

breeder months ago and is committed to ensuring that passage of the breeder program becomes the first step in inaugurating a comprehensive energy development program.

A General Accounting Office letter to Senators Jackson and Baker (R-Tenn) released Friday, declared that President Carter may already have violated the law with his proposal to fund \$33 million to phase out the breeder demonstration program. The GAO said the President "lacks legal authority to implement this plan" while Comptroller General Elmer Staats said that "to implement the President's plan without such authority, would be in violation of the law."

The Administration has been conducting a massive arm-twisting and dirty tricks campaign in Congress and among trade unions to force agreement with this illegal proposal. Early this week Administration allies, Congressmen Bingham (D-NY), Fish (R-NY), George Brown (D-Cal), and Tsongas (D-Mass) formed a Committee to Stop the Breeder. Their main effort has been attempting to dupe the Steelworkers Union (USWA) and the mineworkers union to join the agent-led United Autoworkers Union against the breeder. Congressmen Brown and Bingham met secretly with union officials to "show that labor is not united on the breeder," and especially to force the steelworkers to break with the pro-breeder AFL-CIO. Acting USW legislative director Jack Sheehan said that the "union was not as rigidly in favor of the breeder as the rest of the AFL-CIO" and was weighing what to do. Late this week the UMW legislative office was still considering a writing campaign against the breeder. Congressman Bingham's office was trying to fuel this motion, telling labor leaders that the money saved in cutting out the breeder "could be better spent on (low wage) CETA and public works jobs."

This Administration supported activity has apparently backfired. The AFL-CIO is reported to have sent a letter late this week to Congress, urging complete support for the breeder. Al Zack, Jr., the assistant public relations director of the Federation, told a reporter that the AFL-

CIO intended "to lobby hard to get the breeder through Congress" and intended "to pull strings to break the stalemate" in the Senate Energy Committee. Member unions have put pressure on the steelworkers to follow AFL-CIO policy, and there are reports that a special AFL-CIO executive board meeting will be held next week where the board, including the USW President Lloyd McBride, will be asked to reaffirm their support for the breeder. Several Steelworkers Union officials have privately expressed dismay that the union could even consider not supporting the breeder.

Angry Building Trades President Robert Georgine declared "we are 100 percent for the breeder." The Building Trades unions have been working closely with the Teamsters, also firmly committed to the breeder program. "We will not lead the fight," a Teamster spokesman said, "but if our support is needed, you can bet our troops will be there."

The White House conducted a major lobbying effort with Congress throughout the week with Carter personally involved. Carter sent a letter to House Speaker Tip O'Neill warning him that he must come out with a clear statement on the breeder — either supporting Carter or the breeder's Congressional backers. And just before the Senate Energy Committee voted June 24, Carter telephoned Senator Church for a last attempt to change the Senator's mind.

At the same time Bingham tried a last desperate dirty tricks operation to convince the Senate to defeat the breeder funding proposal. Bingham released documents to the press purportedly showing that Burns and Roe, the chief contractor for Clinch River, knew four years ago that the project would be a lemon because of cost overruns and poor siting. The "scandal" broke in the *Washington Star* June 22 afternoon as the Energy Committee was voting. According to a euphoric aide in Bingham's office, Senator Church, chairman of the Senate Energy subcommittee on nuclear power postponed an earlier vote on the Clinch River when told of the impending leak, fearing the story would unfavorably influence the vote.

Rusk, Stetson Sound Carter War Cry Over Energy

If Congress won't pass the Carter Administration's energy program, the U.S. will go to war with the Soviets to secure a Rockefeller stranglehold over world energy supplies. That was the message delivered by Rockefeller spokesman Dean Rusk and John Stetson in well-publicized interviews in U.S. News and World Report and the Chicago Tribune last week.

Rusk, former Secretary of State, former President of the Rockefeller Foundation, and a member of the Council on Foreign Relations, demanded the U.S. population cut energy consumption by one-third and get used to a correspondingly reduced standard of living. Stetson, Carter's Secretary of the Air Force, promised that

"somebody will drop some firecrackers" to overcome Americans' resistance to a massive new arms buildup. The interviews are excerpted below.

Dean Rusk

Q: Professor Rusk, has the basic challenge for the U.S. abroad changed in the past few years?

A: Indeed it has. The entire human race is faced now with problems which are different in kind than we ever faced before. I have in mind the continuing nuclear-arms race and the threat of general war in a world in which there are thousands of megatons lying around in the

hands of frail human beings.

