

FOR IMMEDIATE RELEASE

JANUARY 7, 1977

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

PRESS CONFERENCE
OF

FRANK G. ZARB, ADMINISTRATOR,
FEDERAL ENERGY ADMINISTRATION
AND

LT. GEN. BRENT SCOWCROFT,
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

THE BRIEFING ROOM

AT 11:10 A.M. EST

MR. NESSEN: As promised, the President is sending an energy message to Congress today, copies of which you have for the end of this briefing.

To give you a little bit of the background of this message and to answer your questions, we have Frank Zarb and Brent Scowcroft, since many of the aspects of the energy problem involve international relations and international economics for that matter.

Brent has been detained briefly for another meeting. He will be here shortly, by the time Frank finishes his opening ideas. I am going to let Frank give you his thoughts of what is behind this and then take on your questions, and Brent will join up.

MR. ZARB: Good morning.

It was about two years ago we started this way. It is a fitting way to end.

The President today will send to the Congress an energy message which I suppose could be summed up as a document calculating where we have come from, where we are, and where we still need to head as a nation in facing the energy problem. He still feels as he has felt for two years, that this is probably the most urgent problem this Nation will face over the next 10 to 15 years, bar none.

We have had some reinforcements here to that notion by virtue of the OPEC price rise, which is going to cost the American consumers about \$2 billion more in 1977.

The substance of the message generally speaks to, again, how we got into this problem and the great American sell-out of the '60s, which developed not only an American energy orgy but we actually retarded our own ability to develop American energy. It took 10 years to develop that sizable problem, and it is going to take the better part of 10 to 15 years to solve it. There are no easy, simple, politically acceptable, all-the-time solutions.

The message goes into the various areas of legislation that still need to be addressed. Half of the President's

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legislative initiatives in energy have been passed over the last two years, and half were not. Some of those which were not, obviously, are the ones more controversial and politically less easy to get accomplished.

He urges a continuation in the debate and the final solution to those key areas. He points out in the message that next week he will send to the Congress an energy reorganization plan. The President is required under law to submit his notions for energy reorganization and that will be available to the Congress and to the press during the course of next week.

I just want to point out again the six areas of energy that this Nation will continue to face. They are all going to continue to be controversial. They all are going to continue to appear to be complicated, although they really are not.

The continuation of our developing domestic oil and natural gas is essential. That means Alaska, the Outer Continental Shelf, tertiary recovery techniques which require higher investment to get oil out of wells which have been worked over for their easy gain. That is number one. It is going to take continued public policymaking in that area, since crude oil pricing will continue to be a major issue affecting it. It will for the next 30 or 40 months, anyway, be an area that must be monitored by the Government and appropriate actions taken.

Coal. We have said for two years that we need to double our coal production and consumption. There is no reason why we cannot. I underline consumption because doubling production doesn't get the job done, but doubling the domestic consumption of coal, particularly in power generation, is critical.

The nuclear power area has been very controversial. The seven moratorium votes taken around the country have all been defeated. We still need to increase our nuclear production from 9 percent of electric output to 25 percent of electric output.

Oil and gas, coal, nuclear, and last but certainly not least, conservation. We can reduce our rate of growth in energy consumption from its current 3-1/2 percent to something closer to a 2-1/2 percent rate. There are no easy conservation measures. Whatever you do in this area, you are making it less easy for people to use energy the way they have become used to using energy. Conservation needs to be continued to be emphasized.

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Controversy in all of these areas, whether it is price or mandatory conservation measures, will continue to be high, but the Nation must face these measures and face them quickly because the decisions taken today won't have any good productivity until eight to ten years from the date after which they are enacted.

Finally we need to complete the strategic stockpile. We are now on a course where we will meet our target of 150 million barrels by 1978 and 500 million barrels by the early 1980's and perhaps that might even be expedited. But a cushion to prevent another disruption of oil supplies is absolutely essential. That program needs to continue to be funded and expedited wherever it might be.

The sixth area of advancing technologies, the so-called soft technologies, solar, the use of changing tides and those areas need to have continued high interest by the government and all steps necessary to insure the development of the private sector must be taken.

The steps taken in 1977-1978 will have a payoff in the 1990's and delays that are engendered during this early period will only stretch out the time at which the Nation will have easy access to these advancing technologies.

The message generally covers these areas. I know you want to know whether there is anything new. I can't find anything that hasn't been debated six ways over in the last two years in the message. The only new element will be the reorganization plan which as I said will be available next week.

