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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND QUESTION AND ANSWER SESSION
AT THE
VAIL SYMPOSIUM

EAGLE'S NEST

9:36 A.M. MDT

THE PRESIDENT: Mayor John Dobson, Chairman of the Symposium and City Manager Terry Minger, distinguished guests, ladies and gentlemen:

Obviously, I am very pleased today to meet with the group considering how to deal with the energy problem instead of debating its existence.

Our energy problem is like a giant puzzle. Solving this puzzle requires the piecing together of many complex and interlocking parts and pieces. When the parts are properly fitted, we will have a program that decreases energy consumption, increases domestic fuel supplies and stimulates new energy technology.

Our immediate goal is to increase production of domestic oil and gas while decreasing wasteful consumption by increasing inefficient use of fuel.

In meeting this objective, however, we must establish the framework for the inevitable transition to an energy economy that does not rely on depletable resources, for within the next 25 to 50 years, oil and gas, which constitute two-thirds of the fuel we now use may be far too costly to burn at any price.

As one important piece of our energy puzzle, our national coal reserves contain greater potential than the Middle East reserves of fuel.

Increased use of coal is vital to energy independence. This resource must be developed and consumed with a commitment to balancing energy needs with environmental concerns.

With almost half of the Nation's coal reserve in our Western part of the United States, you in this region are justifiably concerned with the quality of development. As one who has visited Vail many, many times, I share very deeply this concern.

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Let me emphasize this: We can tap our national energy resources without despoiling the environment. We will be able to do so, however, only in an atmosphere of realism, not antagonism.

This Administration is committed to seeing that improved mining technology insures safe and environmentally sound production of coal. We also need improved technology to burn coal directly without producing environmental damage.

The Nation's capacity to convert coal into clean, gaseous and liquid fuel can and must be developed.

Even if our reliance on imported oil for 38 percent of our current use did not make us vulnerable to economic and political disruptions, we would still have to utilize our coal reserves. The fact is, we are energy dependent as a society.

With our Nation's reserves of oil and natural gas being depleted, and with the uncertainty of foreign supplies, we must utilize existing energy sources and develop new ones.

Our energy dependence on imported oil, at an average cost of \$25 billion per year, prompted my comprehensive energy program in January and makes intolerable the Congressional delay of the past six months and requires tough action right now.

To help reduce dependence on imports and stem the outflow of American dollars and American jobs, I will veto the six-month extension of price controls on domestic oil, which the Congress passed just before recessing.

Since last January, this Administration tried very hard and very constructively to work with the Congress to find a compromise on decontrol. The Congress twice rejected reasonable Administration compromises.

I feel that I went more than halfway with the Congress on this critical issue.

Approval of this extension would mean only more months of delay without the critically needed incentive to promote conservation and spur domestic oil production.

An extension would continue price uncertainties for consumers and producers alike and tend to increase our dependence on foreign oil sources.

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More important, it would signal to foreign producers our inability to face up to the problem.

Your representatives in Congress should keep this in mind as they vote to sustain my veto in September.

This is particularly important at a time when producing nations are considering increasing the price Americans will have to pay. To cushion the impact of sudden decontrol if the Congress sustains my veto as it must, I will lift the special import fees on crude oil and petroleum products.

If the Congress fails to sustain my veto and continues counterproductive price controls, I will have no other choice than to continue import fees. These fees were imposed in the first place to induce conservation and reduce consumption and our reliance on foreign oil -- which is vital to our national security interests. It is incomprehensible to me that the Congress would jeopardize our ability to achieve energy independence at this critical hour.

Unless we decontrol so-called "old oil" and implement the other elements of my energy program, an increasing share of our oil supplies will be coming from high priced and unreliable foreign sources. Hence, gasoline and other petroleum product prices will continue to rise and our vulnerability to future embargoes will become intolerable.

