

The Young statements were coupled with National Security Counsel Advisor Zbigniew Brzezinski's and President Carter's slap at the Cubans. Both men advised a congressional group preparing a visit to Cuba to threaten President Castro that unless he removes all Cuban advisors from Africa, the U.S. would not normalize relations with Cuba. The Congressmen reported this week that Castro has soundly rejected their threats.

Schlesinger-Kissinger Seek Mideast Crisis

Energy Secretary Schlesinger followed up these tantrums this week, stating that if necessary to ram through his energy program, he would prefer continuing Middle East crises. In a speech before the Conference Board on Dec. 7 — the anniversary of Pearl Harbor — Schlesinger warned that the Middle East situation was explosive and that the U.S. could not continue to rely on that area for its oil. Therefore, the population should

submit voluntarily to his energy program. If not, Schlesinger warned, "the social and political foundations of the U.S. will be shaken in such a way that we haven't seen since the 1930's." The U.S. is facing the same crisis as in 1972, Schlesinger declared, raising the nightmare of another oil embargo.

Former Secretary of State Henry Kissinger has also been working overtime to ensure that the Middle East peace initiatives launched by the U.S.-Soviet Accord and the Sadat-Begin discussions do not succeed. Kissinger has made numerous public statements calling for a separate agreement between Israel and Egypt and no Geneva conference, meeting with Administration officials, including Secretary Vance on Dec. 2, to that end. Last week two leading Italian papers condemned Kissinger for his policies, warning that they will lead to war. Perhaps as recompense for his efforts on their behalf, Kissinger is reported by the Dec. 8 *New York Post* to be slated for a job as international troubleshooter for the merging investment houses of Lehman Brothers and Kuhn Loeb.

Congressional, Industrial Support For Capital Formation Grows

Former Treasury Secretary William Simon's call for a broad-based political mobilization urging a high-technology jobs and export policy for the U.S., issued at the Nov. 29 conference on "Capital Formation for Exports" in Chicago, has elicited a significant, positive response from industrialists and their representatives in government.

On Dec. 7, the Chicago Tribune, speaking for that city's growth-oriented industrial-agricultural community, favorably covered Simon's speech, highlighting his proposal for the creation of 18 million capital-intensive jobs.

The following day, the Chicago International Trade Club (often referred to as the "Central Committee" of the Midwest business sector) sponsored a follow-up conference keynoted by John Moore, head of the U.S. Export-Import Bank.

Nonproliferation Is Ruining Trade

A U.S. Labor Party representative was invited to the Trade Club conference because of the interest that Chicago and other industrial centers are showing in the party's proposal for transforming the Eximbank into a vehicle for underwriting a tremendous expansion in U.S. exports. In response to a question from the Labor Party representative, Exim head Moore bitterly assailed the Carter Administration's nonproliferation policies.

"It's not just the four nuclear plants that Iran has ordered from France," Moore said. "They have also bought four plants from West Germany. By statute, we are prohibited from financing breeder and reprocessing facilities. But there is no doubt that because of our policy we are losing all nuclear plant projects. There's no doubt

that the U.S. has lost business in this field where we used to be preeminent. It's a very grave issue. It's sad to think how much we have lost already and it's sad there is also no doubt that this is because of President Carter's position." Moore recommended increasing the Eximbank's lending capacity — "\$30-40 billion more a year in sales should be our goal" — acknowledging that this would help to stabilize the dollar and balance the trade deficit.

A similar conference will be held in Georgia on Dec. 9. There, top-level representatives of southeastern and foreign businesses will gather to hear, among other speakers, Assistant Secretary of Commerce for International Business Frank Weil. A close ally of Moore as well as an outspoken opponent of Treasury Secretary Werner Blumenthal's dollar-wrecking policies, Weil is also expected to promote a beefed-up Eximbank and increased capital investment as the keys to reverting the dollar's decline.

New Mexico Senator Denounces Administration's 'Technological Imperialism'

This push for reorienting U.S. economic policy into a capital-intensive, export-oriented mode received important input two weeks ago from Senator Harrison Schmitt in a speech to the American Nuclear Society's winter meeting in San Francisco. A foremost congressional proponent of nuclear fission and fusion power development, the New Mexico Republican scored the Carter Administration's nonproliferation stance as "technological

imperialism," and warned the assembled scientists that they had better begin educating the population on the potential of nuclear energy, or else the U.S. "may...be left hanging in the wind." Here are excerpts from Schmitt's speech.

