

Where Does The GOP Stand?

Exclusive to the Executive Intelligence Review

The Republican Party has to date offered no public comment, either for or against the national energy policy statement recently issued by the NAACP. However, that statement has clearly exacerbated factional differences within the Republican leadership, leading to clearly contradictory actions by GOP National Chairman William Brock.

During the Republican National Committee's winter conference on the weekend of Jan. 21-22, the party leadership hosted "country preacher" populist Jesse Jackson, who urged the RNC to endorse "a domestic Marshall plan to rebuild our cities," or else "we are going to have to teach people like Carter a lesson in real politics...there are going to be worse riots than the 1960s unless something is done." Jackson defined this "something" as "a revival of the spirit of the people that will attract industry and jobs. A servant is worthy of his hire, but more than money is derived from work. For from it comes the joy, the fulfillment and the self-esteem of doing a job well done."

Chairman Brock hailed Jackson's "Arbeit Macht Frei" speech by telling reporters, "I wish we had Republicans who could talk like that."

Two days later, on Jan. 23, Brock reversed himself in a private off-the-record meeting with members of the Council on Foreign Relations. According to a leading Republican present at the

meeting, Brock specifically cited the NAACP statement as exemplary of the popular outrage that has been sparked in this country by the Carter Administration's incompetent energy proposals. Brock singled out the proposed congressional compromise energy program for its failure to address the urgent need for capital investment and, implicitly, upgrading technology.

To demonstrate his point, Brock cited the example of the Japanese nuclear energy program as the only rational choice that energy-dependent nation could have made to meet its future needs—a choice that the Carter team had deliberately tried to sabotage. Moreover, Brock argued that the best antidote to protectionism was to adopt an energy program that guaranteed ample energy supplies, a steady rate of investment for capital formation, and productive jobs—not temporary, make-work for unemployed ghetto youth. As a case in point, Brock sharply criticized the burden of environmental protection devices industries, such as U.S. Steel, are forced to pay for with no capital relief in sight. It is because of this kind of shortsightedness that the American electronics industry has already been destroyed, and it was because of the same shortsightedness that the leading Western nations engaged in cutthroat trade war in the 1920s, with all the unspeakable consequences implied, Brock added.

Industry Reps Take Up The Growth Call

The White House Conference on Balanced National Growth and Economic Policy held last week saw an open debate over the proper orientation Administration policy should take. Testimony was heard from both proponents of economic growth and those who feel that "con-

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servation" of the United States' resources is necessary. While much of the debate was couched in terms of government's proper role, the actual context was the open fight on Capitol Hill over energy development.

Rep. Morris Udall (D-Ariz.) headed the list liberals suggesting that for the U.S., the age of economic expansion is past. Udall called for "labor-intensive" jobs programs and said that whatever the outcome of "all these struggles, the government should try to be just a little bit more neutral."

Countering Udall, was testimony from Ford Motor Company Chairman Henry Ford II and Dr. Morris Levitt, executive-director of the Fusion Energy Foundation. Ford asserted that not only was economic growth desirable, but necessary for the continued well being of the U.S. and criticized the "web of rules and regulations" tying up the development of resources. Levitt directly addressed the need for an inexhaustible source of energy "such as thermonuclear fusion power." This sentiment was shared by Robert Georgine, the president of the Building and Construction Trades union who observed that the delay in regulatory procedure "must be eliminated."

Here are portions of Henry Ford's statement before the conference.

My primary concern is whether there will be growth at all, given our government's increasing preoccupation with national policies that effectively impede growth. As I look at our country today, I see a powerful but uncertain and unsteady giant being trussed up in a growing web of

rules and regulations, to the point where it can no longer exert its strength freely and effectively.

I am reminded of the story of Gulliver in the land of the Lilliputians...

Ford favored reasonable Federal regulations but criticized energy and environmental regulations that demanded "double-quick" compliance and "instant perfection."

