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UNITED STATES  
DEPARTMENT OF TRANSPORTATION

PRESENTATION OF  
SECRETARY OF TRANSPORTATION NEIL GOLDSCHMIDT  
BEFORE THE  
FEDERATION OF JEWISH PHILANTHROPIES  
NEW YORK, NEW YORK  
March 10, 1980

(The following transcript was prepared from a live  
tape.)

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SECRETARY GOLDSCHMIDT: It's very nice to be here. The subject of energy is one which preoccupied me as the Mayor of the City of Portland and one which continues to occupy a considerable amount of my time as Secretary of Transportation.

I think it is fair to say that 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 the set of assumptions that guided us in the past to a new set that will direct our course to the end of this 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

1 the area of energy, for energy and our use of it touches every  
2 aspect of our lives, as we have grown so painfully  
3 aware.

4 It is basic in our food, in our clothing, in our  
5 shelter, transportation, health care, everything that we make  
6 or do is driven by energy and it is energy that has seen the  
7 greatest, most shocking changes over the past decade.

8 For almost 30 years this country grew and prospered  
9 on one guiding assumption -- unlimited, cheap energy. And  
10 based on that assumption after World War II we did away with  
11 transit systems in our cities, in my own city of  
12 Portland, where we had a first-rate electrified trolley system  
13 every shred of it was ripped out and in many cases the  
14 corridors in which it operated were sold off.

15 So we then came to the point of relying then  
16 entirely, or almost entirely, on the auto in this nation.  
17 Based on that assumption, we built sprawling, low-density  
18 communities that reinforced our dependence on the auto.  
19 We enjoyed the luxury of miles of separation between our  
20 places of work and our homes. We made the drive daily, most  
21 often alone, in gas-guzzling cars.

22 And in our homes and in our places of work we took  
23 little cognizance of the energy that we used, whether in  
24 manufacturing or production or offices or schools or  
25 hospitals or even home heating. Why should we? After all, oil

1 was cheap and abundant and it always would be. So we assumed,  
2 until the 1970's when we suddenly learned that there was a new  
3 reality in the world emerging, one that would threaten our  
4 economy at home and could jeopardize our freedom in the world.  
5 Energy was scarce and energy was becoming expensive. It is  
6 that overdependence which you have heard again and again and  
7 again in the nightly news that has threatened our nation's  
8 ability to act independently in foreign affairs, on behalf  
9 of our friends, and in pursuit of our traditional and  
10 historic national interests.

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

14 In 1973, this country spent \$8 billion for foreign  
15 oil. It is this fundamental change  
16 that has triggered a major shift in our  
17 nation's way of doing business. This dependence, in 1973,  
18 cost us \$8 billion. Last year it cost us \$60 billion and  
19 next year may cost us as much as \$85 to \$90 billion.

20 In a little more than a year, from December 1978 to  
21 February, 1980 the average price of imported crude oil  
22 more than doubled. The result is staggering to  
23 calculate. But the fact is that every hour, the people of this  
24 country are sending \$10 million to foreign countries for  
25 oil.

1 Or to put it another way, a way that I like to  
2 talk about it when I'm at neighborhoods coffees or parlor  
3 meetings, the cost to our people is equivalent to having each  
4 of you gather around all of your families,  
5 included grandparents, children and grandchildren —  
6 whether they're old enough to write or not — having each  
7 one of them fill out a blank check on behalf of the people of  
8 the United States which is filled out to OPEC in the amount  
9 of \$325. That's \$325 for each member of the  
10 family, to be matched against the expense side  
11 of the family ledger. That includes our  
12 vacations, our retirement, our health care, our housing payments,  
13 and all the things that we expect to do with our lives on the  
14 basis of either the labor that we have already performed if  
15 we are retired, or the labor we are performing if we'd like  
16 to have a secure life for ourselves and our family.

17 And that is just the direct dollar drain to this  
18 country. It is costing us as well in our balance of trade,  
19 not only for oil but for automobiles from abroad that are  
20 fuel efficient, and for other products that we import because  
21 they come from countries whose economies long ago internalized  
22 the reality of scarce and costly energy.