I would like to make five major points today. First the energy crisis is a crisis of energy supply which will be alleviated only by meeting specific, time-phased goals for energy production.

Second, the Administration's energy plans, unfortunately supported by the House of Representatives, are a disaster of taxes, regulations, bad coordination and incorrect assumption; in short, not an energy policy at all.

Third, the administration's nuclear proliferation policy is blatant technological imperialism through which we would not only deny the developing world the benefits of nuclear energy, but we are saying we will not participate in defining the rules of the international game.

Fourth, the long-pole in the nuclear tent is waste disposal, for which we do not yet have a policy that is either technically or politically acceptable.

And fifth, the nuclear engineering and science community, although a major hope for our future, has done a lousy job of technical and social education within the body politic with the result that your political friends are being left hanging in the wind.

Goals for Energy Production

Our long term response to the energy challenge should be to harness the sun, nuclear fusion and hydrogen as a portable fuel by the early part of the next century. As we enter the 21st century, these energy sources should be supported by an economically viable technology which can gradually establish stability within the economy and the environment and which can again make us an energy exporting nation.

Harnessing the sun may ultimately require both terrestrial and space-based electrical power facilities and broad use of "energy crops" to generate special solid, liquid and gaseous chemicals.

Harnessing nuclear fusion, the joining of atoms, as a source of electrical power requires intensive and coordinated finement research paths until the best route is clearly defined. Then, the focus can be on developing commercial systems.

Harnessing hydrogen as an abundant, portable fuel for transportation and pipelines can be accomplished rapidly once the economical decomposition of water is possible. With this accomplished, hydrogen-based energy conversion systems can be developed...

As one works with and listens to the young engineers and scientists of today, it is the harnessing of solar, fusion and hydrogen energy that sparks the greatest motivation and imagination. It is the same look in the eye and drive in the work we saw in my generation of engineers and scientists as we became a space-faring people, and in previous generations as we probed the potential of the atom. We must always be alert to what

excites the young and be guided by their enthusiasm.

Our second major response to the energy challenge must be to buy time until we tap future inexhaustible energy sources. Major advancements of technology are necessary to put into place high efficiency, low pollution energy systems so that oil, gas, coal, uranium, thorium and solar, thermal and geothermal sources can be used with maximum efficiency during at least the next 50 years...

For these responses to be successful, there must also be monetary and fiscal policies that encourage the free enterprise system, including consumer, worker, researcher and investor, to take the initiative in meeting the energy challenge.

The Administration's Energy Plans

...The administration's plans are...based on grossly incorrect assumptions as to our energy resource base and our future economic growth.

There is the assumption of a very small domestic resource base of oil and natural gas, the production of which is insensitive to price. This is nonsense...

There is the assumption of a very large domestic resource base of uranium of 3.7 million tons of U(3)O(8). This is also nonsense...

There is the assumption that the growth rate of our GNP can be maintained at an average of 5.2 percent at the same time conservation is driving the growth rate of our energy consumption down to 2 percent. This is again nonsense. Since World War II, the growth of our GNP and our energy consumption have been directly coupled at an average of about 3.5 percent. We have maintained employment and total productivity at the same time we decreased individual labor only by increasing our use of energy. To alter drastically this relationship over a short time can only aggravate unemployment and increase the threat of economic recessions.

Nuclear Proliferation Treaty

The attempts to cancel the development of breeder reactors, the restrictions on the export of nuclear technology and fuels, and general policy statements have resulted in an administration policy of technological imperialism. We would attempt to deny the developing world the benefits of the technology we already enjoy. We would do this at a time when the rapid movement of that world into the economic twentieth century offers the only major hope for a stable world in the future...

Nuclear Education

Nuclear power generation is part of our present energy economy. Properly developed in balance with the environment, it can be a major part of our future energy economy. There are those among you who would say we have no alternative but the broad and accelerated use of nuclear power.

At the present time, however, I hope you are wrong about having no alternatives. I feel this way because at the present low level of perceptions within your community, of this low level of public understanding, I am

efforts

afraid that the use of nuclear power will stagnate, if it hasn't already.

