The original documents are located in Box 10, folder: "Speech - November 15, 1976 - FEA Public Coal Forum, Charleston, WV" of the Frank Zarb Papers at the Gerald R. Ford Presidential Library.

REMARKS PREPARED FOR DELIVERY BY
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Thank you, Bill. I am happy to be here and welcome the opportunity to take part in this forum.

Your programs will tell you I am going to talk about "National Energy Requirements for Coal." But I'd like to broaden that focus and talk not just about coal, but about our national energy situation in general and how coal relates to that situation.

I do this because experience is a great teacher, and because, after almost two years of experience as head of the Federal Energy Administration, I have learned that no successful energy policy can be formulated in a vacuum.

You can't put energy production or conservation, oil or natural gas, nuclear power or coal into a compartment and deal with each one individually. The same is true of economic, environmental, and social questions. The simple truth is that actions taken in any one of these areas will necessarily affect the others.

Because of FEA's responsibility for reducing U.S. dependence on oil imports and the economic and political vulnerability that dependence entails, we have had to view energy problems from this broader perspective.

But we have seen some energy proposals gather dust while our ability to act in the national good has become increasingly limited. We have seen national goals set against one another while precious time for redeeming the nation's energy self-sufficiency has slipped past.

We have seen our annual oil imports rise from 36 out of every 100 barrels of U.S. consumption before the embargo, to 40 out of every 100 barrels that we use today.

We have seen our bill for those imports climb from $3 billion in 1970 to $27 billion last year. We expect that this year the figure will soar to $34 billion -- or almost $160 for every man, woman and child in this nation.

With decreasing domestic energy production and increasing demand, petroleum imports are already over 10 percent ahead of the record pace set in 1973 before the embargo. As a result, the pressures favoring an OPEC price increase -- pressures that were resisted last May -- have been rising. And we can look for more increases in the year ahead.

That increased outflow of dollars won't be seen just as headlines in the news. We'll see it in our everyday lives -- in lost jobs, in reduced consumer spending and slower economic recovery.

At the same time, our economic and political vulnerability becomes an even bigger target for the use of oil as a weapon.

The last embargo cost our economy $35 to $40 billion dollars and helped trigger a recession. Another embargo, involving even more imports, could be devastating not only to our nation and our primary trading partners -- Europe and Japan -- but also to the less developed countries of the world which are just beginning to recover from the staggering blow dealt them by the last embargo.

Now that may sound overly dramatic, but if you consider the facts and the implications of those facts, it becomes, instead, a frightening and very dangerous prospect.

And just as the dangers of energy dependence affect all Americans, so must the solution to our problem involve them -- from those who live here in the West Virginia coal region, to those along our seaboards where oil and gas development of the Outer Continental Shelf is planned, to those in the traditional energy producing and manufacturing states of the East, the Southwest, and the Northern Tier.

It's not going to be easy, but it can be done. And, although the outlook for import vulnerability is not promising in the short run, I am convinced that an embargo-proof economy with stable energy prices can be achieved in this first decade of our nation's third century.

Our analysis shows that there are five key actions that must be taken if we are to hold imports at manageable levels.

First, we must continue to hold down the growth in energy demand. Energy consumption cannot continue to grow at historical rates. It can and must be reduced substantially. The conservation of energy can and must become a common practice.

Second, we need maximum production and development of domestic oil and gas. That increased production will require development of the Outer Continental Shelf, of our reserves in Alaska, and the use of sophisticated recovery methods to extract more oil from older fields.

Third, we must increase our use of coal. If our most abundant energy resource is to make the maximum contribution to energy independence, we must not only double production over the next ten years, but also develop the means to mine, move and burn the coal safely and efficiently and to protect and restore the environment.

Fourth, we must continue the orderly and safe expansion of nuclear power's contribution to electricity generation.

Fifth, and finally, we must continue to move expeditiously on emergency standby plans and the strategic petroleum reserve program to store up to a billion barrels of crude oil and petroleum products by 1985.

With increased domestic energy production, enough oil in storage to provide three million barrels a day for a year, and emergency plans in place, the Nation should be able to ride out a supply interruption without the kind of economic damage we suffered during the last embargo.

This insurance can also be an effective economic deterrent to those who would again consider using an embargo as an instrument of foreign policy.

Simply stated, those five goals boil down to one basic policy: decreased growth of energy consumption and increased domestic production. But we can't pick and choose among those five actions I cited because we need all of them.

At the same time, that doesn't mean we ignore other national goals. We must continue to preserve and enhance the quality of our environment, our air and our lifestyles simultaneously.

Yet until we overcome the type of thinking that focuses so narrowly on one issue to the exclusion of all others -- until we learn to balance our goals for energy, the economy, the environment, and social welfare -- we will be unable to deal with any of them successfully.

It has already been more than a year and a half since a comprehensive energy program was proposed. That program has since been expanded, but only about half of it has been approved.

And the longer the delay, the more difficult it will be to accomplish those goals.

Those who are reluctant to consider compromise in their special area of concern must realize that what we do or do not do affects all Americans, because the alternative of increasing imports -- what has been termed the "Arab option" in our national energy policy -- will affect all Americans.

There is no denying that the obstacles to compromise are both immense and complex. Pricing that reflects energy's true value to society -- that can deter wasteful consumption while spurring new production and development -- will have an impact on our economy and our lifestyles. It will need to be tempered by incentives for energy conservation efforts by taxpayers and by conservation assistance for the poor and the disadvantaged.

