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REMARKS PREPARED FOR DELIVERY BY  
THE HONORABLE FRANK G. ZARB, ADMINISTRATOR,  
THE FEDERAL ENERGY ADMINISTRATION, BEFORE

THE CALIFORNIA FEDERATION OF REPUBLICAN WOMEN  
BEVERLY HILTON HOTEL, LOS ANGELES, CALIFORNIA  
WEDNESDAY, OCTOBER 15, 1975, 8:00 P.M., PDT

Thank you for providing me with this opportunity to appear before a group which has a widespread reputation as a vigorous and effective force in public affairs.

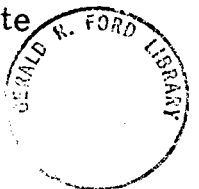
I'm here to talk to you about a situation that everybody says is complicated. In fact, the advocates of delay in Congress say it's so complicated that we shouldn't try to do anything about it.

Well, in my opinion, they are overlooking a pretty basic fact. And that is: that the one best way to uncomplicate a problem is to solve it.

The only thing that nay-saying and foot-dragging accomplish is to hold the rest of us back from rolling up our sleeves and getting the job done.

The energy problem is not nearly as complicated as the wars we fought to gain and keep our independence. It is far less complex than the series of technical hurdles we overleapt to put men on the moon.

Make a list of all the problems this country has solved successfully and you've written our entire history. So the energy crisis, while it may challenge us, at the same time affords us an opportunity to demonstrate once again what America is all about.



Besides, the facts of the situation aren't complicated at all. We are heavily dependent on other countries for our energy needs. And as long as that dependence continues, we are going to be sitting ducks for political and economic manipulation by those countries.

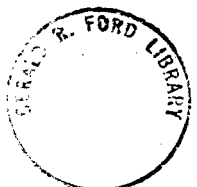
That's a lesson we should have learned two years ago during the oil embargo. For those of us who haven't learned it, OPEC offered a refresher course a few weeks ago when it approved an increase in the world price of oil of up to another 10 percent.

We estimate that, within the next year, that price increase could cost this nation an additional 2 billion dollars -- even with the decrease in demand it would cause -- raising our total oil import bill this year to over \$27 billion dollars. That is \$27 billion dollars that won't be available to the American economy, American workers, or American industry -- \$27 billion dollars that will fuel inflation and retard economic recovery.

Meanwhile, we have let our domestic production falter. Oil production has hit a nine year low. Natural gas supply peaked in 1973 -- we will see increasing shortages of it this winter -- and if the winter is severe, we can expect economic disruption and rising unemployment. Continued delays in utility construction forecast a bleak picture for the 1980's. Clearly something must be done and done soon.

Yet in the two years since the embargo, dependence on oil imports has risen another 3 percent, and we are still without national energy legislation that will make us independent.

The only comprehensive energy program in existence is the one President Ford sent to Congress almost ten months ago -- a program that would ensure American energy self-sufficiency by taking forceful



action to cut energy consumption, to increase domestic supplies and to bring our energy imports back to manageable levels.

Your new five-point resolution on energy is heartening evidence that you, too, realize what kind of job we've got to do, namely, and I quote, "to encourage not only self-sufficiency and increased production, but also energy research coupled with conservation through the free enterprise system."

But what has been Congress' response to these facts and that program? Well, they have failed to take action to stimulate and encourage either increased domestic energy production or realistic and effective energy conservation. They have failed to take action to develop alternate technologies and new energy sources.

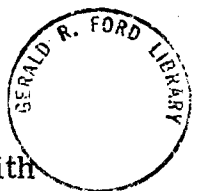
At the beginning of the year, we all heard a great deal of talk about how this 94th Congress -- was going to restore cherished Congressional prerogatives and reassert needed Congressional responsibility. And what, precisely, is the record of this Congress today, nine months later, in dealing with our energy problems -- the most critical problems that this Nation has faced in a decade or more?

It is a record of inaction and failure -- of abrogated responsibility and lapsed leadership.

Now, in fairness, we have to recognize that some members of Congress have tried to come to grips with the Nation's energy problems in a responsive and responsible way.

But their efforts, like those of the Administration, have been frustrated, when it has come down to the crucial decision in committee or the critical vote on the floor.

