

Can Carter Get An Energy Deal From Congress?

"The Carter Administration is inching toward a very bad compromise," the British-linked *Washington Post* editorialized Oct. 20, charging that the White House was ready to consider a deal on the so-called centerpiece of its energy bill, the tax on crude oil. Only a few days before, Jimmy Carter had met with the man with whom he might make that deal, Sen. Russell Long (D-La.), and reported that he and Long "seemed not too far apart" on a compromise energy bill.

Three days into the House-Senate conference committee proceedings in the U.S. Congress scheduled to

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determine the final shape of the much-ravaged Administration energy bill, indications are indeed emerging that the White House is preparing a deal with Senator Long, the powerful Finance Committee leader whose support is widely recognized as essential if any energy bill is to be passed before Congress adjourns this year. Long has made it plain that the price for his backing is Administration agreement that an unspecified portion of revenue raised from a tax on crude oil production would go to an Energy Development Corporation trust fund which would operate independently of James Schlesinger's Energy Department and whose officials would be appointed by the President subject to Senate confirmation.

Long has said he wants the EDC to finance high-technology energy production to the tune of \$100 billion over a ten-year period. Although in the form approved by his committee the EDC would fund a grab bag of projects including mass transit and unspecified conservation measures, on a much more modest scale, the Fabian liberal wing of the Democratic Party and the Mondale crowd in the Administration are terrified that the principle of energy development and economic growth — not conservation and austerity — may start to become institutionalized if Carter compromises on the EDC.

Clear Statement From McCormack

There is strong pressure on Congress and the White House from the U.S. population to orient to those basic premises of sound policy, growth, and energy development.

In informal remarks to the *Seattle Post Intelligencer* this week, Representative Michael McCormack (D-

Wash.), who is also a member of the House Science and Technology Committee, set forth one of the clearest statements to date on the direction Congress is being pushed in on the energy issue. "I am frantic with the no-growth attitude that persists in the White House," he stated, "We should be producing energy and new wealth in this country. Developing the energy we need... would be a huge shot in the arm and it would create hundreds of thousands of jobs." McCormack himself was one of the leading supporters of the Clinch River nuclear breeder reactor project, which passed in the House last month.

An aide to the Representative has also indicated to the U.S. Labor Party that the Congressman's office is preparing a "study which will show that a low-energy-growth, conservation-oriented program will destroy the American economy. Nuclear power is absolutely, strategically, and economically crucial to the future of the country."

Many of the forces in motion in and around the Administration behind an energy bill compromise would undoubtedly disclaim any such laudable goals — they are apparently merely trying to put together a public relations package on behalf of the crumbling U.S. dollar. They aim to work out a deal with Long on the EDC, which would include \$32 billion in tax incentives to industry for coal conversion, insulation, the development of exotic energy sources which the Senate wrote into its version of the bill when it stripped out the Carter crude oil and other taxes, and the hot issue of natural gas deregulation — probably coupled with a tax cut next spring. All this, it is being fervently hoped on Capitol Hill, will convince the Arabs and Europeans that the U.S. is doing something about its disintegrating economy. Such an approach would be disastrously incompetent and may not work even as a stop gap on international financial markets ... but it could produce a deal in Congress.

Certainly, syndicated columnists Joseph Kraft and Mary McGrory were pushing such a deal in their columns last week by trying to cool out Fabian resistance to a compromise. Playing up Russell Long as the man who "owns" the Senate, the liberal McGrory told the Fabians in effect, "Don't blame Carter for a compromise, blame Long." Kraft gave the Fabians the soft-cop treatment by presenting prospective compromise as Long "taking a dive" for Carter's benefit.

Also noteworthy was the sudden emergence of former Democratic National Chairman and old Lyndon Johnson-John Connally hand Robert Strauss on the front page of the *Baltimore Sun* where he was advertised as Carter's most influential adviser behind Mondale and Jordan, and

the man who could fix things with Congress and business forces. Strauss, it was revealed, would coordinate the upcoming national speaking tours for an energy bill by Carter cabinet officials.

Meanwhile Energy Secretary James Schlesinger has been loudly telling anyone who will listen that the Carter Administration is pro-nuclear power despite the plentiful evidence to the contrary; the *Wall Street Journal* and *New York Times* have played this up as a "policy shift"; and such Rockefeller creatures as Sen. Jacob Javits have signaled approval for a compromise bill.

