

# SHORTAGES

## The Politics Of Scarcity

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■ IN RECENT years when Conservatives warned of planned shortages and raised the specter of rationing, certified "Liberals" have scoffed and gone about their business secure in the faith that we Americans were living at the mouth of a perpetual cornucopia. No more. Today, as the mass media labor to condition America to prepare to do without, almost every newspaper carries stories of shortages that would bring a blush to the cheeks of the most committed of Conservative doomsayers.

We are told that we must be prepared to do without meat because of profiteers who have raised the price of beefsteak to the point where only a maharajah can afford it. We are told we must be prepared to swelter in summer because of the electricity shortage, freeze in winter because of the shortage of natural gas and fuel oil, and stay at home because of the gasoline shortage. Almost nightly, the Svengalis of national television tell their millions of mesmerized Trilbys that if we do not voluntarily reduce our standard of

living we will soon be tearing stamps from ration books.

It is time to take a hard look at both the "meat boycott" and the "energy crisis." For the fact is that astronomical prices and shortages can be ended if the American people understand what is happening and refuse to march off the cliff into socialism.

Although the meat boycott during the first week in April did not make a dent in meat prices, and the continuing boycott which began May first will certainly have no more impact on prices, the boycott is nevertheless an important event. The meat boycott represents a direct reversal of the traditional American way of dealing with shortages. Every drugstore economist knows that, in the free market, shortages trigger higher prices, which attract more production, which in turn lowers prices. The lunatic idea of the boycott, however, is to reduce consumption — to do without in order to force down prices. In the long run, such a boycott can only discourage production, making less meat available at even higher prices. So unless the American people want to become vegetarians, they should avoid the meat boycott like Dracula avoids sunlight.

But, there is much more to this Gothic tale.

The individuals who started the boycott seem to have done so in ignorance if not innocence. Los Angeles suburbanites Hope Donovan and his wife, June, are generally credited with having begun it all. Along with some of their neighbors they formed a group they called F.I.T. — Fight Inflation Together. Hope runs the



operation, although June, a voice impressionist in animated cartoons, is usually put out front since the boycott is being sold as a protest by housewives. Hope Donovan was a first-line writer with N.B.C. in New York for seven years before following Horace Greeley's advice and moving West. He knew how to obtain the media cooperation necessary to turn the meat boycott from an idea into a production. But the response of the media astounded even Donovan. In a telephone interview he told us:

*On March third, Michael Jackson [a local "Liberal" in residence on A.B.C. radio in Los Angeles] called June and interviewed her on the air. Immediately we got a call from C.B.S., and they came out with a camera crew and photographed a show which went on the Sunday Night News. Monday morning, we got a call from N.B.C. and we told them we were having a meeting that night. We had thirty ladies there and N.B.C. photographed the whole meeting and interviewed the ladies individually . . . . From that it was picked up by A.B.C., the Los Angeles Times, and the Associated Press. In other words, the national media, sensing a very hot story, all got in the act. Within the first week F.I.T. was a national group of housewives.*

Hot story, baloney! The mass media took an idea — a very ignorant idea, except insofar as it served collectivist purposes — and transformed it into a national boycott with publicity one could not have purchased for \$25 million. Donovan says that "we were knocked flat" by the overwhelming response of the press. "Our telephone number was on every network in the country," he reveals with what seems like genuine astonishment.

Within a matter of days the Donavans were leading what they termed "the biggest consumer rebellion since the Bos-

ton Tea Party." Instead of "No taxation without representation," irate housewives were making war on "profiteers" and bellowing the glories of cheese and fried eggplant. Women were even participating in a highly publicized contest to create the best non-meat Nixonburgers, and a lady gourmet from New Canaan, Connecticut, won with a combination of dandelion greens, egg, cheese, powdered milk, and onion.

With all the publicity, F.I.T. was soon joined by hundreds of other boycotting groups — instant fronts with such bizarre names as S.C.R.I.M.P. (Save Cash, Reduce Immediately Meat Prices), S.O.S. (Save Our Sanity), C.H.O.P. (Concerned Housewives On Prices), and a host of other acronyms awful enough to curl the lips of Mrs. Malaprop. Soon these efforts were joined in a federation, the National Consumers Congress, composed of two hundred local groups formed to boycott beef. Reporting on its convention of April eleventh in Washington, D.C., the *Boston Globe* informs us:

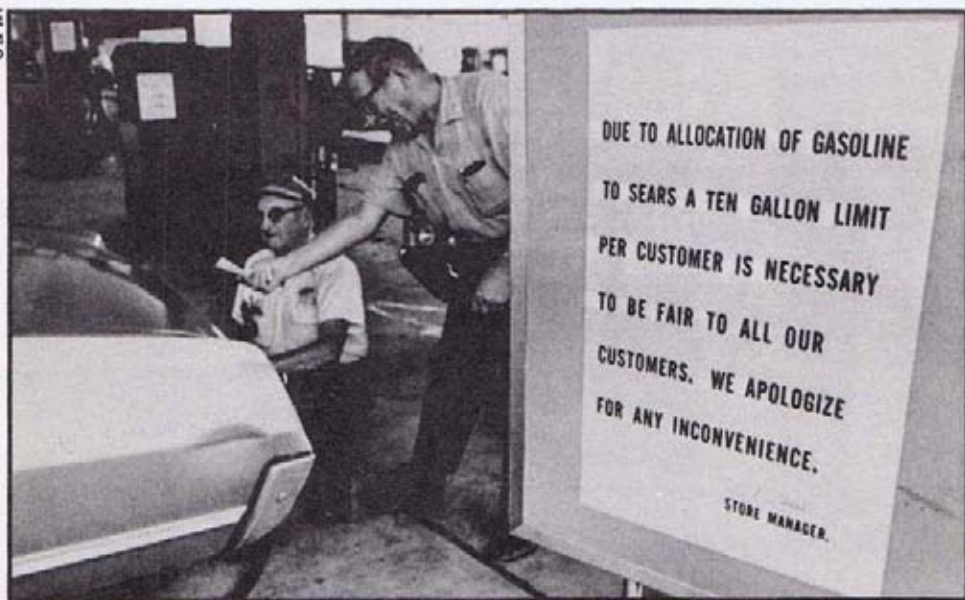
*Almost from the outset, delegates disagreed about what should be the group's priorities. After many of the moderate delegates had left the congress to go home, some activists voted to seek the removal of Agriculture Secretary Earl Butz and to press for investigation of the Department of Agriculture, the grain market, tax shelters for livestock production and other farm-related issues.*

All of which sounds very familiar.

