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US NUCLEAR FUEL POLICY:
HAK TESTIMONY

Q. According to a New York Times story, Secretary Kissinger in testimony before the Joint Committee on Atomic Energy backed away from the previous Administration demand that private industry take the major role in developing new enrichment facilities. Can you clarify the Administration policy on this point?

A. I do not know how the conclusion you mention was reached, but I do have excerpts of the Secretary's opening statement Friday and one section is particularly appropriate:

"Like other landmark U.S. legislation in the nuclear field, the nuclear Fuel Assurance Act involves a policy decision which is essential to the future growth and development of the nuclear industry. That decision is that uranium enrichment, like every other activity of the civil nuclear industry - with the exception of radioactive waste management - and in keeping with the fundamental nature of our economy, should henceforth be undertaken in the United States by private industry."

There are additional excerpts I can give you, but I suggest you read through the entire opening statement on this.

(Excerpts attached)

forcing customers to turn away from the United States.

I have concentrated so far on the need to expand our enrichment capacity at a rate which will ensure that future capacity keeps up with domestic and foreign demand. This is the fundamental objective of the proposed Nuclear Fuel Assurance Act, and is of overriding importance both to our domestic and international goals. I should like to turn now to several additional features of the proposed program which are of direct international significance.

The proposed Nuclear Fuel Assurance Act is far more than a plan for the next increments of uranium enrichment capacity in the United States, important as that aspect is. Like other landmark U.S. legislation in the nuclear field, the Nuclear Fuel Assurance Act involves a policy decision which is essential to the future growth and development of the nuclear industry. That decision is that uranium enrichment, like every other activity of the civil nuclear industry -- with exception of radioactive waste management -- and in keeping with the fundamental nature of our economy, should henceforth be undertaken in the United States by private industry. While this decision may appear to involve fundamentally domestic considerations, it has important implications for our international nuclear cooperation as well.

Under our private enterprise system, capacity expansion in response to increased demands normally is provided with few transitional problems given adequate economic incentives. This capability to respond to growing needs without resort to our complex Governmental procedures can serve our foreign policy -- including non-proliferation objectives -- as well as our domestic interests.

Knowledgeable private and governmental authorities responsible for nuclear power developments abroad are well aware that in the United States the continuity needed to assure that the requirements of an expanding market are met is best provided by industry, rather than by Government. I am convinced, therefore, that the earliest possible establishment of a private enrichment industry will greatly enhance the credibility of the U.S. as a reliable source of enrichment. Based on the current state of our technical and economic knowledge and the schedule on which new enrichment demands must be filled, this will require commercialization of both the gaseous diffusion and centrifuge processes. The Nuclear Fuel Assurance Act will serve this purpose.

Another key feature of the proposed legislation are the governmental guarantees and assurances to ensure the early and successful launching of a viable private enrichment industry. This factor should rapidly rebuild

confidence on the part of both foreign and domestic users of enrichment services in the reliability of the United States as a nuclear fuel supplier. From this standpoint, the most important aspects of the proposed legislation are those enabling the Government to supply and warrant its technology and to assume the assets and liabilities of the private venture should it be threatened with failure. These features, coupled with the President's pledge that orders placed with a private entity will be filled as the services are needed, are necessary to instill that confidence.

A third important feature is that foreign investment is not precluded for either the gaseous diffusion or centrifuge enrichment facilities whose construction the Act will bring about. Aside from the importance of such investment in facilitating the successful execution of any of the uranium enrichment projects under consideration, we consider it important to encourage foreign investment in private U.S. uranium enrichment facilities within the limits, of course, defined by the Atomic Energy Act. We plan to reasonably limit foreign investment and access to enrichment services both on an individual nation and overall participation basis. To discourage or exclude foreign participation would be inconsistent with our traditional support for freedom

take place without any Governmental commitment whatsoever for the transfer of enrichment technology. Access to U.S. enrichment technology by our partners abroad may, under certain carefully controlled circumstances, serve U.S. foreign policy interests, but any proposals toward this end would be dealt with as a separate issue which would be subject to Congressional review.

Similarly, the establishment of a private enrichment industry in the United States will have no adverse effect on existing U.S. policies and programs designed to avoid proliferation. Appropriate Agreements for Cooperation would continue to be required for transfers of the uranium enriching services abroad and all of the normal guarantees and safeguards controls would be applied to such transfers. Given the benefit to U.S. non-proliferation objectives discussed previously, our national security will be enhanced, rather than endangered, by the earliest possible passage and implementation of the Nuclear Fuel Assurance Act.

