The international operatives who want $100-a-barrel oil

by Judith Wyer

The Organization of Petroleum Exporting Countries (OPEC) agreed this week to raise the price ceiling of crude oil from $37 to $41 a barrel. The decision to raise the price ceiling beyond the $40-a-barrel level resulted from a unilateral demand from a bloc of so-called pricing hawks over the objections of Saudi Arabia.

The 13 member-state delegations which convened in Bali, Indonesia, re-enacted the same drama that has dominated every OPEC price-setting session since late 1978. In each case the pricing militants led by Algeria, Nigeria, Libya, and Iran have challenged the moderate policy of Saudi Arabia, and imposed their own anarchic price increases.

For the sake of OPEC unity this bloc has repeatedly forced the OPEC price higher and higher. This time as before, once Saudi Arabia gave in to the pressure and enacted a hike, the hawks then took the liberty of jacking prices up even further. Since the last September OPEC meeting, Saudi Arabia has been under pressure to raise its price, the lowest in OPEC, from $30 to $32 a barrel. Saudi Arabia's concession immediately triggered other OPEC producers who charge less than the militants to raise their prices by 10 percent, making the average OPEC price about $36 a barrel (see Figure 1).

OPEC sources report that the three African producers will likely raise their prices beyond the $42-a-barrel ceiling by additional charges, known as premiums. They foresee African crude going for up to $45 a barrel in the first quarter of 1981.

This latest OPEC price boost indicates that the arguments that supply and demand determine oil prices is a fraud. At present the consuming nations and the multinational oil companies are sitting on the biggest stockpile of crude oil in history. Estimated to be as high as 7 billion barrels of oil, stocks are sufficient to feed the economies of the advanced nations of the noncommunist world for up to 100 days. Nevertheless, the price of oil continues to climb. Because of the fears of increased instability in the Persian Gulf, oil companies and consuming nations alike have increased their stockpiles. As one industry source put it, "they are hedging on a big crisis."

As a result, despite the enormous volume of crude sitting in spare tankers and storage tanks, the oil markets have remained relatively tight, particularly for grades of high-demand, low-sulphur crude which is only produced in Africa in large volume.

The multinational oil companies operating in Britain's North Sea must have been grinning ear to ear

Figure 1
OPEC crude oil official sales price*
(U.S. dollars per barrel)

	1978	1979	1980 1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1981 1st qtr.
Total Opec	13.0	18.7	28.7	29.5	31.4	32.5	36.0
Saudi Arabia	12.7	17.2	26.0	27.0	29.0	30.0	32.0
Nigeria	14.0	21.0	32.5	35.0	37.0	37.0	41**
Algeria	14.1	19.6	35.6	37.5	40.0	40.0	41**
Libya	13.9	21.0	34.6	35.0	37.0	37.0	41**

*Prices based on quarterly averages.
**Though Nigeria, Libya, and Algeria demanded that the OPEC ceiling be raised from $37 to $41, these three producing nations have not as yet raised their price. It is expected that after January 1981 they will raise their prices to the $41 limit and may apply additional surcharges over the $41 ceiling.

upon hearing the news of the new price ceiling for OPEC. Since British North Sea oil came on stream in 1975, its crude, which is the identical grade to that of the African producers, has been pegged to the African crude price. Throughout 1978 and 1979 when the price of crude skyrocketed by upwards of 150 percent, it was the British North Sea oil interests, the African producers led by Libya, and the speculative Rotterdam spot market which repeatedly triggered one price hike after another.

British factor

As most rational individuals know, there is plenty of oil still in the ground in the Middle East and elsewhere. The reason for the continuing pricing spiral has nothing to do with the correlation of supply and demand or the myth of the free market. It is a calculated swindle to make numerous energy boondoggles profitable which require a minimal market price of $50 a barrel over the next year with price hikes up to $100 a barrel by as early as 1983.

The development of nuclear fission and fusion for application on a mass scale to energy generation is not included in the "energy mix" of the London-centered multinational companies behind the current pricing gambit. The long-term application of those technologies would bring the entire social cost of energy down.

