

permitting foreign banks to operate a full banking business, including the taking of deposits on a multistate basis denied to U.S. banks. Accordingly, HR 10899 does not enjoy the majority support of the Association's voting members.

I do want to advise the Committee that there is a small

group of our membership, domiciled principally in New York, and accounting for a significant share of this country's international banking activities, which takes the position that the present regulatory environment is satisfactory and therefore requires no new legislation at this time.

'Rebuild New York — To Expand U.S. Trade'

U.S. Labor Party conference poses a development strategy

Political and industrial leaders joined with members of the U.S. Labor Party for a conference on "Rebuilding New York to Expand International Trade" in New York City June 15. Under consideration was expansion of U.S. trade as a solution for expanding revenues to keep New

research and development capabilities of small private corporations in the U.S.

... Concern for the safe storage of high level nuclear waste through its long half life periods, has created resistance to the construction of the very much needed nuclear fission power reactors. If the elimination of high level nuclear waste will halt resistance to the use of nuclear energy then it is practical that high level nuclear waste be separated from spent nuclear fuel and then be eliminated by the spallation process. Favorable economics for doing this will result from (1) Elimination of long term storage and attendant costs; (2) Production of electricity from the byproduct, neutron energy. . . .

THE CITIES

York City intact. The conference was attended by representatives from the U.S. Department of Commerce, Public Service Gas and Electric of New Jersey, Edison Electric Institute, Chemtree Corporation, Underwood and Jordan, a public relations firm, the Yonkers, N.Y. City Council, and area scientists and students.

The day-long agenda touched various aspects of a development strategy for New York: an expansion of trade, increase of energy production, necessary credit arrangements, and the historical forerunners of such a factional position. Even while the conference considered this development strategy, Senator William Proxmire (D-Wisc.) was demanding that New York City cut out more services to prove its "commitment to austerity."

The battle over New York City's financial situation and its bankruptcy represents far more than the foremost paradigm of the fate of U.S. cities. Proxmire's attempts to force New York's major commercial banks to put more than 30 percent of their assets into New York City directly threaten the entire national banking system.

The U.S. Labor Party is uniquely qualified to hold such a conference; since its inception in 1966 the Labor Party has campaigned for more city services to be financed at the expense of speculation in nonproductive investments and debt service. In 1973 and 1977 U.S. Labor Party mayoral candidates campaigned on a program of rebuilding the city in opposition to Municipal Assistance Corporation austerity.

Eliminate High Level Nuclear Waste

William Cornelius Hall, president of Chemtree Corporation, stressed the importance of upgrading the

Adapting U.S. Technology

A discussion between Robert Simpson, Assistant to Chairman of the New York State Public Service Commission, William Hall, president of Chemtree Corporation, Jon Gilbertson, Nuclear Engineering, Fusion Energy Foundation and Paul Gallagher, centered on developing the Third World.

Simpson: One of the speakers spoke about exporting nuclear plants. Where is the greatest demand for nuclear development?

Gallagher: Well, if you mean who has the money to buy nuclear plants immediately, we are talking about the Arab sector, the Shah of Iran, Mexico and the Latin American governments. But in the broader sense, we also mean countries like Zaire, which has just moved to create a fund for such purchases by concentrating its mining revenues into its own national bank. Demand is there in the form of *politically* expressed demand around the globe. We have to create the necessary credit arrangements.

Simpson: I am concerned about nuclear investment in the developing countries. To the extent that we don't have control over balanced development, we may be creating a one-time trade relationship. . . .

Gallagher: If the U.S. were committing its resources to development, it would have the greatest influence on the

The Other Program For New York: Shrink, Cut, Move Out

Sen. William Proxmire has this to say about New York City in an interview in the June 18 New York Times:

Proxmire: It's fascinating that we've had a discussion so long without mentioning the taxpayer revolt, the Jarvis-Gann Amendment. That was not just a revolt against the property tax. It was also a revolt against federal spending as well as state and local spending. So I think we're going to have to do much less for the cities; and what we do use is going to have to be spent to provide assistance to those who cannot help themselves . . .

