

competition. It has in particular hit the marginal economies of Algeria, Nigeria, Venezuela, and Indonesia, forcing these governments into calling for higher prices.

Since the middle of 1977, Saudi Arabia's output has dropped from the record production of just over 10 mbd to under 8 mbd, which accounts for most of the net decline in total OPEC production from 33 to 30 mbd. Similarly, the UAE has announced that it will cut back about 500,000 barrels a day. In the case of all the moderates, with the exception of Iran, their economies do not necessitate the scope of their respective petroleum incomes, hence they can afford to take the cuts.

Yamani spoke quite clearly of the importance of resolving the glut this week in Caracas by stating that "the current oil surplus affects the existence of OPEC ... when the market is glutted, Saudi Arabia is obliged to preserve the unity of OPEC and to reduce oil production."

*The Time Element*

A just-released report from the office of Senator Henry

Jackson (D-Wash) on the prospects of a major confrontation erupting between Saudi Arabia and Iran illustrates the pressure the City of London team are prepared to bring to bear to break up OPEC. What Jackson advocates is the old Kissingerian plan of promoting a military axis between Iran and Israel to control the Mideast. According to an advisor to the U.S. Defense Department, Jackson's conclusions were "stupid, incompetent and horribly oversimplistic." The same source indicated his concern that such a report would have been issued just at the time OPEC solidarity is coming into question over the pricing issue.

Numerous other experts on the Mideast noted the striking similarity between the Jackson report and the recently published bestseller, *The Crash of '79*, which describes a world monetary collapse that triggers the revenue-hungry Iranians into an invasion of the Persian Gulf oilfields. Along these same lines, Jackson's cohort, Senator Daniel Moynihan (D-NY), was even more blunt last week in a television interview when he urged that the U.S. "break up OPEC."

— Judy Weyer

Perez At OPEC:

## Debt Moratorium Is 'Smart Business'

*While it is true that Venezuelan President Carlos Andres Perez did call for OPEC to pay off a portion of the Third World's debt, during his speech before the cartel's meeting in Venezuela on Dec. 20, the monetarist-controlled press networks totally omitted CAP's reference to the idea of a global debt moratorium based on the precedent of the debt cancellation granted by Sweden to certain*

*The relevant passages, censored by such reporters as Juan de Onis of the New York Times, are printed below.*

*The fact that CAP, after discarding the issue of debt moratoria as unlikely, settled for a scheme that would have the opposite effect on the world economy — a scheme long sought after by New York and London bankers — is a reflection of the intense pressure his government has been under. A series of operations externally, coupled with disinformation deliberately fed to CAP from agents within his own government, have left the Venezuelan chief of state boxed in geopolitically, and vulnerable to offers for a "deal" from circles connected to the Carter Administration. Rumors of a possible coup in neighboring Colombia pose a particularly significant threat.*

...The growth of (Third World) debt is dramatically alarming. With every day, the non-oil producing developing countries face diminishing possibilities for meeting the service on this debt; at the same time their

purchasing power decreases. A vicious circle with no solution is leading the world to catastrophe. The collapse of the economies of the developing countries makes possibilities for recovery more precarious for the industrialized economies....

The government of Sweden, which is a conservative government, was being honest when it said there was no hope for the Third World to solve the debt problem, and that therefore the industrialized nations should face the problem by canceling that debt, thus opening new opportunities for overcoming the crisis affecting the industrialized nations. It is not, therefore, a question of an act of mercy or a handout, but an act of smart business through which new possibilities will be opened for international trade, and rescuing the world economy from its weakness.

However, this is not understood by the insensitive minds of the large nations. The debt is sacred, they proclaim.

...If the large nations do not want to acknowledge what Sweden has acknowledged, why doesn't OPEC, in its 15th meeting, agree for the benefit of humanity, to increase the price of oil by 5 to 8 percent, and dedicate (the increased revenue) fully, for one year, as a contribution to paying the debt of the non-oil producing developing countries, to be implemented by a mechanism involving OPEC, the Group of 77 and the International Monetary Fund?

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