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THE WHITE HOUSE

PRESS CONFERENCE
OF
ROGERS C. B. MORTON
SECRETARY OF THE INTERIOR
AND
FREDERICK B. DENT
SECRETARY OF COMMERCE

THE BRIEFING ROOM

3:24 P.M. EDT

MR. ROBERTS: Ladies and gentlemen, the Secretary of the Interior, Rogers C. B. Morton, has just completed a meeting on energy matters with executives of seven industries. Secretary of Commerce Fred Dent, and Federal Administrator John Sawhill also participated in the meeting.

We have Secretaries Morton and Dent, along with two of the executives who were in the meeting, Morton Darman, President of the American Textile Manufacturers Institute, and Mr. Michael Tenenbaum, President of Inland Steel Company. They will summarize the meeting for you and will be available to answer your questions.

Secretary Morton, will you lead off, sir.

SECRETARY MORTON: Thank you very much.

Ladies and gentlemen, what I would like to do is first quickly summarize, and then turn the meeting over to Secretary Dent for specific reasons.

First, this meeting was directed toward the conservation of energy in industry and commerce in the manufacturing areas, the trade associations and so forth. Mr. Darman, representing the textile industry, and Mr. Tenenbaum, representing the steel industry, were very typical, I think, in their type of approach to this problem.

What we are looking for here is compliance with the marching orders given us by the President. We are looking for a saving in 1975 of 175,000 barrels a day. We are looking for a reduction in demand from the projected demand from the 1972 base of 15 percent by 1980.

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Since industry actually consumes very large proportions of the energy that is consumed in this country, we have to look to industry for some real conservation and savings. In the short-term conservation, savings, more frugal management, more efficient management of our energy supplies will give us the best chance to get out from under the very high priced foreign oil that we are now having to buy at the rate of about 6.4 million barrels a day.

The way I intend to operate the council, which was set up under the ERDA administration for energy--the Federal Energy Council--and which the President has asked me to chair, is to try and allocate the responsibility and accountability for different parts of our energy program, conservation program, supply development program, management program and so forth to the various departments and agencies of the Government who have an expertise, a capability, and have a basic understanding of the areas in which they are working.

I believe it is very appropriate that the conservation of energy in industry be directed under the leadership of the Secretary of Commerce, and he has already established a good many programmatic processes and programs in this area.

So, I am going to ask Fred to introduce our two guests here, and also to make any comments that he cares to, and after that I will be very happy to try and answer your questions, and I am sure he will.

SECRETARY DENT: Thank you very much, Secretary Morton.

We feel that the goal of 175,000 barrels per day savings is achievable. Industry has been at work on this -- in the Department of Commerce, at least -- has been working with them since February of 1973. Remarkable achievements have already been attained.

At the meeting today we asked them not only to continue the good work but to organize on an industry-association basis, reporting on a monthly or a quarterly basis to the industry association so that they in turn can report to us on the results achieved.

A pilot operation of this nature has been going on on a monthly basis in the textile industry. Typical of some of the work that has gone on following the Project Independence energy conservation meeting in San Francisco, I asked that General Motors Corporation give us a copy of their energy conservation manual.

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It shows all of the ideas they have. They were generous enough to permit us to share this with other industry.

In addition to reporting on the monthly or quarterly basis to provide the Government for information as to results, we asked the companies to commit to working with their employees, their stockholders, the communities around them, the States in which they do business and with their suppliers in order to get the President's all-out call to the American people to address energy conservation in the most serious fashion, and we are confident that the type of response we received today is going to be a major part of achieving these goals.

Now, perhaps you would like to ask those of industry some questions about this or either one of us would be glad to respond.

Q Mr. Secretary, your meeting today at least outwardly seems to go over the same ground that meetings in the last two weeks have been held with the FEA, with perhaps many of the same corporate executives. Can you tell us what was accomplished today that has not been accomplished in the last two weeks at FEA?

