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PRESS CONFERENCE

OF

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THE BRIEFING ROOM

4:03 P.M. EDT

MR. ROBERTS: As you know, the President just signed H.R. 11510. This is the legislation which establishes the Energy Research and Development Administration and the Nuclear Regulatory Commission.

I think you have been handed a fact sheet and copies of a Presidential statement and Executive Order and some organizational charts which go into detail on this legislation.

We also have with us this afternoon three people who are here to give you a summary of the bill and then are prepared to answer questions on it.

With us are Frank Zarb, at your right, Associate Director of OMB for Natural Resources, Agriculture, Energy and Science; Dixie Lee Ray, the Chairman of the Atomic Energy Commission; and Jack Carlson, on my far right, the Assistant Secretary for Energy and Minerals at the Interior Department.

We will let Mr. Zarb start the briefing.

MR. ZARB: Thank you very much.

I think you all have copies of the organization charts and the fact sheets which were prepared for you. There is no point in my going through all the detail that you can read. Just a few quick points.

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(OVER)

The bill provides three institutions. One is the ERDA institution, the other is the regulatory body, and finally, a council which is an interagency group, and written similar to the group which was discussed by the President in his talk before the Congress.

That forms the interagency organization with the Secretary of Interior, with Secretary Morton as its chairman.

The ERDA organization and the regulatory organization are to be implemented within 120 days. There is some likelihood that we will be in a position to improve upon that time, the critical path having everything and people in place to get it going and insuring an orderly transition.

And awful lot of work needs to be done. An awful lot of work went into the building of this legislation by the Congress and by a number of people in the Executive Branch. A big job lies ahead, and this represents the Government's step in this direction, recognizing all along a lion's share of the R and D state of the art improvement is going to occur in the private sector.

I think that is enough in opening comments. Why don't we get right to your questions.

Q Frank, are there any prospects for the top executive post at ERDA at the present time?

MR. ZARB: I guess the answer to your question is yes. Is there a list of candidates that has been examined and has that process begun? It began some 45 days ago and is progressing toward decision, which I hope will be done shortly.

Q You have no appointments? There are no names of any individuals?

MR. ZARB: No appointments to announce today.

Q What should become of the Commissioners?

MR. ZARB: The bill abolishes the AEC and provides for all incumbent Commissioners who are to be renominated to go through the confirmation system again, and all subsequent Commissioners to go through the confirmation system, too.

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It also provides a variation which may be of interest.

If the incumbents are reappointed, this provision does not operate, but for all other appointments, the bill provides that the commission shall be made up of five with no more than three from one party, similar to the arrangement that occurs in SEC and similar type commissions.

Q It is contemplated the Commissioners will become members of the regulatory body and will stay on in that capacity?

MR. ZARB: Don't read anything into this that is not there. We just have not gotten to that. We all worked very hard. The chairman and all of the Commissioners worked very hard to get this bill in its current form, and the last two or three weeks have been very hectic. We have not gotten to that point.

Q When you are speaking of incumbents, you are speaking of AEC incumbents, and will they now become incumbents in the regulatory commission, or what?

MR. ZARB: They could be reappointed, and if they are reappointed, they do not fall within the formula that is stipulated by the bill.

Q Why is this all a good and necessary thing?

MR. ZARB: I guess it gets down to what the President tried to focus on in his speech when he talked about the overall energy question -- an issue of leadership and strength of leadership.

We have energy research and development being conducted in a number of Federal organizations. The fact sheet spells out the major organizations and the dollars and people which will come over to ERDA. It is awfully difficult to run a comprehensive program that is committed to a preselected goal and achieve a preselected timetable unless you have a single leadership that is driving all of the forces that can make a contribution.

So if I had to look for one word for benefits, I would say good, strong leadership.

Q Could you say in round numbers how much it would probably cost to run this organization compared to the cost of running the AEC annually?

MR. ZARB: In the fact sheet on page 2 you will see the budget dollars which are transferred from existing organizations to ERDA. You will see that the total budget is \$2.6 billion. The total strength is 7,124 at the moment. It is contemplated there will be an addition of net strength after the combinations are completed.

Q What failings were apparent in the old system; in other words, what were you most concerned about changing for the better?

MR. ZARB: I guess I will search for one more word in addition to leadership and call it balance. The energy issue, getting into a whole new realm here in the last year, made it clear that certain areas of energy have not been developed as fast as perhaps they could have.

Part of that was because the environment was different, inasmuch as the oil question was not as severe as we experienced it in the last year or so, the balance to fossil fuel as well as continuation of our advanced nuclear program, the need to carry forward at an appropriate rate solar and geothermal, the advanced gasification, coal liquifaction, all within one balanced program so that the Government could have a coordinated R and D program that will be part of the total energy program that the President described the other day, which Secretary Morton will take the leadership for.

Q Can you say one thing that you think was being especially not pursued as it should have been before, that you hope will get better attention now?

MR. ZARB: The logical answer to that question would be fossil fuel and other forms of energy development, but that would imply that those have been handled poorly up to now. What I am really trying to talk to is the question of mix.

