P.S. to the NEWS
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WHY OIL PRICES ARE SO HIGH

The OPEC nations are going to increase the price of oil again, this time to about $33 per barrel. Do the OPEC nations literally have us over a barrel so that we must pay any price set by their whim?

The United States Government owns immense oil deposits at Prudhoe Bay, Alaska, which are estimated to contain 10 to 14 billion barrels of oil. But no drilling and no leasing is allowed on these federal lands because of orders from the White House, according to former Assistant Secretary of the Interior Carl L. Klein.

The 1.6 million barrels a day currently flowing from Prudhoe Bay to West Coast and Gulf Coast ports comes from state-owned property which is not locked up under the order freezing oil production on federal lands. If the federal lands were allowed to produce too, our Alaskan oil flow would double immediately.

The federal lands in Alaska could produce another 1.6 million barrels daily if the White House permitted them to be opened, leased and drilled. Petroleum imports would be cut in half; they would drop to 20 or 25 percent from today's 50 percent.

Shifting one-quarter of our oil consumption from OPEC oil to Alaskan oil would also have a healthy effect on federal revenues. The federal government collects a royalty of 16 2/3 percent on each barrel of oil produced from its lands. Allowing the production of the additional 1.6 million barrels a day at today's prices would bring the federal government an additional $2.5 billion a year, plus the income tax on the oil corporations.

Instead, President Carter and Senate Majority Leader Robert Byrd want a 10-cent a gallon increase in federal taxes on gasoline. The purpose, Byrd said, is to cut U.S. gasoline use because the consequences of a "cutoff of oil from the Persian Gulf are absolutely catastrophic."

The Carter Administration always thinks in terms of taxes on energy rather than stimulating more production of energy. It makes no sense to increase gasoline taxes

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in order to reduce foreign oil imports when oil on federal lands in Alaska is forbidden to be produced under presidential order.

Former Under Secretary of State George Ball stated on the television news program "60 Minutes" in May that it was Henry Kissinger who, as Secretary of State in 1972-73, persuaded the Shah of Iran to lead the OPEC nations into a massive increase in oil prices in January 1974.

According to former U.S. Ambassador to Saudi Arabia, James Akins, the Saudis had privately warned Washington against ever rising oil prices. Akins stated that in December 1973 Saudi Arabia oil minister Ahmed Zaki Yamani had pleaded with Washington to have Secretary of State Kissinger try to stop the Shah from raising prices. Instead, Kissinger fired Akins.

From 1976 through 1978, the Chase Manhattan Bank raised billions for the Shah in bank loans which, contrary to Iranian law, were made "without the knowledge or consent of the National Consultative Assembly." Chase Manhattan's own legal counsel, Mehran Tavakoli, warned in a written opinion that those loans were legally unenforceable.

Apparently this legal opinion was not communicated to the other banks which joined Chase Manhattan in lending about $10 billion to Iran. A serious question arises as to the responsibility of Chase Manhattan for the fact that these immense loans are now uncollectible and will probably cause huge losses to the lending banks.

The Shah's greediness for more oil revenues was not the only factor in the quantum jump in the price of Middle East oil in 1974. The Soviet Union had openly incited the Arabs to use their "oil weapon" against the West, which they did by the oil embargo of 1973 and the subsequent quadrupling of oil prices.

The SALT I Agreements had been signed in 1972 proclaiming the nuclear superiority of the Soviets over the United States by a ratio of three to two. The Arabs did not need to fear that any U.S. Marines would be sent in to protect U.S. oil contracts.

All of us are paying higher gasoline prices because of the wrong military, foreign, financial, and energy policies of the last two administrations. Isn't it time the United States develops a policy to become self-sufficient in energy and to reestablish our self-respect in foreign relations?

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