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

REMARKS BY THE HONORABLE FRANK G. ZARB  
ADMINISTRATOR, FEDERAL ENERGY ADMINISTRATION  
TO THE

26TH ANNUAL MEMBERSHIP MEETING  
MISSISSIPPI ECONOMIC COUNCIL  
MISSISSIPPI TRADE MART  
JACKSON, MISSISSIPPI  
APRIL 10, 1975  
12:00 NOON, CDT

EMBARGOED FOR RELEASE UNTIL:  
THURSDAY, APRIL 10, 1975, 12:00 NOON, CDT

IT'S A REAL PLEASURE TO BE HERE TODAY, AS THE  
MISSISSIPPI ECONOMIC COUNCIL MOVES INTO ITS SECOND QUARTER-  
CENTURY AS MISSISSIPPI'S "VOICE OF BUSINESS."

AND IT IS ESPECIALLY REWARDING TO ME TO BE ABLE  
TO ADDRESS YOU IN THIS MAGNIFICENT NEW TRADE MART. THE  
COMPLETION OF THIS AMBITIOUS CONVENTION AND BUSINESS CENTER  
IS AN OUTSTANDING EXPRESSION OF CONFIDENCE IN THE FUTURE  
ECONOMIC HEALTH OF THIS STATE, THIS REGION, AND THIS COUNTRY.

I SHARE THAT CONFIDENCE WITH YOU. I AM CONVINCED  
THAT, WHILE WE DO HAVE SOME SIGNIFICANT PROBLEMS TO DEAL WITH  
~~NOW~~, WE ALSO HAVE SOME EQUALLY SIGNIFICANT OPPORTUNITIES TO  
ACT NOW TO GUARANTEE OUR ECONOMIC SUCCESS IN FUTURE YEARS.

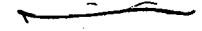
SINCE THE LATE 1950'S, THIS STATE HAS MADE HUGE AND  
HIGHLY SUCCESSFUL STRIDES IN INDUSTRIAL DEVELOPMENT. SUCH  
MAJOR NATIONAL FIRMS AS LITTON INDUSTRIES, FRUEHAUF, GEORGIA-



PACIFIC, ST. REGIS, AND MANY OTHERS NOW HAVE NEW OR EXPANDED OPERATION IN MISSISSIPPI.

CERTAINLY, THE BEST DEVELOPMENTAL TOOL THIS STATE HAS IS THE RESEARCH AND DEVELOPMENT CENTER, WHICH HAS AN EXCELLENT RECORD OF AIMING MISSISSIPPI'S INDUSTRIAL DEVELOPMENT EFFORTS TOWARD GOALS BEST SUITED BOTH FOR THE STATE AND FOR THE NEW INDUSTRIES LOCATING HERE.

AND THE FEDERAL GOVERNMENT HAS SCHEDULED A MAJOR NEW FEDERAL BUILDING FOR JACKSON. SITE SELECTION IS NOW UNDER WAY, AND THIS MAJOR NEW BUILDING IS YET ANOTHER REFLECTION OF THE DYNAMIC GROWTH EXHIBITED BY THIS STATE.



IT IS THE DETERMINATION OF THE PEOPLE OF MISSISSIPPI AND THE LEADERS OF THIS STATE --BOTH IN BUSINESS AND IN THE STATE GOVERNMENT -- THAT HAS CREATED THIS VITAL SPIRIT.

TODAY, LET'S SPEND SOME TIME THINKING AND TALKING ABOUT SOME VERY UNPLEASANT FACTS.

--LET'S TALK ABOUT A COUNTRY WHOSE FLEXIBILITY AND EFFECTIVENESS IN IMPORTANT AREAS OF FOREIGN AFFAIRS IS CONDITIONED BY ENERGY SUPPLY DECISIONS OF OTHER NATIONS.

--LET'S TALK ABOUT AN ENERGY ECONOMY AT HOME THAT IS IN LARGE PART TIED TO SUCH DECISIONS OVERSEAS.

--LET'S TALK ABOUT A LAND THAT IS NO LONGER THE UNDISPUTED MASTER OF ITS OWN DESTINY.

--LET'S TALK ABOUT A PEOPLE WHO WERE ONCE

--SECURE ENOUGH IN THEIR OWN BORDERS,



--STRONG ENOUGH BY THEMSELVES, AND  
--SURE ENOUGH OF THEIR OWN MATERIAL AND  
POLITICAL RESOURCES,  
--NOT JUST TO MAKE THEIR OWN WAY IN THE WORLD,  
--BUT TO CLEAR A PATH FOR OTHERS LESS FORTUNATE THAN  
THEY.  
--IN SHORT, LET'S TALK ABOUT THE UNITED STATES.

