

# 1973: Behind Aramco's Great October Revolution

The year 1973 was the year in which the U.S. dollar was publicly recognized as bankrupt. The monetary storms of the 1960s had culminated in the burial of the 1944 Bretton Woods monetary system on August 15, 1971, but the effects of that devaluation and Nixon's unplugging of the dollar rapidly unraveled, and by late 1972 the crisis had returned, worse than before. Angry meetings in January 1973 failed to accomplish anything on the world monetary front. The dollar was devalued again — and still its value plunged.

For Western Europe, the end of the dollar system became a real possibility, and key forces in Western Europe, including Italy and the Gaullists then in power in France under President Pompidou, began exploring practical means of breaking the New York banks' hegemony over Europe.

Oil played a crucial role in these tentative discussions. Europe knew at the time that an enforced dependence on American multinational oil companies held Europe a political hostage of U.S. power, wielded by the Rockefeller family most directly. As in the current period, Italy's Ente Nazionale Idrocarburi (ENI), the state-owned oil firm, took the lead. An ENI vice-president called on the national oil companies of Western Europe to take on increasing responsibility in bilateral deals with the Middle East countries, in defiance of the U.S. "special relationship" with Saudi Arabia. Said the ENI official:

These agreements should be concluded between the national company of each supplying country and national companies of the EEC countries acting jointly....These agreements should be ample in scope and in number. Clearly, they could not cover all needs, but they would replace the existing machinery, under which the supplying groups and the great international groups confront one another, while the European countries, which are the really interested parties, take no part in the decisions.

At an OPEC conference in March 1973, Iraqi Oil Minister Saadoun Hammadi echoed the sentiment of the Italians from the other side. In a speech at the conference, he laid out what, in essence, was a comprehensive package of oil-for-technology arrangements between state-owned companies, bypassing the multinationals:

National oil companies have at their disposal increasing volumes of crude oil to sell in the world market. Instead of being marketed in the conventional way, these volumes of crude oil could be disposed of in package deals of five years' duration, specifying not only the terms of normal free market sales like price, payments, etc., but also the implementation of a number of development projects in the seller country on terms to be agreed upon. In this way, the marketing of crude oil would evolve into a relationship between national oil companies and groupings of project-implementing firms from the oil-consuming countries over periods of time longer than a year and involving more than one spot deal — thereby bringing about a more stable relationship.

Besides Iraq, a number of other oil-producing countries, especially Algeria, began to develop closer links to the state-owned companies of Western Europe. However, because of its immense oil production, Saudi Arabia remained the determining element in any European-Arab effort to break the Rockefeller energy stranglehold. But even in 1973, in spite of the seemingly airtight U.S. control of Saudi oil via the huge Aramco complex, there were indications that the Saudis themselves were not of a single mind when it came to Europe and Japan.

For instance, in May 1973 King Faisal of Saudi Arabia arrived in Paris for three days of talks with Pompidou, which resulted in a wide-ranging accord and numerous signed contracts. Throughout the spring of 1973, Saudi Arabia signed arms and trade agreements with Japan, France, and Great Britain, the latter a British Aircraft Corporation deal to undertake defense work in Saudi Arabia in which U.S. bids were defeated. Saudi Arabian Oil Minister Zaki Yamani then announced on Aug. 22 that, because of successive dollar devaluations, the Saudis were considering replacing the dollar with the Japanese yen as a means of oil payment!

To be sure, Saudi Arabia was by no means ready at that time to break with Rocky's Arabian-American Oil Company (Aramco). But the stiffening of political will on the European side, supported by Iraq, Algeria et al., had the effect in Saudi Arabia of strengthening various networks within the byzantine ruling elite that were either agents of or sympathetic to certain European factions. Given sufficient courage in Western Europe, the state-owned companies of Europe could capture virtually all of Saudi oil production away from Aramco for the asking.

Finally, Giulio Andreotti — Italy's current prime minister — was also prime minister in the summer of 1973. In a series of visits to other nations, Andreotti put forward a plan for peace in the Middle East, and sought to win the support of world leaders for his idea, which included a development package for the region.

## *The October Revolution*

With the outbreak of the Mideast war in October 1973, the Rockefeller counteroffensive went into high gear. The skyrocketing price of oil in October and then again in December, pushed by the captive Shah of Iran, ruthlessly reinforced the dollar at the expense of every other currency. Three other institutions, all created during 1973, were deployed then and in the coming months as part of the desperate attempt by the Rockefellers and the New York banks to prevent world events from sweeping them off the stage: the *Trilateral Commission*, created by David Rockefeller and Zbigniew Brzezinski in mid-1973; the *Church Committee*, or Senator Frank Church's Subcommittee on Multinational Corporations, which was deployed to drag up dirt on the entire worldwide pro-development faction, from the U.S. to Italy, Japan, and Saudi Arabia; and *Watergate*, with President Nixon driven out of office in preparation for the Trilateral Commission coup of November 1976.

