We are NOT running out of oil!

In fact there is more oil around today than ever before!

THE WORLD-WIDE OIL SCANDAL!

Published by THE INSTITUTE OF ECONOMIC DEMOCRACY

by JEREMY LEE
Foreword

This booklet deals with some relatively little-known facts about the Oil crisis. Readers may well wonder why both Oil monopolies and western governments are so involved in a policy of deception. Their actions seem to be to the ultimate benefit of no-one but the Communist bloc.

To those who still believe that there is no link between communist and capitalist nations; that they are locked in a conflict which can only end with the triumph of one or the other; the actions of western governments and the oil monopoly may seem inexplicable and, at times, contradictory.

To those who have gone deeper, and have grasped that the apparent conflict is a deception, this booklet will confirm their understanding. Communism and capitalism are but two arms of a dialectic, run by the same people, exploited by the same international monopolies and financed by the same bankers.

The objective towards which all nations are being driven is a world government, embracing both communist and capitalist alike. Because the majority of people and, to a lesser extent, their political representatives, still prefer national sovereignty, they can only be forced to abandon that preference by conditions of crisis and panic.

In the assumption that the reader already understands this or, if not, is at least prepared to seek the evidence, we can look at the current oil crisis.

For material on the world government movement, the reader is referred to the following books:

NONE DARE CALL IT CONSPIRACY — Gary Allen $1.00 posted
NATIONAL SUICIDE — Dr. Anthony Sutton $3.75 posted
THE ROCKEFELLER FILE — Gary Allen $2.50 posted
UPON THAT MOUNTAIN — Jeremy Lee $1.00 posted

From: THE INSTITUTE OF ECONOMIC DEMOCRACY

Post Office, Ravensbourne, Qld. 4352
Box 3185, Town Hall, Toowoomba, Qld. 4350
Box 16, Inglewood, W.A. 6052

FIRST EDITION APRIL 1980
Is the world’s oil running out?

Building up through the ‘seventies’, there has been a gradually-increasing orchestration of propaganda that the world’s oil supplies are running out. Dark pictures of immobilised industry and starving populations have haunted newspaper columns and television programmes.

It is one thing to agree that we are squandering fossil fuels in the most inefficient and wasteful way. Much of the world’s economic activities is at best needless and duplicatory, and at worst completely destructive.

But it is entirely another to say that we are running out of oil. The very opposite is true – there is more oil around than ever before.

Let’s have a look at some of the evidence.

**THE WORLD ALMANAC (1979)** gives the following figures for the world’s production of Crude: (1977)

<table>
<thead>
<tr>
<th>Region</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>3,825,471,000 barrels</td>
</tr>
<tr>
<td>South America</td>
<td>1,290,775,000 &quot;</td>
</tr>
<tr>
<td>Western Europe</td>
<td>489,328,000 &quot;</td>
</tr>
<tr>
<td>Middle East</td>
<td>8,113,037,000 &quot;</td>
</tr>
<tr>
<td>Africa</td>
<td>2,292,558,000 &quot;</td>
</tr>
<tr>
<td>Asia including Australia</td>
<td>1,016,688,000 &quot;</td>
</tr>
<tr>
<td>Eastern Europe and China</td>
<td>4,792,617,000 &quot;</td>
</tr>
<tr>
<td><strong>TOTAL WORLD</strong></td>
<td>21,826,249,000 &quot;</td>
</tr>
<tr>
<td></td>
<td>(approx. 3,000 million tonnes)</td>
</tr>
</tbody>
</table>

**CANADA**

**THE WORLD ALMANAC (1979)** gives Canada’s 1977 production as 482 million barrels a year.

Since that time there has been a steadily increasing output from the Athabasca tar sands, which cover hundreds of square miles.

“**SPOTLIGHT**” (September 24th 1979) gave the following report: “145,000 barrels of oil a day are being pumped from two giant oil mines in the Athabasca tar sands, a source long ridiculed by the multi-national oil conglomerates; by 1990, as much as 40% of Canada’s oil is ex-
pected to come from the sands. A number of companies, usually in partnership with the
Government of Alberta, a Western Province of Canada, will eventually be producing the oil for
$15 a barrel — half the current price demanded by the OPEC oil cartel ...”

