

# Rockefeller 'Trade-Off' With Conservatives On Energy, B-1

Behind last week's sudden "selective attack" on the Carter Administration's no-growth energy program in Congress, is Nelson Rockefeller's apparent effort to consolidate an alliance with conservative industrial and financial interests around a 'Project Independence' energy boondoggle and military production program.

Major components of the Carter Administration's energy program, including the standby gasoline tax, the tax rebate for small cars, and a price ceiling on new natural gas, were knocked down in rapid-fire sequence last week by two Congressional units. The surprise defeats dealt by the House Ways and Means Committee and the House Commerce subcommittee on energy and power to these keystone items of the Administration's program — taken together with Carter's apparent turnaround on the B-1 bomber, recent pro-nuclear statements by James Schlesinger, and related developments — indicate that Rockefeller is drawing conservative political-economic factions into his orbit on the basis of certain concessions in the areas of military and energy policy.

In line with this newly emerging strategy, Nelson Rockefeller has sent his personal emissary Henry Kissinger on a whirlwind tour of conservative banking and industrial centers to get out the message that Rockefeller has opted for an energy program emphasizing production, deregulation and nuclear power, coupled with an intensive military buildup, and is prepared to give these interests a piece of the action in exchange for their political support.

In a move to woo Texas support for this gambit, Kissinger visited Dallas on June 7 as the guest of honor at a dinner sponsored by William Clements, Deputy Defense Secretary in the Ford Administration, and attended by important figures in Texas Republican and conservative Democratic circles. The former Secretary of State bent over backwards to prove his conservative credentials to his former foes by lambasting the Carter Administration for its moves toward normalizing relations with Cuba.

On June 11, Kissinger will touch down in Chicago for a similar series of "off-the-record" briefings with the Chicago financial community and press corps. In addition, Kissinger will give the keynote speech at the first national conference of the Alliance to Save Energy (ASE).

Although ASE was initially formed to drum up public support for the Carter Administration's energy program, sources close to Kissinger report that his speech will place heavy emphasis on the need for expanding energy production along the lines of Nelson Rockefeller's 1975 proposal for a federally-funded \$100 billion Energy Independence Authority porkbarrel. Kissinger's press aide, John Covey, informed the EIR this week that Kissinger disagreed with the anti-nuclear bias held "by some members of the Carter Administration," and

specifically opposed the proposed ban on plutonium.

Kissinger's trip to Chicago is being arranged by Rockefeller in-law Senator Charles Percy (R-Ill), a chairman of the ASE, who will also speak at the group's conference. In accordance with his boss's shift on energy policy, Percy, according to an aide, has suddenly reversed his opposition to natural gas deregulation and has hired a Texas "independent oil type" as an energy adviser. Percy has also publicly come out against same-day voter registration, another concession to conservative layers.

Although the Eastern press, especially the *Washington Post*, is portraying the House votes on Carter's energy package as "stunning defeats," would-be energy czar James Schlesinger has started singing a tune remarkably similar to Rockefeller's. On an ABC-TV special broadcast earlier last week, Schlesinger announced that nuclear power had a major role to play in supplying the country's energy demands, and vowed that at least 300 new nuclear plants would have to be built over the next 25 years. Schlesinger's promises were underscored by Federal Power Commission director John O'Leary, who issued a statement the same day predicting that nuclear power will overshadow coal as the energy source of the future. These statements are a far cry from the Administration's previous characterization of nuclear power as a "last resort" option.

Of even greater significance, Schlesinger has named two prominent conservatives to top posts in the soon-to-be-created Energy Department. Thomas Reed, who served as Air Force secretary in the Ford Administration, who worked closely with both Richard Nixon and Ronald Reagan, and maintains direct links into Texas oil interests, has been given the number two slot at the new Department. Everett Keech, another conservative Republican, has been brought in by Schlesinger to help get the department off the ground. Indicating how conservative groupings have been taken in by Rockefeller's "deal," sources connected to independent oil interests told the EIR this week they were "delighted" at the Reed appointment, and "confident that he would actually be running the show."