NOT LONG AGO, THIS COUNTRY COULD FORMULATE ITS FOREIGN  
POLICY BY CONSULTING ITS OWN INTERESTS AND THOSE OF ITS ALLIES.

NOW IT MUST CONSIDER -- AND WEIGH VERY CAREFULLY --  
THE INTERESTS OF OTHERS -- INTERESTS WHICH HAVE DIFFERED SHARPLY  
FROM OURS IN THE PAST AND MAY WELL DO SO IN THE FUTURE.

ONCE WE COULD HANDLE OUR ECONOMIC AFFAIRS WITH AN  
ASSURANCE OF STABLE SUPPLIES OF VITAL COMMODITIES AT REASONABLE AND  
PREDICTABLE PRICES.

NOW WE MUST LABOR WITH THE KNOWLEDGE THAT OUR IMPORTED  
OIL -- SO VITAL TO THAT PRODUCTION -- CAN BE CUT OFF AT A MOMENT'S  
NOTICE OR PRICED AT STILL MORE EXORBITANT LEVELS.

A YEAR AGO, THESE DANGERS WERE BROUGHT HOME WITH  
FORCE TO THE AMERICAN PEOPLE:

--THE ENERGY CRISIS -- YEARS, EVEN DECADES IN  
THE MAKING -- SUDDENLY BECAME AN EVERY DAY REALITY:

--SERVICE STATION LINES AND SKYROCKETING UTILITY  
BILLS BECAME COMMON EXPERIENCES FOR ALL OF US.



TODAY, THE THREAT IS MORE SUBTLE. BUT WHETHER WE CHOOSE TO CALL IT A CRISIS, OR A PROBLEM, OR A DILEMMA, IT IS NO LESS DANGEROUS AND NO LESS PERSISTENT. IT HAS SIMPLY TAKEN A DIFFERENT FORM.

--EARLY LAST YEAR THE ENERGY CRISIS MEANT EMPTY GAS PUMPS.

--TODAY IT MEANS A NATIONAL POCKETBOOK WHICH IS BEING EMPTIED TO PAY QUADRUPLED PRICES FOR IMPORTED OIL.

--NOT AS DRAMATIC AS GASOLINE LINES, PERHAPS -- A BIT MORE SUBTLE --BUT EVERY BIT AS SERIOUS AS THE SHORTAGES OF LAST YEAR.

--IN 1970, WE PAID \$3 BILLION FOR FOREIGN OIL.

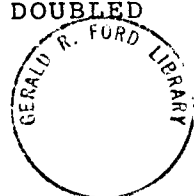
--IN 1974, WE PAID \$24 BILLION.

--THAT MEANS THAT LAST YEAR WE PAID FOR FOREIGN OIL AT A RATE OF MORE THAN \$100 FOR EVERY MAN, WOMAN AND CHILD IN THE NATION.

--AND THAT TRANSLATES, CONSERVATIVELY, INTO \$425 FOR EVERY AMERICAN FAMILY FOR FOREIGN OIL IN 1974.

LAST YEAR THE UNITED STATES RAN A BALANCE OF PAYMENTS DEFICIT OF SLIGHTLY MORE THAN \$10 BILLION.

--THAT COULD HAVE BEEN A PAYMENT SURPLUS OF PERHAPS \$8 BILLION -- EVEN IF OUR 1973 OIL PAYMENTS HAD MERELY DOUBLED. BUT, THEY WERE NOT ONLY DOUBLED, BUT DOUBLED AGAIN, TO PUT THIS NATION IN DEBT.



- 5 -

NOW TO SOME PEOPLE THE BALANCE OF PAYMENTS IS A COMPLICATED CREATURE OF THE ECONOMISTS. BUT IN PLAIN PAY-DAY TERMS,

--IT MEANS DOLLARS TAKEN OUT OF AMERICAN PAY CHECKS AND PUT INTO FOREIGN BANK ACCOUNTS.

--IT MEANS LESS FOR PAYROLLS IN JACKSON, MORE FOR BANKS IN BAGHDAD.

--STILL, THERE ARE THOSE WHO HAVE EYES AND YET WILL NOT SEE;

--THERE ARE THOSE WHO CONTINUE TO DENY THE DANGER, DEFY THE FACTS, AND DEMAND NOTHING MORE THAN "BUSINESS-AS-USUAL."

--DOING NOTHING WOULD MEAN BY 1977 ACQUIESCING IN A 1000 PER CENT INCREASE OVER 1970 IN THE ANNUAL COST OF IMPORTED OIL.

