British solution to the debt crisis: a grab for raw materials

by Judith Wyer

During the month of December 1982, Charter Oil Company chief, Raymond K. Mason, and his long-time business associate, Armand Hammer, of Occidental Oil, made two separate visits to Mexico. Their missions were the same, to lure Mexico's new President Miguel de la Madrid into a "solution" to his nation's debt crisis.

They offered de la Madrid a scheme that, if realized, is guaranteed to destroy any future development potential for Mexico. The scheme derives from a plan attributed to the late Sir George Boulton of the Bank of England, whereby developing countries surrender oil and other raw materials in payment of debt and as collateral for future loans.

Mason proposed that Charter Oil and three other major oil companies—SoCal, Exxon, and Gulf—assume up to $15 billion of Mexico's debt in exchange for rights up to 500,000 barrels a day (b/d) of Mexican crude over the next six years and an additional 200,000 b/d for up to ten years.

Following his trip to Mexico City, Mason conferred with officials of the U.S. Treasury Department and certain U.S. banks holding billions of dollars in Mexican debt. The Treasury Department laid the foundation for the plan earlier in 1982 when it made a $1 billion advance payment on a purchase of 200,000 b/d of Mexican crude for the U.S. strategic petroleum reserve. That $1 billion has never reached Mexican banks but is being used directly for debt repayment.

The bid to force the developing sector into surrendering sovereignty over its raw materials is part of a scheme to globally restructure the world economy that has been circulated by London and its Swiss allies at the Bank for International Settlements. The plan ultimately projects a world monetary system backed up by raw materials. And by all appearances, London has cut the Soviet Union into this scheme, beginning with an Anglo-KGB drive to take over the oil-rich Mideast and eradicate U.S. influence there.

The IRB revisited

The Boulton plan is the same idea that self-professed British agent Henry Kissinger first made public in 1975 under the title of an International Resources Bank. Since then various City of London and British Commonwealth outposts have been calling for this "solution" to the escalating Third World debt crisis.

In 1981, Philip Brothers, an arm of the South African Oppenheimer family's raw material empire, went so far as to call for the debt of the developing states to be collateralized with their raw materials.

Only last month, Canadian tycoon Maurice Strong, a leading member of the British Commonwealth elite, sponsored a conference on oil development in the Third World. The conclusion of the symposium was that indebted developing states will have to give multinational oil companies unprecedentedily favorable terms in the future if they want exploration and marketing of their oil. As Kuwaiti Oil Minister Ali Khalifa al Sabah slavishly put it: "It is better to be exploited and produce an income that can be used to develop your country than not to be exploited and run from one financial crisis to the next." But the kind of "development" Sabah is referring to is not one in which the sovereignty of the developing states is preserved, but one in which nations become colonies again. The Mexican case proves the point.

Should President de la Madrid agree to the offers coming from Mason and Hammer, he will have surrendered over one-third of Mexico's current oil export level for debt repayment. Not only that, but the oil which the Charter group will buy will be at prices 20 to 25 percent *under* the going market price. This volume of crude, together with the already committed shipments to the strategic reserve, amounts to over half of Mexico's current total exports; its sale at such low rates would drastically decrease the funds available for industrialization and for Mexico's large import bill.

Moreover, if Hammer and Mason succeed, Mexico will become the model for the City of London's bid to grab raw materials and in so doing recolonialize the developing nations. A British oil analyst with Chase Manhattan Bank projects that "Nigeria will be the next Mexico." Before their nationalizations, the oilfields of both Nigeria and Mexico were controlled by British Petroleum and its sister company, Royal Dutch Shell.

The special role of Armand Hammer

Occidental's Armand Hammer is no newcomer to the raw materials grab game. Hammer, like Maurice Strong, has cultivated an image as "friend" of the developing world, but in fact he represents the neo-Malthusian policies of the Brandt

Commission on North-South relations and the Club of Rome.

During the mid-1970s debt crisis in Peru when every other foreign oil concern picked up stakes and left the country, Hammer made certain under-the-table deals with the desperate Peruvian government which netted Occidental some of its greatest net returns on an investment. In the process Hammer was instrumental in getting Peru to sacrifice its investment laws which protected the economy from looting by foreign interests.

Hammer is known to advocate the same treatment for Mexico. Hooker Oil, a petrochemicals firm which Hammer operates in Mexico, helped establish the Social Democratic Party there, a terrorist-linked anti-growth entity which serves as a battering ram against national development plans. Hammer is also known to fund the anti-nuclear movement in France, and provides financial backing for the Swiss-based Islam and the West, an elite organization that runs the semi-secret Muslim Brotherhood movement in the Mideast, that in turn put the Ayatollah Khomeini in power in Iran. It is little wonder that Hammer has maintained a years-long special relationship with the outlaw regime of Libyan strongman Muammar Qaddafi, just as he backs the Pakistani dictator and mass murderer General Zia ul-Haq.

