

Energy Insider by William Engdahl

Another notch in Volcker's belt

Namely, the Tennessee Valley Authority's retreat on construction of eight nuclear-power units.

A decision taken this month by two of the three commissioners responsible for the government-owned Tennessee Valley Authority (TVA) is calculated stupidity. S. David Freeman and Richard Freeman were reportedly jubilant after their decision to indefinitely defer completion of three large nuclear generating units.

The units, Hartsville A1 and A2 near Nashville, and Yellow Creek 1 in northeast Mississippi, have already provided more than \$2.1 billion in skilled employment contracts for the region. Immediately, some 4,000 to 5,000 skilled construction workers and hundreds of engineers will join Paul Volcker's unemployment rolls.

Industry sources report that an additional five nuclear units of the nation's largest power utility will get the axe before Sept. 30 of this year. Hartsville B1 and B2, Phipps Bend 1 and 2, and Yellow Creek 2, are currently on hold. This would mean that since S. David Freeman, Jimmy Carter's energy architect, came to the TVA from the Ford Foundation in 1977, the utility's nuclear program will have been slashed from 17 to only 9 plants by 1990.

The TVA case is serious. It is one of the only remaining areas of the economy immune from Volcker's interest rates because of special access to credit through the little-publicized Federal Financing Bank. The six-state utility, which

helped pull much of the southeast out of the last depression, is thus able to build nuclear capacity at far lower costs than most utilities. To defer or cancel one single nuclear plant in the current economic depression is therefore tantamount to insanity.

As I have emphasized in this column, every penny spent in infrastructure investment like nuclear plants or large-scale water projects is a net gain for the overall economy regardless of its costs on paper. To boot, the TVA has a preferential interest-rate situation to build its nuclear plants. For President Reagan to urge the TVA to order 15 or 20 more nuclear plants would be the best way to revive the economy.

But David Freeman, a fanatical solar-power advocate who is unqualified for his position on that count alone, has been devoted to destroying the TVA's nuclear-plant concentration for years. Freeman changed his public stripes to "pro-nuclear" to persuade the Reagan administration to keep him on. But his latest decision makes clear his role in the chicken coop.

David Freeman drafted the deliberately destructive Carter National Energy Policy for James Schlesinger, and wrote the zero-growth Ford Foundation energy study, *The Time to Choose*; it was adopted in 1975 by Swedish Socialist Olof Palme as his energy policy. The Swedish economy has yet to recover from aspects of that policy.

Freeman's TVA predecessor, Aubrey Wagner, committed the TVA to nuclear power in 1975 after the price of OPEC oil increased 400 percent. The Wagner program, together with the region's Clinch River Breeder Reactor project near Oak Ridge, remains the most important concentration of nuclear power in the world today. Such concentrations cannot be lightly thrown away.

Following the latest TVA board vote chucking three reactors, Freeman exulted: "I feel better about the TVA power system today than I have felt any day since I have been here."

Meanwhile, the Nuclear Regulatory Commission has continued its sabotage of nuclear power in two ways. A report, commissioned by Carter holdover John Ahearne and based on "conjecture, newspaper articles, conversations with financial houses, and hearsay," has been issued to "predict" that another 19 nuclear plants under construction throughout the nation could be cancelled or postponed. One utility has already denied any such plan; the NRC did not even ask the utilities themselves. But such reports aim to be self-fulfilling by panicking utility investors.

Mr. Ahearne also joined his two anti-nuclear NRC colleagues to veto a government request for expedited construction approval for the Clinch River breeder, the nation's only serious prospect for development of second-generation nuclear reactors.

The TV and NRC actions aren't just a matter of local concern. The fight for the future of the TVA nuclear program will help determine whether we will leave any advanced industrial capacity to our posterity.