

[Energy Speech, 4/5/79] [1]

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at
beginning

conservation - supply - technology

Hertzberg/Eizenstat/Schirmer

4/1/79

3 p.m.

Draft #2

Energy address

a) Eliminate big words throughout speech.

Good evening.

We Americans have once again reached a time of decision on the problem of energy. I have asked for this time tonight so that I can speak directly with you, ~~my fellow citizens,~~ about this extremely serious and important problem.

In the long run, what has become known as the energy ~~can~~ crisis will be solved. All the energy we could ever need is pouring down on us every day in the form of sunlight.

Ultimately, we will learn to use that inexhaustible source to meet most of our energy requirements.

That day will surely come. ~~Our children will live to see it.~~ But to get there, we will have to work together-- in the spirit of cooperation and enterprise and creative

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innovation that has helped us meet so many challenges in the past. I am confident that these qualities will guide us through the difficult, sometimes painful, but potentially exciting period of transition that has already begun.

As far as the immediate future is concerned--^{indeed,}
as far as at least []] the next ^{few years} ~~decade~~ [[] is concerned []]--the energy crisis is really a petroleum crisis. More specifically, our immediate problem is a damaging and dangerous overreliance on unreliable and expensive sources of foreign oil.

Many Americans, I know, still do not believe that there is a serious energy problem. That is a delusion.

Many Americans believe that oil suppliers have sought to use the problem to enrich themselves at the expense of the rest of us. That is not a delusion. It is true. But it does not change the fact that the problem exists. And it only emphasizes the fact that we must work together to solve it.

The widespread confusion among Americans about energy problems is one of the greatest obstacles to sound American energy policies. And it is easy to see why people are confused. Energy issues are extremely complex, and they involve conflicting interests and often difficult technical questions.

Another reason for confusion is that the petroleum crisis has hit us in waves. No one who waited on gas lines in 1973 and 1974 doubted that there was a crisis. But then we had a few years of relative stability in supply and price, and people began to forget. People grew tired of worrying about a danger some time in the future.

We even began hearing about a glut of oil. Of course, there was no glut. There has been maldistribution and there have been bottlenecks, but never a glut. Saying there was a glut of oil is like saying there is a glut of food when some families have more than they can eat while others go hungry.

The margin of stability in prices and supply of oil was always narrow. We have been forcibly reminded of that in the past few months and weeks.

Let me take a moment to explain some of the history behind our oil problems.

The petroleum crisis has been building for many years. Our demand for oil rose rapidly in the 1950's and 1960's. It was inexpensive, plentiful, and easy to use. Our economy grew on it. We were not wasteful--we simply found that it was more economical, relative to other commodities and goods, to build our economy on the basis of cheap oil. In those days, it made good economic sense.

It does not make sense any longer. It has not made sense ever since our demand for oil began to outstrip our domestic production, and we had to turn increasingly to imports.

In the early 1970's, we imported a quarter of our oil. Today, we Americans--citizens of a country accustomed to a high degree of self-sufficiency--import half the oil we use. We are the largest buyer of OPEC oil, taking a quarter of the cartel's total production.

This dependence has made us dangerously vulnerable to

price rises and to interruptions in supply.

In 1973 and 1974, we in the United States were hit by the first oil shock. Oil was embargoed, and its price shot up--quadrupling in just a few months. It was a very unpleasant and expensive experience, and its effects are still with us.

Today, some five and a half years later, we are caught up in a second oil shock. Once again the flashpoint was instability in the Middle East. This time it was not a war, as in 1973, but an upheaval in Iran, one of the key oil producers in the region.

The second shock has been at least as bad as the first. For _____ months, as much oil was withdrawn from the world market as at the height of the embargo. Again, oil prices went up, and are still going up.

Many Americans were surprised by the sudden shock, and they ask how it could be so severe. After all, Iran provided

By this time, everyone will be asleep -

only ten per cent of our imports--just five per cent of our total consumption. How could its withdrawal have had such major effects?

a deeper sleep

The answer lies in the fact that we are so heavily involved in the world oil market, and Iran was the second largest exporter to that market. When Iran's production shut down, not just the United States but many other countries throughout the industrial world were forced to buy more from other OPEC producers. Some OPEC producers, such as Saudi Arabia, did increase their production temporarily, but not enough to make up for all the missing Iranian oil. This meant tougher competition for every barrel, and the world oil market became a sellers' market. Prices moved up sharply.

That is what we are caught in today. Iran has resumed production of oil, but its exports will not return to the old levels. That means a continuing tight market. Last week,

OPEC jacked up prices by nine per cent, and opened the way for even higher prices in the near future.

These shocks are damaging in themselves, and they are stern warnings of the grave dangers of our present energy trends. We feel the harmful effects of our addiction to foreign oil in our own individual lives and in the life of our nation. We feel them in the inflation that curses us-- and which we will not be able to control until we can control our oil imports. We feel them in unemployment. In a weakened dollar. In the tens of billions of dollars in lost economic growth--and the tens of billions we hand over to foreign oil producers.

To these costs must be added serious risks to our national security. Our national strength is dangerously dependent on a thin line of oil tankers that stretches halfway across the earth, and that originates in one of the world's

most unstable regions, the Middle East. Also, our European allies are even more dependent on imported oil than we are.

As the price of oil is forced up by what they see as the pressure of continued high American imports, the tensions within the Western alliance will grow, making concerted action much harder to obtain.

The National Energy Plan which I submitted two years ago was the first major national effort to deal with these problems. Eighteen months of debate followed before significant legislation was passed. A full debate was necessary, because so many important questions and legitimate interests were involved.

Still, valuable time was lost. And the basic issue--the alarming growth of our reliance on foreign oil--^{also} tended to get lost, ^{regional} ~~as well~~, as we found ourselves sidetracked into a fruitless search for a villain, whether it be the government, oil

*jockeying for advantage
regional interests
~~state~~ scapegoating
special interest
lobbying*

*→ taking actions by
administrative action*

executives, environmentalists, or consumerists.

Our current predicament is a sobering experience. I hope it will enable us to put aside the search for villains, so that we can move forward toward solutions that will ensure us a future of energy security.

These are the basic facts that we must face as we come to grips with the energy problem.

There is no single answer. But there are many answers that, taken together, can reduce our dependence on foreign oil. We have the tools if we choose to pick them up. We have significant reserves in domestic oil and natural gas. We have centuries worth of coal. We have conservation, our best source of additional energy in the short term. And we have solar energy, renewable energy, for the longer term. And we have nuclear technology.

move up further
immediate problem

13% of nation's
electricity

This past Sunday I inspected the Three Mile Island nuclear power plant in Harrisburg, Pennsylvania. As you know, that plant has suffered the worst accident in the history of commercial nuclear power.

can't shut
down all,
any more than
can shut down
all coal mines
when mining
accident

The situation in Harrisburg remains serious, and we are now taking every possible precaution to protect the health and safety of the area's residents. We all hope that the situation will soon stabilize, and the worst radioactive dangers will be averted.

I am today directing the Nuclear Regulatory Commission to prepare for me, and for the American people, a thorough report on the causes of the Three Mile Island accident. To help ensure that similar accidents do not occur elsewhere, I am also directing the Nuclear Regulatory Commission to undertake a comprehensive review of nuclear safety procedures now in force, and to make recommendations

① full, detailed report

② Direct NRC to inspect every one of 72 plants report by — on every one of these plants

-more on 10b-

② federal inspector in each plant. Now in less than a third

to me concerning any improvements that may be necessary.

We simply cannot afford any accidents in our nuclear power plants. Even one accident in 27 years of commercial nuclear power is intolerable.

Nuclear power offers enormous potential to our energy future. We cannot ignore that potential. But we also cannot ignore the fact that safety comes first.

I am determined to ensure our nuclear future is a completely safe one.

If we move forward to harness these energies, we can break free of excessive dependence on foreign oil, with all its painful costs. There will be some bumps in the road, for sure--but many fewer than the jarring shocks we will encounter again and again if we continue down the present road towards ever-growing oil imports. If we act steadily and firmly now, we can make a relatively smooth transition away from imported oil, and, over the longer term, reach a better and far more secure standard of living.

The National Energy Act, which I signed into law last November, was a solid beginning. Now we must build on that foundation.

Let me speak now of what I will do in the days ahead, and of what I will ask the Congress and you, the American people, to do as well. The program I will lay out in the remainder of this broadcast will require some sacrifice from us all. But

it deserves your support, because through it we can bring ourselves out of our current morass toward a brighter future of energy security.