Given that, I thought it appropriate that we have a last session together and answer any questions which you may want to ask.

Q Are you still going to propose decontrol of gasoline prices?

MR. ZARB: The President's statement that he considered very likely that he will submit gasoline decontrol before he leaves office still stands.

Q When?

MR. ZARB: I don't have the specific date.

Q Time is running short.

MR. ZARB: Time is not really running short. Let's talk about that for a moment. Since you want to get into gasoline, let's talk about it more than just a little bit.

The law provides that once the measure is submitted with the appropriate backup, the Congress has 15 days to measure the impacts of decontrol and to vote a measure of disapproval. That is a one-house simple majority; either house. That 15 days begins to run the day it is submitted.

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If it is submitted next week, it begins running 15 days from that day forward. The only change as compared to having it go up on the third which most people had assumed it was going to go is the entire 15-day clock does not run within this particular Administration.

Nevertheless, the Congress has the same access to material and information and testimony in either case.

Q What I meant was he only has 13 days left to submit something.

MR. ZARB: You are right; between now and 13 days to send it up. Before he leaves office, it is highly likely he is going to send it.

Q Will he or won't he?

MR. ZARB: I gave you the best answer that I have. My judgment is that it is presently his intention to do it or else he won't use the words "highly likely".

Q Did you ask him about it this morning?

MR. ZARB: We did not meet this morning. The original notion of going up on the third had one major disadvantage. That was one of the options examined. There was never a firm decision made except outside the Administration that people thought we were going to do that. The most meaningful consideration was the Congress was just getting barely organized, some Members not having office space. There would be a counter-reaction simply to that discourteous timing. That was one of the very compelling reasons to hold off sending it.

Q What are you waiting on now?

MR. ZARB: I don't have one. If I had, I would give it to you.

Q It has been reported that he submitted it at a time when it could lap over into the Carter Administration so that Administration would share in the burden of the decontrol?

MR. ZARB: I don't think that is really a correct conclusion because it would seem to me ---

Q The question is has he been urged; not the conclusion?

MR. ZARB: Obviously that is one of the considerations in some of the discussion that has been held. The new Administration could withdraw the measure on its watch. One thing, I would like to make these points clear. The measure in its current form is designed to become effective March 1. The Administration would have to take some overt steps to have it become effective.

In the event between now and March 1, assuming it went up over the new term, that Administration elected not to have it go into effect, it just need not take the necessary steps to have it go into effect.

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Point two, there is a trigger mechanism which provides generally as follows: If gasoline prices increase more than two cents above where they would go with controls in place, the Administration is compelled to take steps, including reimposing of controls, to get those prices back down below the two-cent level.

Q Two cents?

MR. ZARB: Two cents.

Finally, there are a series of measures designed to protect the independent marketer with respect to his supply conditions. He is going to be guaranteed supply for a year after this measure has taken place and controls go on the shelf for use by the President whenever he elects to use them. Gasoline controls were put in place during the embargo. They were designed to accommodate the embargo.

They have allocation controls associated with them. If you were an independent, non-brand dealer right now, you would be buying from a wholesaler that was pretty much dictated by the United States Government because we have a seller of record assigned to you.

That general condition has lessened competition within that sector and given lots of paperwork for particularly the small businessman.

When the President signed the energy bill December 1975, I had a number of Members request that we move quickly to accommodate the concerns of Congress. One of the concerns of Congress in that bill were that we analyze the effects of decontrolling product prices and keep crude pricing out of this because there is no relation to crude pricing there. That still stays under controls.

We analyze product prices and as quickly as possible eliminate those that are no longer essential. We have eliminated half of the refined barrel. Everything up through distillates are now out of controls; at that level, the retail-wholesale level.

All that is left is gasoline, jet fuel and propane. Propane is not on schedule to be eliminated because there is still a shortage of natural gas and in view of that you have got to keep price controls in place.

Q Mr. Zarb, is the President required to send up an energy message? Why is he doing this now since you say there is nothing new in it and there won't be anything new until next week when you talk about reorganization?

MR. ZARB: The President in the two years has spent a considerable amount of time and attention on the energy question. About half of his State of the Union Message was devoted to energy. It gave rise to an enormous debate. That debate has improved the quality of understanding and brought this Nation a lot closer to coming to grips with actual issues than if we hadn't had that debate.

