

# Schlesinger Offers No-Growth Energy 'Compromise' At Home

## 'No' To Nuclear Cooperation, Exports Abroad

At his first official press conference as Secretary of Energy Nov. 21, James Schlesinger announced that the Carter Administration was willing to "compromise" on his national energy bill, differing versions of which are now under consideration by a House-Senate conference committee of the Congress. What Schlesinger did not make public was the scenario for compromise indicated by the office of one influential Senator, which revealed to the Executive Intelligence Report that the current ten-day recess of the conference committee had been arranged under heavy pressure from Schlesinger's office. During the recess a "rump committee" of key legislators is supposed to put together a package under the Secretary's direct guidance which would insure that the United States becomes a second-class power subject to the rule of British financiers in the months immediately ahead.

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### ENERGY

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At his press conference Schlesinger outlined a series of "trade-offs" which the Eastern press and Congressional liberals promptly billed as an effort to "conciliate" conservative Republican and Democratic opposition to the program he authored last spring, which opposition substantially rewrote the Senate version of the bill. Thus it was reported that the Secretary would accept higher prices on natural gas, more tax credits for businesses converting to coal, and greater revenues for the oil industry as mandated by the Senate; in return for a wellhead tax on domestic oil, extension of federal gas price controls to the intrastate market, and a tax on the use of oil and natural gas by business, all passed by the House.

Although this represents some "watering down" of Schlesinger's previous position, the outlined "high taxes-high prices" energy compromise is fully coherent with Schlesinger's basic goal: massive cuts in U.S. energy consumption based on manufactured shortages in fossil fuel energy supplies, and outright sabotage of nuclear energy development.

Schlesinger made no bones about his antinuclear policy at his press conference. First he justified the Administration's refusal to accept the Shah of Iran's offer to invest \$20-25 billion in nuclear technology-related U.S. exports — an offer which would go a long way toward wiping out the U.S. trade deficit — on the grounds

that Sen. Charles Percy's nuclear nonproliferation bill is still languishing in the senate. As the *Journal of Commerce* pointed out, passage of this legislation would likely constitute a major obstacle preventing large-scale U.S. nuclear exports since it would mandate unilateral U.S. control over the nuclear fuel cycle, a condition neither the Shah nor most other developing nations would agree to.

Second, Schlesinger publicly rejected — "My answer is a flat no" — new offers by Dr. Nikolai Basov, director of the USSR laser research program, for joint U.S.-Soviet scientific collaboration to develop controlled thermonuclear fusion. Basov had made the offers last week at the International Scientific Forum on an Acceptable Nuclear Energy Future of the World held in Florida Nov. 7-11 and attended by top nuclear scientists including Dr. Edward Teller and Dr. Hans Bethe. Schlesinger also announced his refusal to declassify certain materials relating to laser research as a necessary step toward international breakthroughs in fusion development — a step the Soviets have already taken.

Third, Schlesinger promised that the Clinch River nuclear fast breeder project "will never be built" — in an effort to lock President Carter into vetoing a supplemental defense appropriations bill in which funding for the breeder project is contained.

Ironically the immediate result of the Schlesinger press conference has been a loud public liberal outcry from House Ad Hoc Energy Committee chief John Ashley (D-Ohio) and Rep. Toby Moffett (D-Conn) to the effect that Schlesinger has "given away too much" to Sen. Russell Long (D-La), regarded as the key Senate figure representing conservative forces in the bargaining over the energy bill; similar noises are being made privately by the office of Sen. Henry Jackson (D-Wash). As these gentlemen, along with Rep. Al Ullman (D-Ore), chairman of the House Ways and Means committee, and self-advertised White House "honest broker" Robert Strauss, are the principal figures on the "rump committee", which is supposed to work out the compromise, their attacks on Schlesinger are being seen largely as attempts to enhance his own "hardline bargaining position" — especially since they coincide exactly with attacks from Ralph Nader's environmentalist "Congress Watch" operations on Long and other leading Senators as "bought and paid for" tools of the oil and gas industry. The Eastern Establishment press is reporting passage of some sort of "Schlesinger compromise" as almost a foregone conclusion.

But Schlesinger's extreme political vulnerability, along with that of his energy package, cannot be disguised. Syndicated columnist Jack Anderson alleged on national television Nov. 24 that his sources in the Administration are saying that Carter believes the Energy Secretary has made a botch of the program, and that Schlesinger will be the Administration's first Cabinet official to be dumped.