Conservation is the cheapest--and cleanest--source of new energy we have. We must do more to conserve energy.

There are two sides to the conservation coin:

First, there is energy productivity. That means learning --through insulation, through more energy-efficient houses, buildings, factories, and cars, and through the natural heat of the sun--to make fewer barrels of oil do the same amount of work.

Second, there is energy thrift. That means cutting out wasteful or unnecessary uses of energy. We should be as thrifty with our energy supplies as with our paychecks--for increasingly in our world, energy is money.

We have made a good start in both these areas.

*Some oil companies
50% Leadership
will help us
collectively*
*Taken lead w/ 17 other
countries to fast make*

In the last five years, American industry has used fifteen per cent less energy to produce 40 per cent more goods and services. Our houses and apartments use seven per cent less energy. The average fuel economy of a new American car has shot up nearly 50 per cent, to 20 miles per gallon. That is important, because a ninth of all the oil used in the world is used by the American motorist. We are learning to practice energy productivity.

I believe that we are also learning--permanently--the lessons about turning out the lights when no one needs them, about consolidating trips to the store, about turning off appliances when they're not in use, about using sidewalks and staircases. This is energy thrift.

But we have by no means gone the whole distance. We have only begun to use the reservoir that energy productivity and energy thrift can give us.

Wendell

To tap into that reservoir, I am taking the following steps:

- o I am asking Congress to grant me immediate authority to require that all thermostats in all non-residential buildings throughout the country be set no higher than 65 degrees in winter and no lower than 80 degrees in summer. As soon as that authority is granted, I will use it. This will not mean discomfort, but it will mean a savings of 360,000 barrels of imported oil per day.

- o In the meantime, I am ordering these same thermostat settings for federal buildings, effective tomorrow morning.

- o To set a further example, the federal government will reduce by ten per cent the miles travelled by cars it owns, and will reduce overall federal civilian energy use by five per cent.

There has been much talk about closing gasoline stations

on weekends. I know the hardships that would put on vacationers and on states that depend heavily on tourism.

o For that reason, as an alternative, I will set gasoline reduction targets for each of our fifty States. Each State can meet the target in whatever way it chooses, but the timetable will be strict.

If a State fails to meet its target, I will have no choice but to order mandatory steps to achieve the needed savings. If that means gas station closings, so be it. But if you can work through your State and local governments to make these savings in other ways, then these more drastic steps at the national level will not be necessary.

There are other actions I will take, of a more temporary nature, to help tide us over the loss of Iranian supplies:

o Environmental waivers will be granted, where it is safe to grant them, to help avoid serious shortages of gasoline.

We will take particular care to see to it that our refineries produce as much lead-free gasoline as possible.

o Unless they do it on their own, I will order electric utilities to run non-oil-burning generating plants at full capacity and transmit the extra power to areas where oil burning can be phased out.

o I have directed the Secretary of Energy to use all of his powers to promote the use of coal and natural gas as a substitute for oil.

Taken together, these steps will save our nation _____ barrels of oil each day--enough to take us _____ of the distance to our national goal of a five per cent reduction in oil imports.

o Energy audits like Oregon

In addition, I am going to ask each of you to do a job --one that will contribute substantially to the security and health of our nation. That job is to use just one half-gallon

55 mph limit
all states to enforce it

find alternate
means of doing
to work 1 day
a week

week!

less gasoline per week than you do now.

I know that many of you wonder if your individual contribution can make a difference. I assure you that it can. If even half of us cut our gasoline use by a half gallon weekly--just two quarts--our country would have to import _____ fewer barrels of oil per day.

Response 1 is conservation
" 2 " supply

We must also take action to make maximum use of our own domestic petroleum resources.

I will act immediately to ensure that projects that are critical to the production and use of domestic oil and gas can go forward without undue delays.

o As soon as this broadcast is over, I will sign an executive order that will set rigid timetables for federal decisions on new energy projects, including pipelines, ports, and refineries.

o I will fully support legislation to expedite both

State and court review of the pending pipeline from California to Texas. This pipeline is crucial to making the best use of our Alaskan oil. It is grotesque that it has been stuck in a swamp of State permit applications for the last 14 months.

I intend to see that pipeline built--and without further delay.

o I have directed the Department of the Interior to speed up its review of pipeline applications to serve the northern tier of our country, so that I make a final decision on a route by the end of the year.

→ coal bullet here

We must also step up development of federally held oil and gas, and we must work with our neighbors, Mexico and Canada, to build a strong energy partnership for the countries of the North American continent. To these ends:

o I will submit legislation to step up production at our Naval Petroleum Reserve at Elk Hills, California. And I will submit to Congress, no later than the end of the year,

a specific proposal for oil and gas exploration in the Naval Petroleum Reserve in Alaska.

o My personal representatives are at this moment in Mexico City, beginning negotiations that we hope will lead to a long-term agreement on sales of Mexican natural gas to the United States. *Signed agreements w Canadians*

But the most effective action we can take to encourage both conservation and production here at home is to rationalize the pricing of domestically produced oil--more bluntly, to raise these prices to a realistic level.

This is a painful step. But it is also a necessary step, and I want to explain it to you fully.

In 1975, Congress passed a law which ends controls on domestic crude oil on September 30, 1981--two years and five months from now. If we simply wait for that day to come, the full price impact of deregulation will hit us all at once.

That price impact will be approximately the equivalent of _____ cents per gallon of gasoline--too great a single inflationary shock to our economy.

Yet these controls must be lifted. The reason is that while they do temporarily and artificially hold down retail prices of oil products in the short run, they do so at a prohibitive cost to the energy security of our nation. The effect of controls is that we pay OPEC more for foreign oil than we pay for oil produced here at home. We are literally paying some people to import oil from abroad, and making others pay to produce oil here. Through controls, we have unsuccessfully tried to insulate ourselves from the world oil market. We have succeeded only in subsidizing OPEC and further increasing our dangerous dependence on foreign oil.

The same Act of Congress that mandated decontrol also gave me, as President, authority to implement it in stages.

I expect Congress to act
" " OPEC to

Everyone should know
authority to act

return
from Sept 8)

That authority takes effect on June 1 of this year, and I will use it in a way that both spreads out the price impact to the consumer and maximizes the incentives to produce domestic oil.

[Issue of whether to include language in speech on keeping options open still unresolved.]

Decontrol will stimulate exploration, production, and conservation of oil. But it will also further fatten the already huge profits of oil companies, and much of this new profit will be totally unearned.

That is why I will insist upon--and I will fight for--a steep new windfall profits tax to recover that unearned profit for the American people. This is the only way we can ensure that the American people are treated fairly.

I want to emphasize that this tax--which will be called the Energy Security Tax--is not a tax on the American people. It is purely and simply a tax on the large new unearned profits of the oil companies.

*~ Robin Hood here
somewhere
~ heat cutoffs to poor
~ forbid
increases
in veto*

As surely as the sun will rise tomorrow, the oil companies will fight this tax. They sincerely believe that they should get all the money. We will be hearing from them frequently in the weeks and months to come. We will be told that we should simply turn all the money over to them, because they know best how to use it for the benefit of the American people.

(My fellow citizens:) Don't you believe it.

Even with the Energy Security Tax in place, the oil giants will have substantial new income. I will watch them carefully to see if they are as good as their word--to see if they use their new revenues to develop energy for America rather than to go out and buy department stores and circuses.

I will go to the wall to get this windfall profits tax passed. Tonight, I appeal for your support. I hope you will let your Senators and Representatives in Congress know that you support the Energy Security Tax.

The proceeds from this tax will be used for three purposes: first, to provide low-income Americans with some protection against rising energy prices; second, to channel added assistance into energy-saving mass transit; third--and most exciting--to create an Energy Security Fund for the development of the new energy sources that will be our nation's salvation in the future. (This will be in addition to the already considerable commitments we have made in this area.)

Tonight calling for great national effort

bring us energy security

*Strategy
near term
mid term
long term*

Let me devote the remainder of my time with you tonight

to a brief description of some of the technologies the Energy Security Fund will help develop. I can't mention them all. But I can tell you enough to give you a feel for the kind of brighter energy future that awaits us if we begin preparing for it now--if we harness our greatest energy source, American brainpower, and put it to work for us.

The fund will support advanced techniques for improving

energy efficiency. We will design appliances, buildings, and engines--for cars and for industry--that do the same or a better job on less energy.

