Carter Energy Program To Save New York Banks

In what the *New York Times* bills as his "first major address on international matters since the Arab oil embargo of 1973-74," Federal Reserve chairman Arthur Burns told a New York gathering at Columbia University April 13 that unless the U.S. population accepts Jimmy Carter's "painful" energy program, the world monetary system will shortly collapse.

"The energy program being prepared by President Carter unquestionably will entail sacrifices by many of our citizens," said Burns. "It is essential, however, that we at long last recognize that a decisive conservation effort must be a major part of our nation's economic policy." If this isn't done immediately, and if the Trilateral administration fails to push through — over the intense West European opposition — its scheme for rescuing the New York banks via an International Monetary Fund (IMF) bailout, then, Burns warned, the world financial system will become "especially vulnerable" to collapse.

With this blunt statement, Burns has dispelled all the propaganda regarding the threat of "nuclear terrorism," scarce fuel resources, "potential" oil embargoes which the Carter Administration has proferred as justification for its energy program; instead, a ranking federal official has openly admitted that the *sole* purpose of the energy program is to prop up the tottering Rockefeller banks.

"The Moral Equivalent Of War"

The resounding rejection of the twin pillars which support the Carterites' power — their energy program and their IMF bailout plan — both domestically and in Western Europe, has created a situation in which the Carter forces know they must move outside Constitutional limits if they are to get off the ground their "no energy" scheme for keeping the banks afloat. White House energy advisor James Schlesinger spelled this out on WNEW-TV's psywar special last night, "We Will Freeze In The Dark," when he compared the Carterite energy program to "Pearl Harbor" and demanded "the moral equivalent of war" in order to carry it out.

The Carter Administration and its Wall Street supporters cannot risk any delay in implementing the energy program, and are therefore now preparing to force it through by any means necessary, including deliberately provoking a constitutional crisis of uprecedented proportions.

In the last week, the Carter forces have subjected the population to a psychological warfare campaign, the likes of which haven't been seen since the notorious Creel Committee of World War I. President Carter in his April 15 press conference reported that the CIA had just issued a new estimate of world oil reserves which indicates that reserves are much lower than he had imagined and that the situation is even worse than previously thought. Lurid press reports predicting an outbreak of "nuclear terrorism," or an Arab oil embargo have proliferated. Nearly every major media outlet has become a conduit for the Administration's statements about the necessity for energy "conservation" and "sacrifice."

A draft of Carter's energy proposal, which will be officially unveiled April 20, was reported in all the major press this week, lays out in detail what Carter has in store for the country on the energy question: a possible $2,500 tax on "gas guzzling cars," a five-cent a gallon tax increase on gasoline every year that gasoline consumption doesn't decline by 2 percent; imposition of a 50 percent tax on industrial users of natural gas to force them to switch to coal; and raising the price of domestically-produced oil by a full 100 percent, among other measures.

The Administration is taking full advantage of the Congressional recess to prime its forces for an assault when Congress reconvenes April 18. On April 21, the day after Carter presents his energy program to the public (in what one White House aide says will be a "sky-is-falling" speech), Schlesinger and other members of the Administration will deploy to Capitol Hill en masse to regale Congress with "expert" testimony on behalf of the proposal, while conducting back-room armtwisting sessions with recalcitrant Congressmen.

In an attempt to get Congressional support for his energy proposals Carter has withdrawn the unpopular $50 tax rebate, restored funds to some of the cut water projects, and hinted that nuclear projects will also be restored. The April 14 *Washington Post* reports that Carter may speed up the nuclear regulatory licensing procedure and restore funds to fusion research and development projects. A spokesman for the Rockefeller-linked Sierra Club said this week that the President's "pro-nuclear" turn around shouldn't be taken too seriously.

Congressional opposition could stall the package indefinitely. The fearful Carterites have therefore succeeded in setting up a House Select Commiteee on Energy, chaired by Rep. Thomas Ashley (D-Ohio), for the sole purpose of maneuvering the package around all potential snags.

If the package still moves too slowly, the Administration has a few other tricks up its sleeve. A White House spokesman revealed last week that the Administration would rely on government regulatory agencies, such as the Nuclear Regulatory Agency (which has sabotaged the construction of the Seabrook, New Hampshire nuclear power plant), as well as impoundment of funds and other extra-legislative measures if Congress proves obstructionist.