I think of the energy problem, with regard to which we continue to live in a fool's paradise — where we know if we continue on our present course, there's catastrophe ahead. I'm thinking of the environment and the possibility that we can inflict irreparable damage in this thin biosphere in which the human race lives. I'm thinking of the population explosion where, on the most optimistic figures, there will be 15 billion people or so on this planet within a hundred years — unless perhaps the inhuman truism of Malthus intervenes in the form of war, pestilence and starvation.

Q: What do you regard as our most urgent foreign-policy problem?

A: Short of the nuclear-arms problem, the matter of energy. This is a new cause of war coming down the road. James Schlesinger (White House energy advisor) said recently that oil and gas are going to run out in 30 to 40 years. Long before that happens, nations of the world are going to be at each other's throats for energy supplies.

Q: Is the Administration providing sufficiently strong leadership to deal with this challenge?

A: I thought there was some slippage of mood and atmosphere between the President's talk to the people on energy and what has been happening with his message to Congress. There's much less talk now of sacrifice.

There's an attempt to persuade people that it's not going to be too bad after all — that everybody's going to come out of it sort of comfortable. It won't work that way, because everybody is going to have to make sacrifices if the objective is to be achieved.

We've got to cut down our energy consumption by about a third — and do it fast. You can't do that by maintaining the same kinds of comforts and luxuries and standards of living that we've had before. So I'm a little worried about whether the politics of such problems may be to take it easy, whereas the necessities of the situation may demand sacrifice.

Q: Are the American people willing to support a major world role, or is there a trend towards isolationism?

A: I've been somewhat concerned with a tendency to withdraw from world affairs. Actually, that is suicidal. I think we've got to get scared.

President Carter told us in his fireside talk on energy that he was talking about the moral equivalent of war. What that really means is the question as to whether we can, in peacetime, mobilize the unity and the effort which we have not seen in this country since World War II. I don't know whether it's possible to get that kind of action from a democracy in peacetime...

...My impression over the last several years has been that democratic governments in Western Europe, North America and Japan have been rather afraid of their own people. They've been too timid.

Q: Is military power going to be less important to our foreign policy than in the past?

A: No. I'm very strongly opposed to unilateral disarmament. We demobilized after World War II, and have been picking up the pieces ever since...

Q: Can we look for greater co-operation from Russia — or a more dangerous competition?

A: I think a lot of illusion and euphoria grew up around this word "détente." The major differences between us and the Soviet Union have not been resolved. They still are committed to their world revolution, and will probe at points of weakness. They look upon these notions of freedom as lethal to their kind of system.

John Stetson

Q: What were your orders from the President and the Secretary of Defense when you took office?

A: Sec. Brown is committed...to getting a balance between the economy and still maintaining a strong military preparedness. That's a tightrope act and he wanted me to participate in it. Obviously the American public is not prepared for what I would call extraordinary expenditures on defense. Very likely what will happen one of these days is that somebody will drop some firecrackers, and then things will heat up, and the American public will have a little different attitude.

Q: What do you think is likely to heat up? What kinds of wars do you foresee?

A: Let me put it this way. I think that the key problem we and the rest of the world have is oil and gas, and most of it is concentrated in the Middle East. If you look down the road there could very well be a war to protect minerals and fuel resources. The rest of the world has energy, including ourselves, but it's hard to get to and at a higher cost. The Soviets know this as well or better than we do. Look at the Soviet armaments amassed a few hundred miles from the oil fields. And we're thousands of miles from the oil fields. Ask the question when are the Soviets going to be importers of oil? Right now they're exporters. One of these days their attitude toward the Middle East is going to change, and they're going to covet that oil and gas. It doesn't do us any good to say that we might be independent over here if our allies in NATO and Europe have gas and oil shut off to them.

Q: What do you think can be done about such a threat?

A: Forces are still being built in Iran. Saudi Arabia is moving toward building a responsible military force. But they have a long way to go. I don't like to see the Middle East armed to the teeth. But the alternatives are unacceptable. Unless there is some kind of deterrence there, what is going to happen? Anyone who looks at it sensibly can answer the question themselves looking over the next ten years. And in my opinion, the only thing that is going to deter the possibility of the kind of thing that could happen in that part of the world is the Soviet's concern for retaliation.

Q: Do you think that perhaps, because you and other military leaders are constantly bombarded with intelligence reports, you might be getting an exaggerated view of what Soviet intentions might be in the future?

