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ALLOCATION OF ENERGY SOURCES TO THE TRAVEL AND TOURISM INDUSTRY

GOVERNMENT

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DOCUMENTS

HEARING

JUL 24 1979

BEFORE THE

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SUBCOMMITTEE ON

MERCHANT MARINE AND TOURISM

OF THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION

UNITED STATES SENATE

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

S. Res. 87

TO ONCE AGAIN EXPRESS THE SENSE OF THE SENATE WITH
RESPECT TO THE ALLOCATION OF NECESSARY ENERGY
SOURCES TO THE TRAVEL AND TOURISM INDUSTRY

APRIL 2, 1979

Serial No. 96-22

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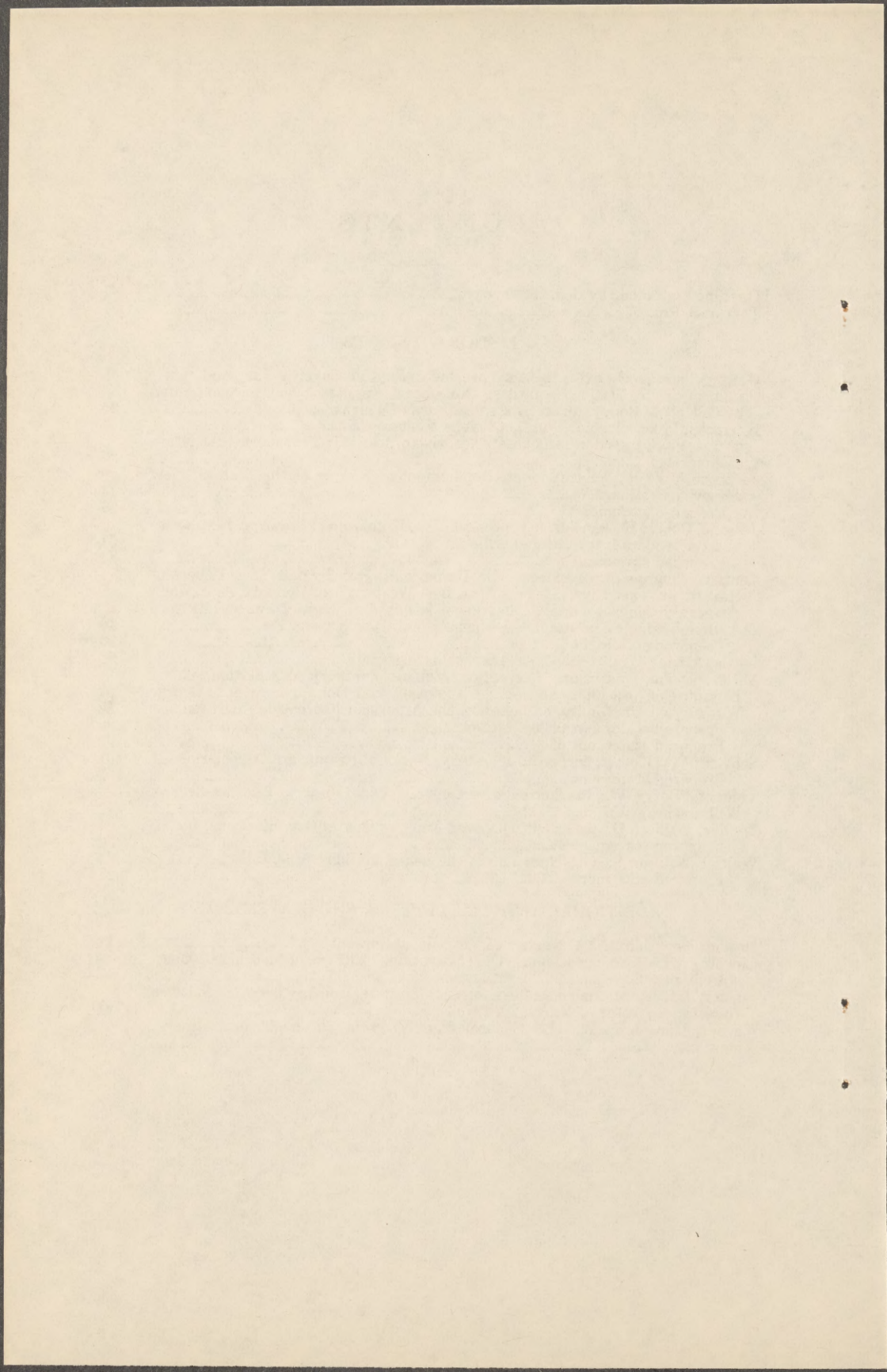
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ALLOCATION OF ENERGY SOURCES TO THE TRAVEL AND TOURISM INDUSTRY

MONDAY, APRIL 2, 1979

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
SUBCOMMITTEE ON MERCHANT MARINE AND TOURISM,
Washington, D.C.

The subcommittee met at 10:20 a.m., in room 1318 of the Dirksen Senate Office Building; Hon. Daniel K. Inouye (chairman of the subcommittee) presiding.

OPENING STATEMENT BY SENATOR INOUE

Senator INOUE. This morning the subcommittee will hear testimony on Senate Resolution No. 87, the Warner resolution. This resolution recognizes that it is once again necessary for the Senate to express its concern that all segments of the travel industry get a fair shake in any allocation of energy supplies or other actions by Federal agencies to meet any actual or threatened petroleum emergencies.

The subcommittee's concern stems from the social and economic importance of travel and tourism to the Nation. According to the latest statistics, travel expenditures totaled \$148 billion in 1978 and supports about 5 million jobs directly and indirectly. And the importance of tourism and recreation to the health and well-being of our citizens is a fact which was recognized in ancient biblical times and has been confirmed and reinforced by medical science on the eve of the 21st century.

A brief background view of how the Government has regarded the travel industry in our attempts to deal with the petroleum emergency will, I believe, clearly indicate why we are here this morning. The gasoline shortages in various sections of the Nation during the summer of 1973 and the Arab oil embargo later that year prompted the discussion of the possible necessity of rationing gasoline. The administration at the time took no action in this regard, but did call for the voluntary action to turn down thermostats during the winter season and for Sunday closing of gas stations.

A gasoline rationing plan was initially developed in late 1973 and early 1974 by the Federal Energy Administration. As part of that plan, it may be recalled a substantial segment of the travel industry was initially categorized as "nonessential" for allocations purposes.

Consequently, this subcommittee held hearings on March 29 and April 1, 1974, to consider the energy crisis, the Federal response,

and the effect of both on the travel industry. Over 40 witnesses testified.

At those hearings, Discover America travel organizations testified during the 4-month period, November 15, 1973, to March 15, 1974, because the energy crisis caused a reduction in the number of automobile tourists, an estimated \$716,800,000 in tourism expenditures was not realized; 179,000 jobs were placed in jeopardy, and 90,000 people were dropped from industry payrolls. These figures, I might add, did not include losses of employment in air transport and other intercity passenger service transportation segments of the industry.

The Airline Pilots Association testified that between the time the fuel crisis was announced and the hearings, 2,000 pilots had been furloughed.

And the Recreation Vehicle Council estimated the payroll cutbacks throughout the industry attributable to the energy crisis at \$415 million.

Expert testimony also estimated that had Sunday closings remained in effect, had the actual gasoline shortages due to reduced allocations of fuel for automobile use continued, and if the fear and uncertainty concerning the availability of fuel and services along the highways continued, loss of tourism expenditures in excess of \$2.8 billion would have occurred, and the employment of 716,000 people would have been affected.

Shortly after those hearings, the committee reported and the Senate unanimously agreed to Senate Resolution 281, which expressed the sense of the Senate that, in view of its national importance, the travel industry should receive a fair shake in any allocation of energy supplies or similar actions by Federal agencies.

In December 1975 Congress enacted the Energy Policy and Conservation Act. That act established broad authority for the President to submit contingency plans to Congress for energy conservation and gasoline rationing. It also prohibited the submission of any plan which imposed an unreasonably disproportionate share of such a burden on any specific class of industry, business, or commercial enterprise or on any individual segment thereof. (42 U.S.C. 6391(b)).

In 1976 the Federal Energy Administration held hearings on the standby rationing plan. Among other things, those hearings addressed themselves to restrictions on weekend sales of gasoline as a conservation measure. Witnesses from various segments of the travel industry strongly opposed this measure.

On July 5, 1977, the President ordered his then special energy adviser, James Schlesinger, to prepare a comprehensive standby rationing plan.

A few months thereafter the Department of Energy was created, and on January 17, 1978, the Journal of Commerce had reported that the Department had drafted an emergency standby plan that was being circulated.

On June 28, 1978, a proposed rulemaking and notice of public hearings on the contingency standby gasoline rationing plan appeared in the Federal Register. Included in this plan was a conservation measure to restrict weekend sales of gasoline.

The Economic Regulatory Administration within DOE held 3 days of public hearings in Washington on the proposed rationing plan, on August 22, 23, and 24. Other hearings were also held throughout the United States.

According to a spokesman for DOE, no testimony was taken at these hearings on the issue of weekend closings because the 1976 hearing record was sufficient.

An interagency review of DOE's proposed rationing plan and conservation measures was conducted by OMB during the period February 5-16, 1979. Toward the end of that period, OMB conducted a series of decision meetings with the affected agencies and then submitted decision memos to the President.

On February 23, 1979, Research Planning Associates, of Cambridge, Mass., submitted a report that DOE had requested on "possible means of regulating the retailing of motor gasoline to limit the length of lines during a shortage." That report concluded that "Reduced hours of gasoline operation, (including weekend closings), are counterproductive."

One month ago, however, the final rule for a standby gasoline rationing plan was submitted to Congress, and it included a restriction on weekend sales.

In recommending this restriction, many, including members of this subcommittee, wonder how DOE could ignore the disastrous consequences to the travel industry of weekend closings in 1973-74, Senate Resolution 281, the prohibitions against discriminatory treatment in the Energy Policy and Conservation Act of 1975, the testimony at DOE hearings in 1976, and, finally, the report of Research Planning Associates, Inc.

One also wonders about the precise role of OMB. To what extent did it influence the final plan, for example? Did OMB seek outside views before adopting its position? And, what is the basis for OMB's expertise?

Our concern, I might add, is not limited to the recommendation for weekend closings. It is far more fundamental, and goes to the decisional process which makes such a recommendation possible.

The subcommittee's own records, I believe, suggest the answer.

In the process of preparing its final report to the Committee on the National Tourism Policy Study, the Arthur D. Little study team met and interviewed Federal officials in the then-Federal Energy Administration, during the summer of 1977. Arthur D. Little rated the Energy Administration's programmatic impact on the tourism industry as high; the officials in the agency, however, assessed their agency's impact as low.

Both ADL and the agencies' officials agreed that travel and tourism was assigned a very low priority within the Energy Administration.

The officials interviewed felt that the agency's program mandate neither included nor supported travel and tourism goals and needs.

ADL found that the agency had a poor degree of coordination with other agencies on travel and tourism.

The ADL report also found that the agency's programs were ineffective in terms of meeting appropriate national interests in travel and tourism, and the needs of the industry.

Finally, and perhaps most discouraging, on the basis of its interviews the ADL study team found that officials in the Energy Administration were unresponsive to increased support for the goals and objectives of travel.

It should not, therefore, have come as a surprise to anyone that the Department of Energy was proposing weekend closings as a mandatory conservation measure without considering its impact on the travel industry; and that these measures discriminate against the industry to the serious detriment of the Nation's economy.

With respect to OMB and its role, a recent committee experience with that agency may give some insight.

Against the recommendation of the entire travel industry and the Government's travel agency, the USTS, the administration decided there was no role for the Federal Government in the promotion of international travel; and accordingly, it proposes to shut USTS offices abroad.

In an effort to understand how the administration could ignore such overwhelming advice and repeal the International Travel Act of 1961, this committee insisted that the person at OMB who made the recommendation appear at our hearings and explain the decisional process.

The OMB witness testified that although he had no experience or familiarity with the travel industry and although he had not sought input or views, from anyone except USTS, he decided there was no promotional role for the Federal Government and that the International Travel Act of 1961 should be repealed. Accordingly, he made these recommendations, which were accepted by the administration.

That is why Senate Resolution 87 is necessary, and why we are here this morning.

Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

Again, I want to thank you and your staff personally for making this hearing possible this morning. I would like to forego any opening comments in order to expedite the hearing and perhaps set a precedent for witnesses who likewise will not feel required to read their entire statement.

Let's get to the heart of the issue. My statement, which will soon be made available, parallels the statement made by the chairman in every respect. The chairman has framed the issue and I suggest we proceed.

[The statement and articles referred to in it follows:]

STATEMENT OF HON. JOHN W. WARNER, U.S. SENATOR FROM VIRGINIA

Mr. Chairman, after consulting with Senator Inouye, and at his suggestion, I introduced S. Res. 87, which is the topic of today's hearings. S. Res. 87, which is comparable to S. Res. 281 introduced by Senator Inouye in the 93rd Congress and was passed without dissenting vote, asks that, in any allocation of energy supplies, the needs of the travel and tourism industry be taken into consideration on equal footing with that of all other industries.

At this time, Mr. Chairman, I ask unanimous consent that there be inserted into the hearing record the full text of S. Res. 87.

Simultaneously with my introduction of this Resolution, I wrote a letter to the Chairman of the Committee on Commerce, Science and Transportation, Senator Cannon, in which I expressed my concern with this matter. I ask unanimous consent that this letter also be inserted into the hearing record.

The travel and tourism industry in 1978 generated \$149 billion in revenues and supported over five million jobs. Travel and tourism is one of the top three industries in 46 of our 50 states, and in my own state of Virginia, it is the second largest industry, generating \$2 billion in revenues. Clearly, one can see that the travel and tourism industry is deserving of equal consideration—not lame-duck consideration—in any allocation of gasoline.

Since the political upheaval in Iran, resulting first in a total degrading of its petroleum exports and now in a partial recovery, Americans have been subjected to an incredibly conflicting series of reports—governmental and non-governmental—regarding the short and long-term petroleum availability for our domestic consumption.

As this hearing convenes, we are expecting any day now a clarification from the President. The appalling situation of misinformation and doubt is working destructively on our economy and is inflicting hardship upon individual citizens. Petroleum is the crucial factor in the energy equation and it has become imperative that we know now what the true facts are and what we, as citizens, are expected to do by direction of government.

The purpose of this hearing is to provide the public, the Administration, and the Congress with facts and opinions with respect to the impact of one conservation measure proposed by the Administration—a standby conservation plan no. 1 calling for the banning of gasoline sales during part or all of weekends.

A similar plan, voluntary but promoted by the then-Administration during the 1973-74 shortage of gasoline occasioned by the Arab oil embargo, resulted in severe economic damage to the nation's economy and in great inconvenience—and in some cases, extreme hardship to many of our citizens.

While it is difficult to quantify what personal hardships the Administration's Standby Conservation Plan No. 1 will place on individuals, we do know from our past experience with the 1973-74 weekend conservation plan that the brunt of the adverse economic impact of restricted weekend gasoline sales will fall directly on the travel and tourism industry. During 1973-74, this important segment of our economy bore a disproportionate amount of the hardship of severe economic damage, and some businesses failed and never recovered.

For example, the Senate Commerce Committee found during hearings in 1974 that the travel and tourism industry suffered a loss of \$716.8 million in revenues, 90,000 people were dropped from payrolls, and 179,000 jobs were placed in jeopardy during the four-month energy crisis of 1973-74 because of a reduction in the number of automobile-borne tourists.

By way of further example in my own state, the National Park Service reported that, in January of 1974 compared with January of 1973, tourist visits to Shenandoah National Park in the Commonwealth of Virginia decreased by 44 percent; that visits to Prince William Forest Park were down by 81 percent, and to Manassas National Battlefield, 58 percent.

In addition, Skyline Caverns in the western portion of Virginia reported that paid admissions declined an average of 54 percent, and on Sunday, February 3, 1974, were off 78 percent. These attractions depend heavily upon Sunday and weekend business.

In general, attractions such as theme parks, historical sites, national parks and recreational areas reported losses in attendance and revenues across the nation of from 20 to 70 percent during the energy crisis, depending on their proximity to urban areas.

Particularly hard-hit, in addition, were hotels and motels situated along arterial highways and dependent primarily on business and pleasure travelers. During the 1973-74 energy crisis, these businesses reported occupancies of less than five percent of capacity on weekends.

The Recreation Vehicle Council has estimated that its industry, alone, suffered a payroll cutback of \$415 million directly attributable to the 1973-74 energy crisis.

This history must not be repeated.

The American people, when faced with real adversity, have shown that they can tighten their belts and take the necessary measures to alleviate problems even if it means suffering hardships and inconvenience. The key, however, is that the people must perceive that the problem is a real one and that the solutions proposed are effective and fair.

In other words, Mr. Chairman, is there really an energy crisis affecting the availability of gasoline and, if so, is the Standby Conservation Plan No. 1 proposed by the Administration an effective one in dealing with the problem and does it deal with the problem fairly?

Many of the nation's States do not believe that the Administration's plan is either effective or fair and have so testified before Congressional committees. Moreover, some of the states have developed their own plans tailored to their individual states needs, which in their estimation will be more effective in conserving gasoline consumption in their own jurisdictions.

I would like unanimous consent to insert into the record testimony that the Governor of Virginia John Dalton gave before the Senate Energy Committee in which he outlined his state's conservation plans.

Whether there is a real energy crisis is the subject of much debate in the Congress and in the nation. We know we have a problem, but we have yet to ascertain exactly what that problem is in nature or scope. We have yet to define it.

To date, the Administration appears to have concerned itself with only one aspect of our energy problems—conservation. I question whether the President's standby conservation plans would be effective even in this area.

My skepticism was heightened recently when I received what was purported to be a copy of an official contract study performed for the Department of Energy and entitled, "Policies to Manage Gasoline Consumption During a Shortage and Their Effects on Retail Gasoline Queues."

The conclusions drawn in this study, as contained in the copy I received, are in direct variance with the proposals contained in the President's Standby Conservation Plan No. 1. In fact, the study apparently found that the President's plan will not work.

In an effort to obtain an official copy of this study and to determine what role it played in formulating the Administration's policy, I have written to the Secretary of Energy, Dr. Schlesinger, and I ask that a copy of my letter be included in this record at this point.

Mr. Chairman, I further ask that the record of these hearings be left open to include Dr. Schlesinger's response to my letter.

Further, Mr. Chairman, in testimony received by other committees of the Senate, the various economic analyses used by the Department of Energy to justify Standby Conservation Plan No. 1 and to illustrate its effectiveness have been called into question by witnesses representing the travel and tourism industry.

These same witnesses have indicated their willingness to bear their fair, proportionate share of the burden that would be imposed by any plan calling for conservation measures in gasoline consumption. Congress, itself, recognized that there should be no undue hardship placed on any sector of the economy by an energy conservation measure.

Specifically, Public Law 94-163, entitled "The Energy Policy and Conservation Act of 1975 (EPCA)," stated:

"To the maximum extent practicable, any restriction . . . on the use of energy shall be designed to be carried out in such a manner so as to be fair and create a reasonable distribution of the burden of such restriction on all sectors of the economy, without imposing an unreasonably disproportionate share of such burden on any specific class of industry, business, or commercial enterprise or any individual segment thereof." [42 U.S.C. 6391(b)]

After studying the rationale of Standby Conservation Plan No. 1, it is my view that it does not meet this requirement. A plan which appears to impact on one industry as harshly as this one does, it seems to me, cannot fulfill the criteria set forth by EPCA's mandate.

I will listen intently to the witnesses' discussion of this point: whether the plan is fair.

If history is not to repeat itself, any plan to meet energy difficulties must be a reasonable and effective response to a clearly recognized problem, and it must be borne as evenly as possible by all segments of our economy and by all segments of our population.

No plan will work that is discriminatory or is missing of any one of these ingredients.

96TH CONGRESS
1ST SESSION

S. RES. 87

To once again express the sense of the Senate with respect to the allocation of necessary energy sources to the travel and tourism industry.

IN THE SENATE OF THE UNITED STATES

MARCH 1 (legislative day, FEBRUARY 22), 1979

Mr. WARNER (for himself and Mr. INOUE) submitted the following resolution; which was referred to the Committee on Energy and Natural Resources

RESOLUTION

To once again express the sense of the Senate with respect to the allocation of necessary energy sources to the travel and tourism industry.

Whereas in the Ninety-third Congress the Senate unanimously agreed to a resolution (S. Res. 281) expressing the sense of the Senate that in any allocation of energy supplies or other actions by Federal departments and agencies to alleviate the energy shortage, proper consideration should be given to the provision of adequate supplies of energy to all segments of the travel and tourism industry in view of the industry's importance to the Nation's economy and social well-being; and

Whereas S. Res. 281 was necessitated by proposed and actual energy conservation measures of the Federal Government in

1974, which failed to consider the interests of the travel and tourism industry, and were imprudently discriminatory and caused substantial unnecessary injury to the national economy as a consequence; and

Whereas once again there are conflicting reports issuing from different agencies within the Federal Government as to whether there is an imminent threat of an energy crisis; and

Whereas once again despite the lack of a clear understanding of the national energy supply the Federal Government is proposing mandatory conservation measures (including weekend closing of gasoline service stations and gasoline rationing) without considering the sense of the Senate as expressed in S. Res. 281, or that the gasoline requirements of individual States and regions are often distinct and different; and

Whereas once again therefore it is necessary to state that travel and tourism expenditures in the United States in 1978 totaled approximately \$149,000,000,000; and

Whereas once again therefore it is necessary to state that travel and tourism expenditures directly and indirectly provide employment for approximately five million Americans; and

Whereas once again therefore it is necessary to state that travel and tourism is one of the top three industries in forty-six of our fifty States; and

Whereas once again therefore it is necessary to state that the leisure activity provided for Americans by the travel and tourism industry is essential for a sound and healthy society; and

Whereas once again therefore it is necessary to state that the travel and tourism industry is a major economic and social force in the United States; and

Whereas once again therefore it is necessary to state that the continued viability of the travel and tourism industry depends upon the ability of international transport and of domestic public and private transport systems including automobiles, recreation vehicles, airlines, motor coach operators, sightseeing companies, cruise lines, hotels, motels, and travel agencies to provide in a safe, economic, and efficient manner those goods, facilities, and services which support the travel and tourism industry; and

Whereas once again therefore it is necessary to state that the possibility of an energy shortage poses a serious threat to the travel and tourism industry, and consequently to the national economy and that of many States, areas, and cities: Now, therefore, be it

1 *Resolved*, That in any allocation of energy supplies or
2 other actions by Federal departments and agencies to allevi-
3 ate the energy shortage, proper consideration should be given
4 to the provision of adequate supplies of energy to all seg-
5 ments of the travel and tourism industry in view of the indus-
6 try's importance to the Nation's economy and social well-
7 being; and that such allocation or other action allow each
8 State flexibility to design its own program with specific cur-
9 tailment measures to meet the national energy conservation
10 objectives.

U.S. SENATE,
Washington, D.C., March 1, 1979.

HON. HOWARD W. CANNON,
Chairman, Committee on Commerce, Science, and Transportation,
U.S. Senate, Washington, D.C.

DEAR MISTER CHAIRMAN: On Tuesday, the Nation learned of the President's Standby Conservation Plans, which include emergency weekend gasoline sales restrictions, severe limitations on outdoor advertising, and a program for gasoline rationing. Because the force and effect of these plans will fall heavily—and in some instances almost totally—on the Nation's travel and tourism industry, I respectfully request that hearings on those portions of the President's overall energy conservation program be held as soon as possible by the Senate commerce Subcommittee on Merchant Marine and Tourism.

Past experience mandates this Congressional oversight. During the 1973-74 Arab oil embargo, the closing of gasoline filling stations on Sundays as a conservation measure brought disproportionate hardship on the travel and tourism industry—hardship far greater than on any other segment of the United States economy. Because of that policy, at least 90,000 people—in travel-oriented jobs—were thrown out of work, 179,000 others were placed in employment jeopardy, and industry revenues totaling \$717 million were lost. Sunday—a family day—is the lifeline of the small travel operator.

While it would be difficult, on the basis of the 1973-74 experience, to precisely project the harm that would be caused to the travel and tourism industry by limiting closings to weekends, one projection is certain: the harm will be much greater if the President exercises his authority to extend the closing of service stations beyond Sundays to full weekends—from noon on Fridays to midnight Sundays.

There is sound evidence that many firms engaged in tourism in my own state of Virginia suffered a drop-off of as much as 50 percent of their business because of the 1973-74 Sunday-closing policy.

As you know, Mister Chairman, travel and tourism rank first, second or third in importance to the economies of 46 of the 50 states. It is second in Virginia, trailing only manufacturing. The Nation's travel and tourism industry is an important part of the United States economy, with earnings of \$149 billion annually and supporting 5 million jobs.

If there is, indeed, an energy crisis—and that is a question much under debate on Capitol Hill and even within the Administration—it is my firm belief that conservation measures must be applied as evenly as possible across all segments of the economy.

A single industry, such as travel, must not be subjected to the major brunt of such conservation. While travel must bear a fair share of any burden caused by an energy conservation plan, so must all other segments of the economy. If closings are essential, they should be done on a rotational basis, which would spread the burden to all segments of the economy. Moreover, any plan calling for station closings should allow the states to select the closing times for the stations within their jurisdictions.

Further, such weekend restrictions tends to impact most severely upon one economic segment—the middle- to low-income families who have only the weekend and the family car for their limited pleasure.

The Congress must note that, of the four energy conservation plans presented by the President, three of them will impact disastrously on the travel and tourism industry. Weekend closing of service stations, severe limitations on outdoor advertising, and stringent gasoline rationing, when coupled together, place an unfair burden on one industry.

It is for these reasons, Mister Chairman, that I respectfully request the earliest possible hearing on these matters before the Subcommittee on Tourism, so that the Congress as a whole and the public can be fully informed.

Respectfully,

JOHN W. WARNER, *U.S. Senator.*

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, D.C., April 2, 1979.

Hon. JAMES R. SCHLESINGER,
Secretary, Department of Energy,
Washington, D.C.

DEAR MR. SECRETARY: On March 22, you appeared before the Senate Committee on Commerce, Science and Transportation to testify at hearings concerning the government and industry roles in future automotive development.

In response to a question I addressed to you about an internal Department of Energy study reported in the Washington Post, which discussed the effect of weekend banning of gasoline sales on energy conservation, you replied:

"We noticed that article in the Washington Post, Senator Warner. If there is such a study, it must have been a contracted study. It is not a study with which we are familiar. We do not know what the article referred to."

Since the study appeared to deal with manner of usage of gasoline by automobiles, I had intended to include it in the official record of the hearings.

Just recently, I received in the mail from non-governmental sources a purported copy of the study mentioned in the Post article. The study, "Policies to Manage Gasoline Consumption During a Shortage and Their Effects on Retail Gasoline Queues," was prepared by Resource Planning Associates, Inc., under contract number EB-78-C-01-6299. It appears that the study was submitted to the Department of Energy's Office of Regulatory Programs on February 23, 1979.

I would like very much for your Department to send me an official copy of this study, as I judge by now this oversight in your testimony has been brought to your attention.

The study made four major findings. The last finding is extremely important in light of subsequent action taken by DOE and the Administration. The study found that "reduced hours of station operation (including weekend closings) are counter-productive" in conserving gasoline.

Nevertheless, DOE formulated three standby energy conservation plans which the President formally transmitted to the Congress on March 1, 1979, six days after DOE had received the study. One of the standby conservation plans calls for weekend gasoline sale restrictions.

Therefore, it appears that DOE has submitted four energy conservation plans to Congress, one of which is in direct contradiction to the findings of a DOE contract study. Accordingly, would you please provide me with the analysis upon which the Department based its recommendations for weekend closings as submitted to Congress? Also, would you please provide me with information on whether or not DOE, or the Administration took into consideration the Resource Planning Associates study when Standby Conservation Plan No. 1 was formulated, and, if not, why not?

In addition, in light of the Resource Planning Associates study, would you please provide me with information on the current status of Standby Conservation Plan No. 1.

Mr. Secretary, I would appreciate expeditious treatment of this matter by you so that Congress can address itself to Conservation Plan No. 1 under structures of the timetable set by law.

Respectfully,

JOHN W. WARNER.

STATEMENT OF HON. JOHN N. DALTON, GOVERNOR OF VIRGINIA, SUBCOMMITTEE ON ENERGY REGULATION OF THE COMMITTEE ON ENERGY AND NATURAL RESOURCES—
MARCH 20, 1979

Mr. Chairman, Members of the Committee, I appreciate the opportunity to testify with Governor Lamm this morning on behalf of the National Governors' Association on the Department of Energy's proposed Standby Conservation Plans and Standby Gasoline Rationing Plan.

First, let me say that I am glad Washington is developing standby plans. I think we all agree that so far as oil is concerned, things may very well get worse before they get better.

At the same time, I trust we are all in agreement that our mutual aim is to reduce the use of petroleum-based fuels with the least amount of economic disruption.

I would speak first to Standby Conservation Plan Number One, the closing of service stations on weekends.

Whatever its merits as a conservation measure, the Plan has the disadvantage of singling out one industry—the travel industry—for its major impact.

Travel in Virginia is a \$2 billion a year industry and our second largest economic segment behind all manufacturing. It employs a great number of low income people.

It would be much more equitable if the states were given the option of developing alternatives to weekend closings, which would produce an equivalent amount of actual savings in gasoline.

I am sure you are aware, for instance, that Virginia stands first among the states in the enforcement of the 55-mile-an-hour speed limit, according to a Federal survey.

During the oil embargo in 1974, the General Assembly of Virginia gave the Governor virtually unlimited powers to deal with a resource shortage, and that power has been used to reduce the hours of retail stores and require thermostat settings for business, industry, and private homes.

If all our Governors do not have quite this authority by statute, they all stand ready to respond to a developing national emergency.

They could certainly effect a saving of 1¼ percent in gasoline usage, which I understand is the estimate by DOE of the savings from weekend closings.

Virginia has already joined other states in pledging an effort to reduce the use of energy by 5 percent in response to an earlier request from Washington.

Personally, I feel that State government should be the first to feel the impact of any conservation measures.

I have already issued a directive that no State buildings be designed to burn oil, and no conversions from other fuels to oil in existing buildings be undertaken without the Governor's personal approval.

In addition, I have in the final stages a series of reductions in State travel, an increase in the use of car pools and public transport, and heating and cooling requirements for State buildings.

Our State Energy office has prepared more stringent measures in case they become necessary, including an odd-even day gasoline purchase plan such as was implemented four years ago, and a program of reduced energy consumption by retail merchants.

I recognize the need for uniformity in any measures that are taken, but the National Governors' Association has already taken note of that need with its own Committee on Energy.

My own state, together with Maryland and the District of Columbia, have already taken preliminary steps to see that any restrictions imposed will be uniform among the three jurisdictions, which have such close geographic and economic ties.

We are recognize that DOE would retain the authority to question State alternatives where energy savings or uniformity are not achieved.

But the spirit among Governors is that they are willing to take the lead and to achieve the desired results, if they have the opportunity within whatever Federal regulations are finally imposed.

With respect to Federal conservation proposals generally, the Governors sense two needs, of which I feel certain the Committee is aware.

The first is the need to convince our people that there actually is a serious energy shortage, which will continue and increase.

Our people, and their Governors, who are waiting for Federal initiative and guidance, need a steady and consistent flow of both words and actions, which indicate both Federal concern and effective leadership.

Governors who are gearing-up their own response and their response to Federal mandates, need positive guidance in advance as to when they can expect Federal action, and what that action may be.

We need a timetable and a series of trigger points to which we can react.

Our people need a clear message that a voluntary program of conservation has the potential to avoid a mandatory program, which would be much more inconvenient and costly to them.

I think we need more assurance that the Federal government has applied a cost-benefit analysis to some of its environmental restraints, to see whether they are really worth their cost in terms of contributing to the energy shortage.

For instance, discussions among the states have arrived at a consensus on three measures.

The first is a relaxation of the Environmental Protection Agency ban on the use of the additive MMT in unleaded gasoline.

We are currently experiencing a shortfall of approximately 500,000 barrels of oil per day, even with the increased production from Saudi Arabia. Using MMT in unleaded gasoline could reduce that figure by up to 200,000 barrels a day.

I would also call your attention to the October 1, 1979, deadline for reducing lead in gasoline to 0.5 grams per gallon.

The amount of lead peaked at 2.6 grams per gallon, and through 1978 it stood at 1.3 grams, which is the current level.

A further reduction on October 1 to 0.5 grams per gallon will increase our shortfall by another 350,000 barrels per day.

This could be avoided by continuing the present level of 1.3 grams per gallon.

The second area of consensus is the easing of coal conversion regulations under the Coal Conservation Act, which now require switching from oil to coal, to allow a switch to either coal or natural gas in the short run, while supplies of gas are adequate.

While I come from a coal-producing state, I feel our industries should have that short-term option in the national interest, although we all realize that the long-term emphasis must be to get as many boilers converted to coal as possible.

We feel that substantial savings of oil-based fuels can be achieved by the full use of exchanges of electric power among utilities to utilize coal and nuclear plants as generating sources, rather than oil-fired plants.

Free wheeling of power was used effectively during the oil embargo a few years ago. There may be a need for governmental action in this area, since there are financial considerations on the part of the utilities.

Finally, I would speak to the standby gasoline rationing plan as presently envisioned.

The plan has the advantage of simplicity in applying a flat system of allocation based on motor vehicle registrations. But it takes no account of the base differences in driving patterns among the states.

According to the D.O.E. analysis, it would give the State of Pennsylvania, for instance—and I have nothing against the State of Pennsylvania—it would give the State of Pennsylvania 115 per cent of its actual annual gasoline usage. At the same time, a state like Texas, with fewer cars but greater distances to travel, would get less than its historic annual consumption.

It seems obvious to us that an equitable rationing system should take into account the various driving patterns among the states.

The plan does include the precaution of a 45-day period between the time DOE announces a rationing plan and its actual implementation.

However, the questions of what is to be done about hoarding during this period, or what the response by the states should be in the same period are not addressed.

We also see a need for a streamlined and practical means of modifying the plan if experience demonstrates that some phase is not working as it was envisioned.

This brings me to the matter of funding.

We are all agreed that standby plans to deal with an increasing emergency are necessary before the fact. However, the Federal plan does not envision financial help to the states in implementing the plan until after the fact, by means of reimbursement.

If a massive, nationwide gasoline rationing plan becomes necessary, the states will need contingency funding for planning as soon as possible after Congress approves the recommended approach.

One final point:

I think we would all agree that the increased cost of energy in any form as a result of continued shortages will fall hardest on the disadvantaged and on those living on fixed incomes.

I trust that as a part of Federal plans to deal with an emergency, the Federal agencies handling the various plans for the relief of these groups have been directed to examine their priorities and place energy-related hardships higher on the list.

Mr. Chairman and Gentlemen, the Governors of our respective states stand ready to do our part in dealing with energy shortages.

What we have tried to do here today is to identify for you some of our concerns as Governors and some of our people's concerns, so that whatever measures may be necessary will be workable and acceptable to the citizens in whose name we are all acting.

The people of Virginia in the past have demonstrated that they will do their part, once they are convinced that an emergency exists, and that the measures taken to meet it are equitable and make sense.

What may appear to be criticism is in reality our concern from the perspective of the states that our plans and our actions will meet these criteria.

Senator WARNER. Perhaps ranking minority member of the Commerce Committee, Mr. Packwood, would have a comment.

Senator PACKWOOD. I have no statement, John.

Senator WARNER. Let's proceed and get to the heart of the issue and hope that we can put together a record for the White House in time to avert any possibility of weekend gasoline sales prohibitions being part of an energy conservation measure.

Thank you, Mr. Chairman.

Senator INOUE. Thank you, sir.

In that spirit, I call upon Commissioner Joel R. Jacobson, of the New Jersey Department of Energy.

Mr. Jacobson.

**STATEMENT OF JOEL R. JACOBSON, COMMISSIONER,
DEPARTMENT OF ENERGY OF THE STATE OF NEW JERSEY**

Mr. JACOBSON. Thank you, Senator, Senator Warner, Senator Packwood. I am delighted for this opportunity to be here. I would like 10 seconds to extend to Senator Packwood the warm greetings of one of his former colleagues, Stewart Pollock.

Senator PACKWOOD. I extend you my congratulations on his appointment.

Mr. JACOBSON. Thank you.

Senator, I really have two statements to present to you. I will try to summarize them as briefly as I can. The first is a statement reflecting the views of the State of New Jersey. The second is a statement reflecting the unanimous views of some 16 States which met in a coalition determined to oppose forced weekend closings some 2 weeks ago.

The arguments in both statements are somewhat similar. The arguments, put in bottom-line fashion, are, first, that the amount of gasoline to be saved by this plan is insignificant, the adverse economic impact triggered by the plan is significant, and while there is a question in the minds of some people as to the validity of any gasoline shortage, whether or not the shortage is contrived, there are alternate plans which would make much more sense to me.

Let me speak with some specificity about the State of New Jersey, because we are, as you are, much concerned. The first thing, we are bewildered, sir, by the methodology employed by the Federal Government to determine what the savings are. Some 3 years ago the Ford administration presented the same identical plan and estimated it would save 100,000 barrels of gasoline. Some 3 years later the Carter administration estimates that it will save some 246,000 barrels of gasoline. Now, in a 3-year period, one of three options is possible: Either the Carter administration prognosis is wrong; either the Ford administration prognosis was wrong; or if neither of these is true, travel has increased 150 percent in 3 years. My guess is if you were to place odds, the odds are on the former two being wrong rather than the latter one.

Second, insofar as New Jersey is concerned, we have computed what the actual savings would be within an intelligent range, I believe, of options open to us. My staff has done some very dedicated calculation. We have come up with the estimate that each gas station in the State would save, as a result of the forced weekend closing, 800 gallons a month, which, I submit to you,

against the general backdrop of total sales is an insignificant amount of saving.

Furthermore, whether or whether or not that is a significant saving, when you consider the fact that if we would have closings as of Friday night until Monday morning, everybody knows that long lines would be precipitated all day Thursday and all Friday morning, which would cause the greatest amounts of gasoline to be dissipated while people were waiting in line with their motors running to get those few gallons for the weekend.

While the savings are insignificant, the economic impact and hardship it would trigger are significant. Again, as I indicated, the figures that we have for our State—

Senator INOUE. Mr. Jacobson, before proceeding, so that I have a clear picture, the saving of 800 gallons, that's for the State of New Jersey?

Mr. JACOBSON. Per station per month. Yes, sir.

Senator INOUE. And how many stations do you have, sir?

Mr. JACOBSON. We have about 6,000 stations.

The adverse economic impact is something that concerns us greatly.

By the way, I share your view, sir, that the general impression of tourism being something to be enjoyed by the idle rich prancing around lavish beaches or wheeling and dealing in sumptuous casinos is not the view I regard as associated with the tourist industry. I look upon the tourist industry as a heavy industry providing a significant amount of jobs and income to American workers, and we were able to determine in our State that the business losses that we sustain by hotels, restaurants, and all the ancillary services of tourism, would amount to \$2 to \$3 billion, and, more significantly, the amount of jobs that would be lost would be in excess of 100,000, and the amount of income, of course, would run into the billions of dollars.

