

## A Short History

I originally wrote to President Jimmy Carter in January of 1980 with a detailed suggestion for reducing America's dependence on foreign oil. The response I received two months later from the Department of Energy did not even mention the merits or failings of the proposal. Shortly thereafter, I contacted Senator Paul Tsongas' Boston office. Theresa Theobald, Senator Tsongas' energy liason, took the time to consider the pros and cons of the idea. Her conclusion was the same as mine. No clear or obvious obstacles appeared to stand in the way of implementation.

During the summer of 1980, an aide from Senator Tsongas' Washington office, Amy Dunbar, called me with extensive inquiries into how the program would function and what effects could be anticipated. When no further defects were identified, the Senator's office requested an in-depth study from the Congressional Research Service in Washington, D.C. On September 19, 1980, I received a letter from Senator Tsongas along with the study from the Congressional Research Service. After considering the conclusions listed, I contacted Theresa Theobald and told her of my disagreement and objections. She agreed with my analysis and encouraged me to pursue the matter further. During the course of an election year and subsequent Senate confirmations and budget hearings, the proposal was put on the back-burner.

However, in April, 1981, the fortunes of this idea turned dramatically. I was given the opportunity to present a synopsis of the plan to Senator Tsongas at an energy symposium at Babson College in Wellesley, Mass. He stated his own desire to gather more information about the entire program. The next month, Theresa Theobald sent me the news of a bank in San Francisco, Continental Savings and Loan Association, which offered "Solar T-Bills" in a financing scheme similar to the one I had offered. With reported assets in the vicinity of \$2 million already, this is a perfect illustration of how successful my plan could be. Hopefully, a re-examination of the issue will now be undertaken.

Reaction to the September, 1980 Congressional Research Service Study

The intent of my proposal was mistated. Energy bonds are not meant primarily to measure public preferences for different kinds of energy. The purpose of the plan is to raise funds so that alternative energy sources can be implemented in what I have termed "sure hit" areas. So that no remaining confusion exists, I have included a separate list of advantages as a result of passing the program.

The four weaknesses cited in the study can best be responded to in two general statements: (A) The first and most severe criticism was that "it is questionable whether the public would purchase very many of these energy bonds." While I have consistently disagreed with this statement, the advent of Solar T-Bills and their ensuing success conclusively disproves this alleged shortcoming. My proposal differs in small ways. Solar T-Bills are issued in \$1,000 or \$10,000 certificates; Energy bonds would be available in a wide variety of denominations. Solar T-Bills offer higher rates of return, but Energy bonds would be tax-free thereby equalizing the disadvantage. Based upon the \$2 million on deposit in one California bank, any conservative estimate would have to agree that this program has potential.

(B) The last three weaknesses cited all concern the viability of the proposal as a barometer of public opinion. Any results from the purchases of Energy bonds should not be regarded with the exactitude of a Gallup or Harris Poll. On the other hand, if seventy percent of all Energy bonds sold were solar bonds, Congress would have to sit up and take notice. Regardless, discussion of the proposal's advantages should not be confused with the intent or purpose.

## The Plan

The alternative energy conversion program which I propose would initially offer short-term, tax-free Energy bonds in a wide variety of denominations, such as solar bonds, biomass bonds and wind power bonds. The yield on these bonds would be set at a few percentage points below Treasury bonds so as not to undermine existing monetary policy. The government would then invest each specific bond fund into securities returning higher rates of profit. The net difference would finally be invested by Congress into what I call "sure hit" areas.

For example, the proceeds from solar bonds would be utilized in the Sun Belt. One year, we could make sure all the public schools in Arizona heat their water with solar panels. Next year, it would be Florida's turn. The "windy city" could make better use of wind power. Our nation's cities could use the receipts from biomass bonds to develop waste conversion plants. Distribution of these funds would rest with Congress, mandated only to funnel these monies into "sure hit" areas where no new government involvement would be necessary. The point is that there are any number of energy projects with a certain return on our investment of funds.

## The Plan's Advantages

1.No new bureaucracy. The same mechanism for buying Treasury bonds can be used to sell Energy bonds. Furthermore, it is unnecessary for any additional staff to be added to the Energy Department. There are enough obvious energy projects to tackle which have no adverse environmental impact. In 1980, one million dollars was spent on a study just to find out what we should do with the garbage that the City of Boston no longer has a place for. Hopefully, some day, no city will have to waste money studying the problem because all of our major cities will benefit from the gradual introduction of waste conversion plants. Innovative tax credits could be offered.

2.Very little "seed money" will be needed to begin this effort. Finance is necessary only to print and distribute the bonds and for advertising them. One enormous plus is that celebrities will be able to promote Energy bonds in the same fashion that War bonds were. Any President, but especially a President Reagan, could call TV and movie stars, athletes, authors, columnists, educators and other respected members of society to the White House to request their participation. Stars could criss-cross the country for a series of benefit concerts. Public service messages could be broadcast over TV and radio.

3.The program is very flexible and can be shaped to benefit all parts of the country. One major obstacle to solving the present energy crisis is that every time a congressman or senator proposes legislation, it can logically be voted down because the bill "would not help my area of the country". Why should a Senator from Louisiana vote for a bill that would only aid the Northeast? My plan directly and indirectly helps everyone.

4.Once the enabling legislation is passed for this endeavor, no one will be to cut off funds to end the program since it will exist at the behest of the American public. This is possibly the only creative, non-defense related effort which could emerge from the public sector in the next four years.

5.Jobs would be stimulated, nullifying any loss in taxes. Smaller amounts would have to be expended for other government programs such as unemployment compensation, aid for dependent children and food stamps.

6.This program would result in an informal poll of public preferences. Too many people

have had absolutely no say in their energy future. A great service will be done for the scores of Americans who have become so cynical that they feel we are doomed to a servile future of indebtedness to foreign powers or multinational conglomerates.