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NOTES ON MEETING WITH THE PRESIDENT AND SENATOR BAKER  
September 29, 1975  
10:30 a.m.  
Oval Office

Senator Baker made these points:

1. He thinks private enterprise should be involved.
2. He doesn't think there is time for private enterprise to tool up for a new diffusion plant.
3. He would rather let the next diffusion plant be an addition at Portsmouth.
4. On centrifuge, he has mixed feelings, but he thought the government should build the first diffusion plant, possibly at Oak Ridge.
5. If we can get private enterprise to go into commercial operation of centrifuge plants, that is O.K.; but he is cautious about providing them guarantees.

In response to the President's suggestion, Senator Baker agreed to work with Senator Poastore to get hearings scheduled as soon as possible after the GAO report comes out, which Baker estimates will be about October 7.

The President suggested to Baker that he work with me to move the project along. Baker agreed and said I should work with him and with Mike Adams of his staff.

CC: Jim Connor  
Glenn Schleede



THE WHITE HOUSE  
WASHINGTON

*Wife  
Adam  
on Baker  
staff*

*Passports - ch  
Mel Price - ve.  
Gen. Jackson  
Symington  
Montoya  
Turner  
Baker*

MEETING WITH SENATOR BAKER  
Monday, September 29, 1975  
10:00 a.m. (15 minutes)  
The Oval Office

From: Jim Cannon

*Case  
Pearson  
Buckley  
Rep. Jim Young, Tex  
Boyd  
McCormack  
Kross  
Anderson  
Hijian  
Horton  
Hirschman  
Bill Dr  
Gos Murphy*

I. PURPOSE

To seek Senator Baker's active support for your June 26, 1975, uranium enrichment proposal.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background

- Your proposal called for the expansion of U.S. capacity for enriching uranium for nuclear power plant fuel--with very heavy emphasis on the objective that all future increments of capacity would be financed and owned by private industry. Your bill would authorize ERDA to enter into cooperative agreements with private ventures to provide technical assistance and temporary, backup assurances--primarily to overcome the reluctance of the financial community to provide large capital.
- Your proposal also called for continuing work on planning for a Government-owned facility as a "hedge" if private industry couldn't proceed.
- Unfortunately, those who manage the Government's uranium enrichment complex (lower levels of ERDA & its contractors) are pushing the "hedge" plan as the best solution--to head off private industry participation.



- Potential private participants are concerned that continued emphasis on the "hedge" plan will force the Administration to give up its efforts to get industry to finance the next plant--and possibly succeeding plants.
  - Senator Baker introduced your bill (S. 3025) and has voiced support for the objective of a private uranium enrichment industry, but:
    - On September 18, in a speech to an American Nuclear Society group, he favored Government construction of (a) an add-on plant at Portsmouth, Ohio, the "hedge" plan, and (b) a demonstration centrifuge plant, presumably at Oak Ridge, Tennessee.
    - On July 30, the Senator secured Senate approval of a \$25 million amendment to the ERDA authorization bill for work on a Government-owned diffusion plant.
  - JCAE hearings will probably not occur before late October. GAO promised its report by September 30, but it will be late.
  - Seamans and Fri of ERDA have personally briefed 13 of the 18 JCAE members thus far. Members' reactions are summarized at Tab A.
  - Max Friedersdorf believes the Senator may bring up two other items, summarized at Tab B: auto emissions and James Hooper's appointment to TVA.
- B. Participants: Senator Baker  
Staff: Jim Cannon, Bill Kendall
- C. Press Plan: Meeting will be announced routinely;  
White House photographer.

### III. TALKING POINTS

- I want to thank you for introducing my proposed "Nuclear Fuel Assurance Act" in the Senate.



- I'm aware that there is strong support for adding on to the Government's diffusion plant at Portsmouth and waiting for centrifuge technology before getting the private sector to finance and own plants. I'm concerned that giving up on the next increment of capacity will make it even more difficult to go private in the future. We would lose the benefit of the strong stand in favor of industry that we've built up over the past few years and show that we don't have the determination to make a break in the Government monopoly.
- I want to continue pressing forward with my bill, and I hope you will support us through the hearings.
- We have taken very seriously your concern that foreign investment in private ventures could inadvertently lead to foreign control and access to our classified technology. I have instructed our people to watch that potential problem very closely.