It appears to me a flimsy excuse to offer such a faulty plan which could trigger such economic hardships.

Furthermore, the State of New Jersey, like most States, is heavily involved in the fiscal prudence of responsibility. Our government is quite proud of its AAA bond rating.

We found that if this weekend plan were to be put into effect, we might lose something like \$47.2 million in State tax revenue as a result of travel in our State.

In any event, the amount of savings is insignificant, the hardships triggered are very significant. We do not believe this is a sound and intelligent approach to meet what appears to be the problem.

Sir, I have also—I would like to suggest some alternate plans. I am not sure whether that's in the purview of this committee, but I also have some severe questions as to the validity of the gasoline shortage, and I have some statistics to offer. But I leave it up to you, sir, and I realize this is not the Energy Commission, but I would be delighted to proceed.

Fine. First, with regard, if I may, to the validity of the shortage. I understand all people can interpret it in any way that they see fit. What I am trying to do is not give an interpretation, but rather to cull from the statistics made available by the industry what is

the situation. And I have the following information culled from such publications as the Oil and Gas Journal and reports from the American petroleum industry.

Very briefly, the Mobil Oil Corp. announced a 9 percent cut in its sales, retroactive to January 1, 1979, and they attributed this to the fact that the Iranian problem had caused a significant shortfall in their supply. Well, the 3-month period of July to September 1978, which was before the Iranian situation developed, Mobil Oil imported from Iran some 13,000 barrels of oil per day. On that day their domestic refining capacity was 900,000 barrels of oil a day.

What I am indicating to you, sir, is that the Iranian shortfall sustained by the Mobil Oil Corp. was 1½ percent of their domestic refining capacity, which makes it hard for me to understand why they cut back their sales some 9 percent.

The Sun Oil Co. reduced its sales by a 20-percent reduction. Now, in that month—those 3 months, this company imported 8,000 barrels of oil a day, and they had a domestic refining capacity of 484,000 barrels a day, or 1.6 percent of their domestic refining capacity. Why would that trigger a 20-percent reduction in sales?

Just two more, sir. Texaco and Shell announced recently a great shortage of jet fuel which would result in some cancelled flights. By some peculiar phenomenon, the Texaco Co. for that same 3-month period imported from Iran some 45,000 barrels of oil per day. They had a domestic refining capacity of close to a million, or 2½ percent.

The Shell Oil Co. imported 19,000 barrels of oil per day, a domestic refining capacity of 1.1 million barrels, or a percentage figure of 1.7 percent.

What it appears to me, it is difficult to understand why shortfalls of 2½ percent or less from four of the major oil companies should trigger such severe shortage problems in petroleum products.

Just two more figures, sir. In 1977 the domestic refining capacity of this Nation was utilized at a level of 89.8 percent. In 1978—again, before the Iranian shortfall—that figure was reduced to 87.9 percent. And one might ask the domestic refining industry: Why was it necessary to have a 2-percent diminution in refining capacity at a time when they are supposed to be talking about a glut of production?

The last figure, sir, puzzled me considerably. Between the years 1976 and 1978, this Nation had, according to the Federal Department of Energy normal inventory stocks of 34-day supply of gasoline.

I look at these figures every week, coming from the American Petroleum Institute; and the most recent figure, for the week ending March 19, and published in the Oil and Gas Journal—we didn't have a 34-day supply; we had a 33.4-day supply.

That triggers in my mind a question as to whether there is, in fact, a genuine gasoline shortage. It might not be, as so many Americans suspect, a contrived shortage to exploit and generate higher prices.

We believe if there is a genuine shortage, we know that contingency is always open. We think there are ways that the Federal Government can meet that shortage without the necessity of resorting to forced weekend closings.

We think the plan that makes the most sense is the allocation plan, where the Government would withhold, at the source, supplies into the State.

If we were told, for example, that the entire State of New Jersey was going to receive 95 percent of a set figure. We would then be able to adopt within our State those regulations and those rules, those habits that would make us meet that allocation quota, and we would distribute in the most equitable form available to us.

There would be no need for us to close our stations on Sundays, because we would have some plans in advance. We would have a standstill plan in effect. We would embrace more enthusiastically our alternate plans for mass transit. We would generate great enthusiasm for our high occupancy vehicle loans in our highways. We would insist upon more rigid conformance with the 55-mile-an-hour speed limit. We might even try to take down the signs saying "no turn on red." It appears to us the major beneficiary may be the guy who made the sign saying no turn on red.

All these things are things we could do, sir, to enable us to meet that quota allocation. We would not have to impose upon the tourist industry and the hardship that this program would impose.

We believe we can do it within our own options.

Section 521 of the Energy Policy and Conservation Act states, "No measures should impose any undue hardship on any sector of the economy."

It is our judgment that if the Federal Department of Energy imposes forced weekend closings, there would be acting in violation of that particular act.

Senator INOUE. Mr. Jacobson, your last suggestion intrigues me, that several States should be permitted to provide their own plans.

I have been told that if this concept were adopted, it might result in chaos, assuming that all of the States have different plans, thereby leading a traveler, let's say, from Ohio, whose destination is North Carolina, to possibly change his mind, not knowing what to expect on his journey.

On the other hand, they content that if you had a Federal plan, one that would be uniform throughout the several States, a potential visitor to North Carolina from Michigan would know what to expect along his way.

Mr. JACOBSON. I'm afraid when the Federal Department of Energy argues that, they don't argue very logically, because contained within their plan are provisions for exemptions by individual States from the forced Sunday closings. What would happen there, you'd have an even more chaotic situation.

You'd have some States that would close on Sundays, and some States that would open; it would be impossible to plan a trip, because you just wouldn't know where you were going to get your gasoline.

On the other hand, if we were to say to each State: "Look, this is the supply you've got; you make do," it's my judgment that they can determine the best methods for use within that State.

I do not see an chaos, because based upon the reaction that we have had with the States with whom we have talked, everybody opposes Sunday closings. If that is not the issue, the means by which they meet that shortfall in allocation is something that can

be determined locally to have the least adverse impact on the local economy.

Senator INOUE. Are the States at the present time working together to come up with a reasonable plan?

Mr. JACOBSON. Yes, sir.

I must tell you we called that meeting in Tampa 2 weeks ago on some 10-days' notice. We aimed it primarily at the tourist industry States. The attendance was excellent.

We have since been berated by several States for not inviting them. It was called hurriedly, a near unanimous reaction in opposition to the plan. Under the aegis of the National Governors Association, we are meeting continually to develop these alternate plans.

As of last week, there were still discussions going on in the National Governors Association to come up with these alternative plans.

Senator INOUE. Mr. Warner.

Senator WARNER. I think that last answer provided an answer to the question I had: Why did you not invite more States to participate in your Tampa meeting?

Mr. JACOBSON. The only two reasons—one was the hurried nature of the call. Second, we identified those States, primarily on the eastern seaboard, for the tourist industry.

We didn't think, for example, that the States would be as excited as they were to come. We would have had close to 50 States participating.

Senator WARNER. Did you look at a rotational system, say an 8-day basis, for closing gas stations?

Mr. JACOBSON. There was considerable talk about a standstill day in each State, to be determined by the State, or perhaps even to be determined by the individual.

My problem with that is I don't know how you're going to enforce. We thought, for example, in our State of having each individual say he would not use his car on a certain date.

Then we'd have a sticker that he could put on the car, so he could see what he was violating.

I found out that to print the stickers would cost \$2 million, which immediately shattered my enthusiasm for it. And I don't see how we could really enforce it.

Senator WARNER. So, again, you didn't address the 8-day cycle of rotating closing-day uniformly across the United States: Sunday, one week; Monday, the next week?

Mr. JACOBSON. No, sir, we did not.

Senator WARNER. Was there a reason for not considering that plan?

Mr. JACOBSON. The reason I had was that I never heard it suggested.

Senator WARNER. You never heard it suggested?

Thank you, Mr. Chairman.

Senator INOUE. Senator Packwood.

Senator PACKWOOD. No questions, Mr. Chairman.

Senator INOUE. Thank you very much, Mr. Jacobson.

[The statement follows:]

STATEMENT OF JOEL R. JACOBSON, COMMISSIONER, NEW JERSEY DEPARTMENT OF ENERGY

The recent Iranian crude oil disruption has resulted in the first major oil shortfall to confront the world since the Arab oil embargo of 1973-1974. After experiencing a period of excess crude oil supply and rather moderate price increases, the world oil market is going through a series of commodity shortages resulting in fluctuating prices for crude oil and petroleum products on the spot market. This in turn has affected the supply and availability of certain petroleum products. Currently northern and southeastern states are experiencing a shortage of low-sulfur residual fuel oil, preceded by a precipitous drawdown of stocks of home heating oil. As early as December, spot shortages of premium unleaded gasoline were apparent.

While the causal relationships of the above-mentioned shortages may be debatable, the need to outline specific steps to deal with an impending shortage of petroleum products is evident. Individual states through their energy agencies have developed several energy conservation contingency plans to deal with supply interruptions pursuant to the Energy Policy and Conservation Act (EPCA, Public Law 94-163) and the International Energy Program (Public Law 94-163, S.252).

The list of proposed energy conservation measures recently submitted to Congress by President Carter and Secretary of Energy James R. Schlesinger to deal with a potential supply shortage include:

1. Emergency weekend gasoline and diesel fuel distribution restrictions;
2. Emergency building temperature restrictions;
3. Emergency advertising lighting restrictions; and
4. A standby gasoline rationing plan.

While there are specific problems attending each contingency plan, we can support all but one of the above measures: the ban on weekend sales of gasoline and diesel fuel. The basic reason for opposing this measure is very simple. The savings involved, which incorporate savings due to mandatory allocation and price controls, may be rather small when weighed against the potentially enormous adverse economic impact the plan would have on several states directly and the entire Nation indirectly.

As the imposition of the weekend ban on gasoline and diesel sales will most probably coincide with the advent of the summer peak driving period, the sectors of the economy that would bear the greatest proportional share of economic hardship are predicted to be tourism and recreational activities. For those states that rely on travel-generated employment and travel-generated state tax revenues, particularly the East North Central, New England, Middle and South Atlantic States, severe adverse economic effects can be expected as a result of the weekend sales ban.

According to figures supplied in the Department of Energy's economic and regulatory analysis, there is an uneven distribution among impacted industries. Of the nine industries estimated to lose \$4.9 billion in revenues, the hotel/motel industry comprises 28 percent of the total revenue loss. For a state like New Jersey, which receives 8 percent of state taxes from travel, we are talking about a reduction of approximately \$47.2 million in state tax revenue. (See Attachment A for computation). If we applied the 28 percent reduction in revenues to total 1976 in-state expenditures by travelers in New Jersey, (\$3.1 billion in 1976), then New Jersey stands to lose approximately \$868 million. It should be pointed out that this figure is probably very conservative as they preceded the establishment of casino gambling in Atlantic City.

Similarly, New Jersey ranked tenth in the nation in 1976 in terms of travel generated employment (108.8 million people), which represented 4 percent of total non-agricultural payroll employment. New Jersey would therefore be forced to share a greater than proportional share of the economic impacts due to the nature of its economy.

There are several additional caveats concerning DOE's methodology that require attention. The analysis of inflationary impacts does not come close to the current situation of OPEC sponsored price increases (as of December 1978, prices are to increase 14.5 percent over the next 18 months), and the more recent price increases by major oil producers. An additional criticism is the average miles per gallon (mpg) figure used to compute potential vehicle miles of travel (vmt) reductions. Recent studies by the Federal Government have indicated that EPA's fuel economy standards are approximately 20 percent below actual fuel economy. If this were the case, then the estimated gasoline savings would be less than indicated.

In light of the above analysis, a weekend ban on gasoline and diesel fuel sales will have a disproportionately adverse impact on states like New Jersey.

The proposed federal mandatory conservation plans do include an exemption option for those states which would experience a disproportionate share of the

burden or where the plan would result in undue hardships within the state. However, even if some states were exempted, the considerable negative impact on tourism and recreation industries would remain because visitors traveling by automobile might have to traverse many non-exempted states in order to reach exempted ones. In any event, the Department of Energy has not outlined the process or evaluation method whereby exemptions would be granted. Therefore states cannot be sure of whether they would be able to coordinate their efforts to alleviate this problem.

The purpose of the states' offering an alternative plan by whatever method is chosen would be to promote equitability in terms of both sacrifice made and economic perturbations experienced. In this regard, one option under serious consideration is a standby petroleum product allocation program.

Such a program would operate in the following manner. Under recently issued regulations, the Economic Regulatory Administration has the authority, granted through the Emergency Petroleum Allocation Act (EPAA) of 1973, as amended (Public Law 93-59), to "mandate national or regional maximum allocation fractions on some or all products to restrain abrupt inventory drawdowns in shortage situations." Furthermore, under Section 5 of the EPAA, the ERA Administrator has the power to delegate allocation, pricing and enforcement authority to a particular state. By delegating this authority to the states, specific industries that are unique to a number of States, such as tourism and recreational travel, could have those needs adequately addressed.

At a time when supplies to retail gasoline stations are short significant quantities of gasoline, it seems somewhat incongruous to propose a plan that would conserve approximately 1,500 gallons of gasoline per station per month. (see attachment B) Therefore, rather than institute a contingency plan that will surely create economic disruptions, a petroleum product allocation mechanism promises to be a much more equitable solution. While DOE hopes that its plan will curtail weekend discretionary driving by roughly 5 percent, there is no guarantee that the curtailment will prevent a shift in driving patterns whereby little if any tangible savings are realized.

The simplicity of the allocated fraction option is that a specified level of savings can be assured. This is because by setting an allocation fraction on the upper limit that any one supplier can make available to a customer, demand is kept in closer balance with available supply and an opportunity exists to replenish stocks. In order to assure that regional supply inequities such as appeared during the 1973-1974 embargo not manifest itself again, regional allocation fractions can also be adopted. This use of a regional allocation fraction would seem to bear a stronger economic justification than that of the DOE's weekend gasoline ban which claims a more equitable distribution of a reduced quantity of gasoline would result.

To illustrate, the following example is provided. Suppose an allocation fraction of 90 percent is instituted for all prime suppliers. To each supplier of an individual state, the burden will be on the affected state to set an additional reduction to the supply that equals the federal mandated saving. If the federal estimate of savings were 5 percent, then 5 percent would be deducted from allocatable supply. In instances where companies have supplies in excess of 100 percent of the allocated fraction, then that surplus should be distributed to those companies whose allocation is less than the 90 percent fraction.

Additional economic justification is that the allocation program option would preserve the obligation of refiners to supply those independent jobbers (and those jobbers' independent retail outlets) served during the base period prior to the interruption. This would help preserve competition in the market place.

One additional argument in favor of mandatory petroleum product allocation, is the ability of an individual state to respond to intrastate variation. By use of the state set-aside program, areas experiencing demand in excess of base period levels and the allocation fraction, can receive supplemental supplies. Furthermore, supplies to areas of less than normal demand can be diverted to those areas experiencing higher than normal levels of demand, thereby fostering a more equitable distribution of available supply. This gives an affected state much greater ability to tailor the supply shortfall according to state-specific phenomena.

Finally, an option should remain open in any national contingency proposal whereby any state be allowed to develop and demonstrate an alternative plan whose energy savings are commensurate with national goals.

ATTACHMENT A—COMPUTATION OF STATE TAX REVENUE LOSS FROM IMPACTED TRAVEL INDUSTRIES

TABLE 1.—REVENUE LOSSES OF AFFECTED INDUSTRIES AS THE RESULT OF RESTRICTION OF WEEKEND GASOLINE DISTRIBUTION

Affected industries	1980-81 sales losses (millions)	Percent of total
Auto sales (new)	\$926	18.7
Hotels/motels	1,386	28.0
Campgrounds, trailer parks	118	2.4
Restaurants	594	12.0
Recreation:		
Winter sports	375	7.6
Boat sales	500	10.1
Entertainment	591	12.0
New vacation homes sales	210	4.2
Private aircraft	242	4.9
Total	4,942	

Source: Economic and Regulatory Analysis of Weekend Closing of Gasoline Stations p. 5.30.

TABLE 2.—RELATIVE IMPORTANCE OF TRAVEL-GENERATED TAX REVENUES

State	1976 travel-generated State tax revenues millions	State tax revenues millions	Percent of State taxes generated by travel
New Jersey	\$168.6	\$2.101	8.0

Applying New Jersey's figure for generated state tax revenue, 168.6, the percent revenue loss of Hotel/Motels (28 percent) is applied. 168.6 million—(28%)=\$47.2 million in state tax revenue.

ATTACHMENT B—WORKSHEET FOR COMPUTATION OF IMPACT OF WEEKEND CLOSING OF GASOLINE STATIONS FOR NEW JERSEY

TABLE 1.—BREAKDOWN OF PROJECTED GASOLINE SAVINGS

Range	Barrel per day saving			Total savings in barrels per day
	Auto	Marine	Aircraft	
High	271,000	40,000	14,000	327,000
Probable	204,000	33,000	9,000	246,000
Low	141,000	25,000	5,000	171,000

Source: Economic Analysis of Emergency Weekend Gasoline Sales Restrictions.

TABLE 2.—NEW JERSEY'S SHARE OF NATIONAL DAILY SAVINGS

[In barrels and gallons per day]

Range	Barrels per day ¹	Per day savings	
		Barrel	Gallon
High (3 percent ²)	271,000	8,130	341,460
Probable	204,000	6,120	257,040
Low	141,000	4,230	177,660

¹ Percent of share of national fuel consumption.

² Determination of New Jersey's share of national fuel consumption were cross-checked by two sources. The first was New Jersey Division of Taxation data reported as reported to the Federal Highway Administration. The second was industry data that is reported to the Ethyl Corp. The average of New Jersey's percentage of national fuel consumption was 3 percent. Please note that the Ethyl Corp. does not allow quotation of their figures.

TABLE 3.—AVERAGE MONTHLY SAVINGS FOR NEW JERSEY UNDER THE WEEKEND CLOSING

Range of savings	Average daily saving (gallons)	Average number days per month	Total gallons saved per month	Total barrels saved per month
High.....	341,460		10,243,800	243,900
Probable.....	257,040	(30)	7,711,200	183,600
Low.....	177,660		5,329,800	126,900

Based on total motor fuel sales as reported by the Motor Fuels Branch of New Jersey Division of Taxation, sales of motor fuels in New Jersey for 1978, were as follows:

	In gallons
Gasoline.....	1,442,254,936
Special fuels	322,795,702
Total taxation motor fuels	1,765,050,638

This results in a monthly average of taxable motor fuels in 1978 of 313,754,210 gallons or rounded to 313.8 million gallons per month.

TABLE 4.—PERCENT SAVINGS OF MONTHLY MOTOR FUEL DUE TO WEEKEND GAS STATION CLOSINGS¹

Range of savings	(A) Total gallons saved per month in New Jersey	(B) Average monthly motor fuel consumption	(C) Percent savings for average month (gallons)
High	10,243,800	313,754,210	3.26
Probable	7,711,200		2.46
Low	5,329,800		1.70

¹ Column (A) divided by column (B) equals column (C).

According to conversations with Irvin Delbaum, New Jersey DOE, and Mr. Sidney Simon, New Jersey Division of Taxation, the number of retail gas stations in New Jersey ranges from 5,000 to 7,000. This is used to determine potential motor fuel savings per New Jersey gas station.

TABLE 5.—COMPUTATION OF POTENTIAL VEHICLE MILES OF TRAVEL (VMT) REDUCTION FOR NEW JERSEY

Range of stations	Number of stations	Potential monthly state savings per gas station— range of savings		
		10,243,800	7,711,200	5,329,800
High.....	7,000	1,463	1,102	761
Average.....	6,000	1,707	1,285	888
Low.....	5,000	2,045	2,545	

According to data supplied by New Jersey DOT, annual VMT in New Jersey for 1977 was:

50.893 billion annual vehicle miles. An average monthly total for vehicle miles of travel is then 4.241 (Source: Table TA-1, Statewide Mileage, travel and Non-Fatal Injury Accidents, 1977).

Average fuel efficiency of U.S. passenger cars for 1976 was reported to be 13.72 miles per gallon. Considering that mandatory fuel economy standards have since gone into effect, I feel it safe to say that average fuel economy is at least 14 mpg, and is probably higher. However, a value of 14 mpg is used in the following computation. (Source of mpg figure, National Transportation Statistics, U.S. DOT, September, 1978.)

TABLE 6.—NEW JERSEY'S REDUCTION IN VMT AS A RESULT OF WEEKEND CLOSING OF GASOLINE STATIONS

Range of savings	Total gallons saved per month	Average MPG factor	State reduction in VMT	Average monthly vehicle miles	Percent monthly reduction in VMT
High	10,243,800		143,414,200	4,241	3.38
Probable	7,711,200	(14)	112,356,800		2.65
Low	5,329,800		74,617,200		1.76

¹ Billion miles.

Senator INOUE. Our next witness is a pioneer in the travel industry, vice chairman of the board of Holiday Inns, Mr. William B. Walton.

It's always good to have you with us, sir.

STATEMENT OF WILLIAM B. WALTON, VICE CHAIRMAN OF THE BOARD, HOLIDAY INNS, INC.

Mr. WALTON. Mr. Chairman, Senator Packwood, Senator Warner, first I'd like to express the appreciation of my company, Holiday Inns, and my industry, and, of course, for myself.

I feel that we are here this day, as you have already so well indicated in your statement, your opening statement; and I should like to reiterate that facts contained in your statement and support them, and endorse their existence and inclusion, as I understand they will be, in this record.

I have filed for the record a written statement, and I'd like to speak, if I may, from that written statement at this particular time.

Senator INOUE. Without objection, your full statement will be made part of the record, sir.

Mr. WALTON. Thank you, Mr. Chairman, and I shall try to be brief.

I concur with Senator Warner that it is time that we got to the root core of what this situation is all about. The other evening when I went into my own library at home to study and to organize my own thoughts, I reviewed all of the documents. I reviewed the various reports, the utterances, the statements of the environmentalists, the statement of the industry, the statements of government.

I went back and read again 281, and the entire record that you have so accurately referred to in your opening statement.

And frankly, Mr. Chairman, I was overwhelmed with the record that I read; and it occurred to me that we are really talking about freedom in America. And I don't know of any better place than right here in the halls of this Senate Office Building to talk about what really formed the basis of the growth of this great Nation.

I think we all know the basic motivation was man's desire to be free, man's desire to run his own life in his own way, so long as it did not encroach upon the life and the privileges of his fellow man; and specifically, cherishing that right to worship God in his own way, and he cherished that right to determine his own destiny.

Now, I think what we are talking about is the progress of this Nation, and it being the lifeblood of the Nation. As this Nation has progressed, we developed jobs, medical science has been able to extend the lifespan of man, and industry has been able to make his life more enjoyable to live.

Mr. Chairman, I respectfully submit that we are probably becoming a Nation of apathetic people, and we are in grave danger of having our own personal rights taken away from us.

We are here actually—today now, we've talked about why we're here. We are in this hall today because of the influence that a foreign government is having on the economy of this country.

Now, it's true that that same foreign element, back in 1974, was plaguing this country again and the economy of this country again, and it was necessary for you to introduce Senate Resolution 281. At that time, it was introduced because the same bureaucratic agencies of this Government had declared the travel and tourism industry a nonessential industry. And it was necessary for the Senate to say it is essential and to say, too, to that bureaucratic government that in the future, in the allocation of any scarce materials or otherwise, in the event of an emergency, in the event of a scarcity of this type, that this industry be treated fairly and equitably and it not be discriminated against.

Now, at that particular time, this country was dependent upon foreign lands for 37 percent of its oil usage. And I attended a meeting myself in Williamsburg, Va., and on that particular occasion at the meeting—there were 3 days of meetings—the Government testified and blamed the problem on industry; industry testified and blamed it on Government.

The environmentalists came along and blamed it on both of them. Everybody sat there for 3 days, and each blamed it on the other one. And we came out of that meeting in 1974 with nothing.

In 1979, Mr. Chairman, we are still doing the same thing, only at this point, this country is dependent upon a foreign country for 50 percent of its oil usage.

Now, I think that's what we're really talking about.

In those days, we found out that weekend closings were not satisfactory. We found out they didn't work. I was involved in that situation, trying to assist Secretary Simon, who was trying to monitor the United States and find out who had gasoline and who didn't.

And we loaned one of our Holidex machines to monitor the various sections of the country for the availability of gasoline. We had nothing in this land but confusion. This is too big a country to have uncertainty involved when you're trying to move around hundreds of millions of people.

We move around some 250,000 to 300,000 people a day ourselves, and that's part of our business.

Now, we're back again, and we have Senator Warner, fortunately, introducing another resolution that will find its way to the floor of the Senate, again drawing attention to the travel and tourism industry as being a vital part of the economy of the United States and making it necessary, by reason of the administration's filing of some energy conservation standby plans, once again calling for

closing of service stations on the weekends, and I think applying a bandaid to a major injury or physical difficulty in our country.

As a matter of fact, I'm not so sure that what the Government's particular plan now filed is in violation of section 201(f) of the Emergency Policy and Conservation Act, because it specifically says that they make a determination that their proposals will not unfairly, or in a discriminatory way, affect a particular industry in, A, a vital industry section of the economy, employment; B and C, the economic vitality of the States.

And I believe, Mr. Chairman, that DOE's own survey, which they called to be made by an agency of their selection, indicated the negative reaction in all three from those particular areas.

Now, I think the record will show the devastating effect which the weekend closing provisions had in 1973-74. You have very well stated it in your statement. We know of the number of jobs that were lost from actual records that are available to Government agencies, and to industry, and to all of us.

We now are assessing the fact that this present plan could cost the travel and tourism industry lodging sector about \$1.4 billion in revenue, and about 100,000 jobs in the restaurant sector, probably another 140,000 jobs and \$3.7 billion.

Now, this is all in order that we may save the estimated 240,000 barrels of oil per day that they seem to be striking for.

And I would say to you, Mr. Chairman, that is a horrible price to pay for that type of a savings. I think we've got to look at the fact that this Government or that we in the United States use 20 million barrels of oil a day to carry on our way of life.

And I don't believe, Mr. Chairman, that it is appropriate for one sector of the people of this United States to decide some other sector's way of life as either essential or nonessential.

I think this will have reference to those individuals who operate boats and those individuals who travel by automobile. That is not the province of the Federal Government. This is a government that represents all people. Today, 10 million of those barrels of oil are coming from a foreign government. That is the reason why I say that, in my opinion, our way of life is being controlled by a foreign land.

So, I must oppose the particular administration recommendation calling for the closing of service stations on weekends, and stand up on the record that has already been made over the years since 1973 and 1974.

And as I do that, just a quick reference to something that I am personally acquainted with. I think, Mr. Chairman, you know this little story, and I will not dwell on it at length. But I just refer to a Holiday Inn story. It's only been a few years ago, 1955, to be exact, that a few of us got together with a dream and an idea that we believed would work. And we sat down, and we said we were going to organize a corporation and a system and that the basic premises upon which that system and that company would operate would be the recognition of the dignity of all people and the Christian principle of man's love for his fellow man.

Now, I think it's time that we think about that and refer to it and acknowledge it from time to time, especially at a point when we seem to be concerned about being controlled by an outside

government. Some 16 years later, we have built the largest corporation of its type in the world. It just proves—and it's why I find it difficult to understand that if we are smart enough to put a man on the Moon and in a country where the free enterprise system is our way of life, that we will allow people like us to build a system like the Holiday Inn system, why it is that we cannot overcome and defeat an energy crisis, a crisis of a shortage of a supply item or items which should be possible to be developed within our own country, developed by Americans for Americans.

And, Mr. Chairman, I don't know of any better place to start than right here in this Senate, and at this particular hearing, to say that we're going to start with a new beginning. We don't need any more controls. I think we're just looking at the tip of the iceberg, that which is beneath the current is additional controls, additional activities which affect our way of life. We're talking about those individuals that can drive particular types of automobiles and those individuals that can either go to a recreation area or not go. And the Government is going to be "Big Brother" and is going to decide when those things can be done and they can't be done.

It is my opinion, Mr. Chairman, that the Government's job is to work and participate with industry in developing new sources of energy in order that we may continue to carry on the activities and the business of this land. And I know of no place better than to have it start right here.

Now, Holiday Inns has done its own study. We had an organization known as "Burke." They did a study, and they came up with an opinion that only 5 percent of the people contacted that thought weekend closings were the thing to do; 31 percent said that we should enforce the 55-mile-per-hour speed limit as being a good idea because this saves lives, it doesn't really encroach upon the rights and privileges of anyone, everyone is involved, and it is an energy-saving action.

The thermostat control area, just to itemize the type of conservation for the sake of conservation that is acceptable to the people, apparently, from the studies that have been done, now we understand, and I think it was reported in the Washington Post, that the Resource Planning Associates, in their report that was given to the Department of Energy, actually said that reduced hours of operation of gasoline stations should be discouraged, if not prohibited.

I think that probably DOE has had in their own possession sufficient evidence of what the people want, what the Nation needs, that would justify withdrawing this section 1 of the program, the Conservation Act, within its own self.

Mr. Gallup did a survey, and he found that 61 percent of the people said "No" to weekend closings; 52 percent said "No" to rationing. It seems, Mr. Chairman, that we should have learned something from the 1973-74 embargo. We found that weekend closings only caused people to fill up their own gas tanks and they moved the storage from the service stations to their own tanks. They simply moved it around, but they went right ahead and consumed or used substantially the same amount of gasoline. It was totally ineffective.

And we also found that the uncertainty that it created was a devastating effect on the travel industry. We believe that from our own records at Holiday Inn that if such a program were instituted, that from May to September of this year that it would probably cause a loss of revenue somewhere close to \$74 million.

So, I believe, Mr. Chairman, that the evidence is conclusive that the provision No. 1, providing for restricting gasoline availability on weekends, is ineffective; it's not in the public interest. The public isn't calling for it, and we should call upon the administration to withdraw it and apply some other standby measure.

Now, I would like to turn our attention, then, to another more important area, which, I submit, is the basic massive area of the iceberg, and talk about the fact that we should develop a new concept and a concentrated effort to mobilize the people, the industry of this country, in a plan to increase production, to increase the supply of energy within this United States.

It's true, I think, that we do have a crisis at this time, and I think what we're probably talking about is bidding for time in order to overcome the shortfall—shortages, if they exist.

The problem I find with this is that it's exactly the same dialog that I heard in 1974, and I don't believe that there is a real hard—like the time or the era when we decided that it was essential that we put a man on the Moon, and we said we're going to do it and we're going to do it in this given period of time. And the American people knew what the goal was. They knew what they were going to be doing, and they did it. I think we have that type of a crisis in the availability of energy in this country right now.

I think, and would recommend, that the first thing that we do now is to decontrol oil and let's get back to the free market; let's get back to the free-enterprise system; let's get back to the thing that, in my opinion, made this the greatest nation in the world, its free-enterprise system, man working to provide for his own needs in a free environment, an environment that allows individuals and industry to grow.

I am sure that prices will probably rise a bit initially. But I think they will seek and find their own level as competition, as it always does, enters the market.

Also, I think that decontrol will indicate to the rest of the world that we have confidence in America, in our own industry, and in our own ability, and that's going to create the confidence by our neighbors around the world. And at that time when we were trying to put a man on the Moon, there were those that said it wouldn't work, that the plan was not workable, and I am sure that there are going to be those who say that decontrol will not work. But I believe that it will. Those that say that it won't don't really have a belief in their own country.

Now, in previous testimony Holiday Inn officers have made various statements and testified their statements and opinions have been made a part of the various records of the various hearings. I have submitted copies of their statements here to be made a part of this record, by reference, so that all of the various information being given by Holiday Inns is available to anyone that would like to see it.

And finally, I think we must give—and I do give and endorse and support Senator Warner's Resolution 87, and to repeat our plea that the administration withdraw plan No. 1 because of the preponderance of the public opinion in its opposition, its likely ineffectiveness, and its discriminatory character.

Our challenge today is to develop a more positive plan by setting goals and objectives. A new beginning for the development of energy supplies and energy products to supply by Americans for Americans the energy necessary to run this great country of ours.

Mr. Chairman, I thank you for the opportunity to speak here today, and offer our assistance in any other way that we can.

Senator INOUE. Mr. Walton, once again I thank you very much. Your statement is all-inclusive. I really don't have any questions to ask.

Mr. Packwood.

Senator PACKWOOD. No questions, Mr. Chairman.

Senator INOUE. Thank you very much.

[The statement follows:]

STATEMENT OF WILLIAM B. WALTON, VICE CHAIRMAN OF THE BOARD, HOLIDAY INNS, INC.

Mr. Chairman, Senator Cannon, Senator Warner, I first want to express the appreciation of my company, Holiday Inns, Inc., the appreciation of my industry, and finally my own personal appreciation for this opportunity to express to you and this committee our feelings on a subject which we feel is vital to the very existence of our country . . . energy. I feel that our direct consideration this morning is but the tip of the iceberg.

The other evening I went to my library and gathered the many documents, reports, public utterances, administration commitments, and statements . . . statements of the environmentalists . . . of industry . . . and of the Congress. And, Mr. Chairman, as I studied and attempted to organize my thoughts, I was overwhelmed by the central thought of what we are really talking about . . . the Freedom of America.

Nowhere in the United States than in these Senate halls can the voices of the past more loudly acclaim the fact that the driving force . . . the motivation . . . which gave birth to this great nation was man's desire to be free. The freedom that he cherished the most was to live his life in his own way so long as he did not endanger or encroach upon his fellowman's rights. The most profound of these personal rights was his desire for freedom to worship God in his own way, to pattern his own lifestyle, and not to be under the dictatorial mandates of government or any government foreign to his own land.

The very life blood flowing through the veins of this nation is progress . . . progress in all of those areas contributing to our way of life and creating growth . . . growth which provides jobs that allow man to provide for his own needs and those of his family. In the area of medical science progress made in our country has extended and prolonged man's life. It has provided him with a better life and a happier life. Industry has provided him with the means to enjoy the living of his life.

Mr. Chairman, I respectfully submit that this country is in grave danger of having become a people plagued with apathy toward the personal commitment and dedication necessary to preserve our precious rights of freedom . . . we are here today because foreign governments are greatly influencing the economy, the social well-being, and the very life of America; and Mr. Chairman, we were here before in February 1974, considering S. Res. 281 which then, as now, was to recognize the importance of the travel and tourism industry to the economy and well-being of this nation. It was to state by resolution the sense of the Senate that in the allocation of necessary energy sources the travel and tourism industry be treated fairly, equitably, and not discriminated against and cause it through government regulation to bear the burden of a disproportionate share of energy conservation. At that time 37-percent of this country's oil requirements was being imported from foreign lands. This should have been a warning of the threat to our way of life, but, Mr. Chairman, apparently it wasn't, because 5 years later that dependency has grown to 50-

percent, and we are here today, thanks to you, considering S. Res. 87 once again in a valiant effort to defend America's third ranking industry from the devastating effects of an administration's discriminatory proposals, namely to conserve gasoline by closing service stations on the weekends and thereby placing the major burden of an energy shortage on one industry. We believe this proposed regulation is a violation of Section 201 (F1) of the Emergency Policy and Conservation Act (EPCA) requiring any contingency plan be considered only after analysis of its effect on—

- (a) vital industrial sections of the economy;
- (b) employment; and
- (c) the economic vitality of States and regional areas.

The economic analysis prepared by the Department of Energy's own staff in conjunction with weekend closings as a contingency plan indicates a strong negative impact on the travel and tourism industry in all three of these areas and yet, Mr. Chairman, the standby conservation plan was nevertheless introduced calling for weekend gasoline sales restrictions. I respectfully submit that the closing of service stations on the weekend would be devastating to the lodging segment of the industry, the Department of Energy speculates that it would cause a loss of 1.4 billion dollars in revenues and 100,000 Americans to lose their jobs, and further in the restaurant segment of the industry it would destroy another 140,000 jobs and cause a loss in revenue of 3.7 billion dollars. Mr. Chairman, this is an exorbitant, unrealistic price to pay in order to conserve 240 thousand barrels of oil per day . . . We must look at the 20 million barrels of oil a day this country uses to carry on its cherished way of life, and the fact that 10 million of these barrels so necessary are controlled by foreign governments. I respectfully submit that with respect to petroleum this country is almost under the control of foreign nations.

Certainly, Mr. Chairman, representing the Holiday Inn system and one of the spokesmen for the travel and tourism industry I must vigorously oppose plan number one calling for the curtailment of weekend gasoline sales. I do want to say at this point, as always, that in the event of a national emergency seriously affecting our country that our industry will share its fair and just proportion of the burden.

Mr. Chairman, if you would allow me a short personal reference to my company as I feel the Holiday Inn story is so typical of the American way of life and so apropos at this point of my testimony. It is probably one of our country's greatest examples in this generation of the free enterprise system at work, and what it means when we are allowed to work freely and grow within the bounds and limits of those laws of our land. Several of us came together to organize our corporate entity, our system, and methods of operation. We had this to say at our first board meeting: We believed that we could build a great company and system founded on the recognition of man's dignity and the basic Christian belief in man's love for his fellowman. At this point in our life, Mr. Chairman, the year was 1955—we had no money and were in the red \$37,000. There were about ten of us on a non-existent payroll, but sixteen years later in this great land of ours . . . this land of opportunity . . . we had built the largest corporation of its type in the world. The company and its franchisees were employing 155 thousand people and had a payroll of nearly 900 million dollars. In excess of 1,700 Holiday Inns with more than 275,000 rooms were in operation throughout the world and today, Mr. Chairman, the Holiday Inn system will be host to more than 110 million people. So, you can see it is hard for me to comprehend that in a nation that has put a man on the Moon . . . and has been able to rid our land of epidemic diseases in order to enjoy the comforts of God's given life . . . that we are yielding to defeat in our ability to conquer and overcome these energy shortages that plague our people.

Mr. Chairman, I can think of no better place in the United States than the Senate Commerce Committee to start, as I have previously testified here . . . a new beginning . . . Let's begin here and now to recognize the tip of the iceberg and give our full support to Senator John Warner's proposed S. Res. 87. Then, let's recognize the needs and desires of the people of this country and their opposition to additional controls upon their way of life and especially the proposed weekend closing as indicated by an independent consumer survey conducted for Holiday Inns by Burke Marketing Research. A copy of the Burke survey has been given to your committee. Only 5 percent of the people contacted found controlling their weekend activities acceptable while 31 percent found stricter enforcement of the 55 mph speed limit most acceptable.

This type of control is good . . . and it saves lives too. The public also ranked thermostat control as one of the most acceptable and effective. Here again, curtailing energy waste without hurting or encroaching upon their fellowman's enjoyment of life.

Just as the Burke study results were reaching our desk in Memphis, the Washington Post revealed that an internal DOE study, conducted by Resource Planning Associates has reached almost identical conclusions. In fact, the RPA study says: "Reduced hours of operation of gasoline stations should be discouraged, if not prohibited . . ." Further, the RPA study found that "All available supplies of gasoline would be purchased in any case," whether hours of operation were reduced or not.

