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J.F. Ford

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Good evening. \_\_\_\_\_ weeks ago, when I spoke to you about my State of the Union Address, I indicated that the state of the Union was not good, that America had become dangerously dependent on foreign sources of oil, that we were faced with serious recession, and that economic conditions were worsening.

I proposed an energy program which would reduce our dependence on foreign oil and a tax cut program which would get money back into the economy as quickly as possible; put money in the hands of consumers and encourage business to create jobs by stepping up investment in badly needed new plant and equipment.

Now, nearly \_\_\_\_\_ weeks later, the only action that Congress has taken has been to pass a bill to delay for 90 days the tariff designed to reduce the flow of imported oil.

I hope in my brief remarks to you tonight I can convey the gravity of our situation. So long as we import a large share of our oil from

unreliable foreign sources, we face the very real threat of major disruption in our society in the event of an embargo.

Moreover, billions of dollars of our national wealth every year are being drained overseas because we have no choice but to pay the prices demanded by those whose interests are not those of the United States.

\_\_\_\_\_ months ago an embargo was imposed on the United States and many of its industrial allies. We all remember the consequences of that embargo. We waited in endless lines at our gasoline stations. We were worried over the adequacy of oil to run our utilities and factories and to heat our homes. We grasped for the first time how critical adequate supplies of oil are to our economy. Today we are even more vulnerable to an embargo than we were in the fall of 1973, and if we increasingly rely on unreliable sources of oil, our position two or three years from now would be potentially disastrous.

I am not the kind of man who enjoys sounding alarms, but we must realize what a prolonged embargo two or three years hence could mean to us as individuals and as a nation.

The first embargo gave us a hint of what would happen if we have become even more dependent on foreign oil. The first embargo put approximately \_\_\_\_\_ hundred thousand Americans out of work.

While that embargo caused us great difficulties, the scarcity of oil did not bring industrial activity to a halt. The next embargo would cut deeply into production, create mass unemployment, and throw our economic system into chaos.

Some metropolitan areas, such as Los Angeles, which depend on automobiles would simply come to a halt. No American President can allow a threat of such magnitude to hang over this nation. Although we cannot eliminate entirely our need for oil imports, we can and must take steps now to ensure that our vulnerability is reduced to the lowest

possible level.

I know that many of us find it hard to believe that there is an energy crisis when we are able to buy all the gasoline and fuel oil we want.

But even with our storage tanks filled to the brim, we have only enough gasoline to last us for \_\_\_\_\_ days.

Today's plentiful supplies of gasoline and oil can quickly dry up whenever the oil producers decide it is time to apply pressure for political purposes, or simply for financial gain.

In January I took the only steps available to me to reverse the trend of our growing dependence on foreign oil. I signed a proclamation increasing the tariff on a barrel of oil by one dollar as of February 1st.

A second dollar was to be added on March 1st, and a third dollar

on April 1st. Congress has responded by passing a bill which

would even undo that limited step by reverting to the nominal tariff

levels of the past. But these tariff levels have done nothing to lessen our

growing thirst for foreign oil. I cannot accept that. I am tonight

vetoing that bill because I believe that we must take action now to reduce foreign oil imports.

In the last few weeks, however, there have been some signs that Congress is beginning to recognize the seriousness of our energy problems. They have asked for more time to consider my energy proposals. I am willing to meet them halfway. Therefore, tonight I am amending my proclamation to delay the second dollar increase from March 1st until May 1st. This will give the Congress two additional months before the second dollar increase takes effect, and three months before the third increase takes effect, during which time they should be able to give consideration to developing a comprehensive energy policy.

While I want to work with the Congress on these vitally important national problems, and while I am willing to compromise with them on the specifics of a program, I am not prepared to compromise on the question of whether or not we should have a national policy which realistically addresses our energy problems.

I am not willing to stand by and watch as our dependence on foreign sources of oil makes us a hostage to the whims of others. I am not willing to tolerate, nor should the American people tolerate, any further inaction or any further delay from the Congress. Given my willingness to meet the Congress halfway and to grant them additional time in which to consider my proposals, I am confident that they will see fit to reaffirm my authority and to sustain my veto of this bill.

Ideally, we would like to remove our dependence on these uncertain sources of energy immediately. Unfortunately, we have already waited too long to do this. We enjoyed the low prices, and we ignored the danger signals that became evident several years ago. We failed to learn the lesson of the embargo, and we fooled ourselves into thinking that the solution could be painless. There are no painless solutions, and there are no quick ones.

With an appropriate energy policy we can start to reverse the trend of growing vulnerability. With perserverance we can reduce our growing

dependence on foreign oil in the years immediately ahead. But we can only do this if we admit the size of the problem we face and recognize the need for action now. This is a big problem. Let's now fool ourselves by believing that expedients like rationing, allocation, and Sunday driving bans can solve this problem. We know they can't and, more importantly, those who sell us oil know they can't. Lessening this nation's vulnerability will require far bolder steps and far greater sacrifices on your part than many would like you to believe.

After examining all the available alternatives, I proposed to the Congress a comprehensive energy program which can solve our problem. It is not a pleasant program. It will require sacrifice from all of us. But it has been drawn up to ensure that the burden would be fairly and equitably distributed among all groups of American society, and I have proposed steps to lessen the impact on those sectors of society least able to afford it. Congress must act upon that program or propose an equally comprehensive, effective and equitable substitute. The task is not an easy one. Clever

people can offer many reasons for doing nothing.

There are some, for example, who say that we cannot deal with our energy problems now because of our serious economic difficulties.

That argument is shortsighted because it fails to recognize that as long as this nation depends heavily on others for energy, our jobs and our way of life will be affected by forces beyond our control. We cannot solve our economic problems by postponing the hard decisions on energy. Indeed it is only by getting on with these decisions that we can hope to restore a sound and permanent prosperity.

In the long run reducing our energy vulnerability will help our economy, but there is also a step that can be taken now to improve the economy, and I am deeply concerned that it has not yet been taken. In my State of the Union Message I asked the Congress to pass a simple tax reduction proposal which was designed to put money into the hands of consumers quickly and to encourage business to create jobs by stepping up investment in badly needed new plant and equipment.

When I made my proposal the unemployment rate in the country was 7.2%. We were told that Congress agreed in principle with the need for tax relief and that we could expect action quickly. A month later the unemployment rate had risen to 8.2% and an additional \_\_\_\_\_ Americans were out of work--still not action, still no tax relief. Next week new unemployment figures will be available. I do not expect them to be good. The most important immediate action the Congress can take is to enact the tax cut I requested nearly two months ago. Neither House of Congress has yet passed that legislation. Under less urgent circumstances, we might afford extended deliberations, but the urgency of our economic problems makes prompt action on a tax cut mandatory. We must avoid wasting time on minor disagreements or on trying to rewrite our entire tax code. The impact of any proposal, in terms of jobs and renewed economic activity will not be felt until the tax reduction bill is passed and implemented. New investment commitments may be held off until the investment tax credit is clarified. More important, even after the

specified terms of a tax cut are enacted into law, it will take many weeks before the funds begin to flow into the economy.

This means even if Congress were to pass the tax legislation and have it on my desk by next week, the earliest individuals would have extra money in their pockets to spend would be \_\_\_\_\_.

No one can say that the tax reductions recommended either by me or by the Congress will in and of themselves turn the economy around quickly. But tax relief is an essential ingredient in supporting the economy and turning it upward later this year. It is, therefore, critical that a tax package be quickly acted upon and implemented.

It is action that we need both on energy and the economy. Moves to delay action or statements of concern about high unemployment figures will not solve our problems. We have had enough of them.

It is time to act.