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THE WHITE HOUSE

TEXT OF REMARKS BY THE PRESIDENT
TO BE DELIVERED AT
THE WHITE HOUSE CONFERENCE
ON DOMESTIC AFFAIRS AND THE ECONOMY

OMAHA HILTON HOTEL
OMAHA, NEBRASKA
October 1, 1975

It is always a thrill to come back to the town where you were born and meet with so much warmth and enthusiasm.

But I am here today to listen and to learn from you. Although I left here when I was very young -- and don't really remember much about it -- I like what I see of Omaha now.

I am particularly pleased to be in this great heartland of America. The American farmer has produced a miracle of abundance which is the envy of the rest of the world.

Think of it -- less than five percent of this country's population feeds the remaining 95 percent -- with enough left over to significantly supplement the food needs of much of the rest of the world!

Last year alone, the United States exported nearly 22 billion dollars in various agricultural products. Without these exports, our country would have had a huge balance of payments deficit. Our dollar would have been weakened abroad and we would be paying higher prices for all the items we import from foreign lands.

The American farmer not only raises crops -- he raises the overall standard of living of all Americans.

Yet, the American farmer has too often been made the scapegoat of many of our economic problems. The price of meat goes up -- blame the farmer. The price of milk goes up -- blame the farmer. Well, you know and I know the farmer is not to blame for the high prices we have today.

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Fortunately, we are making some progress in the fight against inflation, The latest figures show that the cost of living rose only two-tenths of one percent in August -- the smallest monthly increase in more than three years. Contrary to the finger-pointing at the farmer, food prices held steady. The small rise was accounted for by other commodities and services.

But let me emphasize this: the good news of one month does not mean that the battle against inflation has been won. It does mean we can -- and we will -- win this fight against inflation if we keep the pressure on. Let me assure you of this: the victory will not be achieved at the expense of the Nation's farmers.

Nor will the farmers suffer on the international grain market from actions of my Administration. I know there has been criticism by some for the temporary halt in grain sales to the Soviet Union. Let me bring you up to date.

Last year, in a visit to Lincoln, I urged the farmers of this state to plant full crops. I advocated a policy of full agricultural production for the entire Nation. I am here today to tell you that your crops will be sold -- and at fair market prices. But, just as important, we must get the farmer off the rollercoaster of up-and-down purchases which has been the Russian pattern over the past five years.

The United States enjoys fruitful and relatively predictable grain trading relations with Japan and Europe. Farmers know approximately how much will be sold and can plan for it. Stable trade helps the farmer and the consumer. That's why we are in the process of negotiating a long-term agricultural agreement with the Soviet Union -- an agreement along the lines of the one we are now concluding with Poland. We must and will bring stability -- predictability -- to the planning process of the American farmer.

Let me illustrate: Soviet grain purchases from the United States have fluctuated considerably in the last five years from as low as about 74 million bushels in one crop season to as high as 524 million bushels in another. So far this season, 399 million bushels have been sold to Russians and more sales are expected.

Under the agreement we seek, fixed minimum grain purchases each season by the Soviets will be established for a five-year period and the going market price will prevail. Most importantly, these agreements will be in the long-term best interests of the farmer and the consumer.

I am also determined that our energy crisis will be solved in the long-term best interests of the farmer and of all Americans. The damaging effects of continued delay in achieving energy independence were dramatically headlined just the other day when the OPEC oil producing cartel raised oil prices by ten percent.

The arbitrary and excessive OPEC price increases of 1973 and 1974 seriously depressed economic productivity and accelerated inflation, not only here in the United States but throughout the world. The latest price increase will worsen inflation and hinder economic recovery everywhere.

There is absolutely no economic justification for this latest price increase. It proves beyond any further argument that this Nation must move quickly to chart its own energy destiny.

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Time after time --starting last January -- I warned Members of the Congress that the United States was becoming more and more vulnerable to the price increases imposed by other countries. I have appealed to the Congress to approve my program -- or come up with its own proposals -- to free America from its dependence on foreign oil suppliers.

I offered to compromise again and again. Two days ago, I agreed once more to such a compromise solution to the decontrol of domestic oil prices. By signing a bill extending to November 15 the expired controls on domestic petroleum, I gave the Congress 47 more days to act responsibly. The Congress can either arrive at a sound and mutually acceptable plan for phased decontrol or, as an alternative, pass emergency legislation I have recommended to cushion the effect of immediate decontrol on certain elements of our domestic economy.

I propose to assure adequate propane gas for the millions of farmers and others living in rural areas and in mobile homes;

I propose to protect heating oil and independent retail gasoline dealers from arbitrary curtailment and cutoffs from suppliers;

I propose to assure independent refiners of adequate crude oil supplies at reasonable prices;

And I propose to protect the purchasing power of consumers through a consumer refund provision in a windfall profits tax on oil companies.

The claim by some procrastinating Members of Congress that they are trying to hold consumer prices down is nonsense. Obviously the Congress cannot hold CPEC oil prices down. They are going up. There is no end in sight. And we are already dependent on foreign oil for about 40 percent of our total needs. The Congress is merely postponing hard choices that must be made and is attempting to blame high fuel prices on everyone but themselves. Since controls on domestic oil went into effect in 1971, our bill for imported oil has increased more than 700 percent. Yet a majority in the Congress does nothing to reverse our growing oil dependence and increasing vulnerability to the whims of foreign oil producers.

The American people should recognize -- if the Congress will not -- that the real issue over price controls on oil is not between cheap energy and expensive energy. There is no cheap energy anymore. The real issue is two-fold: first, whether we will achieve energy independence to provide us in the long run with the lowest possible competitively priced energy; and second, whether we will keep America's wealth in America or send it overseas in ever-increasing amounts.

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In 1970, the United States paid out three billion dollars to foreign producers for oil. In 1974, this figure jumped to 25 billion dollars -- about 360 dollars for every American family. This could top 32 billion dollars within the next two years if the Congress does not act.

If spent at home, this 25 billion dollars would employ one million workers. It would speed our economic growth.

These are American jobs and American salaries I am talking about -- for that's what America's energy independence will achieve for this country. Letting the OPEC oil cartel dictate America's economic growth is absurd.

When the price of gasoline goes up at the pump, I want the American people to know exactly where the blame lies. Until the Congress acts, there is nothing this country can do about arbitrary OPEC oil price hikes -- and there may be still another fuel price increase next June.

So far, I have met thousands of Americans at these Presidential town meetings -- meetings which I have characterized as "listen and learn" sessions. They have been invaluable to me and to my associates.

During today's meetings, you have covered a lot of issues and heard from a number of key members of the Administration. Now, let us hear from you. I look forward to your questions.

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