welfare of our people, and discharging the responsibilities of the nation...

The technological barriers ahead of us are formidable. Enormous investments are required. The financial risks are great. But all these difficulties can be overcome by a united determined effort...

It would be tragic to destroy this great opportunity for national achievement and world leadership by dissipating our strength in ideological warfare over the respective roles of government and private enterprise. That is a sure fire way of standing still, while the rest of the world moves forward in the practical application of atomic power to human needs...

America's leadership in the world contest must rest upon and be a reflection of the highly developed and advanced nuclear energy industry. I am at a loss to understand how the U.S. can be in a position of technological leadership in building nuclear power plants in the Third World if we have not advanced the level of our technology...

I recommend to the committee that it remove all reactor technology from the restricted data category including such areas as fuel element fabrication and processing techniques leaving specific military applications of such technology to be protected in so far as national security is involved...

Only bold initiative by government can accelerate needed progress and get full scale reactors in operation so that the time lag between theory and practice can be minimized...

The shortage of highly-trained, scientific, technical personnel will continue to be the most serious retarding and limiting factor both in our domestic progress and in our ability to carry out our role as a world leader...

Current UAW Policy

A spokesman for the UAW in Washington D.C. described the union's current policy on nuclear energy in the following way:

We are officially extremely skeptical that nuclear power should play an important role in the nation's energy supply. We feel that not sufficient attention has been given to the risks involved, especially the potential for harmful leaks and for theft by terrorists of nuclear materials and of the general problem of waste disposal...

Nuclear power has never measured up to people's expectations. It has always provided less projections for its role in the total national power picture. That is the way it should be. It is simply less cost effective on an individual plant-by-plant basis...we think that Project Independence emphasized it much too much...

While we may be a little ambivalent on the nuclear (fission) question (we do allow individual locals to decide on a case by case basis whether they might want to support a nuclear plant here and there), we are totally clear on the fast breeder. We are against it and we are against a plutonium economy...We think that the President is 100 percent right to veto the breeder and support him on it across the board.

We think that there should be a greater emphasis on the development of viable energy technologies like solar power...I guess you can say that we are close to the way Barry Commoner thinks on the energy question...closer to him than say the Building Trades of the AFL-CIO (who support nuclear power.)

The Plot To Rationalize U.S. Steel And Who's Behind It

Last week the tempo of the calls for the rationalization of the U.S. steel industry quickened noticeably. While Under Secretary Anthony Solomon was dangling the bait of a new and improved "anti-dumping" apparatus before increasingly desparate steel companies and steel workers, he was meeting with Viscount Etienne Davignon — the architect of the European Economic Community's (EEC) plan to reduce steel capacity by 25

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percent — and plotting to do away with "excess" steel capacity worldwide. Many business leaders in the U.S., including the policymakers of the National Foreign Trade Council, perceive that the steel policy that Solomon and his taskforce are formulating will be close to the Davignon strategy. Moreover, the steel companies which belong to the NFTC "would welcome" the equivalent of a Davignon plan for the U.S., the NFTC officials said.

The American Iron and Steel Institute, which is headed up by the U.S. Steel chairman Edgar Speer, is in agreement with Davignon-style rationalization. At hearings on steel held by the U.S. International Trade Commission in Los Angeles Nov. 9-10, the AISI speaker went on record as opposing any plan to save the steel industry with low-interest government credits. This would be unwanted "government interference," he claimed. A spokesman for the AISI in Washington confirmed that the U.S. Steel-dominated trade group is looking favorably on the on-going "elimination of peripheral facilities." More marginal firms will go, he said — "it's a fact of life."

It is clear that unless a positive national program to put industry back on its feet is adopted, the steel industry can look forward to a future of crunch, purge, and consolidation. The *Wall Street Journal* Nov. 8 more than hinted that the proposed Jones and Laughlin-Youngstown Sheet and Tube merger is just the beginning. Many of the smaller companies — especially those which are primarily involved in producing steel and have not, like U.S. Steel, diversified into real estate and other non-steel areas — are choked with debt and running into cash-flow problems. Thus the companies' creditors have them over the barrel and can "advise" mergers, closing of facilities, and other measures to "restore financial health." In the case of J and L and Youngstown, the investment bank handling the merger is First Boston. First Boston's economist Jim Howell, it will be remembered, is along with Lazard Freres' Felix Rohatyn the prime architect of Northeast Energy Corporation, the program to turn the northeast into a low-energy, labor-intensive work zone.

The strategy of people like Solomon is to put forward the forced shinkage of the steel industry as the "rational" alternative to raving protectionist sentiments. The AFL-CIO's George Meany appears to be playing right into Solomon's gameplan. According to *New York Times* labor editor A.H. Raskin, Meany and others in the AFL-CIO hierarchy intend to push for the resurrection of the 1971-74 Burke-Hartke bill at the AFL-CIO's December conference.

That defeated bill called for the imposition of import quotas on a product-by-product basis, Presidential control over all export of American capital and technology, and related protectionist measures.