A North African oil price of $40-plus a barrel immediately presents Britain with the option of a comparable price increase. North Sea oil at that pricing level, industry sources confirm, makes new exploration in extremely deep water within the North Sea profitable.

Not coincidentally, days before the African producers enacted the price hike the Chairman of the Board of Exxon Corporation Howard Kaufmann announced that one of Exxon's top investment priorities for future exploration would be the North Sea. Since the 1974 four-fold price increase by OPEC, the multinational companies have begun to diversify into exploration for oil which is geologically very expensive to produce. But the upward climb of oil prices has also underwritten massive investments in other alternative energy projects most notably synthetic fuels which, experts concur, at current rates of inflation will cost the equivalent of $100 a barrel by 1985.

Perhaps Kaufmann's sagacious investment planning for Exxon was influenced by information available to the so-called Seven Sisters oil cartel from London. The African oil producers in question are all heavily influenced by the militant Muslim Brotherhood, which favors reducing oil production and raising prices. Britain created the Muslim Brotherhood and controls its operations, including Khomeini.

Speaking in Warsaw last week, the Chairman of Occidental Oil Armand Hammer stated that by as early as 1983 the price of crude oil will have climbed to $100 a barrel. It may well be Armand Hammer's personal relations with Libyan strongman Muammar Qaddafi that has made him confident of such a future oil price boost. Occidental's primary area of operations in the Arab world is Libya. The *Executive Intelligence Review* has documented Hammer's involvement in the scandal involving President Jimmy Carter's brother Billy and Libya.

Gordon Reese, the public relations director of Occidental Oil stated that increased conservation within the consuming nations would only prompt the oil producers to cut back production and thus adjust to reduced consumption and further jack up prices. He stated that Occidental's policy was that only "expanded dependency on synthetic fuels, tar sands, and coal was a suitable solution to the energy crisis." Reese further declared that he was not opposed to the formation of a coal cartel, known as COPEC, which would be dominated by London and the commonwealth nations.

Since 1970 the price of a ton of U.S. Eastern bituminous coal has risen from $5 to $30 a ton. According to an industry source this is the result of the increased ownership of coal reserves by the multinational oil companies.

A similar process is presently occurring with another alternative energy source to oil, natural gas. Under the leadership of Algeria, several OPEC nations are working to cartelize natural gas and bring its price to a world-market parity with the increasing price of oil.

Just as Reese stated, several OPEC nations have responded to the precipitous decline in world oil consumption by cutting production and raising prices. Over

Figure 2

OPEC production

(million barrels per day)

	1979 Average	1979 September	1980* September
Saudi Arabia	9.6	9.8	9.8
Iran	3.0	3.5	1.1
Kuwait	2.5	2.4	1.2
Iraq	3.4	3.5	2.9
Abu Dhabi (UAE)	1.5	1.4	1.3
Venezuela	2.4	2.4	2.1
Nigeria	2.4	2.2	1.6
Libya	2.0	2.0	1.7
Indonesia	1.6	1.6	1.6
Algeria	1.1	1.0	0.9
Gabon	0.2	0.2	0.2
Ecuador	0.2	0.2	0.2
OPEC Total Output	30.7	31.0	25.4

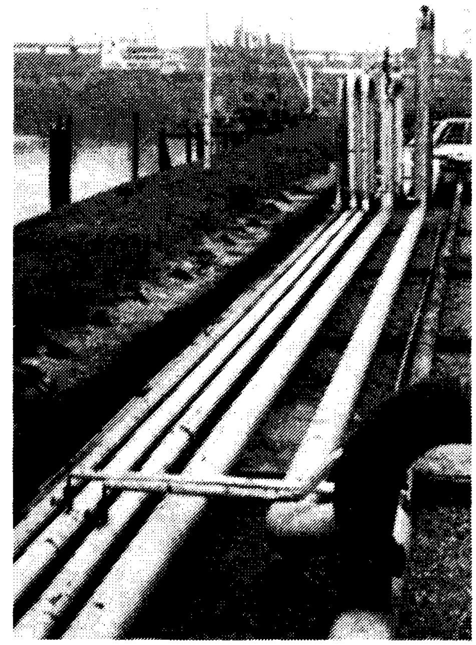
*Last available figures for OPEC production.