He has spent a lot of his Administration on trying to

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force attention to the energy problem and the various methods of solution. In view of that it seemed entirely fitting to leave the Nation with his summary of where we have come, where we are and generally, the direction in which we should be heading.

Q Frank, how are you coordinating your program with other nations?

MR. ZARB: Outside of the formal bodies which you are aware of, the IEA and other international energy bodies which have grown over the last several years, there have been countless informal contacts.

I met with any number of officials from both the consuming and producing nations during the last two years to better understand each others approach to these questions.

I would say, incidentally, that you recall the IEA ranks its members with respect to its conservation effects. I would say probably the next ranking will show the United States in a substantially improved position over its last ranking, that in view of the legislation that was passed during 1976 that will have an impact on energy conversion, the plan's labeling question, the measure that was passed in September or October.

Q Can I pin you down on gasoline prices? We were told earlier this week that the decision had been made, the President would in fact send up a proposal for decontrol. You said, I think, that as far as you know, that the best way you could summarize it is to say it is still highly likely as he said. Is there still some question about this or is he in fact going to do it?

MR. ZARB: Since you use the words "highly likely", I assume from those words it was his plan to have it up before he left office.

Q You have talked to him about this.

MR. ZARB: I haven't had any different signal.

Q Highly likely still leaves open the possibility that in fact he still might not do it.

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MR. ZARB: I suspect in the strictest technical interpretation of that language you could come to that conclusion.

Q What is the problem? Is it because the Republicans on the Hill, some are saying this is a crazy thing to do in the dying days of the Administration? Why can't he make up his mind? Why can't we get a date it is going up there, if it is?

MR. ZARB: I expect that has a bearing on his thinking, although it seems to me he feels and has felt right along that any tough measure in the energy area has always had its political problems right at the beginning. I can't remember one measure that we have taken in the last two years, including those that ultimately were successful, that didn't have a political dimension right at the outset.

There are other people who concern themselves and consider the various political questions. I can only answer your substantive questions by saying to you the protective mechanisms placed into the measure would protect against any of the horror stories which I have read about in the last couple of weeks. It would provide the new administration with a good month-plus to analyze any data they wanted to and unless they took over its steps, controls would stay in place as they currently are.

I would point out this: The work done on gasoline decontrol took the better part of six months. The law said we had to take each of those products, had to do a complete analysis, including environmental impact statements, and we had to place them before the Congress after that analysis was completed. We went through residual oil, we went through the distillates, the naphthas, we went through all the distillates in four measures that were successful last year. In each case we had the same kind of question and early debate.

I don't think it has an overwhelming impact on the President, but I expect he wants to hear the views of all those who have spoken out in the last several days. Obviously, that is part of the delay.

Q Have Republican leaders of Congress asked him not to do this?

MR. ZARB: I saw a wire story this morning that quoted Bob Michel and John Anderson indicating they disagreed with the timing of having it occur at this particular moment. Subsequently, I haven't seen anyone who really argues the substance of this measure, inasmuch as you can't go much longer with only half of the refined barrel decontrolled and the other half controlled. It will just ultimately present distortions into the refining system that will become intolerable.

This issue is going to have to be faced. The Congress has a 15-day shot at disapproving it. Of course, it has available to it now all of the economic and environmental analysis that has been done by my staff. If that gets cold, that work, it is entirely likely that a good part of it will have to be re-done before such a measure is resubmitted. That is something that has to be considered.

Q This stuff could be turned over to the Carter people, and what have you. Why does the President want to put in his measure when, as you say, regardless of what Congress does, it is going to take a new administration to actually implement it?

MR. ZARB: Inasmuch as the work has been done on his watch, all of the analytical work has been done, it wouldn't seem to me inappropriate that it go up with his signature on it. As you look back and take a look at the entire sequence of events here, gasoline was supposed to go to the Congress around September or October. The only reason we were in a position of having it lay over was primarily the EPA lead factors, which set us back some six weeks. By the time we were ready, the Congress went out of session in October. We had to wait until they returned.

I understand the timing can be debated, leave it for the new administrator, let him have the entire body of knowledge and let him make his own judgment as to whether it goes up or not. On the other hand, if the effective date is not going to be until March 1, it will give anybody who wants to ample opportunity to look at all of the work that has been done on the subject and reach his or her own conclusions.

Q In such a way that it does not have to be implemented by the Executive?

MR. ZARB: Yes, sir.

Q What sort of positive steps would the administration have to take?

MR. ZARB: They would have to put a rule-making in place, send the measure to the Federal Register saying, in effect, the following regulations no longer apply.