Regulatory decisions can have far greater impact than was intended or foreseen by those who enacted the basic legislation. The staggering cost of meeting regulations falls first upon the affected industry and its customers, and only later does the impact begin to be felt by the society at large in terms of general price rises, slower economic growth and fewer jobs...

FEF Asserts Nuclear Energy Key

Dr. Morris Levitt, Executive Director, Fusion Energy Foundation submitted the following testimony to the White House Conference on Balanced National Growth and Economic Development, Feb. 1, 1978:

...The fundamental issue here is this: there is no possibility of the United States maintaining a rising standard of living for its population, solving its monetary crisis, or bringing on line an inexhaustible source of energy such as thermonuclear fusion power in the near future, unless the government acts now to restore a full program of industrial development with special emphasis on the breeder reactor.

There are several interrelated ways to demonstrate the political, economic, and scientific necessity for reversing the present and, unfortunately, misguided Administration policy in this area. Public officials are by now well aware that the National Association for the Advancement of Colored People issued a statement in mid-January on energy policy calling for full nuclear development, which is now circulating widely on Capitol Hill and elsewhere. That policy paper and subsequent supporting statements took the position: If minorities are to share in the good life — materially and culturally — the economic pie must grow. A technologically stagnating economy will only redistribute mindless, inadequately paid labor and social heteronomy. Development of the nation's economic strength depends critically on adequate energy production, and that, in turn, means an amount of nuclear power by the end of this century which only the breeder reactor can make possible.

President Carter, where are you getting your advice on this issue? No independent expert here or abroad believes the figures on uranium availability that the Ford Foundation-Mitre Report and Secretary of Energy Schlesinger gave to you. Why is the Energy Secretary so anxious to hold up the findings of the National Academy of Sciences and ignore those of utilities, independent academics, and your own government resource experts in the geological survey?

No nation — beside zero-growth-oriented Great Britain — whether in the Comecon sector, the West European Common Market, Japan, or the Organization of Petroleum Exporting Countries (OPEC) and among the

Third World nations, favors low-energy, labor-intensive economics which, they rightly argue, equals economic chaos and poverty: or is persuaded by the argument that proliferation of plutonium leads to war. Governments know that wars come from manipulation of inadequate and uneven economic development and the tensions occasioned by scarce resources. All know that weapons are the products of small, cheap breeder reactors, not big, public, expensive commercial civilian reactors. Many nations are committed to the development of nuclear power and to continue using the assured fuel supplies the breeder will make possible.

With full nuclear development, and use of coal and gas where they make most economic sense, we can produce all the food, housing, water, steel, concrete, and manufactured goods the world needs. We can export tens of billions dollars worth of high-technology goods to wealthy countries like Iran and invest in building the rest of the Third World into a mass market, eliminating unemployment and economic backwardness here at home as well...

Kraft: Storming Warnings

The importance of energy policy to the U.S. economy was the underlying theme of syndicated columnist Joseph Kraft's column titled "Storm Warnings," Jan. 29.

We may not be able to do much about the weather but we can learn from it. Especially regarding energy.

The storms and cold of the past few weeks fingered the weaknesses in the new and exotic sources most attractive to persons concerned about the environment. They also illustrated a flaw in the supposed ace in the hole — coal — and the need to push ahead with nuclear power.

Ten days ago I was in Santa Clara, Calif., one of the leading demonstration sites for solar energy. The progressive municipal government there has pioneered in building a new recreation center that is both heated and air-conditioned by solar energy.

When I visited the city, however, the sun hadn't shone for three weeks. The recreation center had been obliged to switch off its solar plant and go on to a conventional backup power source. The conventional system, because it was designed to merge with solar energy, was less efficient than a normal boiler. So, in fact, Santa Clara was using more energy than it would have without the solar installation.

The day before that I was up at the Geysers, a geothermal source of power north of San Francisco. Geothermal energy comes from tapping the steam, or hot water, in igneous rock that has been thrust up toward the surface of the earth in certain areas, usually near earthquakes and volcanos. The steam or hot water is used to drive turbines, which in turn generate electricity...

