Charge: Sabotaging Regional Efforts

* In October 1977, Ohio, West Virginia, Tennessee, Pennsylvania, and other midwestern states began preparations for monitoring supplies and moving stockpiles. Various state officials complained at that time that federal guidelines were imprecise and understated the potential crisis.

* On Feb. 1, David Bardin held a meeting at the Energy Department with 100 representatives of government and industry from 12 midwestern states. The Ohio delegation, facing serious power shortages and possible industrial shutdowns, charged that the federal government had failed to act to end the strike. They complained that federal coal stockpile figures were misleading since they did not take serious local and regional situations into consideration.

* On Feb. 13, the Energy Department sent "technical experts" to Canton, Ohio and the East Central Area Reliability (ECAR) headquarters to "help" manage the crisis. According to responsible experts, the department's people have been making "asinine suggestions," "insulting people's intelligence," and making it more difficult for the specialists to do their work.

* Similarly, representatives in West Virginia Governor Jay Rockefeller's office have indicated that the 10 percent statewide power cut made early in February was based on information supplied by the Energy Department which was found to be incorrect upon independent analysis. The cutback was then rolled back to only be in effect in a small area of the state.

* On Feb. 15, a meeting of the federal-state task force was held in Cleveland, Ohio and led by Energy Under Secretary of Institutional and Governmental Affairs Sam Hughes. Since the task force was not to meet again for two weeks, and from the experience the state agencies had had with the department up till then, there was little expectation of any significant results. Governor Bowen's office expressed fear that the department might try to force states to take "hasty actions" which could be destructive.

—Marsha Freeman

Fight For Control Of White House

"President Carter has come to one of those forks in the road where he may have to choose which way he will go," said James Reston in his *New York Times* column Feb. 24. "Sometimes, as Robert Frost says, the choice between the road not taken and the road taken makes all the difference." Reston's recommendations? Carter should end the coal strike by imposition of the Taft-Hartley Act and enact a hard-line U.S. foreign policy for the Middle East and Africa.

Other options to the dilemmas Carter now faces, were posed by a Washington insider. "The Administration has to make big decisions soon," he declared. "The key is trade and development policy. That issue affects East-West relations, the fate of the dollar, the question of nuclear power."

That President Carter is indeed at a critical point in his presidency is not at question. Faced with the two key issues that will determine the fate of the U.S. economy—the collapse of the dollar and deteriorating relations with the Soviet Union over the Middle East, Africa, the Strategic Arms Limitation Talks, Carter's actions will decide the direction the Administration will take. There are two policy-making groups in a position to influence the Administration, one being those around Office of Management and Budget Director McIntyre, Special Trade Negotiator Strauss, Presidential Assistant Hamilton Jordan, Attorney General Griffin Bell who are committed in varying degrees to a policy of technological development, industrial expansion, energy growth—including development of nuclear power. Although this group lacks strong programmatic direction, they understand that a firm commitment to a policy of economic growth is fundamental, not just for a sound U.S. economy but for a stable world peace as well.

Their initiatives have so far been stymied by Energy Secretary James Schlesinger, Treasury Secretary Blumenthal, and National Security Council chief Zbigniew Brzezinski who, working closely with Henry Kissinger, are determined to steer the Administration into a strong anti-Soviet Cold War posture, coupled with a military build-up and austerity.

The Coal Strike

The immediate focus of the battle for control of the White House is the coal strike. How the strike is settled and when will reflect who has a significant margin in controlling economic policy. James Schlesinger is determined to escalate the economic dislocation caused by the strike in order to begin use of the emergency powers of the Executive for allocating energy supplies and shutting down industries. He and his press collaborators such as James Reston, have been urging invocation of the Taft-Hartley and other crisis-management measures. Taft-Hartley is recognized by all knowledgable people as useless in the present situation, as the coal miners have previously disobeyed the law. "Any one who promotes Taft-Hartley either wants to sabotage an agreement or is duped," one Capitol Hill source said. In effect, Schlesinger's proposals aim at keeping the strike going.

The *New York Times* and the *Washington Post* have daily attacked Carter in editorials and articles for being weak in the face of the coal strike. Reston's Feb. 24 column is exemplary: he warns Carter that if he fails to use the Taft-Hartley law, then "the confidence of the country in his leadership will obviously decline." When the Pittsburgh and Midway Coal Companies settled with the coal miners and the White House began using this settlement as the basis for ending the entire strike, the press then cautioned Carter against putting pressure on the other coal operators to accept. He would lose the support of the business community, they said. Senator

Henry Jackson (D-Wash.), just returned from a trip to the Peoples Republic of China, issued veiled threats that he will hold up the Administration's energy program in his capacity as chairman of the Senate Energy Committee if Taft-Hartley is not invoked.

