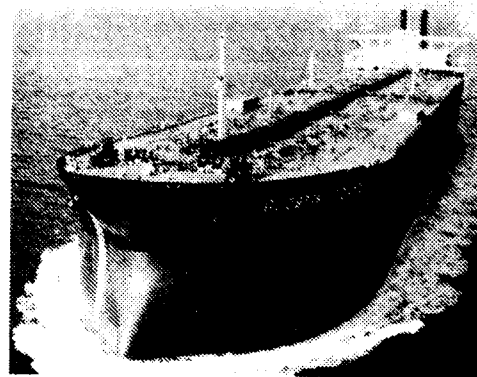


INTERNATIONAL MARKETS NEWSLETTER

Europe, OPEC, Aim Economic Shock at U.S. To Prevent War



Nov. 20 (NSIPS) — Leaders of Western Europe and the Organization of Petroleum Exporting Countries (OPEC) are now working together to shock the United States off its course toward general war. Setting the mid-December international "North-South" economic conference as a target, Europe and the Arab world announced explicit plans to break with the dollar monetary system, and seize control of world oil trade from the Rockefeller "Seven Sisters" cartel.

Venezuela's President Carlos Andres Perez, stating the views of most OPEC leaders, told the European press during a Rome press conference last week that if the Dec. 15 "North-South talks" failed, the world would face imminent "general war." Previous sessions of the year-long conference broke down over U.S. opposition to Third World debt moratorium. But Perez expressed "optimism" about the December negotiations, citing Italy's leading role as the European "interpreter of the needs of the Third World." Italy's foreign minister Forlani had demanded European support for Third World debt moratorium at a meeting of European foreign affairs ministers in Brussels Nov. 14.

According to diplomatic sources, the British government of Prime Minister James Callaghan has told Third World countries that Britain, which like Italy has responded to Wall Street's currency siege and demands for murderous austerity with foreign exchange controls, will back up Italy's call for debt moratorium. Well-informed West German members of parliament also say that "when push comes to shove," their government will back "a total moratorium against dollar debt" in explicit retaliation against the war ravings of the Jimmy Carter gang. Venezuela's Perez and spokesmen for the Italian, Saudi Arabian and other governments identify a solution to the Third World debt problem as the key to stopping a large rise in the international oil price when OPEC meets next month, a rise which would have devastating repercussions for the world economy.

If Europe and the Arab world jointly break from U.S. Secretary of State Kissinger's debt-collection policy at the North-South talks, the payments freeze of \$300 billion of Third World debt will immediately explode Wall Street's international lending swindle, and wreck the Wall Street political faction inside the United States.

The most remarkable indication in this direction came in a recent press conference given by Saudi Arabia's finance minister and reported in the Nov. 15 issue of Middle East Economic Survey, during which he called for a resolution to the debt issue. "The Third World countries want an overall settlement on debt," the Saudi minister stated. "Also, the West is

refusing to allow Arab oil-producing countries to invest in major industrial projects, and thus our liquidity has become a deficit for us. We are pressed to leave our money in the Western banks, where it depreciates. For example, in the fiscal year from 1975 through 1976, we lost \$800 million." When told by a reporter that these losses stemmed from large Arab holdings of British pounds, the minister rejoined, "And what guarantees can you give me about the dollar for next year?"

Further appropriate anger against the U.S. came from the Algerian party daily El Moudjahid, which published a sharp editorial denunciation of Jimmy Carter last week. Under the title "The Brookings Institution Against the Third World," El Moudjahid wrote, "The new economic plan of the Brookings Institution to relaunch the U.S. economy is an inflationary policy which would destroy the world.... the advisors of Carter, supported by the braintrust, would like to reduce unemployment in the U.S. We must admit that such a narrow nationalist concept applied to the world economy threatens to exacerbate cyclic formations and push the inflationary spiral.

"To make the Europeans swallow this," continued El Moudjahid, "Carter is trying to organize the European countries against OPEC.... Under his direction, the present U.S. Administration has created since last Thursday a campaign of brainwashing and psychosis of incredible power."