Finally, in a rather compelling aside, the RPA report detailed how reduced operating hours would inevitably lead to long lines (Queues . . . as they used the British connotation) and in a dramatic vignette said:

"If we assume that the drivers of 100 million automobiles each spent an average of only one working hour a month (i.e., 15 minutes a week) in gasoline queues, 100 million hours of productivity were lost. With the average value of working time set conservatively at \$5.00 per hour, the loss in productivity for one month alone was half a million dollars. A similarly conservative estimate of the amount of gasoline wasted by waiting motorist is 50 million gallons per month."

Further, in support of our opposition to weekend closing of service stations, we have seen George Gallup's findings that serve to underscore that which we have already stated. Gallup finds that 61-percent of the public believe closing service stations on Sunday is a poor idea and 53-percent are opposed to rationing.

We should have learned from the Arab embargo of 1973 and 1974 that gasoline service stations weekend closing do little more than create consumer panic, misallocations and hoarding, shifting the gasoline storage from the service station tanks to the public's private tanks and automobile tanks. Weekend closings, we believe, produce a minimal savings at best while creating devastation in this industry in job losses and revenue losses. We conservatively estimate in the Holiday Inn system alone that such a program instituted from May through September would cost the Holiday Inn system 74 million dollars in revenue.

Mr. Chairman, I believe the evidence is conclusive from the economic analysis of the Department of Energy, from reputable independent surveys, from our knowledge of the 1973-74 Arab embargo, and from the entire record that the administration should be called upon to withdraw its standby conservation plan number one and that we turn our attention to the massive portion of the iceberg beneath the surface that could destroy our land. Let's concentrate our effort and the efforts of the people of this country toward the real opportunity of increasing the production of energy within America for Americans.

We do have a crisis, Mr. Chairman, one that will plague us for many years to come if we keep tiptoeing around the edge writing contingency plans that just might save a few hundred thousand barrels of oil per day.

We need to decontrol domestic oil . . . Now.

There is no other solution which will assure ultimate independence from unstable foreign sources.

Decontrol will raise prices . . . gradually . . . and I'm confident Congress would not demand such an approach without counterbalancing action such as windfall profit taxes and a plowback mechanism.

But, decontrol will also raise confidence . . . a feeling that our country can come to grips with one of its most pressing problems. When the rest of the world realizes that we are no longer dependent on others for our energy supply the better off we will be in every respect. I think you will find us in a totally different atmosphere—one of peace, prosperity and greater respect for human dignity. But, Mr. Chairman, just as there were those who said we didn't need to be on the Moon nor did the project have a chance, there will be those who will say that decontrol and the free market function will not work and will not help solve the energy crisis. But I say to you, that this is tantamount to saying that they do not truly believe in their country and that which has made it strong.

Mr. Chairman, America has had enough negative energy plans. America needs a positive energy plan of increased production so that America will not be dependent upon foreign lands for our very life . . . it can be done . . . it must be done.

We have made a number of specific suggestions regarding other temporary emergency measures. Officers of Holiday Inns have made statements before the relevant energy subcommittees of both the Senate and House now considering the President's proposal. For your purposes and those of the committee, I have provided copies of that testimony for inclusion in the record.

In conclusion, we give our support to S. Res. 87, and we repeat our plea that the administration withdraw plan number one because of the preponderance of public opinion in opposition, its likely ineffectiveness, and its discriminatory character. Our challenge today is to develop a more positive plan—setting goals and objectives

as a new beginning that will rid our land of energy shortages through the new production of adequate energy supplies by Americans for Americans.

Senator INOUE. Our next witness is the legislative representative of the Hotel and Restaurant Employees and Bartenders International Union, AFL-CIO, Mr. Robert E. Julianio.

Without objection, your statement will be made part of the record, sir. Welcome.

STATEMENT OF ROBERT E. JULIANO, LEGISLATIVE REPRESENTATIVE, HOTEL AND RESTAURANT EMPLOYEES AND BARTENDERS INTERNATIONAL UNION, AFL-CIO

Mr. JULIANO. Thank you, sir.

I should warn you, when I testified on the House side I capsulized my statement and they requested that afterward, they said the next time I come I should read the statement instead of capsule it. It has something to do with my ethnic background. I will be very brief, hopefully, and to the point.

Recognizing, Mr. Chairman, that this set of hearings in this area would probably become far more involved in the area of politics than in the area of what the merits of the issue would be, we proceeded, our union, with American Express, a company with whom we work very closely, and commissioned a study, which I would ask your permission also to include as part of the record for these hearings.

Senator INOUE. Without objection, so ordered.¹

Mr. JULIANO. This study was performed by an economist named Michael Glassman. The rationale behind our joint effort in the study was our concern with the catastrophic impact on employment that the DOE proposals would create.

I might add that we have forwarded copies of our study to the Brookings Institute, to the Congressional Budget Office, and to the Council on Wage and Price Stability.

We're not saying it's the only game in town. We are not saying that it's the only adverse study. What we are saying is this is a terribly important area, and we think that the DOE proposals contain enough errors and enough miscalculations to indicate that some serious work ought to be done about the proposals that they are considering making public, such as our findings indicate that the DOE estimated \$16 billion increase in GNP. However, it is likely that an \$18 billion decrease would occur.

DOE estimated offsetting costs of the program to be \$9 billion. Our study estimates the true cost at more than \$17 billion.

DOE understated by \$1.1 billion the loss to the hotel, motel, and restaurant industry. They have understated by 463,000 the number of job losses to low-income workers such as waiters, bartenders, and hotel workers. I might add, in that respect, 56 percent of the total employment in the area is female, 26 percent black and Hispanic.

The study is replete with a number of arithmetic and analytical errors, and all we're suggesting is—not that ours would supplant theirs, but I think that if one were to get deeply into their proposals—and I am certainly not an economist, but I think I can read a few numbers—that you would have to conclude that their basic

¹ The study is printed in the committee report No. 96-89, p. 45, filed Apr. 18, 1979.

proposals are a lot more politically oriented than they are factually based.

And I have to come up here today, and say to you, that I think that what you have said for 6 years and all of you in the Congress is really the thrust behind this. Here we are again as a political football. We are assembled. The public at large does not understand the curved elasticity demand of 1 percent. They don't understand the 464,000-barrel losses projected. And they don't understand about where the oil is going, necessarily, from one place or another.

But they can understand when you say that we should close gasoline stations on the weekend, just as they understood that it was very easy for someone to deduct the cost of the three-martini lunch when you who brown-bag it to work cannot deduct the cost of your bologna sandwich. It's the same kind of rhetoric, the same kind of hyperbole. And we're back at the three-martini lunch syndrome, this time on the energy bill.

Along with their concept of weekend closings, they had another brilliant brainstorm, and that was they were going to turn out all the lights on all the hotels all over the country at 11 at night, and this would save, according to their own calculations—and others—it would save absolutely nothing. And I am told that the reason behind it was that it would indicate to the American public that, as a gesture, we will have to be serious about this problem.

I, being a bartender, ask the dumb question about what happens at 7 or 8 in the morning when we all throw the switches that turn the lights back on all over the country. I think they're still trying to find the answer.

But that's where we stand, and I believe—and I suppose I am in the minority here today—but I think that the battle has to be won up here, and I think it's got to be far more political in nature. I have to tell you categorically that I don't think that the President would back himself up to the wall to support Mr. Schlesinger's proposals. I think there are serious discrepancies within the administration over supporting his proposal of weekend closing of gasoline stations. I think there are serious concerns about whether or not there is a shortage. And I think that people realize that the tourism industry and all of the unions affected, including ours and especially ours, are not going to sit still and be made another media symbol, this time in the energy bill. Last time it was in the tax bill. And I believe that that's where we stand.

I would just like to say that if in fact the crisis does occur, or we all agree and you all agree that there is a serious problem, we're not up here saying we don't intend to cooperate. I'm sure my members and all Americans will respond accordingly if in fact there is a real crisis.

Our suggestion would be, just quickly, as follows: If you have allocation, we would urge consideration that they reduce the fuels available to each State on an across-the-board percentage basis, predicated on prior consumption levels, but allowing the State and local governments to decide how the fuel should be allocated in their respective States.

To consider what DOE's own study has shown would be the most effective way to manage gasoline consumption during a period of

energy shortages. DOE commissioned a study, Mr. Chairman, from Resource Planning Associates in Massachusetts, and if it hasn't been introduced in the record, I would urge that you do that.

Because what it is, it's similar to those people who are working against all of us in the three-martini lunch. And when the results came back, and the results were not favorable to the support of Mr. Schlesinger's own conclusions, apparently it got sidetracked for 3 or 4 weeks before it surfaced publicly, because it states categorically what you mentioned in your opening statement, that any type of reduced hours of station operation, including weekend closings, are counterproductive. And we would urge that they listen to the results of these studies which they commissioned themselves.

They should seek to concentrate on those major areas where a number of cars travel down the highway with one person in their car by asking most people to either form a car pool or to use whatever mass transportation systems might be at their disposal.

Last, if in the considered judgment of all parties, decontrol of oil prices becomes a reality, that this be coupled with an excess profits tax to avoid windfall profits and a plowback provision divided between exploration of all reserves and alternate sources of energy, as well as immediate major development of our Nation's mass transportation system.

I would think that if they're serious about attacking the energy problem, we're more than willing to work hand in hand with you and the Congress and with them. If they're going to hold us out as a symbol, as they are, we're going to fight them as best we possibly can.

I appreciate your efforts, all of you in the Congress, on our behalf and on behalf of the country. I would be happy to answer any questions you have.

Senator INOUE. Thank you very much, Mr. Juliano.

Before doing that, I would like to announce that the record of this morning's hearing will be transmitted to the Department of Energy for their views, and we hope we will receive their views before we close our books.

Senator Packwood?

Senator PACKWOOD. Mr. Chairman, I have no questions.

Mr. Juliano, as usual, made a commonsense statement which I appreciate very much. Good job.

Mr. JULIANO. Thank you.

Senator INOUE. I concur in that, sir, and I thank you very much.

[The statement follows:]

STATEMENT OF ROBERT E. JULIANO, LEGISLATIVE REPRESENTATIVE, HOTEL AND RESTAURANT EMPLOYEES AND BARTENDERS INTERNATIONAL UNION

Mr. Chairman, in behalf of our general president Edward T. Hanley and the 500,000 members we proudly represent, may I say what a great pleasure it is to appear before this distinguished subcommittee to testify on S. Resolution 87.

These hearings will give labor and the tourism industry an opportunity to express our views on whether the administration's standby energy plans are consistent with the prohibition in the Energy Policy and Conservation Act of 1975, or, as we used to say on the west side of Chicago, here we go again.

At the outset of my remarks, Mr. Chairman, may we ask your permission to incorporate as part of the official record of this hearing a copy of an analysis which was commissioned as part of a joint effort between the hotel and restaurant employ-

ees and bartenders international union and American Express Company, with whom we work very closely on issues such as this. This paper was prepared by Michael Glassman, an economist with the firm Glassman-Oliver.

The rationale behind our joint effort in the compilation of this study was our mutual concern of the catastrophic impact on employment that the DOE proposals would create. Upon reviewing the analysis we are by no means claiming that it is "the only game in town", however, it was commissioned on the basis of being a factual objective evaluation of DOE proposals, and we believe that its conclusions are correct as well as alarming.

Since we have no qualms about sharing this study with other groups (something I might add which apparently DOE is not anxious to do with their studies), we have forwarded copies and requested evaluation of our analysis from the Brookings Institution, the Congressional Budget Office, and the Council on Wage and Price Stability. What we have tried to do with this paper is to step back and perform—in the public interest—as objective as possible a cost/benefit analysis of DOE's proposal for weekend gas station closings.

Let me share with you some of our findings from this study. Our study concluded that:

1. The DOE justification of weekend closings understated the losses to GNP by \$32 billion;
2. The DOE estimated offsetting costs of the program to be \$9 billion; our study estimates the true costs at more than \$17 billion;
3. The DOE understated by \$1.143 billion the economic losses to the restaurant, hotel and motel industries;
4. The DOE understated by 463,000 the number of job losses to low-income workers like waiters, bartenders and hotel workers; and
5. The DOE study is replete with a number of arithmetic and analytical errors; by themselves so serious that they throw into doubt the veracity of DOE's recommendations.

Those were the specific problems we found with the DOE study, and we are clearly concerned about them. The discrepancies between the DOE findings and ours need looking at, or at a very minimum the DOE cost/benefit numbers should be scrutinized by an impartial body such as the Congressional Budget Office.

Another serious problem we have with the DOE proposal is their lack of comprehensiveness. They have a tendency to detract from what the apparent facts might be, and that they are again playing to media rather than focusing on the serious nature of this problem. In my testimony before the subcommittee on Transportation and Commerce of the House of Representatives on March 15, 1979, I stated that the DOE proposals are "the three martini lunch of the energy bill because DOE has only spent 30 billion dollars, I think, maybe more, in five years time and they came up with the same proposals that they did five years ago." Mr. Chairman, they obviously are suggesting weekend closing of gasoline stations because of the media visibility. This suggestion will attract. Well, in our opinion, it is another symbolic issue such as the three martini lunch devoid of reason and fact, and one we will fight bitterly because our analysis estimates that weekend closing of gasoline stations will create disastrous unemployment in our tourism industry.

It is our considered judgment that there are numerous alternatives that can be considered that make more sense and would be more readily accepted by the American public without creating an unfair hardship on one segment of industry. We certainly will cooperate with whatever plan the Federal Government comes up with in the event of a true crisis. However, if allocation becomes a reality, the implementation for such allocation should be left to the discretion of the respective states. They, hopefully, will have a much more precise idea of what industries are most important to their states and cities. Also, another alternative that could be pursued is the odd-even day purchase plan, or the minimum purchase plan.

Ironically enough, DOE commissioned a study entitled "Policies to Manage Gasoline Consumption During a Shortage and Their Effect on Retail Gasoline Queues", which was prepared by Resource Planning Association Inc., Cambridge, Massachusetts. The study concluded that weekend closings should be "discouraged if not prohibited" as they are "counter-productive". Perhaps one of the reasons it took so long for this study to surface publicly is it certainly did not agree with DOE's proposal of weekend closing of gasoline stations and, in fact, it goes one step further and indicates that such closings would be counter-productive.

A copy of a bill called "People's Choice," from the Automotive Research Bureau in Florida, which indicated through a series of questions, an indication of public preference regarding alternate day closing of gasoline stations vis-a-vis weekend and

Sunday closing 78.3 percent of the respondents definitely favored an alternate day closing plan as opposed to weekend closings.

Mr. Chairman we are certainly not minimizing the potential serious nature of the energy problem. We are upset with DOE because their proposals contained some glaring inaccuracies as well as some mathematical errors which I find incredulous in the light of the seriousness of this subject matter and the size of the department and their budget. One might even go as far as to say that perhaps they are less than candid. Rather, than focus attention on them and the problems inherent in the agency, we urge the Congress to focus in on the larger picture and concentrate on the merits of the issue and how we might best cope with it.

If in fact if there is a real energy crisis, my members will respond accordingly as all good American citizens will. However, my people still believe that some of the problems are contrived, and we totally concur with their judgment. If a crisis situation occurs we would suggest that DOE look and do the following:

(a) Reduce fuels available to each state on an across-the-board percentage basis, predicated on prior consumption levels, but allow the state and local governments to decide how the fuel should be allocated in their respective states.

(b) To consider what DOE's own study has shown will be the most effective way to manage gasoline consumption during a period of energy shortages.

(c) To concentrate on those major populated areas where a number of cars travel down the highways with one person in the car, and asking those people either to form a car pool or to use whatever mass transportation system might be at their disposal.

(d) If in the considered judgment of all parties decontrol of oil prices becomes a reality, that this be coupled with an excess profits tax to avoid windfall profits, and a plow back provision divided between exploration of all reserves and alternative sources of energy, as well as immediate major development of our nation's mass transportation system.

We appreciate the opportunity to appear before your distinguished subcommittee to discuss this most serious matter and we welcome the opportunity to answer any questions.

Senator INOUE. Our next witness is the president and chief executive officer of the Air Transport Association of America, Mr. Paul Ignatius.

Mr. Secretary, it's always good to see you, sir.

STATEMENT OF PAUL IGNATIUS, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AIR TRANSPORT ASSOCIATION OF AMERICA

Mr. IGNATIUS. It's a pleasure to be here, sir.

Senator Inouye, Senator Packwood, I just want to say at the outset that the airline industry very much appreciates your calling these hearings, but more importantly the resolute and devoted attention you have given to the travel and tourism industry as a very informed Senator on it.

I also want to say that we appreciate very much the attention that Senator Warner has given to these matters as embodied in the Senate resolution that forms an important part of this hearing.

Mr. Chairman, I have kept my statement short. That being the case, I propose to read it in its entirety. I don't think it will take substantially more time to do it that way—indeed, probably less time.

First, let me say that the airlines support Senate Resolution 87. Last year, the airlines carried about 280 million passengers and expect to carry on the order of about 300 million this year.

As President Carter stated in a proclamation last year, air transportation has become the prime public carrier between American cities and to international points. Airlines now account for about 85 percent of all intercity public passenger miles and about 95 percent of international passenger travel.

Thus, the airlines are a vital part of the travel and tourism industry. Because Senate Resolution 87 calls attention to the importance of this industry to the U.S. economy, it will help to assure that its energy needs are understood and recognized.

Although jet fuel supplies are generally adequate, there have been spot shortages during recent weeks resulting from the situation in Iran and its attendant impact on petroleum exports.

This has led to a small number of flight cancellations, approximately one-half of 1 percent of our scheduled flights.

Some of these flights have now been restored. Where flight cancellations were necessary, and in order to inconvenience as few passengers as possible, the airlines have canceled those flights involving the smallest number of travelers, taking into account the availability of alternative service. I am sure you will agree that this was a prudent course of action under the circumstances.

The occurrence of these cancellations underscores the continuing need for assuring adequate fuel supplies. This need has been heightened by the passage of the Airline Deregulation Act of 1978, which was designed to stimulate airline competition and make available a "variety of adequate, economic, efficient, and low price services".

One of its major purposes was to increase significantly the availability of public air transportation. In the first 2 months of this year, airline traffic increased almost 18 percent when compared with 1978, and last year's growth over 1977 was about the same, 17.7 percent. And I can report to you, Mr. Chairman, that the surge in demand is continuing through the month of March.

It is important that adequate amounts of jet fuel enter the market in order to meet this growing demand. We hope that the recent removal of price and allocation controls from jet fuel, which became effective at the end of February, will encourage increased production.

The airlines recognize the potentially serious nature of the current petroleum supply situation. They believe the most appropriate way to contend with tight fuel supplies is to allow market forces to work, free from governmental restrictions on airline operations.

If mandatory controls should become necessary in an emergency fuel situation, they should be limited to supply controls imposed by the Department of Energy.

Furthermore, these controls must recognize the importance of airlines and other common carriers in the assignment of allocation levels. Such recognition, we believe, would be fully consistent with energy conservation goals, including the encouragement of greater use of public transportation.

The airlines are proud of their conservation efforts. Last year, for example, the airlines transported 78 million more passengers than in 1973, while using 50 million gallons less fuel, a 38-percent gain in per-gallon fuel efficiency.

While we will continue to seek additional ways to save fuel, further gains will be more difficult to achieve. The most significant savings will come from the new, quieter, more fuel-efficient aircraft that the airlines are purchasing in increasing numbers.

I would like to note in passing at this point that the airlines have expressed their opposition to the FAA requirement to retrofit

the smaller jet aircraft for noise purposes. This requirement, we estimate, will waste more than 1 million gallons of jet fuel per month, and will have little or no perceptible effect on noise reduction.

Its price tag of over \$200 million is inflationary, for the public will gain almost nothing from this expenditure of funds.

We were pleased that the Senate Commerce Committee unanimously reported S. 413 which would encourage aircraft replacement instead of retrofit. We hope that further ways to alleviate the wasteful effects of the retrofit rule will be considered during the course of the legislative effort.

Mr. Chairman, the President is expected shortly to announce his proposals for meeting the energy challenge that faces the Nation. Difficult problems must be overcome through a resolute and equitable program of action. I hope the comments I have made today will be helpful in this regard.

And now to summarize my points:

First, Senate Resolution 87 will help to assure an adequate level of supply for all segments of the travel and tourism industry, and it is accordingly supported by the airlines.

Second, the recent action to decontrol the price of jet fuel will help improve its supply availability.

Third, we believe market forces rather than government controls over airline operations constitute the most effective way to deal with a tight supply situation.

And finally, of course, the airlines will continue to give strong emphasis to fuel conservation.

This concludes my statement.

Senator INOUE. Thank you very much, Mr. Ignatius.

Senator WARNER?

Senator WARNER. Thank you.

What is your own personal assessment on the status of the worldwide fuel supply today and how does that contrast with the worldwide demand?

Mr. IGNATIUS. First, I think we're perilously dependent upon foreign fuel sources which approximate 50 percent of our petroleum use.

Second, Senator Warner, from your position today as well as prior positions that you've held, you are aware, perhaps more than many, about the circumstances in the Middle East where all of the Middle East oil must pass through the Straits of Hormuz, where the loading facilities are concentrated in one or two places, so that we have a very serious problem with regard to this major source of supply.

Now with regard to the present demand and consumption figures, it is my belief that the amount of crude flowing to the United States has been adversely affected as a result of the cessation for a period of time of Iranian production.

How much that is is a matter of some dispute because of the complexities of worldwide oil supply, but it would appear as though there is a shortfall on the order of 2 million barrels a day or so.

The Saudis made up part of that for a while, going above their normal level of 8.5 million barrels a day to about 9.5, presumably to return to the 8.5 level. The shortage that we have is partly a

result of a determination by the oil companies to rebuild the stocks that were depleted in order to go into the heavy driving season with a larger inventory on hand. Some of the oil companies have had to issue allocation orders. Our spot problems that I mentioned earlier reflected this. I think all but two of our suppliers have allocation orders on the airlines.

They will vary in degree. Our problems tend to be more localized than general. If the Iranian production returns to a level of 3 or 4 million barrels a day—nobody seems to think it will get back to the 5 or 6 million where they were—we will have a tight supply situation, but an improving supply situation.

In the longer run, I think it's critically important, as Mr. Walton said earlier, that we have programs in this country to increase the availability not only of petroleum but of alternate sources of fuel that can help to ease the burden with regard to tight petroleum supplies.

We have a genius in this country for doing this kind of thing. We've proved it over and over, and I hope that we will have programs with reasonable, attainable goals to put us in a better position so that we are less dependent on the vagaries of foreign supply for a commodity as critical to the U.S. economy and to the U.S. way of life, and indeed the economy of Western Europe and Japan and so many other areas of the world, as petroleum.

Senator WARNER. Given that assessment, in the simplest possible language so that the homeowner can begin to consider his vacation plans, what is likely to be the impact of this worldwide situation on the driving family in the next 6 months?

Mr. IGNATIUS. I know more about jet fuel than I do about gasoline, but my impression is that we will have a tight situation. But if Iranian production returns to a level of 3 million barrels a day or so and that production is sustained, that we will get through. It's important that we reach this level before too long.

I think it will be tight. I think also that to the extent we can, we need to work on that amount of gasoline consumption that's devoted to commuting to and from work. Something like 10 percent, I believe, is the figure of gasoline consumption for this purpose.

Now there are a lot of parts of the country where it's not feasible to do other than commute by automobile, but in the urban centers, if we can substitute car pooling, if we can substitute mass transportation, public transportation for the use of the automobile, particularly if it's used by a single person, then I think you can free up petroleum for other uses—such as, for example, travel and tourism and the recreational benefits that travel brings, and because of the important economic aspects of this industry that have been brought out previously.

Senator WARNER. Twice you've referred to the level of production in Iran, but I'm sure you'd agree that the other major factor in the equation is the willingness of OPEC to continue their production at these increased levels. So two variables are almost coequal, are they not?

Mr. IGNATIUS. Very much so, and I hope that they will maintain their levels of production at traditional amounts.

Should there be any significant cutback in some of the OPEC countries—particularly Saudi Arabia—that would have a worsening effect on an already tight situation.

Senator WARNER. I would presume that in the period 1973-74, your organization compiled some statistics as to what the impact was on, say, package plans. That is, plans whereby you bought a ticket, rented a car, took a vacation, and returned with air travel only being a part of the package.

Would you provide us with those statistics and whatever analysis the association has made?

Mr. IGNATIUS. Yes.

I would like, if I might, to put this in the record, but I will tell you just quickly that in an industry that in 1973 was employing slightly over 300,000 people, we had to furlough about 15,000. In an industry that was then operating something on the order of 13,000 to 13,500 flights a day, we had to cut back over 1,000 flights per day. The impact was fairly serious. Over a period of time, we were able to work things out as the situation improved, but there was quite a significant impact.

I will try to furnish for the record, Senator Warner, whatever I am able to get with regard to the other matters, including rental cars that constitute an important factor in many journeys which begin with an air trip.

[The following information was subsequently received for the record.]

IMPACT OF 1973-74 FUEL SHORTAGE ON VARIOUS SEGMENTS OF THE TRAVEL INDUSTRY

Airlines

Domestic airline passenger traffic increased 7 percent in the first quarter of 1974 largely due to diversion from automobiles. Domestic air travel for all of 1974 was up 3 percent over 1973. Domestic intercity travel by all modes was down about 4 percent in early 1974. For the full year it declined 2 percent.

Airline flights dropped by nearly 2,000 per day in early 1974. The reduction averaged 1,100 per day for all of 1974. In 1974 the airlines averaged about 13,000 flights per day compared to 14,100 flights per day in 1973.

Airline employees furloughed amounted to about 15,000 in early 1974.

Airline fuel costs skyrocketed from about 12 cents a gallon in 1973 to 24 cents a gallon in 1974.

Motels/hotels/tourist attractions¹

Occupancies for highway oriented accommodation facilities dropped 26 percent during December, 1973 to February, 1974 from the prior year. Weekend business, which had been running at levels of 65 to 75 percent occupancy, declined to 20 to 25 percent. Some small motels were forced out of business.

Average number of motel, motor hotel and hotel rooms occupied per day remained at the same level in 1974 as in 1973. Separately, occupied motels and motor hotels rooms decreased about 4 percent in 1974 with the occupancy rate dropping to 62 percent from 66 percent in 1973. Motels and motor hotels are highly dependent on highway travel. Hotels are less dependent. Occupied hotel rooms increased 5 percent in 1974 with the occupancy rate increasing to 59 percent from 52 percent in 1973.

Travel attractions, motels and roadside restaurants suffered business declines of 20 to 30 percent in early 1974 with East Coast down 30 to 60 percent. For example, Colonial Williamsburg had a 50 percent decline in attendance in February, 1974.

Resorts in Southwest and West catering to air travelers experienced a satisfactory year in 1974 with travelers staying for longer periods.

¹ Based on information reported in the 20th and 21st annual issues of "The Big Picture," American Society of Travel Agents, Discover America Travel Organization, Inc. and American Hotel and Motel Association.

Las Vegas visitors increased 1.1 percent in first six months of 1974.

Rental cars²

Rental car companies were severely impacted by the fuel shortage. For example, two major car rental systems reported losses for the first quarter of 1974, a period which normally shows a profit. One major system reduced its number of vehicles in use by 10 percent compared to the same quarter a year ago because of the nonavailability of gasoline.

Price of gasoline increased significantly in early 1974. For example, the national average selling price for regular gasoline in December, 1973 was 43 cents a gallon and by March, 1974 it was 52 cents a gallon.

Vehicles in car rental use declined in 1974. Revenues were up, however, due to inflation. The following table shows the growth in car rentals, 1970-1978:

[Dollars in millions]

Year	Vehicles in use	Amount
1970.....	270,000	\$1,015
1971.....	310,000	1,207
1972.....	340,000	1,376
1973.....	360,000	1,560
1974.....	350,000	1,620
1975.....	354,000	1,820
1976.....	390,000	1,780
1977.....	420,000	2,450
1978.....	455,000	2,700

Source: Travel Marketing Yearbook, 1979.

Note: More than 75 percent of the car rental industry revenues are generated through airport rentals, the great majority of which are for business purposes.

Senator WARNER. With all due respect to your industry, and, of course, it is one of the major ones in the country, we do not want to overlook the documentation of what happens to the little fellow.

Although he's on the other end of your transportation leg, he by no means is any less important to this hearing.

Thank you very much.

Senator INOUE. Thank you very much, Mr. Ignatius.

Mr. IGNATIUS. Thank you.

Senator INOUE. We now have a panel from the American Hotel and Motel Association: the president of the Homestead, Mr. Thomas J. Lennon; the executive vice president of Best Western, Inc., Mr. Robert C. Hazard, Jr.; the general manager of the Las Vegas Hilton, Mr. John Fitzgerald; and the general manager of the Magee Hotel, Mr. Richard Benefield.

STATEMENTS OF THOMAS J. LENNON, PRESIDENT, THE HOMESTEAD, HOT SPRINGS, VA.; ROBERT C. HAZARD, JR., EXECUTIVE VICE PRESIDENT, BEST WESTERN INC., PHOENIX, ARIZ.; JOHN FITZGERALD, GENERAL MANAGER, LAS VEGAS HILTON, LAS VEGAS, NEV.; AND RICHARD A. BENEFIELD, GENERAL MANAGER, MAGEE HOTEL, BLOOMSBURG, PA.

Mr. LENNON. Senator, I am Thomas Lennon, president of the Homestead Hotel in Hot Springs, Va., and I'm happy to be here this morning. I am happy to see our Senator here, too.

I am also chairman of the American Hotel & Motel Association's Government Affairs Committee.

² Based on information from "Travel Market Yearbook 1974/1975," "Travel Marketing Yearbook 1979," American Car Rental Association and Avis Rent A Car System, Inc.

On behalf of the association, I want to personally thank this subcommittee for holding these hearings and giving the lodging industry the opportunity to express its strong opposition to the administration's request seeking congressional approval of the Standby Conservation Plan No. 1: "Emergency Weekend Gasoline Sales Restrictions."

Over the past few weeks, A.H. & M.A. has appeared before the Senate Subcommittee on Energy Regulations, and the House Subcommittee on Energy and Power, expressing our opposition to this plan.

Based on the information we have gleaned from these hearings and contacts with members of Congress, we are of the opinion that many now recognize will not save any appreciable amount of energy and will do grave harm to us economically and employmentwise.

However, there are still some in Congress who view the program as merely standby authority to the administration. Consequently, they lean in the direction of giving the administration the authority.

Our problem is that the plan, if not rejected now, will act as a cloud that will hover over our industry in its dealings with financial institutions.

Ever since Mr. Schlesinger began talking about problems caused by the Iranian situation, and that at some time in the future the administration may have the authority to close gasoline stations, he has caused some in the financial community to look critically at our industry.

We don't believe this is warranted, and thus our desire to see the plan rejected and the cloud removed. My own property, the Homestead, is a resort located in rural Virginia and is primarily served by automobile traffic. Roughly 90 percent of our business arrives by automobile.

We have close to 60,000 visitors a year. As the largest employer in Bath County, our contribution to the economic well-being of the region is of the utmost importance. We have close to 1,200 employees.

If the Government were to close filling stations for weekends, I can assure you that hundreds of employees will lose their jobs.

Colonial Williamsburg, like me, a Virginia property, has advised that in February 1974, rooms occupied were down by 18.8 percent, and meals served declined 23.3 percent.

In March 1974, rooms occupied were down 21.8 percent, and meals served declined 26.4 percent.

The Virginia Hotel and Motel Association has advised that the figures provided to the Virginia State Travel Service by the U.S. Travel Data Center indicated that a weekend closing of gasoline service stations would result, on an annual basis, in the loss of 7,300 to 9,700 full-time jobs in the Virginia travel industry and an economic loss of \$160 to \$212 million.

In each case, this would be about 10 percent of the total, both of travel jobs and of the annual travel receipts in Virginia. The effect upon individual travel destinations would be extremely uneven. Some destinations would be shattered. For example, weekend business constitutes about 33 percent of the business at Colonial Wil-

liamsburg; 50 percent at the Kings Dominion and Busch Gardens Old Country theme parks; 50 percent of Luray Caverns; and 60 percent on an annual, and 35 percent on a summer basis, at Virginia Beach.

The association has provided me with a detailed statement based on the industry's perception of the impact the plan would have, and that statement has been submitted to the subcommittee. I would like it to become a part of the record if there is no objection.

Senator INOUE. Without objection, so ordered.

Mr. LENNON. Because of my role as chairman of the association's governmental affairs committee, I am closely involved with the efforts of this subcommittee respecting the national tourism policy study.

Publicly, I want to express both mine and the association's appreciation to the distinguished Senator from Hawaii, Mr. Inouye, for the work he has done in this area.

A conclusion of the study that Federal energy people perceive as our industry—as a role priority within the context of the DOE—makes me feel that it is of the utmost importance that a coordinating council of agency heads should be created.

And if that was in effect now, they would be able to handle and represent the tourist industry.

Ever since the energy people in the Ford administration began working on a plan to curb weekend driving, and continuing through to the Carter administration, we have constantly sought to dissuade them through appearances at agency hearings.

As you can see, the bureaucratic structure has not listened and are still pushing a plan that has no merit. Tourism is too important an industry to have its interests perceived as low priority by any Federal agency.

Our contribution to the balance of payments deficit should be enough to make the administration realize that it should be doing things differently.

Mr. Chairman, I can assure you that we will support you in your efforts to get tourism recognized at the highest levels of Government, and I thank you for your time.

Senator INOUE. Mr. Lennon, I thank you very much.

And I'd like to recognize the author of this measure, your Senator, Senator Warner.

Senator WARNER. Thank you, Mr. Lennon.

Mr. Lennon, having had the privilege of visiting your wonderful hotel on many occasions, I was just thinking of my visits and how many of those were related to work as compared to pleasure. It's my recollection that a substantial percentage of your occupancy is directly related not just to people having a weekend off for pleasure, but to business conventions and very serious hard work. Would I be correct in that?

Mr. LENNON. That is true.

Senator WARNER. Would you care to break out a percentage?

Mr. LENNON. Sixty-five percent of our business is convention or business meetings.

Senator WARNER. So when we talk about travel and tourism, we should make it ever so clear that a substantial percentage of the

services you offer to the Nation's public are directly related to serious business?

Mr. LENNON. That's correct.

Senator WARNER. Thank you, sir.

Thank you, Mr. Chairman.

Senator INOUE. Mr. Lennon, much of your statement relates to this plan number 1 serving as a cloud over your industry.

Have members of the industry experienced this in recent days?

Mr. LENNON. Well, I don't know of any recent experiences, but I can go back to the embargo in 1973 when I think was 20 percent of our total, if my figures are right—and I will supply you with the correct figures, but 20 percent of our total motel and travel accommodations went into receivership.

Senator INOUE. 20 percent?

Mr. LENNON. 20 percent.

Senator INOUE. Are there indications to suggest that this may repeat again?

Senator LENNON. There is no doubt about it.

If they put a weekend ban in, where people cannot travel on weekends, there is no doubt that we will experience—or have the same kind of experience as we had before.

Senator INOUE. Thank you very much, Mr. Lennon.

Mr. Hazard, would you care to add to this?

Mr. HAZARD. Mr. Warner, I'd like to speak for the little people, that you mentioned earlier.

My name is Robert Hazard. This is the first time I've ever had to testify before Congress. I'm the chief executive officer of Best Western International, the world's largest lodging chain.

We're composed of 2,140 individually owned motor inns, hotels, and resorts, that are located in all 50 states and 13 countries.

Our properties range in size from 14 guest rooms up to over 900. The average Best Western though is an 82-unit motel or motor inn, with a restaurant, and usually employs about 50 to 75 people.

I might give you a list of the ones that are in Virginia here. There are 28 of them in Virginia; there are two in Hawaii. Collectively, we employ 125,000 people. In 1978, we generated \$735 million in room rentals and almost \$400 million in food and beverage sales—so, we are one of the two lodging chains to exceed a billion dollars in sales.

But big numbers don't mean anything to our people. When you run a 50-unit property, a 75-unit property, you get scared when you hear about a weekend ban, and you get scared when you hear about gasoline rationing.

We ran an article in our company magazine a month ago. The result of that was a stack of letters that I have here. There are over 600 of these letters here from our owners, and most all of them don't talk about the 374,000 jobs that are going to be lost in the travel and tourism industry.

They talk about what's going to happen to the people on their property, the dishwashers and the maids and the busboys, and their unskilled and semi-skilled workers. They talk about the fact that next year Best Western is going to bring 3,000 owners and managers over to Hawaii for its annual convention; and they wonder if we have this kind of a weekend ban, or rationing of the

supply of gasoline, if they're going to be able to take 3,000 managers and owners over to Hawaii next year.

Eighty-nine percent of our properties' guests arrive by automobile, and we have some 50 million guests. Only 9 percent arrive by airplane, and the remainder come by bus. But about two-thirds of our properties are on the interstate highways, and the rest are resorts, and in airports, and in downtown areas and suburban locations.

Most of our properties are individually owned. The owner has traditionally invested his life savings in the property. In 40 percent of the cases, he's got the property paid for; but in 60 percent of the cases, he's got the mortgage.

And what most of these letters represent are the fears of those 60 percent of the people who fear about how they're going to pay for those mortgages.

All of our people are patriotic. They want to see the country solve what they see as not just an energy shortage, but an energy crisis caused by inability of Government and industry to get together and solve this problem.

They also have asked me to tell you that they don't view gasoline rationing as any more acceptable than the weekend ban. That would also damage our industry. It would create a \$1.6 billion bureaucracy to legislate the driving habits of this country; and they think that would be absolutely intolerable.

We have put together—and I don't want to take the time to read them—but we've put together four papers for you, which we would like to give to you as part of the record:

One, what is Best Western International?

Two, why we're opposed to the weekend ban.

Three, why we're opposed to gasoline rationing.

The fourth part I think is the most important, and that is, if we don't have rationing or the weekend ban and we have a problem, what is our solution to how we should solve the energy problem in this country and its impact on our 2,140 properties.

We discussed this over the weekend in a meeting in Colorado Springs with 500 of our owners. We also discussed this at the Industry Advisory Council of the A.H. & M.A. We came up with a six-point program which we recommend as a solution. I think that's what we want to dwell on.

One, we want to make sure that you advise the Congress to not accept the DOE plan for a weekend ban or for rationing.

Two, we want to suggest to you that the hotel-motel industry joins with the oil industry in saying, "Decontrol and deregulate," as many speakers have said here. It has to be a gradual deregulation to soften the impact on inflation—OK, but by gosh, we've got to deregulate.

If we get into a higher shortfall of energy, if we get a dire emergency, then we believe that Congress should delegate to the Governors, let the Governors institute plans.

You've said earlier you were worried about the hodgepodge of plans that might spread across the country. You're worried that travelers might be worried about this. Our owners expressed that same concern, too, over the weekend; but they said that that's a better plan than having the Federal Government make one set of

regulations that tries to impact every State, because certainly tourism in Arizona, and tourism in Montana, and tourism in Virginia are completely different.

So they believe the closer you get to home with the solutions, the more influence they'll have, and the better that is.

So let the Governors do it, and let the States do it.

They also said, on the powers to delegate to the Governors, "Don't talk about closing the stations on any day or any set of days." Talk about things like minimum purchase, 10 gallons at fill-up; talk about not letting the retail gasoline station owners fill the tank, if the tank's half full.

Our owners talked about letting States increase taxes on a gallon of gasoline to reduce consumption, and that kind of thing.

