The NCSS serves as the principal spokesman for a broad range of private intelligence networks which are being mobilized to push the stockpile and other war preparations. Significantly, the NCSS has contracted specific research projects to Charles River Associates of Cambridge, Mass., the Arthur D. Little Company, the Stanford Research Institute, and Wm. Barber Associates.

Charles River has former Rand and Brookings members on its staff. CRA has studied specific stockpiling proposals and has recently completed a study of the extremely vulnerable South African railroad routes which could easily be sabotaged, effectively cutting the U.S. off from the strategic materials. Last year the southern African railway system was the prime subject of a study by the Washington Office on Africa, a small think tank in the Capital. WAO Director Edgar Lockwood is a member of the Board of Trustees of the Institute for Policy Studies (IPS) and is a Director of the American Committee on Africa. The Insitute for Policy Studies has written civil war scenarios for Rhodesia and South Africa. IPS co-director Marcus Raskin was a former member of the NSC and assigned to the NSC "Special Staff" responsible for overseeing covert operations and nuclear war planning. W. Anthony Lake, author of the *Tar Baby Option* (a race war scenario for southern Africa prepared for the NSC) is Director of the International Voluntary Services (IVS). IVS is funded by several foundations including AID and is the Africa-oriented part of the Transnational Institute, the Third World penetration arm of the IPS. Lake has been nominated as Carter's Head of Office of Policy Planning at the State Department.

Not coincidently Carter's nominee for HUD, Patricia Harris, a Director of Rockefeller's Chase Manhattan Bank, is a member of the Fried, Frank, Harris, Shriver and Kampelman law firm. Kampelman is General Counsel to the Committee on the Present Danger. Sam Harris, who headed Wall Street Lawyers for Carter and who is the Harris in the firm's title, is a Director of Rio Tinto Zinc Ltd. of England, which has vast mineral holdings throughout southern Africa. Another member of the firm, Robert Preiskel, was the attorney who helped set up the Congress for Racial Equality (CORE), which actively and openly recruited mercenaries throughout the U.S. and Europe to fight with the CIA's UNITA and FNLA against the MPLA in Angola.

Arthur D. Little Co., in addition to providing back-up for the NCSS research, drafted the reorganization scheme for the Atomic Energy Commission, helped derive the commodity indexation scheme with Bergsten support, and helped work up Project Independence legislation.

Industry Braces for War, Supply Cutoffs

CORPORATE AFFAIRS

The U.S. corporate sector is under intensifying pressure to accept a Fortress America policy. Exemplary of this trend, the recent $1.3 billion bond issue floated by Cleveland-Cliffs Iron Company, Jones and Laughlin Steel Corporation, and other U.S. and Canadian iron ore and steel producers to expand their Marchette Range minings operations was privately placed. The investors said the higher cost of mining iron ore in the U.S. compared with Latin America was outweighed by strategic considerations — the imminence of regional wars breaking out around the globe and the threat of further expropriations of U.S. investments.

According to a spokesman for Cleveland-Cliffs, the decision to expand operations at two mines in the Upper Peninsula of Michigan reflected a "change in philosophy" — a growing wariness about investing in overseas properties after Venezuelan and Peruvian nationalizations and worry about general political instability. The expansion program is scheduled to begin yielding additional iron ore tonnage by mid-1979, which will supply the participating steel companies.

There are indications that corporations are adapting to a wartime perspective in the short-term. The most obvious example of this is heavy purchases of ferromanganese by steel producers and other industrial users in anticipation of the outbreak of war in South Africa and cut off of the only source of supply of that commodity. In addition, commodity traders indicate that the recent stronger buying of copper, tin, and other metals may be due in part to corporations getting into those metals not only as a hedge against inflation, but in case regional wars disrupt normal supply flows. Spreading this wartime mentality, the National Commission on Shortages and Supplies (NCSS) this week called on Congress to increase the National Strategic Stockpiles of raw materials because of the threat of "local wars and civil disturbances." The NCSS report pointed in particular to southern Africa, which supplies the U.S. with copper, manganese, chromium, cobalt, asbestos, uranium, and other critical raw materials.

These developments are taking place against a backdrop of moves by key Atlanticist-controlled corporations such as General Electric and Atlantic Richfield (ARCO) to ensure that they have supplies of vital raw materials under control. On Jan. 12, just hours after a Federal Appeals Court Judge turned back the Federal Trade Commission's attempt to block Arco's acquisition of Anaconda, the merger was completed, giving Arco access to uranium oxide as well as copper mining and refining industries. The uranium oxide, used in making fuel for nuclear reactors, gives the major oil company further control over alternate sources of energy, in the tradition of the Continental Oil purchase of Consolidation Coal.

