

# Text of President's Statement on Dealing

SAN CLEMENTE, Calif., June 29—Following is the text of the President's energy statement released here today:

One of the most critical problems on America's agenda today is to meet our vital energy needs.

Two months ago I announced a comprehensive program to move us forward in that effort. Today I am taking the following additional measures:

First, I am appointing John A. Love, Governor of Colorado, to direct a new energy office that will be responsible for formulating and coordinating energy policies at the Presidential level.

Second, I am asking the Congress to create a new Cabinet-level department devoted to energy and natural resources and a new independent Energy Research and Development Administration.

Third, I am initiating a \$10-billion program for research and development in the energy field, which will extend over the next five years.

Finally, I am launching a conservation drive to reduce anticipated personal consumption of energy resources across the nation by 5 per cent over the next 12 months. The Federal Government will take the lead in this effort, by reducing its anticipated consumption by 7 per cent during this same period.

America faces a serious energy problem. While we have only 6 per cent of the world's population, we consume one-third of the world's energy output. The supply of domestic energy resources available to us is not keeping pace with our ever-growing demand, and unless we act swiftly and effectively, we could face a genuine energy crisis in the foreseeable future.

## Progress Since April

On April 18, I submitted a message to the Congress discussing the energy challenge and the steps necessary to meet it. That message emphasized that as we work to conserve our energy demands, we must also undertake an intensive effort to expand our energy supplies. I am happy to report that many of these steps are already underway, and that they are proving effective.

At least eight oil companies have made firm decisions to undertake significant refinery construction projects. Within the next three years these projects will increase refinery capacity by more than 1.5 million barrels daily—a 10 per cent increase over existing capacity.

We have announced and carried out a voluntary oil allocation program to help provide farmers and essential government and health services, as well as independent refiners and marketers, with an equitable share of

available petroleum.

A great deal of oil from the Outer Continental Shelf and other Federal lands, which has traditionally been retained by the producers, has been allocated to small independent refiners to augment their present supplies. That figure has already reached 100 thousand barrels of oil per day and will increase to 160 thousand by mid-August.

The Council on Environmental Quality has begun a study of the environmental impact of drilling on the Atlantic Outer Continental Shelf and in the Gulf of Alaska. The study is scheduled for completion by next spring.

The Senate Committee on Interior and Insular Affairs has reported out legislation which would finally permit the construction of an Alaskan pipeline. Legislation will shortly be reported out in the House of Representatives. Since construction of that pipeline would provide two million barrels of domestic

oil a day, I again urge that the Congress give swift approval to this legislation.

The Office of Energy Conservation and the Office of Energy Data and Analysis have been established at the Department of the Interior. Although not yet fully staffed, they are now beginning to provide information we must have to proceed with our developing energy policy.

The Commerce Department has proposed regulations covering the labeling of household appliances so that consumers can make comparisons of the efficiency with which the appliances consume energy.

The Environmental Protection Agency has published information on gasoline mileage for 1973 automobiles.

The Department of State is taking steps to consult with the major oil-producing nations to develop the cooperative arrangements needed to ensure adequate and stable sources of oil in the future. We are also working closely with the other major oil-consuming nations in studying ways of meeting growing world demand for energy supplies. These include emergency programs which might lead to more coordinated policies for meeting oil supply shortages should they occur in the future.

Several of the steps which I announced in April were in the form of legislative proposals which will help to increase energy supplies. They called for the Alaskan pipeline, competitive pricing of natural gas, licensing of deepwater ports, streamlining of power plant siting, and a rational framework for controls over surface mining. Only the pipeline request has been finally acted on in committee. I hope the Congress will now act quickly and favorably on my other requests.

These steps are a beginning. But they are only a beginning.

## REORGANIZATION

The acquisition, distribution, and consumption of energy resources have become increasingly complex and increasingly critical to the functioning of our economy and our society. But the organization of the Federal Government to meet its responsibilities for energy and other natural resource policies has not changed to meet the new demands. The Federal Government cannot effectively meet its obligations in these areas under the present organizational structures, and the time has come to change them.

### Energy Policy Office

Effective immediately, the duties of the Special Energy Committee and National Energy Office which I set up two months ago to advise and assist in the preliminary organizational phases of the Federal response to the energy challenge will be combined in an expanded Energy Policy Office within the Executive Office of the President. This office will be responsible for the formulation and coordination of energy policies at the Presidential level.

This office will be headed by Governor Love, who will be an assistant to the President as well as director of the Energy Policy Office. He will spend full time on this assignment and will report directly to me. My special consultant on energy matters, Charles DiBona, will continue in his present advisory capacity, working within the new office.

### Department of Energy and Natural Resources

Two years ago I sent to the Congress my proposals for a sweeping reorganization of executive departments and independent agencies to provide an executive branch structure more responsive to the basic goals of public policy. One of those proposals

called for a Department of Natural Resources.

During the time these proposals have been receiving the consideration of the Congress, my Administration has continued to refine and improve them. It has become increasingly obvious that reorganization is imperative, and nowhere more clearly so than in the areas of natural resources and related energy matters.

