

The intelligence division of the National Caucus of Labor Committees received this report of the oil crisis from the chief economist of Morgan Grenfell's in London, December 1973. According to Morgan Grenfell's, which specializes in Mideast finance, the decision to embargo oil shipments and later to raise oil prices on the part of the member nations of OPEC was motivated in large part by statements made by Treasury Secretary George Schultz during August and September. At the August meetings of the Committee of Twenty on International Monetary Reform, and later at the Nairobi annual conference of the International Monetary Fund, Treasury Secretary Schultz proposed that the "excess" dollar reserves of countries be frozen, i.e., put into unspendable accounts, in order to brake the increase of international liquidity. (The world's money supply doubled between 1970 and 1973, mainly as a result of the increase in U.S. dollars in circulation.)

The Arabs, in turn, had spent years negotiating oil price increases partly because they felt that increases were necessary due to the inflated dollars in which they were paid. According to Morgan Grenfell's, the decision to launch the "oil crisis" was made by Harvard-trained Sheikh Yamani, the Saudi Minister for Oil and Natural Resources. King Faisal, whose mind is not well attuned to the twentieth century, confirmed the decision partly out of concern for Saudi dollar reserves, and partly out of sincere commitment to **Jihad** against Israel.

According to numerous press reports, Chase Manhattan Bank is the leading financial advisor to the Saudi Arabian monetary agency, just as First National City Bank is advisor to the Kuwait equivalent.

Who Benefits?

As noted above, the principal beneficiaries of the oil crisis — which drew an amount roughly equal to 2.5 per cent of one year's wage bill of the industrial countries — have not been the Arabs and other oil producers, who, on their own, are literally incapable of spending their oil revenues. The two principal beneficiaries are the large international banks, who have received the use of very large proportion of the total revenues, and the large oil companies. The oil companies increased their profits on at least two accounts: first, through inventory profits during the fourth quarter of 1974, based on purchase of oil at the old price and sale at the quadrupled price; and second, through the huge increase in their turnover resulting from the higher oil prices. In addition, major oil companies are under investigation and in some cases indictment in almost every industrial country for conspiracy to fix prices and other violations of monopoly legislation. The answer to the oft-repeated question, "Who benefits?" can be only the Rockefeller family and related interests.

In passing, it should be added that Mr. George Schultz, the **agent provocateur** of the oil crisis, is now a Vice-President of the Bechtel Corporation, the U.S.A.'s (and perhaps the world's) largest privately-owned corporation, a major contractor for the Central Intelligence Agency in South Vietnam and elsewhere. (Former CIA director John McCone was a founder). Stephen D. Bechtel Sr. is a member of the Board of Directors of Morgan Guaranty Trust.

III The PLO, Fatah, and King Faisal

To show that the Palestine Liberation Organization (PLO) as currently constituted is absolutely not — in

any sense — a legitimate liberation movement, it is necessary to review the origins and policies of its overwhelmingly dominant faction, the Fatah group headed by Yasser Arafat. Such a review clearly will show the destructive political influence that Fatah has had on the emerging organized Palestinian movement during the mid-1960s and beyond.

Funded from the start by reactionary King Faisal — himself merely a manipulated, bewildered puppet of Rockefeller's Aramco consortium — Fatah has acted consistently to enforce rigid, anti-socialist regimentation, to the limits of its ability, on all sections of the Palestinian movement including inside the refugee camps and among the student movement.

The means used by Fatah are two seemingly opposed techniques. One the one hand, Fatah has behaved as a classic centrist organization, counseling "moderation" on more radical groups and at times resorting to violence to purge the PLO of socialist and communist-linked Palestinian formations. The vast Saudi funds available to Fatah have allowed it to maintain a large standing "army" and to dominate the PLO by virtue of superior organizational and propaganda resources as well as discreet backing from most Arab regimes, including "reactionary" ones (Saudi, Kuwait) and "conservative" (Egypt, Lebanon).

Terror Tactics

Fatah's second method of control is terror. Fatah second-in-command Salah Khalaf (Abu Iyad) is widely known unofficially as the leader of the fanatic terrorist Black September aberration, responsible for a series of hideous crimes and slaughter of innocent victims as well as spectacular, headline-grabbing explosions and assassinations. All of this has served to discredit honest, non-terrorist Palestinian organizations by smearing all factions with the wide brush of terrorist activity.

Thus Fatah has developed a typical "hard cop/soft cop" relationship to the Palestinians. Yasser Arafat, the father figure and nationalist par excellence is known throughout the PLO as "the old man;" Abu Iyad, the terrorist, is called the "dangerous man." The Arafat-Iyad combination thus allows Fatah to meet criticism and opposition on several levels and also increases the CIA's options in guiding the Palestinians through the turns and twists of manipulated Middle East politics.

Abu Iyad most recently is known in this context for his statement which indirectly but clearly warned that the vicious Black Septemberists might be reactivated, this time **against Iraq**, to "expose Iraqi schemes" regarding the PLO. In reality, Iraq and the associated Palestinian factions (including the Popular Front for the Liberation of Palestine, PFLP) are the sole remaining active points of resistance to the Rockefeller/U.S. CIA plan for the Middle East. The PFLP recently withdrew from the Fatah-controlled Executive Committee of the PLO in a protest against PLO contracts with the CIA at the American embassy in Beirut.

