

Morris K. Udall -- Selected Speeches:

**"Response to the State of the Union Address by President Gerald Ford"
Washington, D.C., January 23, 1975**

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Of Arizona
In the House of Representatives**

Mr. UDALL. Mr. Speaker, last week we gathered to hear the President's report on the state of the Union, and his legislative program for the 94th Congress. Like all Americans, I was hopeful that my friend and former colleague would offer us a sensible, progressive plan for attacking the demons that plague our Nation.

While I found some specific points on which I could agree with the President, I conclude with regret that, overall, his grand design is a design for failure, one which would yield growing unemployment, deepening recession, and a self-inflicted inflation of staggering proportions. His proposals would bring chaos in the short run and, I fear, collapse in the long run.

But criticism is cheap. The people deserve more of their Congress than an echo of the Executive, but they also deserve more than an assembly of carping spectators. Therefore I offer today a specific, constructive response--a program for the country that can work, that can turn the United States in the direction of prosperity and stability.

The foremost fact we must face is that the absolute prerequisite to economic recovery is substantial and immediate energy conservation. We import nearly 40 percent of our oil, and the proportion, as well as the absolute quantity, is still increasing. The President's stated goal--reducing oil consumption by 1 million barrels a day this year--is simply inadequate, representing only 5 percent of our oil consumption and just 3 percent of our overall energy demand. The harsh fact is that we must double this cut--save 2 million barrels per day--if we are serious about moving toward stability.

But how can we achieve this? The President has chosen a clumsy, unjust, and economically disastrous route. He would force energy prices sky high, then have the Government turn its back on the problem and let the forces of the marketplace cut energy use across the board. Wasteful and essential uses, uses which create jobs and those that do not, economically crucial uses and totally dispensable ones: all will be affected without any regard to economic consequences.

Let me detail what this means to each American--what the picture would look like if Congress enacted all the President's proposals:

- * The price of gasoline would rise at least 10 cents a gallon. That is an increase of 20 percent;
- * The price of electricity would rise by at least 15 percent;
- * The price of home heating oil would go up 20 to 25 percent, depending on the region;
- * The price of decontrolled domestic crude oil would more than double, rising from the present \$5.25 a barrel to the \$10 uncontrolled level, with a \$2 excise tax on top of that; and
- * The price of decontrolled interstate natural gas will soar to many times the current level--no one can predict exactly how high--with a new excise tax on top of that.

The President's program would raise the Nation's energy bill by \$40 to \$50 billion annually. His tax package--including the inadequate windfall profits tax--would recapture only \$30 billion of that, with the rest--up to \$20 billion--remaining in the hands of the energy suppliers.

We need a totally different approach.

First, we need gas rationing. We have skirted the issue long enough. Every economist has a different guess as to how much the President's price increase would save, and we all know that the real burden would fall on those least able to afford it. Rationing is cumbersome; it is a headache. But it can be made to be fair, and more importantly, we know that it will do the job.

Second, we must enact immediate, mandatory energy efficiency standards for industry. The Department of Commerce has concluded that as much as 30 percent of the energy used in industry is wasted and could be eliminated quickly and without loss of jobs.

Third, we must enact an appliance efficiency labelling law, appliance performance standards, and tough thermal standards for new buildings as the President proposed--these I applaud. To this package I would add a new utility pricing system which rewards rather than discourages energy conservation. I would also urge a program of federally guaranteed loans to provide the necessary cash for home energy conservation improvements instead of the tax credit proposed by the President. Finally, Government and industry must cooperate to find a way to improve automobile fuel economy by 40 percent by 1980, and to do it without postponing the emission control standards set by the Clean Air Act. The industry's own 1975 emission control devices demonstrate undeniable that emissions can be controlled without decreasing fuel economy.

