

**The original documents are located in Box 9, folder: “Speech - February 14, 1975 - National Press Club” of the Frank Zarb Papers at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Frank Zarb donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE FEDERAL ENERGY ADMINISTRATION  
FEDERAL BUILDING  
12TH AND PENNSYLVANIA AVENUE, NW.  
WASHINGTON, D.C. 20461

REMARKS OF THE HONORABLE FRANK G. ZARB  
ADMINISTRATOR, FEDERAL ENERGY ADMINISTRATION  
BEFORE THE

NATIONAL PRESS CLUB  
NATIONAL PRESS BUILDING  
WASHINGTON, D.C.  
FEBRUARY 14, 1975

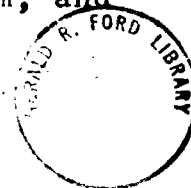
EMBARGOED FOR RELEASE UNTIL:  
FRIDAY, FEBRUARY 14, 1975 AT 1:00 PM, EST

Thank you, and I feel honored to respond to my first invitation to address the National Press Club.

They tell me that people who speak here, and answer questions here, sometimes feel like the guest of honor at a hanging. I almost expected to see the heads of former Government officials mounted around the walls like hunting trophies.

Seriously, I welcome the chance to talk directly with you people who write, and broadcast, and comment on national issues here in the capital.

My role is easily stated. I will talk about President Ford's energy program; and explain it, and defend it. It is an excellent program because it is a unified, integrated plan that holds together. It is based on a thorough assessment of our national needs, and how we can meet them mostly from our own resources by 1985: It is not a rigid program, and there is room for change and compromise.



One thing I am definitely not here to do, and that is to expect you as news people to accept the program uncritically. Certainly you haven't done that so far, and neither has Congress.

But I must emphasize that while we need to have a national debate on the energy program, we do need to have a national decision, and soon.

What would happen otherwise? What would happen if we do nothing?

Do the proponents of delay and inaction expect the oil cartel to dissolve itself?

Do they think the producing nations will voluntarily cut the quadrupled price of oil back to tolerable levels?

How do they expect the United States to accommodate an overflow of \$32 billion for imported oil by 1977?

How do they expect to satisfy the overwhelming public demand for a national energy policy -- and action now?

How do they expect this Nation to survive another more crippling embargo next year or the year after?

When you give up 40 percent of your energy supply to foreign control, as we are doing now, you don't just give up dollars. You make a hostage of your own national security.

You eventually reach a point where foreign governments -- not the members of the United States Congress -- are the ones who "advise and consent" to your domestic and international programs.



The President's program is designed to alter the course we are on, so that 10 years from now we can be largely dependent on our own domestic resources for our energy supply.

It will take a lot of time, a lot of money, and all the technology and know-how that we can pull together. It will also take a lot of understanding by the American people, and you know as well as I do that Americans will look to you -- not just to Washington officials -- for a good part of their information and guidance.

This brings me to a very important point. The American people must understand why President Ford chose to be guided by the market forces of our free enterprise system in coping with our energy problem.

Believe me, we spent many late hours on that issue. There were very strong recommendations made -- and they are still being made -- that we lay heavy Government hands on the energy industry, especially on the petroleum sector.

For example, we looked long and carefully at gasoline rationing, and the President decided against it.

With rationing, we would be saddled with a bureaucracy of 25,000 people, with more than 3,000 local boards making decisions on a rule-of-thumb basis. And we would have to live with that cumbersome system for five or maybe ten years.



It worked with limited success during World War II, and only because people were behind a great national war effort. By 1945, after only three years, everyone was heartily sick of it and it was starting to become unstuck.

What would rationing mean for the many thousands of Americans whose livelihoods depend on the tourist industry?

What would it mean for businessmen trying to expand their businesses or begin new ones?

What would it mean for the ordinary citizen who would be limited to nine gallons of gasoline a week and would have to pay an estimated \$1.75 for every extra gallon?

What would it mean in terms of public outcry once its inequities, its frustrations and its burdensome bureaucracy took hold?

Because, after all, a cutback in refinery output of gasoline to save one million barrels of oil per day means cutting back on other products -- home heating oil, residual oil for utilities, jet fuel for aircraft.

And, finally, what would rationing do to produce a single extra BTU of energy? In short, what would it do to move us toward energy independence?

Many of these questions should be put to those who would establish an arbitrary ceiling on imports, and go to an allocation program.



How large should an artificially created shortage be?

How long should the lines at service stations become?

Let's face it, a ceiling on imports and an allocation program mean that the Government is creating a shortage, and then setting out to manage it. It is disruptive and cumbersome, and it does nothing to increase our energy supply.