SECRETARY MORTON: I think we have gotten a report from industry on that, and it is certainly a refinement, and there is not only a refinement, but there is a broader detail presented to us as to what kind of actual accomplishments that we can expect and what some of the barriers to those accomplishments are in the minds of the people who are here.

Maybe Fred could elaborate on that.

SECRETARY DENT: Yes, I think a significant difference is that those meetings were designed for a longer range goal of 1980. The meeting today was specifically the 1975 petroleum, 175,000 barrels per day savings.

There is an overlap, but this is the shorter term and re-emphasizes the need to get on with these other portions of the program beyond just the industrial conservation itself, the leadership element.

Q Secretary Dent, what have you achieved since that February 1973 meeting?

SECRETARY DENT: I think that the indices that we have received from industry statistics indicate that a savings in excess of 5 percent nationwide have been achieved. We expect and hope to improve on this.

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Q That is just in industry?

SECRETARY DENT: That is correct.

Q Is that in petroleum products you are talking about?

SECRETARY DENT: This is overall energy savings we are talking about.

Q Mr. Secretary, there are references in this background paper to the energy burden of environmental control. Can you estimate what percentage of the 1975 oil savings and the 1980 oil savings is contingent on relaxation of present environmental control to the industries that are involved here?

SECRETARY DENT: The projects that we have undertaken with the FEA in the last two weeks looking towards a goal for 1980 are based on the assumption that the environmental controls remain as is. We are trying to develop, however, the possible trade-offs, if there were modifications in these, and based upon the potential savings not only in energy but dollars, we may re-examine the possibility of recommending consideration be given to the standards as set prior to the Arab embargo.

Q Well, when you say as is, that is not very precise because I guess we both know that there are regulations going in force --

SECRETARY DENT: That is what I mean. The regulations that go into force in 1977 and 1980 as presently constituted are involved in the goals that we have received from industry so that any modification would be an enhancement of energy efficiency.

Q Mr. Secretary, how much of this saving of 5 percent in energy would you contribute to the economy slowdown rather than to conservation?

SECRETARY DENT: There will be none whatsoever because we are talking about energy consumed on per unit of production, and unfortunately if we slow down, it is more difficult to maintain a high level of efficiency. This is not overall consumption, but rather consumption per unit of output.

Q Mr. Dent, that background paper that you have given us refers to six industries for this industrial energy conservation program. It does not include the textile industry, which is invited here. Could you explain to me why?

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SECRETARY DENT: Yes, certainly. One of the things that is most important in this energy conservation effort is that we as a Government receive direct measures. The textile industry happened to get started earlier than most on an industry-wide basis, receiving monthly reports of plant energy efficiency.

They came in to explain how their system had operated and demonstrated a chart. This happens to be a chart showing the results that they have achieved. The upper line is the 1973 consumption per pound. The lower line, fortunately, indicating an increased efficiency is the 1974 record, and their consumption million btus per pound of production started in November of 1973 at 21.8 and in August of 1974 had dropped to 19.77.

These are the types of figures that we want to have available to report to the public, the Congress and the President.

Q So, the textile industry is not being asked to take part in this conservation program?

SECRETARY DENT: They certainly are.

Q They are?

SECRETARY DENT: Absolutely.

Q I would like to ask Mr. Darman another question involving textiles, and involving shortages rather than conservation. I understand that there is an imminent shortage of natural gas as far as the textile industry was concerned, and I would like to ask Mr. Darman if you brought this up at the meeting and what assurances you got from the Government that the textile industry is going to be able to get natural gas?

MR. DARMAN: (President, American Textile Manufacturers Institute) To answer the two questions one at a time, first, the question of natural gas availability and its importance to the textile industry was discussed at the meeting.

It was discussed in the context of natural gas being the only available energy source for the finishing process in synthetic textiles and in the further context of the finishing operation being the bottleneck in the production of all clothing in the United States so that if the finishing mills were to be denied their natural gas supplies, then a million textile workers all the way back down the line would suffer.

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We received no assurances from the Government that we would get preferential treatment. We didn't seek them. Our purpose in bringing up the question was to let it get into the record. We are confident that job preservation is a very singular goal of this Administration, and a very important matter in national interest, and hopefully that will be taken into consideration if, as and when allocations become necessary.