The Energy Security Fund will support an accelerated effort to get more out of fossil fuel sources we have in abundance.

We will seek ways to develop our vast resources of oil shale, which are not yet economical, but which we believe we can eventually exploit in an environmentally sound way. *more*

We will seek ways to increase the use of our huge coal reserves, and to turn coal into more useful, less dirty forms of fuel--fuels that can be burned cleanly in our cars, factories, and homes. And in coal extraction, we will learn to use the methane gas that is now a health hazard to miners as a valuable source of energy.

The Energy Security Fund will help us develop highly

advanced fission and fusion techniques of electrical generation. These techniques will be safe, they will be resistant to nuclear proliferation, and they will be virtually inexhaustible.

The Fund will encourage new use of old forms of energy --forms that our grandparents knew well, and that are once again becoming economically and environmentally attractive.

We will move into giving tax credits for wood-burning heat stoves.

We will encourage the use of what is called low-head hydroelectric power. A few turbine generators under the surface of an ordinary river can light a community of 50,000 people-- without the need for big dams. In New England, there are thousands of low-head facilities that have not been used for years, but could be used again.

We will encourage the use of farm and forest products,

and even garbage, to make fuels. One such product, the combination of gasoline and alcohol called gasahol, is already used in several Midwestern states. To encourage its manufacture, I will propose the permanent elimination of the federal gas tax on it, and will order federal vehicles to use it where it is available.

Finally, the Energy Security Fund will enable us to turn increasingly toward the ultimate source of all our energy, the sun.

There are solar techniques that are economical right now, especially for space and hot-water heating. Through tax credits already established by the National Energy Act, and through other incentives to be introduced later, we will encourage the development and use of these techniques.

Farther in the future, our biggest push will be in the science of photovoltaics--the direct conversion of sunlight

into electricity. This is the ultimate energy source. We already use photovoltaics to power our satellites, but scientific breakthroughs will be needed before the cost can be brought down from orbit. The Energy Security Fund will help pay for the basic research that can lead to those breakthroughs.

Solar goals

Some of these energy sources are already available. Some will be available soon. Others will not become available until my daughter Amy is older than I am now.

But with all these techniques feeding in at their differing points of maturity, we can smooth the transition away from imported oil and toward a future of real energy security. Like the alchemists of old, who dreamed of turning lead into gold, we will turn coal into gasoline, waste into fuel, sunlight into electricity. The difference is that we will succeed.

I want to close tonight with words of hope and reassurance.

I hope that we will all now realize the seriousness of the petroleum crisis and the of the broader energy challenge. But I also hope that each of you will understand that the actions I am proposing need not diminish the quality of your lives.

American families and American institutions have met equal challenges in the past. They have endured and prospered.

I have faith that if we recognize the urgency of the challenge--and if we work together to meet it in unity--then we too will endure. We too will prosper.

God bless you, and good night.

US Materials continue to
waste -----

Terrace bel. bet

Advan:

~~From~~

~~gas~~

Shift from gasoline use
to other uses.

THE WHITE HOUSE

WASHINGTON

April 2, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON

SUBJECT: Energy Speech



We are working on a new draft of the energy speech. In line with your comments, it will be briefer and tougher. In fact, the tone should be one of controlled outrage; outrage at Congress, oil companies, OPEC. Once we take out the cushion of the modifying language in the first draft, this will emerge. The speech will make its points simply, and will follow this outline:

1. The energy problem is real. It is not a hoax.
2. The main component of the problem for the next ten years is our dependence on unstable supplies of OPEC oil.
 - Tonight, I will describe how we will fight back to reduce this dependence.
 - Adds to inflation, unemployment, weakened dollar.
 - Poses threat to national security.
3. Our margin of safety in energy supply is too narrow. Harrisburg accident demonstrates this anew.
 - Actions in response to Harrisburg: detailed report on incident; NRC inspection of all existing nuclear plants; putting federal inspectors in every plant; comprehensive review of safety procedures.
4. National Energy Act was a beginning, though valuable time was lost in Congressional squabbling, and by jockeying for positions by regions and special interests. Now we must move beyond.
5. Our strategy involves conservation, production and technology.

6. We must increase conservation: US took lead in urging other nations to join US in reducing overall conservation by 5%.

- Thermostats at 65 degrees in winter, 80 in summer.
- Cut federal energy use five per cent and eliminate free parking for bureaucrats.
- Gasoline reduction targets for the states; but we will order gas station closings, if necessary.
- Oregon-type energy audits.
- Enforcement of 55-mph speed limit.
- Individuals drive 10 miles less a week.

Can 1000/yr

7. Other steps to tide us over Iranian shortfall:

- Environmental waivers.
- Utility wheeling.
- Promot⁺ion of coal and gas to substitue⁺ for oil.

8. We must increase supply.

- Executive order on timetable for federal decisions on energy projects.
- Legislation to expedite California-Texas pipeline and cut through delays at state level.
- Speed^d up review of applications for nothern tier pipeline.
- Increase coal production and use.
- Step up production at Elk Hills.
- Oil and gas exploration in parts of Naval Petroleum Reserve in Alaska.
- Negotiations for Mexican natural gas.

9. The most effective step to encourage both conservation and production is to rationalize domestic crude oil prices.

--Congress has mandated decontrol by September 30, 1981.

--Controls damage the nation's energy security. They subsidize OPEC and increase our dependency on foreign oil.

--I will use my authority to decontrol in stages that spread out price impact and maximize production incentives.

--I take these steps in full recognition that inflation remains our number one problem. But we must do this for the sake of our energy security.

--Reminder that I retain authority to change these actions through September 1981.

10. I will fight for windfall profits tax on the oil companies to recover excess profits for the American people.

11. The proceeds from this tax will be used for three purposes.

--First, to protect the poor against rising energy prices. Also: "Robin Hood" proposal to use money received from court suit to help the poor; request to states to protect poor against cutoffs of heat in winter; close foreign oil tax credit loophole.

--Second, mass transit.

--Third, an Energy Security Fund to develop new technologies for the future.

12. I call tonight for a great national effort to put American technology to work to achieve the goal of energy security.

--We can only achieve the technological breakthroughs we must have through funds from excess profits tax. A vote against the tax is a vote against our energy security.

13. The Energy Security Fund will help support that effort.

--Three stages: near-term, mid-term, long-term.

--Incentives for exploitation of shale oil.

--Major demonstration projects for the conversion of coal to liquids and gases.

--Safe, advanced fission and fusion.

--Development of synthetic substitutes⁺ for petroleum and gasoline.

--Wood-burning stoves and low-head hydroelectric.

--Gasahol and similar fuels.

--Solar: space and hot-water heating and photovoltaics.
Clear solar goals.

14. There will be sacrifices; there will be opposition.
Call on Congress and public for cooperation and support.
We have met equal challenges in the past; we will meet this one.

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for Preservation Purposes**

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Fritz
Rafshoon
Jody
Stu

Good evening.

for comment
by 3:00 pm
today-

Our energy problem is bad and getting worse.

We are wasting too much energy, ~~and~~ buying far too much oil from foreign countries, and we are not producing enough

Minimize
Changes

oil, gas, and coal in the United States. The federal

J.C.

bureaucracy and red tape are so complicated, it is almost

unbelievable. Energy prices are high and going higher,

no matter what we do. The accident at the Three Mile Island

nuclear power plant has demonstrated dramatically other

as you know that nuclear power production is perhaps

energy problems more uncertain and dangerous than we had thought. ^{Coal and} ^{Solar}

energy use ^{are} ~~is~~ lagging far behind ^{their} ~~its~~ great potential.

What can we do?

Government price controls ^{is now help} ~~help to~~ hold down U.S.

production and encourage the waste and dependence on

foreign oil.

Present law requires that Federal government controls on oil be removed by September 1981, and the law gives me the authority at the end of next month to ~~act -- to decide how to~~ carry out this process. ^{In order to minimize sudden economic shock,} I have decided that phased decontrol will begin on June 1st and continue at a fairly uniform rate over the next 28 months.

^{this will come to} Oil prices will go up, and unless we tax the oil companies they will reap huge and undeserved ^{new} profits, ~~as government controls end.~~ We must impose an excess profits tax on the oil companies to capture part of this money for the American people. We need this tax money to protect ~~the poor and our~~ ^{low income} working families from ~~excessive~~ ^{energy} price increases, to build a more efficient transportation system, and to put American genius to work solving our long-range energy problems.