Q: What if it is impossible to find jobs for the poor where they live?

Proxmire: Well, I see no objection — That's why I say the cities may be smaller. It may be a good idea to encourage them to move out.

Q: How are we going to deal with cities which are going to decrease in size and therefore need smaller work forces, but are stuck with big fixed expenses?

Proxmire: No. You don't do it the way we did with respect to New York City. You don't do it by saying "We'll help you out . . ." The tough, hard necessities are going to require them to do a better job. That kind of thing wonderfully concentrates the mind, they say. They'll have to get along with fewer civil servants, fewer services . . .

industrial and agricultural programs. They have the capital to do this. Their oil is going to run out in 15-20 years. Reactors could be combined with gas turbines. That is already a state of the art system.

Gallagher: The core of any development program is the nuplex concept — the ability to bring to bear the cheapest and densest flow of energy. An underdeveloped country is buying the capability to develop. They are buying the capacity for agricultural and industrial development programs; the concept is expressed in Mexican President Lopez Portillo's goal of eliminating the Mexican peasantry by the year 2000 and turning them into an industrial workforce. A development strategy shows that the Public Service Commission's 2 percent a year energy growth projections can't be used, even if that does represent the last few years' statistics.

The History of Humanist City Building

Criton Zoakos, Director of Intelligence, U.S. Labor Party, closed the conference with the following remarks.

You may be thinking, "How can we do all that we discussed today?" Let me say that cities were built by men with a great purpose. They are built by a group of civic-minded leaders for a specific purpose, and when the purpose fails, the city fails, as the Baghdad Caliphate failed in the ninth century because of the collapse of trade. Alexander the Great waged his military campaigns to build cities. Cities tend to create human beings of superior intelligence.

After the lights went out in Europe with the Stuart Restoration, the humanist city builders came to America and established cities. John Winthrop saw America as a beacon to light the darkness of Europe.

Cities don't get built accidentally and don't collapse accidentally. Today, there cannot be American prosperity unless there is world prosperity. This means customers abroad. Most of the world today is not ready for American exports. This is really, in a sense, a question of who is qualified to handle machine tools. New York will be like a military command center, mobilizing to develop other cities. The purpose of New York is to be the gate of American high-technology exports around the world.

"Energy Problems Are Driving People And Industry Out"

*From the remarks by Eric Lerner,
Director of Physics of the Fusion Energy Foundation:*

It is apparent to New York's citizens and business community alike that electrical energy in the city is the most expensive and least reliable in the country. Con Edison's baseload generating capacity is overwhelmingly oil-burning, and fuel costs have quadrupled since Kissinger's 1973 oil war in the Middle East. The economic repercussions of the July 1977 New York City blackout are still being felt. Both the expense

plans of every nation in the world. Every nation already sees the American role as a top priority in formulating its policies.

Simpson: My concern is that in an unstable, underdeveloped country, they would not have the demand for our conventional 1100 megawatt nuclear plant, and that this would not produce revenues for it to be profitable. . .

Hall: The Babcock and Wilcox Corporation has developed a 300 Megawatt nuclear reactor. It is true that larger size reactors produce economy, and allow for pooling. But if there is a set of circumstances to create a demand for this size, Babcock and Wilcox is providing an answer. American industry is well ahead of their government on this.

Simpson: Who says 300 megawatt reactors are economically feasible?

Hall: Even though the cost per kilowatt would be higher, there would be off-setting savings in the transmission lines. There is a need for different size reactors for different situations.

Simpson: But the problem is that the utilities are committed to 1000-1200 megawatt reactors . . .

Gilbertson: The reactors which the Saudis and Iranians are talking about buying are in combination with

and unreliability of energy supply have played a major role in driving people and industry out of the city.

