Armand Hammer plots against Riyadh

The battle against lower oil prices requires disruption of supplies from the Gulf.

Behind a statement this week by Occidental Petroleum Company chairman Armand Hammer predicting that world oil prices will soar to $100 a barrel by 1985 is a scheme
KGB and certain British and Italian interests that could spark a wave of terrorism to shut down Persian Gulf oil.

Hammer predicted a three-fold jump in oil prices in a speech before a meeting of the Foreign Policy Association in New York. Less than two weeks before, Saudi Arabian Oil Minister Ahmed Zaki Yamani told the same body that his country intended to use its oil to force the OPEC price down from its ceiling of $40 a barrel.

Hammer and his allies, who have been manipulators of skyrocketing world oil prices, are not about to allow the Saudis to get in the way of continued price hikes. Hammer arrived in New York fresh from a private visit with various Soviet leaders in Moscow, having overlapped with the visit of his protégé, Libyan strongman Muammar Qaddafi.

Arab sources report that Qaddafi went to Moscow to plot a strategy of terrorism against the Persian Gulf oil producers, with the prime target being Saudi Arabia.

Both Hammer and Qaddafi, closely associated through Occidental's oil business in Libya, share an alliance with the faction of the Soviet leadership that backs anarchy and terorism.

This faction, associated with KGB General H.A.R. Kim Philby and the Soviet think tank IMEMO, supports radical liberation movements on the Arabian peninsula aimed at undermining oil flows.

Since Qaddafi's 1969 takeover, Libya has been a playground for interests behind terrorism, notably certain private Italian intelligence agencies, the Jesuit Order, British intelligence, and the Soviet KGB.

Occidental, now the nation's 20th largest company, would have remained an insignificant California independent but for Hammer's longstanding Libya connection, giving him the name Mr. Libya in oil industry circles.

The day before Hammer's New York address, former Federal Energy Agency director Frank Zarb testified before the Senate Government Affairs subcommittee on energy that a shutoff of Arab oil through the Gulf was inevitable. Zarb stated that the next oil crisis would not be triggered by an embargo like 1974, but would result from a wave of terror.

Like Hammer, Zarb predicted a massive increase in future fuel costs. Zarb stated confidently that U.S. gasoline prices would reach the astronomical $10 a gallon level by the turn of the century. Zarb, an outspken advocate of Malthusian energy austerity, called for emergency preparedness to meet the next Persian Gulf oil cutoff.

Even before the arival of Hammer and Qaddafi in Moscow, the IMEMO crew had put out the word that cetain OPEC oil producers would soon get the Iran treatment. In a provocative article, Aleksandr Belchuck wrote in IMEMO's journal last month that Saudi Arabia's monarchy would face a similar fate to the Shah of Iran.

Earlier this year, Qaddafi announced his intentions of funding liberation movements to challenge the Saudis. Qaddafi works with the Marxist regime of the people's Democratic Repbulic of Yemen and certain powerful pro-British elements within the Kuwaiti leadership.

Hammer himself is playing a high-risk game with the centrist, pro-détente faction of the Soviet leadership around President Leonid Brezhnev, demonstrated by Hammer's refutation of claims that the Soviets will soon run out of oil.

If world oil prices were to reach $100 a barrel, the vast Soviet reserves of tar sands and other crudes that are extremely expensive to exploit could be made profitable. In tandem with future Soviet gas exports, which are to be at near parity with oil prices, this would net the Soviets a substantial return of foreign exchange. The proceeds could be used to aid the faltering East European economies.

This is one argument Hammer and his Philbyite allies are making to win a full-scale commitment from the Kremlin to go in for the kill against Saudi Arabia.

But as any sane economist knows, forcing oil prices to such a level would probably depress consumption to the point that neither Libya or the U.S.S.R. would find buyers for their petroleum.