THE MIAMI HERALD (March 22nd, 1979) said: “Apart from impressive oil and natural gas
reserves — mainly in Alberta — Canada is estimated to have more proven oil reserves in the tar
sands than there are in the entire Middle East.”

U.S.A.

THE WORLD ALMANAC (1979) gives the U.S.A.’s production as 2,985,360,000 barrels of
oil a year. (Total current U.S. consumption is about 6 billion barrels annually).

THE NATIONAL ENQUIRER (March 27th, 1979) stated: “U.S. gasoline stocks stand at
259.6 million barrels — 12 million barrels MORE than in 1977 when there was no crisis. Crude
oil stocks are 305.9 million barrels — 32.7 million barrels MORE than two years ago. Demand
for gas has risen only a tiny 0.3 percent since 1977. Iran’s cut-off reduced U.S. supplies by a
measly 3 percent — and has had hardly any effect on stockpiles ... Including the strategic re-
serve, and all above ground stocks, we have 1.3 billion barrels in reserve — 22 percent more than
in March 1977.”

THE ENQUIRER quoted: “Professor Fred Singer, energy economist at the University of
Virginia and a former high-ranking Interior Department Official, said these figures show the
oil crisis is a blatant fraud. He said: “There is no oil crisis. We have tremendous stocks right
now.”

THE ENQUIRER also quoted David Lange, statistics editor with the OIL AND GAS
JOURNAL as saying: “There is no shortage. We have tremendous stocks right now.”

as saying recoverable oil reserves in the U.S. ranged from 50 billion to 127 billion barrels of oil
(from 10 to 25 times current consumption).

However, this doesn’t include oil shale. The Green River formation of oil shale in the Color-
adio, Utah, Wyoming area is estimated to hold 2,000 billion barrels of oil (330 years at current
total consumption).

In a feature article on this oil shale area, TIME (November 19th, 1979) quoted the figures as
follows: “... Locked in the mottled rock is the energy equivalent of about 1.2 TRILLION
barrels of oil, or roughly 40 times the nation’s present proven reserves of liquid petroleum ...”

Development of this shale oil is already well under way. In TIME’s words: “... Cater-
pillars of the Colony Development Operation have already cut 300 yards into a mountain of
shale. Nearby, in another canyon, Union Oil Engineers monitor a conveyor belt delivering a
stream of shale into a giant funnel. Some 40 miles south, at Logan’s Wash, Occidental Petrol-
eum miners have cut two mine faces into the sides of a shale mountain. Farther Northwest lies
another tract of shale land soon to be developed by Gulf Oil and Standard of Indiana ...”

3
Costs of developing this shale vary. The same TIME article said: "... In the 1960's, when crude was selling at $2 a barrel, estimates were that oil from rock could be produced for $4 a barrel. Now, with world prices going up almost daily beyond the $23.50 OPEC level, shale oil may be produced for $30. Union's proposed 9,000 barrel-a-day plant would cost $130 million; Occidental's 50,000 barrel-a-day operation carries a $1 billion price tag. Colony's process, because of its size and capital investment, would be most expensive; $1.5 billion to $2 billion for 50,000 barrels of oil a day ... "

However, the hard-hitting SPOTLIGHT quotes Occidental's chairman Armand Hammer (who is, incidentally, son of the founder of the U.S. Communist Party, and keeps a luxury apartment in Moscow where he also has extensive business interests) as saying at an Embassy party in Washington that TWICE THE OIL RESERVES OF THE ENTIRE WORLD lie in the three States of Colorado, Utah and Wyoming — over 100 years supply. His company, Occidental, has 5,000 acres on lease, containing 1.2 billion barrels, WHICH CAN BE PRODUCED FOR $15 A BARREL.

MEXICO

THE WORLD ALMANAC (1979) gives Mexico's 1977 production as 358,090,000 barrels (less than 1 million barrels a day).

