

IN THESE TIMES

Carter premieres a midsummer night's schemes

By David Moberg

DESPERRATE FOR A POLITICAL gesture that would save his faltering administration and would give the appearance of bold action in response to rising gas prices and the recent shortages, Jimmy Carter has come up with a plan that is more likely to deepen the energy, environmental and economic crisis that threatens the country.

Rather than accelerate the transition to a renewable solar economy, Carter has chosen to perpetuate dependence on non-renewable resources.

Rather than work to stabilize energy prices, Carter has chosen to lock the country into a course toward higher and higher prices.

Rather than emphasizing greater efficiency and appropriateness in the use of energy, Carter has chosen to emphasize increasing supplies, while cutting imports of oil.

Rather than devise a solution to our energy problems that would preserve or improve the nation's health and safety—and general environment—Carter has proposed to override environmental considerations, continuing dependence on nuclear power and creating a new synthetic fuels industry fraught with dangers for the environment and the health of workers.

Carter's plan did not placate the rising chorus from the oil industry, major manufacturing corporations and conservative economists for complete withdrawal of government responsibility and control as a solution to energy problems. He continues to proceed a bit slower than they want in deregulation of energy prices, for example.

Instead Carter chose a course favored by business leaders who want the government to play a more active role as handmaiden to the energy industry. The centerpiece of the recent Carter proposal, the \$88 billion Energy Security Corporation, is quite similar to former Vice-President Nelson Rockefeller's proposal for a \$100 billion Energy Independence Authority. It could be headed by R.D. Rohatyn, an investment banker and former head of New York City's Municipal Assistance Corporation who has repeatedly urged massive state involvement in securing capitalist investment. It was applauded by Miller's economic planner, Albert Speer.

Despite differences with most major capitalists about the role of the government, the Carter administration has firmly committed itself to a course of action that would enhance the power and profit of the big oil companies and world—at a great price—attempts to preserve the basic oil, coal, gas and nuclear structure of the energy economy.

A new fat pork barrel.

The heart of Carter's program—theoretically saving 2.5 million barrels of the 4.5 million barrels a day import reduction that the plan promises for 1990—is the "independent, government-sponsored enterprise" called the Energy Security Corporation. Spending \$88 billion over 12 years to develop cost liquids and coal gases (estimated at 1 to 1.5 million barrels a day by 1990), oil shale (100,000 barrels a day), "unconventional" gas from more difficult natural sources (500,000 to 1 million barrels a day), and biomass (300,000 barrels a day), the Corporation could use its capital in a variety of ways to speed production. It could guarantee prices, make federal purchase agreements, offer loans, guarantee loans and own plants that are operated by the private sector or by other companies (al-