Gutting Congressional Power

The same anti-constitutionalist approach is embodied in Carter's proposal for a new Department of Energy to be presided over by Schlesinger. In a blistering attack on the proposal which appeared in the April 7 Congressional Record, Rep. Walter Flowers (D-Ala), the outspokenly pro-fusion energy chairman of the House Subcommittee on Fossil Fuels and Nuclear Energy detailed the dictatorial powers which the Department — and maniac Schlesinger — would be able to wield. (See below)

On the very day that Flowers' attack appeared in print, Senator Ted Kennedy (D-Mass) moved to strengthen the Department's powers even further. Kennedy introduced an amendment to the bill authorizing the Department to create its own Office of Assistant Secretary for Competition and Consumer Affairs to oversee "every aspect of energy production, transportation, distribution, financing, retailing, and even use." In remarks appended to the amendment, Kennedy makes it clear that its purpose is to beef up the Department's capacity for waging war against industry, and specifically for breaking up the independent oil and natural gas companies, which are to be absorbed into the Rockefeller cartel.

Burns Demands IMF Dictatorship, Energy Sacrifices

Federal Reserve Chairman Arthur Burns began the following speech, at the April 12 Annual Dinner of the Columbia University Graduate School of Business, by telling his audience: "I plan to comment on the need for order in international finance... now besieged... by strain and turbulence." Burns proceeded to a description of a new IMF, made into a second NATO for the financial sphere, given the same powers over the economic policy conduct of the world's nations that a police department enjoys over the legal conduct of a municipality's citizens. This IMF dictatorship, Burns reported, would consist of augmented powers to impose stringent austerity and loan-allocation conditions on "borrowers" — all new IMF credit monies thus made available to reinflate New York private banks' receivable lag.

In Burns' emphasis, the IMF is no longer to be treated as a world central bank with powers inseparable from contractual financial operations. Burns demands the IMF be given power to dictate national economic policy, "exercise oversight" and so forth entirely unsolicited, whether a member nation has applied for a loan or not. *He thus combines the "limited sovereignty" Entebbe doctrine with the "Common Fund"-type bail-out system demanded by David Rockefeller last month.*

To ensure clarity, Burns recommended the following as policy guidelines for his new IMF:

— Forced devaluations (non-OPEC developing sector) and revaluations (West Germany, Japan) to guarantee the viability of U.S. dollar-denomination in present debt overloads;

— Forceable imposition of Carter-like "energy conservation" plans to eliminate the national possibility of diversionary productive investment as an alternative to debt roll-over;

— Supplemental roll-over loans to debtor nations and large contributions to the IMF by the OPEC nations.

Excerpts of Burns' speech follow.

... Quite obviously, the overriding problem confronting us in world financial matters today is the massive and stubborn imbalance that prevails in payments relations among nations — a condition arising importantly, although by no means exclusively, from OPEC's action in raising the price of oil so abruptly and so steeply...

If OPEC surpluses on current account should continue on anything like the present scale, they would inevitably be matched by deficits of identical magnitude on the part of other nations. And if some countries outside OPEC should also have sizable and persistent surpluses, as now appears to be the case, the aggregate deficit of the remaining countries will be still larger. Under such circumstances, many countries will be forced to borrow heavily, and lending institutions may well be tempted to extend credit more generously than is prudent. A major risk in all this is that it would render the international credit structure especially vulnerable in the event that the world economy were again to experience recession on the scale of the one from which we are now emerging...

The realization of these conditions requires diligent pursuit of stabilization policies by countries that have been borrowing heavily in international markets...

What we need is a more forthcoming attitude on the part of borrowing countries in regularly supplying information to lenders on the full range of economic and financial matters relevant to creditworthiness...

Even now, as lenders are becoming better informed and somewhat more cautious in extending foreign credit, a tendency toward earlier recourse to the IMF appears to be emerging. It seems likely, therefore, that more countries that need to adjust their economic policies will henceforth do so sooner and probably also more effectively...

Private banks — both in this country and elsewhere — played a very substantial role in "recycling" petrodollars between the OPEC group and other countries, especially those whose external payments position was weakened by the higher oil prices...But with many countries now heavily burdened with debt, bankers generally recognize that prudence demands moderation on their part in providing additional financing for countries in deficit. For that reason, they understandably wish to