And what about a new tax on gasoline, which -- like rationing -- puts the full burden of conservation on a single energy product?

We have to face up to the raised value of all petroleum products, not just one or two.

The people who advocate delay on the President's program or a different approach should answer these questions. It is one thing to criticize that program; it is an entirely different thing to propose a valid alternative, and to show why and how it would work.

I would like to make the point, however, that the level of awareness of our energy problem among Americans has gone up dramatically since the President's State of the Union message a month ago.

It is certainly encouraging to realize that most of the President's program has met general acceptance.

Now, let me repeat -- we know you won't accept our program without question. But we do know that you will give the reasons for the President's decision a fair shake in anything you print or broadcast.

We are also asking that Americans -- and especially their representatives in Congress -- offer constructive criticism when they challenge the President's program.

It is a very complex one, with each element figured in terms of its value as represented by a barrel of oil. And all of those elements have been built into an integrated program.

If one element is eliminated, or drastically changed, then something of comparable value must be offered to maintain the program's integrity. This is why we are urging members of Congress to do their homework, and be ready with viable alternatives.

Let me run over some of the points in that program, in a brief way, because you have all read a lot about it by now.

First, there is the system of import fees and excise taxes to save one million barrels of imported oil a day this year, and two million barrels a day by 1977. The \$30 billion estimated revenues from these will be returned to the economy through a series of tax credits and rebates to private citizens and to industry.

As you know, Congress last week dealt pretty roughly with that scheme. But, believe me, we are still fighting. We are convinced that this recirculated money will help to straighten out the inflation distortions among middle and lower income groups, by returning more money to these levels than their increased energy costs.



Then there are some strong conservation proposals:

New housing and commercial buildings would have to fulfill new Federal standards for lighting and heating to reduce energy waste. This would save over one half million barrels of oil per day by 1985.

Energy efficiency goals for major appliances would be obtained by agreement with the major manufacturers, or mandated. This would save another half million barrels by 1985.

Tax credits to homeowners making heating and cooling efficiency improvements in existing homes would save still another half million barrels.

There would be a low-income energy conservation program of direct subsidies to low-income and elderly homeowners, for energy-conserving home improvements like insulation.

The President has won an agreement from the automobile industry to achieve a 40 percent improvement in car engine efficiency by 1980. And he will ask Congress to make that mandatory if the industry seems to be falling short.

Since the end of the oil embargo, energy use in public, commercial and industrial buildings has decreased five percent through voluntary efforts.





Federal buildings have been made to follow the guidelines for almost a year, and the cost of lighting and heating them has dropped 27 percent.

We are very strong on conservation because this can show immediate, positive results, compared with the longer-range question of resource development.

And I will make the point, too, that we can't expect much support from other industrial nations unless we can prove that we know how to tighten our own belt.

Then there is the question of moving quickly to develop the enormous resources we know that we have.

Deregulation of natural gas would provide incentive for further exploration for gas, and alleviate the serious shortage we are now facing. Area utilities and industries now using natural gas would be called upon to convert to cheaper and more abundant energy sources, such as coal or nuclear power, as soon as practicable.

This nation has half the coal reserves of the free world -- some one trillion, 500 billion tons of it. The shifting of utilities and industry from previous natural gas to coal would save the clean-burning gas for use in commerce and the home, where it would be of more value.



Nuclear plant building is encouraged by provisions which facilitate siting and promote research into safety features. Converting electricity generation from oil and natural gas to nuclear energy would again save the more precious fuels for better uses.

The price of residual oil used by industries and utilities, and of middle distillate petroleum used as diesel fuel and heating oil, would rise somewhat and then level off. This would help considerably to alleviate the need for extreme utility rate hikes, a sore point with consumers.

The President's proposals provide for the replacement of costly imported oil with domestic product obtained in a number of ways. By accelerated exploration and development of the oil fields of the Outer Continental Shelf, by judicious tapping of the vast Naval Petroleum Reserves of the West Coast and Alaska, and by deregulating the price of domestic oil, we will encourage increased competitive development.

One other point. As an insurance premium against another embargo, the President has provided for the emergency storage of 1 billion, 300 million barrels of crude oil in case of national need, with one billion barrels earmarked for civilian use and the rest for the military.

Those are the high points of the President's program, and before I take your questions I would like to re-emphasize three points:



Let's debate a national energy program, yes, but let's not debate it to the point of doing nothing. We must come to a decision.

If the program is to be changed, then let's put something good back in whenever we take something good out.

Finally, our whole future centers on our ability to live off our own resources. Domestic production is the name of the game -- and we are paying an awful price now for all the years we have let slip through our fingers.

Thank you, and I'll take your questions.

-FEA-

S-75-47