Behind such rumors, and the shrieking of the liberal Democrats, is the reality that Congressmen especially from heavily industrialized districts are now hearing things from their constituents during the recess that lead them to believe that the Schlesinger creation will be impossible to defend politically when they come up for reelection next year.

Schlesinger's reception at national conferences of the Anti-Defamation League of B'nai B'rith and the National Association for the Advancement of Colored People, where he lyingly retailed two different lines last week, was hardly warm, although both organizations are firmly entrenched in the liberal wing of the Democratic Party. That lawyer Max Kampelman, the longtime confidante of Sen. Hubert Humphrey, felt it necessary to raise sharp questions about Schlesinger's "kill the breeder" policy was a significant measure of the disaffection expressed by "Carter's staunchest supporters."

In addition, the possibility of a sudden "bolt" by diverging factions in Congress, and the disintegration of the compromise package or its rejection by the full Congress, cannot be completely discounted.

If the compromise holds together, the chief political loser will be Jimmy Carter. The *Washington Post* served notice today in a front page article that as of now the basic strategy of the "British faction" grouped around Vice President Walter Mondale is to pass "a bill nobody loves" and then attack Carter all year long as the "Herbert Hoover" who promoted the kind of 1930s social crisis Schlesinger nostalgically harks back to in his every speech.

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### Schlesinger Hits A Snag At The ADL

*The following is part of the speech of James Schlesinger before the Anti-Defamation League this week. He was then questioned by Max Kampelman, an ADL executive member. We print both the question and Schlesinger's answer:*

We have a broader problem that will become more critical in the 1980s, a worldwide problem: the ability to increase oil production will begin to peter out. By the early 1990s, oil production will begin a long slide downward. We must have vision and foresight that is the purpose behind the national energy plan.

Our energy problems have affected all of us intellectually — we all know that problems are there — but not vicerially. The national energy plan will have to be supplemented by other legislation and action after 1978.

We face the danger of balkanization — by interest group, industrial group, and by region.

The national energy plan is quite simple — we have

been prodigal in energy matters in the past. If all the world were consuming at our rate, all the possible oil in the world would be exhausted in 15 years. Americans are the highest consumers of oil because we have been prodigal. We have opportunities for improvement.

The other thing is to move to other fuels than oil and gas. Coal is abundant, though less convenient and less clean. But we must go back to coal. But it is not only coal that we must make more use of — it will be solar, it will be nuclear to some extent. So we have regulatory measures and we are relying on price mechanisms.

I think we will get a good bill from congress, though probably not strong enough to achieve the president's goal by 1985. We will have to supplement it with other measures.

The underlying premise is to take advantage of the time we have to alter our capital stock and equipment to move from oil and gas and make them more efficient.

The economic consequences are but a prelude to the possibility of dissatisfaction: if we are negligent today — severe economic difficulties in the 1980s will undermine public faith in our system — we will shake the political and social fabric of our nation as it has not been shaken since the 1930s.

*Max Kampelman:* I think this Administration needs a change in basic approach....I think most people do not have to be convinced that there is an energy problem, but there are confused signals coming from the Administration as to how to meet the problem. You are depending on achieving a national consensus. You talk only briefly about nuclear power...Now, a majority of both houses of Congress passed funding authorization for the breeder, but the President vetoed it....This veto reduces the impact of the sense of severity of the power crisis on the public. And another example. There is so much emphasis on environmental concerns coming from the White House, which seem to take precedence over solving the energy problem. All this produces a confusion of signals which also leads to a confusion on the part of the body politic.

*Schlesinger:* I agree with you, but not entirely. The House gave the President virtually all he requested except the gas tax. I think we will get a good bill out of Congress. What we are doing is moving the price of oil and gas so that industry will move towards coal. We do not want to rely on the price mechanism, but we do not want to fight it. Regarding the trade-off between energy and the environment: It is a difficult trade-off. Some argue as you do. It is a logical position. Some further adjustment may be necessary. Regarding the breeder: Clinch River Breeder Reactor should not be built, in my judgement, simply because it is not cost effective. It is the wrong facility at the wrong time. But the President has indicated he will preserve the breeder option. We are spending more on breeder research than Europe is. The breeder is not a solution to our energy problems. We can construct L.W.R.'s and coal plants. We have a problem with LWR's in licensing — we will shortly come forward with streamlining legislation which will help this problem. In the long run, if we still need nuclear plants, we will have the breeder option. But the President has made clear that we do not want a plutonium economy. The real energy problem is not electric power produc-