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THE WHITE HOUSE

PRESS CONFERENCE
OF
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FEDERAL ENERGY ADMINISTRATION
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DEPARTMENT OF TRANSPORTATION
JOHN QUARLES
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ENVIRONMENTAL PROTECTION AGENCY
AND
THEODORE COOPER
ASSISTANT SECRETARY FOR HEALTH
DEPARTMENT OF HEALTH, EDUCATION AND WELFARE

THE BRIEFING ROOM

3:02 P.M. EDT

MR. GREENER: The President today is making recommendations to Congress to amend the Clean Air Act by extending the current automobile emission standards for five years, from 1977 until 1981.

You should have a copy already of the President's statement, a fact sheet and an Energy Resources Council memorandum.

Here today to highlight the President's recommendations and to answer your questions are Frank Zarb, the Administrator of the Federal Energy Administration; John Barnum, the Deputy Secretary of the Department of Transportation; John Quarles, the Deputy Administrator of the Environmental Protection Agency, and Dr. Ted Cooper, Assistant Secretary for Health at HEW.

Frank?

MR. ZARB: Thank you, Bill.

The President today has announced his decision to recommend that the Clean Air Act be amended to maintain the current automobile emission standards through model year 1981.

The President based his decision on an intensive review of complex sets of factors, as you could well imagine, including the impacts on public health, energy goals, consumer prices, environmental objectives and safety.

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While there is an agreement among experts concerning some of the near-term implications of tighter automobile emission controls, there are many unknowns. Thus, the President has decided that we should proceed with caution.

The President's decision, if implemented, with the cooperation of the Congress, will still enable us to achieve almost all of our environmental objectives. At the same time, his decision will not expose the Nation to the danger of unknown risks and costs and will permit us to reach other national objectives, such as greater fuel efficiency.

The fact sheet that you have gotten -- I suspect you have had it for a couple of hours now -- is pretty complicated. We have some experts who will remain here with you after the panel has left for any indepth, technical discussion, but I am sure you may have some questions for those of us who are represented.

Q Mr. Zarb, is this Administration recommending this simply on the basis of the sulfates?

MR. ZARB: I guess the answer to the question is yes and no. The President sent a different set of changes to the Clean Air Act as related to auto emissions in January. You may recall that.

Q Very well.

MR. ZARB: Since that time there has been a great deal of discussion, hearings and EPA recommendations that were brought about because of the sulfate issue. Looking at that set of circumstances, plus working with HEW on health issues and transportation on safety and cost issues, and FEA and others on the energy efficiency question, the President reviewed the whole question and came down on a different decision, which is the one that is before us today.

Q Mr. Zarb, 99 percent of the sulfates in urban areas is the result on the stationary sources, and if this is so difficult, from the point of view of emissions from automobiles to only 1 percent, why is it that you steadily oppose any kind of scrubbers on power plants, which are responsible for 60 percent of the 99 percent of the sulfates coming into the urban area. You have steadily taken that position.

The answer to your question is that I have not steadily opposed it, as you say. Russ Train and I came to agreement on the question of scrubbers that was, I guess, midway between where he started and where I started.

We both testified before the Congress, and I think that the new scrubber schedule that we proposed will help us with our particular short-range energy questions and will ultimately get us to the ambient air quality that he wanted around stationary sources, so we have not continually resisted the establishment of scrubbers and scrubber technology. I still think it is the long-term answer to burning coal.

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Q Mr. Zarb, you have said that this will still enable us to reach all of our environmental goals. Would you add to that, that it would enable us to reach it at a later date, however? (Laughter)

MR. ZARB: If you would like me to add that, I will. I would point out -- I will ask John Quarles to add to my answer with a great deal more proficiency -- I would ask you to look at the Attachment 1 in the comprehensive fact sheet which gives a comparison of the achievement of specific environmental goals -- ambient air goals -- with this program, with the EPA recommendation, with the last January recommendation, and with the current statutory requirement so that you can judge for yourself area-by-area and almost city-by-city the variations which would occur by virtue of this proposal.

Q Generalized reply to that question, and that is that you have said it still enables us to reach all our environmental goals. My question is, with any change of timetable?

