

Cold Weather, A Foil For Schlesinger's WEEP?

The traditionally cold weather of an Ohio winter has been combined with the lack of productive investment in U.S. industry, to be marketed as the country's first energy crisis of this winter. Situations involving heavy rains, freezing temperatures, and heavy snowfalls are being allowed to deteriorate until a population terrified by sensational news stories and doctored statistical "proof" of fuel shortages begs for federal intervention. At that point Energy Secretary Schlesinger will move in with his Winter Energy Emergency Plan (WEEP).

The "energy crisis" scenario was heightened when three Ohio utilities asked the public to voluntarily conserve electricity while two others instituted temporary five percent voltage reductions. Their immediate problem stems from ice-covered coal which is difficult to handle, frozen coal-handling equipment, high-moisture coal which does not burn well, and frozen coal in railroad hopper cars. Although the utilities are working around the clock to unfreeze the coal and machinery, another storm is expected on the weekend.

Two complicating factors are that most utility companies schedule maintenance for the winter months when normal demand is lower than summer peaks. The severe cold has brought current demand past the winter peak capability of the utilities. In addition, because the cold snap has been nationwide, Ohio power companies that would normally buy extra power from East Coast systems can find none for sale. The entire national electric grid is under tremendous strain.

These are not basic scientific or technical problems, but are the result of the lack of productive investment in the U.S. industrial infrastructure. After the severe experience of last year, low-interest emergency credit should have been, and must now be, extended to industry, the utilities, and the coal-handling railroads to invest in the technology necessary to keep the country running during the winter. It is the decrepit state of the domestic industrial and transport infrastructure that is causing economic dislocations whenever it gets cold. The world's most highly industrialized society has been left to the mercy of the "elements."

WEEP Activated

Cold winter weather, which is after all, a function of the inclination of the earth's axis, has been turned into a psychological warfare weapon by the media. NBC-TV national news has pasted together a nightly collage of every possible horror related to the weather. The *New York Post* has purposely confused the difference between wind chill factor and temperature to convince people it is dangerous to venture outside. The *Chicago Daily News* headlined "Winter of 1977 Again?" while the *Washington Post* screamed "Cold Snap Forces Power Reductions in Midwest."

This hysteria campaign combined with the refusal of the federal agencies such as the Department of Energy or Federal Reserve to constructively intervene is the first step of activation of WEEP. Just as the Emergency Natural Gas Act was whisked through Congress last February when opposition was steamrolled by the "crisis," domestic chaos and severe gas and coal shortages are the only way Schlesinger can hope to ram through parts of his universally hated National Energy Program.

The continuing United Mine Workers strike, set up by the terrorist Institute for Policy Studies, is preventing frozen or wet coal stockpiles from being replaced by fresh coal. Adopting a hardly believable prolabor policy, the Department of Energy protests that the control and autarkical measures in WEEP cannot be implemented now because they will not engage in union-busting activity.

New Jersey State Energy Commissioner Joel Jacobson, a former official of the United Auto Workers, announced Jan. 10 that if the strike extends past Feb. 1, "drastic curtailments" will be put into effect.

Almost every other important state energy office is conscious of the basic problem of lack of money to bolster the U.S. energy grid on either a short or long-term basis, and realizes that state-wide intervention is not helpful if it does not deal with the basics. Officials in the Ohio state energy office, for example, know that federal intervention à la Schlesinger would only intensify the hysteria, and have told federal agencies to stay out.

N.J. Governor Delays First Floating Nuclear Plant

Public Service Electric and Gas, New Jersey's largest utility announced at the end of last month that it will delay its \$2.1 billion project to build the world's first floating nuclear power plant. The plant's site is three miles off the New Jersey coast near Little Egg Harbor. Nearly every nuclear producer in the world, from Japan to Europe and the USSR, has been eyeing the development of the first floating nuclear plant as the crucial technology to allow far faster and more economical construction of nuclear power, and ultimately fast breeders.

In its official statement, PSE and G board chairman Robert I. Smith said the company has asked the contractor, Offshore Power Systems, a Westinghouse subsidiary created to develop and market the innovative

floating plant technology, to give a three-year delay in delivery of the four nuclear units, which were first contracted by the utility in 1972 and 1973.

