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## Service Station Dealers of America

Max S. Baucus

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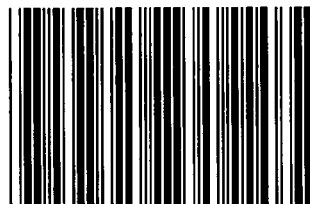
**Service Station Dealers of America**

(select subject from controlled vocabulary, if your office has one)

**Mid-Year Board Meeting**

**03/23/1981**

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**BAUCUS**

SPEECH BY  
SENATOR MAX BAUCUS  
BEFORE THE  
SERVICE STATION DEALERS OF AMERICA  
MID-YEAR BOARD MEETING  
WASHINGTON, D.C.  
MARCH 23, 1981

I AM DELIGHTED TO BE HERE THIS AFTERNOON AND VERY MUCH APPRECIATE THE INVITATION EXTENDED TO ME BY YOUR ASSOCIATION'S PRESIDENT, JOE GRISH, YOUR EXECUTIVE DIRECTOR, PAUL PIERCE, AND YOUR CHAIRMAN OF GOVERNMENTAL AFFAIRS, JACK HOUSTON.

I WAS ASKED TO SPEAK HERE TODAY BECAUSE OF WORK I AM DOING IN WASHINGTON ON ISSUES AFFECTING YOUR BUSINESSES. SPECIFICALLY, AS A MEMBER OF THE SENATE COMMITTEES ON SMALL BUSINESS, FINANCE AND JUDICIARY, I WORK EVERY DAY ON LEGISLATION THAT IN LARGE PART DETERMINES THE FUTURE OF YOUR BUSINESSES.

WHEN I WAS ELECTED TO CONGRESS OVER SIX YEARS AGO, I CAME TO WASHINGTON WITH ONE OVERRIDING PURPOSE: TO GET THE FEDERAL GOVERNMENT, BIG BUSINESS, AND BIG LABOR OFF THE BACKS OF OUR NATION'S SMALL BUSINESSES.

AFTER ALL, MY STATE OF MONTANA HAS AN ECONOMY MADE UP ALMOST ENTIRELY OF SMALL BUSINESS OWNERS, LIKE YOURSELVES, SO IT'S LOGICAL, I SUPPOSE, FOR ME TO HAVE CONCENTRATED MY ENERGIES ON YOUR PROBLEMS.

IN MY REMARKS THIS AFTERNOON, I WANT TO CONCENTRATE ON A SIMPLE THEME: WHAT CAN BE DONE HERE IN WASHINGTON TO IMPROVE YOUR BUSINESSES. THAT IS, WHAT RED TAPE CAN BE CUT, WHAT REGULATIONS RESCINDED, WHAT POWER PLAYS BY BIG BUSINESS CAN BE BLOCKED, WHAT TAXES CAN BE CUT -- IN SHORT, WHAT CAN BE DONE TO GET THE BIG THREE -- GOVERNMENT, GIANT CORPORATIONS AND BIG LABOR -- OFF YOUR BACKS?

LET ME BEGIN TO ADDRESS THIS QUESTION BY DESCRIBING PROBLEMS FACED LAST YEAR TO SERVICE STATION OWNERS IN MONTANA AND WHAT STEPS I AM TAKING NOW TO AVOID THESE PROBLEMS IN THE FUTURE.

POST-DECONTROL EMERGENCY PLANNING -- THE BAUCUS PROPOSAL

I HAVE A STRONG, CONTINUING CONCERN ABOUT THE POTENTIALLY DEVASTATING IMPACT OF OIL SUPPLY DISRUPTIONS ON CONSUMERS, DEALERS, AND SUPPLIERS IN RURAL AREAS.

TWO SUMMERS AGO, MY STATE OF MONTANA, FACED A DIESEL SHORTAGE MORE SEVERE THAN ANY OTHER STATE'S. TRUCKERS WERE ASKED TO NOT ENTER THE STATE. THE REGULATORY APPARATUS AT DOE, INSTEAD OF HELPING TO RESOLVE THE PROBLEM, ADDED TO THE PROBLEM.