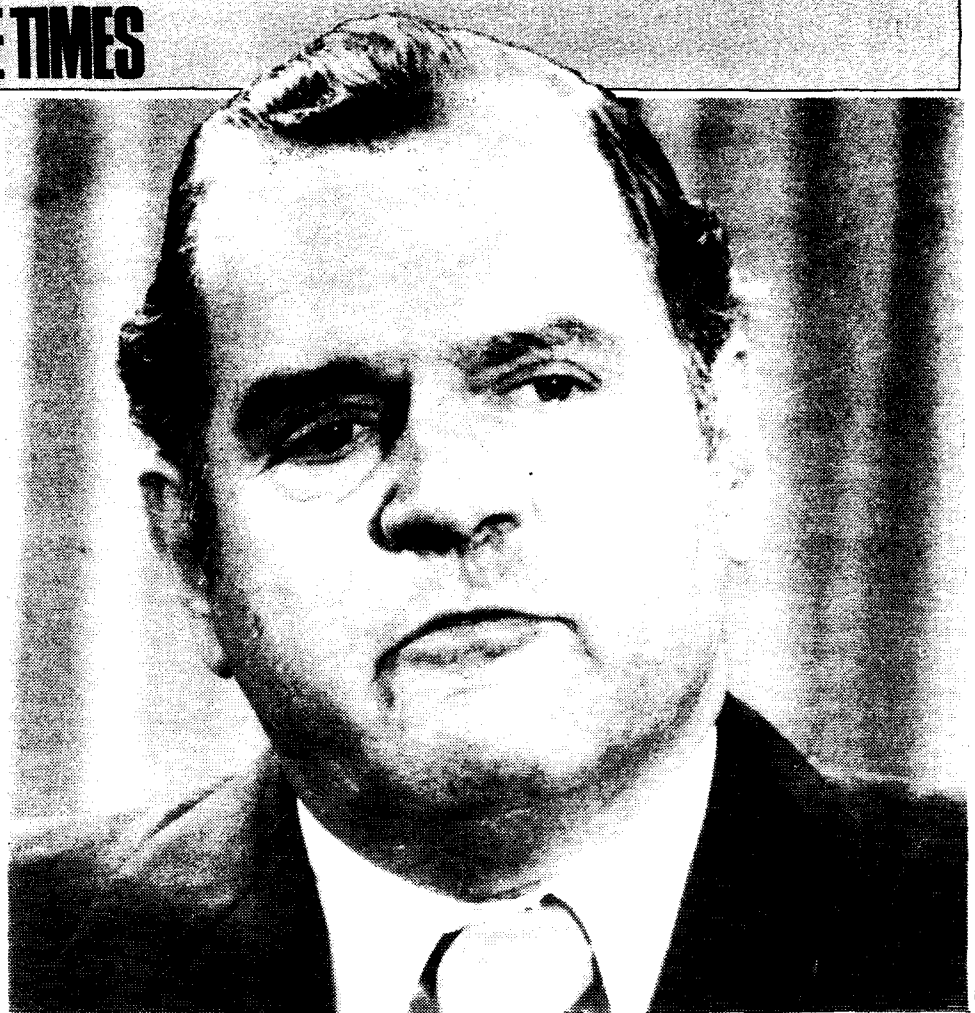
though it could not enter joint ventures).

All but \$5 billion of the money—that portion is supposed to come from energy bond purchases by already sorely pinched people such as those who now buy low-interest government savings bonds—will come from a windfall profits tax on oil company revenue from the decontrol of oil. Although it appears to be a tough tax on the oil corporations, the windfall profits tax can be equally and perhaps more validly seen as a new and regressive tax imposed on the whole population through two steps: decontrol of prices, followed by the windfall profits tax.

The Energy Security Corporation, removed not only from the government "bureaucracy" as it exists but also from any popular, democratic control, would be able to move rapidly to make or encourage the investments to create a synthetic fuel industry.

In another roughshod assertion of executive power in the interest of the oil industries, the President also proposed in his July 15 address to the nation an Energy Mobilization Board that would have authority to "waive procedural requirements of federal, state or local laws in order to expedite the development and construction of a critical energy facility." It could also waive application of any legislation passed after construction of a facility began.

Legislation along these lines currently sponsored by Rep. John Dingell (D.-MI.) would permit substantive as well as procedural changes in environmental regula-



New Secretary of Energy, Charles W. Duncan, Jr.

tions to speed non-nuclear energy projects.

Since the synthetic fuels plants are likely to be environmentally quite harmful, especially in the shale oil regions of the West, the Energy Mobilization Board is a serious concern to environmentalists. The synthetic fuel plants would create a serious drain on water supplies in arid regions. Carcinogenic products from the plants would endanger workers and nearby communities, and huge quantities of carbon dioxide could alter the earth's climate.

It is clear that synthetics are expensive—ranging from low estimates for some of \$20-22 a barrel on up to \$45 or more a barrel, with the price likely to rise quickly. (See *ITT*, July 11, 1979, for an analysis of synfuel shortcomings.) But nobody has any idea whether the plants could be

built on such a massive scale as Carter proposes. The only commercially operating synthetic oil plant (in South Africa) turns out only 20,000 barrels a day. A crash program would create bottlenecks, drive up prices and prematurely lock in early technologies. Most experts doubt that the plan could succeed and many within the Carter administration argued for lower goals.

Carter also proposes other production incentives. To develop the "heavy" (thick) oil deposits in California, he proposes immediate decontrol of prices and exemption from the windfall profits tax. For natural gas in tight sands, Devonian shales, coal seams and geopressurized beds of the Gulf of Mexico, he proposes a

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Volcker's appointment sets stage for battle over recession policy

By John Judis

AS THE 1980 ELECTIONS NEAR, Pres. Jimmy Carter is being forced to heed the American voter, whose support or rejection is measured weekly in opinion polls. But he also has to listen to another constituency, the relatively small group of international bankers, multinational executives, oil potentates, and finance ministers, whose decisions deeply affect American economic prospects. Their support or rejection is immediately registered in the rise or fall of the dollar.