Q Secretary Morton, in all the deliberations about conservation and the cost of imports and the problems, has it ever been kicked around in those deliberations that we just live within our means, so to speak, and take a leaf out of the French book and only exist on the fuel that we can produce domestically, kind of go cold turkey? Has that every been discussed?

SECRETARY MORTON: Certainly the whole French methodology that France has used to approach their inflation and energy problem has been discussed. You are looking at some very difficult economic impact situations, though, when you begin to arbitrarily reduce the importation of fuels.

Now, there are different points on the scale of the economy which would have a rather dramatic effect in dislocations and in employment in various parts of the economy.

Hopefully, we are going to be able to work out an orderly procedure for the substitution of foreign energy sources with an increase in domestic supplies while at the same time going all out for conservation and efficiencies in those areas which do not throttle the economy and do not result in high unemployment.

If you look back to the days when allocations of fuel resulted in some areas, particularly in the recreation business area and the dislocations and a loss of jobs, you will see that you can very quickly reach a point where you have got some fundamental economic problems and erosion of the Gross National Product.

What we are trying to do, and I am confident that we can, is we can get ourselves in better shape energywise without really pulling the rug out from under the economy.

Q Mr. Secretary, what are you going to induce the oil industry to develop additional sources of energy?

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SECRETARY MORTON: Well, the first thing we are doing, we are making those reserves and areas of potential reserve available to them. That is the major thrust, providing them with more acreage on the outer continental shelf. Obviously, we are doing everything we can to develop the arctic reserves and the completion of the oil pipeline.

The consideration that we now have is to get together with the defense community and with the Secretary of Defense and Secretary of the Navy to see what role the petroleum reserves, Elk Hills and the arctic petroleum reserve can play in the increased supply, and we are now beginning the discussions.

This will take legislation, it will take Congressional action, and we are discussing that to develop a way to go in this area.

Q Mr. Secretary, what response are you getting from the oil companies?

SECRETARY MORTON: We are getting a terrific response on the increased acreage. Today we had quite a series of bids that are very encouraging. Obviously, the market place is there, we have had very successful sales which have generated billions of dollars of revenue, and we are seeing a real desire and effort on the part of the oil companies to make the investment necessary to explore and develop these areas where the great potential is.

Q Secretary Morton, I wonder if I could ask a couple questions stemming from the President's speech of last night.

In your new capacity as head of the energy program designated by the President, do you intend to restore the system that was in play during the energy crisis of a year ago of reducing the use of limousines by Government officials and having smaller cars used?

SECRETARY MORTON: I don't know anyone who has a limousine except the President and the Vice President. I see no reason why we should change the policy and go back to big cars. The whole effort is toward the conservation of fuel, and the transportation in both private and commercial areas is one of the opportunities, so obviously, we are not going to do that.

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Let me clarify one thing about this program. What my job is, is to bring together the various components of the Government, and I am a great believer that you can get a lot done if you don't try to get credit for it. What I want to try to do is to make sure that the statutory responsibilities of the Federal Energy Office under the direction now of Mr. Sawhill and the new organization as it comes in being, the Department of Commerce, the Department of Transportation, the Department of the Interior--all of us that are involved in some area of this thing -- do our thing efficiently, do it in consort and in coordination with each other.

The last thing in the world that I want to be is a czar. I want to make sure that every component of this Government -- and there are many of them -- is dealing with industry. Now, this would be a responsibility of the GSA as far as the general transportation of Government is concerned.

I certainly want to make sure that the General Services Administration, outside, of course, of the Cabinet and the very few cars that are involved in the White House and so on, but across the board in saving energy, as far as Government transportation by cars is concerned, the GSA has got a great opportunity and we will press them to save all of the energy they can and, of course, the use of very efficient cars is the best way to start.

Q But are you indicating that you are under the impression, Mr. Secretary, in your new capacity that only the President and Vice President are now using big cars and no other Government officials are?

