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### THE ENERGY CHALLENGE

Before I begin my specific discussion of our present energy crisis, let me share some thoughts with you, for it will help to put our current problems in perspective.

Some of my earliest memories in school were of sitting in the classroom sharing a Weekly Reader with a friend and studying about how much oil and coal there was left in the world. The wise authors of this little paper had totaled up all the energy in the world, and they had neat stacks of oil barrels and coal piles showing graphically how long it would last. I cannot remember exactly when oil was supposed to run out or when we would burn the last piece of coal.

I do remember that there was always a sense of optimism that scientists would find ways to solve the energy problem of the future. I mention all of this because it has occurred to me that the future that they wrote about back then is now. We are feeling the first small waves of scarcity; we are watching

energy skyrocket in price; and we have taken the first steps to meet the crisis that we have known was coming for half a century.

Energy is one subject that allows political action on all levels. As you know, Congress has responded to the energy crisis primarily by passing a Synthetic Fuels Act and a Windfall Profits Act, both of which give tremendous incentives for developing our resources and cutting down on our consumption of imported oil. I will go more into detail on that matter in a moment.

First, I would like to boast on the American people. When the gas lines formed in the summer of 1979, the President and other leaders urged us to cut back on our driving in order to conserve fuel. Many leaders were skeptical about this, for they underestimated how dedicated Americans are. Over a year later, I am proud to say that our consumption of foreign oil is down some 11 percent.

No doubt the increased price of gasoline has prompted conservation, but I know that people have begun to look ahead. What we conserve now will be available for our children.

## ENERGY

There has also been a growing interest in alternative sources of energy such as solar, wood, peat, wind and gasohol. Much of the enthusiasm for these forms of energy has come from average Americans who responded to the energy crisis with imagination.

We have tried in Congress to give incentives to promote these energy sources. This became a national issue, as it should have, and my office was virtually flooded with people seeking information about how they could join in this movement for energy independence. The Windfall Profits Act gave incentive to develop these sources with tax credits and grants.

Let me review some of the legislation that encourages our search for energy independence. First, Congress passed the Synthetic Fuels Act, which will provide some \$20 billion to discover and develop alternative energy sources. Oil will be extracted from coal and shale, and our dependence on imported oil will be lessened as new technology allows us to tap this great wealth of oil.

As the Energy bill took shape in the Banking Committee, I offered an amendment to establish a solar bank. Congressman Steve Neal supported this by offering a similar bill in the House of Representatives. This amendment was incorporated into the Energy Act and is now law. This will encourage the

installation of solar power in new home construction and in old homes.

The Windfall Profits Act also encourages the conservation of energy. In addition to placing a reasonable tax on profits that come from the decontrol of oil prices, this piece of legislation encourages alternative energy sources.

For example, Senator John Durkin offered an amendment to the Windfallbill that provided tax credits for wood burning stoves. This passed, with my support, on December 14, 1979, but it was lost in conference with the House. Nevertheless, the Secretary of the Treasury has the authority to give tax credits on stoves that are efficient, and this should encourage the use of wood instead of oil for heating homes.

I should add that wood is one of our most efficient resources, and I am informed that wood now provides two-thirds as much energy as nuclear power. Experts agree that wood is one of the best biomass forms of energy--and it is renewable.

The Windfall Act also provides tax credits for home insulation and for solar energy.

I expect that increasingly gasohol will become one of our most utilized forms of energy. If the calls, letters, and

visits to my office are any indication of the support for alcohol fuels, in the 1980s there will be a complete changeover from pure gasoline to gasohol.

I also sponsored an amendment to authorize \$3.1 million for a pilot demonstration plant using peat as fuel, which was attached to the Department of Energy Authorization bill. North Carolina is wealthy in peat, and European countries have proved that peat can be used efficiently as an energy source.

Each of these steps is important individually, but taken as a whole and added to increased fuel economy in automobiles, I think that Congress and the American people have taken significant steps in achieving energy independence.

As I have often stated, there is no one cure for our energy problem, but all of these actions taken together represent bold action. It has taken a while to convince the American people and even their elected representatives that we are running out of energy. It is difficult to attack a problem that is so vague and seems to linger somewhere off in the future. Yet we have taken action, and I expect that in the future we shall all become more aware of alternative forms of energy.

In the future, when historians write about the late 1970s, I expect that they will explain that even after the oil embargo of 1973 and 1974 the country was still not convinced that there would actually be a lasting fuel shortage.

In Congress steps, at first little steps, began. I remember when we passed a bill that placed a tax on gas guzzlers and when we wrote legislation that would increase the gas mileage of automobiles. We are now seeing the results of that foresight. As the Energy and Windfall Profits acts take hold, we will see the wisdom of facing the issue head on. Instead of ducking the issue, the President and Congress have met it boldly. And more important, Americans are excited about conserving energy. Never count out the part of our national character that responds to a challenge.

Throughout my tenure in the Senate, I have tried to judge issues on their merit. My ideology is informed by an appreciation of state rights and federalism, but I also realize that on some issues, and energy is one of them, there are national steps that must be taken.

Finally, let me reiterate that I think we are facing challenging days ahead. The world has changed drastically,

and there is no way to return to the policies that dominated the world a half century ago.

During the past decade, we have gone through tremendous changes in this country--and in the world. The financial problems that beset our country today have built up over the years like a large wave; it finally broke and tried to wash away much of our way of life. Americans, however, will always rise to a challenge, and I welcome the challenges of the future.

The way that we have reacted to the energy crisis is indicative of the way we will react to other crises--with reasoned boldness. I look to the past for precedent, for inspiration, and for continuity, but I look to the future the way an athlete looks forward to the next game. Americans thrive on competition--and we will prevail.