4/20/77 [1]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 4/20/77 [1]; Container 16

To See Complete Finding Aid:
http://www.jimmycarterlibrary.gov/libraryfindingaids/Staff_Secretary.pdf
GATT

that gas deregulation

how to rebate

pay for commercialization if
corp. legal & secur.

Eikel Hills - save may 31
donate some items to TV talk

Electrostatic Copy Made
for Preservation Purposes
TV-A Model

1) Difficult - no apaplaue.
2) See why not done before.
3) Leave in ground - oil & gas program.
4) Encourage voluntary conservation.
5) Last 4 years - prices jumpped.
6) Most reduce - maximum production.
7) '77 - 60 mb/d  '80 - 85 mb/d  '85 ~100 mb/d
8) Buildings waste energy.
8) Large autos waste energy.
8) Wholly waste oil & gas.
9) Inadequate prices waste energy.
10) Unnecessary regulation waste energy.
11) Decontrol Nat gas - rise to 870 grams of oil.
12) Trade deficits.
13) Many countries cannot reduce oil consumption.
14) Fundamental- do we have internal discipline required?
15) Plan must adjust as Circumstances A
16) Energy industry - not reap large unrealized profits.
17) Gov't should engine for people.
18) Avoid energy ballization.
19) Economic growth > energy Consumption growth.
20) Return taxes to people.
21) Europe auto - 2500 at $15, 4,100.
22) Must enforce long term efficiency standard.
23) Gas guzzler tax.
24) Standby geo tax.
25) Log generation 44-47 Germany 2970 Total energy.
26) May not like smell movement. (c) Support own plan.
27) Make plants more.
1980 - tax on gas/oil in stationary plants
20) Tax Credit Conversion to coal
21) New plants - coal $0.11/gal
22) Billions on nuclear - little on coal
23) Switch from and Coal Cleaning - low 62
24) Gas for coal - Fluidized bed boilers - mining mining
25) $1.30-1.40 plants 63 years (%)-38 years
26) Cancel LMTKE construction & licensing
27) Enrichment - gaseous diffusion centrifuge <1.0%.
28) Licensing - expedite siting & safety
29) Spent fuel storage
30) Fluid oil storage - cut back authority
31) No limit on LNG - no fed subsidy
32) Equitable distribution of imports
33) Synthetic, NG 21 trillion ft³ 1980
34) Thin gasoline price controls
35) Imports of oil 1577 qmgrd 1985 6 qmgrd
36) Contingency plan - not energy and rationing
37) Solar - tax credit = launch solar home heat industry
38) Geothermal - same tax incentives as geothermal
drilling
39) Do E - energy and plan, data collection,
regulate - coordinate R&D - Conservation
40) Goals - joint House Senate regulation
41) Vertical/Horizontal accountability, discipline,
market - distribute - domestic foreign
42) Results: save energy - econ growth - more jobs - capital
43) for industry - protect environment - reduce uncertainty -
promote peace
Mr. President, Mr. Speaker, Members of the Congress, and distinguished guests.

The last time we met as a group was three months ago, on Inauguration day. In those three months we have begun our work as partners in addressing our nation's problems.

In the months ahead, we must work together even more closely, for we must deal with the greatest domestic challenge our nation will face in our lifetime. We must act now -- together -- to devise and implement a comprehensive national energy plan to cope with an energy crisis that otherwise could overwhelm us.

The heart of our energy problem is that our demand for fuel keeps rising more quickly than our production, and our primary means of solving this problem is to reduce waste and inefficiency.
Oil and natural gas make up 75 percent of our consumption in this country, but they represent only 7 percent of our reserves. Our demand for energy is rising by more than 6 percent each year, but domestic oil production has been falling by about 6 percent. Our imports of oil have risen -- making us more vulnerable if supplies are interrupted -- but early in the 1980s even foreign oil will become increasingly scarce. Our trade deficits are growing. We imported more than $35 billion worth of oil last year, and we will spend $10 billion more than that this year. The time has come to draw the line.

We could continue to ignore this problem -- but to do so would subject our people to an impending catastrophe.
That is why we need a comprehensive national energy policy. Your advice has been an important influence as this plan has taken shape. Many of its proposals will build on your own legislative initiatives.

This is not an inspirational speech, but a sobering and difficult presentation. During the last three months, I have come to realize very clearly why a comprehensive energy policy has not already been evolved. It is a thankless job, but it is our job, and I believe we have a fair, well balanced and effective plan to present to you tonight. It can lead to an even better life for the people of America.

To the American people

Two nights ago, I spoke to you about the principles behind our plan and our goals for 1985:

-- to reduce the annual growth rate in our energy demand to less than 2 percent;
-- to reduce gasoline consumption by 10 percent; below its current level:

-- to cut imports of foreign oil to 6 million barrels a day, less than half the level it would be if we did not conserve;

-- to establish a strategic petroleum reserve of one billion barrels, about a ten months' supply;

-- to increase our coal production by more than two-thirds, to one billion tons a year;

-- to insulate 90 percent of American homes and all new buildings; and

-- to use solar energy in more than two and a half million homes.

I hope that the Congress will adopt these goals by joint resolution as a demonstration of our mutual commitment to achieve them.
Tonight I want to outline the specific steps by which we can reach those goals. The proposals fall into these central categories:

-- conservation,
-- production,
-- conversion,
-- development, and
-- fairness, which is a primary consideration in all our proposals.

We prefer to reach these goals through cooperation with a minimum of coercion. In many cases, we propose financial incentives, which will encourage people to save energy and will harness the power of our free economy to meet our needs, to accomplish our goals.

But I must say to you that voluntary compliance will not be enough -- the problem is too large and the
time is too short.

In a few cases, penalties and restrictions to reduce waste are essential.

Our first goal is conservation. It is the cheapest, most practical way to meet our energy needs and to reduce our growing vulnerability to foreign supplies of oil.

With proper planning, economic growth, enhanced job opportunities and a higher quality of life can result even while we eliminate the waste of energy.

The two areas where we waste the most energy are transportation and our heating and cooling systems.

Transportation consumes 26 percent of our energy -- and as much as half of that is waste. In Europe the average automobile weighs 2,700 pounds; in our country it weighs 4,100 pounds.
The Congress has already adopted fuel efficiency standards, which will require new cars to average 27.5 miles per gallon by 1985 instead of the 18 they average today.

To insure that this existing congressional mandate is met, I am proposing a graduated excise tax on new gas guzzlers that do not meet federal mileage standards. The tax will start low and then rise each year until 1985. In 1978, a tax of $179 will be levied on a car getting 15 miles per gallon, and for an 11 mile-per-gallon car the tax will be $449. By 1985, the taxes will have risen to $1600 and $2500 for new cars with this extremely low efficiency.

