

unity of the third world. We will use this power reasonably but resolutely. The failure to realize this will expose the world to dangers that could affect the economies of all countries and the lives of all individuals.

Some politicians are fearful of the political consequences of an oil price revision. Let them be reassured. The great powers can easily absorb the new alignment without a jolt. If they are worried about expenditures, why not reduce their capacity to end the world 40 times over to a paltry but still effective five or 10 times?

These are my thoughts, shared by many responsible figures of the third world. We believe that mankind now stands at a perilous juncture. There are great dangers — capable of endangering man's life on this planet — but there is still hope. This is the opportunity that, mastered, makes other opportunities possible.

Saudis Reported In Agreement With Algeria, Venezuela

The following are excerpts from an article entitled "The Oil Price Puzzle" by Richard Johns in the Dec. 13 Financial Times:

Saudi Arabia has been foremost among the producers in linking oil pricing policy to progress made in the

Conference on International Economic Co-operation, particularly the demand of the developing countries for improvement in the real value of their export earnings (including petroleum) and for the relief of the Third World debt....At a secret meeting on October, (Saudi Arabia's Oil Minister) Sheikh Yamani is reported to have agreed with the Venezuelans and Algerians that the price increase should be kept lower if the outcome of the dialogue was judged satisfactory, but increased if it were negative.

Yamani:

No Embargo. We Want Dialogue

Corriere della Sera, Dec. 15, 1976, from commentary by G. Josca:

"Jimmy Carter threatens that if there were a new embargo, it would constitute a declaration of economic war, which would receive an immediate reply. However, (Saudi Oil Minister) Yamani, speaking for the Arabs, "throws water on the fire." He has said: "No one is thinking of a new embargo. We don't want to sabotage the world's economy. We are in favor of dialogue."

U.S. Press Retails State Department War Line To Break OPEC

Dec. 17 — Four major news publications Business Week, Forbes, Washington Post, and the New York Times Magazine, printed articles late this week which threatened the world with war unless the prospective Carter Administration in the U.S. is permitted to disband the Organization of Petroleum Exporting Countries (OPEC) to ensure a Rockefeller dictatorship over world energy supplies and policies. The articles, proclaiming the continued existence on OPEC a "national security issue," appeared only days after highly placed sources at one of the magazines revealed that the U.S. State Department was altering editorial deadlines and forcing last-minute changes in U.S. newspapers and news journals to issue the line that, as one source described it, "The U.S. ought to nuke the Saudis."

All the articles concur on one issue: that the payment of dollar debt be maintained uninterrupted. Thus either OPEC rolls back the price of oil or OPEC must finance the debts incurred directly or on a giveaway basis through international institutions and auctions of oil at the lowest price. In the meantime, the U.S. and Western European economies must prepare to "meet the crisis" by imposing top-down fascist controls. Already these press are urging Carter to stockpile oil, impose oil rationing and launch open economic warfare on the OPEC nations to bring them to their knees.

That the State Department press is squawking so loudly over OPEC — an organization which in the past has rarely hesitated to follow Rockefeller's script — and Saudi Arabia — a Rockefeller satrapy for many years — is testimony to how quickly these oil producing countries are slipping. That, according to the articles, is an issue of war.

Business Week, Dec. 20: ...So far the U.S. and its allies have virtually acquiesced in OPEC's price policies, making no attempt to break up the cartel. But the economic consequences of high oil prices now appear so severe and the political implications so explosive that experts are beginning to say that the risks of acquiescence far outweigh the risks of a determined effort to get the price down...

If OPEC decides on a small increase or no increase at all, the world will breathe a lot easier. But not for long. If the consuming nations continue to tolerate the cartel's policies, once the economic recovery picks up some steam, OPEC will be back to take its share — and more....

... "The question is not whether a 5 per cent or 10 per cent increase in the price of oil is absorbable," says Robert Hormats, a senior economist at the National Security Council. "The question is how to survive the

disaster that has been inflicted upon us.”

And “disaster” may not be too strong a word....Even the U.S., the strongest of the industrial nations and among the least dependent on foreign crude, bears the scars of OPEC-inflicted wounds....

Says Dale Jorgenson of Harvard University, “The ability of the ‘new adaptive’ capital stock of the world to produce has been permanently lowered.”