MR. ZARB: With very little change in timetable. I will read again my opening statement which I think I read word-for-word -- will enable us to achieve almost all of our environmental objectives -- and I think many of those, or a good many of those will still be achieved within the previously stated time frame.

Some might take somewhat longer because of this change, but if you will look at the chart city-by-city you will see that many of them will be achieved even with this particular change.

Q You listed a number of things, as I recall, that are involved in the health environment, energy considerations, and so on. Does this not, however, represent some kind of a reorientation of priorities with energy and some of the others taking precedence now over the environment?

MR. ZARB: I don't think that is a fair conclusion, no. When, in January, we put forward the President's program, within it was a provision that requested a change in the Clean Air Act which would bring us to the California standards. Since that moment in time, there has been a great deal of discussion with respect to the sulfur oxide issue, and we had to rethink the entire question based upon the study and the discussion that surrounded that issue.

I don't think this places environmental issues in a different order of priority. I think what it does suggest is that we must continue to look at each of these objectives in the light of others, and create the best possible balance of all to insure that we achieve all of our national goals simultaneously, because they are all required.

Q Mr. Zarb, is there anything in what you are proposing that the automobile industry is very unhappy with?

MR. BARNUM: I think that what we are proposing here is compatible with what we requested them to consider at the time the President asked for a 40 percent fuel efficiency improvement by the model year 1980.

At that time, the President was talking about 9.9 and 3.1. This is consistent with that. The one unknown to the automobile industry -- and it remains an unknown -- is the requirement that will be imposed at some time in the future for a sulfuric acid emission, and until that is ascertained it is not possible to predict exactly what fuel efficiency improvements will be available with these other standards for carbon monoxide, hydrocarbons and NOx.

Q In discussing these proposals, with them have you found them at all dissatisfied with what you want to do?

MR. BARNUM: I have not discussed these proposals with them and I don't believe anybody else in the Department of Transportation has.

Q Mr. Barnum, are you basically saying that you got a 40 percent fuel improvement commitment by 1980 based on more stringent standards? Now you are giving easier standards but you are not going to ask them for further fuel economy commitments?

MR. BARNUM: No, we have not said that.

Q Do you plan to?

MR. BARNUM: Well, look at the table on the very last page of the fact sheet and it will show you that if indeed these are the only requirements ---

Q We don't have that.

MR. BARNUM: I beg your pardon -- on the Energy Resources Council memorandum.

What that table shows is that with the 1.5 and 15 instead of the 9 and .9, they would be able to attain a 46 percent fuel efficiency improvement by the model year 1980.

What is unknown is what effect on that ability to attain a 46 percent fuel efficiency improvement will be the consequence of the sulfuric acid requirement that is laid on by EPA regulation when they are prepared to determine what the level should be, and it may very well be that that will force the fuel efficiency improvement back down to 40 percent. If it does not, if a 46 percent fuel efficiency improvement is available with the sulfuric acid standards that is determined to be desirable, yes, of course, we would ask them to meet what we in our judgment conclude they could do, which in this instance is 46 percent.

Q You would ask them in 1979?

MR. BARNUM: No, we would be prepared to do that when we know what the sulfuric acid standard is.

Q Which is the 1979 models?

MR. BARNUM: No, I think they are talking about having a sulfuric acid standard sooner than that. As to when it would be applicable, it has not yet been determined.

Q Mr. Quarles, hasn't the converter resulted in a fuel economy?

MR. QUARLES: Yes.

Q General Motors, in its ad this week, says a 28 percent in city driving. Now, if you arrive at a point where you are going to possibly do away with the converter because they can meet the interim standards on some of the cars without a converter, now what is going to happen to Mr. Zarb's great program for 40 percent saving in fuel economy? Aren't you in a bind here?

MR. QUARLES: One of the questions is not only whether or not a converter is used but how hard you work the converter, and to the extent that you have more strict standards, even though a converter is used as a basic assumption, then the injection of more oxygen into the system to achieve all those standards is going to have an effect in reducing the emissions, but also will have an effect on fuel economy.

Q I talked to General Motors and Ford this morning, and they said they cannot possibly get this fuel economy without having the converter.

MR. QUARLES: I would assume that they would expect to continue to use converters.

Q But you are setting up a system where you can do away with the converters?

MR. QUARLES: No, I don't believe so.