Yet, in the series of telephone interviews we held with the original boycott leaders, we found them to be people of all political persuasions . . . and confusions. While many were demanding more government controls of every kind, others told us they thought government was the cause of their problems. And some actually assured us that they



The objectives of the meat boycott are: (a) To have the public blame meat producers and distributors for the high prices; (b) to make the public believe that the government is looking out for its interests, and should be counted on to do so; (c) to get the American public accustomed to, and resigned to accepting, the shortages and scarcity and substitutes which are normal in the Communist economic system; (d) to prepare the way for real price controls and, eventually, rationing; (e) and, to make "consumer protection" one more massive tool for fastening more and more tyrannical bureaucratic lines around the lives of the American people. Similar objectives were behind the created gasoline shortages, caused by environmentalist controls which (a) prevented for the last five years construction of a single new U.S. refinery; (b) doubled the gasoline consumption of all post-1972 cars by requiring use of inefficient anti-pollution systems; (c) prevented new offshore drilling on the rich Atlantic and California coasts; and, (d) stopped development of America's Alaskan oil fields.





thought consumer pressure could be used to bring down meat prices so that government action "would not be necessary." It was a typical United Front, and there was no question where it was going.

If there is one thing that seems to characterize the typical leader of the original boycott it is ignorance of economics. Hope Donovan told us: "That natural supply and demand thing is the biggest fallacy the world has ever seen!" The problem, he said, is inflation. So we asked the man who started the boycott what effect deficit spending by the government has on the wage-price spiral. He pleaded ignorance, claiming: "I read the economic page carefully every day and I find that national economists have forty-seven different answers, none of them apparently correct, so this is beyond my capabilities." We rephrased the question to simplify it for him, asking what effect the printing of ever more unbacked money has on prices. "I don't know," he replied, "I was always under the impression that the United States had in reserve enough gold and silver to back up every dollar bill." We choked back a gasp. Donovan is either a very ignorant man or has important reasons to want to appear ignorant.

The others we interviewed displayed no greater knowledge. They didn't know economics from ectoplasm. Many admitted as much, explaining that they saw no relation between supply and demand and the price of meat. Some of the publicized leaders actually expressed faith that the boycott would stimulate the production of beef.

The producing and marketing of meat is a very complicated and intricate business fraught with severe natural and man-made problems. Turning loose an army of exhibitionist housefraus in a nationwide meat boycott is like inviting the Katzenjammer Kids to "repair" a computer complex. But despite the fact that these dear ladies wouldn't know a supply and demand curve from hoof and

mouth disease, the Subcommittee of the Joint Economic Committee, under Chairman Hubert Humphrey, brought teams of them to Washington to advise our elected officials. The media had overnight created scores of the most ignorant "experts" on record: instant authorities who were now deemed qualified to pontificate on matters of the greatest importance — matters about which they knew absolutely nothing.

Confusing as it appeared at first, what was happening was really very simple. Following the Vietnam sellout and the return of the P.O.W.s, the activists of the Far Left were looking for a new *cause célèbre*. The contrast between the brave and patriotic returning prisoners and radical heroine Hanoi Jane Fonda was becoming a severe embarrassment. Their cause and credibility were evaporating faster than a martini on the Sahara. The meat boycott became their counterattack. Boston revolutionary leader Joe Klein moved his forces into the fray, proclaiming: "People in the boycott are not radicals. Some aren't even 'liberal.' They're housewives, and angry." Harvard Divinity School dropout Sam Brown, leader of the Vietnam Moratorium demonstrations which attracted tens of thousands to Washington in 1969, is another who became an instant consumerist. Brown declared: "Inflation is bringing in those . . . formerly strongest in opposition to protest movement. Inflation is bringing in fixed income people, mostly older ones, those formerly strongest in opposition to the protest movement. They are learning that the under-30s don't have horns, and that they still have respect for their elders." The radicals now had an issue. Recognizing what was happening, *U.S. News & World Report* observed:

*Old-timers among the former demonstrators believe that the era of protest over the war in Vietnam has left its mark on America. They contend that tactics the anti-war*



*leaders borrowed from the civil-rights movement have been firmly woven into the fabric of the nation. The meat boycott of early April is cited as evidence that the peace movement has taught Middle America a lesson in the value of protest.*

Yes indeed, and because of their superior organization the same forces were soon running the show. On March 31, 1973, the six-inch headline of the official Communist Party newspaper, *People's World*, proclaimed: "APRIL 1-7: NO MEAT. WE CAN DO IT."

Of course the real story behind the skyrocketing price of meat is an unhappy combination of circumstances which is hardly going to be improved by boycotts, marching activists, or political witchcraft. The major cause of the spiralling price of meat is the same thing causing the spiralling price of everything else.

The boycotters describe the rising price of meat with the word *inflation*. They do not know that inflation is defined as *an increase in the supply of money in circulation — literally, inflated currency*. This inflation, or new money, takes on value only by reducing the purchasing power of all the other money already in circulation. The new printing-press money bids up prices in the economy just as new money passed out during a national auction would be used to bid up the price for items being sold at that auction. Blaming prices on inflation is like blaming rain on wet streets.