Q Can you give us the estimate of the odds that this will go up before the President leaves office?

MR. ZARB: I would really like to. I would be guessing. I know if I answered your question you would stop asking questions about that particular measure. But if I had a feeling, I would give it to you. It is not right for me to guess.

Q There seems to be a great deal more doubt than when the President originally said it.

MR. ZARB: The doubt has arisen by virtue of these questions and my answers. When he made the statement that it is highly likely to go up in his Administration, it was my assumption it was highly likely it was going to go. I haven't changed my view.

Q There is a message of some 15 pages long and it is not here.

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MR. ZARB: The question as to why it was not in the energy message, if the energy message does indeed talk about eliminating counter-productive controls but the message itself is not designed to impact a specific measure, we don't talk about the specific technical aspects of decontrolling natural gas, but we do say that natural gas controls must be eliminated on the new side of the formula if we are going to alleviate that particular question. The character of the message is not designed to be that specific.

Q The message does appear rather glaring in the fact it mentions natural gas control, crude controls, it ignores product controls.

MR. ZARB: If it does, it seems to me I recall language in the message that spoke to the general issue of controls in petroleum products, it was only because we have half of the products controlled and it would appear that the debate on almost all the rest are controls, but gasoline will be out of 90 percent of product controls and was going to travel on a different circuit.

There was no intent to back away from the need to do this. But substantively it is hard to make a case to retain these controls for any length of time.

Q Can I try General Scowcroft?

MR. ZARB: I didn't see the gentleman.

Q It says at the same time we must continue our efforts to strengthen relations between oil importing and exporting nations, recognizing that cooperation is important to the future well-being of both. Since it was mentioned at the beginning of this briefing that the international implications of the energy problem are why you are here, could you tell us how much you believe the continued heavy supply of arms to oil exporting countries is going to be required to continue an assured supply of petroleum?

GEN. SCOWCROFT: I think your implied link between the two is not really justified. We don't supply arms to any country.

Q I am asking if it is required.

GEN. SCOWCROFT: I don't think there is any necessary link between the two.

Q You don't think that Saudia Arabia increased its price by less than certain other countries in order to preserve an arms supply relationship?

GEN. SCOWCROFT: No.

Q Why did they?

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GEN. SCOWCROFT: If that were a valid conclusion to come to, then you can ask why didn't Iran strongly support Saudia Arabia?

Q That was my next question.

GEN. SCOWCROFT: I cite that just to say there is no -- I think it is not really valid to make a connection between the two very separate kinds of issues.

Q How can they be that separate? I can see where it is easy to say that they are separate, but I don't think they are and I don't think anyone else does.

GEN. SCOWCROFT: Because we don't determine our arms relationships, what we think their requirements are, on the basis of what they do on oil prices and I don't think they do likewise make their decisions on oil prices.

Q General Scowcroft, are you suggesting that if the United States cut off its supply of arms to the oil-producing countries in the Middle East it would have no impact whatsoever on our relationship of assuring a continuing supply of oil?

GEN. SCOWCROFT: No. I am not saying that at all. Of course, it would. Just as if we shut off trade with them it would have an impact on their behavior. What I am saying is there is no organic relationship between the two; that is all.

Q Frank, without wanting to beat this gasoline price to death ---

MR. ZARB: You are going to do it anyway. (Laughter)

Q I have been under the impression since early this week from Ron Nessen that in fact a decision was made. As I read you, you have declined to go that far. Is it incorrect to report that the President has decided to propose decontrol of gasoline prices?

Q Or should we report that he is wavering?

Q Or that he has not made a final decision?

MR. ZARB: I think it is safe to conclude that the President decided that decontrol of gasoline prices was warranted and should be done at this time. I hesitate to close all doors not because I anticipate him not sending it up but because the last word I had was the same general language you had, that "it is entirely likely that that is what I am going to do."

Q He is not reconsidering ---

MR. ZARB: He has not reconsidered the position he had in Vail. Of that I am absolutely certain.

Q You are saying you would be shocked if he doesn't send up this decontrol? (Laughter)

Q Or surprised?

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MR. ZARB: Do you want to use the word shocked?

Q How about surprised?

MR. ZARB: I guess you could use the word surprised.

Q Would you comment on reports that the President's budget made large cuts in the FEA conservation funding as authorized under ECPA?

MR. ZARB: I am going to beg off on that one because the President's budget will be made public next week by the Budget Director. I have been invited to be present so you can ask me those questions at that time.