MR. ZARB: I think the answer to your question is that to maintain current standards does not suggest that the converter or need to be done away with and, as a practical matter in our calculations it would not be.

Until a better fix is made on the sulfur oxide issue, I don't think we will have a definite answer to that question.

I would like to go back to the question that was raised here about the attitude of the automobile makers towards this particular provision and that relates somewhat to the 40 percent requirement. I don't think that 40 percent needs to be set in concrete. In working with the Congress, as we have, they have gone through a good many of the same paces -- in looking at the engineering and technology, talking with people inside and outside the industry, with management and with labor and have come to the conclusion that somewhere in that range is realistically achieveable.

I think we all believe, including many of the folks in Detroit, that that can be beaten between now and 1980, depending upon some other things that occur. So, the answer to your question is that we will continually reassess that goal and if it can be improved, we will.

In answer to your question about the state of mind of the automobile makers with respect to this particular provision, I would just recall back during the days when we were focusing on the 40 percent issue there was a great deal of initial -- I was going to use the word "resistance" but a characteristic similar to that -- difference of view.

Often times we had a difference of view with respect to the Government asking for even that 40 percent given some of the uncertainties that faced them. So, I think the implication that this decision is completely consistent with what they want to have happen is not so.

Q Mr. Zarb, if you extend existing standards from 1977 to 1981, aren't you in effect saying you are not going to have any improvement in air quality over that period? I mean, you have already backed off the original set of standards. Aren't you in effect saying we are not going to make any progress until 1981?

MR. QUARLES: You phrased it differently the second time and came closer to the truth, but the question you first asked is whether there will be any improvement in air quality, and in that regard, there will be a continuing improvement in air quality in regard to hydrocarbon and carbon monoxide emissions because the cars now coming off the assembly lines meet standards vastly more stringent than the cars manufactured and sold several years or a decade ago, and as the older cars are replaced by newer cars, meaning more stringent standards, they will more than offset the expected increase in numbers of cars and use of cars and there is expected to be significant improvement in the general levels of air quality.

Q This is an improvement over standards which are already set?

MR. QUARLES: This is an improvement over air pollution problems that exist today.

Q Because of action taken by the Congress several years back?

MR. QUARLES: This is correct.

Q But not because of any action by the Ford Administration, indeed the Ford Administration would keep everything static until 1981.

MR. QUARLES: The progress that is being made now in moving ahead to reduce auto pollution results from the basic program established by the 1970 Clean Air Act.

Q The Muskie bill?

MR. QUARLES: The Muskie bill.

The proposals that have been made with respect to modifications of that statute to allow more time for achievement of the original statutory goals all inevitably have a consequence of postponing to some degree the date when there will be a full accomplishment of the clean air goal.

The issue that must be recognized in regard to any particular proposal is to consider how great an effect it would have. I think, as you are well aware, Russ Train went through a very extensive review of this entire problem back in January and February and in March and made proposals to the Congress for modifications of the deadline which would extend for a number of years the achievement of the ultimate and statutory objectives.

Q Let's go to the back-up from Russ Train.

MR. QUARLES: This proposal would involve a further modification in two respects. It is a delaying of the time when more stringent standards would be put into effect in two respects.

Russ Train's recommendations called for retaining the 1.5 HC standard and the 15 CO standard now in effect through 1977, 1978 1979 and that is the same proposal that the President has made.

Now, there are two respects in which the current proposal by the President changes that. One respect is that Russ Train's proposal would have reduced the HC and CO standards from 1.5 and 15 to .9 and 9 in the years of 1980 and 1981, whereas the current proposal would continue the 1.5 and 15 standard for those two additional years so that insofar as h ydrocarbons and carbon monoxides are concerned, there would be that distinction in the out years.

The other distinction relates to NOx, where Train's proposal called for a 2.0 standard, and this proposal would call for a 3.1 standard.

Q The 1975 interim standard would be continued to the 1982 model year up through 1981?

MR. QUARLES: That is correct.

Q What about the sulfate standard that Mr. Train proposed for 1979 models?

MR. QUARLES: You mean what is the standard development?

Q Yes, where does it stand now?

MR. QUARLES: It is not as far along as we hoped it would be.

Q Are you still planning to promulgate?