Seven Sisters on the Line

Italy, Libya and Saudi Arabia are retaliating against this psychosis — the inflationary destruction of the world economy — by working in concert to chop up the Rockefeller oil cartel.

The Italian government is forcing the local branch of the largest of the Seven Sisters, Exxon, out of business, according to a Dow-Jones newswire report yesterday. Italy's tough foreign exchange controls, which the Andreotti government slapped in place last month to prevent the oil companies from speculating against the Italian currency, are losing Exxon more than \$100 million a year, and the Italian government is refusing to buy up Esso Italiana's assets. The multinational may have to close up shop in Italy with huge losses. "It looks like Andreotti wants a confrontation," a Wall Street oil analyst commented.

Meanwhile, the Libyan government reportedly wants to force Exxon to abandon a liquefied natural gas plant it runs in Libya, which sells two-thirds of its output to an Italian state company.

OPEC's best-known spokesman, Saudi Arabia's Sheikh Zaki Yamani, warned that Saudi Arabia is preparing the final blow to the Seven Sisters cartel. In an interview with Business Week, Yamani said that his government would move immediately to nationalize Aramco, the Seven Sisters' consortium. Accusing the Seven Sisters of creating an artificial shortage of oil through unprecedented stockpiling of crude petroleum, Yamani vowed

that "the oil companies won't get away with this." Already, he said, the companies' phony shortage has raised consumer prices by 8 per cent internationally, a larger increase than Saudi Arabia is willing to tolerate in the price of crude in the Persian Gulf.

All the key European countries firmed up direct oil-purchase deals with OPEC since Jimmy Carter's fraudulent election, bypassing the Rockefeller oil cartel, which has always acted as the middleman between Europe and Japan and the oil producers. Through a five-nation "consortium" among the nationalized oil companies of France, Belgium, Italy, West Germany and Holland, the Europeans are in control of their own internal oil distribution. Authoritative British oil sources have said that in the event of a new oil crisis, Western Europe would break with the U.S. in a bloc and deal directly with the Arabs.

Venezuelan President Carlos Andres Perez is coordinating between Europe and the Arab oil producers, leaving Italy yesterday for visits to Great Britain, France, Saudi Arabia, and the Soviet Union.

Breaking With the Dollar

Provisional financial arrangements are already in place to enable Europe to break with the dollar, and the Arabs and Europeans are in working agreement to create a gold-based monetary system within a very short period of time. President Perez, leaving Italy, announced that Venezuela would now hold some of its \$5 billion in foreign exchange reserves in Italy — giving the Andreotti government breathing room against the International Monetary Fund and its Wall Street creditors. Previously, all Venezuela's reserves were held in New York City banks. Saudi Arabia set up a similar arrangement with Britain last week during the visit to Britain of its Defense and Trade ministers. Since that visit, Saudi money has backed up the pound sterling and defended it from the speculative attacks of the Wall Street banks.

Britain yesterday seized the moment to pull the pound sterling out of its "buffer" role for the dollar, one of the basic causes of the country's economic prostration. The British Treasury announced strict limitations yesterday on lending of pounds sterling to foreigners, shutting down a major source of funds for speculation against the British currency. This measure also prevents the old British sterling area's credit from being used to support the dollar debt service of Third World countries among Britain's former colonies, kicking out a further prop for the Eurodollar market. The chief of foreign exchange trading for

one New York bank called the move "a slap in the face for the City of London" Eurodollar banks, "warning them that Prime Minister Callaghan is running the country, not them." In effect, the British controls, similar to controls which Italy imposed in October, are a partial "freeze" on foreign-held sterling; a full freeze could bring down the Eurodollar market overnight.

Moves to Gold

A senior Arab advisor to the Saudi and Kuwaiti governments reports that these countries are ready to move their currently New York-controlled tremendous financial resources into gold. Jimmy Carter's election, the advisor said, is interpreted as a "declaration of war" against the Persian Gulf countries. Consequently Saudi Arabia and Kuwait "feel no obligation" to continue holding tens of billions of dollars of their reserves in the Wall Street banks and the Eurodollar market. At the first sign of trouble in the Mideast, he added, the Arabs will rush full-scale into gold. They would have done this sooner, the advisor said, but Treasury Secretary William Simon threatened to cut off U.S. exports of weapons. In the past week, however, Saudi Arabia secured arms supplies with Britain, and Kuwait began negotiation for arms with the Soviet Union.