All of the money collected by this tax on wasteful automobiles would be returned to consumers, in the form of rebates on cars that were more efficient than the mileage standard. It is expected that both efficiency
and automobile production and sales will increase under this proposal. We will ensure that American automobile workers and their families do not bear an unfair share of the burden.

Now I want to discuss one of the most controversial and misunderstood parts of the energy proposal -- a standby tax on gasoline. Gasoline consumption represents half of our total oil usage.

We simply must save gasoline, and I believe that the American people can meet this challenge. It is a matter of patriotism and commitment.

Between now and 1980 we expect to

By 1980 we can and should hold gasoline consumption near the present level. For the following five years, when we have more efficient automobiles, we need to reduce consumption 2 percent per year to reach our goal of a 10 percent reduction by 1985.

I propose that we commit ourselves to these fair, reasonable and necessary goals and at the same time write into law a gas tax of an additional 5 cents per gallon that will automatically take effect every year that we
fail to meet annual targets. As an added incentive, if we miss one year but are back on track the next, the additional tax would come off. If the people respond to our challenge, we can meet these reasonable goals, and this gasoline tax will never be imposed. If we meet these reasonable goals, and you know it can be done.

As with other taxes, we must minimize the adverse effects on our economy -- reward those who conserve -- and penalize those who waste. Therefore, any proceeds from the tax -- if triggered -- should be returned to the general public in an equitable manner.

I will also propose a variety of other measures to make our transportation system more efficient, including:

(a) improving the automobile testing program, so that performance estimates are much closer to the mileage drivers can actually get on the road;
(a) setting efficiency standards for light duty trucks;
(b) buying more efficient vehicles for government use;
(c) abolishing the federal excise tax on inter-city buses; and
(d) increasing the tax on fuel for motor boats and all planes other than commercial carriers and air-taxies.

One of the side effects of conserving gasoline is that state governments collect less money through gasoline taxes. To reduce their hardships and to insure adequate highway maintenance, we will compensate for this loss through the highway trust fund.

The second major area where we can reduce waste is in our homes and buildings. Some buildings waste half the energy used for heating and cooling. From now
on, we must make sure that new buildings are as efficient as possible, and that old buildings are equipped -- or "retrofitted" -- with insulation and heating systems that dramatically reduce the use of fuel.

The federal government will set an example by making its own buildings among the most efficient in the country. I will issue an executive order establishing strict conservation goals for both new and old federal buildings -- [I will direct] a 45 percent increase in energy efficiency for new buildings, and a 20 percent increase for existing buildings by 1985.

We also need incentives to help those who own homes and businesses to conserve.

Those who weatherize buildings would be eligible for a tax credit of 25 percent of the first $800 invested in conservation, and 15 percent of the next $1,400.
If homeowners prefer, they may take advantage of a weatherization service which all regulated utility companies will be required to offer. The utilities would arrange for the contractors and provide reasonable financing. The customer would pay for the improvements through small, regular additions to monthly utility bills. In many cases, these additional charges would be almost entirely offset by lower energy consumption brought about by energy savings.

Other proposals for conservation in homes and buildings include:

--direct federal help for low-income residents;

--an additional 10 percent tax credit for business investments;

--federal grants to non-profit schools and hospitals; and

--public works money for weatherizing state and local government buildings.
While improving the efficiency of our businesses and homes, we must also make electrical home appliances more efficient. I propose legislation that would, for the first time, impose stringent efficiency standards for household appliances by 1980.

We must also reform our utility rate structure. For many years we have rewarded waste by offering the cheapest rates to the largest users. It is difficult for individual states to make such reforms because of the competition for new industry. The only fair way is to adopt a set of principles to be applied nationwide.

I am therefore proposing legislation which would require the following steps over the next two years:

-- Phasing out promotional rates and other pricing systems that make natural gas and electricity artificially cheap for high-volume users and which do not accurately reflect costs;
Peak-load pricing systems during the day which offer higher charges when demand is great and lower charges when demand is small, and

-- Individual meters for each apartment in new buildings instead of one master meter.

Plans are already being discussed [we have already begun plans] for the TVA System to act as a [grant] model for implementing new programs to conserve energy.

One final step toward conservation is to encourage industries and utilities to expand "cogeneration" projects, which capture much of the steam that is now wasted in generating electricity. In Germany, 29 percent of total energy comes from cogeneration, but only 4 percent in the United States.

I propose a special 10 percent tax credit for investments in cogeneration.
Along with conservation, our second major strategy is production and national pricing.

We can never increase our production of oil and natural gas by enough to meet our demand, but we must be sure that our pricing system is sensible, discourages waste and encourages exploration and new production.

One of the principles of our energy policy is that the price of energy should reflect its true replacement cost, one of the best ways to bring supply and demand into balance over the long-run. Realistic pricing is especially important for our scarcest fuels, oil and natural gas. However, very drastically of domestic oil and gas prices would be a disaster for our economy and for working Americans, and would not solve long-range problems of dwindling supplies.

The price of newly discovered oil would be allowed to rise, over a three-year period, to the 1977 world market price, with allowances for inflation. The current
return to producers for previously discovered oil would remain the same, except for adjustments because of inflation.

Because fairness is an essential strategy of our energy program, we do not want to give producers windfall profits, beyond the incentives they need for exploration and production. But we are misleading ourselves if we do not recognize the replacement costs of energy in our pricing system.

Therefore, I propose that we phase in on existing supplies of domestic oil a wellhead tax, equal to the difference between the present controlled price of oil and the world price, and return the money collected by this tax to the consumers and workers of America.

We should also end the artificial distortions in natural gas prices in different parts of the country which have caused people in the producing states to pay exorbitant prices, while creating shortages, unemployment.
and economic stagnation, particularly in the Northeast.

We must not permit energy shortages to balkanize our nation.

I want to work with the Congress to give producers an adequate incentive to explore from natural gas, the price of newly discovered natural gas, working carefully toward deregulation of newly discovered natural gas as market conditions permit.

As a first step, I propose that the price limit for all new gas sold anywhere in the country be set at the price of the equivalent energy value of domestic crude oil, That will mean a price of about $1.75 per thousand cubic feet in 1978. This proposal will apply both to new gas and to expiring intrastate contracts. It would not affect existing contracts.

