

The Economic Club of New York

286<sup>th</sup> Meeting  
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Rawleigh Warner, Jr.  
Chairman and Chief Executive Officer  
Mobile Corporation

James Wright  
Texas Congressman

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Waldorf Astoria  
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Questioners: John Connor  
Chairman of the Executive Committee,  
Allied Chemical Corporation  
Formerly Secretary of Commerce

Allen Neuharth  
American Newspaper's Publishers Association  
Chairman and President, Gannett Company

Introduction

\_\_\_ Everett

I am \_\_\_ Everett, and as Trustee of the Club, I am substituting for our Chairman Tim Dunleavy who regrets that he cannot be here tonight. I welcome you to the 286<sup>th</sup> meeting of the Economic Club of New York, which concludes its 72<sup>nd</sup> season. The topic of discussion this evening is energy. It is hard to imagine one that is more important or the subject of more discussion, concern, and controversy, not only in the United States, but also around the world. It is also hard to imagine two more distinguished and qualified speakers than our guests of honor tonight. One occupies a very key and prestigious position in Congress of the United States, which is now considering a variety of energy legislation. The other is the Chief Executive Officer of one of the largest international oil companies and an outstanding leader in the energy industry. As has been our practice for many years, there will be a question period immediately following the speeches with all questions being asked by two panelists. For this important aspect of our program we are especially pleased to have here on the dais two members of the Club who have achieved the highest recognition in rather different fields of endeavors. Seated at my right is John Connor, formerly Secretary of Commerce, an outstanding business leader who is presently Chairman of the Executive Committee of the Allied Chemical Corporation. And has been very influential in focusing industry's attention on energy problems and their solutions. And to my left is Allen Neuharth an extraordinarily successful newspaper publisher who presently heads the American Newspaper Publishers Association. And is Chairman and President of the Gannett Company,

which publishes 78 daily newspapers in 30 states and is in the broadcasting business.

Opening the discussion tonight will be Jim Wright of Fort Worth Texas. One of the most distinguished leaders of the Congress. You cannot observe it from very far away but beside the red rose in his lapel, he has a golden Big Apple. (Applause) Elected to Congress at the useful age of 31, he is now serving his 12<sup>th</sup> consecutive term. In 1975 he was appointed Chairman of the House Democratic Task Force on Energy and the Economy and has been the author of major legislation in that field as well as in many others. Two and a half years ago he was elected as the Majority Leader of the House of Representatives. Clearly he is in a position to tell us exactly what the Congress is going to do about the energy problem and when. (Applause)

Ladies and gentlemen, Congressman Wright. (Applause)

James Wright

Texas Congressman

Well I guess you know now why I came. I came to hear myself introduced by \_\_\_\_Everett. I am impressed with the opportunity to talk with this group about this subject before an audience. I want to try to avoid making the same mistake that one of my colleagues recently made when he found himself before a much larger audience than he had anticipated in his home area. He began his remarks in a auditorial flourish, saying it thrills my heart and it lights the innermost recesses

of my soul to see such a dense crowd gathered. (Laughter) I know that is not a fit description. One of my colleagues from Texas, upon learning that I was coming here tonight, implored me, Jim, he said, I hope you will emphatically dispute in their minds of the common most misconception that those fellas have of us Texans. I said, what do you mean by that? He said, you know how it is, every one of those guys up there, they think, all Texans are rich, swaggering, uncouth braggarts. So he advised it is not so, they are not all rich. (Laughter) Some even have the mistaken impression I think that we Texans are resentful that Alaska is now the biggest state and has the greatest petroleum reserves in our country and it is not true. We enjoy spreading those honors, we just hope they can bear them with the same in the same coming months, we always have previously. (Laughter)

Let me, in about 15 minutes concentrate with you on what is undoubtedly the most persistent, the most pervasive and the most difficult problems I have ever known for some time. The problem of energy. That problem isn't going to go away. It isn't going to get better, it is growing inexorably worse. If we do the things that would make it worse. The tragedy of it is, I think that we have had many opportunities and have passed up several warnings. In 1973, the Arab embargo, should have shocked us out of our lethargy. We were importing somewhere between \$7 and \$8 billion worth of foreign oil. This year we probably will import somewhere near \$6 billion. More than 7 times the dollar \_\_\_\_\_. Because of our shameful reliance upon foreign petroleum, almost every other economic problem is greatly affected.

Our reliance upon foreign petroleum of course is the primary, the fundamental, the overriding cause of the decline in the value of the dollar. It is the single cause of our balance of payments debt. Because of the pervasiveness of petroleum in our economy in everything we buy and everything we use, it has had a greater effect upon the cost of living than any other single commodity. The average American if you stop and think, every time he gets up in the morning and brushes his teeth with a plastic toothbrush, with nylon bristles, and goes to bed at night with pajamas if he wears pajamas, made of cotton, uses petroleum or some derivative of petroleum. Because of the insistence of those who now feel that they have us at their economic mercy. Between these prices, and because of the unavailability, today we see layoffs in the automobile manufacturing industry. And the first \_\_\_\_ and until we come to grips with it, inflation is not going to be \_\_\_the tragedy is, at this point \_\_\_\_\_.

It won't be solved by a nation that is far from divisive, mutually distinct. It won't be solved by a nation that thinks of itself in divisive terms, in the words of Kevin Phillips writing in *Harper's Magazine* in I guess May of last year, when he spoke of vulcanization. As long as we think of ourselves first, first as north easterners, first as southwestern, first as producers or first as consumers, it is going to be solved only when we have the courage and the honesty to face what is the national problem and all of its intricacies and have come to grips with it internationally.

It is amazing to me that in spite of all of the difficulties we have suffered and growing obvious evidences from these past six years, still, the vast majority of people aren't even aware of the

face \_\_\_\_ of the rudimentary \_\_\_\_ that we are seeing. The problem of course is that since the 1940's we have been using more petroleum in this country than has been produced. It is that simple. The curve of our consumption has grown exponentially. Whereas our discovery and production of petroleum has not kept pace, it peaked in 1971 with the discovery of the Alaskan field and has not grown since.

Because today we are importing some 8.6 million barrels of oil a day. That is almost half of the total amount that is used. Because of our shameful reliance upon foreign sources, we are economically at their mercy. This year the foreign sources of the OPEC countries for the most part, they have increased prices to \$.35 in the first year. Only because Saudi Arabia has insisted on holding the price at \$14.55 per barrel, has the average stayed around \$17 or \$18 a barrel. I anticipate that next week, it probably will make another jump, maybe more important than that, because of our shameful reliance on foreign sources, the oil producing countries are deciding that our dependency gives them an excellent opportunity to fixate the United States on oil.

