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### Congressional Record S. 20600 - The Energy Crisis

Mike Mansfield 1903-2001

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Incidentally, I do not think he should criticize Congress, because it has been the administration which has been derelict in its duty in facing up to this problem. Rhetoric will not cope with it. Legislation will. That is what Congress—especially the Senate—has been attempting to do down through the past year and more.

Continuing to read from the article:

The energy problem is even more serious now, he said, with the only long-term solution being an effort to achieve self-sufficiency in energy, which he said could be achieved by 1980.

Mr. President, the energy crisis which confronts the Nation today is the No. 1 domestic problem confronting us. First, let me say that I am disappointed that the Senate did not adopt the Haskell amendment on yesterday which would have paved the way for the introduction of rationing gasoline around the first of next year. We better face up to the fact that we are going to have rationing of gasoline whether we like it or not and, may I say in this respect that the President already has the authority to impose rationing of gasoline if he wants to. The alternative floating around is high prices on gasoline which are going to result under any circumstances or, as some of the administration people have been hinting, indicating, and stating, an increase in the Federal gas tax from 4 cents at present to 30 or 40 cents. This would be an outrageous way of handling a shortage because, once again, the imposition of a 30 to 40 cents increase per gallon added on to the 4 cents present gasoline tax now in existence would mean that the present national sales tax would be increased by anywhere from six to eight times if such a proposal is advanced. May I say that, in my opinion, Congress would not vote for such a tax.

Reducing the temperature to 68 degrees and reducing highway speed limits to 50 miles per hour are not the answer to the question confronting us. The real concern is that a shortage in fuel will bring about an economic slowdown of serious proportions. It will bring about shortages in other areas. It will bring about high prices. It will increase unemployment and will lay the groundwork for a recession next year.

Energy is of such vital significance that practically all industry will be affected by the shortage and it will mean major reductions and slowdowns in various businesses—automobiles, consumer goods, plastics, steel, and the like. And, I may say, it will affect the farm economy, as well.

Unless something is done now—not next week—not next month—not next year—prices are going to go up and, if they go up, labor will demand higher wages, and the result will be a significant increase beyond the 8-percent inflation which affects us in this calendar year. We are dilly-dallying while the economy burns.

Mr. HANSEN. Mr. President, I am privileged to be here, opposite my very good friend and nationally admired colleague from Montana, the distinguished majority leader (Mr. MANSFIELD).

Let me say, first of all, that the majority leader has not been alone in criticizing the administration. I think I have a pretty good record of doing the same thing myself. In many respects, I agree with him completely with respect to the inadequate answers and the failure on the part of the administration to take actions that, I think, could have been helpful long ago in resolving the energy crisis.

The fact is that the administration, all too often, has carried on in the tradition of the Kennedy administration and the Johnson administration in failing to take action to increase supplies. Despite all the rationing we may vote for in the Halls of Congress, despite the actions that may be taken by various Governors throughout the United States, the facts remain just as the distinguished majority leader has stated them. We are in deep trouble if we do not do something about energy. I am disturbed because we have not done more about energy than we have done.

With the exception of the Alaskan pipeline bill, which will be signed later this morning by the President of the United States, we really have not done very much about coming to grips with the problem of supply. Most of the measures that have been talked about here have been directed to rationing and, very properly, to conservation and eliminating waste and unnecessary uses of fuel. I am for converting to the use of fuels that are in plentiful supply, when we have them; and coal is certainly one fuel that is in plentiful supply.

I think the President is entirely right in ordering that all plants that can be converted from the use of natural gas to the use of coal should be converted and given the few qualifications that he has spelled out.

There is no question that prices will rise. The distinguished Senator from Montana, the majority leader, is precisely right. They are going to rise no matter what America does. The fact is that today, what little trickle of oil is still coming in by boat to American ports sells, on the average, for twice as much as American crude oil is selling.

For those who seek to point the finger of blame at the industry, I can only say, "Read the record and see what industry has been doing for the last half dozen years." I am not one to claim that industry is without blame, either; but I would say that neither Congress nor any other legislative body in this land—nor can any Governor in this land—long hold in abeyance the laws of supply and demand.

The fact is that this Nation is an energy incentive Nation, and our jobs depend upon energy more than is true in any other country on the surface of the earth.

So what we are faced with is precisely this fact. Rationing is not enough. I happen to be glad that the Haskell amendment was not agreed to, because had it been adopted yesterday, we would have been in this situation: We would have given the American people a false reason to believe that we had gone a long way in settling the problem, and we have not

#### THE ENERGY CRISIS

Mr. MANSFIELD. Mr. President, from an article in the Baltimore Sun, written by Adam Clymer, on its front page, entitled "Fuel Crisis Long Term, Nixon Says," I read the following:

President Nixon warned yesterday that there was nothing temporary about the energy crisis and that an end to the Arab oil embargo would not mean an end to the problem.

Saying it was serious before the Mideast crisis, he criticized Congress for not passing the legislation he had requested.

settled the problem. It is going to be severe and it is going to be critical this winter. There will be cold homes. Very likely, schools will be closed. There is no question that many plants that employ many, many Americans will be shut down.

So I say it is no answer at all to the problem by passing a law that will authorize the President to impose rationing.

I voted for the fuels allocation bills that have come before this body. I do not know how I will vote on this particular bill. But we are fooling ourselves if we think we are solving America's critical problem simply by trying to spread the misery around. There is altogether too much misery to spread around on that basis.

The PRESIDENT pro tempore. Under the previous order, the Senator from Montana (Mr. MANSFIELD) is recognized for not to exceed 15 minutes.

Mr. MANSFIELD. Mr. President, I will take only a short portion of the time allocated to me.

