

## Hearings Open On Expanded Eximbank Role

The crucial question whether the United States will succumb to the City of London's economic warfare or will instead adopt an "American System" program of aggressive industrial development and high-technology exports became the focus of heated congressional debate this week, as three congressional committees opened hearings on the future of the U.S. Export-Import Bank.

Speaking for U.S. industrial interests who see an expanded Eximbank as the key to revitalizing depressed U.S. trade, Sen. Adlai Stevenson (D-Ill.) kicked off hearings on U.S. exchange rate policy Feb. 6 with a vigorous defense of the dollar. Stevenson, who chairs the Senate Banking Subcommittee on International Finance under whose auspices the hearings were held, sharply rebutted testimony presented by two Administration witnesses, Federal Reserve economist Henry Wallich and Treasury Undersecretary for Monetary Affairs Anthony Solomon. They had cited "excessive oil imports" as the main cause for the dollar's decline. Further devaluation of the U.S. currency, Stevenson declared, would not help bolster exports but would actually lead to further inflation.

Republican Sen. Harrison Schmitt of New Mexico took Stevenson's arguments one step further, linking industrial development to the dollar's well-being. Schmitt specifically queried the Administration witnesses as to whether they had ever carefully studied the correlation between technological development and industrial expansion and the relative strength of the dollar, forcing them to concede that they never had.

Detailed evidence supporting Schmitt's and Stevenson's perspective was presented by Larry Fox, vice president of the National Association of Manufacturers. Fox presented an in-depth analysis of U.S. exports which demonstrated conclusively that they are not "price sensitive," that is, that a dollar devaluation would not bolster U.S. export sales, contrary to the arguments of Treasury Secretary Blumenthal, et al.

The Stevenson subcommittee hearings are scheduled to resume Feb. 23 and will continue through March with an intensive examination of the Eximbank's role.

### *The Long Campaign*

While informed sources concur that the majority of Congress favors the Schmitt-Stevenson prodevelopment perspective, particularly in terms of expanding the Exim's financing authority, Capitol Hill figures linked to the City of London merchant banks, led by Rep. Clarence Long (D-Md.), went into high gear this week in an effort to discredit the Eximbank.

On Feb. 8, Long began hearings on the bank in his House Appropriations Subcommittee on Foreign Operations with an assault on its funding of nuclear and steel-manufacturing technology exports. Long, who prides himself as being the Congress's chief opponent of nuclear

power (and is considered to be "either senile or a nut," according to one Washington insider), raked Exim President John Moore over the coals for authorizing a \$644 million loan to the Philippines for the purchase of a nuclear reactor. Long based his objections on a hoked-up conflict-of-interest scandal and on ostensible "safety threats" the reactor would pose. Third World countries don't need nuclear power anyway, Long added, since they have plenty of "animal dung" to supply fuel.

Long's strategy, as disclosed in a recent interview (see below), is to undercut the bank's ability to finance high-technology exports as a prelude to destroying the bank altogether — a strategy entirely in keeping with London's ongoing machinations against the U.S. economy. Long has already introduced an amendment to the bank's charter proscribing it from financing any nuclear-related exports.

Both the *Washington Post* and the *New York Times* attempted to puff up Long's allegations with front-page articles. According to the *Washington Post*, Long hoped to halt the Philippine deal through the hearings. Long will be holding hearings on the Exim's underwriting of steel plant exports next month, and is expected to argue that the bank is subsidizing unfair foreign competition to the U.S. steel industry.

— Kathy Murphy

### 'Plenty Of Animal Waste'

*The following interview with Rep. Clarence Long (D-Md.) was given to an independent journalist last month:*

I think the whole idea that you have to have the Eximbank is specious...The only reason it exists is that certain industries want a subsidy for their exports. Without it, the nuclear industry, for example, would never be able to sell its products abroad...I favor dissolution of the bank, and I'm not alone in this...

The Eximbank distorts our export trade. It's built up industries that shouldn't exist at all. We've loaned more than \$4.8 billion through the bank since 1959 to build nuclear plants in developing countries. These countries don't really want nuclear energy — it's not necessary for them! After all, they've got plenty of sun and animal wastes. They only reason they're after nuclear technology is to build weapons...

Exim's been giving billions to the Soviet Union for food purchases. The Russians should have to pay cash on the barrel — but our farmers are stupidly pushing to increase our credits to them...