--IT WOULD MEAN \$32 BILLION DRAWN OUT OF THE AMERICAN ECONOMY AND TRANSFERRED TO OTHER NATIONS LESS THAN 2 YEARS FROM NOW.

NOW, WE IN WASHINGTON ARE VERY GLIB IN TOSSING AROUND FIGURES LIKE A \$32 BILLION OUTFLOW AND A 1000 PER CENT INCREASE.

--THE AVERAGE AMERICAN WANTS TO KNOW WHAT'S GOING TO HAPPEN TO THE FAMILY BUDGET.

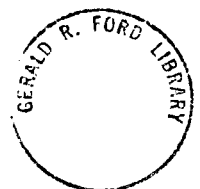
--BUSINESS-AS-USUAL MEANS THAT IN 1977 AN AMERICAN FAMILY WOULD PAY OUT -- AND THIS IS A CONSERVATIVE ESTIMATE -- AN AVERAGE OF \$575 TO OTHER COUNTRIES FOR OIL.



PAYMENTS HAVE BEEN AND WILL CONTINUE TO BE "RECYCLED" --  
RETURNED TO THE ECONOMIES FROM WHICH THEY CAME.

--SO, SOME OF OUR DOLLARS COME BACK TO US IN THE  
FORM OF PURCHASES OF GOODS AND SERVICES -- FOOD, MACHINERY,  
TECHNOLOGY, AND SO FORTH.

--BUT THOSE SAME DOLLARS CAN ALSO BUY COMPANIES,  
IN WHOLE OR IN PART.



~7-

FOREIGN INVESTMENT IN THE UNITED STATES IS NOT NECESSARILY AN INHERENTLY EVIL PHENOMENON, BUT THE MAGNITUDE OF THESE INTERNATIONAL CASH FLOWS THAT WE ARE SEEING TODAY TODAY MAKE IT CLEAR THAT THIS KIND OF RE-CYCLING CAN PROVIDE NO VIABLE, PERMANENT SOLUTION TO THE ENERGY CRISIS.

--RECYCLING MAY BE NECESSARY CRISIS MANAGEMENT

--BUT IT IS NOT A CRISIS SOLUTION.

AND, UNTIL WE SOLVE THE ENERGY CRISIS, WE WILL REMAIN VULNERABLE TO EXORBITANT PRICES AND TO ANOTHER EMBARGO AND CUT-OFF OF OIL IMPORTS.

IN FACT, THE THREAT OF ANOTHER EMBARGO COULD BE, IN A WAY, AS EFFECTIVE AS THE REALITY. UNLESS WE TAKE DECISIVE STEPS TO PROTECT OURSELVES, THE GRAVITY OF THAT THREAT AND THE POTENTIAL IMPACT OF AN ACTUAL EMBARGO WILL GROW WITH EACH ADDITIONAL BARREL OF OIL WE IMPORT.

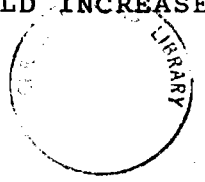
LET'S SEE WHAT THAT MEANS FOR THE FUTURE.

--IN TWO YEARS' TIME, IF WE DO NOTHING, PERHAPS 50 PERCENT OF OUR PETROLEUM SUPPLIES WILL BE COMING FROM OVERSEAS SOURCES.

-- IF ALL THOSE SUPPLIES WERE CUT OFF, A SIX-MONTH EMBARGO WOULD BRING A \$45 BILLION DROP IN THE GROSS NATIONAL PRODUCT.

-- IT'S DIFFICULT TO SAY EXACTLY HOW MUCH IT WOULD INCREASE UNEMPLOYMENT

~~AA BUT IT'S ESTIMATED THAT THE ! (G#~~





-- BUT IT'S ESTIMATED THAT THE 1973 EMBARGO -- WHICH INVOLVED ONLY 14 PERCENT OF U. S. PETROLEUM CONSUMPTION -- THREW HALF A MILLION PEOPLE OUT OF WORK -- THE PRICE OF OIL WILL INCREASE FURTHER.

IT'S BEEN SAID THAT THOSE WHO DON'T LEARN FROM HISTORY ARE CONDEMNED TO REPEAT IT. WELL, WE SHOULD HAVE LEARNED A LOT FROM THE PAST 18 MONTHS, AT LEAST ENOUGH TO TRY TO CHANGE THE FUTURE.

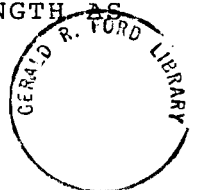
AND NO NATION IS SO CAPABLE OF MOLDING ITS ENERGY FUTURE AS THE UNITED STATES.

