Schlesinger's 'China Card' Against Fusion

The 'geopolitical' motives for suppressing the Princeton results

When Princeton scientists announced on Aug. 14 that they now had incontrovertible proof that thermonuclear fusion power is scientifically feasible, the news made worldwide headlines. Now the press has begun to break the news of Energy Secretary James Schlesinger's astonishing efforts to suppress the news of the Princeton breakthrough (see ENERGY).

What has not yet become known to any but a few insiders is the political — or more properly, strategic — motivation of the energy czar's actions.

At the heart of the issue is the fact that Schlesinger and National Security Advisor Zbigniew Brzezinski are collaborating to block the Japanese government's offer for a $1 billion fund to cooperatively develop fusion research.

Schlesinger and Brzezinski instead want to sell oil to the Japanese — Chinese oil, to be exact, that the United States and Great Britain plan to develop in the near future.

A crash program for fusion development, especially at a time when the U.S. fusion program is making significant breakthroughs, would completely bollix up this oil-based four-nation bloc intended as a strategic weapon against the Soviet Union.

According to a top Japanese government official, the Energy Department has refused the written proposal of Japanese Prime Minister Takeo Fukuda, which put fusion as the top priority in a joint development program for new energy sources. Instead, the U.S. representative at a meeting Aug. 2 put forward an alternative proposal that had coal liquefaction — of all things — at the top of the list of energy sources to be jointly developed.

"From the Top"

Sources in the Energy Department and the State Department subsequently made it clear to representatives of the Fusion Energy Foundation that the policy directive came "from the top"; that is, right from Energy Secretary James Schlesinger.

Additional pressure against the fusion deal has come quite openly from Brzezinski's office. Last week an official of the Department of Energy's Office of Fusion was telephoned by a representative of Brzezinski who stated: "People in the highest level of government will not cooperate with Japan on energy on a scale that will lead to undue benefits to Japan unless we get assurances that Japan will stop screwing us on the balance of trade."

While Schlesinger and Brzezinski think they may be pulling a fast one on the Japanese by making them dependent on Chinese oil, the Japanese have made it clear privately that they will stick to their offer making fusion top priority for joint development. "Why should we subsidize coal gasification when the U.S. government is not willing to subsidize it?" one Japanese official said.

Even more important, the Japanese are clear on exactly what China card Schlesinger and Brzezinski are playing. They know that Schlesinger is going to China soon, in a trip admittedly coordinated by Brzezinski for strategic purposes, and they know that his specific mission there is to make a major deal on the offshore development of Chinese oil. They also know that this Anglo-American operation is designed to beat the Japanese out of their offers to develop the offshore Chinese oil, and at the same time to tie Japan into the anti-Soviet bloc.

According to one Japanese official, the Department of Energy is "sneaky" but its ploy won't work either with Japan or China. China is not about to hand its oil resources over to the United States and Britain, although it might string Schlesinger along. As one Japanese business official put it, the Schlesinger policy is "a high school theory...They (Schlesinger and Brzezinski — ed.) do not understand the Chinese mind."

The Princeton Upset

Once the Department of Energy's policy is located at the center of Brzezinski's China card, it becomes clear exactly why Schlesinger was so hysterical at the public announcement last week that the Princeton Plasma Physics Laboratory had achieved ignition conditions for fusion. Fusion and its enormous benefits are the opposite of Schlesinger's oil shortage-austerity option. In fact, the Christian Science Monitor accurately suggested in its article Aug. 15 on the Princeton results that Schlesinger was concerned that the fusion achievement would undermine the threat of oil shortages and thus spoil his China oil deal.

Brzezinski circles in the State Department, meanwhile, characterized the policy of energy cooperation implied by Schlesinger's trip as being subordinated to "broader strategic considerations," which translates into the same oil shortage-austerity option. This is also the line being broadcast by such Brzezinski opinion spreaders as the Aspen Institute, whose director, Harlan Cleveland, recently held a seminar for government officials around the theme "the bloom is off the nuclear rose."