The net effect of immediate decontrol and the removal of import fees will mean an increase of a few cents per gallon in the price of petroleum products, contrary to what others have predicted. This is a very small price to pay to reduce our vulnerability to embargoes and exorbitant price increases imposed by foreign producers.

Painful as they are, higher prices do promote conservation and higher prices do promote increased efficiency in the use of petroleum products.

Cheap energy encourages waste and preserves inefficient energy technology. When the price of energy reflects its true value to society, as determined by the marketplace, there will be an incentive to stop squandering it and to develop advanced technologies, such as solar energy.

Reduced consumption helps reduce dependence. But this alone will not solve the problem. A dramatic increase in U.S. production is also required. Decontrol will stimulate domestic production by removing the restrictive \$5.25 per barrel price ceiling on so-called "old oil", which accounts for 60 percent of all domestic production.

This ceiling arbitrarily discourages the use of new and more expensive production technology. By establishing an artificially low price, it encourages indiscriminate use of our limited domestic resources.

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This is not good energy policy. It is not good environmental policy. If the Congress also enacts my two proposals for energy refunds to consumers and a windfall profits tax on oil companies, then the impact of decontrol cushioned by the removal of the import fees will not hinder economic recovery.

Swift action on these taxes must be accompanied by Congressional action on all segments of my comprehensive energy package. The on-again, off-again Congressional approach to energy is hazardous, expensive and very frightening.

Every day that we delay means greater dependence on unreliable supplies of foreign oil pushes back developments of more efficient use of available energy and retard the search for new energy sources here at home.

Quite frankly, we are running out of time.-- time we can use to help balance our environmental concerns with our energy needs. The longer we talk, the shorter the time to act responsibly. By the time a crisis confronts us, such as the 1973 oil embargo, it is too late to act, we can only react.

I urge you to help us obtain Congressional action on a comprehensive energy program. Failure to make tough decisions today drastically increases the vulnerability of our economy to disruption and reduces our options to meet the energy needs of the future.

Economists and environmentalists have been telling us that there is no free lunch in the world. And they are right. The price for control of our own economic energy and environmental destiny is small in dollars, but very, very high in reward -- if we make the tough decisions today that are demanded of us.

So I thank you for listening, and let's get down to those tough questions that all of you have.

Thank you very, very much. Cathy?

QUESTION: Mr. President, the future of the energy development in the Rocky Mountain West depends in part on federal risk sharing programs designed to assure the future of such developments.

Do you feel similar federal risk sharing programs should be considered to insure the future for impacted communities and to minimize the socio-economic effects on those communities, or do you feel that the energy development industry should assume that responsibility?

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THE PRESIDENT: That is a very important question in this area, and on Monday, I am going to visit Rifle, Colorado, which is an area that is potentially badly affected by a great upsurge in people with all the things that follow from a big plant, lots of people and so forth.

I am meeting with the legal public officials as well as the people that are developing the processes in Rifle. It is my judgment first that we have to recognize the impact on a relatively small community from the development that is needed for the country as a whole.

Therefore, the Federal Government does have a responsibility to participate. We have people in various departments of the Federal Government that are working on this -- the Departments of the Interior, the Department of Housing and Urban Development, the Office of Management and Budget -- and I am confident that we can work out a way in which the Federal Government will help to provide water, housing and so forth.

Now, I am not saying the Federal Government has the sole responsibility, but we will take some leadership, working with the States and local people, to make sure the impacts on the local community, the environment is not neglected.

QUESTION: Mr. President, in the development of a comprehensive energy program, what provisions has the Administration made for educating the present and the future generations for a positive energy conservation ethic?

THE PRESIDENT: I think we have tried, but I must confess that we have not been as successful as we should have. And the best evidence of a lack of a successful education program is that Congress does not comprehend the problem we are in. (Laughter)

What I am really saying is if the American people were sufficiently educated to the crisis, the short-range problem and the long-range difficulties, the impact on the Congress would be reflected and the Congress would not have dilly dallied for the last six months as they have.

