Turner Lies To The Gullible: Soviet Economy Will Collapse

The Carter Administration's new intelligence czar Stansfield Turner has just released a report on the state of the Soviet economy. Taking off from an early 1977 CIA prediction that Soviet oil production will peak and fall off within the decade, the new document paints a colorful picture of industrial collapse, popular unrest, and a soon-to-come younger Soviet leadership accepting Western demands for "profit-sharing, equity ownership and on site managerial control." Turner's report brazenly ignores the opinion of numerous experts, including some consulted in drawing up the report!

Turner jumped the gun by a day on the report's official release, and rattled off the new fabrications in an Aug. 5 speech to the Commonwealth Club in San Francisco.

Turner's aim was unmistakeable, as he followed a Trilateral Commission and Council of Foreign Relations rule of thumb: when Western European, Japanese, and U.S. labor and industry opposition has to be smashed, scream about the Soviet threat. And scream Turner did, drawing a scenario of an oil-starved USSR grabbing for Persian Gulf resources in the near future.

The biggest lie in the Turner packet is the one most dangerous to believe, namely that the upshot of Soviet economic difficulties will be a diversion of manpower and investments from the military sector of the economy. On the contrary, no matter how much belt-tightening is required, the USSR will not skimp on defense as long as the U.S. Administration presents a war danger in the Kremlin's view (in fact, the new Soviet Constitution institutionalizes this duty).

The danger of Turner's lies is that some Western Europeans and American labor and "Whig" forces, from ignorance or knee-jerk anti-communism, will believe them. If they do, and reject collaboration with the Soviets for massive technology transfer and the necessary new monetary arrangements to finance it, they will be effectively aiding the Administration's war-provocation policy — a policy which, if unchecked, will mean general war well before the fanciful "Soviet economic collapse" of the 1980s.

Turner Report Debunked From All Sides

The CIA's prediction that the USSR will run out of its oil surplus in a decade, trumpeted by Jimmy Carter's agency chief Stansfield Turner, has proved hard to swallow not only for avowed opponents of the Carter Administration's global energy hoax and deindustrialization. Even specialists who otherwise conspire in Carter's "scarce resources" propaganda think the Turner report is off the deep end.

Jeremy Russell, deputy head of the East Europe Division of Shell International and author of Energy as a Factor in Soviet Foreign Policy, *published by Britain's Royal Institute of International Affairs, told the* London Times *July 27 the following about the CIA report,* Prospects for Soviet Oil Production, *on which Turner's new prediction of Soviet economic collapse was based:*

A number of recent surveys by independent oil industry specialists based on a fairly detailed knowledge of the geological structure of the large sedimentary areas encompassed by the Soviet Union, point to a conservative proven reserve of over 50 billion barrels (the Turner report says 35 billion barrels — ed.), a figure which could be significantly increased if more effective production techniques were used.... It is true that a lot of the most promising areas are situated in increasingly distant and inaccessible parts of the country with harsh geographic and climatic conditions, but the Russian oil industry has shown itself capable of meeting some daunting challenges in the past and expresses itself, today, confident of coping with them in the future.

Apart from the mainly technical considerations, the CIA report appears to ignore totally the Soviet Union's own assessment of its capabilities and it is extremely unlikely that these would be allowed to be so grossly inaccurate that the 1980 target of 620-640 million tons would be underfulfilled by 70-90 million tons. The oil industry has a fairly good record in meeting its five-year plan targets, although, admittedly, it failed to do so (by a small percentage) in 1975.

Furthermore, Russian planners and oil industry spokesmen emphasized that the Soviet Union is in no danger of becoming dependent upon imports, at least to the same extent as the industrialized capitalist countries.