Only a couple of weeks ago, the spokesman for Nigeria, our second largest supplier in this country, buying about one million barrels a day, publically announced that unless we should follow their suggestions, with respect to whether or not we recognize who the elected governor of the Republic of Rhodesia will be, they would find ways not to make that much oil.

Whatever you or I may individually think about the marriage of the Rhodesian situation, that is

besides the point, the point is, that if the United States ever reaches the point we are in, is capable of being influenced by other nations. Foreign policy efforts made in Nigeria, Tehran and I fear that to be significant \_\_\_\_.

But if you will, briefly, those countries aren't \_\_\_\_\_. You are seeing the shockwaves that has rippled through our economy as a result of what happened earlier this year in Iran, who called the shots, \_\_\_\_\_. Something similar had occurred in the government of Saudi Arabia \_\_\_\_\_.

Four of the countries from whom we import substantial quantities of oil, Libya, Algeria, Iraq and Iran, have publically announced their hostility towards us, and that of France, and of \_\_\_\_\_. They don't like us, and they don't like our policies. From them, we are importing a total of some 2.3 million barrels a day. Well that is the problem. And because we have not been finding oil reserves at the pace at which we have been consuming them, in this country.

The commercially recoverable oil reserves, now this is a \_\_\_\_\_, a statistic, Rawleigh you may have better ones, the known, and I am not being facetious, I am not at all. And I stand to be corrected if I should mistake any of this. But according to \_\_\_\_\_ from the voting statistics, the known commercially recoverable reserves, feasibly economically to get it out of the ground by known technology, has declined from about a 13 year decline, of about 5.4. That does not mean of course that if all foreign sources were suddenly cut off we could sustain that separate output of consumption of 5.4. It is simply a measure of the severity and growing urgency. The price of

natural gas is pretty much the same. A 40 year slide from 1940 \_\_\_\_\_. We have, I believe, enough time, if we mobilize ourselves and act as one nation, but I believe that it can cost us with the serious prices of dimensions to which we are not accustomed. Probably in many ways, the more distant \_\_\_\_ in the United States than \_\_\_\_\_. In time of war, the enemy is personified and unmistakable. Our duty is clear. What we have to do is just galvanize the spirit of humans, with that burst of heroic effort, that we went through \_\_\_\_\_. We have done it several times.

Sacrifices called for \_\_\_\_\_ or perhaps less severe must be longer to do it. And unfortunately we don't have any hero figures; there aren't any bands and marching parades accompanying that. Movie houses and the newspapers are not trumpeting our successes, but our failures and our \_\_\_\_\_. Waste less and produce more.

I think it has three facets to its use. First of course is conservation. Conservation is a whole \_\_\_\_\_ that can never be extended for almost half \_\_\_\_\_. We can't conserve at the point of \_\_\_\_\_. I want to suggest that \_\_\_\_\_.

Historically the United States economy has consumed about one additional percentage point of energy for each additional percentage point \_\_\_\_\_. Now there are various conservations, we have already reduced that size and weight in the last couple of years to the point that we are probably gaining a percentage point of economic growth at the cost of something like \_\_\_\_\_. But to believe that we can maintain a sufficient rate of economic growth to absorb those newly



coming onto the job market and pick up the slack annually \_\_\_\_ without some increase in consumption I think would be folly. And to believe that we could solve our problems solely by conservation, would in my opinion just condemn a future generation and inevitably decline \_\_\_\_ again, the automobile industry consumers about 40% of it.

Obviously we don't need automobiles that would go 120 miles per hour. It isn't safe. It isn't sensible. A waste of resources. And we have made certain conservation efforts in the new requirements for automobile gas mileage. We will do better in future years.

The trouble is that the average person who says by all means build mass transit. It gets some of these other guys off the roads so there would be room for me. But you don't change people's thought patterns overnight. That automobile has become a symbol, not only of our affluence, but of our freedom of mobility.

We have made some strides in encouraging insulation and weather stripping of our homes and of our businesses. But all of the things we have done together for conservation, may, in the most generous accounting save us about 1 million barrels a day. But our \_\_\_\_ is 5 million.

So the second thing I think we have to do is by recognizing that conservation is necessary and that \_\_\_\_\_. The second thing is to maximize the discovery and maximize recovery from already discovered reserves. We have only gotten, I think only about one-third of the oil that we

know exists, only about a third of it is commercially \_\_\_\_\_. I think President Carter is on the right track and I think he did it courageously suggesting the decontrol of oil. Politically it was a terribly courageous thing and he ought to be commended for the political courageousness. There are even now those in Congress who \_\_\_\_\_ do it, and there are some of those who \_\_\_\_\_ that it should not have been done. And I am of the majority of the \_\_\_\_\_.

For one thing it is going to make possible the recovery of a lot of marginal oil from thousands of small wells that produce somewhere between 10 and 35 barrels a day. Which has been in the process of being abandoned because they were commercially \_\_\_\_\_ at those quantities, \_\_\_\_\_ a barrel \_\_\_\_\_.

Prolong the longevity. Another thing it may reach the point where tertiary recovery, I am not a geologist and I hope I don't sound \_\_\_\_\_, but that system, those systems, by which for example we can flush chemicals in and make those globules of heavy oil let loose from that porous spot and recover more oil. But when we have said those things, they still probably have expanded their reserves to only about \_\_\_\_\_. The time is coming when we shall inevitably run out of oil in the United States and indeed throughout the world. I can't say when that will happen. Experts believe...some say we have 10 or 12 years supply and some way our supplies are good for only 8 years, some say they are good for 30 or 40 years.

I noticed today in the Newspaper that the Oil Minister of Saudi Arabia, predicts that the world

will run out of oil in 38 years. When that time comes, whenever it is, the quality of our statesmanship is going to be determined by whether we hesitated to do those things now while they are \_\_\_\_\_. To bring on the development of alternate resource \_\_\_\_\_. Of course ultimately down the road we think in terms of solar energy, we aren't doing as much in the United States as some \_\_\_\_\_ is doing. And it may be an ultimate end. I like to think in terms of there being the kinds of intellectual inquiry that is going to bring on the feasibility of nuclear fusion, \_\_\_\_\_. Those things\_\_\_\_\_.

It seems to me that our intermediate step has got to be a massive, a truly massive commitment on the part of history, the development of a synthetic fuel. There isn't anything new about this. The Germans had their war machine on it, in World War II and \_\_\_\_\_. The South Africans have been producing most of their fuel from coal for several years. We were warned as early as 1962 about the \_\_\_\_\_ of it, that it was going to run out and it would be wise if we got into alternate fuel sources.