In proposing this legislation, President Ford described the nation as at a crossroads. The Congress and this Committee have shown strong leadership in the past in support of the development of a strong, competitive private nuclear industry capable of asserting America's nuclear leadership throughout the world. The challenge

THE B-1 BOMBER
IS IT NECESSARY ?

Attached for your background are an excerpt from the FY 77 defense report explaining our plans and the budget for the B1 as well as an excerpt from the FY 76 report explaining why the B1 is needed.

IF ASKED the President's views on the feasibility of the B-1, you can say that the President has confidence in the way we are proceeding on the B-1. You may also want to refer to the Pentagon for technical details on the B-1. The Air Force public affairs officers are preparing material this morning for use in response to query.

unlikely under current circumstances, this crew ratio is the minimum which will ensure generation of the full bomber force in a short period of time.

Third, the structural modifications on 80 B-52D aircraft to extend their safe service life into the 1980s will be completed in FY 1977.

Last, the Department is continuing with the development and testing of a new short-range attack missile (SRAM) motor to replace those originally designed for a five-year service life. Although it is not clear how long the original solid fuel motors will retain their effectiveness, we may have to begin replacing some of them as early as FY 1977. The budget requests \$16 million in FY 1977 to continue this development and \$21 million to procure new SRAMs for the B-1. The B-1 SRAM program has been phased to correspond to programmed B-1 deployments; however, use of this funding would be contingent upon a B-1 production decision.

B-1 Bomber

As noted last year, the Department wishes to be certain that the B-1 will perform as expected before it is committed to production. To that end, the Air Force has undertaken an extensive flight testing program prior to a production decision which is now scheduled for November 1976. The flight test results on aircraft #1 have been especially reassuring. Since its successful maiden flight on 23 December 1974, the B-1 has completed 25 flights and has logged nearly 120 hours.

By November 1976, barring unforeseen problems, there should be more than 200 flying hours on aircraft #1, which has met every milestone to date and in most cases exceeded performance expectations. Aircraft #2, the structural test aircraft, has completed its ground proof load testing, and will commence flight testing in mid-1976. Aircraft #3, the offensive avionics test aircraft, has had the initial avionics equipment installed and has begun its preflight checkout in preparation for its scheduled first flight in early 1976. By the scheduled November 1976 production decision date, the Air Force expects to have demonstrated the B-1's ability to accomplish successfully its primary mission requirements including cruise characteristics, air refueling, high altitude supersonic capability, and low altitude high speed penetration capability. In addition, the program will have completed engine production verification testing of over 9,000 hours, fatigue testing of approximately two lifetimes, and a demonstration of offensive avionics capability.

Production of RDT&E aircraft #4 was started in September 1975 with delivery scheduled for early 1979. This aircraft will provide a test bed for defensive avionics and help maintain continuity between RDT&E

and production should it be decided to produce and deploy the B-1. Aircraft #4 is intended to become an operational aircraft after testing is completed.

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As a result of the successful flight test program to date and the demonstrated B-1 performance capability, the Air Force wants to be in a position to initiate production in late CY 1976, if such a decision continues to be appropriate. Therefore, Congress is being asked to appropriate \$483 million for continued research and development and \$1,049 million for procurement of the first three production aircraft in FY 1977. The FY 1978 authorization request contains funding for procurement of the next eight aircraft. The plan is to build up over the FY 1977-82 period to a production rate of four B-1s per month. While none of the procurement funds will be committed prior to the production decision, it is essential to have the funds available if B-1 production is approved. Without these funds, the resulting delay in a production program would increase the cost substantially owing to the necessity of reconstituting the work force and the cost escalation that occurs from the resulting delay.

Cruise Missiles

The Air Launched Cruise Missile (ALCM) and the Sea Launched Cruise Missile (SLCM) will be kept in advanced development until the cruise missile concept has been satisfactorily demonstrated. Both programs are continuing, stressing maximum commonality in high cost areas such as the engine, navigation guidance package and warhead. The full-scale engineering development decision will not be made until early CY 1977, by which time a single development contractor will have been selected for the SLCM program and both the ALCM and SLCM will have demonstrated fully-guided powered flights.

During this past year the Congress has expressed concern about maintaining two separate cruise missile programs. Both the ALCM and the SLCM may still need to be developed, however, owing to the differences in sea-based and aircraft platforms and operational environments which are significant enough to warrant different airframe designs. The ALCM has been optimized for air launch from strategic bombers and stresses maximum compatibility with the existing SRAM avionics and ground handling equipment. The SLCM, on the other hand, has been optimized for launch at sea. Because of design differences, the ALCM cannot physically be launched from a submarine. The SLCM could be launched from a bomber; however, to do so would require modifications to the missile and the carrier aircraft resulting in a decreased cruise missile load per aircraft, and added costs for aircraft modifications and support equipment.

have been established to provide the step-by-step testing of these subsystems.