You cannot drive an energy R and D program unless you are looking at all the parts, and you assemble them in their perspective within that total plan, so this gives us a balance, or if you prefer, a mix, which leads to a predetermined conclusion.

Q We have had seven or eight energy czars in the last year and one-half. Is Mr. Morton the energy czar, and if so, how is his position different from his predecessors?

MR. ZARB: Next question. (Laughter) I am only kidding.

I don't think there is an energy czar in that particular term. The Secretary of Interior is the boss and he is in charge of driving a total program. I know his philosophy. I discussed it with him, and it is clear. He believes that there are a number of agencies of Government that have an important role to play

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to achieve a total objective in energy or an accumulated objective in energy. He believes clearly in using the total resources of each of those agencies.

ERDA will be one of those agencies. The FEA is another. Interior brings other things to it, as does the Department of Transportation, as does EPA. So, while he will be in charge--an insurance that we have a coordinated plan and that we drive to a successful conclusion--I think the word czar is not a correct word.

Q I would like to ask Miss Ray how it feels to have a \$1 billion Federal agency just disappear from under you?

MISS RAY: It's \$4 billion, sir. I don't think it is easy to say how it feels because we are not actually having an agency disappear so much as having the responsibilities of the AEC melded into--merged into--a much broader agency which will direct itself toward the resolution of all manner of problems in research and development of energy across the board, of which nuclear energy will be one part.

When you asked me the question, as you did, how does it feel to have your job terminated, I got one of the pens that helped to sign the name that wrote the end to my job. And there are a lot of other positions that will go out of existence, as there will be others coming in to existence to make the transition from one agency to another.

I have to say that although from the standpoint of organization of R and D -- and I think the Congress particularly has been asking these questions for many months: "Who is in charge here with respect to the research and development part of energy?" This bill answers that question and we support it.

It does give a coherent, coordinated mechanism for the application of the Federal Government's ability to tap expertise and so on in all kinds of energy research.

Let me just mention briefly that the sorts of problems that need to be solved to resolve questions on synthetic gas from coal, for example--which is an important thing for the future, whatever the fuel may be--the kind of scientific and engineering talent in the sort of basic problems that need to be resolved are much the same regardless of the sort of fuel and that the people whose genius brought nuclear energy to a state of understanding, their expertise can be as well applied to similar problems of solar energy and so on.

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So, there is a lot to be said for it that way, but I would be quite wrong not to say that there is a certain sadness in seeing an agency go out of existence. My own personal philosophy is that every Federal agency should have a built-in self-destruct after a certain number of years.

The AEC has been a remarkable agency. It came into existence 27 years ago under very special circumstances and although there are people who wish there were no such thing as nuclear energy, nevertheless the agency has done its job very well.

It is full of talented people, and these people will now have an opportunity to broaden their horizons and put their talents in other things, too, and I think that is a good thing.

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Q Miss Ray, what role do you envision for yourself in the Government from here on?

MISS RAY: I have not had much time to concentrate on that. We have been working real hard trying to get this legislation passed, and as Mr. Zarb has indicated, there has been a great deal of work going into making plans for the transition, and we have been involved in that and so have people in other parts of the Executive Branch. So that our attention has been focused on getting things in place to make the transition work and to build the very best R and D as well as independent regulatory agency as possible.

When it comes to my own future, I can just say I am not a career public official. I accepted a position on the Commission to come out of the university, out of my own professional career, to accept that particular responsibility. And now that has been reorganized.

And so far as the future is concerned, I expect to take a little time to think about it and if the President has a job he would like me to do, I am certainly ready and willing to serve in any capacity in which my peculiar talents might be used.

Q How do the environmentalists, the private outside environmentalists, feel about this kind of reorganization? Did they take a position?

MISS RAY: I have not had any particular information about that.

MR. ZARB: If you look at the ERDA organization, you will see a fairly prominent presence of the environment in the organization. They have had an impact in this process.

Q That is the Government environmentalists?

MR. ZARB: Yes.

Q I am asking about the private.

MR. ZARB: What I am trying to say to you is that the private environmentalists have urged us to be sure that environment, as a presence, was located within this organization so that we could focus on not only a balanced energy picture but a balance between environment and energy. So all the information I have had thus far has been positive on that ground.

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Q Mr. Zarb, if there is a Cabinet-level energy office, will ERDA survive intact in that or will it be assimilated into that organization?

MR. ZARB: Are you talking about a DENR?

Q Yes.

MR. ZARB: That judgment has not been made. It is a big issue and what would go into a DENR, how many of these pieces, still has to be done. I expect that is something we will be looking at right after the first of the year.

Q Is ERDA the agency that will be jawboning with the auto industry on improving mileage?

MR. ZARB: I expect the ERDA organization will participate in that activity although I expect that jawboning will occur a lot earlier than ERDA is actually in place. So Secretary Morton, working with John Sawhill, will be pretty much directing that activity, and Transportation.

