

INTERNATIONAL REPORT

Energy Dictatorship Bill Passage Sets Stage For War On OPEC, USSR

Emboldened by the speedy passage in Congress of their emergency natural gas bill Feb. 3, President Jimmy Carter and his energy czar James Schlesinger have taken major steps to ensure that their United States energy crisis will lead shortly into a U.S.-Soviet confrontation in the oil-rich Mideast and a "crisis management" dictatorship in the U.S.

From Cold Wave to Cold War

The Carter-Schlesinger team Feb. 1 dispatched Pentagon consultant Melvin Genant, a former executive of Rockefeller's Exxon oil company, to agitate at Congressional hearings for a U.S. military intervention into the Organization of Petroleum Exporting Countries (OPEC). Conant's testimony to the Senate Interior Committee, chaired by Schlesinger collaborator Sen. Henry Jackson (D-Wash), consisted of a 150-page report commissioned by Deputy Defense Secretary Robert Ellsworth, a Schlesinger protege and former partner in the Rothschild-linked investment firm of Lazard Freres. In it, Conant proclaims that U.S. energy strategy must be based on breaking up OPEC — by military force, if necessary — and gaining control over the oil supplies of Mexico and Venezuela — a surefire prescription for fomenting war between the Soviet Union and the U.S.

Conant's message was buttressed by a Jan. 31 *Washington Star* article based on a so-called secret report leaked by Schlesinger which accuses the USSR of using weather modification to cause the cold wave in the Northeastern United States. Authoritative Washington sources had informed the U.S. Labor Party late last week that Schlesinger intended to feed this lying report to the press in order to help his plans to use the energy crisis as a showdown with the Soviets.

A further elaboration of these plans was provided by Schlesinger advisor John Stewart, who also serves as chief energy aide to Sen. Edward Kennedy (D-Mass). In an interview this week (see below), Stewart revealed that one of the Carterites' key thrusts in the coming weeks will be to establish the climate for a foray against OPEC by falsely accusing it of collusion with the multinational oil companies to keep oil prices artificially high. While professing that it would be bad policy for the U.S. to take any "overt effort" to fracture the oil cartel, Stewart betrayed his complicity in the Carterite war strategy with his comment: "We couldn't sit by if the Arabs cut off our allies' oil ... a hostile act in any area could lead to war."

Schlesinger has taken steps to extend the dictatorial powers granted the Administration in the emergency natural gas bill internationally. According to Western Euro-

pean press accounts, Schlesinger has clamped down a de facto embargo on U.S. uranium exports to Europe, thereby attempting to starve out Europe's commitment to expanding its nuclear energy sources. (see report below.)

Carter-Schlesinger War on U.S.

On the domestic front, with layoffs edging up to the 2.5 million mark and the prediction of more devastating fuel cutbacks and spring floods dominating the media, Carter set the stage for the next phase of his energy offensive in his "Fireside Chat" to the nation Feb. 3. Proclaiming that the "energy shortage is permanent" and that conservation and the elimination of "wasteful" energy consumption are the key components of the national energy program he intends to send Congress in April, Carter outlined policies which would mean an effective 20 per cent reduction in the country's overall energy usage.

In a Pittsburgh speech Jan. 30 Carter urged the immediate adoption of a four-day work week and the diversion of natural gas supplies from energy-intensive industries, such as fertilizer plants, to labor-intensive ones.

The hysteria whipped up by the Carter forces, coupled with the deteriorating natural gas situation and this past weekend's intense cold, succeeded in quashing Congressional resistance to Schlesinger's emergency energy bill — which was voted up overwhelmingly and signed into law by a beaming Carter Feb. 3 although a significant backlash to Carter's policy is beginning to emerge since his televised "chat."

The Carter Administration is attempting to get as much mileage as possible out of this initial victory to advance their designs for extending emergency powers over the entire domestic economy. The White House has announced that it will submit the Carter Schlesinger blueprint for establishing a Cabinet-level Energy Department to Congress by the end of this month, while the Administration's allies in Congress are embarking on parallel maneuvers. Kennedy aide Stewart disclosed that Kennedy was being groomed as the prime spokesman in Congress for the Carter-Schlesinger energy policy. The Massachusetts Senator, now angling for the chairmanship of the pivotal Senate Judiciary Subcommittee on Anti-Trust and Monopoly, will focus on two key issues: OPEC-multis collaboration, are breaking up the independent energy companies by enacting "divestiture" legislation. Divestiture hearings are expected to begin in six weeks, although conservatives on the Judiciary Committee and their industrialist and independent oil backers are attempting to block Kennedy from being

named chairman of the Anti-trust subcommittee.