Figure 3

Non-OPEC oil production

(millions of barrels per day)

	1978	1979	1979 1st qtr.	1980 1st qtr.	1979 2nd qtr.	1980 2nd qtr.
Developed countries	12.2	12.8	12.5	13.0	12.8	13.0
United States	8.7	8.5	8.5	8.7	8.5	8.7
Canada	1.3	1.5	1.5	1.5	1.5	1.4
United Kingdom	1.1	1.6	1.4	1.7	1.6	1.6
Norway	0.36	0.4	0.36	0.6	0.4	0.6
Other	0.4	0.4	0.7	0.7	0.8	0.7
Non-OPEC LDCs	4.5	5.0	4.8	5.3	4.8	5.4
Mexico	1.2	1.5	1.4	1.8	1.4	1.9
Egypt	0.5	0.5	0.5	0.6	0.5	0.6
Other	2.6	3.0	2.7	3.0	3.0	2.3
Communist countries	14.0	14.0	14.0	14.1	14.0	14.1
U.S.S.R.	11.2	11.4	11.4	11.6	11.4	11.7
China	2.1	2.1	2.1	2.1	2.1	2.1
Other	0.5	0.4	0.4	0.4	0.4	0.4



the last year, several OPEC nations have cut exports by upwards of 2.5 million barrels a day. Nigeria alone has cut 800,000 barrels a day and is reported to be planning yet another cut of between 100,000 and 200,000 barrels a day. Most of Nigeria's oil comes to the U.S. Kuwait has cut its oil exports in half to 1.2 million barrels a day (see Figure 2).

Since the four-fold oil pricing boost there has been a direct relationship between the increase of non-OPEC oil output to the decline of OPEC oil. But much of that non-OPEC oil, most importantly the British North Sea crude, could not be profitable without the massive increases in oil prices (see Figure 3).

The cuts in OPEC output, which have been calculated to offset the supply/demand balance and justify new price hikes, have occurred as two major OPEC producers, Iran and Iraq, have lost all of their exports since the Iran-Iraq war began in September. This took an additional 4 million barrels a day off the market. The same month Nigeria cut 500,000 barrels a day.

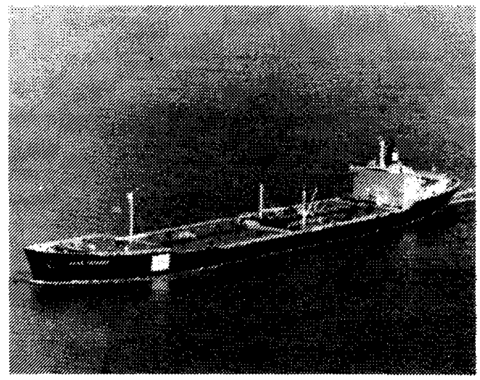
In so doing, these OPEC producers are underwriting the policies which are associated with the City of London and the elitist Club of Rome to drastically reduce the world's population through genocidal austerity. The North African producers and their allies in the Persian Gulf and Latin America are in an alliance with the same "imperialist forces" that they attack for repressing the poor nations of the South.

Figure 4

Consumption of crude oil by the big seven industrial states

(millions of barrels per day)

	1978 average	1979 average	1979 1st qtr.	1980 1st qtr.	1979 2nd qtr.	1980 2nd qtr.
United States	18.8	18.4	20.3	18.1	17.6	17.0
Japan	5.1	5.2	5.8	5.5	4.8	4.8
West Germany	2.6	2.7	2.7	2.5	2.6	2.4
France	2.1	2.1	2.6	2.3	2.0	2.0
United Kingdom	1.7	1.7	2.0	1.7	1.6	1.4
Italy	1.6	1.6	1.8	1.8	1.4	1.5
Canada	1.7	1.8	1.8	1.8	1.7	1.6



The impact of OPEC's latest action is expected to produce a deadly margin of indebtedness for the developing nations. Several African states, which are presently undergoing famine that is claiming millions of lives, are reported to be preparing to implement greater "conservation" for lack of revenue to pay skyrocketing oil prices.

