

Europe's Press Defends JET

Following is a selection of European press reaction to reports that the JET European fusion project is dead. London Times, Dec. 22, "JET project not on its death bed":

Mr. Alexander Eadie, Under-Secretary for Energy, said he did not think that the EEC's thermonuclear fusion project JET was on its death bed. He was speaking in a Consolidated Fund Bill debate on the future of nuclear power in the United Kingdom.

Mr. Tom King, Opposition spokesman on energy (Bridgwater, C), said that it would be tragic if European cooperation on the project had collapsed. Dr. Guido Brunner, Commissioner for research policy, had said that the JET fusion programme was on its death bed. If Europe's commitment to fund that research programme collapsed so utterly there would be a grievous problem...

Mr. Callaghan, the Prime Minister said: These proposals go through a number of phases and I do not regard that project as dead. I go further and say I believe Britain in the form of its facilities at Culham, the team that is assembled there and the industrial and scientific

back-up that could be found for it, undoubtedly provides suitable venue for the development of what could be a valuable scientific innovation in nuclear fusion as distinct from fission.

"...in any case, Europe is the loser. The researching and mastering of controlled nuclear fusion is one of humanity's great dreams. If it succeeded, the world would be freed from its concern over energy needs. Especially with regards to the risks involved in the present energy generating process of nuclear fission, the much more environmentally safe nuclear fusion process would offer a hopeful alternative, at least in the long run."

Die Welt, Dec. 22, "A Piece of the Future Played Out?: Nuclear fusion is a new method of energy extraction. Nuclear fusion is the fusing together of hydrogen nuclei into helium; in short, it is the taming of the hydrogen bomb or the replication of the same thermonuclear processes the sun uses for its energy. The only thing is, no country in the world has yet been successful with it, and Europe will not succeed if JET dies... Is Bonn now about to save JET from agony only for the sake of an unrelated concession? (this refers to a radiotelescope project — ed.) Perhaps the saving of JET is just as acceptable in the interests of future-oriented energy research.

Sabotage of Northeast Energy Supply Uncovered

Congressional sources informed NSIPS this week that the Federal Energy Agency is responsible for the energy shortage which is now affecting the Northeast region of the United States. At the same time, Sen. Edward Kennedy (D-Mass) and Rep. Gary Studds (Rep.-Mass) are preparing legislation which will effectively shut off the Northeast from foreign shipments of oil using as the reason the highly suspicious spate of oil spills in the last week to ten days.

The energy shortage in the USA — at a point when the shortage caused by expected OPEC price hikes or an OPEC oil embargo has not materialized — is the implementation phase of the plans for deindustrialization laid out at the November Conference of the Coalition of Northeast Governors. That conference's plans for the transformation of the Northeast into a low-energy, labor intensive region were praised by President-elect Jimmy Carter in a letter to New York Governor Carey as "particular attractive."

The origins of the current Northeast energy shortage and the events leading up to the Argo Merchant "disaster" in the North Atlantic last week date back to last April. The Amerada Hess Corporation, the largest supplier of Number 6 (residual) fuel oil in the region, was then preparing to lower its price, undercutting the predominantly Rockefeller-controlled oil multinationals who were themselves set to raise prices. Informed sources also report that two independent oil companies, Massachusetts-based Northeast Petroleum and Ingram, were preparing to double refinery production of residual oil.

The multinationals led by Exxon and Texaco demanded,

sources report, that the FEA stop the independents' attempt to bring oil prices down. The FEA responded: a low 5000 barrel per day limit was placed on all domestic residual oil refiners; for any delivery in excess of that amount a penalty of \$1.40 per barrel was slapped on.

The domestic refiners — with plants geared to operate at 200,000 barrels per day — could not absorb the penalties and were forced to cut production. Northeast was forced to unload a new refinery to a larger company.

The Caribbean-based multinationals promptly jacked up their prices 80 percent. One independent oil company official reported that the price increase since Oct. 1 is an astounding \$2 per barrel — or some \$1 million per day for the East Coast as a whole. The official expects the price to rise another \$1 per barrel by Feb. 1. The multinationals have thus effectively kept the flow of the much-needed oil to a trickle.

Before the November elections, industrial forces in the Northeast drafted a proposal for the construction of a superport and refinery capacity near Boston, placed it on the Massachusetts ballot and rallied the population behind it. The referendum passed by a 2-1 margin — but it was only advisory and did not bind the legislature. According to a source in the pro-growth Massachusetts Department of Commerce and Development, "an informal grouping of interested parties" was dispatched to Venezuela to negotiate with the state-owned Venezuelan oil company concerning the financing of the superport and the refinery as well as guaranteeing shipment of crude oil.

