

RURAL AMERICA'S ENERGY CHALLENGE

Address by Robert Morgan  
Ohio Rural Electric Cooperatives, Inc.  
Columbus Hilton Inn  
August 11, 1977

A century from now, historians are going to judge America's response to her present challenge. They will say, I believe, that the challenge itself -- the question of properly managing our energy resources -- was one of the great, decisive questions of the American experience. I believe we will answer the question properly. I have too much faith in the ability and good sense of our people to expect failure. So you will hear no doom and gloom speech from me here tonight.

The historians will judge the challenge to be decisive

because so much is involved. We have seen many kinds of emergencies in our history. We have seen war, constitutional crisis, and depression, and we have handled everything which has come at us. What faces us now is keeping alive our economic freedom. That is one of the major freedoms for which our forefathers waged war two hundred years ago. The freedom to choose one's own economic destiny, and the freedom to profit by one's own labor have been maintained and expanded to include more and more people since then. And it is economic freedom which underlies our other freedoms, and makes social justice possible.

The question now is, how shall we keep going, when our industrial engine runs on energy sources which are limited? An

answer is demanded of us, and we shall respond.

Every time we face a crisis, we get a little bit pessimistic. And every time, we have gotten on with the job, despite those who could not see the solutions to problems, but only the problems themselves. We are seeing that history repeated right now. But I would advise the pessimists to take a look at what the rural electric cooperatives accomplished earlier in this century, when so many said it couldn't be done.

It just wasn't economical, they said. The countryside of America could not participate in the miracle of electrification because there were too few people, too spread

out, to make it work. And what happened? People prevailed.

People working together cooperatively within the economic system got the job done. People working together with effective government got the job done -- and I am not one of those who feels the government can do nothing right. There is a role for government, properly limited.

To meet our new challenge, we will have to marshall our resources -- our human resources. And I believe we would do well to remember how many of those resources have always come from rural America. This is historical fact. Our form of government was invented by farmers. Our social institutions, even the inventions which made our technological, industrial society possible were for the most part the creations of

farmers, and the sons and daughters of farmers.

Rural America has always supplied us more than just food and fiber. It has provided out brainpower. You know, we Americans have a unique personality. We are half dreamer, half hard-headed pragmatist. That personality was created on the farm, and in the small towns surrounded by farms. That mixture of vision and practical sense has been our mainstay, and we need it now.

I have an abiding interest in the country. I was born there, grew up on a farm, and my home is a little country town of about twelve hundred people. As a Senator, I am chairman of the Rural Housing Scommittee of the Banking Committee, so

that is where my own contribution is made. My bill to revise and improve the housing programs of the Farmers' Home

Administration has passed the Senate and is now in the House.

The Rural Electric Cooperative Associations have expressed a great deal of interest in it, and it will solve a lot of the problems which have been holding up rural home construction for so many years.

Among other things, the bill would prevent the FmHA from substituting its guaranteed loan program for its insured loan program. What they were doing was to dry up all support for those whose incomes were above-moderate. With inflation, that brought about everything to a halt, and with it one of the most promising, and fiscally-responsible ways to stimulate the

economy.

We also provided funding for the Farmers' Home to increase the size of its staff. The agency has been inventive, and has a lot of new programs in place which will help rural and small-town development. But they were just too understaffed to tend to their loan and insurance programs adequately. With new leadership, and with adequate funding, I think we will see good things from Farmers' Home. I am doing all I can to make that an effective agency for rural development needs.

I appreciate the support and interest of the rural electric cooperatives for the concept of rural development.

There is much to be done in this field, and I am looking forward to it.

But it is in the energy question that the rural electricians will be most crucially involved. It is in this that our country most needs your help. The burden of meeting our electrical energy needs will fall heavily on you because America is growing your way. You already know that our burgeoning cities have expanded in such a way as to make suburbanites your members and customers, not just farmers and farm town folks.

In addition, the statistics show that Americans, in increasing numbers, want to live where you are. And who could

blame them? Our next census will show that young families are doing all they can to move away from the cities and get back to the small towns in rural areas, where life is more rewarding.

Either way, these population changes mean that demand for electricity is going to be high for Rural Electric Cooperatives. It is liable to be high at a time when competition for fuel supplies will increase, when expensive fuel conversion projects will be required, and when there will also be competition from other energy suppliers for government interest and support. To put it simply, the rural electric cooperatives may well have to bear an inordinate share of the burden, and the tribulations, of keeping our economy running.

There is the problem, as well, that installation of the new capacity you require will have to be carried on despite rigorous land, water, and air pollution standards. Thus it is entirely foreseeable that electric co-ops will be faced with the awesome task of competing for scarce and expensive fuel, and converting to coal, and keeping the air clean, all while trying to meet the power demands of the fastest-growing parts of the country. And on top of that, government fiscal resources may well be attracted to the development of experimental fuel sources.

