

# George Bush: arming the ayatollah

by Scott Thompson

In the summer of 1986, Vice President George Bush convened a meeting of independent oil producers from Texas, Louisiana, and Oklahoma in his offices. This began the long oil price hike to double the price from the \$9.10 a barrel it was then, thus to win Bush the support of independent and major oil producers in the 1988 presidential race. Bush would accomplish this by "jaw-boning" Saudi Arabia to cap wells that had been used to keep up Saudi income in the face of the glut being produced by non-OPEC countries.

Although few of the independents that have climbed aboard the Bush bandwagon know it, the secret beneficiary of this pressure tactic was Khomeini's Iran, which was then in a battle within OPEC to force the Saudis to bear the brunt of the drive to raise oil prices. The story of Bush's role in "jaw-boning" the Saudis to benefit Iran appeared in the *New Republic*, after it was first discovered by West Coast journalist Jonathan Marshall.

Among the oilmen who have joined the Bush campaign are: Robert Mosbacher, Sr., the head of Mosbacher Energy Co. With Mosbacher's support, Bush has won campaign contributions from Pennzoil, Occidental Petroleum, and Zapata Oil Co. Armand Hammer, the Soviet Trust agent who heads Occidental Petroleum, has put \$5,000 into the Bush campaign, and appears to be getting ready to play the same role in a Bush administration that he did in influencing Reagan to swallow the treasonous INF Treaty. Chet Upham, a leading Texas independent who is on George Bush's Texas Finance Committee, cites Bush's role in pressuring the Saudis as one reason for the oil companies' support.

In 1986, because Iraq was bombing Iranian oil facilities and because of the overall glut, Iranian oil revenues had fallen from \$16 billion to only \$6 billion. This was barely enough to keep Iran in the war, let alone permit Iran to make major new arms purchases on the world market or fund any extended offensives. Thanks to Bush's oil diplomacy, which doubled the world oil price, Iran's coffers were instantly replenished for this purpose. The oil price fixing carried out by George Bush was a major, as yet secret, part of the Irangate arms-for-hostages deal.

In preliminary talks with U.S. National Security Council spokesmen, the Iranians had stressed their interest in getting higher oil prices. They also expressed interest in acquiring

the "defensive" arms needed to protect Kharg Island and other oil facilities from Iraq's overwhelming air superiority. Before the talks became a world scandal, according to the *Washington Post* of Nov. 5, 1986, Iranian negotiators were drafting a "protocol" that would have ended the formal state of hostility between the United States and Iran and thrown Washington's support behind a world oil price of \$18 per barrel.

This shift in U.S. policy, from "free market pricing" to active intervention, was signaled by Vice President Bush's spring 1986 visit to the Gulf states. According to the *New York Times* of Nov. 23, 1986, Bush asked his Saudi hosts to "stabilize" world oil prices "as part of our national security interest." Indeed, in a report to the Khomeini regime, an Iranian arms agent cited Bush's repeated call for higher oil prices as evidence of Washington's good faith in the arms-for-hostages talks, according to the *Wall Street Journal* of April 7, 1986.

After Bush's visit, at an Aug. 4 OPEC meeting in Geneva, Iran suddenly ended its five-year feud with Saudi Arabia. Iran agreed to share in production cutbacks in order to achieve higher oil prices. Iran's decision was taken on the very same day as the implementation of President Reagan's order, relayed by National Security Adviser John Poindexter, to ship \$6.5 million worth of American-made spare parts for the Islamic regime's Hawk anti-aircraft batteries. The Hawk parts were desperately needed by Iran to repel Iraqi air attacks on economic targets in Iran. By January 1987, more than 20 Iraqi jets had been downed, mainly by Hawks, forcing Iraq into a review of its air war against Iran.

In October 1985, Saudi Arabia's King Fahd had decided to teach Iran a painful lesson for its defiance of previous OPEC agreements, by increasing production of Saudi oil, assuring that Saudi Arabia would no longer bear the financial brunt of OPEC's attempts to fix the world oil price. Tensions between Riyadh and Teheran reached a new height in February 1986, when Iran threatened a ground attack against both Kuwait and Saudi Arabia. This followed a surprise Iranian offensive that month that left Khomeini's forces in control of the Fao peninsula, only 25 miles from the Kuwaiti border. Poindexter had given the Iranians surveillance photographs showing the Iraqi order of battle.

Two months after the Iranian offensive, which Iraq was unable to repel, George Bush arrived in Riyadh, Saudi Arabia. According to Saudi officials, King Fahd knew about President Reagan's intelligence support for the Iranian invasion of Fao, and he knew that this measure had brought Iran within striking distance of other Gulf states, which Iranian Speaker of the House Ali Hashemi Rafsanjani was then repeatedly threatening for their support of Iraq in the war. "I think it is essential that we talk about stability [of world oil prices] and that we just not have a continued free fall like a parachutist jumping without a parachute," Bush said at an April 1 news conference before meeting with King Fahd.