These moves were countered last week with the

contrived Argo Merchant oil spill. Both a dejected state Commerce Commissioner and an elated First Boston Corp. Vice-President James Howell, this week concurred on the outcome of the "disaster": the superport is dead. (see interviews below).

After running brief hearings into the Argo Merchant spill in Boston last week, Kennedy and Studds announced that they would pursue the following legislative remedy: pushing "flag preference" legislation that would force all energy cargoes to be carried by U.S. vessels; pushing indemnity insurance and costly "safety requirements" for all energy cargoes; placing *unlimited* liability on those responsible for spills. The net effect of such legislation is to make *impossible* the shipment of energy to the Northeast in particular.

The legal backbone to the Kennedy-Studds anti-energy drive and to similar efforts in other parts of the country is the Rockefeller-funded Center for Law and Social Policy. This group — which has several Democratic Party policymakers among its board of directors including James Onek, the head of Carter's Housing, Education and Welfare transition team, Arthur Goldberg, former Attorney General Ramsey Clark and T.P. Plimpton, a member of the law firm that handles David and Nelson Rockefeller's personal matters — has been doing work on "oil spill legislation" since 1972. They have provided Kennedy and Studds with draft legislation concerning the "law of the sea" to be pushed in Congress and through the State Department at various international forums.

Kennedy Aides on Energy Saving

The following is a Dec. 30 interview with a spokesman for Sen. Kennedy's office:

NSIPS: What energy bills is Sen. Kennedy introducing into the Senate this session?

Kennedy aide: He will have a few bills. One will give taxpayers low interest loans if they insulate their homes. This will encourage saving energy.

Second Kennedy aide: In addition to the loan to homeowners, the Senator will encourage conservation by offering subsidized loans for businesses and industry that cut back on energy consumption. One plan for businesses is to convert from high cost fuel to low costs fuels. Another plan is recycling of energy. Heat given off in industrial processes can be pumped into nearby housing instead of being wasted. This is done in some parts of England. Still another plan is to reduce peak energy use by having companies operating at different times of the day.

NSIPS: What legislation will Sen. Kennedy introduce to cope with the oil spill off Nantucket, Mass.?

First Kennedy aide: He is working on a bill which he will introduce into Congress next week. It will set standards for ships coming to U.S. ports in terms of construction and safety standards. These ships will have to measure

up to the standards of American ships. They will have to also pay liabilities to areas affected by the spills which could include the cost of clean-up.

Second Kennedy aide: This bill will introduce stringent liability standards. It will set onshore traffic control, or navigational standards for foregoing ships. It will have unlimited liability penalties and cover not only ships, but pipelines that rupture on land.

NSIPS: Will this cover superports, and the like as well? What will happen if the pipelines or "superports" that are built don't meet up to standards set by the bill?

Second Kennedy aide: They won't be permitted to be built or operate.

NSIPS: In some respects, the Kennedy bill on oil spills, sounds like a proposal the National Maritime Union made this week to cut down on the number of ships operating under foreign flags?

Second Kennedy aide: Yes. In the long run, the Senator's proposal will reduce the incentives for foreign shipping and improve U.S. shipping's competitive advantage.

NSIPS: How is the Carter team responding to the Senator's bill?

Kennedy aide: They are generally receptive. We are handing them a draft of it this weekend.

NSIPS: Is Charles Stewart there (top Kennedy aide, who is one of the heads of Carter's Energy Transition team — ed.)?

Kennedy aide: No. He's writing the bill. He's secluded himself off somewhere to write it.

NSIPS: What else is Kennedy introducing to the Congress?

Second Kennedy aide: We have an oil divestiture bill that will force the oil companies to give up their other holdings in coal, nuclear energy, and so forth.

NSIPS: Do you think you have the forces to get this bill through? After all, it goes up against the oil companies who are very strong.

Second Kennedy aide: We're gaining forces. When we introduced the bill in the Senate last year, 39 Senators voted for it.

NSIPS: Is there something for conservation?

Second Kennedy aide: Well, there's the Energy Production and Consumption Act. That passed Aug. 14 of this year and Kennedy wrote the conservation section of the bill. The loans to encourage homeowner and industrial energy conservation are in that bill and they are already law. We're also proposing bringing on line alternate energy sources, such as solar energy development.

