

REMARKS OF SENATOR BOB DOLE
SMOKEY VALLEY CHAPTER, KANSAS ENGINEERING SOCIETY
SALINA HOME BUILDERS ASSOCIATION
CAVALIER CLUB
SALINA, KANSAS
JANUARY 15, 1973

THE NEW YEAR 1974 HAS ARRIVED AMID A MIX OF UNCERTAINTIES AND CONTRADICTIONS.

THE ENERGY CRISIS HAS EMERGED THE BIGGEST QUESTION MARK ON THE NATIONAL AND INTERNATIONAL SCENE. THE ECONOMY REMAINS SUSPENDED IN A CURIOUS MIX OF UPS AND DOWNS. THE UNEMPLOYMENT RATE PERSISTS AT A LEVEL HIGHER THAN IS ACCEPTABLE, YET THE TOTAL NUMBER OF PEOPLE EMPLOYED IN THIS COUNTRY SETS NEW RECORDS EVERY QUARTER. AND THE INFLATION RATE CONTINUES MUCH TOO HIGH, THOUGH THE AMERICAN PEOPLE CONTINUE TO SPEND AT RECORD LEVELS AS THEIR DISPOSABLE INCOME KEEPS ON RISING TO KEEP PACE WITH THE RISING COST OF LIVING.

ON THE WORLD SCENE, THE MOOD OF COOPERATION IN THE EFFORT TO BUILD PEACE REMAINS ALIVE, THOUGH THERE ARE REAL THREATS TO IT, MOST NOTABLY IN THE MID-EAST. YET EVEN THERE, THE SIGNS, AS THE NEW YEAR STARTS, SEEM PROMISING.

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AMERICAN RESOLVE

THOUGH THE YEAR STARTED WITH THESE UNCERTAINTIES, IT STARTED WITH ONE REAL ASSET -- NOT A NEW ONE -- AS FAR AS THIS COUNTRY IS CONCERNED. IT STARTED WITH THE AMERICAN PEOPLE DEMONSTRATING THE KIND OF RESOLVE THAT IS OUR SINGLE BEST HOPE FOR SEEING THESE PROBLEMS THROUGH WITH THE LEAST SERIOUS DIFFICULTIES.

VOLUNTARY FUEL CONSERVATION EFFORTS ARE A NECESSARY COMPLEMENT TO THE EFFORTS OF GOVERNMENT AND INDUSTRY TO FIND WAYS TO INCREASE ENERGY SUPPLIES AND TO MEET THE GOAL OF ENERGY INDEPENDENCE FOR THE UNITED STATES BY 1980.

SHORT-TERM CONCERNS

IN THE SHORT TERM, WE MUST BE FRANK AND REALIZE THERE ARE GOING TO BE PROBLEMS. THERE IS GOING TO BE A CONTINUING NEED FOR SACRIFICE. THE AMERICAN PEOPLE WILL COOPERATE, I AM SURE, BUT THEY HAVE A RIGHT TO EXPECT THAT GOVERNMENT WILL TAKE EVERY STEP POSSIBLE TO MINIMIZE THE HARDSHIPS IN TERMS OF POSSIBLE JOB LOSSES AND DISRUPTION OF VITAL SERVICES. AS WELL, THEY HAVE A RIGHT TO EXPECT THAT WHATEVER INCONVENIENCE IS ENCOUNTERED WILL BE SHARED EQUITABLY AND NOT FORCED UNFAIRLY ON ONE

CATEGORY OF FUEL USER OR ON ONE SEGMENT OF THE ECONOMY. AND THEY PROPERLY EXPECT THAT A FEW ENERGY INDUSTRIES WILL NOT BE ALLOWED TO TAKE UNFAIR ADVANTAGE OF THE CRISIS AND MAKE EXCESSIVE OR SO-CALLED WINDFALL PROFITS AT THE EXPENSE OF THEIR FELLOW CITIZENS' DIFFICULTIES. AS A MEMBER OF THE SENATE FINANCE COMMITTEE AND ITS ENERGY SUBCOMMITTEE, I EXPECT TO BE VERY CLOSELY INVOLVED IN SEEING THAT THESE EXPECTATIONS ARE MET -- AND IN A WAY THAT WILL GET US MORE FUEL.