At a Commerce Department Advisory Committee on

East-West Trade meeting held June 29, Marshall Goldman — the Harvard sovietologist who recently told a reporter he intends to flee to the Soviet Union to survive nuclear war — disputed the Turner report. According to the Commerce Department minutes of the session:

Dr. Goldman ... suggest(ed) that there may be differences within the CIA itself concerning the conclusions drawn from its research on the Soviet oil industry.... He pointed out that the CIA's April report ... merely mentioned the *possibility* that the USSR *may* become an oil importer. However, ... the CIA's once cautious appraisal suddenly becomes a firm prediction....

Dr. Goldman remarked that perhaps the CIA has underestimated the Soviets' ability to bring new oil discoveries on-line....

Dr. Goldman pointed out that since 1970 the CIA has substantially revised its estimates of the USSR's petroleum reserves: in 1975 the CIA estimated Soviet reserves at 73 billion barrels; whereas the current estimate stands at 35 billion barrels.

One of the leading specialists in the United States on the Soviet oil industry, whose research was cited in the Turner report's estimates commented in an interview:

The flaw I see is the prediction of a firm date when the USSR is going to become dependent on imported oil. I think they (the CIA — ed.) were seduced by political goals on that.

The London Times *observed dryly, in an August 9 report:*

The CIA can hardly be viewed as an impartial source of information on Soviet developments, but its new report may nevertheless have an influence on the shaping by Carter and the Carter Administration of defense, foreign and trade policies.

The Real Soviet Oil Situation

The USSR Central Statistical Directorate reported July 23 that Soviet crude oil (including gas condensate) production in the first six months of this year was 268 million tons. A 5.0 percent increase over the same period last year, this figure is a shade behind the year's plan target, which is 550 million tons or 5.8 percent above 1976 production. Last year, the plan was met at just under 520 million tons of crude.

The 268 million tons through July of this year is approximately 10.7 million barrels per day — more than any other country in the world.

Another recent Soviet release, the Foreign Trade Statistical Yearbook for 1976, reported that Soviet crude exports to Western Europe rose 42 percent last year — not exactly a sign that the Soviets expect an oil crunch right around the corner. In part, the export surge occurred because the Soviets are still interested in earning convertible currency. But it also indicates that Moscow remains confident both that the five-year plan target will be hit and that their exporting fuel to Europe is a crucial component of broad raw materials-for-technology deals and energy integration of the continent.

Reemphasize Exploration

If there is a real problem in the Soviet oil industry, it is a fall in the ratio of exploration drilling to drilling for production. *Pravda* highlighted this problem in an Aug. 10 feature on geological work in the Tyumen Region (a west Siberian zone currently producing 4.4 million barrels per day), where the huge Samotlor field is nearing peak production. *Pravda* took to task the ministries responsible for housing construction, drilling equipment and other necessities for geological exploration. Several years ago, reported the paper, some geological operations were shut down in Tyumen because the reserves already discovered were so huge — but that that was a mistake.

The Soviets are taking several steps to improve the reserves to production ratio, starting with the establishment of a special geological research institute for Tyumen. They have also gone on the market for $1 billion of gas-lift equipment, which should free up some drills for exploration. The usual method employed in the USSR to maintain pressure in an oil deposit, in order to keep the oil flowing, is to flood the reservoir with water. The water, however, seeps or breaks through to the oil, so that the liquid raised contains a higher and higher percentage of water. Increasingly more wells then have to be drilled in between existing ones, in order to find oil not reached by the water. Injecting gas (large quantities of which are currently flared at the well in Tyumen and elsewhere in the Soviet Union) eliminates the water breakthrough problem and raises the oil total recovery rate for a field.

The gas lift equipment contract will most likely go to a British firm.

In the medium term, however, the Soviets have no illusions that oil is a permanent solution. Opposite to the Carter Administration's deindustrialization policy — with hoked up or exaggerated resource shortages to sell the plan — the Soviets are facing the eventual *real* exhaustion of fossil fuels with an all out commitment to developing nuclear power.

The *Pravda* article excerpted here reports on the nuclear industry in the USSR.