

## What They're Saying About Schlesinger

"There is something less than 100 percent support for Schlesinger inside the White House... On Capitol Hill, he's seen as a puppet on a string. Schlesinger is in a precarious position."

— *the office of a leading Western Democratic Representative.*

"I understand the oil industry is up in arms after Schlesinger's recent speech to the American Petroleum Institute in Houston. The word here is that they're digging in their heels and will make no substantial concessions to him on the energy bill."

— *a Washington source with excellent access to the business community.*

"Schlesinger is a calamity. The conservatives don't trust him and the liberals don't believe him."

— *an unnamed liberal quoted by columnist Mary McGrory, frequently a conduit for the views of the Kennedy wing of the Democratic Party.*

"My sources in the White House indicate it is likely that Schlesinger will be the first Cabinet official to be replaced in the Administration."

— *syndicated columnist Jack Anderson, on the ABC-TV program, "Good Morning, America."*

"It wouldn't surprise me at all if Schlesinger were on his way out as Energy Secretary."

— *a syndicated columnist well-known as a long-time intimate of Rockefeller Family circles.*

"Schlesinger has a real credibility problem in Congress."

— *the office of a prominent midwestern Republican senator.*

"Can the Administration adopt a rational energy policy? Not as long as Schlesinger writes it."

— *Republican Senator Harrison Schmitt, in response to a question at a conference of the American Nuclear Society in San Francisco.*

"Arrogant...puffy...lugubrious...eminently hatable. He sold House liberals on the energy bill...they sold it to their constituents...and it hasn't been a good bill to defend."

— *the office of a midwestern Democratic Senator*

"I don't think he intends to stick around for the long haul"

— *a source personally close to Schlesinger*

## ExIm Bank Fight

A major battle is now shaping up in Congress and in the business and regional banking communities over the future of the Export Import Bank, whose charter comes up for renewal in early 1978. All parties to the fight agree, implicitly at least, that far more than the ExIm Bank per se is at stake. What is actually being debated is the future of the increasingly export-dependent U.S. agricultural and industrial sectors, and the fundamental stability of the U.S. economy as a whole.

The Congressional hearings on the bank's charter, which are scheduled to begin in the Senate Banking Committee when the Administration submits its charter recommendations in late January-early February, are promising to develop into a far-reaching argument, over much broader economic and political policy issues.

The battle lines over the ExIm Bank are being drawn between two basic factions. On one side is the vast majority of U.S. industry, labor and agriculture who view a vibrant, expanded ExIm Bank as a key vehicle for promoting economic prosperity by underwriting an aggressive program of increased, high-technology exports, along the lines spelled out by former Treasury Secretary William Simon in his speech to the conference

on "Capital Formation for Exports" held in Chicago November 29.

On the other side is the "British faction" group around Treasury Secretary Werner Blumenthal, Energy Department czar James Schlesinger, and Special Trade Negotiator Rober Strauss, and their New York-London investment banking constituency. Actively engaged in a City of London conspiracy to bring down the dollar — and the U.S. economy along with it — these wreckers are opposed to any measures which might bolster the U.S. economy — Blumenthal's recent statements supporting increased ExIm funding notwithstanding.

On the ExIm Bank question, the "British faction" forces in Congress are being led by William Proxmire (D-Wisc.), chairman of the Senate Banking Committee, and Clarence Long (D-Md.), chairman of a House Appropriations subcommittee. Both Proxmire and Long are fully committed to doing away with the ExIm Bank altogether. Proxmire — whose longstanding ties to Lower Manhattan financial circles are well-known — is expected to argue at the upcoming hearings that the "private sector" can do the work of the ExIm Bank far more efficiently — in hoped of roping conservative "free

enterprise" ideologues behind his anti-bank (anti-trade) demagoguery.

Well aware that such a drastic proposal stands little chance of passing, other British-linked elements intend to impose a slew of limitations to the bank's charter which would effectively castrate it, especially in terms of its capacity to underwrite substantial, high-technology deals. This campaign has already scored certain victories: When the bank's appropriation came up for a three-month extension in October of this year, Congressional Fabians, following the lead of Rep. Stephen Neal (D-N.C.), succeeded in restricting ExIm's ability to finance nuclear technology exports. This is particularly significant because the ExIm Bank has historically provided the financing for every major nuclear export deal negotiated by the U.S.