By playing both sides for the CIA, terror and "moderation," Fatah has managed to secure the PLO for King Faisal and the Rockefeller oil interests.

Origins of Fatah

While reports about the origins of Fatah are understandably scanty, it is known that the leadership emerged around 1959, centering on a purely nationalist periodical entitled "Our Palestine."

Politically, the group had no identifiable orientation. Instead, Fatah insisted on a non-

ideological, military policy. Fatah was instrumental in circulating the suicidal notions that: (1) the sole legitimate goal of a Palestinian movement is the liberation of the land, thus focusing the potentially revolutionary Palestinian movement on the narrow mission of anti-Zionist crusading, (This had the neat side-effect of removing the pressure on Saudi Arabia and the other reactionary regimes.); And (2) Fatah insisted that only "military violence" could solve the Palestinian question.

According to **An Nahar Arab Report**, the views of Fatah revolved around the following idea: "The destiny-shaping battle makes it imperative to drop static ideologies and principles to be able to polarize all the revolutionary Palestinian forces. In other words, the Palestinians must not embark on unnecessary dialogue over the shape of the country after liberation."

Indeed, Fatah did oppose "unnecessary" debate over present and future policies of the Palestinian movement. They continue this today, using the popular idea of "Arab unity" to suppress political discussion.

The political impetus for Fatah's rapid emergence, aided by Saudi oil money, was the American-Saudi option to build an "Islamic pact" anchored by Saudi Arabia as a counterweight to the Nasserite drive for hegemony. This was necessary because of Nasser's threatening drift into the Soviet camp and the gravitational pull Egypt had for other Arab nations, in case the U.S. negotiations with Nasser failed.

Saudi Arabia At Vanguard

Said Abu Hisham, Fatah representative in Saudi Arabia, in 1973: "We will not be revealing a secret when we declare that Saudi Arabia has been at the vanguard of the supporters of the Palestinian movement since its inception on January 1, 1965, to help us in liberating all the occupied territories and free its holy places. The meeting at the time between King Faisal and members of our movement drew up the kingdom's inalienable policy toward our movement."

The "kingdom's" policies, however, as is well known, are identical with the policies of Standard Oil. In fact, Fatah — as its spokesman admits — was created by the Saudis and the American oil cartel to act as a conscious agency for purging the Palestinian resistance of anything but Islamic and Arab nationalist tendencies. Furthermore, the suicidal attacks on Israel by Fatah and allied movements provided Israel and U.S. imperialism with the excuse for launching the brutal 1967 war that crippled the Egyptian army and started the process of ending Soviet presence in the Middle East.

IV Who is Yasser Arafat ?

(This section is excerpted from **New Solidarity** newspaper June 26, 1974)

Originally from Gaza, Arafat went to Cairo in 1951, where he enrolled at Cairo University. At that time, Egypt was ruled by the corrupt regime of King Farouq and the discredited Wafd party nationalists. Only two major political forces were on the ascendant, the Communists and Ikhwan (Moslem Brotherhood), a fascist religious formation.

Arafat opted for the latter, and when the CIA brought President Gamel Abdel Nasser and his Free Officers to power in a military coup in 1952, all parties

were abolished except the Moslem Brotherhood. That year Arafat founded the Union of Palestinian Students (UPS) which retained close ties to the paramilitary Brotherhood. Arafat remained president of UPS until 1957, during which period he forged links with Palestinian students around the world.

In accordance with Rockefeller-CIA policy, which sought to stir up Arab Palestinian nationalism as a counter to Soviet influence, Arafat did much to create a Palestinian identity among refugees and students. A key center for Arafat's UPS was the notorious American University in Beirut (AUB), whose president from 1948 to 1954, Stephen Penrose, had been the chief Cairo officer of the Office of Strategic Services (OSS) predecessor of the CIA, during World War II.

In 1957 Arafat left Cairo for Kuwait where he immediately got in touch with wealthy Palestinian emigre circles who saw in him the vehicle to regain Palestine. With substantial funding from these oily characters, Arafat founded Fatah in 1959 and began publishing a journal called **Our Palestine** around 1961. At that time Fatah had no more than 20 active members.

On Faisal's Payroll

Since 1956, Nasser had drifted progressively closer to the Soviets and by the mid-1960s he had begun to overstep what the CIA considered the limits of tolerance. Egyptian involvement in Yemen, where Nasser had sent upwards of 75,000 troops to support the Egyptian-fomented coup in 1962, threatened to provide the Soviets with a foothold on the oil-rich Arabian peninsula. Terrified, Rockefeller dumped vulnerable Saudi King Saud in favor of King Faisal in 1964.



As part of Rockefeller's moves to counter the growing Nasserist influence east of Suez, Faisal began to pour vast sums into Fatah. Apparently, Arafat's performance in establishing Fatah earlier in Kuwait had convinced Rockefeller that Fatah's brand of rightwing nationalism would help greatly in combatting radicalism on the Arabian peninsula.

In 1965, the first rumblings of the coming storm of monetary crisis signalling the present depression spurred Rockefeller to the decision that Nasser would have to be stopped. Given Rockefeller's need for absolute control over Persian Gulf oil supplies to