Now, I hope that through the Federal Government, through many voluntary agencies, through other sources, we can convince the American people that we have to increase domestic production of those resources we have, and also develop the so-called "exotic" energy programs, such as solar, geothermal, et cetera, and at the same time, we can convince the American people that conservation is an integral part of our overall program. And when you talk about conservation, it means the development and utilization of more efficient energy use.'

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We have been squanders, as I said in my prepared text, because we have had so much at such a cheap price. We have to convince the American people, and they in turn the Congress, that this is one of the major decisions affecting our country for the next 100 years.

And Frank Zarb and others on the top staff in the White House have gone around the country with me trying to preach to the people in the audiences, but I do not think we have done as well as we should. We are going to continue to do our best.

Yes.

QUESTION: Mr. President, I am an employee of the Navajo Tribe. The tribe is concerned because the Administration is currently proposing energy development policies that impact significantly on Indian lands in the Western United States. Administration of trust responsibilities for these lands is carried out by the Department of Interior, which is also responsible for effecting Federal land leasing policies directed toward energy self-sufficiency. A conflict of interest exists.

The Northern Cheyenne Indians, for example, have already entered a suit against the Department of Interior claiming that the Department of Indian Affairs misrepresented Cheyenne interests in negotiating away coal rights at below market value.

Recognizing this conflict, Mr. President, now do you plan to direct the Secretary of Interior to insure that the Federal trust responsibilities for Indian lands are neither violated nor compromised?

THE PRESIDENT: In the first place, I think you have to rely on the people that are at the head of the Department of Interior. And it is my judgment that former Secretary of Interior Rogers Morton is a man of complete integrity, and I am certain that he did not deliberately, certainly, violate or compromise the conflicting interest that you pose.

And I believe the new Secretary of Interior, when we make the final decision, will likewise have these overall interests in mind.

Now, if there has been -- and I say "if there has been" -- and I am not sufficiently familiar with the details to pass judgment myself -- but if there has been a compromising of the rights of the Navajos, I am sure that the matter can and will be resolved in the Federal courts. The courts, of course, being the protection to any segment of our society, including the Navajos, and I am sure there will not be any lack of public interest attorneys who would be glad and delighted to participate in such legal action. (Laughter)

Yes.

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QUESTION: Mr. President, in the face of the growing pressures to increase our food production, what type of trade-offs do you foresee between coal and energy development and agriculture, particularly as they are competing for land and water?

THE PRESIDENT: We are, of course, trying to expand our overall land available for food production because the United States, fortunately, is the bread-basket of the world.

We have this as one of our great assets, not only from the point of view of helping people in less well-off countries, from a humanitarian point of view, but also for the implementation of our national policies on the international scene.

We want our farmers to have the availability to produce as much as they can because it is in our national interest.

If there is a need also for some of this available land for the development of coal, we will have to be cognizant of the competing needs. I can't make a decision here today on how many acres are going to be reserved for agriculture and how many will be made available for coal production.

It is like the question we are faced with right now on whether we should or shouldn't sell additional grain to the Soviet Union. We have to be cognizant, and very properly so, of the prices received by the American farmers.

After all, last fall we urged the American farmer to produce everything he possible could in wheat, corn, et cetera and, in return, we impliedly promised that he would get a fair return on his land, his equipment and his efforts.

On the other hand, we can't be lacking in attention or cognizance because the impact of further grain sales to the Soviet Union will affect the Consumer Price Index.

So, it is one of those narrow balanced decisions where you have to take potentially competing interests and try to be fair and equitable to all.

In the case of coal -- energy, in this case, vis-a-vis farmland -- we have to again use our best judgment. We aren't going to tear land up and just turn it over to coal. On the other hand, we do have, I am sure, sufficient coal land in the West that can be utilized for coal production under proper environmental restrictions and still not seriously undercut our food supply in this country.