Carter has so far refused to go along with Schlesinger's policy. Instead he directed that the negotiations be brought directly into the White House and he has stood firm behind support for a negotiated settlement.

Mideast

The same political blackmail is being applied to force Carter to go along with the exceedingly dangerous separate peace "solution" in the Middle East and to jettison a SALT agreement. The Jewish Lobby, with Brzezinski and Vice President Walter Mondale, are all warning Carter that he will lose the considerable political support of the Jewish community if he presses for a comprehensive Middle East peace. Mondale and Brzezinski told the President that Congress would reject a SALT agreement along the lines negotiated in early February. These threats were backed up by cold warrior columnists Evans and Novak.

Press Darts

Biased news coverage and outright slanders discrediting Carter's associates have bolstered Schlesinger and Brzezinski's efforts to control policy. This week the press hit hard at:

**Hamilton Jordan*—On Feb. 19 the *Washington Post* highlighted a story that Jordan had spit at a young woman who refused his advances in a singles bar. The *New York Post* kept the story alive throughout the week. When the White House released a report deying the allegations, *New York Times* columnist William Safire attacked the White House for responding to the charges.

**Bert Lance*—Driven from office through a press campaign of slander and innuendo, the Georgia banker retains influence in the White House. This week the *Washington Post* and William Safire took pot shots at Lance for his efforts to buy into Financial General Bankshares. The Security and Exchange Commission has also begun an investigation of this at the request of some shareholders.

**Griffin Bell*—Criticism of the Justice Department's dismissal of Philadelphia Federal Attorney David Marston continues. *New York Times* columnist Anthony Lewis devoted the entirety of his Feb. 20 column to criticism of Bell and Justice Department on that issue.

Lance Held Hostage To Promote Miller Confirmation

Informed Washington sources now believe that Textron chief William Miller may well be confirmed as chairman of the U.S. Federal Reserve despite the mammoth "credibility gap" opened up by his testimony before the Senate Banking Committee concerning a $2.9 million "sales commission" paid by Textron's Bell Helicopter subsidiary in Iran. The sources say that if the dirt on Miller, who was personally selected and sold to President Carter as Fed nominee by Vice-President Walter Mondale and Treasury Secretary Werner Blumenthal, is fully exposed, the City of London political-financial intelligence networks behind Mondale and Blumenthal are threatening a renewed all-out scandal mongering attack on Carter's close friend, banker Bert Lance.

On Feb. 22 the Senate Banking Committee heard the results of a six-week staff investigation conducted in conjunction with a parallel probe by the Securities Exchange Commission; then decided to recall witnesses, including Miller himself, for public testimony before the committee on Feb. 27 and 28.

At his first appearance before the committee, Miller had testified that he had no knowledge that Air Taxi, the Iranian sales agency to which Bell Helicopter paid the $2.9 million, was secretly owned by Gen. Mohammed Khatemi, former commander in chief of the Iranian air force, who was instrumental in promoting the sale of 500 Bell helicopters to the Iranian government. Yet the investigation revealed that, according to members of the U.S. State Department, Defense Department and Central Intelligence Agency, it was "common knowledge" that Khatemi was associated with Air Taxi, and indeed had been named in public records as an owner of the firm between 1957 and 1965. This was corroborated by William French, a former Bell sales representative in Iran, who asserted that Bell corporate officials were also informed of the Khatemi connection. Moreover, the probers discovered that Khatemi received a $300,000 payment from Air Taxi after the helicopter contract was negotiated.

Nevertheless Banking Committee chairman William Proxmire announced last week that the decision to recall Miller "is not a signal for the White House to withdraw the nomination" and the committee staff was indicating that without the appearance of a "surprise witness," it was unlikely that the new round of hearings would produce ironclad proof that Miller was lying. At last week's Banking Committee review of the investigation, Blumenthal supporter Sen. Donald Riegle (D-Mich.) dismissed the whole affair as "a fishing expedition" and strongly defended Miller. Although he knows very well who Miller is, Muckraker Proxmire, one of Blumenthal's top "antibusiness" operatives, has consistently ignored the political scandal of Miller's commitment to industrial "asset stripping" real estate speculation, Felix Rohatyn's regional banking swindle Encono, and similar City of London policies, in order to concentrate on the "corruption" issue.