Who is responsible for this *new* money that is used to bid up the prices of everything we buy? The government. Deficits in the federal Budget are met by paying out new unbacked paper money through the banking system. The current wage-price spiral was begun by President Johnson's mammoth "guns and butter" deficits in 1966 and 1967 at the height of the Vietnam War. It might have been stopped then. But, after decrying these irresponsible deficits, Richard Nixon pro-

ceeded as President to churn even more butter — and the deficits for his first five years in office are going to run in the neighborhood of \$125 billion. That is a very *inflationary* neighborhood. Every one of those fiat dollars, added to the money supply, has reduced the purchasing power of your dollar — forcing up the price in dollars of everything you buy.

If the boycotters understood this first principle of money they would not be picketing the supermarket but the White House. Cattlemen do not print money. Feedlot operators do not print money. Packinghouse operators do not print money. Butchers do not print money. The supermarket does not print money. **ONLY THE GOVERNMENT PRINTS MONEY.** New money is added to inflate our currency after the President and the Congress approve an unbalanced Budget. Politicians cause inflation, not producers and consumers, not workers and businessmen. The politicians are the culprits, and yet the worst offenders in Congress and the Administration are the chief supporters of the meat boycott!

The consequences of inflation can never be eliminated as long as the politicians can continue to get by with blaming someone other than themselves for the wage-price spiral. We can therefore boycott onion farmers, Chevrolet dealers, dime-store operators, or anybody else — and it will not stop the government from inflating the money supply. Only when the politicians responsible for deficit spending are brought before the court of public opinion, found guilty, and banished from public office, will the wage-price spiral be stopped.

While the Nixon spending binge is pushing up the price of nearly everything, the price of meat has been additionally affected by other Nixon policy. No doubt you remember last year's Russian "wheat deal," in which the Big Six grain dealers, operating on inside information concerning the Administration's secret negoti-



ations with the Soviets, bought up subsidized wheat from American farmers and were allowed to sell it at huge profits to the Russians.\* Well, that wheat deal was not just a wheat deal. It was a grain steal totaling an incredible thirty million tons of grains worth \$1.2 billion, and it included corn, oats, barley, rye, sorghum, and soybeans, as well as one-third of the entire American wheat crop. America is picking up the tab for failures of Communist agriculture and our housewives and farmers are getting caught in the squeeze.

The American taxpayer is paying for the grain steal three times in three different ways. First, production of the grains was subsidized by the taxpayer; second, the sale to the Russians was insured by \$750 million in credits provided by the taxpayer; and third, the sale greatly increased the price which every one of us must pay for meat at the supermarket. You see, these grains (including wheat) are used in feeding cattle, hogs, and poultry. After sale to the Russians, they became scarce and the price was pushed higher. For example, with American soybean meal flowing to the Soviets to feed *their* dairy cattle, beef, hogs, and poultry, the price of soybean meal in the United States has risen from \$75 per ton in 1972, to over \$219 per ton today. Early in March, corn hit a twenty-year high of \$1.70 per bushel.

Feeding is the predominant cost of the production of beef and poultry. One pound of dressed beef in a market meat case represents eight pounds of feed grain from calf to slaughterhouse; a pound of cut chicken requires a grain input of about three pounds. Consider what a 290 percent increase in a feed grain like soybeans can mean to the price you pay for meat. When Mr. Nixon "sold" our grain supplies to the Communists he drove the costs of our meat producers

right through the barn roof. Now the recent floods along the Mississippi River have for the season put millions of acres out of crop production, so the feed situation can only get worse.

Closely related to the problem of rising feed costs is the Administration's banning of the hormone DES, used to increase the weight of cattle. We are not qualified to say whether DES should be banned, but the banning is adding eight to fifteen cents a pound to the cost of meat. Agricultural experts estimate that a beef animal reaches a market weight of one thousand pounds about thirty-five days sooner when it is either fed or implanted with the hormone. This in turn saves the cost of about five hundred pounds of feed.

Also influencing the rising price of beef is the fact that it has to be hauled from the ranch, to the feedlot, to the slaughterhouse, to your market. Teamsters, hit by the effects of government-created inflation, are not too keen on working for nothing. Butchers have the same problem and insist on being paid too, since they obviously have no social conscience. Ranch hands are also suffering from the effects of inflation and will no longer work for seventy-five dollars a week and board. And taxes on land have exploded during the past decade. In some cases they are up as much as five hundred percent. All of this is reflected in the price of your top sirloin.

Yet another factor in the increased price of meat is the fact that the Nixon Administration has greatly increased the Food Stamp program. According to *U.S. News & World Report* of July 10, 1972, Food Stamp expenditures have leaped from \$250 million in Fiscal 1969 to \$1.9 billion during Fiscal 1972 — a 660 percent increase. In April of 1972, 11.5 million people were participating in the Food Stamp program. Now students, hippies, and "the poor" — who in the past settled for cheaper forms of protein — can take your tax money to the

\*Besides the Russians, the Red Chinese bought an additional \$58 million in American grains.



supermarket and compete with you for quality beef. Again, you pay twice. When demand is stimulated without an increase in supply, the price goes up. But practically nobody is putting the blame where it really belongs.

Mother Nature has also dealt deuces to the cattle ranchers. Losses due to bad weather have been overwhelming. In the Midwest, alone, blizzards and killing cold this winter caused cattle losses of 357,000 head — about 205 million pounds of beef. That's a lot of lost hamburger which, because it won't wind up in your meat market, will mean that you will pay more for that hamburger which survived.

