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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

PENNSYLVANIA ASSOCIATION OF BROADCASTERS
HERSHEY HOTEL
HERSHEY, PENNSYLVANIA
MONDAY, MAY 12, 1975
7:30 P.M., EDT

EMBARGOED FOR RELEASE UNTIL:
MONDAY, MAY 12, 1975, 7:30 PM, EDT

Good evening. I appreciate very much Congressman Shuster's invitation to address this important group, especially at this critical juncture in the development of our nation's future energy policy.

And it is nice to be here in the picturesque town of Hershey. Seeing the street lights here in town reminded me to take some of Hershey's most famous product back to Washington with me.

Chocolate may be Hershey's most memorable contribution to the American way of life, but Pennsylvania's contribution to the nation has been of vital significance to every American for generations, whether he or she has liked chocolate or not.



Just a hundred and fifty miles to the northwest of here, in Titusville, "Colonel" Edwin Drake drilled the country's first well to produce crude oil. That well, drilled 116 years ago this coming August 27, was the birthplace of our modern petroleum industry, which has come to play such a major role in this country's energy-intensive economy.

And this state is blessed with significant deposits of coal and natural gas, to complement its oil potential.

Pennsylvania is justifiably proud of its anthracite coal reserves -- by far the largest in the nation -- constituting more than 90 percent of the country's reserves of this valuable form of coal.

But that's not all. Only four states have larger reserves of bituminous coal, only 12 states have greater natural gas reserves, and only 20 states have more crude oil under the ground than does Pennsylvania.

This state is an impressive and vitally important part of the tremendous national resource base upon which we can draw to meet our future energy requirements.

The development of our own domestic fossil fuel resources -- coal, oil, and natural gas -- is one of two essential keys to success in our efforts to bring the United States to a position of invulnerability to foreign energy actions by 1985. But that development will take time, and to meet our immediate requirements, we must use the other key.



That key is conservation -- conservation of all forms of energy -- to allow us to cut our mounting imports of foreign oil. This will allow us to buy the time necessary to accomplish the development of our own domestic resources. And it will minimize the drain on our national wealth which now goes to pay for foreign oil, allowing us to pay instead for development of secure domestic energy sources.

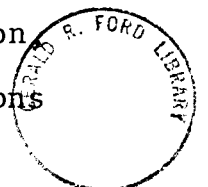
Conservation and development are the avenues we must follow to meet our energy goals, but public understanding of the new energy realities which face us today is the only way we will be able to follow those avenues to energy self-sufficiency.

When President Ford delivered his State of the Union address to Congress in January, he promised to the national legislators and to the nation's public four things -- communication, conciliation, compromise, and cooperation.

Significantly, they were in exactly that order, for without communication, there can be no conciliation, no compromise, and no cooperation.

Communication is as vital to public understanding of the critical issues of today as energy is to the lifestyle and well-being of the American public.

The news media of this country -- broadcasters, newspapers, magazines, wire services, all media -- have a fundamental trust to communicate to the public which depends on them for information, the views of the Administration, the Congress and private citizens, and their own opinions on issues of importance to the future of the Nation.



You and your fellow professional communicators throughout the country can fulfill an essential service to the citizens of the Nation by telling them the facts of energy life.

First, the public must realize that the energy crisis, which was so visible in long gasoline lines and sharply increased utility bills last year, is still very much with us -- and that in many ways it is far worse now than it was at the height of the oil embargo. You can convey those facts to the public.

Second, the public must realize that we can and must have both energy conservation and energy development, if we are to reach energy independence and security for our future.

Incidentally, our Public Affairs Office provides "Energy Saving Tips of the Day" as a special service to the news media. Copies are made available to the broadcast wire services, individual stations and to others upon request. Here, too, you can be of invaluable service.

Third, the public must realize that we can and must develop our massive domestic energy potential in ways which are environmentally sound, yet still accomplish the job of providing for our energy needs in the years to come.

The first of those -- the lingering energy crisis -- represents a real problem of communication and of public information and of education.



During the oil embargo of 1973-74, television newsfilm showing aerial shots of gasoline lines hundreds of cars long, and radio interviews with irate motorists, brought the reality of the oil supply situation into virtually every home in the nation.

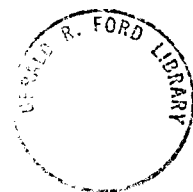
The broad coverage provided by both print and broadcast media to the situation during the embargo made the phrase long used by Government and industry -- energy crisis -- a household term overnight.

Today, the crisis is still very real indeed, but it is a subtler, less visible crisis -- one which does not lend itself to broadcast communication.

In fact, some of the energy news stories appearing lately -- those which do have good film possibilities or radio news pegs -- tend to obscure the true nature of the country's continuing energy problems, and actually contribute to public complacency and an attitude that the crisis is over.

For instance, it is easy to show and tell the public about the occasional gasoline price wars that have been occurring. And it is easy to show full gasoline storage tanks, and to talk of a "gasoline glut."

In all honesty, a Government spokesman or an economist or an industry representative talking about economic realities has nothing like the visual and emotional impact of an angry consumer denouncing what he honestly sees as a gigantic ripoff by major oil companies, Government, or whoever else he decides is responsible for our energy problems.



But -- whether it makes good copy or not -- it is the economic realities which are of most importance to the consumers of today and tomorrow. Their acceptance of those facts -- and of the need to take positive steps now to deal with energy problems -- is critically important.

Procrastination on energy today means a heavy mortgage on the nation's economy tomorrow. The price of waiting is not just high -- it could bankrupt the American economy.