During July, both constituencies had a dramatic influence on Carter. Carter sequestered himself in Camp David to develop an energy strategy that would accord with the decisions at the Tokyo economic summit and that would reverse his falling fortunes in the polls. But he discovered that the same measures that pleased the voters did not please the international bankers.

His July 15 speech to the American people, which portrayed the energy crisis as part of a larger "crisis of confidence" and which presented no program that would take effect before 1981, temporarily increased his standing in the opinion polls, but aroused contempt among international bankers. The bankers saw Carter's speech as purely "political." They were highly critical of his omission of any short-term measures—particularly nuclear power and gasoline price decontrol—that might stem American oil imports. "He was chicken on nuclear power, and reliance on solar power is daft," commented Frank T. Blackaby, deputy director of Britain's National Institute of

Economic and Social Research.

The bankers were even more appalled by the dismissal of Treasury Secretary W. Michael Blumenthal, the appointment of Federal Reserve head G. William Miller as his replacement, and the elevation of Hamilton Jordan to Carter's Chief of Staff. They saw these appointments as indications that Carter would compromise international capitalist objectives in his pursuit of popular political favor.

The bankers' dissatisfaction was registered in the dramatic fall of the dollar. On July 18, the cost of an ounce of gold surpassed \$300 for the first time. (Until 1971, the price of gold had been set at \$35 an ounce.) OPEC oil ministers also began to threaten that they would abandon the dollar as their medium of exchange.

Carter and Miller both had to respond quickly. In his last act as Federal Reserve head, Miller announced a rise in the discount rate at which banks borrow money from the Fed. And Carter settled on conservative Paul A. Volcker as Miller's successor.

By appointing Volcker, Carter has in effect placed the international bankers in a position of power within his administration and set up a future power struggle between them and a beleaguered American populace.

The dollar's importance.

Short of withdrawing from the world capitalist system, Carter cannot ignore the decline of the dollar.

As the dollar declines in value, it sets off an inflationary spiral within the U.S. The price of imports—both finished goods and raw materials—goes up, which encourages domestic firms to raise their prices; and the resulting inflation further weakens the dollar. In his final report,

Miller estimated that the dollar's decline had added 1 percent to American inflation in 1978.

•OPEC uses dollars as its official currency. As the dollar loses value, the exchange value of OPEC oil declines, but not its American price. If OPEC decided to retaliate by pegging its oil prices to a basket of foreign currencies, then oil prices would rise automatically as the dollar declined in value.

•The American military and American firms that do business overseas suffer increased costs as the dollar declines in value.

•European bankers hold some \$450 billion in "Eurodollars." If they were to attempt to cash in most or all of these in the face of their declining value, they would precipitate a world economic collapse that would make the 1930s depression look like a boom.

The left vs. the right.

Governments usually respond to currency crises by inducing slower growth or recessions. The resulting drop in domestic demand lessens the demand for imports and encourages domestic producers to export their goods. Inflation is tempered, the country's balance of trade improves, and its currency's standing is strengthened.

After the Oct. 1978 announcement of voluntary wage-price standards failed to stem the dollar's decline, Carter and Miller did adopt what Miller described as a "planned slowdown." On Nov. 1, they announced a sharp increase in interest rates and a commitment to cutting federal expenditures. Their actions did temporarily halt the dollar's decline, but by this spring, the dollar had begun to fall again.

The increase in interest rates and the estab-

IN SHORT

NATION

**NORML
sues to end
paraquat use**

WASHINGTON—The National Organization for the Reform of Marijuana Laws (NORML) filed suit last week in U.S. District Court in Washington, D.C. to cut off all U.S. assistance to the paraquat spraying program in Mexico.

The spraying program creates a number of environmental and health hazards, according to the suit, including a serious health threat to thousands of people who use marijuana in the U.S.

The suit cites three reasons why U.S. assistance must be cut off: the Percy Amendment to the International Security Assistance Act of 1978 that forbids further U.S. assistance to the program, the Environmental Impact Statement prepared by the State Department and the proposition that the addition of paraquat to marijuana consumed by persons in the U.S. constitutes cruel and unusual punishment, forbidden by the Eighth Amendment to the U.S. Constitution.

