

FOR IMMEDIATE RELEASE

NOVEMBER 15, 1975

Office of the Vice President  
(Minneapolis, Minnesota)

---

REMARKS OF THE VICE PRESIDENT  
AT THE MINNESOTA METROPOLITAN COLLEGE CLUB LUNCHEON  
REGISTRY HOTEL BALLROOM  
MINNEAPOLIS, MINNESOTA

(AT 1:00 P.M. CST)

Reverend Didier, Bill Frenzel, I want to thank you for those very generous comments. The feeling of respect is mutual.

I would like to express deep appreciation for the opportunity of participating in this discussion here today. To me this is exactly what our country needs, the opportunity for concerned American citizens to discuss the problems we face, the critical choices we have to make.

I think that we are deeply fortunate that there are two organizations in your great State, the Metropolitan State University and the Upper Midwest Council, who are dedicating themselves and working with people to help understand this extraordinary period of change, accelerating change, extraordinary period of interdependence, internationally and within our own country, between the various levels of government, between government and private, and the impact of this change on our lives; and then how we as a free society can shape change to serve the best interests of humanity.

It is an exciting period; lots of problems, lots of frustrations. But I have to say that I am tremendously optimistic and that I think we are living in the most exciting moment in the history of the world; and that if we have as free citizens the self-discipline, the wisdom, to grasp this opportunity, to take the tough decisions and to lead the world and to do the things which modern science and technology, which managerial experience and which our God-given resources make it possible for us to do, that we can play a major role in moving into a totally new era in the world; and that that has got to be one of the most exciting and thrilling opportunities that any group ever had.

Let me go back just for a second and speak about the Metropolitan State University. To me this is a very exciting and significant experiment and experience. For all those who are associated with it, I would like to express my great admiration and respect. The extraordinary growth you have had in the short period of three years and the support which you have had from the Legislature is a clear indication of the importance of the undertaking.

To show my own interest and enthusiasm for it, I would like to say we started an Empire State University in New York which in many respects, although not all, is similar; and we have been in existence a little longer so the enrollment has grown a little more.

MORE

But it is exactly the same basic concept of making it possible for people to keep renewing their understanding and awareness of the new developments; whether it is in science and technology, whether it is in the political and social developments that are taking place in the world, and the new opportunities that are taking place and the tremendous choices we have to make in a free society.

Only in a democracy can a nation be effective if the people understand the problems and understand the facts and understand the issues.

They can't get it unless they spend some time trying to prepare themselves. And through the Metropolitan State University you are giving people that opportunity, regardless of their age, regardless of their occupation, to get back into the stream of intellectual thought, to catch up on new developments and be a part of the ongoing decision-making process.

To me this has got to be the most important possible contribution that can be made. It can be done through a university or it can be done through the kind of council which you have established in the Upper Midwest Council where again, people are gathering together to discuss the issues, to discuss alternatives, discuss problems, and solutions to those problems.

So I am delighted to have the chance to be with this group and to say what a pleasure it is, because this to me is the strength of democracy and it is the hope of the future -- not only for our own country but the world.

Your State has always been out in front, and this is another perfect example of it. So thank you for inviting me and thank you for letting me be here with you.

One of the problems which I know is of major concern to you and is, I think, the key problem for our future -- and as our role in the world has got to be a major role as far as the free world is concerned, those who believe in dignity of the individual and quality of opportunity, the dignity of work -- that I would like to just speak for a few moments about the energy situation, and then go as rapidly as possible to the panel because it is always more interesting to listen to questions and answers than it is to a speech.

To go back just briefly as to how we get to where we are and what is known as the energy crisis, although I have to say I spoke at the Midwest Governor's Conference, and believe it or not, Governor Exon asked me whether there really was a crisis.

(Laughter.)

"How can there be a crisis when there is plenty of gas at the pumps?" I said, "You have got it right there, the whole thing. There is plenty of oil and gas in the pumps, but the fact it is there is because we are importing 40 percent of the oil."

We will be paying now, with the 10 percent increase,

MORE

\$30 billion a year. If it weren't for the farm families of America we would have a \$20 billion deficit in our foreign exchange balance of payments. We would be in an intolerable and impossible situation. Thanks to the creativity and dynamism and extraordinary dedication of the farm families of America or we would be in a very rough situation right now.