I am therefore proposing today the establishment of a new Cabinet-level Department of Energy and Natural Resources, responsible for the balanced utilization and conservation of America's energy and natural resources.

SATURDAY, JUNE 30, 1973

With Nation's Energy Resource Problem



The Department of Energy and Natural Resources would take charge of all of the present activities of the Department of the Interior, except the Office of Coal Research and certain other energy research and development programs, which would be transferred to a new Energy Research and Development Administration. It would also assume the responsibilities of the Forest Service and certain water resources activities of the Soil Conservation Service from the Department of Agriculture; the planning and funding of the civil functions of the Army Corps of Engineers; the duties of the National Oceanic and Atmospheric Administration of the Department of Commerce, the

uranium and thorium assessment functions of the Atomic Energy Commission, the functions of the interagency Water Resources Council, and gas pipeline safety functions of the Department of Transportation.

#### Energy Research and Development Administration

I am further proposing to the Congress that we create an Energy Research and Development Administration.

The new administration would have central responsibility for the planning, management and conduct of the Government's energy, research and development and for working with industry so that promising new technologies can be developed and put promptly to work. The new administration would be organized to give significant new emphasis to fossil fuels and potential new forms of energy, while also assuring continued progress in developing nuclear power.

In order to create the new Administration, the present functions of the Atomic Energy Commission, except those pertaining to licensing and related regulatory responsibilities, would be transferred to it as would most of the energy research and development programs of the Department of Interior. The scientific and technological resources of the A.E.C. should provide a solid foun-

ation for building a well-conceived and well-executed effort.

Under my proposal, the five-member organization of the A.E.C. would be retained to provide direction for a separate and renamed Nuclear Energy Commission which would carry on the important licensing and regulatory activities now within the A.E.C. In addition, I have asked that a comprehensive study be undertaken, in full consultation with the Congress, to determine the best way to organize all energy-related regulatory activities of the Government.

## Research and Development

While we must rely on conventional forms of fuel to meet our immediate energy needs, it is clear that the answer to our long-term needs lies in developing new forms of energy.

With this necessity in mind, I am taking three steps immediately to enlarge our Federal energy research and development efforts.

First, I am initiating a Federal energy research and development effort of \$10-billion over a five-year period, beginning in fiscal year 1975. To give impetus to this drive, I am directing that an additional \$100-million in fiscal year 1974 be devoted to the acceleration of certain existing projects and the initiation of new projects in a number of critical research

and development areas. At least one-half of the funding for the new initiatives for this coming fiscal year will be devoted to coal research and development with emphasis on producing clean liquid fuels from coal, improving mining techniques to increase coal mining safety and productivity, accelerating our coal gasification program and developing improved combustion systems. The remainder of the \$100-million will be for research and development projects on advanced energy conversion systems, environmental control, geothermal steam, conservation, and gas-cooled nuclear reactors. While it is essential that we maintain the present budget ceiling for fiscal year 1974, these vital programs must and can be funded within that ceiling.

Second, I am directing the chairman of the Atomic Energy Commission to undertake an immediate review of Federal and private energy research and development activities, under the general direction of the Energy Policy Office, and to recommend an integrated energy research and development program for the nation. This program should encourage and actively involve industry in cooperative efforts to develop and demonstrate new technologies that will permit better use of our energy resources. I am also directing the chairman, in consultation with the Department of the Interior and other agencies, to recommend by Sept. 1 of this year specific projects to which the additional \$100-million would be allocated during fiscal year 1974. By Dec. 1 of this year, I am asking for her recommendations for energy research and development programs which should be included in my fiscal year 1975 budget.

Third, I am establishing an Energy Research and Development Advisory Council reporting to the Energy Policy Office, to be composed of leading experts in various areas of energy research and development from outside the Government.

I feel that these steps will greatly improve and expand our current energy research and development effort and will ensure the development of technologies vital to meeting our future energy needs.

## CONSERVATION

### The Federal Effort

In my Energy Message of April 18, I announced preliminary steps to conserve America's fuel supplies. I said at that time that while energy conservation is a national necessity, conservation efforts could be undertaken on a voluntary basis. I still believe this.

However, public persuasion alone is not sufficient to the challenge confronting us. The Federal Government is the largest consumer of energy in the country and, as such, it has its own unique role to play in reducing energy consumption and thus setting an example for all consumers.

Effective today, I am therefore ordering the Federal Government to achieve a 7 per cent reduction in its anticipated energy consumption over the next 12 months.

I have directed the heads of all Cabinet departments and other Federal agencies to report by July 31 on the specific steps they will take to meet this target. Secretary Morton will be responsible for monitoring agency efforts and reporting their progress to me.

These conservation measures are to be designed to ensure that no vital services are impaired nor the proper functioning of these departments and agencies curtailed. Exceptions will be permitted only in unique circumstances, such as the program of uranium enrichment at the A.F.C. where a substantial reduction in energy consumption would have a detrimental effect on

our efforts to provide new forms of energy.

