DEPARTMENT OF TRANSPORTATION

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REMARKS BY SECRETARY OF TRANSPORTATION CLAUDE S. BRINEGAR TO THE FEDERAL REGIONAL COUNCIL, DENVER, COLORADO, NOVEMBER 15, 1973

In his address to the Nation 10 days ago, President Nixon outlined the dimensions of the real and serious energy crisis now upon us. He sketched the essential short-term and long-term steps that must be taken if we are to avoid serious disruptions to our living standards and our economic system. Congress has responded promptly and favorably to the President's message. In fact, this week is being referred to as "energy week" on the Hill. Legislation giving President Nixon new emergency powers to meet the energy crisis was reported out of the Senate Interior Committee Monday and should reach the floor this week. The House Commerce Committee began hearings today on a similar bill. Quick action is expected in both houses.

My purpose today is to restress the key points in President Nixon's energy message, and add some further words of perspective. I will then seek to answer your questions on the energy situation.

Liquid petroleum provides almost half of the energy that makes our Nation move, our business prosper, keeps our houses bright and warm, and our living standards the highest in the world. With only some 6% of the world's population we consume over 30% of the world's energy. We are, in a word, addicted to energy and the availability of enormous amounts of relatively low-cost fuels. We are energy "hogs."

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Unfortunately, starting about three years ago oil from the Nation's oil fields began declining. New oil discoveries -- except for Alaska's North Slope -- have been disappointing. To offset these declines we have had to reach abroad for new sources -- increasingly into the unstable Middle East where enormous oil reserves lay undeveloped. Of the Nation's total present oil usage of about 17 1/2 million barrels a day, over six million -- nearly 40% -- now come from other countries. And of the six million, nearly half comes either directly or indirectly (for example, after processing in European refineries) by tanker from the Arab world.

Last Spring we were worried about a modest oil shortfall--say in the order of 3-5%. This resulted mainly from inadequate refinery and tanker shipping capacity. A 3-5% shortage can be managed by a few allocations and a few readjustments of oil usage. It was worrisome but not a crisis.

But suddenly the Middle East once again erupted into war and our worst fears became realities. The Arab world, because of our direct support of Israel, has successfully embargoed all Arab-source oil imports into the U.S. In addition to shutting off direct crude oil shipments, they have shut off oil to refineries in the Netherlands, Italy, Spain, and the Caribbean -- refineries that were the source of sizable oil product shipments to U.S. markets, especially those on the East Coast. Whereas we thought we were dealing with a 3-5% oil shortfall, we now must face a 15-20% oil shortage. No matter how you look at it, a 15-20% shortage is a crisis of major proportions.

The oil shortages for the next few months will be most critical in heating oils, diesel fuels, jet fuels, and the residual oils which are used to generate electricity. By the beginning of the year the shortage will hit gasoline and, if the Middle East embargo is not soon lifted, could cause a severe gasoline shortage by early Spring. And even if the embargo is soon lifted, the interruption will mean shortages throughout the winter. Since the Denver area was one of the regions most severely affected in last summer's gasoline shortage, you know something of the inconvenience the Nation as a whole may experience if voluntary measures to reduce speeds and lower gasoline consumption do not produce the required savings.

What do we do?

We do as we have done in other National crisis. We use our heads and our ingenuity to manage as best we can. With care and cooperation we can squeeze the "slack" out of the system without major impacts on living styles or employment. Disruptions, yes -- but not frozen homes or massive unemployment. But it will take much positive and quick action.

For the very short-term the Administration has outlined a several-step program relying initially on voluntary restraints by the public coupled with directed energy savings on the part of Government, the airline industry, and other industries. This may soon be followed by gasoline rationing. In the long-run, the President has called for an aggressive energy research and

development program, aimed at attaining the potential for energy self-sufficiency for the United States by 1980.

The immediate Federal responsibilty for dealing with the energy emergency is substantial. We must demonstrate, by example as well as by directive, that the energy-conservation objectives detailed by the President can be met. He has directed:

(1) Further reductions in energy consumption by all Federal agencies. This means lower thermostats in all offices. He also specified that Government vehicles not be driven over 50 mph.

(2) A 15 percent reduction in the supply of heating oil available to homes, offices and other establishments. He is asking every citizen, wherever he lives and works, to accept a thermostat lowered by at least six degrees. This will be done by controlling the oil available to distributors and wholesalers.

(3) A moratorium on industrial and utility conversions from coal to oil, and an effort in the direction of re-converting some plants already using oil back to coal.

(4) A speed-up by the Atomic Energy Commission in the licensing and construction of nuclear energy plants.

