

Energy Insider by William Engdahl

A matter of emphasis

Energy producers who've gotten mad at all the federal regulations they face often don't recognize that they're being nationalized to stop growth.

Many oil and energy industry critics complain that the Carter administration has no energy policy. They would do well to shift emphasis. Carter has a "no energy" policy, designed at Robert O. Anderson's Aspen Institute, Schlesinger's Rand Corporation, and others. Every piece of major energy legislation passed by Congress and signed by the President has been part of a strategy to gain top-down control of the industry, to ensure against energy production. In effect, energy producers are being nationalized.

Take, for example, the Windfall Profits Tax of 1980. You know it's bad. What many outside the industry don't know is how bad. This tax is not a "profits" tax, but an excise tax levied at the point of production. It taxes every barrel of decontrolled oil as it leaves the ground, *regardless of whether the producer turns a profit or not*. For the first time in this nation's history, national legislation has frontally attacked corporate profits to prevent production. One conservative estimate is that this tax will succeed in reducing domestic energy production by at least 840,000 barrels per day, and probably more.

But that's just for starters. By the end of this week, it is virtually assured that the Congress will give the White House every major piece of Camp David energy legislation that Deputy Energy Secretary John Sawhill persuaded Jimmy Carter to

demand last summer.

On June 23, Congress approved the Coal Conversion Act, to the approving grin of Sawhill, himself a former strategist at Aspen. Under this bill, some 38 power plants around the country must convert from oil and gas to coal at enormous retrofitting costs. So, a utility in Oklahoma, forced to boxcar tons of coal from the East, must ignore cheap natural gas in their backyard.

Obviously, the previous, quite efficient system of private utility determination of fuel policy based on availability and cost—which would dictate oil and gas development—has been eliminated. The Carter government has assumed a power to dictate a gross shift in policy consistent with Aspen's no-development plan.

But that's not all. Congress is expected to pass this week the bill creating the Energy Mobilization Board, with wartime powers to bypass any laws that slow progress in energy projects. Does this mean we'll finally get our nuclear industry back on its feet? Don't hold your breath. The board is tailored for boondoggle synthetic fuels projects like coal gasification, never considered feasible except by desperate economies like Nazi Germany and South Africa under world embargo.

A companion bill will create a Synthetic Fuels Corporation, with \$20 billion over five years. This will be run initially by the Defense De-

partment. Pentagon officials did a fine job destroying American military strength, so let them try their hand at energy.

The Synfuels Corp. has as its goal the production of 500,000 barrels per day by 1987. Remember, the windfall tax will lose 840,000 barrels a day.

Add to this a Senate bill designating another 14 million Arctic and Alaska acres "special wildlife management" land, and don't forget Dale Bumpers' S. 1637 giving Interior secretary Andrus unprecedented power over federal oil leasing.

In sum, with dominion over most of Alaska, all of the Outer Continental Shelf and about half the rich land in the lower 48, the Trilateral Commission's federal government has a virtual monopoly over America's undiscovered petroleum reserves.

I recently returned from Texas. The most common bumper sticker I saw in that energy producing state reads: "I'm Mad Too, Eddie!" Eddie Chiles, the President of Western Company, a major oil equipment manufacturer, has gained a radio following for his attacks on government regulation of energy production. Eddie's followers may not recall the ancient saying: "Whom the gods would destroy, they first drive mad."

The point, Eddie, is that if federal laws and regulations were promoting energy development instead of destroying it, we'd be all for it. But the bureaucracy John Sawhill has built must be dismantled, precisely because he built it to enforce zero-growth on our technology-proud energy producers. Get mad; it's past time. But make sure you have the right emphasis.