My latest thing is the steel industry — I've just discovered that the multilateral aid institutions as well as Eximbank have given billions to other countries for their steel industries. Have you ever seen a steel plant in Brazil or Egypt — It's pathetic! These people don't know

how to make steel efficiently—but that doesn't prevent them from producing their own and that means they won't buy steel from us!

I believe in free trade. After all, I've been an economist for 20 years. But the Eximbank subsidizes our competition. We're exporting hundreds of billions of dollars in capital a year. We should be spending that on pollution control and flood control at home. Instead, we're handing it over to the elites in these underdeveloped countries. They ought to be helping their little farmers, giving them little plows for their little plots. But, instead, they're buying big tractors and combines and forcing the little devils off the farm and into the cities...

*The AFL Will Help Us*

I don't think we'll be able to kill Exim...most export industries want it to go on giving out money. The farmers

are a problem too. But we can sure do certain things to make life difficult for it! We'll make sure it doesn't give loans to the Soviets, or export nuclear technology or steel plant equipment...

We'll be working closely with the Congressional steel caucus on this. Also, the AFL will definitely help us. They've already helped us kill OPIC (*the Overseas Private Investment Corp.—ed.*)...If they go against Exim completely, that'll really do it in. But I don't think labor will go all the way on this — there are still too many elements in the AFL who work in export industries....

Don't get me wrong, though. I'm not all that sympathetic to labor. They're to blame for the mess they're in. They've shoved up their wages to the point where they're no longer competitive. I'm very reluctant to protect them...But they depend on me too much for other things, so they don't ask questions about why I don't vote for higher tariffs and things like that...

## Slanders Backfire; NAACP Gathers New Support

A month of press slanders and attempts to isolate the National Association for the Advancement of Colored People for advocating the development of nuclear power has backfired. The Association's energy policy gathered still more support last week, with statements from the labor and industry grouping, the Michigan Committee for Jobs and Energy, and the president of that state's major utility, Consumers Power.

In Chicago, NAACP Board Chairman Margaret Bush Wilson and NAACP President Dr. Benjamin L. Hooks made it clear that the Association's commitment to its energy policy had not been shaken by either the flagrant distortions appearing in many newspapers, or their blackout of the actual content of the policy.

The NAACP leaders' statements resulted in accurate coverage Feb. 7 in both the *Chicago Sun Times* and the *Chicago Daily Defender*, headlined "Critics of NAACP Energy Views Hit" and "NAACP Assails Critics."

At a speaking engagement, Hooks indicated that the support of organized labor may be forthcoming. "The labor movement is split on deregulation. But William Oliver of the United Auto Workers is on our board, and he supports our energy policy, (UAW president) Doug Fraser is on our board, and I haven't heard any comments, so I guess he is endorsing our program."

William Oliver verified his support for the NAACP's progrowth energy stance Feb. 6, when he told the audience at a dinner honoring lecturer Dick Gregory "The history of the labor movement has depended on the fight for jobs and energy production, ... they are tied together."

*That the NAACP had not been isolated by the criticism of its former "liberal" backers was the theme of an editorial-page feature in the Wall Street Journal Feb. 7. In a piece titled "Free At Last," Journal editor Jude*

*Wanniski detailed the twisted interpretation of the NAACP energy program printed in such "publications of record" as the New York Times, the Washington Post, and the New Republic. Portions of the Wall Street Journal editorial appear below.*

There is no question about it. The National Association for the Advancement of Colored People has torn free of the liberal labor coalition that it joined in the early New Deal days. Is it too strong to suggest "Free at Last" as the NAACP's statement of liberation from the rigid dogma of the liberal coalition?

"Use it," said Benjamin Hooks, the NAACP's executive director, when I suggested it as the title of this piece when we discussed it over lunch in Manhattan a few days ago. "It's perfect."

"Yes, yes, it fits," said Margaret Bush Wilson, chairman of the NAACP's board, when I visited her in St. Louis last week. "That's how we feel."

The divorce has been brewing for quite a while, but the formal break came a month ago when the 69-year-old organization withdrew support from President Carter's energy policy on the grounds that it emphasized conservation instead of energy growth. Confusion followed amid conflicting reports on whether or not there was an explicit endorsement of oil and gas price deregulation (there was no specific stance either way).

What is clearly of paramount importance, though, is the fact that its dissent is part of a broader policy shift. The NAACP has thrown itself open to alternative ideas in a conscious reassessment of philosophy. No longer will it unquestioningly accept as its own public policy gospel as developed by the labor liberals....

Which is not to say either Mr. Hooks or Ms. Wilson expects a wholesale reversal of policies or a new coalition with "conservatives." Rather, the NAACP has