The President also asked the Nation's mayors and governors to implement energy-saving measures at the state and local levels, He specifically recommended a lowering of highway speed limits to 50 mph.

Those various reductions to be achieved within the Federal establishment, together with the voluntary restraints by citizens -- especially in more prudent usage of their automobile -- could save about one million barrels of oil a day. Along with a 10 percent or so reduction in commercial airline flights, the conversion of some industries from oil to coal, and the increase in oil production that would come by opening the Navy's Elk Hills reserves in California, savings could possibly reach two million barrels a day. Beyond that it gets very tough indeed.

In his message, President Nixon also asked for emergency legislation to meet the energy crisis more directly. His proposals included:

(1) An immediate return to daylight savings time on a year-round basis. This will save electricity and heating oil.

(2) A relaxation of environmental regulations on a temporary, selective basis. This will permit the use of alternate fuels, such as coal.

(3) Authority to impose special conservation measures, such as restrictions on commercial business operating hours, and the right to ration gasoline and fuel oil.

(4) Federal authority to reduce highway speeds nationwide.

(5) Expansion of the Government's regulatory authority to adjust schedules of planes, ships and other carriers.

We expect quick approval of Presidential authority for all or most of these energy-saving measures. Also under consideration in Congress is a separate bill approving a 10-year, multi-billion dollar program to develop new sources of energy. This bill would serve the long-range energy needs of the Nation which President Nixon has said will require a major energy development program patterned on the high National priority lines of the atomic bomb and man-on-the-moon projects. Asking for a "united commitment to a major new endeavor," the President urges that we seek to "meet America's energy needs from America's own energy resources" by 1980. To direct this effort the President asked Congress to establish a new Federal agency -- the Energy Research and Development Administration. The major thrust of this program will be to step-up our nuclear power development and to develop methods of using the Nation's enormous coal deposits in place of scarce liquid and gaseous fuels. We will also look to break-throughs in the more exotic energy sources, such as oil shale, geothermal power, tidal power, and possibly even solar power.

Within my own area of responsibility -- transportation -- there is much to be done to use our energy resources more intelligently. Over 50% of all liquid petroleum ends up being used in transportation -- mostly, of course, by our 100 million automobiles.

To help deal with this crisis we have established an Office of Transportation Energy Policy. The mission of the Office is to evaluate the energy consequences of transportation decisions, to reduce transportation energy consumption without sacrificing mobility, and to support the energy conservation efforts of other departments and agencies.

The Nation clearly can bring about a substantial savings in energy usage by revising its transportation habits. As the President indicated in his message, a greater use of mass transit and car-pooling can produce sizable savings. Our analysis of the relative efficiencies of the private and public transportation modes shows that the average automobile delivers about 30 passenger miles per gallon, and considerably less under conditions of urban congestion. A transit bus, on the other hand, can deliver over 100 passenger miles per gallon fuel. Even a moderate shift from travel by car to travel by bus can produce significant oil savings.

Car pools offer another potential for energy conservation. If we could add just one more person to the average commuting motor vehicle, which now carries about 1.5 persons, we could save over 200,000 barrels of oil per day. State and local governments can encourage the shift to car pools and public transportation by designating exclusive bus lanes,

imposing congestion-pricing policies, and taking full advantage of the larger Federal funds now available for public transit purposes under the 1973 Federal-Aid Highway Act.

Looking further ahead we must learn to build automobiles with fuel efficiencies such as we find in Europe and Japan. Our present national average of about 13 mpg must be pushed upward sharply. I believe a target of 20 mpg is a reasonable future goal. To reach this we need lighter cars and better designed engines.

The President's proposals for dealing with the energy crisis warrant full public support. It requires, as he has said, some sacrifice by all Americans to avoid suffering on the part of any American. I believe the public will rally behind President Nixon in this program to establish and live by a new ethic -- the ethic of energy conservation. We know that we Americans may not always respond as quickly as we should to potential crisis, but we also know that we can do wonders in catching up. As President Nixon said: "We have an energy crisis but there is no crisis of the American spirit. We have all the resources to meet the great challenge before us. Now we must demonstrate the will to meet that challenge."

Finally, I should note that the timing of this crisis is, from a long-term viewpoint, perhaps fortunate. Based on recent trends, we could have expected to be using twice as much Arab oil in 3 or 4 years. But if an embargo came when our dependence had reached that level, we would, indeed, have faced a domestic and National security crisis of extreme proportions. Today, at least, we can cope and can learn how to avoid this future trap. We have a real opportunity before us to learn to stand on our own resources, and move forward under our own power.

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