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I can't give you a percentage figure, but I can assure you we are not lagging in cognizance of the problem and will use our very best judgment.

QUESTION: Mr. President, judging from some Administration publications and statements, there may be some Federal plans to abrogate State laws regarding environmental quality and environmental standards, public service regulation commissions and State energy facility siting laws in pursuit of Project Independence.

Would you care to comment on this?

THE PRESIDENT: Yes, we did propose some very broad Federal legislation that was aimed at nuclear power plant sitings, that was aimed at, I think, more effectively providing incentives for the development of new energy plants.

Some of our State regulatory authorities have been very slow in acting on requests for sites, as well as increases, and the net result is we have had a serious cutback in the construction of energy-producing plants, which, on the surface today, those decisions don't seem too bad.

But with the upswing in the economy, in two or three years, if we don't move, if our State regulatory agencies don't move, ahead, we will not only have brownouts, but we will have blackouts because we won't have the capability of producing energy for our economy, which means a loss of jobs, which means the kind of problems I indicated -- brownouts, blackouts.

Now, if we can't get cooperation and effective action by some State regulatory agencies on those critical matters, I think there has to be an overriding Federal or national interest.

QUESTION: Mr. President, a moment ago in your address you indicated that part of the advocacy of your office would be to introduce a windfall profits tax on energy producers. I would be interested in what the terms of that windfall profits tax would be.

It seems that the ability for capital formation today is almost commensurate with our deficiency in energy development. Rebates to the public will not find another barrel of oil or any synthetics from our coal or oil shale.

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THE PRESIDENT: In our windfall profits tax proposal that I submitted, I recommended the so-called plowback feature which says the profits made to a certain percentage, if plowed back into future development of oil and gas resources, would not be taxable.

The Senate Committee on Finance, under Senator Russell Long, has produced a windfall profits tax with a plowback feature. We agree with that concept, although we don't agree necessarily with every detail in that particular proposal.

If the Senate passes that, then we would, of course, go to the House and try to get some modification, and hopefully in the conference between the House and the Senate we would end up with an acceptable piece of legislation which would be an incentive to greater development through the plowback feature and, at the same time, would permit the Federal Government to have some additional funds which could be used as rebates to the individuals in our country -- some 214 million -- who would be charged an extra cost of energy.

With the windfall profits tax, with the plowback, we have to have decontrol. With decontrol, the American people are going to pay some -- not much -- more for the cost of energy.

The rebate program is aimed at nullifying the impact on the individual consumer. I think it is a highly effective, constructive, integrated program. We increase prices, but we nullify the impact on the public as a whole.

We have provided for a windfall profits tax, but with a plowback feature. If the Congress would only put the whole package together instead of having one committee work on this part and another committee work on another part and another committee work on another part, we might get the thing put together, and I am optimistic.

One other comment. You spoke about capital formation. I talked in the terms of job formation because we haven't saved enough and reinvested enough in this country to provide more jobs.

Just about two weeks ago Secretary Simon went before the House Committee on Ways and Means and talked about a job formation piece of legislation.

I am cognizant of it. I hope we can get some legislative action.

Yes?

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QUESTION: Mr. President, how much emphasis do you think will be placed on energy and environmental issues during the upcoming Presidential campaign?

THE PRESIDENT: Excuse me, I did not hear the whole question.

QUESTION: How much emphasis do you feel will be placed on the energy and environmental issues during the upcoming Presidential campaign?

THE PRESIDENT: I hope we can get Congress to pass a good energy program in 1975 and then the energy issues should not be on the Presidential campaign agenda in 1976.

QUESTION: Mr. President, I appreciate this opportunity. I would like to preface my question by saying that we in Colorado, as well as many others and yourself, I am sure, believe that the sun is our ultimate energy source. All of our conventional fuels are merely forms of stored solar energy and, in a sense, are global solar savings accounts.