THE IMPACTS ON SERVICE STATIONS IN MONTANA WERE SEVERE. THROUGHOUT THE COUNTRY, GAS LINES AND DIESEL SHORTAGES HIT THE INDEPENDENT SERVICE STATIONS HARD.

THIS COMING

I AM VERY CONCERNED THAT AT THE END OF SEPTEMBER, THE GOVERNMENT THAT FAILED SO BADLY DURING THE <sup>A</sup> LAST MAJOR SHORT-FALL, ~~WILL HAVE RESPONDED TO ITS PAST RECORD OF FAILURE BY~~ <sup>WILL DO NO</sup> ~~TOTALLY STRIPPING ITSELF OF ANY ABILITY TO DO A BETTER~~ <sup>A</sup> ~~JOB~~ IN THE FUTURE.

**CONSEQUENTLY,**

~~RECENTLY,~~ I CO-SPONSORED LEGISLATION THAT WOULD GIVE STATES THE OPTION OF RETAINING AUTHORITY TO SET ASIDE A SMALL PERCENTAGE OF STATE OIL SUPPLIES FOR EMERGENCIES.

ALSO, I AM DRAFTING LEGISLATION TO CREATE EMERGENCY STAND-BY AUTHORITY TO FURTHER HELP INDIVIDUAL STATES RESPOND TO DRASTIC CUT BACKS IN SUPPLIES.

I BELIEVE THIS LEGISLATION MAY BE IMPORTANT TO SERVICE STATION DEALERS IN THE FUTURE. WE MUST THINK DOWN THE ROAD AND REALISTICALLY APPRAISE WHAT MAY HAPPEN TO OUR COUNTRY, <sup>IN THE</sup> **EVENT OF A SHORTAGE,**

**FOR EXAMPLE,**

<sup>A</sup> WHAT IF THERE WERE A MAJOR INTERRUPTION OF FOREIGN OIL SUPPLIES?

WHAT IF AN AGREEMENT WITH THE INTERNATIONAL ENERGY AGENCY, THE U.S. WERE TO STOP FOREIGN OIL SHIPMENTS TO THE EASTERN UNITED STATES IN ORDER TO HELP EUROPE? ALTHOUGH WE <sup>ATE, WHICH</sup> ~~COULD~~ <sup>A.</sup> GET EXTRA SUPPLIES TO PARTIALLY COMPENSATE FOR THE EASTERN SHORTFALL, THIS ADDITIONAL OIL WOULD LIKELY ARRIVE IN CALIFORNIA.

THUS, WE COULD HAVE A MAJOR SHORTAGE IN AREAS OF THE COUNTRY, TRADITIONALLY SUPPLIED THROUGH OUR COASTAL SOUTHEAST, AND FACE A GLUT IN SECTIONS OF OUR COUNTRY TRADITIONALLY SUPPLIED THROUGH OUR WEST COAST.

I RAISE THIS EXAMPLE TO SHOW A REAL THREAT TO SERVICE STATIONS THROUGHOUT OUR COUNTRY. THOSE WHOSE PRODUCT SUPPLIES DEPEND MOST HEAVILY ON REMOTE, IMPORT-SUPPLIED REFINERIES, ARE THE MOST VULNERABLE.

I SUGGEST THAT BEFORE THE UNITED STATES AGREES TO ANY INTERNATIONAL ARRANGEMENTS THAT MIGHT CHANGE OUR SUPPLY PATTERNS IN EMERGENCIES, WE HAD BETTER HAVE OUR OWN EMERGENCY PLANNING HOUSE IN ORDER.

AND WE DO NOT.

FURTHER, COME OCTOBER, WE WILL HAVE NO LEGAL AUTHORITY ON WHICH TO BASE EMERGENCY PLANS.

THE ANSWER IS NOT TO RE-ENACT THE EXISTING REGULATORY SYSTEM: ALL OF YOU KNOW HOW POORLY THIS SYSTEM HAS SERVED US. INSTEAD, WE NEED INNOVATIVE IDEAS.