I don't feel free to talk about the President's budget decisions at this moment. I can say in the last two years there has not only been legislation but a substantial increase in funding in many conservation-related areas. If you will, let us wait until the budget briefing which I gather will occur within the next seven or eight days. I will be available to answer your questions at that time.

Q Can you comment on the Library of Congress report that Members of Congress have been circulating which seems to suggest that decontrol would increase gasoline prices substantially, five to eight cents or something like that?

MR. ZARB: Did everybody hear the question?

I will depend on you to yell up, if you haven't heard the question. I will repeat it. We have had our analyst take a look at the Library of Congress report. Their report indicated that there are lots of "ifs" and assumptions in it so that those conclusions were reached after certain assumptions and "what ifs" were calculated.

Our people don't agree with a number of those "what ifs". In any case, I told you this morning the Measure has a trigger mechanism which says if prices go up two cents above what they would with controls in place, the Administration is required to take action including the reimposition of controls. That seems to me to moot the issue of the five to six-cent question.

I would say this to you: In the last two years we have not bumped up against the legal maximums. That is to say, the legal maximums of gasoline prices have been higher than those prices actually charged, which would indicate that the elimination of those artificial measures should not have an immediate effect on price unless some things occur. The Library of Congress report cites refining disruptions or shortages because of demand for leaded gas or other products; our estimates are incorrect and demand is going to be higher than we anticipated. Our analyst, who has access to as many models as anybody else, has come to the conclusion that those conclusions are not correct.

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Q Since this agency was formed, the philosophy has been the American people have been getting their energy too cheaply, and the only way you can get conservation is to charge high prices for it. We have 70 cents for gasoline now. In your view, how much higher would the price of gasoline have to be before you get the sort of conservation that you want, \$1.50, \$2.00?

MR. ZARB: There is a good lead and a good headline, I expect. Bear with me for a minute. Let me talk a little about pricing and energy.

Gasoline taxes have been discussed on and off for the last two years. I expect next year when I am a private citizen I am going to be reading about you questioning some administration official, suggesting once again that that be considered. Every time you add to the price you do have an elasticity factor which reduces consumption. The gasoline price in itself has always had the liability of being generally unfair because it affected only part of the crude barrel, about 45 percent of the refined barrel. It didn't affect the other products.

Generally speaking, it was geographically unfair. There are people who have to drive to work long distances in some parts of the country, where in other parts of the country you can get on mass transit rather easily. There was an imbalance.

Having said that, I have always believed and continue to believe that this Nation is going to have to understand that over a period of time -- it doesn't have to be done instantaneously -- we are going to have to price our energy products at their real replacement value. If you use a barrel of oil and you have to spend X to replace that barrel of oil, the barrel you use should be priced at that level. First the people should understand that is going to be the outcome, to begin to make long-term decisions that make sense. They buy cars differently when they know the curve is going to be going that way over the next three to four years.

Industry managers buy equipment differently. Everybody changes their habits, recognizing the differences in energy. More important, let's take the darling of us all, solar. We all like that technology. If you were a solar company now and there are a number of them growing up these days, you wouldn't have the slightest idea whether you are going to be competing against an artificially subsidized price of oil in 1980 or whether you are going to be competing against the realistic prices in 1980. If you knew which one it was going to be, you would make different investments today because the crossover point and economic justification of some of these technologies is somewhat higher than the suppressed price of oil and gas.

The notion of moving toward this method of pricing at its real value is essential and critical to any energy plan. The secret to getting it accomplished is going to be the proper mix of both this decontrol and taxes, because our Nation is not going to sit still and allow prices to be driven up by OPEC and then have all those revenues go into the industry.

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A correct mix of decontrol associated with taxes to insure that the pricing is correct over a period of time, and that there are no windfall profits, is going to be the final formula which will settle a lot of other subsidiary questions which are awfully critical.

I want to make one other point because I think it is terribly important. For those who believe that the non-pricing questions are easier to do because they are not controversial, I would point to a few experiences of the last two years.

We proposed a building standards bill in 1975. For those of you who don't recall, we said that three years after enactment every new structure in this country would have to accommodate these narrow ranges of thermal efficiencies. If it didn't, the builder would not be able to get a mortgage at any bank which is federally related, which is virtually every bank in the country. That bill took two years to get passed, and when it was, the sanctions were finally taken out.