The development contract for the TRIDENT I missile also has been awarded and the first flight test is expected in 1976. Four supplemental flight tests of the TRIDENT I MK 4 RV using ATLAS/MINUTEMAN boosters have already been successfully completed. Flight test on a TRIDENT I missile of the MK 500 MaRV Evader will be carried through advanced development only.

In view of our experience with the POSEIDON operational tests, we plan to conduct a larger proportion of such operational tests early in the TRIDENT program. For these tests to be valid, however, missiles which actually have been operationally deployed must be used. Thus the OT flight tests cannot be conducted prior to operational deployment. Assuming that the desired submarine delivery dates are met, we would have the first TRIDENT I missiles deployed by the end of FY 1979.

TRIDENT II Missile

To provide an option to deploy a higher throw-weight, more accurate SLBM in the late 1980s, if such a system should be needed at that time, we propose to continue our studies of the TRIDENT II. The new missile would be designed to utilize more fully the available volume of the TRIDENT submarine launch tubes.

We plan to proceed with the TRIDENT II effort at a very moderate pace. Only about \$3 million is included in the FY 1976 Budget for this purpose, plus \$1 million more in the Transition Budget. An authorization of about \$10 million is requested for FY 1977.

SSBN Subsystem Technology

As indicated earlier, we must continue our search for technology that will provide less expensive alternatives for use in future SLBM systems. Accordingly, we have established a new program element, "SSBN Subsystem Technology", to focus attention on this essential effort. About \$2 million is included in the FY 1976 Budget and \$1 million in the Transition Budget for this purpose. In addition, we are requesting an authorization of about \$4 million in FY 1977.

c. Bombers

As I indicated at the beginning of this discussion of strategic offensive forces and programs, we believe the retention of bombers in our forces for the foreseeable future is essential to a well

balanced U.S. strategic posture. The current bomber force, particularly the B-52Gs and Hs, should be able to fulfill this need into the 1980s. But if we are to maintain an effective bomber force beyond that time, a new aircraft will have to be procured. While we can continue to modify and improve the B-52Gs and Hs for some time to come, and even equip them with stand-off cruise missiles, these aircraft may well become less effective during the next decade.

The principal potential threat to the pre-launch survivability of our current bomber force is the rapidly growing fleet of Soviet SSBNs which, if equipped with depressed trajectory missiles and operated close to our shores, could catch many of our alert B-52s before they could escape from the vicinity of their bases. While we still have no evidence of a Soviet depressed trajectory SLBM development program, such a system is clearly within their technical competence. We have already taken some steps to hedge against that potential threat, e.g., the satellite basing and the quick engine start modification programs. But beyond these measures we need a bomber which has both increased hardening to nuclear effects, and a significantly faster airfield escape time than the B-52.

With regard to penetration at very low altitude, the currently preferred U.S. mode, the principal potential threat to our current bomber force is the deployment of a Soviet AWACS/fighter air defense system with a good look-down, shoot-down capability. We have no evidence as yet that the Soviet Union has such a system under development but as we ourselves have already demonstrated, such a system is technologically feasible. Effective penetration at low altitude against an AWACS/fighter air defense system would require a faster bomber with a smaller radar cross section which is much more difficult to "see" against the ground clutter, and which is more difficult to intercept in a tail chase.

A B-52 force armed with Air Launched Cruise Missiles (ALCMs) could attack targets within the Soviet Union without the B-52 penetrating the air defenses. But a bomber force limited to stand-off operations would have far less capability and flexibility than a force which includes penetrating aircraft. A pure stand-off bomber force could not provide reconnaissance or attack targets of opportunity as could a penetrating bomber force.

For these reasons, a bomber force which includes penetrating aircraft is much to be preferred over a pure stand-off bomber force, providing that the cost of the former is reasonably commensurate with the benefits to be gained. The difference in costs, we feel, would be modest in comparison to the difference in gain. Accordingly, we believe the B-1 development and test program should be continued to provide us the option to modernize our bomber force with that aircraft in the 1980s.

Strategic Stockpile Policy

Q: Senator Proxmire has accused the administration of wasting the taxpayers' money on a new strategic stockpile policy. What is the basis for our new policy, and have we consulted with the Congress in making these changes?