We must be sure that oil and natural gas are not wasted by industries and utilities that could use coal instead. Our third strategy will be conversion from scarce fuels to coal wherever possible.
Although coal now provides only 18 percent of our energy needs, it is our most abundant energy resource, making up 90 percent of our reserves. Its production and use create environmental difficulties, but we can cope with them through strict strip-mining and clean air standards.

To increase the use of coal by 400 million tons, or 65 percent, in industry and utilities by 1985, I propose the following measures:

A sliding scale tax, starting in 1979, on large industrial users of oil and natural gas. Fertilizer manufacturers and crop dryers which must use gas would be exempt from the tax. Utilities would not be subject to these taxes until 1983, because it will take them longer to convert to coal.
I will also submit proposals for expanded research and development in coal. We need to find better ways to mine it safely and burn it cleanly, and to use it to produce other clean energy sources. We have spent billions on research and development of nuclear power, but very little on coal. Investments here can pay rich dividends.

Even with this conversion effort, we will still face a gap -- between the energy we need and the energy we can produce and import. Therefore, as a last resort we must continue to use increasing amounts of nuclear energy.

We now have 63 nuclear power plants, producing about 3 percent of our total energy and about 70 more are licensed for construction. Domestic uranium supplies can support these plants for another 75 years. Effective
conservation efforts can minimize the shift toward nuclear power. There is no need to enter the plutonium age by licensing or building a commercial fast breeder reactor such as the proposed plant at Clinch River.

We must, however, increase our capacity to produce enriched uranium for light water nuclear power plants, using the new centrifuge technology, which consumes only 1/10th the energy of existing gaseous diffusion plants.

Adequate storage for spent nuclear fuel will be required.

We must also reform the nuclear licensing procedures. Proper-siting, safety standards, and plant-supervision must be guaranteed. Standards should be more uniform, decisions standardized as much as possible, and more adequate storage for spent fuel assured.
However, even with the most thorough safeguards, it should not take ten years to license a plant. I propose that we establish reasonable, objective criteria for licensing, and that plants which are based on a standard design not require extensive individual licensing.

Our fourth strategy is to develop permanent and reliable new energy sources.

The most promising is solar energy, for which much of the technology is already available. Solar water heaters and space heaters are ready for commercialization. All they need is some incentive to initiate the growth of a large market.

Therefore, I am proposing a gradually decreasing tax credit, to run from now through 1984, for approved solar heating equipment. Initially, it would be 40 percent of the first $1,000 and 25 percent of the next $6,400 invested.
Increased production of geothermal energy can be insured by providing the same tax incentives as for gas and oil drilling operations.

Our guiding principle, as we developed this plan, was that above all it must be fair.

None of our people must make an unfair sacrifice.

None should reap an unfair benefit.

The desire for equity is reflected throughout our plan:

-- in the wellhead tax, which encourages conservation but is returned to the public;

-- in a dollar-for-dollar refund of the wellhead tax as it affects home heating oil;

-- in reducing the unfairness of natural gas pricing;
in ensuring that homes will have the oil and natural gas they need, while industry turns toward the more abundant coal that can also suit its needs;

in basing utility prices on true cost, so every user pays a fair share;

in the automobile tax and rebate system, which rewards those who save our energy and penalizes those who waste it.

I propose one other step to insure proper balance in our plan. We need more accurate information about our supplies of energy, and about the companies that produce it.

If we are asking sacrifices of ourselves, we need facts we can count on. We need an independent information system that will give us reliable data about energy reserves and production, emergency capabilities and financial data from the energy producers.
I happen to believe in competition, and we don't have enough of it.

During this time of increasing scarcity, competition among energy producers and distributors must be guaranteed. I recommend that individual accounting be required from energy companies for production, refining, distribution and marketing -- separately for domestic and foreign operations. Strict enforcement of the anti-trust laws can be based on this data, and may prevent the need for divestiture.

Profiteering through tax shelters should be prevented, and independent drillers should have the same intangible tax credits as the major corporations.

The energy industry should not reap large unearned profits. Increasing prices on existing inventories of oil should not result in windfall gains but should be captured for the people of our country.
We must make it clear to everyone in this country that the people, through their government, will now be setting our energy policy.

The new Department of Energy should be established without delay. Continued fragmentation of government authority and responsibility for our nation's energy program is dangerous and unnecessary.

Two nights ago, I said that this difficult effort would be the moral equivalent of war. If successful, this effort will protect our jobs, our environment, our national independence, our standard of living, and our future. Our energy policy will be innovative, but fair and predictable. It will not be easy. It will demand the best of us -- our vision, our dedication, our courage, and our sense of common purpose.
But we have met challenges before, and our nation has been the stronger for it. That is the responsibility that we face together — you in the Congress, the members of my administration, and all the people of our country. I am confident that together we will succeed.

# # #

This is a carefully balanced program, depending for its fairness on all of its major component parts. It will be a test of our national strength, basic political strength and ability.
MR. PRESIDENT, MR. SPEAKER, MEMBERS OF THE CONGRESS:

THE LAST TIME WE MET AS A GROUP WAS THREE MONTHS AGO, ON INAUGURATION DAY. IN THOSE THREE MONTHS WE HAVE BEGUN OUR WORK AS PARTNERS IN ADDRESSING OUR NATION'S PROBLEMS.

IN THE MONTHS AHEAD, WE MUST WORK TOGETHER EVEN MORE CLOSELY, FOR WE MUST DEAL WITH THE GREATEST DOMESTIC CHALLENGE OUR NATION WILL FACE IN OUR LIFETIMES. WE MUST ACT NOW -- TOGETHER -- TO IMPLEMENT A COMPREHENSIVE NATIONAL ENERGY PLAN TO COPE WITH AN ENERGY CRISIS THAT OTHERWISE COULD OVERWHELM US.

THE HEART OF OUR ENERGY PROBLEM IS THAT OUR DEMAND FOR FUEL KEEPS RISING MORE QUICKLY THAN OUR PRODUCTION, AND THE PRIMARY REASON FOR THAT RISE IS WASTE AND INEFFICIENCY.

OIL AND NATURAL GAS MAKE UP 75 PER CENT OF OUR CONSUMPTION IN THIS COUNTRY, BUT THEY REPRESENT ONLY 7 PER CENT.
OF OUR RESERVES. OUR DEMAND FOR ENERGY IS RISING BY MORE
THAN 3 PER CENT EACH YEAR, BUT DOMESTIC PRODUCTION HAS BEEN
FALLING BY ABOUT 6 PER CENT. OUR IMPORTS OF OIL HAVE RISEN
-- MAKING US MORE VULNERABLE TO INTERRUPTION OF SUPPLY
BUT EARLY IN THE 1980'S EVEN FOREIGN OIL WILL BECOME SCARCE.