MR. QUARLES: Yes, we are still working on it and we are anticipating that we will promulgate it and it will apply to 1979 model year cars.

Q Is this part of the President's proposal to a sulfate standard?

MR. QUARLES: That is assumed by the President's proposal. There is no expectation that it would be changed one way or the other.

Q Mr. Quarles, can you support these proposals if they are looser than the ones you and Mr. Train proposed a couple of months ago?

MR. QUARLES: Well, let me answer that yes and offer an explanation.

These are tough questions involving many uncertainties and many trade-offs, and EPA conducted intensive investigations of these issues during January and February and addressed the entire problem. At that time, in early March, Mr. Train developed conclusions and recommendations to Congress which he made and those reflected the best judgment that EPA was able to make on these basic issues, and we have subsequently offered testimony in Congress based essentially upon those recommendations.

Insofar as any formal position of the agency is concerned, on a legislative matter, this is, as you are well aware, a matter in which our position on any legislative item is developed through the process that involves a development of an Administration position through the White House and under the President, and this from the President's viewpoint involves a consideration of a range of factors that extend beyond our particular concerns for health and environmental protection as the primary emphasis -- two other factors including energy, safety, the economic factors and the like.

After considering the totality of those factors, the President has reached that position, and, of course, that is therefore a position which is binding upon us and which we would accept and support.

Q So would you continue to testify on the Hill for your earlier proposals, or for these?

MR. QUARLES: Well, I think that for one thing it is likely we may have no occasion to testify on the Hill on this because the testimony has been offered on these issues and the bills are now in mark-up, both on the House and Senate sides.

Q But no testimony, John, on this particular proposal?

MR. QUARLES: No, there has not, and if there would be hearings called on this particular proposal, then presumably we would testify. The testimony which we would give, or the position which we would have would not be to abandon or necessarily modify the analyses that we have made of the factors that go into these considerations and there are, you are well aware, all sorts of differing perceptions of virtually all of these issues that are involved because of their inherent complexity and I think that is recognized in the President's statement where he says that there are some differences on the data and the conclusion to be drawn from them.

We would defer to the President's judgment on the ultimate balancing and would support these numbers insofar as that ultimate position is concerned, while at the same time offering an attorney who might ask our own analysis of the facts so that Congress could balance these issues ultimately as its responsibility.

Q Could you comment on the National Academy of Science report three weeks ago when they said you could achieve the ultimate standards? Does the agency absolutely disagree with the National Academy of Sciences? Does the Administration disagree with that?

MR. QUARLES: I would take it that the Administration disagrees with that. The agency disagrees, certainly, with some parts of the analysis that underlies that.

I think one of the basic questions that is involved here in the analysis of the technological issues is uncertainties as to what can be achieved and what will be achieved, and from our viewpoint putting a primary emphasis on pushing ahead to achieve a higher degree of pollution control for the health objective.

Our inclination always is, and I think always should be, to push for the most ambitious achievement of improved technology that we feel realistically is possible.

I think from the viewpoint of others who have different primary objectives it is reasonable and it is natural and I think it has happened that others take a viewpoint that is more conservative as to what technology can be actually used in production on 10 million or 11 million cars by a different year, and so some of the differences as to technological achievement reflect that differing approach.

Q But, John, the industry absolutely disagrees with you.

MR. QUARLES: In what respect?

Q They are saying you are taking the right step in doing what they want to do for the wrong reason.

MR. QUARLES: Could you elaborate on that?

Q Yes. You are taking the step, you said, and Russ Train said and Mr. Zarb said, primarily because of the sulfate issue.

MR. ZARB: I didn't say that.

Q General Motors and Ford says you are doing this, which they agree with, because this is what they have asked for -- the interim standards for a five-year postponement -- but they say you are doing it for the wrong reason; that sulfates are not the reason.

MR. QUARLES: I think that it is important to clarify what Mr. Zarb said, that he did not say that this was done primarily because of the sulfates. As far as I am concerned, this is not something which could be put forward on the basis of the sulfate issue to a substantial extent.

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Q But the statement says so here, John.

MR. QUARLES: The sulfate issue was very much before EPA at a time when we analyzed these issues and made the decisions and recommendations announced in March, and it was our judgment at that time that a significant postponement of the schedule for moving to the more stringent standards was required by the sulfate issue, as you may recall.