There is a bill that will be up in the House next week if I am able to get it scheduled, which will commit this nation to a goal by 1985 of at least 500,000 barrels a day and by 1990 of some 2 million additional barrels of synthetic fuel. One dictates to private industry what form or what system we use, oil sale, biomass, alcohol, \_\_\_\_\_.

It will encourage industry to make the massive commitments of investment that are necessary to

bring on a commercial sized plant by a guaranteed purchase of a sufficient amount of that product will make certain that our industry, our essential industry and our military force, will have \_\_\_\_\_. I don't know what economic turnout will be, but I know those that experimented in private plants or \_\_\_ plants believe that they can produce it depending on who you talk to of anywhere from \$22 to \$30 a barrel. Let's say \$28 a barrel in the next five years. The way the world oil prices are going, by the time the first one comes on the line, the price of the world oil is going to be \_\_\_\_\_.

Coal, is about a third of the world's coal \_\_\_\_\_. 620 years, at our best rate of consumption, commercial \_\_\_\_ 400 and some odd years if we double our use of coal and produce 2 million barrels of synthetic fuel. That is one way I think. Mainly we need a sense of urgency. If you are inclined to despair, of the fact that you haven't seen the development of \_\_\_\_\_ commitment.

Let me leave with you, from a Congressional...we find the existing situation to be so dangerous, that unless corrective measures are taken immediately, this country will face, both a military and civilian collapse. The crisis has come as a result of procrastination, industry, conflicts of authority, clashes of personality, lack of understanding, delays, and a failure to build a greater stockpile of crude, the naked facts, present a warning that dare not \_\_\_\_\_. (INAUDIBLE)

In three years after that port, the industry had them built, because we gave them \_\_\_ and we cut \_\_\_\_, we did the things necessary to do what had to be done, and three years after that, what the allies told them (INAUDIBLE). (Applause)

Mr. Everett: Thank you Jim Wright for sharing with us so fully and frankly your view on energy. Our second honored guest this evening, Rawleigh Warner, Jr., Chairman and Chief Executive Officer of Mobile Corporation has long been one of the most capable respected and influential leader of the petroleum industry. He is also a man who has been speaking out courageously on public issues. His companies operations are worldwide, and encompass not only all aspects of the petroleum industry but in addition, such alternate energy sources as solar, coal and uranium. Rawleigh Warner is particularly well qualified to discuss this evening's topic and I am greatly privileged to introduce him to you. Mr. Warner. (Applause)

Rawleigh Warner, Jr.

Chairman and Chief Executive Officer

Mobile Corporation

\_\_\_ thank you very much. Congressman Wright, ladies and gentlemen, it is a pleasure to be here. Congressman, I want to tell you that I am not a geologist either, and therefore, your definition of tertiary recovery sounded damn good to me. (Laughter)

I find much in what the Congressman said, with which I can agree. Certainly we have to waste less and certainly we have to produce more. And certainly we must turn to the synthetic fuels as our time runs out. I want to talk to you a bit tonight about the present situation and I apologize before I get into it because you will be hearing some of the things that the Congressman has already covered. But before I do get into my speech, I look out in this audience and I see a number of people that I know well and a number of them in the oil industry. And I feel a bit like that fellow who had escaped the Johnstown flood and it happened to be the high moment of his life and he was a young man when he escaped it. And he went all through his life, to his 90<sup>th</sup> year telling every audience he could grab a hold of about how he had escaped the Johnstown flood and it transpired that he died and went to heaven and as he went through the gates, Saint Peter stopped him, and said, it is nice to have you here. This is your first day. Don't worry, it is an easy day, we will have tea at 4:00 and we would like to have you say something. And he said, that is fine, I would love to tell the assembled throng about my escape from the Johnstown flood. And Saint Peter said, well I would be a little leery of that. No, he said, I have made my mind up, that is the story that dominated my life, and that is what I am going to do. And Saint Peter said, well, alright, just remember one thing, Noah will be in the audience. (Laughter)

I begin my remarks tonight, from the simple but chilling premise that the United States is the world's largest user of energy in general and of oil in particular. Has at most, about 10 to 12 years to turn itself around and get out of the bind of its heavy and still growing reliance on foreign source energy.

The United States uses more energy than the Soviet Union, Japan, and West Germany combined. Oil furnishes about half of our raw energy and we rely on imports for about half of our oil. To put it bluntly, oil is the lifeblood of a society which depends on energy as heavily as ours does.

But supplies of oil worldwide are tight and will probably become progressively tighter and certainly progressively \_\_\_\_\_. Despite this, our consumption keeps rising somewhat less rapidly than in the past, but rising nonetheless. Largely because government has artificially depressed the price of oil and thus signaled to consumers that there was no need to conserve.

Those of us in the oil industry were given substantially the same message about the tightening of oil supply nearly six years ago. At a time when the Arab boycott should have taught Washington a lesson. Even before the boycott began many of us were trying to convey in speeches and paid advertising that the era of cheap, abundant energy has ended. That we had crossed a great watershed in this industry. That the need for additional supplies of pure domestic energy was urgent and that the time was short.

In these past six years the government and the people of the United States have done next to nothing to begin adapting to the greatly changed situation in which we live and \_\_\_\_ on.

No array of facts, no amount of persuasion, not even the harsh logic of events has been effective.

One reason for this is, of course, that President Carter's original energy program which turns out

to be the moral equivalent of peace in our time. It was almost spectacularly unresponsive to the realities of the situation. Among other things, it virtually ignored the need for additional energy supplies.

I would think that we could all agree that an adequate energy policy for the United States would buy the time to make the necessary transition from economic growth to primarily by oil and natural gas, to gross fuel mainly by coal, and with adequate safeguards, nuclear power and fueled eventually by alternative energy sources. By alternative, I refer to such sources as shale oil, and liquified and gasified coal, and to solar energy, converting sunlight to electricity and to nuclear fusion.

U.S. energy policy should reflect the central fact that our country's potential energy resource space is large. Very large. The problem is one of deliverability of energy over say the next 10 to 12 years, of energy at the ready, so to speak. The solution lies in the maximum feasible production of energy from every practical source by every conceivable means during the time frame, this time frame, while simultaneously developing other energy sources for the long-term. For the near-term future, the only energy sources on which we can rely for major contributions to appear now to be conventional crude oil and natural gas, coal and nuclear power.

If we produce and utilize enough energy from these sources, and surely we can, that this is put high enough on the list of national priority, then we should be able to buy the time required to



make alternative energy sources feasible in significant volume.

None of them, however, seems likely to become an important energy source until after 1990.

When I include nuclear power in this list, I am not unmindful of the problems still to be solved in connection with it. But I am not unmindful either, that nuclear now generates about 12% of our countries electricity and most eventually make a substantially larger contribution if we are to continue to enjoy anything like the lives we lead today.