SECRETARY MORTON: I think the Attorney General has still got a big one over there. I don't know what the background is. I got one that you and I both together can hardly fit in, I will tell you that, but that is not your fault. That is mine. (Laughter)

Q One further question, if I may. The President spoke of the 55-mile-an-hour speed limit. In your capacity, are you able to have any oversight of State enforcement of that 55-mile-an-hour rule and do you intend to exercise it?

SECRETARY MORTON: We certainly have oversight, but we don't have authority over the States in this area as far as I am concerned. The President has already addressed himself to this, and he has communicated with the Governors. I would expect, under the circumstances, wholehearted cooperation from all of the State Governments in exercising their enforcement responsibilities in this area.

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Q Mr. Secretary, some time ago in an interview, you suggested that Interior might be leasing ten million acres per year off shore for a few years, three or four years perhaps. The ten million acres is the goal for next year. What do you see for the years following that?

SECRETARY MORTON: As you know, we have used the ten million acre number as a goal, and not as any mandatory amount that we have to achieve. If and when the necessary steps are taken so that we can make decisions to go into the frontier areas -- the areas of the Atlantic, the areas of the Gulf of Alaska and Pacific and so forth -- it may be that we can, through the nomination process, select diverse but very attractive tracts based on the geological information that we have that would result in a more efficient use of the exploratory region available.

In other words, it might be better to construct some sales in those frontier areas that are more exploratory in nature rather than development in nature. In the phase of opening up the frontier areas, it may be well for us -- and the decision is not made -- to move toward a more selective process rather than such a large area.

But in the Gulf of Mexico where the general exploration has been done, where there is a good deal of knowledge based on production that is already there, I think the goals for the Gulf of Mexico in 1975 are realistic.

Q Mr. Secretary, there have been a lot of reports about how big or how small the Mexico find is. Could you say what you know about how large that find is, number one, and number two, what relationship, if any, does President's Ford's trip to Mexico have to do with that finding?

SECRETARY MORTON: To answer the second part first, I think it is very timely and very fortunate and coincidental, and I think it would be an excellent opportunity for the Presidents of both countries to discuss resource exchange, to discuss trade in this area and to discuss policy.

You remember that all of the oil in Mexico after they nationalized their oil companies in 1937 belongs to the Mexican Government, and actually at this point in time, we have very little more information in terms of quantity or the size of this discovery than what has been published.

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I am trying to develop -- and this is a sensitive area -- all of the information that is appropriate for us to have, and hopefully we will be able to give the President this information before he meets with the President of Mexico.

Q Mr. Secretary, could I ask you a question about the numbers in the fact sheet. It is stated here that industry-wide orders indicate savings to be about between 6 to 12 percent that have been achieved.

Could you reconcile that with the 15 percent by 1980? Does this suggest that we are already almost to 15 percent now, or is that a new 15 percent on top of the 12 that has already been accomplished?

SECRETARY MORTON: This formula was developed by the Federal Energy Administration. John Sawhill had to be at another meeting. I was hopeful that he would be at this press conference, but Roger Sampson of the agency is here and I think he can answer the question better than I can.

MR. SAMPSON: That is a new figure. The achievement of those savings that are mentioned, those have occurred. The new objective, however, overlaps slightly. There is a 1972 to 1980 time frame that we are talking about so the achievement really that you have looked at is a little bit overlapping.

MR. ROBERTS: Secretary Morton is about three-quarters of an hour behind schedule now.

SECRETARY MORTON: I will take one more.

Q Secretary Morton, the President has said that if the President's voluntary conservation approach does not work he won't hesitate to ask for tougher measures. Can you give us a little better idea of what sort of a trial period we are talking about here? For example, at the time he gives the State of the Union Message next January, might he ask for tougher measures?

SECRETARY MORTON: I would say that you need three or four months to get a good measurement of this thing, and I would think that early on in the next Congress would be an appropriate time if tougher turkey -- I think that is the way he put it -- would be required.

THE PRESS: Thank you, Mr. Secretary.

END (AT 3:45 P.M. EDT)