They did agree—they said, "We do want to support the thermostat control program." They said that's good, even though hotels and motels are exempt, they felt morally obligated to support that plan.

They also, surprisingly, supported the ban on lighting so far as motels are allowed to have directional signs and allowed to keep a sign up so that you can find the place and not drive up and down the highway.

In short, our people, in summary, they said, "Look, what we really favor is free market solution to this problem," as all the other speakers have said. And we hope that the Congress will listen to the little people this time.

Thank you.

Senator INOUE. Thank you very much, Mr. Hazard.

What was your receivership experience in the last crisis, the 1973-74?

Mr. HAZARD. We asked them in these letters to try to estimate that and how many of them went into the bankruptcy. And really what that depends on, it depends on how many of them had mortgages.

The newer properties, the ones that have just been built, the ones that had higher mortgages were the ones that ended up in receivership. It was also very spotty by area.

Obviously, Orlando, Fla., suffered very badly. But of all those we have, probably somewhere around 25 percent talked about bankruptcy or near-bankruptcy in 1973-74.

Senator INOUE. Senator Warner.

Senator WARNER. Thank you.

To follow up on my question to Mr. Lennon, undoubtedly a lot of your business is related to conventions and business organizations. Do you have a percentage—shall we say a breakout on that type of business?

Mr. HAZARD. About 20 percent of our business is convention oriented. Of course to really follow up on your question, one of the earlier questions you asked, too, was what's happening right now across the country? Talk of a Government ban on weekend sale of gasoline, combined with the major oil companies are allocations to the dealers right now 90 percent, 85 percent across the country, what we're seeing in our part of the country, particularly out west, is that you're getting weekend closings right now, because the dealers are running out of gas to sell.

So we're running into a heavy summer season and we're seeing weekend closings without any Government program at all, which has got our people scared to death.

Senator WARNER. Mr. Lennon, of our figure—I think it was 65 percent of your occupancy related to conventions—what percentage of those conventions occur on weekends?

Mr. LENNON. Well, I would say that half—bookings of conventions come in the early part of the week and then in the latter part of the week.

Senator WARNER. They usually couple with a weekend.

Mr. LENNON. They come and go on a weekend. Sunday is a big checkout day and a big checkin day on Saturday, so it's—roughly half of it is on weekends; it's there some part of a weekend.

Senator WARNER. So a weekend conservation program would impact directly on the convention portion of your business?

Mr. LENNON. That's right, Senator.

Senator WARNER. Thank you very much.

Senator INOUE. Thank you very much, Mr. Hazard.

Mr. Fitzgerald, would you care to add anything?

Mr. FITZGERALD. Senator Inoue, Senator Warner, my name is John Fitzgerald. I am vice president of the Nevada division of the Hilton Hotels Corp. and managing director of the Las Vegas Hilton.

As a person who has spent his entire adult life in the hotel industry, I deeply appreciate the opportunity to appear as part of this panel, to express my concern about mandating gasoline station closings, whether they be for entire weekends or on Sundays only.

This contact would be calamitous for the tourism industry nationally. In Nevada, the more exact word would be "catastrophic." Nevada, according to Economic Research Associates, has the highest tourism dependence of any State in the Nation.

By all measures of tourism and its impact on the State's economy, Nevada ranks No. 1. During 1978, the Las Vegas area alone played host to 11.2 million visitors—52 percent of them arrived by automobile, many from viable market areas lacking convenient airline service to southern Nevada.

Should weekend gasoline supplies be shut off, the Las Vegas Convention and Visitors Authority estimates that the minimum loss to the local economy would be in the neighborhood of \$961 million annually.

If visitors cannot get to our State by private automobile, particularly on weekends, we are obviously in serious economic trouble. Visitors are our bread and butter, because we are, for all intents and purposes, a one-industry State, dependent on pleasing and serving people.

To preserve that industry, Nevada, in concert with many other States oriented toward the tourist trade, must ask that you look to methods of conservation that do not adversely affect weekend travel.

The U.S. Travel Data Center has determined only 10 percent of domestic petroleum production is used for tourism; 7 percent of that amount represents travel by private car on trips 50 miles or greater from the user's home. There is three times the potential for

saving fuel through local cutbacks than there is in an across-the-board regulation affecting the tourist along with the resident.

A few other statistics may help underscore my point.

During the first quarter of 1979, Nevada hotels had a total of 361,900 jobs. Of these, 123,000, or 41.8 percent, were produced directly by the hotel resort industry.

Even more significantly, a total of 119,568 jobs were tied inescapably to tourism. Two-thirds of Nevada's working population, in other words, are a part of the entire work force because of the resort hotel industry.

Statewide, the number of people who come to Nevada each year to attend conventions or just enjoy our superb entertainment and resort facilities for a day or so verges on the astronomical.

During 1978, the figure was more than 22 million. In addition to the 11.2 million who visited Las Vegas, another 10 million hit Reno, our competitive neighbor to the north, as their destination.

The numbers increased significantly, year after year. As many of you know, there are striking differences between Las Vegas and Reno, but there are striking similarities as well.

Under the concept of inflexible gasoline curtailment, one of the most striking and appalling similarities is the fact that neither is situated so close a major population center that it is possible for a visitor to make the trip from his home and back on a single tank of fuel.

The weekend visitor, the major component of Nevada's economic lifeblood, will virtually cease to exist if his trip takes him beyond a figurative point of no return.

If weekend or Sunday closings could seriously damage Las Vegas, they would all but throttle Reno, which, until a few months ago, had such limited air service that only 40 percent of its tourists could be accommodated by this form of transportation.

Reducing weekend tourism is not a matter of tightening our belts, it is a matter of our strangling our ability to survive and profitably operate a resort property, representative of an investment of \$100 million and more each, depends on a steady flow of guests. If ever a word might have been coined specifically for Nevada's tourist industry, that word is "synergism." The action of each part of our operation is necessary for the vitality of another, and the combination of our working together is the magic that makes our economy click. On an individual basis, we need our guestrooms to supply our other facilities which, in turn, provide the attraction that builds the rooms. The same effect is seen collectively on the cities as a whole. If any link in the chain is broken, we part company with the profit picture we must show, and we are forced to cut our losses. Bluntly, that means jobs. Weekend or Sunday closing of gasoline stations could cost untold thousands of them in Nevada, according to estimates made by the Las Vegas Convention and Business Authority.

We don't want to eliminate jobs; we don't want to lose the profits on our investments. We don't think we have to, if the proper perspective on fuel distribution is maintained. The amount of gasoline used by tourists is not large in relation to the health of what has become one of the country's largest industries.

We are not unmindful, however, of the need for conservation in the face of a genuine energy shortage. Mass transportation is a possible answer, but not in the near future. At the present time common carriers have additional capacity to handle only an estimated 15 percent of the travelers who presently rely on the private automobile.

Federal regulation is also a possible answer, but not one which can accommodate various needs and various economies of an entire nation with any semblance of equity.

Our plea is that you determine on a national basis the reduction of usage that is required and permit us on a state basis to see that they are effected with the least possible damage. In the interests of a very major and very important sector of our economy, I ask that State-determined regulations be given a chance.

Senate Resolution 87 is a thoughtful response to the problem, and we support it.

Thank you.

Senator INOUE. Thank you very much, Mr. Fitzgerald. Your statement was extremely helpful.

Before I call upon Senator Warner, I would like to announce that Senator Cannon wanted to be here, but, as you may know, he is presently presiding at an Armed Services Committee meeting which was scheduled many months ago. He sends his regrets. He also sends his assurances that he is a supporter of this resolution, and he is very much against Proposal No. 1.

Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. I have no further questions of the witness. Thank you.

Senator INOUE. Thank you, Mr. Fitzgerald.

Mr. Benefield, would you care to add anything?

Mr. BENEFIELD. I will take a couple of minutes, Mr. Chairman. I am grateful for the opportunity to be here. My name is Richard A. Benefield. For the past 25 years I have been general manager of the Hotel Magee in Bloomsburg, Pa. The Magee is a 64-room hotel built in 1855 and operated as a hotel continuously since then. We do not belong to a chain and are not connected to a corporate reservation system. Bloomsburg is an industrial and college town in northeastern Pennsylvania, with a population of 10,000, and an unemployment rate in the county of 14 percent.

The Hotel Magee serves the area with both expensive fine food in our public house and excellent, moderately priced food on our smorgasbord. We are the central meeting and dining establishment for the various service clubs: the United Fund, the Chamber of Commerce, and all the community-related organizations. We provide 120 people with full-time jobs; plus our catering service provides another hundred occasional part-time jobs.

The reason I am so concerned about the Department of Energy plan to restrict weekend sales of gasoline is that during the oil embargo in 1973-74, Sunday closings proved a horror story for us. I will never forget those times because, frankly, I really panicked. I recall taking out half-page ads in our local newspaper and in Berwick, which is 12 miles away, I reduced our dinners to \$4. Those dinners included pork, fruit, chilled shrimp, various salads, and bread. Also includes a beautiful dessert table.

To me, there is a lot of value in these prices. And yet, what happened was that our normal Saturday business dropped from \$4,000 to \$1,000. A normal Sunday food business dropped from \$4,000 to \$600.

I have gone into some detail because I wanted you to feel the impact of what happened. The combination of fear of not having enough gas to return home and being told that it was not patriotic to drive had a devastating effect. As the 4-month embargo dragged on, we were suddenly arriving at the conclusion that the Hotel Magee would have to close. If the embargo had not ended, the hotel, which had survived several major wars, the Great Depression, and innumerable floods, and various recessions over a period of over a hundred years, would just have had to close.

I see no way that we could survive if this country went into a similar arrangement during the present crisis. I believe that, in view of the service we provide, the employment we provide, and the local, State, and Federal taxes we pay, that the industry is certainly essential to the country. I am not prepared to recommend simplistic solutions, but it seems that the history of this country would strongly indicate that the free-market enterprise system works. If that's true, the first step to improve our energy crisis would be to gradually deregulate the price of oil.

I am willing to take the chance that our costs will go up. They go up on a regular basis, anyway. Given the opportunity for the free market to work, I am sure that over a period of time we could solve this crisis, such as we did such crises as the rubber shortage in World War II.

I also feel that we ought to strongly address ourselves to problems that we have in Mexico and arrange to get Mexican oil and gas. The Mexican gas pipeline comes to within 75 miles of our distribution system and the relative price of Mexican oil does not appear to be nearly as great now that the OPEC nations have raised their prices.

And I am very supportive of Senate Resolution 87, introduced by Senators Warner and Inouye. Your understanding of our industry gives us hope, especially to small businessmen like myself, that we have people in Congress who look out for us.

I would also like to state, Senator Inouye, that you did exactly what you said you would do when I appeared before you: You wrote the Department of Commerce, and you wrote the Department of Agriculture, and you copied us on that, and I feel very comfortable in appearing before this committee, because I believe you are genuinely interested in our problems.

Thank you very much.

Senator INOUE. Thank you very much, sir.

So, the scrapple problem has been resolved?

Mr. BENEFIELD. It hasn't been resolved, but at least the Department of Agriculture knows about it.

Senator INOUE. I was most appreciative of your statement, giving us very small details about what had happened during the last crisis, because I think this is what is happening with all of the motels that Best Western has and is involved in. If you multiply this by several hundred, I think we can get a picture of this.

Mr. BENEFIELD. I might give you an indication that 88 percent of the hotels and motels in the United States are small properties of a hundred rooms and under, 88 percent. So, it does affect us tremendously.

Senator INOUE. 88 percent, and a hundred rooms or less.

Mr. BENEFIELD. 88 percent of all the hotel and motel properties in the United States have a hundred rooms or less.

Senator INOUE. So many of them are private enterprises.

Mr. BENEFIELD. Very many. Yes, sir.

Senator INOUE. Well, I can assure you that we're going to do our best, sir.

Senator Warner.

Senator WARNER. I wish to join in thanking the witness for bringing forth a very clear and precise picture of what would happen to one, I might say—although you are exclusive in many ways—typical small business, if this were to take place.

Addressing our appreciation to all the witnesses, I would like to say that it's my hope, and a hope shared by the subcommittee chairman, that this subcommittee will recommend to the full Senate Commerce Committee and, hopefully, that committee will recommend to the entire Senate, that the DOE Plan No. 1 be rejected.

Senator INOUE. Gentlemen, I thank you very much.

[The statement follows:]

STATEMENT BY THE AMERICAN HOTEL & MOTEL ASSOCIATION

We are the American Hotel & Motel Association which is a federation of hotel and motel associations located in the fifty states, the District of Columbia, Puerto Rico, and the Virgin Islands, having a membership in excess of 8,500 hotels and motels accounting for approximately one million rentable rooms. The American Hotel & Motel Association maintains offices at 888 Seventh Avenue, New York City, and at 1101 Connecticut Avenue, N.W., Washington, D.C.

We welcome your invitation to appear and express our views concerning the energy conservation and contingency plans that Congress has required the Administration to submit by passage of the Energy Policy and Conservation Act (EPCA) at these hearings on Senate Resolution 87.

In reviewing the plans that deal with "Emergency Building Temperature Restrictions" and "Emergency Advertising Lighting Restrictions" we believe they are reasonable and supportable.

Concerning our position on "gasoline rationing" it is our strong feeling that it should not be invoked except as an absolute last resort. We would note, however, that before rationing can be triggered, a shortfall in excess of what had existed during the Arab Oil Embargo, which we understand was 14 percent, should be attained.

To prematurely set in motion rationing during peacetime, at a cost in excess of \$1 billion, would, in our estimation, cause more severe disruptions to the economy than to allow market forces to intervene at the early critical stages.

Regarding our position on Plan No. 1 "Emergency Weekend Sales Restrictions" we are totally opposed.

A plan of this type relies on the mentality of "essential vs. non-essential". Somehow, the authors of this plan are of the opinion that tourism is a non-essential industry. When one considers that travel and tourism contributed \$149 billion to the U.S. economy, employed over 5 million workers and on the export side brought into the U.S. \$8.6 billion last year, we can't accept the fact that tourism is non-essential. In over two-thirds of the states, tourism ranks as either the first, second or third largest industry. Hotels/motels contributed \$16 billion to the nation's economy and employ in the neighborhood of 1 million workers many of whom are minority and handicapped. In many rural resort locations hotels are the prime employers and in urban areas they are considered an important economic tool in the revitalization of our nation's cities.

We believe it must be understood that at least 60 percent of our overall occupancy is derived from "business travel".

It seems to us that the DOE believes that by restricting weekend sales of gasoline they will psychologically focus the attention of the American public on the need to conserve.

However, we don't believe that when Congress passed the EPCA it asked the DOE to consider psychological criteria.

Section 521 of the Act provided, "to the maximum extent practicable, any restriction . . . on the use of energy shall be designed to be carried out in such a manner so as to be fair and create a reasonable distribution of the burden of such restriction on all sectors of the economy, without imposing an unreasonably disproportionate share of such burden on any specific class of industry, business, or commercial enterprise or any individual segment thereof."

To us this language is clear and unambiguous.

Yet, when one reads on p. 47 of the DOE/ERA-0041 "Economic Analysis" Plan No. 1 in the section dealing with "Impacts on Commercial Lodging" we see that the lodging industry will lose ". . . \$1,391 million or 10.5 percent of estimated gross 1981 revenues."

Reading further, we see that in our industry the plan could cause ". . . 100,000 additional unemployed." A companion industry to ours, restaurants, would lose revenues in the neighborhood of \$3.7 billion and 140,000 employees. Combined we have 240,000 people who may well lose their jobs because of this plan. As pointed out, the vast majority of these people are from the poor and unskilled portions of our society. These are the very people which the Congressional Joint Economic Committee, in their recently issued document, felt should be protected in government programs respecting employment policies.

How can any reasonable person conclude that this plan was developed in response to a law calling for the "fairness" test to be applied? The plan, simply is discriminatory and we urge this Congress to reject it.

We have had a number of experiences reported to us by members of the Association which dramatically exhibit the tremendous impact the Arab Oil Embargo had on our members' properties.

These figures are actual figures not quesstimates.

In 1974, during the so-called Arab Oil Embargo period, Quality Inns had supplied information to the Association when it appeared at hearings before the House Subcommittee on Environmental Problems Affecting Small Business, citing examples of how a loss of weekend business affected some of our properties at that time. It's interesting to review those figures because we believe they would be valid now:

QUALITY INN, COLONY WILLIAMSBURG, VA. (59 ROOMS)

Not open in January. Open one less day in February 1973 than in February 1974.

February 1973, gross room revenues	\$5,744
February 1974, gross room revenues	\$1,990

The gas situation has had a devastating effect on weekend business at this property. During the weekend of February 8-9, 1973, they rented 9 rooms. During the Washington Birthday 3-day weekend 1973 (February 15-17) they rented 114 rooms. During this same weekend in 1974 they rented 23 rooms. During the weekend of February 22-23, 1973, they rented 45 rooms. During this same weekend in 1974, they rented 9 rooms. During the weekend of March 4-5, 1974, they rented 7 rooms. As of March 3, 1973, they had already booked 33 rooms for Good Friday (Easter weekend). As of March 4, 1974, they had booked 3 rooms for Good Friday (Easter weekend).

QUALITY INN, CAVE CITY, KY. (101 ROOMS)

This motel historically is 85 percent transient business and 15 percent commercial.

January 1974, gross room revenues, 26 percent less than January 1973.

February 1974, gross room revenues, 41 percent less than February 1973.

Occupancy is off similarly. The Saturday-Sunday weekend business during the December 1973-February 1974 time period had an occupancy of 11 percent, whereas the December 1972-February 1973 time period had an occupancy of 45 percent. The dropoff in business here can be pinpointed directly to the gas shortage. The December 1973-December 1972 time period was off by 24 percent.

Restaurant: December 1974-December 1973, gross room revenues, off 18 percent.

January 1974-January 1973, gross room revenues, off 20 percent.

February 1974-February 1973, gross room revenues, off 20 percent.

Work Force: Preciously employed 6-7 maids—now employ 3.

Previously employed laundry workers on a 6-day week. Now they work a 3-day week.

Previously employed 2 front desk clerks in the morning and 2 in the evening. Now employ only 1 in the morning and 1 in the evening.

Maintenance: Previously employed 1 full-time maintenance worker plus a helper. Now employ 1 part-time maintenance worker.

Waitresses: Previously, based on 3 shifts, employed 18. Now employ 13.

Kitchen assistants: Previously employed 3 kitchen assistants. Now employ 1.

Managerial trainee: Previously employed a managerial trainee. This position has been eliminated.

QUALITY INN, HAL ORRS, ROCKY MOUNT, N.C. (52 ROOMS)

January 1973, gross room revenues	\$20,776
January 1974, gross room revenues	14,372
February 1973, gross room revenues	20,274
February 1974, gross room revenues	10,962
1973 calendar year room revenues	240,000

Projecting on the basis of the first two months of this year, the 1974 gross is \$140,000. The voluntary Sunday closing of gas stations has effectively harmed their Friday, Saturday and Sunday Business. Before the closings, this motel's theory was that weekends would be off but the weekdays would be up, thereby having a normal effect.

On Friday, Saturday and Sunday, this motel is averaging 10 rooms per night. Saturday was previously a 100 percent occupancy day. This was because Rocky Mount, North Carolina, is a natural mid-way point. This is where I-95 terminates for people traveling from the metropolitan Washington, DC area to Florida. People would leave on Friday and would stop in Rocky Mount for their first night en route to Florida. Similarly, with people who were winding up their vacations in Florida and driving North, the same reasoning would apply.

Work force: Previously employed 13 hourly people on the motel payroll. They have had to terminate 5 . . . 3 maids, 1 housekeeper, and 1 laundry operator. Of the 4 maids remaining, whereas they used to be on a 40-hour week, they are now on a 35-hour week.

Restaurant: In the restaurant in this particular motel, their business is off 40 percent for January-February 1974, or \$25,000. The restaurant was normally open, and had been for the last 20 years, 7 days a week from 6:00 a.m. to 9:00 p.m. Now the restaurant is closed each day from 2:00 p.m. to 5:30 p.m. They used to employ 17 full and part-time people in the restaurant. They now employ 7.

Kitchen staff: Previously employed 8 employees. Now it totals 3.

Waitresses: Previously employed 8-10, some part-time. They now have 3 full-time.

Because of this situation, they have already applied for and have received a 6-month moratorium on mortgage payments from their local bank. All of their corporate assets (owned by a family corporation) which are readily converted to cash have been exhausted.

QUALITY INN, FLORENCE, S.C.

Approximately 90 percent of their business is transient tourist. This is an I-95 property.

January 1973, gross room revenues	\$31,715
January 1974, gross room revenues	17,323
February 1973, gross room revenues	36,803
February 1974, gross room revenues	16,674
January 1973, occupancy (percent)	64.6
January 1974, occupancy (percent)	39.2

[In percent]

December 1972:		January 1973:	
Saturday occupancy	75	Saturday occupancy	79
Sunday occupancy	46	Sunday occupancy	54
Monday occupancy	43	Monday occupancy	71
December 1973:		January 1974:	
Saturday occupancy	18	Saturday occupancy	17
Sunday occupancy	12	Sunday occupancy	11
Monday occupancy	22	Monday occupancy	44

February 1973:

Saturday occupancy	98
Sunday occupancy	76
Monday occupancy	72

February 1974:

Saturday occupancy	13
Sunday occupancy	9
Monday occupancy	37

The preceding figures have purposely been set forth as they have to dramatize for the members of this Subcommittee the severe drop on occupancies for January and February 1974 when compared with the same months in the preceding two years.

Work force: February 1973 payroll was approximately \$5,600. February 1974 payroll was approximately \$4,400. It has added to it a wage increase of about 5 percent as compared to February 1973.

The number of people on the staff has been reduced, and they are bringing in people on a day-to-day basis to fill their needs.

Restaurant: Percentage-wise it is off by approximately the same percentage as the room revenues. This being an Interstate motel, the volume of food is almost in direct proportion to the volume of room sales. The restaurant had been open from 6:00 a.m. to 10:00 p.m., 7 days a week. It is now open from 6:00 a.m. to 10:00 a.m. and from 4:00 p.m. to 10:00 p.m.

It should be pointed out that for many en route to Florida, this motel has served as a first-night home away from home. Because of the ban on Sunday sales, week-end business, as you can see, has been totally wiped out.

More evidence regarding the impact of weekend closings in 1973-74 has been given to us by the Howard Johnson Company. In reviewing selected properties, primarily in the Eastern portion of the U.S., they have advised as follows:

HOWARD JOHNSON

Virginia, small city, 46 percent drop in occupancy.

Large airport city, 20 percent drop in occupancy.

New York State, tourist city, 21 percent drop in occupancy.

Metro, suburbs, 30 percent drop in occupancy.

North Carolina, highway cities, 21 to 30 percent drop in occupancy.

South Carolina, highway city, 25 percent drop in occupancy.

Florida, destination cities, 25 to 47 percent drop in occupancy.

Alabama, major city, 26 percent drop in occupancy.

Mississippi, major city, 38 percent drop in occupancy.

Howard Johnson's has also advised that, based on the above sampling, job losses in the neighborhood of 14-31 percent has resulted. It is the view of the Howard Johnson Company that this sampling is a fair indication of experiences in towns or cities, resorts or airports, of a total chain of 530 lodges accounting for 59,000 rooms.

AH&MA has learned from The Sheraton Corporation, based on a survey they have recently concluded on their franchised properties which are primarily highway-oriented, that the following estimated impacts will be realized if a weekend ban is imposed now.

Lost sales, \$88 million.

Lost room and sales tax, \$6.5 million.

Lost jobs, 4,000.

It is expected that a reduction of 12.7 percent in revenue loss per property will occur which may force some into a situation of bankruptcy.

The Best Western Company, in estimating the impact to their highway-oriented properties, has advised that a revenue loss of approximately \$169 million may be realized and 8,000 people put out of work.

Additionally, evidence available to us indicates that the impact of the weekend ban would affect all regions of the country. For instance, in the states of Mississippi, Colorado-Wyoming, and Michigan a loss of rooms revenue to highway-oriented properties would occur in the range of 33 percent, food and beverage losses of 30 percent, and employment down 25 percent on the average. These figures are based on comparison of business under normal weekend conditions as compared with what would happen if a weekend ban were instituted.

The Florida Department of Commerce has supplied us with information respecting the problems that state would encounter if a weekend ban were instituted. According to them, Florida has tourism expenditures of \$12.5 billion annually (or 3.1 percent of the world market). "Consequently, tourism expenditures amount to almost 35 million dollars a day in Florida, generating in excess of 460,000 jobs or almost 13 percent of Florida's total work force. A conservative estimate of tourist generated tax revenues approaches 600 million dollars annually. This brings to focus the role to be imposed on the travel and tourism industry in the event of an energy shortage. The current conservation proposal of Sunday gasoline station closings would have an adverse psychological effect on Florida's potential market. Most recent figures indicate that automobile travel into Florida would be reduced

by 2½ million resulting in a loss of tourism expenditures approaching 880 million dollars and job reductions exceeding 29,000".

It is the feeling of the Association that had the government a few years ago moved in the direction of free-market pricing, such as phased in decontrol of oil prices to minimize inflation, the problem we face may not be so pressing. Only two years ago it seemed that natural gas as an energy form was on the endangered list. Because of legislation to gradually decontrol the regulated price for natural gas it is now in ample supply. We see that as a positive sign and believe it is not too late to change our policy.

Concerning any views we may have on alternatives to the weekend ban we endorse Senate Resolution 87 to allow state flexibility to design programs with specific curtailment measures to meet the national energy conservation objectives.

There are a number of programs which should be explored in lieu of a weekend ban type proposal. For example, programs such as a 24 hour restriction of gasoline sales on a sequential basis of every eighth day and to avoid long lines a minimum purchase which would prevent topping off the tank. It must be remembered that the weekend closing would save 246,000 barrels per day which represents 1.3 percent of our nation's total daily appetite. Considering the economic and employment dislocation upon our industry to save such an amount we feel the burden on us is unreasonable.

We urge that the DOE which spends in the neighborhood of \$11 billion annually immediately allocate some of its funds to be directed at a program aimed at making Americans understand the need for voluntary conservation. It's evident that the American public is disillusioned about the extent of the energy shortage. It's difficult for people to understand how there exists a glut of Alaskan oil on the west coast which conceivably may have to be sold to Japan for "economic reasons". It's also upsetting for them to be told that oil reserves in salt domes in Louisiana may be incapable of helping them because of an inability to pump the oil out. Situations such as these add to the confusion and unfortunately work against conservation. If a concerted effort could be made, Americans who are always known as people who support the concept of fair play would rally around the government and forestall any mandatory solutions.

In conclusion, the American Hotel & Motel Association pledges to continue its efforts to conserve energy. All industry segments have aligned behind the Association's Hospitality, Lodging, & Travel Research Foundation, Inc., which has offices in San Antonio, Texas and whose purpose is to provide on a continuing basis, to the industry, the latest information with respect to energy conservation.

Senator INOUE. Our next witness is the president of the Discover America Travel Organizations, Mr. William D. Toohey.

STATEMENT OF WILLIAM D. TOOHEY, PRESIDENT, DISCOVER AMERICA TRAVEL ORGANIZATIONS, INC.

Senator INOUE. You are here so often, sir, that you might as well join the committee.

Mr. TOOHEY. Good morning, Senator.

Senator INOUE. We're always happy to have you, sir.

Mr. TOOHEY. Thank you.

Mr. Chairman, I am appearing this morning on behalf of the Discover America Travel Organizations, and also as chairman of the Special Travel Industry Council on Energy Conservation. And I wish to commend you and Senator Warner for introducing Senate Resolution 87, which, again, sets forth the importance of tourism in this country and calls upon the Government to provide equal treatment to the travel industry in the allocation of scarce energy supplies.

Mr. Chairman, I have a detailed statement for the record, which outlines our arguments primarily against Plan No. 1, and I would like to speak briefly this morning to supplement that general statement.

I listened attentively, Mr. Chairman, to your opening statement, which sets forth succinctly the woeful record of the Department of

Energy in recognizing the importance of tourism and in considering the needs of the American traveler in the formulation of its proposals to manage a petroleum supply interruption. I recall vividly your expression of concern during the embargo, during hearings on Senate Resolution 281, that tourism be treated equally and that the Federal Energy Administration consult with the industry regarding its needs and the needs of the American traveler.

Prior to the development of its plans to manage an energy crisis, we specifically requested the deputy administrator of the Federal Energy Administration to assure that the FEA provide the travel industry an adequate mechanism to obtain industry advice and recommendations. In response, the FEA did form a tourism and recreation advisory committee, but little else occurred. That committee met only once and then was discontinued in the fall of 1975. The FEA took the position that the tourism-recreational advisory committee should be absorbed into its newly created transportation advisory committee. This group met only three times and never gave any serious consideration to the conservation or rationing contingency plans before it, or to the needs of the travel industry or to the American traveler. In short, another chapter in a woeful record of the Department of Energy in dealing with these issues that affect tourism.

It seems to me that part of the problem is that a simplistic view is taken of tourism, and the perception of tourism is one of travel activity. When a public policy planner looks at travel in this country, he considers primarily the activity of a person traveling from point A to point B to visit some State, some city, some attraction or destination, and that in looking at scarce energy supplies, it seems to this kind of thinker that that kind of activity could be put aside during a time of crisis. And they look upon it as nonessential, with low priority. And very little emphasis is given to the importance of business travel, which is, again, a very important part of the travel industry.

But what this kind of simplistic thinking ignores is the huge industry which has developed over the years to serve the needs of these travelers. The statement of the chairman indicates that travel expenditures based on travel activity in this country have reached \$148 billion, sustain 5 million jobs, provide \$15 billion in tax receipts. And it is interesting to note that 11 of our States depend on tourism receipts for more than 10 percent of their total tax revenues.

Senator WARNER [presiding]. Excuse me, Mr. Toohey. Might I interject on that interesting statistic. We have been using the figure "over 40 out of 50 States" indicate that travel and tourism rank one, two, or three in terms of their overall impact on the State economy. Does that statistic reconcile with what I heard as a much lower number, relative to tax revenues? In other words, is there a direct correlation between the two?

Mr. TOOHEY. Yes, there is. Your evaluation, Senator, is correct, that tourism expenditures generally rank travel in more than 40 States as one of the top three industries. But in 11 States in this country tourism receipts, generally taxes equal more than 10 percent of total tax receipts in the State.

Senator WARNER. So those two statistics do correlate?

Mr. TOOHEY. Yes, they do.

I agree with Mr. Juliano's assessment, given earlier. In many ways travel is a political issue, with tourism again selected as a scapegoat in the formulation of these energy policies. So, we have a two-pronged problem: that, and the perception of travel activity, and not the huge industry that supports it or the activities of Americans traveling for purposes of business or recreation to improve the general welfare of the American people and the economy of this country.

What all of this clearly indicates to me is the need for a national tourism policy and for a high-level and effective policy council within government to guarantee that tourism is given the understanding and the adequacy it must have in the formulation of public policy.

As you know, this industry unanimously supports this subcommittee in its efforts to achieve these essential goals. The travel industry unanimously supports the establishment of a national tourism policy, which, we believe, would preclude this kind of problem from occurring so frequently. And we hope for early action in the Congress on a national tourism policy and the establishment of a high-level coordinating council to coordinate that policy within all the agencies of government.

For the purposes of the hearings this morning, I believe it's important that we maintain our focus on the issue that's before the Congress: How does this Nation cope with a sudden, severe interruption in the supply of petroleum?

We hear much controversy surrounding the nature of the crisis: Is it real? Is it unreal? But what seems to me to be important is that this Nation is in a crisis when it depends for nearly half of its petroleum needs on other countries around the world in a highly volatile international political arena.

And so, it's only prudent that this Nation have plans to manage a sudden interruption in supply, and the administration has been requested to submit those plans to the Congress. That request was made in December of 1975. More than 2½ years later they have been sent up. The travel industry unanimously opposed this Plan No. 1 for a number of reasons that have been presented in testimony before this committee. It discriminates against the travel industry, doesn't recognize its importance to the general health or welfare of the Nation or to its economy; it places an unreasonable burden on the travel industry. The economic analysis that was sent out by DOE with it is woefully inadequate, and it's a plan that would have awesome consequence for little or no gain in energy conservation.

The American people don't want the plan. The Resource Planning Associates study for DOE says the plan won't work. And we think it's a grotesque proposition in view of its questionability to meet its stated conservation goals, the turmoil it would create in the marketplace, and the economic chaos it would bring to the travel industry. And it is important to remember that of all the businesses in travel, 1.4 million, almost all of them are small businesses.

A disruption in business for 2 days of the week could mean the difference between survival and bankruptcy for hundreds of thousands of these businesses.

We support wholeheartedly Senate Resolution 87 on the matter of letting the States manage it on their own.

On supply interruption, we do have some concerns.

One would be the lack of uniformity between State plans and the uncertainty that might generate in the mind of the traveler, whether or not gasoline might be available to them as he travels between one point and another.

We also have concern about the ability of States to manage what appears to be basically a national problem within the framework of interstate commerce complexities and the national distribution of marketing of petroleum products.

It seems questionable that States would be able to manage a program of this magnitude, which is basically national in character.

Last Friday in testimony before the House Energy Subcommittee, Mr. Schlesinger was questioned on this issue. He promised to provide guidelines to the States that they would find helpful in setting up their own plans.

I believe it would be helpful if the Department of Energy would promulgate guidelines which would recognize that States should, to the maximum extent possible, provide adequate supplies of fuel to meet the needs of the traveler by all forms of transportation, and that would bring uniformity in individually managed State programs as far as the traveler is concerned.

Again, we express our appreciation to Senator Inouye, to you, Senator Warner, members of the subcommittee, for the resolution you have proposed which we support, and for your continuing interest and support of this nation's travel industry. Thank you.

Senator WARNER. Thank you, Mr. Toohey.

This committee recognizes—of course as a new member, I say this with great modesty toward our chairman, and also Chairman Cannon—the committee as a whole recognizes the invaluable support that you have given this subject through many years.

Quite frankly, are there any suggestions you wish to make to the subcommittee with respect to how we handle this testimony today—in what form we should put it or the manner in which we approach the administration? That's what we're going to do, counsel.

Why don't you outline for the balance of the witnesses what we hope to do here today.

Mr. HARDY. Well, Senator, I believe what you announced and Senator Inouye announced is that this record will go down to DOE for their comment.

And then of course, what you announced, the committee hopes to consider next Tuesday the legislation to implement the national tourism policy study, and if that is acted on favorably, why again that probably reaches the fundamental problem, which is the decision process within the Federal Government that allows things like Energy Plan No. 1 to surface.

So I think those are the most immediate things. And I believe, Senator, that your resolution is really in a sense highlighting and underlining the need for a policy study.

Senator WARNER. I don't think we're permitted the luxury of much time here, though. We've got to act very quickly as a committee to make recommendations to the administration, because it is undoubtedly part of the President's plan to address this segment of conservation.

Mr. HARDY. Senator, in view of what you have said this morning, I believe the full committee has an executive session scheduled next Tuesday, and so I think that the resolution you're talking about will be ready, if you want, at that time for full committee consideration.

Senator WARNER. I will consult with the chairman, and that would be my recommendation.

But are there any that you might have, Mr. Toohey?

Mr. TOOHEY. Senator, I think it would be helpful if the resolution would include a recognition of providing, to the maximum extent possible, adequate supplies of fuel to meet transportation needs. I think that would give some help and guidance to the States in the formulation of their own plans, and would bring some uniformity to this scheme of letting the States manage this problem.

Senator WARNER. Thank you very much.

I appreciate, as does the chairman, your coming forward at this time. If you wish to supply some language which we might add to Senate Resolution 87, we'd be appreciative of receiving it.

I wish to address that request to all witnesses. I take the position up here that in the Senate we're really trying to reflect your views as nearly as possible. Certainly speaking for this one Senator, I am not in the slightest hesitant to receive recommendations from anybody.

Thank you, Mr. Toohey.

Mr. TOOHEY. Thank you, Senator.

[The statement follows:]

STATEMENT OF WILLIAM D. TOOHEY, PRESIDENT, DISCOVER AMERICA TRAVEL ORGANIZATIONS, INC.

I. INTRODUCTION

Mr. Chairman and Members of the Subcommittee. Thank you for this opportunity to appear before you to testify on the Administration's standby conservation and rationing plans and Senate Resolution 87. The travel industry is deeply concerned about recent Administration energy initiatives and their adverse impact on this industry.

My name is William D. Toohey. I am President of Discover America Travel Organizations, Inc. (DATO). DATO is the national organization of the United States travel industry. It is unique in that it represents the common interests of major travel industry components and is supported by them. Its membership includes individuals from more than 1,200 organizations, firms and agencies. Among its members are the individual state and territorial government travel offices as well as the convention and visitor's bureaus of America's principal cities.

I am also appearing as Chairman of the Special Travel Industry Council on Energy Conservation (STICEC). The Industry Council was established in 1973 to develop energy conservation policies and programs and to represent the energy policy interest of travelers, travel employees and the various businesses that are major components of the travel industry.

STICEC seeks equitable treatment, not special consideration, in connection with administrative and legislative actions brought about by our national energy requirements.

The purpose of these comments, analyses and arguments is to present the position of STICEC on behalf of the travel industry, with respect to the standby plans required by the Energy Policy and Conservation Act of 1975 (EPCA) and to support

Senate Resolution 87. We hope that our industry's presentation contributes to your deliberations.

At the outset let me make our position clear: the industry is unanimous in its opposition to Plan 1, that is, the plan restricting the sales of gasoline on weekends. Plan 1 violates the very law which authorized its proposal. Furthermore, it would devastate a major sector of the national economy—the travel industry. It should be disapproved by the Congress and the Department of Energy should be required to consider and propose other alternatives.

The industry further believes that gasoline rationing should only be used only if all other available options for managing a severe and long lasting petroleum shortfall have failed or are inadequate. It should be considered a measure of last resort. In regard to the Administration's proposed rationing plan, STICEC will offer some comments regarding aspects that we believe can be improved.

The inter-dependence of the travel industry and transportation is of critical importance to the Nation. During a period of severe fuel shortage, the travel industry believes that the Nation's transportation system must remain viable. While we do not advocate standby plans to allocate additional fuel to passenger cars at the expense of public passenger transportation, we do seek standby plans that: will permit reasonably normal patterns of use of passenger vehicles, even at significantly reduced levels; and will allow the American consumer the maximum choice in using the reduced supplies of gasoline.

I will summarize my statement and ask that it be included in the record in its entirety.

II. GENERAL BACKGROUND

Definitions and the interrelated nature of the industry

1. The words "travel industry" describe an interrelated amalgamation of those businesses and agencies which totally or in part provide the means of transport, the goods, services, accommodations and other facilities for travel out of the home community for any purpose not related to local day-to-day activity.

2. The word "travel" is used to refer to that activity associated with taking a trip away from an individual's home community for any reason other than commuting to work. Travel activity as discussed herein is associated with a specified trip distance, usually 50 or 100 miles one way, to allow precise measurement.

3. A "traveler" is a person on a trip to a place outside his home community for any purposes other than commuting to and from work.

4. The words "travel" and "tourism" are used interchangeably throughout these comments.

THE ECONOMIC IMPORTANCE OF TRAVEL IN AMERICA

The emerging travel industry

This nation has become a land of travelers. U.S. Bureau of the Census figures indicate that 136 million Americans traveled an estimated 380 billion miles in 1977 on trips of 100 or more miles away from their homes.