23 Let me just say a word the auto industry. Last  
24 month in this country the Japanese sold more cars to Americans  
25 than Ford, Chrysler and American Motors combined. We have

1 almost 200,000 people in the automobile and related industries  
2 out of work. The automobile industry is in the process of  
3 taking 800 to 1,000 pounds of steel out of every car that comes out of  
4 a steel industry which gets its most profitable sales in many  
5 cases from the automobile industry, and from a steel industry which  
6 itself is under threat of foreign competition and today  
7 the papers is describing what it must do in order to avoid  
8 dumping of cheap steel from abroad.

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12 So our whole economy will reverberate over the  
13 next two to five years with the adjustments that we must face.  
14 It is also, and maybe most significantly, costing us in terms  
15 of inflation and in the value of the dollar. Roughly one  
16 third of the rate of consumer inflation is directly attributable  
17 to higher oil prices, and it is costing us in jobs as well.  
18 Some economists estimated that last summer's oil price hikes  
19 took an estimated 800,000 skilled American workers off the  
20 production lines and put them in the unemployment lines.  
21 Just as important as the economic dislocation is the threat to  
22 our independent foreign policy.

23 I want to start by describing something, and I  
24 suppose, as I start to talk about this, that it becomes  
25 obscured. I have asked, I asked yesterday at a community

1 meeting, which is the largest oil producing  
2 nation in the world on any given day? The answer, of course, is  
3 the United States of America. We still continue to produce,  
4 along with the Saudis, fantastic amounts of oil. But our  
5 biggest single outside source of oil, most  
6 consistently, is Saudi Arabia, from whom we get 1.5  
7 million barrels of oil each day. The Saudis have been  
8 basically friendly in dealing with us, but then so was Iran  
9 for more than a generation.

10 Now that that entire area of the world is threatened  
11 and is threatening to buckle, from the pressure of religious  
12 upheaval or the heavy hand of Soviet aggression, it is a  
13 volatile and potentially perilous situation for us,  
14 particularly given our level of dependence. Our second  
15 largest supplier is Nigeria, from whom we purchase about  
16 1 million barrels each day. And today the Nigerians seem  
17 quite friendly to this country. A few months ago, a different  
18 government threatened to stop supplying oil unless we obeyed  
19 their foreign policy guidance.

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

25 Very soon, the Congress will have completed action

1 on President Carter's comprehensive energy policy and program  
2 -- the first in our nation's history. It is  
3 well worth remembering that the first energy policy in our nation's  
4 history should have been adopted in 1973 after the oil  
5 embargo, but the Administration then in power managed to  
6 run John Sawhill, then the Federal energy conservation  
7 expert, out of the government, and we  
8 announced victory over the problem of foreign oil dependence  
9 The fact remains that since that time  
10 one-third to one-half and we are now, in this year, not in  
11 1973 or 1974 or 1975, but in 1980, finally passing a  
12 national comprehensive energy policy.

13 We are already pricing energy at its real cost, an  
14 important step in sending the correct signals to the market-  
15 place so it can operate. And I want to pause here for a  
16 minute. For all of those of you who have, with  
17 real feeling, complained about the price of gasoline at the  
18 pump, please understand that the change in that price at the pump  
19 is what is changing the American auto fleet. It is that price  
20 change that is calling for  
21 changes in regulations affecting the American trucking  
22 industry. All of these pricing changes are causing  
23 us to shift from foreign oil to coal and away from  
24 dependence on the Persian Gulf. So our problem then is a  
25 serious one. We have allowed our addiction to jeopardize the basic



1 and economic political heritage of this country, and we have  
2 created a situation in which the transition we must undergo  
3 is very painful.

4 We are going to have to go through this transition  
5 before we arrive at the new energy destination where we can  
6 reclaim control over our own choices. It is a transition  
7 which I am convinced we not only can make but which we are  
8 already making. And under the President's leadership, we  
9 are embarking on a program to enrich our productive capacity  
10 to find and create more energy domestically and -- as our highest  
11 priority -- conserve it.

