

## A Crude Game: Paying For Our Own Destruction

by John Hoefle

The use of petroleum as a weapon by the British Empire has been a key feature of the oil business since its beginning. The original oil fields, in Pennsylvania and Texas in the United States, and in Russia, were taken over by British-allied interests, whose initial interest in oil was as fuel for a new and more powerful navy, in preparation for World War I. As the world industrialized, oil became even more important, and the control of oil assumed even greater importance for the British.

The history of oil is one of deception and manipulation, of the creation of giant cartels and front groups to hide imperial machinations. From the beginning, the vast wealth of the oligarchy, channeled through the City of London, was used to buy up the oil fields and suppress competition. Royal Dutch Shell took control of the Russian oil fields; the Anglo-Persian oil company, today known as BP, took control of fields in the Middle East; and John D. Rockefeller's Standard Oil dominated the oil business in the United States. These companies, or their descendants, still control the world's oil markets. There is no such thing as a "free market" in oil, and there never has been.

There are, today, three layers of control over oil. The first is OPEC, the organization of major oil-producing countries, which was a creation by the British, the purpose of which is both to set a floor under the price, and to provide a convenient scapegoat. The second layer is the international oil cartel, the oil companies that control the refining, distribution, and sale of petroleum products around the world. The third layer is the spot market, which sets the so-called "market" price. The oil cartel controls the oil business itself, while the spot market is a creature of the financial markets. By controlling all three layers, the British Empire exerts ef-

fective control over the oil market, while hiding behind the skirts of OPEC and Big Oil.

Through the control of both the supply and price of oil, the British Empire has been able to exert tremendous power over the world. With the rise of the spot market, and the consequent petrodollar market, the British now exert more control over the dollar than does the U.S. government, and we are all suffering the consequences.

### The Oil Cartel

To many, the phrase "oil cartel" brings to mind the Organization of Petroleum Countries, or OPEC. OPEC was founded in 1960 by five countries—Saudi Arabia, Iraq, Iran, Kuwait and Venezuela—and later joined by nine others—Qatar, Indonesia, Libya, the United Arab Emirates, Algeria, Nigeria, Ecuador, Angola, and Gabon. Its headquarters was initially in Geneva, Switzerland, but moved to Vienna, Austria in 1965.

OPEC was a British creation, a way of keeping the oil-producing nations in line, and creating a uniform oil price for the benefit of the oil companies. It was based upon the Texas Railroad Commission, a state agency created in 1891 to protect the operations of the British-linked Harriman railroad operations in Texas. With the discovery of oil in Texas in 1901, that state became a major producer of oil, and in 1919, the Railroad Commission was given authority to "regulate" oil. Texas Gov. Ross Sterling, one of the founders of Humble Oil & Refining, and a former chairman of that company, sent the Texas National Guard into the oilfields in 1931 to enforce production quotas on behalf of Big Oil, with the Railroad Commission given the power to set the quotas. Limiting production is a way of controlling the price, so OPEC was actu-

ally a global version of the oil cartel's price-fixing mechanism in Texas.

As many an oil producer has learned to his dismay, having oil in the ground means little if you lack the ability to transport that oil to a refinery. Many drillers and oil producers have gone bankrupt because they could not afford the infrastructure needed to make use of the oil they owned, and the oil cartel, with its deep pockets, was always ready to take advantage by buying them out at pennies on the dollar.

The same situation holds true for the OPEC nations, which have the oil but no way to distribute it. From the imperial perspective, the oil underneath these nations belongs to the Empire, and the nations are effectively treated as subsidiaries of the oil cartel. The elites in these nations are permitted to get fabulously wealthy, but they are not permitted to develop national industrial economies. Those nations which violate this policy, such as Iraq and Iran, are treated harshly.

The oil cartel is centered around three companies—Royal Dutch Shell, Anglo-Persian, and Standard Oil—and their descendants. After the breakup of Standard Oil in 1911 into 34 separate companies, the oil industry restructured, resulting in what became over time, the Seven Sisters—Royal Dutch Shell, Exxon, BP, Texaco, Socal (now Chevron), Mobil, and Gulf—with Exxon, Mobil and SoCal all descended from Standard Oil. In more recent times this power has been consolidated, with the mergers of Exxon and Mobil, and Chevron with Gulf and then Texaco. BP acquired both Amoco (another Standard spinoff) and Atlantic Richfield, making it a major power in the U.S., just like Shell. Today six “supermajors”—Exxon Mobil, Royal Dutch Shell, BP, Chevron, Conoco Phillips, and the French Total—dominate the world oil market.

## Oil Hoaxes

Up until the 1970s, the oil market was relatively stable, with the big oil companies buying oil from the producing countries at fixed prices over long-term contracts. This stability was useful for the economy and beneficial for all parties concerned, but it was not to last. The British Empire was preparing an assault on the United States, in which oil would play a key role.

The Arab-Israeli Yom Kippur War in 1973 led to an Arab boycott of Britain and the U.S.A., which, at least nominally, led to the suspension of Arab oil sales to those countries. As a flank on the boycott, a “spot market” was set up in Rotterdam whereby Arabian oil could be sold to buyers from the black-listed companies—at a substantial markup in price, of course. This spot market was the beginning of today's highly destructive and manipulated oil market. The price of oil jumped from \$3.50 a barrel before the war to \$10 a barrel at the beginning of the following year.

The next big oil shock came in 1979, with the overthrow of the Shah of Iran, and the consequent disruption of oil

flows. The price of oil shot even higher, from some \$19 a barrel in mid-1979 to nearly \$40 a barrel by March/April 1980.

Like the 1973/74 event, the 1979 oil crisis was a hoax, designed to expand the role of the spot market as a way of jacking up the price of oil. In the U.S., we were inundated with the idea that oil was in short supply, creating serious shortages of gasoline. The TV broadcasts showed videos of long lines at the gas pumps, but it soon became apparent to careful viewers that the locations were changing every week, that the oil companies were putting on a traveling roadshow. This author, then in Houston and working for Shell, remembers how there were no shortages in Houston until the roadshow came to town—it was our week to be on the news—and then the show moved on, and things returned to normal. At about the same time, a local reporter interviewed the chief of the Shell refinery, who said that his refinery had all the oil it could process, and had tankers waiting in line to unload. The shortage was manipulated, a complete hoax.

## British Geopolitics

Such hoaxes could never be run by the oil companies alone, and they weren't. While these hoaxes had the effect of sharply raising oil prices, that was only part of the game. The real game was reshaping the world, starting with the United States. The combination of higher oil prices, with oil purchases denominated in dollars, and the spot-market pricing mechanism, caused huge pools of “petrodollars” to build up in Europe, giving the British Empire a huge war chest with which to launch an assault on the United States and the rest of the world. With President Nixon's effective destruction of the Bretton Woods system of fixed exchange rates in 1971, currencies were allowed to float, making them subject to manipulation, and the spot market provided the funds for imperial currency warfare. The petrodollars, and to a lesser extent, their cousins, the dope dollars, allowed the British Empire to control the global dollar-based system. With the spot market, oil had become the vehicle for the British Empire to assert its will over the planet.

Today, this oil-price mechanism is being used to steal money out of the pockets of the world's population, in order to fund the completion of the British Empire's plan to use the financial crisis to finally sink the nation-states, including the United States. The same is true for food prices, and with every trip to the grocery store or the gas station, we are being looted to feed this evil scheme.

Civilization itself is in a breakdown crisis, a death spiral which can only be broken by sovereign nations acting to put the global financial system into bankruptcy, LaRouche's program can stop this imperial assault dead in its tracks, and start the process of rebuilding the productivity of the economy, and the prosperity of the people. There will be no recovery without these steps, only a further descent into Hell.