What's more, we face environmental concerns in all aspects of energy development and use. There are even difficulties in commercializing the advanced technologies we look to for energy in the future. Solar, nuclear fusion, wind and tidal power will all have legal, social and environmental problems that, really, have yet to be studied.

But we have time to address the problems we will face with those technologies because, realistically, none will be developed or used to any great extent much before the turn of the next century.

Right now, we must be concerned with the energy we must develop today for today's needs. We must deal with the environmental, economic and social impacts that will be caused by OCS and Alaskan oil and gas development.

We must deal with and answer the concerns over nuclear power development -- especially the waste disposal question.

And, we must deal with the resource this forum is examining: coal. We all know that this nation has more energy in coal than the Arabs have in oil -- hundreds of years of supply. It <u>can</u> be mined safely and burned without undue harm to the environment.

And I'd like now to examine those two aspects of coal -- its production and consumption.

More than half of all eastern coal is extracted from underground mines. This kind of operation involves hazards unknown in surface mining.

However, we believe that -- as a result of the Coal Mine Health and Safety Act -- these dangers can be -- and are being -- controlled. But we also realize that efforts to improve working conditions in underground mines must continue.

I see progress continuing in the area of mine health and safety. And I also see progress in another area -- progress in coal production.

True, growth in production will probably be greater in the west. Nevertheless, we expect that by 1985 as much as 64 percent of our total coal production will be coming from the eastern coal regions.

We expect coal production in the east to rise from the present level of 530 million tons to 661 million tons. That's an increase of 131 million tons. And most of it -- 100 million tons -- will come from Central Appalachia.

So the prospects for increased coal production are promising, but let me emphasize that no one is advocating unrestrained development. Just because it's been done wrong in the past doesn't mean it will be done wrong in the future. We have the choice and the ability to do it right.

And part of doing it right means preserving the environmental gains we have made.

We are better prepared now to handle environmental problems. For example, land use protection has been considerably improved by new State laws and more stringent enforcement of existing reclamation regulations in all coal mining states. The Department of the Interior has also adopted tough reclamation standards to control mining on Federal land and to ensure protection of the environment in State lands surrounding these areas.

Efforts are also underway to alleviate the socio-economic problems created by energy development.

But by far the greatest problem with coal is the environmental effects of burning it -- a problem addressed by the Clean Air Act.

The Clean Air Act became law because it had overwhelming support -- mine included -- for protecting the public health and safety from air pollution. In fact, the Administration -- with FEA backing -- also supports the reasonable application of No-Significant Deterioration objectives where coal is concerned.

Under EPA rules, the states could, in the interest of economic development, permit the use of less-polluting, low sulfur coal without requiring additional emission control measures if air quality could be maintained at a level that would protect the public welfare. In other areas, the states could allow the use of low sulfur coal only if pollution control equipment is also used. In still other areas, coal burning would not be permitted at all.

This allows decisions to be based on the unique air quality conditions and economic needs of each region within a state.

In maintaining air quality, as in most other major national goals, we need to strike a balance between the environment, the economy and social welfare. And achieving that balance involves a choice, as I said before, between doing it right and doing it wrong.

But there are those who claim there is a third choice -- not doing anything. It is an argument I have heard time and again.

But what do those who oppose development -- the advocates of "no growth" -- really mean? Are they against the orderly, sustained, and energy-dependent economic development our communities count on to provide public services -- to maintain and improve hospitals, police and fire departments, sanitation and water projects, roads, public transportation, parks and recreation facilities?

Are they against the State and Federal tax revenues development generates to help pay for health and welfare services for the elderly and disadvantaged; or flood control projects; or the preservation of national forests; or government funded research on cancer and heart disease?

Can we have no growth and still expect business and industry to expand employment, or offer our young people the kind of opportunities for the future that we enjoyed?

Can we really expect the United States to continue to prosper without reasonable and orderly development -- in a word, growth? And if our economic expectations remain high, can we <u>realistically</u> hold our energy growth rate to zero?

On the other hand, those who advocate all out growth should remember that such a position has profound implications for the quality of our lives. Building a larger gross national product, creating more jobs, and making advanced technologies available for our homes, farms and factories are all valuable. But their value lies -- to a great extent -- in the fact that they enable us to live full lives, in an unspoiled land, where we can breathe the air around us.

We can achieve all our national objectives -- both in energy and for the environment; <u>we have to</u>. The only question is do we want to. If the answer is yes, then it means we must turn away from headlong growth in energy consumption. But it can't mean no growth.

Granted, there is a lot of energy waste that must be eliminated, but our best estimates show that the most we can hope for is to cut our energy growth rate in half. And even if we succeed and reach that goal, by 1985 we would still be consuming almost fifty percent more energy than we use today.

If we cannot satisfy that demand domestically, then we will be stuck with the so-called Arab option -- and all the economic and political dangers it entails. The choices are ours to make. Do we do it right? Do we do it wrong? Or do we do nothing at all?

If we make the only real choice that I can see -- to do it right -- then we can have national energy self-sufficiency. We can cut our energy growth rate in half. We can increase domestic oil

and gas supplies. We can achieve safe expansion of nuclear power. And, we can work together to develop those policies and programs, those trade-offs and balances, that will enable coal to make the significant contribution we need to reach self-sufficiency.

Whatever decision we make, the results will affect us all. That is why it is so important to move the focus of policy development out of the bureaucratic corridors of Washington and into the public arena.

That is why we are here today -- to exchange views, to listen to differing opinions, and to see if we can't reason together in the best interests of all Americans and all our national goals.

You have heard what I have to say. Now we would like to hear from you.

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