ESSENTIAL APPROACH

IN THE SHORT TERM , MANY PROBLEMS AND DIFFICULTIES ARE BOUND TO ARISE. BUT I BELIEVE THE SYSTEM WILL RESPOND. RATIONING HAS THUS FAR BEEN AVOIDED, FOR EXAMPLE, AND THE STEPS ARE BEING TAKEN AT THE FEDERAL LEVEL TO ASSURE THAT THE IMPACT OF THE SHORTAGE IS ABSORBED AS MUCH AS POSSIBLE BY NON-ESSENTIAL USES AND NOT BY BUSINESS, INDUSTRY AND DOMESTIC HEATING.

I BELIEVE THIS APPROACH IS ESSENTIAL. FOR THE ENTIRE NATION WILL SUFFER IF THE ECONOMY IS CRIPPLED BY FUEL SHORTAGES. THIS FACTOR HAS RECEIVED WIDE RECOGNITION, AND I THINK IT ACCOUNTS FOR MUCH OF THE SUPPORT THE VOLUNTARY CONSERVATION PROGRAM IS RECEIVING. MOST PEOPLE, I FEEL, SEE THE POTENTIAL DANGER WHICH WIDESPREAD ECONOMIC DISRUPTION --

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WITH PLANT CLOSINGS, MAJOR UNEMPLOYMENT AND SEVERE RECESSION -- WOULD HOLD FOR EVERY CITIZEN. AND IN THIS SPIRIT THEY RECOGNIZE THAT -- IF 55 MILE SPEED LIMITS, CAR POOLING, AND MORE BUS RIDERS CAN MAKE THE DIFFERENCE, THEN THESE EFFORTS WILL PAY BENEFITS FOR EVERYONE AND BE WELL WORTH THE INCONVENIENCE.

I WISH THAT IT WERE POSSIBLE FOR ME TO TELL YOU TODAY WHAT THE PERSONAL AND BUSINESS IMPACT WILL BE FOR EACH OF YOU OR TO SAY THAT THERE WILL DEFINITELY BE SUFFICIENT FUEL SUPPLIES -- ESPECIALLY FOR SUCH IMPORTANT ECONOMIC SECTORS AS CONSTRUCTION. BUT, FRANKLY, THE PICTURE IS NOT ALL THAT CLEAR. THERE ARE JUST TOO MANY "IFS" TO BE ABSOLUTELY CERTAIN.

HOWEVER, IT IS ENCOURAGING TO SEE RECENT REPORTS ON STOCKS OF THE BASIC FUELS. BASED ON DECEMBER 7 INVENTORIES, LEVELS OF POWER-GENERATING RESIDUAL FUELS WERE ABOUT EVEN WITH LAST YEAR'S SUPPLIES, AND SO WAS GASOLINE. TAKEN AS A WHOLE, THE DIFFERENT TYPES OF AVIATION JET FUELS WERE NEARLY THE SAME. BUT MOST PROMISING OF ALL, STOCKS OF THE CRUCIAL MIDDLE DISTILLATES -- HEATING OIL AND DIESEL FUEL -- WERE SOME 12 PER CENT HIGHER THAN A YEAR AGO.

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OF COURSE, THOSE WERE DECEMBER'S FIGURES, AND MANY THINGS COULD HAPPEN FROM MONTH TO MONTH. BUT I FEEL WE ARE OFF TO A PROMISING START IN HANDLING THE SUPPLY PROBLEMS WHICH THE ARAB EMBARGO RAISED.

GOOD PROSPECTS FOR LONG TERM

IN THE LONG VIEW, WE HAVE GOOD REASON FOR CONFIDENCE THAT AMERICA'S ENERGY FUTURE SHOULD BE SECURE. THE FACTS ARE SIMPLE. IT IS ESTIMATED WE HAVE ENOUGH COAL TO FUEL OUR NEEDS FOR THE NEXT HUNDRED YEARS OR MORE. ACCORDING TO ONE ESTIMATE, THE AMOUNT OF OIL RECOVERABLE FROM SHALE DEPOSITS IN THE WESTERN STATES ALONE WOULD BE ENOUGH TO FILL OUR CURRENT LEVEL OF NEED FOR THE NEXT 30 YEARS OR MORE.