Unfortunately, it often takes a major crisis to galvanize the American public into action to meet a challenge. A Pearl Harbor or, a Sputnik -- any sudden occurrence which threatens our way of life or our national security -- can mobilize public effort overnight.

It takes time to prepare for a war effort. It took time for our space program to bear the fruits which added immeasurably to our national security and pride and provided important technological side benefits to the country's consumers. And it will take time -- a commodity we are rapidly running out of -- to meet the challenge of providing our energy needs from within our own country, from sources under our control.

If we wait until the lights dim and go out -- until homes grow cold, until employment lines grow intolerably long -- it will be too late to take the necessary steps to salvage our energy situation.



The time for action is now, and it is now that the media of the nation can be of most help in fostering public awareness of the need for action.

It is difficult to explain to the average American the concept of the danger which inevitably grows with increasing dependence on foreign sources for our petroleum supply.

But, in fact, there are two monumental dangers we face right now.

The first is that if supplies of oil continue to be available to us from foreign sources -- and that is not an "if" we can count on -- they will be available only at continuing high prices. Paying these prices amounts to exporting American wealth and American jobs, with very little economic benefit in return.

The second danger is that if we allow ourselves to become increasingly dependent on foreign oil -- a trend that is, in fact, accelerating -- our nation will become ever more vulnerable to the adverse economic and social effects of another embargo.

In 1970, we paid three billion dollars for foreign oil, or about 55 dollars for every American household.

Last year, we paid 24 billion dollars for foreign oil, or more than 400 dollars for every household.

If we continue to delay, by 1977 we could be paying out 32 billion dollars for foreign oil, and that's more than 500 dollars for every family in the country.



If even a fraction of the 24 billion dollars a year we are paying for foreign oil could be diverted from those purchases to the development of domestic energy potential, we would reap a multitude of benefits: increased American employment in the many industries which contribute to energy development, increased investment in American companies, and, most importantly of all, the real prospect of building the base to supply our future energy needs from within our own country.

But, if we continue to delay, and continue to become more and more reliant on foreign oil, what would happen if another embargo should be instituted, say two years from now?

The 1973-74 embargo affected only 14 percent of our nation's oil supply. The results -- as those of you in the news business know all too well -- were severely damaging.

Our economy lost an estimated 10 to 20 billion dollars in Gross National Product. And an estimated half million American workers lost their jobs -- either temporarily or permanently -- as a direct result of the oil import cutoff.

By 1977, we could be dependent on foreign oil for almost half of our petroleum supplies. If just half of these imports were cut off, the country could suffer a 30 to 50 billion dollar loss in Gross National Product, and job losses could well be in the millions.



That's a pretty dismal scenario. And I don't want to sound like a prophet of unavoidable doom.

We can reduce our dependence on foreign oil, but doing so will require the cooperation of all Americans.

Conservation is essential, and history provides numerous lessons that the best possible way to encourage conservation of any commodity is to price it at a level which reflects its true economic value -- a level which encourages the most efficient and effective use of the commodity. This is as true with energy as it is with any other product.

The Administration's interlocking energy and economic proposals would encourage reduction of oil imports through fees on imported oil. We would encourage domestic production of oil and natural gas by removing arbitrary price controls gradually on oil and on new production of natural gas.

These actions would provide economic incentives for investment in exploration and development ventures to move our reserves of oil and gas from the potential column into the proved and producible category, where they can begin fueling our energy requirements and supplanting oil imports.

Energy will cost consumers more -- much more -- now and in the future, regardless of whether the Administration's proposals are adopted or not.



But the comprehensive tax rebate and reform proposals included in our overall planning strategy -- some of which have already been enacted by Congress in somewhat different form -- will funnel money back to consumers to offset their increased energy cost.

The net effect on most consumers will be a balancing of higher energy costs and lower taxes. But -- far from being just a shuffling of money from one pocket to another -- the overall effect of higher energy costs would stimulate conservation.

And, most importantly for our long-term energy goals, the move toward higher energy prices through the free market rather than through taxation will encourage new domestic exploration and development.

The Administration and Congress share a mandate to provide for the needs of American citizens, both now and in the future. We have an unprecedented opportunity to fulfill that mandate by establishing now this country's first complete national energy policy.

And the news media of the country -- particularly those of you in broadcasting -- have an opportunity to inform the public of the need for a broad national energy program. I believe that a fully-informed public, which recognizes both our problems and our prospects for solving those problems, will support the Administration's efforts to meet our energy supply requirements now and to insure our energy future.



The Federal Government has tried to set a good example in energy conservation, cutting energy use wherever possible. The result of this effort was a 24 percent reduction in energy use by Federal agencies during the fiscal year ending last June.

Your association is setting an outstanding example of energy conservation right here. I understand that this is the first time your annual meeting has been held in Pennsylvania. Aside from the fact that this location has enabled many to attend this year who might not have been able to benefit from the program had the meeting been elsewhere, by holding the meeting in a central location -- convenient to all -- you save both fuel and time.

This is the sort of energy-conscious business decision we need more of in all industries.

The media have traditionally been responsive to public needs, and I am confident that you will continue that admirable history of acting in the public interest.

One of the ways in which you act is, of course, through public service announcements. At FEA, as you know, we have an Ad Council Campaign with the theme "Don't Be Fuelish." We'd now like to show you the latest TV spot in this series. If you need a copy of it we'll be happy to provide it.

-FEA-

5/12/75
10:15 am