These are the models of fascist dictatorships which the City of London and its KGB allies will install if the British drive for recolonization succeeds. They will act as London's puppets just as has the murderous Khomeini in destroying the independent development potential of their countries.

Manipulating the oil markets

By asking Mexico to sell its oil at prices well under the world price, London is using Mexico to keep downward pressure on oil prices. *EIR* has documented how Royal Dutch Shell and British Petroleum are quietly working with Iran and Libya to dump hundreds of thousands of barrels of crude on the world market at prices well below the $34 a barrel OPEC benchmark price. The result is that a number of developing states that are solely dependent upon oil income must now impose extreme austerity and put a halt to development plans. This in turn cuts into the badly needed export contracts of industrial countries and only compounds the worsening global economic depression.

A prime objective of London and its U.S. agent-of-influence, Secretary of State George Shultz, is to force Saudi Arabia to lower its oil production even below its already 10-year low level of 5 million b/d. In so doing Iran and Libya will increasingly become the dominant forces within the OPEC cartel. At this writing, Libya and Iran are producing slightly more oil than Saudi Arabia. The pretext for Shultz's bid to gain a sharp Saudi production cut is to stabilize the depressed price of oil. But sources close to Shultz admit that the Secretary of State, who maintains close ties to the British Morgan banking group, knows that such a demand could destabilize the regime of King Fahd, and open Saudi Arabia up for an Anglo-KGB coup.

At the OPEC meeting in mid-December, Saudi Oil Minister Zaki Yamani was reported to have been threatened by his Iranian counterpart that Iran would invade Saudi Arabia if the Saudis did not drastically lower oil exports.

Energy and a Euro-Soviet axis

Like Khomeini's Iran, the Soviets have been dumping large volumes of crude oil and products on the speculative Rotterdam spot market. This has acted to depress world oil prices, given the gross oversupply of crude and the continued downturn in world demand. A sudden upturn in Soviet oil sales on the spot market in late 1982 acted to depress the anticipated seasonal upturn in prices.

Since the beginning of 1982, Soviet exports of oil to Western Europe have risen by 25 to 30 percent, with the largest single jump being West Germany. A well-placed Washington source observed that the new Soviet leader Yuri Andropov would like nothing more than a destabilization of Saudi Arabia, since this would tend to discredit the Gulf states as a source of oil supplies and thereby boost Western European dependency on the Soviets. Andropov may be getting help from Israel Defense Minister Ariel Sharon, the source warned. Sharon, who has covert links with Andropov's KGB and with Khomeini through Israel's arming of Iran, favors an Iranian invasion of Saudi Arabia.

London appears to have cut Moscow in on a deal to sell more oil to Western Europe in exchange for which certain British-allied OPEC countries deliver crude to Eastern Europe. Moscow has long sought to reduce Soviet oil shipments to Eastern Europe in order to move its crude and petroleum products to more lucrative Western European markets in order to earn badly needed foreign exchange.

Earlier this year Moscow announced it would reduce its oil sales to Eastern Europe by 10 percent in 1983. For the first half of 1982, Soviet oil sales to Western Europe already showed a marked increase. Though the relative volume of oil is still small, the sharp increase marks a definable trend. Oil sales to Italy were up 145 percent to 165,000 b/d, to France up 22 percent to 155,000 b/d, to the Netherlands up 50 percent to 220,000.

While West Germany's total 1982 petroleum imports dropped by 9 percent, Soviet exports to Germany increased by fourfold for the first nine months to about 550,000 b/d, about 5 percent of Germany's total consumption.

Increased Soviet sales to Western Europe were offset by a hike in oil shipments to Bulgaria, Hungary, Romania, and East Germany by Iran, Libya, and Kuwait. In 1982 Kuwait's oil exports to Eastern Europe climbed by 90 percent to between 25,000 and 30,000 b/d. Libya's oil shipments to Eastern Europe were primarily bartered for arms. Certain such transactions were valued at as much as 300,000 b/d of oil!

Andropov's sudden rise to power poses other questions about Soviet designs on the Gulf region. Andropov has appointed Geydar Ali Reza Aliyev to the Politburo. From the time Andropov became head of the KGB in 1967, Aliyev, who comes from a Persian Shi'ite Muslim family, was head of the KGB in Azerbaijan, the ethnic region which spills over into Iran. According to a profile of Aliyev in the Italian daily *La Stampa* last month, he advocates a policy of seeking harmony between "Islam and Leninism," and it is known that Aliyev has developed his own avenues of influence in Iran, particularly in the northern provinces.