Let me take a moment and put in perspective the numbers that we are talking about. Right now we have on the books as statutory requirements standards that would apply to the 1978 model year of .41 grams per mile of hydrocarbons, 3.4 grams per mile of carbon monoxide and .4 grams a mile of NOx.

The recommendations which Mr. Train made in March were that Congress should amend the statute to change the HC standard for at least the first two years from .41 up to 1.5 -- that is almost quadrupling the amount -- to change the CO standard from 3.4 up to 15 and to change the NOx standard from .4 up to 2.0.

Those are very significant changes in the level of control of the basic auto pollutants and any enactment that would modify the standards to that extent is going to have a significant delaying effect on achievement of control of the basic auto pollutants in many of our urban centers where we have severe auto pollution problems.

We recognize that, and we don't like that, but Russ Train recommended that extension primarily because of the sulfate problem. He found as a consequence of the hearing that apart from the sulfate problem, it would be technologically feasible to achieve the statutory standards by the 1978 model year which, of course, was consistent with the Ruckelshaus finding of a year or two before, that it probably could have been done even sooner.

The proposal that is made now is a much narrower change of the standards and would have much more marginal effects on air quality.

I am saying, in other words, if you move from the staturory standards to what Russ Train proposed -- that is, a movement of certainty -- if you move to what the President is now proposing, that is a greater total distance, but a relatively small change from what Russ Train proposed to the proposal of today.

Q Mr. Zarb, as a matter of policy, I wonder why you would explain why the Administration has decided that it is not necessary to recommend more stringent automobile pollution standards between now and 1982 car models. That is six years. Why?

I mean, how can you defend the policy where you say it is not necessary to improve your pollution standards in the next six years from 1975?

MR. ZARB: Did everbody hear the question?

Q No.

MR. ZARB: The question was, how can I defend an Administration policy which would not improve further air quality standards -- not air quality, but the standards that relate to air quality -- for a five-year period, which would go through model 1981 cars.

There are two reasons I think that are major and the fact sheets have many, many others that you might want to refer to.

The change in standards, as we proposed in January, gave rise to a whole set of issues which were not answerable, and John just described one of the major ones, the sulfur oxide, the sulfur oxide mist problem.

The answers are not here today, so that we can make some judgments with respect to requirements in that particular area.

The proposals that were before us coming from EPA and some Members of Congress are not all that different from where we are with respect to ambient air improvement.

When you looked at the relative improvement from the margin beginning where, let's say, EPA was and where the President is today, looked at the energy efficiency problem in terms of fuel lost -- and that is summed up for you in the fact sheets -- looked at the economics involved and the total cost to the automobile buyer and then came full circle back to the question, do you know what you are doing at this point in setting some standards that have implications on other emissions and other questions, it became clear that the best form of national policy at this moment was to continue to accrue the improvement of air quality that came about, as you properly stated before, from the 1970 act and is now, in effect and during this interim period do some homework to learn some more about some of the issues which are not answerable at the present time, including the oxide question.

We have said that the oxide standard is assumed here, and it is, and, as you know, it has not turned out to be as easy as some had originally assumed to understand oxides and how to set appropriate standards.

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Q Mr. Zarb, could you discuss briefly the energy considerations of this? How does this help you achieve your energy objective?

MR. ZARB: Irving, when you make these analyses you start with some assumptions so I would urge you to look into the fact sheet where we have carefully laid out some of the assumptions which we have reached and it becomes argumentative because others might use a different set of assumptions.

But as we looked at the improvements that might be required, using either statutory standards or EPA-established standards or recommended standards, knowing what we think we know about engine technology and engine technology change in the two-year time frame, and then in the five-year time frame, using Department of Transportation scientists to help with that issue, it became clear that moving to those standards would have a penalty in fuel, that the adjustments required to get there would have us use more fuel per gallon.

I am going to add quickly, before you add quickly, that there are some who suggest that there will be advanced technology changes in some engines and as a result what you are suggesting here really won't happen.

I can just play the ball from where it is at the moment -- that no one has produced those technology improvements, no one has shown them to us and if they are hidden in somebody's basement and they come out at some later date, then we ought to take a whole new look.