As we try to maximize domestic production of oil, natural gas, coal and nuclear energy, we should also work to use each source in the optimum way within the present limits of technology. Oil as a fuel for homes, and for transportation. Natural gas for home heating, and petrochemical feedstock. Coal to be used directly for industrial operations and both coal and nuclear to be used for the generation of electricity.

In addition to government ineptitude and political demagoguery, leading to the days widespread public confusion and anger, what have we seen taking place in the energy sector during the 1970's. For one thing we have seen a great many environmental requirements that have made our industry job more difficult. I recognize that some of these environmental requirements have been sound and beneficial, but some, either have been purely obstructionists, or have added so greatly to costs that they have become economically destructive.

I refer here to such things as the four-year delay in granting permits for construction of the Alaska Pipeline and to the expensive requirement to eliminate 95% of automotive solutions, when 83% conceivably would have been more than adequate and accomplish it at far lower costs.

I refer also to the delays in building even coal-fired power plants and to the delays in building or making use of dams because of refurbished \_\_\_\_\_ and the snail \_\_\_\_\_.

I refer in addition to the non-attainment aspects of the Clean Air Act which means that before the standard oil company of Ohio could have changed the last of the 700 plus permits required to build a pipeline to carry Alaskan oil across California to the mid-continent area, it would have had to spend a lot of money cleaning up somebody else's pollution in order to install a storage tank at Long Beach Southern California coast.

Natural gas has been under federal price controls and related regulations since 1954 and as for oil, since 1971 the Department of Energy and its predecessors have not only imposed conflicting and confusing regulations upon the oil investors, but also we have allegedly misinterpreted those regulations, investigated us and brought us into the courts at great public fanfare.

These same government stalwarts have also, through price controls, made it economically unattractive for us to invest adequately in refining expansion or in the facilities required for

upgrading a heavier, higher \_\_\_\_\_ of crude oil to constitute an increasing portion of the available raw materials supplied. This is not to mention the new processing facilities required to meet the burgeoning need for unleaded fuel. You will recall that Congress created this need with the Clean Air Act of 1970. One often looks at the facts, which from my point of view, often in our country, have recently been importing between 45 and 50% of the rising volumes of oil that is consumed. That our country has been subjecting every facet of the oil industry to an increasing measure of government regulations and that even though we produce a great deal of oil in this country, many countries that do not, as Japan which imports 98% of its oil and France and Germany also large importers of oil, seem to have had nowhere near the problems we have had. As I said, one also looks at the facts and asks oneself whether there is not a cause and effect relationship here. Whether America can continue to survive the ubiquitous helping hand of its government regulators.

Lest I be misunderstood, let me say that I am not blaming everything on government involvement in our industry. But the good Lord knows we in the industry have spent hours, days, weeks, and months, trying to fill out government forms. We spend large sums of money on lawyers to defend ourselves against the murkiest and most capricious sort of regulation and endless changes in regulation, all of which runs up our costs.

I am not pleading poverty. As most companies in the industry have done very well. But a good size chunk of those earnings is coming from outside of the United States and not solely from oil.

Since the major elements in the industry have very substantial chemical activity.

We are now faced with an endeavor by the President to decontrol existing oil production over a period of time. Gradual decontrol, incidentally is an approach that was strongly urged by Mobil in 1975, at a time when nobody would agree that it was the right approach. But four years later, many people agree that it is the right approach.

Today, we at Mobil have consistently spoken out against controls in government affairs, find ourselves in the incongruous situation of saying we would rather forego phased in decontrol of existing oil production in order to hold on to a much broader \_\_\_\_\_.

Let me enlarge on that. Several years ago during the Ford administration, we argued that price controls on domestic crude oil, which even then were constraining exploration to be phased out over a period of time. We took that position because we felt abrupt decontrol might be too great a shock to the economy and we felt also that only gradual decontrol had any realistic chance of coming to pass. Part and parcel of that position, however, we also argued that newly discovered oil should be exempt from price control in order to provide the incentive to discover the large additional reserves our country needed and need even more urgently today.

In point of fact that position on newly discovered oil is precisely the position adopted by the administration as of June 1<sup>st</sup> this year, and now finally, in effect, although of course it will not last long if their tax proposals are enacted.

But I must say that the more time passes and the more we think about it, the more convinced we are that our Mobile proposals make at least as much sense today than they did originally.

What President Carter proposed, however, has generally been almost \_\_\_\_\_ up. He started out two years ago with a crude oil equalization tax and he couldn't sell it. It failed. Then recently he worked it over and put it into a new package and called it a windfall profit tax. In the hope of making this more palatable, he has tied it to a program that he calls decontrol, but it really isn't decontrol, not by a long shot. In truth, it is a program that imposes additional control, not so much to regulation, as through a new and permanent tax.

Although the President's program seems to signal a return to market pricing, by beginning the phased decontrol of existing domestic oil production, it then does an about face by leveraging an excise tax, a new layer on a tax system that would then funnel into government, almost all of the increasing revenues it is doing from the decontrol program.

To call that decontrol, you can see for yourself, you can be certain that Mobil would gladly have supported any real program of decontrol. But the administration's program goes well beyond this so called windfall profit tax. It then proceeds to another new wrinkle, referred to as the OPEC Tax to be imposed on oil that is not yet even discovered much less produced. The administration has asked that the arbitrarily imputed cost of this undiscovered oil be set at \$16 a barrel plus an

allowance for the U.S. rated inflation. And that any difference between the computed cost and the actual selling price of the new and theoretically decontrolled oil be taxed away permanently at a rate of 50%. If you add that 50% to all of the other taxes, you find the tax rates on the revenues for the new oil above the imputed cost could range from 75% and on up.

The peculiar evil in this so called OPEC Tax has really been placed not on earnings, but rather on revenue. It is to be elective even if there is no profit at all on the oil that has produced the revenue, even in times that the oil companies sustain the loss of \_\_\_\_\_.

I think you will agree that this sort of tax is clearly counterproductive. That is, if you believe as I do that the national interest requires oil companies to find as much domestic oil and natural gas as they possibly can. Such an objective is harmed, not helped, by the administration's tax. We at Mobil and I think many others in the industry would put the issue much more simply.

What is the proper incentive to offer for oil that has not yet been discovered and may in fact be found only years from now, if at all. And probably in the most inhospitable and inaccessible areas at costs impossible to predict.

We see the best answer to this question in the proposal that we made. One that we believe recognizes both the political realities in the public \_\_\_\_\_ stirred up by accusations about windfall profit. As you may know the Mobil proposal was that price increases on existing production

should be foregone except for an inflation \_\_\_\_\_. The President's authority to regulate oil prices prior to the end of September 1981, by then the presidential election will be over with, giving both Congress and the administration a calmer and less heated atmosphere in which to examine the country's energy situation.