OUR TRADE DEFICITS ARE GROWING, CAUSED BY IMPORTS
MORE THAN $35 BILLION WORTH OF OIL LAST YEAR. WE WILL SPEND
$10 BILLION MORE THAN THAT THIS YEAR. The time has
come to draw the line.

WE COULD CONTINUE TO IGNORE THIS PROBLEM FOR A WHILE
-- BUT TO DO SO WOULD SUBJECT OURSELVES AND OUR CHILDREN,
TO A CATASTROPHE, -- NOT FAR IN THE FUTURE.

THAT IS WHY WE NEED A COMPREHENSIVE NATIONAL ENERGY
PLAN. YOUR ADVICE HAS BEEN AN IMPORTANT INFLUENCE AS THIS
PLAN HAS TAKEN SHAPE. MANY OF ITS PROPOSALS BUILD ON
LEGISLATIVE EFFORTS YOU HAVE MADE BEFORE.
THIS IS A SOBERING AND DIFFICULT PRESENTATION, AND I DON'T EXPECT APPLAUSE. DURING THE LAST THREE MONTHS, I HAVE COME TO REALIZE VERY CLEARLY WHY A COMPREHENSIVE ENERGY POLICY HAS NOT ALREADY BEEN EVOLVED. IT IS A THANKLESS JOB, BUT IT IS OUR JOB, AND I BELIEVE [BUT] WE HAVE A FAIR, WELL-BALANCED AND EFFECTIVE PLAN TO PRESENT TO YOU TONIGHT. IT CAN LEAD TO AN EVEN BETTER LIFE FOR THE PEOPLE OF AMERICA.

TWO NIGHTS AGO, I SPOKE TO THE AMERICAN PEOPLE ABOUT THE PRINCIPLES BEHIND OUR PLAN AND LISTED OUR SPECIFIC GOALS FOR 1985:

-- TO REDUCE THE ANNUAL GROWTH RATE IN OUR ENERGY DEMAND TO LESS THAN 2 PER CENT;

-- TO REDUCE GASOLINE CONSUMPTION BY 10 PER CENT BELOW ITS CURRENT LEVEL;

-- TO CUT DEMAND FOR FOREIGN OIL TO 6 MILLION BARRELS A DAY, LESS THAN HALF THE LEVEL IT WOULD BE IF WE DID NOT CONSERVE;
-- TO ESTABLISH A STRATEGIC PETROLEUM RESERVE OF ONE BILLION BARRELS, MORE THAN A SIX MONTHS' SUPPLY;

-- TO INCREASE OUR COAL PRODUCTION BY MORE THAN TWO THIRDS, TO ONE BILLION TONS A YEAR;

-- TO INSULATE 90 PER CENT OF AMERICAN HOMES AND ALL NEW BUILDINGS; and

-- TO USE SOLAR ENERGY IN MORE THAN TWO AND A HALF MILLION HOMES.

I HOPE THAT THE CONGRESS WILL ADOPT THESE GOALS BY JOINT RESOLUTION AS A DEMONSTRATION OF OUR MUTUAL COMMITMENT TO ACHIEVE THEM.

TONIGHT I WANT TO OUTLINE THE SPECIFIC STEPS BY WHICH WE CAN REACH THOSE GOALS. THE PROPOSALS FALL INTO FOUR CATEGORIES, REFLECTING FOUR CENTRAL STRATEGIES:
- CONSERVATION
- PRODUCTION
- CONVERSION
- DEVELOPMENT.

FAIRNESS, which is a primary

RUNNING THROUGH ALL OF THE PROPOSALS IS AN ADDITIONAL

CONSIDERATION 

STRATEGY - EQUITY TO THE AMERICAN PUBLIC.

WE PREFER TO REACH THESE GOALS THROUGH COOPERATION

AMONG OUR PEOPLE, WITH A MINIMUM OF COERCION.  

IN EACH AREA

WE SUGGEST HOW THE GOVERNMENT CAN SET A POSITIVE EXAMPLE AND

LEAD THE WAY.

IN MANY OTHER CASES, WE PROPOSE FINANCIAL

INCENTIVES, WHICH WILL ENCOURAGE PEOPLE TO SAVE ENERGY AND

WILL HARNESS THE POWER OF OUR FREE ECONOMY TO ACCOMPLISH

OUR GOALS.

BUT I MUST SAY TO YOU THAT VOLUNTARY COMPLIANCE WILL

NOT BE ENOUGH -- THE PROBLEM IS TOO LARGE AND THE TIME IS
TOO SHORT. [THE TIME HAS COME TO FACE REALITY]

IN A FEW RESTRICTED CASES, WE BELIEVE THAT PENALTIES
AND RESTRICTIONS TO REDUCE WASTE ARE ESSENTIAL.

I. CONSERVATION

OUR FIRST GOAL IS CONSERVATION. IT IS THE CHEAPEST,
MOST PRACTICAL WAY TO REDUCE PRESSURE ON OUR ENERGY SUPPLIES.
IT IS THE ONLY WAY WE CAN REDUCE OUR GROWING VULNERABILITY
TO FOREIGN SUPPLIES OF OIL.

CONSERVATION WILL REQUIRE A CHANGE IN OUR ATTITUDES,
AND A NEW AWARENESS OF HOW PRECIOUS OUR ENERGY IS. BUT IN
MOST CASES IT WILL SIMPLY MEAN ENDING WASTE, RATHER THAN
MAKING MAJOR ADJUSTMENTS IN OUR WAY OF LIFE. WITH PROPER
PLANNING, ECONOMIC GROWTH AND ENHANCED JOB OPPORTUNITIES
AND A HIGHER QUALITY OF LIFE CAN RESULT EVEN WHILE WE ELIMINATE THE WASTE OF ENERGY.
TWO AREAS WHERE WE WASTE THE MOST ENERGY — AND WHERE
WE CAN MOST EASILY SAVE — ARE TRANSPORTATION AND OUR HEATING
AND COOLING SYSTEMS.

TRANSPORTATION CONSUMES \( \frac{26}{26} \) PER CENT OF OUR
ENERGY — AND AT LEAST \( \frac{1}{2} \) PER CENT OF THAT IS WASTE.

IN EUROPE THE AVERAGE AUTOMOBILE WEIGHS 2,700 POUNDS; IN OUR
COUNTRY IT WEIGHS 4,100 POUNDS. AN IMPORTANT STEP TOWARD
REDUCING WASTE IS TO PRODUCE MORE EFFICIENT CARS AND TO USE
THEM.

