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A funny thing happened 4 dozen years after the New Deal. While Democrats slept (or daydreamed), the other party took over the government. Will the Republicans consolidate their control or will Democrats rebound in coming elections? Much of the answer depends on which party can drop its shopworn rhetoric, and build programs that address the urgent realities of the 1980's.

Obviously, Republicans control the White House and the Senate. President Reagan's mandate gives him unusual power to lead. As an American, I hope that he discounts the hard-line ideologues who would advise him. With a more pragmatic approach, President Reagan could reshape and redirect government as profoundly as did FDR half a century ago.

Energy Reality

The greatest national challenge is the constant threat of a war that -- literally -- will end all wars. A nuclear apocalypse. Soviet aggressiveness in recent years has increased this danger.

The next greatest danger is the energy crisis. Dependence on foreign oil is a clear, present danger to America's security. Yet somehow the danger -- in its gravity -- still isn't clear to all public officials, to all business leaders, to all Americans.

Let's look at energy reality. Oil is a finite, diminishing resource. When it's gone, it's gone forever. Therefore, we must speed the transition to inexhaustible energy resources.

Yesterday, President Reagan announced the decontrol of crude oil, gasoline, and propane. Basically, I believe that decontrol is part of the answer. Oil should not be kept below its market price. I have reservations about the President's specific plan, and I'll discuss them in a minute. But a policy of decontrol is realistic.

But let's look at the energy rhetoric.

Many Democrats will rush to the defense of "consumers." (That term includes all of us.) They are more comfortable attacking the big oil companies, as if a saint running Exxon or Mobil could create more oil. Nonsense. In the long term, to protect the consumer from energy reality is to destroy him.

For Republicans, the fast removal of price and allocation controls has been a major goal. Oil executives and their friends have pleaded that the oil industry be "unleashed" to "produce" more oil. But the rhetoric of decontrol can't change the basic reality: Oil is a finite, diminishing resource. Nature produced it. Oil companies merely extract it. With higher prices, we will use it up more slowly ... but it will still disappear dangerously fast.

Politically, Democrats would gain by waiting for consumers to realize that decontrol is no cure-all and to become disillusioned. But the energy crisis leaves no time for political games. Other strong energy initiatives are needed right now.

Another event this week underlined why a "free market" in oil is not enough. The former hostages came to Washington to a welcome of joy and pride. For the moment, it may have consoled our outrage at the fact that the freedom of Americans was offered for barter, and that we seemed powerless to effect their release for so long. Even their on-again/off-again release underscored the volatility of events in the Persian Gulf region.

President Reagan promised that diplomatic personnel will be better protected. He said there would be fast retribution for hostile acts against them. We have warned the world against blackmail. But today Americans are as vulnerable to a devastating cutoff of OPEC oil as our people in Tehran were vulnerable to that mob in 1979. Billions in tribute for foreign oil, but far too little for energy measures in our common defense. Our energy-wasting habits make all of us hostages.

The dollar drain from our dependence on foreign oil was \$90 billion last year. The U.S. economy cannot tolerate that price, but the supply situation is even more intolerable. We depend on the wishful thinking that oil-rich dictators will continue to deal with us, and that they will live in peace with Israel and each other.

The energy crisis of 1973/74 was caused by a cutoff of only 2 million barrels a day by OPEC. The energy crisis of 1979 was created by a shortfall of only 2.2 million barrels a day. The world's industrial nations have a very limited capacity to endure even minor shortfalls of energy production. Close off the Persian Gulf -- which represents 40% of world oil production -- and there would be economic chaos.

We cannot depend -- we dare not depend -- on decontrol because nations hostile to the United States control so much of the supply. We cannot rely solely on a "free market" policy in oil because of our extreme dependence on an international oil cartel. The patriotism and unity that Americans showed in the face of Iranian kidnappers can be applied toward OPEC. Now we must reassert our freedom by breaking the foreign bonds of energy dependence.

Our strategic and economic security demands an end to dependence on foreign oil. A massive commitment to energy conservation is the most effective priority in the short run. Unlike the massive synfuels program, which will produce no energy until the 1990's, conservation has immediate impact. At the same time, we must speed commercialization of active and passive solar systems, wind energy, cogeneration, waste recovery and all other renewable energy resources.

These priorities are not the product of ideology. They represent the consensus of experts. They were recommended in Energy Future, the comprehensive report by the Energy Project at the Harvard Business School. They were endorsed in other comprehensive studies, including reports sponsored by the National Academy of Science and the Ford Foundation. Last summer an article in Reader's Digest -- which is far from a liberal magazine -- endorsed conservation and renewables as priorities. Quite simply, these priorities reflect energy reality.

The President's Decontrol Plan

The basic flaw of the President's decontrol plan is that it stands alone. President Reagan said yesterday that decontrol would "stimulate energy conservation." To a certain extent it will, but bolder steps are urgently needed.