The principal danger from paraquat is severe lung damage called fibrosis.

In 1978, the U.S. District Court in Washington, D.C., found the government in violation of the law for failing to properly assess the health and environmental consequences of the spraying program. As a result of that decision, the government agencies involved in the paraquat program were forced to assess the environmental impact of actions they take in foreign countries and file a report.

NORML's National Director Larry A. Schott called upon the Carter Administration to "comply with the Percy Amendment and stop all U.S. support of the spraying program. The government now has more than enough evidence about the serious effects of this program on people and the environment."

**Women's studies
cheated by
foundations**

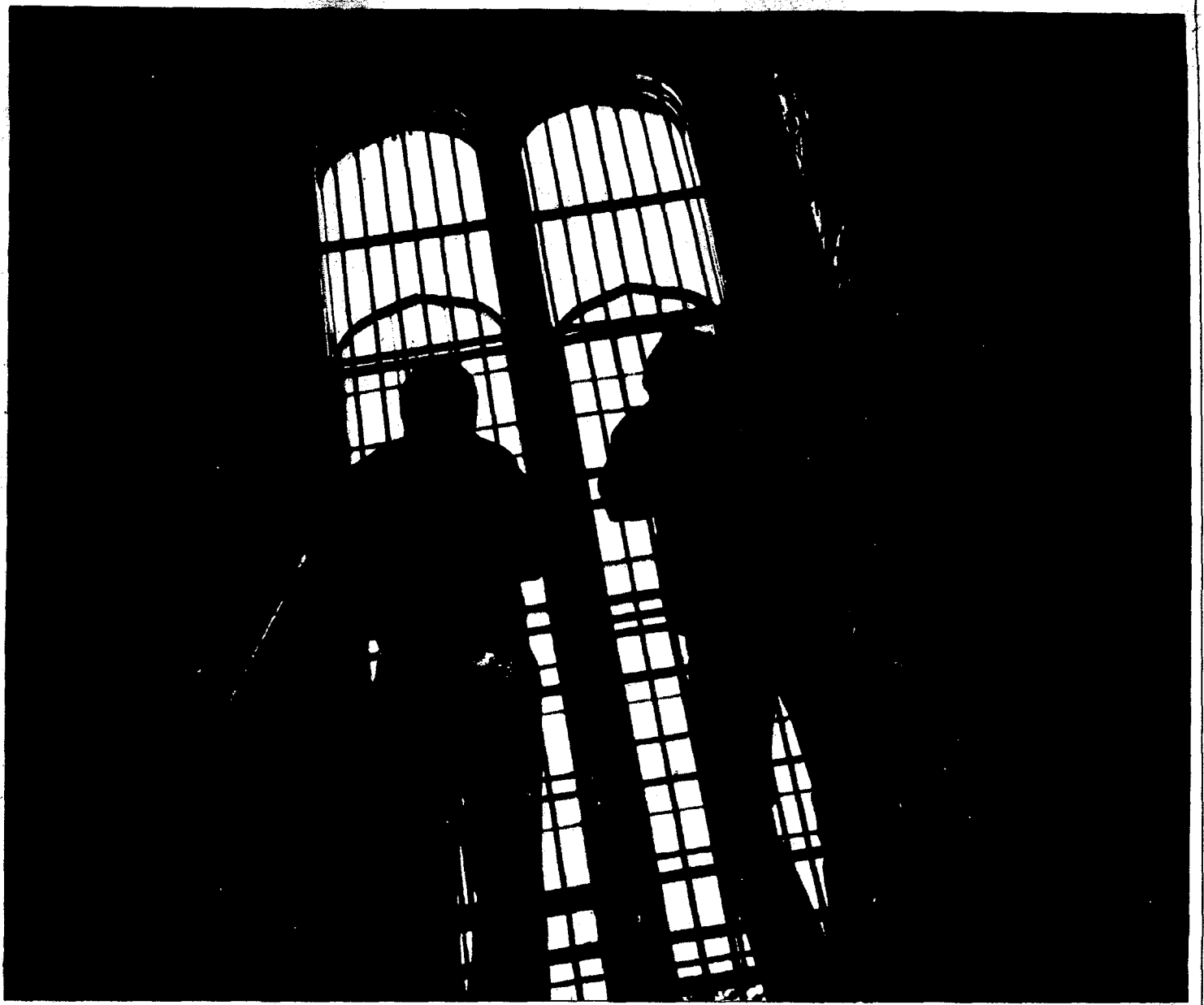
NEW YORK—Less than one percent of private foundation funding goes to women's projects according to a study conducted by Good Measure, Inc., a research organization.

