Commerce to Inherit Energy Research

The proposed dismantling of the Department of Energy would keep energy R & D under one roof

If President Reagan gets his way, the Department of Commerce will soon emerge as by far the largest supporter of federal research and development outside the Department of Defense. This will result from Reagan's decision last month to consign most of the corpse of the Department of Energy (DOE), including what is left of its research programs, its burgeoning nuclear defense activities, and its responsibility for the national laboratories, to the tender care of Commerce Secretary Malcolm Baldrige.

The decision, which caps several months of deliberations and turf-fighting, would establish in the Department of Commerce an agency whose responsibilities resemble those of the old Atomic Energy Commission. The Department of the Interior, whose controversial head, James Watt, had sought control over nuclear programs, was given as a consolation prize responsibility for the national petroleum reserve and the operation of government-owned hydroelectric facilities. All of this is subject to congressional approval, however, and that is far from assured.

A plan to dismantle DOE has long been expected. During the election campaign, Reagan repeatedly promised to scrap the department, pointing out that it had not produced a single barrel of oil since it was established. Although DOE was never set up to produce energy—just as the Department of Agriculture is not in the business of growing crops—the remark struck a note. But the bureaucratic move does more than fulfill a campaign pledge; it reflects the Administration's view that the marketplace rather than the federal government should establish patterns of energy supply and demand. Energy, the argument goes, does not warrant a Cabinet post of its own.

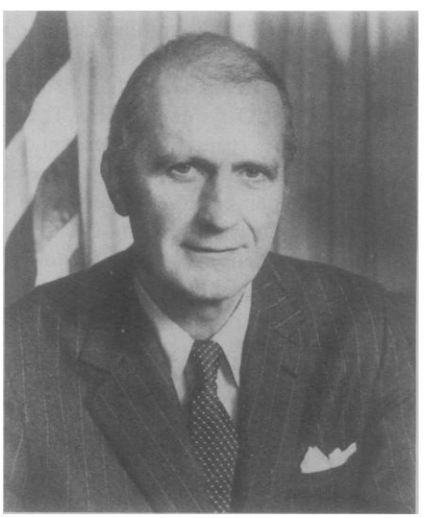
Previous Administrations had centralized control over energy programs on the grounds that the government's growing involvement in energy R & D and in energy regulation required consolidation and better planning. The trend began in the Nixon Administration with the creation of the Federal Energy Administration as a centralized policy-making body, a move prompted by the Arab oil embargo. It continued under the Ford and Carter Administrations with the consolidation of the government's expanding energy R & D programs in the Energy Research and Development Administration (ERDA). And the Carter Administration completed the process by bringing energy policy-making, R & D programs, and nuclear weapons activities together in the Cabinet-level Department of Energy. Now that the Reagan Administration has scrapped many regulations and slashed budgets for some research programs, it argues that there is less need for such high-level centralized control.

The Administration's much-repeated intent to kill off DOE sparked a good deal of consternation among energy researchers who thought that responsibility for R & D would again be fragmented among several agencies, which could result in little overall direction. It also touched off a lively debate in the executive branch over how the corpse should be cut up. The final decision represents a nice political compromise.

The Department of Commerce will inherit about 70 percent of DOE's activities, including virtually all of its R & D programs. These will be consolidated into an agency called the Energy Research and Technology Agency (ERTA), whose head will report to Commerce Secretary Baldrige. ERTA will also be responsible for the nuclear weapons programs that were run originally by the Atomic Energy Commission, then by ERDA, and currently by DOE. The nameplates on many laboratories are thus about to be changed for the third time in 6 years, although their functions have barely changed at all.

Baldrige, who has emerged as a clear winner in the struggle for control of energy programs, will also inherit chief responsibility for energy policy. His victory was won largely at the expense of Interior Secretary Watt, who has made no secret of the fact that he wanted the Department of the Interior to have control over nuclear power. (Energy Secretary James Edwards said at a press briefing on the reorganization plan that he, too, would have preferred to see most of DOE's programs transferred to Interior.) According to Administration officials, Commerce was chosen as the home for ERTA because it already has responsibility for several high-technology agencies, such as the National Bureau of Standards and the National Oceanic and Atmospheric Administration. Moreover, they point out, it is logical to vest responsibility for energy policy in a department concerned with trade and industrial development. It should also be noted that any plan to transfer control over nuclear power to Watt would provoke such a storm of protest from environmentalists that it would have little chance of getting through Congress.

The Department of the Interior did not come away empty-handed, however. It gained responsibility for oil shale reserves, control over the management of the strategic petroleum reserve, and authority over federally owned hydroelectric facilities.



New power in R & D

Commerce Secretary Malcolm Baldrige

Reagan said that the proposed reorganization "would fulfill my campaign promise to make government more efficient and reduce the cost of government to the taxpayers." The money saved by dismantling DOE will, however, be relatively small. The Administration clearly has no intention of reducing support for nuclear weapons programs or for the development of civilian nuclear power, which form the bulk of the R & D programs that will be transferred to Commerce. It has already slashed budgets for

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Low Priority for Clinch River

The Department of Energy's top research advisory committee has recommended that funding for the Clinch River Breeder Reactor be terminated and that the savings be channeled into higher priority areas such as conservation and environmental R & D. The recommendations, made last month by the Energy Research Advisory Board (ERAB), have had little influence on the Reagan Administration's budget proposals for fiscal year (FY) 1983, but they are sure to figure prominently in the annual congressional skirmishing over the breeder reactor program.