THE CONGRESS HAS ALREADY ADOPTED FUEL EFFICIENCY
STANDARDS, WHICH WILL REQUIRE NEW CARS TO AVERAGE \( \frac{27.5}{5} \) MILES PER GALLON BY 1985 INSTEAD OF THE \( \frac{18}{5} \) THEY
AVERAGE TODAY.

I BELIEVE THESE STANDARDS CAN AND SHOULD BE TIGHTENED
FURTHER FOR 1986 AND 1987, TO \( \frac{22}{5} \) MILES PER GALLON.

Electrostatic Copy Made
for Preservation Purposes
TO GIVE OUR PEOPLE AN INCENTIVE TO COMPLY WITH THE
EXISTING CONGRESSIONAL MANDATE TO BUY MORE EFFICIENT CARS
is met,
-- AND INDUSTRY AN INCENTIVE TO DEVELOP THEM -- I AM ALSO
PROPOSING A GRADUATED EXCISE TAX ON NEW CARS THAT DO NOT
MEET FEDERAL MILEAGE STANDARDS. THE TAX WOULD START LOW
AND THEN RISE EACH YEAR UNTIL 1985. IN 1978, A CAR THAT
FELL 3 MILES PER GALLON BELOW THE STANDARD WOULD BEAR A
TAX OF $179. AT 7 MILES PER GALLON BELOW THE STANDARDS,
THE TAX WOULD BE $449. BY 1985, THE TAXES WOULD HAVE
RISEN TO $1680 FOR A CAR 3 MILES PER GALLON BELOW THE
STANDARD, AND $459 FOR 7 MILES PER GALLON BELOW.
WITH THIS EXTREMELY HIGH EFFICIENCY,
ALL OF THE MONEY COLLECTED BY THIS TAX ON WASTEFUL
AUTOMOBILES WOULD BE RETURNED TO CONSUMERS, IN THE FORM OF
REBATES ON CARS THAT WERE MORE EFFICIENT THAN THE MILEAGE
STANDARD. THERE WOULD BE SPECIAL PROVISIONS IN THE TAX TO
ENHANCE IT IS EXPECTED THAT BOTH EFFICIENCY
AND AUTOMOBILE PRODUCTION AND SALES WILL INCREASE
UNDER THIS PROPOSAL.
ENSURE THAT AMERICAN AUTOMOBILE WORKERS AND THEIR FAMILIES DO NOT BEAR AN UNFAIR SHARE OF THE BURDEN. OF COURSE, WE WILL ALSO WORK WITH CAR TRADING PARTNERS TO SEE THAT THEY ARE TREATED FAIRLY.

I want to discuss one of the most controversial parts of the energy proposal: the tax on gasoline. IF WE AS A NATION ARE SERIOUS ABOUT CONSERVATION, WE MUST CLEARLY DEMONSTRATE THAT COMMITMENT. I KNOW OF NO BETTER WAY TO DO THIS THAN TO SET GOALS FOR OUR SOCIETY AND AT THE SAME TIME ESTABLISH PENALTIES TO BE PAID IF WE FAIL TO LIVE UP TO THOSE GOALS.

BETWEEN NOW AND 1980 WE CAN AND SHOULD HOLD GASOLINE CONSUMPTION AT THE PRESENT LEVEL. FOR THE FOLLOWING FIVE YEARS, WE NEED TO REDUCE CONSUMPTION 2 PER CENT PER YEAR TO REACH OUR GOAL OF A 10 PER CENT REDUCTION BY 1985.

I PROPOSE THAT WE COMMIT OURSELVES TO THESE FAIR, REASONABLE AND NECESSARY GOALS AND AT THE SAME TIME WRITE...
INTO LAW A GAS TAX OF 5 CENTS PER GALLON THAT WILL AUTOMATICALLY TAKE EFFECT FOLLOWING ANY YEAR THAT WE FAIL TO MEET THOSE GOALS TO BE FAIR, IF WE MISS ONE YEAR BUT ARE BACK ON TRACK THE NEXT, THE ADDITIONAL TAX WOULD COME OFF.

AS AN ADDITIONAL INCENTIVE,

AS WITH OTHER TAXES, WE MUST MINIMIZE THE ADVERSE EFFECTS ON OUR ECONOMY -- REWARD THOSE WHO CONSERVE -- AND,

PENALIZE THOSE WHO WASTE. THEREFORE, I AM ALSO PROPOSING

THAT THE PROCEEDS FROM THE TAX -- IF TRIGGERED, AND IF WE ARE RESPONSIBLE, IT WILL NOT BE TRIGGERED AND IF WE SHOULD BE RETURNED IN AN EQUITABLE MANNER TO THE PUBLIC THROUGH DIRECT PER-CAPITA PAYMENTS.

I WILL ALSO PROPOSE A VARIETY OF OTHER MEASURES TO MAKE OUR TRANSPORTATION SYSTEM MORE EFFICIENT, INCLUDING:

(a) IMPROVING THE EPA TESTING PROGRAM, SO THAT PERFORMANCE ESTIMATES ARE MUCH CLOSER TO THE MILEAGE DRIVERS CAN ACTUALLY GET ON THE ROAD;

Electrostatic Copy Made for Preservation Purposes
(b) SETTING EFFICIENCY STANDARDS FOR LIGHT DUTY TRUCKS;

up to 10,000 pounds;

(c) BUYING MORE EFFICIENT VEHICLES FOR GOVERNMENT USE;

(d) ABOLISHING THE FEDERAL EXCISE TAX ON INTER-CITY BUSES; AND

(e) INCREASING THE TAX ON FUEL FOR ALL PLANES OTHER THAN COMMERCIAL CARRIERS AND AIR-TAXIS.

ONE OF THE SIDE EFFECTS OF CONSERVING GASOLINE IS THAT STATE GOVERNMENTS COLLECT LESS MONEY THROUGH GASOLINE TAXES. TO REDUCE THEIR HARDSHIPS, WE WILL COMPENSATE FOR THIS LOSS THROUGH SOURCES SUCH AS THE HIGHWAY TRUST FUND TO INSURE ADEQUATE HIGHWAY MAINTENANCE.

THE SECOND MAJOR AREA TO REDUCE WASTE IS IN OUR HOMES AND BUILDINGS. SOME BUILDINGS WASTE HALF THE ENERGY USED
FOR HEATING AND COOLING. FROM NOW ON, WE MUST MAKE SURE THAT NEW BUILDINGS ARE AS EFFICIENT AS POSSIBLE, AND THAT OLD BUILDINGS ARE EQUIPPED -- OR "RETROFITTED" -- WITH INSULATION AND HEATING SYSTEMS THAT DRAMATICALLY REDUCE THE USE OF FUEL.