A: Sure, I think that you have to consider that, and you

have to continue to ask yourself the question. But when people reach a state where they covet land and minerals and they arm themselves in a way that they can attack these areas, it doesn't follow — based on any historical perspective that we have — that people will not take advantage of that position, if they are allowed to do so. I certainly don't want to sound like a hawk, but I can add, and I can see what apparently their long term intentions are. And it's hard for me to believe that the Soviets are building up this enormous power for defensive purposes.

'It Can't Happen Here'

A staffer for the National Security Council gave the following interview to the EIR June 23. As the interview indicates, the NSC has not determined a solution to the current U.S. liquidity problems.

EIR: What do you think about the statements of the Italian Central bankers on a gold-backed monetary system and the French press reports that Brezhnev will propose the transfer ruble to the French?

A: I'd be surprised, I'm amazed that the Germans and French would be considering this. Why would they do that? I'm surprised, what's in it for them? I've heard of the transferable ruble and every once in a while there are reports on it. But I would be surprised if the Europeans

would go to this extent to pursue trade. There are limits to Soviet trade. I can't see how they can expand this trade 300 percent. Reports on a uniform European currency based on gold are off the wall.

I have never heard of these deals in transfer ruble that you say have been negotiated. These transfer rubles are untouchable. What do you buy with it? I don't believe it. Such a revolutionary undertaking by the Europeans flies in the face of everything.

EIR: Well, the Europeans clearly do not want to go down with the dollar and the New York banks. Did you know that Senator Javits revealed the bankruptcy of the New York banks last week in the Senate?

A: It's not true just because Javits said it. The problem is not just a result of the underdeveloped nations not having money. Some are creditworthy. Some of the developed countries like Italy and the United Kingdom have problems. But if countries like Brazil and Mexico did not pay their debts they wouldn't get more money.

EIR: What do you think about the reports that the Saudis will not bail out the New York banks, and that the Europeans, especially those two countries you mentioned, are setting up a new monetary system based on expanding trade and industry and relations with the east, and are not standing by the old monetary system?

A: You are a lot more pessimistic than I am. The whole thing is preposterous.

Congressmen Warn Carter Against IMF Bailout

The Carter Administration received its first warnings from Congress this week that the Administration's commitment to bail out the failing International Monetary Fund will not be met without a fight. Since Sen. Jacob Javits (R-N.Y.) sounded the alarm last week, the question of whether the Congress will support such a bailout is no longer being ignored on Capital Hill.

The first public signal came on June 21, when the *New York Times* ran a letter signed by three conservative Congressmen which condemned the Administration's mouthpiece, the *Times*, for hyperinflationary bail-out orders to West Germany and Japan, and called instead for "the free flow of capital to deficit nations" to solve the international balance-of-payments problems. In a more visible warning to Carter, the full House overwhelmingly passed a foreign aid bill which in Carter's own words "severely restricts" his ability to "promote American interests (read New York banks) around the world."

Meanwhile Carter was busy sending messages to House Speaker Tip O'Neill warning him of the danger of resistance to his bail-out plans. In a letter delivered to O'Neill, reported by the *Washington Post*, Carter "urged the House to resist cutting contributions to international banks, and not to restrict the aid which he said could jeopardize U.S. participation in the lending programs." The House response was not only a "badly battered" bill cutting Carter's foreign aid appropriations by nearly \$1 billion, but an amendment offered by Rep. C.W. Young (R-Fla.) restricting aid to Cambodia, Laos, Vietnam,

Cuba, Mozambique and Angola. While the Young amendment, which passed by a 295-115 vote, reflects confusion amongst Carter opponents regarding aid to "communist-dominated" countries, the hysterical reaction from the Administration and its press reveal the worry that the Congress will take this initiative into other areas.

The *Washington Post* responded to the Young amendment with an editorial entitled "Breaking the Banks," calling the vote a "nasty piece of mischief that ought to be undone." The *Post* cried that "No donor...should lightly savage the imperfect but vital international institutions set up to transcend individual nation's limitation." It went on to blame Carter for creating this situation with his precedent-setting endorsement of the earlier Reuss amendment "instructing the U.S. government to use its voice and vote in the banks to advocate human rights."

The Administration's real worry, echoed in both the *Post* and a *New York Times* editorial, is that "liberals" in the Democratic Party joined the core conservative Republicans in the foreign aid votes. The *Post* warns that "Mr. Carter does not yet have his international act together. He doesn't have all that much time."

Their cause for alarm is deepening. Copies of the U.S. Labor Party's 16-page "Special Report on the Illiquidity of the New York Banks" and "The Solution to Jake Javits' Fears" are currently circulating in both houses of the legislature, and are being analyzed by economics staffers in several House offices.