-- YES, IT WILL COST BILLIONS, BUT THIS IS A MULTI-BILLION DOLLAR COUNTRY.

-- IT WILL TAKE RESOURCES, BUT WE HAVE THOSE IN ABUNDANCE.

-- IT WILL TAKE SOME SACRIFICE, BUT WE HAVE NEVER SHRUNK FROM THAT IN THE PAST.

I MAY HAVE MADE ~~OUR~~ OUR SITUATION SOUND FAIRLY DISMAL, BUT, IN FACT, THE CHALLENGE WE FACE CONSTITUTES ANOTHER OPPORTUNITY TO DEMONSTRATE OUR FUNDAMENTAL RESILIENCE AND STRENGTH AS A PEOPLE.



-- THE SHAPE OF OUR ENERGY FUTURE IS IN OUR HANDS NOW,

~~THE WAY~~

THE WAY WE -- CONGRESS AND THE ADMINISTRATION -- ACT NOW,

-- THE MEASURES WE ENACT NOW,  
WILL AFFECT THE SECURITY OF OUR NATION AND THE STABILITY  
OF OUR ECONOMY FOR DECADES TO COME.

BUT IT IS NOT JUST 1985 OR THE 21ST CENTURY THAT WE'RE  
TALKING ABOUT. WE'RE TALKING ABOUT 1975, AND THE  
NECESSITY FOR PROMPT ACTION TODAY --

-- PROMPT ACTION THAT WILL PERMIT US TO REPAIR IMMEDIATE  
DAMAGE

-- AND GIVE US THE OPPORTUNITY TO FORM A MORE SECURE  
FUTURE FOR OUR CHILDREN.

I'M ENCOURAGED BY WHAT'S BEEN DONE SO FAR.

-- IN JANUARY, FOR THE FIRST TIME IN HISTORY, A NATIONAL  
ENERGY POLICY WAS PROPOSED.

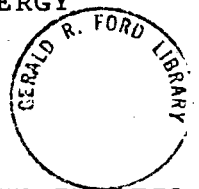
-- PRESIDENT ~~3~~ FORD'S LEADERSHIP AND HIS WILLINGNESS TO  
MAKE DIFFICULT CHOICES HAVE GIVEN THE COUNTRY THE FIRST  
TRULY COMPREHENSIVE POLICY

-- TO REDUCE CONSUMPTION,

-- TO STIMULATE THE PRODUCTION OF OCONVENTIONAL FUELS, AND

-- TO EXPEDITE THE DEVELOPMENT OF MORE ADVANCED ENERGY  
RESOURCES.

AS A RESULT OF THE PRESIDENT'S ENERGY PROPOSALS, THE INERTIA  
THAT HAD BEEN BLOCKING THE DEVELOPMENT OF A NATIONAL ENERGY  
POLICY WAS OVERCOME.



--DURING THE LAST FEW WEEKS, WE HAVE SEEN RESPONSES FROM THE CONGRESS WHICH, THOUGH INADEQUATE AT FIRST, HAVE PROVIDED CAUSE FOR SOME HOPE.

--WE HAVE SEEN THE FIRST INDICATIONS THAT CONGRESS RECOGNIZES THE URGENT NEED FOR A SIGNIFICANT INCREASE IN THE COST OF ENERGY TO REDUCE CONSUMPTION AND PROMOTE PRODUCTION.

--IT HAS BECOME INCREASINGLY CLEAR THAT OUR MAJOR DIFFERENCES ARE OVER TIMING AND DEGREE.

AND THAT'S GOOD NEWS BECAUSE THESE QUESTIONS CAN BE RESOLVED THE SAME WAY AMERICANS HAVE ALWAYS ADJUSTED THEIR DIFFERENCES --THROUGH DEBATE, COMPROMISE AND CONCILIATION.

THE ADMINISTRATION WILL CONTINUE NOW, AS IT HAS IN THE PAST, TO JOIN IN THE PROCESS.

--IN HIS STATE OF THE UNION MESSAGE, THE PRESIDENT SET THINGS IN MOTION, AND WE INTEND TO KEEP THINGS MOVING.

COMPROMISE IS POSSIBLE IN MANY AREAS IF IT ADVANCES US TOWARD A SOUND NATIONAL ENERGY POLICY.

--BUT WHAT IS NOT OPEN TO COMPROMISE CAN BE SUMMED UP EASILY. OUR GOALS MUST BE:

--TO STOP THE DANGEROUS GROWTH OF OUR VULNERABILITY TO FOREIGN OIL SUPPLIERS,

--TO BECOME INVULNERABLE BY 1985, AND



--TO ACCOMPLISH THESE OBJECTIVES IN THE FAIREST AND MOST EQUITABLE MANNER.