Iran remains a country of crucial importance to the U.S.S.R. Before Khomeini's Islamic revolution, the Shah had agreed to a huge natural gas agreement in which Iranian natural gas piped into the U.S.S.R. would be substituted for Soviet natural gas to be piped into Western Europe. Khomeini has yet to renew that agreement, which Moscow needs as a complement to the giant gas deal with Europe.

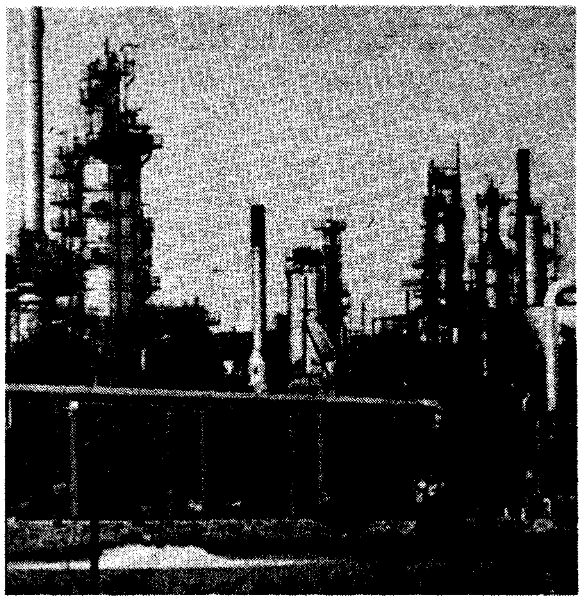
Moreover, Iran is supplying a substantial amount of crude to a number of East bloc countries. The broker in this deal to reroute more OPEC oil into Eastern Europe appears at least in part to be the Propaganda 2 Freemasonic Lodge, a creation of the British which has been outlawed in Italy. P-2 has highly secret ties with both East and West, which were recently exposed in Italy at the center of the international arms and illegal drug trade. Bulgaria, which figures prominently in the oil barter arrangements, serves as the hub of the illegal nexus, according to recent evidence uncovered by Italian authorities. The same network, implicated in the murder attempt on Pope John Paul II, was discovered smuggling arms to the Khomeini regime, and drugs from the Golden Crescent of Asia.

Both Hammer and Charter Oil's Mason are operatives of the P-2 mafia. Hammer, with his own historic connections to the Kremlin leaders, is thought to be just the right person to arrange the deal whereby more OPEC oil, particularly from Libya, would be sold to the East bloc, a deal facilitated by the U.S. 1981 embargo against Libya. At that time the State Department under Alexander Haig—who helped found the Italian P-2—issued a report advocating the embargo and predicting Libya would barter its oil with Eastern Europe for arms.

Andropov's deal with London on oil complements Moscow's bid to break Western Europe off from the United States through his latest Russian bid to center SALT talks on the European arena. It also conforms to the long-standing British design of ridding the Eastern Hemisphere of U.S. influence, and establishing eastern and western hemispheric energy blocs.

If the London design of manipulating the debt crisis to grab control of the world's raw materials succeeds, mafias like that of the P-2 will dominate the world economy.

Aside from Hammer's involvement in the P-2, Charter Oil has its own hands in this mafia, going back to the role it played in the Billygate scandal, in which President Carter's brother Billy attempted to use his influence to get Libyan oil for the Charter refinery in the Bahamas. It is this same Bahamas refinery which will receive Mexican oil if the Hammer/Mason bid to seize Mexico's oil succeeds.



The raw-materials grab and population wars

The Bank of England's Lord Bolton, the late author of the scheme to collateralize the third world's raw materials, sat until his death in 1982 on the board of the London Rhodesian Company (Lonrho). Also on the board of Lonrho is Duncan Sandys, the architect of the policies of conventional military buildup and NATO strike forces to police the developing sector and fight "population wars." As Defense Minister under Prime Minister Harold MacMillan in the late 1950s, Sandys argued that a mobil strike force doctrine should be the basis of British military presence in the Mideast and Far East. Sandys's doctrine later became the basis for the establishment of the Rapid Deployment Force. Those British agents in the U.S. who developed the RDF—Robert Komer, former Undersecretary of Defense in the Carter administration, and former World Bank chief Robert MacNamara—were the chief architects of the genocidal Vietnamese war, a model for the kind of bloody brushfire wars London envisions for the developing sector to reduce population and facilitate the seizure of raw materials.

Sandys has long been a confidant of former New York governor Averell Harriman, the leading exponent in the U.S. of mass population reduction of the dark-skinned peoples of the developing sector. Harriman has been exposed by *EIR* as one of the leading promoters of race science. Sandys was married into the Churchill family, as Harriman is today.