SECONDARY AND TERTIARY RECOVERY

AND ACCORDING TO ESTIMATES I HAVE BEEN GIVEN, THE AMOUNT OF OIL THAT IS LEFTOVER IN WELLS AFTER INITIAL PUMPING ACTIVITIES HAVE CEASED IS NOTHING SHORT OF INCREDIBLE. AT WELLS HERE IN KANSAS ALONE, ESTIMATES RUN AS HIGH AS 3 TO 4 BILLION BARRELS WHICH ARE AVAILABLE BUT AS YET UNRECOVERED AT EXISTING WELL SITES. FOR THE NATION, THE ESTIMATE RUNS ALMOST TEN TIMES THAT.

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THE ONLY PROBLEM LIES IN THE FACT THAT AT PRESENT, THROUGH SO-CALLED SECONDARY AND TERTIARY METHODS, IT COSTS MORE TO RECOVER THIS 'LEFTOVER OIL' THAN IT CAN BE SOLD FOR. I AND MY STAFF ARE WORKING ON A PROPOSAL NOW THAT COULD MAKE IT ECONOMICALLY FEASIBLE TO GO AFTER THESE SUPPLIES. IT IS POSSIBLE FOR DECONTROLLING THE PRICE OF OIL PRODUCED THIS WAY MAY BE ALL THAT IS NEEDED. I AM HOPEFUL THAT EARLY IN THE NEXT SESSION OF CONGRESS, WE CAN BEGIN SERIOUSLY TO CONSIDER SUCH A PLAN.

NOT A PERMANENT SHORTAGE

THERE ARE NUMEROUS PROPOSALS FOR DEALING WITH THE ENERGY SHORTAGE. WHATEVER IS DONE, HOWEVER, IT DOES SEEM CLEAR THAT THE SHORTAGE, SERIOUS AS IT IS, IS GOING TO BE AT WORST ONLY A TEMPORARY PHENOMENON.

TO BE SURE, IT MAY LAST FOR YEARS RATHER THAN MONTHS, BUT THOSE WHO MAKE THE GLOOMY PREDICTION THAT IT MARKS THE END OF OUR INDUSTRIAL AGE AND WILL BRING INEVITABLE AND PERMANENT CHANGE IN OUR AMERICAN STYLE OF LIVING, JUST HAVEN'T COME TO GRIPS WITH THE FACTS. WE HAVE ENORMOUS RESERVES OF THE SO-CALLED FOSSIL FUELS, OFF-SHORE AND IN

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ALASKA FOR EXAMPLE, AND QUITE A BIT RIGHT HERE IN KANSAS AS I JUST MENTIONED. AT BEST, THE PROPOSITION THAT THE ENERGY CRISIS MEANS THE END OF AN ERA AND THE BEGINNING OF A PERMANENTLY AUSTERE AMERICAN WAY OF LIFE IS YET TO BE DEMONSTRATED.

WE HAVE THE BRIGHT PROMISE OF FUTURE TECHNOLOGICAL INNOVATION WHICH MAY MAKE POWER FROM THE ATOM, THE TIDES, THE WIND, THE SUN AND EVEN FROM AGRICULTURAL WASTE PRODUCTS GO TO WORK FOR US IN THE FUTURE AS COAL AND OIL AND GAS HAVE WORKED FOR US IN THE PAST. THE CRITICAL POINT IS THAT WE MUST DEVELOP THESE RESOURCES AND TECHNOLOGIES IN TIME TO ASSURE THE ECONOMIC, MILITARY AND POLITICAL FUTURE OF AMERICA.

AS I HAVE INDICATED, MAKING AMERICA SELF-SUFFICIENT IN ITS ENERGY SOURCES IS THE REAL SOLUTION TO THE ENERGY CRISIS. AND IN OUR CONCERN OVER THE IMMEDIATE IMPACT OF THE ARAB EMBARGO, WE SHOULD NOT COME TO THE MISTAKEN CONCLUSION THAT ENDING THE EMBARGO WILL END THE CRISIS.

BLESSING IN DISGUISE

IN FACT THE ARAB EMBARGO MAY REALLY BE THE LEAST OF OUR WORRIES, AND IN FACT MAY VERY WELL HAVE BEEN A BLESSING IN DISGUISE.

