

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

move that way. We don't need sudden jolts though, we need voluntary changes.

But the most important thing is that the current weather crisis shows the need for conservation. Carter will move on that, Schlesinger is committed to that. Their energy package will propose insulating homes, financial disincentives so that industry uses less energy, a solar push and mandatory efficiency goals for industry. We need a more serious effort in this. In the background is the fact that the country will not be self-sufficient in our lifetime.

DOD Official: Break Up Opec

The following is an interview with Melvin Conant, Defense Department advisor, former International Affairs head of Federal Energy Administration:

Q: Given the current energy crisis and the growing awareness that we need to diversify our energy suppliers, what can be done along these lines?

A: In the next ten years little can be done to change our dependence on Persian Gulf oil. The argument is that conservation can't change this, that finding large reserves outside the Middle East is diminishing, that investment in nuclear power is falling off and this puts the burden even more heavily on oil. This is almost irreversible. We must act soon. The geopolitics of oil comes in when we accept that oil reserves abroad, that the control of them is with the non-industrial world. Therefore we must have adjustments if we are not to run an unacceptable shortfall. To ensure this we must —

1. Begin to limit imports from Persian Gulf and to develop on a scale not attempted before offshore oil, Arctic oil, deeper oceans oil and oil from other areas — namely Venezuela, Mexico and Canada. It is true that the current price of oil is not sufficient for this. The companies' argument is that if prices are lifted they could develop shale. There have to be incentives to allow this development. It has to be worked out in public policy. We need controllable incentives like Senator Jackson's bill. We are talking about billions of dollars.

2. By the mid-1980s we have to have billions of barrels in reserves. When talking about national security, this economic question has to be seen. We have to have the means to meet an embargo. There should be a major national effort in this. It was watered down by the FEA and it will take a trumpet call from Congress to do it, the cost is so great. The independent companies will want to avoid the cost of reserves.

Q: Who in Congress will be moving along the various lines you detail?

S: Well, Kennedy. He is trying for the chairmanship of the anti-trust and monopoly subcommittee of the Judiciary and will have this as well as the Joint Economic Committee energy committee as a forum. In the next six weeks, this subcommittee will have hearings on horizontal divestiture, going over the oil companies control of coal and uranium and other alternate energy sources.

3. The question is do we want to break OPEC up. We were taught a lesson in 1973. OPEC is deeply divided and as a practical matter we should try to boycott Persian Gulf oil. Venezuela and Nigeria will increase oil shipments. If we have a special relationship with Iran and Saudi Arabia we can politicize oil supplies. Saudi Arabia has insisted on change in the Israeli situation — we should zero in on them, and treat them as a separate country and not part of OPEC. We can't keep depending on Saudi oil.

Q: How should we therefore relate to them?

A: If we said that oil from other countries could do it. Most Arabs know the U.S. is the guarantor of the security of that country — Saudi Arabia, that must be part of the bargaining.

Q: Do you mean weapons?

A: Well arms sales, but more the protection of Saudi Arabia from Gulf attack. That point must be emphasized.

Q: Do you think as you just suggested that there could be terrorist attacks against the oil pipelines and such things?

A: That is one of the distinct possibilities. Saudi Arabian actions in OPEC were not well received by Iran. There could be hot headed irrational acts. There are no lack of incendiary things in the area.

Q: Could the situation get so serious that the U.S. takes military action to ensure supplies?

A: There is something in what you say. The present winter situation however won't be associated with oil imports. If you're going to be strangled, you do something.