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

ECONOMIC AND ENERGY BRIEFING
BOARD OF DIRECTORS
NATIONAL EDUCATION ASSOCIATION
ROOM 450, OLD EXECUTIVE OFFICE BUILDING
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FRIDAY, MAY 2, 1975, 10:00 A.M., EDT

Good Morning. It's a privilege to be here with Secretary Dunlop to brief such a distinguished group of educators from throughout the Nation.

As you know, the realities of our economic life and the realities of the supply of and demand for the energy which fuels the economy have changed considerably over the past two years.

The number one priority for achieving our dual national objectives of stabilizing and redirecting our economy and solving our energy problems is public understanding of the issues and the actions necessary to resolve the problems.

It is no secret to anyone in this room that creating that public understanding is going to require an unprecedented public education effort. And it is equally clear that the best place to start and continue that education process is in the schools of America.



The members of the National Education Association can play an absolutely vital role in providing the young people of today with an informed understanding of the significance of energy in the national economy, and the tasks we all face in restoring our economic growth and our energy invulnerability.

With increased awareness of the challenges we face and the tools we have available to meet those challenges, we can move forward confident of our ability to solve our problems, just as we have worked together in the past to solve major difficulties.

Any educator, economist, or corporate executive who has undertaken the complex task of trying to understand the thinking and buying habits of the American public, eventually comes to much the same conclusion.

While it's true that it is sometimes hard to educate someone about a product, it's almost always easier to talk about a product than it is to "sell" an idea.

When a commodity can be shown and demonstrated to a person, he has a concrete image of what he is being asked to believe, but a concept has no form, and is much more difficult to explain.

The same facts have affected this country's energy situation over the past several years.



Eighteen months ago, the term "energy crisis" represented a concept consumers could well understand. News media flooded the public attention with information on the oil embargo, and drivers waited in long lines for scarce fuel supplies.

Today, there is an obvious surplus of available petroleum products, and students, parents -- all consumers -- are asking whether there is -- or in fact whether there ever was -- a real energy crisis.

I assure you that the energy crisis is still very much with us today. And -- while I do not wish to sound like an alarmist -- the crisis we face today is in many ways far more serious than the one we faced in October of 1973, when the oil embargo brought our energy problems to the forefront of national attention.

The crisis of today is one not of supply, but rather of how much we are willing to pay for supplies, and how much we are willing to increase our nation's vulnerability to foreign actions beyond our control.

In 1970, we paid \$3 billion for foreign oil. In 1974 we paid \$24 billion. And, if we do nothing to curb the inflow of oil from foreign suppliers, we could be paying out more than \$32 billion in a single year to overseas oil producers by 1977.



Those are frightening figures, but far more alarming is the fact that, despite exorbitantly higher prices, our oil imports are increasing, and the percent of our petroleum consumption supplied by foreign oil is increasing even more rapidly.

By 1977 -- less than two years from now -- we could be dependent on foreign supplies for almost half of our petroleum energy supplies.

Until we solve the energy crisis we will remain vulnerable to even higher international oil prices and to another embargo.

The last embargo resulted in a loss of an estimated 10 to 20 billion dollars in our Gross National Product, and threw a half million people out of work. By 1977, a complete six-month embargo of foreign oil supplies could bring a 45 billion-dollar drop in our GNP.

The public must be convinced of these critically important facts of life. And that's where the members of the National Education Association can help the public perhaps more than in any other way.

Through education and information, teachers throughout the country can help to persuade the consumers of today and tomorrow that there are two vital actions which can be taken by every individual to help solve the energy crisis.



First, the only way we can reduce our dependence on imported oil is to conserve energy in all forms, while we improve the efficiency of energy use. Every American can help in this effort to develop and continue a new "conservation ethic."

And every American can support national policies which actively encourage optimum development of our massive domestic energy potential -- coal, natural gas, and oil -- as well as research into advanced nuclear power, solar power, geothermal steam, and other energy sources for the future.

The combination of these two actions will enable the nation to minimize its vulnerability to foreign actions now, while building the base for providing its own energy needs for future generations.

In January, President Ford proposed the first comprehensive national economic and energy program ever put forth by a chief executive. At the same time, he renewed his pledge of "compromise, communication, conciliation, and cooperation."

The goals of the President's program -- to reduce consumption, to increase production of conventional fuels, and to expedite the development of advanced energy technology -- are basically the same as the aims of the alternative plans which have been proposed since January by various Members and Committees of Congress.



Many of the initial proposals for rationing, import quotas, and complex allocation plans have been either abandoned or modified considerably. And we have seen the first indications that Congress recognizes the urgent need for a significant increase in the value of energy to reduce consumption and promote additional production.

It has become increasingly clear that the major differences between Congress and the Administration are ones of degree and timing, rather than ones of basic aims.

Compromise is possible in many areas, if it advances us toward a sound national energy policy. The historical process of open debate over the merits of various proposals is working now, as it has in the past.

The Administration's hope is that it works quickly. We need to stop the dangerous growth in our dependence on foreign oil now. And we need to begin now to plan for the best possible development of our own domestic energy resources.

Because of the flexibility, the economic soundness, and -- in the final analysis -- the basic fairness of the open, free marketplace, it must be used in any solution to our energy dilemma.

Greater Government controls are not the answer to energy problems. In fact, they tend to compound the problems, while stifling economic incentives which could add significantly to our energy supplies.



No laws which can be passed by this or any other Government can abrogate the universal laws of economics.

But, as I said earlier, the differences between the Administration and the Congress have narrowed considerably, and they will continue to do so as we find more common ground.

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 -- and we hope it will not -- 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. We need energy action now, and we are hoping for just that.

Thank you, and I'll try now to answer any questions you may have.

-FEA-

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3:20 pm