Let me explain how this will work. ^{is} This ~~may be~~
~~the most~~ ^{very} important, ~~speech I ever give to you,~~ and I hope
you will listen carefully and give me your cooperation
and your support.

The energy crisis is real. I said so in 1977, and I
say it again tonight, two years later. Time is running short.

~~Thirteen percent of all electricity in our country~~
comes from the 72 nuclear power plants now in operation.
Some communities, ^{such as} ~~like~~ Chicago, get more than ^{half} ~~50 percent~~
~~of~~ their electricity from nuclear power.

We consider these plants to be safe, but in recent
days, the accident at the Three Mile Island nuclear power
plant near Harrisburg, Pennsylvania, has ~~brought our~~
~~energy problems dramatically home.~~ raised new doubts.

While the situation at Three Mile Island is
improving and we have taken every precaution to protect

the people of the area, this accident cannot help but

cause ^{all of us} concern, ~~about nuclear power.~~

^{called for}
I have directed the establishment of an independent Presidential Commission of experts to investigate the causes of this accident and to ~~make~~ make recommendations ~~to me~~ on how we can improve the safety of nuclear plants, ~~now in operation.~~ You deserve a full accounting, and you will get it.

^{must} It is obvious that ^{our use of} ~~we must continue to rely on~~ nuclear power ^{must continue} ~~for the future,~~ but safety will come first.

Although this nuclear accident is of ^{immediate} ~~serious~~ concern, ^{the fundamental cause of} our nation's energy crisis is fundamentally a petroleum ~~crisis.~~ We are dangerously dependent on unstable and expensive sources of foreign oil.

Since the 1973 embargo,

Oil production in the United States has ~~been~~ *dropped.*

~~dropping~~
~~declining~~

Our imports have been growing. A few foreign countries control the amount that is produced and the price we must pay.

Just ten

~~Fifteen~~ years ago, we imported hardly any oil.

Today, we import about half the oil we use. We are by far the largest customer for OPEC oil, buying one-fourth of the cartel's total production. This year, we will pay out \$50 billion for foreign oil -- ~~more than \$225~~ *an average of \$900 for every family* ~~for every man, woman and child~~ in the United States.

This growing dependence has ~~made~~ *left* us dangerously ~~subject~~ *exposed* to sudden price rises and interruptions in supply.

~~We saw this~~ **I**n 1973 and 1974, ~~when~~ *almost overnight.* the price quadrupled, ~~We have seen it again~~ **I**n the last few months, ~~when~~ the upheaval in Iran cut world supplies of oil, and the OPEC cartel raised prices again.

have sent us
These shocks, ~~and~~ stern warnings about energy, ~~but~~ *but we* our nation has *have* not yet responded to these warnings.

Our national strength is dangerously dependent on a thin line of oil tankers that stretches halfway around the earth, and that originates in the Middle East and around the Persian Gulf--one of the most unstable regions in the world.

The National Energy Plan which I proposed two years ago was the first major effort to deal with these

problems. Then Congress debated and special interests

struggled for advantage. for 18 long months, *Some* ~~Many~~ of my original proposals were enacted, *and benefits are already obvious.* ~~Others were not,~~

Proposals ~~especially those~~ dealing with oil, *were not adopted, and we have* ~~We~~ lost time we

could not afford. Our dangerous dependence on foreign oil kept growing.

With new legal authority, I am acting
~~Soon I will have authority to act, and I ask you~~
without delay. (more)
to help me.

There is no single answer. We must conserve more. We must produce more. And now we must join together in a great national effort to use American technology to give us energy security in the years ahead.

The most effective action we can take to encourage both conservation and production here at home is to stop ^{rewarding those who import} ~~subsidizing~~ foreign oil and to stop ^{encouraging waste by} holding the price of American oil down ^{below its true value.} ~~at artificially low levels~~.

This is a painful step. I'll give it to you straight: Each of us will have to use less and pay more.

But this is a necessary step, and I want to explain it to you fully.

Excessive federal

government controls must end.

Phased decontrol will gradually increase the price of petroleum products. In the short run it will add a small amount to our rate of inflation, but that is the ~~price~~ ^{cost} we must pay to reduce our dependence on the foreign oil cartel.

In the longer run ~~this and the other~~ ^{these} actions I am announcing tonight will help us fight inflation. Other nations will join us as we cut down our use of oil and increase our own production of energy. The foreign oil cartel will therefore find it harder to raise the price. The dollar will be stronger and the prices we pay for *many* imported goods will be less. This will strengthen our economy and reduce inflation in future years.

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But decontrol could also further fatten the already ~~huge~~ ^{large} profits of oil companies. Part of this excessive new profit will be totally unearned.

That is why we must have a new windfall profits tax to recover the unearned billions of dollars ~~for the~~ ^{and to} ~~American people~~. This is the only way we can ensure that you -- the American people -- are treated fairly.

I want to emphasize that this excess profits tax is not a tax on the American people. It is purely and simply a tax on the ^{new windfall} ~~excess~~ profits of the oil producers.

~~As surely as the sun will rise tomorrow, the oil companies will fight this tax. They will want to keep the profits which they have not earned. [They will tell us that we should simply turn all the money over to them, because they know best how to use it for the benefit of the American people. We had better not believe it.]~~

4/4/79

* Insert for p. 10

Congressional leaders, who share my belief that an excess profits tax and ~~an F. S. E.~~ ^{is} ~~are~~ necessary, warn me that we ~~must~~ face two very real threats to these proposals.

as surely as the sun will rise,

First, [^] the oil companies can be expected to fight to keep the profits which they have not earned. Unless you speak out, they will have more influence on the Congress than you do.

Second, the inevitable ~~squabbling~~ ^{scrambling by} among interest groups, ~~each scrambling~~ ^{revenues from the tax} for a larger share of the ~~F. S. E.~~ can leave the Congress divided, bogged down and unable to act. Unless your voice is heard, ~~it~~ once again the selfish interests of a few will block badly needed action to help our entire nation.

Mr. President,

~~I think the second threat is a
just as the first and you ought to
mention them both.~~

~~Joey~~

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Even with the excess profits tax in ~~place~~, ^{our} ~~the~~ oil
^{producers} ~~giants~~ will get substantial new income -- enough to
provide plenty of incentive for ^{increased} production. I will demand
that they use their new income to develop energy for
America, not to buy department stores and ^{hotels} ~~circuses~~, as
some have done in the past.

insert
*

→

~~And~~ I will fight to get this tax passed, ^{and I need your} ~~tonight,~~ ^{help}

I ~~appeal for your support~~. Please let your Senators
and Representatives in Congress know that you support the
excess profits tax -- that you do not want the necessity
for producing more energy to be turned into an excuse ^{for a}
to rip ^{you} off.

We will ^{at} ~~sacrifice to~~ meet our energy challenge,
but ~~the sacrifices must be fair~~. I am not going to put
an undue burden on people who can hardly make ends meet
as it is.

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Part

~~Besides using some~~ of the proceeds of the excess

will go

profits tax, ~~to give financial help to~~ those among us who

will be hurt most by rising energy prices.

~~cannot survive without it,~~ I will also take these steps:

-- First, I am asking every State to pass laws

Americans

protecting ~~the poor~~ from arbitrary cutoffs of heat.

-- Second, we will channel the tens of millions of

dollars we are winning in lawsuits against oil companies

for price gouging into further energy assistance for

lower-income citizens.

*for the sake of fairness,
ask Congress to*

-- And third, ~~we will~~ close foreign tax credit

unnecessary

the

loopholes that now provide ~~outrageous~~ benefits to ~~a~~ major

oil companies.

* * *

*to encourage
production,*

Besides removing government controls on oil, ~~we~~

~~we~~ must take other actions to increase supply and to make

the most of our own domestic fuel reserves.

-- I have ~~already~~ ^{today} signed an executive order that will set ~~rigid timetables~~ ^{strict deadlines} for cutting through Federal red tape on new ^{energy} projects, including pipelines, ports, and refineries.

-- We will ^{make to eliminate barriers to construction} ~~expedite both State and court review~~ of the pending pipeline from California to Texas, ~~it~~ ^{which} has been stuck in a quagmire of more than 700 State ^{and local} permit applications for the last 14 months.

-- We will speed up our review of pipeline applications to serve the northern part of our country.

-- We will step up exploration and production of oil and gas on Federal land.