This time around, however, the saboteurs will focus their efforts on "human rights." The ExIm bank has already been severely hobbled by the Jackson-Vanik amendment of 1974. Now, anti-industry liberals in Congress such as Rep. Andy Maguire (D-N.J.) and Neal are planning to slap amendments onto the bank's charter banning it from extending credits to countries which violate "human rights." The Center for International Policy, a Fabian Washington-based think tank, is working closely with both Maguire and Neal on this push. In addition, they are urging them to sponsor another amendment which would force ExIm to get Congressional approval for every loan it makes.

Even more insidious is a bill sponsored by Senators Ribicoff (D-Conn.), Heinz (R-Pa.) and Roth (R-Del.) to create a new Cabinet-level Department of International Trade and Investment which would take over the ExIm Bank lock, stock and barrel.

Senator Heinz has several other tricks up his sleeve just in case the Department of Trade legislation isn't passed. Identified by Proxmire's chief Banking Committee aide as the Senator who "will lead the pro-ExIm charge," Heinz is actually moving to transform it into a vehicle for the crazy protectionist measures which Bob Strauss is now so avidly promoting. Specifically, Heinz is demanding that the bank's charter incorporate a clause which would define its Number Two task to be bringing pressure on its foreign equivalents to cut back export subsidies to their domestic industries.

This campaign to rewrite the Bank's charter is being complemented by moves to stack its board of directors with people tied to the Blumenthal-Schlesinger clique. Chief among these is Thibaut de Saint Phalle of Coudert Brothers law firm, widely known as the "economic warfare specialists of Wall Street." In his Senate confirmation hearings Nov. 28, de Saint Phalle defined his view of how the ExIm Bank should function in blatantly protectionist terms.

#### *ExIm Supporters*

Arrayed against these saboteurs is a host of industrial, agricultural, banking and other groups who are committed to expanding and upgrading the ExIm Bank's role in promoting U.S. sales abroad. One of the key movers in this campaign is the U.S. Chamber of Commerce. Last April, the Chamber's Task Force on Export Policy issued a brief urging that 1) all restrictions on ExIm Bank lending to communist countries be rescinded; 2) that the bank be empowered to provide financing at fixed rates of

interest and lower the average cost of credit supporting export sales; 3) that Congress authorize an additional one billion dollars of capitalization for the bank; and 4) that since the developing countries "represent the markets of the future," one-half of this additional \$1 billion should be "specifically allocated for the ExIm Bank to finance exports to developing countries."

However, neither the Chamber's proposal for expanding ExIm Bank, nor related ones now being circulated, take up the crucial question of how to expand trade when the world monetary system is about to blow apart. With the Chicago conference on Capital Formation signalling a major decision by certain industrial circles to push for aggressive trade expansion, the U.S. Labor Party's proposal for transforming the ExIm Bank into a de facto Third National Bank with funding in the \$40 billion range, is sparking intense interest and debate. If the Labor Party's proposal is adopted by circles around Simon, the Chamber of Commerce, etc., then the British attack on the ExIm Bank can be turned right on its head.

— Kathy Murphy

## FBI Acknowledges End Of Investigation Of NCLC

*The following is the text of a Nov. 23 letter received by Warren Hamerman, a member of the National Executive of the U.S. Labor Party, from Clarence Kelley, director of the Federal Bureau of Investigation, acknowledging the ending of the investigation of the Labor Party and the National Caucus of Labor Committees that dates back to 1968. In a statement released by the NCLC-USLP, the National Executive Committee stated that the FBI decision reflects widespread recognition of the U.S. Labor Party's well-known global programmatic initiatives toward nuclear energy and related expansion of industry and agriculture.*

*The statement also called for an end to illegal activities of other agencies, namely the Federal Elections Commission — which has carried out early morning "investigations" of Labor Party contributors — and the Justice Department and Treasury Department's efforts against the International Brotherhood of Teamsters.*

Mr. Warren Hamerman  
Director of Organization  
National Caucus of Labor Committees  
General Post Office box 1972  
New York, New York 10001

Dear Mr. Hamerman:

Reference is made to your letter of September 9, 1977, wherein you allude to this Bureau's investigation of the National Caucus of Labor Committees.

For your information, this Bureau's investigation of the National Caucus of Labor Committees was discontinued in September, 1977, because its activities, as known to this Bureau, no longer brought it within the criteria for investigation under the Attorney General's guidelines for domestic security investigations.

Sincerely yours,  
Clarence M. Kelley,  
Director