

# The General's domestic program

At the center of the Haig economic program for the United States, is the energy austerity drive currently being mounted through the actions of James Schlesinger and U.S. oil companies to manipulate an oil shortage. This fact was as much as admitted by the Continental Oil Company executive who told a caller March 19: "We have made our choice: Alexander Haig."

The Haig energy policy is the result of a three-way deal involving the U.S. majors, led by Exxon, British Petroleum and Royal Dutch Shell, and Energy Secretary James Schlesinger, a candidate of the NATO chief.

## Schlesinger and the oil sisters agree to have a shortage

The heart of the oil companies' deal with Schlesinger is their agreement to back reduction in domestic oil supplies in return for a Schlesinger guarantee of oil price decontrol and, thus, skyrocketing energy prices. News leaked out three days ago that Exxon, the world's largest private oil company, is now leading the others on behalf of Schlesinger's "oil shortage" plan.

## What did Exxon announce?

It is cutting allocation of oil to U.S. refineries by an amount double that of U.S. imports from Iran. Why? The London-based Seven Sisters cartel made an "agreement to share" the impact of Iranian cutbacks with the two companies with the largest stake in Iran: British Petroleum and Royal Dutch Shell — the architects of the Iranian revolution and subsequent oil price war. This despite the fact that Iranian oil production is climbing back towards 3 million barrels per day.

## Depression economics

What Schlesinger and the Carter administration are doing — the Haig policy — is simultaneously pushing an "anti-inflation program" and a wildly inflationary decontrol of oil prices. Unless one recognizes their objective to be a depression, this policy makes no sense. Oil decontrol means raising the price level from the current \$5.50 a barrel up to world market prices. The bill to consumers is conservatively projected at \$15 billion — not just at the gas station, but in soaring food prices, as

## Rostow: 'progressively tighter energy rationing'

*Portions of an interview with Walt W. Rostow, a professor at the University of Texas and former Deputy Secretary of Defense official with the Johnson Administration, were made available to this news service. Rostow is a leading spokesman for the proposed Energy Corporation of the Northeast (ENCONO), a project originated by Lazard bank's Felix Rohatyn, which envisages tight control of all energy allocation on a regional basis. Rostow was first asked about the severity of the energy crisis. He replied:*

The situation is critical. We need energy rationing and then it has to be progressively tightened. The President must lay out an all-out energy program. People are scared. The country is falling apart. Water is running out. Resource problems must be at the center of attention. Read my 900-page *Getting from Here to There*. Hear me speak this Monday to the Senate Energy and Regulations Committee.

We're heading into a very dark period. On April 2, I will speak to the nation's geologists in Houston. In my speech I will summon up Churchill's image at the beginning of his history: *The Year of the Locust*. That's where he says we should have rearmed but didn't.

The energy question must be treated like war.

There are two operations going: the Midwest Governors and New York's ENCONO. ENCONO's going great! You know Felix Rohatyn? The congressional legislation is all prepared. Felix is working closely on it. It's amazing what you can get done in New York, Cleveland, Denver, and New Orleans, as opposed to Washington. Felix stresses he never could have done in Washington what he did with the unions and banks in New York. ENCONO is almost ready.

petroleum-based fertilizer costs rise, etc. It makes perfect sense to Schlesinger. His objective is to put the U.S. economy through a depression-wringer.

That is only emphasized by the way the Energy Secretary "manages" other energy supplies. This week the Nuclear Regulatory Commission NRC, as it is termed, ordered the immediate shutdown of five nuclear power stations in the industrial Northeast for what may be months. Schlesinger's office quickly announced that the loss of the nuclear power will require consumption of an additional 100-200,000 barrels of oil per day to achieve the equivalent electricity generation for the 13 million people served by the five stations.

The NRC retroactively applied new "safety regulations" to the plants, saying there may have been an "arithmetic error" in the design of the plants' pipe-cooling system. The significance of the error? The sta-

tions, all located in the Northeast, might not withstand a major earthquake very well!

One of the plants was examined before the shutdown, and found to have no violations of standards. It was shut down anyway.

Unlike Japanese and European policy-approaches, Mr. Schlesinger denies that nuclear power could offset the "oil shortage." He's seeing to that.

One leading utility head recently noted that the nuclear capacity already under construction would offset the loss of Iranian oil within two years. Contradictory rulings from Mr. Schlesinger's office on behalf of "environmentalists" have brought most of the construction to a screeching halt.

Schlesinger's policies are preparing the way for fascist regimentation of the United States economy centered around labor-intensive "energy development"

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## Aspen: nuclear industry is being dumped

*The following interview with a ranking energy specialist at the Aspen Institute, which is heavily involved in the Haig candidacy, was made available to this news service. In addition to his discussion of the nuclear industry, the expert also touched on international aspects of the Haig program.*

*Q: What are the Aspen Institute's views on the prospects for nuclear power? Frank Zarb of Lazard Freres, who is on Aspen's energy committee, has been making a pitch about the favorable prospects for coal and nuclear power, and has been saying that the Administration will go pronuclear soon. Yet the recent Nuclear Regulatory Commission (NRC) shutdown of five reactors seems to belie this. What do you think?*

*A:* The U.S. nuclear industry is dying. There isn't even an inventory of spare parts. Besides, who needs Westinghouse and G.E.? If the U.S. needs a few reactors in the coming years, they can always get them from France or Germany at a slight premium. It's true, safety isn't really a problem, although there is the problem of disposal. When you get right down to it, the whole nuclear question is political.