-- This week my personal representatives began negotiations in Mexico City that we hope will lead to ~~a long-term~~ ^{an} agreement on sales of Mexican natural gas to the United States, at a price that is fair to both countries.

-- The heads of the three Federal agencies which regulate the coal industry will report to me within 60 days on ways to encourage greater ^{use} ~~mining~~ of coal -- our most abundant fuel resource.

-- ~~On~~ ^{soon} I will ^{and to accelerate} announce significant measures to increase ^{the use of solar energy.} ~~We will establish ambitious solar energy goals, and we will act to achieve those goals.~~

* * *

In addition to producing more energy, we must conserve more energy. Conservation is ^{our} ^{est} cheap and clean ^{est} energy source. ~~and~~ Every barrel of oil we save is a barrel we don't

have to import.

^{recruited}
~~We~~ ^{have encouraged} ~~and seventeen~~ ^{to join}
~~I and the leaders of other consuming nations~~ ^{have}
^{us in setting} ~~already set~~ a goal of, ^{the expected} reducing ^{of each} oil consumption by 5 percent, ~~in our country some 1½ million barrels a day.~~

To help accomplish this goal:

-- I have asked Congress to grant me ~~immediate~~ ^{standby}

authority to require that thermostats in all commercial buildings be set no higher than 65 degrees in winter and no lower than 80 degrees in summer ~~--- and to pass other mandatory conservation plans I have submitted.~~ As soon as I get that authority, I will use it.

Steps will be taken to eliminate
-- ~~free parking will be ended~~ for government

employees in order to reduce the ~~number of wasteful~~ *in commuting* ~~one-passenger cars going~~ to work. I call on State governments and private employers to follow suit.

-- Tax credits will encourage the use of wood-burning stoves.

-- I am asking all citizens to honor, and all States to enforce the 55 mile-per-hour speed limit. This is one of the most effective ways to save oil.

-- I will set gasoline reduction targets for our
50 States, and ~~permit~~ ^{ask} each State to meet its target, ~~however~~
~~it chooses.~~ The timetable will be strict. If ~~a~~ States ~~fail~~ ^{fail}
to meet ~~its~~ ^{their} targets, ~~I will have no choice but to order~~ ^{when gasoline shortages exist,}
mandatory steps, including gas station closings, ~~if necessary,~~
to achieve the needed savings. If these savings are not
made, we will almost certainly have gasoline shortages
~~next year.~~ ^{as early as this summer.}

In addition, I ask each of you to take an important
action on behalf of our nation. I ask you to drive 10
or 20 miles a week ^{less} ~~fewer~~ than you do now. One way to do
[?] this is not to drive your own car to work every day. Take
the bus, go by carpool -- or, if you work close to home,
walk.

This action can make a significant difference, *for*
our country.

For each day that we do this, we can save hundreds of
thousands of barrels of oil. This will help to hold
down prices of fuel, and you obviously will save money
you would otherwise have spent on gasoline.

* * *

On a temporary basis, ~~as needed:~~

-- I will extend certain environmental deadlines,

? [where it is safe to grant them] and make regulatory changes

to help avoid serious shortages of gasoline.

-- Unless utilities do so voluntarily, they will be
ordered to run coal and other non-oil-burning generating
plants at full capacity and to transmit the extra power
to areas where oil burners can be phased out.

Dept.

-- I have directed the ~~Secretary~~ of Energy to promote the use of coal and natural gas as a substitute for oil.

* * *

So far I have spoken about producing more energy and conserving more energy.

Now in the next few minutes I would like to talk about the third -- and most promising -- part of our battle for energy security: the development and use of American technology.

We are already investing some \$3.5 billion each year to develop the new energy supplies we will need for the future.

But we must step up this effort. Just as we harnessed American dedication and brainpower to put men

on the moon, we will make the same kind of massive, purposeful effort to achieve the goal of national energy security through technology. We must begin now, *so that we can regain control over our energy future.*

That is why the Energy Security Fund -- *with* ~~and~~ the tax on excess oil profits that will pay for it -- is so vitally important. That is why every vote in Congress for this ^{*excess oil profits tax*} (Fund) will be a vote for America's future -- and every vote against it will be a vote for excessive oil company profits and for reliance on the whims of the foreign oil cartel.

The Energy Security Fund will let us pursue a sound strategy of energy research and development.

In years to come, we will design ^{*automobiles,*} buildings, appliances and engines that serve us better and use less energy.

We will ~~greatly~~ improve ^{mass transit and} our ^{make} transportation system
~~to make it more~~ cleaner, faster, ^{move} and efficient.

We will broaden the use of our huge coal deposits
by turning coal into clean gas, ^{liquid} ~~oil~~, and solid fuels.

We will learn to use our immense reserves of oil shale.

From our ~~replenishable~~ forests and croplands,
we will produce more gasahol -- already being used in
several Midwestern States.

We will promote the use of small-scale hydroelectric
plants, powered by the flow of ordinary streams without
the need for big dams. New England ^{alone} has thousands of such
^{dams?} ~~facilities~~ that haven't been used for years, but they
can be used again.

~~We will develop safer techniques of generating
electricity with nuclear power.~~

And we will turn increasingly toward the ultimate
source of all our energy -- the sun.

There are solar techniques that are economical right now, ~~especially for space and hot-water heating~~. With existing tax credits and with our new Energy Security Fund we will encourage more rapid development and use of solar power.

Farther in the future, we will use solar energy in many other ways, including the direct conversion of sunlight into electricity. We already use this method in our space program, but scientific discoveries will be needed to make it ^{more useful in} ~~work~~ for our homes and factories.

The Energy Security Fund derived from ^{the} ~~an~~ excess profits tax will ~~help~~ pay for ^{these} ~~this~~ exciting ^{new energy} ~~basic and applied~~ research ~~and development~~ programs.

All of these steps can be part of a wider international effort. Other nations are eager to cooperate.

The actions I have announced tonight will ~~begin~~
~~to~~ move us away from imported oil and toward a future of
real energy security. ~~Some of~~ ^T these actions will ~~require~~
~~sacrifice. None will seriously reduce the quality of~~
~~our lives -- and some will~~ give us a better life. These
are necessary steps, because our country faces a serious
petroleum ^{problem} ~~crisis~~ and a broader energy challenge. The
future of the country we love is at stake.

We Americans have met equal challenges in the past.

Our nation has endured and prospered. *Ours is a great
Country, and we have great resources and techno-
logical genius.*

If we recognize the urgency of this challenge --
and if we work together to meet it -- then we too will
endure. We too will prosper. We too will triumph.

Thank you, and good night.

*I have outlined
specific plans
to send to Congress.*

*We must recognize [#] the [#] urgency [#] of this challenge --
we must work together to meet it. I'm going to do all
I can ^{to see that they become law.} I need your help -- Together we can meet this
challenge -- then we too will endure --*

ENERGY SPEECH TO THE NATION
OVAL OFFICE, WASHINGTON, D.C.
THURSDAY, APRIL 5, 1979

- 1 -

GOOD EVENING.

OUR NATION'S ENERGY PROBLEM IS VERY SERIOUS -- AND IT'S GETTING WORSE. WE ARE WASTING TOO MUCH ENERGY, ... WE ARE BUYING FAR TOO MUCH OIL FROM FOREIGN COUNTRIES, ... AND WE ARE NOT PRODUCING ENOUGH OIL, GAS, OR COAL IN THE UNITED STATES.

IN ORDER TO CONTROL ENERGY PRICE, PRODUCTION AND DISTRIBUTION, THE FEDERAL BUREAUCRACY AND RED TAPE HAVE BECOME SO COMPLICATED, IT'S ALMOST UNBELIEVABLE.

ENERGY PRICES ARE HIGH AND GOING HIGHER, NO MATTER WHAT WE DO. THE USE OF COAL AND SOLAR ENERGY, WHICH ARE IN PLENTIFUL SUPPLY, IS LAGGING FAR BEHIND THEIR GREAT POTENTIAL. THE RECENT ACCIDENT AT THE THREE MILE ISLAND NUCLEAR POWER PLANT IN PENNSYLVANIA HAS DEMONSTRATED DRAMATICALLY THAT WE HAVE OTHER ENERGY PROBLEMS.

SO WHAT CAN WE DO? WE CAN SOLVE THESE PROBLEMS TOGETHER.

FEDERAL GOVERNMENT PRICE CONTROLS NOW HOLD DOWN OUR OWN PRODUCTION, AND ENCOURAGE WASTE AND INCREASING DEPENDENCE ON FOREIGN OIL.