Concerted 15-year campaigns by environmentalists have prevented the construction of sorely needed generating capacity in the region and Con Edison's poor financial situation has left capacity and transmission lines in disrepair. This looting of basic plant and equipment and capital under-investment have recently been institutionally justified by the industry-owned New York Power Pool (NYPP) which has consistently

Potential Additional Generating Capacity by 1985		
Project	MW	Year of Completion
Quebec Hydro	1 000	1978
Shoreham Nuclear	820	1980
Jamesport I Nuclear	1 150	1984
Storm King Pumped Hydro	2 000	1984
Floating Nuclear Plant	2 300	1985
total — 7 270MW		

lowered projected demand for the region. Religiously following the dictates of Schlesinger's Department of Energy, and the Federal Power Commission before it, the delay and cancellation of critically needed projects has been rubber-stamped by the NYPP.

Currently, Con Edison has a peak-load capacity of almost 10GW (gigawatts, or 10 billion watts). At a modestly healthy growth rate of 7 percent per year (which was perfectly normal before the 1973 oil embargo hoax), the Con Edison system would have to double capacity for delivered power to 20GW by 1988. But at present, Con Ed has *no plans* to increase generating capacity until *after 1990*. NYPP projects only 20GW new capacity for the entire state by 1996!

It is perfectly feasible to make an additional 6 GW of generating capacity available to the Con Ed system by 1985, to restore the system to a 7 percent per year growth rate, by simply reinstating original timetables for planned projects. The accompanying table lists the specific projects, and although not all of the power indicated would be available for New York City, it is indicative of the results of a dirigist nuclear development program.

By contrast, the energy position of Energy Corporation of the Northeast (ECONO) scheme backed by Lazard Freres investment banker Felix Rohatyn and Fed Chairman G. William Miller is very clear: "the two major energy requirements of the region are reduction in demand through conservation, and stability of price and supply in the context of preserving environmental quality." To implement this conservation and the "transition from oil to solar, coal, small scale hydroelectric and 'resource recovery'" (burning garbage), they will doubtless be intimately involved with the Port Authority's plans to build four garbage-burning "industrial parks" in the region.

"I Am A Neoplatonist Citybuilder"

William Zsidisin, Principal Construction Engineer, Jersey City, New Jersey, who was an independent candidate for Governor of New Jersey last year, related his experiences as an urban planner.

The U.S. Labor Party plays an indispensable role. They have helped me define my philosophy, and I now realize that I am a Neoplatonist city builder — a humanist. The humanists try to make thinkers of men.

Recently, I tried to interest New Jersey legislators in a course of action to redevelop New Jersey transportation, and to review railroad rights of way for the purpose of redeveloping the state's mass transit. I wanted to involve two Japanese companies. . .

But when I took this plan to the present Administration the meeting fell flat on its face . . . I thought 'What are these people thinking of — do they have their own aces in the hole?'

Or another case: the Westway (a proposed landfill highway replacement along the west side of Manhattan). That landfill could raise the level of the Hudson River 1-2 feet. This would have increased the costs of sewers in Jersey City by \$180 billion — why hasn't government looked at this?

I have three recommendations. First, we must embark on a solid public information program. And in this context, I've got to bring up vote fraud, because I've seen it both times I've run for office. We must get the proper action at the polls. And thirdly, we must continue to develop leaders to put forward development policies.

Toward Effective Municipal Policy

Yonkers City Councilman Fred Pisculli explained how municipal debt became unmanageable in Yonkers, N.Y.

One of the main problems we face in Yonkers is having the money to run (operating expenses). Thirty three percent of our property taxes are now used to pay the debt service on our bonds. Yonkers is the only city in the United States with bonds guaranteed by property taxes.

We are facing a cut in state aid, from 31 million to \$26 million. At this rate, 50 percent of our property taxes will be used to pay interest to bondholders. This is why I have introduced this resolution to the City Council (see box, p.12).

Yonkers got into this situation by not bonding for capital improvement. Only 2.9 percent of its land is used for industry . . . Yonkers has rights to 3 square miles of waterfront land, which could be developed as a port as an extension of New York. But instead of industry, Yonkers is supported by property taxes, and now, by begging from the state, people don't realize that without police and fire services, their property is worthless. When we get into a problem, we raise taxes, or we play municipal unions off against taxpayers. Forty percent of all our municipal workers are funded through CETA. Effectively, we have one group — government of the few, by the few, and for the few. On these policies, the

Republicans and Democrats agree. But we have no real policy in Yonkers.