THE FEDERAL GOVERNMENT WILL SET AN EXAMPLE IN THIS AREA BY MAKING ITS OWN BUILDINGS AMONG THE MOST EFFICIENT IN THE COUNTRY. WHEN I WILL ISSUE AN EXECUTIVE ORDER ESTABLISHING STRICT CONSERVATION GOALS FOR BOTH NEW AND OLD FEDERAL BUILDINGS. I WILL DIRECT A 45 PER CENT INCREASE IN ENERGY EFFICIENCY FOR NEW BUILDINGS, AND A 25 PER CENT INCREASE FOR EXISTING BUILDINGS BY 1985.

WE ALSO NEED INCENTIVES TO HELP THOSE WHO OWN HOMES AND BUSINESSES INVEST IN CONSERVATION.

FAMILIES WHO WISH TO WEATHERIZE THEIR HOUSES WOULD HAVE TWO CHOICES.

Electrostatic Copy Made for Preservation Purposes
If they preferred to do the work themselves or arrange for their own contractors and supplies, they would be eligible for a tax credit of 25 per cent of the first $800 invested in conservation, and 15 per cent of the next $1,400.

If homeowners prefer, they may arrange for their own eligible suppliers. If they preferred, they could take advantage of a weatherization service which all regulated utilities will be required to offer. The utilities would arrange for the contractors, recommend the proper steps, and provide reasonable financing. And the customer would have to do is agree to the service and pay for the improvements through small, regular additions to monthly utility bills. In many cases, these additional charges would be almost entirely offset by lower energy consumption brought about by the insulation.

Some of our other proposals for conservation in homes and buildings include: DIRECT FEDERAL HELP FOR LOW-INCOME.
RESIDENTS, A 10 PER CENT TAX CREDIT FOR BUSINESS INVESTMENTS, FEDERAL GRANTS TO NON-PROFIT INSTITUTIONS, SUCH AS SCHOOLS AND HOSPITALS, AND PUBLIC WORKS MONEY FOR WEATHERIZING STATE AND LOCAL GOVERNMENT BUILDINGS.

WHILE IMPROVING THE EFFICIENCY OF OUR BUSINESSES AND HOMES, WE MUST ALSO MAKE THE APPLIANCES INSIDE THE HOME MORE EFFICIENT. I PROPOSE LEGISLATION THAT WOULD, FOR THE FIRST TIME, ESTABLISH STRINGENT EFFICIENCY STANDARDS FOR HOUSEHOLD APPLIANCES BY 1980. SUCH STANDARDS ARE COMMON IN ALMOST EVERY OTHER INDUSTRIALIZED NATION IN THE WORLD. WE CAN NO LONGER AFFORD TO DO WITHOUT THEM.

IF WE ARE SERIOUS ABOUT CONSERVING ENERGY, WE MUST ALSO REFORM OUR UTILITY RATE STRUCTURE. FOR MANY YEARS WE HAVE REWARDED WASTE BY OFFERING THE CHEAPEST RATES TO THE LARGEST USERS. IT IS DIFFICULT FOR INDIVIDUAL STATES TO
MAKE SUCH REFORMS BECAUSE OF THE COMPETITION AMONG STATES FOR
NEW ENERGY. THE ONLY FAIR WAY IS TO ADOPT A UNIFORM NATIONAL
APPROACH. SET OF PRINCIPLES TO BE APPLIED RATIONALLY
TO SHOULDER THIS RESPONSIBILITY.

I AM THEREFORE PROPOSING LEGISLATION WHICH WOULD RE-
QUIRE THE FOLLOWING STEPS OVER THE NEXT TWO YEARS:

-- PHASING OUT OF PROMOTIONAL RATES AND OTHER PRICING
SYSTEMS THAT MAKE NATURAL GAS AND ELECTRICITY ARTIFICIALLY
CHEAP FOR HIGH-VOLUME USERS AND WHICH DO NOT ACCURATELY
REFLECT COSTS.

-- ESTABLISHMENT OF PEAK-LOAD PRICING SYSTEMS TO WHICH OFFER
HIGHER CHARGES MOST WHEN DEMAND IS GREATEST AND LEAST WHEN IT IS
SMALL.

-- INDIVIDUAL METERS FOR EACH APARTMENT IN NEW APART-
MENT BUILDINGS INSTEAD OF ONE MASTER METER. WE HAVE ALREADY
BEGUN PLANS FOR THE TVA SYSTEM TO ACT AS A GIANT MODEL FOR IMPLEMENTING NEW PROGRAMS TO CONSERVE ENERGY.

ONE FINAL STEP TOWARD CONSERVATION IS TO ENCOURAGE INDUSTRIES AND UTILITIES TO EXPAND "COGENERATION" PROJECTS, WHICH CAPTURE MUCH OF THE STEAM THAT IS NOW WASTED IN ELECTRIC GENERATORS. IN GERMANY, 29 PER CENT OF TOTAL ENERGY COMES FROM COGENERATION, BUT ONLY 4 PER CENT IN THE UNITED STATES.

I PROPOSE [THAT WE OFFER] A 10 PER CENT TAX CREDIT FOR INVESTMENTS IN COGENERATION. [TO SET THE PROPER EXAMPLE, I PROPOSE THAT THE FEDERAL GOVERNMENT LAUNCH A COGENERATION PROGRAM AT ITS URANIUM ENRICHMENT PLANT SITES IN TENNESSEE, KENTUCKY AND OHIO, PLUS THE NUCLEAR FACILITY IN SOUTH CAROLINA.]

WE ALSO NEED AUTHORITY IN A TIME OF NATIONAL EMERGENCY TO IMPOSE FUEL RATIONING AND TO IMPLEMENT OTHER CONTINGENCY PLANS.
II. PRODUCTION

Along with conservation, our second major strategy is production and rational pricing.

We can never increase our production of oil and natural gas by enough to meet our demand, but we must be sure that our pricing system is sensible, and does not discourages waste and encourages new artificially discourage exploration and production.

One of the principles of our energy policy is that the price of energy should reflect its true replacement cost, that is one of the best ways to bring supply and demand into balance over the long-run. Realistic pricing is especially important for our scarcest fuels, oil and natural gas.

[Propose that the oil-price-control program should be extended and changed. Under this system, the price of]
NEWLY DISCOVERED OIL WOULD BE ALLOWED TO RISE, OVER A 3-YEAR PERIOD, TO THE 1977 WORLD MARKET PRICE, WITH ALLOWANCES FOR INCREASES DUE TO INFLATION. THE CURRENT PRICE LIMITS FOR PREVIOUSLY DISCOVERED OIL WOULD REMAIN THE SAME, EXCEPT FOR ADJUSTMENTS BECAUSE OF INFLATION.