THE LEGISLATION I AM PREPARING MAY NOT BE THE BEST ANSWER, BUT I HOPE TO ~~BE THE ANSWER~~ <sup>FIND THE ANSWER</sup> BY RECOGNIZING THE IMPORTANCE OF STATE GOVERNMENTS, AND BY RECOGNIZING THE FAILURE OF LARGE FEDERAL REGULATORY BUREAUCRACIES.

FEDERAL REGULATORY PROBLEMS

ANOTHER AREA OF CONCERN TO ALL OF YOU HAS ALSO BEEN HIGHLIGHTED BY DECONTROL. THE VERY ENDING OF MANY OF THE CONTROLS THAT HAVE BEEN THE FOCAL POINT OF YOUR RELATIONSHIP WITH THE FEDERAL GOVERNMENT HAS SHOWN THE NEED TO REFORM THE CONTINUING REGULATORY SYSTEM THAT GOVERNS SERVICE STATIONS.

I KNOW MANY OF YOU ARE ANGRY AND FRUSTRATED BY FEDERAL REGULATIONS THAT SEEM TO BE ENFORCED WITH A BLUNT AX -- BY UNREASONABLE BUREAUCRATS WHO HAVE NEITHER AN UNDERSTANDING OF, NOR A SYMPATHY <sup>WITH</sup> ~~FOR~~, YOUR PROBLEMS.

NOZZLE REGULATIONS HAVE BEEN A GOOD EXAMPLE.

IT IS ONE THING FOR THE GOVERNMENT TO ENFORCE NOZZLE SIZE STANDARDS IN ORDER TO STOP THE VERY FEW WHO WOULD PUMP LEADED GASOLINE INTO CARS DESIGNED FOR UNLEADED GASOLINE ONLY.

IT IS QUITE ANOTHER THING WHEN -- INSTEAD OF REASONABLE ENFORCEMENT -- LEGITIMATE, LAW-ABIDING DEALERS ARE FACED WITH THE THREAT OF HEAVY FINES SIMPLY BECAUSE THEIR NOZZLES HAVE WORN DOWN SLIGHTLY WITH REPEATED USE.

NOZZLE STANDARDS, OSHA REGULATIONS -- INDEED THE WHOLE RANGE OF FEDERAL REGULATORY ACTIVITY -- NEEDS TO REFLECT THE REALITIES OF INDEPENDENT BUSINESSES IN AMERICA.

ENFORCERS NEED TO BE RESPONSIVE TO REASONABLE BUSINESS NEEDS. FOR EXAMPLE: I CANNOT SEE WHY ONE STATION'S FIRST AND MINOR NOZZLE INFRACTION MUST BE TREATED AS HARSHLY AS ANOTHER STATION'S WIDESPREAD AND REPEATED PATTERN OF CLEAR ABUSE.

WARNINGS CAN AND SHOULD REPLACE FINES. ENFORCEMENT OF REGULATIONS SHOULD BE -- IN THE VAST MAJORITY OF CASES -- AN EDUCATIONAL PROCESS, NOT A CRIMINAL ONE. PAPERWORK BURDENS MUST REFLECT THE SIZE AND ECONOMICS OF THE BUSINESSES BEING REQUIRED TO FILL OUT THE FORMS.

AND IF THE COSTS TO THE BUSINESS OUTWEIGHS THE BENEFITS TO THE PUBLIC, WE SHOULD REALLY ASK OURSELVES WHETHER THIS RULE OR THAT FORM IS TRULY NECESSARY.