A: Our strategic materials stockpile provides an important source of critical materials needed in the production of military equipment and other key items in a wartime economy. Because of U.S. dependence upon overseas suppliers for many new materials, wartime availability can be curtailed or cut off completely. Even though foreign suppliers may be friendly nations, it may be impossible to move materials to the U.S. during actual hostilities. (strongly supported by other other Congressmen on cognizant committees,
The President's revised stockpile policy) has included a comprehensive review of the basic materials needed in the construction of today's complex military weaponry and those materials needed to insure the continued health of the civilian economy during wartime. Our new stockpile goals are based upon a complex analysis of industry requirements, processing plant capabilities, reliability of foreign supply, and degree of substitutability by other materials. Because these many variables can change, the President has directed that stockpile purchases and sales be reviewed annually, and that a comprehensive policy review be conducted every four years. In conducting this past year's interagency stockpile study, the administration has consulted closely with the appropriate Congressional committees (including Senator Proxmire's).

[FYI: General Leslie Bray, Federal Preparedness Agency Director, will testify before Proxmire next month on the stockpile. This session has been planned for some time.]

7/75

NUCLEAR WEAPONS EMPLOYMENT POLICY

Q: Would you clarify the United States' policy on the employment of nuclear weapons?

A: The United States develops and deploys nuclear weapons for one reason -- to deter attack. If deterrence fails our nuclear forces provide the ultimate guarantee that our conventional forces will not be overwhelmed. I believe the debate of the past three weeks has made clear the distinction between "first strike" and "first use." The United States' position on both first strike and first use has remained essentially unchanged for many years. It has served us well and there is no plan for any fundamental change in our doctrine.

NUCLEAR-POWERED CRUISER

Q: Why did ~~you~~ ^{the President} ask the Congress for funds to build a nuclear-powered cruiser, particularly since both the Department of Defense and the Office of Management and Budget reportedly recommended against this?

A: The Department of Defense plans for its future cruiser fleet have always included nuclear-powered ships. The request for funds relates to long lead components for the first of the nuclear-powered cruisers. Because of demand for nuclear-powered components, the lead time is longer than for conventional ships.

We are keeping our options open and will be reviewing plans for other ships later.

The President's decision relates only to the long lead time items for this particular ship.

NUCLEAR WEAPONS EMPLOYMENT POLICY

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out 7/14/75

THE WHITE HOUSE

WASHINGTON

INFORMATION

January 29, 1975

MEMORANDUM FOR THE PRESIDENT
THROUGH: KEN COLE
FROM: MIKE DUVAL
SUBJECT: SHUTDOWN OF NUCLEAR POWER PLANTS

Bill Anders advises us that the Nuclear Regulatory Commission is today issuing orders for the shutdown of all 23 of the Nation's boiling water-type nuclear power reactors which supply about 15,000 megawatts of electrical power. (There are a total of about 50 nuclear power plants and the shutdown will affect about 3% of total national electrical production capacity from all sources.)

This action is necessary because of the discovery of cracks in primary pipes that supply water to the nuclear reactors at the Dresden II nuclear plant in Illinois. The discovery of the cracks follows earlier discoveries in smaller pipes at other plants.

Utilities will have twenty days in which to shut down and inspect the plants and ten additional days to report their findings. If cracks are discovered, repairs probably will take six weeks to repair.

NRC is checking now on the impact of the shutdowns on electrical supplies and will consider that impact as a basis for possible delay in the deadlines for shutdown and inspection.

January 30, 1975

SUBJECT:

SHUTDOWN OF NUCLEAR POWER PLANTS

What is the President's reaction to the NRC order to close all 23 of the nation's water-type nuclear power reactors?

GUIDANCE: The President was advised by Chairman Andfres of the action taken by the NRC. Of course, the President fully supports the Commission in this safety-related measure. The President does not feel that this will have any impact on his long range energy program.

Any additional questions should be addressed directly to the NRC, which is an independent regulatory agency at 973-7715.

JGC



Nuclear

April 11, 1975

SUBJECT:

ATOMIC WASTE STORAGE PLAN ABANDONED

Robert Seamans, the head of ERDA, has sent a letter to the Joint Committee on Atomic Energy announcing that ERDA has abandoned plans to store the waste from atomic power plants in tanks above the ground. This could add millions of dollars to the cost of nuclear power and could slow nuclear power growth for much of the next decade.

What does the decision by ERDA mean to the President's energy program and future dependence on nuclear power?