UEA - Partnership expected to be signed today  
(Woodward AT Bechtel today -  
2 others, they say (we don't know who)  
are actually working coming in @



TAB A



EYES ONLY

UNITED STATES  
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION  
WASHINGTON, D.C. 20545

September 26, 1975



To: GLENN SCHLEEDE  
DOMESTIC COUNCIL

FROM: HOLLISTER CANTUS  
ERDA CONGRESSIONAL RELATIONS

PRESIDENTIAL BRIEFING PAPER ON NUCLEAR FUEL ASSURANCE ACT

Per our telephone conversation this morning, the following information may be of assistance to you in preparing a briefing paper for the President on initial Congressional reaction to the proposed Nuclear Fuel Assurance Act.

ERDA has been pursuing this subject at two levels simultaneously: our Administrator, Bob Seamans, our Deputy Administrator, Bob Fri, and our Assistant Administrator for Nuclear Energy, Dick Roberts, have been briefing the members of the Joint Atomic Energy Committee individually. As of this morning we have been able to talk to 13 of the 18 members of the JCAE plus Senator Bellmon. In addition there have been numerous staff-level briefings for non-JCAE staffers.

The general reaction has been two-fold: There is a reluctance on the part of some of the JCAE members to commit themselves to a position prior to the release of the GAO study -- presently expected out on October 1st-- and a universal recognition of the need for additional enrichment capacity for the United States. No strong opinions have been propounded in opposition to the President's proposal as a whole, although the Chairman, Senator Pastore, has declined to be briefed and several members have serious concerns for certain aspects of the plan.

Individual reactions expressed to us have been as follows:

+ Senator Jackson -- Generally favorable since it fits into his basic philosophy on the government role in the commercialization of the synthetic fuels industry. His concern was whether private industry could raise the required capital without additional financial guarantees. He was very receptive, as one might expect, to the impact this industry would have on the employment problem, specifically in the plumbing and building trades. He is concerned that the so-called "environmentalists" would seize this opportunity to challenge nuclear growth.



Senator Symington -- Generally favorable to the plan but has very great concerns for the growing trend of Government guarantees for private industry, the potential for proliferation of nuclear enrichment technology to foreign countries, and the problems associated with safeguarding nuclear material. The Senator recognizes that the uranium enrichment "genie" is out of the bottle and therefore, if the U.S. is to play a role in the formation of regulations and international agreements to safeguard materials and technology, it has to be a participant in the world market arena.

Senator Montoya -- Somewhat surprisingly, Senator Montoya approves of the concept of a competitive nuclear fuel enrichment industry. While tending toward the preservation of the government's role in gaseous diffusion plants, he had no objection to the commercialization of the centrifuge technology. He managed to work into the conversation his belief that the enrichment plants ought to be close to the source of uranium ore -- like New Mexico? He agrees that all interests will be best served by prompt hearings. He is not yet aware of which subcommittee Sen. Pastore will task with this subject. (Sen. Montoya chairs the Legislative Subcommittee).

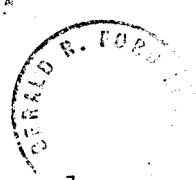
Senator Baker -- According to his speech before the American Nuclear Society, he favors the commercialization of the centrifuge technology after the government builds and operates a centrifuge demonstration plant ( at Oak Ridge ). In the interim, he stated that the Government ought to add on to the existing plant (diffusion) at Portsmouth rather than the UEA proposal. There may have been more of a "home consumption" element to his speech than a firm commitment to his suggestion. He left himself some maneuvering room. Nonetheless, his apparent opposition to the Presidnet's proposal leaves the JCAE Minority in a difficult position.

Senator Case -- His reaction was one of benevolent neutrality. He may support the proposal once he has sorted out in his own mind what the proper level of government participation should be -- in this and all other areas of the private sector industries. He is reassured by the lack of direct financial involvement on the part of the government unless there is default or a clear need for the add-on at Portsmouth. He also expressed concern over the need for clear definition, by ERDA and NRC, of the roles each will play to ensure the safeguarding of the technology.

Senator Buckley -- Fully supports the proposal "because of my basic philosophy which would include the sale by the Government of TVA."

Rep. Price -- Will withhold judgement until after he has seen the GAO Report. It is likely that MEL will oppose the proposal since he has fully supported the retention of "this technology built by and for the taxpayers" within the federal Government.