It is clear that in achieving its goal over the next few years, rural electric co-ops will once more earn their

reputation for doing the impossible. Yet, I expect you will prevail.

In the case of the rural electric cooperatives, the adversary relationship now developing between government and energy suppliers does not have to exist. There is already a tradition of cooperation between the co-ops and government, and that is one relationship we desperately need now.

As recently announced, the President has named a task force to work with the Department of Agriculture and with the Office of Management and Budget on the whole question of government support of rural electric financing. Staff members of the National Rural Electric Cooperative Association are on

the task force, so your national organization will have some input. The question the task force will consider is whether the financial support carried on for the last forty years by the REA should be cut back or stopped.

I shall make no advance judgements about the issue of how much REA assistance is needed. Certainly, the historic role of the rural co-ops cannot be endangered. Clearly, the government owes it to all taxpayers to be certain any program is justified. We will have to await the results of the task force's study, but I would be very surprised to be told there is no longer any need for the REA.

But this is not the only facet of the special

relationship between the rural co-ops and Washington. As I see it, such special lines of communication which now exist could well provide the basis for experimental programs in energy conservation and energy production.

Four decades ago and more, the idea of solving a seemingly baffling technological and economic problem gave birth to the organizations you represent. I have to ask whether the problems of technology and economics we are facing today are different in kind from what was faced back then. Are they so different that they cannot be solved by the same progressiveness, the same daring, the same blend of vision and hard-headed practicality that the rural co-ops represent? It seems to me that it would be a mistake for the broader special

relationship to be sundered, with such a tradition of innovation and cooperation behind us. I believe we ought to build on such a foundation, not tear it down.

One of the last things the Senate did before adjourning was to confirm Arthur Schlesinger as the United States' first Secretary of Energy. As we entered the August recess, the House of Representatives was debating the comprehensive energy bill their ad hoc committee developed from Administration proposals. The Senate is now holding hearings on the same proposal, and will be writing its own bill. version. I am not a member of the relevant committees, so my own decisions will have to be made on the floor of the Senate.

Like most of my colleagues, I will have no axe to grind on the energy question. I will be weighing what is proposed as public policy, and I will be listening to my constituents. It is clear to me that we have been wasteful, that we must be both inventive and resourceful, and that sound policy must be forged which goes beyond the narrow interest of one group or another. The question of national interest is far too important for that, for the question is one of our economic survival. I intend to remain as open-minded as possible on all the questions now being raised.

It is obvious the decisions are going to be tough. There is simply no getting around the issue of the cost of energy and the cost of environmental protection. Both are inevitable

questions. There are arguments for deregulation, or partial deregulation of petroleum energy, and there are proposals for tax increases as well. All would have the effect of raising prices for those forms of energy, which would certainly be more consistent with their scarcity.

This is good economic theory. It is also a very bitter pill to swallow, and if not done with the wisdom of Solomon, potentially disastrous for many people. The effect of steeply climbing oil prices on those rural electric members whose co-ops cannot convert to coal could be very frightening.

Coal conversion itself is no cure-all, for its benefits will most certainly entail serious anti-pollution costs for

utilities, and eventually, their customers. Other issues we must confront will be rate reform, including an end to promotional rates and declining block rates. Again, possible adverse economic effects will have to be weighed against the need to encourage conservation. There simply is no source of alternative energy without drawback, there simply is no course of action we can take which will not have its disadvantages.

In the coming debate, I and my colleagues will be visited by lobbyists, targeted by mass mailers, cajoled by the self-interested, preached-to by the ideologically committed, and cussed-at by the impatient. But I can tell you what we will be looking for, in all that pile of mail. We will be looking for reasoned and helpful messages from our own states,

from people who have done their very best thinking about the issues. I encourage you to write your Congressmen in that spirit, tell them you are rural co-op members, and give them the benefit of your understanding.

I have enough faith in the institution of which I am a part to believe we will do well in our first attempt at drafting a national energy policy, and I have enough experience to know the result will not be perfect. To the extent we have the wisdom of our constituents, our work will have fewer flaws. Don't be hesitant to tell us what you want us to do.

I expect my mail from rural electric members to be

especially valuable. They are bound to represent the grass roots and they are bound to represent the country and small-town thinking which has so long been the best practical guide.

For the rural electric membership corporations, I wish the best during the coming changes in our national direction. The contribution these organizations have made is beyond measure. The invention of the rural electric system must be classed with the invention of the electric light itself. It is that kind of inventiveness we need once more. I know we will have it.

I think America should look ahead, and look ahead with

optimism. I feel sure that if we could look into the future, and see clearly how the energy crisis will be resolved. And I would not be surprised in the least, in that look forward, to see the rural electric cooperatives doing what they have always done -- leading the way.