Mr. President, the only way to waste solar energy is not to use it. What, if any, therefore, plans or efforts are underway to interface long-term energy goals with midterm and near-term efforts for energy developments?

For example, if coal is surface mined in the West, does the government plan to utilize the reclaimed areas by proper siting and contouring to allow for essential solar power plants to be implemented when coal is exhausted?

MR. PRESIDENT: Let me take solar energy first.

The Energy Resource and Research and Development Agency, called ERDA, has a budget of something over \$2 billion for the current fiscal year. It is headed by Dr. Robert Seamans, one of the outstanding, I think, administrators as well as scientists in this country.

A big part of that \$2 billion plus is used for solar research.

I was talking to Bob Seamans a few days ago, and they have made significant progress. There is, unfortunately, competition developing between Arizona, New Mexico and Florida where the Federal Government will establish a solar energy research center.

I do not know what the decision is going to be on what State gets that facility, but I am only using it as an example to point out that we mean business in this area.

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But the developments of the techniques generating energy from solar sources is not the only one. If we have the sun shining 24 hours a day, it would be relatively -- or I would say much simpler -- but the sun does not shine that much per day. So the problem is one of storage of the energy that is gotten from the sun when the sun is shining and then having it stored and available for use when the sun is not shining.

So it is not just taking everything from the sun and sending it to your home or to your factory. It is a very complicated problem of getting the energy, storing it and then transmitting it. And I can assure you we are working very hard on it.

Now, by inference, I guess, you have raised the question of strip mining. I happen to believe that there could be a responsible national strip mining piece of legislation.

Last fall we recommended to the Congress, I think, ten amendments that, if the Congress had approved it, it would have provided a responsible and reasonable strip mining law.

Congress did not do it. They came back with the same bad piece of legislation even though we had recommended our own strip mining proposal. And now we have none, and, unfortunately, have to rely exclusively on State legislation.

Maybe we can work out something that will give a good piece of Federal strip mining legislation. But, as we do have strip mining under State law or a sound Federal law, certainly there will be recontouring, there will be rehabilitation and what that land is used for, I think, is up to the local land owners or the respective States or the Federal Government, if the Federal Government owns the land.

QUESTION: Mr. President, in that there will be inevitably some fairly substantial placements of energy industrial complexes in the Rocky Mountain States, what are your thoughts of integrating these complexes with new town developments?

THE PRESIDENT: New town developments?

QUESTION: Yes, new town developments.

THE PRESIDENT: As I indicated to, I believe, the first questioner, where you go out into the remote areas for the development of energy production of one kind or another and where there is a scarcity of population and you are going to have a great input of new and large numbers of people, I think a new town concept may be the answer. But I think that is up to the Department of HUD and up to the Interior and up to the OMB to work out the details. We cannot be oblivious to the impact on the local community, and the Federal Government has at least a leadership responsibility in this area.

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QUESTION: Mr. President, in responding to the first question, that of Councilwoman Klug, and in saying that you thought the Federal Government should take leadership in dealing with the impact problems and the energy impact on communities, I think you dealt not only with the question I was prepared to ask but the questions of several others of us.

Thank you, Mr. President.

QUESTION: Mr. President, in your January energy message you spoke of the need for opening 250 major coal mines in the decade between that time and 1985. The area mining supervisors of the U.S. Geological Survey Offices in Billings, Denver, Santa Fe and Salt Lake have on file at this time over 40 mining plans involving annual production exceeding 180 million tons a year.

Federal coal is involved in all of these cases. None of these mines are proceeding at this time, due to Federal laws or the lack thereof, Federal agency regulations or the lack thereof, or court interpretations of both those regulations and statutes.

What is the Federal Government going to do or what is it doing to get these mines in operation?

THE PRESIDENT: I can't give you the specifics. We will have Frank Zarb on the program later, and Frank is the head of the FEA. If he doesn't know the answer right now, he will have it when he appears. (Laughter)

If I could add, we are now producing about 600 million tons of coal in the United States on an annual basis. Our ten-year goal by 1985 is to go from 600 million tons per year to one billion two hundred million tons per year.

