'Politics represents the art of calculated cheating'
—Secretary of Energy, James Schlesinger

Gasoline

The escalating gasoline, diesel fuel, and related energy shortages in the United States and elsewhere throughout the world are the direct consequence *not* of a lack of oil on the world markets but of *criminal collusion* between the London-led "Seven Sisters" multinational oil cartel and, primarily, U.S. Energy Secretary James Schlesinger.

Statistics obtained directly from the U.S. Energy Department's official energy data agency, the Energy Information Administration, belie the repeated assertions from Schlesinger and the multinationals in recent months that there is an oil shortage. According to the EIA, world oil production is *up some 5 percent* over the first quarter of 1979 compared to both 1978 and 1977 production figures.

Recognition that the current gas lines are the result of a hoax is widespread among the U.S. businesses and the public who are on the receiving end; in this report, *Executive Intelligence Review* cuts through the muddle of confused statistics and misinformation being peddled by the press, the Carter Administration, and the oil companies, and explains precisely why there is an oil hoax, and how it has been created.

Why the oil hoax

The key to the oil hoax is the "controlled disintegration" of the world economy projected by the New York Council on Foreign Relations, the U.S. branch of London's Royal Institute of International Affairs, in its 1980s futurology project. In that study, which included Secretary of State Cyrus Vance as a director, the CFR called for the decline of overall advanced sector industrial output, and the reorientation of developed economies toward "services" and "leisure" under a regimen of energy shortage and austerity. It was this policy that was articulated by Exxon Chairman Clifton C. Garvin when he declared last week that the world is "going to be on the ragged edge of price and supply for 20 years or more."

The present "shortage" was planned, in line with the CFR's overall policy framework, at a closed-door session on March 2 at Arden House, the Harriman family estate. Representatives of the major oil companies, including British Petroleum, Texaco, Conoco, and Exxon met with representatives of Schlesinger's office, sources have revealed, and agreed to adopt a policy of using the psychological climate of an oil shortage to push for drastically increased oil prices. This despite the fact, as they acknowledged, that there is *no oil shortage.*

Calculated cheating: how Schlesinger executes policy

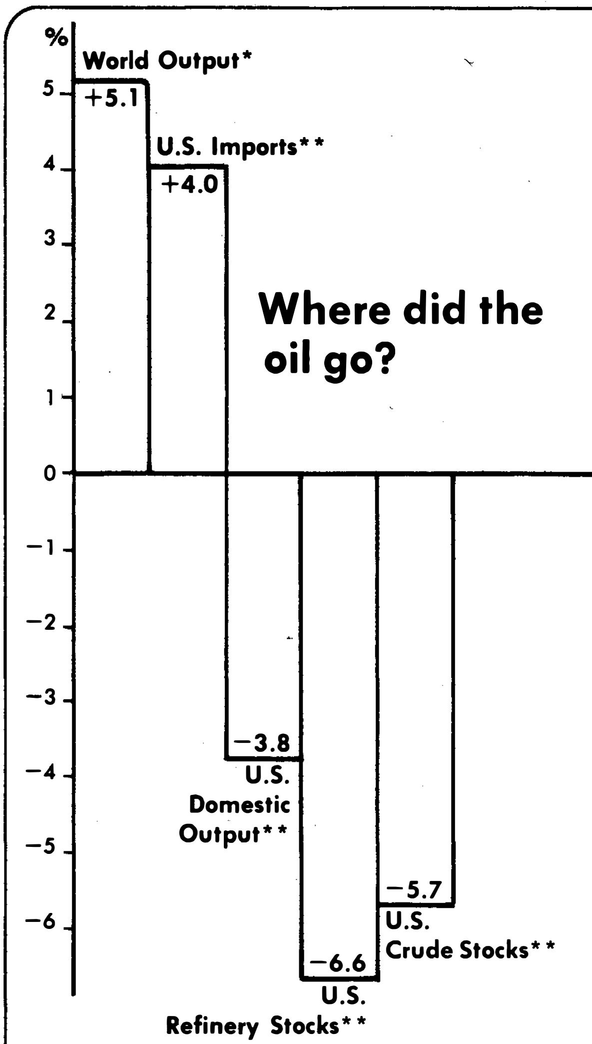
Energy Secretary James Schlesinger's approach to pushing through the energy austerity program which was rejected by Congress through the rigged oil price hoax is described by Schlesinger himself as "calculated cheating." Schlesinger wrote in a 1967 Rand Corporation paper:

"Politics, so far as mobilizing support is concerned, represents the art of calculated cheating without being *really* caught. Slogans and catch phrases, even when unbacked by the commitment of resources, remain effective instruments of political gain. One needs a steady flow of attention-grabbing clues, and it is of lesser moment whether the indicated castles in Spain even materialize."

In 1977, Schlesinger asked Saudi Arabia to issue fake statistics about Saudi production. He complained that the Saudis were producing too much oil and urged them to revise their reserve statistics downward. Schlesinger is also associated with fraudulent predictions of a developing Soviet oil production collapse.

blackmail

It is this scenario which is being enacted today. The Seven Sisters, with the aid of Schlesinger's policy efforts and public statements and a media scare campaign to convince the public that the gasoline shortages are real, have pushed the price of petroleum sky high. Rotterdam spot market prices are running in the range of $25 per barrel, against an official OPEC price pegged at $14.50 to $17. Schlesinger is pushing for an official world oil price of $25 per barrel by 1985 in his latest National Energy Plan II statement to Congress, while the spot market may hit $40 per barrel by the end of June. And U.S. oil majors are diversifying into other energy and nonenergy activities, such as coal and electronics. Exxon this week offered $1.1 billion to purchase Reliance Electronics; earlier this month the oil giant bought a major Chilean copper mining installation from the Chilean government. Shortages spreading to the transportation sector and threatening basic industries are giving a new spurt to the damaging inflation in the U.S., and further periling the U.S. economy.



*Department of Energy, first quarter 1978/first quarter 1979

***Oil and Gas Journal*, American Petroleum Institute, week of May 19, 1978/ week of May 18, 1979.

Although world oil output was up heavily over 1978 in the first quarter 1979, and U.S. imports of foreign oil were also up, U.S. domestic oil output was down, as were American oil stocks. Is there really a need for a shortage?

How was it done

How was the oil "shortage" created? As the Energy Information Administration reports, *there is no energy shortage.* According to EIA figures, total world oil production for the first quarter of 1979, the period when Iran was witholding some 5 million barrels daily from world production, averaged more than 60.3 million barrels per day. The average for the same period of 1978 was 57.3 million. And for 1977, considered a more "typical" year by the industry, it was 57.7 million barrels per day. In short, total world production rose by more than 5 percent despite the temporary loss of Iranian output. In addition, Iran has produced between 3.5 million and 4.7 million barrels per day since March.

What the oil majors have done has been to withhold supplies selectively, while diverting other supplies in such a way as to create the appearance of shortages, while enabling the companies to drastically increase prices.

In the following report, *Executive Intelligence Review* will identify the key control points through which economic warfare has been wages:

1) The sweeping control over every aspect of U.S. supply, distribution, and pricing wielded by Energy Secretary James Schlesinger;

2) The London-controlled 20-nation International Energy Agency, which is now acting, under a London blueprint executed by Schlesinger, to impose supranational energy austerity as global policy;

3) The Rotterdam spot market, operated by Rothschild and Oppenheimer financial interests, which has been used to trigger round after round of international oil price increases.