...Good public education efforts and political awareness could have prevented this problem which now threatens the viability of our total national nuclear program.

Unless the total nuclear science, engineering and

governmental community gets its education and political act together, and does so in reasonable and honest ways, your political friends are going to gradually disappear. We are fighting an uphill battle against the legacy of 30 years of secrecy, myth, misunderstanding and fear. In the final analysis, if we don't win this battle, we may be the country that is left hanging in the wind.

Administration Divided Over Hyperinflationary 'Urban Policy'

Even while the Carter Administration's "comprehensive energy plan" is stalled in a Congressional conference committee, a team of Carter cabinet renegades led by Vice-President Mondale is preparing the national stage for another battle: The Administration's proposed "national urban policy." The Mondale plan for the nation's cities — a hyperinflationary scheme full of slave-labor provisions and measures that would militarize the U.S. economy completely complements Energy Secretary Schlesinger's WEEP program.

Mondale and his prime collaborators, Secretary of Housing and Urban Development Pat Harris and Labor Secretary Ray Marshall, have been touring the country ostensibly to discuss the contents of a 154-page draft of their inter-cabinet Urban and Regional Policy Group report. The plan, which some economists say could cost over \$32 billion, calls for massive spending in older cities for the "rehabilitation" of decrepit housing through various forms of "sweat equity" and other labor-intensive methods, and restructuring the nation's banking system.

The plan also complements the Administration's welfare-workfare package (H.R. 9030) and a jobs program still being debated to fill out the Humphrey-Hawkins bill.

Although the urban policy drive is barely off the ground, a split among Administration officials has already emerged. The *Washington Post* reported Dec. 3 a dispute between Acting OMB Director James McIntyre and Harris over her proposed HUD budget for \$54 billion in 1979. According to the *Post*, at a Nov. 18 meeting between Carter and the two department heads, Harris was told to cut her budget projection to \$30 billion. Indications are that the debate which eventually led to the resignation of former OMB Director Bert Lance — one between "fiscal conservatives" and outright hyperinflationists — has surfaced once again within the Administration in this context. Harris is distributing the draft proposal among labor, civil rights groups, and local politicians in an effort to gain support and force Carter's hand in favor of her program.

Additional evidence of dissension in the cabinet's ranks was seen at this week's League of Cities conference in

San Francisco, where the "urban policy" plan was backed up by a RAND study urging the triage of "wasteful" suburbs in an effort to "revive" older, "distressed cities." Also circulated at the meeting was a report prepared by the Commerce Department and presented by Assistant Secretary Anne Wexler, which was critical of HUD's proposal.

Mondale, Marshall, and Labor

While Harris has personally been the butt of attacks from within the Administration, the Vice-President has been moving ahead the campaign, particularly targeting the labor movement. Mondale, whose top White House collaborator — Stu Eisenstat, Bruce Carp, and Orrin Cramer — worked as Harris' liaison in preparing the "urban policy" statement, spoke on the subject before the national AFSCME convention. Mondale is the keynote speaker at this week's AFL-CIO convention in Los Angeles, where he is slated to receive their "Murray-Green Award". Ray Marshall, also scheduled to speak in Los Angeles along with Harris and Energy Secretary Schlesinger, has become a featured columnist in the pages of the AFL-CIO newspaper, pushing the Mondale-Harris hyperinflationary program.

While Mondale is busy stumping the country, he gives full credit to Carter for enabling him to do so, even if it means making Carter look bad. At Mondale's weekly briefing to the nation's editors, he lauded the President for allowing him, as Vice-President, to lead the chorus of "dissent" within the Administration.

Overall, the urban policy debate may seriously stall Carter in his goal of initiating legislation in early January, following his expected urban message. Not helping his situation is the newly released Congressional Budget Office report on "Five-Year Budget Projects: FY 1979-83," presented by former Brookings Institution staffer Alice Rivlin at Congressional subcommittee hearing. The report uses a 4.5 percent unemployment target as the basis for its projections, completely bypassing Carter's promise to the Black Congressional Caucus and other Humphrey-Hawkins supporters of a 4.0 percent target. This could significantly tie up both the urban policy and the related jobs and welfare legislation, already behind schedule in committee hearings.