

U. S. Department of Transportation news:



Office of Public Affairs
Washington, D.C. 20590

REMARKS PREPARED FOR DELIVERY BY U.S. SECRETARY OF TRANSPORTATION
NEIL GOLDSCHMIDT, ENERGY INITIATIVES FOR THE 80'S CONFERENCE,
NEW YORK CITY, MARCH 10, 1980

Today nothing characterizes the life of our nation more than the notion of change. As we enter the 1980's, ours is a country in transition, a people performing a perilous high-wire act, carefully moving from one set of assumptions that guided us in the past to a new set that will direct our course to the end of the century. As committed and concerned citizens, our task is the management of that change that lies before us, the development of those new assumptions to guide us--remembering what is good and true and of real value in our past even as we change to recognize new realities in the future.

Nowhere is this transition more fundamental than in the area of energy. For energy, and our use of it, touches every aspect of our lives--it is basic in food, clothing, shelter, transportation, health care; everything we make or use or do is driven by energy. And it is energy that has seen the greatest, most shocking changes over the past decade.

For almost 40 years this country grew and prospered on one guiding assumption: unlimited, cheap energy. Based on that assumption, after World War II we did away with the transit systems in our cities and relied almost entirely on the auto. Based on that assumption we built sprawling, low-density communities that reinforced our dependence on the auto. We enjoyed the luxury of miles of separation between our place of work and our homes--and made the drive daily, alone, in our gas-guzzling cars. And in our homes and in our places or work, we took little cognizance of the way energy was used--in manufacturing or production or offices or schools or hospitals or even home heating.

Why should we?

After all, oil was cheap and abundant and always would be.

Or so we assumed until the 70's, when we suddenly learned that a new world reality was emerging, one that would threaten our economy at home and could jeopardize our freedom in the world. Energy was scarce and expensive.

It is this fundamental change that has triggered a major shift in our nation's way of doing business. Staggered by a devastating shock wave in the mid-70s, we now are working to internalize the changes that have so suddenly swept upon us.

At the heart of the problem is our nation's over-reliance on foreign oil.

It is that over-dependence that has rippled through every sector of our economy like a tax from abroad on all of our citizens.

It is that over-dependence that has threatened our nation's ability to act independently in foreign affairs, on behalf of our friends and in pursuit of our traditional and historic national values.

Let me give you some sense of the dimension of the economic and foreign policy vulnerability that stems from our dependency on imported oil.

In 1973, this country spent \$8 billion for foreign oil.

Last year, we spent \$60 billion for foreign oil.

And this year, that figure will probably go as high as \$88 billion. In a little over a year, from December, 1978 to February, 1980, the average price of the crude oil that we import more than doubled.

The result is staggering to calculate. For the fact is that every hour, the people of this country are sending \$10 million to foreign countries for oil. Put it another way: the cost to our people is equivalent to every single man, woman and child writing a \$325 check to OPEC.

But that is just the direct, dollar-drain cost to this country.

It is costing us, as well, in our balance of trade--not only for oil, but for autos from abroad that are fuel-efficient and for other products that we import because they come from countries whose economies long ago internalized the reality of scarce and costly energy.

It is costing us in inflation and in the value of the dollar--roughly one-third of the rate of consumer inflation is directly attributable to higher oil prices.

- * Between November, 1978 and November, 1979, oil use in this country dropped by 8 percent
- * The average car is being driven 15 miles per week less and is becoming increasingly more fuel efficient--up to 21 miles per gallon this year from 12 miles per gallon in 1974
- * Last year 12 percent of all American families fully insulated their homes
- * And U.S. industry has cut energy use per unit of production by 16 percent since 1974.

The message is that we are making the energy transition.

But the question that remains is what we are making it to. We know now that some of our key assumptions in the past were faulty. But what of the assumptions for the future, and what of the values? What is the vision of America that should guide us?

Let me share with you my vision of this country in the last two decades of this century:

I see an America at peace at home and in the world, yet vigilant in defense of our permanent commitment to freedom.

An America tempered by the energy test and emerging from it more productive in work and more conserving in habit.

An America that reaffirms our old and lasting values of hard work and community, of equal rights and equal opportunity.

An America that promotes competition, innovation and efficiency in the operation of the economy, making sound decisions today that will guarantee full participation in an international economy in the future.

An America where people of all ages and background, in communities of all sizes, are encouraged to offer their best, understanding that all have a contribution to make if we are to flourish.

