AND MEXICO ALL HAVE ABUNDANT ENERGY RESOURCES, AND WE SHOULDN'T HESITATE TO USE OUR TECHNOLOGICAL, FINANCIAL AND MANAGERIAL SKILLS TO HELP DEVELOP THE HEMISPHERE'S UNTAPPED SUPPLIES. WE CAN'T HOPE TO DUPLICATE OPEC'S DOMINATION OF THE WORLD MARKET, BUT WE CAN UNITE TO MAXIMIZE THE STRENGTHS WE HAVE IN DEALING WITH DOMESTIC SHORTAGES.

2. THERE IS A HUNDRED YEARS' SUPPLY OF COAL IN THIS COUNTRY-- YET LAST YEAR THE COAL INDUSTRY OPERATED AT 150 MILLION TONS UNDER CAPACITY. THOUSANDS OF MINERS IN WEST VIRGINIA ARE OUT OF WORK OR WORKING ONLY SHORT SHIFTS. WHY?



BECAUSE OF ENVIRONMENT RESTRAINTS, THE CLEAN AIR ACT, AND SURFACE MINING PROBLEMS, EPA HAS STRICT STANDARDS ON SULFUR EMISSIONS IN THE BURNING OF COAL. YET A RECENT STUDY BY THE NATIONAL ACADEMIES OF SCIENCE AND ENGINEERING SUGGEST THAT VERY LITTLE EVIDENCE EXISTS ON ANY HEALTH EFFECTS OF SULFUR EMISSIONS.

ALL OF WHICH DOESN'T BOTHER EPA--THEY'RE CONSIDERING EVEN TOUGHER RULES, WHICH WOULD MAKE MOST OF WEST VIRGINIA'S COAL VIRTUALLY UNUSABLE.

THE PRESIDENT TALKS ABOUT COAL AS A MAJOR SOURCE OF ENERGY. YET HIS WORDS DON'T GET TRANSLATED INTO ACTS. REGULATORS IN 12 DIFFERENT DEPARTMENTS--AND 30 ORGANIZATIONAL UNITS--HAVE YET TO ACCEPT THEIR OWN PRESIDENT'S ORDERS. THIS IS BUT ONE EXAMPLE WHERE THE ADMINISTRATION, ENTRANCED BY ITS OWN RHETORIC, HAS YET TO ACHIEVE ANYTHING SUBSTANTIAL. NEED I REMIND YOU THAT THIS ISN'T LEADERSHIP?

IN 1976, THE PRESIDENT TOLD AUDIENCES IN TEXAS AND LOUISIANA THAT HE FAVORED DEREGULATION. AFTER THE ELECTION, HE TOLD A CONNECTICUT AUDIENCE THAT HE OPPOSED DEREGULATION. NOW HE'S FOR IT AGAIN. BUT IS THIS LEADERSHIP?

3. AMERICA SHOULD MAKE A MUCH GREATER COMMITMENT TO FINDING AND EXPLOITING ALTERNATIVE SOURCES OF ENERGY. SOLAR, NUCLEAR GEOTHERMAL, EVEN THE WINDS AND WAVES THEMSELVES: A LEADER WHOSE SENSE OF THE FUTURE EXTENDED BEYOND THE NEXT ELECTION WOULD RECOGNIZE THE POTENTIAL FOR ECONOMIC EXPANSION AS WELL AS ENERGY INDEPENDENCE. ONE RECENT STUDY IN THE CONGRESS FOUND THAT AS MANY AS 3 MILLION NEW JOBS COULD BE CREATED IN THE SOLAR ENERGY FIELD BY 1990. AGRICULTURE COULD BE BOOSTED BY THE PRODUCTION OF GASOHOL, WHICH BLENDS FARM AND FIBER PRODUCTS WITH GASOLINE. ALREADY, GM AND CHRYSLER HAVE SIGNALLED THEIR WILLINGNESS TO EXTEND WARRANTY COVERAGE TO INCLUDE THE USE OF GASOHOL FUELS IN ALL OF THEIR CARS AND TRUCKS.