To meet the demand for travel in America, a major industry has evolved. The industry represents a diversity of activities associated with transportation, lodging, restaurants, recreation and other travel activity. The rapid increase in demand for travel away from home and its spread into mass markets is directly related to the continuing increase in per capita personal income which has taken place over a period of the past 25 years. Expanded and improved travel facilities—highways, roadside facilities and air transportation—have made this demand for travel a reality. Virtually every area of travel—whether we are talking about family vacations, weekend excursions, business travel and conventions, visits to family and friends in distant places and trips abroad, travel for personal, recreational, social and business purposes—has experienced an explosive and universal growth since World War II.

Economic significance

The economic dimensions of the U.S. travel industry are immense. The industry that has developed to serve the traveler in America contributes enormously to the U.S. economy. In 1976, the U.S. Travel Data Center (an independent, Washington-based, non-profit organization devoted exclusively to travel research) estimates that travelers spent \$108 billion in the U.S. on trips involving an overnight stay away from home and day trips to places 100 miles or more away. The \$108 billion, which does not include spending by foreign visitors (\$7 billion), accounts for over 5 percent of the 1976 gross national product. This activity, in turn, generated \$25 billion in wage and salary income and \$15 billion in Federal, state, and local tax revenue.

By far, the most important contribution of the travel industry to the American economy must be measured in jobs. Travel directly generated 4 million jobs in 1976 and, indirectly, an estimated additional two million jobs.

Travel's contribution to employment, however, goes far beyond simple estimates of volume. The travel industry stands out among major U.S. industries in creating new jobs, resisting economic downturns and providing a real source of jobs for minorities, women and youth. These major characteristics of employment in the travel industry have not been statistically developed in or brought to the attention of public policy makers until now. DATO has now published a research report, based on research of the U.S. Travel Data Center, which provides detailed statistics and analyses upon which these conclusions are based. The report is entitled "Travel: An Engine of Employment."

The direct employment impact identifies only part of the total effect of travel spending on the U.S. economy, however. Additional jobs are created along the production chain as travel industry retailers purchase goods and services from wholesalers, manufacturers and other business sectors.

The "indirect" employment created by this activity is substantial. The National Tourism Resources Review Commission estimated that for every 100 jobs directly generated by travel spending in America, 48 jobs are generated indirectly. This means that the total impact of travel spending on U.S. employment may be as high as 6.0 million jobs in 1976, or over 7 percent of total payroll employment.

The industry is labor intensive, employing more low-skill, hard-to-place workers than most other types of industry. When laid off, many travel industry employees often have relatively few job alternatives. Travel industry employment sustains more people per dollar of payroll than most other industries.

Small businesses dominate the travel industry. The most recent data indicate that 99 percent of the Nation's 1.4 million travel-related firms are classified as "small businesses" under U.S. government definitions.

Small business are less able to weather business declines than large corporations. Energy conservation policies that discriminate against the travel industry will impact heavily on the small businesses that comprise it, producing failures and loss of employment in the entire sector.

In the Final Report (July 1978) of the White House Conference on Balanced National Growth and Economic Development, the importance of tourism to economic development was noted. At page 42 the Report said:

"Several speakers focused on the importance of tourism to economic development of subnational areas in the United States. It was strongly urged that a national tourism policy be developed and that regulations which constrain tourism expenditures be carefully reviewed."

Certain regions are heavily dependent upon travel-generated employment

The travel industry provides substantial employment in certain regions of the country. For example, the "sun belt" area of America, depends upon travel for nearly five and one-half percent of its total non-agricultural payroll employment.

Studies indicate that the less industrialized areas of the country are more dependent upon the travel industry for employment than other regions. The Mountain West region (Colorado, Montana, Nebraska, North Dakota, South Dakota, Utah and Wyoming) relies on travel-generated employment the most. U.S. resident travel generates 1 out of 16 non-agricultural payroll jobs in this area, compared to the national average of 1 out of 23.

These comparisons indicate the employment effects of travel by U.S. residents. However, foreign visitors in 1976 generated another 194,000 jobs throughout the nation. In 1978 this number had increased to an estimated 270,000. If figures were available by region, the travel-generated shares of total regional employment would, of course, register higher.

Whole states and regions are dependent upon travel activity as a major component of their economies. Travel and tourism are commonly recognized as the number one industry in terms of receipts and employment in Nevada, Florida and Hawaii and are the second or third largest in many other states. In 1976, the U.S. Travel Data Center estimates that travelers spent more than \$2 billion in each of 18 states: California, Colorado, Florida, Georgia, Illinois, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas, Virginia, Washington and Wisconsin.

The magnitude of 1976 U.S. travel expenditures (\$108 billion) by state, and by inference—regions—is seen by these figures developed by the U.S. Travel Data Center:

[In millions]

Alabama.....	\$1,031	Nebraska.....	\$721
Alaska.....	568	Nevada.....	1,330
Arizona.....	1,877	New Hampshire.....	691
Arkansas.....	1,042	New Jersey.....	3,185
California.....	1,245	New Mexico.....	882
Colorado.....	2,230	New York.....	6,417
Connecticut.....	1,051	North Carolina.....	2,244
Delaware.....	329	North Dakota.....	385
Florida.....	9,326	Ohio.....	3,184
Georgia.....	2,363	Oklahoma.....	1,376
Hawaii.....	1,276	Oregon.....	1,541
Idaho.....	541	Pennsylvania.....	4,690
Illinois.....	3,769	Rhode Island.....	248
Indiana.....	1,628	South Carolina.....	1,705
Iowa.....	944	South Dakota.....	415
Kansas.....	976	Tennessee.....	1,882
Kentucky.....	1,543	Texas.....	6,076
Louisiana.....	1,815	Utah.....	919
Maine.....	895	Vermont.....	502
Maryland.....	1,754	Virginia.....	2,230
Massachusetts.....	2,659	Washington.....	2,149
Michigan.....	3,848	West Virginia.....	772
Minnesota.....	2,973	Wisconsin.....	2,434
Mississippi.....	851	Wyoming.....	421
Missouri.....	2,530	District of Columbia.....	975
Montana.....	619		

TRAVEL AND THE NATION'S TRANSPORTATION INFRASTRUCTURE

The U.S. transportation network

The travel industry is uniquely dependent upon transportation. By definition, if Americans cannot move out of their home areas by automobile, recreational vehicle, airplane, bus or train, they cannot travel. Transportation is the keystone upon which rests the entire travel industry.

America's transportation infrastructure—the network of highways, airline routes, trackage and terminals—is second to none in the world. In normal times, a prospective traveler can be assured of reaching any of the 500 cities served by scheduled airlines, 450 cities served by rail passenger service, 15,000 cities served by regular route motor coach operators, or the countless towns, villages and resorts accessible by major highways.

Adequate motor fuels: Transportation's lifeblood

The successful and efficient operation of this entire system, however, is dependent upon adequate transportation fuels at reasonable prices. If gasoline, diesel and jet fuel supplies are significantly cut back, or rise drastically in cost, the entire investment is jeopardized and the continued viability of the nation's travel infrastructure is threatened. For example, by providing the major share of travelers to most travel destinations, auto travel keeps these facilities in business. When these drawing magnets decrease in number, customer demand decreases for all modes of transportation.

The transportation sector of the economy accounted for 25 percent of all energy consumed in the U.S. during 1974 and showed the greatest drop in consumption from the previous year of any major sector.¹ Petroleum products account for 96 percent of all energy consumed by transportation. Consequently, the travel industry's dependence on adequate and reasonably priced petroleum supplies is immense. At this stage of technological development, there is no practicable alternative fuel to sustain travel.

The travel industry consumes only 10 percent of U.S. petroleum

The volume of petroleum used by Americans on trips away from home accounts for a relatively small portion of the energy consumed in this country. In 1974, U.S. certificated air carriers consumed about 3 percent of all petroleum used in this country or less than 2 percent of all energy consumed. Travel away from home by

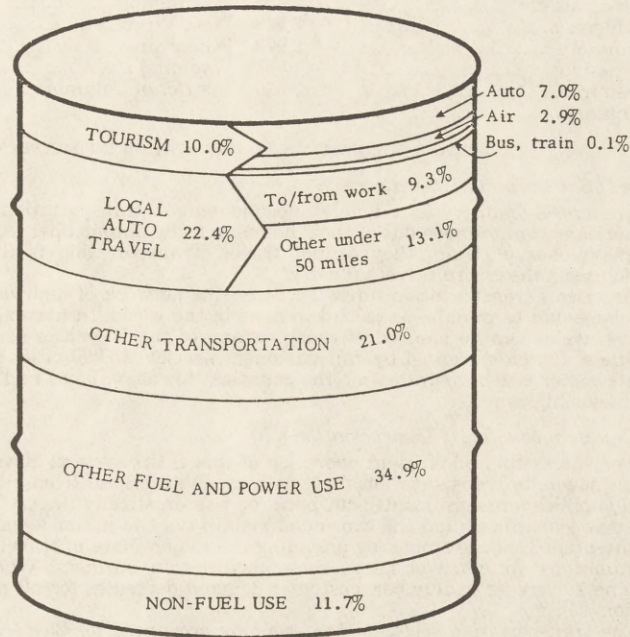
¹ Bureau of Mines, "U.S. Energy Use Down in 1974 After Two Decades of Increases," U.S. Department of the Interior, Washington, D.C. (press release), April 3, 1975, p. 11.

automobile accounted for 1.2 million barrels of petroleum per day on the average in 1974 or 7 percent of total petroleum use and 3.2 percent of all energy consumed.²

All modes of transportation involved in moving travelers to and from their destinations are estimated in 1974 to have accounted for about 10 percent of domestic petroleum consumption and 4.6 percent of total energy consumed, a relatively small percentage.³ As the barrel diagram on the following page indicates, local automobile travel accounts for over twice as much petroleum consumption as travel out of the home community.

As Table 1 indicates, while transportation connected with tourism accounted for 10 percent of total U.S. demand for petroleum fuels, all other transportation use accounted for 43 percent of the total. Fuel consumption for purposes other than transportation used 47 percent of the total. The breakdown of fuel consumption for all transportation in 1974 was as follows, in millions of barrels consumed.

Tourism* Uses Only 10% of Domestic Petroleum Consumption



*Tourism = travel to places 50 miles or more away from home, as defined by the National Tourism Resources Review Commission.

U.S. consumption of petroleum in 1974 was 6,080.8 million barrels.

Source: U.S. Travel Data Center based on data supplied by the Air Transport Association; Bureau of Mines, U.S. Department of the Interior; Federal Highway Administration; Federal Energy Administration, National Association of Motor Bus Owners; National Railroad Passenger Corporation (Amtrak).

² Based on Federal Energy Administration data published March 11, 1975, and calculations by the U.S. Travel Data Center.

³ U.S. Travel Data Center, "The Importance of Tourism to the U.S. Economy 1975," p. 10

TABLE 1

Automobile tourism	425.7
Domestic air carriers	176.2
Intercity bus	4.5
Rail (Amtrak)	1.9
Total tourism	608.3
Other automobile trips	1,362.8
All other transportation	1,277.2
Total transportation	3,248.3
Other fuel and power users	2,119.3
Total fuel and power	5,367.6
Nonfuel users	713.2
Total domestic petroleum demand	6,080.8

Source: U.S. Travel Data Center, computed from data supplied by the Bureau of Mines, U.S. Department of the Interior; National Highway Administration; U.S. Department of Transportation; Air Transport Association; National Association of Motor Bus Owners; National Rail Passenger Corporation (Amtrak).

From the barrel diagram and Table 1, certain key points should be emphasized. Travel away from the home community offers less opportunity for demand reduction than travel within the home community. Standby plans designed to limit local travel rather than out of town travel have a better opportunity to succeed because of the much higher level of consumption. Reductions in fuel consumption realized from car pooling, increased use of mass transit, and other conservation measures could be expected to have relatively little adverse effect on jobs in local industries and businesses. Raising the automobile occupancy rate of commuter vehicles from the present 1.2 persons to only 2 persons would save nearly 30 million gallons of gasoline daily.

Encouraging and mandating local conservation would undoubtedly be an inconvenience but would not have a negative effect on employment as would be experienced if only travel and tourism were singled out for conservation. While commuting to work is essential and must take high priority, many short individual family and business trips are discretionary and appear to offer significant potential for reductions. However, certain characteristics of each type of trip should be considered. For example, travel away from home is usually at more efficient highway speeds. In addition, the average auto trips to and from work transport only 1.4 people, while vacation trips utilize auto capacity to a greater degree, averaging an auto occupancy of 3.3 people per trip.⁴

Mode of transportation and purpose of trip

Data are available on travel expenditure by mode of transportation and purpose of trip. Table 2 shows that in 1977, 76 percent of all trips were by automobile. Only 24 percent were made by all forms of public transportation. About 63 percent of all domestic travel expenditures in 1977 was made by travelers using automobiles.

TABLE 2.—PROPORTION OF TOTAL TRAVEL INDUSTRY TRIPS AND EXPENDITURES BY MODE OF TRANSPORTATION, 1977

[In percent]

Mode of transportation	Number of trips ¹	Estimated travel expenditures ²
Private automobile	76	63
Public transportation	24	37

¹ Defined as trips over 100 miles.

² Estimate based on data for 100-mile trips adjusted to include estimate of expenditures on overnight trips less than 100 miles.

Source: U.S. Travel Data Center, "1977 National Travel Expenditure Study, 1977, National Travel Survey."

⁴ Federal Highway Administration, U.S. Department of Transportation, "Nationwide Personal Transportation Study; Automobile Occupancy," Report No. 1, April 1972, p. 9.

The purposes of out of town trips include, according to Bureau of Census data, visits to friends and relatives, business and conventions, sightseeing and outdoor recreation and attending to personal affairs. In 1977, 51 percent of all travel expenditures were made on vacations⁵—an indication of the significance of vacations in American life and the importance of vacation travel to those employed in the travel industry.

Shortages of gasoline would produce shifts to public transportation but relative to the total demand for travel, these would be small. The automobile is the only practical mode of transportation to reach many places or to accomplish the many purposes of out of town travel. The great danger is that potential auto travelers would not travel at all. Any amount of diversion to public transportation would have beneficial effects on gasoline consumption but it would be unrealistic to expect that the reliance upon basic automobile travel could be replaced by this means. The automobile is the dominant factor in the travel industry and the only means of access to many communities that now are sustained by travel. It is also the only affordable means of travel to many families and individuals.

The Economic Analysis of the Department of Energy recognizes the questionable extent to which auto travelers would find airlines, buses and trains a practicable alternative to the auto.

Both short and long term adjustments would be necessary in the public transportation infrastructure to accommodate any significant portion of the current auto travel market. Data indicate that at this time common carriers in domestic service have the additional capacity to handle only 15 percent of the travelers who normally take automobile trips in a year's time.⁶ The realities of limited destination choice and lack of capacity during peak periods of travel demand reduce the amount of auto travel that could actually be accommodated by public transportation. Moreover, a sizeable expansion of common carrier capacity cannot be accomplished in the short run. Measures to allocate or restrict gasoline consumption should be based upon the above realities.

International visitors

International travelers to the United States account for less than one-half of one percent of domestic petroleum consumption. They use more public transportation because of their relatively low mobility when compared with American travelers. Although visitors from Canada and Mexico generally travel to the United States by automobile (65 percent), they account for less than 1 percent of travel away from home. At the same time, these millions of Canadians and Mexicans visiting the United States in 1977 by auto provided an estimated \$2.5 billion foreign exchange earnings to the United States, generating 95,000 American jobs.⁷

The disastrous effects of the 1973-74 Sunday ban on gasoline sales and of FEA allocation policies

The Sunday ban on gasoline sales in 1973 and 1974 (voluntary) had devastating effects on travel attractions, restaurants, recreational facilities and hotel and motel operations. In addition, the *de facto* rationing of the same period resulting from Federal Energy Administration (FEA) allocation policies created a climate of fear and uncertainty due to lack of uniformity in the availability of gasoline and maintenance and emergency services. The ban was not designed to have major impact on commuting habits during the week but to attempt to effect major savings in fuel consumption at the expense of out of town weekend travel by automobile. The fact that, with service station closings, maintenance and emergency services were often not available contributed to the negative effect of the ban. It prevented one from selecting travel activity as a way to spend his non-work time. While local travel remained possible, longer distance weekend travel for any purpose was discouraged or effectively precluded.

Before the program was put into effect, annual weekend travel expenditures were estimated to have been more than \$11 billion. Few dispute that substantial losses were incurred. From December 1973 to February 1974, according to figures compiled by the American Hotel and Motel Association, occupancies nationwide for highway-oriented accommodation facilities were off 26 percent from the prior year. Weekend business, which had run at levels of 65 to 75 percent occupancy dropped to 20 to 25 percent. The language quoted earlier in these comments from the Senate Commerce Committee Report (93-791) contains precise figures on the damage sustained by

⁵ U.S. Travel Data Center, "197 National Travel Expenditure Study."

⁶ Capacity for shifts from automobile to common carrier based upon the "1972 National Travel Survey" and other data, and computed by the U.S. Travel Data Center.

⁷ United States Travel Service, "Impact of the United States Policy on the Tourism Industry," p. 10.

various components of the travel industry during this period. Some motel chains closed on weekends. Some small motels were forced out of business. Historical sites, restaurants, attractions and recreation areas that depend on weekend travel business suffered losses.

Federal actions became, in effect, rationing by allocation. The government clearly overreacted. The public was bombarded with conflicting statements about gasoline supplies and it experienced anarchy at the retail pumps. Long lines caused serious delays, considerable inconvenience to consumers, lost productivity and unnecessary fuel consumption. The result was fear and uncertainty. Uncertainty of the availability of fuel at or en route to travel destinations discouraged travel. The net effect on travel businesses was as bad as actual unavailability. Furthermore, the voluntary program placed a burden of responsibility on the American people to conserve gasoline and thus created a psychological climate in which long distance travel was regarded as unseemly or unpatriotic. Uncertainty effectively diminished travel activities and the business and jobs they normally generate.

Sustained and widespread reduction in weekend travel due to weekend sales restrictions at this time would cause severe injury to the hotel, motel, resort, restaurant and attractions segments of the U.S. travel industry. The most damaging impact would be to businesses located along or near interstate highways and primary roads to resort areas. Downtown hotels would also be adversely impacted. Such properties normally experience a sharp drop in occupancy on weekends and traditionally, have offered special weekend discounts to generate weekend tourist traffic to supplement their weekday, commercial business. The uncertainty associated with the availability of retail gasoline would deter a substantial percentage of potential travelers.

The congressional response to the 1973-74 Arab oil embargo

The 1973-74 Arab oil embargo and related fuels allocation policies of the federal government had a devastatingly adverse impact on auto travel because of weekend cutbacks on gasoline sales and the uncertain availability of motor fuels. In response to the government's actions the Senate expressed its concern that appropriate regard for the travel industry's importance be given in fuel allocations and other energy policies. It unanimously adopted Senate Resolution 281.

Before Senate Resolution 281, some Congressional comment indicated that some national legislators did not perceive the importance of the travel industry to the nation's economy and social well being. But as legislative considerations progressed, Congressional actions reflected a recognition of the essentiality of the industry. A prime example is the Conference Report (93-663) to the National Emergency Act of 1973 (S. 2589). The Report says:

"... there must be a realization by those in authority that the public good is not served by denying allocations of fuel for certain uses which have the appearance of being non-essential (such as recreation activities or various aspects of general aviation) if to do so would result in significant unemployment and economic recession for some regions of the country. There are, of course, many areas in this nation where recreation and tourism provide the base of the local economy. Careful attention must be given to the needs of these as well as other areas..." (page 43)

The Report continued:

"Access to adequate supplies of fuels is basic to the survival of virtually every commercial enterprise and, accordingly, government must act with great care to assure that its actions are equitable and do not unreasonably discriminate among users.

* * * * *

"The Committee intends the term equitable to be applied in its broadest and most general sense. As such, the term denotes the spirit of fairness, justness, and right dealing. No user or class of users should be called upon during this shortage period to carry an unreasonably disproportionate share of the burden. This is fundamental to the traditional notion of fairness and equal protection. The Committee expects the President and the Administrator of the Federal Emergency Energy Administration created under this Act to assiduously observe these requirements in the conduct of their functions." (pages 43, 44)

On April 29, 1974, the Senate unanimously passed Senate Resolution 281. The Resolution expressed the sense of the Senate that in any federal actions to alleviate energy shortages, proper consideration should be given to the provision of an adequate supply of energy to all segments of the travel industry. Before passing the Resolution, the Senate Commerce Committee held 2 days of extensive hearings (including more than 40 witnesses) and, in favorably reporting Senate Resolution 281, the Committee emphasized the importance of the travel industry to the nation's

economic well-being and quality of life as well as the serious consequences which would ensue if the industry were to be adversely affected by energy shortages. The Report of the Commerce Committee (93-791) said: "In the midst of the crisis, the needs and interests of the tourism industry appeared, in many cases, to be either overlooked or assigned secondary importance."

The Senate intended that the Resolution would put an end to unreasonably discriminatory treatment. The following appears on pages 4 and 5 of the Report:

"One of the dominant themes during the hearing was that an adequate supply of gasoline is absolutely essential for a viable tourism industry."

"Your Committee was told, for example, that of the 25 million visitors to Florida in 1973, 80 percent came in passenger cars of which one in five was a recreational vehicle. Reports indicate that automobile travel to Florida during the winter 1973-74 was down 30 to 50 percent."

"Country-wide attractions such as theme parks, historical sites, national parks, and recreational areas reported losses of attendance and revenues from 20-70 percent. Motels and motor hotels along the highways, where occupancies in the 50-55 percent ranges are required to make a profit, reported occupancies of less than 5 percent on weekends and 30 percent during the week."

"According to Discover America Travel Organizations, Inc. (DATO), during the four-month period, November 15, 1973 to March 15, 1974, because the energy crisis caused reduction in the number of automobile tourists, an estimated \$716,800,000 in tourism expenditures was not realized, 179,000 jobs were placed in jeopardy, and 90,000 people were dropped from payrolls. These figures do not include losses of employment in air transport and other inter-city passenger services segments of the industry."

The Senate Commerce Committee made several recommendations in its Report which underscored its commitment to equitable treatment of the travel industry.

III. SPECIFIC TRAVEL INDUSTRY COMMENTS, ANALYSES, ARGUMENTS AND REQUESTS

The travel industry unanimously opposes standby conservation Plan No. 1 (Emergency Weekend Gasoline Sales Restrictions) developed and sent to Congress by the Administration pursuant to the Energy Policy and Conservation Act of 1975. We request the Congress to disapprove Plan 1 for the following specific reasons.

National conservation goals

Let me begin in stating that the travel industry believes that it is unfortunate that the nation's energy conservation goals have not been clearly stated so that the American public might understand and cooperate to achieve them. The Energy Policy and Conservation Act did not clearly articulate the nation's conservation goals. The President's National Energy Plan was never widely understood, nor has the Administration persistently sought to communicate its comprehensive plan to the public. A reading of the most recent State of the Union address indicates the low level of priority given to energy in January of this year. The result is that one proposed program is aimed at one conservation target, a second at another, a third at another. To the consumer and the industries that serve consumers, the intention of the nation's conservation efforts is not clear. Priorities in the Congress and Administration are not clearly understood.

The travel industry, which is prepared to support equitable and effective conservation programs, urges the Administration and Congress to agree on energy conservation goals that are consistent with both the short and long term national interests. Without clearly articulated national goals, neither businesses nor individuals can contemplate stringent conservation measures with understanding or enthusiasm, especially, as in the case of the travel industry, when such measures have direct, severe adverse economic impact. We urge faster federal action in preparing for a possible oil embargo, including a clear statement of our national goals, development of alternative sources of energy and an adequate strategic petroleum reserve.

No opportunity to comment

The Administration has failed to offer the public an opportunity to comment on Plan 1. The Department of Energy (DOE) did not publish the plan in the Federal Register and did not provide any procedure for public comments before the plan was finalized and adopted by the President. Moreover, efforts to obtain copies of the plan from DOE before March 1, 1979, the date it was sent to Congress were unsuccessful.

The public hearings and opportunity for comment provided in June, 1976, in connection with the previous Administration's weekend restriction plan does not

constitute adequate public participation regarding the current plan. That plan was entitled "Energy Weekend Gasoline and Diesel Fuel Retail Distribution Restrictions Plan" (Plan No. 3). Following public hearings and consideration by the previous Administration, Plan 3 was not submitted to Congress.

The current plan includes some changes from the earlier plan. Nearly 3 years have elapsed since the public had an opportunity to comment on this mandatory conservation approach. Moreover, the industry had no notice of the extent to which Plan 1 would resemble or differ from Plan 3 prior to its release on March 1. In view of the seriousness of the potential adverse economic impact of Plan 1 to the travel industry, DOE should have provided a new and extensive public hearing and comment opportunity.

Inadequate time to prepare for congressional presentations

Understandably, the appropriate committees of the Congress have scheduled prompt hearings on the standby conservation and rationing plans. Both Houses must conclude their considerations and vote on resolutions within 60 calendar days. However, the travel industry's inability to obtain the plan and (its) economic analysis before March 1 has proven to be a serious disadvantage in providing a response that is both adequate and timely. It has severely limited the industry's opportunity to develop and support economic analyses of possible alternatives. Twenty days before Congressional hearings in both Houses is not enough time to assess and analyze the plan, communicate with members throughout the country, obtain their responses, and prepare a well-reasoned and responsible presentation. We request, therefore, that the Congress take some action to lengthen the period for consideration.

Inadequate details and economic data and impacts

We have another objection concerning obstacles we have encountered in preparing comment on the plan. DOE has not supplied adequate details of when, why and how the plan will be implemented and operated. There are no rules of regulations accompanying the plan. Details are required by Section 201(f). That plan which the President transmits to the Congress shall contain: "a specific statement explaining the need for and the rationale and operation of such plan and shall be based upon a consideration of, and to the extent practicable, be accompanied by an evaluation of, the potential economic impacts of such plan, including an analysis of—(1) any effects of such plan on— . . . ; (B) employment (on a national and regional basis); (C) the economic vitality of States and regional areas; . . . (E) the gross national product;"

Regarding economic data and impacts, a careful reading of DOE's Economic Analysis indicates some incomplete estimates of impact. However, the industry fully agrees with Senator Howard W. Cannon when he said in reaction to the analysis: "Seldom have I read a Government analysis that so eloquently damns its own proposal."

What conditions trigger implementation of plan 1?

What are the conditions that put this standby nationwide plan into effect? Section 201(e)(1)(A) of EPCA provides that after a plan has been approved by each House of Congress, the President must find that "putting such contingency into effect is required by a severe energy supply interruption or is necessary to comply with obligations of the United States under the international energy program." Section 3 of the EPCA defines the operative phrases of Section 201(e)(1)(A). They basically state that the President must find that a national energy supply shortage is, or is likely to be, of significant scope and duration and of an emergency nature, causing major adverse impact on national safety or the national economy.

DOE's "Authorities, Need, Rational and Operation for Plan 1" dealing with this standby energy conservation plan provides no discussion of the operative phrases. No specific examples or scenarios are given. No explanation of the progress of the international program is provided nor are the conditions under which Plan 1 itself would be used to meet the nation's specific commitments to the program. The travel industry is expected to make major economic sacrifices if the plan is implemented but has available to it only limited information about the conditions that would trigger implementation.

DOE's proposals have an unreality about them. It is peacetime. Until recently, motor fuels were abundantly available and at reasonably stable prices. Yet here we are today in a "crisis" atmosphere. It is hard to believe that severe shortages can be expected in the near term.

Regarding the triggering of Plan 1, the travel industry has a specific request of Congress. Because of the severity of the economic impacts on the travel industry

and economy generally, the industry specifically requests Congress to amend EPCA to give Congress veto power over implementation of this plan. This power would be similar to the 15 calendar days disapproval power both Houses of Congress have over implementation of the standby rationing plan (Section 551).

The administration exceeds its statutory authority

The specific provisions of EPCA contain no provisions or language that declare the travel industry to be non-essential. We do not find the word "non-essential" or "discretionary usage" used in the Act. The Act reflects a scrupulous effort by the Congress to be fair and equitable. Section 202 says that standby conservation plans shall impose "reasonable restrictions on the public or private use of energy which are necessary to reduce energy consumption" (Emphasis supplied). Section 521(a) explicitly prohibits unreasonable discrimination between classes of users of petroleum products and electrical energy. Section 521(b) explicitly requires that mandatory restrictions on the use of energy shall be designed so as "to be fair and to create a reasonable distribution of the burden of such restriction on all sectors of the economy, without imposing an unreasonably disproportionate share of such burden on any specific class of industry, business, or commercial enterprise or any individual segment thereof." DOE recognized these provisions in its *Rational*, that is, evaluation criteria No. 5 (page 24) which sets out the applicable language of Section 521.

The Administration has ignored the clear legal mandate not to unreasonably discriminate and its own evaluation criteria as well. In view of its own estimates of the severity of the adverse economic impacts on the travel industry, this blindness to the spirit and letter of Section 521(b) is incredible. DOE has rejected 247 standby plans as failing to meet its criteria yet has found the weekend sales restriction plan acceptable.

The industry is willing to bear its equal share of any burden imposed by a severe energy supply interruption. The industry believes the government should have standby conservation plans should such an emergency arise. What we are not prepared to accept, however, is a federal plan which would mandate that travel and tourism should assume a disproportionately adverse share of conservation is such an emergency.

Plan 1 also violates Senate Resolution 281, unanimously passed by the Senate on April 29, 1974. It declared the sense of the Senate that in any allocation of energy supplies or other actions by Federal departments and agencies to alleviate the energy shortage, proper consideration should be given to the provision of adequate supplies of energy to all segments of the tourism industry.

Similar resolutions are currently pending in the House (H. Res. 151) and Senate (S. Res. 87).

The thrust of Plan 1 is to lay an unreasonable and disproportionate share of the emergency conservation burden on the travel industry. Plan 1 exceeds the statutory delegation of authority to DOE contained in Sections 201 and 202 by declaring the travel industry, in effect, to be "non-essential."

Plan 1 also violates Section 202(a)(2)(A) which is an explicit prohibition against rationing. Restrictions on retail filling stations prohibiting sales for up to 60 hours on weekends is a *de facto* form of gasoline rationing and is prohibited by Section 202. Such extreme measures were not intended by Sections 201 and 202. Congress did not intend to authorize DOE to decide that certain major economic activities were non-essential or discretionary nor did the Congress intend to bestow upon DOE the power possibly to eliminate hundreds of thousands of jobs. DOE is not empowered to weigh the importance of one person's job over another's or to determine that one purpose of travel is more essential than another. Why, for example, are all federal, state, and local motor vehicles and most of the nation's 25 million trucks exempted from the weekend restrictions?

In terms of this discrimination, DATO is speaking for an industry that is located geographically in every state of the nation and in the far reaches as well as urban centers of each state. The basic elements of the travel industry are transportation, lodging, food and beverage service, attractions and entertainment together with a range of retail establishments that provide goods and services to travelers away from home. Although diverse in location and function, the travel industry should, in fact, be viewed as a single plant not unlike a manufacturing plant. Its product is primarily a range of services desired by the public and its distribution is national. And, like a manufacturing plant, the travel plant is dependent on fuel to operate. If gasoline is unavailable for automobile travel away from home, the travel plant will be forced to close down and lay off workers in a way no different from an automobile or plastics plant. All segments of the economy should share equitably in the

shortage, with no group incurring undue advantage and no group suffering severe economic hardship and dislocations.

The Travel industry asks the questions: Why has the bulk of the burden been placed on it? Why do three of the four plans under consideration impact directly on the travel industry? Although transportation may account for half of total petroleum consumption, trips away from home consume only 10 percent of petroleum fuels. This consumption directly sustains the employment of 3.7 million people. We suggest that standby conservation plans be developed that require more demand reduction among the remaining 50 percent of petroleum users—the industrial, residential, commercial and utility sectors—and that the criterion of employment impact, mandated by Section 201(f)(1)(B), be given its intended recognition in the design of standby plans. In the interest of protecting the many jobs and small businesses dependent on travel, the administration should reconsider the inequities of Plan 1 and seek savings in petroleum consumption in other sectors of the economy where employment may not be so directly linked with motor fuel consumption.

Plan 1: Poorly designed, ineffective, and unnecessarily disruptive

DOE fails to provide adequate information regarding the operation and implementation of Plan 1. The explanation it does provide is lacking in substantive detail. The plan places an enormous burden on the owners and operators of retail service stations. They, in effect, have become enforcing agents of the federal government and final arbiters of which vehicles are exempted from the weekend motor fuel restriction. During the restricted hours, they must decide whether the vehicle of a prospective customer falls within the definition of trucks, registered Interstate Commerce Commission common carriers, commercial passenger carriers for hire and government motor vehicles. Our experience with the Sunday ban during the Arab oil embargo has taught us that the majority of service stations will close or keep very limited hours during the weekends.

In many, if not most areas, a corollary to the weekend closings is the unavailability of 24 hour maintenance and emergency facilities for all vehicles—qualified as well as unqualified. There is reason to expect that an extensive illegal market would develop and this, in turn, would result in a negative public attitude toward the emergency conservation program.

The basis of Plan 1 is the assumption that it will change public driving habits and result in a 5 percent demand reduction. Such a reduction may not be easily achieved. Hoarding, undoubtedly, will be rampant. As in the 1973-74 crisis, many of the nation's more than 110 million cars will become potential bombs with their containers of reserve gasoline. As in the 1973-74 crisis, "topping off" will become commonplace. As in the 1973-74 crisis, basements and garages will contain 10 or 20 gasoline reserves. With prolonged use of weekend restrictions, we would expect companies to permit mid-week days off in return for working on weekends. Some corporate managers may be offered a new fringe benefit—access to company gasoline pumps.

Plan 1 has overlooked the importance of business travel, which occurs on weekends. In 1972, 22 million people took 93 million person-trips for business reasons to places at least 100 miles away from their residence.^{*} While some of these travelers were spouses or other family members accompanying the primary wage earner on his trip, traveling business men and women took almost one business trip for every employed person in the country. They attended professional conventions and made sales calls, visited branch offices and pursued a variety of other activities essential to the efficient operation of the modern American business enterprise. Without a healthy travel infrastructure—the highways, air routes, accommodations and restaurants that are spread throughout the nation to serve the traveler—business mobility would be severely restricted and the nation's productive capacity would be significantly limited. The general public has a clear interest in facilitating business travel.

The travel industry is also concerned that rental cars have not been exempted from the weekend sales restriction. We believe that rental cars are a vital link in the public transportation system. The system consists of interdependent components, each of which must be kept viable to encourage more use of airlines, trains and buses and to provide transportation not otherwise available.

The industry totally rejects the concept of "discretionary vehicle usage on Friday, Saturday and Sunday." What is discretionary for one person, may not be for another. DOE's estimate of a reduction of 246,000 barrels of oil per day is questionable. No evidence exists that station closings in 1973 saved gasoline. To the con-

^{*} Bureau of the Census, "1972 National Travel Survey," p. 20.

trary, evidence exists that closings did produce consumer panic, misallocations and hoarding—that is, the shifting of inventories from gasoline stations into automobile tanks.

A DOE report entitled "Policies to Manage Gasoline consumption During a Shortage and Their Effects on Retail Gasoline Queues," shows that weekend closings would not save gasoline and could worsen gasoline queues. The study was done by Resource Planning Associates (RPA). Its objective was to examine how various attempts to manage gasoline distribution during the oil shortage of 1973-74 affected the length of lines at service stations. Methods included weekend closings, even/odd day purchases, maximum purchases, minimum purchases and various combinations of these. Weekend closings came in for some of the heaviest criticism. In the words of the study: "Reduced hours of station operation (including weekend closings) are counter productive. The result . . . was a dramatic increase in queue lengths on Fridays, Saturdays, and, to some extent, Mondays," the report concluded.

The RPA report also questioned whether any supplies were saved: "Although both Sunday closings and shortened weekday hours were intended primarily to conserve supplies, we strongly question whether the former would have that effect. Evidence indicates that all available supplies of gasoline would be purchased in any case." RPA recommended that station hours be increased, not decreased. Thus, DOE estimates of a 5 percent reduction of total vehicle miles traveled (VMT) by private households is questionable.

DOE states: "The emergency weekend gasoline sales restriction plan provides great potential for curtailing discretionary vehicle usage on Friday, Saturday, and Sunday. The conclusion of the RPA study is strongly at odds with DOE's contention that approximately 246,000 b/d of oil equivalent would be saved by reduced hours of operation. According to RPA, in 1974 88 percent of the nation's service stations were complying with a voluntary federal plan to ban Sunday gasoline sales by cutting weekend hours of operation by 50 percent. But, says RPA, even a 10 percent reduction in hours increased queue lengths "very significantly."

Alternatives and a prudent and gradual response to shortfalls

It has frequently been asked: Does the travel industry support an alternative to mandatory restriction on retail sales of gasoline that would be more equitable to travel businesses than Plan 1?

This very question is based on the assumption that a mandatory plan to restrict retail gasoline sales is either necessary or is the most effective way to manage a petroleum shortfall. The industry rejects this assumption.

DOE's economic analysis of Plan 1 assumes that a weekend gasoline restriction would divert fuel from weekend usage to use in other sectors of the economy and thus "permit an expansion in those industries that are most critically constrained by the petroleum shortage." This, according to DOE, will ease production bottlenecks, thereby permitting other sectors to expand. The net effect will be an increase in economic activity." Not only is this transfer of scarce petroleum made at the expense of the travel industry, it is designed, according to DOE, to lessen the impact of the shortfall on other sectors of the economy. DOE makes no attempt to justify this unreasonable discrimination. Travel businesses and jobs are expected to bear not only the burden of the shortfall impacting all industries but also the additional burden of conserving fuel so that other industries can expand. Such a proposal only adds insult to injury and makes the arbitrary discrimination against the travel industry more grotesque.

Many in the travel industry believe that instead of restricting weekend gasoline sales, the Administration should develop a standby plan for managing a severe shortfall by allocation and adjustment of refinery yields in order to place the burden more equitably on all sectors of the economy. Standby mandatory conservation plans should pose no more a threat to the job of an employee who earns his living in the travel industry than to an employee in any other economic sector. Under such an equitable plan provisions should be included to provide petroleum for essential uses of—the nation's public transportation system as well as for home heating.

Among those that concede that managing a petroleum shortfall might most effectively be achieved by restricting retail gasoline sales, several alternatives have been discussed. Although no clear travel industry consensus has emerged for any one of these proposals, some of the most frequently mentioned are:

- 24 hour restriction of gasoline sales on a sequential basis of every eighth day;
- restricting purchases to odd or even days (based on license plate numbers);
- minimum or maximum purchases; and

allowing each state to develop a comparable program which would conserve at least as much energy as the Plan 1 would be expected to conserve in the same state.

Of the above, perhaps the alternative that would be fairest to all users of gasoline would be a restriction of retail gasoline sales on a sequential day basis.

