

Who wields the oil weapon, and why

by Robert Dreyfuss, Middle East Editor

The decade between 1969 and 1979 will probably go down in history as the decade of the "energy crisis." More than any other single issue, the 1970s were dominated by the totally untrue idea that the "world is running out of oil." Almost like experimental rats in a maze, Americans and others around the world were treated to a carefully designed process of behavior modification called the oil crisis, from which the traumatic and quite terrifying gas lines and shutdowns of gas stations in 1973-74 remain indelibly burned into the consciousness of consumers.

As *EIR* has repeatedly documented since its premier issue in April 1975, the energy crisis of the 1970s is better known as the "Great Oil Hoax."

Down to every last detail, the 1970s oil hoax was manufactured quite literally in the computers of London's British Petroleum, a handful of British and Swiss banks, and the think tanks at Oxford University and the University of Sussex. Together with influential elements in the rest of the Seven Sisters oil multinationals, key independents like Occidental and Atlantic Richfield, and the New York banking mafia headed by David Rockefeller, a deliberate conspiracy was concocted in London to send energy prices skyrocketing and to drastically reduce oil supplies available to the world market.

The gross figures are staggering. In 1970, the Aramco complex in Saudi Arabia was developing new oil production facilities projected to be able to produce a full 20 million barrels per day (mbd) by 1980. Throughout the OPEC countries, investment in oil production capacity was enormous and production surged worldwide. Huge new oil finds were being announced almost weekly, both inside OPEC and in other nations around the world. But by the mid-1970s, OPEC's output had leveled off at about 31 million barrels a day, and Saudi Arabia and other OPEC states had canceled plans for expansion of production facilities. After briefly touching a peak of about 11 mbd, the Saudi output has fallen to less than 7 mbd today. For all of OPEC today, production is at 17.5 mbd and falling. Iraq and Iran, which together produced nearly 10 mbd in 1978-79, have been almost completely shut down.



Stuart Lewis/NSIPS

A decade of energy crises manipulated by the oil majors has nearly destroyed the world's economy.

And prices, after successive jumps in 1969-71, 1973-74, and 1978-79, rose from about \$2 a barrel to \$34, a 17-fold increase.

It is absolutely the case that both the collapse of production (and consumption) and the rise in oil prices were deliberately engineered by the City of London and its allies. London's motivation was simple: in the late 1960s it became apparent to the Anglo-American and Swiss banking establishment that the bankruptcy of the International Monetary Fund and the Bretton Woods monetary system required that a worldwide depression be imposed from the top. World industrial production would have to be slashed dramatically and world trade curtailed in order to maintain the value of worthless scraps of paper representing bad debt obligations. Austerity and belt-tightening became the watchwords of the day for national and local governments and corporate entities, as credit allocations were restricted severely. In the advanced industrial nations, the outcome of this austerity was to be economic depression; in the Third World, its outcome was to be genocidal depopulation.

The driving wheel for the necessary depression psychology was the energy crisis. By repeatedly subjecting the world's population to "energy shocks," the oil hoaxsters synthesized the overwhelming appearance of an energy shortage which, translated into supposedly practical terms, signaled to Americans and others the end of the post-World War II era of prosperity and the start of the era of scarcity. The media obligingly portrayed the oil crisis as a product of a Malthusian resources crisis,

and propaganda from the Club of Rome's *Limits to Growth* psywar team became increasingly believable to duped victims of the Great Oil Hoax.

The rise in energy costs served as a \$100 billion tax on the world economy, whose revenues were funneled through OPEC into the coffers of the international banks and the International Monetary Fund as recycled petrodollars to keep afloat the world monetary system. That tax, of course, contributed mightily to the process of forced industrial cutbacks and slower and eventually negative world economic growth.

In this brief survey, we will focus primarily on the three successive shocks of the Great Oil Hoax and the means by which they were delivered. The first was the 1969-71 preparatory phase that began with the coup d'état that brought Col. Muammar Qaddafi to power in Libya in September 1969; the second, the so-called Great Oil Hoax of 1973-74 that revolved around the October 1973 Middle East war; and the third, the 1978-79 crisis that was triggered by the Iranian Islamic Revolution launched by British intelligence's Ayatollah Khomeini and the Muslim Brotherhood.

Since the revolution in Iran, the British combination that toppled the Shah has refocused its activities on Saudi Arabia, the bastion of OPEC stability, with a view to forcing Saudi Arabia to drastically cut its production, even if that means a coup d'état by Saudi factions supporting the Brotherhood. Unless the lessons of the 1970s are learned, the London oil and financial cartel will make sure that history does repeat itself.