Q What will be the penalty in fuel if you cut off the converters on many of these cars and reach the interim standards which you are now proposing to continue for five years without the converter -- not all of them have to have this, but General Motors and Ford says there will be a tremendous fuel penalty if you do that.

Now, this is part of your program to save fuel.

MR. ZARB: If you are suggesting that the application of the converter is necessary to achieve further fuel savings, I would suggest that is not the whole story.

Q You are disputing General Motors and Ford?

MR. ZARB: Far be it from me to dispute them here today, but I have been known to do it in the past. It is my view that the application of that particular technology is not the only road to improved engine efficiency, and as you look at the mix and the fleet as it is now changing you can see where that mix change in itself based upon the higher piston engines will provide the improvements that we require without having that added hardware.

I guess the answer to your question is yes.

Q You can do away with the added hardware, then?

MR. BARNUM: Well, the converter itself does not change the efficiency of the engine.

Q I didn't say they did.

MR. BARNUM: But the implication of your questions has been that it does.

Q The implication of my question was, based upon their statements, and I am not making that implication -- is that the addition of the gizmo has added to the fuel economy. Now is that true or not true?

MR. BARNUM: That is not true.

MR. QUARLES: It is not true directly, but having the device on the car permits the avoidance of other pollution control devices which might have an adverse effect on fuel economy, so the net effect of it is that it does help fuel economy.

Q Is that part of the Administration's objective, fuel economy?

MR. ZARB: Yes. None of this proposes that we do away with the converter, and you are reaching that on an extension that I cannot get to yet, but we are not proposing that the converter be eliminated by virtue of what the President has announced today.

MR. GREENER: Two more questions, please.

Q Mr. Zarb, if Congress does not pass this proposal, would the Administration accept anything short of this?

MR. ZARB: The Administration, as you know, is always interested in looking at the Congress' point of view and if they come to another conclusion in the legislative process it will be looked at and weighed.

I cannot rule it out, Les, nor can I say that anything they come up with would be satisfactory.

Q You really expect them to pass this ---

MR. ZARB: I am hopeful by noting in a letter which I was served with a few moments ago, that Senator Muskie sent to some of his colleagues where he also suggests some modifications to the Act, he also ties those modifications to fuel economy using some of the same kind of language that I might use in a similar letter.

His numbers and his time frames are a little bit different, but I am encouraged that we for the first time are seeing that kind of discussion take place around the Hill.

Q Are you suggesting that you would accept something short of this?

Q On the 20 miles per gallon?

MR. ZARB: I really can't answer that question. It was shown to me on the way into the room and the only paragraph I saw was the one I probably would agree to, so until I read the rest of it ---

Q The ecology plane, for instance, in Denver, sometimes can't land because it is so blue because of the sulfur oxide, and I have done many stories on that. Does this apply to planes, too, or just automobiles?

MR. ZARB: There are emission standards for aircraft and this is not this subject, no.

Q Can we expect new stationary source standards or regulation as Mr. Train has asked for? Given that most or much of the sulfur dioxide comes from stationary sources, can we expect new stationary source regulations?

MR. ZARB: Let me go first and then John will add.

MR. QUARLES: Then I will correct you.

MR. ZARB: And then John will correct me.

We have up there a set of amendments that apply to the application of scrubber technology. The Administration stands by those amendments. We have had hearings, and as I say that is an area where EPA and FEA have come together to similarly endorse a similar set of amendments.

MR. QUARLES: I think that is a correct answer, and I would agree with that in regard to the power plants. I don't know that this is something that requires legislative action, other than legislative action that Mr. Zarb just referred to which might have an effect of providing some flexibility in establishing specific plant-by-plant requirements.

The need in this area is to push ahead with the plant-by-plant requirements; and secondly, in regard to the entire area, the auto pollutants, one of the things which we are learning is that not only in regard to hydrocarbons, sulfur oxides, but also in regard to the NOx that as control is improved in the autos, not to the degree that we would want but that as it is improved, there is a tremendous need to get more effective control over the stationary sources.

If we cannot solve that problem, we are not going to get clean air.

MR. GREENER: Thank you, gentlemen.

THE PRESS: Thank you.

END (AT 3:44 P.M. EDT)