

Haig and Kennedy: too far too soon

In their haste to reglue the shattered structures of pre-Camp David politics, both Kennedy and Haig this week stepped far outside the political "roles" that had been assigned them under the CFR scenario—and the question now is becoming, can they recover their posture.

Appearing on NBC's Today show on Tuesday, July 10, Kennedy gave his most explicit indication to date that he will bid for the Democratic nomination—and at the same time repudiated the interests of his own Democratic Party political base. In an interview clearly designed to goad Carter into more vigorous implementation of the CFR's austerity policies, Kennedy sharply attacked the President for lacking in leadership, and indicated that he himself would convince the American public to accept austerity. Kennedy confidently claimed that he could convince Americans, especially his working poor and unemployed base to accept the need for "more and more belt tightening."

In perhaps even greater political blundering, General Haig has projected himself to the forefront of the public eye as an active office seeker and opponent of the SALT II pact. While original scenarios called for the unpopular Haig to remain in the background until a "crisis"—when the population would turn to him as a "tough," military-minded savior—Haig now risks being seen as a grasping the Howard Baker stripe.

In addition to a lengthy interview with *Newsweek*, Haig appeared on the Public Broadcasting System affiliate, WNET-TV in New York City, the day before Kennedy's Today appearance. In an interview financed by the London Life Insurance Co. and produced by a Canadian network, Global Television Network, Haig was openly touted as a Republican presidential hopeful and a protégé of Henry Kissinger. After introducing Haig as the man whose return to the U.S. "adds to the likelihood that President Carter will have a tougher time selling the arms limitation pact on Capitol Hill," the interviewer focused on the fact that Kissinger had groomed Haig in the school of "geopolitics," especially during Haig's involvement in the Vietnam War.

Haig was also praised at the beginning of the interview as "a rising star in the Nixon White House"

who "under the paternal gaze of Henry Kissinger ... was for all intents and purposes running the country during the final weeks of the Nixon Presidency."

Most knowledgeable political observers believe that Haig's only shot at the White House would be in the event of a severe crisis in the country such as the Cuban missile crisis, and that the general would entirely discredit himself if he were placed in the limelight of a lengthy campaign. One insider who has launched many candidates said recently, "Haig has come out too soon and too fast." Even an aide to CFR stalwart Jacob Javits (R-N.Y.) commented on Haig's complete lack of a political base, noting, "I don't know what his political base is."

—Carolyn Pollack

Congressional reactions to Carter energy summit

Initial Congressional reactions to President Carter's energy vacillations at the Camp David summit have ranged from the absurd to the just-barely rational.

Middle-of-the-road Republicans have deployed to "give the speech that Carter is afraid to give." House Minority Leader John Rhodes produced his version of what President Carter should have said, in a floor speech of July 10. Rhodes attacked OPEC, called for Americans to sacrifice, and urged the creation of a mass synthetic fuels push for the U.S. Minnesota Republican Senator David Durenberger introduced the Mandatory Oil Import Control Act of 1979 to mandate the implementation of the oil import quotas agreed on at the Tokyo summit.

And, perhaps most unhinged, Senator Lowell Weicker (R-Conn.) introduced legislation for mandatory national gas rationing with the following observations: "This nation has known since the 1973 embargo that it is weak and defenseless against the economic terrorism of the OPEC oil lords."

From just the other side of the sanity barrier, a number of conservative Republicans began to apply the brakes to the herd mentality that has gripped Capitol Hill over the energy hoax. Republican Congressman Badham (Calif.) and Schulze (Pa.) cism" of the Eisenstat memo which urged Carter to blame OPEC for the crisis. Badham called stat's resignation. And Sen. Jim McClure (R-Idaho), speaking on the floor of the Senate on July 9, charged that synthetic fuels legislation was being railroaded through the Congress and that it would badly undercut the much-needed development of conventional energy sources in the U.S.—natural gas, oil, and nuclear power.

Javits aide: economy is headed for collapse

The top energy aide to Senator Jacob Javits, Meg Power, was interviewed by a reporter on July 5. At the time of the interview, Javits's top economic aide had just returned from a meeting in Europe concerning the Mideast situation, and the Senator himself was out of the country for two days of secret meetings.

The OPEC price increase coupled with the lack of resolve of the Western democracies means that the world economy is now headed for a 1931 collapse.... Any measures, no matter how extreme, cannot be ruled out if we are to save the day....

[Javits himself said that] OPEC price increases create a formidable economic danger ... A recession—or worse, a 1930s style depression—is now real and imminent ... no measure would be too severe to avoid such a calamity.... The oil question is a national security issue; oil and international economics are a *single* issue and both are national security questions.... The destruction of OPEC is our number one national security objective at this point.... [Javits's support for synthetic fuels and Encono type legislation is born of] the vision of the need to destroy OPEC....

The synthetic fuels policy is a national security question ... more importantly an international NATO security question.... We must have the strength to break the OPEC cartel and we must be able to force Europe and Japan to support our policy.... Europe is soft on the OPEC question ... they think that they can make deals.... Our strategy must be to split the cartel, to isolate and dismantle it and bring the oil fields back under the control of the Western alliance.... The synthetic fuels program in the U.S. and Canada shows our resolve.... It also gives Europe—if they join us—a new way to get fuel, reducing their crippling dependence on the Arabs....