The October war was merely a Rockefeller-staged sideshow to accompany these other events. But in its final moments, the war provided the Rockefeller faction with the pretext for the first worldwide alert of U.S. forces since the Cuban missile crisis. With the world on the brink of nuclear war, the U.S. urged its allies at a secret NATO meeting "to take steps to chill their trade and political relations with the Soviet Union." The Europeans refused. In addition, Western Europe — including West Germany — refused to allow the world nuclear alert to occur on European soil. For a day, at least, NATO had ceased to exist!

Kissinger moved fast to propose the creation of "an energy action group," and invited the NATO partners to attend a Washington Conference that, in February 1974, would found the IEA, now Senator Jackson's vehicle for confrontation.

The fight against the IEA was led in 1974 by France, Iraq, and Algeria. In a *Le Monde* interview, Algerian President Houari Boumedienne issued a challenge to Europe:

The Europeans at the present moment have the possibility of laying the basis for a long-term cooperation which would guarantee their oil supplies for 25 years in exchange for their participation in the development of an area in which they are vitally interested. The Washington Conference aims to slow down the new policy of direct links between producer and consumer. The real policy of the United States is not to lower prices, but to control the sources of energy and thus ensure its political power. This is the truth. If the Europeans yield before the American "big stick," they will once again return to the sidelines of history. It is a question of choice.

The Iraqis were even stronger in their comments. In a full page advertisement that appeared in major newspapers all over the world, an "Open Letter to President Nixon" from President Bakr of Iraq called for cooperation between producers and consumers and blasted the price increases as an American plot. Iraqi Prime Minister Saddam Hussein attacked the embargo and production cutbacks by the other Arab states as devised "by reactionary ruling circles well-known for their links with America," and said that a "suffocating economic crisis" in Europe will force the EEC to "abandon its independent policies and rely more and more on America."

With the backing of Iraq and Algeria, France moved to begin the European-Arab Dialogue, over bitter protests from Kissinger. A "senior American official," obviously Kissinger, was quoted as follows:

We want to avoid a confrontation with the Europeans, but this confrontation has become inevitable. The Europeans cannot compete with the U.S. in the Middle East, and if we fight them there we will win. The Arab countries need the United States more than they need Europe.

But the confrontation that Kissinger predicted was not fought on economic grounds. It was fought by terror, threats, and innuendo. A wave of political destabilizations swept across Western Europe in early 1974, toppling the British, Italian, French, and West German governments in rapid succession. In the Middle East, military threats mounted, as CIA-backed Kurdish rebels threatened to provoke an Iran-Iraq war, and then Secretary of Defense Schlesinger sent U.S. naval task forces toward the Persian Gulf, muttering ominously about "Russian bases." In a series of "deep background" briefings, Kissinger put out the message that a U.S. invasion of the Persian Gulf, perhaps with help from Israel and Iran, was entirely feasible. He then publicly threatened U.S. military action in case of "strangulation" of the West.

#### *Watergate and Church*

A key element in ongoing European-Arab moves to establish a new monetary system was the behind-the-scenes role of the Republican industrialists in the United States who lent their support to that undertaking. The destruction of the Nixon presidency by the Watergate operation was essential to the Rockefeller faction's efforts to block the creation of a gold-backed monetary system and increased international trade. Nixon's worldwide ties — heavily into oil, via the American "independents" — and those of his Republican allies in the Midwest and South-Southwest were crucial to European industrialists' efforts.

The 1973-75 hearings of the Church Committee systematically targeted the half-formed international faction with a series of Watergate-style attacks. From Japanese industrial forces to Saudi and Iranian princes, to Italian Christian Democratic politicians, to Turkish, Egyptian, and Nigerian officials, the "Lockheed scandals" and other such rigged exposes lent additional weight to the Rockefeller terror that was launched worldwide against the capitalist opponents of the Dollar Empire.

In turn, the Church hearings paved the way for a phony populist call for "divestiture," i.e. the disassembling of the oil companies and increased federal controls over the industry. While the divestiture proposals do not threaten the big oil companies — whose overseas operations are beyond any U.S. legislation — they do threaten the smaller "independents," who since World War II have been a key focus of opposition to Rockefeller.

It is now the Senate's pro-Carter Democratic mafia that is planning the fatal confrontation with OPEC. Senator Jackson would head the Senate's reorganized Energy Committee, to work in treasonous collusion with Schlesinger, while Kennedy and Church spew out provocative scenarios designed to trigger a showdown with the oil-producing countries — and to raise oil prices.