BECAUSE EQUITY IS AN ESSENTIAL STRATEGY OF OUR ENERGY PROGRAM, WE DO NOT WANT TO GIVE PRODUCERS WINDFALL PROFITS, BEYOND THE INCENTIVES THEY NEED FOR EXPLORATION AND PRODUCTION.

THEREFORE, I PROPOSE THAT WE SUBJECT ALL DOMESTIC OIL TO A WELLHEAD TAX, EQUAL TO THE DIFFERENCE BETWEEN THE CONTROLLED PRICE OF OIL AND THE WORLD PRICE, AND THE MONEY COLLECTED BY THIS TAX WOULD BE RETURNED TO THE CONSUMERS AND WORKERS OF AMERICA, THROUGH INCREASED TAX CREDITS AND DECREASED WITHHOLDING. THESE CREDITS WILL HAVE A PROGRESSIVE EFFECT AND WILL GIVE THE GREATEST HELP TO CONSUMERS WHO HAVE THE MOST DIFFICULTY COPING WITH HIGHER ENERGY PRICES.
IN ORDER TO ENCOURAGE FULL EXPLORATION OF THE OUTER CONTINENTAL SHELF, WE HAVE SUPPORTED CONGRESSIONAL EFFORTS TO REFORM THE OCS BIDDING PROCEDURE TO PROVIDE GREATER ENVIRONMENTAL SAFEGUARDS, AND ALLOW SMALL COMPANIES TO SHARE IN THE EXPLORATION.

I REQUEST AUTHORITY TO REDUCE PRODUCTION OF OIL FROM NAVAL RESERVE STORAGE, AND TO REMOVE FEDERAL SUBSIDIES AND LIMITS ON THE IMPORTATION OF LIQUID NATURAL GAS.

AS I SAID MANY TIMES DURING THE LAST YEAR, I WANT TO WORK WITH THE CONGRESS TO Deregulate THE PRICE OF NEW NATURAL GAS. Deregulation WOULD PROVIDE AN INCENTIVE FOR NEW EXPLORATION AND HELP OUR NATION'S OIL AND GAS OPERATORS ATTRACT NEEDED CAPITAL. It WOULD ALSO END THE ARTIFICIAL DISTORTIONS IN NATURAL GAS PRICES IN DIFFERENT PARTS OF THE COUNTRY WHICH HAVE CAUSED
PEOPLE IN SOME SOUTHERN STATES TO PAY EXORBITANT PRICES, AND WHILE CREATED SHORTAGES, UNEMPLOYMENT AND ECONOMIC STAGNATION, PARTICULARLY IN THE NORTHEAST. WE MUST NOT PERMIT ENERGY SHORTAGES TO BALKANIZE OUR NATION.

AS A FIRST STEP, I PROPOSE THAT THE PRICE LIMIT FOR NEW GAS, WITHIN PRODUCING STATES OR THAT SOLD ANYWHERE IN THE COUNTRY, SHOULD BE SET AT THE PRICE OF THE BTU-EQUIVALENT ENERGY VALUE OF DOMESTIC CRUDE OIL. THAT WOULD MEAN A PRICE LIMIT OF ABOUT $1.75 PER MCF IN 1978. THIS PROPOSAL WOULD APPLY BOTH TO NEW GAS AND TO EXPIRING INTRASTATE CONTRACTS. IT WOULD NOT AFFECT EXISTING INTERSTATE CONTRACTS, [NOR EXTREMELY HARD-TO-FIND GAS.]

III. CONVERSION

OUR PRODUCTION AND CONSERVATION STRATEGIES WILL HELP GUARD OUR PRECIOUS FUELS. WE ESTIMATE THAT THEY WILL SAVE ABOUT 5 MILLION BARRELS OF OIL EQUIVALENT BY 198...
We must be sure that oil and natural gas are not wasted by industries and utilities that could use coal instead.

Our third strategy will be conversion from scarce fuels to coal whenever possible.

Although coal provides only 18% of our energy needs, it is our most abundant energy resource, making up 90 per cent of our reserves. Its production and use create environmental difficulties, but we can cope with them through stringency strip-mining and clean air regulations:

To increase the use of coal by \( \frac{1}{20} \) million tons, or \( \frac{65}{100} \) per cent, in industry and utilities by 1985.

I propose the following measures:

- A rising tax, starting in 1979, on industrial use of natural gas. In 1980 the tax would be 30 cents above the BTU equivalent of the controlled price of domestic oil.

Electrostatic Copy Made
for Preservation Purposes
1985, the tax would be 75 cents. [Fertilizer Manufacturers leave

and crop dryers which must use gas will be exempt from the tax.

-- a similar tax on industrial use of oil, the tax would rise from $1.20 per barrel in 1979 to $2.70 per barrel in 1985. Utilities would be subject to these taxes starting until 1985, because it will take them longer to convert to coal.

I will also submit proposals for expanded research and development in coal. We need to find better ways to mine it safely and burn it cleanly, and to use it to produce other clean energy sources, such as low BTU gas. We have spent billions on research and development of nuclear power, but very little on coal. Investments here can pay such dividends.

Even with this conversion effort, we will still face a gap -- between the energy we need and the energy we can
PRODUCE AND IMPORT. TO FILL THIS GAP, WE WILL HAVE TO USE
NUCLEAR ENERGY.

WE NOW HAVE 63 NUCLEAR POWER PLANTS, PRODUCING ABOUT
3 PER CENT OF OUR TOTAL ENERGY, DOMESTIC URANIUM
SUPPLIES CAN SUPPORT AT LEAST 300 SUCH PLANTS FOR 30 YEARS.
Effective conservation efforts can minimize the shift toward nuclear power.
THERE IS NO NEED TO ENTER THE PLUTONIUM AGE BY LICENSING OR
BUILDING A COMMERCIAL FAST BREEDER REACTOR IN THE FORESEEABLE
FUTURE.

However,
WE MUST, HOWEVER, INCREASE OUR CAPACITY TO PRODUCE
ENRICHED URANIUM FOR LIGHT WATER NUCLEAR POWER PLANTS. THE
NEW CENTRIFUGE TECHNOLOGY, WHICH USES 1/10 THE ENERGY OF
EXISTING GASEOUS DIFFUSION PLANTS, WILL NOW BE BUILT.

ADEQUATE STORAGE FOR SPENT NUCLEAR FUEL WILL ALSO
BE PROVIDED.