It is also important that the Western alliance control the development of Third World reserves. They create a new problem, along with the Soviet reserves of gas and oil. What if the Soviets and Third World tempt Europe to go along with them—if they offer them energy. What could we do about it ... without synfuels, nothing. We need Europe's strategic commitment to bust up OPEC, to develop alternative sources within the Western Alliance and to prevent the Soviets from controlling Third World supplies....

Javits supports the idea of developing a broader energy/economic policy. Tokyo did not go far enough ... We can reorganize the monetary system around an

energy development policy.... This is what Rohatyn and Burns are talking about [with their \$50 billion international synthetic fuel development bank proposal—ed.]. Such plans would be administered through the IMF or IEA or World Bank ... or some combination of these agencies.... The other side of this is an international antidepression program that would tie these development programs to necessary economic restraint.... The IMF would be given a more dramatic purpose .. to really set the world's house in order.... Again, this is a national security issue....

There are two ways that this will happen: either everyone agrees to do it now and it happens in an orderly way, or it is done after a real collapse in the next few months—and anyone who doesn't think we are headed for a collapse is really fooling themselves.... A collapse would accomplish one thing for sure—it would crack the hell out of OPEC ... the cartel would split for sure ... we might be able to convince the more enlightened Arabs to go along now and get a better ride....

The synthetic fuel program is an implicit labour-employment policy.... We are talking about redistributing our workforce—both geographically and skill-wise ... we are talking about creating whole new categories of jobs.... Large numbers of people are going to be put to work because most of what we are talking about is labor intensive—heavy construction, infrastructure.... Javits sees whole new cadres of labor being formed to do this work and we are going to put a lot of inner city poor off welfare and into jobs....

If Javits has his way [he is Senate sponsor, along with Riegle, of the Moorhead bill—ed.], there will not be any confrontation with labor on the Davis-Bacon act: It would tie up the whole energy program; why bother? Labor is going to be as cooperative as hell—after all, we are creating new job categories where there are no prevailing wages, and besides, all the unions desperately want in on the jobs. We have their support—especially the building trades—already. Labor, management and government are going to get together and cooperate on this one—only a real fool would jeopardize this on something stupid like Davis-Bacon....

Carter's speech comes down to whether he has the guts.... We are not asking for a military action against OPEC, just a public declaration of intent to bust the cartel economically.... If he doesn't have the guts, this country, the world economy, is going to hell—and real soon....

The Eizenstat memorandum

The following is an excerpted text of White House advisor Stuart Eizenstat's June 28 memorandum on energy to President Carter.

Since you left for Japan, the domestic energy problem has continued to worsen:

- The actions taken to help the truckers have not yet broken the back of the strike. Jack and I are continuing to review the problem. As you know, the Vice President will today announce a series of actions to help improve the situation.
- Gas lines are growing throughout the Northeast and are spreading to the Mideast.
- Sporadic violence over gasoline continues to occur. A recent incident in Pennsylvania injured 40.
- Gasoline station operators are threatening a nationwide strike unless D.O.E. grants an emergency profit margin increase.
- The latest C.P.I. figures have demonstrated how substantially energy is affecting inflation—gasoline prices have risen 55 percent since January.
- Congress is growing more nervous by the day over the energy problem. The Moorhead bill was pushed through the House yesterday, so members could go home for the recess claiming to have done something about the problem. It is fair to say that in normal times, a bill as significant as Moorhead's would have been considered much more carefully. Despite that vote, and the forthcoming vote on Thursday on the windfall tax, members are literally afraid to go home over the recess, for fear of having to deal with very angry constituents. That fear was expressed to the Vice President and me yesterday when we briefed members on the Tokyo summit. They were almost completely uninterested in the summit, and spent all of two hours talking about gasoline and related problems.

- Press accounts are starting to appear about the Administration's inability to deliver on the commitment to have 240 million barrels of distillate in stock by October. The Northeast will soon be pressuring us to clarify whether we still believe 240 is possible.

- The continuing problem of conflicting signals and numbers from D.O.E. persists. The D.O.E. gasoline allocations formulas are now coming under particularly heavy attack. Yesterday, the state of Maryland sued D.O.E. for misallocating gasoline. Other states can be expected to shortly follow that politically popular route.

In sum, we have a worsening short-term domestic energy crisis, and I do not expect to see (with the possi-

ble exception of a break in the truckers' strike) any improvement by the time you return.

Frustration and anger

I do not need to detail for you the political damage we are suffering from all of this. It is perhaps sufficient to say that nothing which has occurred in the Administration to date—not the Soviet agreement on the Middle East, not the Lance matter, not the Panama Canal treaties, not the defeat of several major domestic legislative proposals, not the sparring with Kennedy, and not even double-digit inflation—have added so much water to our ship. Nothing else has so frustrated, confused, angered the American people—or so targeted their distress at you personally, as opposed to your advisers, or Congress or outside interests. Mayor Koch indicated to me (during a meeting the Vice President and I had with the New York Congressional delegation on their gas problems) he had not witnessed anything comparable to the current emotion in American political life since Vietnam.