The key to achieving this vision--or another, even more ambitious one you may conceive of--is the development of a national conservation ethic. Today, in spite of the improvements we have made, we still waste nearly half of the energy we use. We still see roughly 1.4 million barrels of gasoline burned each day by commuters driving back and forth to work alone.

Our national purpose demands that we go on the attack against waste and inefficiency. It is the fastest and simplest way I know to solve our energy problem and--more than that--to preserve choice and opportunity as a fundamental right for future generations.

And it is costing us in jobs for Americans--last summer's oil price hike took an estimated 800,000 skilled American workers off the production line and put them in the unemployment line.

Just as important as the economic dislocation is the threat to our independent foreign policy.

Our biggest single source of oil is Saudi Arabia, from whom we get 1.5 million barrels of oil each day. The Saudis have been basically friendly and moderate in dealing with us. But so was Iran for more than a generation. Now that entire area of the world threatens to buckle--from the pressure of religious upheaval or the heavy-hand of Soviet aggression. It is a volatile and potentially perilous situation--particularly given our level of dependence.

Our second largest supplier is Nigeria, from whom we purchase about one million barrels each day. Today, the Nigerians seem quite friendly to this country. A few months ago, a different government threatened to stop supplying oil unless we obeyed their foreign policy direction.

Four nations--Algeria, Libya, Iran and Iraq--have supplied us with about 2.3 million barrels of oil each day. But that amount--over one-fourth of the total amount--has been called by one energy expert "hostile oil" because of those nations' view of this country.

Our problem, then, is a serious one. We have allowed our addiction for foreign oil to jeopardize the basic economic and political heritage of this country. We have created a situation in which we must undergo a very painful and expensive period of transition before we arrive at a new energy destination where we can reclaim control over our own choices.

It is a transition that I am convinced we not only can make, but which we are already making.

Very soon, the Congress will have completed action on President Carter's comprehensive energy policy and program--the first in our nation's history.

We are already pricing energy at its real costs--an important step in sending the correct signals to the market place so it can operate.

And under the President's leadership, we are embarking on a program to unleash our productive capacity to find and create more energy domestically and--as our highest priority--to conserve energy.

I believe that this country has the resources and the will and the determination and the discipline to remedy our energy dependence.

The evidence is clear:

We have only begun to find ways to express our new conservation ethic:

- * Doubling the number of commuters using carpools and vanpools will save 200,000 barrels of oil per day
- * Reform of regulations governing trucks could save an estimated 164 million gallons of fuel per year
- * Major increases in transit equipment and service will mean a 50 percent increase in riders per day by the end of the decade, with significant energy savings
- * Auto fuel efficiency improvements should save a half a million barrels of oil in the decade ahead
- * If one-fourth of all American drivers simply observed the 55 mile per hour speed limit, it would save 100,000 barrels of oil per day.

And of course there is more--in factories and in homes, on farms and on the docks.

Our goal is a conservation strategy--a strategy that recognizes that we are dealing with scarce resources of all kinds, and not just energy. Land, capital, clean air, water, raw materials--it is all scarce and increasingly expensive. Our economic and political future depends upon this basic new assumption--and the re-structuring of our old habits to reflect it.

It is not that we must learn to be satisfied with doing less; it is rather that we must insist on getting more out of everything we do. And it is conservation that offers us the tool by which to meet this demand. Conservation is the vehicle that can help us change our habits and institutions, while reaffirming our national values and vision.

For the development of a conservation ethic is, ultimately, a matter of individual choice and individual decision. The federal government can set policy, offer incentives, provide education, and regulate, but as Mayor of Portland, I learned that the decisions that really add up are the multiple choices made routinely each day by single citizens or individual companies--either to take the bus or to drive; either to invest in energy-saving equipment or to defer.

And I learned that each community is different. That an energy conservation strategy for Portland, Oregon would not necessarily fit the needs or wishes of Portland, Maine, but that each community could benefit from its own conservation strategy as a guide for investment, for transit, for land use planning.

It is the development of those individual community strategies for conservation that should be the business of the country. These are the strategies that, taken together, will define our vision of the country as a more conserving, leaner, and more productive land. These are the strategies that will express our common interests as a people while preserving our special distinctions in each community. And these are the strategies that will safeguard what we value most about our nation--the promise of freedom and opportunity for each American and each generation.

Carl Sandberg wrote, "Rest is not a word of free people." For us, today, that is our watchword. There is much work at hand if we are to manage successfully the process of change. Working together, toward this common purpose, I am confident we will succeed.

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