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YOU MAY NOT HAVE THOUGHT OF IT IN THOSE TERMS BEFORE.
BUT IF THIS EMBARGO HAS SUCCEEDED IN SHOCKING US OUT OF OUR
COMPLACENCY AND INTO ACTION ON OUR ENERGY SELF-SUFFICIENCY PROGRAM,
IT WILL PROBABLY GO DOWN IN HISTORY AS THE BIGGEST FAVOR ANY GROUP
OF NATIONS EVER DID FOR UNCLE SAM.

I SAY THIS BECAUSE THE "ENERGY CRISIS" HAS FINALLY BEEN REVEALED
AS NOT BEING A CRISIS FOR AMERICA OF OIL SUPPLIES AT ALL. RATHER,
AND MUCH MORE SERIOUS, IT IS A CRISIS -- FOR AMERICA AND THE REST
OF THE INDUSTRIALIZED WORLD -- OF MONEY.

AMERICA SURVIVING EMBARGO

IN THE FIRST PLACE THE ARAB OIL EMBARGO REALLY DOES NOT
MEAN ALL THAT MUCH TO THE UNITED STATES. WE CAN SURVIVE IT; WE ARE
SURVIVING IT.

EVERY COUNTRY CANNOT SAY THIS. AND THE RUSH OF FRANCE,
JAPAN, ITALY AND OTHER NATIONS TO CODDLE FAVOR WITH THE ARABS PROVES
IT. BUT WHERE MANY EUROPEAN NATIONS ARE DEPENDENT ON MOSTLY ARAB
IMPORTS FOR UP TO 85 PER CENT OF THEIR PETROLEUM SUPPLIES, AMERICA
IS CURRENTLY SOME TWO-THIRDS SELF SUFFICIENT. AND ARAB IMPORTS MAKE UP

ONLY ABOUT 7 PER CENT OF TOTAL CONSUMPTION WITH MOST OF THE BALANCE COMING FROM CANADA, VENEZUELA AND NIGERIA.

SO IN OVERALL TERMS ARAB IS NOT AS SIGNIFICANT FOR US AS FOR MOST OF THE REST OF THE WORLD, ALTHOUGH OUR DEPENDENCE ON ARAB OIL WILL RISE SIGNIFICANTLY, FOR IT IS THE ONLY SOURCE FOR INCREASED IMPORTS TO FUEL ECONOMIC EXPANSION.

SO THERE IS REAL HOPE THAT WE MAY BE ABLE TO OFFSET THE EMBARGO WITH VOLUNTARY -- AND I WILL SAY IT AGAIN, VOLUNTARY -- CONSERVATION MEASURES. YOU DO NOT SEE THAT EASY A SOLUTION SHAPING UP IN COUNTRIES LIKE SWEDEN, GERMANY AND THE NETHERLANDS WHERE STRICT RATIONING, ABSOLUTE BANS ON SUNDAY DRIVING AND OTHER MEASURES ARE BEING INSTITUTED.

IN FACT THE EFFECTS OF THE EMBARGO WERE PRETTY WELL SUMMED UP IN A RECENT CARTOON.

IT SHOWED AN ARAB SHEIK STANDING BY A GUILLOTINE LABELED "OIL EMBARGO." HE WAS GETTING READY TO DROP THE BLADE ON THE NECK OF A KNEELING EUROPE WHILE SHOUTING, "TAKE THAT, AMERICA!"

THE EMBARGO IS ALSO APPARENTLY LEAKING A GOOD DEAL OF ITS BLACK GOLD. NO ONE IS SAYING HOW OR WHY, BUT IT IS BECOMING OBVIOUS

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THAT PERSIAN GULF OIL IS GETTING THROUGH OR AROUND THE EMBARGO TO THIS COUNTRY.

AND ALL THESE FACTORS, WHEN COMBINED WITH GROWING OPTIMISM THAT THE EMBARGO WILL BE ENDED IN THE NEAR FUTURE, ADD UP TO A FAIRLY POSITIVE ASSURANCE THAT THE EMBARGO ITSELF WILL WIND UP BEING CHIEFLY A ROUGH SHOCK WHICH PERHAPS -- AND HOPEFULLY -- AWAKENED US TO THE HARD FACTS OF LIFE ABOUT WORLD ENERGY.