The boycotters are caterwauling about profiteers. Who are the profiteers? Until beef prices began the upswing recently, the twenty years between 1951 and 1971 were a cattleman's nightmare. While beef prices fluctuated, the average return on a cattle rancher's investment during those two decades was between 1.25 and 1.5 percent. During some years ranchers had to borrow \$150,000 to net \$2,000 to \$3,000. During some years a rancher would toil (and we mean toil) all year and then lose twenty dollars on every head of cattle he sold.

From the cattle rancher the calf moves to a feedlot where he will be fed grain for 200 to 220 days, or until he weighs about 1,000 pounds. The 550 pounds gained costs \$170 plus yardage, vaccination, branding, and interest on the money borrowed to finance the operation. The net return to the cattle feeder will amount to about \$14.50 per animal — which comes to a net return on the feeder's investment in cattle and feed (excluding property and equipment) of 3.3 percent.

The packer is the next stop on the way to market. Like the feedlot operator, the packer is one of those unseen "middlemen" most people like to use as a scapegoat, but his profit is no more than that of the feedlot operator. After the

retailer adds his one percent net profit, you take the meat home to your refrigerator.

The only profiteer here is the government... which, as we have shown, is chiefly responsible for the high cost of beef.

Nonetheless, the American meat industry is the class of the world. In mid-March the price of sirloin in Washington, D.C., was \$1.69 a pound. In Brussels, it was \$2.45; in London, \$1.88; in Rome, \$2.79; and in Paris, \$2.57. In Tokyo, T-bone steak sells for \$3.57 a pound and beef loin for \$11.50! Ah, so. Yet despite the obvious demand in foreign countries, American cattlemen export less than one percent of total U.S. meat production. If the new boycott gains momentum, however, our ranchers will have little choice but to sell abroad — and Akimoto Fujiyama will be eating your steak.

While the meat boycott did not knock down the price of beef, it did skyrocket the cost of such alternative products as fish and poultry. Chicken shot up from 89 cents a pound in January to \$1.98 in April. According to a meat distributor quoted in the *Los Angeles Times*: "No wholesaler has as much chicken as he'd like to have." But, talk about planned shortages, the U.S. Department of Agriculture had encouraged farmers to raise five percent fewer chickens, claiming there was an over-supply and prices would be falling.

Meanwhile, back at the ranch in Washington, President Nixon was mooing his neutrality in the boycott: "I am not going to suggest to any group of Americans to join in boycotts and so forth. I do not feel that is an effective use of what we call 'people power.'" At the same time, the White House was putting out stories like this one, carried in the *Indianapolis Star* of March 28, 1973:

*The President has urged consumers to eat fish, cheese and eggs instead of meats and has set the*



*example by cutting down on expensive steaks at the White House. He has always liked chicken . . .*

And rutabagas. Don't forget rutabagas. The President just *loves* rutabagas.

During the latter part of March, the mass media carried a number of such stories from the White House, including a report that chicken had been substituted for prime rib at Pat Nixon's birthday dinner, all indicating that the President was backing the boycott. There was a reason for it. While the boycott accomplished little except temporarily to put an estimated 200,000 meat packers out of work, it gave Richard Nixon the excuse he needed to apply *price controls* on meat. Shortly before Mr. Nixon announced his ceiling on meat prices, Secretary of Agriculture Earl Butz had characterized persons favoring government price controls on farm products as "damn fools." But when the President kicked, Butz retracted the statement.

Of course, the Secretary of Agriculture was right. The controls will not work. If the market price for meat is below Mr. Nixon's dictated price, then it is meaningless except as another precedent for economic dictatorship. If the competitive market price is above the controlled price, we will have unprecedented shortages and demands for more government interference.

The National Consumer's Congress is already demanding that meat prices be rolled back to their level on January first. Mr. Nixon, of course, says he is opposed to this, but then he virtually swore an oath on his mother's grave that he would never implement wage and price controls — just before he did so.

What would be the effect of such a rollback? It would be a financial disaster for the meat industry, causing heavy losses and putting many producers out of business. You can also be assured that your steak would soon be on a ship for Europe or Japan unless the rollback were

accompanied by an embargo on the exporting of meat. Another possibility is that the government would jump in to subsidize, and control, the meat industry. Control of one more area of food production would be in the hands of Big Brother.

Beef does not come out of a spigot. It takes two years from birth to the broiler. That means cattlemen today are deciding whether to expand or contract their herds — making plans which will affect the price you will pay for meat two years from now. If you want a plentiful supply of meat at reasonable prices you had better do everything you can to make sure the government stays out of the beef business. The solution to resulting high prices or shortages is not a boycott. Neither is it to eat horse meat — after all, we are facing a created gasoline shortage too. Dobbin might come in handy.

What is happening here is very important. The subtle hand of the government, and of all the "Liberal" press supporting Richard Nixon in these deceptions, is all too obvious. Robert Welch, writing in the *Bulletin* of The John Birch Society for May 1973, sees important revolutionary purposes in all of this. Mr. Welch says the real objectives of the meat boycott are:

*(a) To have the public blame meat producers and distributors for the high prices; (b) to make the public believe that the government is looking out for its interests, and should be counted on to do so; (c) to make one more major push towards getting the American public accustomed to, and resigned to accepting, the shortages and scarcity and substitutes which are normal in the Communist economic system; (d) to prepare the way for real price controls and, eventually, rationing; (e) and to make "consumer protection" one more massive tool for fastening more and*



*more tyrannical bureaucratic lines around the lives of the American people.*

Because of massive government interference in the economy, more and more Americans are becoming concerned about whether they can afford the gasoline to drive to the store to buy beef they can't afford, and whether there will be any electricity or gas with which to cook whatever meat they buy. Last winter's fuel shortage left a lot of teeth chattering in many parts of the country. Two years ago, of course, nobody had ever heard of an impending "energy crisis." The subject was not even listed in the venerable *Reader's Guide To Periodical Literature*. The latest *Reader's Guide* boasts columns and columns on the subject.

