

## Press Shows Concern Over Collapse Of Capital Formation

The following grid illustrates the broad concern which has surfaced in the U.S. press concerning the accelerating collapse of investment in capital formation, industrial research and development, and plant modernization.

Washington Post, "U.S. Industry Cutting Basic Research," by Thomas O'Toole, Nov. 28:

American industry, finding its profits squeezed by inflation and its capital increasingly difficult to raise, is cutting back in an area that may prove damaging to the country in the long run — basic research.

For example, in the past year, four giants of American industry, Bethlehem Steel, Aluminum Co. of America, Zenith Radio Corp., and Du Pont Co., each have closed down at least one of their major research laboratories.

The four closings are, many observers fear, symptoms of a trend away from basic research in American industry, away from the long-range scientific study that has led to the sort of breakthroughs for which U.S. technology is noted....

So concerned is (White House science adviser Frank) Press about the downward trend in research through most of American industry that the White House has begun a study to find out the reasons for it. The National Science Foundation has undertaken a similar study and for the first time is considering a change in its policy that would allow the NSF to finance more industry and research.

"We've always put requirements on industry that were above and beyond what we asked of universities," the NSF's Kent Wilson said, "but the way things are going today we may have to relax those requirements somewhat..."

Washington Post, "Energy Conservation as a Means, Not an End," by Sam H. Schurr, codirector, Center for Energy Policy Research, Resources for the Future, Washington, D.C., Nov. 29:

We are in danger of permitting policy decisions to be made about energy that do not take into account its unique role in serving to overcome potential constraints to the nation's economic growth and development. This constraint-breaking role is clearly demonstrated in the changes in energy supply over a scant 100-year period, first from wood to coal and then from coal to liquid fuels and electricity...

To devise positive approaches to the simultaneous achievement of energy supply and environmental objectives is probably the most urgent task facing energy policy today....The urgency is all the greater when viewed against the background of unmet social and economic needs...Energy conservation, which is central to President Carter's policy, is an essential approach for dealing with the short-term problem of reducing oil imports...Conservation cannot, however, satisfy the fundamental requirements of a society of expanding

opportunities. Such a society will also require a vigorous approach to supply expansion and to the development of new supply (and use) technologies so that energy itself will not become a long-term constraint, but instead can continue to expedite economic growth and development in the future as it has in the past.

New York Times, "Looking to the West," op ed by Robert G. Wesson, Hoover Institution on War, Revolution and Peace, Nov. 28:

Seeing Americans question the value of man's conquest of nature, indeed of science, technology and rationalism...(explains) why the third world in general modernizes its society and political structures slowly or not at all. The conclusion is inescapable: unless the West has faith in its own ways, it cannot expect the pre-industrial countries to adopt patterns that have permitted economic growth in the past.

These are, so far as we know, the only patterns really favorable for economic growth....It is not necessary that everyone think and act like Americans or Germans to be equally productive....but modern productivity requires a basically modern society. And it is a poor teacher who despises what he has to teach.

## Under Pressure, Washington Post Begins Shift On Nuclear Energy

Executive Intelligence Review was surprised to see last Sunday's Washington Post editorial in favor of the construction of a nuclear power facility for California. The Post, more than any other national newspaper, has contributed through its news and editorial coverage to the environmentalists' campaign for "soft technologies" and an anti-nuclear energy policy for the nation. While Post editors claimed to EIR this week that the editorial (excerpted below) represents no policy shift, the word in Washington is that the popular mandate for nuclear energy development is making itself heard on Capitol Hill and in the press.

Interviewed by EIR this week, nationally syndicated columnist Tom Braden — with sources well-placed in the Capitol and at the Washington Post confirmed this shift. When asked if he had read the Post's editorial, he commented: "I would read it as a reflection of the mood of changing public opinion, largely due to the work of your party (the U.S. Labor Party).

Contradicting denials to EIR by Post editors and reporters, Braden concurred with media rumors of Energy Secretary Schlesinger's impending ouster.