The Administration has many alternatives before resorting to weekend restrictions or gasoline rationing. Steps should be taken as soon as possible to assure that production is maximized. The Administration needs to provide adequate price incentives to assure that new reserves are discovered and developed, that enhanced oil recovery projects are undertaken, and that the production decline rate from existing wells is slowed and production is maintained as long as possible.

Efforts should be accelerated to maximize the nation's strategic petroleum reserves and to develop and put in place the necessary withdrawal capacity. The Administration needs to expand its programs to promote voluntary car and van pooling, to encourage private industry's voluntary programs and to win state cooperation in the enforcement of 55 mph speed limits.

In the case of an emergency, DOE could:

- avoid overreacting and engaging in "loose talk" about the severity of the shortfall;

- accurately publicize the nature and extent of the petroleum shortage;

- assist the public to conserve energy by providing accurate and timely information on specific methods of conserving fuel of all kinds; and

- encourage employers to provide employees with or inform employees about alternate commuter transportation to and from work.

When it is definitely determined that the shortfall is severe and will be long lasting, and when confusion at the gasoline pump, inequitable distribution of fuel, lost productive time, and public discontent grow to unacceptable levels, gasoline rationing may become necessary. However, before weekend restrictions and rationing can be seriously considered for implementation, DOE must propose several more equitable standby conservation plans. DOE has been given the staff and resources to do this. In the case of the standby conservation plans, over \$1.6 million has already been spent on contracts, while in the case of gasoline rationing, contracts totaled over \$3 million. More than 250 plans have been considered yet 3 of the 4 plans finally proposed on March 1, 1979, impact primarily on the travel industry. The Administration needs to provide a wider range of standby plans with varying degrees of stringency. After more than 3 years of effort, it still has not developed the total and flexible program for managing all types of energy shortfalls mandated by EPCA. We urge DOE to accelerate its work on several additional plans such as those directed primarily toward conserving fuel used for commuting and for government functions. Further work, moreover, should be done on standby conservation measures affecting residential, industrial and commercial energy consumption. In the area of transportation, we would welcome the opportunity to work with DOE in the development of an alternate motor fuel standby conservation program.

The industry has a final comment on an appropriate DOE response to severe shortfalls. First, it should be prudent and gradual. Standby conservation plans should be phased in only after less stringent measures have been applied. All voluntary measures should be exhausted. Then, to distribute available supplies in an equitable manner, the four separate, progressively broad crude oil allocation systems should be implemented one by one but only to the extent required by the severity and duration of the shortfall.

Mandatory standby conservation plans should be invoked only in an emergency and severe supply interruption and then only to minimize serious national impacts, not as a tool to heighten public awareness concerning the nation's energy situation. Selection of the sequence of standby plans should be determined by the least adverse economic and employment impacts to the specific industries affected. Those involving the least number of lost jobs should be used first, those that cause the most job losses, used last. Judged by these criteria, the Emergency Building Temperature Restrictions (Plan 2) should be the first plan put in place. Only after this plan has been implemented could Plan 1, the Weekend Gasoline Sales Restrictions Plan, be justified. After the imposition of each plan, the DOE should carefully measure its effectiveness and its demand reduction before implementing the next mandatory plan.

The adverse economic impact on the travel industry: An unacceptable tradeoff

The cost to the travel industry in receipts and jobs is not worth the assumed savings in petroleum. The potential harmful economic impacts of Plan 1 far outweigh any potential demand reduction attributable to it.

According to DOE's own estimates, the plan to restrict gasoline sales on weekends during a severe petroleum shortage could cost the U.S. travel and travel-related industries \$9 billion in sales and 240,000 jobs. These losses are not justified by the small fraction of petroleum savings—246,000 barrels per day or only 1.3 percent of the nation's daily consumption. Moreover, these losses would be in addition to business declines that the travel industry would experience from reductions in overall petroleum supplies.

DOE only estimates job losses for commercial lodging and restaurants: 100,000 jobs for the former, 140,000 for the latter. It did not provide loss estimates for the other components of the travel industry such as the \$2 billion ski industry or the \$1.6 billion attractions industry. The travel industry would be forced to shoulder an unreasonably disproportionate and discriminatory share of the petroleum shortfall burden. If we accept these estimates of job losses, it would be an unreasonably disproportionate share of the burden.

The standby gasoline rationing plan

The travel industry views gasoline rationing as a measure of last resort to be used only in the most severe and long-lasting situations. There should be a specified short-fall point before which rationing will not be implemented. The severity and duration of the shortfall must fully justify setting aside reliance on the market and price system and substituting government regulation. The inequities and inconveniences that would exist without governmental intervention in the marketplace should exceed the inequities and inconveniences that inevitably result from such intervention.

The DOE plan does not adequately set forth conditions that will trigger implementation of the plan.

Since 1973 the travel industry has sought to eliminate the use of the words and the rationale "discretionary" and "non-essential" use of gasoline as applied to the travel industry. By its adoption of Senate Resolution 281, the U.S. Senate has unanimously rejected these words and this rationale as applied to the travel industry. However, the Administration persists in using these terms and concepts. They are prejudiced and inappropriate.

Passenger car rental firms should be treated as a link in the public transportation system and qualified for supplemental allotments on the basis of need. Because they are an important part of the travel infrastructure, their historical usage and actual requirements should entitle them to a greater allotment.

Taxicabs are an essential part of the public passenger transportation system. They are part of the facilities and services of public transportation. Accordingly, they should receive a priority class firm designation.

The registrants of recreational vehicles should be given the same allotment as others similarly situated in the vehicle registration records maintained by the state.

The industry appreciates DOE's commitment to assist foreign tourists in locating white market points convenient to major U.S. border points of entry. DOE itself may offer rights for sale to such visitors or may arrange for other entities to make white market ration rights available as a service to foreign visitors.

It is not clear whether airport and rail ground service vehicles are included in the definition of "designated firm," or are to enjoy the provisions for "designated firms." These off-highway vehicles provide an essential support role in the nation's air carrier and rail systems and their application for supplemental allotments should be approved.

If the severity and duration of the petroleum shortfall justifies implementation of a rationing plan, the travel industry is particularly interested that that program be effective as well as equitable. The industry supports the white market concept. An effective and accessible white market will allow individuals and businesses to purchase additional rationing rights and lessen inequities.

Senator WARNER. We will now hear from the International Association of Amusement Parks and Attractions, represented by Mr. Barry Thigpen, marketing director of Busch Gardens.

STATEMENT OF BARRY W. THIGPEN, MARKETING DIRECTOR, THE OLD COUNTRY, BUSCH GARDENS, WILLIAMSBURG, VA.

Mr. THIGPEN. Thank you, Senator Warner.

It's a pleasure to be here this morning to have this opportunity to appear before you and testify on the administration's standby conservation and rationing plan.

My name is Barry W. Thigpen. I am the marketing manager for the Old Country, Busch Gardens, in Williamsburg, Va. The Old Country is one of two major family entertainment parks operated by the Busch Gardens Division of Anheuser-Busch, Inc. Located on a 360-acre site 4 miles east of Williamsburg, the Old Country incorporates European-style shops, restaurants, thrill rides, animal displays and live shows into a full day of family entertainment. In 1978, 2.2 million people visited the Old Country.

I am also here representing the International Association of Amusement Parks and Attractions, since the Old Country, Busch Gardens is a member of this organization. The International Association of Amusement Parks and Attractions is a nonprofit organization representing the permanently located outdoor amusement industry. The association has 1,100 members and represents some 450 amusement parks, childrens' parks and themed amusement attractions. Member facilities range from small family-owned facilities to large corporate-owned establishments such as the Old Country, Busch Gardens.

My overall statement is basically divided in three parts:

One, an overview of our industry and an assessment of the impact of plan 1, which would call for weekend closings, what effect that would have on the industry as a whole.

Second, a review of the economic impact of weekend gasoline sales restrictions, what that impact would be on the Old Country, Busch Gardens, and the Virginia communities adjacent to it.

Finally, a statement of some constructive modifications that we would suggest to the plan 1 proposal submitted by the DOE. A definition of the nature and size of the amusement park and attraction industry, and on the adverse effects of which plan 1, if implemented, would bring is necessary because of the inadequate treatment of this subject contained in the DOE Economic Impact Analysis.

Ours is a very large industry with a membership of our international association alone accounting for \$1.6 billion in annual sales. The industry is spread throughout the country, and provides wholesome and safe entertainment for some 200 million visitors annually.

Amusement Parks and Attractions employ more than 133,000 persons a year, the predominant percentage of whom are young people and students employed during the summer season.

Most of these part-time and summer employees have few, if any, avenues of employment outside the amusement industry.

In fact, this group traditionally has an unemployment rate more than twice that of the labor force in general. In the event gasoline sales restrictions are implemented, there is little doubt that the industry will be forced to institute labor reductions which will further aggravate this traditional unemployment problem.

At the Busch Gardens Park in Williamsburg, the effect of gasoline sales restrictions particularly during the summer vacation period, would be devastating. Our park, like many others, operates on a seasonal basis with a daily operating schedule from Memorial Day to Labor Day, with weekend-only operation in April, May, September, and October.

During the rest of the year, we are closed. This seasonal operating schedule dictated by weather considerations and by school vacations means that unrestricted operation during the summer months, and particularly on the weekends, is vital to our survival.

To demonstrate the importance of weekends, last season 64 of our 142 operating days were Saturdays and Sundays. This represented 42 percent of our operating days.

However, these weekend days account for a disproportionate 51 percent of total attendance at the park, or 1,105,000 visitors.

Significantly, over 50 percent of these weekend visitors, more than half a million people, came from out of State. Should weekend gas station closings be implemented, these out-of-State weekend visitors would certainly be lost, as well as many visitors from distant parts of Virginia.

In financial terms, the reduction in out-of-State visitors alone to the Old Country would represent a loss to the State economy of almost \$16 million in expenditures for food, lodging, retail merchandise, and other revenues. This figure is based on average spending data supplied by the Virginia State Travel Service.

However, this \$16 million figure does not take into account lost wages and resulting ripple effect that the layoff of hundreds of our seasonal employees would cause. Our \$12 million annual expenditure for payroll and operating goods and services would certainly be cut back, and our half million dollar annual sales tax contribution to State and local governments would be severely restricted.

Please keep in mind that these projections are for one facility—The Old Country, Busch Gardens. Similar effects would be felt throughout Virginia's \$2.2 billion tourism industry, and indeed throughout the country.

In closing, I'd like to reaffirm that The Old Country, Busch Gardens, is supportive of constructive and equitable efforts to minimize the U.S. fuel consumption. As a responsible corporate citizen, we view energy conservation as a high-priority national challenge.

Our own internal energy conservation program has been in effect for 2 years, and has achieved an energy savings of 31 percent. This was 1976 compared to 1977 usage at the park. Our group sales and promotion departments are constantly working with the bus, rail, and tour operators to encourage group visits via mass transit.

The record shows that we are actively attacking the program. Nevertheless, we are opposed to the Department of Energy's proposals to restrict the sale of gasoline on weekends as a tactic for accomplishing fuel conservation and we urge its rejection by the Congress. This tactic would be discriminatory, placing the entire burden upon the travel and tourism industry, a narrow but economically important segment of the U.S. economy.

The result would be disastrous for those businesses which rely for weekend travel and tourism for their livelihood.

We ask that the Department of Energy be required to propose more equitable methods of achieving initial reductions in fuel consumption whereby the financial burden would be more broad based. For example, strict controls on industrial and home heating levels; more aggressive implementation of car pooling; and only if absolutely necessary, gas station closings every 8 days rather than just weekends.

Ideally, we believe the ultimate solution to the problem of energy availability lies in price deregulation.

Thank you, Senator Warner, for this opportunity.

Senator WARNER. Thank you very much.

Mr. Thigpen, could you explain the \$16 million figure again? If we were to have weekend closings, Friday through Sunday night, what would be the impact on your business in the June, July, August, and September time frame?

Mr. THIGPEN. The \$16 million figure was based on the fact that 51 percent of our total attendance at the park comes on weekend days; then 50 percent of that 51 percent, or roughly 500,000 people from out of state visit our park on weekends.

Based on the Virginia State Travel Service figures, the \$31.66 per day spent by an out-of-stater in the State of Virginia, that would multiply to a \$16 million loss, not just to Busch Gardens but to the entire community—food, lodging, and those services.

Senator WARNER. So in other words, weekend closings could have that much of an impact on you?

Mr. THIGPEN. Yes, sir.

Senator WARNER. Counsel for the committee pointed out to me that the Department of Energy list of affected businesses and industries, has no inclusion of your business category—namely, amusement parks and attractions.

Mr. GIBSON. That is a 1972 figure they use there, Senator.

Senator WARNER. It's not listed as one of the entities covered. Would you please identify yourself? You're providing helpful guidance.

Mr. GIBSON. I'm Tom Gibson from Skyline Caverns. I will be speaking for the National Caves Association shortly.

Senator WARNER. I think you're next, Mr. Gibson, and we thank this witness. Please come forward right away. Thank you.

Are you familiar with this report?

STATEMENT OF THOMAS H. GIBSON, EXECUTIVE VICE PRESIDENT, SKYLINE CAVERNS, INC., AND CHAIRMAN OF THE LEGISLATIVE COMMITTEE, NATIONAL CAVES ASSOCIATION; ACCOMPANIED BY C. HOLT MALONEY, DIRECTOR OF SALES, LURAY CAVERNS CORPORATION.

Mr. GIBSON. I have a copy of the economic analysis prepared by the DOE of Conservation 1.

Senator WARNER. Thank you.

Mr. Gibson, representing the Skyline Caverns, Front Royal, Va.

Mr. GIBSON. We who are about to die salute you!

When I started to prepare my remarks before you today, I felt it might be appropriate to begin by using the cry of the Roman Gladiators from the field before the games began in the Colliseum.

My name is Thomas H. Gibson. I am chairman of the legislative committee of the National Caves Association. I have the pleasure of having with me Mr. C. Holt Maloney who is director of sales for the Luray Caverns Corp. and a member of the committee.

Our organization represents 164 privately owned, commercially operated cave attractions in the United States. We do not consider the salutation given you to be mere rhetoric, because we firmly believe that authorization by the Congress of Standby Conservation

Plan No. 1 would result in the death of many of the businesses in our association, plus widespread business disruptions, failures and increased unemployment throughout the varied spectrum of businesses known collectively as "the travel business."

Except for a few gigantic theme parks, or the several major airlines, buslines, and Amtrak, several large hotel chains, and a handful of other areas of endeavor, there are no real giants of business in travel.

Many of the members of the NCA are small businesses, by government definition. Virtually all of our members' businesses are located in rural areas, except for two operations which are in the suburbs of metropolitan areas.

Thus any plan to order service stations closed from noon Fridays to midnight Sundays, or any part of the weekend, would clobber our businesses very heavily, and literally result in the forced closing of many of our members' operations, plus many other travel businesses.

The economic loss would be very severe in the travel sector of the economy—while some other types of businesses of our country would suffer no impact at all.

If we did it, for example, on Monday through Friday, it would have no impact on weekend closings.

This we believe is against the law. Section 521 of the Energy Policy and Conservation Act has already been referred to. I will not go back to that.

The implementation of weekend gasoline sales restrictions would also conflict with Senate Resolution 87, introduced by Senator Warner and endorsed by Senator Inouye, is a confirmation and a restatement of intent embodied in Senator Inouye's 1974 Resolution 281.

A quick sampling of our membership immediately reveals the depth of our concern. On average, the membership of the National Caves Association does 45.9 percent of our total gross annual business on weekends. We do not feel we can be innovative enough to survive as viable businesses when such a large chunk of our annual business would be in great danger.

Worse, using the 1973-74 crisis as the base period, when we had our first taste of gasless Sundays, we suffered losses in business at that time ranging from 35 percent to as high as 53.7 percent.

Many of our members reported business did not fully return until September and October of 1974, even though the oil embargo was lifted just over 5 years ago in March of 1974.

Thus, we feel we have had the experience with business loss which makes our membership unanimously opposed to any mandatory closings of service stations on weekends or Sundays.

DATO, Mr. Toohey's organization, has already been represented by comments here today. DATO membership automatically qualifies the attraction involved as a member of the National Council of Travel Attractions, the NCTA. The Wharton School of Business of the University of Pennsylvania conducted a survey in 1976 which showed the total value of the business done at the attractions in America that year was \$1.33 billion.

The NCTA conducted a probe into the degree of financial loss to be realized by its members in the event of weekend gasoline sales restrictions and the average obtained was a loss of 42 percent.

Taking 42 percent of \$1.33 billion produces a figure of just over \$528 million. DOE apparently did not consider this source of business loss at all, since I can find no reference to the attraction industry in exhibit 4.3 of the Economic Analysis of Conservation One. "Amusement Parks" are listed in the 1972 figure, but there is no reference to scenic attractions, natural wonders, or historic points of interest.

The NCA membership feels DOE did a far less than satisfactory job in estimating the amount of business loss to be felt by weekend and Sunday closings. There are several areas where the reports are perhaps even deliberately rather murky.

On estimated campground revenue loss, for instance, DOE's figures of \$119 million, Kampground of America, the KOA franchise chain comprising 800-plus operations estimates a 41-percent decrease in family camping nights, to the tune of 10 million fewer family camping nights in their chain alone. Average revenue per family camping night in the KOA chain in 1978 was \$12.05; times 10 million, comes to more than the DOE loss estimate for the entire campground industry.

Projections for increased unemployment are equally bland and, it is feared, inaccurate. DOE throughout the analysis estimates the restaurant industry would suffer the loss of 140,000 jobs, the hotel industry losses 100,000 more. However, such areas of employment as the roadside hotel industry, the campground industry, the recreation and entertainment industry, which presumably includes the attraction industry, pleasure boating, RV sales and services, car sales, private aircraft sales, souvenir sales and such backup and support services as wholesale food suppliers, laundries, souvenir wholesalers, manufacturers and distributors, perhaps even croupiers in Las Vegas and Atlantic City simply do not have any estimates provided as to the potential for loss of jobs.

There's also only fragmentary information available as to the economic loss to be expected by various levels of government itself. State motor fuel tax receipts are estimated to be about \$300 million less if the stations closed on weekends. But there are no estimates as to the losses to be expected in sales tax receipts for State and local governments.

The analysis does note that tourism generates at least 10 percent of the State tax revenues in at least 11 States.

While sales of the recreational vehicle industry are estimated to decline by \$800 million, the industry itself is projecting losses of more than \$2 billion, which will absolutely devastate the RV manufacturing business.

Because of the several inaccuracies referred to here, the travel industry, through the U.S. Travel Data Center, feels the economic damage would not be the \$9 billion figure DOE uses, but would be closer to \$14 billion.

The job loss figure rose to 200,000 more than the DOE figure, to 421,000. This, it is thought, would be more or less immediate increases in unemployment, certainly by the end of the summer driving season.

One of the great dangers in putting into effect weekend or Sunday gas sales restrictions is not addressed at all by DOE. This is the simple fact that Americans travel to see and do. They do not travel for the express purpose of eating in a restaurant or sleeping in a motel bed someplace else. Therefore, if the restrictions are allowed to be put into effect as shown here, many attractions will fail as business operations. Many of us in travel see immense further increases in business failures and increased unemployment in the event restrictions are put in place and kept for a year, 18 months or longer.

Of the 5 million-plus jobs in travel, including backup and support services, we have seen no studies which address the problem of business failures and increased unemployment after a year or more of gasless weekends or Sundays. It does seem safe to estimate, however, that the 421,000 jobs lost by the end of this summer season would triple at least. This is due to the fact that many attractions will fail this year or not be able to make it over the winter of 1979-80, and there would be that much less reason for people to travel next year, since there would be much less to see and do.

This would sharply escalate the unemployment curve, as more and more businesses fail.

It should be noted, too, that weekend restrictions on gasoline sales impact most severely in middle-class Americans, the people who work Monday through Friday. These people look forward to the weekend—thank God it's Friday—for the opportunity to take a trip over the weekend. And of course, when the vacation period rolls around, weekend days involved are probably at least 4 of the 14 days involved.

DOE seems to have an idea that the American people need to be punished for wanting to enjoy this type of lifestyle. But I wonder how the people would really react in giving up summer weekends when 70 percent of them, according to a recent poll, don't believe the energy situation is anything more than a device by the oil companies to raise their prices.

Certainly the advantages of relaxation, a change of scene and increased leisure time are too well known to everyone to require a detailed listing from me. The type of attraction of the membership of the National Cave Association, the natural attraction, along with historic points of interest such as Colonial Williamsburg or Sturbridge Village are truly part of Americana.

I don't intend to get into motherhood and apple pie here. But if even a few of these attractions were forced to close, we would all be the poorer for it.

And what would this devastation of America's travel industry hope to accomplish? We know DOE estimates fuel savings to be in the area of 246,000 barrels per day. This, it turns out, is not intended to be a saving of this amount of oil. No, DOE intends to divert fuel saved by blasting the travel business into other areas of endeavor.

I call your attention to section 3 of the DOE economic analysis, entitled "National Economic Impacts." DOE almost casually estimates an increase in the gross national product by this diversion of

fuel from the travel industry to some other, as yet unspecified area.

However, let's take a quick glance at the figures used. DOE says knocking out the travel industry through weekend restrictions will cost just over \$9 billion of the gross national product, but this diversion of fuel to other sectors of the economy can be expected to increase the GNP by \$16 billion, or a net gain of \$7 billion.

I'd like to raise some points here. We've already shown DOE has underestimated the cost to GNP and increased unemployment by about 50 percent in both cases. Instead of a \$9 billion loss, experts in travel feel the loss would be much closer to \$14 billion.

Just suppose DOE has messed up as badly on estimating increases in GNP from other sectors of the economy. At this point, I think it is fair to ask: Suppose they miss the increase by the 50 percent margin shown in the other figures. This quickly makes any increase about \$8 billion against a loss of \$14, so instead of a \$7 billion increase we face a \$6 billion net loss.

Since DOE has been very reticent about revealing just where the fuel might be diverted to, we feel it is only fair to question their judgment here.

There's another point I would challenge on the DOE economic analysis. That is the statement on page 3.1 of the economic analysis quoted here:

Because the curtailed activities tend to be highly petroleum intensive, diverting fuel for use in other sectors of our economy will permit an expansion in those industries that are most critically constrained by the petroleum shortage.

In rebuttal to that, I would like to point out that leisure activity use of the automobile consumes a mere 3 percent of our total energy consumption. Or turn it around and put in an absolute ban on all leisure activity driving by the American people, and you'll still have 97 percent of the energy being consumed in America today.

I fail to see how anything that amounts to 3 percent of anything in total consumption can be called highly intensive or highly anything, except perhaps valuable to our total economy.

Many of us in travel feel DOE is casting about for some dramatic gesture which would get the attention of the American people regarding the energy situation. Since savings are projected at only 246,000 barrels per day, it appears DOE feels this is one way to get the people's attention, and that weekend or Sunday closings are only intended, perhaps, to be a symbolic gesture.

We in travel object to having the travel and tourism baby thrown out with the symbolic bathwater. We frankly fear overreaction which will wipe out the all-important summer driving season to travel and businesses.

We are highly seasonal in cash flow patterns. For instance, at Skyline Caverns, Front Royal, the business I manage, 2 months, July and August combined, produce 42.5 percent of our total annual business. Over 40 percent of this business, 40.8 percent, was done on the 18 weekend days of July and August last year.

This weekend business, in fact, from these 18 days amounted to almost 18 percent of our total annual gross business. In fact, this occurred in, of course, only 4.9 percent of the days of the year.

We consider these figures to be very typical for a good many similar attractions. It must be noted that ski resorts would be equally seasonal during the winter season.

So, instead of tearing the travel industry up by weekend or Sunday sales restrictions, the National Caves Association puts forward the following suggestion as a means to save at least as much energy as the DOE blueprint for disaster. If interruptions of motor fuels must be done, the NCA suggests the only method which can be used which would fit in with section 521 would be to have a rotational or sequential schedule: Monday first week, Tuesday the next week, et cetera.

This would spread the closings throughout the week and leave five out of seven weekends for people to travel as they need to do.

However, any mandated closing of gasoline stations will have adverse effects upon the travel industry and will produce disruption and setbacks in other business sectors as well, and thus should be avoided as much as possible.

Strict enforcement of the national 55-mile-an-hour limit is another area which we feel has genuine potential. It is estimated, for instance, that trucks, big rigs, could save at least 30 percent of diesel fuel they burn running at a top speed of 55 miles an hour, instead of the still common 65- to 70-mile-per-hour figures.

It is felt they would be much better having the people be able to travel at 55 miles an hour than staying home.

And here's one that may be a new one for you. Vinyl is a petrochemically-based product. Surely, in a period of supposed oil shortages, the public can give up vinyl tops on automobiles, which serve no function other than a questionable aesthetic one. Since auto companies would have to paint the surface areas if the vinyl was not there, the men involved in putting on vinyl tops could work in the paint shops, so that there would be no loss of employment.

It has not proven possible, by the way, to get an estimate from DOE on how much oil could be saved by eliminating vinyl tops.

DOE figures show that almost as much gas is burned in commuting to work as in the leisure use of the car—seven-tenths of 1 percent different. Very significant fuel savings can be made when commuters ride mass transit, when available, or use car or van pooling to reach work.

I might also mention that the Federal civilian motor pool nationally last year consumed 27,402.66 barrels of energy daily, Monday through Friday. Let's cut this driving in half and save 13,700 barrels of oil per day from this one source.

In closing, I think it's good to judge the projected savings of 246,000 barrels a day from conservation plan one against the backdrop of the 600,000 barrels of oil wasted each day by emission controls on cars and light trucks in the United States. This is more than 4 million barrels per week. Since it is increasingly obvious to everyone not employed by or under the spell of EPA that the automobile is increasingly an insignificant factor in the cause of pollution, surely the Congress could take a long, hard look at much of what EPA is doing today in order to get a great deal of it to stop.

Among suggestions made by Virginia's Governor, John N. Dalton, is that Congress order EPA to permit the additive

methylcyclopentadienyl manganese tricarbonyl, MMT, which is mixed into unleaded gasoline. The addition of MMT will not mess up catalytic converters, but would permit the savings of 200,000 barrels of oil per day in the refining process, according to Governor Dalton's office. We understand EPA has refused to permit this on the general grounds it would increase levels of manganese in the air, but they don't know by how much or even if this would be detrimental.

I suspect, in the absence of any proof to the contrary, EPA is just being stubborn on this matter. But this is certainly an area of energy savings which could be most diligently explored.

The current edition of Time magazine has an article on how EPA has ordered a railroad—a ConRail-owned powerplant in Connecticut to change from coal to oil for fuel to produce electrical energy to power commuter trains. This is certainly stupid and a rather large step backward. Time notes in the article, incidentally, that, quote: "EPA is responsible to no one but themselves." I suggest that it's high time that Congress reassert itself and make sure EPA is responsible to them.

Thank you very much for your attention to these remarks. I'd be happy to answer any questions you might have.

Senator INOUE [presiding]. Mr. Gibson, I thank you very much. Your statistics are astounding, and your closing paragraphs on EPA give me, as a member of this committee, some cause to question some of their policy decisions. And you may be assured that this subcommittee will be looking into their activities.

Mr. GIBSON. Senator, if I may, I do not have many copies of this. I do have three. This is a clipping from the Washington Star, November 10, 1974. This is before several additional refinements on pollution were put into effect by the EPA. The headline is "Auto Is Acquitted by D.C. Smog." What causes the pollution in this area is not the automobile; it's decaying vegetation in the Allegheny and Appalachian Mountains, which is borne eastward by prevailing wind currents and stacks up over Washington.

I think the proof of that lies in the very obvious fact that there's never been an air pollution alert in the District of Columbia in the wintertime. The vegetation is decaying in the summer, not in the winter. Yet auto use would be as great in the winter as in the summer.

Senator INOUE. Senator Warner?

Senator WARNER. Thank you, Mr. Chairman.

I just wish to add that this witness has certainly done his homework. Your statement shows a lot of independent analysis on your part and others in your association. Its originality helps add perspective and depth to this hearing.

We thank you.

Mr. GIBSON. Thank you, Senator.

Senator INOUE. Thank you very much, sir.

We now have a panel from the Recreation Vehicle Industry Association: the chairman of the Recreation Vehicle Association, Mr. David Miller; Mr. Donald Hawkins of George Washington University, on behalf of the American Recreation Coalition; and the president and general counsel of the Recreation Vehicle Association, Mr. David Humphreys.

STATEMENT OF DAVID MILLER, CHAIRMAN, RECREATION VEHICLE INDUSTRY ASSOCIATION; DAVID HUMPHREYS, PRESIDENT AND GENERAL COUNSEL; AND DONALD HAWKINS, GEORGE WASHINGTON UNIVERSITY, ON BEHALF OF THE AMERICAN RECREATION COALITION

Mr. MILLER. Thank you, Senator.

I'm David Miller, chairman of the Recreation Vehicle Association. With me is David Humphreys, president and general counsel.

I appreciate the opportunity to appear today to present comments on behalf of the American Recreation Vehicle Association on Senate Resolution 87.

As you have stated, the formal remarks will be made part of the record. I refer to several exhibits, and several are attached to the formal remarks. I ask that they also be made part of the record.

Senator INOUE. Without objection, so ordered.

Mr. MILLER. Mr. Chairman, the Recreation Vehicle Industry Association would like to go on record as expressing its full and unqualified support for Senate Resolution 87. We appreciate the fact that Senator Warner and yourself recognize, as does the Senate generally, the significant economic and social contributions which the travel and recreation industry makes in America today.

At the same time, we express our disappointment and frustration that it's become necessary for this resolution to be submitted. But it seems the official policy of DOE that travel and recreation are unnecessary, and, therefore, should be singled out to bear the burden of any shortage, real or not, of energy supplies.

Permit me, if I may, to offer but a few examples of how the Department of Energy has carried out this policy of discrimination.

Even before the Iranian crisis came to a head, even before all the most recent talk began about possible reduced gasoline supplies, the Department of Energy had embarked upon a nationwide television campaign in discrimination against certain forms of recreation. Last summer the Department put out a series of television public service announcements supposedly designed to urge more efforts to voluntarily conserve gasoline.

Believe it or not, even something as seemingly innocuous as to what is or is not included under the designation of recreational vehicles may be very critical.

Our problem with that, Mr. Chairman, is simply this: The DOE representatives currently confuse the issue and greatly misrepresent our industry and its fuel consumption by including other types of vehicles which are not RV's, when they describe the impact recreational vehicles have on gasoline use.

On several occasions we have been referred to as representing 23 percent of motor vehicle manufacturers in the United States, that clearly expanded the traditional definition of RV's and was including vans and panel trucks as well as pickup trucks.

We have also even been referred to as mobile houses. Mobile homes are, of course, permanent low-cost houses that are regulated by a division of HUD.

In spite of our continued efforts to clarify the understanding of what RV's are, DOE persists in misrepresenting to the Congress and the American public what RV's are and how much fuel they

consume. It would appear that the DOE refuses to understand who we are, what we are, and how much fuel we use and what our products contribute to the economy.

I would understand this if we had not been supplying them detailed information on all these topics since 1974. Last year, when the Department of Energy first announced its proposed standby gasoline rationing program, motor homes were excluded from receiving any gasoline allotment whatsoever. The president and general counsel of our association asked the Department for an explanation of this action, and was told, rather matter-of-factly, that in a time of shortage DOE intended to eliminate all discretionary travel. That explanation is clearly reflected also in the planned closings of gasoline stations on weekends. Their goal is not to reduce discretionary travel, but to eliminate it.

The economic analysis of the weekend closing plan states that the recreational vehicle industry will suffer a loss of \$800 million in sales. Robert R. Nathan & Associates have prepared a report that strongly disagrees with that conclusion. The loss to the RV industry alone will be at least \$2.9 billion, rather than \$800 million.

Mr. Chairman, based on this tremendous understatement of the economic damage to the RV industry, I would have to seriously question the accuracy of the entire economic analysis of the plan. This lack of candor and fairness was brought clearly into focus on March 20, when the Washington Post broke the story of a DOE study which concluded that reduced hours of operation of gasoline stations should be discouraged, if not prohibited. A copy of that article is attached to our testimony.

The key issue, Mr. Chairman, is whether Congress is going to insist that Federal agencies such as the Department of Energy recognize the role that is played in our society by the travel and recreation industry, or whether Congress is going to allow DOE to seek out certain highly visible forms of energy use, severely and unfairly damage them in an effort to make an example for all to see and to affect the attitude of the consumers in a negative way.

On behalf of our 500 member companies, almost all of whom are small businesses, and 6 million RV families who have invested in this form of recreation, we ask you to earnestly favorably support Senate Resolution 87.

At this time, if the chair would permit, I would like for our president and general counsel to give a brief synopsis of a very short film which we would like to show you.

Senator INOUE. Thank you very much, sir.

[The statement follows:]

STATEMENT OF DAVID R. MILLER, CHAIRMAN OF THE BOARD OF DIRECTORS,
RECREATION VEHICLE INDUSTRY ASSOCIATION

I appreciate very much the opportunity to appear today and present comments on behalf of the Recreation Vehicle Industry Association on Senate Resolution 87. I am from Goshen, Indiana and am the president of a company that manufactures recreation vehicles. This year I am serving as the Chairman of the Board of Directors of RVIA. With me today is David J. Humphreys, President and General Counsel of RVIA.

The Recreation Vehicle Industry Association is the only national trade association for the manufacturers of RVs and their component parts. By recreation vehicles we mean those vehicles that include camping facilities of some type, and wheels. In

other words, we include such vehicles as motor homes, travel trailers, truck campers, and camping trailers.

One of the unique features of this industry is that it is comprised of a great number of small manufacturers. RVIA's 500 member companies produce 95 percent of the nation's RVs and related component parts. The vast majority of these companies meet the SBA definition of "small business".

We are pleased that the structure of our industry is such that small companies are prospering while being highly competitive and very creative. We're also very proud of the fact that our industry promotes recreation, outdoor living, family togetherness, and low cost vacation travel for families.

Mr. Chairman, the Recreation Vehicle Industry Association would like to go on record as expressing its full and unqualified support for Senate Resolution 87 and the important principles embodied therein. We appreciate very much the fact that Senator Warner and yourself recognize, as does the Senate generally, the significant economic and social contributions which the travel and recreation industry make in America today.

The RV industry itself, for example, accounts for approximately \$6.7 billion in gross sales annually; the industry as a whole employs an annual average equivalent of over 200,000 people. Last year American RV families spent some \$15 billion while traveling.

These economic statistics, however, do not begin to tell the full story. Recreation professionals agree that participation in outdoor recreation yields physical, mental, social and intellectual benefits. Outdoor recreation, including going camping in an RV, contributes to physiological well-being, by encouraging exercise and physical vigor; to psychological well-being, by helping to restore self-identity and peace of mind undermined by the tensions and impersonality of the modern world; to social well-being, by encouraging healthy social interaction; and to intellectual well-being, by educating in the ways of nature and sharpening appreciation for beauty.

Again, we are very much encouraged by your recognition of these facts.

At the same time we express our disappointment and frustration that it has become necessary for this Resolution to be submitted. But necessary it is, when the United States Department of Energy continues to discriminate against the travel and recreation industry despite the clear directive of Senate Resolution 281 of the 93rd Congress as well as that of Section 521(b) of the Energy Policy and Conservation Act of 1975.

It seems to be the official policy at DOE that travel and recreation are unnecessary and should, therefore, be singled out to bear the burden of any shortage—real or not—of energy supplies. Permit me, if I may, to offer but a few examples of how the Department of Energy has carried out this policy of discrimination.

Even before the Iranian crisis came to a head, even before all of the most recent talk began about possible reduced gasoline supplies, the Department of Energy had embarked upon a national television campaign of discrimination against certain forms of recreation. Last summer the Department put out a series of television Public Service Announcements supposedly designed to urge more efforts to voluntarily conserve gasoline. A copy of the transcript of that film is attached to my written testimony. The PSAs sought to depict some forms of recreation as bad, and some as good. The person, for instance, who plays the pinball machine is bad; if you like ping pong, on the other hand, you are good. Or the person who goes out on the lake in an outboard motor boat is wasting energy; while the person who takes a skiing vacation is somehow conserving energy. The fact that the comparisons used are rather ridiculous is beside the point—the real problem is that DOE obviously thinks it has the authority to identify certain forms of recreation as good, and others as bad. Who gave them such authority? It certainly wasn't the Congress. Mr. Chairman, I submit that the Department has gone far beyond its statutory authority. Their actions clearly support the need for Senate Resolution 87.

Believe it or not, even something that is as seemingly innocuous as what is or is not included within the designation of "recreation vehicles" may be very critical. The simple guideline I suggested earlier—that RVs are highway vehicles that have both wheels and temporary living quarters—accurately conveys the most common understanding within the RV industry. Our problem, Mr. Chairman, is simply this: DOE representatives constantly confuse the issue and greatly misrepresent our industry and its fuel consumption by including other types of vehicles that are not RVs when they describe the impact recreation vehicles have on gasoline use. Secretary Schlesinger and his Deputy, John O'Leary, have on several occasions blamed increased gasoline consumption on greatly increased use of RVs. Mr. O'Leary made that claim before a Senate subcommittee on February 27, 1979. However, Mr. O'Leary also stated on that occasion that in 1978, 23 percent of the motor vehicles

manufactured in the U.S. were recreation vehicles. Obviously, he was greatly expanding the traditional definition of RVs and was including all vans, panel trucks and pick-up trucks. In the proposed rationing plan DOE referred to "recreation vehicles such as mobile houses." Mobile homes are, of course, permanent low cost housing units that are regulated by a division of HUD. In spite of our continued efforts to clarify the understanding of what RVs are, DOE persists in misrepresenting to the Congress and the American public what RVs are and how much fuel they consume. The Department seems to think that it is free to unfairly single out the recreation industry for criticism when it has not taken the time to consider the factual data available to it. This is clearly not in keeping with either the spirit or the letter of the law of Section 521(b) of the EPCA nor Senate Resolution 281.

One of our attorneys contacted Mr. Jim Bishop, press aide to Secretary Schlesinger, to find out what information they had to support a statement the Wall Street Journal had attributed to the Secretary in which he said in effect that gasoline consumption had increased during the summer of 1978 due primarily to greatly increased use of RVs. Once again, DOE was including many types of light duty trucks. Mr. Bishop appeared to be very unconcerned about the definitional problem. As for facts to support the fuel consumption claim, our attorney was told that "It has become the conventional wisdom around here" that RVs are a real problem.

It would appear that DOE refuses to understand who we are, what we are, how much fuel we use and what our products contribute to the economy. I could understand this if we had not been supplying them with detailed information on all these topics since 1974. However, two years, ago in response to an FEA request for comments on its proposed weekend gasoline restriction plan, and on two other occasions prior to that, RVIA submitted a copy of a 1974 report entitled, "An Evaluation of the Economic Impact of the Energy Crisis on the Recreation Vehicle Industry". That report was prepared by Robert R. Nathan Associates to provide regulators and legislators with detailed, authoritative information prepared by a third party with impeccable credentials. The Nathan Report was a serious effort to address many of the questions that DOE has raised about RVs. In 1977 Robert R. Nathan and Associates updated the 1974 report. The 1977 report was given DOE during the hearings last year on the standby rationing plan.