Every day the newspapers carry at least one new story about a gasoline company rationing supplies to its stations, independent stations closing because they can no longer obtain gasoline, or big cities unable to find bidders to supply their petroleum needs. What is happening?

Transportation usually consumes twenty-five percent of the nation's expended energy. Now, however, consumption of gasoline is running way ahead of expectations — and once more the Nixon Administration is back of it. According to the *Wall Street Journal* of August 22, 1972:

*The 7% increase in motor-fuel sales is up from an earlier prediction of a 4.5% gain. The major reason for the surge, oilmen say, is that 1972-model cars, being the first designed to run on lower-octane, lead-free gasoline, get far poorer mileage; studies show that nine miles to the gallon isn't uncommon.*

The Nixon pollution fighters have struck again. It now takes almost two gallons of gasoline to drive a new car as

far as an old one will go on one gallon. Whether the new anti-pollution equipment works is still being debated among the experts. But somehow it is hard to imagine a net reduction in pollutants if you are burning twice as much gasoline. Meanwhile, application of the environmentalist humbuggery to the American automobile is drinking gasoline in huge gulps, helping to create shortages, and driving the price out of sight. According to the *Los Angeles Herald Examiner*, new Nixon pollution standards for cars will increase petroleum consumption by about two million barrels a day by 1980. Also it takes more crude oil to produce a gallon of the federally required lead-free gasoline, and it is more expensive. With greatly increased consumption of the more expensive fuel, many experts are predicting that the price of fuel for automobiles will soon be driven to a dollar a gallon.\*

While consumption of gasoline has been rising steadily since 1915, the price of gasoline (when taxes are deducted) has lagged far behind the wage-price spiral of almost everything else. But now, in the face of a federally created artificial demand, supplies are leveling off. Once more you can thank the government and your local ecology fanatic. While consumption is up more than seven percent over a year ago, the reserve supply is down fifteen percent. Gasoline consumption is exceeding refinery output and we are consuming our reserves.

Import quotas on crude oil have been dropped, but this has not alleviated production shortages. Most refineries are operating at eighty-five to ninety percent of capacity — which for all practical purposes is full blast. Again it's the Nixon

\*Some may take heart from a report which appeared in the *Los Angeles Times* of May 2, 1973, revealing that Harold Bate of Devon, England, has developed a process for turning manure into methane gas, which he uses to run his auto. This could solve the fuel shortage for residents of Iowa and some members of Congress.



Administration and the environmentalists combining to create shortages. The *Wall Street Journal* of March 16, 1973, explains what is happening:

*At the same time, refining costs are rising in the U.S. It now costs about \$200 million to build a 100,000-barrel-a-day refinery in the U.S., about twice the price of a decade ago, sources say. A large part of the increase is due to the cost of antipollution equipment. The result: Not one new refinery is under construction in the U.S. although existing ones are straining to meet demand.*

In fact, not a single refinery has been completed in the United States during the past five years. Lawsuits by ecology fanatics and the unrealistic regulations of President Nixon's 9,000-man Environmental Protection Agency have blocked the construction. And, as *Business Week* of April 7, 1973, observes: "Things will only get worse unless more new refineries are built. And that will not happen until Washington makes radical changes in its energy and environmental policies, the industry contends."

The shortage of fuel oil which plagued the country last winter (and doubtless it will be much worse this coming winter) is directly related to the federally created gasoline shortage. Until recently, our refineries had sufficient capacity to produce both gasoline and fuel oil, but now they are concentrating on gasoline because it is more profitable.

Every effort has been made to blame the created fuel shortage on exhaustion of our oil supplies. This is utter and complete nonsense. According to the informed estimates of the National Petroleum Council, only forty-five percent of the discoverable oil in the United States has even been located. Our undiscovered oil potential is estimated at 385.2 billion (yes, that is *billion*) barrels, or more than

sixty years' supply at the present rate of use. This is in addition to our vast known reserves, the size of which are indicated in a report in the *Los Angeles Times* of July 20, 1970:

*The untouched Los Angeles basin just offshore at Malibu, Santa Monica, and the beaches southward to Palos Verdes probably holds an oil and gas potential in excess of 75 billion barrels, an "educated guess" of petroleum geologists reported today. This basin probably offers three quarters of some 100 billion barrels of oil-rich potential lying offshore of Western states from Mexico to Washington.*

*The optimistic prediction is made by the National Petroleum Council in a report on a study of the petroleum potential of the United States begun in 1968....*

*Terming the Los Angeles basin the "richest of U.S. oil basins," the report says important oil reservoirs probably still are undiscovered but that exploration is hampered by urban and suburban growth. But it is the San Joaquin Valley that the report says probably has "More undiscovered reserves than any other California onshore basin." The reserve there is estimated at more than 12.6 billion barrels. The Ventura basin is described as offering "considerable future promise," with nearly 5 billion barrels still expected to be discovered.... The Santa Barbara channel, the report says, may hide some 10 billion barrels of oil trapped in reservoirs formed as far back as the late pliocene age....*

What is more, reported United Press International on December 17, 1972:

*Oil deposits second in size only to Alaska's in the United States and*



worth an estimated \$2 trillion at current market prices lie untouched along the Atlantic continental shelf, the government has announced in a draft study.

