96th Congress, 2d Session - - - - - - - - - - House Document No. 96-323

VETO OF H.R. 7428

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

VETOING

H.R. 7428, AN ACT TO EXTEND THE PRESENT PUBLIC DEBT LIMIT THROUGH JUNE 30, 1980

JUNE 5, 1980.—Message and accompanying act ordered to be printed

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To the House of Representatives:

I am returning H.R. 7428, the Public Debt Limit Extension Bill, without my signature. I regret the need to take this action, because enactment of the debt limit bill is critically important to the financial operations of the Federal government. I urge the Congress in the strongest possible terms to return an acceptable bill to my desk promptly, so that unjust hardship to millions of Americans can be avoided.

My action in returning this critical bill is required by an unrelated and wholly unacceptable amendment which would prohibit the imposition of the oil import conservation fee that I announced as part of our comprehensive anti-inflation program on March 14.

As you will recall, that carefully conceived program was worked out in unusually close and detailed cooperation with the Congress. Both the Congressional leaders and I decided then, and I still maintain and am convinced, that a conservation fee on imported oil is important for the energy security, for the economic security, and for the national security of the United States.

We were also well aware that this step, however important to the interest of the Nation as a whole, might not be in the individual political interests of many Members, especially in this election year. I acted under my executive authority, thereby shielding the Congress from most of the immediate political repercussions. Thus there can be do doubt among those now attempting to override the oil import conservation fee that this reversal will only encourage more domestic energy consumption, add to our intolerable oil import bill, hinder our efforts for energy security, obstruct our fight against inflation, and be inconsistent with our responsibility for leadership among the oil consuming nations.

That is why I have stated clearly on several occasions, and repeated yesterday, that if legislation blocking my decision on the oil import conservation fee should be sent to me, I would be compelled to veto it—and it is for those very same reasons that I now do so.

The fee on imported oil is an integral part of energy, economic and foreign policy goals that hold important benefits both for the welfare of our citizens and for the security of our Nation.

—The fee reduces our imports of foreign oil by 100,000 barrels a day within the first year and much more in future years. Over 40 percent of all the oil consumed in this country is imported. Unless we take this kind of courageous action, we will remain dangerously vulnerable to severe economic disruptions from terrorism, accident, embargo, war or political strategy.

—The United States is a leader in trying to forge a joint program, with our allies, to secure greater energy independence. But we use about half of all the oil consumed in the Western industrial nations, and a larger proportion of gasoline than anywhere else in the world. The oil import fee is a symbol of our own willingness to take the painful steps needed to conserve oil. If we are to lead, we must act like a leader.

—With the full imposition of the oil import conservation fee the United States would have a 14 cents per gallon tax, one of the lowest in the Western world. The tax has been only 4 cents a gallon since 1959. In contrast, France has a $1.67 per gallon tax. Since the 1973 oil embargo, France has increased its gasoline tax by more than 160 percent. Italy has a $1.92 per gallon tax. Since the 1973 embargo, the Italian tax has been increased by more than 200 percent. Even with the fee, Americans will in fact be paying lower taxes this year relative to the price of gasoline than they did two decades ago.

—To the extent that we can convince foreign nations, both the oil producers and consumers, that we mean business in conserving energy and reducing our oil imports, to that extent they will join us in reducing world demand, and in maintaining oil production. A small investment in reducing imported oil now will return great benefits in the future by holding down the price of imported oil, and therefore gasoline, to the American people.

—Unless and until we can control our appetite for imported oil, we will not be able to solve our inflation problem. In 1979 alone, the price of each barrel of imported oil rose 120 percent—an average of 10 percent each month. More than 2 points of our Consumer Price Index (CPI) increase in 1979 can be attributed directly to the OPEC increases. As long as nearly one out of every two gallons of gasoline we consume comes from abroad, that inflationary "tax" levied by OPEC will continue. This year we will pay $90 billion for foreign oil—$400 for each person in the United States. Along with that $90 billion, we export jobs and import inflation.

—While the fee will cause a short-term, one-time increase in the CPI, the long-term effect of the fee is not inflationary—it is deflationary. First, the fee will save money that would otherwise be sent to OPEC. Second, the fee is a vital part of an anti-inflation package which is beginning to take hold. To the extent that part of this package is removed, the financial impact could be serious. The consequence could be an increase in overall inflationary pressures.

—The fee has been imposed for energy conservation reasons, but its revenue-raising effect cannot be ignored. The fee serves to allocate a small share of a realistic increase in gasoline prices, not to the energy companies or the exporting nations, but for public use. Without the oil import fee, our long struggle to achieve a balanced budget is in jeopardy, and it will be more difficult to find the resources for tax reduction and to provide needed incentives for investment and productivity when economic conditions warrant.

—Above all, my Administration and the Congress are together putting in place the energy policy America needs for energy security, for economic security, and for national security. Only by encouraging greater conservation, stimulating new production, and making alternative energy sources competitive, will we eventually stop the price of gasoline from rising. Only if we are prepared to take strong actions and make tough stands now—like this import conservation fee—can we assure adequate supplies of gasoline and limit the crippling escalation of gasoline prices later.

I recognize the political pressures. I know that this is a difficult issue for many Members of Congress. Nevertheless, the oil import conservation fee is good public policy, and it is good common sense. That was true when we agreed upon it. It is if anything even more true today, as we see the early tangible, measurable signs of successes in both our energy and inflation policies.

Therefore, I urge the Congress to join me in carrying on the work of enhancing America's energy security, economic security, and national security by sustaining my veto and upholding the oil import conservation fee.

JIMMY CARTER.

THE WHITE HOUSE, *June 5, 1980*.

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