GUIDANCE: The change in the nuclear waste management program announced yesterday by ERDA was merely a deferral for about one year in the request for appropriations for proceeding with a near-surface storage facility for nuclear wastes. It was not a cancellation of the planned concept. The additional year is needed to broaden and complete work on the Environmental Impact Statement covering the proposed storage facility. During that time, work will continue on technical evaluation and refinement of the proposed approach. This deferral will have no significant effect on the planned expansion of the commercial nuclear power industry.

JGC

PLANNED SEABROOK NUCLEAR POWER PLANT

QUESTION

Do you favor construction of the Seabrook Nuclear Power Plant that is planned for New Hampshire?

ANSWER

It would not be appropriate for me to comment specifically on the proposed Seabrook Nuclear Plant because it is involved in a contested proceeding before the Nuclear Regulatory Commission (NRC) -- an independent regulatory agency. I do understand that the NRC is scheduled to make a decision on the application for a construction permit early in 1976.

With respect to nuclear power in general, I am firmly convinced that it must play a major role, along with coal, in supplying the nation's needs for electricity for many years. We must make greater use of coal and nuclear energy or we will become even more dependent upon expensive foreign oil, and more vulnerable to a disruptive embargo.

The 54 nuclear power plants we now have in operation in the U.S. are demonstrating that nuclear power is a safe, clean and very economical source of electricity. We will have between 150 and 200 plants in operation by 1985.

BACKGROUND

- . The NRC is scheduled to make its decision on the application for a construction permit about February 1, 1976. Seabrook would be the first nuclear power plant for Public Service of New Hampshire.
- . The EPA must also decide on the location for a cooling water intake structure, on which hearings are expected to be held soon.
- . Since the proceeding before NRC is contested, a comment on the Seabrook plant could conceivably be used by intervenors as the basis for a charge that the NRC was being influenced improperly.

SEABROOK NUCLEAR POWER PLANT

Q. What are you doing to expedite the licensing and construction of the Seabrook Nuclear Power Plant which seems to be undergoing continuous delays due to Federal regulatory red tape?

A. As you know, the Seabrook question is currently the subject of an adjudicatory hearing before the Nuclear Regulatory Commission. As such, it would be inappropriate for me to comment upon it. In fact, if I do comment upon it, I am told that my public statements might only raise questions and prolong the decision. Therefore, I am duty bound not to discuss it specifically.

However, I do think my position on nuclear power is absolutely clear. I am a firm advocate of such development so long as it is done in a way that protects the health and safety of our citizens. The people of New Hampshire know better than almost anyone else in the country how vital it is for this nation to attain energy independence and end its vulnerability to foreign producers. My goal is to develop at least 200 nuclear power plants by 1985; this is a realistic goal, and I am determined to meet it.

Your concern about Seabrook also raises another issue: the extent to which we have bound ourselves in regulatory red tape in so many different fields. You know that this country was a pioneer in the development of nuclear power, but today we have so much regulation that it takes us ~~longer~~ longer to build a nuclear plant than either the Europeans and Japanese. I want to cut back on the red tape and get on with the job -- not just in energy but in many other vital fields such as transportation and banking. That's what this deregulation struggle is all about.

February 3, 1976

SUBJECT:

NUCLEAR POWER PLANT
SAFEGUARDS

Last night NBC and CBS carried spots on two documents prepared by the Natural Resources Defense Council, an environmental group, which had been sent to the Nuclear Regulatory Commission. The NRDC urged that the NRC take precautions to prevent the theft of nuclear materials that can be made into atomic bombs.

Is the President concerned about such theft, and will he urge that the NRC take some action?

GUIDANCE: The NRC feels that the present nuclear power plant safeguards are adequate for the present situation. They are concerned to some extent about future adequacy, but this is something they have, and will continue to take, into close consideration. The NRC will be reviewing the NRDC report in the upcoming weeks, and the President has confidence in the NRC's judgment and procedure.

ME

*Red
prepared by Schlude, Zarb et al
in response to any Q's
you may get:*

March 25, 1976

re. E.

MEETING ON NUCLEAR POWER

The President met today with his energy advisers to receive a status report on commercial nuclear power.

Concern was expressed by members of the Energy Resources Council over continued slippage in the expansion of nuclear power.

The President received oral reports on the status of programs to assure that the safety record of nuclear power is continued; to provide the facilities that will be needed for storage of nuclear waste from commercial plants; and to safeguard nuclear materials.

Possible questions

Q: Did the California Nuclear Moratorium issue come up?

A: Yes, all his energy and environmental advisers expressed concern about the proposed initiative. They expressed their view that all of the proposed state initiatives restricting nuclear power--without regard to the California initiative specifically--would be counter-productive from both an environmental and energy point of view.