*The study, by the Interior Department's Bureau of Land Management, said more than half the oil deposits are in an area between Sandy Hook, N.J., and Cape Hatteras, N.C., and that the unmined coast also has other valuable minerals that could become gems, iron alloys and radioactive atomic material. \* \* \**

*In the Mid-Atlantic region alone, the Spivak and Shelburn probe estimated, there are 23 billion barrels of oil and 15.4 trillion cubic feet of natural gas. . . .*

Approximately half of the oil reserves in the country are located on public lands, primarily on the outer continental shelf. In the face of angry demands, the Nixon Administration is now making noises about leasing some of this land, but it will be years before the production from leased areas will ease the created shortages. And they are created shortages. During the past few years the Administration has suspended an amazing number of offshore leases, and the State of California actually *banned* offshore drilling after the Santa Barbara oil spill in 1969.

The mass media made that oil spill off Santa Barbara sound like a bigger disaster than the San Francisco earthquake, and it was used by radicals nationwide to justify the disastrous Nixon and Reagan crack-downs on offshore oil production.

Finally, a study of the Santa Barbara spill was undertaken by forty leading scientists led by Dr. Dale Straughan, a marine biologist from the University of Southern California. This \$250,000 study produced a 900-page report, which declared: "Not only had overall damage by the spill been greatly overestimated, but where damage had been done, nature had

returned it to normal." For centuries crude oil has been an influence in the area's channel systems. Natural seeps off Coal Oil Point had exuded 11 to 160 barrels of crude petroleum per day. Certain marine species have adjusted so well to this seepage that they have long since built up a tolerance to it. The final conclusions of the report were:

*. . . that no ill effects on animal and vegetable plankton were observed. No damage from the oil spill could be found on sandy beaches. . . . The Channel fish catch was actually found to have been greater in a six-month period following the oil spill than in a comparable period the year before. Nor had the spill decimated the bird population. Of the 12,000 birds in the Channel at the time of the spill, 3,500 died from all causes. Yet by May, the bird population had risen to 85,000 because of seasonal migrations.*

By some quirk of fate, Dr. Straughan's findings did not make C.B.S., N.B.C., or A.B.C., although earlier heartrending film footage of gooey seagulls had received prime-time coverage. And because of false publicity about the Santa Barbara oil spill, offshore drilling was virtually stopped for several years. Nobody in Nixondom cared to tell the American people about Dr. Straughan's report . . . and the fires were kindled for creating the "energy crisis." Nobody in the Nixon Administration reported that in drilling approximately fourteen thousand offshore wells, there has been a grand total of *three*, yes three, accidents which resulted in spilling crude oil into the ocean! What price Richard Nixon? One price is *created* fuel shortages.

Which brings us to Alaska and our biggest oil reserve of all.

Millions of dollars' worth of pipe and building equipment lie rusting in Alaska



because of court rulings barring the construction of the pipeline necessary to get the oil from Alaska's North Slope to a warm-water port. According to *Time* there may be as many as one hundred billion barrels of oil under Alaska, as compared with five billion barrels under oil-rich East Texas. The *Los Angeles Times* of April 19, 1973, tells us that "if the Alaska pipeline had been promptly built when the great Alaska oil field was found, we should today be saving more than \$2 billion per year on the balance of payments" caused by our need to import oil.\* As columnist Ralph de Toledano notes of those who place government control of environment above the interest of the people:

*They have screamed loudly about our environs, but with little mentality. Today, the United States might have the benefit of the vast Alaskan oil reserves, but development of the north shore has been stopped dead in its tracks by environmentalist sob-sisters who were more worried about a handful of caribou and about the ecology of the tundra, a word which sounds lovely but merely means the Arctic wastes. Alaskan oil and gas might have been in your tank but for this sabotage.*

And it goes on and on. As Secretary of the Interior Rogers Morton recently stated: "The latest court rulings have made it clear that no new major pipeline can be built anywhere in the United States, including Alaska, until Congress removes the narrow-width limitations placed in the Mineral Leasing Act of 1920. Congress is now considering necessary changes . . ."

Terrific, but where has the Nixon Administration been for the past four years? Answer: Helping to create energy shortages by sitting on its thumbs while the ecology radicals kept the pipeline tied

up in the courts. We should already be receiving 600,000 barrels a day from Alaska. This would have jumped in five years to two million barrels a day. Now we wait, each day facing new shortages.

No doubt we will eventually get around to building that pipeline. In the meantime the independent oil producers will have been squeezed out, and the Biggies will enjoy the benefits of a government-created oligopoly, and shortages will be used to fasten ever more controls on American industry and the American people. It will take three years from the time construction is begun on the pipeline until the oil flows. Which means that it will probably be 1977 or 1978 before we start to receive the petroleum we would already be getting if the Nixon Administration had not stood by while the ecology radicals worked out ways to strangle the American economy.†

What is true for America's oil reserves is also true for natural gas. The potential oil-producing areas which have been locked up by the radical environmentalists also contain large amounts of natural gas. The *Indianapolis News* of January 19, 1973, observes:

*The United States has proved domestic [gas] reserves of 247 trillion cubic feet and estimated reserves of 1,200 trillion cubic feet. Yet vast amounts of this gas are*

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\*The *Times* continues: "If exploitation of the Santa Barbara Channel had been pressed despite the famous oil slick we should again be saving about \$2 billion on the balance of payments . . . [R]emoving tetraethyl lead from gasoline and otherwise cleaning up automobile exhausts is already costing about \$1.5 billion on the balance of payments."

†The fact that the Rockefeller family, contrary to all apparent logic and self-interest, has been deeply involved in the ecology movement through its conservation foundation has made some of us suspicious of the numerous suits filed by the ecology groups to stop petroleum development in Alaska — most of it by firms not controlled by Standard Oil.



