

## Who is making oil prices skyrocket?

The governments of Great Britain and the United States are cheerfully predicting a new oil crisis that will force a slowdown of the world economy. Unlike the outlook of leading OPEC moderates and Mexican President Lopez Portillo, the Anglo-American oil interests have announced loud and clear *their* intention to use their leverage in world oil markets to drive up the price of oil to force . Their purpose? To force austerity on the world economy and ruin the efforts of the Europeans and their OPEC partners to reform the troubled Bretton Woods monetary system.

According to the *Washington Star* Oct. 10, industry sources estimate that up to 25 percent of all oil traded on the world markets is substantially higher than the average \$20.48 price for OPEC crude. The article asserts that given this new reality, OPEC prices "mean less and less these days" in calculating future fuel costs. With a

two-tier pricing system presently operative within OPEC by which Saudi crude sells for a lower price than that of other cartel members, the *Star* states that there is not a third tier of even higher costs prompted by a high volume of short-term speculative buying and selling on international spot markets and third party sales between oil traders and the multinational companies.

Oil sources indicate that OPEC will most likely have no choice but to raise its prices at the mid-December price-setting meeting, if the current speculative spiral continues. This week Mexico and Kuwait enacted a \$2.00 a barrel hike in its crude. Sources in Mexico City say the action was necessary to forestall the use of Mexican high demand oil in the speculative markets. Another OPEC price hike, no matter how high, can be expected to elicit cries of "greedy" OPEC.

This week British Petroleum released a report entitled "Oil Crisis—Again?" BP declares that the "energy crisis is here, we have to choose between foregoing economic growth or starting to grow without more oil." The *Financial Times* Oct. 9 also quotes British Prince Charles urging greater restraint on oil consumption. The BP report especially criticizes the United States for its "over-consumption" of oil, echoing a recently released study from the Ford Foundation enti-

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east conflict. We are asking that Europe recognize the Palestinian people. We are ready to give all the oil that is necessary, but peace has to be reached. The region is inflammable. If the region explodes, there will be no oil for anyone.

### **Saudi Foreign Minister: need for new int l economic order**

*These are excerpts of a speech before the United Nations General Assembly's 34th session by Saudi Arabian Foreign Minister Saud al Faisal, Oct. 4:*

As the kingdom of Saudi Arabia establishes its economic system on rational Islamic bases, it works diligently to incorporate these concepts in its international economic policies. It therefore endorses the system

of free enterprise and rejects intimidation, exploitation, and blackmail in all their forms.

In its diligent endeavor to contribute to any international effort towards achieving stability, Saudi Arabia reiterates its hope and desire for establishing a new international economic order more conducive to bringing about equity and respect for the rights of both the developed and developing countries, and to provide the necessary means of establishing a dynamic and balanced relationship between economic growth and political stability in all nations, particularly in the developing countries.

Accordingly, the kingdom of Saudi Arabia spared no effort in achieving this objective. In all international forums, it has pursued, and is still pursuing this objective, hoping that the dialogue would be in the same constructive spirit that prevailed in the previous special sessions

of the General Assembly, and the Paris Conference on International Cooperation, as well as the United Nations Conference on Trade and Development held recently in Manila. At this point, I would like to emphasize that my country is prepared to take part in any international effort to resume the dialogue in these fields in accordance with the aspirations of the members of this organization....

Our interests demand of us to evolve a formula that aims at cooperation and succeeds in breaking the vicious circle. It calls upon us to acknowledge that the attainment of desired economic goals of progress and prosperity for the international community and justice and equity for the developing countries in particular is a joint responsibility that involves everyone.

In this light, it should be admitted that the voices that are intermit-

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tled "Energy: the Next Twenty Years," which calls for belt-tightening in the United States because of rising energy costs.

Former Department of Energy Undersecretary John O'Leary is also featured in a newly inaugurated column in the *Financial Times*, "The Oil Shortage Column" predicting that oil prices will climb to \$40 a barrel by 1985.

As with the oil crisis of early 1979, today the British and the multinationals are again provoking a new price spiral. This week the British National Oil Company raised its prices on advanced sales above the \$23.50 a barrel ceiling. Then Mexico and Kuwait raised prices.

According to the *Petroleum Intelligence Weekly* of Oct. 8, a number of multinationals have begun to tack on premiums of up to \$8 a barrel in third party sales—sales of oil between oil companies and traders. *Le Monde* Oct. 9 reports that these premiums are being applied by the oil companies because of their anticipation of another OPEC price hike. Moreover, *Le Monde* reports that Shell, Exxon, and Gulf are known to have been purchasing Iranian crude on the spot market at prices as high as \$36.50, which has contributed to the current pricing spiral in the international markets.

The noted Mexican columnist Manuel Buendia in *Excelsior* Oct. 10 attacked Iran for feeding the specu-

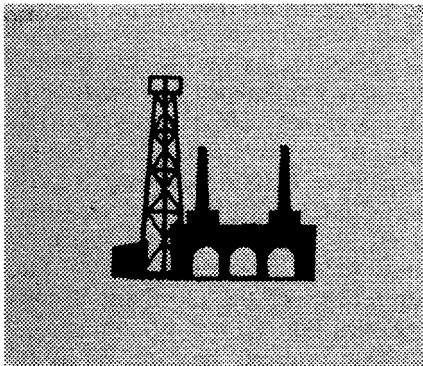
lative pricing spiral. Mexico has repeatedly stressed it will not sell oil on a spot basis, in order to delimit speculation.

The Iranian regime of theocrat Ayatollah Khomeini on the other hand, has admitted to selling up to 10 to 15 percent of its oil exports by means of spot sales. Iranian Deputy Economics Minister Ebrahimzadeh made this fact public last week after a seminar of the Revolutionary Council on economic and oil policy.

Last week, speaking at an OPEC-sponsored seminar on future world oil markets in Vienna, British Energy Minister Howell stated that a new oil crisis is "not possible but probable." He warned of future shocks to the world economy due to the increasing instability of Mideast oil. Howell was referring to the instability in Iran since Khomeini's rise to power and the pressures his regime has exerted on the region.

What Howell, of course, did not say is what this magazine has repeatedly reported; through numerous conduits such as the Bertrand Russell Peace Foundation, it is the British that control vast segments of the Iranian regime, particularly in the oil-producing Khuzistan region, where a terror wave at oil installations has recently erupted.

—Judith Wyer



*Arab offers continued*

tenly raised that accuse the members of the Organization of Petroleum Exporting Countries for the fluctuation and disarray in the international economy are far removed from the truth. As a matter of fact, energy constitutes only a part of the world economic system, and even at that, the OPEC countries have assumed

and still are assuming their full responsibilities in this respect. The industrial advanced countries, both Western and Eastern, should also shoulder their full responsibilities toward the world economy in general, and the developing countries in particular.

### **Iraq Foreign Minister: call for an international development fund**

*Below are excerpts of the speech delivered by the Iraqi Foreign Minister Saadoun Hamadi last week at the 34th session of the United Nations General Assembly:*

With a sense of responsibility, Iraq took the initiative of proposing the establishment of an international

fund to assist the developing countries in financing the effects of inflation, a fund to which the developed countries, regardless of their systems, would contribute to the fund on the same basis....

We wish to reiterate our firm position that whether inside the United Nations or elsewhere, problems of energy should be appreciated within a comprehensive framework designed to tackle all principal problems of international economy ... in this context of the international economic order.

All attempts to use the energy problem in order to threaten the developing countries have thus far met with failure, because the developing countries have maintained their unity and determination, to adopt a comprehensive approach in all discussions of international economy.