A spokesman for Westinghouse told EIR that the postponement is a serious blow to the industry especially because a number of other utilities had been waiting to see whether PSE and G gets licensing approval from the federal government before deciding to develop similar plants.

The design innovations in floating nuclear plants promise to revolutionize the considerable time and thus costs of construction of nuclear power plants. They allow fast expansion of needed world nuclear power plant construction by permitting for the first time standardization and mass production of plants that can then be floated to final sites.

The decision comes at a critical time for development of the nuclear manufacturing complex at Jacksonville, Fla. and may force layoffs of as many as half of the 700 man team there.

The background to PSE and G's decision is directly political despite the fact that for "diplomatic" reasons Smith chose to highlight future demand and economic reasons as the cause for the delay. The previous month, during the November New Jersey gubernatorial election campaign, Gov. Brendan Byrne and his hand-picked new State Energy Commissioner, former United Auto Workers official and Ford Foundation fellow, Joel Jacobson, "recommended" to the State Public Utility Commission that PSE and G not be allowed to finance construction of the offshore nuclear facility, known as Atlantic-1, through consumer rate charges but only through internal financing, almost impossible on today's troubled credit markets.

Byrne himself has been active in the negotiations to dismantle industry across the Northeast through the Energy Corporation of the Northeast (ENCONO) of Felix Rohatyn. After making the ruling last November, Byrne gloated that this would make development of the offshore facility a virtual dead-letter.

Energy And The Art Of Calculated Cheating

—Exclusive to the Executive Intelligence Review—

Politics, so far as mobilizing support is concerned, represents the art of calculated cheating — or more precisely, how to cheat without being caught.

James R. Schlesinger
Journal of Law and Economics, 1968

Since the installation of the Carter Administration, with Schlesinger heading the White House energy policy and planning staff and then the Department of Energy, every key study and evaluation used to justify the Administration's National Energy Plan (NEP) has been based on changing the underlying forecasting methods, models and assumptions used to calculate the relevant quantity (supply, demand, or price). Thus, the Carter program, based on forced figures, appears rational. In addition, many studies with inconvenient conclusions have been burned.

The first major evaluation of the energy situation to come out of the Carter Administration was made public on April 20 — the day the President announced his National Energy Plan to the nation. This was the Turner CIA report on the world energy situation, which predicted that "in the absence of greatly increased energy conservation, projected world demand for oil will... substantially exceed capacity by 1985." "We are now running out of gas and oil," the report claimed, alleging that the Soviet oil industry is "in trouble, (its production) will soon peak... By the mid 1980s, the Soviet Union will become a net importer." (1) Schlesinger, according to press accounts, urged the release of the study for Carter's public relations effort.

This analysis was immediately attacked from many quarters: the Library of Congress; the UN Institute for Training and Research; the International Institute for Applied Systems Analysis; the Stanford Research Insti-

tute; the National Economic Research Associates; Shell International, and so forth, (2) as well as the U.S. Geological Survey.

The most obvious flaw of this piece of propaganda is that, in the words of Congressman Clarence Brown, it "ignores the potential for finding new reserves." In fact, contrary to all accepted practice for estimating fossil fuel supplies, this report did not consider as supplies any but already proven and tapped wells and fields.

The key man responsible for putting this report out was CIA economist Walt MacDonald. Highly placed sources who questioned MacDonald on his use of such a ridiculous forecasting model report that he told them he "was ordered to use these assumptions" — but refused to say who gave this "order".

It is useful to note what happens to the individuals involved in these frauds: MacDonald was appointed by Schlesinger to be Deputy Assistant Secretary for International Affairs at the Department of Energy. Director McKelvey of the U.S. Geological Survey which put out a competent report contradicting Turner's was summarily fired without cause. Individuals within the CIA who protested the use of the Agency to launder this fraud were purged under cover of cleaning out "excess personnel," and S. David Freeman, who had earlier published one of the few studies that gave credibility to the CIA's findings, was appointed a Commissioner of the TVA. (3)

Indeed, sources within the Agency have reported that a report reaching very different conclusions from the Turner report had been prepared, but Turner had ordered its suppression and destruction. (4)

Wet MOPPS

One of the key studies on natural gas the Administration has pointed to (its case being that we are running out of gas, and that raising the price will not