Washington Post, editorial, "Nuclear Power in California," Nov. 27:

Eighteen months ago, the voters of California rejected a proposal that would have had the effect of shutting down the development of nuclear power plants in the state. Now the state government seems to be moving toward doing by administrative action what the voters refused to do. The immediate decision before the state relates only

to a proposal by a group of utilities to build a nuclear power plant in the desert some 200 miles east of San Diego — but its repercussions could be far wider than that. For this particular plant is so sound — technically and with respect to its remote location — that if it is turned down by the state's energy development commission, or if its approval is delayed for a long period of time, the utilities are unlikely to propose another nuclear plant in California any time in the foreseeable future...

The trouble... with the policy of Gov. Edmund Brown Jr. — which favors solar and geothermal power to the exclusion of nuclear power — is that no one really knows whether it is feasible. Sooner or later, Californians, like people in the rest of the country, are going to have to face nuclear power squarely instead of playing games with its proponents. If the decision is not to have any more nuclear plants, then the reality of where electricity is going to come from in the future must be faced. It should be obvious, even in California, that oil is not an alter-

native. Neither are geothermal hot spots in the ground and energy from the sun, unless there are major technological breakthroughs or a huge reduction in the use of electricity. Even coal, which provides the most likely alternative, has shortcomings in its destruction of land and its risks to human life that must be weighed carefully against the shortcomings of atomic energy.

... But it is hard to understand why so many opponents of nuclear power regard these problems as not solvable while they are prepared to stake so much on the ability of scientists and engineers to solve equally difficult problems involving the safe and cheap production of electricity from coal or solar or geothermal sources... At present, however, it seems to us that the burden of those who want to close out nuclear power is to tell us how they expect future needs for electricity to be met. Otherwise the next generation is likely to be sitting around in the dark blaming the utilities for not doing something this generation's officials won't let them do.

## Is Schlesinger On His Way Out?

Energy Secretary James Schlesinger may soon find himself the first Cabinet-level official in recent memory to have been fired from two consecutive Administrations. The prime victim of Gerald Ford's October 1975 "Halloween Massacre" as a result of his espousal of the policy of "limited nuclear war" during his tenure as Secretary of Defense, Schlesinger and his heavily conservation-oriented national energy plan are now widely perceived in Washington as a political liability Jimmy Carter can ill afford in 1978.

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### ENERGY

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The principal public complaints about Schlesinger's performance are coming from the liberal wing of the Democratic Party, the so-called strongest supporters of the Carter Administration program he authored, embodied in the House version of the energy bill. As the accompanying box shows, however, the disaffection with Schlesinger spans the entire political spectrum.

Schlesinger's situation is complicated by the fact that his efforts to strike a compromise with Sen. Russell Long (D-La.) spokesman for conservatives who radically rewrote the Schlesinger program before passing it in the Senate, have run into difficulty. Rep. Thomas Ashley (D-Ohio), leader of the House forces on the joint Congressional conference committee now seeking to put together an energy bill in final form, has bitterly attacked Schlesinger for remarks he made at a Nov. 21

press conference where Schlesinger outlined the parameters of the proposed compromise, and according to well-placed Capitol Hill sources, is feeding the rumors of Schlesinger's resignation.

Moreover, Sen. Long himself, although still publicly professing expected agreement on the energy bill, appears determined to drive a hard bargain. Last week Long postponed the conference committee's consideration of the "centerpiece" tax portions of the bill until at least Dec. 6 in order to observe the results of conference negotiations on natural gas pricing and controls, another major outstanding issue.

Earlier in the week, Sen. Henry Jackson (D-Wash.), a leader of the Senate conferees considering the natural gas issue, predicted there would be no action on oil and gas pricing by Congress this year unless industry ordered its spokesmen in the Senate to give ground on key points. Long remained adamant. "If I were in their shoes," he said referring to the Administration, "I'd take whatever I could get."

Rep. Toby Moffett (D-Conn.) who claims to lead a bloc of some 70 House liberals who will vote against the energy package if the conference committee makes substantial concessions to Long, is becoming more vocal daily; one of his allies, Rep. Abner Mikva (D-Ill.) expressed a sentiment increasingly heard in the House that the energy bill "looks like a loser." A senior partner in a major Wall Street investment banking firm flatly asserted in an interview yesterday that no energy bill will be passed. The collapse of the bill would virtually guarantee Schlesinger's ouster, Washington observers believe.