

Congress Must Pass Emergency Energy Financing Act Of 1977

The U.S. Labor Party will submit to the U.S. Congress this week the following Emergency Energy Development Financing Act of 1977 for immediate action. The bill's provisions constitute the first tier of an emergency two-tier credit system proposed as immediate national economic policy by Labor Party Chairman Lyndon H. LaRouche, Jr.

This Act shall be known as the Emergency Energy Development Financing Act of 1977.

TITLE I

Section I

Findings of the Congress

1) Congress finds that the most essential precondition for restoring the nation's economic health is the rapid provision of additional and new supplies of efficient and low-cost energy which not only require, but will enhance and expand the rate of growth of the United States' industry, agriculture, and high-technology capital goods production. This provision is most adequately met by the high-technology energy resources of nuclear fission, including the Liquid Metal Fast Breeder Reactor, controlled thermonuclear fusion, and the hybrid fusion-fission reactor.

2) Congress finds that the nation's long-held position as the world's leading industrial nation is threatened by severe shortages of current supplies of energy, stagnation and decline of output from the nation's industry, particularly in the critical iron and steel sector, decline in exports of the nation's industrial goods, and weakening of the nation's currency at home and abroad. This constitutes a national emergency requiring rapid remedial action.

3) Congress finds that the constitutional power to promote trade, industrial development, and general economic welfare of the nation vested in the federal government requires the federal government to take action in such a national emergency, and that federal agencies are the only governmental bodies capable of acting with sufficient speed and impact within the time frame set by this emergency.

4) Congress, therefore, finds it in the urgent national interest to create an Energy Development Finance Corporation. This corporation shall be empowered to extend funds for the expansion of existing, fossil fuel and fission energy resources, as well as the development of the technologically advanced fuel resources of nuclear fission and fusion.

Congress notes with regard to the former that research and development is already under way for the clean, low cost, and efficient utilization of such fossil fuel resources as coal through the application of magnetohydrodynamic processes.

Congress also notes that the most energy-dense production technologies known today are the technologies of nuclear fission and fusion. These technologies, as well as

the rapid utilization of fossil fuel resources, will have an immediate feedback effect on the nation's industry through the supply of energy resources, the energy industry's requirement of capital goods, and the development of new technologies having industrial application. This feedback effect translates immediately into greater employment of the nation's population at higher skill levels.

5) Congress finds a precedent for such federal action in the Reconstruction Finance Corporation created by the 72nd Congress. Congress, however, distinguishes between the Reconstruction Finance Corporation, which, through indiscriminate financing, merely provided cash to bail out the depressed private banking sector, and the Energy Development Finance Corporation which will provide credit explicitly for the expansion and implementation of energy-dense production technologies. This corporation, therefore, will function as the "seed-institution" for a much more comprehensive national credit policy as the one embodied in "An Act to Establish the Third National Bank of the United States."

Section II

Purpose of the Energy Development Finance Corporation

1) The purpose of the Energy Development Finance Corporation is to raise the level of production and export of energy-producing and energy-dense technologies at the most rapid possible rate and through the shortest available route.

2) The corporation shall provide funds to private and public corporations engaged in the production and export of such technologies.

3) The corporation shall provide funds primarily, but not exclusively, for projects that are otherwise impeded or prohibited by the present depressed state of market demand, credit availability, exorbitant interest rates, and other conditions arising from the nation's economic distress.

Such projects shall include:

A) The construction, purchase and export of light water fission reactors for the purposes of electrical generation, particularly where installation of such facilities enhances the general industrial development of the United States and its trading partners. These reactors utilize off-the-shelf technologies and therefore can be mass produced on an assembly line.

B) The development, production, and sale of energy-dense technologies, particularly relating to the production of nuclear fission energy, to the nuclear industry and among support industries. It is the opinion of Congress that such a policy not only enhances the rapid expansion of energy availability, but also has a net positive effect of introducing new, energy-efficient technologies into the support industries, raising the levels of em-

ployment and standards of livings, and freeing funds for investment in overall national economic growth.