DOLLARS-AND-CENTS ASPECT

BUT IF AMERICA CAN WEATHER THE TEMPEST OF HAVING PERSIAN GULF OIL SHUT OFF FOR A BRIEF PERIOD, WE WILL NOT BE SO LUCKY WHEN IT COMES TO THE DOLLARS-AND-CENTS SIDE OF THE ENERGY CRISIS. FOR NO NATION -- WHETHER ECONOMIC GIANTS LIKE THE UNITED STATES, AND JAPAN OR DEVELOPING STATES LIKE INDIA AND BOLIVIA -- CAN WITHSTAND THE DRAIN ON ITS BALANCE OF PAYMENTS WHICH WILL RESULT FROM THE RECENT OIL PRICE INCREASES BY THE WORLD'S PETROLEUM-PRODUCING COUNTRIES. NOTICE THAT I SAID THE WORLD'S PETROLEUM PRODUCING COUNTRIES, NOT ONLY THE ARABS.

OIL PRICES TRIPLED

FOR OVER THE PAST YEAR OPEC, THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES, HAS RAISED THE PRICE FOR ITS CRUDE OIL FROM AROUND \$3 PER BARREL TO SOMETHING WHICH WORKS OUT TO BETWEEN \$9 AND \$10. THIS PRICE DOES NOT APPLY ONLY TO CUSTOMERS THE ARABS DO NOT LIKE; IT APPLIES TO EVERYONE. AND SINCE ALMOST ALL THE OIL MOVING IN WORLD MARKETS IS COVERED BY IT, NO COUNTRY WILL BE ABLE TO AVOID IT THROUGH CHANGING SUPPLIERS.

NOTHING LIKE IT HAS EVER HAPPENED BEFORE, AND MOST OF THE WORLD IS STILL TRYING TO FIGURE OUT JUST WHAT IT IS GOING TO MEAN.

THE MAGNITUDE OF THIS INCREASE, WHICH CAME IN TWO STEPS IN OCTOBER AND DECEMBER, IS HARD TO CALCULATE. BUT ONE EXPERT HAS ESTIMATED THAT, FOR THE UNITED STATES ALONE, IT WILL MEAN THAT IF WE IMPORTED THE SAME AMOUNT OF OIL IN 1974 AS WE DID IN 1973 IT WOULD MEAN THAT THE COST WOULD BE IN THE RANGE OF \$18 BILLION TO \$20 BILLION AS COMPARED TO \$7.5 BILLION. OR AS A FORMER CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS PUT IT "WILL BE PAYING TWICE AS MUCH THIS YEAR FOR THREE-QUARTERS AS MUCH OIL AS IN 1973."

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THE SAME TYPES OF FIGURES APPLY TO THE REST OF THE WORLD -- PARTICULARLY EUROPE AND JAPAN -- ONLY THEY WILL BE HIT HARDER, DUE TO THEIR HIGHER IMPORT PERCENTAGES.

IMPACT OF INCREASES

THERE IS NO WAY AT THE MOMENT TO SAY HOW THIS SITUATION WILL ULTIMATELY AFFECT ANY PARTICULAR COUNTRY OR THE ENTIRE WORLD ECONOMIC SYSTEM. IT IS SIMPLY TOO BIG TO GET A HANDLE ON IT SO SOON.

A FEW POINTS ARE APPARENT, HOWEVER:

NO TRADE SURPLUS

FIRST, THE TRADE SURPLUS THE UNITED STATES HAD HOPED TO HAVE IN 1974 IS GONE BEFORE THE FIRST MONTH IS OVER. WE WERE EXPECTING A FAIRLY SIZABLE SURPLUS, BUT THE BILLIONS ADDED TO OUR FUEL BILL HAVE CLEARLY WIPED OUT ANY GAINS OUR EXPERTS COULD HAVE MADE. THIS ALSO MEANS THAT OUR OVERALL BALANCE OF PAYMENTS MAY RUN INTO RED INK. IN ADDITION EVERY OTHER INDUSTRIALIZED NATION IN THE WORLD WILL RUN A TRADE DEFICIT, SOMETHING THAT HAS NEVER HAPPENED BEFORE.