12 I think the country has the resources and the will,  
13 the determination and the discipline, to remedy this  
14 dependence. And I'd like to describe for you briefly this  
15 morning why I think that evidence is clear. Between November  
16 of 1978 and November of 1979, oil use in the United States  
17 dropped eight percent. It is a very encouraging sign, and when  
18 matched up against the rest of the industrial countries in  
19 the world, and admittedly some of them are farther along in  
20 the progression of transition, still it is an encouraging  
21 sign. The average car in the United States is being driven  
22 15 miles per week less and at the same time is becoming  
23 increasingly energy-efficient, up to 21 miles per gallon this  
24 year from 12 miles per gallon average in 1974. By 1985  
25 the fleet on the roads in the United States, as an average,

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1 will get 27.5 miles per gallon. The decision about where to  
2 go beyond 1985 is out ahead of us.

3 Last year, 12 percent of all American families  
4 fully insulated their homes, and United States industry has  
5 cut energy use per unit of production by 16 percent since  
6 1974. So the message is that we are making the energy  
7 transition, but the question that remains, and this is the  
8 major point I wish to make to you today, is what are we  
9 making it to? We know that some of the key assumptions in  
10 the past were faulty. But what about the assumptions for the  
11 future and what about the values that ought to guide them,  
12 and what is this vision of America as an outcome that ought  
13 to direct us in our decision?

14 Let me share with you my vision of this country i  
15 the last two decades of this century.

16 I see an America at peace at home and in the wor  
17 yet vigilant in defense of our permanent commitment to  
18 freedom. And it is from this premise of personal liberty  
19 in this land that we must proceed.

20 I see an America tempered by this energy test  
21 emerging from it more productive at work and more conse  
22 in habits, an America that reaffirms our old and lastin  
23 values of hard work, of community, of equal rights and  
24 opportunity. An America that promotes competition, inn  
25 and efficiency in the operation of its economy, making

1 decisions today that will guarantee full participation in an  
2 international economy of the future. An America where people  
3 of all ages and background and communities of all sizes are  
4 encouraged to offer their best, understanding that we all  
5 have a contribution to make if this country is to flourish.  
6 The key to achieving this vision or another, even more  
7 ambitious one, if you may conceive it, is the development of  
8 a national conservation effort. Today, in spite of the  
9 improvements that we have made, we still waste nearly half  
10 of the energy we use.

11 It is mind-boggling to imagine that we literally  
12 could do without the oil we import if we stopped wasting what  
13 we currently use. We still see roughly 1.4  
14 million barrels of gasoline burned each day by commuters  
15 driving back and forth to work alone. Our  
16 national purpose demands that we go on the attack against  
17 waste and inefficiency. It is the fastest and the simplest  
18 way that anyone knows for solving energy problems, and maybe  
19 more than that, to preserve choice and opportunity as a  
20 fundamental right for future generations.

21 We have only begun to find ways to express our  
22 conservation effort. Doubling the number of commuters using  
23 carpools and vanpools in communities that really cannot afford  
24 expensive transit systems, or to get people to locations not  
25 well servable by transit, would save 200,000 barrels of oil

1 per day. Reform of regulations governing trucks could save  
2 164 million gallons of fuel per year. And let me stop there  
3 for a minute. This number is understated. It is a number  
4 that deals with trucking reform legislation. It is the law  
5 now that requires trucks to go indirectly to their ultimate  
6 point of destination, oftentimes to points that they have no  
7 desire to go, to locations where they pick up or discharge  
8 no goods. And this Administration has proposed to do away  
9 with that.

10 But there are additional regulations. There are the  
11 regulations on the length of trucks. Currently, the aero-  
12 dynamic design capabilities of trucks lead us to believe the  
13 potential is there for us to increase fuel efficiency in  
14 trucks by 15 to 20 percent. This does not include a conversion  
15 to diesel, which has already occurred in Europe and which  
16 will occur increasingly in our fleet as the cost of fuel goes  
17 up.

18 The pricing of fuel today means that one tenth of  
19 a mile per gallon savings on a major national truck fleet  
20 may to represent a million dollars on the bottom line.  
21 We are nowhere near squeezing from our capital investment in  
22 our transportation system the energy conservation that is  
23 there.

24 Major increases in transit equipment improvements and  
25 service should mean a 50 percent increase in the number of

1 riders on transit each day by the end of the decade. Fifty  
2 percent.' Nice number. What does it mean?

