Saudis Fight British SDR Takeover of OPEC

Saudi Arabia and its neighboring oil-producer Kuwait last week squared off in battle over whether the powerful Organization of Petroleum Exporting Countries (OPEC) will stick with the troubled dollar or adopt the City of London-authored plan to use the IMF's Special Drawing Rights (SDR). The Saudi leadership has issued a number of strongly worded statements in support of the dollar and has made it abundantly clear that it will resist any efforts on the part of Kuwait to shift OPEC's pricing of crude from the dollar to the SDR.

OPEC

Saudi Arabia's ability to resist growing pressure within the cartel in favor of the SDR most directly rests with Iran. Together, Saudi Arabia and Iran account for almost half OPEC's oil production, therefore amounting to an unchallengeable alliance by the 11 remaining members. To date the Iranians have remained nearly mute on their position toward moving out of dollars, though it is known that Kuwait and other producers have exerted pressure to force Iran off the fence. In the past days, even the United Arab Emirates' Oil Minister Mana Saeed Oteiba, traditionally one of Saudi Arabia's closest allies on OPEC policy, has endorsed the SDR plan.

Informed European sources indicate that, since the change in government in Kuwait earlier this year following the death of the Emir, the Kuwaitis have taken a policy turn away from the United States in favor of the City of London. The newly appointed Oil Minister has been most vocal in attacking the dollar, and has begun a diplomatic campaign to convene an emergency OPEC meeting in order to press for either the adoption of the SDR or to raise oil prices in order to compensate the producers for losses incurred through dollar-denominated oil receipts. Not only has the United Arab Emirates (UAE) publicly voiced support for the Kuwaiti proposal but also the moderate Persian Gulf producer Qatar—whose oil minister at the last OPEC meeting was a vociferous dollar advocate—has come out for the SDR.

The *Wall Street Journal* noted March 9 that outside the Persian Gulf other OPEC members — most importantly, the radical states, Iraq, Algeria and Libya — whose economies have felt the damaging effect of the downward slide of the dollar are leaning in the direction of the Kuwaitis. A number of informed Saudi-watchers concur that if current financial trends continue it will enhance the position of a faction within the Saudi elite, such as Planning Minister Hisham Nazer and Saudi oil company head, Taher, all committed to breaking with the dollar.

The Politics of the SDR

The formula for the SDR, which is comprised of a basket of currencies, as a means of pricing OPEC crude oil first appeared in 1971 when the dollar crisis erupted and forced the Nixon Administration to depeg the U.S. currency from gold. This undermining of the dollar as an international reserve currency was a critical feature of a conspiracy by merchant banks seated in the City of London to loot the entire world economy. At that point, Saudi Arabia was alone responsible for preempting an OPEC adoption of a basket of currencies in lieu of the dollar, and then as now fought for the dollar on the basis of the unparalleled capacity of U.S. industry.

The United Arab Emirates has put forth the suicidal plan for a basket of currencies which includes a group of currencies from the industrialized countries, the currencies from Saudi Arabia, Kuwait, and the UAE, plus gold. The inclusion of gold in the basket coheres with London's recent ploy of eroding gold of its crucial status as an international reserve, a scheme fully articulated in the most recent issue of the *Banker*.

According to the Baltimore *Sun*, March 4, both the Shah of Iran and the Saudi Arabian leadership are understandably irritated at the failure of the Carter Administration to act in defense of the dollar, and have issued a number of quiet warnings to Washington to get its financial house in order. Former U.S. Ambassador to Saudi Arabia, James Akins, again this month affirmed his warning that Saudi Arabia's allegiance to the United States depends on a number of demands from Riyadh, all of which hinge on the Carter Administration's adopting a policy of domestic economic growth based on exports. Akins, still influential with the Saudis and other Gulf leaders, has warned that the Saudis, one of the largest dollar holders in the world, and the key moderating force in OPEC and the Mideast, cannot continue to support the dollar if no changes in policy take place in Washington.

Paralleling Saudi Arabia's statements of support for the dollar, Chase Manhattan Chairman David Rockefeller arrived in the Persian Gulf last week. Upon arrival in Qatar, he gave a press statement urging the Gulf states not to succumb to anti-dollar pressure. Only more recently Robert Strauss, special trade advisor to the President, praised the Saudis for their continued support for the dollar and warned against the intentions of the Kuwaitis.