Progress versus Retrogression

The Japanese had specifically named three areas of cooperation in their proposal for fusion research: the Princeton TFTR tokamak, scheduled to come on line in 1981; the Doublet III tokamak device of General atomic in San Diego, which should soon be making breakthroughs similar to those of the Princeton machine; and fusion devices that are not tokamaks.

Sources in the Department of Energy and the State Department told the Fusion Energy Foundation that coal liquefaction was at the top of the U.S. list because at the moment the U.S. synthetic fuel program "is not moving." During the winter, in fact, Schlesinger's antinuclear hatchet man, Assistant Secretary John O'Leary, had stumped around the country for the coal conversion program. Coal conversion, it should be noted, is thermally inefficient as a major energy source, except in situations like those of Hitler's Third Reich, where it was a chief fuel source.

Ironically, the U.S. memo to the Japanese was submitted under the signature of Robert Thorne, the Assistant Secretary for Energy Technology who according to department sources sent a memo to Schlesinger July 31 saying that the Princeton results virtually assured the scientific feasibility of fusion. Thorne was not present at the Aug. 2 meeting with the Japanese, where the U.S. representative was Dr. Ben Huberman of the National Security Council.

West Germany: 'The European Monetary Fund Will Out-Dimension The IMF'

West Germany's finance minister, Hans Matthoefer, put forward the most aggressive public formulation of Europe's "Grand Design" to appear in print, in an interview this week with the magazine *Deutsche Zeitung*. The heads of state of West Germany and France, he said, continue to have "firm political determination to launch this new instrument of monetary policy by Jan. 1" — the seed crystal of a new monetary system, launched last month at the Bremen summit of the European Community. Matthoefer suggested to the *Deutsche Zeitung* that the European Monetary Fund created at Bremen is slated "to out-dimension the International Monetarry Fund."

More than that, Matthoefer slapped down efforts by opponents of the EMF to play up disagreements between the West German government and central bank, remarking that the problem was not between Chancellor Schmidt and Bundesbank President Emminger, but a fight within the Bundesbank itself. Matthoefer indicated that Europe will walk into the end-of-September Annual Meeting of the International Monetary Fund in Washington, ready for a fight (See ECONOMICS).

With the West German position on record — even though Matthoefer's groundbreaking statement went largely unperceived in the United States — the cat is out of the bag.

The political development accompanying this is the most lopsided in memory of transatlantic politics: the United States Administration has been toying around with modest gold sales, rumors of withdrawal of reserves at the IMF, jiggling of the discount rate, and other cosmetic measures to support the dollar. But Europe is trying to re-crown the dollar as the center of a development-based world monetary system.

Furthermore, the French and West Germans are using every lever of influence to pry the United States away from Tony Solomon's dollar-depreciation position. The statements issued by Saudi Prince Fahd Tuesday and the Shah of Iran Wednesday promising there would be no oil price increase during 1978, and emphasizing that the Organization of Petroleum Exporting Countries would stick to the dollar as the basis of oil pricing, came after Western European intervention.

Top industrialists in West Germany, beyond the point of frustration in their efforts to pull the U.S. along for its own good, are reaching for their telephones and screaming at their contacts on the other side of the Atlantic.

West German finance ministry officials say that they and their French counterparts have to play a Mutt-and-Jeff game with the United States on the gold question. While the West Germans and French agree that gold should be the link between the Arab Monetary Fund and European Monetary Fund, a link agreed to early this month between Helmut Schmidt and Saudi Prince Saud, they do not want to push this position up front. They are leaving that to the French, officials said, and playing the gold issue down among themselves — in order to provoke a minimum of hysteria from the United States.

Nonetheless, the combination of events over the last week that Matthoefer articulated most clearly adds up to a significant consolidation of European plans. Added to this was the Moscow visit of former Economics Minister and present Dresdener Bank Chairman Hans Friderichs, where he met top officials and signed a $500 million loan agreement. Friderichs's deal represents the coming on line of the economic portions of the Schmidt-Brezhnev treaty of last May, the first step in the Grand Design process.

In contrast, U.S. Fed Chairman Miller, formerly the