The reason you had a renewed interest in nuclear power recently was because of second thoughts about coal. Coal infrastructure just costs too much. There's the railroad expenses, the slurry pipelines. Coal gasification isn't entirely out of the question, but coal liquefaction just isn't feasible, given its huge requirements of water.

What's needed is something without such costs,

something already in place. After all, we're sliding into a real economic slowdown.

In this respect, natural gas has real advantages. It's relatively environmentally clean. It's a good transition fuel to the soft energy regimes of the future.

What we really need is cogeneration! Each plant has its own, individual energy-generating facilities. Various people are working on this. The problem is with the utilities. The present rate structure has got to go. As things stand now, the utilities are allowed to pass through to the consumer their expenses for investment in new generating capacity. This is blocking cogeneration. The utilities are also fighting it in the courts.

*Q: Is the Aspen Institute leading the effort for a North American Common Market?*

*A:* I wouldn't say we're the leader. But — this is very off the record — an office of the Department of Energy has just asked us to pull together a four or five day meeting that will consist of ten Mexicans — mostly academics, but they're close to the Revolution — and ten Americans. Then, when the Mexico-U.S. side is taken care of, we'll bring in Canada and Japan.

*Q: Won't Mexican President Lopez Portillo oppose this?*

*A:* I think he'll be more cooperative than people realize.

*Q: What kind of energy program do you see for the underdeveloped sector?*

*A:* The LDC (Less Developed Countries — ed.) side is the following. The Saudis have a lot of money tied up in the

projects, typified by the Energy Corporation of the Northeast (ENCONO) plan drafted by Lazard Freres' Felix Rohatyn and now back on the front burner as a national policy issue.

Under these plans, the U.S. unemployed would be recruited into construction and employment at such projects as backyard hydroelectric dams, solar energy projects, and similar inefficient programs modeled on Nazi Finance Minister Hjalmar Schacht's reorganization of the German economy.

In addition to the revival of ENCONO, a foretaste of what is to come was provided by the fact that Vice-President Walter Mondale, whose support of a forced labor relocation program helped shoot down his 1975 presidential trial balloon, is now reviving dormant plans for mass public works programs to deal with "youth unemployment."

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LDCs. They're worried about losing it. They'll invest in energy projects there if government guarantees are provided.

*Q: What if the LDCs want nuclear reactors?*

*A: The best way to deal with that is to have specially-tailored energy studies for each country. A hydroelectric project for this country, something else for that country.*

*Q: You mean, something with a private investment component that would be complementary to the World Bank's new program for funding LDC self-sufficiency energy projects?*

*A: Exactly.*

*Q: Do you think the Saudis will buy this?*

*A: Yes. Two of our people — including John Sawhill — just got back from staying with Yamani at his small house in London's suburbs. The word is that the Saudis want to increase prices — but not too fast to shatter the world economy. And they want to limit production. The Saudis were very sobered by what happened to Iran. They're worried about the civil liberties and corruption issue. They're especially vulnerable on the corruption issue. And the kids aren't religious anymore. The Saudi royal family is really torn apart. Yamani's trip to London was delayed four hours because of this.*

*Q: Is Yamani's position secure?*

*A: I'm not sure. The long-range planning council is his baby. It's got academics from various countries — Venezuela, etc., on it. He's using the council to fortify his position.*

## Haig foreign policy in the Middle East

The world got a clear look at Haig's foreign policy in action during the recently concluded mission to the Middle East headed by U.S. National Security Advisor Zbigniew Brzezinski. Notwithstanding all the publicity about "convincing Saudi Arabia and Jordan to support the Camp David peace," the delegation's stated mission was to push the Egypt-Israel separate peace into the next phase of Britain's planned U.S.-USSR showdown, namely the militarization of the pact under the very anti-Soviet NATO doctrine Haig embodies.

In fact, the new Israel-Egypt military alliance emerging from the Camp David separate peace treaty has cleared the way for the militarization of the entire Middle East. The Israel-Egypt axis is now slated to serve as the core of a new NATO-style Middle East Treaty Organization (METO) committed to "having it out" with the Soviets in the Middle East. Worried Arab officials, along with well-briefed Middle East analysts, are stating point blank that the treaty between the two countries sets the stage for war.

### Payment plan for war

According to reliable estimates, the Carter Administration is committed to funnel \$25 billion in weaponry and related aid to Israel and Egypt over the next three years. This amount includes \$3 billion to Israel to cover the costs of evacuating the Sinai Peninsula and building two new airfields in the Negev Desert. In addition, the U.S. will speed up the sale of \$3 billion in arms for Israel, including 75 F-16 jet fighters. The U.S. has also agreed to supply Egypt with approximately \$3 billion in military aid, including destroyers, tanks, submarines, and advanced aircraft. Egyptian Defense Minister Ali has requested 300 F-16s, 2000 armored personnel carriers, and anti-aircraft missiles, among other things. Following his meetings with Ali, Defense Secretary Brown spoke about a "new defense relationship" with Egypt and the "new dimensions" of U.S.-Egypt military supply relations.

Added to this amount is approximately \$8 billion in aid to both countries, including economic aid increases to Egypt if the Saudis should cut Egypt off.

To work out the precise shape of the METO militarization push, Israel Defense Minister Moshe Dayan arrived in Washington last week for talks on a "memorandum of understanding on U.S. security assurances" to Israel, akin to the secret Kissinger clauses of the 1975 Sinai pact. This memo, sources say, will include a de facto U.S. nuclear umbrella for the Israelis.