Last but not least, major oil company officials have been heard retailing the line that the industry needs a bill, even if it's a contradictory legislative mush, to stabilize its position domestically and allow it to make short-term decisions.

Worries For Fabians

All this adds up to an environment in which the committed Mondale-type wreckers of the U.S. economy like the *Washington Post* have become very nervous about the White House. "Long holds all the cards," admitted a congressional staff source close to Stuart Eizenstadt, one of Mondale's key insiders on the White House staff.

Thus the *Washington Post* editorial freakout which accused Carter of plotting a "plowback" of funds to the oil companies. Thus the tirade of Sen. Edward Kennedy, who left the White House after a meeting on the same day attacking Long and the Finance Committee for approving a "\$32 billion boondoggle" and loudly promising that the President would stick to his guns. Thus the statement by Rep. Toby Moffet, liberal Democrat, that 70 or 80 House Dems of similar Fabian stripe would bolt and refuse any support to a bill which approved a "plowback" or deregulated natural gas prices as the full Senate mandated three weeks ago. Thus the pilgrim-

age to the White House of Messrs Ashley and Dingell, who helped to shepherd the energy bill through the House; they also loudly proclaimed that Carter would never, never sell them out.

Liberal Democratic opposition might well succeed in killing a compromise, especially if, as seems likely, they can get major help from congressional Republicans. The Republicans have attacked the Administration program as a tax package which would cripple U.S. industry, and many are saying they will vote against *any bill* which would restore the crude oil tax, even if Long's conditions were attached. A *Wall Street Journal* editorial attacked Long's Energy Development Corp. scheme last week as the equivalent of Mondale ally Felix Rohatyn's fascist ENCONO proposal for regional labor-intensive looting, which it attributed to Nelson Rockefeller. Many of the progrowth conservative Republicans in Congress, with some justification, fear it could become a vehicle for just that. Instead of demanding that the EDC be used to finance the massive program of fission-breeder-fusion nuclear development put forward by the U.S. Labor Party, however, the Republicans are repeating rote ideological nonsense equating the words "government" and "taxes" with evil, and decent Democrats are keeping quiet about nuclear energy, as Long himself has.

Meanwhile, in the initial days of conference committee hearings on what are supposedly the easiest portions of the House and Senate bills to reconcile — the tough tax and deregulation decisions may be weeks away — the Congress has found itself bogged down already in a mindless dispute about how much the utility companies should be involved in the home insulation business, in which dispute "local problems" and heteronomic wrangling have dominated.

— Don Baier

Carter's New Nuclear Policy: Sour Wine In New Bottles?

The Carter Administration this week launched what at this point can only be termed "image changing" to persuade the 35 nation delegates in Washington D.C. for the International Fuel Cycle Evaluation Conference that the U.S. will again become a "reliable supplier" of commercial nuclear technology.

In his speech Oct. 19 to the opening session of the conference, Carter told the delegates that the United States would back creation of what he termed an International Fuel Bank, echoing a provision of the so-called Nonproliferation Act of 1977 introduced by Sen. Charles Percy (R-Ill.) and now being considered by the Senate. Carter himself gave no details on how the bank would work, although observers remarked that the concept would parallel Henry Kissinger's plan for an International Energy Agency to pool international petroleum supplies under U.S. and British domination.

Confidential reports made available to this journal

confirm that Carter's speech to the International Fuel Cycle Conference was taken from a classified study of the Ad Hoc Group on Nonproliferation, headed by State Department nonproliferation "expert" Joseph Nye and composed of representatives from the avowedly antinuclear White House Council on Environmental Quality. A member of the group divulged that "There has been no shift in USA proliferation policy" from the earlier Carter Administration stance that the world should jettison its second generation nuclear breeder reprocessing and fusion technologies.

The aim of the policy, Carter enunciated in his Oct. 19 speech to the conference, is to stop world development of the breeder, nuclear fuel reprocessing, linking this to emphasis on maintaining present conventional first generation light water fission reactors by offering the "carrot" of an international fuel bank.

The "new" policy, as the source confirmed, is fun-