Schlesinger wars on U.S. economy

In the latest twist in his checkered career as a crisis-scenario-mongerer, Energy Secretary James Schlesinger has submitted drastic, mandatory energy cutback measures to Congress that would give President Carter sweeping control over the daily activity of American citizens and business. The Schlesinger proposals call for:

- Mandatory gasoline rationing, effected by rationing cards limiting car owners to a maximum of two gallons per day. In addition, Schlesinger would create a legal "black market" in gasoline, by allowing individuals to sell their rationing cards. Estimates are the price of this black market gas would rise to $1.20 per gallon.
- Mandatory cutbacks in heating, cooling, and hot water temperatures of public buildings, to be enforced by local police.
- Forced closing of gas stations on weekends.
- Ban on unnecessary commercial lighting.

According to the law under which the proposals were submitted, the Schlesinger proposals may not be amended by Congress, they can only be rejected or passed, a decision which Congress must make within the next 60 days.

Once passed, the measures would go into effect upon presidential declaration of a national emergency.

Moreover, a "Phase II" of the cutback measures is now in preparation which would give the government similar power to allocate crude oil and oil supplies to industry. The two phases would place complete control over all phases of American oil consumption in the fingers of the unstable Carter and his lunatic Energy Secretary, and enable them to put the U.S. economy on a total war footing.

Seizing on an atmosphere of fear brought on through press hypeing of an oil shortage which he characterized as an "energy Pearl Harbor," Schlesinger is attempting to ram into law emergency measures for an energy crisis he himself has publicly admitted does not exist. On a televised news program Feb. 25, Schlesinger admitted that the closing of Iranian oil production had not as yet affected the U.S.'s fuel supplies.

In fact, the well-publicized climate of fear, which includes large hikes in some oil prices and scattered shortages, has been deliberately orchestrated, primarily by the two foreign oil majors, London-based British Petroleum and Royal Dutch Shell. Not coincidentally, these are the forces named as being behind the current Iran crisis and the manipulation of the skyrocketing international spot markets for oil.

According to industry analysts, they are able to conduct this operation through an informal international "sharing" agreement among the oil majors. Under this plan, the other five members of the so-called Seven Sisters, Mobil, Exxon, Texaco, Gulf and Socal — all U.S.-based companies — have agreed to "share" international oil supplies with the London-based British Petroleum and Shell to balance the impact of the loss of Iran's oil to the Anglo-Dutch majors.

As a result, according to one informed estimate, the actual impact of oil shortages on U.S. suppliers is double what it should be. This sharing is a major reason Exxon announced that its enormous Baytown, Texas refinery was cutting production of home heating fuel by a whopping 50 percent beginning March 1. It is also the reason Texaco and other companies are beginning to reduce supply to their domestic customers, even though they held little or no part of the Iran consortium.

Why now?

Schlesinger has waited for a crisis atmosphere that would make it possible for Congress to be stampeded into passing legislation which, under normal circumstances, it would certainly reject. This latest plan for gas rationing is essentially the same as the one drafted by the Energy Secretary last summer, one congressional source said. It was shelved then because few found it politically palatable.

Even now Schlesinger's scenario has drawn fire. Speaking at the National Governor's Conference in Washington, where Schlesinger was present, Texas Gov. William Clements, recently back from talks with Mexican officials on energy cooperation, demanded that Schlesinger resign. Clements, who served under Schlesinger in the Defense Department before Schlesinger was fired as Defense Secretary in 1975, called the gas rationing plan "unwise and totally ridiculous." He countered with a proposal for increased production of oil, coal, and nuclear energy.

Phase II

To complete the picture, according to an informed Senate Energy Committee source, Schlesinger's office is preparing a second phase of this package, which the President will submit to Congress next month. This program, which enlarges on an existing Mandatory Crude Oil Allocation Program covering small refineries, would

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give the government control of distribution to refiners of all domestic and imported crude oil under the appropriate emergency conditions. If the rationing and allocation packages are passed by Congress, the two together would give Schlesinger full control of the nation's energy supply, a stated prerequisite to the implementation of the North American Common Market proposal supported by Senators Kennedy and Jackson.

The announcement this week, by Sen. Henry Jackson, Chairman of the Senate Energy Committee, that he will hold hearings on the "rumors" that U.S. oil companies are responsible for forcing the oil price hikes is in line with the Schlesinger scenario.

Jackson chose to ignore testimony from Department of Energy Assistant Secretary Harry Bergold that it was "foreign" — that is, BP and Shell — not the U.S. entities who were culpable. Thus, the stage is set to watergate precisely those oil companies with the strongest ties to Saudi Arabia and other OPEC nations which could, in fact, make up any real U.S. shortfall. The Jackson hearings will feed into Sen. Kennedy's plans to break the political and economic power of these same companies through forced divestiture of their holdings.

Since 1977, Schlesinger has been committed to deindustrializing the U.S. economy. He was previously delayed by Congress's rejection of the energy program Carter introduced in 1977, but if he is successful now, the U.S. faces an economic collapse whose dimensions are not even suspected.

—*William Engdahl*

What U.S. oil cutbacks look like

Citing direct and 'indirect' effects of the loss of Iranian oil exports since Dec. 26, a number of major U.S. oil companies have announced cutbacks of their allocations of refinery production.

Exxon, the world's largest oil company, announced this week that it is cutting deliveries of low-sulfur fuel oil to customers by 75,000 barrels per day beginning March 1. This is a 50 percent cutback in this type of oil, used for home and industrial heating.

Shell Oil, the U.S. subsidiary of Royal Dutch Shell, which has played a major role in forcing up international oil prices, has announced it will cut its output of refined gasoline product by 5 to 8 percent. Shell is the nation's largest U.S. marketer of gasoline. This is an estimated 400,000 barrels

Texaco has cut its output of refined gasoline product by 5 percent, or an estimated 150,000 barrels per day.

The oil hoax — attack on EMS

Although the U.S. financial and oil trade press has expended reams of copy in discussing the ramifications of the Iranian oil cutoff and recent oil price hikes, most commentators have missed the essential point: The oil crisis of 1979 has been deliberately rigged at the highest levels of the Anglo-American intelligence elite with the primary objective of busting up the European Monetary System (EMS). The EMS, as this publication has documented in previous issues, is no mere currency-stabilization scheme but a Franco-German-led effort to establish a vast "Euro-Asian" economic cooperation bloc, including the Soviet Union, Japan, and the Middle East oil producers. The oil crisis is intended to obliterate this nascent new world monetary system by setting off an inflationary oil price explosion which will thoroughly disrupt the economies of Western Europe and Japan and undermine the fragile international credit structure.

This "bust EMS" strategy was outlined by Sir George Boulton, a senior advisor to the Bank of England and former chairman of the Bank of London and South America (BOLSA), at a United Kingdom banking conference on Jan. 17: "I would ... refer to those countries or territories which are probably incapable of further growth or are in a state of decline. Western Europe — an area which before 1914, when it included Imperial Russia, controlled or substantially influenced the whole world — has in two wars lost all the advantages of political control and the effective control over the raw material resources of what is now called the Third World.... The Moslem world is rapidly moving into a condition of religious civil war, and no matter who controls the Gulf, the supply of oil, not only from Iran, will probably shrink. In these circumstances business over most of Africa and all the Middle Eastern countries will suffer and consequential defaults and bankruptcies will multiply. Western Europe will be affected by the rising price of oil exacerbated by shortages. Europe has no immediate alternative sources of energy