HAVING SAID THAT, LET'S SEE, IN A GENERAL WAY HOW THE APPROACHES OF CONGRESS AND THE ADMINISTRATION COMPARE.

THE ADMINISTRATION PLAN

- RELIES PRIMARILY ON THE MARKET MECHANISM,
- BALANCES EVERY ELEMENT OF THE PROGRAM IN TERMS OF BARRELS OF OIL PRODUCED, SAVED, AND CONSUMED, AND
- INTEGRATES ALL OF ITS ENERGY INITIATIVES INTO AN OVERALL ECONOMIC STRUCTURE.

BECAUSE OF THE FLEXIBILITY, THE ECONOMIC SOUNDNESS AND -- IN THE FINAL ANALYSIS -- THE BASIC FAIRNESS OF THE MARKETPLACE

--THE ADMINISTRATION PREFERS TO COMBINE UNCONTROLLED DOMESTIC OIL AND GAS PRICES WITH IMPORT FEES AND ~~EXPORT~~ EXCISE TAXES TO ACHIEVE THE NECESSARY SAVINGS.

--IN SHORT, WE PREFER A SYSTEM THAT WILL ALLOW THE PRICE OF ENERGY TO REFLECT ITS TRUE VALUE IN THE ECONOMY.



BUT THEN MANY MEMBERS OF CONGRESS ARE PRONE TO SEE GOVERNMENT INTRUSION INTO THE ECONOMY AS THE DESIRABLE WAY TO DEAL WITH OUR DIFFICULTIES.

--SOME, FOR EXAMPLE, WOULD ESTABLISH A FEDERAL PURCHASING SYSTEM FOR ALL OUR OIL IMPORTS.

--THIS WOULD BE A MAJOR STEP IN THE DIRECTION OF GREATER GOVERNMENT CONTROL OVER THE PETROLEUM INDUSTRY AND WOULD INVOLVE MANY OF THE BUREAUCRATIC DISADVANTAGES OF QUOTAS AND ALLOCATIONS.

--WHETHER SUCH A SYSTEM WOULD PLACE ANY SIGNIFICANT PRESSURE ON THE WORLD PRICE OF OIL IS OPEN TO QUESTION.

--THERE ARE THOSE WHO BELIEVE THAT A FEDERAL PURCHASING AUTHORITY WOULD EVEN DRIVE THE CARTEL CLOSER TOGETHER AND, THEREFORE, GENERATE HIGHER PRICES OVER THE LONG-TERM.

THESE ARE SOME OF OUR DIFFERENCES.

--BUT THEY ARE FEWER NOW THAN WHEN THE PRESIDENT FIRST PROPOSED HIS ENERGY POLICY.

--AND THE REMAINING AREAS OF DISAGREEMENT WILL CONTINUE TO NARROW, AS CONGRESS AND THE ADMINISTRATION EXPLORE MORE OF THE COMMON GROUND OF COMPROMISE.

EACH BRANCH OF GOVERNMENT HAS APPROACHED THIS GROUND FROM A DIFFERENT QUARTER.

--BUT CONGRESS HAS SINCE COVERED MUCH OF THE SAME TERRITORY THAT WE IN THE ADMINISTRATION HAD PREVIOUSLY SURVEYED.

--THEY'VE SEEN HOW DIFFICULT IT IS TO CROSS,

--AND NOW THERE IS A GROWING REALIZATION THAT ONE



-13-

OF THE FEW RELIABLE CHARTS AVAILABLE IS THE ONE OFFERED BY THE  
PRESIDENT.

IF WE SUCCEED IN REACHING A VIABLE AGREEMENT SOON,  
--THE BENEFICIARIES WILL BE TODAY'S AMERICANS  
AND THE AMERICANS OF MANY DECADES TO COME.

IF DELAY CONTINUES,  
--THE LOSERS WILL BE THE CONSUMERS, WORKERS,  
FARMERS AND TAXPAYERS -- EVERYONE IN THE COUNTRY -- TODAY,  
FIVE, TEN AND TWENTY YEARS FROM NOW.

WE CAN NO LONGER AFFORD THE LUXURY OF INACTION.  
--DEBATE IS VALUABLE AND PRODUCTIVE.  
--BUT ENDLESS DEBATE MEANS ENDLESS INACTION.  
--AND THAT IS JUST TOO COSTLY FOR OUR NATION'S  
PRESENT AND FUTURE.

THANK YOU.

-FEA-