-- PRESENT LAW REQUIRES.....

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PRESENT LAW REQUIRES THAT THESE FEDERAL GOVERNMENT CONTROLS ON OIL BE REMOVED BY SEPTEMBER 1981, AND THE LAW GIVES ME THE AUTHORITY AT THE END OF NEXT MONTH TO CARRY OUT THIS DECONTROL PROCESS.

IN ORDER TO MINIMIZE SUDDEN ECONOMIC SHOCK, I HAVE DECIDED THAT PHASED DECONTROL OF OIL PRICES WILL BEGIN ON JUNE 1ST, AND CONTINUE AT A FAIRLY UNIFORM RATE OVER THE NEXT 28 MONTHS.

THE IMMEDIATE EFFECT OF THIS ACTION WILL BE TO INCREASE PRODUCTION OF OIL AND GAS IN OUR OWN COUNTRY.

AS GOVERNMENT CONTROLS END, PRICES WILL GO UP ON OIL ALREADY DISCOVERED, AND UNLESS WE TAX THE OIL COMPANIES, THEY WILL REAP HUGE AND UNDESERVED WINDFALL PROFITS.

WE MUST IMPOSE A WINDFALL PROFITS TAX ON THE OIL COMPANIES TO CAPTURE PART OF THIS MONEY FOR THE AMERICAN PEOPLE.

THIS TAX MONEY WILL GO INTO AN ENERGY SECURITY FUND, AND WILL BE USED TO PROTECT LOW INCOME FAMILIES FROM ENERGY PRICE INCREASES, ... TO BUILD A MORE EFFICIENT MASS TRANSPORTATION SYSTEM, ... AND TO PUT AMERICAN GENIUS TO WORK SOLVING OUR LONG-RANGE ENERGY PROBLEMS.

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LET ME EXPLAIN ALL OF THIS IN MORE DETAIL. THIS IS VERY IMPORTANT, AND I HOPE ALL OF YOU WILL LISTEN CAREFULLY AND GIVE ME YOUR COOPERATION AND SUPPORT.

THE ENERGY CRISIS IS REAL. I SAID SO IN 1977,... AND I SAY IT AGAIN TONIGHT -- ALMOST EXACTLY TWO YEARS LATER. TIME IS RUNNING SHORT.

WHILE THE SITUATION AT THREE MILE ISLAND IS IMPROVING AND WE HAVE TAKEN EVERY PRECAUTION TO PROTECT THE PEOPLE OF THE AREA, THIS NUCLEAR ACCIDENT OBVIOUSLY CAUSES ALL OF US CONCERN.

I HAVE DIRECTED THE ESTABLISHMENT OF AN INDEPENDENT PRESIDENTIAL COMMISSION OF EXPERTS TO INVESTIGATE THE CAUSES OF THIS ACCIDENT, AND TO MAKE RECOMMENDATIONS ON HOW WE CAN IMPROVE THE SAFETY OF NUCLEAR POWER PLANTS.

YOU DESERVE A FULL ACCOUNTING, AND YOU WILL GET IT.

ALTHOUGH THIS ACCIDENT IS OF IMMEDIATE CONCERN, THE FUNDAMENTAL CAUSE OF OUR NATION'S ENERGY CRISIS IS PETROLEUM. WE ARE DANGEROUSLY DEPENDENT ON UNCERTAIN AND EXPENSIVE SOURCES OF FOREIGN OIL.

-- SINCE THE 1973 EMBARGO,...

SINCE THE 1973 EMBARGO, OIL PRODUCTION IN THE UNITED STATES HAS ACTUALLY DROPPED. OUR IMPORTS HAVE BEEN GROWING. JUST A FEW FOREIGN COUNTRIES CONTROL THE AMOUNT OF OIL THAT IS PRODUCED AND THE PRICE WE MUST PAY.

JUST 10 YEARS AGO, WE IMPORTED HARDLY ANY OIL. TODAY, WE BUY ABOUT HALF THE OIL WE USE FROM FOREIGN COUNTRIES.

WE ARE BY FAR THE LARGEST CUSTOMER FOR O.P.E.C. OIL, BUYING ONE-FOURTH OF THAT FOREIGN CARTEL'S TOTAL PRODUCTION.

THIS YEAR, WE WILL PAY OUT \$50 BILLION FOR IMPORTED OIL -- ABOUT \$650 FOR EVERY HOUSEHOLD IN THE UNITED STATES.

THIS GROWING DEPENDENCE HAS LEFT US DANGEROUSLY EXPOSED TO SUDDEN PRICE RISES AND INTERRUPTIONS IN SUPPLY.

IN 1973 AND 1974, SHIPMENT OF OIL WAS EMBARGOED AND THE PRICE QUADRUPLED ALMOST OVERNIGHT.

IN THE LAST FEW MONTHS, THE UPHEAVAL IN IRAN AGAIN CUT WORLD SUPPLIES OF OIL, AND THE O.P.E.C. CARTEL PRICES LEAPED UP AGAIN.

THESE SHOCKS HAVE SENT US STERN WARNINGS ABOUT ENERGY, BUT OUR NATION HAS NOT YET RESPONDED TO THESE WARNINGS.

OUR NATIONAL STRENGTH IS DANGEROUSLY DEPENDENT ON A THIN LINE OF OIL TANKERS STRETCHING HALFWAY AROUND THE EARTH, ORIGINATING IN THE MIDDLE EAST AND AROUND THE PERSIAN GULF -- ONE OF THE MOST UNSTABLE REGIONS IN THE WORLD.

THE NATIONAL ENERGY PLAN WHICH I PROPOSED IN APRIL, 1977, WAS THE FIRST MAJOR EFFORT TO DEAL WITH ALL THESE PROBLEMS.

THEN, FOR 18 LONG MONTHS, CONGRESS DEBATED AND SPECIAL INTERESTS STRUGGLED FOR ADVANTAGE.

SOME OF MY ORIGINAL PROPOSALS WERE ENACTED AND BENEFITS ARE ALREADY OBVIOUS,...BUT PROPOSALS DEALING WITH OIL WERE NOT ADOPTED, AND WE HAVE NOW LOST PRECIOUS TIME WE COULD NOT AFFORD.

WITH NEW LEGAL AUTHORITY, I AM NOW ABLE TO ACT WITHOUT DELAY.

THERE IS NO SINGLE ANSWER. WE MUST PRODUCE MORE. WE MUST CONSERVE MORE. AND NOW WE MUST JOIN TOGETHER IN A GREAT NATIONAL EFFORT TO USE AMERICAN TECHNOLOGY TO GIVE US ENERGY SECURITY IN THE YEARS AHEAD.

THE MOST EFFECTIVE ACTION WE CAN TAKE TO ENCOURAGE BOTH CONSERVATION AND PRODUCTION HERE AT HOME IS TO STOP REWARDING THOSE WHO IMPORT FOREIGN OIL, AND TO STOP ENCOURAGING WASTE BY HOLDING THE PRICE OF AMERICAN OIL DOWN FAR BELOW ITS REPLACEMENT OR TRUE VALUE.

THIS IS A PAINFUL STEP, AND I'LL GIVE IT TO YOU STRAIGHT: EACH OF US WILL HAVE TO USE LESS OIL, AND PAY MORE FOR IT.

-- BUT THIS IS A NECESSARY.....

BUT THIS IS A NECESSARY STEP, AND I WANT YOU TO UNDERSTAND IT FULLY.

EXCESSIVE FEDERAL GOVERNMENT CONTROLS MUST END.

PHASED DECONTROL WILL GRADUALLY INCREASE THE PRICE OF PETROLEUM PRODUCTS. IN THE SHORT RUN IT WILL ADD A SMALL AMOUNT TO OUR RATE OF INFLATION, ...BUT THAT IS THE COST WE MUST PAY TO REDUCE OUR DEPENDENCE ON THE FOREIGN OIL CARTEL.

IN THE LONGER RUN, THE ACTIONS I'M ANNOUNCING TONIGHT WILL HELP US TO FIGHT INFLATION.

OTHER NATIONS WILL JOIN AND SUPPORT US AS WE CUT DOWN OUR USE OF OIL AND INCREASE OUR OWN PRODUCTION OF ENERGY.