An undercurrent of panic has appeared in Wall Street, which spent last week celebrating what the Wall Street Journal called a "doubles act" between Jimmy Carter and Federal Reserve chairman Arthur Burns with a rally on the stock and bond markets. Leading insurance companies and bank trust departments have begun to load up gold-mining shares, and a couple of prestigious Wall Street investment houses are warning of a collapse of the U.S. securities market and a rush into gold.

Even some of Jimmy Carter's hyperinflationist advisors are starting to crack. At a private business conference last week, Carter economic advisor Albert Sommers, chief economist for the Conference Board, admitted that inflation was far from under control; under these circumstances, he said, downcast, gold didn't look like a bad investment!

European central banks have begun to exert direct influence on Federal Reserve chairman Arthur Burns, warning him of the consequences of trying to put through Jimmy Carter's Schachtian economic program. Citing European blackmail, a member of the Fed's Board of Governors said, "This will tell you what we think of the Humphrey-Hawkins bill." The Europeans are in direct touch with the regional Federal Reserve banks in the American heartland, working jointly against Carter's fascist program.

Venezuelan President Perez:

'Oil Price Will be Linked to the North-South Talks in Paris'

UNITED NATIONS, N.Y., Nov. 16 (NSIPS) — Following are excerpts from an unofficial transcript of Venezuelan President Carlos Andres Perez's press conference here today.

Q (UPI): Since you are promoting higher oil prices, how do you think that this will affect your future relations with the United States?

Perez: We are not promoting higher oil prices. Those who do are the industrial countries which raise the prices of the capital goods and manufactures which we must import. It is not that we selfishly use oil for our benefit. We try to use it to improve the terms of trade, for instance at the North-South talks in Paris.

We hope that your country (to U.S. reporter — ed.) will listen to our appeal for justice.

Q: Are you saying that if the industrial countries offer to keep the prices of manufactures down then you will not raise oil prices?

Perez: Precisely! If the industrial countries accept a system of balance and equivalence, I am sure that OPEC will not take any measures to raise its prices.

Q: What do you think of Carter's foreign policy?

Perez: We are just trying to make sure that when he takes over the reins he may act in full awareness of what is going on in the world. It is not my role to give advice, but I must recall the early part of the Kennedy administration in 1960 and the terrible mistakes he made by listening to the advice of his predecessors. He took the advice of his advisors which led to one of the greatest and most tragic mistakes of his career, the invasion of

the Bay of Pigs, which greatly lowered his standing in Latin America. We hope that Carter will accede to power and when he does we will speak to him face to face and with respect.

Q (AP): When the North-South talks are over in Paris, do you think that they will come to the United Nations? Do you think that this will be after Carter takes over?

Perez: When the North-South talks convene in Paris for the first time, the idea was that at the conclusion they would come to the UN. We want the UN to be the forum for these very important discussions. These extremely important topics must come to the United Nations. If the circumstances should be that the talks in Paris should fail, I wouldn't venture to predict the consequences. Once again there might be confrontations and threats. It would be very grave if the talks were not to reach a successful conclusion. What we are asking for is not a radical change of the whole world economy at once. We are just asking that steps be taken in good faith, that we be able to trust the good faith of the industrial countries.

Q (NSIPS): After the Cubana bombing, you said in a letter to Premier Castro that study of the terrorism question should be made at the United Nations, or by some international body. Evidence has appeared in Latin American newspapers over the last month that some of the accused bombers maintained a liaison with the U.S. Embassy in Venezuela. The U.S. Labor Party has charged, in a brief being circulated at the UN, that Secretary of State Kissinger is implicated in terrorism in the Caribbean. What are the plans of the Venezuelan government when the Legal Committee here takes up the terrorism question later this month? Will you be asking for an investigation by some international body of the intellectual authority of the bombing of the Cubana plane?