Q What is the exact relationship between ERDA and FEA?

MR. ZARB: They will both be sister organizations on the same line, technically reporting to the President and participating on the interagency group that I mentioned earlier with the Secretary of Interior as chairman.

Q What is the status of the \$10 billion for the program? Is it authorized, appropriated, or what?

MR. ZARB: Yes, authorized, appropriated, and in the '75 budget, and it is in those numbers I gave you a short while ago.

Q Dr. Ray talked about the existing --

MR. ZARB: Correction. \$2 billion of the \$10 -- the \$10 was over five years. The first year's money has been appropriated.

Q Dr. Ray talked about existing personnel just simply moving into new areas. It seems to me your previous answer to one of my questions acknowledged the fact there has been criticism of lack of flexibility in agencies like AEC that have a specific thrust. Are we simply moving people who have pre-conceptions, or are you taking pains to see to it that you get this new broad look so that previously-ignored energy sources get attention?

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MR. ZARB: First, I would like to correct the first part of either my statement or yours. I did not mean to imply that we had people in places of energy that were inflexible and that is what we were correcting. I did mean to suggest that the organization and its format did not provide for that kind of flexibility and the better people -- and we have an awful lot of them -- the better people in the total complex of things are going to become part of the new organization.

That will be the decision of the new leadership of these agencies, but I am sure that a very large part of the very good people we have at AEC, Department of Interior, at EPA, are going to come over and take jobs of responsibility in the new organization.

Q Have you decided where the two new agencies are going to be physically located?

MR. ZARB: No, we have several options which we have staffed up in the last 60 days and I think we are very close to a decision on this point.

Q Will this have any impact at all on the proposed development of nuclear plants for Egypt and Israel?

MR. ZARB: No impact that I can perceive.

Q Will this organization be involved in that at all?

MR. ZARB: I would expect, it being a leader in nuclear research, it will have a big role to play insofar as a research organization will participate in that activity. But this won't change any flexibility that was pre-set.

Q Is everything you are telling us dictated by the law or are you doing something today other than triggering this law?

MR. ZARB: Well, it is spelled out by the law. The President is going to sign an Executive Order which will put in place the interagency committee that is described in your fact sheet. It is the same one he described in his speech before the Joint Congress.

Q Was this bipartisan in the Congress?

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MR. ZARB: It was certainly bipartisan in the Congress. The chairmen of the two committees that made this happen in the final analysis -- Chairman Chet Holifield, who, as you know, is retiring, and has been a terrific friend to nuclear energy but a great friend to advanced R and D, he made it happen on the House side with his committee Members -- and Senator Ribicoff on the Senate side was in charge of the Senate side of the committee.

We had two bills which were substantially apart at the beginning of the conference, and those two gentlemen worked awfully hard to see that we finally wound up with a bill.

Q Was he here today?

MR. ZARB: Yes, sir.

Q There is no provision for Mr. Morton to be confirmed by the Congress in this post?

MR. ZARB: He has already been confirmed as Secretary of Interior. No, there is no double confirmation requirement.

Q Can I follow up on that? You were asked about environmental lists before. Although they may have supported the earlier reorganization, they seemed to be pretty well lined up against the appointment of Mr. Morton in the Energy Resources Council. Do you have any comment about that?

MR. ZARB: No. That is an area I just don't know anything about, so there is no point in my commenting.

Yes, sir.

Q I would like to ask Dr. Ray if she feels that the breeder program will proceed as well under ERDA as it might have at the AEC?

MISS RAY: Under the ERDA organization there will be five major branches. One of those will be for nuclear energy. I would anticipate that the people involved there will pursue all the programs, with all the vigor and justification they can muster. That certainly does include, of course, the breeder program.

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It is one which is underway, and like all other programs, under constant reevaluation to make sure the justifications are there and that the program is moving ahead in the proper prudent sort of way.

Q Dr. Ray, do you expect coal gasification or liquification or any other particular programs to get a firm cushion in the area?

MISS RAY: Of course. Yes, indeed, There will be a whole division for fossil fuel development, and these programs which need a considerable amount of energy development, and in some cases even more basic research to make the processes more efficient, will be pursued, I am sure very vigorously.

Q More vigorously than are now being pursued?

MISS RAY: The new organization will give focus and highlight to that, and there will be a mechanism for the working out of the programs, the drawing of the budgets, and the responsibility for seeing to it that it is done and a requirement to report to the Congress and make sure that it is done whether done in-house, existing laboratories, or whether done through contracts or other arrangements with private industry or the private sector somewhere.

MR. ZARB: To clarify one point, we do have a half billion dollars in those general programs now. Let me tell you it is a small part of the total inasmuch as the private sector has a lot more money riding on those particular programs.

On the environmental issue, someone reminded me that the separation of the regulators from the researchers has been something that the environmental community has discussed very frequently in the past, and this provides that.

MR. ROBERTS: We are running into a time problem in relation to Mrs. Ford's return. So thank you, thank you ladies and gentlemen very much.

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(4:27 P.M. EDT)