

# Iran is the trigger on the oil weapon

One of the justifications for a U.S. energy policy based on high cost domestic energy sources is the much lamented "instability" of the oil-rich Persian Gulf region, particularly since the Iranian Islamic Revolution. What is not revealed and which insiders in the British, Israeli, and American intelligence know is that the major oil companies like British Petroleum and Royal Dutch Shell were complicit in the overthrow of the Shah of Iran and the ensuing oil crisis, a fact this magazine reported exclusively.

It was as a result of the Iranian oil shutdown on Dec. 26, 1978 that the so-called oil crisis of 1979 was triggered. It was not a "natural" crisis, but rigged and managed by London and Washington through the Seven Sisters multinational cartel. At present, there is evidence that the troubled Islamic regime in Iran may again trigger another sizeable OPEC price hike at the December 1979 price-setting parley.

## Production plunge

In recent weeks there has been a slow, but steady decline in Iran's average 4 million barrel a day (mbd) output to a level just over 3 mbd. For this reason, the Saudi government announced last month that it would maintain its 9.5 mbd production level, one mbd over the official production ceiling. Similarly, Kuwait and Iraq have stepped up output along in order to more than meet world demand and keep the speculative oil spot markets relatively soft. The Saudis and the United Arab Emirates have announced they do not want to see another OPEC price rise for 1980.

Whether or not they can enforce a freeze will depend on the OPEC producers pushing a price hike, notably Libya and Algeria. Both have ideological connections to the Islamic fundamentalist regime of Iran's Ayatollah Khomeini. The *Baltimore Sun* reports that at an ongoing economic policy seminar in Teheran, a proposal to

## Ford Foundation: get ready for high prices

*Last month, the Ford Foundation released a 600-page report entitled "Energy: The Next Twenty Years." The report, administered by the Resources of the Future group, is a carefully written document backing the position that higher energy costs are the only solution to the energy crisis. The Resources for the Future was founded and funded by the controlling interests of the multinational oil companies, notably the Rockefeller Brothers Fund, and Rockefeller University. On its board are such notables as Laurance Rockefeller.*

*Following are excerpts of that report which also endorses a commensurate recessionary policy for the U.S. economy which, the Foundation report states, must be crisis "managed" by the government.*

... The world oil price in the year 2000 could well be anywhere from \$20 to \$50 a barrel (1979 dollars). Whatever the world price is by the end of the century, it will not increase smoothly. It is more likely to

remain constant or even decline in real terms for a few years (as it did from 1974 to 1978), then increase 25 percent (up to 35 percent, including inflation) or more in one year; even an increase as great as 50 percent in real terms over a short period cannot be ruled out, followed by a period of stability.

... The economic impact of real energy cost increases of this magnitude will not be pleasant. Higher real costs mean that real incomes are lower than they otherwise would be, even if the economy adjusts without unemployment and recession; the same amount of effort will simply yield less end products and services. ...

... Jobs could continue to be created, albeit at lower real wages than otherwise, to absorb a growing labor force. Furthermore, the cost impact can be reduced by responding to higher energy costs in ways other than simply paying more for the same amount—that is, by energy conservation. There is no denying that, at best, higher energy costs will hurt; but if their impact is managed without adding self-inflicted wounds, the injury need not be seriously disabling.