Rep. Roncalio -- "You will have no problem with me on this one". He is concerned, however, by the inability of the IAEA to exercise real control over nuclear materials and technology overseas. He also expressed





concern that the Government might be moving too far and too fast in the whole area of guarantees. This statement was made the day after the EIA announcement and so can be taken with a grain of salt.

Rep. McCormack -- Mike is increasingly concerned by the anti-big business and anti-energy positions being expressed by the Congress and the Nader-ites respectively. He sees this issue as another opportunity to fight the anti-nuclear growth issue. However, since he is so busy elsewhere, he cannot play a significant role on this one. He strongly suggests that the President commence a series of "fireside energy chats" addressing the most difficult subjects first and, weekly if possible, using these chats to educate the public on energy issues and their complex interrelationships. He sees this as also a means through which to focus and control the debates. With regard to this specific program, Mike indicated that it made more sense to him to make the switch to commercialize uranium enrichment at the same time we switch to the centrifuge process.

Rep. Moss -- As a co-sponsor of the request for a GAO audit, John did not want to comment on the proposal without seeing the GAO study. He expressed concern over the trend toward big petroleum companies moving into the other energy areas, such as uranium enrichment. Chet Hollifield is John Moss's mentor on the JCAE and may be guiding his present views.

Rep. Anderson -- John is one of the most knowledgeable members on this subject. He will lead the charge on the minority (House) side on this issue. He suggests we continue to brief the members with high-level but low-profile efforts until the GAO study is out. Then he suggests we bring out the technical experts to refute the expected unfavorable report.

Rep. Horton -- Frank has done his homework on this issue but is not committed one way or the other. He expressed concern over the partnership arrangements in UEA, both as to the extent of foreign involvement and the personalities involved in the domestic corporations. He suggests a fixed timetable for the initiation of the "hedge plan" be made public as soon as possible. He is also concerned over the extent to which the JCAE would be able to exercise control over all contractual agreements which impose burdens or obligations on the Government. He is categorized as neutral/leaning against on this issue. Ed Bauser, former staff director on the JCAE, has been hired as a consultant to Horton on this program.

Senator Bellmon -- Although not a JCAE member, the Senator is very current on this proposal through his visits to the centrifuge experiment at Oak Ridge and a series of briefings by UEA and the centrifuge companies. He fully supports the program and has spoken to Senator Pearson to urge that he lead the minority side (Senate) on this issue in the face of a possible Baker fallout. He reports that Senator Pearson is willing to do so. ERDA-Pearson discussions have been scheduled.

TAB B

## EXTRANEOUS ITEMS

### (I) James Hooper/TVA

The Senator might bring up the pending nomination of James Hooper of Mississippi for TVA. He and Senator Brock (for political reasons, we suspect) are adamant in their opposition to Hooper. We have been holding them at bay pending Hooper's review of the final draft of the Public Works Committee investigative report. Although the report will not reveal any criminal culpability, the Senators allege that it will expose Hooper as an extremely poor businessman who has exercised exceedingly bad judgment in numerous financial transactions. The Senators anticipate that Hooper will voluntarily withdraw after he reviews the report. However, if he decides to go forward, they hope to persuade the President that the nomination should be withdrawn.

Our best projection is that Hooper will resist any suggestion of withdrawal. In that event, Baker and Brock predict that he will not be confirmed.

### (II) Clean Air Act/Auto Standards

We have been discussing a possible resolution of the auto business controversy with Senator Baker. We need his active support and in the event the President wants to mention the subject, the following points will serve as a background:

*emissions*

1. The President considers resolution of auto emission standards problem to be critical to the economy because:
  - a) Buyers are confused and reluctant to purchase new cars.
  - b) Auto companies (particularly AMC and Chrysler) should not make huge investments for new control equipment tooling when technology requirements are so uncertain and confused.
  - c) Auto company expenditures should be directed towards energy conservation projects (new engines, better carburation, etc.)
  - d) Auto industry is critical to economic recovery and unemployment problems.
2. Our position is still the request for a 5 year monitorium.



3. The President is disturbed by House subcommittee action (two year suspension of 1978 Standards but with changes within the two year time frame) This would result in fuel economy penalties and would further confuse understanding from a public standpoint.
4. The President would be willing to accept compromise if decision is expedited.
5. This matter is being handled for the administration jointly by Domestic Council (Cannon) and Economic Policy Board (Seidman) who have assigned William Gorog (Deputy to Seidman) to coordinate action with auto companies, labor, EPA and the committees.