

Senate Finance Committee chairman Russel Long (D-La) and the Administration. Such claims are important misrepresentations.

Important Differences

The Rockefeller plan and the Ribicoff proposal have little in common save appearance — and even that similarity is a deliberate contrivance. Whatever its shortcomings, the Rockefeller proposal was heavily committed to nuclear power development. “We are interested in funding the more exotic forms of energy production and conservation like solar and biomass,” said a Ribicoff aide. “We are not in favor of giving money to nuclear power... let that be funded by the private sector.”

The Rockefeller interests are clearly to be “junior partners” under the Ribicoff-Lazard scheme — at least that is the intention of its framers. “Rocky’s Project Independence scheme died a deserved death two years ago,” said the Ribicoff aide. “His new plan is nothing more than setting up a ‘window’ to give handouts to his family’s oil companies. We intend to make sure that this doesn’t happen. We are working on language that would prohibit handouts to Exxon by making the (energy

development) fund available to companies who have below a certain net profit level.”

Ribicoff’s office also reports that they are attempting to work wording into any legislation that might come out of the committee that would specifically support “efforts to establish regional energy corporations.” Lazard partner Felix Rohatyn’s \$32 billion Energy Corporation of the Northeast (ENCONO) has been specifically mentioned as an example. Ribicoff intends to cosponsor Congressional legislation to create Rohatyn’s monstrosity

Ribicoff’s office was quite blunt as to why they felt obliged to move. “We have to develop a consensus to save the thrust of the Carter energy program,” said an aide. The Rockefeller plan, which had wide appeal among conservatives, trade unionists, and industrial layers disgruntled with the conservation-oriented Carter program, “opened up a whole new ballgame which threatened to move too far away from the program. So we come up with a compromise that has the flavor of what Rocky is saying, and scale it down so it can be lived with by both the Administration and its opponents.”

But Ribicoff’s people most definitely want Rocke-

CIA Economist Admits Being Forced To Produce Incompetent Oil Estimates

U.S. Central Intelligence Agency economist McDonald, who was in charge of producing the April 1977 so-called Turner Report on world strategic energy resources, has admitted that the report was prepared on orders, using incompetent methodology. The report was made public at the same time that the Carter Administration announced a national emergency energy program whose central premise is that world energy supplies are rapidly diminishing. In an exclusive interview, McDonald revealed that his estimates that Soviet oil production would peak by 1978 and then begin a precipitous decline, forcing more aggressive Soviet military intervention to gain control of Persian Gulf oil reserves, was developed by looking only at current production and ignoring reserves and resources of Soviet future production. This method is grossly incompetent because it leaves out any allowance for introduction of more efficient technology that would allow recovery of untapped reserves. When queried on whether he realized this as being incompetent, McDonald admitted, “Yes, but this is the way I was ordered to do the report.” He declined to reveal who had ordered the report done this way.

However, in a related development, knowledgeable sources have confirmed the existence of an earlier CIA world energy report, prepared approximately one year ago, whose results are more in line with a recent series of other government agency reports to the effect that Soviet petroleum reserves are vast and far from exhausted. This earlier report, according to the same sources, was

ordered suppressed by then-White House Energy Adviser James Schlesinger after the Carter Administration took office.

The Soviet daily *Izvestia*’s top international commentator Viktor Matveev roundly refuted as lies the CIA’s recent report, which concluded that the Soviets would be forced to rely on foreign oil supplies by the 1980’s. In a Sept. 14 article, Matveev wrote that this is only a cover for “expanding U.S. military presence in the Persian Gulf region.”

Izvestia ripped apart the supposed factual basis for the conclusions by citing statements of the Soviet oil minister V.D. Shashin on the USSR’s collaboration with European and Japanese oil independents. “The resources of our country are such that they allow us to successfully cooperate with the developed capitalist countries. Thus joint work in exploitation of off-shore deposits and the transportation of oil are being conducted with British petroleum. The Soviet-French group for the oil and gas industry functions actively. In the beginning of 1975, an agreement was signed between the USSR and Japan for coordination of exploring the Sakhalin shelf. And, if American companies are presently standing aside from such mutually beneficial cooperation, then they have only themselves to blame.”

Last week, the Soviet Party daily *Pravda* reiterated the warning on potential U.S. military options for the Gulf area, citing a *Washington Star* report on Presidential Review Memorandum No. 10, which provides for U.S. invasion of Arab oil fields in the event of an “oil embargo.”