To those that would conclude that pricing is the only controversial area in the energy area, I would point out every one of these measures has special-interest groups which are going to be affected. They are all going to be terribly difficult. That means it is going to take a certain measure of courage to insure they are followed through.

Q Can you give us any idea how far we are now from our replacement values?

MR. ZARB: Our current average price of crude oil is a smidgen above \$8 domestically. We use up one of these barrels, given today's rate of declining production, and we have to pay close to \$13 to replace it, because we can only replace it in the international market.

Our decline rate of domestic crude has slowed considerably, which tends to indicate a rather positive effect of some of the measures that have already been taken. That means that our own domestic crude production, which was declining very fast, that line has smoothed out considerably and is declining much more slowly, which suggests that the activity out there is beginning to pay off. Our rotary rigs -- in this country -- those are the rigs that go out and explore for oil and gas -- are at their highest rate of utilization in 15 years.

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Q Can you put this price into better perspective? You said two percent above what it would have cost ---

MR. ZARB: Two cents.

Q --- with controls. What is that figure that would trigger the reimposition of controls?

MR. ZARB: I guess I will have to get that for you. I am sorry. I don't have it, Ray. Scott Bush will get it for you after this session.

Q I am still baffled about what you are sending to Congress doesn't contain anything new. Secondly, you say the people simply don't understand there is an energy crisis. Isn't that the Ford Administration's fault? Isn't that a reflection on this Administration, that somehow you have not been able to tell the American people that there is a problem?

MR. ZARB: It may be, Roberta. I guess I thought about that question a half dozen times, what could we be doing that we weren't doing? It really gets down to what permanent changes are made in the total infrastructure. If we suppress the price of natural gas to 52 cents per unit, all of the cajoling and education and press releases are not going to make a difference in terms of long-term habits and change, within the infrastructure of the Nation.

The substantive legislation does more in terms of this kind of understanding than almost anything else. I would back off a little by saying my evidence indicates that the American people are more and more concerned with the energy crisis and doing more and more on their own to make a difference. It is possible.

The question as to why many of us have spent the last two years of our lives, first putting together a comprehensive package and then, secondly, spending over 200 appearances on the Hill trying to explain it and getting half of it passed, it seems to me to be in order to lay out the scorecard of where we came from, where we are and where we think we are headed.

Q Frank, is this your decision to see that the President submit it to Congress?

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MR. ZARB: No, it was the President's decision. Obviously, I worked on a good deal of the substantive information as did many others here at the White House and in other agencies.

Q Can I say again, repeating what Dick said a while ago, at the risk of belaboring this whole point, why is it now? What is the reason the gasoline decontrol thing isn't in here?

MR. ZARB: Why it is not in here? There are really no specific measures. We don't talk about jet fuel decontrol. We don't talk specifically about measures to eliminate crude oil controls.

We don't talk about specific legislation in coal, nuclear. We don't specifically talk about given measures in divestitures. We tried to avoid that.

We considered it to be a document that can be left behind and be studied by whomever, giving our reflections on what progress has been made in the general areas as still needed to get into.

Karen, I stayed close to the development of this. I don't remember it ever being in there, nor anyone leaving it out because they wanted to create some kind of a signal.

Q What is the President thinking about that keeps him -- you say there is no substantive reason for not doing it and you would be surprised if it is not done, and he has decided it is the right thing to do; so, what is it that is holding him up?

MR. ZARB: I thought the most compelling reason was the fact that Congress not being organized, their committee structures not being organized; to send it up and have the clock start running in the middle of what is generally a disorganized period, it wouldn't be correct or courteous, if you will, and secondly, a number of the members might instinctively vote against such a measure if they felt it was timed at such an ill-conceived point.

He is now looking at the comments of a number of leaders and some of his White House staff. As far as I know, he is only focusing on the timing issue.

Q Do you expect decontrol to come out of this next congress?

MR. ZARB: This is my own judgment, this Congress will eliminate controls on refined products, except propane, because it substantively appears to be the soundest course of action for the country.

I am not going to predict whether they would pass this particular measure or not. It is still very, very hard to read. I would just like to say to you, insofar as the energy area is concerned, we have had, I think, terribly good, fair and balanced reporting. I say to you and I really mean it or I wouldn't say it, I thank you, those of you who particularly have been close to it.

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I urge you to keep the issue alive so that the old political scheme of hiding from tough measures because it is politically not acceptable will no longer prevail.

Thank you.

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(AT 11:45 A.M. EST)