The intended outcome of Kennedy's maneuvers, Stewart revealed, will be to establish the basis for a government energy-purchasing authority that will buy oil from OPEC countries through a sealed-bid procedure.

Although he claimed that the rationale for such a procedure is to drive down oil prices by forcing the OPEC nations to compete with one another on the market, the scheme is a provocation of OPEC which could easily lead to higher prices — or worse. Moreover, the scheme is meant to place top-down control over oil supplies in the hands of the Carter Administration.

Stewart also indicated that the Administration will move rapidly to impose mandatory conservation measures on industry and to obtain the authority to abrogate unilaterally energy deals between U.S. companies

and foreign entities that are judged to be contrary to U.S. interests. Given the Carterite deindustrialization policies, one can only expect the Administration's axe to fall on any deals that would augment the supply of energy to U.S. industries.

The Carter administration is implementing as much of its energy policy as possible without benefit of legislative approval. Transportation Secretary Brock Adams Jan. 31 used executive order to implement large chunks of Kennedy's highly controversial oil tanker safety bill. Effective immediately, Adams said, all tankers entering U.S. waters must be equipped with various sophisticated safety and navigation devices. Since this equipment is extremely expensive and not generally in use, Adam's directive will probably, as intended, cut off portions of U.S. imported oil supplies.

Kennedy Energy Aide: A Hostile Act Could Lead To War

The following is excerpted from a Feb. 2 interview with John Stewart, energy aide to Senator Edward Kennedy (D-Mass). Stewart also serves as an advisor to Special Assistant to the President, James Schlesinger.

Q: Given the energy crisis and the necessity to ensure a sure supply of oil to the U.S., what changes do you see in the relationship of the U.S. to OPEC?

Stewart: We will continue to rely on OPEC with a growing dependence on OPEC and African countries like Nigeria.

Q: Would the U.S. try to diversify oil sources, that is get oil from Mexico and perhaps from Venezuela?

S: No, because Mexico could not supply that much and Venezuela has nationalized their oil companies and is consciously conserving their oil and shifted oil sales to other countries.

Q: Would this then mean that since the U.S. will have to rely on OPEC, the U.S. will try to split them apart?

S: We have to relate to OPEC with great sensitivity. We would not have an overt effort to break the cartel as that would strengthen it. Individual OPEC nations and the U.S. have to have special relationship. We have to link oil to what they need from us.

We have strategic reserves that need to be filled with the government buying it directly at lower prices. These strategic reserves could be filled by sealed bid which would give the OPEC nations a chance to compete. The broader Middle East situation is a political question that relates — a settlement may have the impact that would break up the cartel, as the anti-Israel stance has kept it together.

Q: There have been recent events in the Middle East that make it seem that a settlement might not occur soon,

that a war might even emerge. Given the current energy crisis here and the possibility that OPEC would maintain its hold, do you think that there might be impetus for the U.S. to invade the Mideast oil countries. A recent Harris poll said that 74 per cent of the U.S. population wanted to teach OPEC a lesson.

S: Assured access is primary. It would be very foolish to take military action though, to invade lets say, Saudi Arabia. Nobody thinks we will do it, every country would turn against us. They'd blow the oil fields up first. It could lead to the brink, maybe over, to nuclear war.

In response to something that OPEC might do however, we might take action. We are very vulnerable to supply interruption. Our allies are too and we couldn't let them be cut off. We couldn't sit by if the Arabs cut off their oil. It is an interdependent world. There are many other aspects to this — a hostile act in any area could lead to war.

If things change in our actions then it would be along the lines outlined by John Sawhill in his recent testimony in Congress.

Q: Do you mean that government will play a larger role in the oil question?

S: The cartel is dependent on the companies. We are waiting for a Government Accounting Office report that will discuss this — specifically they will discuss the fact that the companies now set prices and prorationing and that the OPEC countries should. We will have hearings on this as soon as it's out. This leads to the question of what role the government should play. The government should have more information on the companies and the power to suspend agreements of the companies if they are not in the U.S. interests. The government should also begin to be an active purchaser of oil. We don't have a national oil company. We need something like this so we don't have to go through Mobil. I think that Carter will