While the Vietnam analogy is a strained one in many ways, it is one which this week's press accounts are beginning to make. The similarities between problems of credibility and political opposition from the left are real, though clearly undeserved. We can expect to see repetition in coming weeks of the analogy, which was prevalent at the A.D.A. convention I addressed over the weekend.

Recession likely

All of this is occurring at a particularly inopportune time. Inflation is higher than ever. A recession is clearly facing us. (Indeed, when our July budget forecast comes out with a zero G.N.P. estimate we should not attempt to avoid the obvious, as Ford tried to do, but we should be honest and admit a recession is likely.) OPEC is raising prices once again. The polls are lower than they have ever been. (The latest Harris poll shows something never before seen—a Republican opponent, Reagan, leading you by several points.) Kennedy's popularity appears at a peak. And the Congress seems completely beyond anyone's control.

In many respects, this would appear to be the worst of times. But I honestly believe we can change this to a time of opportunity. We have a better opportunity than ever before to assert leadership over an apparently insoluble problem, to shift the cause for inflation and energy problems to OPEC, to gain credibility with the Ameri-

can people, to offer hope of an eventual solution, to regain our political losses. We should seize this opportunity now and with all our skill. If we fail to do so, the late hour may foreclose a similar opportunity again coming our way.

Scapegoat OPEC

My recommendations for how to do this, many of which I have discussed previously with you and separately with Ham and Jody, are as follows:

1. Use the OPEC prices as the occasion to mark the beginning of our new approach to energy. It must be said by you—and by us—time and again publicly to be a watershed event. We must turn the increase to our advantage by clearly pointing out its devastating economic impact and as the justification for our efforts against the OPEC cartel and for increased domestic production of all types. We have provided you with a tough statement that will accomplish those ends, and buy us a week or so before the public will expect more specifics. I urge you to use that statement and to keep it as strong as possible. A statement which goes light on OPEC or a commitment to synthetics and other domestic initiatives will not convince the public that anything is different, that we are embarking on a new effort, or that there is hope that the energy problem will be solved, or that we will ever stand up to OPEC (which Americans want even more than cheap gasoline).

2. Your decision to eliminate or cut short your Hawaii stop vividly demonstrates your commitment to dig into this problems without delay.

3. When you return, and before you go to Camp David, you should at least hold one full day of meetings at the White House to consult with your advisers about the various energy problems, to assess the summit, to report to those Congressional leaders in town, and to determine how and when you should report to the public. A full day's work on energy with your advisers would be helpful to us to get our signals and orders straight, but also to demonstrate your continuing commitment to solving this problem.

4. That one day or so of energy events cannot be allowed to pass without repeated follow-on events when you return from Camp David. Every day you need to be dealing with—and publicly be seen as dealing with—the major energy problems now facing us. Unless the attention to energy is almost total during the two-three weeks after your return, we will not turn the course of events around, and certainly we will not convince the American people that we have a firmer grasp on the problem than they now perceive. Your enormous success in the Middle East peace process was due, to a very large degree, to your personal, constant involvement over a sustained period of time. The energy situation is different in many ways than the Middle East, but the need for you to stay the course, to demand answers, to convince others of the need to act and to compromise, and to control the

competing forces within the Government is very similar. With that type of involvement, we can regain the initiative and rise above much of the confusion and bureaucratic tangling now occurring. We can arrange a schedule of events that are meaningful and worthwhile during this period.

Credibility problem

5. You must address the enormous credibility and management problems of D.O.E. which equal in public perception those which State or Defense had during Vietnam (whether fairly or not). We can discuss this in detail upon your return.

6. Shortly after you return, we will have a memorandum for you to decide how to propose spending the funds raised by the windfall tax. The memorandum will include the results of a comprehensive interagency review now underway to examine the synfuels issue and develop a significant proposal for you to announce. Once you decide the direction you want these new production initiatives to take, you might consider a major address to the nation. That address could review the energy situation, explain the causes of current problems, and announce our new initiatives. The address would be around the third week of July.

7. In addition to the synfuels and energy production announcement, I believe we should announce separately the creation of a National Energy Mobilization Board. Such a board would be designated to select energy projects—like pipelines, port facilities or research and development facilities—which are to be built in the national interest, eliminating all of the normal regulatory tangle that slows such projects down. During the World War II, we had such a board to get war-related projects expedited. This board would be modeled after the World War II example. I have asked DOE to staff this out and have explored the idea quietly within the Administration and on the Hill and have found an enormous receptivity. Your announcing the creation of this board would confirm your intention to treat this matter as one of the highest national security.

8. You have a variety of speeches scheduled after your return—the governors, NACO, Operation PUSH, CWA. Each of those occasions should be used to talk about energy. That is the only subject the public wants to hear about and we should use those opportunities to get our message across repeatedly. The windfall tax campaign was successful because of your repeated discussion of it during a short period of time. That success can be repeated through these speech opportunities.

With strong steps we can mobilize the nation around a real crisis and with a clear enemy—OPEC.