It was obvious to us two years ago that the agency had failed to read Mr. Nathan's study when it proposed its contingency weekend restriction plan. Unfortunately, it is just as obvious to us today that the new Department of Energy also has not bothered to read the Nathan report. I would ask that the 1977 update of that report entitled, "The Recreational Vehicle Industry and Its Present Role as a Significant Economic Contributor and an Energy Consumer" be made a part of the record.

In fact, Mr. Chairman, it should be noted that total RV sales peaked in 1972 at 582,900. The second highest year in sales was 1976 when 541,100 were sold. There were 533,900 sold in 1977 and 526,300 in 1978. Therefore, RV sales have been going down, not up. The 1977 update of the Nathan report stated that all RVs together used only 1.8 percent of the fuel consumed by all highway vehicles. Obviously, it would take a staggering growth in RV use before that 1.8 percent use would increase enough to have a significant effect on total gasoline consumption.

I must emphasize, however, that the RV industry is more than willing to accept its fair share of any overall reduction in consumption that is necessary. What we want to be sure of is that neither our industry nor any other be asked to suffer greatly while other petroleum users are cut back very little or not at all.

Mr. Chairman, in its economic analysis of its proposal to close gasoline stations on weekends, the Department of Energy acknowledges that the recreation vehicle industry would be among those most adversely impacted by this plan. But still the Department failed to give serious attention to the economic data which had been provided to it. This is but one more example of its discriminatory treatment of industries which it has decided are "nonessential". Last year, when the Department of Energy first announced its proposed standby gasoline rationing program, motor homes were excluded from receiving any gasoline allotment whatsoever. The President and General Counsel of our Association asked for an explanation of this action and was told rather matter-of-factly that in time of shortage DOE intended to eliminate all discretionary travel. That explanation is clearly reflected also in this plan to close gas stations on weekends. Their goal is not to reduce discretionary travel but to eliminate it. Is that fair or reasonable? Senate Resolution 281 in the 93rd Congress and Section 521(b) of the Energy Policy and Conservation Act both require that the burden caused by shortages be borne equally by all parts of the economy. DOE's cavalier disregard of this requirement is alarming. The consequences of such action would be catastrophic. There is no doubt in my mind that

Senate Resolution 87 needs to be passed, and that a copy of it needs to be personally presented to the Secretary of Energy and made a document for required reading for his entire department.

The economic analysis of the weekend closing plan states that the recreation vehicle industry will suffer a loss of 800 million dollars in sales. Robert R. Nathan and Associates has prepared a report that strongly disagrees with that conclusion. The loss to the RV industry alone will be at least 2.9 billion dollars rather than 800 million dollars. I am submitting a copy of that report and ask that it be made part of the record. Mr. Chairman, based on this tremendous understatement of the economic damage to the RV industry, I would have to seriously question the accuracy of the entire economic analysis of that plan.

In addition to financial losses, we feel that weekend closings would damage the personal lives of millions of Americans. As I have indicated, RVIA does not agree with DOE that recreation and leisure uses of energy are wasteful or unnecessary. If such activities have to be eliminated the damage could be quite severe and could easily be more severe than the financial losses. Not only is the weekend closing plan discriminatory, but there is a serious question as to whether such an approach would even work. Yet, for some strange reason DOE continues to pursue programs that place disproportionate burdens on certain parts of the economy—especially recreation, travel and tourism—even when no real energy savings can be shown.

This lack of candor and fairness was clearly brought into focus on March 20 when the Washington Post broke the story of the DOE study which concluded that "Reduced hours of operation of gasoline stations should be discouraged, if not prohibited." A copy of that article is attached to our testimony and I request that it be made a part of the record. It appeared to us that this study was being closely guarded. The Recreation Vehicle Industry Association requested a copy of it by telephone on Thursday, March 15. This request was denied and we were told to file a Freedom of Information request because "we only got three copies from the contractor." On Friday, March 16 the Recreation Vehicle Industry Association filed a Freedom of Information request and to date there has been no response from DOE.

Proposing reasonable alternatives is not as easy as finding fault with proposals made by others, but we feel it is necessary. Many ideas have been discussed that seem far better if the goal is to reduce consumption of petroleum products in a way that will spread the burden as widely as possible. RVIA feels that decontrol of petroleum would reduce consumption by raising the cost, not just of gasoline, but of all petroleum-based products, including jet fuel, plastics and heating oil. This alternative has the unique advantage of making further oil exploration and production more attractive and, therefore, much more likely. This is certainly the most attractive alternative over the long term.

More immediate results could be gained by closing gas stations on a different day each week with increasing frequency until the necessary savings were achieved. This could begin by closing every eighth day, then every sixth, fifth, fourth, etc. Notice, every seventh day would not be used because of the obvious discrimination regardless of which day that is, because it would always be the same. In order to be sure that such a program would not result in long lines and topping off tanks, we suggest that a minimum purchase be required. In other words, a person could not purchase less than a certain amount of gas or his gas gauge would have to show the tank was less than half full before he could be sold gas.

Other plans such as odd-even day sales or maximum sales may help. RVIA has not been able to assess their impact sufficiently to support them, but at least they would be fair to all concerned.

The key issue, Mr. Chairman, is whether Congress is going to insist that federal agencies such as the Department of Energy recognize the role that is played in our society by the travel and recreation industry, or whether Congress is going to allow DOE to seek out certain highly visible forms of energy use, severely and unfairly damage them in an effort to make an example for all to see and to affect the attitude of the consumers in a negative way.

Mr. Chairman, on behalf of our 500 member companies, almost all of whom are small businesses, and the six million RV families who have invested in this form of recreation, I ask you most earnestly to act favorably on Senate Resolution 87 and see that it is brought to the immediate attention of the Department of Energy. Our people expect, hope for and demand fair and equitable treatment, not discrimination.

Thank you for this opportunity to present RVIA's views.

[From the Washington Post, Tuesday, Mar. 20, 1979]

DOE STUDY DISCOURAGES WEEKEND GAS SALES BAN

(By J. P. Smith)

An Internal Energy Department study concludes that a ban on weekend gasoline sales—one of four emergency conservation plans sent to Congress March 1—would result in longer service station lines the rest of the week and save little gas. "Reduced hours of operation of gasoline stations should be discouraged, if not prohibited," the DOE study says.

During January and February, Energy Secretary James R. Schlesinger repeatedly told Congress that it may be necessary to end Sunday or weekend gasoline sales to make up for lost supplies resulting from the Iranian oil squeeze.

Schlesinger told the Senate Energy Committee last month that weekend or Sunday station closings "may be a part of the package we will advocate" to deal with the Iranian oil shortage. He added that such closings "may be necessary by summer."

However, the DOE study, completed Feb. 23, found that ending weekend gas sales would create longer gas lines on other days and result in more gasoline waste than each of seven other possible savings plans.

"Weekend closings don't automatically reduce consumption," said Vivek Basrur, an economic consultant with Resource Planning Associates Inc. of Cambridge, Mass., which conducted the study. "The queueing phenomenon could increase gasoline consumption," he added in a telephone interview.

The study says that setting a "minimum purchase requirement" is the most effective means of reducing service station lines and would waste far less gas than would weekend closings.

DOE officials, including Deputy Secretary John F. O'Leary, stress that their estimates of potential savings from weekend closings are tentative.

Yesterday on Capitol Hill, the administration's standby conservation measures drew sharp criticism from House and Senate energy committees. In addition to weekend service-station closings, DOE has proposed mandatory thermostat settings of 80 and 65 degrees, depending on the season; a ban on decorative lighting and gasoline rationing by coupon.

O'Leary told a House Commerce subcommittee that the nation could face a "significant shortfall" in gas supplies by the end of April.

Schlesinger said last week that voluntary action is not producing enough savings to make up for the Iranian oil shortfall—variously estimated at about 3 percent or more of total U.S. oil supplies—and that mandatory action is required.

Energy officials from Virginia and 13 other "tourist-oriented" states and Puerto Rico formed a coalition yesterday to fight weekend station closings. The group, headed by New Jersey Energy Commissioner Joel Jacobson, will present a position paper to a Senate energy subcommittee today. Sen. Howard W. Cannon (D-Nev.) is one of several legislators from tourist-oriented states to blast the proposal for weekend closings.

The Republican leadership, Sen. Howard H. Baker Jr. (Tenn.) and Rep. John J. Rhodes (Ariz.), introduced resolutions yesterday calling on President Carter to submit a new emergency plan.

Congress has until May 10 to approve the standby plans.

Rep. Richard Ottinger (D-N.Y.) told O'Leary yesterday that he believes the major oil companies are holding back supplies and that oil will "flow again when prices go up."

O'Leary said the companies are trying to build inventories for a possible shortage this summer. Despite the fact that the Iranian oil shutdown has cut some oil companies' supplies by 2 to 4 percent, many companies are reducing deliveries by 10 to 15 percent.

In a related development, a study by the Petroleum Industry Research Foundation in New York says that gasoline demand will peak in 1981 because of greater mileage efficiency, but that there will be spot shortages of unleaded gas unless all gasoline price controls are lifted.

Isn't It Time: 60 seconds

(Series of contrasting scenes)

Video

Audio

I. Jet plane taking off Full effect of noise and smoke.

Cut to:

II. Glider soaring.....	Sound
Cut to:	
III. Pinball machines balls bouncing among pegs.	Noise, light of pinball.
Cut to:	
IV. Ping pong ball bouncing on a table.....	Sound of ball bouncing.
Cut to:	
V. Cabin cruiser speeding on ocean	Sound of engine.
Cut to:	
VI. Sail boat sailing along.....	Sound of wind in sails.
Cut to:	
VII. Car race—cars speeding by	Sound of engines roaring by.
Cut to:	
Jogger jogging along path in park	Sound of individual breathing and foot-steps.
Dissolve to:	
Jogger standing in front of camera.....	Jogger: Why does enjoyment and pleasure have to mean waste. For so many people nowadays the price of happiness (pause) is waste. Specially fuel.
Cut to:	
Skiers, skiing down a slope. People in rowboat on a lake. People picnicking on grass. Sail boat. Girl riding bike in park.	"Yet, there are so many things we like to do that don't waste fuel."
	"Isn't it time (pause) we started doing them again?"
Dissolve back to:	
Jogger on camera.....	
Zoom in:	Think about it!
Credit	

Mr. HUMPHREYS. We're tight on time today, Senator, so we will make it brief. It's a 60-second film, and by way of introduction it would be important to say that this film was prepared as one of a series of films. It was prepared by the Department of Energy as a public-service announcement designed for TV viewing. It's entitled "Isn't it Time?" It was distributed last summer to some 800 television stations. It is designed, according to DOE, to bear down hard on various uses of energy. This film does not show recreational vehicles. Our concern is the principle involved, of discrimination, which your resolution is about.

The DOE officials we have talked to have said that this film is designed to intimidate, because prior efforts to encourage conservation voluntarily were not effective. DOE has refused to give copies of this film to us, and we are now in a fight over this particular one that we borrowed. But since the Detroit Free Press wrote the whole series up, they're not giving people copies of these films, although they have not retracted them either. And they have been shown as recently as last week, in Minneapolis, Minn., on a local television station.

The point I would want to make in introducing this is simply that the entire thrust, according to the DOE officials, is to portray uses of fuel for recreation and travel as bad, while if your form of recreation does not utilize energy, then you are good. And I draw your attention specifically to the word waste. The announcer tells us that energy is being wasted, and I think this clearly flies in the face of what the Department of Energy is telling you Senators in saying that they have followed your previous resolution and have

not intentionally discriminated. If you will douse the lights, we will show you 60 seconds' worth. [Film shown.]

Mr. HUMPHREYS. The subtitle is "Big Brother at its Worst."

Senator INOUE. Did they walk to the ski slope?

Mr. HUMPHREYS. We understand that those people are skiing in their back yards.

Senator INOUE. It may interest you to know that last year the Department of Energy spent about \$10 billion. Of that, about \$671 million was spent for research and development in looking for alternative sources and conservation. This year they are requesting \$8.4 billion, of which \$555 million is to be spent for conservation—this movie clip is an example of it—and \$3,580,000,000 for research and development and energy technology, looking for alternative sources of energy.

I find it so difficult to believe that, with all this money, all they could come up with was Conservation Plan No. 1. I find that their investigators, the ones they commissioned, suggested that it was no good, that it should be thoroughly discounted. A plan that every State has indicated is unworkable. I have yet to find someone in a responsible position in favor of it.

But if we're going to be spending \$4,200 million for that movie clip and Conservation Plan No. 1, then I think it's about time we took a hard look at the Department of Energy.

Don't you agree, Senator?

Senator WARNER. One hundred percent, Mr. Chairman.

How widespread has been the use of that film and comparable films?

Mr. HUMPHREYS. We wrote to over 700 TV stations several months ago and asked them actually—we tried to find out how widely it was being used. Most of the comments were quite negative. They weren't very impressed. But we did receive an opportunity, at least on one occasion, to go down and present equal time, and we're now requesting equal time again.

Apparently, the pattern is changing according to the times. In other words, several months ago they didn't think it would of that great an interest to the public. Last week it was being shown in Minneapolis. So, I assume—I do know that the Department of Energy has not withdrawn it. It's still available in these various television station libraries.

Senator INOUE. Is this a public service spot?

Mr. HUMPHREYS. That was the caption on it, yes, sir.

We know the details of only one other film. You may be interested in it because it's a very similar thing. They have a cartoon character driving a so-called "gas guzzler" car, and there's a small car. They're both at the filling station. The announcer goes on to tell us that the gentleman in the large car apparently is some sort of egomaniac who has to feed his ego by buying a large car. So once he took care of his ego, unfortunately, he didn't have enough money left over to buy his wife a coat or his child a bicycle. So, in addition to being a bad American, he's a lousy husband and a miserable father. They don't explain how good a husband or father the fellow in the little car is, but the implication is apparently he's an ideal American husband and father.

Senator INOUE. Was there a caption there, "Buy foreign cars," or something like that?

Mr. HUMPHREYS. I really didn't think your first resolution was necessary, but I am now convinced it was.

Senator INOUE. Do you have anything else to add?

Mr. HUMPHREYS. No, sir.

Senator INOUE. You're Mr. Hawkins.

Mr. HAWKINS. Yes, sir.

Senators, I will be brief. I am a research professor of medicine and also a professor of travel and tourism at the George Washington University, Washington, D.C.

I would like to thank you, Senator Inouye, for your support of academic research and training in the travel and tourism field, and I would also like to thank Senator Warner for his support of the American Council for International Sports—an organization formed to help bring the international Olympians to the United States during our Bicentennial Year.

First, I would like to comment on the DOE film shown previously, because I think it jolted all of us. George Orwell (author of 1984) labeled what you saw in that film as "double think," whereas you're asked to consider two contradictory propositions and then persuaded to accept both as truth. It takes energy to get to your sailboat or to the ski resort; however, the activities *per se* do not consume nonrenewable energy supplies. Cigarette advertisers have used the same technique quite successfully.

Earlier Senator Warner asked for some suggestions, and we have included some in our prepared testimony. The American Recreation Coalition is my first suggestion; it should be expanded as a forum for policy analysis. There are several hundred national organizations, representing trade or commerce, research and scientific interests, consumers, and professionals in this broad field. I think it's time for these organizations to coalesce, and perhaps with leadership from Congress and the administration this important private sector can learn to relate better to government concerns and policies.

My second suggestion is based upon our experience with conducting a symposium here in Washington several weeks ago, "Tourism in the Next Decade." We had participants from 35 countries, and Herman Kahn of the Hudson Institute gave the keynote speech. He has been widely quoted, essentially, he says tourism will emerge as the major business and human service over the next several decades.

I met with Mr. Kahn for 2 days last week at the Hudson Institute, he thinks that this problem about fuel unavailability is misunderstood by the administration. He would like to present his views to your committee or to other committees, and he is well prepared to state facts.

Another important point made by Mr. Kahn is that "tourism is one of the easiest ways anywhere in the world to generate income." Tourism is also one of the more effective ways to distribute that income to lower income groups.

Senator WARNER. Would you repeat that observation again, and perhaps expand on it? It interests me a great deal.

Mr. HAWKINS. Surely. Herman Kahn's view—and it's shared by many people who study travel and tourism—is that tourism is one of the easiest ways to generate income to developing countries or a developing region within a country. Once income is flowing into that country or region, it's fairly easy to distribute it to the people in the lower income groups because, as you know, the travel and tourism field employs many lower income populations who otherwise may be unemployed or severely underemployed. This does not mitigate the need to provide vertical and horizontal career ladders so that people are not kept in a stagnant employment situation.

The third suggestion is to look at problems that result in a lack of travel and tourism opportunities for our vulnerable Americans. This population includes the elderly, the handicapped, the poor, and the economically and educationally disadvantaged. I would hope that, as you proceed with hearings on this issue and others, you may want to hear from consumers who can represent the elderly, the handicapped, and other vulnerable populations on travel and tourism issues.

Also, I have a final observation. It seems to me Senators, as policymakers of the first order, we need to recognize that although those macro-economic benefits we've been hearing about this morning are very important, the real benefits resides in the hearts and souls and minds of individuals—the micro benefits manifested by a person's total developmental process. What does recreation and tourism really mean in the lives of the individuals and their social groups. This is really the fountainhead of policy development and the rationale for governmental involvement in recreation and tourism. I would hope that researchers who have been studying these benefits would have an opportunity to tell you more about what they have found.

Thank you.

Senator INOUE. Doctor, it may interest you to know that this subcommittee has requested the National Institute of Medicine to conduct a study to determine the role of travel and recreation in maintaining and enhancing the mental and physical well-being of people in the United States. We had, during some of our earlier hearings 4 or 5 years ago, statements from witnesses suggesting that recreation and tourism did play a very, very important role and that this role was already recognized by most, if not all, of the Western industrialized countries where employees were literally forced to take time off to rest, release their anxieties.

In fact, in Japan they have gone one step further. The major companies now maintain their own resort areas. They build their own hotels just for employees—not for the public.

But apparently, when it comes to travel, recreation, and tourism, we are an underdeveloped country.

As one of the witnesses said—I believe it was you, Mr. Humphreys—we tend to punish Americans who travel or do some recreating or resting.

Mr. HUMPHREYS. I believe that was Mr. Gibson who said that. A very good point.

Senator INOUE. Somebody said that. I think he was absolutely correct. We put the man who never takes a vacation, never has sick leave, on a pedestal, and say that's the fellow to emulate. It

may sound facetious, but I think I can understand why we have so many Alka-Seltzers, No-Doz, and Sominex ads on television.

Don't you think there is some correlation?

Mr. HAWKINS. Very definitely. And I am happy to see that you are commissioning a study. At the George Washington University Medical School we have been conducting a study called the National Heart and Exercise Program. It has been demonstrated that lifestyles associated with sedentary activity, when compared with lifestyles associated with vigorous physical activity, may result in risk of cardio-vascular disease. We are dealing only with patients there who had already had a myocardial infarct. Our challenge is to help these individuals change from a sedentary to an active lifestyle. Some of these individuals would have been called workaholics.

I don't think that we should become leisureaholics, either. We're not quite ready. We have to live longer in order to live the substance of our lives at leisure. But I think that it's time for us to recognize that all of the things we do with our leisure time (i.e. religious practice, travel, recreation participation, intellectual pursuits, etc.) is at least equally important to what we do at our work places. I am not saying that leisure is more important than work, but that they are both equally important to achieve a proper balance in our lives.

Senator INOUE. Thank you.

Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

I would hope that we would work into our requests the word "productivity." One of the bases upon which we feel that the GNP of this country has not grown is the lack of productivity. I think there is a correlation between productivity and leisure.

Would you care to expand on that?

There have been many studies where researchers have identified the kinds of intellectual or physical capability, or other kinds of capability, in human performance terms, that certain work requires. Does recreation require similar human productivity requirements? Several exploratory studies have indicated an affirmative response to this question; one can be as productive, in human performance terms, through recreational activity as they can be at their work activity.

People can destroy themselves through work. People can destroy themselves through play. Both can be used in positive and negative ways.

Certainly we can achieve the best or the worst of human performance in the activities associated with our work or our play.

Senator WARNER. Thank you very much, Mr. Chairman.

Senator INOUE. Thank you.

Thank you, gentlemen.

[The statement follows:]

STATEMENT OF DONALD HAWKINS, PROFESSOR, DEPARTMENT OF HUMAN KINETICS AND LEISURE STUDIES, RESEARCH PROFESSOR, DEPARTMENT OF MEDICINE, GEORGE WASHINGTON UNIVERSITY ON BEHALF OF THE AMERICAN RECREATION COALITION

I appreciate very much the opportunity of appearing before you this morning on behalf of the American Recreation Coalition. My name is Donald Hawkins. I am a professor in the George Washington University Department of Human Kinetics and Leisure Studies and a research professor of medicine in the George Washington

University Department of Medicine. I am also involved in research projects for such clients as the Joseph P. Kennedy, Jr., Foundation; the United States Forest Service; and the National Park Service. Today I am appearing in my capacity as a member of the Steering Committee of the American Recreation Coalition, commonly referred to as ARC.

The ARC is a recently formed organization of trade associations, public service groups, consumer groups, and others, all of whom share the concern that recreation needs of Americans are too often ignored by governmental policy makers. I am afraid, for example, that the Department of Energy's Standby Conservation Plan Number 1, Emergency Weekend Gasoline Sales Restrictions, is but another example of government failing to acknowledge the benefits of recreation to the individual and to society. I come before you today, therefore, in support of Senate Resolution 87, representing the following American Recreation Coalition members:

American Horse Council
 American Hotel and Motel Association
 American Land Development Association
 Boating Industry of America
 Champion Fleet Owners Association
 Federation of Outdoor Recreationists
 Institute for Career and Leisure Development
 International Snowmobile Industry Association
 Kampgrounds of America
 Kampground Owners of America
 Marine Retailers Association of America
 Motorcycle Industry Council
 National Association of Engine and Boat Manufacturers
 National Campers and Hikers Association Inc.
 National Campground Owners Association
 National Motorsport Commission
 National Outdoor Coalition
 National Recreation and Park Association
 Recreation Vehicle Dealers Association
 Recreation Vehicle Industry Association
 Roller Skating Rink Operators Association
 Starcraft

Over 200 organizations in the recreation field have been invited to join ARC, which is only one month old. We believe that many more associations will be added to ARC within the next 30 days.

Our support is based on the fact that there are significant contributions made by recreation to the mental and emotional well being of the individual and of society, as well as to the economy in general and that the Department of Energy, and others, do not seem to realize that it would be unwise and unfair to reduce these benefits. As leisure activities have emerged to a place of growing prominence in modern American life, recreation professionals such as myself have been increasingly interested in undertaking systematic examinations of the value of recreation. What I would like to do today is to share with you an outline of the range of such benefits which we have identified.

But as a preface, let me first interject an economic observation which is frequently overlooked in the heady atmosphere of international energy politics. That is, the effect of seemingly uncomplicated pieces of regulation on the poor in this country. They are now the chief beneficiaries of a thriving recreation industry.

Weekend gasoline restrictions would hit them the hardest. Is there a man or woman in this room who doesn't know a teenager who relied on some aspect of the recreation industry for his weekly spending money, his college clothes budget, his Saturday night date, or his summer employment?

Last week, I was director of an International Symposium on Tourism, at George Washington University. Thirty-five countries were represented. One of the featured speakers was Norman Kahn, the noted futurist. He predicted that tourism—which is only one form of the type of recreation that this conservation measure would seriously affect—would become the leading industry in the world in 20 years. And let me quote what he said on its economic benefits. "Tourism," Kahn said, "is the most effective way to raise income. It is the best means to spread economic benefits that will trickle down as income to lower groups."

More and more today, participants in many forms of recreation are learning to appreciate the physical benefits which flow from these activities. Research has identified several areas where physical activity can yield considerable physiological benefits. Cardiovascular fitness, strength, muscular tone and flexibility, balance,

weight control, and improved digestion and sleep are among the physiological dimensions which various analysts have identified with recreation.

Psychologists, psychiatrists and other health science practitioners, moreover, generally agree that a link exists between participation in recreation and mental and emotional well-being. One specialist, for example, reasons that "leisure and recreation are a constituent part of mental health," in that pleasurable leisure is likely to figure in an individual's vision of "the good life." Psychiatrists such as Dr. Paul Haun and Dr. William Menninger, for example, maintain that play is an essential part of healthy human personalities. They point to the proven impacts that recreation has had as therapy for the mentally ill. Menninger has written:

"Mentally healthy people participate in some form of volitional activity to supplement their required daily work. Their satisfaction from these activities meets deep-seated psychological demands, quite beyond the superficial rationalization of enjoyment."

Testifying before a Congressional subcommittee on the values of tourism for mental health, a noted social psychologist, Dr. John Neulinger, stressed that whatever else the notion of mental health holds, it implies a state of relative happiness for people. Intrinsic to such happiness is the psychological concept of "self-realization," which in essence is the process of acting on one's interests and talents, and expressing one's abilities and potentials. Since recreation is by definition a personally satisfying, voluntary activity, it obviously provides important opportunities to "self-actualize" by drawing upon personal interests and abilities, thus promoting positive feelings of self which enhance mental and emotional well-being.

Involvement in recreational pursuits helps to reinforce bonds between the individual and society in a variety of ways. Recreation provides an opportunity for people to overcome a sense of isolation by joining social groupings in a time when the pace of life and the impersonality of institutions often leave the individual feeling powerless and overwhelmed. Such opportunities enable individuals to enjoy positive group relationships which meet fundamental human needs for social involvement.

It is especially important to note, Mr. Chairman, that while the values of leisure are general to all people, recreation benefits take on an additional dimension for special populations in our society.

I would stress the importance of play and games in the social and personality development of children. For children and adolescents, involvement in recreation is one major area which offers opportunities to explore and test oneself, and to explore and test the norms and patterns of society.

Recreation has special benefits for older persons, also, since old age normally involves retirement from active employment, or changes in physical capacities and in family relationships, a shift in social status and in self-perception often takes place. A framework is required to redefine self-identity and reinforce self-regard. Recreation provides such a framework, in particular, by offering possibilities for "social involvement and stimulation, and for creative expression," which make for continued life satisfactions.

For the physically or emotionally disabled, recreation has particular significance. It provides opportunities to meet the needs for disabled persons for physical activities and social interaction and emotional experience, just as it does for able-bodied persons.

Further, the therapeutic value of recreation for the disabled in institutional situations has been strongly supported by the medical profession. Both the physically and emotionally ill benefit.

I think it is important, moreover, that we understand the significant relationship between recreation and travel.

First, as a facilitator of recreational activities, travel's role is straightforward. Quite simply, the "ideal" camping, fishing, skiing or picnicking experience may call for a special setting or facilities beyond one's backyard or immediate neighborhood. A first-hand viewing of a point of historical significance or natural beauty which promises special education, aesthetic or cultural benefits for parents and children alike will require a trip for most families. It has been estimated, for example, that only 3 percent of public recreation lands are within one hour's driving time from the center of the major metropolitan areas where 70 percent of the population lives.

Travel is inherently associated with "change of scene," the opportunity to depart temporarily from one's usual surroundings and daily routine in favor of a different environment and often a different set of activities. Therein lies a large part of travel's quality as a recreational experience. Consequently, it is not surprising that a recent review of a 25-year study of the lives of a group of Harvard graduates describes the failure to "fully use allotted vacation time or spend it at home doing

chores or on dutiful visits to relatives," as one indicator of poor psychological health.

It is interesting to note that among other factors, "change of scene" when roughly measured by distance traveled, is related to satisfaction levels in outdoor recreational participation. In a 1977 National Outdoor Recreation Survey, the proportion of recreationalists expressing satisfaction with their outdoor recreational experiences increased the further from home.

Before concluding my remarks, Mr. Chairman, I would emphasize the role of recreation in the family.

Professionals in the field are unanimous in their belief that one major social benefit or recreation is that it provides stimulus for family cohesion.

Recreation—in the form of vacations, family outings or other more or less organized family efforts—tends to be a shared experience which is pleasurable, both at the time and in retrospect. In addition, many recreational activities require elements of planning and cooperation so that family members are able to participate as a group in sharing unity of purpose. Moreover, the recreational experience offers an opportunity for family members to become acquainted or reacquainted in an environment where the structures and roles of the daily routine can be relatively relaxed.

Within the range of recreational activities contributing to family life, travel appears to have special significance. Among recreational forms, domestic pleasure travel very much tends to be a family-oriented leisure activity; a casual observation on the nation's highways on any weekend or during the summer vacation season will attest to this.

Of particular note, moreover, is the fact that many parents apparently view travel as an important mutually shared experience for their families, and, therefore, as a means of strengthening family cohesion both between parents and children, and between the spouses themselves.

In sum, the value of the family recreation experience cannot be over-emphasized in enhancing family identity as a group as well as in strengthening the bonds of intimacy which tie it together.

In conclusion, Mr. Chairman, I would like to quote from a statement made by the United States Outdoor Recreation Resources Review Commission in 1962:

"The outdoors lies deep in American tradition. It has had immeasurable impact on the nation's character and on those who made its history . . . When an American looks for the meaning of his past, he seeks it not in ancient ruins, but more likely in mountains and forests, by a river, or at the edge of the sea . . ."

Mr. Chairman, we commend you and Senator Warner for your appreciation of the role of travel and recreation in our country, and thank you again for this opportunity to offer our comments in favor of Senate Resolution 87. There should be conservation plans that distribute the burden of reduced consumption more equitably. The members of ARC thank you.

Senator INOUE. Our next witness is the President of the American Bus Association, Mr. Arthur D. Lewis.

Mr. Lewis is an old friend of mine. He started off in the airline business in Hawaii, and I was in charge of the bus association. It's good to have you, sir.

STATEMENT OF ARTHUR D. LEWIS, PRESIDENT, AMERICAN BUS ASSOCIATION

Mr. LEWIS. Thank you, Mr. Chairman.

It's a pleasure to appear before you. I must admit that the nature of the questions that you've given the witnesses that I've heard this morning are very perceptive, and very good in expanding the depth and breadth of the testimony which we've received. And that's a good degree of depth.

I appreciate very much the opportunity to appear before this committee today.

My name is Arthur D. Lewis. I am president of the American Bus Association, the trade association of the intercity bus industry. We represent approximately 1,050 certificated intercity companies which last year carried 332 million passengers, more than any

other form of public transportation, and in fact, more than both the airlines and Amtrak combined.

We appreciate this opportunity to appear today to discuss Senate Resolution 87, "expressing the sense of the Senate that in any allocation of energy supplies or other actions by Federal departments and agencies to alleviate the energy shortage, proper consideration should be given to the provision of adequate supplies of energy to all segments of the travel and tourism industry in view of the industry's importance to the Nation's economy and social well-being; and that such allocation or other action allow each State flexibility to design its own program with specific curtailment measures to meet the national energy conservation objectives.

We believe the intercity bus is part of the solution to the problem of the fuel shortage. This Nation's transportation and energy policy should tap the virtually unlimited potential of the bus industry to meet in the years ahead, the need for an economic, effective, and fuel-efficient network of scheduled intercity transportation, as well as the capability to meet the growing need for charters and tourism.

The intercity bus, in both schedule and charter operations, offers a viable fuel-efficient alternative to the use of the automobile for intercity transportation.

The bus is not confined to a track or an airport, and thus has the flexibility to meet changing population and travel patterns. The entire network of interstate, primary, and secondary highways as well as rural roads, provides the routes for service around the entire country.

During an energy shortage, the breadth and flexibility provided by the bus system is the most critical component of public transportation insofar as providing the capability to accommodate additional traffic diverted from curtailed automobile use.

Its development should be promoted by the Federal Government.

Not only does the intercity bus provide the most pervasive method of transportation, but it is by far the most fuel-efficient of all modes of transportation.

I'd like to turn to the table showing the relative fuel efficiency of the various intercity modes of transportation.

REVENUE PASSENGER MILES PER GALLON OF MOTOR FUEL—DOMESTIC INTERCITY MODES

	1972	1973	1974	1975	1976	1977
Intercity bus:						
Capacity passenger load (47 seats)	282	282	296	296	291	287
Charter and tour (including deadhead mileage)	192	192	202	202	198	195
Regular-route operation (class I carriers)	115	118	127	121	116	121
Amtrak ¹	38	39	46	39	44	41
Automobiles	41	39	41	41	41	N.A.
Airlines (certificated)	15	15	17	18	19	20

N.A.—Information not available.

¹ Including estimated diesel-fuel equivalent of electric power used.

Sources: Intercity bus—Passenger mile data; carrier MP-1 reports to ICC for regular-route service and estimated for charter and special service; fuel consumed: carrier QPA reports to ICC for 1974-77 and estimated for 1972-73.

Amtrak—R-1 reports to ICC except diesel equivalent for electric power, which is estimated from reported electric power usage on basis of recognized formula.

Airlines—1972-74: CAB Report to the Congress as required in section 382(a)(2) of the Energy Policy and Conservation Act of 1975; 1975-77: "Air Carrier Traffic Statistics" for passenger miles and unpublished CAB data for fuel consumption.

Automobile—Table VM-1 of Federal Highway Administration, Environmental Protection Agency figures, and estimated relationships. Average load is estimated at 2.5 passengers, an estimate based on data reported by the Federal Highway Administration in its "Nationwide Personal Transportation" Study (1972) for automobile trips of more than 20 miles. Average vehicle miles per gallon for intercity travel are estimated as follows: 1972, 16.2; 1973, 15.8; 1974, 16.2; 1975, 16.3; and 1976, 16.5, based on overall fuel consumption figures (per vehicle mile) reported by the Federal Highway Administration on its Table VM-1, allocated to local and intercity travel according to the comparative patterns for fuel efficiency for new automobiles reported by the Environmental Protection Agency and by the Department of Energy for "Sales-Weighted Fuel Economy of 1975 Cars by Test Weight Class" in "A Study to Effect Modal Shifts in Short-Haul Passenger Travel and the Consequent Energy Impacts" (1977).

In 1977, the average load factor achieved by the intercity bus industry on regular route service, the bus developed a fuel-efficiency of 121 passenger miles per gallon of diesel fuel consumed.

This was three times the fuel efficiency achieved by Amtrak and the private automobile in intercity service, both approximately 41 passenger miles per gallon. As used in tour and charter services, the bus developed 195 passenger miles per gallon. This is five times the fuel efficiency achieved with the private automobile on Amtrak.

In the event of a fuel shortage, the intercity bus industry will likely operate with a load factor of 70 percent, which would generate 200 passenger miles per gallon. Fully loaded, it develops almost 300.

Thus, with its pervasive network of service, its extensive tour and charter operations, and its relative fuel-efficiency, we believe the intercity bus is part of the solution to the problem of developing fuel shortages.

The 332 million passengers carried by the intercity bus industry is significantly greater than that of any other mode. This is compared to the 275.4 for railroads, of which Amtrak is 19 million. The airlines carried 226 million.

The passengers carried by the intercity bus industry translated into 25.7 billion passenger miles, and this is approximately 2 percent of the automobile passenger miles traveling over 20 miles from home.

While this is not large in relation to the total intercity passenger miles by automobile, it is large in relation to the number of people whose short- and medium-range travel might be curtailed in the event of a fuel shortage.

We have made preliminary studies which indicate that if there is a fuel shortage and the reduction of automobile traffic must be brought about, we could accommodate an increase in traffic of about 75 percent in a matter of weeks.

Within 1 year, we could expand capacity so that we could carry an increase of more than 100 percent. Thus, if such a fuel shortage resulted in the necessity to reducing automobile traffic by 10 percent within weeks, we could accommodate a volume of traffic approximately equal to 15 percent of that which is displaced.

And in 1 year, we could expand to carrier volume equal to 20 to 25 percent of that which is displaced. In later years, this could go up to a much higher figure, of course, and the industry is making a study for me of that potential for expansion at this time.

Now, while the American Bus Association is a trade association of the intercity bus industry, it has 350 associated members from

the travel industry, comprised of hotel-motel chains and properties, food service organizations, attractions and theme parks; local, State, regional, and Federal promotional organizations interested in working with bus companies to expand travel and the tour business in North America.

The American Bus Association has this year initiated programs which have led to a new and imaginative marketing relationship between the travel and tourism industry and the intercity bus industry in a way that will help focus the potential on the bus system, on support of increased tourism.

The ultimate goal of these programs, of course, is to offer an effective alternative to the automobile, whether it is by regularly scheduled intercity service or by tourism charter.

The regular route intercity bus transportation, when coupled with discounts from hotel rooms, admissions to attractions, meals, and special joint promotions of those travel industry suppliers and bus operators can provide an economically attractive option for travelers, an alternative which will be increasingly attractive if gasoline prices increase significantly and gasoline becomes more difficult to obtain during certain driving periods.

Virtually all of these destination areas are now served by scheduled bus operations or could be so served by minor schedule changes.

The critical thing is for the travel industry and the Government to recognize the existence of the fuel-efficient intercity bus and start now to develop joint promotion programs with the bus operators.

In addition to regular route services which will provide support for the travel industry suppliers, tourism charters by bus are already enormous. Currently, the intercity bus industry carries approximately 150 million people in intercity tourism charters. This is a whopping 25 percent of all intercity passengers carried by all public modes of transportation, for all purposes.

This volume does not include those passengers carried by local transit and schoolbus operators, which are largely local in nature, nor does it include government and military movements carried by the intercity bus company.

Tourism charters have been expanding at a rate of about 10 percent over the years. And in this field the intercity bus has shown that it has been able to compete with the automobile for family traffic. And, more importantly, there are signs that the opportunities for growth are increasing.

We should witness a continuation of this long-term growth trend, and will see a sharp acceleration of it if the price of gasoline gets much higher or if it remains in short supply.

Again, however, the extent of this development will depend upon how aggressive bus operators and suppliers become in organizing combined marketing programs and to what extent we can capitalize on the changes which are taking place in the marketplace today.

Mr. Chairman, as I said earlier in my testimony, the intercity bus can make an important contribution in assisting the country to adjust to higher energy prices or fuel shortages.

To what extent it can do so, however, is determined by the extent to which the Federal Government realizes this and sets about developing transportation policies which will maximize its ability to contribute.

In many respects, the intercity bus industry has been the ignored stepchild of transportation policy in this country. Until recent years, it existed, largely left to its own devices, and actually did reasonably well.

While it experienced a long-term decline in regular route intercity service, it was able to adjust its routes and operations and remain satisfactorily profitable. However, since the beginning of this decade, it has not been able to make a satisfactory adjustment, and its earnings have declined.

This has impaired its ability to replace its facilities in buses as rapidly as it should. In turn, this has affected its public acceptance in the marketplace.

Beginning 2 years ago, the industry asked for Federal assistance to a modest degree for aid in the construction of terminals, and in subsidies for losing operations in rural areas.

In the Service Transportation Act of 1978, Congress authorized \$40 million for each of the next 4 years to aid in building terminals and \$30 million for aid to rural areas. Both of these authorizations were vigorously opposed by the administration, and its budget submission this year did not carry any request for the fundings of these programs that have been authorized.

Thus far, the Department of Transportation has continued to oppose any appropriations for these purposes.

We have arrived at a point in this country where we have to recognize that the energy problem is acute and will be persistent. This requires that there be a complete reexamination of transportation policies and programs.

If our Nation's vulnerability to disruption of foreign supplies is going to be diminished, the Government must begin now to promote the full development of the intercity bus as an attractive alternative to private automobile use.