I recognize, as does the President, that ending energy waste is not enough. We must expand our domestic energy sources to meet the inevitable rise in demand that will come with the end of the recession. But, where the President's conservation goals are too modest, his production goals are excessive and unrealistic. He ignores land shortages and siting problems, severe water shortages in the West, the overwhelming environmental problems associated with oil shale development and the many serious problems which must be solved before nuclear energy can be depended upon. Above all, the President ignores the enormous burdens such development would place on our already overstrained capital market.

I believe that the President and Congress must put the emphasis on cutting the rate of growth of energy use, rather than climbing back onto the old treadmill, trying to satisfy an unrestrained appetite for cheap energy. Nearly a year ago I introduced legislation to make an explicit commitment to cutting the rate of growth from nearly 5 to 2 percent per year. Since then, two major studies, the Ford Energy Policy Project and the Government's Project Independence Blueprint, have concluded that such a limited rate of energy growth can be achieved without economic harm. It is time to stop deluding ourselves, to stop thinking we can bring back the good old days of cheap and abundant energy. They are gone--at least for a generation--perhaps forever--and we must adjust our habits accordingly.

A sound energy program is the biggest single step we could take toward renewed prosperity, but it must be coordinated with a full range of economic measures. Here again the President's program, despite some admirable features, is ultimately misdirected.

The flat 12 percent tax rebate--with a \$1,000 ceiling--is welcome, of course, but unfair. We need instead a scaled, progressive program of rebates that will return the most money to those least able to withstand the crippling effect of inflation, rather than the other way around. This is not only more socially just, but it will exert far greater leverage for economic recovery.

The President also proposed a ban on new Federal spending programs. Such a decision would be unrealistic and shortsighted. New programs specifically designed to meet the challenge of serious recession compounded by continuing inflation will be necessary. For example, Congress should consider a large-scale public works effort to rebuild the Nation's railroad system, providing jobs, stimulation to construction industries, and returning its most energy-efficient component to the Nation's transportation system.

Some of the costs of these programs can be recouped through the elimination of some major tax loopholes. The time for a thorough reform of the Federal tax structure is long overdue, and action now could go far toward righting the inequities of our current economic difficulties. I would propose an end to the oil depletion allowance, a windfall profits tax stiffer and more comprehensive than that proposed by the President, tighter tax treatment of foreign income, an end to export subsidies, and the abolition of preferences which benefit only the very wealthy. In addition, we need energy conservation excise taxes. Unlike the President, however, I would

aim these at specific wasteful or unnecessary forms of energy use, such as new cars which get less than 20 miles per gallon, not at all oil and gas regardless of the use to which it will be put.

I find myself unable to support the proposed limitations on cost-of-living increases in social security payments and the food stamp program to a level less than half the current rate of inflation, for I believe these will inflict unacceptable hardships.

Finally, I want to say a few words about a crucial issue the President did not mention. The country is bleeding-losing \$25 billion each year to pay for oil imports at an artificial and intolerable price. And yet we have given almost no attention to the vast economic and political power we could wield to prevent future embargoes, to minimize the strains of concentrated oil wealth on the international financial system, and to curb the power of the OPEC cartel. The hard fact is that we are more vulnerable to an oil blockade now than we were a year ago. We have not played our economic cards at the bargaining table, and have thereby failed to show the OPEC nations that we will not endure punitive and arbitrary oil prices indefinitely. This failure may well prove to be one of the most damaging lapses of Presidential leadership of our time.

Mr. Speaker, I do not intend by these remarks to be a nitpicker or naysayer. I recognize the agonizing deliberation the President devoted to formulating his proposals, and the courage it took to admit the magnitude of our problems and the failure of his previous approaches. I stand ready to work with the administration and with my colleagues of both parties, to seek a way out of our present straits. But we must approach this task with care, we must direct our solutions precisely, and we must strive to spread the burdens of recovery equitably, among all our people. I believe the proposals I have just outlined will do this, and I respectfully submit them for the consideration of the Congress and the country.

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