In fact, the word "frustration" sums our experience in dealing with



Congress over the past nine months on virtually every aspect of energy legislation. Consider, for example, our efforts to decontrol the price of domestic, so-called "old" oil.

The Administration has recognized that decontrol must be a key element in any rational energy program -- because artificially suppressed prices encourage consumption, discourage domestic production and lead us into greater dependence on imported oil.

In short, to accept price controls would be to violate our principles of reducing oil imports and achieving energy self-sufficiency by 1985. And that is something we will not do.

So, at the very outset, the President proposed to decontrol prices. The response from Congress, back in the spring, was, simply, to ignore the proposal and to talk about rationing and import quotas and allocation programs -- schemes that would do absolutely nothing to restore the Nation's energy self-sufficiency.

When the truth about those plans -- about their ineffectiveness and deceptiveness -- finally began to sink in, the Administration tried again and proposed gradual decontrol of oil prices, over a period of 25 months.

The reaction? That was too short a time. So we proposed 30 months and, finally, 39 months. Each effort to compromise was rejected. Where do we stand today? In the same old stalemate. Controls have been temporarily extended, and we are, again, trying to work out a compromise.

But that's not the end of it. The members of Congress haven't been completely idle during these negotiations on decontrol. In fact, they have proceeded to vote for a rollback on the price of oil.

Proponents of the rollback argue that prices are "too high" -- that they should be lowered to "more reasonable" levels to protect the American



consumer.

What it amounts to is that they want to ignore the talent for free enterprise which made this country great in the first place.

They refuse to face the fact that government controls have been largely responsible for the decline in domestic production, that these controls -- originally designed to protect consumers and domestic industry -- have actually harmed the very people they sought to protect.

In fact, the cruelest aspect of this Congressional refusal to accept the new energy realities is the fact that it's masquerading in the guise of being "pro-consumer." In this instance, "pro-consumer" means any thing that lowers prices -- if only until the next elections.

But whether those prices last through 1976 or even 1978 -- the future under such a program is abundantly clear: U.S. production of energy at artificially low prices will continue to decline. Imports will continue to rise to fill the gap. And we will become increasingly dependent on imported energy -- with less and less recourse to other sources.

Despite Congress' wrong-headed insistence on the very policies that have aggravated our energy problems, we have seen the growth of our dependence on imports begin to level off over the past year -- mainly because more realistic energy prices have begun to reflect the value of energy in our society -- encouraging producer incentives for new supplies and consumer incentives to save.

In short, we have seen the free market system at work, responding -- in spite of government interference -- to our energy problems.

Only those policies that permit the free market system to work -- unfettered by government controls -- that allow free men and women to make free energy and economic choices -- only those policies will



extricate us from our energy dilemma.

The President rejects the notion that the American people cannot understand the need for a strong, energy-independent nation. That understanding is already reflected in a national Lou Harris survey which shows that -- by a 55 to 22 percent majority -- the public supports decontrol of prices as a means of increasing domestic production.

The people have begun to recognize the importance of our struggle for energy independence -- to recognize the need for difficult decisions and tough actions now to ensure an energy future we can live with.

In short, they have begun to recognize that deliverance lies not on the side of those who would hide from the truth, put the free enterprise system in mothballs, and opt for massive, ill-conceived, self-defeating government interference in the marketplace.

Instead, they believe -- and this Administration with them -- that deliverance from our energy dilemma lies with those who appreciate this Nation's success over the two centuries of its existence, who recognize that that success has been accomplished by free men and women making free choices in an atmosphere of political and economic freedom

This Administration is not about to give up on America.

The President is one of the few national leaders who has taken the true energy facts and options to the people -- without sugar-coating, without a carnival come-on that promises something for nothing.

You know as well as I do the kind of heat he has been taking on these proposals. But he has persevered because he knows he's right and because he knows that what he is proposing is for the good of the country. And he is going to win the fight, because he will not accept anything less.



He is going to win because this Administration has faith in this nation, in its people, in its traditions, in its institutions, and in its economic system.

With that faith, and with your support, we are going to press forward until we have gained the kind of future that this country deserves -- a future free from the effects and the threats of oil embargoes, and secure in the knowledge that the American economy has been returned to the American people.

Thank you.