Perez: Today in my address to the General Assembly I said that I do believe that the UN should identify a set of solutions to the terrorism problem. I could not make any specific assertions

regarding any specific agency. But I do believe it is the duty of any great democratic country such as the United States to dispel all doubts, including doubts expressed in the United States newspapers, concerning the participation of official agencies in these acts....

Q (Business Week): Do you think there will be any OPEC price hike at all, and if so, how high?

Perez: OPEC has acted with great discretion, moderation and sense. It has acted with restraint. But whatever happens to the OPEC oil price will be linked to the North-South talks in Paris. I recall for you that when the North-South dialogue began, OPEC suspended a meeting of its executive that was then planned, so that OPEC could weigh the attitude of the developed countries at the talks. Our attitude is not one of hostility to the developed countries. But any future oil price increases will be directly connected with decisions taken at the North-South talks, and secondly with the prices of industrial commodities.

Since World War Two there have been two power blocs imposed by the victors of that war. That system of power blocs has become unworkable and has broken down. Now the Third World has arisen with a great moral force. In addition, oil has now been added to that moral force. I wish to add that if the economic reforms I am describing here are not successful, we are headed toward disaster....

Q (N.Y. Post): Wouldn't it be more to your own advantage to wait until Carter is in the White House and you can find out his attitude?

Perez: The Third World acts with great patience and prudence. And there are prospects for understanding. There will be a prudential pause. But this has been a traditional problem in Latin America. During the election campaign we are told that decisions must wait. Then there is the waiting for the inauguration of the new president, and then he must take time to get used to the office. Then it is almost time for another election. That is a word of caution I would give you.

Algeria Denounces Brookings, Carter For Plan To "Destroy The World" In Hyperinflation; Saudis Also Attack U.S. On Debt

NEW YORK, Nov. 18 (NSIPS) — Two leading members of the Organization of Petroleum Exporting Countries, Algeria and Saudi Arabia, this week issued powerful statements against sabotage of the Paris North-South talks by the Brookings Institution and Jimmy Carter, and have called for the conference to resolve the crucial issue of Third World debt.

The Algerian newspaper, *El Moudjahid*, published by the Front de Liberation Nationale, blasted Brookings hyperinflation plans in an editorial in its Nov. 14 issue. The article was entitled, "The Brookings Institution Crusade Against the Third World." It said, in part, "The new economic plan of the Brookings Institution to relaunch the U.S. economy is an inflationary policy which would destroy the world... the advisors of Carter, supported by this braintrust, would like to reduce unemployment in the United States. We must admit that such a narrow nationalist concept applied to the world economy threatens to exacerbate cyclic formations and push the inflationary spiral."

"To make the Europeans swallow this," continued *El Moudjahid*, "Carter is trying to organize the European countries against OPEC... Under his direction, the present U.S. Administration has created since last Thursday a campaign of brainwashing and psychosis of incredible power." *El Moudjahid* continued by affirming that OPEC will continue to work to avoid confrontation with the developed countries, and accuses certain

Western countries of trying to sabotage the North-South talks.

Even more remarkable is a press conference by the Finance Minister of Saudi Arabia, reported in the Nov. 15 issue of *Middle East Economic Survey*, in which he called for resolving the issue of debt. "The Third World countries want an overall settlement on debt," the Saudi minister stated. "Also, the West is refusing to allow Arab oil-producing countries to invest in major industrial projects, and thus, our liquidity has become a deficit for us. We are pressed to leave our money in Western banks, which depreciates. For example, from 1975 through 1976 fiscal year, we lost 800 million dollars."

At this point, a reporter interrupted: "But the reason is because you are holding sterling." The minister replied: "And what guarantees can you give me about the dollar for next year?"

Soviet Bloc Builds Credit Links To OPEC

Nov. 17 — The following article is an Associated Press release from Geneva which appeared in today's *Baltimore Sun*.

The Soviet Union and other East European countries, which have been borrowing heavily from Western banks to finance payments deficits, are establishing direct links with oil exporting nations to tap their revenue surpluses, says the United Nations Economic Commission for Europe.

The efforts to diversify the loan sources are "considerable," the commission said in its annual Economic Bulletin for Europe.

The commission said that until recently, only one route was available to the Soviet Union and East European nations for borrowing abroad — they drew on surpluses that the oil exporters deposited with Western banks.

