How they rigged the oil markets

The 1979 oil hoax began with the shutdown of Iranian oil exports Dec.
open market, known as the spot market, where over-the-counter petroleum transactions are conducted, which has gone wild in the opening months of this year. Of course, from a technical standpoint one could argue that when the world oil market suffers a shortfall of 5 million barrels a day (mbd), the amount Iran was exporting, then tight supply and high demand during the winter peak consumption season will force prices up. While this is true as far as it goes, there is more to the current market situation than meets the oil industry technocrat's eye.

As in early 1974, this current energy shortfall and pricing spiral was rigged. Once the parameters of a credible—if unreal—demand crisis are established, either with a war as in 1973, or with a full cutoff of exports as today, then the environment is set for a panic, one which is manipulated by industry rumor-mongering and, more importantly, the press.

From the triggering of the Iranian crisis to the rigging of the spot markets and then to the behavior of U.S. Energy Secretary Schlesinger, there has been one discrete, behind-the-scenes clique of economic warriors calling the shots. This is an international cold war grouping associated intimately with the Aspen Institute, along with London's International Institute for Strategic Studies which controls James Schlesinger and the Zionist lobby. Royal Dutch Shell and British Petroleum with key oil trading firms such as Philipp Brothers are the institutions through which the current so-called energy crisis was engineered.

The end goal of rigging a supply squeeze and a pricing bubble is to force through emergency energy legislation in the industrial nations leading toward supranational control of energy. Domestically, this would be comparable to the Kennedy-Church proposal for a federal oil distributing agency to replace the multinationals. Oil is being used as a political weapon by a handful of powerful individuals to gain control over the world economy no matter what it takes.

How it was rigged

Since December, the oil pricing and supply disruptions have unfolded like a computer printout while the international press fueled the panic feeding into the mushrooming crisis. Here is how it was manipulated and how the manipulators worked.

Step One: As a result of Iran's political upheavals, its 5 to 6 mbd exports, the second largest in the world, halted. Immediately, the media began scare stories of an impending oil crisis, despite the fact that the Saudis had raised production, as did the Iraqis, to help compensate for the Iranian cutback. Moreover, it is widely known that state stockpiles of major consuming nations plus oil company inventories could adequately make up for the estimated 2 mbd global shorfall of oil for several months.

The press also failed to report that British and Israeli intelligence networks, their leftist allies associated with networks linked to French existentialist Jean-Paul Sartre, and the Transactional Institute had had a major role in rigging the Iranian crisis and the accompanying oil shutdown. This in part was mediated through both Royal Dutch Shell and British Petroleum, who controlled the oil consortium that marketed Iranian crude. The corporate controllers of these two oil giants were willing to take the loss of Iranian oil sales if their strategic designs could be met through a rigged oil crisis. The Iranian upheaval, therefore, was calculated to trigger an oil crisis which would serve London's strategic designs.

Step Two: In the second week of January, reports began to surface that the oil sold on the spot markets (though it only includes 5 percent of world oil transactions, the spot market tends to set long-term trends) was selling for far higher prices than OPEC's posted price due to the increased speculation. The *Petroleum Intelligence Weekly* reported that the producers of North Sea oil were involved in triggering a speculative price spiral (British Petroleum and Royal Dutch Shell control half of North Sea oil.) By the end of January, the oil companies, which had marketed Iranian crude, began to cut back on shipments of oil to all their customers.

As a result, many companies began going to the spot market to buy additional oil, further feeding the inflationary pricing pattern. At that time, the prices were quoted as rising to over 50 percent the value of OPEC's crude prices. Many of the smaller U.S. refiners began to complain that they could not afford to purchase crude to make up for the net shortfall of oil due to the oil company crude delivery cutbacks, known as force majeurs, which had by that time been imposed. According to the *Wall Street Journal* this week, many of the major oil companies in the U.S. have now refused to buy additional crude from the spot markets because of the high prices—which is leading towards a reduction in gasoline distribution in the U.S.

This has prompted an array of stringent conservation measures from the Carter Administration including asking for emergency powers to deal with the crisis.

According to a New York oil analyst, it was pressure from both British Petroleum and Shell, applied through Schlesinger's office, which forced the big U.S. multinationals to share the shortfall of crude oil supplies on a global scale with British Petroleum and Shell. As a result, the U.S. is experiencing a cutback in consumption of 5 percent instead of 2.5 which would have been the case had the sharing agreement not been accepted here.

Enter Philipp Brothers

Step Three: By early February, numerous press sources began to leak the fact that Royal Dutch Shell and British Petroleum were making a speculative killing off the spot markets. What the press did not report was that as early as October 1978, Shell had completed a computerized study of all available company inventories going into the first quarter of 1979, an indication that Shell was gearing up for market manipulation through the use of its vast inventories which could be selectively dumped on the spot market at skyrocketing prices. Even the head of the International Energy Agency, Ulf Lantzke, publicly fingered these two London-controlled companies as the key profiteers.

Shortly thereafter, two small items appeared in the French journals *Les Echos* and *L'Express* identifying Philipp Brothers as having cornered the Rotterdam heating oil market. The week before, badly needed heating oil was reported to have been selling in the Rotterdam spot markets at a 100 percent price increase. This left German vendors who had been hit by refining cutbacks of fuel oil no other option but to buy at these prices. Philipp Brothers has also been named as a major factor in driving up spot crude prices.

The powerful role that Philipp Brothers has played in rigging the speculative pricing bubble escaped every page of the U.S. press, even though such a prominent American financier as Felix Rohatyn, a planner of New York City's austerity-enforcing Emergency Financial Control Board, is on the board of Philipp Brothers. Rohatyn, by no coincidence, is also the author of the proposal for the Energy Corporation of the Northeast, a regional adjunct of the proposed North American Common Market scheme to clamp regional controls on both the U.S. and Mexican economies. This plan is based on raising oil prices and destroying OPEC. This week the seven Northeast governors met to resubmit legislation to Congress creating a Northeast energy corporation to enforce conservation and energy independence.

Philipp Brothers is also closely associated with the London-allied Lazard Freres financial house and is an affiliate of the raw material trading firm Englehard Minerals, which is partially owned by South African diamond and gold magnate, Harry Oppenheimer. In turn, there are direct corporate connections via Lazard from Philipp Brothers to Royal Dutch Shell.

—Judith Wyer

Increase in spot market oil prices — East of Suez markets — Sept. 1978-Feb. 1979

Product type	Sept.'78	Oct.'78	Dec.'78	Jan.'79	Feb.'79
Arabian/Persian Gulf market					
Premium gas*	46.5	46.7	47.0	51.5	53.5
Regular gas*	44.0	44.2	45.2	49.0	51.0
Jet kerosene*	41.2	41.6	44.5	50.0	65.0
Fuel oil (3.5% sulphur)**	9.64	9.49	10.09	10.25	12.35
Singapore market					
Premium gas*	46.5	46.7	47.7	52.0	59.0
Regular gas*	44.0	44.2	45.2	49.5	56.5
Jet kerosene*	41.2	41.6	44.0	50.0	61.5
Fuel oil (3.5% sulphur)**	10.39	10.50	11.15	11.60	13.25

*Cents per gallon
**Dollars per barrel
Representative spot prices — source: Petroleum Intelligence Weekly