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DOLLAR STRENGTHENED

SECOND AND IN THE "GOOD NEWS" CATEGORY, THE DOLLAR -- AS RECENT MONEY MARKETS AND JAPAN'S DEVALUATION HAVE INDICATED -- WILL PROBABLY STRENGTHEN. THIS RESULT COMES ABOUT MAINLY BECAUSE OTHER COUNTRIES WITH THEIR GREATER IMPORTS WILL BE HIT MUCH HARDER AND BECOME MUCH WEAKER.

HUGE REVENUES FOR ARABS

THIRD, THE OIL PRODUCING COUNTRIES ARE GOING TO HAVE A LOT OF MONEY ON THEIR HANDS. AND FOR ONE GROUP OF THESE COUNTRIES, THE ARABS, THERE WILL BE MORE OF IT THAN THEY KNOW WHAT TO DO WITH. UTILIZING THIS WEALTH WILL RAISE MANY SERIOUS QUESTIONS -- PROBABLY AS MANY QUESTIONS AS THE REST OF THE WORLD WILL ENCOUNTER IN PAYING IT.

IT IS HARD TO GRASP THE SIZE OF THE FORTUNE THAT IS GOING TO POUR IN ON THESE COUNTRIES. BUT LET ME MAKE SOME COMPARISONS. TAKING JUST THE 7 ARAB OIL PRODUCING NATIONS, TOGETHER, THEY TOTAL NOT QUITE ONE-TENTH OF THE POPULATION OF THE UNITED STATES. AND AT CURRENT PRICE LEVELS THEIR 1974 OIL REVENUES WILL BE IN THE RANGE OF

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\$54 BILLION TO \$60 BILLION. TOTAL 1973 AFTER TAX PROFIT FOR ALL AMERICAN CORPORATIONS WAS \$70 BILLION. LOOKED AT ANOTHER WAY, THESE PROJECTED OIL REVENUES ARE GREATER THAN THE ENTIRE GROSS NATIONAL PRODUCTS OF SPAIN, BRAZIL, INDIA, MEXICO OR SWEDEN.

AND THAT, LADIES AND GENETLEMEN, IS A LOT OF MONEY -- AND A LOT OF POWER.

POTENTIAL USES

WHAT WILL THEY DO WITH IT? NO ONE KNOWS. THEY CERTAINLY COULD NOT SPEND IT ALL ON THEIR OWN PEOPLE. THEY MIGHT INVEST IT -- EVEN ON WALL STREET, AND THAT WOULD CERTAINLY HELP OUR BALANCE OF PAYMENTS BOOKKEEPING. BUT THEY MIGHT USE IT TO DISRUPT THE INTERNATIONAL MONETARY SYSTEM AND DRIVE THE WORLD TO STILL ANOTHER AND -- IF POSSIBLE -- MORE SERIOUS CRISIS.

MATTER OF SURVIVAL

BUT I DO NOT WANT TO GET INVOLVED IN ASKING TOO MANY QUESTIONS TOO FAR DOWN THE ROAD. FOR RIGHT NOW, IT WILL DO FOR US TO RECOGNIZE THESE DIMENSIONS OF THE ENERGY CRISIS AS A MATTER OF ECONOMIC SURVIVAL --

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NOT ONLY FOR AMERICA BUT FOR EVERY SINGLE ONE OF THE WORLD'S INDUSTRIALIZED AND DEVELOPING COUNTRIES.

ON OUR PART, WE MUST ACT NOW, WHILE IT IS STILL NOT TOO LATE AND SECURE OUR ENERGY INDEPENDENCE.

AND AS ONE OF THE ENERGY CONSUMING NATIONS, WE MUST ENGAGE IN AN UNPRECEDENTED EFFORT TO COORDINATE AND COOPERATE WITH OTHER COUNTRIES IN RESPONDING TO THE OIL CHALLENGE.