"The Majors Make It Work For Them"

The following interview was given to NSIPS by a Congressional source who is an expert on the oil industry:

Q: Why has the price of residual industrial fuel oil skyrocketed in the Northeast over the past six months?

A: There are two primary reasons. The first is that the price of this fuel was decontrolled in June, in part to avert any shortage that might occur... This in itself did

not cause prices to rise... Far more important in my view, is that the system of "reverse entitlements" adopted by the Federal Energy Administration last spring — designed to lower the price of imported residual oil — has actually worked to raise prices and restrict supplies, to the benefit of the major oil companies at the expense of independents and consumers.

Q: An article in the Dec. 17 *Oil Daily* described how two domestic independent marketers, Northeast Petroleum and Ingram Corporation, were "squeezed out" by the Federal Energy Administration policy. How does this relate to the price increases?

A: The FEA ruling has essentially squeezed all domestic refiners out of the residual fuel market in the Northeast. The vast majority of Northeast residual is imported by the majors, especially Exxon, Texaco, and Shell. Amerada Hess, for example, was one of the largest suppliers of domestic residual fuel to the Northeast and was able to considerably undersell the majors through a combination of using less expensive domestic crude and a large refinery in the Virgin Islands. On top of this, Northeast Petroleum and Ingram Corporation were about to open in September the largest U.S. refinery of domestic residual fuel, capable of turning out 200,000 barrels per day. This would have considerably lowered the price. In the spring the three majors arm-twisted the FEA into granting importers entitlements to delivery of residual oil, and placing a ceiling of a paltry 5,000 barrels per day on the delivery of domestic resid, above which a penalty would be incurred. The rationale for this was that the entitlements would enable the price of imported oil (the majority of oil used is residual —ed.) to be cut considerably, more than offsetting the resulting higher price for domestic resid.

Amerada Hess was forced to cut back, and Northeast immediately sold the unopened refinery to Marathon, one of the majors. This enabled the majors to virtually monopolize the market, and with cold weather driving up demand in Europe by 15 percent, the extra tight supply has led to skyrocketing prices.

Q: How did Congress and the utilities react to the push on FEA by the majors?

A: The New England Congressional delegation and utilities have always been no friends of the majors. However, they all supported the FEA's actions, in the hopes of getting lower prices.

Q: But wasn't it clear that even without the cold weather, the FEA decision would give the majors virtually complete control of the Northeast market?

A: Look, almost every time any decision is made about oil, in the not-too-long run the majors always make it work for them.

O'Neil Aide: New England Fish For Midwest

The following is an interview with an aide to Mass. Lt. Governor Thomas O'Neill by a Boston-based reporter:
O'Neill aide (on the proposed Kennedy-Studds legislation):

We think flag preference is a good idea. Put these cargoes back on American bottoms. It's also a good idea

to get down to the business of restricting energy shipments. Our people can learn to conserve energy better. Let me tell you something. There's been a lot of talk lately about the importance of the State's (Mass.) fishing industry. Our fishing industry is damn important. It already employs 30,000 people every day as fishermen, with tens of thousands more in support industries. It's one of our most important industries. We could do a lot more aggressive marketing campaign, you know, "Put New England fish on the dinner tables of Midwest," How many people out in Ohio get to eat some good fresh New England fish. That's why we have to protect our environment.

Q: But how would these measures benefit capital intensive firms in the aerospace industry? How would energy conservation help a big company like Raytheon?

Aide: Well, they wouldn't. What I'm talking about is helping the small and medium-sized business, "consolidated widget" and the like. There is really nothing that we can do to help or protect people like Raytheon. They'll have to take their lumps.

Oil Spills "Don't Make Any Sense"

The following interview with Guy Maitland, head of the New York-based Liberian Shipping Council, was given to NSIPS by a New York-based reporter.

On the proliferation of disasters involving tankers registered under the Liberian flag: Look, this has really been a bad couple of weeks. I don't quite know what is going on... It's not that unusual that ships of the Liberian flag would be involved in any tanker accidents since we have the most tankers. But we had maybe three disasters that I could think of over the last ten years. Now we have three disasters in one week. (There were five tanker incidents in the last ten days — all involving ships of Liberian registry —ed.). As far as the Sansancina (the ship that blew up in Los Angeles harbor Dec. 16 —ed.), it was a new ship in good shape. Ships like that just don't blow up. And I don't think — although I can't say for sure that — somebody on the crew, either on board or dock-side made a mistake. These people are experts and they know what happens when a mistake is made — boom! — so they don't make them. It just doesn't make any sense.