HOWEVER WE EVENTUALLY PROCEED, IT IS IMPERATIVE THAT WE HALT THE DRIFT AND CONFUSION OF RECENT YEARS. BY RELAXING CURRENT REGULATIONS, WE CAN STIMULATE PRODUCTION AND EASE THE IMMEDIATE CRUNCH. BY REDESIGNING OUR TAX SYSTEM, WE CAN PROVIDE ADDITIONAL INCENTIVE TO FIND AND EXPLOIT NEW WAYS OF HEATING OUR HOMES AND FACTORIES. BY RECOGNIZING IN THE ENERGY CRISIS LONG-TERM POTENTIAL AS WELL AS LONG-TERM PROBLEMS, WE CAN ACTUALLY STRENGTHEN OUR ECONOMY AND RESTORE AN ECONOMIC SYSTEM WHERE FREE ENTERPRISE IS MORE THAN A HAND-ME-DOWN SLOGAN.

GOVERNMENT CAN HELP, BUT ONLY THE PRIVATE SECTOR CAN ULTIMATELY ACCOMPLISH ALL THAT MUST BE DONE. SO LET'S BELIEVE IN OUR GOVERNMENT, TO BE SURE, BUT LET'S HAVE A GOVERNMENT THAT FIRST OF ALL BELIEVES IN US.

## A FAIR EXCESS PROFITS TAX

I ADMIT, IT WOULD BE A WHOLE LOT EASIER TO BELIEVE IN GOVERNMENT IF GOVERNMENT COULD ANTICIPATE PROBLEMS AND RESPOND TO THEM BEFORE THEY REACHED CRISIS PROPORTIONS. DECONTROL OF GAS AND OIL PRICES IS A CASE IN POINT. HONESTY COMPELS ME TO SAY THAT LEADERSHIP IN THIS VITAL FIELD HAS NOT BEEN FORTHCOMING FROM MANY OF OUR POLITICAL SPOKESMEN, THAT INCLUDES THE MAN WHO SITS IN THE OVAL OFFICE.

EVEN AFTER DECONTROL, WE SEE AN ADMINISTRATION MORE CONCERNED WITH DOMESTIC POLITICS THAN LONGRANGE WISDOM. THE PRESIDENT SAYS HE WANTS A WINDFALL PROFITS TAX ON DECONTROLLED OIL. IN FACT, THERE IS NO TAX ON PROFITS, NOTHING MORE THAN A WARMED OVER VERSION OF THE ALREADY REJECTED CRUDE OIL EQUALIZATION TAX.



AS MOST OF YOU KNOW, THE HOUSE WAYS AND MEANS COMMITTEE HAS FINISHED ITS WORK ON A SO-CALLED WINDFALL PROFITS TAX. I SAY "PROFITS" WITH SOME HESITATION BECAUSE THE PROPOSAL IS SIMPLY AN EXCISE TAX ON OIL--NOT A TAX ON WHAT MOST OF US THINK OF AS PROFITS. THE TAX IS TOUGH AND RESTRICTIVE AND, AS CURRENTLY STRUCTURED, I'M AFRAID WOULD GIVE GOVERNMENT A VESTED INTEREST IN SEEING PRICES GO EVEN HIGHER--BECAUSE THE HIGHER PRICE THE MORE THE GOVERNMENT RECEIVES IN TAX REVENUES.

THAT IS NOT TO SAY THAT A TRUE EXCESS PROFITS TAX IS UNREASONABLE. IF THE AMERICAN PEOPLE ARE TO BEAR THE COST OF DECONTROL, IN FACT BEARING THE COST OF THE FAILURE OF THEIR POLITICAL LEADERSHIP, THEN THEY HAVE A RIGHT TO EXPECT THAT MUCH OF DECONTROL RELATED REVENUE BE PLOWED BACK INTO THE SEARCH FOR NEW OIL AND GAS.

I EXPECT TO INTRODUCE SUCH A PROPOSAL IN THE VERY NEAR FUTURE. IT WILL BE FAIR TO CONSUMER AND PRODUCER ALIKE. BECAUSE WHATEVER THE WHITE HOUSE MAY TELL US, CONSUMERS AND PRODUCERS ARE IN THIS THING TOGETHER. TO DIVIDE US FOR POLITICAL GAIN IS NOTHING SHORT OF DEMAGOGERY. IT MAY PAY OFF IN THE SHORT RUN; IT MAY EVEN STIMULATE SAGGING POLL RATINGS.

BUT IT IS NOT LEADERSHIP. AND LEADERSHIP, BOLD, FORWARD-LOOKING, CONFIDENT, IS WHAT THIS NATION NEEDS IF IT IS TO TURN AN ENERGY CRISIS INTO A SOURCE OF ECONOMIC GROWTH.