But in the meantime, our proposal focuses on the area where price can have a direct affect in stimulating exploration. That is to say we want the U.S. industry to be allowed world prices for oil that is not yet discovered. In light of this, and of everything else I have said here, it strikes me as ridiculous to say that Mobil is opposed to decontrol. What we are urging is genuine decontrol, not political nomenclature, that is effectively something that it is not.

We recognize the feeling of those who say it would be unfair for U.S. oil companies to get a price set by the OPEC Cartel. At first blush that contention may seem irrefutable, but to that we would say two things. One, the program we are urging calls for no greater cost to the consumer than the present program calls for; and no higher price to be paid to an American company than would alternatively have to be paid to a foreign company. And two, under our proposal, one of three scenarios would probably take place. The first is that we might not find a great deal of oil, in which case, we certainly would not take in much revenue and might in fact not even recover the money we \_\_\_\_\_. Second, we might be very successful in our search and find a great deal of domestic oil which would produce substantial (audio ends and continues, no overlap) ... structure on the U.S. balance of international payments would be reduced. The profits of domestic

producers would be taxed in the customary fashion by the U.S. government as with royalty owner's revenue. I might mention in this connection that the government itself is a large royalty owner and also collects the normal sums, at least on \_\_\_\_.

The economic activity associated with exploration and production would benefit the country. All these benefits for the U.S. amounts to a substantial discount versus foreign oil.

And the third possible scenario is that if we are successful in finding oil, and do indeed make what some think is too much money, it will always be possible then, for the Congress and whatever administration is in power, to assess our profits in the light of our contribution and our capital requirement and determine whether some of those profits should be taxed.

The point of all of this is that we do not believe anyone has the capacity or the sagacity to determine arbitrarily today what the price should be at some point in the future of still undiscovered oil that may be found at cost, impossible to predict with any accuracy, certainly not with any uniform. Nobody can determine today the proper price that would give \_\_\_\_ incentive, to put its money at risk at hunting for oil \_\_\_\_.

There are two things we do know. One is that we are going to have to carry the search into the frontier areas. The costliest, and most difficult areas in which to find oil or gas. And the second is that the cost in such areas rise exponentially and that in fact our industry costs have been going



up more rapidly than the general rate of inflation. And isn't it incongruous to the President and his administration to recognize on the one hand that oil from the remote north slope of Alaska should be exempt in their proposed OPEC tax but resolutely to ignore on the other hand that our search for new oil reserves will often be in areas at least as hostile and inaccessible, as a search for oil that may be subject to \_\_\_\_\_. That fact must be faced and recognized in the formulation of national energy policy. Another fact is that higher energy costs are inescapable in this country, poses a real problem for the poor. This too must be remedied, perhaps through adjustments in the income tax system, perhaps through new mechanisms in the state administrative and federally assisted public assistance programs. Some public programs such as Social Security are already tied to the cost of living index, which responds to the costs of household and tax abatement on energy. By responding in this fashion to the needs of the poor and low income families, we avoid distorting the market mechanisms that affect the pricing of fuel throughout our society.

I hope you won't be misled by the fact that Mobil's position on so called decontrol differs from that of the rest of the industry. We are all agreed, I believe, that the most damaging aspects of the President's program is the permanent OPEC tax on new oil.

To put it as simply as I know how, the President has again been badly advised and his program poorly thought out. I leave it to you, that Mobil's perception of all of this, candor in saying what it thinks, its desire to achieve the real objective of decontrol, which is to maximize domestic production, and its effort to avert a new and permanent excise tax of unprecedented size, tax we

believe that will definitely harm the national goal of avoiding undue reliance upon foreign oil. Does this make us irresponsible? In view of all of the misinformation that has been bantered about, if the President proposes his new tax program under the label of decontrol, I would like to comment briefly on the efforts some have made to find some narrow \_\_\_\_\_.

Some have said that our company has little domestic production or in any event less than some other countries, hence decontrol, but not found \_\_\_\_\_ very much. I can dispose of this quickly. Our domestic production is substantial and so is the amount of oil that we produce that is in the lowest price category. In fact, our figures on estimated 1978 production shows that we produced a substantially higher proportion of the so called lower tier oil than the average \_\_\_\_\_. Thus our U.S. producing operation would materially benefit from an increase in the price of domestic oil. On the refining side of our business, we can recover the increased costs of the crude oil we have to buy, but all this comes down to is that Mobil would earn more in the short-term under the administration's total than under ours. A motivation to preserve the health of our business in the long-term. To help produce the energy supplies the company must have if any of us are to prosper and to try to stave off further and permanent government regulation of the private sector, which is one of the fundamental elements in contest with the administration.

The question of energy goes to the heart of the nation's interest in investment. It is therefore, a \_\_\_\_\_ subject to the public dialogue, a dialogue in which the knowledge and experience of energy companies could be tougher and helpful, not irresponsible. To have a role in that dialogue, and in

spite of the president's remarks, a plan that continues \_\_\_\_\_. Thank you very much. (Applause)

#### QUESTION AND ANSWER SESSION

MR. EVERETT: Thank you Rawleigh for your clear convincing presentation. Let us now move on to the questions area. I suggest that John Connor begin with the first question.

JOHN CONNOR: Thank you. The first question I have of my good friend Rawleigh Warner is in the category of when are you going to stop \_\_\_\_\_ your wife. The question is, is it true, as some people in Washington are saying, that the oil companies are hoarding crude oil supplies, by not producing either gasoline or home heating oil at full capacity in order to rip off American consumers with higher prices later?

