

Mexico Jan. 20-21, and that energy would be one of the main topics of discussion. Observers immediately recognized that if Schlesinger's attempts to force a breakdown in negotiations before the end of the year succeed then Mondale, who has worked closely with Schlesinger to push Schlesinger's energy program through Congress, would become the U.S.'s "negotiator plenipotentiary" upon his arrival in Mexico in January.

### What Now?

Schlesinger, who had hoped to run his wrecking operation under wraps, is now mercilessly exposed. A release from New Solidarity International Press Service picked up by the Mexican business daily *Novedades* broke the story Dec. 3. On Dec. 7 Mexico's most widely-read newspaper, *Excelsior*, ran a banner front page story, stating the same: that the Department of Energy and the State Department have exerted "open and intense" pressure on the U.S. gas companies to reject the conditions set by Pemex for the gas sale. The same day the story was carried in the daily *Uno Mas Uno*.

If there was even the remotest chance that Mexico would step back from its gas price before, there is none now.

There is every indication Schlesinger will continue his sabotage efforts. However if the negotiations between the gas companies and Pemex can be maintained on course, Mondale will arrive in Mexico with the entire issue a matter of Department of Energy regulatory decision in Washington. At that point, it will still be possible for Schlesinger to stop the deal: but only with the onus for wrecking U.S.-Mexico energy cooperation, for shooting down \$600 million in Eximbank-financed U.S. exports connected to the gas deal, and for arbitrarily depriving the U.S. of vital gas supplies, resting on his shoulders alone.

## The Wall St. Journal And Schlesinger Vs. Reality

*The terms of the heavy-handed intervention of the State Department into the Mexican gas negotiations, on behalf of Schlesinger and in coordination with Vice-President Mondale's office, have only been released publicly in the form of a Wall Street Journal article December 5th which was planted by friendly State Department sources. The article is entitled "U.S. Plan to Import Mexican Natural Gas is Snagged on Controversy Over Price." Sections of it are reproduced below, with accompanying comment and correction.*

**Wall Street Journal:** The U.S. doesn't want to pay Mexico more for natural gas than it pays Canada. The U.S. imports nearly three billion cubic feet a day from Canada at \$2.16 a thousand cubic feet. U.S. officials suggest that \$2.16 also would be a fair price for Mexican gas.

*Why is a 1977 price for Canadian gas, a price which is repegged periodically by the Canadian National Energy*

*Board and has been steadily rising in recent years a "fair price" for Mexican gas to be delivered in 1979 or 1980? In fact, since April 1977, the Canadian National Energy Board has adopted a pricing policy for Canadian gas, based on equivalent energy cost of crude oil imports at Montreal harbor which is substantially identical to Mexico's! Further, the U.S. has had to pay for the State's side links to connect the Canadian gas to U.S. distribution networks. The Mexican gas, fed into the existing national grid radiating out from Texas, will require no such cost. If there can be such a thing as "fair pricing", the Mexican formula of linking imported gas to the cost of equivalent energy supplies of number 2 fuel oil delivered in New Harbor would seem reasonable.*

**Wall Street Journal:** Carter Administration officials don't have the authority to force American companies and Pemex to sign a contract for a lower price than \$2.60. But, because any gas-import agreement must be approved by U.S. regulatory authorities, it's unlikely that the U.S. companies would agree to a price that the government opposed."

*The first part of this statement is indeed true. The second part is total fabrication. The gas companies are determined to wrap up negotiations with Mexico on a mutually satisfactory basis before Dec. 31. They have angrily indicated they will not be the fall guys for Schlesinger and if their position should change, it would mean some extraordinary blackmail had been brought to bear by Schlesinger in terms of decisions on domestic matters affecting the gas companies in question.*

**Wall Street Journal:** To increase pressure on administration officials and the U.S. companies to hold down the price of the Mexican gas, Sen. Adlai Stevenson (D.-Ill.) introduced a resolution to hold up an Export-Import Bank loan to Mexico until the Department of Energy reviews the price of the Mexican gas.

*What is not said: It is widely agreed that Mexico stands in an excellent position to go elsewhere to obtain the almost \$600 million in financing and imports involved. At the same time it has made it clear it will not budge from its stated pricing mechanism for gas. The result is that Stevenson and Schlesinger, who is widely known to have advised Stevenson on the move, are recklessly risking the Exim loan in a game of financial warfare — vigorously denounced by Mexican President Lopez Portillo (see below) — which only the U.S. can lose. And this at a time when the U.S.'s trade deficit makes the expansion of exports a top priority.*

**Wall Street Journal:** The stakes obviously are high. U.S. gas consumers would pay Mexico about \$1.9 billion a year for the gas if it were priced at \$2.60 a thousand cubic feet, or less than \$1.6 billion if it were priced at \$2.16, a difference of some \$300 million.

