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REMARKS OF THE VICE PRESIDENT  
NATIONAL COUNCIL OF FARMER COOPERATIVES  
REGENCY BALLROOM  
SHOREHAM-AMERICANA HOTEL  
WASHINGTON, D. C.

(12:55 P.M. EST)

MR. GIVENS: Ladies and gentlemen, the Vice President has accorded me a privilege for which I am very grateful. We have first heard today that there will be something that each of you will want to remember. Hanging in front of this podium is a new Vice Presidential Seal. This is the first time that it has been displayed publicly. It is so new that even the Vice President has not seen it.

(Laughter.)

MR. GIVENS: But he is responsible for it being here because he told me just a moment ago that a certain Senator whose name was mentioned this morning, Senator Hubert Humphrey, described the old Vice Presidential Seal as resembling a shot quail, as I understand it, Mr. Vice President, both wings drooped.

So the Vice President set about to get it changed and it has been redesigned, as you can see. I took a look at it back there a few moments ago and the wings are up. Mr. Vice President, I think that is a good omen.

Essentially, Mr. Vice President, this audience is aware that you have a keen insight into the daily planning and execution of national policies and programs; and the group of farmers and ranchers assembled in this room, and their hired hands, those of us who work for them and serve them in one way or another, have a very, very important stake in the activities of the Federal Government.

So we are privileged and honored to have you as our distinguished guest today.

Ladies and gentlemen, it is my privilege and high honor to present to you the Vice President of the United States of America, the Honorable Nelson A. Rockefeller.

(Standing ovation.)

THE VICE PRESIDENT: Thanks very much, Ed. I appreciate you mentioning that Seal. I often thought this might be the major accomplishment that I will have as Vice President.

(Laughter.)

THE VICE PRESIDENT: At least it is not a landing. It is a take-off.

I have a great optimism about the future of this country and the future of this world. We have tremendous

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problems, but we have a tremendous potential. There is no other group in the world that has demonstrated this extraordinary capacity of a free people at this particular moment in history and given us the omen that gives us the basis for the optimism for the future more effectively than those whom you represent, the farmers of America and the allied organization that goes with it.

(Applause.)

I am delighted to have this privilege of being here. For 15 years as Governor of the State of New York I worked with the farmers of New York very intimately. A lot of people don't think New York is a great farm State, but those of us who live in New York know it is.

Also, I had the privilege not too long ago of speaking to the Future Farmers of America. I have got to say to you that was one of the most inspirational occasions that I have ever had the pleasure of attending, to see the enthusiasm and the confidence and the faith in the future expressed in the faces of those young people -- and the outgoing president who spoke -- was one of the most mature, sophisticated and in a good sense of the word, wonderful young Americans as it has been my pleasure to meet.

I am delighted to be here at your 47th annual meeting and to congratulate you for the extraordinary role which you have played in the development of agriculture in this great free land.

I was telling Ed that I had a good speech but I didn't like it, so I wrote one of my own and then I came down in the plane from New York this morning and I whipped out a rewriting. Seeing I was late because there were some problems up there I had to deal with, nobody got a chance to retype it, so if at times I seem a little bit uncertain, it is because I can't read my own handwriting. I went to a progressive school.

(Laughter.)

You get a first reading. I can't write very well left-handed. Under handicaps, I am doing my best.

I have a very strong feeling, ladies and gentlemen, that American farmers and farm cooperatives find themselves today in a pivotal position in an increasingly interdependent world. This to me is the heart of what I would like to talk about.

I think history will look back on this moment with awe and wonderment at the unparalleled response of American farm families to the world food prices -- a crisis due to population explosion, rising standards of living and major crop failures in other parts of the world.

With less than five percent of the American people working on our farms, we have opened up -- I should say you have, not we -- you have opened up 60 million acres of new land in the last four years. With a 50 percent increase of grain production since 1960, you are feeding all of the

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American people and helping to feed millions around the world.

In the middle of a period of world inflation and recession, my summary is you are Mr. Big. I feel this very strongly.

While the Soviets, after 50 years of Communism, with 45 percent of their people on the land, still on the land, have to turn to the capitalist world and the free farmers of America to feed their people. I think that gives us something to think about.

These accomplishments are extraordinary tributes to the individual initiative of free people and to the unique American free enterprise system.

But the very fact of your expanded production leaves you vulnerable to world economic and political forces beyond your control. This, it seems to me, is an increasingly important and new factor that comes into your considerations.

One of the most dangerous situations relates to the tragic possibility of another blowup in the Middle East. At the time of the first Arab oil boycott some three years ago, we were importing less than 29 percent of our oil requirements. At the same time, Venezuela, Nigeria and Ecuador did not join the Arabs in boycotting sales to the United States. The result was that we were fortunately able to pull in our belts, tighten our belts, and weather the situation without disastrous disruptions to the economy and the social lives of our country.

Since then, foreign oil-producing countries have raised oil prices some 500 percent, with the resulting cost to the United States last year of \$25 billion in foreign exchange spent abroad.

If it had not been for the extraordinary achievements of the American farmers in increasing production, which made possible an increase in U.S. agricultural exports from \$5 billion in 1961 to over \$20 billion last year, we would not have been able to have paid the increased price of the imported oil.

So you have saved America in this crucial moment in the energy field by your increased exports which have given us the foreign exchange to buy this energy which is necessary at these prices, which are 500 percent up.

Now, three years later, the situation is far more serious as we gather here today. Instead of developing our own domestic resources for energy, to achieve national self-sufficiency by 1985, as President Ford called for in his State of the Union message last year, the majority in Congress has done next to nothing to stimulate increased production and to reduce the growing dependency and vulnerability on imported oil.

To make matters worse during this period, the United States domestic production has steadily declined and our consumption has steadily increased, with the result that this year we will have to import approximately 40 percent of the oil needs at a cost of very close to \$30 billion.

If this \$30 billion were spent here at home in the United States to produce energy, we would provide jobs for at least 1,200,000 additional American workers at this time when those jobs are so desperately needed.

But even more serious is our growing dependence on imported oil and the increasing vulnerability to blackmail and to actual imposition of another oil boycott which would have disastrous consequences both for our economy and our national security and which would result in absolute chaos in parts of the country. Yet, we face this growing and fundamental threat to our national security without having taken decisive action to meet the problem.

I have been conducting hearings for the President throughout the country for the Domestic Council on policy and programs for the coming year in the domestic field.

In our Austin, Texas, hearings, one of the witnesses said, and I quote him: "If the United States had responded to the attack on Pearl Harbor in the way in which we have responded to the energy crisis we would all be speaking Japanese in the United States now."

This is a tragic thought, but I think it is a very real and fundamental comment.

The irony of the situation is that the United States has been blessed with all of the human material resources necessary to become an independent energy producer by 1985.

The President, in his State of the Union message, devoted most of his message to the importance of energy self-sufficiency. He established, as our national goal, energy self-sufficiency by 1985, and subsequently submitted legislation to the Congress to achieve this goal of independence.

Time is running out and the Energy Independence . . . Authority legislation has not been adopted.

But it is not too late. With our support, together with that of business and organized labor, this program can be passed in the coming session of the Congress, which opens next Monday.

Organized labor has already strongly supported the legislation and there is an encouraging growth of interest in the business community and among members of Congress themselves.

You may say why is this a matter of concern to your organization? The answer is very simple. American agriculture is totally dependent on a reliable expanding supply of gas and oil in every phase of production, processing and distribution. And every farm family is totally dependent on gas and oil for their way of life and their very existence.

But, under present circumstances, we can't count on a continuing, steady supply of gas and oil. In other words, all of us are vulnerable and we are vulnerable to forces outside of our own control, a situation which is totally unnecessary if we simply have the will to act.

The President has proposed the passage, as I said, of an Energy Independence Authority which would get us off dead center as a nation in achieving energy independence.

Not only that, but it would put us on the road towards energy self-sufficiency. In doing so, it will act as a catalyst for our whole economy to get it growing again.

I think everybody agrees that this is essential, that while basic conditions are improving, -----  
----- we need to get back to that sense of new optimism and confidence in the future of this country.

The fact that we can meet any problem and that we have the capacity, all we need is the will and the self-confidence and the determination to do it.

This is essential, in my opinion, to solve the problems of unemployment and recession. With the solution of those, we are off to the races.

How would the Authority work? The Energy Independence Authority would operate very much as the Reconstruction Finance Corporation of the Depression era and the Rubber Reserve Corporation did in World War II.

Some of you are old enough, not too many here, to remember that period, and the fact that the sources of natural rubber were cut off and, therefore, with the war progressing we had to have rubber. Therefore, the Reconstruction Finance Corporation set up a subsidiary and that subsidiary contracted with five or six companies to try to develop synthetic rubber at government expense. Three, four or five of them did, or whatever the number was. They developed synthetic rubber.

At the end of the war the government sold these plants, got a profit out of them and we had a new industry. We were then secure in our own source of supply.

This same thing is exactly what we can do now in meeting this situation which we have in terms of energy. Not one person in this room wants to be dependent on sources of energy which are beyond our control as a nation, over which we have no capacity to assure our needs.