For example, the Administration is silent on proper funding of the Solar and Conservation Bank. This will provide 50% to 35% subsidies to low and moderate income families for making solar and conservation improvements on their housing. It is a sound, cost-effective program. If a household lacks the funds to invest, the cost-effectiveness of that improvement is irrelevant.

Your industry has a particular interest in such cost-effective, realistic energy policies. I suspect the plastics industry will depend on oil long after the auto industry has changed fuels. A national commitment to conservation and renewables is in your vital interest. You should be lobbying my colleagues and this Administration for the Conservation and Solar Bank, and against the "Drain America First" mind-set of oil executives and their Washington friends.

The decontrol plan as such has 3 crucial shortcomings. Two of them relate to the secureness of supply:

1. The Need for Commitments to an Orderly Transition.

Even under controls, we have had trouble in New England with major oil companies trying to terminate contracts and change credit terms. When totally decontrolled, majors could do these things, and even withdraw from servicing the entire New England area. Our oil distributors are worried about a flood of major changes that would wreck havoc with supply.

We need a commitment to give 6 months to a year's notice on such changes so distributors can make other arrangements.

2. The Need to Keep an Emergency Allocation System.

This is especially vital to New England, which is at the end of the pipeline. The current law expires in September. Congress must pass a new law re-establishing a standby emergency allocation system.

The third issue involves the price of oil:

3. The Need to Protect Low Income Citizens.

The last round of decontrol took more income away in higher oil prices than were given back in fuel assistance (of \$1.8 billion). Full decontrol must be coupled with substantial aid to protect the poor. As part of this commitment, there must be a low income weatherization program that's much more substantial than the present one. Washington spends \$1.8 billion helping to pay fuel bills, and only \$200 million weatherizing the homes of low income citizens. At the current rate, it will take 40 years to weatherize all low income homes.

Other Energy Issues

In addition to decontrol and its consequences, Congress and the Energy Department are facing major policy decisions on synthetic fuels and nuclear power. I should say first: the term "Energy Department" is used advisedly. Campaign rhetoric about abolishing DOE is "inoperative" now. The Energy Regulatory Administration will fade away by September 30 when its regulatory authority expires. But the Administration has already seen the need for other DOE functions. The Department lives. Streamlining the agency would be welcome, but former Energy Secretary Duncan -- an experienced manager -- failed to make much headway on it.

The synfuels program probably will be reconsidered -- and it should be. Despite strong Congressional support for it, the \$20 billion program contradicts 2 principles that Republicans honor -- the free market and balancing the budget. OMB Director David Stockman is considering cutbacks.

Nuclear energy is another focus of contention. There is a strong argument that the market should determine the future of nuclear energy. This would argue against expensive federal programs to bail out the industry, including the Clinch River Breeder Reactor, reprocessing, subsidies to reactor sales, and other expensive federal programs to prop up the industry.

Nuclear power -- like decontrol -- is one of the unpalatable elements of energy realism. I have warned leaders of that industry that past disregard of safety -- and past arrogance -- have endangered the future of nuclear power.

I am willing to support a role for nuclear power in the transition from fossil fuels to safe, inexhaustible energy resources. But my support is dependent on a maximum commitment to conservation and renewables.

Another major issue involving energy will be reauthorization of the Clean Air Act. We need to simplify regulations and to substitute market incentives for complex modeling. I'm eager to work with Republicans for moderate, responsible changes. But I am concerned that some Senators may try to gut the Act -- to weaken its objectives and question the basis of standards. This would trigger a strong backlash.

Conclusion

President Reagan's oil decontrol is less than half a loaf. It raises real fears that we will go loafing into a dangerous future without the energy to defend vital U.S. interests. The energy crisis is not the equivalent of war. It is war, and this is not the way to win it.

Except for campaign rhetoric and the single order -- Decontrol -- the new Administration's leaders on energy are a blank slate. Top spots at the Energy Department are unfilled. It isn't clear whether policymaking will be centered there, or at OMB, or in the White House.

Will the conservatives in charge apply the rigors of the marketplace to the nuclear industry, which has been subsidized to the tune of an estimated \$200 billion? Will these conservatives act boldly to conserve irreplaceable fossil fuels until the transition to renewables is assured? Will they allow government initiatives that help conservation and renewables make up for the longtime favored treatment of big-money technologies?

It is in America's vital interest to face energy reality before some foreign antagonist shoves it into our faces. Your industry, my party, our country -- all have a common interest in tough, realistic policies to end our energy dependency. The Reagan Administration has not yet shown a grasp of what the reality of our energy crisis requires. If it fails to do so, my party will reclaim power in the policy vacuum ... but the lost time and wasted resources will be tragic.

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