Anaconda was open for takeover because of the severely depressed state of the entire copper industry. In 1975 Anaconda registered a net loss of $39.8 million, stemming from the collapsed industrial and speculative demand for copper. In June of 1975 world copper prices plummeted to a low of 52 cents after rising to a high of $1.52 in the commodity boom of the previous year. Tenneco Inc., a Houston-based diversified oil, manufacturing, and gas transmission company, also hoped to acquire Anaconda, but couldn't compete with Arco's offer.

Multinational Oil Companies Step Up Looting Of U.S. Economy

Simultaneously, the multinational oil companies are moving to get Project Independence off the ground — the energy conservation and "development" program that is the model for all other autarkic moves. Exemplary of the insane schemes for achieving energy independence that are proliferating is the report prepared for Carter by a task force headed up by his Keynesian economic advisor, Lawrence Klein. The gist of the Klein report, which is being carefully considered by the Carter transition team at present, is that "price incentives" are the best approach to conservation and energy development. The report argues the long-standing multinational line that "higher prices through a relaxation of price controls on oil and new natural gas" are needed to give the oil companies the incentive to invest in exploration.

Even without ramming through full decontrol of energy prices, multinational oil company looting of the rest of the economy through rising energy prices has continued to grow. In 1973 the total energy bill for the U.S. economy was $70 billion or 5 per cent of Gross National Product. In 1975, after the 400 per cent OPEC price rise engineered by the Seven Sisters, the total energy bill was a staggering $150 billion or 10 per cent of GNP. Total energy costs in 1976 were in the $150 billion to $200 billion range. Between May and October of this year the fuel and related products and power component of the wholesale price index rose at an 18.5 per cent annual range, compared to a 6.1 per cent annual rate of increase for all other industrial commodities. The fuel costs had to be absorbed by manufacturers, who could not pass the entirety of the increase on because of soft demand throughout the economy.

The increases in fuel cost to industry have been staggering. Cleveland-Cliffs just announced a 4.5 per cent increase on iron ore pellets, citing the increased cost of fuel and capital expenditures. Over the first half of 1976 the base energy costs of the iron ore producer rose an excess of 25 per cent. In 1970 U.S. steel paid $14.90 for energy per average ton of product. In 1976 the cast was over $60. Both Cleveland-Cliffs and U.S. Steel have been subjected to the natural gas "shortage" this winter and have had to pay excess for alternate fuels or unregulated natural gas.

1976 Steel Production Still Below 1974 Level

STEEL

1976 was a complete disaster for the steel industry. While total world steel production rose some 6.2 per cent form 1975 levels, the total production figure of 690 million metric tons was off almost 20 million mt from 1974's record level of 708 million mt. Following is a breakdown of steel production over the past 3 years (in million metric tons):

	1974	1975	1976 *
USSR	136	140	146
USA	135	108	117
EEC	155	125	132
JAPAN	117	102	107
World Total	708	650	690

*(1976 figures are preliminary figures supplied by the Int's Iron and Steel Institute in Brussels)

Omitted from these figures for 1976 are the facts that much of the steel produced was sold at very low price levels, in frequent cases below cost. The auto sector in many countries, especially the U.S., single handedly held up the steel sector throughout the second half of the year as utilization rates fell to below 70 per cent. In the U.S. these factors translated into an earnings-to-revenues ratio of 3.6 per cent, below the level obtained during the recession year of 1975.

In West Germany preliminary figures released by the Federal Office of Statistics inindicate a 5 per cent production gain over the disastrous level of 1975. Still, crude steel production of perhaps 42.5 million mt will be well below the 53.2 million mt record of 1974. German steel mills are currently operating at 60 per cent of capacity and unemployment in the industry is now equal to 20 per cent of the work force, or 58,000 workers. Expectations for 1977 are cautious, with a 5 per cent possible increase over 1976 the current guess by West German steelmen. December output of 104,900 tons was 15,000 tons below November's poor figure.

Falck, Italy's largest private steel producer, and second largest overall recently announced that an additional 1,500 workers will be put on shorttime in the Milan region due to a drastic fall in demand. Plants involved in the cutbacks will close one week per month in each of the first four months of this year.