THE FOREIGN OIL CARTEL WILL THEN FIND IT HARDER TO RAISE PRICES. THE DOLLAR WILL GROW STRONGER, AND THE PRICES WE PAY FOR MANY IMPORTED GOODS WILL BE LESS. THIS WILL STRENGTHEN OUR ECONOMY, AND REDUCE INFLATION IN FUTURE YEARS.

BUT DECONTROL COULD ALSO FURTHER INFLATE THE ALREADY LARGE PROFITS OF OIL COMPANIES. AS I HAVE SAID, PART OF THIS EXCESSIVE NEW PROFIT WILL BE TOTALLY UNEARNED -- WHAT IS CALLED A "WINDFALL" PROFIT.

THAT IS WHY WE MUST HAVE A NEW WINDFALL PROFITS TAX TO RECOVER THE UNEARNED BILLIONS OF DOLLARS, AND TO ENSURE THAT YOU -- THE AMERICAN PEOPLE -- ARE TREATED FAIRLY.

I WANT TO EMPHASIZE THAT THIS WINDFALL PROFITS TAX IS NOT A TAX ON THE AMERICAN PEOPLE. IT IS PURELY AND SIMPLY A TAX ON THE NEW PROFITS OF THE OIL PRODUCERS WHICH THEY WILL RECEIVE BUT NOT EARN.

EVEN WITH THE WINDFALL PROFITS TAX IN PLACE, OUR OIL PRODUCERS WILL GET SUBSTANTIAL NEW INCOME -- ENOUGH TO PROVIDE PLENTY OF INCENTIVE FOR INCREASED DOMESTIC PRODUCTION.

I WILL DEMAND THAT THEY USE THEIR NEW INCOME TO DEVELOP ENERGY FOR AMERICA, AND NOT TO BUY SUCH THINGS AS DEPARTMENT STORES AND HOTELS, AS SOME HAVE DONE IN THE PAST.

CONGRESSIONAL LEADERS, WHO SHARE MY BELIEF THAT A WINDFALL PROFITS TAX IS NECESSARY, WARN ME THAT WE FACE TWO VERY REAL THREATS TO THESE PROPOSALS.

FIRST, AS SURELY AS THE SUN WILL RISE TOMORROW, THE OIL COMPANIES CAN BE EXPECTED TO FIGHT TO KEEP THE PROFITS WHICH THEY HAVE NOT EARNED. UNLESS YOU SPEAK OUT, THEY WILL HAVE MORE INFLUENCE ON THE CONGRESS THAN YOU DO.

-- SECOND, THE INEVITABLE.....

SECOND, THE INEVITABLE SCRAMBLING BY INTEREST GROUPS FOR A LARGER SHARE OF THESE REVENUES CAN LEAVE THE CONGRESS DIVIDED, BOGGED DOWN, AND UNABLE TO ACT.

UNLESS YOUR VOICE IS HEARD, ONCE AGAIN THE SELFISHNESS OF A FEW WILL BLOCK ACTION WHICH IS BADLY NEEDED TO HELP OUR ENTIRE NATION.

I WILL FIGHT TO GET THIS TAX PASSED,...TO ESTABLISH THE ENERGY SECURITY FUND,...AND TO MEET OUR FUTURE ENERGY NEEDS;... AND TONIGHT I APPEAL FOR YOUR SUPPORT. PLEASE LET YOUR SENATORS AND REPRESENTATIVES IN CONGRESS KNOW THAT YOU SUPPORT THE WINDFALL PROFITS TAX -- AND THAT YOU DO NOT WANT THE NEED TO PRODUCE MORE ENERGY TO BE TURNED INTO AN EXCUSE TO CHEAT THE PUBLIC AND TO DAMAGE OUR NATION.

WE CAN MEET OUR ENERGY CHALLENGE, BUT I AM NOT GOING TO PUT AN UNDUE BURDEN ON PEOPLE WHO CAN HARDLY MAKE ENDS MEET AS IT IS.

PART OF THE PROCEEDS OF THE WINDFALL PROFITS TAX WILL GO TO HELP THOSE AMONG US WHO WILL BE HURT MOST BY RISING ENERGY PRICES.

I WILL ALSO ASK EVERY STATE TO PASS LAWS PROTECTING AMERICANS FROM ARBITRARY CUTOFFS OF HEAT FOR THEIR HOMES.

WE WILL CHANNEL THE TENS OF MILLIONS OF DOLLARS WE ARE WINNING IN LAWSUITS AGAINST OIL COMPANIES FOR PRICE GOUGING INTO FURTHER ENERGY ASSISTANCE FOR LOWER-INCOME CITIZENS.

FOR THE SAKE OF FAIRNESS, I WILL ASK CONGRESS TO CLOSE FOREIGN TAX CREDIT LOOPHOLES THAT NOW GIVE UNNECESSARY BENEFITS TO THE MAJOR OIL COMPANIES.

AND, TO EASE SHORT RUN INFLATION PRESSURES FOR THE TIME BEING, I WILL SEE THAT EXISTING FEES AND DUTIES NOW APPLICABLE TO IMPORTED CRUDE OIL AND PRODUCTS BE LIFTED TEMPORARILY.

* * *

BESIDES REMOVING GOVERNMENT CONTROLS ON OIL TO ENCOURAGE PRODUCTION, WE MUST TAKE OTHER ACTIONS TO INCREASE SUPPLY, AND TO MAKE THE MOST OF OUR OWN DOMESTIC FUEL RESERVES.

-- I HAVE TODAY SIGNED AN EXECUTIVE ORDER THAT WILL SET STRICT DEADLINES FOR CUTTING THROUGH FEDERAL RED TAPE ON IMPORTANT NEW ENERGY PROJECTS SUCH AS PIPELINES, SEAPORTS, AND REFINERIES.

to serve the part of our Northern Country,

...--WE WILL MOVE TO.....

-- WE WILL MOVE TO ELIMINATE BUREAUCRATIC BARRIERS TO CONSTRUCTION OF THE PENDING PIPELINE FROM CALIFORNIA TO TEXAS, WHICH HAS BEEN STUCK IN A QUAGMIRE OF MORE THAN 700 STATE AND LOCAL PERMIT APPLICATIONS FOR THE LAST 14 MONTHS.

-- WE WILL STEP UP EXPLORATION AND PRODUCTION OF OIL AND GAS ON FEDERAL LANDS.

-- THIS WEEK MY PERSONAL REPRESENTATIVES BEGAN NEGOTIATIONS IN MEXICO CITY WHICH WE HOPE WILL LEAD TO AN AGREEMENT ON SALES OF MEXICAN NATURAL GAS TO THE UNITED STATES, AT A PRICE THAT IS FAIR TO BOTH COUNTRIES.

-- THE THREE FEDERAL AGENCIES WHICH REGULATE THE COAL INDUSTRY WILL REPORT TO ME WITHIN 60 DAYS ON WAYS TO ENCOURAGE GREATER USE OF COAL -- OUR MOST ABUNDANT FUEL RESOURCE.

-- AND I WILL SOON ANNOUNCE SIGNIFICANT MEASURES TO INCREASE AND TO ACCELERATE THE USE OF SOLAR ENERGY.

* * *

IN ADDITION TO PRODUCING MORE ENERGY, WE MUST CONSERVE MORE ENERGY. CONSERVATION IS OUR CHEAPEST AND CLEANEST ENERGY SOURCE. IT HELPS TO CONTROL INFLATION, AND EVERY BARREL OF OIL WE SAVE IS A BARREL WE DON'T HAVE TO IMPORT.

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WE HAVE RECRUITED 19 OTHER CONSUMING NATIONS TO JOIN US IN PLEDGING TO REDUCE EXPECTED OIL CONSUMPTION BY 5 PERCENT.

TO HELP ACCOMPLISH THIS CONSERVATION GOAL:

-- I HAVE ASKED CONGRESS TO GRANT ME STANDBY AUTHORITY IN FOUR AREAS, ... ONE OF WHICH IS TO REQUIRE THAT THERMOSTATS IN ALL COMMERCIAL BUILDINGS BE SET NO HIGHER THAN 65 DEGREES IN WINTER, AND NO LOWER THAN 80 DEGREES IN SUMMER. AS SOON AS I GET THAT AUTHORITY, I WILL USE IT.

-- STEPS WILL BE TAKEN TO ELIMINATE FREE PARKING FOR GOVERNMENT EMPLOYEES IN ORDER TO REDUCE THE WASTE OF GASOLINE IN COMMUTING TO WORK. I CALL ON ALL EMPLOYERS TO FOLLOW SUIT.

