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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
WHITE HOUSE CONFERENCE
ON DOMESTIC AND ECONOMIC AFFAIRS

DIPLOMAT HOTEL

4:40 P.M. EDT

Governor Askew, members of the Cabinet, distinguished public officials, ladies and gentlemen:

It is a very high honor and a very great privilege for me to have an opportunity of coming to the great State of Florida and participating in this conference, which I hope and trust will be beneficial not only to you individually, but to this area, this state, as a whole.

I am deeply indebted to the Governor for three specific things: Number one, the very warm welcome that he and Mrs. Askew gave to Betty and me at the airport, the opportunity to talk with them on the way in from the airport, and for that I thank both you and Mrs. Askew, Governor.

Number two, I am deeply grateful that the Governor came to Atlanta several weeks ago when we had a comparable conference, and I had the opportunity of hosting some ten or 12 Southern and Southeastern Governors where we spent the evening discussing various problems that were related to their respective states and problems that I, or we, had at the Federal level.

The one suggestion that I remember most vividly came from Governor Askew. He said that the State of Florida had very high unemployment in the construction industry, they had available money to carry out an expedited Federal aid to highway program, and that he was interested in meaningful jobs.

I promised that I would go back to Washington and to take a look at the availability of some money that the Federal Government had impounded in the Highway Turst Fund, and we looked the situation over and, as a result, some \$2 billion of Federal aid to highway funding was made available to fifty states.

For that suggestion, Mr. Governor, I thank you very much because it will mean significant jobs.

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They expect about 125,000 to 130,000 jobs throughout the United States as a result, and it will mean safety on the highways and it will mean the completion in many instances of some of the missing links in our interstate system.

Of course, I thank you for the fine turnout of all these great citizens of the State of Florida on this occasion. It is a privilege and a pleasure for me to be here.

I was telling the Governor that my parents came here almost regularly every year for a number of years, quite a few years ago, and my wife, she always has loved it down here, and I must say it has a great appeal to me.

It is a dynamic state. It is a friendly state. It is a state that is a very strong and integral part of our Union. As a matter of fact, Florida is the wave of the future.

You have had phenomenal growth. It is an area of tremendous change and challenge, and I am well aware of the great contribution of your Cuban-American community, to your culture and your economic prosperity.

Here in Florida you have lived at the starting line of America's adventure in space, the breaking of one space barrier after another. We have now reached, as all of you know, beyond the moon to the most distant of our planets.

You have been part of massive technological breakthroughs, and these advantages have opened up vast new horizons to mankind here on earth.

I think the record is quite clear. Life has changed more in this century than in the preceding 2000 years. The world has literally been transformed. Our mission, your job and mine, is to confront these changes with modern-day answers.

The greatest change is in the cost of energy. The United States must declare independence from foreign sources of energy, and the sooner the better. The public and private sectors of our society will spend literally hundreds of billions of dollars over the next decade to explore and to develop new energy. Millions of workers and the massive power of our technology will combine to attack the problems before us. I am always an optimist. We must and we will win that struggle.

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The facts are we are now importing more oil, foreign oil, than ever before, before the embargo. As a matter of fact, just a year ago we were importing roughly six million barrels a day. Today we are importing roughly seven million barrels per day, and as a consequence, we are faced with even graver risks today than we were 12 months or 18 months ago.

I can see nothing but folly in pouring out more and more of our own national treasure to meet the ever-rising and intolerable costs of high-price foreign oil.

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Two hundred years ago, George Washington threw a dollar across the Rappahannock and made his try. It is in all our history books. Today, unfortunately, the American people are throwing \$70 million a day across international waters, and many, too many people, really do not care whether we do it or not. That is an intolerable situation.

If the Congress takes the 90 days it is demanding to develop its own energy program, every single day will be one day of costly delay, adding about \$200 million in cost for petroleum imports alone during this 90-day span of time. And if enactment of our comprehensive energy program is delayed for the remainder of this calendar year, we would pay out a total of more than \$2 billion more for foreign oil.

Unfortunately, the Congress seems to be embarked on a massive gamble, a risk of increasing this Nation's vulnerability to future embargoes, which we cannot afford. I would much rather invest the \$200 million dollars, or \$2 billion as the case might be, in American jobs than send them abroad.

Nearly six weeks ago, I submitted to the Congress an action program. I made detailed economic and energy proposals, but the Nation still waits for Congressional action, even such action that would make Americans just one gallon less dependent on imported oil, or put just \$1 back into the citizen's pocket through the tax rebates that I proposed.

In the process of developing this plan, I was the beneficiary of what was called "Project Independence." Here is a multi-page document, about 325 pages, the result of the most exhaustive examination of the problems of energy ever made in the history of the United States. Expert after expert worked literally months putting this document together, and what it is, is an analysis of the problem with one option after another for those who have to make decisions.

