

Phase II: attack on U.S. oil production

While the world around it is seeking other sources of energy and expanding their contacts with the world's oil producers to increase their supply of energy, the United States is moving to impose mandatory energy reductions, possible gas rationing, and controls on industrial energy usage. Such draconian measures are not justified by the loss of Iran's 5 million barrels per day of oil, as Energy Secretary Schlesinger had hoped. Even more problematic for Schlesinger is that the "oil shortage" is rapidly evaporating as Iranian oil production comes back on line. Nonetheless, the Carter Administration is going full steam ahead to implement Phase II of its "energy program." Most ominous is the threat of terrorist attacks against Saudi Arabian oil installations, as one top aide to Senator Edward Kennedy "predicted" in an interview this week.

Testifying before Congress this week, Schlesinger stated flatly that the "voluntary" conservation pleas of Phase I have not worked. Senate Energy Committee Chairman Henry Jackson — "the Zionist candidate for President in 1976" — has called on President Carter to impose now his "moral equivalent of war" on energy, particularly now that he has secured a Middle East "peace" package to militarize the region and set the stage for "desperate acts," as one State Department source put it.

What Schlesinger, et al. need to impose mandatory conservation measures is a crisis — or at least the aura of one. He's getting some assistance from the Nuclear Regulatory Commission which has just ordered the closing of five operating nuclear power reactors in the oil import-dependent East Coast. The reason given was a possible defect in piping design standards. The impact is that those utilities will be forced to switch to burning an additional 200,000 barrels of oil a day for "some months" to maintain power to their 13 million customers.

Phase II

Schlesinger is coordinating with Treasury Undersecretary Richard Cooper to impose a million barrel per day net energy reduction — following the guidelines of their Paris International Energy Agency proposal. The

federal offices of Schlesinger and Blumenthal are orienting their policies toward the imposition of major price hikes via gasoline decontrol, regulatory rulings, and oil import tariffs.

In parallel, a series of bills are being introduced into the legislative process. Their backers openly advocate the "bust OPEC" scenario. These bills will be pushed once a crisis in international oil supply is sufficiently alarming to make a convincing case for the fascist restructuring of the economy.

Consider "The Oil Import Purchasing Authority Act of 1979," introduced by Representative from New York Jonathan Bingham, an ally of the Kennedy camp. Bingham's office has stated that it is not the Congressman's intent to vigorously push the bill at the present time, but merely to get it into the hopper well in advance. The bill would make the U.S. government — through Schlesinger's Department of Energy — the "sole purchasing agent for all petroleum and petroleum products into the United States."

Last month, Bingham stressed in Congress that his bill would force OPEC and non-OPEC oil producers to submit competitive bids which would "have a divisive impact on the OPEC cartel." The legislation is clearly intended to break the links between the oil companies and the OPEC countries, such as Saudi Arabia. Said Bingham: "Clearly the oil companies have interests which conflict with those of the United States."

Interviewed by *Executive Intelligence Review* this week, a staffer on Ted Kennedy's Senate Judiciary Committee spouted the same line about a government monopoly to control oil imports and the need to divest oil companies of their marketing, refining and distribution capacities. "Everyone knows it is the large oil companies that hold OPEC together," he said.

Kennedy, it should be noted, is one of the more prominent backers of a legislative drive to reform antitrust legislation that would impact the entire spectrum of U.S. business and industry.

The backers of "bust OPEC" legislation admit that congressional sentiment is not in their favor. They can count among their numbers only Jackson, Frank Church, Kennedy, Bingham, and a handful of others. But they are working overtime to make their case.

In a recent exchange, Senator Jackson queried Secretary Schlesinger: "What would the consequences be if an oil tanker were sunk in the Gulf of Hornuz?" Said Schlesinger: "It would be the end of the free world as we know it."

— William Engdahl