The committee was asked last August by Deputy Secretary of Energy W. Kenneth Davis to take a look at DOE's research priorities in the light of the Reagan Administration's professed desire to get the government out of projects that it believes private industry should fund and to concentrate instead on long-term, high-risk R & D. The ERAB report is perhaps the most detailed critique so far of DOE's new research directions.

ERAB essentially concurred with DOE's overall goals but concluded that too large a fraction of R & D funds is going to electric power programs in general and into nuclear energy in particular. Conservation R & D, in comparison, is being underfunded, the committee argued, suggesting that "the budget needs a reordering of priorities to reflect better the opportunities that exist for efficiency improvements and the unique Federal role in conservation R & D." In response to the argument that private industry will do all the research that is needed in conservation, ERAB pointed out that many sectors—such as the building industry—are too fragmented to mount an adequate research program.

These arguments seem to have fallen on deaf ears in the Administration, however. Reagan's budget proposals for FY 1982 would have raised the share of DOE's energy R & D funds claimed by electric power programs from 63 percent to 77 percent, chiefly by boosting spending on nuclear programs, and they would have reduced the share going to conservation from 16 percent to 8 percent. The FY 1983 proposals, which will be sent to Congress early in February, are aimed at shifting the balance even further toward electricity supply technologies. According to widely leaked figures, the Office of Management and Budget is proposing virtually to eliminate spending on conservation R & D, while the nuclear budget is slated for another large increase.

The ERAB report suggests, however, that by shifting priorities away from some expensive supply technologies and putting more emphasis on conservation, DOE could actually reduce its research spending while buying a more effective program. Among its recommendations are the following:

- Delay construction of a demonstration breeder reactor. Sufficient coal and uranium supplies exist to satisfy projected electricity demand for at least 40 years, and thus a demonstration plant is not urgently required, the panel argues. Continuation of research on breeder technologies is justified, however.
- Reduce or eliminate funding for the development of wind technologies, geothermal energy, magnetohydrodynamics, and hydropower. These technologies are either of limited potential or are at the stage where private industry should take over, ERAB says.
- Terminate DOE support for electric vehicle R & D.
- Increase funding for R & D aimed at improving the use of energy in buildings. The building industry is too fragmented and is in too shaky a financial state to support adequate R & D, the report argues, yet the payoff from such research would be very high. For similar reasons, ERAB recommends an increase in support for R & D on industrial energy conservation.
- Increase funding for research on the impact of rising levels of carbon dioxide in the atmosphere and on the effects of acid rain.
- Finally, DOE's basic research and technology base programs should receive higher priority because industry is unlikely to provide sufficient support to offset federal reductions.—COLIN NORMAN

most nonnuclear technologies and eliminated parts of DOE concerned with some regulations. Thus, Energy Secretary Edwards said, in a press briefing when the plan was announced, that most of the financial savings will be made before DOE is scrapped.

A major unknown in all this is how Congress will react to the proposal. The plan was announced the day after Congress adjourned for a 6-week break. Reaction was thus somewhat muted. Sufficient opposition had developed even before the formal announcement, however, to suggest that a lively debate is in store.

The plan will come under attack on three grounds. First, several members of Congress have expressed doubts about the wisdom of downgrading energy programs from a Cabinet-level department. Senator Henry M. Jackson (D–Wash.), for example, has called the proposal a "tragedy" that will weaken the United States' drive for energy independence. Second, fears have been raised that support for nonnuclear energy R & D will be even further eroded if energy programs are subsumed in a sub-Cabinet agency. Republicans and Democrats on the House and Senate energy committees have already expressed displeasure at the fact that DOE virtually dismantled many conservation and alternative energy programs even before Congress completed work on DOE's budget. And finally, 13 senators have sent a letter to President Reagan protesting the transfer of DOE's weapons programs to the Department of Commerce. They would prefer the establishment of a new agency in the Department of Defense to handle nuclear programs—a move that would end nearly 40 years of civilian control over nuclear materials—or the reincarnation of an autonomous body like the old Atomic Energy Commission.

Whatever Congress finally decides to do with Reagan's proposal, there is no doubt that the uncertainty over DOE's fate has already taken a heavy toll on morale in the department. By next October, DOE will be slimmed down to some 16,000 employees, almost 4,000 fewer than when the Reagan Administration took control. More than half the reduction has already taken place, and the rest will happen whether or not DOE is dismantled. In addition, many jobs have been downgraded and thousands of employees have been reassigned to new posts. "If you don't have a lot of tenure here, it's probably wise to be looking for a job," says an employee in the solar and renewable energy division, which has been among the hardest hit by cuts so far.—COLIN NORMAN

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