Nuclear power, of course, is immune to the stormy weather. It is also, being a relatively small user of manpower, not subject to the chaotic labor conditions that have closed down the coal mines. During the past seven weeks, in fact, nuclear plants around the country have been operating about 10 percent above their normal levels...

Signs Of Pro-Growth Feistiness From Oil Industry, Citibank

The statements on behalf of unhindered economic growth at the White House's recent policy conference were matched by statements and actions by America's oil industry and at least one major bank heavily involved in energy financing:

* Citibank economists complained that the production goals of the Carter coal plan will not be obtained, given the Administration's present obstruction of the development of the Western U.S. coal reserves.

* The oil industry has won three court battles in the last two weeks against Schlesinger's Department of Energy, which has been seeking to extend its regulatory powers over all aspects of U.S. oil and gas production. The latest defeat for the DOE was in a court case regarding the classifications of stripper-well leases.

Nevertheless, Schlesinger and Secretary of the Interior Cecil Andrus successfully struck back at the oil

companies by sabotaging the scheduled lease-sale last week of offshore oil tracts in the Georges Bank of Massachusetts, with an assist from the Massachusetts political machine of the Anglophile Kennedy family. What happened, in brief, is the following. A judge in Massachusetts connected to the Kennedy machine successfully obtained a court stay on the lease-sale. Secretary Andrus, who could have circumvented this court stay, chose not to. He instead cancelled the sale, consistent with his attempt to dismantle Western agribusiness during 1977.

According to one press account, Andrus sabotaged the Georges Bank sale to obtain blackmail leverage to reverse the setback he received in the House of Representatives last week. The House several days ago voted to limit the Department of the Interior's ability to interfere with the offshore bidding process — by limiting its ability to change procedures for bidding.

In riposte, Sen. Kennedy, his Massachusetts henchmen, and Andrus resolved to use their stranglehold on the Georges Bank Leases to force Congress to reverse the House vote last week.

Carter Administration Fracturing On Nuclear Export Policy

Major fissures are developing within the Carter Administration over the question of a nuclear exports policy.

The first crack came at the Feb. 1 hearings of the Senate Finance Committee's Subcommittee on In-

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ternational Trade, where Special Trade Negotiator Robert Strauss stated his concern that nuclear exports not be hindered.

The next day, the Senate began its debate on the nuclear nonproliferation bill — a bill written by Senators Charles Percy (R-Ill.) and John Glenn (D-Ohio) which would, if passed, cripple U.S. nuclear exports. At the hearings, Senator McClure (R-Idaho) used Strauss' statements to come out against any bill that would effectively mean a mandate against nuclear exports.

Up to this point, the Administration had privately indicated support for the bill. Moreover, President Carter and Energy Secretary Schlesinger have demanded stringent controls on the export of U.S. nuclear technology.

But now, declared one prominent Senator, "The Administration is split on the issue of the nonproliferation bill." He indicated that particularly the State Department, which is under tremendous international pressure, is beginning to support a nuclear export policy.

Strauss Splits With Administration Over Nuclear Exports Policy

At hearings Feb. 1 in the Senate Finance Committee's subcommittee on International Trade, Sen. Clifford Hansen (R-Wyo.) fired a round of questions at Strauss about the Administration's nuclear export policy. Strauss made clear, without openly attacking Carter, that he agreed with Hansen.

Hansen: I was glad to hear you mention in your statement the Japanese interest in importing nuclear fuels and equipment from the United States. (He mentioned figures about man-years of jobs and billions of dollars that come from the export of a nuclear plant.) Is this statement of yours representative of high-level interest in the Administration about nuclear exports?

Strauss: The topic of nuclear exports to Japan came up specifically in a personal meeting with Japanese trade negotiator Ushiba. The Japanese are very interested in purchasing nuclear equipment and fuels from us. There are those who think we shouldn't be exporting nuclear materials and technology. Well, other nations are going to buy it, and it might as well be bought here and not from the Japanese or the Germans.

Hansen: I appreciate the philosophy of the President's desire to curb nuclear nonproliferation, but I think the