*locked up by current environmentalist controversies. Alaska's North Slope alone has known reserves of 26 million cubic feet and estimated reserves of 300 trillion cubic feet.*

*Considering the fact that current domestic production of natural gas is about 22 trillion cubic feet a year, development of Alaska's reserves would go far toward easing shortages. Removal of gas in this instance, however, depends upon removal of oil, and that is effectively blocked by the environmentalist clamor to "save" the Arctic.*

The *Los Angeles Times* reports that Secretary of the Interior Morton admits untapped reserves of natural gas amount to eighty times the 1971 consumption in the United States. *Fortune* for September of 1971 reports: "The U.S. geological Survey's estimate of the total potential supply available in this country, including resources yet to be discovered, is reassuringly high — 6,600 trillion cubic feet, enough for three hundred years at the current rate of use . . ."

So the "shortage" of natural gas is a *created* shortage. But the fact is that the gas freeze-outs in many areas of the country last winter were more than the result of the entente between President Nixon and the radical environmentalists. In fact, they were a product of direct government regulation.

Mr. Nixon's Federal Power Commission regulates the price of natural gas. By putting an artificially low price on natural gas at the well head, the government has artificially stimulated consumption while discouraging exploration and production. Leaders of the petroleum industry have warned again and again that such price controls would lead to shortages, but nobody did anything about it. Now President Nixon claims to advocate de-regulation. Whether he will push such legislation through Congress remains to be seen. He could have removed the federal price

fixing on natural gas in 1969, or 1970, or 1971, or 1972 . . . and prevented the present shortages. He did not.

It is hardly without meaning that the artificial scarcity of natural gas, created by the government's price-fixing policies, has proved of singular value to the Communists. As the *Wall Street Journal* reported on August 17, 1972:

*Now, although there's gas aplenty under the U.S.A., the shortage the FPC has largely created has forced it into the preposterous position of agreeing to allow purchase of foreign gas at twice the domestic price. The FPC six weeks ago cited the national shortage, without even blushing, and gave El Paso Natural Gas Co. permission to import liquefied natural gas (LNG) from [Communist] Algeria . . .*

On March 26, 1973, the Export-Import Bank approved financing to the tune of \$402 million to bring one billion cubic feet of liquefied natural gas from Communist Algeria to markets on the East Coast of the United States. The El Paso Natural Gas Company is the American firm which negotiated the contract, and part of the \$402 million package includes \$350 million to pay for U.S. exports to the Algerian Reds of a gas-liquefaction plant and vital gas-field equipment.

The Algerian gas company is owned by the Algerian Government, which refused to go along with a proposal to channel gas revenues into a special loan-repayment account, a so-called assignment of proceeds. Instead, the Export-Import Bank accepted the formal guarantee of the Algerian Government. Which is absolutely worthless. And which means that when the Reds default on that loan it will be paid for by the U.S. taxpayer or by \$402 million worth of inflation.

One explanation of the seemingly inexplicable energy policies of the Nixon



Administration — policies which have created the so-called "energy crisis" — is that they provide an excuse for using American money and technology to build up the Communist world. Under normal circumstances, the American public would be extremely uncomfortable about developing the Communist petroleum industry. But the created shortages have been used to convince Americans that we have no other choice because of our desperate "energy crisis." We are also being told that if we do not begin importing natural gas and oil from the Soviets and Red China and Communist Algeria, we will become dependent upon the Arab oil sheiks — a situation we are being conned into believing is somehow worse than being dependent upon kindly dictators in Moscow or Peking or Algiers. Columnist Paul Scott describes the Nixon line on this ugly business. Mr. Scott says it goes as follows:

*This country's future energy needs more than any other factor are behind the dramatic change in U.S. foreign policy toward Russia and Communist China. [Mr. Nixon's former Undersecretary of Commerce Peter G.] Peterson revealed that the principal reason for linking U.S. energy needs to the development of foreign policy toward Russia and China is due to studies showing that U.S. trade deficits in energy could run as high as \$20 billion by 1980.*

*It is the Nixon Administration's hope that by creating massive credits for the Soviet and Red Chinese development that these countries will then use the money to purchase equipment in this country which will help to reduce U.S. trade deficits in energy.*

*The legislators are being frankly told that President Nixon had no other choice if the U.S. is to avert drastic cutbacks and rationing of all*

*types of fuel and electrical power. Pointing out that a major energy crisis is nearing in the U.S., Peterson noted the Soviet Union and Communist China by contrast to non-Communist countries "appear to have a remarkably large energy surplus and potential supplies."*

*"The developing U.S. energy shortage and the Soviet Union's compelling need to import Western technology to modernize its economy, have been major factors in promoting the new Washington-Moscow detente," Peterson told one group of GOP lawmakers.*

The magnitude of the *planned* dependence on Russian petroleum is indicated by Donald J. Jones, president of Esterline Corporation, who predicts that by 1980 the United States will be purchasing thirty billion dollars in Soviet oil each year. The hooker is that all of this Bolshevik oil is to be developed with American money and American technology. Since much of the financing in the multibillion-dollar deal will be guaranteed by the U.S. taxpayer through the Export-Import Bank, David Rockefeller's Chase Manhattan Bank has just opened a Moscow branch at One Karl Marx Plaza, to handle the deal. Leave it to the Rockefellers to get the most prestigious address in town!\* The Rockefellers' other bank,

\*For a synopsis of the dealings of the Rockefellers with the Bolsheviks, see Pps. 98-112 of my book, *None Dare Call It Conspiracy*.

So popular is David Rockefeller in the homeland of the proletariat that United Press International reported on April 11, 1973: "Diplomatic sources say that Soviet officials have been gently hinting that Moscow would like to see a respected businessman — like President David Rockefeller of the Chase Manhattan Bank — become the next U.S. Ambassador to Russia. The hint was delicately dropped by Vladimir S. Alkhimov, Soviet deputy foreign trade minister, when he visited Washington several weeks ago for Soviet-American trade talks sponsored by U.S. businessmen, the sources said."



First National City Bank is also preparing to establish a Moscow branch.