WE MUST ALSO REFORM THE NUCLEAR LICENSING PROCEDURE.
Proper siting, safety standards, and plant supervision
must be guaranteed.
With the most thorough safeguards, it should not take ten years to license a plant. I propose that we establish reasonable, objective criteria for licensing, and that plants which are based on a standard design not require extensive individual licensing.

IV. DEVELOPMENT

We know the task we face for the next ten or twenty years: we must use the fuels we have, and conserve where we can. But one generation from now, and through the next century, we face a new challenge and a new opportunity—the challenge of developing permanent, reliable, energy sources, and the opportunity of using them. Developing these sources is our fourth strategy. The most promising renewable energy source is solar energy, for which much of the technology is already available.
SOLAR HOT-WATER HEATERS AND SPACE HEATERS ARE NEARLY READY FOR COMMERCIALIZATION. ALL THEY NEED IS A TEMPORARY INCENTIVE TO STIMULATE THE GROWTH OF A LARGE MARKET.

THEREFORE, I AM PROPOSING A GRADUALLY DECREASING TAX CREDIT, TO RUN FROM NOW THROUGH 1984, FOR APPROVED SOLAR HEATING EQUIPMENT INSTALLED IN HOMES. IN THE FIRST YEAR, IT WOULD BE 40 PER CENT OF THE FIRST $1,000 AND 25 PER CENT OF THE NEXT $6,400 INVESTED.

THERE ARE A VARIETY OF OTHER STEPS I WILL PROPOSE TO MAKE PERMANENT ENERGY SOURCES MORE PRACTICAL AND EFFECTIVE:

-- FEDERAL SUPPORT FOR LOANS AND MORTGAGE EXTENSIONS TO FINANCE SOLAR HEATING SYSTEMS;

-- A FIVE YEAR, $200 MILLION EFFORT TO INSTALL SOLAR SYSTEMS IN MANY FEDERAL BUILDINGS; AND
MORE EXTENSIVE RESEARCH AND DEVELOPMENT INTO PERMANENT ENERGY SOURCES. I PROPOSE THAT WE CREATE AN OFFICE OF SMALL SCALE TECHNOLOGIES TO FUND SMALL, CREATIVE PROJECTS AND SUPPORT INDIVIDUAL INVENTORS AND ENTREPRENEURS.

INCREASED PRODUCTION OF GEOTHERMAL ENERGY CAN BE INSURED AS BY PROVIDING THE SAME TAX INCENTIVES FOR GAS AND OIL DRILLING OPERATIONS.

V := EQUITY

OUR GUIDING PRINCIPLE, AS WE DEVELOPED THIS PLAN, WAS THAT ABOVE ALL IT MUST BE FAIR.

NONE OF OUR PEOPLE MUST MAKE AN UNFAIR SACRIFICE.

NONE SHOULD REAP AN UNFAIR BENEFIT.

THE DESIRE TO EQUITY IS REFLECTED THROUGHOUT OUR PLAN.

Electrostatic Copy Made for Preservation Purposes
-- IN THE WELLHEAD TAX, WHICH ENCOURAGES CONSERVATION

BUT IS RETURNED TO THE PUBLIC;

-- IN A DOLLAR-FOR-DOLLAR REFUND OF THE TAX ON HOME

HEATING OIL;

-- IN REDUCING THE INEQUITY OF NATURAL GAS PRICING;

[WHICH HAD SET REGION AGAINST REGION;]

-- IN ENSURING THAT HOMES WILL HAVE THE NATURAL GAS

THEY NEED, WHILE INDUSTRY TURNS TOWARD THE MORE ABUNDANT

COAL THAT CAN ALSO SUIT ITS NEEDS;

-- IN BASING UTILITY PRICES ON TRUE COST, SO EVERY-

USER PAYS [his way] A FAIR SHARE;

-- IN THE AUTOMOBILE TAX AND REBATE SYSTEM, WHICH

REWARDS THOSE WHO SAVE OUR ENERGY AND PENALIZES THOSE WHO

[CHOOSE TO] WASTE IT.
I propose one other step to emphasize the equity of our plan. We need better information about our supplies of energy, and about the companies that produce it.

If we are asking sacrifices of ourselves, we need facts we can count on. This plan will propose an independent information system that will give us accurate, reliable data about energy reserves and production, emergency capabilities and financial data from the energy producers.

I happen to believe in competition, and I'm not sure we have enough of it.

During this time of increasing scarcity, competition among energy producers and distributors must be guaranteed. It is recommended that separate accounting be required for production, refining, distribution, sales and domestic and foreign operations, for each major energy component. Strict enforcement of the anti-trust laws.
PROFITEERING THROUGH TAX SHELTERS SHOULD BE PREVENTED, AND INDEPENDENT DRILLERS SHOULD HAVE THE SAME INTANGIBLE TAX CREDITS AS ARE NOW ENJOYED BY THE MAJOR CORPORATIONS.

THE ENERGY INDUSTRY SHOULD NOT REAP LARGE UNEARNED PROFITS. RETURNS FROM INCREASING PRICES SHOULD BE CAPTURED by the government for the people of our country.

WE MUST MAKE IT CLEAR TO EVERYONE IN THIS COUNTRY that the people, through their government, are setting our ENERGY POLICY, and not the energy companies.

IN ORDER TO IMPLEMENT THIS POLICY, THE NEW DEPARTMENT OF ENERGY SHOULD BE ESTABLISHED WITHOUT DELAY. CONTINUED FRAGMENTATION OF GOVERNMENT AUTHORITY AND RESPONSIBILITY FOR OUR NATION'S ENERGY PROGRAM IS DANGEROUS AND UNNECESSARY.
TWO NIGHTS AGO, I SAID THAT THIS DIFFICULT EFFORT
WOULD BE THE MORAL EQUIVALENT OF WAR; IT WILL DEMAND THE
BEST OF US -- OUR VISION, OUR SELFLESSNESS, OUR WILLINGNESS
and our sense of common purpose.
TO COOPERATE AND BEAR BURDENS.

BUT WE HAVE MET CHALLENGES BEFORE, AND OUR NATION
HAS BEEN THE STRONGER FOR IT. THAT IS THE RESPONSIBILITY
WE FACE TOGETHER NOW -- YOU IN THE CONGRESS, THE MEMBERS OF
MY ADMINISTRATION, AND ALL THE PEOPLE OF OUR COUNTRY.

LET US BEGIN.

# # #

If successful, this effort will protect our jobs,
and our environment; our national independence; our standard
of living and our future. Our energy policy will be innovating,
but fair and predictable. It will not be easy.