CONSUMERS MUST COOPERATE

THE OIL PRODUCERS, ACTING IN UNISON ARE WIELDING TREMENDOUS POWER. THEY HAVE ALL OF THEIR CUSTOMERS OVER A BARREL, SO TO SPEAK. AND IF WE, THE CUSTOMERS, ARE TO SURVIVE THIS PRESSURE THERE MUST BE A UNITED EFFORT TO COMBAT IT.

THEREFORE, I AM PLEASED AND ENCOURAGED TO SEE THE UNITED STATES PLAYING A LEADERSHIP ROLE IN THIS CRISIS. FOR AS YOU MAY HAVE READ, PRESIDENT NIXON HAS INVITED THE FOREIGN MINISTERS OF THE OTHER 8 LARGEST FREE WORLD OIL-CONSUMING COUNTRIES TO MEET IN WASHINGTON NEXT MONTH.

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SIGNIFICANCE OF FEBRUARY MEETINGS

THESE MEETINGS MAY VERY WELL BE THE MOST IMPORTANT IN RECENT HISTORY. BECAUSE UNLESS THOSE NINE COUNTRIES CAN TAKE THE LEAD IN PUTTING FORTH A COORDINATED AND PLANNED RESPONSE, THE OIL PRODUCERS COULD VERY EASILY DIVIDE, CONQUER AND DESTROY THE INDUSTRIAL WORLD.

MOST SERIOUS THREAT SINCE DEPRESSION

AND IF THEY DO NOT DO IT OTHERS HAVE THE CAPABILITY. FOR THE PROBLEM LIES NOT ONLY WITH THE ARABS AND OIL, BUT WITH EVERY OTHER INDUSTRIAL COMMODITY THAT IS CONTROLLED BY A HANDFUL OF NATIONS. FOR IF A SUCCESSFUL RESPONSE TO OIL PRICE EXTORTION IS NOT FOUND, WE COULD VERY EASILY TURN AROUND AND FIND OURSELVES BEING HELD UP BY THE PRODUCERS OF ALUMINIUM ORE, COPPER AND THE OTHER BASIC RAW MATERIALS OF OUR INDUSTRIALIZED SOCIETY.

WE MUST MOVE NOW TO COMBAT WHAT IS PERHAPS THE MOST SERIOUS THREAT TO WORLD POLITICAL AND ECONOMIC STABILITY SINCE THE GREAT DEPRESSION.

THUS, THE WHOLE WORLD WILL BE WATCHING THE RESULTS OF THE FEBRUARY CONFERENCE IN WASHINGTON. UNITED STRATEGY WITH STRONG ECONOMIC AND POLITICAL WEAPONS WILL HAVE TO COME OUT OF IT.

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THIS IS NO TIME FOR SELFISHNESS ON THE PART OF AMERICA OR FRANCE OR ANYONE ELSE. WE CANNOT PLAY CUT THROAT POKER WITH OUR NEIGHBORS WHO ARE IN THE SAME BOAT WITH US. WE MUST ACT TOGETHER BECAUSE WE ARE ALL IN IT TOGETHER. AND WE MUST HOPE THAT EACH NATION IS CLEAR-SIGHTED ENOUGH TO RECOGNIZE THESE FACTS AND RESPONSIBLE ENOUGH TO ACT ACCORDINGLY.

FUTURE REQUIREMENTS

SO THESE ARE THE REASONS I SAID WE CANNOT ALLOW OURSELVES TO THINK THAT THE EMBARGO IS THE ENTIRE ENERGY CRISIS. AND THE DAY THE EMBARGO ENDS WE CANNOT GO BACK TO 70 MILES PER HOUR SPEED LIMITS, BIG CARS AND UNLIMITED WASTE OF FUELS.

WE CAN ONLY HOPE THAT THE DAY THE EMBARGO ENDS WE WILL SEE A CONTINUING DEMONSTRATION OF AMERICAN DETERMINATION TO BECOME ENERGY SELF-SUFFICIENT. AND WITH THAT AMERICAN DETERMINATION MUST COME A WORLD-WIDE DEDICATION BY EVERY INDUSTRIALIZED NATION TO COMBAT THE OIL PRICE GOUGING AND AVOID ITS SPREAD TO OTHER VITAL PRODUCTS.

AT THE VERY LEAST, I THINK WE CAN PREDICT THAT 1974 WILL BE A MOST INTERESTING YEAR.