

speculators

energy development or war

West German Chancellor Helmut Schmidt arrived in Washington in the footsteps of François-Poncet and Giraud, reportedly with an attache case full of documents to present the European position on energy to President Carter. Carter refused the Chancellor time to present his case, and, according to the French daily *France-Soir* today, "he got an even sharper rebuff from Carter than François-Poncet. The radio reports that Schmidt is displeased at the way the "second industrial power in the West" is being treated in Washington.

The Chancellor had prepared for his visit by granting an interview in *Time* magazine in which he warned that the energy crisis would aggravate the danger of war.

European countermeasures

French radio is reporting that French President Giscard d'Estaing will present a "detailed and tough" plan to end the speculation by major oil companies to the June 21 Strassbourg summit. The plan essentially comes down to the following three points:

- Shut down the Rotterdam spot market, forcing oil cargos to carry published purchase prices, and, of course, immediately terminate the \$5 U.S. entitlement subsidy that only increases world inflation;
- Secure a world pricing agreement that will stabilize the flow of oil, prevent an oil hoax, and establish a reasonable consumer agreement with OPEC;
- Determine a world energy platform to be taken up at the Tokyo economic meeting the following week—the platform to address in particular the problems faced by the developing sector in the face of

Kennedy, Schlesinger push speculative subsidies

According to highly placed Washington, D.C. sources, the U.S. entitlement subsidies which have infuriated Europe were worked out in closed door meetings on May 25 between Senators Ted Kennedy (D-Mass) and Claiborne Pell (D-RI), and John O'Leary, the number two man in the Department of Energy. According to information confirmed by Kennedy's office, it was at these meetings that Kennedy and the DOE prepared a plan to grant the \$5 per barrel government subsidy to oil companies to purchase oil on the London-controlled spot market. Under the "entitlement" program, the government subsidizes purchase of foreign oil from a fund paid for by refiners who use lower priced domestic oil.

The move, a complete repudiation of the solemn assurances given by Schlesinger to the Europeans only days before at the Paris meeting of the International Energy Agency, drove the prices of oil on the Rotterdam market up by more than \$6 per barrel in one day as Europeans scrambled to get oil at any price before U.S. majors grabbed it.

Particularly galling to the Europeans was the fact that the move was clearly designed to disrupt the world oil markets on the eve of the Tokyo economic summit and the Vienna meeting of OPEC June 26.

According to the sources, the politically suicidal policy was imposed on President Carter under the threat that Kennedy would make a campaign issue of Carter's inability to ensure heating oil supplies in New England next winter—on the eve of the New Hampshire presidential primary.

A Kennedy ally, Rep. Richard Ottinger, underscored the real policy of the populist-posturing Kennedy when he told the press last week, "I want to see more crises. We need continual crises to maintain popular awareness of the energy shortage ..." Ottinger then repeated Kennedy's call for a "national oil purchasing agency" which would completely sever U.S. relations with the OPEC oil producing nations.