*Accountants' idiocy! In order to "save" U.S. consumers somewhat under 1% of their gas bill, Schlesinger and the State Department are ready to jeopardize not only a desperately needed 4 percent of current U.S. consumption, but much more importantly, the entire climate of U.S.-Mexico energy cooperation which can lead to enormous benefits for both countries as Mexico's Middle East-sized oil and gas reserves are developed.*

*This climate is rapidly souring under the impact of Schlesinger's tactics. Further, the \$300 million per year in alleged "savings" to the U.S. must be compared to what \$300 million will be able to do to help the Mexican economy recover from its worst depression since the 1930s. The Carter Administration otherwise laments the influx of unemployed workers from Mexico and piously proclaims that the solution is to strengthen the Mexican economy.*

*Wall Street Journal:* According to Mexican sources, the U.S. gas companies last week offered to sign the final contract with Pemex at the lesser price of \$2.16.

*The gas companies made no such offer. A false report to this effect, filed from the Washington office of Mexico's major daily, Excelsior, was picked up by AP in Mexico and exported back to the United States. It is incredible that a week later the Wall Street Journal would retail the same falsehood — setting the gas companies up as the fall guy for the Schlesinger maneuvers — when the slightest checking with the gas companies themselves would have corrected the information.*

*Wall Street Journal:* ...Observers have suggested that there was some bluffing going on in the setting of the deadline by the Mexican government. They say Mexico sorely needs the cash it would receive from the sale of gas to the U.S. and that selling the fuel to other countries would mean lengthy delays because the gas would have to be liquified.

*This is one of the most dangerous and irresponsible of the views conducted through the article. No one outside Schlesinger circles believes for a minute that Mexico is "bluffing." It has already amply and publicly discussed alternate uses of its natural gas, not in the expensive LNG program cited in the article, but channeled into domestic industry converted from oil use. This would free additional amounts of oil for export. Under this plan Mexico will build the gas pipeline from its southeastern*

*producing fields as far as the northern city of Monterrey. From there it can later build an extension to the border to take advantage of the U.S. market if the price is right. In the meantime it can afford to wait for the U.S. population to muzzle Schlesinger.*

*Wall Street Journal:* In Mexico last week, (Nov. 30 —ed.) President Jose Lopez Portillo declared...: "We aren't going to lower our price." ... Even so, President Lopez Portillo appeared to be trying to soften the controversy...He said he didn't believe rumors of a 'blockage' of the proposed Export-Import Bank loan to Mexico if Pemex is unwilling to lower its export sales price. "I know President Carter, and, therefore, I'm sure that this hasn't happened, and that it won't happen," he said.

*"Soften the controversy"? Lopez, after diplomatically refusing to name the names of the U.S. figures behind the stalled Eximbank loan, made the issue brutally clear: "We are not going to lower the just price we have set for our gas on account of financing problems. We are not going to lower it. The situation is simply that the deal goes through or it doesn't...." He expressed disbelief that the U.S. would ever allow its "financing systems" to "be placed at the service of unjust trade policies (or) to force down raw material prices." And in his last comment, he put the issue squarely to Carter: "...I am certain this hasn't happened, and I'm absolutely certain that it will not happen."*

*Wall Street Journal:* Six U.S. gas transmission companies...have proposed buying as much as two billion cubic feet of natural gas a day from Mexico...The U.S. government is as eager as the gas transmission companies to see such volumes of the fuel brought into the country to supplement dwindling domestic supplies."

*Schlesinger's actions speak for themselves.*

## An Open Letter To Congress On 'The Nuclear Anti-Proliferation Act Of 1977'

*The following statement was prepared by Dr. Morris Levitt, the director of the Fusion Energy Foundation, for congressional endorsement prior to the vote on Senate Bill 897, which proposes the banning of nuclear technology proliferation.*

Before the Congress acts on S. 897 or related measures, it must reconsider one basic question: What's wrong with nuclear proliferation? The answer is as simple as that to the question of what the emperor is wearing: "Nothing!"

The chief fallacy underlying the bill as drafted by the Carter Administration and members of the Senate Foreign Relations Committee — and the problem with Congress's deliberations so far — is that nuclear power is axiomatically assumed to be "dirty," never to be virgin again. Like the neighborhood spinster's obsession with social disease, everything must be done to contain its spread.

Many Congressmen know better. Yet the antiproliferation bill passed unanimously in the House Foreign Affairs and the Senate Foreign Relations Committees. How did that happen? Many Congressmen simply swallowed the line that, if you want to be on record against the dangerous spread of the "The Bomb," you must be for the bill, a straightforward Mom-and-apple pie proposition. However, that is neither the intent nor the function of the bill, which must be compared with the real issues of nuclear proliferation.

### Nuclear Power: Key To Our Future

At the present juncture in world history, nuclear power is one of the most valuable weapons we have for world peace and development. As the Fusion Energy Foundation stressed in its policy statement, "Nuclear Power: