

will increase because there will be a shortage of vessels; and 2) If the vessels have to go into a war zone, the assumption is that they will receive some military protection from one side or the other of the belligerents. In other words, if you are loading in Iran, then Iran protects you. If you are loading in Iraq, then Iraq will protect you.

In Kuwait, we have a case in which the Kuwaitis, although they are commercial friends of the United States, nevertheless, nationalized, with compensation, the Gulf Oil Co. and the American Independent Oil Co. concessions in Kuwait, following the 1974 price escalation. The Kuwaitis have taken control of the shipping of the oil. And they have taken over the refining and the marketing ("Q8" gas stations in Europe). In furtherance of the Kuwaiti policy of hiring the most convenient protector, the U.S. Navy, has been converted into a "reserve flag of convenience."

Over recent years, the oil cartel (the Seven Sisters), with their immense power, have seen to it that their tanker fleet was all flagged-for-convenience; and oil-exporting nations that have nationalized have followed suit. The grain cartel (Cargill, Continental, Bunge, André, Louis Dreyfus, and the others) have likewise flagged-for-convenience, affording them the benefit of anonymity-of-location of origin and destination of foodstuffs that "home ports"-of-convenience allow. The American unions deserve a little bit of the blame for this process, by not being more flexible in their manning standards.

Therefore, we are backed into limited policy options. The correct response to the situation would be to supply and protect some American vessels to move the cargo in the Gulf, and make the strategic point to all belligerents. But the United States does not have enough of the right vessels to do the job. The American merchant marine has been systematically destroyed since Henry Kissinger was Secretary of State and negotiated the Russian grain-shipment deal of 1972-73.

Since we do not have any American vessels, we should make use of the NATO shipping protocol. There may be vessels covered in that treaty commitment, that are under flags of the nations of the Western alliance, meet the proper standards, and serve the strategic purpose.

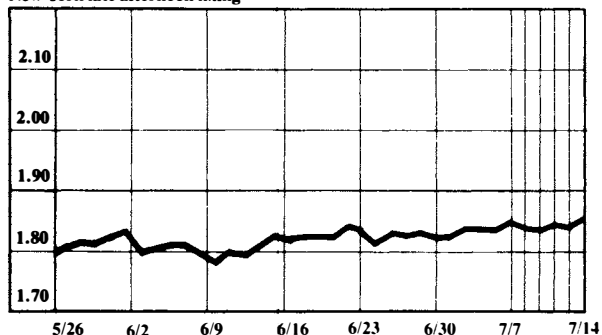
Another policy option, would be to have Kuwait, as a nation, join in the Western defense commitment. Because of the need for immediate defense, Kuwait could enjoy the benefits of putting money into Western defenses—enhancing the military-industrial resources of Western shipyards and defense industries, and reduce the current Kuwaiti involvement in New York and London real estate speculation, investment in U.S. farmland, and Carolina beach resort development. Both Western Europe and Kuwait would continue to enjoy the Q8 gas stations, and the principle of shared industrial development and defense would prevail among allies.

As part of this policy, we should not forget that the grain cartel companies should be similarly positively induced.

Currency Rates

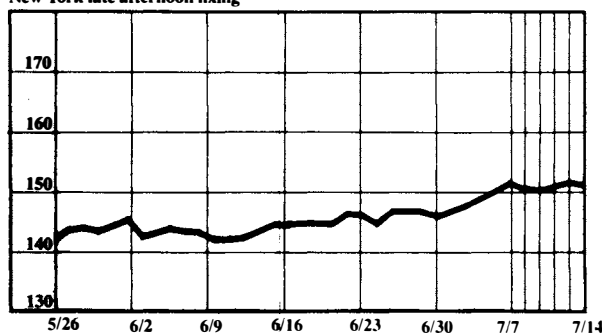
The dollar in deutschemarks

New York late afternoon fixing



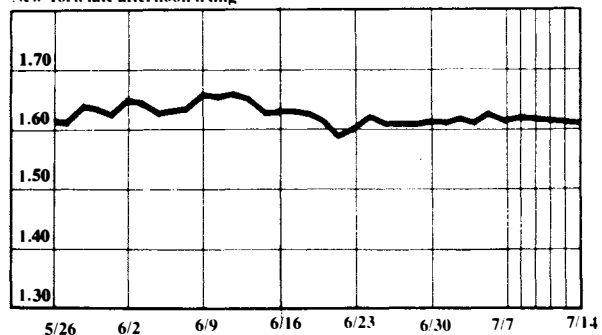
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