First, I want to say that I was very pleased to hear the remarks of the distinguished Senator from Wyoming, even though I disagree with him completely on the question of rationing. May I say, now that the manager of the bill, the distinguished Senator from Washington (Mr. JACKSON), is on the floor, that it is my understanding that the President has the right to impose rationing at this time if he so desires.

Is that correct?

Mr. JACKSON. The Senator is correct. Under the Defense Production Act of 1950, which is still the law, he can invoke it at any time. We have gone a step further to strengthen his hand, even though the amendment, which I thought was a wise one—the majority leader did, also—was voted down yesterday.

Mr. MANSFIELD. May I say that even though that amendment was voted down, the danger flags are waving. I would suggest to the administration that it take heed of his problem and that the President, in the meantime, use his power, the power he has under the Defense Production Act of 1950. He ought to start the presses rolling so far as coupons for rationing are concerned, and he ought to set up an embryo agency to carry out this most difficult of assignments.

Mr. President, one thing I did not mention in my earlier remarks is that if a gasoline tax of the kind advocated, mentioned, stated, implied by members of the administration is instituted—an increase of 30 to 40 cents over the present 4-cent Federal sales tax on gasoline the people who will be hit the hardest, as always, are those in the lowest income and, next, those in the middle income groups. So far as the rest of us are concerned, there will really be very little in the way of hardship. But it is the same old story: The people who have to shoulder the greatest burden and pay the most in cost are the people who get the least in the way of salaries and wages. There are no loopholes for them. They pay their taxes on the basis, usually, of

what comes out of their monthly paycheck.

I agree with the distinguished Senator from Wyoming, that this is one instance, in my opinion, in which the oil companies are not to blame. They have to be blamed for many things which have occurred in the past, but I think they have been carrying on a good educational campaign, trying to point out to the people of this Nation and to this administration and to Congress the difficulties which confront us; but we have not eyes to see nor ears to hear. Now it is upon us.

May I say, Mr. President, that the important facts to remember are that it is going to mean a shutdown in industries, it is going to mean a curtailment of farm production, it is going to mean unemployment, it is going to mean demands for higher wages, and it is going to mean increased inflation. Unless something is done—mark my words—it will mean a recession in 1974.

Mr. HANSEN. Mr. President, let me seize this opportunity to join my good friend, the Senator from Montana, in saying that I will stand squarely with him in opposing the imposition of any additional tax on gasoline, gas, fuel oil, or anything else. The fact is that we do not need an extra tax on something that is in short supply.

I know that there are some in the administration—not everyone down there—who think we should have a tax. Herb Stein made clear yesterday that he opposes the tax. He says, and I agree with him, that what we need is to give industry the incentive and the encouragement to get out and spend more money to drill deeper wells, more costly wells, to catch up with the amount of fuel and energy we are consuming as we increase supply.

So I think the Senator from Montana is precisely right in railing against any tax on gasoline, on fuel oil, or anything else. I agree with him 100 percent. I hope that, with what little assistance I can give him, we will be able to keep the Senate of the United States from authorizing any tax increase by the Federal Government in this sector.

The fact is that the independent oilmen, the kind of operators that Senator MANSFIELD and I know in our States of Montana and Wyoming, have not made the windfall profits most people attribute to everybody in the oil business. The year before last was not a very good year. Many properties were expropriated in the Middle East. So when an oil company, a major company, says that it has had an increase in profits in the proportion of a 91-percent increase from the year before, it sounds as though everybody is rolling in wealth.

Well, that is not necessarily so. It is not necessarily so because what really needs to be done is to look back at the previous year and see how well any one company did that year. Then, one is better able to frame an honest, objective judgment as to the excessiveness, if there be any, of profits by the oil companies.

But to refer again to the independent, the kind of man who does not have the

money to go out and drill the wells, that man has to go out to a lot of different people to get the money to drill the well. The average well today is twice as deep as it was 10 or 15 years ago and it costs more per foot to drill. If we compare drilling activity in 1956 with the drilling activity in 1972, we find that there were roughly about one-half as many wells completed in 1972 as there were in 1956. At the same time, if we look at the consumption of energy in the United States, we find that for this same period it has practically doubled.

In effect what I am saying is that if we had kept up with the exploratory activity which is basic to our domestic petroleum and natural gas supplies in the United States, we would have been required to drill four times as many wells in 1972 as we did drill.

I agree with the Senator from Montana (Mr. MANSFIELD). We should not impose a tax on gasoline and petroleum products, but rather we should let some of that money go back into the industry so that the independents, the people who last year made on the average 3.5 to 6.5 percent on their overall investment, can get a little better break. Unless they have that better break, there will not be enough wells drilled and that is exactly where we are today. So I agree with my good friend, the majority leader. I will do everything I can to see that we do not impose a tax on gasoline or petroleum products of any kind.

Mr. MANSFIELD. May I say I hope the administration is getting the smoke signals which are emanating from the Senate today. I agree with the distinguished Senator from Wyoming relative to independent oil producers. If my memory serves me correctly, I think about 1 hole produces for every 13 holes drilled. That would not apply to the overseas oil companies which have on too many occasions used all the loopholes applicable and, in some instances, have been able to get out of paying their fair share of the taxes as are paid by people in the lower income groups and the middle income group, who have no loopholes, who have to pay through the nose, whose taxes to this Government keep it functioning. These are the people who will be hit the hardest if anything in the way of a tax increase on gasoline is put into effect.

So I hope this body will follow the lead of the distinguished Senator from Washington and face up to its responsibilities at this time and recognize the pitfalls and the dangers which lie ahead of us in cutdowns, slowdowns, unemployment, increased demands for wages, increased inflation, and a recession next year if something is not done.