3 It means 15 million additional people every day on  
4 public transit by the year 1990. And for those of you who live  
5 in this region, that may not seem like much, but for many  
6 other communities that are literally just beginning a transit  
7 system, it is a quantum leap.

8 Auto fuel efficiency improvements will save half a  
9 million barrels of oil in our decade ahead.

10 If one fourth of all American  
11 drivers simply observed the 55 mile per hour speed limit,  
12 we would save 100,000 barrels of oil per day.

13 And I might add, part of our program is to make sure  
14 that they do, by paying state police agencies to be out on the  
15 highways trying to enforce the law. And of course there  
16 is more that isn't listed here, in factories, in homes, on  
17 farms and on the docks.

18 I sat in a Cabinet meeting one day and listened to  
19 the Secretary of Agriculture and the President of the United  
20 States describe changes in plowing techniques and post harvest  
21 techniques that would save fuel in the agricultural sector.  
22 So our goal is a conservation strategy, a strategy that  
23 recognizes that we are dealing with scarce resources of all  
24 kinds, and not just energy.

25 Land is scarce, particularly if it produces crops

1 efficiently. Capital is scarce. You only need to look at the  
2 age of our private industrial plants and some of the  
3 government facilities to know that.

4 Clean air is scarce and so is water and so are some kinds  
5 of raw materials. It is all scarce and increasingly  
6 expensive.

7 Our economic and political future depends on this  
8 basic new assumption, and the restructuring of our old habits  
9 to reflect it. It is not that we must learn to be satisfied  
10 with doing less. I want to make that clear. I am often  
11 confronted by the question about our standard of living and  
12 what we can look forward and our children can look forward  
13 to doing in the future.

14 And I will say again, it is not that we must learn  
15 to be satisfied with doing less. It is rather that we must  
16 insist on getting more out of everything that we do. And  
17 it is conservation that I believe offers us the tool by which  
18 to meet this demand.

19 Conservation is the vehicle that can help us  
20 change our habits and institutions while reaffirming our  
21 national values and vision.

22 For the development of a conservation ethic is  
23 ultimately a matter of individual choice and individual  
24 decision, ultimately probably individual habit. The federal  
25 government can set policy, it can offer incentive, it can

1 provide education, and it can regulate. But as Mayor of  
2 Portland, I learned that the decisions that really add up  
3 are the multiple choices made by every human being in my  
4 community, made routinely each day by a single citizen, an  
5 individual company or a group, either to take the bus or to  
6 drive, either to invest in energy saving equipment or to  
7 defer, either to care or to neglect.

8 It is the development of those individual community  
9 strategies for conservation that should be the business of  
10 this country and of everybody in this room.

11 They are the strategies that, taken together, will  
12 define our vision of the country as a more conserving, a  
13 leaner, more productive land. These are the strategies that  
14 will express our common interest as a people, while preserving  
15 our special distinctions in each community, and these are  
16 the strategies that will safeguard what we value most  
17 about our nation -- a promise of freedom and opportunity for  
18 each American and each generation.

19 And it is through conservation that we refuse to  
20 spend on things today that we do not need. Unneeded coal  
21 plants, unneeded nuclear plants, plants that charge every

22 consumer who pays a utility bill for a capacity that  
23 was built to substitute for waste and instead of saving it  
24 with conservation, we used up our own future.

25 I learned that each community is different. That an

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1 energy conservation strategy for Portland, Oregon will not  
2 necessarily fit the needs in Portland, Maine as their  
3 citizens see it.

4 But each community can benefit from its own  
5 conservation strategy as a guide for investment, for transit  
6 and for land use planning. The community can also benefit if  
7 people who live there express, in a written document, if  
8 they can do it, the things that make a difference to them as  
9 an insurance policy for their community's health and the  
10 future.

11 Carl Sandburg wrote, "Rest is not a word of free  
12 people." For us today, that must be our watchword. There is  
13 much work at hand, if we are to manage successfully the  
14 process of change.

15 Working together, large towns and small, corporate  
16 giants and individual citizens, people who labor in the  
17 fields and labor on the docks, and people who just read and  
18 think and care, working together towards this common  
19 purpose, I am confident that we will succeed.

20 Thank you very much.  
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