Q: What decisions were made?

A: None. It was merely an informational meeting to bring the President up to date on nuclear power.

Q: Did the President issue any orders to the Nuclear Regulatory Commission (NRC)?

A: No. The NRC is an independent regulatory agency. NRC Chairman Anders and Chairman-designate Marc Rowden attended to report on NRC's activities to assure continued safety of nuclear power.

July 29, 1976

SUBJECT:

NUCLEAR POLICY MEETING

Today at 11:45 the President is holding his first meeting with the newly established Nuclear Policy Review team.

What is the Nuclear Policy Review team and what are they discussing with the President today?

GUIDANCE: In a letter to John Anderson earlier this week, the President stated that he believes there is a compelling need to make a comprehensive review of "policy objectives and options relating to nuclear matters, including exports, nuclear fuel reprocessing, and waste management." To undertake such a review, he has established, under the direction of David Fri (Deputy Administrator of ERDA), a special group to look at these issues across the board.

Congressman Anderson released the letter from the President on July 27, and we have copies here, if you would like to see it. In any case, this meeting, which includes the review group and the various departments and agencies involved, is meeting for the first time this morning with the President.

We expect some output from them in early fall.

ME

means that the State of Wisconsin, for example, that has many rural health problems, will get a total sum, as much as they have gotten in the past from the 20-some categorical grant programs.

That money will go to the State agency, and the State agency can then decide how they want to distribute that money. And how it is done in Wisconsin will probably be different than how it is done in Pennsylvania or in South Carolina or in Florida. So your local people at the State and local level can decide how that Federal money will be spent. And I suspect that people in Wisconsin will have a little influence on how your State people make those decisions, so a greater proportion of those funds can go to rural Wisconsin. But that is a local decision with the same or more Federal money made available.

Q. Mr. President, my wife and myself and family operate just a medium-sized dairy farm, I would say. You touched on the transferring of estate before and the amount of exemption involved and so on, and this is a concern that I am very interested in. I feel that it is extremely outdated.

The modern family dairy farm has an investment of anywhere from \$250,000 to \$300,000—many of them are much larger, some are smaller, but I would say a good share of them come in that category. And I feel that the exemption should be raised so that this property could be transferred to a spouse who is remaining, at least, I would say, to the area of \$240,000 to give them a little opportunity to transfer this without being taxed out of existence. I would like to hear your views a little more extended.

THE PRESIDENT. Well, the present law which was passed in 1942 provides for a \$60,000 exemption and no real provision for any relief in the payment of the estate tax moneys that are owed. I have recommended that that \$60,000 exemption be increased to \$150,000 and, in order to help those who have an estate or more than \$150,000, the remainder that is taxed, the payments for that can be spread over a 5-year period with no payments. And the payments that are left would be spread over a 20-year period at 4-percent interest on annual increments paid.

So it does provide for better than a double increase in the exemption, from \$60,000 to \$150,000, plus the capability to spread the payments for any additional tax over a 25-year period. Instead of having to borrow the money from a bank and pay whatever the bank charges, you will have a 5-year moratorium and then 20 payments, paying the Federal Government 4-percent interest. I think that is a good way in which to help finance the transfer of the farm from one generation to another.

Now, this is presently before the House Committee on Ways and Means, which is the taxation committee of the Congress, and I hope that that legislation or something comparable to it will be enacted by the Congress this year. It is long overdue.

Q. Mr. President, I am a dairy farmer from Sheboygan County and the town of Greenbush. I must say, I would like in my heart to support you because I believe you are an honest and a good man. But your farm policy, from my point of view, leaves much to be desired, and I refer specifically to the cheap food policy of Mr. Butz.

I would like to ask you if you would consider removing Mr. Butz from office because of this policy, and if you would also consider some kind of a method of establishing some kind of a board or something, an advisory board, maybe, where we farmers from the grassroots level could possibly help you in establishing farm policy and give you advice on what we really need?

THE PRESIDENT. I respectfully disagree with you. I think Earl Butz is the finest, or certainly one of the finest Secretaries of Agriculture this country has ever had, and I will tell you why.

Before Mr. Butz became Secretary of Agriculture, we had farm policies which resulted in unbelievable surpluses being owned by the Federal Government. They had piled up to the extent that Uncle Sam, your Government and my Government, was paying almost \$400 million a year just in storage policies. There were storage fees. That is not a good farm policy. That kind of a farm policy, with the heavy surpluses overhanging the market, kept farm prices down.

