

# Behind the OPEC impasse

*Venezuela's machinations mark a different kind of maneuver against Saudi Arabia's price-cut efforts, reports Judith Wyer.*

The period between now and OPEC's next scheduled meeting in December will very likely reveal whether Saudi Arabia's determination to force oil prices down persists.

The emergency Aug. 18-21 meeting of OPEC, like every other meeting in recent history, ended in disarray, with no agreement on pricing or production policy. But new battle lines have been drawn between Saudi Arabia and the so-called price hawks, which portend a potential realignment of OPEC against Saudi Arabia.

Such price hawks as Iran and Libya have consistently sabotaged every effort by Saudi Arabia to moderate OPEC oil prices. But at August's meeting, for the first time, Venezuela—long considered the mediator between the hawks and Saudi Arabia—openly blocked with Iran and Libya in an attempt to break the Saudi pricing policy and achieve a net increase in oil prices by December.

Venezuela, a founding member of OPEC along with Saudi Arabia and a longstanding ally of Riyadh, single-handedly wrecked a deal which the Saudis came close to swinging that would have reunified oil prices somewhere between \$34 and \$35 a barrel. Had the Saudis succeeded, the official OPEC pricing ceiling would have dropped by \$3 a barrel.

The government of Venezuela's Luis Herrera Campins has thus shown its true colors as a collaborator of the Anglo-Venetian financial oligarchy, which has a vested interest in continued oil price increases.

But Venezuela is only one arm of a conspiracy against Saudi Arabia. The same noble families centered in Venice and Britain are behind Libyan dictator Muammar Qaddafi's just-announced effort to "liberate" Saudi Arabia.

According to a source close to the National Security Council, there are officials in the NSC as well as the Office of Management and Budget who are working on a parallel track against Riyadh.

The source revealed late last month that he is personally "in a dialogue with a number of members of the NSC to begin a study to deal with the prospects that oil prices may further decline." The source says that he is proposing the imposition of a tax on imported oil to ensure that the U.S. price for crude "does not slip below \$30 a barrel." At the OPEC meeting, Saudi Oil Minister

Zaki Yamani told the press that the world price of oil should be no higher than \$28 a barrel. Another qualified source commented that Washington could have lent quiet support to the Saudi strategy of bringing down oil prices "but Saudi Arabia got nothing." He attributed this lack of U.S. support primarily to David Stockman, who "behind closed doors is one of the biggest opponents of the Saudi pricing strategy." Earlier this year Stockman proposed a similar plan to impose a tax on imported oil.

Only so long as supply and demand kept pushing up the price of oil have these free-marketeers preached against government intervention into the market. But once a seriously depressed market—the product of their own economic policies—forced the price of oil down due to collapsing consumption, the "supply-siders" suddenly call for the federal government to keep oil prices from collapsing.

At present, OPEC is exporting a full 10 million barrels a day less than it was two years ago. The chief reason for the collapse has been a staggering decrease in world oil consumption. As a result, the Malthusian free-enterprisers in Washington, London, and Venice are prepared to compel a major Saudi cut in production through means up to and including terrorism against the Saudi oilfields in order to eliminate the oversupply of crude on world markets and force oil prices back up.

## **The Venezuelan-Libyan axis**

Since the OPEC meeting, Venezuela and Libya have initiated a series of vocal attacks on Saudi Arabia's low oil price, attacks designed to prepare the climate for the terror and insurrection against the Saudis which Libya is now actively organizing.

Dr. Alvaro Silva Calderón, the former director of the energy ministry of Venezuela and a close collaborator of Venezuela's Paolo Pérez Alfonso, a founding delegate of OPEC, lashed out at Saudi Arabia in an Aug. 24 interview with the Venezuelan daily *El Nacional*. By attempting to lower oil prices, Calderón accused Saudi Arabia of acting "contrary to principles that justified the birth of OPEC. . . . Saudi Arabia is bent on lowering the price of oil, when OPEC was created precisely to defend the price of its crude." He warned

that Venezuela now has a new role in organizing a bloc within OPEC to "maintain the tendency toward the continued increase of prices."