Just how anxious the Nixon Administration is to make America dependent on Soviet gas and oil is indicated by the fact that it settled the Soviet war debt at an incredible *four cents on the dollar*. (Try to settle an income-tax debt with Big Uncle's I.R.S. on those terms.) By law the debt had to be settled before more credits could be given to the Soviets. The President has now requested that Congress permit him to grant "most favored nation" treatment to the Soviets on imports. When he obtains this permission, and there seems to be little opposition, the door will then be opened for the use of American capital, technology, and know-how to develop Siberia's oil and natural gas fields. And, despite the fact that we have enough supplies of untapped natural gas to last us three hundred years, negotiations are already underway for American development of the Soviet fields.

Do keep in mind that, according to Phil Newson of the Copley News Service: "In order to bring Siberian natural gas to the U.S. East Coast, the cost has been estimated initially at around \$5 billion. . . . Surveys suggest it would cost another \$5 billion to bring Siberian gas to the U.S. West Coast."

The created "energy crisis" is also involved in the Nixon Administration's "normalization" of relations with the Red Chinese. It was not long after David Rockefeller called a press conference while in Hong Kong, announcing that he favored establishing trade ties with the Maoists, that President Nixon performed his 180-degree reversal and embraced Peking. And *Forbes* magazine of March 15, 1971, tells us one reason why:

*It has passed the rumor stage. Clues are beginning to pile up that there may be huge quantities of crude oil in the waters of the Far East and Southeast Asia. Discoveries by Natomis, Atlantic Richfield*

*and Union Oil have triggered a frantic race off Indonesia. An optimistic report by a United Nations team about possible oil deposits between Japan and Taiwan is fueling speculation that the entire Far East could contain oil deposits rivaling those of the Middle East . . .*

*Not surprisingly, the oil companies are less than anxious to discuss the topic. Walter Leby, the New York-based oil expert and consultant to many of the companies, says flatly: "I don't want to comment. It's become a political issue."*

*. . . In a conference last year, Chase Manhattan Chairman David Rockefeller made a little-noticed speech that created quite a stir among Asia-watchers. By 1980, Rockefeller said, the oil industry could pour \$36 billion of new capital investment into the Asian Pacific . . .*

A *New York Times* report on April 10, 1971, makes it clear that much of this vast oil discovery is in waters claimed by the Red Chinese. The article states:

*The United States has advised several American oil concerns that they risk seizure of their ships if they continue to explore for oil deposits in a disputed area off the Chinese mainland.*

*A State Department spokesman, Charles W. Bray 3d, said today that the companies were told that it would be "inadvisable" for them to explore for oil deposits near the Senkaku Islands in the East China Sea because of a dispute between Communist China, Nationalist China, and Japan over the ownership of the deposits.*

Reliable sources tell us that after the State Department ran off other compan-



ies who were exploring the area, Standard Oil moved in.\* Mr. Nixon and the Establishment *Insiders* are playing political games for billions. And the chips they are playing with are not their own.

It is clear from all of this that the "energy crisis" is real, but artificially created. We do have abundant reserves of oil and natural gas if only we will develop our own instead of those of the Communists.

There is no excuse for the United States to become dependent upon either the Arabs or the Communists for energy. We have sufficient amounts of oil, gas, coal, and nuclear technology to meet our needs for the foreseeable future — if we can force the Nixon Administration to remove its spear from the chest of private enterprise. What is more, we should look ahead. Instead of using our brightest technical geniuses to send rockets to Mars, Venus, and Mercury, the government should get out of the non-military

\*It has long been denied, up and down, that there is oil off the coast of South Vietnam, but the above *Times* report makes it obvious that there is, noting: "The oil deposits [off Red China] are in no way related to those believed to be present off the coast of South Vietnam, where the Saigon Government is planning to accept bids for concessions. Test drilling and survey work has been under way there for several years . . ."

space business and allow private industry to use those scientists to develop oil shale recovery, geothermal power, the fast-breeder nuclear reactor, and solar power. The short-range answer to the created "energy crisis" is to get government off the back of the energy business and permit it to develop our own standard sources of power. The long-range answer lies in the developing of private technology that is the backbone of our Free Enterprise system.

None of this will be accomplished with ease. The Nixon Administration is using the "energy crisis" which it created, and the meat shortage which its price controls and grain sales are designed to create, to prepare the American people for shortages and rationing. Already there is talk of rationing energy, as part of a campaign to establish a federal Department of Energy headed by an energy czar with the power to make or break every manufacturing venture in the United States. And the mechanism for food control, which is people control, has already been established. It is far too obvious that the effort to accustom the American people to such shortages and regimentation is part and parcel of an effort to prepare us for dictatorship. Now is the time to expose this for what it is. To fight back. While we still can. ■ ■

## CRACKER BARREL

■ An executive is someone who decides what should be done and then gets somebody else to do the work.

■ Be warned that what the government gives you it can take away — and once it starts taking it away, it can (and eventually will) take more than it gave.

■ Whether all men are born equal signifies nothing. It is what men are equal to that matters.

■ The man who is proud of his ignorance will always have a lot of which to be proud.

■ An insurance man was teaching his wife to drive when the brakes suddenly failed on a steep downhill grade. "I can't stop," she shrieked. "What'll I do?" "Brace yourself," advised her husband, "and try to hit something cheap."

■ The birdhouse in the Central Park Zoo has a keel-billed toucan and a toco toucan in the same cage. (Nowadays, it's the only place that toucan live as cheap as one.)

■ A subscriber to the *New York Times* called the subscription bureau to cancel her subscription. The office girl asked, "Is this to be a temporary or permanent stop?" The caller responded, "Stop the paper permanently. We were paper training our dog and now he's trained."

■ When a man gets too old to set a bad example, he begins giving good advice.