Although the study found that there was a sevenfold increase between 1971-1976 in foundation support for programs designed to help eliminate discrimination and to further opportunities for women, the total was miniscule.

Esther Schackster, who supervised the Ford Foundation supported study, said a major reason that women's groups receive so little from foundations is because "women's programs touch economic, political and social issues that challenge many accepted public policy and traditional life styles. Most men who run foundations are subjects to the constraints of traditional perceptions of women's roles."

Another problem unearthed by the study concerns the purpose for which foundation grants are to be used by women's groups. Although 250 representatives of women's organizations emphasized the importance of institutional change, only 13 percent of the grants support "public activist programs" while the balance of the funds were intended to create change in individuals.

The Ford Foundation Study is the first comprehensive summary and analysis of private foundation and government funding for women's rights and opportunities.

**Peruvians mistreat U.S. prisoners**

LOS ANGELES—Peru Watch, a coalition of relatives of American prisoners in Peru, is calling for a congressional investigation of the uses and effects of American drug enforcement funds to Peru. Drug enforcement agents reportedly are assisting in the arrest of American citizens in Lima. At least one incident of an American drug enforcement agent being involved in the interrogation process of an American citizen has been documented, according to Norman Liberman, a representative of Peru Watch.

Kenneth Liberman, Secretary of Peru Watch, said that reports are common of brutal treatment of American prisoners who are being held on drug-related charges.

One prisoner allegedly was given electroshock treatment after his arrest on June 23, 1978, in order to secure a "confession." Relatives visiting American prisoners have reported that clubbings by prison guards are routine. "I personally witnessed prisoners (through a window) being beaten severely," said Liberman.

Liberman charges that many Americans have been arrested on false charges in order to present the appearance of proper use of the U.S. drug enforcement funds.

Americans facing trial have difficulty finding honest legal counsel. Lurigancho Center for Social Rehabilitation in Lima where American prisoners are held is surrounded by dishonest attorneys who arrange bribes that are unsuccessful after large payments have been made, according to Liberman. A wait of 24 months for trial is not unusual.

WORLD

**Radioactive stash
found in Japan**

KAMAKURA—Japanese police were shocked last week to discover 450 kilograms (about 1,000 pounds) of radioactive thorium oxide stashed away in old cans and plastic bags in an unoccupied apartment near Kamakura, outside of Tokyo. They are still searching for nearly 400 kilos that are unaccounted for.

Police were called by the manager of the building because the renter of one apartment had not paid his rent for over a year. Upon entering the apartment, police found several large cans, one filled with a suspicious-looking white powder which was also scattered on the floor.

Investigators with geiger counters measured up to 200 counts per second, and determined that the powder was thorium oxide.

The renter of the apartment, Asahina Jiro, 46, was arrested for possession of nuclear materials without a license.

Asahina told police that he purchased 850 kilos of thorium oxide several years ago from the now defunct Sun Atom Co. of Tokyo, formerly a manufacturer of health appliances. He reported that he used about seven kilograms in creating a device to change ordinary tap water in-

to "radium spring water," which he planned to market as a health aid. However, he would not disclose the whereabouts of the remaining 400 kilos, claiming he needed them to continue his work.

Police estimated that persons in close proximity to the stash of thorium oxide received radiation doses equivalent to about 3 chest x-rays per day.

Thorium emits alpha particles and decays into radium. Japanese authorities minimized the danger to neighbors, because alpha particles travel only very short distances and are stopped by very thin shielding.

Although Japanese law already stipulates strict licensing procedures for the purchase and storage of radioactive materials, Mayor Mishima Torayoshi of Zushi City, where most of the thorium oxide was found, urged the central government to impose even stricter controls. He also urged Asahina's neighbors to get a health check-up.

—David Fleishman

IN SHORT is written by Laura Cianci unless otherwise indicated.

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