Farm prices generally have gone up under Secretary Butz' policies and programs. And we don't have any surpluses, and we are selling more agricultural commodities all over the world than we ever have in the history of the United States.

The worst kind of farm policy would be one to go back to this surplus that we had for 15 or 20 years, because those surpluses depress your farm prices. And Mr. Butz has sought to get rid of them. We have gotten rid of them, and farm prices are better now than they were when he took over.

And all I can say is we are going to do everything we can to keep surpluses from getting accumulated and depressing farm prices. We are not going back to those old farm policies which in many, many cases contributed significantly to the flow of family farm owners from the farm to the city. We want to reverse that policy and get more people owning family farms in this country.

Now, on the second question that you asked, I have established what we call the farm policy board. It is a Cabinet policy—a policy committee. The chairman of it is Secretary Butz. It has three or four other Cabinet members, plus other top advisers. That Agricultural Policy Committee will recommend to me policies as to farm decisions of one kind or another.

I think that incorporates the best thinking of the people in the executive branch of the Government, but I am sure that Secretary Butz himself, in the Department of Agriculture, consults freely with the Farm Bureau, the various dairy organizations, the Farmers Union, the Grange, and

September 14, 1976

SUBJECT: FRI NUCLEAR POLICY REPORT

SITUATION: The New York Times this morning carried a story by David Binder (page 11) reporting that the President "is preparing to make a comprehensive statement soon setting national and international guidelines for United States nuclear policy."

QUESTION: 1. Is the President preparing to make such a statement?
2. When will the statement be announced?

GUIDANCE: We have no comment on the New York Times story. It is our policy not to comment on matters still under staff review.

JBS

November 17, 1976

PRESIDENT 'S NUCLEAR POLICY

Three delegates to a joint meeting of the American Nuclear Society and the European Nuclear Society have stated that Western Europe and Japan will move ahead with plans to utilize plutonium in nuclear power plants. Doesn't this run totally counter to the President's recent nuclear policy pronouncements.

It is my understanding that the individuals you mention were not speaking as official representatives of their governments. As such, their comments cannot be interpreted as a repudiation of the President's policy by Western European Governments or Japan. We are continuing to pursue consultations through diplomatic channels with other nuclear supplier and nuclear recipient countries on the President's nuclear proposals. These discussions have taken the form of an ongoing dialogue in which differences of opinion are expected and welcomed.

JOHN CARLSON - WHITE HOUSE - FROM JOE FOUCHEAU
NUCLEAR REG. COM.

Q. On Wednesday the Nuclear Regulatory Commission ordered 23 nuclear plants inspected for possible pipe cracks. The President has placed strong emphasis on nuclear power. Do you believe we can still rely on nuclear power?

A. The Nuclear Regulatory Commission has advised us that the inspections it has ordered are a precautionary measure. There is no reason to believe that nuclear power plants cannot continue to perform as reliable sources of electric power. The Nuclear Regulatory Commission has the responsibility to assure public safety and its action Wednesday is totally consistent with that responsibility.

Q. How will the shutdowns and inspections affect the national power supply?

A. At any given time a few plants are down for various reasons, and some plants are now in the startup phase. As of January 30 the 16 boiling water reactors in operation were delivering about 7600 megawatts. During the next 30 days, return of plants presently down for maintenance or repair, plus increases in power output by new plants in power accension could increase the power delivered by affected plants to a total of about 13,000 megawatts. Regional power pooling arrangements will assist in meeting energy needs. As of this morning, six plants were down for other reasons, and five new plants were in a startup phase, operating at from zero power to about 70 percent of power.

Q. If there was a safety problem, why didn't the Regulatory Commission shut the plants down at once?

A. The Commission determined that the nature of the cracks is such that they propagate slowly. Thus, it was felt that while additional information was desirable on a prompt basis, no immediate shutdown was necessary. It could turn out that the problem is related only to the Dresden 2 reactor. In any event, the Commission does not regard this as a critical safety matter, but rather prudent regulatory practice. The Commission wanted an orderly inspection procedure, and is giving the utilities time to schedule the shutdown, get the inspection equipment in place, and make arrangements, if necessary, for alternate power.

Q. Is the Commission concerned about the impact of the inspection order on public confidence in nuclear power?

A. The Commission is an independent regulatory body with responsibility for regulating the nuclear industry to assure public health and safety. That is their prime responsibility, and is the basis on which Commission judgments are made. Sound judgment is the best way to enhance public confidence in nuclear power.