RAWLEIGH WARNER: Well, you are just one of many Jack. The answer is no. We are not withholding products from the public. We are not running our refineries at low levels. It is a very difficult thing to get across in this country, crude oil is tight, some would argue that crude oil is short. And that simple fact is the fact that we are trying to live with. We are not running refineries anymore than we have been because crude oil has been shorted. Now, we have probably...well let me put it this way....this country consumes during the winter months 21 million barrels of oil a day. There are some 302 refineries in this country. About 290 of them are operating today. We run those refineries at a capacity of 17 million barrels of oil a day. We get

chided by Secretary Schlesinger, who takes a look at weekly statistics and when crude oil shoots up in inventory, he then finds it convenient to say that we are hoarding of oil and not running our refineries. I would say to you Jack, and everybody else in the audience, you can't run an industry this like on \_\_\_\_\_, it is just not possible. And I will say one other thing to you. The moment you put a government regulator on \_\_\_\_\_ supply distribution of an industry as big as ours, and you get a regulator to decide what is to be done, you create chaos. There are areas in this country where we have too much gasoline. That is relative to the demand in that area. And there are areas in this country, like right around here, where the gasoline is in short supply. I am going to answer this one other way, in the month of April we produced 103% of the gasoline that we produced in the month of April in 1978. Because demand happened to be up in our territory, we allocated 95% of what all of our customers had in April of 1978 and from that allocation we had to take another 5% because the government has said that the states can have 5% of whatever comes in there to allocate to \_\_\_\_\_. Because the government puts aside certain fuel for what they call priority customers, agricultures, police, fireman, the military. The military can get all of the gasoline they want. And then, in The last quarter of last year and the first part of this year, the government decided because it had a great deal of complaints from users of gasoline, that it would devise a new tax curve for demand. And it took the months of October through February and if any user, \_\_\_\_\_ particularly, was 10% higher in that category than the prior months, in this case April, they got the higher allocation. So what we had to do in order to cover all of these problems, was to allocate to our service area 80%, it came down from 95% to 80%. So the automobile driver in this country was carrying the full burden on gasoline. And if you think

about the period from October through February, and you think about the New Hampshire, and skiing and you think about Florida and warm winter weather, then that is where you will find the gasoline. And you won't find it around here. The same thing happened in '73 and '74 and it is happening all over again.

MR. EVERETT: Now a question from Allen Neuharth for Jim Wright.

ALLEN NEUHARTH: Congressman Wright, you said that since 1973 we have had many warnings, many opportunities concerning the energy problem. Mr. Warner said that in these past six years, the government and the people of the United States have done next to nothing. Would you tell us what the energy policy of the Congress, or particularly the House of Representatives has been and what the Congress has done since '73?

CONGRESSMAN JAMES WRIGHT: I think that is pretty impressive. Well they got the right questions to answer. A first short answer, honest answer to your question, what has Congress done since 1973. Not enough. We haven't done nothing though, we have done some things. Let me just say a few of the things that have been done. 55 mile per hour speed limit and perfectly enforced has saved us some gasoline, not enough, but some. The new regulations with respect to the \_\_\_\_ gasoline consumption in automobiles will be helpful to some degree. The incentives that have been provided in the tax law for solar activity have helped some. We have spent a significant amount of money on research in solar and the synthetic farming for developing. We

have made it possible for about 40% of the American families to insulate and weather-strip their houses at least to some degree. As I have tried to indicate earlier, I believe the sum total of these things would come to approximately 1 million barrels a day savings. If it hadn't been for them, then we would be worse off. In addition to those things we have ultimately voted the gradual deregulation of natural gas. Natural gas went unregulated since 1954. I don't know if the industry has been seeking deregulation for all of those years. In Alaska we voted for gradual deregulation. This has stimulated production of natural gas to the point that at the present time we have surpluses in natural gas. I don't mean to suggest to you that we have any long range surpluses, because we do not. And as I tried to suggest earlier, the \_\_\_\_\_income, but if....

Rawleigh quite appropriately took the advantages to say a few kind words for Mobile. Let me say a few kind words, for that much maligned institution, the Congress of the United States. We are not an undiluted collection of saints. I think you know that. (Laughter) But neither are we quite as doltish as the cartoonists sometimes like to portray. The Congress is probably just about what the \_\_\_\_\_ representative of the people who sent us there. We ought to be statesmen, we ought to be willing to take the hard tough decisions that don't have public support, and sometimes we are, but not always. We are an overburdened group of people who have to make decisions on an almost infinite variety of subjects, and I must confess to you, in all candor, that I feel very inadequate. I don't believe there is anybody indeed, with sufficient authority on an almost infinite variety of things on which we are expected to assert some value judgment. And so when it comes right down to it, we are a group of ordinary Americans working, I think longer hours than the average American does, and maybe on the normal, a little better educated than the

average citizen, but beyond that, fairly well representative of our country. And maybe that is the way this is supposed to be. And with all of our faults and our flaws, and our mortal \_\_\_\_\_, I still contend that this system of ours is just what it was in \_\_\_\_\_. And it may have forever been \_\_\_\_\_. (Applause)

JOHN CONNOR: Congressman Wright, my turn to ask you a question. In your talk you made no mention whatsoever of nuclear power as an alternative source of energy, in spite of the fact that as, Rawleigh mentioned, we now get generated 12% of our electricity from that source, and it seems to many of us, that nuclear power has to become even more important if we are going to have the oil for other uses. Have you written off nuclear power because of the Three Mile accident, or for other reasons?

CONGRESSMAN JAMES WRIGHT: No, I have not. I didn't mention it because I thought it had been quite well mentioned, at least, and because I had 15 minutes I was trying to compress my comments. I haven't written it off. I think it is possible to produce nuclear power and make it safe, and I think we have a responsibility to do that. To be very frank with you though, I have a friend named Louis Austin who is a Federal Texas public utilities, Louis told me a year ago that if he had known the difficulties he would encounter in the last month, the delaying tactics, litigation, costs, of trying to produce a nuclear power plant in our state, that he wouldn't have undertaken it. It is a shame in one sense that those who protest anything that is undertaking the public interest always, but not \_\_\_\_\_. Let 30 people, come from even far away, \_\_\_\_\_ front page

pictures, in the ever present \_\_\_\_\_, that 10,000 people in a community say that they favor the development of an industry \_\_\_\_\_. I don't think it is my responsibility to respond or mention the problems. (Applause) The other thing I want to say is that I don't believe that we can expect to develop a nuclear power potential in this country either through fission \_\_\_\_\_ until we have done some things to expedite the decision making process. Develop a fast-track, \_\_\_\_\_ environmental protections, no. But develop a timetable in which those decisions can be made. And I find it very encouraging, maybe I am just an optimist, but look \_\_\_\_\_ God knows we all need it. Last week we had a meeting or two weeks ago tomorrow, with the Feds and I found such people as Senator Jackson, Congressman Morris Udall, Congressman Dingell, all of whom had been prime authors of the national environmental policy saying that it was not their intention nor did they ever expect that it would have generated the massive piles of paperwork and create volumes of a morass of red tape, the great delays, and that they were prepared and ready this year to move forward with a fast track approach that would expedite the decision making process. Some of that legislation is already in the process of being drafted. I look forward to supporting it. I must say in all candor, however, that I will believe it when I see it come because fighting red tape is one of the most frustrating things on this Earth. You can hit it and knock it over there in that corner and it just lies there and regroups. But we are going to try. (Applause)

ALLEN NEUHARTH: Mr. Warner you made a reference or two to the Carter administration, and the President made a passing reference to you on June 1 in which he said, I believe, that Mobil is "the most irresponsible corporation in America". My question is, what did you do to



earn that distinction, or if you don't deserve the title, why did he give it to you, and how do you respond to his remark?