The Kuwaiti Oil Minister Sheikh Khalifa al Sabah unexpectedly arrived in Riyadh today for talks on the dollar situation. The Agence France Presse reported today that Khalifa was backing off on Kuwait's drive to raise the price of oil as one option in response to the dollar, reflecting persuasive Saudi pressure. An extraordinary meeting of six OPEC countries (Saudi Arabia, Qatar, Kuwait, Iran, Iraq, and Venezuela) has been announced for April 3 for discussions on the dollar crisis. Clearly, Saudi Arabia's massive oil-producing capacity acts as a major factor in dissuading other producers to challenge existing Riyadh oil-pricing agreements. If the Saudis so wished, they could simply increase their production and undercut other producers. However, between now and April 3 if no major turnaround of the British attack on the U.S. dollar occurs, it becomes questionable whether Saudi Arabia could once again prevent London from manipulating all of OPEC.

— Judy Wyer

Following are statements by high-level Saudi Arabian officials reflecting that country's stated commitment to support the dollar and resist the speculative Special Drawing Right proposal by London.

Saudi Arabian Finance Minister Mohammed Aba al Khail told the Saudi newspaper Al Riyadh *March 4:*

...the volume of other international currencies remains limited in relation to the dollar. The dollar is a world currency capable of embracing sizeable money operations, the only sound currency for international trade and investment and the only substitute for gold.

The interest of Saudi Arabia and the Gulf states dictates they support the dollar and avoid all actions that might adversely affect its behavior until we can establish conditions for its recovery to safeguard our reserves and investments.

The American economy is the most powerful in the world and its GNP has reached $3 trillion.... I believe that the problems may appear from time to time. But these will always be transient problems as far as the dollar is concerned.

Saudi Deputy Minister of Petroleum Abdel Aziz al Turki warned in the March 6 issue of Al Riyadh *against "any precipitate action which might have harmful effects" on the well-being of the world economy:*

If the causes of the decline (of the dollar—ed.) appeared to indicate a continuing fall in dollar values, then OPEC will no doubt take appropriate action to protect the interests of member states as it has done in the past...But there is no question of abandoning the dollar as the means of payment for oil.

Saudi financier Adnon Kashoggi issued a clear call for sound U.S. dollar-support policies March 6, when he told Reuters:

The United States is very important for our (Saudi Arabia—ed.) security and we are not going to be a damaging force to the U.S. But Saudi Arabia takes a very serious positive position. We do not want to destroy western economies. That is why we sacrificed raising our oil price.

Coal Settlement Needed To Stop Schlesinger Sabotage

The battle to reach a quick, workable solution to the now four-month-old national strike this week became a battle for the survival of the nation's economy and its political institutions.

The battle lines are drawn around the issue of moving coal supplies in sufficient quantities to fuel-starved utilities in the Midwest and elsewhere — before shortages created by the strike of 160,000 members of the United Mineworkers union shuts down large sections of the U.S. industrial economy and produces an accelerated collapse of the U.S. dollar.

ENERGY

Within hours after President Carter announced his plans to seek an injunction under Taft-Hartley Act to put the miners back to work, Energy Secretary James Schlesinger, the leader of a pack of British-linked saboteurs and traitors in the Carter Administration, told a congressional committee that he would not move coal supplies to where they are urgently needed because of the threat of terrorist interdiction.

As a result, Schlesinger stated, the Energy Department will have to impose emergency powers at a certain point and force "controlled electricity blackouts and brownouts." This, he argues, might prevent the threat of uncontrolled blackouts on the scale of last summer's blackout in New York City, with its subsequent riots.

As Schlesinger spoke, a full mobilization of coal field terror networks associated with the Energy Secretary and controlled through the Washington-based Institute for Policy Studies swung into action. Individuals in several key coal mining regions linked to the so-called Miners Right to Strike Committee, started circulating the line that anyone who obeyed Taft-Hartley and went back to work "was a dead duck;" Right to Strike leaders such as Mike Branch and convicted felon Bruce Miller reportedly planned for the sabotage of coal shipments and for "roving picket lines" to keep "the mines shut tight."

As the week progressed, the threats from the IPS networks became more shrill. So-called miners leaders were quoted in the national media as promising "that the blood will flow on Monday (March 13 - ed.)," the first day UMW members become culpable under the law for violations of a Taft-Hartley injunction. Said one such spokesman covered by CBS radio, "Carter should forget about civil war in Africa; he's going to have civil war in Ohio and West Virginia."

The press is not content to just cover violence; the agents in the media are prepared to "stage" it, for the benefit of their duped audiences. Mike Devlin, a reporter for the NBC-TV affiliate in Richmond, Va, got tired of waiting for UMW members to attack a nonunion coal carrying truck. He placed a spiked board in the road in front of union pickets and began filming. When the local