Another problem we have in Yonkers is that we have a 12 city councilman ward system. I only represent one ward. I had the Army Corps of Engineers make a study about what areas of the waterfront belonged to Yonkers to develop as an extension of the Port of New York. When I acted on that, everybody said 'that's not your district.'

I think we have a great chance and great potential in Yonkers. New York can contribute to Yonkers and Yonkers can contribute to development in New York City, like it has in the past.

PSC Spokesman Sees Low Growth Ahead

Robert Simpson, Assistant to Chairman, Public Service Commission of New York State projected a decline in energy consumption.

I am an attorney and I bring a different approach to these questions perhaps than others... Our responsibilities on the Public Service Commission are to regulate New York State utility rates, certify major transmission facilities and enforce environmental laws.

... Prior to the oil embargo of 1973, we had a 7 percent rate of growth of energy use. The present rate of growth of energy use is 2.5 to 3.0 percent a year. The utilities are still building at a 6-7 percent energy growth rate, and at that rate will have an energy capacity 20 percent in excess of the 22 percent reserve margin required.

The cost of building nuclear plants in New York State is above the average national cost. The Shoreham nuclear reactors being built by LILCO (Long Island Lighting Company) were originally projected to cost \$350 million a piece. The estimate for each reactor is now \$1.2 billion. Shoreham will be the most expensive nuclear plant in the world. Changes in federal regulations caused a significant portion of this increased cost. Labor productivity must also be improved.

We in New York had a very sad experience at West Valley. This lends credence to the idea that we should not have nuclear power until we can guarantee safe disposal. On the problem of decommissioning, we face estimating the cost of an event that has never taken place

"New York Is The Key To The U.S. Economy"

Taken from remarks of Paul Gallagher, U.S. Labor Party candidate for Governor of New York.

It is as a trade nexus, a gateway of U.S. exports to the world, that New York City's strategic importance lies. Whoever controls policy with regard to New York City,

New York-New Jersey Port Export Decline
(in long tons)

Commodity	1974	1976	1977
agricultural machinery	44.300	32.000	NA
steel plate and sheet	128.378	100.848	65.000
non-electrical machinery	447.200	374.000	NA
electrical machinery	72.200	72.600	58.000
scrap iron and steel	1.689.000	1.182.000	NA
total exports	6.000.000	5.400.000	4.864.000

whether pro- or antidevelopment, controls the command center of the U.S. economy, and determines whether to contribute to industrial progress or its opposite. Historically, this has been understood and prodevelopment forces have always deployed to regain control of New York.

Today New York City is the source of 70-80 percent of the industrial credit for the U.S., and 1 million skilled workers are located in the metropolitan area of New York. Thirty-five to forty-five percent of the U.S. exports with the highest capital content still pass through New York. However, in the last 3 years, the trade of all commodities through New York has fallen from 6 million to 4.8 million long tons.

During the two world wars, trade through New York City tripled and the existing port facilities expanded. Along with this expansion in trade, in the 1920s, and the 1940s there was a victory over zero-growth ideas in education, science, research and industry. Prodevelopment forces deployed to win New York City to a policy of educational and industrial development.

We are virtually at war today. New York City policy today is a tactical skirmish in a fight to reverse industrial retrenchment in this country. If we were to believe Congress, the only question about New York is how much austerity and when. The real situation is that we in New York are facing a national problem — the collapse of trade — which threatens New York City, not a New York City problem that threatens the nation. New York was built as a nexus of trade — not a juridical self-contained revenue balanced district. 10 percent of New York's revenues still come from the port. New York City's problem is that every industry in the U.S. is talking retrenchment, not export. For example, we need to produce 250 nuclear plants per year in the advanced sector for export.

If U.S. industry moves to expand exports, fiscal and monetary problems, like those of New York City will fall into line. Build a counterpole around these policies and it will become clear to everybody except Senator Proxmire that the solution to New York City is at hand.