On the proposed Kennedy-Studds legislation: These people are crazy and they have been crazy for some time. If they go ahead with their proposals, there won't be any shipping of energy supplies by Liberian ships or by any ships. They are proposing regulations that have nothing really to do with safety. They would have to rebuild the whole fleet (merchant marine —ed.) from almost scratch. Even if they built ships at the pace they did in World War II, they still wouldn't have enough to carry the U.S. energy needs. If Kennedy and Studds have their way, then the only way New England is going to get any oil is if they build a direct pipeline to Saudi Arabia. You tell me how this benefits the American people.

On the proposed superport for Boston: It is a damn good idea, a much needed idea. The environmental groups don't know what they are talking about. A few

years ago, these jerks got together and stopped the construction of a port off the coast of Maine. They were afraid that it might dislocate a few fish and squirrels. If the port had been built, New England wouldn't be starving for energy today.

Boston Investor: Boston Superport is Dead

The following are excerpts from an interview with James Howell, Vice President, First Boston Corp. by a Boston-based reporter last week:

Commenting on the Argo Merchant oil spill: I guess this means the end of the Boston superport. It's dead. No one will want to take the risks involved now...

On energy development programs: All energy development programs are long-term affairs. They will take years before you see any results... We have hard choices before us... We need a much greater emphasis on conservation and cutbacks...

Uncertainty About New England Oil Supplies

The following are excerpts from an interview with a spokesman for Henry Lee, energy advisor to Massachusetts Governor Dukakis. Lee was a key participant in the Saratoga Springs, Northeast Governors' Conference:

Aide (on the proposed Kennedy-Studds legislation): Governor Dukakis supports the proposals of Rep. Studds for unlimited liability for the shippers of energy cargoes and we are in favor of anything that will force tight safety regulations on oil tankers. That's how we understand the new legislative proposals. Maybe this whole mess with the Argo Merchant could have been avoided. Studds and others had proposed similar legislation last year but they were told by the White House to lay off. The President wanted to handle this through various international conventions (i.e., the United Nations Law of the Sea Conference). So nothing was done. If Studds and Kennedy go for strict regulations, I'll tell you most of the present fleet won't pass and they won't be allowed near our waters.

Q: Then how will our oil supplies reach New England?

Aide: That's a good question. I'm not sure of the answer yet.

Mass. Commerce Dept.: Cutting Energy Supply is Suicidal

The following are excerpts from an interview with a

spokesman for the Massachusetts Dept. of Commerce and Development on the proposed Kennedy-Studds legislation:

Those people are nuts. They're dangerous. A tanker like the Argo Merchant carries 180,000 barrels of oil. The state of Massachusetts uses 135,000 barrels a day for electrical power generation, another 155,000 for other uses. New England as a whole uses 1.5 million barrels a day. We support making tanker operations safe, but what these guys are talking about will cut energy shipments. They have little understanding of our present economic reality. Such moves would be suicidal.

On the proposed Boston 'superport': We had put together an informal group of interested parties to go down to Venezuela and talk with the Venezuelan state-owned oil company about financing the port and the refinery. Now, after this Argo-Merchant thing, I'm not sure what is going to happen. The port is coming under heavy fire...

Incompetence of Coast Guard Responsible for Argo Spill

On Dec. 23 NSIPS interviewed Mass. State Senator Bolger's aide, Leo Allen, an expert on Coast Guard rescue operations, on his views of the handling of the Argo Merchant oil spill disaster:

NSIPS: Mr. Allen you are reported to have expressed an opinion that the Argo Merchant disaster could have been averted, could you elaborate.

Allen: Yes, we believe that there was nearly a week of hand wringing and indecision by the Coast Guard as if the disaster was a fait accompli from the beginning. When the Coast Guard did act it was too little and too late.

NSIPS: What in your view could have specifically been done by the Coast Guard to avert the breakup of the Argo Merchant?

Allen: Several things. First, ocean-going tugs could have been sent to the scene to relieve stress on the hull. Second, the captain of the Argo Merchant requested permission to dump a portion of his cargo and attempt to refloat his ship. This request was either not granted or the captain never got a response. The Coast Guard had the opportunity to divert merchant ships to lay upwind of the Argo Merchant breaking up the heavy seas and reducing stress on the hull when the weather got worse. This was not done. The ship sat there for nearly a week while no decision was made.

NSIPS: Then the Coast Guard had several rescue options open to them which were not used?

Allen: Absolutely, but additionally I don't think that the Environmental Pollution Agency was as effective as they could have been.