Because of those exports and based on our increased production -- 60 million acres are coming in -- we are able to pay, up to now, the increased price, which is now about 700 percent over what it was three years ago for oil.

How did we get into this? Energy has been the cheapest commodity that this industrial society has enjoyed, and we built our society on cheap energy; and when energy got more expensive here, companies went abroad and developed in other parts of the world where it was even cheaper. So we kept on developing our industrial society and our modes of living on the basis of cheap energy.

Believe me, we have taken full advantage of it; whether it is in the size and design of our automobiles or whether it is in all the appliances we use or whether it is in the whole industrial fabric, the design of our houses, the design of the factories, the waste of heat and some of the waste of energy that goes to cooling our communities.

But in the mid-sixties this country found itself in a position where, because of this increased cost at home and lower prices abroad, we concentrated on imports and we didn't develop our own domestic production, and so we became a net importer.

Twice there was an attempted embargo, but in each case in the earlier days we were able, because of our strong position, to withstand that and hold prices and export enough oil to preserve the price structure.

But then we got to 1972 and by that time we were a major importer, and you have this very fascinating situation where economic interdependence in the world, with political tensions in the world, came together in one of those unusual sort of coincidences.

So that the Middle East struggle between Israel and the Arab countries, and the fact the Arab countries were major oil exporters and we are the major supporter of Israel and a major importer of their products sort of came together.

As part of their struggle in the Middle East in the war, they put on an embargo. That embargo had a very serious effect, although at that point we were importing not a very large percentage. The East Coast, yes; much more than the rest of the country.

But we lost about 250,000 jobs in the short period of four months and, as far as the Gross National Product was concerned, it cost this country about \$25 billion. Now we find ourselves in a position where in '71 we were

importing \$3 billion worth of oil; in '75, \$25 billion; and next year it will be closer to \$30 billion. And it will go up in about 1980 to about \$50 billion, well over 50 percent of our imports.

The East Coast is dependent, about 80 to 90 percent, on oil for its energy. So let's face it, ladies and gentlemen, we are totally vulnerable from the security point of view on the political whims of another group of nations.

This is a very real crisis, and it cannot only destroy our ability as a nation, our strength as a nation, politically and as a force in the world, but it can cripple our economy and cause chaos in terms of the political structure of entities in our country.

You can say, "Well, all we have to do is wait and OPEC will fall to pieces because they have got about 10 million barrels closed in now and sooner or later the price will break." I honestly don't think that is true. They have got 10 million barrels of excess on production that is closed in, and they just finished a meeting where they increased prices 10 percent. They have another meeting set for June of next year to raise the prices again. So they have shown extraordinary discipline and an extraordinary understanding of the international market.

If you think that Arabs are nomads and live in tents, all I can say is that the people who are running this program are all Harvard graduates who are extremely sophisticated and well versed in economics and finance.

(Laughter.)

And they are doing a job and they have the capacity to close in production and hold their common front. If they didn't, they would lose the revenues they are getting. So that we have got to accept it as a reality.

There is no easy way out of this crisis. There are two obvious facets. One is conservation, which we have to do more of. The wastes are evident on all sides, in every phase of our lives, as citizens and our lives as a productive society, our industrial lives.

The other is to develop the God-given resources which we have in an extraordinary abundance in our country. We have in shale in this country four times as much oil as all of the known reserves in the Arab countries and the Middle East. But there is a real problem getting it out. We have five times as much coal in terms of energy as we have shale oil.

So that we have unlimited reserves -- not unlimited -- but we have tremendous reserves that at present consumption rates could last for 400 years. We have atomic energy and can go beyond that into solar and thermal and so forth for the future. So that we have the resources here to actually develop our own independence, if we want to.

Another reality that I think we have to face is the era of cheap oil is over. International prices have been fixed and domestic costs for self-sufficiency may not

go as high as the international price, but they are certainly going to be higher than they have been. And we have had a very interesting illustration in the price control on gas and the effect of that, which the government put in first in '23 and then the wellhead in 1954.

So that you have gas, which is the most desirable fuel, which is priced at the lowest price. That price is not a price which can encourage or make possible increased production.

So we find ourselves in a situation with gas which is the kind of situation we could be in in other areas where we have a shortage or declining production.

It is now used extensively in industry, in homes, in agriculture. It was rationed last winter. If we have a cold winter this winter, they will ration gas again. Industry will have to cut back. That means unemployment. They will let homeowners have it. Industry will then buy propane gas because they can use it. But propane gas is what the farmers depend on to dry their crops and heat their homes. If the industry buys it up, then the farmers are in a serious situation.

