

power; street-sweeping and do-it-yourself housing insulation projects would take precedence over a comprehensive housing construction or mass transit program. All credit would be cut off to the capital-intensive aerospace industry. The closer the economy gets to the stone-age, the better, under Badillo's so-called Development Bank.

In fact, Badillo's method of "job creation" entails the worst possible inefficiency for the economy. The greater the proportion of the labor force that goes down Badillo's and Humphrey's sinkholes, the less the economy will produce relative to its requirements.

Badillo does not entirely ignore the consequences of degrading the skill levels of U.S. workers. Wages, in the Badillo universe, will be either the prevailing or the minimum wage — his bill assumes they will converge! The plan doesn't predict that this perverse type of "economic expansion" will expand the tax base, either. Badillo aides expect the entire operation to be financed by looting union pension funds. The unions will go along, they predict, because "National Development Bank" bonds will be underwritten by the U.S. Treasury. If the pension funds can't absorb the full brunt of the bail-out, the Treasury will be compelled to buy up the outstanding bank stock. The Treasury guarantees are an admission in advance that the no-skill, low-wage employment will generate less value than the original investment necessary to get the bank going, while the intended pension fund robbery is an admission that the U.S. banking system is already bankrupt.

This method of destroying the U.S. economy and public credit is no small-potatoes side-venture to benefit a few thousand ghetto youth. Under identical legislation drafted by Rep. Michael Harrington, Congress would create ten Regional Capital Development Banks, each with an initial capitalization of \$2 billion, for a total of \$20 billion. Since banks lend many times the amount of their capital, Harrington's scheme would emerge in roughly the same scale as the present U.S. commercial banking system as a whole! By definition, the most important capital-intensive sectors of the economy — aerospace, fission, and fusion energy, high-technology transportation, machine tools, and research and development — would be entirely shut out from sources of capital!

Times' Starr: Need Mondale Plan For Urban Relocation

Roger Starr, a member of the New York Times editorial board, best known for his advocacy of "planned shrinkage" of New York City, outlined his "rebuilding" plans for the city in the following interview.

Q: What is your reaction to President Carter's decision to withhold disaster assistance funds from New York City?

A: Well, Carter's decision is clearly very bad. Whether he's justified in saying that the city was not a victim of a natural disaster and therefore isn't qualified to receive disaster aid is something I don't know...I'm just not familiar enough with the law to say.

Q: Do you think that the failure to provide aid — especially an increase in funds for youth employment will lead to more riots?

A: Oh, definitely. I think it's very possible under any circumstances that there will be more looting and riots. New York City just lacks the economic opportunities for the people living here. In the low-income areas where most of the looting took place, the unemployment rate is an unmitigated disaster.

Q: Do you think that the looting of entire neighborhoods which took place during the blackout will de facto implement your "planned shrinkage" concept?

A: Let me just make one point here: I never called for planned shrinkage. I just said that this was bound to occur. It's inevitable that some cities will decline, and New York is one of them. People are bound to move out of the city, there simply aren't enough jobs. Of course, the government should be doing more — CETA jobs, that kind of thing. What we have to prevent, however, is a situation developing where the upwardly mobile sections of the population move out of the city — to Houston, Dallas, wherever — leaving us with 25 percent of the population made up of the welfare and unemployed, the kind of people who did the looting last week. We have to assist them in relocating...

Q: Vice President Mondale sponsored a bill several years ago, the National Employment Priorities Act, which among other things was aimed at providing relocation assistance to the unemployed. Is this what you have in mind?

A: Absolutely. I can't emphasize enough how important Senator Mondale's concept was. We can't do very much unless we get that bill resurrected. It's our number one priority...absolutely essential.

Q: But I understand the bill is dead. Is anyone going to reintroduce it?

A: I'm going to talk to Senator Javits and Moynihan about thatI certainly hope that Javits will move on it.

Q: The *Times* on Sunday carried an editorial calling on the community to rebuild itself? Could you elaborate?

A: I wrote that editorial. What I meant is that it is essential that the leadership in the looted communities move rapidly to prevent a recurrence of what happened Thursday

Q: How, specifically?

A: Well, they should form welcoming committees when the shopowners reopen. They should form community patrols and squads to protect the local shops when the same sort of thing threatens to reoccurI've been talking to a lot of people about this, and I think we'll see this sort of thing taking shape soon.

Q: Do you think that the National Guard should have been called in during the blackout?

A: There was a lot of talk about this during the crisis. I don't know . . .it probably would've been a bad idea.

Q: Who do you support for mayor . . . ?

A: . . . Mario Cuomo. I tell you, I was really down on the guy, but he impressed me tremendously today. His command control is particularly impressive