If it is to respond effectively and efficiently to the increased demand for public transportation in the future, and particularly in the event of an energy shortage, our Nation's energy and transportation policies must be developed in a manner which assures that the bus industry is, in fact, in a position to meet that demand.

Thank you.

Senator INOUE. Thank you very much, Mr. Lewis.

I think two words in your statement give us an important element of this problem, public acceptance.

Mr. LEWIS. Yes, sir.

Senator INOUE. As part of my responsibility as chairman of the subcommittee, I've made it a point to visit some of the bus terminals; and I'd have to be hard up to go to some of these terminals at night, because it seems to be an attractive point for some of the community's winos and things like that.

So I would hope that the terminals can be improved and be acceptable to the general public.

Right now, I suppose those who can afford it would prefer to take air transportation, or private automobile, or railroads. And they

seem to use buses as the last resort. What are you doing now to change this attitude on the part of American citizens?

Mr. LEWIS. The bus industry has defined its problems in terms of public acceptance, and I believe that among some of the most difficult problems, really, is the one that you've just mentioned, the problem of the terminals in some of our large metropolitan areas.

We've been trying to get the bus industry—intercity bus industry—to become part of the Union Station here for the last several years. We've been opposed until the very end of the session this last year in Congress by the Department of Transportation, who was willing to spend several million—tens of millions of dollars on behalf of Amtrak, but not to be of any assistance to the intercity bus.

We also have a problem of developing a public awareness of our existence. We are a small industry in terms of gross sales revenue and our sales message really doesn't cover a very broad spectrum of our population.

As you know, I was in the airline business for many years; we spent several hundred million dollars in advertising, both the domestic and the international airlines. We had a volume of business that enabled us to have an impact in the marketplace.

When I was with Eastern, our advertising budget ranged from \$20 to \$30 million a year. The total spent for the intercity bus industry is only about \$10 million.

Now, to compare that, the last year I was with Eastern, we had \$800 million in gross revenue. The gross revenue for the total intercity bus operation in this country is a billion dollars.

So here was one company with \$800 million in gross revenues spending \$20 to \$30 million in advertising, as compared to an industry of a billion. So you've got a difficult marketing problem when you are structured economically like the intercity bus industry.

How does the intercity bus industry advertise in New York, Washington metropolitan area, Los Angeles, Chicago? How does it really make an impact in national TV when its gross revenues are so small, and yet it still has that ability to carry 332 million people. It still has an ability to provide a pervasive network of service, but to people who don't travel very far. Our average ticket sale this last year, in 1977, is quoted as \$5.75. The average for the airlines during that year was \$57.50.

So whether it's in the cost of building terminals and new facilities, or whether it's the advertising programs that you have, the amount of money that can come out of that \$5.75 ticket, as compared to \$57.50 is significant.

So, we're somewhat caught on the dilemma of not being big enough to market ourselves aggressively in this economy and at the same time providing a very, very fine public service.

Senator INOUE. Well, if there's anything we can do on this subcommittee, just call on us.

Mr. LEWIS. In support for the programs that we have defined, just for example, the Department of Transportation has for many years been strongly in support of local metro mass transit operations within cities, because it's more fuel efficient than the private automobile—and not only Federal programs in support of

that, but to articulate it; actually transmit to the public, it's an informed thing to take the bus to work.

Nobody says anything about going to Richmond by bus, or to Baltimore. In fact, Amtrak carried 19 million people last year, as against our 332 million; but it's going to receive a billion in Federal funds in 1980 on a combination of operating subsidies to Amtrak, capital expenditures for the program, and capital expenditures in the Northeast corridor. That's not a well-balanced, national transportation policy in an energy-short world. And that's really what I'm talking about, sir, not only articulating, but it's to recognize the balance that exists.

And I think anything you can do to get the public concerned about the balance of transportation policy, anything we can get them to do to support a more fuel-efficient, energy-efficient system we need.

Senator INOUE. Senator Warner.

Senator WARNER. No questions.

And, thank you.

Senator INOUE. Thank you very much.

Our next witness is the corporate secretary of the National Restaurant Association, Mr. A. Kolbet Schrichte.

STATEMENT OF A. KOLBET SCHRICHTE, CORPORATE SECRETARY, NATIONAL RESTAURANT ASSOCIATION

Mr. SCHRICHTE. I sincerely appreciate, Mr. Chairman, your logging our written testimony into the record.

I would like to simply summarize by saying that the National Restaurant Association, with its half-million restaurants, \$105 billion worth of business, 8 million employees, would reject plan 1 as being debilitating to our industry, as well as the economy in general.

We have one observation, which I haven't heard from other witnesses, that I would like to make. That observation relates to the idea that the States—in particular, that testimony supplied by Governor Lamm and other State governors to the two energy committees—have requested the authority to adjust energy shortfalls and energy problems at the State level.

We certainly subscribe to that sort of operation.

However, if the States are given control authority, it would be helpful to assist them in avoiding the political dilemma of closed weekends by requiring that the DOE reject state plans that include weekend sales prohibitions. In other words, weekend sales prohibitions, whether they're imposed by the Federal Government or whether imposed by the State government or the county government or the local government are, nevertheless, curtailments of business operations, which we find unacceptable.

If it were possible for the DOE to reject any plans that incorporated those prohibitions, I believe that we would all benefit.

Senator INOUE. Well, you have made your point, sir.

Mr. SCHRICHTE. Thank you.

Senator INOUE. Senator Warner.

Senator WARNER. You have been very patient to sit through this hearing. I hope it has been as informative to you as well as it has to us.

I was much taken aback by the chairman's line of questioning, regarding the number of financial predicaments, ranging from foreclosures, bankruptcies, receiverships, and so forth, that the hotel-motel industry suffered.

Is there any comparable statistic for your industry?

Mr. SCHRICHTE. Yes, sir. As a matter of fact, I was happy to see that Mr. Julianio's numbers were numbers that I found—for the first time, he and I seemed to be on the same side of the fence with the numbers. They're very accurate. That is to say that things aren't as bad as they seem; they're a hell of a lot worse.

The DOE said, I believe, 146,000 jobs would be lost. By our calculations, just using DOE's formulas but doing the arithmetic correctly—which, again, Mr. Julianio pointed out was incorrect—we came up with 167,000 jobs. Bob Julianio, I believe, came up with a short—with 463,000 jobs to be lost. Bob Julianio's figures, as well as the National Restaurant Association figures reject outright a thought that the business activities would be channeled into other aspects of the restaurant business. In other words, DOE says a gross national product increase; we're saying that's just simply not true.

Senator WARNER. What percentage do these lost jobs represent, relative to your total employment?

Mr. SCHRICHTE. It's a very difficult thing to do in the food service industry, simply because we feed every sort and facility from jails and convents to roadside food stands. I would say simply, of the commercial facilities, we're talking somewhere in the vicinity of 5 to 10 percent.

Senator WARNER. In other words, such closings as are proposed in the plan No. 1 would result in as high as 10 percent unemployment in your industry; is that correct?

Mr. SCHRICHTE. Yes, sir, that is presuming we're using Mr. Julianio's figures. I have no reason to object to them at this point.

Senator WARNER. Thank you, Mr. Chairman.

Senator INOUE. Thank you very much.

Mr. SCHRICHTE. Thank you for your patience.

[The statement follows:]

STATEMENT OF A. KOLBET SCHRICHTE, CORPORATE SECRETARY, THE NATIONAL RESTAURANT ASSOCIATION

Mr. Chairman, members of the Subcommittee on Merchant Marine and Tourism, I am A. Kolbet Schrichte, Corporate Secretary of the National Restaurant Association.

We appreciate the opportunity to present our views on this critical issue.

The National Restaurant Association is a business league of over 9,500 firms operating all types of foodservice establishments in all States of the Union. Our membership includes, in addition, affiliation with the restaurant associations of 47 states, which rely upon us to represent them in issues raised by Federal legislation or regulation.

Let me point out a few pertinent highlights of our industry. There are an estimated 553,000 foodservice establishments in the United States, making foodservice the largest retail industry in the country. These establishments include all types of foodservice facilities. The number of persons employed in this industry is around eight million and we expect gross sales to exceed \$105 billion in 1979. Of this total, the commercial sector, which is most affected by Plan 1, will have sales of about \$89 billion.

It is of prime importance to note that these sales in restaurants are heavily concentrated (55 percent) on the weekends (Friday, Saturday and Sunday).

At the outset, let me state our unqualified support for Senate Resolution 87 and its perceptive analysis of the importance of the travel and tourism industry to the economy of this country.

We understand the imperative need for standby energy conservation emergency plans and do not entertain any illusions about the serious nature of the Nation's energy problems. However, the National Restaurant Association recommends rejection of Standby Conservation Plan No. 1, emergency weekend gasoline sales restrictions.

Implementing such a weekend sales prohibition would result in an inequitable loss for the employees and customers of the foodservice industry. Both our customers and our employees are heavily dependent upon private transportation. The Department of Energy estimates that restaurants would lose 140,000 jobs; our own calculations show a 167,000 loss. In this connection, I would like to stress the disturbing social consequences for the nation, not only from a job loss of this magnitude—but from the special characteristics of the employment that would be eliminated. Of the jobs estimated to be lost in our industry alone, 50,000 would normally be held by teen-agers; 23,000 would be held by blacks and minorities of all ages. The social and economic implications of unemployment of persons in these groups is even now a matter of major concern. We cannot deliberately choose to make it worse.

Weekend gasoline sales restrictions would impose an unreasonably disproportionate burden on our sector of the economy. According to DOE estimates, \$3.7 billion in total restaurant revenue would be lost. Since these estimates are in 1977 dollars, the loss in current dollars would be substantially greater; at least \$4.7 billion, when conservatively computed.

This discrimination against the foodservice and lodging industries is contrary to the spirit of Section 521 of the Energy Policy and Conservation Act which requires any restriction on the use of energy to be fair and create a reasonable distribution of the burden on all sectors of the economy. The Administration's economic analysis of the Emergency Weekend Gasoline Sales Restriction Plan acknowledges that, "The impact of the measure would vary sharply from one sector of the economy to another, however, with some industries experiencing losses of revenue."

Plan 1 is not equitable because it imposes the entire burden of gasoline conservation on those businesses and their work forces which depend on private transportation on weekends and the Administration's analysis quoted above confirms that fact.

We recognize painful decisions will have to be made. The National Restaurant Association supports a phased in decontrol of oil pricing in order to obtain the necessary conservation and production incentives of the marketplace. We recognize that this will reduce the disposable income of our customers. Our industry depends on disposable income and we realize this will place us in competition with higher priced gasoline for that income, but we accept that competition to obtain dependable supplies of fuel.

Our position with respect to Standby Conservation Plans Numbers 2 and 3 and the Standby Gasoline Rationing Plan is that they are fairer in concept than Plan Number 1. When combined with other current proposals such as fuel switching, relaxation of environmental quality standards, and phased-in deregulation of fuel prices, they should provide significant savings in energy and the essential "escalation of public consciousness" of our critical energy situation.

It is important to realize that we already have in place and to some extent operating, a method of gasoline conservation that is the most practical and simple method of reducing consumption.

The existing allocation system, using the authority of the Standby Petroleum Allocation and Price Regulations, properly monitored to insure that the individual gasoline stations receive their equitable share of a reduced national supply, would result in conservation in a fair manner. This national reduction should be coupled with deregulation of oil to encourage domestic production. As domestic production increases, further reductions of imports could result.

Given a single, well publicized requirement to reduce gasoline consumption by a definite amount, such an allocation system—void of threats of weekend closings or rationing—would lessen public concern and allow for an orderly adjustment to conservation.

The individual operators of gasoline stations could adjust their operating hours to best serve the public.

To summarize, we strongly oppose Standby Conservation Plan Number 1, Emergency Weekend Gasoline Sales Restrictions, and urge congress to reject it.

The National Restaurant Association recognizes that every citizen must do his part to conserve. For our part, the foodservice industry is currently engaged in a

nationwide education campaign aimed at reducing energy usage in its facilities. We are conducting a series of pilot energy conservation programs throughout the country, in cooperation with DOE, State Energy Offices and state restaurant associations. These pilot programs have resulted in a 15 percent energy savings in the first five months of use by those completing the course.

Senator INOUE. Before I call upon the last witness, the record will show that the subcommittee had a quorum at this meeting. Senator Packwood was here, Senator Warner, and I. Of a five-member subcommittee, three constitute a quorum. Therefore, we are in a position to do business.

If there is no objection, the Chair wishes to report to the full committee a resolution to be drafted by staff setting forth the sense of the Senate that Conservation Plan No. 1 be rejected, and that this matter be taken up at the next executive session of the full committee, which will be held on April 10.

This should be the fastest action, because otherwise we would have to wait until next month. By then we may be in a crisis, and we would like to have the Energy Department take note of our concerns before then. Is there any objection to this?

Senator WARNER. Only wholly supportive.

Senator INOUE. Hearing none, it is so ordered. And the subcommittee staff will immediately draft a resolution expressing the sense of the U.S. Senate rejecting Conservation Plan No. 1, to be ready for reporting to the full committee for its April 10 meeting.

Our final witness is the man in charge of the Public Citizens Visitor Center, Mr. Mike Horrocks.

You may be the final witness, but you are the most important one.

STATEMENT OF MIKE HORROCKS, DIRECTOR, PUBLIC CITIZENS VISITORS CENTER

Mr. HORROCKS. My charm is exceeded only by my good looks.

Senator WARNER. I think the record should show that this distinguished gentleman has given a lifetime career to the U.S. Navy. Is that correct?

Mr. HORROCKS. That's correct. I almost said Mr. Secretary. I worked for you at one time.

Senator WARNER. And you're now continuing to devote your talents in a second area.

Mr. HORROCKS. I am devoting my talents now to Ralph Nader. I don't know whether he appreciates them as much as you do.

Seriously, I haven't had a chance to brief Mr. Nader on the subject of this meeting, because he's been rather occupied over this past weekend with the unpleasantness up in Harrisburg, Pa. But we have talked at some length about the general attitude of the administration toward the tourism industry, which is one that it's a rather frivolous business, and that I submit—and I know you would agree—that any industry that employs 5 million people and produces at least \$150 billion in income can hardly come under the general category of frivolity.

Still, as was evidenced by this film and as shown by the testimony of people before you, such as the Department of Commerce apologists, and the OMB people, and now the Department of Energy, there seems to be the general attitude of "If we have to

kick somebody in the ass, let's give it to the tourism business." And we object to this because I have heard all these industry people testify how they're going to be catastrophically injured by the proposition 1, as I call it, of the DOE. I submit to you that the consumer himself is going to be really punished by this, too. It's not the wealthy jet-setter who says to himself, "Well, if there isn't any gasoline in the United States, I will fly over in the Concorde to France or England and use their gasoline."

And incidentally, that's an interesting point. We had the gentleman from the Irish tourism business testifying here not too long ago, and I wonder if Ireland is cutting back on weekend gas. Probably not. Nor France, nor England, nor any other countries who are just as dependent as we on gasoline shortages—gasoline, period.

Mr. Gibson, I think, was testifying that we could save some gas by cutting back on catalytic converters, and he sort of castigated EPA—unfairly, I thought—leaning on a very frail reed of the Washington Star article about decaying vegetation producing Washington's smog. I wonder if Mr. Gibson had experienced any smog back in the days of the horse and buggy. We had just as much vegetation decay then.

But getting away from that and getting to the hard point, why doesn't DOE, instead of, as somebody phrased it, throwing out the baby with the bathwater, why don't they look into the possibility of the gasohol technique, which is now being used by Brazil, thereby saving 20 percent of the gasoline (total gasoline expenditure) in that country, or one out of every five gallons being saved? They're using sugar cane or sugar beets or something, of which we have a great supply here.

But if DOE, instead of just blithely dismissing the tourism industry, looked a little harder into the gasohol thing, maybe the whole idea of the weekend closures and every-other-day gas deliveries would be solved in itself. We could save 20 percent of our gasoline by the simple technique of burning beet sugar or corn stalks or something like that. That's something on which they could expend those R. & D. sums you talked about, Mr. Chairman.

So, I rest my case there. I say we're 100 percent for Senate Resolution 87, and we're 100 percent behind the idea of holding firm in the fight for tourism, rather than trying to scuttle it.

Senator INOUE. You know, I get a bit nervous when labor, business, and Ralph Nader support a proposition.

Mr. HORROCKS. That's what Mr. Toohey told me. He said, "It's strange to find us walking down the same pathway in such amicability."

Senator INOUE. Well, it must be good.

Mr. HORROCKS. It is.

Senator INOUE. All we need now is the Government of the United States.

Mr. HORROCKS. Yes, sir.

Senator INOUE. As always, you have been most helpful, sir, and I thank you very much.

Senator Warner.

Senator WARNER. No further questions. Thank you.

Senator INOUE. On that note, as I indicated, this submission will be reported to the full committee to work with, and we hope to take up the sense of the Senate resolution on April 10.

[Whereupon, at 1:50 p.m., the hearing was adjourned, to be reconvened on Tuesday, April 10, 1979.]

ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

RAILWAY LABOR EXECUTIVES' ASSOCIATION,
Washington, D.C., March 29, 1979.

Hon. DANIEL K. INOUE,
Chairman, Subcommittee on Merchant Marine and Tourism, Committee on Commerce, Science and Transportation, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Please accept for filing in the above-captioned proceeding the testimony which I prepared for submission to the Subcommittee on Transportation and Commerce of the U.S. House of Representatives Committee on Interstate and Foreign Commerce on April 3, 1979.

I believe it is clear from this testimony that the proposed restructuring of Amtrak, our rail passenger system, by the Department of Transportation will lead to the extinction of rail passenger service in this country in the very near future. This is a result this country cannot afford in terms of transportation, energy conservation, or tourism.

Since we will be governed in all our travel habits by the availability and cost of fuel, we must preserve the most fuel efficient form of transportation—the railroad passenger train.

If tourism is to thrive in the next century, it will do so primarily because of a rail system. Shortages of fuel will prevent airplanes from flying and automobiles from occupying our highways.

The success of tourism in this country in the future relies to a great extent upon the future success of our rail passenger network.

The Railway Labor Executives' Association most appreciates this opportunity to submit its views to you on this important subject.

Respectfully,

J. R. (JIM) SNYDER,
Chairman, Legislative Committee.

Enclosure.

STATEMENT OF J. R. SNYDER, CHAIRMAN, LEGISLATIVE COMMITTEE, RAILWAY LABOR EXECUTIVES' ASSOCIATION AND NATIONAL LEGISLATIVE DIRECTOR, UNITED TRANSPORTATION UNION

Mr. Chairman and members of the subcommittee, on behalf of the Railway Labor Executives' Association, its members and the employees of the nation's railroads whom they represent, I wish to express our appreciation for the opportunity to present to you their views on a subject which we are convinced is most vital to this nation's future welfare, not only in terms of our future transportation needs but also in terms of energy conservation.

My name is J. R. Snyder. I am Chairman of the Legislative Committee of the Railway Labor Executives' Association and the National Legislative Director of the United Transportation Union. My office is located in the Railway Labor Building, 400 First Street, N.W., Washington, D.C. Accompanying me is Mr. William G. Mahoney, counsel to the Railway Labor Executives' Association.

The Railway Labor Executives' Association is an unincorporated association with which are affiliated the chief executive officers of all of the standard national and international railway labor unions in the United States. The organizations whose chief executive officers are members of the RLEA are listed below:

American Railway Supervisors Association
American Train Dispatchers Association
Brotherhood of Locomotive Engineers
Brotherhood of Maintenance of Way Employes
Brotherhood of Railroad Signalmen
Brotherhood Railway Carmen of the United States and Canada
Brotherhood of Railway, Airline and Streamship Clerks
Hotel & Restaurant Employees & Bartenders International Union
International Association of Machinists and Aerospace Workers
International Brotherhood of Boilermakers & Blacksmiths

International Brotherhood of Electrical Workers
 International Brotherhood of Firemen & Oilers
 International Longshoremen's Association
 International Organization of Masters, Mates & Pilots of America
 National Marine Engineers' Beneficial Association
 Railroad Yardmasters of America
 Railway Employees' Department, AFL-CIO
 Sheet Metal Workers' International Association
 Seafarers International Union of North America
 Transport Workers Union of America
 United Transportation Union

When Amtrak was created, the Congress was fully aware that a massive Federal financial effort would have to be undertaken to preserve rail passenger transportation in this country. This new creature of the Congress literally had to resurrect the corpse of rail passenger service. Everyone concerned with the enactment of the Rail Passenger Service Act of 1970 knew that resurrection could not be accomplished cheaply, easily, or quickly. Amtrak had to take over equipment that was virtually worthless and operate it over rights-of-way which, for the most part were completely inadequate.

We do not operate 28-year-old airplanes on our airways or 28-year-old buses, trucks and cars on our highways, yet we criticize Amtrak for providing us with less than the service we demand while restricting its equipment to an average age of 28 years in service. Moreover, there are not sufficient numbers of these antiquated cars to permit Amtrak to perform even a limited service. Amtrak has some 1,250 cars operating over 27,000 miles of track. England's national system has 18,000 cars operating over 11,000 miles, while France has 15,000 cars for 22,000 miles and Japan has 26,000 cars for 13,000 miles. Is it any wonder that Amtrak has proved unsatisfactory to date?

In order to evaluate properly the Secretary of Transportation's Final Report to Congress on the Amtrak Route System and the recommendations made in that Report, it must be determined precisely what we expect of rail passenger service in the future. We must decide now what we want transportation in this country to look like twenty-five or thirty years from now. We must decide and decide now whether our children and our grandchildren will have available to them an existing rail passenger system that can be expanded to meet their needs or will they be compelled to create a rail passenger system from scratch.

This country cannot afford to dismiss the existence of Amtrak routes simply because there exists alternative means of transportation that are presently considered "adequate" or because certain routes have not yet developed as much as we believe they should have developed. The future of all passenger and freight transportation in this country will be governed by the availability and the cost of fuel. Considerations which may have been appropriate measures of the need for rail passenger service in the past simply will not be appropriate in the future. The day is swiftly approaching when gasoline will become so expensive and perhaps so scarce that intercity rail service, if it exists at all, will be preferred to travel by private auto.

Billions of our tax dollars are being spent every year on mass transit. This money will never be recovered except in terms of the preservation of a quality of life which we believe to be necessary. Such expenditures also will be required for intercity rail passenger service, and for the same reason.

We respectfully submit that our Government is pursuing contradictory policies in search for a solution to the grave problems which confront us. This can only end in disaster for our people. We seek the cooperation of the working man to hold down his wage demands—and many, in good faith efforts to cooperate, have done so—yet corporate profits shot up 26 percent last year (much of this resulting from increased fuel costs and higher interest charges by banks); controls are removed from natural gas and, despite the almost penny-a-day rise in gasoline prices, we surely will remove the lid on all fuel prices which will inflate enormously the price of fuel and the coffers of the petroleum companies; inflation for this year is projected at 15 percent. This country cannot continue to make the banks and the petroleum and gas companies super rich by methods which bleed the elderly, the poor and the tax paying backbone of this country, the middle class. We are courting disaster.

Complaints are often made by government officials, Secretary Schlesinger included, that the people of this nation are not convinced that an energy crisis exists. They express bewilderment as to the reason for this since these same government officials have repeatedly told the American people the "facts" regarding this melancholy situation. They should not be confused by the reaction of the people because

the people judge their government by its acts, not its words; and its acts, in the areas of inflation and energy, have flatly contradicted its words.

The situation of the rail passenger system in this country is a good example of contradictory policies being pursued vigorously and concurrently by our government. We know that the most fuel efficient form of passenger transportation is the passenger train and the least fuel efficient form of transportation is the airplane: at 60 percent capacity a new Amtrak bilevel train will average 108 passenger miles per gallon while the airlines record 36 passenger miles per gallon. Yet, we form and pursue a policy of permitting virtually any air carrier to fly what it wants, where it wants at the price it wants. In short, we vigorously encourage the use of the least fuel efficient form of travel. The result is the unnecessary consumption of billions of gallons of fuel by "new" air carriers promoting coast-to-coast "peanut" fares for people who are enticed to fly solely because of temporarily low prices while the established carriers continue to fly with half-empty aircraft. We discourage unnecessary highway travel and restrict highway speed to save fuel. Yet, we simultaneously cut our most fuel efficient form of transportation, rail passenger service, in quantity and quality to the point where it simply will not survive. We increase our transportation budget for all forms of transportation—except rail—by 6 percent; we cut our rail budget by 26 percent. Since the inception of Amtrak some seven years ago, only 2 percent of the \$76 billion in federal aid to transportation has been assigned to Amtrak. During the same period 55 percent of those funds have been invested in highway transportation and 18 percent in air transportation. Incredibly, our federal transportation budget for fiscal year 1980 increases by 6 percent subsidies to other modes of transportation but reduces federal aid to rail transportation by 26 percent. At a time when the availability of transportation fuel is shrinking at an alarming rate while its cost skyrockets, we increase our subsidies to the most fuel intensive modes of transportation and reduce our support of the most fuel efficient form of transportation.

Already we are learning what the 5 percent Iranian fuel reduction can do to our most fuel intensive mode of transportation. United Airlines cut service by 429 flights per week in March; Delta, Eastern and Continental all cut flights and all will raise fares. Among the so-called local service carriers, North Central, Allegheny, Piedmont, and Southern all cut flights. It is obvious what will happen to the quantity and quality of our air transportation when the availability of fuel in this country is reduced by 15 or 20 percent.

Our government puts more money into the rail systems of other nations than it does our own. For example, from fiscal year 1971 through fiscal year 1977, there was a total of \$2.931 billion invested in rail transportation in this country of which Amtrak received \$1.8 billion. However, in the past two years alone this country has contributed over \$4.8 billion to the World Bank for the purpose of developing the railroad systems of other countries. That contribution represents 28.42 percent of all nation's contributions to the World Bank for railroad development.

We are convinced that the time is quite near when citizens of this country will take the trains because the automobile will be too expensive or will be unavailable to them. The accuracy of this conclusion is confirmed by the events which occurred during the "Arab oil embargo" of 1973 when Amtrak could not obtain enough passenger cars to service the tremendous upsurge in patronage it experienced. It will happen again; and the next time it is very probable that the situation will be permanent. This country must prepare for that day now and the only known method of transportation which will be able to meet that crisis will be railroad passenger trains.

We cannot afford to destroy almost half of our existing rail passenger lines simply because a service which we laboriously developed over 100 years and deliberately destroyed over a period of some 20 years has not been satisfactorily re-established in 10 years.

The position taken by the Department of Transportation in its Final Report could be viewed as valid only if rail passenger service is to be looked upon as an unnecessary, old-fashioned method of intercity transportation. The very serious and constantly worsening energy crisis we now face utterly destroys that position.

In 1958 this country made a deliberate decision to permit railroads to rid themselves of their unwanted passenger business. We doomed the future of rail passenger service with the enactment of the Transportation Act of 1958, which permitted discontinuance of passenger trains on notice. Hundreds upon hundreds of trains were permitted to deteriorate and then were discontinued. The Interstate Commerce Commission even found that some trains to which passengers had stubbornly remained faithful were deliberately downgraded. Upon the inauguration of Amtrak,

hundreds more trains were discontinued. Those that remained presented a sorry sight in terms of equipment, roadbed and scheduling.

By the time Amtrak began operation, the traveling public for over 13 years had been urged in every possible way to use other forms of transportation. That education was exceedingly effective. It will remain effective until rail passenger operations in terms of quality and, to a great extent, quantity, are re-established in this country or until the public simply is forced back to the rails by the scarcity and cost of gasoline.

Amtrak is re-establishing an acceptable level of operations between Washington and Boston with favorable results. We believe it can—indeed it must—be re-established elsewhere. With regard to a change in the public's attitude toward passenger trains, there is encouraging evidence in the statistics recently released by Amtrak. These show ridership is increasing on Amtrak throughout the country. Comparing fiscal year 1978 with fiscal year 1979, ridership increased overall by 6 percent. Although the Northeast Corridor increased ridership by only 1.9 percent, short distance travel increased by 13.4 percent and long distance by 9.7 percent. Some of the short distance routes which increased ridership were Los Angeles-San Diego, 28.3 percent; Chicago-Dubuque, 23.9 percent; Chicago-Port Huron, 13.6 percent; and Washington-Cincinnati, 12.3 percent. Among the long distance routes which increased significantly were New York-Florida (28.7 percent), Chicago-New Orleans (16 percent), Chicago-Los Angeles (15.3 percent), Chicago-San Francisco (11.9 percent), and Chicago-Laredo (16.5 percent). The progress made on most, if not all, of these routes would be destroyed if the Department's recommendations are put into effect.

The market for rail service is not to be found among those who fly but in those who drive. Clearly it should be of paramount interest to this nation for Amtrak to cut deeply into that market for reasons of safety as well as fuel conservation. In the railroads' busiest pre-World War II year, 63 people died in rail accidents while we average 45,000 deaths a year on our highways. Amtrak will never affect that market if the final recommendations of the Department of Transportation become effective. The Department's recommendations would condemn our rail passenger system to an unexpandable strait-jacket existence which would insure its ultimate extinction. It also would prove unworkable; for example, the Final Report does not indicate whether the non-Amtrak railroads have agreed or ever will agree to operate Amtrak trains over the proposed modified routes. Indeed, we understand that some railroads have indicated they will refuse to operate Amtrak trains over the proposed new routes. If our information is correct the DOT plan insures the abandonment of all but Northeast Corridor passenger service within one year. If the Congress does not veto the DOT recommendations, they will go into effect automatically insofar as the discontinuance of routes are concerned but not with regard to the modified routes which will require the agreement of other railroads. If those railroads do not agree those routes will not operate.

By looking at Amtrak as a corporation that should have but failed to make a profit we condemn rail passenger service at the outset. By cutting its route-miles by 43 percent and limiting its service to thrice weekly, we prevent Amtrak from ever becoming a truly national system and begin an inevitable process that must lead to additional reductions in route-miles and eventual cessation of all operations, except perhaps those of the Northeast Corridor. The loss of national rail passenger service eventually will cost this country a great deal more than money. At the very best it will result in a much faster depletion of fossil fuels. At worst, it could result in citizens being unable to travel for pleasure or in some cases for need.

If we merely were talking about a purely economic problem confronting this country for the next several fiscal years, an argument could be made for the DOT plan; indeed, an argument might be made in that circumstance for the immediate dissolution of Amtrak. But such is not the case. We must provide for the future and if we are to prepare a future for this country in which its economic stability is to be retained in its own hands, we cannot destroy what we have left of our rail passenger system. We know from costly experience that when passenger trains cease running it becomes virtually impossible economically to start them up again. We also know from experience that train service three times weekly on alternate days in opposite directions is the first step to oblivion in this business and that is precisely what DOT proposes.

What is to be gained by these proposed reductions in the quality and quantity of passenger service is paltry even by the figures presented by the Department. While reducing Amtrak by about 43 percent we save about 20 percent in government funding when the additional cost of track changes and employee protection is figured in. (That "saving" over 5 years is \$3.41 billion less than we invested in the

development of foreign railroads in the past two years.) The DOT admits that at least 3,400 Amtrak employees, about 17 percent of its total work force, and 2,400 employees of other railroads will be laid off. Many hundreds of other employees will be displaced to lower paying jobs or forced to move their homes, or both, as a result of the "bumping" process begun by those 5,800 job abolishments. According to the Department's estimate those adverse effects to employees will cost the government some \$69 million in fiscal year 1980 and a total of \$97 million for fiscal years 1980 through 1984 under the employee protection system designed by the Secretary of Labor pursuant to the Rail Passenger Service Act of 1970. This latter cost, however, could potentially be much higher. If the 5,800 employees who are laid off are paid the equivalent of their wages for only three years, the cost would run as high as \$300 million and that figure does not include displacement allowances to other employees bumped to lower paying jobs or moving expenses for employees forced to transfer; nor does it include the additional three years protection which would be due many, if not all of the 2,400 non-Amtrak employees because of their longer railroad service—that could come to another \$150 million. That ultimate employee protection will cost only 32 percent of that potential, as indicated by the Department of Transportation, seems a bit optimistic. Unfortunately, the DOT would further impair the survivability of Amtrak by requiring all employee protection costs to be drawn from Amtrak's capital funds rather than its operating funds as is the practice in the industry.

An additional cost which must be borne as a result of the disemployment of 5,800 Amtrak and non-Amtrak employees will result from the increase in the railroad retirement fund deficit caused by the reduction of the employment base in the railroad industry by 5,800 people. This deficit, of course, must be made up and its amount properly must be added to the financial cost of cutting Amtrak's system as proposed by the Department of Transportation. The Department's estimates do not include the additional railroad retirement benefit costs which would be incurred by the Government should Amtrak's system be cut back as recommended by the Department.

Rail labor, of course, wants Amtrak to survive, to thrive, and to expand because more people will be employed if that occurs. But we are convinced that it must survive today or be revived in 25 or 30 years by our children at sacrifices that we cannot begin to imagine. It is the position of rail labor, first, that the Final Report recommendations designating the basic route system for Amtrak should be disapproved by both Houses of Congress. To that end we support adoption by the House of a resolution such as House Resolution 93 introduced in, February, 1979, by Congressman Rahall and others; and, second, that the Congress formally recognize the mission of Amtrak to be a public service mission and enact legislation which will reflect that recognition. In this regard we recommend to your favorable consideration legislation such as the proposed bill entitled "Amtrak Cost Allocation Act of 1979," which we understand has been introduced in the Senate as S. 800. In the meantime, sufficient funding should be authorized to permit Amtrak to maintain its present system. We submit this makes good sense. It would cost no more than is now recommended for authorization by the Department's proposal.

The Department seeks a three year operating expense subsidy fund of \$567 million for the fiscal year ending September 30, 1980; \$621 million for the fiscal year ending September 30, 1981; and, \$628 million for the fiscal year ending September 30, 1982. In its separate Northeast Corridor proposal it recommends an increase in funds of \$654 million from \$1 billion to \$2.254 billion. Because of the lead time required for the proposed Corridor projects, \$100 million of the proposed increase cannot be utilized in the time allowed.

We urge that the Congress apply that \$100 million to the Amtrak authorization for fiscal year 1980 and require the Amtrak Board and its management to operate on those funds through fiscal year 1982 by paring the system only if necessary to keep within those authorizations. This course of action would have the advantage of providing Amtrak's management time to plan and work toward a system designed by itself on the basis of business judgment rather than have a system imposed on it from the outside. It would also cost no more than the Department recommends be spent on Amtrak and the Northeast Corridor over the next three years. In addition, and most significantly, it would prevent the recommended drastic immediate cuts and certain destruction of the system if the Department's scheme is successful.

In closing I would again emphasize our conviction that Amtrak is needed to provide a vital future public service; it has a social, public interest value to the transportation future of this nation which far exceeds its cost. This country cannot afford to accept the Department's recommendation to dismember it. Nor can we accept as either logical or rational—in the face of an eventual fuel catastrophe—the

Administration's provision for railroads in foreign countries of \$4.8 billion over the past two years while submitting a transportation budget for this country which increases financial aid to less fuel efficient modes of transport by 6 percent (\$12.79 billion) while reducing aid to our most fuel efficient, and in the long term our most vital, mode of transport, the rail system, by 26 percent (\$1.67 billion).

Mr. Chairman, I have attached to my statement two exhibits. Exhibit 1 shows the population of large metropolitan areas which will be deprived of all passenger train service under the DOT recommendations and Exhibit 2 sets forth the amount of Federal money which will have been wasted in the building of new Amtrak stations or renovations on the eliminated routes. A more realistic exhibit of wasted government funds would merely total all monies spent to date and all those to be spent in the future on Amtrak following effectuation of the Secretary's recommendations because all of that money will have been wasted as Amtrak slides to extinction.

Mr. Chairman, I would again like to express to you our appreciation for the opportunity to present our views on this most important subject.

Thank you.

EXHIBIT I

TOTAL POPULATION/RIDERSHIP

	Number of stations losing all services	Metro city population	1977 ridership
Inter-American	18	2,722,000	173,073
Pacific International	7	525,000	70,525
Southwest Limited	18	496,000	216,562
Lakeshore Limited	1	128,000	12,327
Pioneer	13	230,000	68,566
San Joaquin	8	345,800	133,341
North Coast Hiawatha	21	352,000	113,468
Cardinal	19	874,000	170,027
Hilltopper	11	214,000	65,608
Shenandoah	9	125,000	42,277
San Francisco Zephyr	13	664,000	90,370
Montrealer	10	1,285,000	112,308
Lone Star	23	2,314,000	221,443
Broadway Limited	6	513,000	35,881
National Limited	9	904,000	66,235
Floridian	19	2,592,000	226,648
Total (without Crescent)	205	14,301,000	1,818,659

EXHIBIT II

Money Amtrak has spent for station improvements on routes being eliminated

Inter-American	\$1,108,000	Shenandoah	\$323,200
Pacific International	94,300	San Francisco Zephyr	138,200
Southwest Limited	106,900	Montrealer	142,500
Pioneer	306,000	Lone Star	320,300
San Joaquin	229,000	Broadway Limited	334,000
North Coast Hiawatha	98,800	National Limited	156,000
Cardinal	986,125	Floridian	397,350
Hilltopper	1,001,825	Total	5,742,000

STATEMENT OF CRAWFORD LINCOLN, PRESIDENT, OLD STURBRIDGE VILLAGE, STURBRIDGE, MASS.

For two main reasons Old Sturbridge Village expresses concern that any policy on the allocation of energy supplies recognize the substantial role of tourism and travel in serving the national interest.

The first reason is economic. Across the country cultural, recreational and sporting attractions, in their respective locales, constitute important factors in the local economy.

One good example that perhaps typifies thousands of similar situations may be found in southcentral Massachusetts. In a region of generally small towns with agricultural and light industry, Old Sturbridge Village is a major employer. More than half a million visitors come to Old Sturbridge Village. Their expenditures, coupled with spending in associated motels, shops and restaurants, has been estimated at \$50 million annually. Yet Sturbridge is a town of only 5,200 residents.

Like many other American cities and towns, Sturbridge depends economically on tourism. Significant reductions in availability of gasoline, as implicit in proposals for weekend station closings, would discourage travel and devastate a tourist-based economy. Irreparable harm would be done to the people who rely upon the travel and tourism industry to secure their livelihood.

This result would, of course, violate the prohibition of the Energy Policy and Conservation Act of 1975 by placing an unreasonably disproportionate share of the energy conservation burden on a single industry.

The second main reason for concern over energy arises from the probable impact on Old Sturbridge Village as a cultural institution. In seeking to foster an understanding of and appreciation for the national heritage this nationally recognized history museum performs a public service.

America's museums serve as stewards of the ideas and activities, as well as the objects and artifacts, that characterize our natural and manmade legacy. For their material support museums rely chiefly upon the visiting (in the case of Old Sturbridge Village, the traveling) public.

Significant reductions in gasoline allocations for established areas of popular cultural interest, the whole of New England, for example, would mean impairment of the public's ability to learn from the national heritage, and the demise of some of its most significant cultural resources.

Simultaneously, the economic setback explicit in sizable cuts in gasoline availability (especially on weekends) would place an unfair burden on people employed in the tourism and travel industry, and their families. We urge that prompt steps be taken to ensure an equitable distribution of available supplies.



