

Subject filed on USA: July 79
Pres. Carter Energy Policy

July 15, 1979

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T45/79T

Dear Margaret:

I am writing to inform you in confidence of what I will say to the American people on Sunday evening about steps to fulfill the commitments I joined you in making at Tokyo.

I will set goals substantially more ambitious than the commitments made at the economic summit. The major theme of my speech will be that the US is now at a point at which it requires an unparalleled peacetime investment of money, natural resources, and hard work to achieve two goals:

First, the US must never again import more oil than it did in 1977. (This is the same constraint as the 1979 US import ceiling adopted at Tokyo.) Whatever energy requirements the US has above this level must come from US conservation and resources, not from OPEC or other foreign oil producers.

Second, by 1990, the US must cut the amount of oil it now imports in half. Our goal is to import no more than 4 million barrels per day by 1990.

To meet these twin goals, the US must take a number of major actions:

The Rt. Hon. Margaret Thatcher, M.P.
Prime Minister
10 Downing Street
London, SW1

I will set oil import quotas both for 1979 and 1980. These quotas will restrain net US imports of crude oil and oil products to levels below those I pledged at the Tokyo Economic Summit. While that is all I will say on this point in the speech, you may wish to know that the US will be 300,000 barrels per day below the Tokyo pledge in 1979. I will aim to repeat this performance in 1980, but cannot make a firm commitment as to how far we will be below the Tokyo pledge in that year until we come closer to 1980 and can appraise our economic situation with greater accuracy and confidence. While I have not yet decided on the means of allocating these quotas, my advisers favor the auction route.

I will propose to the American people that the US launch a new program to invest over \$100 billion in the development of substitutes for imported oil. The programs I am proposing are designed to reduce overall imports by 4.5 million barrels per day by 1990. As part of this program, I will call for the establishment of an independent energy security corporation mandated to produce by 1980 the equivalent of up to 2.5 million barrels per day of synthetic fuels from coal and biomass, oil shale, and unconventional gas by 1990. I will call upon the US Congress to provide this corporation with broad authority, similar to that given the synthetic rubber corporation during World War II.

-- I am administratively implementing new incentives for the production of US heavy oil reserves, with a goal of producing 500,000 barrels per day by 1990.

-- I will ask Congress for authority to order American electrical utilities to cut their current use of oil by 50 percent by 1990, asking them to turn to coal, nuclear power, and solar energy as it becomes available.

-- I will ask the US Congress to cooperate with me in creating an Energy Mobilization Board, equipped with authority to cut through bureaucratic red tape and other administrative barriers so that energy actions needed to reduce imports can be taken expeditiously.

-- I will call upon the American people to make every effort to decrease their reliance upon the automobile as a mode of transportation. To this end, I will ask Congress to appropriate an additional \$16 billion over the next decade to improve the American public transportation system and automobile efficiency.

-- I will announce a major mandatory energy conservation program for both owner-occupied housing and apartment buildings, financed in part by US utilities and in part by the Government. We expect 500,000 barrels per day savings from this program.

This broad-scale import reduction program will be financed by revenues from the windfall profits tax which I proposed to Congress and which has now passed the House of Representatives.

These policies are intended to reduce US dependence on imported crude oil. It is my hope that they will serve to stabilize the international oil market and currency markets, on which all our economies depend.

If these policies commend themselves to you, I hope that you will find an early occasion to say so publicly. The initial international reaction will be important in achieving the intended impact on the public around the world and on the calculations of energy producers and consumers.

I know that you are as determined as I am to ensure effective follow-up on our Tokyo agreements. This will not be achieved unless specific new measures are undertaken by each of the Summit countries to this end. I welcome the French suggestion for a meeting of Energy Ministers to review the contributions that each of us will be making; our Ministers can concert about the timing of this meeting. Only an effort involving all our countries can accomplish the desired result.

Sincerely,

Jimmy Carter