

After nearly a year of debate, Congress in March 1980 approved a windfall profits tax on oil companies benefiting from the gradual decontrol of oil. President Carter had wanted the revenues generated by the tax to be earmarked for a special energy trust fund, but Congress chose instead to funnel the money into the general revenue fund.

Central to the President's July 15 program was an \$88 billion, decade-long effort to enhance production of synthetic fuels from coal and shale oil reserves. The Energy Security Act, signed into law by Carter on June 30, 1980, established the Synthetic Fuels Corporation. The Corporation was authorized to spend \$20 billion to promote, through government loans and price guarantees, the production of synthetic fuels by private industry. An additional \$68 billion would be available, pending congressional approval, in 1984. The act also provided subsidies to encourage production of fuels such as alcohol and methane, and it created the Solar Energy and Conservation Bank to provide subsidized loans for the installation of solar or energy-saving equipment. Finally, the act directed the President to fill the Strategic Petroleum Reserve at a rate of at least 100,000 barrels a day. The Carter Administration's major legislative defeat was Congress's killing of the proposed Energy Mobilization Board.⁷⁷

America's energy situation brightened considerably as the Carter Administration ended. In 1980 the Nation's energy consumption, with higher prices and a slow economy, declined by almost 4 percent in comparison with the previous year. More significantly, oil consumption declined by over 8 percent, from 18.4 million barrels to 16.9 million barrels a day, and oil imports were down more than 20 percent, from 8.0 million barrels to less than 6.4 million barrels a day. Americans could not, however, rest easy with their energy achievements. War in the Persian Gulf between Iraq and Iran was a continuous threat to embroil the world in another energy crisis.⁷⁸

REAGAN ELECTED

Neither federal energy policy nor the Department of Energy became a major political issue during the 1980 presidential campaign. For the most part, both candidates were satisfied to let energy issues remain in the background. President Carter emphasized the energy accomplishments of his administration. In his acceptance speech at the Democratic national convention, he noted that nothing was more crucial to the future of America than energy. With the enactment of his energy program, he added, the "battle to secure America's energy future has been fully and finally joined."⁷⁹

Ronald Reagan, the Republican candidate and former governor of California, criticized Carter's energy policy and advocated abolishing the Department of Energy. Reagan cited an increasing threat to the Nation's energy security due to a dangerous dependence on imported oil, and he asserted that his administration would "get America producing again." Free enterprise, he declared, could do a better job of production than government. In Reagan's opinion, the Department of Energy, with a multibillion-dollar budget, had not "produced a quart of oil or a lump of coal or anything else in the line of energy."⁸⁰ Energy issues, however, were not central to Reagan's presidential agenda. His campaign focused most sharply on the economy, national defense, and the need to balance the budget and reduce federal spending and employment.