Q. Is there any estimate of the cost to utilities of the shutdown?

A. The repair cost would be relatively small. There would be some added cost in terms of obtaining energy, but there is no loss of the energy capacity of the uranium fuel.

TO MR. CARLSON

NOTE: PLEASE PROVIDE COPY
TO MR. NESSON AND MR. DUVALL

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PROJECT ~~XXXX~~ PACER

STP during FY 1976-77

Project Pacer is a "paper project," the result of a two-year study by ~~the~~ the Los Alamos Scientific Laboratory and ~~Research~~ Research and Development Assoc. Nothing has been done beyond the study. ERDA elected not ~~to~~ to fund further developments because a pilot plant could not be constructed before ~~10~~¹⁴ years from now ~~at~~ at the earliest, at a cost ~~and the first energy could not be produced before 11 years later.~~ of \$1.2 billion. The ~~principle~~ principle, basically, involves dropping low-yield nuclear devices down a deep hole and utilizing the resulting heat and ~~byproducts~~ steam to run power plants, generate nuclear fuel. ~~Close to nuclear~~
~~to open under Nat Sec.~~

For further information contact: Jim Cannon, ERDA, 973-3335

Asst Admin of ERDA
 for Nat. Sec. Alfred
 Starburgh
 Charles Gilbert
 973-5518

RESTRAINT IN NUCLEAR EXPORTS

Q: What is your response to Governor Carter's proposal for a voluntary moratorium on the sale of nuclear enrichment and reprocessing plants?

A: I am pleased at the progress that has been made -- made largely as a result of the initiatives and efforts of my Administration -- in reaching understandings between the major nuclear supplier countries regarding the rules for nuclear exports. These understandings represent a major and very significant advance over the situation which existed in the past, where each supplier acted independently and where proliferation constraints were constantly subject to erosion by the pressures of commercial competition. I recognize, however, that even more is required, and we are continuing our efforts to strengthen further the restraints and controls of nuclear technology.

We place the greatest importance on inhibiting the spread of nuclear weapons capabilities and have concentrated our efforts in the area of controlling weapons-related technology such as enrichment and reprocessing. The U.S., for its part, is not exporting this sensitive technology. We believe that there should be the utmost restraint exercised by all countries to avoid the spread of sensitive nuclear facilities under national control. Our efforts in international discussions are directed toward this very objective. We are exploring several suitable solutions, including multinational ownership of reprocessing facilities.

ADMINISTRATION REVIEW OF NUCLEAR POLICYQuestion

Rumors (and press stories) are indicating that President Ford has directed a major review of U.S. nuclear policy on a crash basis that has set up a new group in the White House (headed by ERDA Deputy Administrator Bob Fri on a full-time basis) to do the job. Is this true? Will there be a report to the President? Will major new proposals be forthcoming soon?

Answer

Assurance of safe, reliable, and environmentally acceptable nuclear power is a high priority of the national energy program. International policy of the United States further pledges that we shall discourage proliferation of nuclear weapons capability. A number of specific measures have already been taken toward this end.

Nuclear policy is under continuing review. However, the President wishes to evaluate this subject comprehensively, and so has directed a concerted review of our policy objectives and options relating to nuclear matters, including exports, nuclear fuel reprocessing, and waste management. Nuclear policy engages domestic and international responsibilities of several Federal departments and agencies, and advisory bodies to the President, all of whom will be consulted during the review

A review group has been formed, under full-time direction of Robert W. Fri. Mr. Fri normally serves as Deputy Administrator of the Energy Research and Development Administration. His appointment to this temporary duty reflects the President's intent that all affected agencies are fully involved at the highest level.

The interagency review group will report in early fall.

Question

Which agencies will be consulted in this review of nuclear policy?

Answer

Among the departments and agencies with obvious interests in the review are: the Department of State; the Energy Research and Development Administration; the Nuclear Regulatory Commission; the Department of Defense; the Department of Commerce; the Environmental Protection Agency; the Council on Environmental Quality; the Federal Energy Administration; the Arms Control and Disarmament Agency; and the Department of Interior. Each of them will be consulted. Other agencies may be involved in the review as their ~~interests become known.~~

need arise

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Question

Why isn't this study being done by the Energy Resources Council (ERC)?

Answer

The nuclear policy issues covered by the review involve a variety of objectives including but not limited to energy. Because a comprehensive approach is considered necessary, none of the existing policy groups by themselves (e.g., NSC, Domestic Council, EPB or ERC) were ideally suited to conduct the review. However, all the existing policy groups -- as well as the agencies that have some responsibility relating to nuclear policy -- will be involved.