WE SHOULD THINK IN TERMS OF THE REAL WORLD. THE LOCAL GAS STATION, PERHAPS OWNED BY THE THIRD GENERATION OF THE SAME FAMILY, MUST NOT BE HIT WITH THE SAME REGULATORY BURDEN AS EXXON. THE LOCAL GAS STATION HAS NEITHER THE MONEY NOR THE TIME TO COMPLY WITH COMPLEX REGULATORY AND PAPERWORK BURDENS IMPOSED BY THE FEDERAL GOVERNMENT. JUST AS IMPORTANTLY, THE RULES AND REGULATIONS WRITTEN TO GOVERN ENTERPRISES OF THE SIZE OF EXXON, MOBILE, AND SOHIO ARE WRITTEN FOR REASONS WORLDS APART FROM ANY NEED TO GOVERN AN INDEPENDENT GAS STATION DEALERSHIP.



-7-

IMPROVED ANTITRUST LAWS ARE NEEDED -- OR WHY I CO-SPONSORED S. 326  
THERE ARE OTHER PROBLEMS, TOO. . .

MANY MONTANA SERVICE STATION OWNERS HAVE COMPLAINED TO ME ABOUT THE PROBLEMS THEY EXPERIENCE EACH DAY BECAUSE OF THE ACTIVITIES OF BIG OIL COMPANIES. IN MY VIEW, BIG BUSINESSES CAN BE EVERY BIT AS TROUBLESOME AS BIG GOVERNMENT, FOR "BIGNESS BREEDS INSENSITIVITY."

AS I SAID AT THE ONSET OF MY REMARKS, WE MUST IMPROVE OUR LAWS DEALING WITH THE OPERATION OF BIG BUSINESSES.

THAT IS WHY I JOINED YOUR GROUP IN SUPPORTING S. 326, AN ANTITRUST BILL DESIGNED TO PROTECT LITTLE GUYS FROM BIG BUSINESSES.

THIS LEGISLATION, WHICH IS BEING SPONSORED IN THE SENATE BY SENATOR HOWARD METZENBAUM, SEEKS TO RESTORE THE COMPETITIVENESS OF SMALL BUSINESSES ENGAGED IN GASOLINE MARKETING BY THREE METHODS.

FIRST, IT WOULD BAR MAJOR INTEGRATED REFINERS FROM OPERATING RETAIL MARKET OUTLETS. IN SHORT, IT WOULD FORCE THESE LARGE REFINERS TO DEPEND MORE ON INDEPENDENT DEALERS, SUCH AS YOURSELVES, FOR MARKETING.

THE SECOND OBJECTIVE OF S. 326 IS TO PRECLUDE OIL SUPPLIERS FROM SUBSIDIZING THEIR OWN MARKETING OUTLETS. AS ALL OF YOU KNOW, THERE HAVE BEEN MANY INSTANCES IN THE PAST WHERE ANTI-COMPETITIVE ACTIONS HAVE BEEN TAKEN BY LARGE OIL SUPPLIERS WHO OPERATE THEIR OWN STATIONS.

S. 326 WOULD

~~THE THIRD WAY IN WHICH S. 326 WOULD SEEK TO IMPROVE THE COMPETITIVE MARKET PLACE IN WHICH YOU OPERATE IS THAT IT WOULD ALLOW YOU TO PURCHASE GAS FROM ANY SOURCE IN THE EVENT THAT YOUR CONTRACT SUPPLIER IS UNABLE TO MEET YOUR DEMANDS.~~

LET'S STOP BIG OIL FROM ACQUIRING NON-ENERGY ASSETS

LET ME NOW TURN TO ANOTHER ANTI-COMPETITIVE ACTION ON BEHALF OF BIG OIL COMPANIES. I AM CONCERNED ABOUT WHAT THESE COMPANIES ARE DOING WITH THEIR PROFITS AND WHAT IMPACTS THESE DIVERSIONARY ACTIONS ARE HAVING ON YOUR OPERATIONS.

IN THE LAST FEW YEARS OIL COMPANIES HAVE USED THEIR NEW UNEARNED PROFITS TO BUY INSURANCE COMPANIES, RETAIL STORES, HOSPITAL SUPPLY COMPANIES AND OFFICE SUPPLY COMPANIES.