-- TAX CREDITS WILL ENCOURAGE THE USE OF WOOD-BURNING STOVES.

-- I AM ASKING ALL CITIZENS TO HONOR, AND ALL STATES TO ENFORCE, THE 55 MILE-PER-HOUR SPEED LIMIT. THIS IS ONE OF THE MOST EFFECTIVE WAYS TO SAVE FUEL.

-- I WILL SET TARGETS FOR OUR 50 STATES TO REDUCE GASOLINE CONSUMPTION, AND ASK EACH STATE TO MEET ITS TARGET. THE TIMETABLE WILL BE STRICT.

-- IF STATES FAIL TO MEET.....

IF STATES FAIL TO MEET THEIR TARGETS WHEN GASOLINE SHORTAGES EXIST, THEN I WILL ORDER MANDATORY STEPS TO ACHIEVE THE NEEDED SAVINGS, INCLUDING THE WEEKEND CLOSING OF SERVICE STATIONS.

IF THESE SAVINGS ARE NOT MADE, WE WILL ALMOST CERTAINLY HAVE GASOLINE SHORTAGES AS EARLY AS THIS SUMMER.

IN ADDITION, I ASK EACH OF YOU TO TAKE AN IMPORTANT ACTION ON BEHALF OF OUR NATION. I ASK YOU TO DRIVE 15 MILES A WEEK FEWER THAN YOU DO NOW.

ONE WAY TO DO THIS IS NOT TO DRIVE YOUR OWN CAR TO WORK EVERY DAY. AT LEAST ONCE A WEEK TAKE THE BUS, GO BY CARPOOL -- OR, IF YOU WORK CLOSE TO HOME, WALK.

THIS ACTION CAN MAKE A SIGNIFICANT DIFFERENCE FOR OUR COUNTRY. FOR EACH DAY THAT WE DO THIS, WE CAN SAVE HUNDREDS OF THOUSANDS OF BARRELS OF OIL. THIS WILL HELP TO HOLD DOWN PRICES OF FUEL, AND YOU OBVIOUSLY WILL SAVE MONEY YOU WOULD OTHERWISE HAVE SPENT ON GASOLINE.

* * *

AS NEEDED ON A TEMPORARY BASIS,

-- I MAY EXTEND CERTAIN ENVIRONMENTAL DEADLINES AND MAKE REGULATORY CHANGES TO HELP AVOID SERIOUS SHORTAGES OF GASOLINE.

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-- UNLESS UTILITIES DO SO VOLUNTARILY, THEY MAY BE ORDERED TO RUN NON-OIL-BURNING GENERATING PLANTS AT FULL CAPACITY, AND TO TRANSMIT THE EXTRA POWER TO AREAS WHERE OIL BURNERS CAN BE PHASED OUT.

* * *

SO FAR I HAVE SPOKEN ABOUT PRODUCING MORE ENERGY AND CONSERVING MORE ENERGY.

NOW IN THE NEXT FEW MINUTES, I WOULD LIKE TO TALK ABOUT THE THIRD -- AND MOST PROMISING -- PART OF OUR BATTLE FOR ENERGY SECURITY: SHIFTING TO MORE ABUNDANT SOURCES OF ENERGY BY THE DEVELOPMENT AND USE OF AMERICAN TECHNOLOGY.

WE ARE ALREADY INVESTING SOME \$3.5 BILLION EACH YEAR TO DEVELOP THE NEW ENERGY SUPPLIES WE WILL NEED FOR THE FUTURE.

BUT WE MUST STEP UP THIS EFFORT. JUST AS WE HARNESS AMERICAN DEDICATION AND BRAINPOWER TO PUT MEN ON THE MOON, WE WILL MAKE THE SAME KIND OF MASSIVE, PURPOSEFUL EFFORT TO ACHIEVE THE GOAL OF NATIONAL ENERGY SECURITY THROUGH TECHNOLOGY. WE MUST BEGIN NOW SO THAT WE CAN REGAIN CONTROL OVER OUR ENERGY FUTURE.

-- THAT IS WHY THE

THAT IS WHY THE ENERGY SECURITY FUND -- WITH THE TAX ON WINDFALL OIL PROFITS THAT WILL PAY FOR IT -- IS SO VITALLY IMPORTANT.

THAT IS WHY EVERY VOTE IN CONGRESS FOR THIS TAX AND FUND WILL BE A VOTE FOR AMERICA'S FUTURE -- AND EVERY VOTE AGAINST IT WILL BE A VOTE FOR EXCESSIVE OIL COMPANY PROFITS, AND FOR RELIANCE ON THE WHIMS OF THE FOREIGN OIL CARTEL.

THE ENERGY SECURITY FUND WILL LET US PURSUE A SOUND STRATEGY OF ENERGY RESEARCH AND DEVELOPMENT.

IN YEARS TO COME, WE CAN DESIGN AUTOMOBILES, BUILDINGS, APPLIANCES AND ENGINES THAT SERVE US BETTER AND USE LESS ENERGY.

WE CAN IMPROVE MASS TRANSIT AND MAKE OUR ENTIRE TRANSPORTATION SYSTEM CLEANER, FASTER, AND MORE EFFICIENT.

WE CAN BROADEN THE USE OF OUR HUGE COAL DEPOSITS BY TURNING COAL INTO CLEAN GAS, LIQUID, AND SOLID FUELS.

WE CAN LEARN HOW TO USE OUR IMMENSE RESERVES OF OIL SHALE.

FROM THE PRODUCTS OF OUR FORESTS AND CROPLANDS, WE CAN PRODUCE MORE GASAHOL -- ALREADY BEING USED TO REPLACE GASOLINE IN SEVERAL MIDWESTERN STATES.

WE CAN PROMOTE THE USE OF SMALL-SCALE HYDROELECTRIC PLANTS, POWERED BY THE FLOW OF ORDINARY STREAMS WITHOUT THE NEED FOR BIG DAMS.

AND WE CAN TURN INCREASINGLY TOWARD THE ULTIMATE SOURCE OF ALL OUR ENERGY -- THE SUN.

THERE ARE, OF COURSE, SOLAR TECHNIQUES THAT ARE ECONOMICAL RIGHT NOW. WITH EXISTING TAX CREDITS AND WITH OUR NEW ENERGY SECURITY FUND, WE CAN ENCOURAGE EVEN MORE RAPID DEVELOPMENT AND USE OF SOLAR POWER.

IN THE FUTURE, WE WILL USE SOLAR ENERGY IN MANY OTHER WAYS, INCLUDING THE DIRECT CONVERSION OF SUNLIGHT INTO ELECTRICITY.

WE ALREADY USE THIS METHOD FOR LIMITED PURPOSES SUCH AS IN OUR SPACE PROGRAM, BUT SCIENTIFIC DISCOVERIES WILL BE NEEDED TO MAKE IT MORE USEFUL IN OUR HOMES AND FACTORIES.

THE ENERGY SECURITY FUND DERIVED FROM THE WINDFALL PROFITS TAX WILL PAY FOR THESE EXCITING NEW ENERGY PROGRAMS.

ALL OF THESE STEPS CAN BE PART OF A WIDER INTERNATIONAL EFFORT. OTHER NATIONS ARE EAGER TO COOPERATE.

-- THE ACTIONS AND PLANS.....

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THE ACTIONS AND PLANS I HAVE ANNOUNCED TONIGHT WILL
MOVE US AWAY FROM IMPORTED OIL, AND TOWARD A FUTURE OF REAL
ENERGY SECURITY.

THESE ACTIONS WILL GIVE US A BETTER LIFE.

THESE ARE NECESSARY STEPS, BECAUSE OUR COUNTRY FACES A
SERIOUS PETROLEUM PROBLEM, AND A BROADER ENERGY CHALLENGE.

THE FUTURE OF THE COUNTRY WE LOVE IS AT STAKE.

WE AMERICANS HAVE MET EQUAL CHALLENGES IN THE PAST.
OUR NATION HAS ENDURED AND PROSPERED. OURS IS A GREAT COUNTRY,
AND WE HAVE BOUNTIFUL RESOURCES AND TECHNOLOGICAL GENIUS.

WE MUST RECOGNIZE THE URGENCY OF THIS CHALLENGE --
AND WE MUST WORK TOGETHER TO MEET IT.

THEN WE TOO WILL ENDURE. WE TOO WILL PROSPER.
WE TOO WILL TRIUMPH.

THANK YOU, AND GOOD NIGHT.

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