C) The research and development of technologies in the nuclear and related fields. These include the rapid commercialization of the Liquid Metal Fast Breeder Reactors to supplement existing supplies of uranium while producing net energy; the development and commercialization of the hybrid fission-fusion reactor which can also breed fission fuel as it produces net energy; and the bringing on line of the energy resource and technologies of controlled thermonuclear fusion by the 1990s.

D) Improvements in the extraction and utilization technologies of fossil fuels. These include the development of magnetohydrodynamic processes as well as the longer-term development of the fusion torch which is capable of reducing raw materials to their basic elemental ingredients.

4) The corporation shall make its criteria of lending the provision of energy at increasingly lower costs and greater efficiencies to the economy, and shall favor such new technologies as nuclear fission and fusion that are demonstrated capable of meeting this goal. The corporation shall avoid providing funds for modes of energy production that presume a higher price for energy as measured in barrels-of-oil equivalent above the current world market price for oil.

5) The corporation shall undertake to not conflict with existing private-sector forms of finance to energy industries wherever possible. To the extent that private-sector credit channels are sufficient to promote energy development, as in the case of drilling for oil and natural gas, the corporation will avoid disrupting such channels.

6) The corporation shall have freedom of action in areas of energy development now subsumed under existing federal agencies, either by supplementing or replacing the efforts of those agencies, at the corporation's discretion.

TITLE II

Section I

Forms of Energy Development Finance Corporation Activity

1) The Energy Development Finance Corporation shall be created for an initial period of two years as an emergency body subject to Congressional review.

2) The corporation shall make monthly reports to Congress to ensure that its purposes as stated in Title I, Section II, are fulfilled.

3) The corporation shall provide the following types of funding:

A) Nonvoting equity in corporations employing Energy Development Financing Corporation funds for longer-term development projects, in preference to loans. The intention of this form of provision of funding is to provide development capital without either increasing federal control over private corporate management, or worsening corporate debt structure.

B) Loans at three percent interest and maturity matched to the full period of completion of the

project funded, with amortization to begin after completion, in cases where purchase of nonvoting equity is not required.

C) Export credits to the nation's trading partners, under the same conditions as (B), in cases where the Export-Import Bank of the United States is not in a position to grant appropriate financing.

D) In exceptional cases, discounting of trade debts of energy-related corporations.

Section II

Sources of Funding

1) The Energy Development Financing Corporation shall draw funds directly from the Department of Treasury out of general revenues and borrowings.

2) The Department of Treasury shall provide funds to the corporation from its account at the Federal Reserve System, and shall receive in return all interest and dividends paid to the corporation minus costs of administration.

3) The corporation shall draw such funds up to the amount of \$50 billion during the first 12 months of its operations.

4) The corporation shall not be empowered to issue federally guaranteed securities or to employ off-budget financing methods to the same effect. The aim of the corporation is to improve, not worsen, the tax base of the U.S. Treasury by promoting revenue-generating activities.

5) At such times as the corporation deems appropriate, it may divest itself of holdings of nonvoting equity, with the consent of the corporation concerned, by selling such equity to private investors. All capital gains incurred through such sales shall be returned to the United States Treasury.

Section III

Structure of The Energy Development Finance Corporation

1) The President shall appoint, with the advice and consent of the Senate, seven commissioners, including one chairman, to be the Commission of the Energy Development Finance Corporation.

2) The members of the commission shall be chosen on the strict basis of scientific, industrial, and engineering expertise in high-technology energy development.

3) The commission or its delegates shall judge all requests for funding, and shall appoint a Director of Research and a staff to investigate all new projects to determine their potential for meeting the goals set forth in Title I.

4) The chairman of the commission shall be a standing member of the Economic Policy Group of the Executive Branch.

5) The corporation shall be empowered to hold consultations with the governments of the nation's trading partners on the subject of trade, technical cooperation, and joint investment in the development of energy resources.