...This mean that... “The new combination of labor, capital energy, and materials is less productive than it was before OPEC emerged,” says Jorgenson....

...Says the National Security Council’s Hormats, “What we have is a situation which is unmanageable in structural terms. The international economy simply cannot take collective balance-of-payments deficits of \$40 to \$60 billion a year indefinitely without a massive redistribution of that surplus to the developing countries and the weaker industrial nations, such as Britain and Italy. Just who will continue to lend to the weaker countries on that scale?”

....“Ultimately we either have to roll back the price of oil or get OPEC to finance the deficits directly or through international institutions on giveaway terms.”

...Thus it is possible that the basic question on the minds of OPEC’s oil ministers as they assemble in the palace at Qatar may not be how big a price increase to impose now. It may be, rather, that the inability of the world economy to grow and the U.S. change of administration signal the approach of an energy users’ counterrevolution.

New York Times Magazine, Dec. 12: Judgements that set the world’s destiny, once in our hands, are slipping into theirs. Yet the Nixon and Ford Administrations have so far refused to deal directly with the problem of OPEC — despite plausible suggestions for doing so. If Jimmy Carter wants his Washington to regain some of the lost influence, then confronting OPEC must be his first item of business...

...The first step would be for the government to establish itself as the sole importing authority for America’s oil needs — at present seven million barrels a day. It would then require anyone wishing to fill these needs to submit a signed bid...Contracts would be awarded from the lowest through the highest offers necessary to satisfy demand...

...This system...would inject into the international market a new and powerful buyer interested in bargains rather than “preserving stability.” (And) it is not merely cartel members to whom the bidding system would apply...The world’s major producer of oil — Russia — is increasingly reliant on us for grain and has signed an agreement to negotiate wheat-for-oil deals (the hang-up is that Russia wants the cartel price)...

The stockpiling program can also have a large significance for the import-auction system. By having even 30 or 40 days’ supply on hand, the U.S. will have that much more time to shop around for a bargain if the

immediate reaction of major suppliers should be to hold the line....

Even more far reaching than the stockpiling legislation is an obscure provision, written in by the House, that slipped largely unnoticed into law. It empowers the President to provide a procedure to constitute the Government sole purchaser of all or any part of our foreign oil needs for resale to the United States.

There will be strong forces at home and abroad trying to prevent the White House from exercising its unfathomed powers with any imagination or boldness. But if our President-elect does not seize this unexpected legislative ticket, to take on OPEC, he will find that the nation’s economy is unable to finance any of the grand designs he holds for the future.

Forbes, Dec. 15: Aramco is the most important and valuable foreign asset ever developed by U.S. citizens...Who ever controls Saudi Arabia’s oil holds the keys to the world’s economy and very probably its political direction.

From the moment the State Department scuttled the oil companies efforts to present a united front in the 1971 Tehran price negotiations, the producing countries had the upper hand; the old balance of power was broken. The oil companies lost control first of their ability to set prices and then of their ability to control production,...If the oil companies once seemed instruments of American policy they were beginning to seem instruments of the Saudi policy instead.

...there is no alternative to Saudi crude. ...The Saudis have taken Aramco,...Now the Americans are working for them, not they for the Americans. In this sense the takeover of Aramco by the Saudis is a good deal more than symbolic. It is one more reminder to the world that the Saudis are in the catbird seat; if they choose not to expand their petroleum production in the years ahead, the world would be in very sad shape.

Washington Post, Interview with Israeli Defense Minister, Shimon Peres Dec. 14: Peres also expressed sharp concern that Europe is being brought to its knees diplomatically and economically by Arab “oil pressure”. He said a 10 per cent increase in petroleum prices predicted by some as the result of this week’s meeting of the Organization of Petroleum Exporting Countries — would be an economic catastrophe for France, Italy, and Britain and probably sustainable only by one or two European countries including Germany.

“The whole European continent is being conditioned by the whims and decisions of 20 sheikhs, whether there will be inflation or unemployment or even communism,” Peres declared. He said one of the most important things the incoming Carter administration could do to solve the Arab-Israeli problem would be to diminish the influence of Arab oil by taking imaginative action in the energy field.