## *Congressional Horse Trading*

This past week's Congressional actions on the Administration's energy package were clearly reflective of the trade-off which Rockefeller has negotiated with the Whig layers. On June 9, the House Commerce subcommittee on energy and power, chaired by Rep. John Dingell (D-Mich), voted 12-10 in favor of an amendment sponsored by Rep. Bob Kreuger (D-Texas) which would end federal price ceilings on newly-discovered natural gas — something which the Administration had vocally opposed. Deregulation of natural gas has long been one of the major demands of Southwestern interests, and their

major point of contention with the Carter energy program. Without conceding to deregulation, Rockefeller would have no chance of enlisting their support. The surprised passage of the Kreuger amendment was due to "aye" votes cast unexpectedly by New York Democrat John Murphy and Timothy Wirth, a liberal Democrat from Colorado.

Similar concessions to auto- and related industrial interests were made when the House Ways and Means Committee voted 32-5 on June 9 to reject Carter's proposed rebate on small cars (which the auto industry opposed on the grounds that it would give foreign small car imports an unfair advantage on the American market). Also killed by a 27-10 margin was his standby gasoline tax, which could have escalated gasoline taxes to 50 cents a gallon within ten years. The committee also voted to modify the proposed tax on "gas-guzzlers." Meanwhile, the Senate approved a compromise proposal sponsored by Senator Howard Baker (R-Tenn) to postpone and soften the auto emission standards included in the Clear Air Act of 1970, now under revision.

While the conservatives are congratulating themselves on their "successes," some Democrats are enraged at having the rug pulled out from under them. A panicked Rep. Otis Pike (D-NY), attempting to defend the small car rebate, burst out during Ways and Means Committee hearings, "We are not here to protect an industry. We are here to save energy... to cut down on the importation of petroleum." Rep. Toby Moffett, a liberal Common Cause-linked young whippersnapper from Connecticut, raged that the Liberals would rally against deregulation when it came up for a full Commerce Committee vote.

#### *B-1 Boondoggle*

A liberal outcry has erupted over Carter's shift this week in favor of the B-1 bomber. Clearly dancing to Rockefeller's new tune, Carter — who had adamantly opposed the B-1 during his campaign — hosted a tete-a-tete for 12 Congressional supporters of the bomber on June 7 at the White House and indicated that he was seriously considering reversing his opposition to the B-1. Senator Barry Goldwater (R-Ariz) emerged from the White House meeting and commented approvingly that the President "is becoming convinced we can't live without the B-1," White House Secretary Jody Powell put out the line to the media that Carter was "softening" his opposition to the bomber. Three days later, Carter met with another Congressional delegation

interested in the future of the B-1, this one composed of outspoken opponents to its development. Rep. Robert Drinan (D-Mass) and Rep. Ronald Dellums (D-Cal) told reporters after the meeting they were convinced Carter was tilting toward at least limited production of the airplane. It was also reported that Carter told the group that Defense Secretary Harold Brown had decided the B-1 was necessary.

Evidence that Carter is about to give the go-ahead for the B-1 program — a decision which is an integral element of Rockefeller's strategy to go for a short-term military buildup which would also be used as a sop to conservatives, and particularly to the military and to financially hard-pressed defense-aerospace firms — has provoked a slew of angry denunciations from liberal circles who, as a result of the Rockefeller-conservative rapprochement, are increasingly on the political outs. On top of Drinan's and Dellums' comments, Senator George McGovern charged after the meeting with Carter that Carter's "credibility" would disappear if he went with the B-1, Senator Church (D-Idaho) and Rep. Pat Schroeder (D-Colo) told the EIR they smelled a strong rightward shift on Carter's part.

While conservative media such as the *Chicago Tribune* (which lavishly praised Carter's B-1 shift in a June 10 editorial) and the latest issue of *Aviation Week* magazine (which optimistically predicts a tremendous boom in U.S. military and aerospace sales abroad as a result of Carter's emerging recognition of "international political reality" and especially "the growing threat of Communist imperialism") clearly illustrate the stupid enthusiasm with which these gullible conservative forces have embraced Rockefeller's latest deal, the liberal press is in an uproar.

In what one *Agence France Presse* dispatch characterized as an atmosphere reminiscent of the last days of Watergate, fast and furious accusations and counter-accusations are beginning to fly. The Harriman-linked *Chicago Sun Times* of June 10 editorially blasted the B-1, demanding instead that the money be used for the liberals' beloved "social programs." Other liberal outlets including *The Nation*, the *Village Voice*, and the *Atlantic Monthly* are going much further, accusing Carter of being a creature of the Trilateral Commission and the Rockefeller family! Arousing visions of a "Catergate," the liberal editors of Long Island's *Newsday* ran a front-page story June 7 revealing that the IRS is auditing Carter's 1975 tax returns.