Within the industrialized nations, the picture is no more promising. Japan will pay $6 billion more than its already astronomical oil-import bill of $60 billion. West Germany's oil-import bill will climb from $30 billion annually to $34.5 billion. Italy will pay an additional $3.4 billion adding up to $26.4 billion. The additional fuel costs only compound the economic crisis hitting the advanced sector by the record interest rates of Federal Reserve Chairman Paul Volcker.

The consumption of oil within the seven leading OECD nations is dramatically declining, particularly within the U.S. (see Figure 4). White House Press Secretary Jody Powell responded to the moves of the new OPEC price hike this week by announcing that newly released statistics show that the imports of oil by industrial nations have dropped a full 25 percent over the last 12 months.

But Britain still is not satisfied with the "overconsumption" of petroleum by the U.S. This week Britain submitted a proposal to the European Council of Ministers calling on the European Community to pressure the incoming Reagan administration to immediately decontrol the price of all American-produced petroleum. Immediate decontrol would allow all of American-produced oil to float to the world price of oil that is set by OPEC. London calculated that this would restrict further American consumption. This conservation, in turn, would contribute to further price hikes just as Mr. Reese from Occidental Oil observed.

A look at OPEC's price hawks

Algeria: Prior to this week's OPEC price rise, Algeria was charging the highest price for its crude at $40 a barrel. It is expected that Algeria will impose a price in excess of the $41 ceiling.

In the past, Algeria's policy of high oil prices was prompted by its aggressive development plans. Algeria has a population of over 15 million, but produces only about 1 million barrels of oil a day, and has accrued a major national debt.

Since the death of President Houari Boumedienne two years ago, Algeria has taken a course diametrically opposed to his industrialization effort. Current Algerian President Benjadid Chadli is acting to balance two contending factions within the Algerian ruling party, the National Front for Liberation, which still identifies with industrial growth, and the group identified with Ahmed Ben Bella, a leader in Algeria's revolution who was jailed by Boumedienne.

Last week Ben Bella called upon the entire Arab world to break all its ties with the West and adopt policies of agricultural self-sufficiency. Ben Bella attacked oil as the "gravest" evil in the Arab world, because it creates a "barrier" to natural development. Ben Bella is backed by the London-based Bertrand Russell Peace Foundation, which supports Khomeini and Libyan dictator Muammar Qaddafi.

Libya: Muammar Qaddafi was installed as the strongman of Libya in a military coup in 1969 by the same Italian-based nobility that was strongly allied to the Libyan royal house of Idris and the Egyptian royal family of Farouk.

Qaddafi has historically been the leading oil-price hawk in OPEC. It was at his instigation that the first round of price hikes occurred in 1972, hikes that led to OPEC's four-fold increase in the price of oil in 1974.

Qaddafi, a strong supporter of Ayatollah Khomeini, is a member of a mystical Muslim sect, the Senussi Brotherhood, which is allied to the clandestine Muslim Brotherhood movement. The Brotherhood proselytizes for confrontation with the West.

Qaddafi is controlled by a network of Italian mafiosi including the Sicilian Michele Papa whose own political affiliations go back to Benito Mussolini. Papa, who admitted to the Italian newspaper *La Repubblica* that he had initiated the contacts between Billy Carter and Qaddafi, also maintained a close relationship with the late Lelio Basso, president of the Bertrand Russell Peace Foundation.

Nigeria: Nigeria supports one of the largest populations of any OPEC country, and tremendous strains continue on the country's modernization. Nigerian President Shehu Shagari has maintained his commitment to a rapid development policy, fearing that an economic slowdown will foment social unrest.

However, Shagari is under very heavy pressure from Libya, which is fomenting tribalist and separatist unrest in northern Nigeria. This can have the effect of shifting Nigerian policy toward Qaddafi. Shagari is influenced by a group of policy-makers close to Britain and the Muslim Brotherhood sect.