Within the Arab world, Qaddafi is acting on a parallel course to organize an alliance of both radical and erstwhile moderate Arab states to challenge Saudi Arabia. Venezuela and Libya are jointly charging that Saudi Arabia is a puppet of the West for forcing the oil price down. Less than a week after the OPEC meeting, Qaddafi met with the heads of state of Libya's Marxist-Leninist allies South Yemen and Ethiopia to conclude a friendship treaty. At that meeting, Qaddafi ranted that he and his allies are prepared to "liberate the Arabia peninsula from American influence." The three states affirmed their commitment to back "liberation movements" against the Riyadh government. Twenty-four hours later Qaddafi arrived in the United Arab Emirates, a traditionally conservative neighbor of Saudi Arabia. But like Venezuela, a number of "conservative" Arab states of the Persian Gulf are becoming surprisingly receptive to Qaddafi. Shortly before the OPEC meeting, Libyan Foreign Minister Abdel Salem Tureiki conferred with leaders of Kuwait and other Gulf sheikhdoms. These sheikhdoms—again, like Venezuela—maintain historic connections to both Great Britain and the Italian elite of Venice.

### **The role of the multitis**

Shortly after the OPEC meeting, Saudi Arabia announced that it would cut its record 10.3 million barrel-a-day exports by 1 million barrels a day. This was the result of strong pressure from a number of producers whose exports in some cases have fallen by 60 percent due to the collapse in oil consumption. Saudi Arabia has maintained a record-high output level in order to force these countries, notably the North African states to lower their prices.

At the OPEC meeting, it is reported that Saudi Arabia offered financial aid to these countries in exchange for the loss of oil income due to a cut in prices. A source at Salomon Brothers in New York observed that "Saudi Arabia is under incredible pressure . . . it has never been so isolated within OPEC before. So by lowering its output it is trying to give the worse-off states like Nigeria a little more room in this glutted market to sell some more oil."

But it appears that the Saudi effort to begin to redistribute the dwindling oil-market share may be undermined by a potential deal between Khomeini's Iran and the multinational oil companies. The major oil companies, according to the *New York Times*, opened a dialogue with Iran days after the August OPEC meeting in which the former are offering to market another 1 million barrels a day of Iranian crude which would compensate for the Saudi production drop.

Curiously, Venezuela is the *only* producer in OPEC which has not been seriously hurt by the collapse in oil consumption and the accompanying oversupply of crude. If any OPEC member could have afforded to lower its oil price and reach an agreement with Saudi Arabia, it was Venezuela. And yet Venezuela refused to drop its price from \$36 to \$35 a barrel!

Venezuela is known to be re-establishing a close relationship with the multitis following its nationalization of the oil sector a few years ago. Furthermore, according to a source with the Washington-based Heritage Foundation, a key controller of Reagan's free-enterprise policies, Venezuela is allied with the elements represented within the National Security Council who are opting for higher oil prices. The source reveals that Heritage is currently writing a proposal for a U.S. energy plan based on a massive financial boondoggle to make the Western hemisphere energy "self-sufficient." He asserted that Venezuela is crucial to the plan, which is premised "on at least a \$36 a barrel world oil price."

### **The AWACS connection**

Behind the anti-Saudi campaign of Venezuela and Libya is a calculated effort to discredit Saudi Crown Prince Fahd and strengthen a faction of the Saudi elite around Prince Abdullah, a British agent who favors lower Saudi production and higher prices. Prince Fahd is the mastermind of the Saudi policy to bring world oil prices under control. Once it became apparent at last week's oil meeting that Venezuela was wrecking the Saudi effort to reach a pricing agreement, Fahd personally ordered Yamani to halt further negotiations.

A former State Department expert on the Middle East confirmed at the end of August that the outcome of the current congressional debate on the Reagan plan to sell AWACS surveillance planes to Saudi Arabia could decisively affect Saudi Arabia's oil-pricing stance. The source observed that "inside Saudi Arabia, there are a host of political factions who are ready to use the AWACS issue to say to Fahd, 'You see, your oil policy has failed, we have been moderate and we got nothing from the U.S.'" Fahd, he added, recognizes that militarily the AWACS will mean very little for Saudi Arabia. But that now the traditionally pro-American Fahd "has been put in a corner."

European sources report that Qaddafi plans to use his terrorist apparatus to assassinate Fahd or Fahd's close ally Saudi Oil Minister Zaki Yamani. Rumors apart, one thing is certain: every effort will be made to bludgeon Saudi Arabia into acceding to a price rise and a concomitant production drop by December. The consensus in Washington is that if the AWACS sale does not get through Congress this fall, Saudi Arabia will immediately raise its price to \$36 a barrel and drop its output to as low as 7 million barrels a day.