My advisers, Secretary of the Interior, Rogers Morton, and others and myself spent a good many hours studying, analyzing, making some rational decisions on the basis of this factual information. I concede, right now, that most of the problems we faced were not easy. They were not either black or white. Many of them meshed. Many of them were very controversial. Many of them were marginal decisions, but we spent a great deal of time coming to some rational decisions. And the net result was that, in late January, I submitted, to the Congress, a bill, which is about 167 pages. It includes the particular recommendations that were made for affirmative action to solve the energy problem to make us less vulnerable to foreign oil imports and to give us an opportunity to meet any challenge so that we could stimulate production and conserve what we have.

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Now, I have not been very popular in recent weeks with some of my old friends in the Congress because I used an administrative tool that they gave to the President before I became President, whereby, I could impose, through a declaration or proclamation, an import levy of \$1 or \$2 or \$3 on every imported barrel of oil. This was an administrative action taken solely for the purpose of forcing the Congress to act, and why did I do that?

Well, I heard, for the last three years in the Congress, one President after another, one proponent after another, tell the Congress and the American people that we had an energy problem. We had to do something about it. We had to find new sources. We had to stimulate alternative sources of energy, and we had to learn to conserve. But it is literally true, little, if any, legislative action had taken place. So, I decided that, as long as Congress had given me this authority, I was going to use it to make them come up with an answer.

I had submitted an answer, or at least one I thought was a good one, and what I found was that we literally had 535 answers in the Congress, the House and the Senate, but no one answer, or no consolidated answer, and -- frankly, my old friends, when they saw that the pressure was on and they had to come up with something, they went to work.

Now, I have got some good news and some bad news for you. (Laughter.) The bad news is, I picked up the evening paper from Washington, as I left the national Capitol today, and my good friends across the aisle, according to this headline, said "House Democrats plan 16 cents more on gas tax." Now, that is bad news, because I do not think that is the right answer.

But the good news is that they are focusing in on the problem, that they finally have decided, in this Democratic, as well as Republican, that there is a problem, there must be some answers and that they have to come up with either their solution or take mine and modify it, or change it. The good news -- and it is good news -- we can argue about the differences, our solution or their's, but the main point is that Congress now is beginning to realize they have to have an answer. What they are really doing is studying this, and if they do, I think they, as well as myself, will come pretty close to the same answer. That is important for the national security of the United States.

We have had a little problem. They have passed legislation to take away this authority that I have been using to get some action. Unfortunately, I am going to have to veto it. (Laughter.) And I hope we can get enough votes to sustain it, so that then we can join hands and work together in trying to find an answer. And I suspect it will be sustained. I am optimistic. And then we can sit down across the table, both the House and the Senate, Democrats and Republicans, and have an energy plan that will solve our present, as well as future difficulties.

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Let me just say, the practical energy program that I have submitted -- if I could run down a few of the points -- it will give us energy independence by 1985. It will increase domestic energy production, conserve energy, and it will prepare us for any future embargoes.

In brief, I think we have got to allow competitive pricing of new natural gas supplies. We must increase production of oil and gas from our Outer Continental Shelf. We must double production of domestic coal supplies.

We must amend the Clean Air Act to achieve a better balance between our energy and environmental requirements. We now consume approximately 17 million barrels of oil per day, about seven million from foreign sources.

By 1985 we will be consuming in total about 24 million barrels a day. Unless something is done, imports will rise to 12.7 million barrels. This is over half of the total we use, and puts us at the mercy of others.

By adopting the suggestion that I have recommended to the Congress, we can become independent of foreign oil by the mid-1980's and at the mercy of nobody -- nobody.

We can and we must reduce our needs from the projected 12.7 million barrels to less than five million barrels. Strategic petroleum reserves would replace three of the five million barrels. In the event of a national emergency, they could be used.

This is what I envision for America if this plan that I have recommended, or something reasonably comparable to it, is enacted into law. By 1985 we could have 200 major nuclear power plants, 250 major new coal mines, 150 major coal-fired power plants, 30 major new oil refineries, 20 major synthetic fuel plants, drilling of thousands of new oil wells, the insulation of 18 million homes, the manufacturing of millions of new cars, trucks and buses that will use far less fuel.

I might say that we have an agreement in writing with the major automobile manufacturers that if we agree to the California standards for emissions, which is a higher standard than we have today, they will guarantee in five years to get a 40 percent increase in automobile efficiency.

That means 40 percent less gas utilization. This is the kind of a program that is included in that bill that I showed you.

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To achieve our goals for beyond 1985, I have asked the Federal agency -- particularly the Energy Resources Council and the newly created Energy Research and Development Administration -- to work with the private sector, to develop a broad range of technology that can tap all of our domestic energy resources.

This means not only coal, oil, gas and nuclear resources, but the emerging alternative sources such as solar, geothermal and oil shale energy.

These are what we call more or less the exotic fuels. Over the next five years alone the Federal Government plans to spend \$11 billion in energy research and development.

Let me illustrate the magnitude of this research and development program. In 1976 we have recommended in the Federal budget \$2 billion 300 million for energy research, more than double the amount of the last two years.

We recognize that America is very rich in energy resources. We have potentially a thousand years of nuclear fuel. We have hundreds of years of coal resources. Our potential for solar energy is unbelievable. Large deposits of untapped oil shale and geothermal energy lie beneath our Western states.