GULF OIL EVEN CONSIDERED BUYING RINGLING BROTHERS CIRCUS. IN FACT, MY SECRETARY TOLD ME THAT EVEN THE TYPEWRITER SHE USED TO TYPE THIS SPEECH WAS MADE BY EXXON.

TODAY OIL COMPANIES ARE USING THEIR PROFITS FOR NEW TYPES OF ACQUISITION. IN THE LAST FEW WEEKS OIL COMPANIES HAVE USED THEIR UNEARNED PROFITS TO BUY COAL AND MINERAL COMPANIES.

IN LITTLE MORE THAN ONE WEEK, \$8 BILLION WAS TOSSED AROUND BY THE OIL COMPANIES IN AN EFFORT TO BUY UP MINING COMPANIES. ONE MINING CONSULTANT HAS SAID THAT WE ARE WITNESSING, THIS MONTH, A VIRTUAL WIPEOUT OF THE MINING INDUSTRY.

FOR EXAMPLE, THE OIL INDUSTRY IS NOW WITHIN SIGHT OF OWNING HALF OF THE NATION'S COPPER INDUSTRY. WHAT IS WORSE IS THAT THESE ACQUISITIONS DON'T ADD A NICKEL'S WORTH OF OIL TO OUR RESERVES.

TAX CUT LEGISLATION TO HELP SMALL BUSINESSES

WASHINGTON HAS BEEN FULL OF TALK THE LAST TWO MONTHS ABOUT THE NEED FOR A TAX CUT. I THINK WE SHOULD ENACT A TAX CUT QUICKLY. AND WE SHOULD TARGET THIS CUT TO THE PEOPLE WHO NEED IT MOST -- SMALL BUSINESS OWNERS.

I'M DEEPLY CONCERNED THAT SMALL BUSINESSMEN SUCH AS YOURSELVES ARE BEING SQUEEZED OUT. I WANT SMALL BUSINESS GROWTH, NOT DECLINE. THAT IS WHY I INTRODUCED LEGISLATION TO HELP YOU, THE OMNIBUS SMALL BUSINESS CAPITAL FORMATION ACT.

MY BILL WOULD MAKE IT EASIER FOR SMALL BUSINESSES TO FINANCE THEIR OPERATIONS BY GIVING SMALL BUSINESSES A LARGER TAX CUT.

IT ENCOURAGES SMALL BUSINESSES TO BUY NEW, MORE MODERN EQUIPMENT, AND IT REVISES ESTATE TAX LAWS TO MAKE IT EASIER FOR CHILDREN TO INHERIT A FAMILY BUSINESS.

I DEVELOPED THE LEGISLATION ALONG WITH THREE OTHER MEMBERS OF THE SENATE SMALL BUSINESS COMMITTEE SO THAT BUSINESSES COULD COPE WITH THE DOUBLE DIGIT INTEREST AND INFLATION RATES.

SMALL BUSINESSES WOULD BE GIVEN TAX CUTS, INCREASED INVESTMENT TAX CREDITS, FASTER DEPRECIATION OF NEW EQUIPMENT, AND AN INCREASE IN THE ESTATE TAX EXEMPTION.

10

YOU DESERVE PROTECTIONS SUCH AS THESE AND MANY OF US ON  
CAPITOL HILL ARE FIGHTING FOR YOU. SMALL BUSINESSMEN PRODUCE  
40 PERCENT OF OUR NATION'S GNP AND CONGRESS MUST WORK HARDER TO  
PROTECT YOUR INTERESTS.

### CONCLUSION

I WOULD LIKE TO CLOSE WITH THE THOUGHT THAT WE ALL MUST  
ADDRESS THE PROBLEMS OF "BIGNESS" IN OUR SOCIETY.

AMERICANS EXPECT US TO TAKE RESPONSIBLE ACTION TO BRING BIG  
BUSINESS AND BIG GOVERNMENT UNDER CONTROL. IT IS A NEW OBLIGATION  
WHICH WE ALL SHARE AND ONE THAT I THINK WILL INURE TO THE BENEFIT  
OF US ALL.