Let me describe the Energy Independence Authority briefly. It would be a self-liquidating authority to the maximum degree possible and it would support those energy producing projects which would contribute to energy self-sufficiency and which could not obtain the financial support of private capital because of the risks involved -- but only those -- and it would involve private capital to the maximum degree possible.

This would not be a government intervention beyond what was necessary to achieve a national objective.

Secondly, the life of the Authority would be limited to 10 years and no new investments would be made after the eighth year. When it was completed, all of the investments would be liquidated and the government would get money back to the maximum degree possible.

The total capital authorization for the Energy Independence Authority would be \$100 billion. As some people say, that is a fantastic figure. But the estimates by all economists and business groups and financial groups are that it will take between \$600 billion and \$800 billion for this country to become energy self-sufficient. So \$100 billion is really a pump-priming activity in these high risk areas to get the show on the road -- \$25 billion equity, \$75 billion in authorized borrowing capacity.

The Authority would have the right to make loan guarantees, loans themselves, and investments.

What kind of projects would the Authority finance? I have just mentioned the total capital requirements. So that you get a cross-section of the needs. Obviously some of the projects to achieve independence are risky.

I would like to mention the kind of risks that we face. You can take natural gas, coal, shale oil, atomic power, geothermal power and solar power, just to mention a few.

I don't have to explain to this sophisticated group, the shortage of natural gas, whether it is in the pipeline or whether it is in the form of propane.

In this country we are very fortunate -- as I say, we are blessed -- we have coal supplies that go way into the future, I won't say unlimited because nothing is unlimited, but for hundreds of years.

Gasification of coal is undertaken in many parts of the world. Gasification of coal on the surface after mining is expensive. There are those who feel, and there are laboratories which have done work in this, and scientists who believe deeply in it -- and when I am talking about energy I also got ecology in mind -- that we have got to meet our energy needs and protect our environment. I don't think they are inconsistent. I think these things can and must be done together.

We have the scientific brilliance in this country, the research, the technological capabilities to meet both of these objectives which are essential to growth. We can have growth without destroying our society.

If we don't have growth, how are we going to have more jobs? If we don't have growth, it is going to be a situation where those who have got theirs are going to say, "Pull up the ladder, mates, I am aboard. The hell with the rest of them."

We have got to have growth in order to have jobs. We can have it and not despoil our environment.

Going back to natural gas, you can make it out of coal on the surface -- gasification. But there is a possibility that you can drill down in the deep coal mine, set off an explosion, set it on fire and then draw the gas off with a pipe, condense it on the surface if you want to put it into liquid form or use it in pipeline form and that may be costly.

This will not be horrendous. Maybe it will be very reasonable. Of course there is no adverse environmental impact at all. A commercial experiment on a full-scale basis would cost about \$200 million. There is no company that is willing to undertake that because they don't know what the cost of the gas will be.

We need to know as a nation what that will be so that this may be a source. If it proves to be reasonable, this may be a totally new industry that will develop.

You can take exactly the same thing for oil. This country, some people know, some don't, has four to five times as much oil in shale out in the West, in Colorado and several of the States, as the Arabs have in oil in the Middle East in proven reserves.

Yet, if you go to mine shale, as some of you know, and cook the oil out of the shale, you end up with what I call talcum powder, which is the shale that has been cooked. It is a larger volume than when you mined it. Then you got to get rid of it and you can put it in the valley but the trouble is you don't have water out there and, therefore, you have a little problem with the talcum powder blowing around the West and the ecologists would be naturally and rightly quite disturbed, as well as the people who live there.

So again you go back, where is science and technology. Maybe it is possible, ladies and gentlemen, to do what we were talking about in coal, to drill down into the shale, set off an explosion, set it on fire. The heat of the fire will gasify the oil and draw it off in the form of gas through the pipe and condense it on the surface.

The Livermore Laboratories, which is one of the great laboratories in this country, thinks you can do this for seven dollars or eight dollars a barrel. There are others who say it will cost twenty dollars or thirty dollars a barrel. If it is twenty dollars or thirty dollars a barrel it is knowing. If it is seven dollars or eight dollars or nine dollars or ten dollars, still that is under world market prices.

Again, while some companies have studied this, it is a risk of commercial development to find out what the actual costs are.

Can we Americans afford not to do those things? People say, "The government has no business in this. This is getting into an allocation of capital. This is an intervention by government."

Take a look at our history, ladies and gentlemen. How did you get to where you are in your extraordinary success: It wasn't totally without some interest on the part of the government.

The whole credit structure was set up by the government. The whole land grant colleges, the extension service, all of the services which have helped and the research and development, like \$200 million a year or so.

These are where government -- and this is the extraordinary strength of this free society -- has cooperated with private groups, our system of private enterprise, to achieve national objectives.