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We have an obligation, as I see it, to find ways to use these resources economically. At the same time we must use them in a manner that is environmentally acceptable, and we must keep our options open. Our capabilities must be broad and flexible so that we can develop varied sources which are not mainly dependent on only one or two.

That is why we have launched a comprehensive federal energy effort that will cooperate closely with American industry.

Let me for a few moments discuss with you some of the very exciting, exotic energy alternatives, and this seems quite appropriate in a state like Florida where you seem to have a great vision of the future. Since conventional oil and gas comprise less than ten percent of our proven domestic reserves and fossil energy, a major thrust in our research effort aims to develop new technologies for efficient, clean use of our coal and oil shale resources to provide energy for utilities, industries as well as homes.

To this end the Federal Government has already undertaken a very broad program to develop coal gasification, liquification and advanced technologies for utilizing oil shale. Before the end of this year, for example, four pilot plants will be in operation to convert coal to gas for home use. Another four plants to convert coal to oil for commercial and industrial use are under construction or will be in operation.

If our Nation is to achieve energy independence, nuclear power must be developed to its fullest potential consistent with public health and public safety. In addition to getting current generation nuclear power plants on line much more rapidly, we must develop a new generation of nuclear reactors.

This includes the so-called fast breeder reactor. Only by this means can we capture the full potential of our nuclear resources. Future reactors of this kind will be capable of fuel efficiencies, some 60 times greater than the present nuclear light water reactors.

Uranium supplies will thus be extended for literally centuries rather than just a few decades. Obviously, it is a big and it is a very difficult job, but we must do it, insuring that the safety of the public is not endangered and that our environment is adequately protected.

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Our 1976 budget also provides for a very vigorous long-term program to develop controlled nuclear fusion. There are serious scientific and serious technical problems to overcome before we achieve practical fusion. However, this effort holds our future hope for vast amounts of clean energy.

Fusion, along with solar energy, are -- the two are very unique in that they may supply energy for thousands of years into the future. Our 1976 energy program also includes an accelerated solar energy effort far larger than anyone ever imagined several years ago.

This is particularly important, I would think, down here in your great State of Florida. As a pioneer of solar energy dating back to the 1930's, the Sunshine State can now play a very leading role in the application of solar energy to commercial and private buildings.

The program that we are advocating is designed to help develop technologies for solar heating and cooling by converting solar energy to electricity, by producing power economically from the wind and exploring the potential of other solar techniques.

The Federal Government, your government, already has major solar heating and cooling experiments underway in half a dozen states throughout the Union. For example, the first demonstration for solar heating in a hospital will be in a new 200 bed hospital on an Indian reservation in the State of New Mexico.

Solar heating is being utilized on an experimental basis in several Federal buildings that are currently being constructed. Your government is exploring the potential for central station production of electrical energy from solar energy sources.

Just one of these stations, with a few square miles of collectors, can some day supply the energy needs of a city of 250,000. This technology at the present time is very expensive, and it takes many years to develop it commercially, but we are on the way and we are going to continue to push.

The use of geothermal energy holds a great potential. I was at Los Alamos out in the State of New Mexico at our nuclear facility there, and some of the things they showed in the field of geothermal energy production was unbelievable.

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There are large underground hot water areas which will be the source of significant electricity within the next ten years, mainly in the Southwest and the far West.

Earlier this month in Southern Idaho, drillers tapped a new hot water resource for geothermal development. Our first efforts to extract energy from dry hot rock, potentially the largest geothermal resource, are underway.

With Federal support, this country, as I see it, is on the road to producing alternative automotive engines with obviously far greater fuel efficiency. And this is over and above or beyond what I mentioned a few moments ago with the agreement of the automotive manufacturers to increase automotive efficiency by 40 percent in the next five years.

As we look back, energy was once relatively cheap in America. As a matter of fact, in 1970 we were paying about \$3 billion a year for foreign oil imports. Last year it was \$23 billion, and if we do not do anything about the problem, it will be \$32 billion a year by 1977.

The day of cheap energy in America is gone. We must conserve through the development and the application of improved technology, but we must have more efficient means for energy conversion, transmission, distribution and storage, as well as utilization.

What I am saying is simply this: We must solve our energy problems, and what the Governor said at the outset is so true. There is no easy answer. Every program -- I don't care whose it is -- will require sacrifice, will require to some extent a change in our day-to-day living.

But if this country is to maintain its strength, its invulnerability and its great opportunities for the future, we must move ahead with a solution.

I can assure you that we in the Executive department, I and my associates, will do our part. I believe in the final analysis the Congress will do its part. What we need is a strong support and understanding of people all over the country.

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I think we have to ask ourselves individually as well as collectively the following: Will future generations say that we in the 1970's met that challenge? Will they say this was the year of the decline and the fall of the AMERICAN dream, or will they say that we were worthy of their trust?

I think we can and will be worthy of their trust. I call upon everybody, those here as well as elsewhere, to join with the Congress and myself in confronting the changes before us and in conquering the challenges ahead.

This is important so that we may say to those who follow, "We strengthened our place in the sun, we faced up to our responsibilities, and we succeeded."

Thank you very much.

END (AT 5:15 P.M. EDT)