Now, the commission said, the East Europeans have begun borrowing directly from the oil exporters for the construction of special enterprises, and the loans will be repaid by the future production of the enterprises. In addition, the Eastern nations have begun participating in investment projects in oil-producing countries for which they are paid partly in cash.

"Already, several billion dollars are involved in such deals," including machinery deliveries, the commission said.

The Soviet Union and East European countries can use this money to reduce their deficits with industrial market economies, the commission said. Last year net lending by Western banks to the Soviet Union and East European nations increased by \$8.7 billion, and during the first quarter this year by another \$2.6 billion. At the end of March, 1976, Western banks' net claims against Eastern Europe and the Soviet Union reached almost \$18 billion.

The U.N. group noted that though Western banks welcomed this surge in the loan demands during 1974 and 1975, they have this year become reluctant to continue lending at such a scale.

The banks have indicated that they are dissatisfied with the lack of information needed to assess the creditworthiness of these countries.

Nevertheless, "demand for loans has so far largely been met," the commission said.

It said that borrowing requirements of these countries in the immediate future will depend mainly on the growth of their exports and on their terms of trade, both of which have been reported to be recovering since the early months of 1976.

Arabs Answer Kissinger:

"Once Again The U.S. Is Trying To Array The Poor Nations Against OPEC"

Nov. 19 — The entire Arab world has reacted with anger to attempts by Secretary of State Henry Kissinger and other Carter backers to blame the Organization of Petroleum Exporting Countries for an oil price hike and their own genocidal looting schemes for the Third World. A sampling of Arab reactions follows:

Iraqi magazine Al Iraq: "One can only condemn the crusade launched by the U.S. against OPEC in view of preventing the latter from reducing the difference between the price of oil and that of the goods imported from the western world by the member countries of the organization."

Iranian Government party paper Rastakhiz: "Once again the U.S. is trying to array the poor countries against the oil-exporting countries" while the "truly responsible ones" for the impoverishment of the Third World are the industrialized countries.

Algerian Press Service: "...oil prices are completely "justified." Attacks "The tempestuous and useless posturing of Mr. Kissinger who sows discord even among the clan of the rich which he thinks he is pulling together under the control of the U.S."

Saudi Defense Minister : In an interview with the London *Sunday Times*, Saudi Defense minister Prince Sultan stated, regarding the possibility of a large price rise by OPEC: "What about the increasing profits of the Western Oil companies, which make more money everytime the price of oil goes up?"

Kuwait state daily Al Qabaas: "The oil producing states have lost \$800 million due to some oil companies having repeatedly increased their purchases of oil in recent weeks in anticipation of an increase in the price of oil." According to the Cuban wire service Prensa Latina this statement is the prevailing opinion of circles in Kuwait involved in the oil business. Prensa Latina reports that Kuwait and other Arab producers' sales were up in October as a result of the stockpiling of oil by the oil companies."

Kuwaiti Finance Minister: "The intention beneath these threats (U.S. threats against OPEC —ed.) is the hope of raising the poor countries up against OPEC and of holding OPEC responsible for the economic situation the world faces. But the Third World will not attach importance to these threats, because the U.S. and other industrialized countries are responsible for the deterioration of the economic conditions of the world."

Kuwaiti Foreign Ministry official: "The driving force behind Arab-European cooperation came as a result of the 1973-1974 crisis. The European interest is primarily economic and the Arab interest is primarily political and also around security questions." The official added that the Arabs think that Europe "can be a major force in shaping world politics," (referring to a force to help achieve a just settlement to the Mideast crisis — ed.). He stressed as well that the security of Europe "is linked to the Mediterranean and the Arab world.... Dialogue is one thing, but there has been little progress. Bilateral relations are more important. Kuwait, for instance, has relations with Britain, France and Italy and so forth, as we have done a lot. These bilateral relations will then further the Arab-European dialogue." The official concluded that the lack of progress in the moves towards cooperation on an economic level between the Arab sector and the Europeans was due to U.S. intervention, "maybe pressures from Kissinger, perhaps through Great Britain," an acknowledgement that the U.S. is leading a deliberate fight against the Third World.