our dependence on OPEC. The oil industry took the bait.

But then under the rationale that we cannot let the oil companies reap excessive profits by this decontrol, Carter proposed to impose a wellhead tax of at least 60 percent of the price of decontrolled crude oil. The accepted industry standard for crude is also higher in Carter's tax legislation, thus making otherwise exempt grades of oil subject to the tax. The revenues from the Crude Oil Tax Bill are earmarked for rebates to welfare recipients, funds for mass transit, rebates for home insulation, and research and development of such environmentalist energy "alternatives" as solar, geothermal and gasohol.

Thus, the tax amounts to one of the most massive income transfer payments in legislative history, channeling funds away from investment in productive capital and toward service and nonproductive sectors.

The result, as *Executive Intelligence Review* has documented before, is a feeding of inflation at a time when the nation's total energy bill is being pushed to double-digit levels.

The Carter package does not aim to guarantee adequate petroleum supplies for the future even though ample but as yet undeveloped supplies exist. The policy is James Schlesinger's, although he no longer heads the Department of Energy. With the complicity of the oil multinationals Schlesinger moved on a policy of choking off energy production while forcing industrial recession through higher basic energy costs. Carter, in a press conference following his Camp David energy emergency address, made this policy explicit: the proposed exemptions to his windfall profits tax would provide a "grant of $54 billion to the oil companies ... and they'll be able to spend these new revenues which they have not earned in order to increase production of oil and gas in our country." In English, oil and gas production during this supposed energy crisis is not the intention of the Carter policy.

Gov. Edwards: 'abolish the Department of Energy'

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Louisiana Gov. Edwin Edwards granted an interview to Executive Intelligence Review *Energy Editor William Engdahl during the national convention of the Independent Petroleum Association of America (IPAA). The Governor delivered the keynote to the Oct. 28 meet. The following is a selection from the interview.*

This country must abolish the Department of Energy. We must leave existing energy production to those who know best how to do it. We must reconstitute the Department of Energy to be a department of Energy Research and Development for development of new energy technologies. This must include research on fission, fusion, and fast breeder and other renewable resources. ... We must perfect a long-term oil and gas agreement with Mexico, complete a pipeline to deliver North Slope natural gas; a California-Texas gas pipeline and develop two more superports on the Atlantic Seaboard. ... Our problem is an uninformed public fed by the consuming Northeast and the national news media. ...

How the policy will work

This strategy is a continuation of a series of legislative actions undertaken over the last 10 years that have in fact discouraged and will rapidly eliminate production of economical crude oil in the U.S. at the same time that administration policies abroad are bringing about an almost certain disruption of oil supplies from the Organization of Petroleum Exporting Countries.

Beginning in 1969 with the reduction of the depletion allowance for oil and gas production, there were enacted restrictions on refinery construction, offshore drilling and pipeline construction under the provisions of the National Environmental Policy Act of 1970. Next was a little noticed provision in the 1975 Emergency Energy Production Act to phase out the oil depletion allowances all together by 1983. Then, in 1976, Congress retroactively taxed cash expenditures by producers for drilling costs. And in 1977, the Interior Department under Secretary Andrus, retroactively doubled rent fees on federal oil leases.

It is a little known fact that traditionally the exploration and development of domestic petroleum resources have not been undertaken by the major multinational producers such as Exxon, Shell and Mobil. The real risk-takers in domestic industry are generally the small to medium-size producers, commonly called "independent producers," distinguishing them from the Seven Sisters such as Exxon. There are currently 12,000 such independent operators in the country, often small