Take another area. We wanted railroads across this country to open up the country. Railroads couldn't afford to do it, so what did the government do? They gave the railroads right of way of lands and they gave them additional land they could sell for villages and towns and cities.

The private groups then built the railroads, sold off the land and that gave them the money to pay for what they were doing. This was a national move to accomplish a national objective.

We have a tremendous automobile industry in this country. It didn't just spring up through private enterprise alone. Who built the roads? The government did -- the Federal Government, the States and the local communities.

Our aviation industry, which is the most powerful in the world, how did that get started? It was due to research and development for military planes. Even the Wright Brothers were financed by the Army as the first experiment.

We think about this great private initiative. It is a great system and it is unique. But the unique thing, in addition, is we are not afraid as a country to do those things which are essential to accomplish our national objectives and to use whatever means or vehicle is there.

I say that there is plenty of precedent here in this thing. Not only does this law permit direct financing of operations, which are essential in production of energy related to energy independence, but it allows for supportive action that is necessary.

For instance, there is a lot of coal in the West that is sold for content that could be brought to the East where we are burning oil, where we are importing along the Eastern Seaboard 80 to 90 percent of the oil that is used. It is a basic form of energy in the Eastern Seaboard of this country.

However, the railroads have had a tough time in the East, as some of you know. I know it very well from personal experience as a governor. They have, therefore, not put their money in the roadbeds and there are millions of dollars needed to put in roadbeds if you are going to ship coal by rail.

At the present time, coal cars can go, let's say, only 10 miles an hour on the roadbeds because if they go faster than that then they may have an accident.

They can make an investment to improve this. This is the requirement. This brings back our basic transportation system in that area or additional pipelines if they can't get private capital.



In other words, it gives us flexibility, ladies and gentlemen, to get rolling and to get this country back where we have confidence in the future and where we think that we are going to meet our problems.

We have every resource that is necessary, including the most important, which is the brilliance of human resources, and a free enterprise system of free citizens and their own initiative.

I would like to say a couple more things. I will ask five questions. Would the Energy Independence Authority just add to the Federal deficits, cause more inflation, take capital from other areas, create a big, new, permanent bureaucracy, or add to government red tape?

I will take them one by one. I think these are the arguments for people who believe in doing nothing.

First, as far as Federal deficits, this Authority would primarily finance on a self-liquidating basis production and, therefore, it would be self-liquidating and will not be just another giveaway.

Number two, would it cause inflation? Quite to the contrary. Instead of causing inflation, it will hold down inflation by increasing production and making available the essential basic ingredients to our entire agricultural and industrial society way of life.

As far as allocation of capital, it is a national objective, as stated by the President, to achieve independence. Therefore, the allocation of capital by government up to a potential of \$100 billion out of \$600 billion to \$800 billion is merely putting at the top priority what the government has already put at the top priority, which is our self-sufficiency.

Will the Energy Independence Authority create a big, new, permanent bureaucracy? No, its life is limited to 10 years.

Would it add to the red tape? Quite to the contrary. In the provisions in the legislation it says that all government regulations relating to energy production on those projects which this Authority will deal with would have to be centralized through the FEA, the Federal Energy Administration, so they would handle all regulations relating to the government.

This might even be a pattern which would be very useful to the country as a whole because the growing complexity of regulations is making it very difficult for individuals and corporations and local governments to use creativity and imagination to do things because they get tripped up by a lot of complex red tape and bureaucracy. This was the principal concern we got from these hearings.

One governor said, "Look, give us less money and less regulations. Just get off our backs." That was his summary of how he felt about the Federal relationship.

In conclusion, let me just say that a growing, steady and secure supply of oil and gas is essential to the

future of American farmers and their production and their prosperity. It is true not only to heat their homes and fuel their farm machinery, dry their crops, transport them to market, but also to produce the fertilizers and machinery and process and bag the food products sold in the supermarket through all of your outlets.

No industry or segment of our society is more dependent on energy than agriculture and American farm families. Therefore, I urge you to give this legislation your careful study and your strong support. It is S. 2532 and H.R. 10267.

Finally, let your representatives know how you feel and get them to do the same. There is nothing more important to your future or the future security and well-being of our country.

It is not a partisan issue. It is a national issue of utmost importance for our future. Just because this is an election year doesn't mean we have got to close up shop as a nation and not deal with tough problems.

The American people are going to judge Congress and individual Congressmen by their actions and not by their inaction on these vital issues.

I thank you very much.

(Standing ovation.)

MR. GIVENS: Mr. Vice President, we are certainly grateful to you and for your time and appearance. We appreciate it more than we can tell you. Thank you.

THE VICE PRESIDENT: Thank you for your patience. Best of luck to all of you.

(Applause.)

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(AT 1:35 P.M. EST)