RAWLEIGH WARNER: Well I don't believe we deserved it. I don't really think we earned it. He called us that because we had the temerity to disagree with his energy policy. (Applause) And he said, in the second sentence after having said we were the most irresponsible, that we were that way because we didn't agree with his path, and if that is being irresponsible, so be it, I am proud to be it, I am proud to be \_\_\_\_\_. (Applause)

JOHN CONNOR: I wonder if I might follow up on that same subject, Congressman Wright. Because Mr. Warner has made it clear that he does not agree with the President on decontrol, you do, he has also focused particularly on the OPEC tax. How do you feel, either privately or publically about that? (Laughter)

CONGRESSMAN JAMES WRIGHT: Well I will answer you privately. Yes I am in favor of decontrol. I think the President's plan probably was better from the standpoint of the industry than what they are likely to get. I think altogether, and I am not saying that facetiously, I am saying it kind of sympathetically. I really believe that the plan as originally advanced by President Carter, \_\_\_\_\_ I think maybe we ought to sort of lower the decibel level of \_\_\_\_\_. But I honestly believe that the plans, \_\_\_\_\_ may not be perfect, but it would have stimulated some additional discovery, some additional \_\_\_\_\_. And unless people go out looking for this oil,

we are not going to find it. I fully embrace that objective as \_\_\_\_\_. Just as obvious, we have made an error in my opinion, in this country, well intentioned efforts to protect American consumers, to protect the consumer from \_\_\_\_\_ and in so doing we have unwittingly made him more vulnerable to rising prices because a rising percentage of that \_\_\_\_\_ has been introduced from overseas over which we have no legal \_\_\_\_\_. It is let's say as though I were to go to the grocery store, and let's say Dulla grocery store and there are three loaves of bread, and I say to that Dulla I will have one of those loaves of bread. Now that is really not too bad you know, as an illustration, we in the United States use about one-third of the energy in the world, and he will say, well that is fine, that loaf of bread right there will be \$4. I say, but I can get that bread from O'Brien down the street for \$.50. Dulla might say, well then you better go down to O'Brien's and buy it. Yeah, but you see, O'Brien is out of bread. And Dulla might tell me, yeah, that is right, when I am out of bread I sell it for a quarter. And that is the situation we got into and I think there is not any way we can get out of it, except to produce our way out of it. I believe that the president's proposal was a step in that direction and I support it.

JOHN CONNOR: Mr. Warner, in your talk you said as we try to maximize domestic production of oil, natural gas, coal, and nuclear energy, we should also work to use each source in the optimal way within the present limit of technology. Oil as a fuel for transportation. Natural gas for home heating and petrochemical feedstock, certainly I believe in that. Coal to be used directly for industrial operations, and both coal and nuclear to be used for the generation of electricity. My question is, in order to realize those objectives, which seem very sensible, won't

the government have to impose a new system of allocation, control, and even rationing in order to achieve those objectives, and you are against control.

RAWLEIGH WARNER: I don't really think so Jack. I think what the government has to do, if they are prepared to do so is to relax some of the environmental restrictions, particularly with respect to coal, and if it will do that, I think then, and/or remove control, and will allow those various competing sources of energy to be purchased at their true value, truer value in the marketplace. I think that those things will sort themselves out in the first place. Oil is going to be quite tempting on that premise for any industrial concerns and indeed I think it is fair to say to this, essentially the industrial concerns of this country, made the great \_\_\_\_ on energy consumption, and they have done this, not through an altruistic approach but because economically it made a very great deal of sense. One of the problems we have today is we haven't yet brought home to the consumer, the economic news to say we are going to do that. But I think if we will take some of the appropriate or inappropriate environmental restrictions off, then I think we will get the natural entry into various markets of these other sources of energy. And I think we will be alright.

ALLEN NEUHARTH: Congressman, you spoke very eloquently about this being a national problem. And you said that it cannot be solved if we think of ourselves as northeasters or Northwesterners. You didn't mention Texas in that regard, but there is some feeling among some, (laughter) there is some feeling among some in the Northeast or the Northwest, that Texas,

producers and consumers do not like to see oil shipped beyond Texarkana. Now my question is, do you talk about this as a national problem in Texas when you are back home and how do you all constituents react to that? (Laughter)

CONGRESSMAN JAMES WRIGHT: If I said that northeasterners or Northwesterners, I didn't mean it. I think I said northeasterners or Southwesterners. Isn't that what I said? Texans are Southwesterners. I think I talked tonight exactly the way I talk at home and I hope that is true, but I think it is true, and I believe \_\_\_\_\_ (laughter and applause)

JOHN CONNOR: Congressman Wright, in view of the shortages, and in view of the need for more conservation, do you think that Congress will approve in the near future of any mandatory gasoline and fuel oil conservation programs not only at the consumer level, but at the industrial level?

CONGRESSMAN JAMES WRIGHT: I gather that you have reference to some standby rationing or some form of rationing. Yes I think it is likely that we will. I can't forecast for you exactly what form it will take. We had a meeting today with some of those who are most active for the various committees and jurisdictions over energy \_\_\_\_\_. And at that meeting I think there was general \_\_\_\_ that we do need some orderly, systematic rationing, some standby authority because...to apply the necessary \_\_\_\_\_ and I think almost any \_\_\_\_bad system would be infinitely better than the law of the jungle that prevails out there that sets tempers rising and

those lines, and that \_\_\_\_\_ and inevitably wasting precious \_\_\_\_\_ I just think that we deserve to give them something better than we have given them. I, along with Speaker O'Neill did the best I could and certainly he made it his passion to support the bill that was before us earlier this year. But for whatever reasons it didn't prevail, but I do believe that in return we tried to present a fair, and honorable way, at the present time. Do you know what that is, it is a band-aid. That is the dressing of the wound to abate the suffering of the present moment. \_\_\_\_\_ (applause)

ALLEN NEUHARTH: Mr. Warner, in response I think to Jack's first question you said that your company is not running its refineries below capacity, I think you qualified that by saying that there is indeed a shortage of crude. According to today's *Wall Street Journal*, the spokesman at Mobil said that for the last three weeks you ran 88% at capacity, last week 87%, the week before, and 80% the week ending last Thursday. Are there special reasons for that?

RAWLEIGH WARNER: I think we ought to understand one thing, no refinery can run at 100% of its capacity. We in the industry feel that you are probably getting as much as you can out of the refinery if you run it at pretty close to about 92%. Now the 80% figure is a result of an act of God, the refineries that are in Kansas got flooded out. Unfortunately, we weren't able to save some of the motors but at the time \_\_\_\_\_ and at the time of the \_\_\_\_\_ a week to ten days and then we had pressure go out on the transformer and that limits the capacity, the highest profit we could get out of that refinery. Unfortunately, these things happen and it couldn't have happened at a worse time.