So then they go into much further regulation and you get into a situation where we have regulation of scarcity, and that relates to the whole question of growth. If we don't have growth, which I don't think is incompatible in any way in meeting our ecological and environmental objectives -- we have the technology to do it -- without growth, we wouldn't have jobs, and without jobs we can't have the opportunity which this country has always considered was part of our way of life, to let those who hadn't had a chance to come forward.

So we come into this situation where we have the capability to do this. We have the technology. We have the creativity. We have the resources. We have a \$3 billion economy, so we have got the funds.

We get back to government policy. The government has got to make up its mind. The President presented his program. The Congress has been going through a difficult period, trying to sort out its thinking on the subject. It is a hot subject. It is politically hot. We are in an election year. That makes it all the more difficult.

They are going through the same kind of institutional revolution that so many of the other institutions of this country went through with the change in structure of leadership and so forth.

The result is that this Nation still, after two years since the boycott, we don't have a national policy. A compromise bill has been worked out which probably is the closest that can be reached to get some policy between the Executive and Legislative Branches. It is very attractive for an election year. It rolls back prices, but it also will set back energy independence. Therefore, the long term has very serious negative implications.

We get back to where I started. To meet this problem, we have got to have public understanding. The public has no trouble with the truth. That is the only thing they can cope with. They have got to be able to have all the facts and understand the truth.

Once they understand the truth, then I think they are willing to take the hard decisions that are needed and necessary, and to do what is right and to do what is in our long-term best interest.

So once the public is satisfied there really is a crisis, that we have got to act, and that the government has created a framework of laws within which we can act to give stability to allow private enterprise and individuals to do the things that are necessary and to encourage the objectives we want to achieve, then I think that the American people will roll up their sleeves and get the job done.

This has been our history. We have the capacity. There is no problem about that.

I have to say to you that in the process, in my opinion, this will get us off dead center as far as our economy is concerned, that it will give the base for growth, the growth of our economy, which is essential from the point of view of jobs.

The pick-up in the economy has already in the last five months increased employment in the neighborhood of a million and-a-half people. We still need about 2 million 800 thousand jobs more through growth in the economy, and then we are going to need 1 million 600 thousand average every year to take care of the young people that are coming forward.

These are realities, and this has been our tradition. A no-growth society is a society which does not provide jobs and, therefore, can only mean a lowering standard of living. I am not sure the American people are ready or that the American people should accept that. I don't think they will.

I think that the only reason is because of the fear of the violation of our ecology, our environment, and I don't think that is necessary. We have the technology now to do both.

If we are going to be the strong force in the world and preserve peace and freedom, then we have got to have strength at home. All of this depends on energy independence. So that to me this is the heart of our domestic problems.

There are lots of aspects to it, lots of facets to it that we can discuss. But I think that therein lies the motivating force for the regeneration of our strength, our confidence, our sense of purpose; and once we really get rolling again, I have a feeling that there is going to be a far greater sense of purpose and meaning in the lives of individual citizens.

MORE

I am expressing my opinion, and I don't think that this country is going to have opportunity for all unless we have growth. I think this is the heart of growth.

So I say to you, ladies and gentlemen, I think herein is the sense of purpose and meaning for the future of this country, both at home in meeting the needs and goods and services of people and in meeting our responsibilities abroad, and preserving, if we happen to believe in freedom.

There are a lot of people who don't believe in freedom and believe in another system. They are entitled to it. There is a very strong, positive movement, Marxist movement, in the world. This is a free country, so anyone who wants to express Marxism has the right to do it. We respect that right.

That has not reflected our best thinking as a Nation, nor is it the basis of our strength as a Nation.

This is a very interesting thing. After 50 years of Marxism and Communism in the Soviet Union, they are now reaching out to the capitalist world to get them to build plants to produce consumer requests and services within their own country, because after 50 years they haven't been able to do it.

(Applause.)

Not only that, ladies and gentlemen, they are coming to the United States for grain because they are not able to produce in all of those vast expanses of agricultural land, their system will not produce the food to feed their own people. So they come to the United States and the capitalist country asking to buy food so they can feed their own people. I say let's keep it that way.

Thank you very much.

(Applause.)

END (AT 1:22 P.M. CST)