This will still not deplete us in coal availability for 200, 250 or maybe 300 years. So, as we try to more efficiently use coal and more environmentally use coal, and as we try to make our country less vulnerable to foreign oil sources, we have got to get either Congressional, administrative, or court action on some of those problems you are talking about.

QUESTION: Mr. President, generations of Americans have enjoyed and valued very highly a priceless wildlife heritage. In the future, conflicts and trade-offs between energy development and conservation ethics, what priorities do you and does your Administration plan to assign to the preservation of our wildlife heritage?

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THE PRESIDENT: I think there has to be a reasonable, rational balance. I think what we have tried to do -- I submitted either late last fall or early this year some new proposals for wilderness areas, et cetera, that would have expanded and, I think, improved the preservation of some of these areas that you are talking about.

I cannot, however -- and I don't want to mislead you -- say that the balance is going to be high on one side and low on the other because our country also needs a healthy economy.

As we move down the road, I think we can have a responsible balance. I think we have made great progress in that area.

For me to say we are going to have all energy on the one hand or all environment on the other, that isn't calling it as it is. It has got to be balanced, and it will be as long as I am President of the United States.

QUESTION: Mr. President, you have already indicated that your Administration is developing policy which will relate our abundant food energy to our scarce petroleum energy.

I would like to follow up on that. How can we keep Project Independence from giving us an isolationist stance in the world rather than developing good and cooperative relations in the world trade community?

THE PRESIDENT: The answer, I think, can be put this way: The major consuming nations of the world -- the United States, Japan and Western Europe -- have been working for the last nine months through the IEA, which we sponsored, and that organization has now put together a group of consuming nations, working with producing nations, not only on oil.

In that area, we are working on safety net financial arrangements. We are working on the permission of us to give to those countries, and they to us, the benefits of research and energy, and we are working on conservation methods.

What I am saying is that the development of our Project Independence permits us, as a country, to work in closer cooperation with the consuming nations, the underdeveloped nations and, in effect, gives us the capability of projecting a greater international responsibility and capability rather than a lesser one.

Therefore, I think our Project Independence helps us to tie our country closer with other consuming nations and the other underdeveloped nations.

One more. (Laughter)

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QUESTION: Mr. President, my question is not on energy, it is on our young people.

My husband just retired after serving 22 years in the Marine Corps, and we now live in Vail. And I am very concerned with the young people's attitudes towards, not only politics, but making the military a career.

What is your feeling?

THE PRESIDENT: I think first the attitude of the young people today toward the military should be affirmative. After all, two million one hundred thousand people serve in the Army, Navy, Air Force and Marines. They are the bulwark of our national security.

Fortunately, we have been able to increase compensation, improve housing, we have improved their capability through weapons, et cetera, to more adequately defend our national interests.

A career in the military today in my judgment is a very promising one with all the benefits educationally, et cetera, that are available. I think it is regrettable, if the situation does exist, that young people today do not look at the military with admiration because they should.

The military in this country, during my life time, has made America safe -- World War I, World War II, et cetera. And we should be grateful, not condemn the people in the Armed Forces.

QUESTION: It has happened since Vietnam.

THE PRESIDENT: But let me add this, and I know that during Vietnam there was a great revulsion among many young people -- I do not say all, but many.

On the other hand, it has been my experience in the last year to visit a number of prominent college campuses -- Notre Dame, Tulane, the University of Pennsylvania, et cetera -- and instead of the President being more or less precluded from visiting college campuses, in those three, as well as in other instances, there was a totally different attitude which I think is wholesome and I have a lot of faith in their present attitude and their future activities. So I am an optimist rather than a pessimist.

Thank you.

THE PRESS: Thank you.

END (AT 10:21 A.M. MDT)