ALLEN NEUHARTH: Before you sit down, may I just followup and ask you then, if those are the circumstances this year, what about 1978, according to the *Oil and Gas Journal* which I think is the industry's authoritative trade publication, in 1978, in the early months of the year, not only were most oil companies running considerably below that optimum 92% capacity that you mentioned, but were reducing their inventories at a time when there was a great surplus of crude abroad, and according to the *Oil and Gas Journal* said producers in Nigeria at 700,000 barrels a day, in the first quarter of last year, for which they could find no market in this country, there is a long list of countries with similar supply, which was not utilized here.

RAWLEIGH WARNER: Well the facts are that in 1977 in the fall everybody in the industry expected that OPEC was going to put a price increase effective January 1<sup>st</sup>. So we did what everybody does who thinks they are going to have to pay a higher price; we went out and we bought all the crude we could, and we had inventory up to our eyeballs. And OPEC found that it was not time to raise the price, so they didn't. So in the first months of 1978, we ran off our inventory, and that meant that we reduced our imports and this would cause more of a problem with people who are looking at our statistics than any one single fact, because if they look at 1978 and they see our imports down, and then they look at 1979 and they see that we are importing more than we did in 1978, and then we tell them that there is a shortage, they have a very difficult time understanding that and I am very sympathetic to that because I had a difficult time understanding it for a while myself. But those are the facts. And the reason why that took

place is it took place because we did go out and build up our inventory to a much higher level than normal and we worked it down last year. I would just like to add one comment to what Congressman Wright said. Why it is a band-aid. I believe that it would be highly desirable and highly \_\_\_\_\_ if the Congress of the United States can pass a standby rationing bill because people in this country are terribly unhappy, terribly worried and I would have thought that particularly the resort area, must be going crazy right now because people will not leave this part because I love Cape Cod but I can tell you that all \_\_\_\_\_ people tell me that Cape Cod and Nantucket have a lot of gas. The problem is you have to get up there and then get back. But they really do need something and they do need to know that it is going to be fair and equitable, however that is defined. And then I think the people in this country are ready to settle down.

MR. EVERETT: We have time for two more questions, one from each of you.

JOHN CONNOR: Mr. Warner, in your talk you mentioned the disincentives for constructing new refineries in this country in recent years. My question is, is there an impending long-term shortage, are we at refinery capacity for gasoline and fuel oil and if so, what can the government do about it, what can the industry do about it?

RAWLEIGH WARNER: The answer is yes, there is a long-term shortage and unfortunately there is a long-term shortage of the really expensive, sophisticated equipment that we need to produce the unleaded gasoline. Unleaded gasoline and the demand for it has been going up to

about 23% to 25% over the last few months because all of the cars that are built today require unleaded gasoline. The reason why there has been no incentive is because products have been under control. And there is absolutely no way in which in this industry you could build a refinery and get a payout on that investment. And let me put it in context for you. We built a refinery and finished it in 1971 in Joliet Illinois. And it runs at 180,000 barrels a day. And it has very sophisticated equipment. We can run any crude from any part of the world in that refinery, and we produce 86% in gasoline and \_\_\_\_\_ two high value products. That refinery costs \$300 million. If we were to duplicate that refinery today, that could cost a \$1,200,000,000. And would probably take five to seven years to build it, if we could get the opportunity to build it. Now there is no way that we can go out and spend that kind of money unless we can be satisfied that there is going to be an attractive enough price on the products that, that would produce, that will enable us to get assurance. And so far, Jack, we have been unable to get that assurance and I can remember within two weeks after President Carter was elected, sitting with Secretary of Commerce, Juanita Kreps, and she was there, Mike Blumenthal and Charles \_\_\_\_\_ and telling him right then, I said, the crude is a foot high, we are going to have a shortage in this country of \_\_\_\_\_. We already rely too much on foreign sources and we are going to \_\_\_\_\_ to rely on foreign products the next decade \_\_\_\_\_ and will continue to happen until such time as the situation is \_\_\_\_\_ (Applause)

ALLEN NEUHARTH: Congressman, you spoke sympathetically about public and long lines at gasoline stations, even in places like Washington DC. Last week while we saw the long lines



pictured on television and in newspapers in the nation's Capitol, there was a story in the *Washington Post* and a number of other newspapers that said that there is a special little private pump behind the closed door in a Capitol Hill garage where certain members of government can gas up. My question is, do you, as Majority Leader of the House, qualify for that, and if so, could you share with us, are there any lines there. What is the cost, and how does it feel to drive up and get a tankful.

CONGRESSMAN JAMES WRIGHT: I always like to get a good friendly question. (Laughter and applause) I am glad you asked the question. Like so many of the stories nowadays, and some of those that castigate and excoriate on oil. There are those that castigate and excoriate anybody in public office. It is almost as though the only good news is bad news. And the only thing the public wants to hear is some form of scandal. Well let me tell you about that gas. Well I have never been there. (Laughter)

ALLEN NEUHARTH: Congressman, how about your driver, does your driver go there?  
(Laughter)

CONGRESSMAN JAMES WRIGHT: You are darn right, he does. (Laughter and applause) And I hope that the American public appreciates the fact that he gets a bargain rate, because they are paying for it. And I don't believe they resent the fact that the government buys it in bulk and sells it for official use. When I first became majority leader, I wondered, and I took some abuse

in my \_\_\_\_\_ about it. For even allowing them to have a car \_\_\_\_\_. Let me describe the \_\_\_\_ for Speaker O'Neil, (INAUDIBLE) I will be picked up at 7:00 in the morning. I will be reading the material on the way in that the \_\_\_\_\_. (Laughter) Tomorrow evening when I leave the House, I don't know, Wednesday is not a fair day because that is a late day and we will likely be in session till late. Let's take a typical day. And it will be about 4:00, the session of meetings, before we get home. Now if I had to park a car, I couldn't make it. We do the best we can and it isn't really good enough \_\_\_\_\_ and most of us work about well. Speaker O'Neil I guarantee, Tip works a 14 hour day, and \_\_\_\_\_. I am not complaining. No court sentenced me to take this damn job. Nobody held a gun on me and forced me to do it. I like it. I like most of your questions and I like most of you, and thank you so very doggone much. (Applause)

MR. EVERETT: Jim Wright and Rawleigh Warner, thank you for an excellent evening. This has been an admirable occasion for the Economic Club and we declare the 286<sup>th</sup> meeting adjourned. (Applause)