The Enemies of Steel

In the context of this offensive on the protectionism, and rationalization fronts, individuals and groups who are working to revive the U.S. steel industry should be alerted to the following roster of the "enemies of steel:"

Edgar Speer

As chairman of U.S. Steel, the industry giant, Speer has been blocking the formulation of a positive program to reverse the shrinkage of the industry. At a meeting in Pittsburgh earlier this month, spokesmen for Speer and the other members of U.S. Steel's board of directors told U.S. Labor Party representatives that their company opposes the idea of reviving the U.S. steel industry in the context of Third World industrialization, which would create orders for U.S. capital goods and technology. U.S. Steel, moreover, opposes any program which involves the extension of low-interest loans to the steel industry to keep it open and begin the rebuilding process. So much for Speer's frequent encomiums to "capital formation."

This stance is not out of profile with the company's past performance. U.S. Steel's critics — of which there are many — say the corporation is waiting for its smaller competitors to go bankrupt so that it can gobble up their market share and raise prices.

Speer himself is a "production man" who came up through the ranks. However, all those years at U.S. Steel endowed Speer with the outlook of a banker and certainly not someone who identifies with new technology and industrial expansion. When Speer became chairman he said his primary goal was to expand the corporation's natural resource base. As is only too well-known, in recent months Speer has been loudest adherent of protectionism — or as he likes to call it, "the enforcement of the 1974 Trade Act."

Lewis Foy

Foy is both chairman of the board of directors of Bethlehem and director of the Morgan Guaranty Trust, and there's no question about where his primary allegiance lies. Foy, like Speer, is thoroughly committed to a policy of rationalization for the steel industry — beginning with his own company. Last summer Bethlehem, the nation's second largest company, initiated a sweeping cost-cutting regimen. It has already lopped off 10 percent of its capacity, laying off 12,000 workers all tolled. When Foy announced Bethlehem's third quarter returns last month — the largest loss ever reported in U.S. corporate history — Foy claimed the company had a "leaner but stronger" future ahead of it. Last spring a consortium of banks led by Morgan Guaranty extended Bethlehem a large credit line, so it's no secret where the orders to rationalize are coming from.

Barry Bosworth

As the new head of the Council on Wage and Price Stability (CWPS), former Brookings Institution economist Bosworth is responsible for the Council's report on the steel industry, which came out last month. Bosworth, a protégé of Charles Schultze, the present head of the Council of Economic Advisors and old Brookings colleague, is known for his favorable views on incomes policies (a euphemism for wage and price controls). The new CWPS report on steel bears all of Bosworth's fingerprints. It argues, on the basis of quack economics, that modernization won't do a thing to make the U.S. steel industry more competitive with Japan's modern, fully-integrated plants. The message to steel makers is that if they want to improve their profits, they have to go after wages.

Sen. Howard Metzenbaum (D-Ohio)

Metzenbaum is a more covert "enemy of steel" than the rest. Last month one of his top aides revealed that Metzenbaum's Ohio office has been studying every possible method to keep ailing steel plants open "to lessen the human hardship" involved when they close. The office says that its most promising method involves raising capital by dumping company stock on employee pension funds or encouraging workers to accept a wage check off. The aide noted that this experiment "has been tried out in France — refering to the LIP model, where the striking workers at a French watch factory were suckered into buying the bankrupt company and running it themselves.

Sen. Jacob Javits (R-NY) sponsor of Employee Stock Ownership Plan legislation, also favors this approach for the steel industry.

Nathaniel Samuels

Mr. Samuels, director of the advisory board of Kuhn Loeb, the New York investment bank, does not confine his attention to steel. Early this fall he laid out a program for the rationalization of all of U.S. industry in the pages of the *New York Times*. Samuels claimed that the only way to prevent an outbreak of protectionist sentiments is by establishing a system of orderly marketing agreement backed up by a "domestic industrial adjustment process." Samuels went on to suggest that his arrangement could be run under the auspices of the International General Agreement on Trade and Tariffs (GATT) in return for marketing agreements governments would be under compulsion to intervene in industry in their respective countries, phasing out "non-viable" companies, relocating workers to other industries, etc. In an interview with *EIR*, Samuels emphasized that the major obstacle is that workers like to stay where they are.

Viscount Etienne Davignon

The Viscount, who was in the U.S. last week meeting with Under Secretary of the Treasury Anthony Solomon and others on steel and related matters, is the author of the European steel rationalization program which bears his name. The aim of the Davignon plan is to "modernize" the EEC steel industry, principally through elimination 25 percent of existing capacity. Most European steelmakers have not been happy about the plan. Davignon's power lies in the fact that the EEC commission holds the purse strings on loans to the steel industry; loans are made only to effect rationalization. The steelmakers can't afford to go to the capital markets themselves to raise funds.

Sources inside the U.S. Administration say that Solomon's taskforce is considering such a low-interest governement loan program for the U.S. industry — a program where loans would be made to enable companies to shut down capacity, consolidate facilities, and little else.