While the precise means of conserving energy will be left to the discretion of Cabinet and agency heads, I am directing that conservation efforts include the following measures:

☐ Reduction in the level of air-conditioning of all Federal office buildings throughout the summer.

☐ Reduction in the number of official trips taken by Federal employees.

☐ Purchase or leasing of automobiles and other vehicles which provide good gasoline mileage.

Each department and agency is expected to review all of its activities to determine how its own demands might be reduced. The Department of Defense, the largest single consumer of energy within the executive branch, has already examined its activities and has taken steps to reduce its energy demands by 10 per cent over last year—steps which will in no way jeopardize our military preparedness.

### Conservation in the Private Sector

I am also directing all departments and agencies to work closely with Secretary Morton and the Office of Energy Conservation in the development of long-term energy conservation plans and recommendations for both the private and the public sector.

At my request, the Secre-



tary of the Interior, the Secretary of Commerce and Governor Love are to meet with representatives of American industry to discuss ways of cutting back on unnecessary consumption of energy and to urge their active participation in the conservation effort.

Further, I have directed the Secretary of Transportation to work with the nation's airlines, the Civil Aeronautics Board, and the Federal Aviation Administration to reduce flight speeds, and, where possible, the frequency of commercial airline flights. This effort is now under way. By effecting only a small reduction in speeds and flights, it is possible to achieve significant reductions in energy consumption.

### Placing the Challenge in Perspective

As these measures cover a broad range of activities in the public and private sectors, I want to put both the problem and the proposed conservation measures into perspective. We all need to understand the dimensions of the challenge, as well as the significance of the role every single American has to play in meeting it.

The Department of the Interior estimates that under the conditions of current usage, our available supply of gasoline this summer could fall short of demand by 1 or 2 per cent and possibly as much as 5 per cent should the most adverse conditions prevail. To overcome this potential shortage, and to reduce pressure on supplies of other energy resources, I am suggesting that a reasonable and attainable national goal is to reduce anticipated energy use by individual consumers by 5 per cent.

We can achieve this goal by making very small alterations in our present living habits, for steps such as those we are taking at the Federal level can be taken with equal effectiveness by private individuals. We need not sacrifice any activities vital to our economy or to our well-being as a people.

Raising the thermostat of an air conditioner by just 4 degrees, for instance, will result in a saving of an estimated 15-20 per cent in its use of electricity.

Just as the Government can obtain energy efficient automobiles, private citizens can do the same. Nearly

three-quarters of the gasoline used in America is consumed by automobiles.

Those who drive automobiles can also assist by driving more slowly. A car traveling 50 miles per hour uses 20 to 25 per cent less gasoline per mile than the same car traveling 70 miles per hour. Carpooling and using public transportation will result in further fuel savings.

In order to help reduce driving speeds, I am today taking the additional step of writing to each of the nation's Governors, asking them to work with their state legislatures to reduce highway speed limits in a manner consistent with safety and efficiency, as well as with energy needs.

I also continue to urge the Congress to pass highway mass transit legislation which would provide states and localities flexibility to choose between capital investment in highways or mass transit. Diversion of some commuter traffic from single occupant automobiles to mass transit will result in significant energy and environmental benefits, and at the same time, permit the highways to be operated in the efficient manner for which they were designed.

Energy conservation is not just sound policy for the country, it is also good economics for the consumer.

Changing to a more efficient automobile, for example, could produce savings of as much as one thousand gallons of gas in the course of a year. A savings of one thousand gallons of gas equals a personal savings of approximately \$400.

Cutting down on air conditioning and heating, of course, also cuts down on the family gas or electric or oil bill.

Actions to reduce the rate of growth in energy demands will also improve our ability to protect and improve the quality of our environment.

The conservation of existing energy resources is not a proposal; it is a necessity. It is a requirement that will remain with us indefinitely, and it is for this reason that I believe that the American people must develop an energy conservation ethic.

As a matter of simple prudence and common sense, we must not waste our resources, however abundant they may seem. To do otherwise, in a world of finite resources, reflects adversely upon what we are as a people and a nation.

### CONCLUSION

We face a challenge in meeting our energy needs. In the past, the American people have viewed challenges as an opportunity to improve our nation, and to move forward. The steps I have outlined above are not meant to be conclusive. They are part of the ongoing process.

I urge the Congress to act with due concern for our energy needs by rapid consideration of all of my legislative proposals in this field, especially my request to clear the way for the Alaskan pipeline.

Over the coming years it is essential that we increase our supplies of energy.

I urge the members of the Federal Government to play their role in meeting the spirit and the letter of my energy conservation directives.

I urge private industry to respond with all the imagination and resourcefulness that has made this nation the richest on earth.

But the final question of whether we can avoid an energy crisis will be determined by the response of the American people to their country's needs. In the past, whenever we have been faced with real challenges, the American people have joined together to share in the common interest.

I am confident we will do so now.