Carlos Fuentes, writing in the WASHINGTON POST (May 1979) said: "Energy from Mexico can even be transported overland, and drawn from a friendly, stable nation. No more fears of Middle East flareups, Arab blackmail, OPEC boycotts or unforeseen holy men toppling the amiable, if somewhat brutal, Shah of Iran. Mexico is there and Mexico has 40.1 billion barrels of proven oil reserves, 44.6 billion barrels of probable reserves, and 200 billion barrels of potential reserves. Mexico, further more, is not a member of OPEC."

This was confirmed in an article by Rick Wilson in THE AUSTRALIAN (February 6th, 1980) which stated:

"... It is not widely known outside the oil industry circles that Mexico expropriated foreign and private oil concerns in the country by an Act of Parliament as far back as 1938. Since that time the State oil company, Petroleos Mexicanos (Pemex) has taken complete charge of exploration, production and distribution networks ... By December 31st, 1979, Mexico's proven reserves of hydrocarbons had reached 45.8 billion barrels ... In addition, there are probable reserves of 45 billion barrels and a further 200 billion barrels of potential reserves both on and offshore ... "

VENEZUELA

Australia's FINANCIAL REVIEW (November 27th, 1979) reported: "Venezuelan oil officials told a United Nations energy conference yesterday that huge reserves of heavy oil have been located in Venezuela which can be produced below current world oil prices. According to a paper prepared for the conference, recoverable reserves of at least 500 billion barrels have been found in the Orinoco oil belt, just north of the Orinoco River. It was reported as equal to the proven conventional reserves of OPEC." (The World Almanac gives Venezuela's 1977 production as 816,818,000 barrels).
SOUTH AFRICA

South Africa is one of the few western countries with insignificant deposits of oil. But, instead of succumbing to the helpless inaction of others, she has applied her resources to an oil-from-coal programme (Sasol I and Sasol II) and will be self-sufficient by the end of 1980.

UNITED KINGDOM

Britain’s huge windfall, North Sea Oil, is already producing enough to meet all Britain’s needs. Although the current field is destined to start diminishing in the next 15 years, there are strong possibilities of new finds. However, instead of using this immense advantage to mend its fences and recover from the ghastly financial mess, Britain has raised the price of its own oil, to its own people, to world parity. In January 1980 British Petroleum raised the price of North Sea Oil from $US 26.02 a barrel to $US 29.75. There is a strong possibility that this will be further increased to $US 33 a barrel.

NEW ZEALAND

Currently, New Zealand is short of oil. But exploitation of one of the biggest natural gas fields in the world, the Maui field off New Plymouth, coupled with huge coal deposits and a more advantageous situation for hydro-electricity than probably anywhere else, gives New Zealand strong hopes for self-sufficiency. There is oil in small quantities, and bigger quantities of oil shale in New Zealand, as yet unexploited.

RECENT DEVELOPMENTS WORLD-WIDE

New discoveries of oil are being reported every day. Over 30 companies are now drilling what could be one of the most promising oil fields in the world; China’s off-shore shelf in the South China Sea. China currently produces 2 million barrels a day from on-shore wells. Her off-shore potential has hardly been tapped. Two years ago, former U.S. Energy Secretary, James Schlesinger, estimated reserves of 50 billion barrels. This was before exploration was even underway. In practice, reserves could double this estimate or more.

THE WORLD ENERGY RESEARCH NEWSLETTER (February 1, 1980) reported an oil find by China on Woody Island in the Paracels, now in hot dispute regarding ownership between China and Vietnam.

It may be argued that China’s potential has not been proved. However, Australia’s weekly THE BULLETIN (December 4th, 1979) reported the building of two new refineries in Malaysia by Petronas, a Malaysian company. They would have a combined capacity of 170,000 - 180,000 barrels a day.

The report said: “... The refinery will be supplied with crude from the South China Sea fields currently being developed by Exxon, under a production-sharing contract with Petronas. It will start in the early ‘eighties’...”

Nearby Indonesia is already a big oil producer, with an output in 1977, according to the WORLD ALMANAC (1979) of 615 million barrels, not far short of the production of Kuwait.

Africa’s biggest producer of oil is now Nigeria, with an output exceeding that of Libya. New
exploration by the Congo company Hydro-Congo, in a joint venture with American companies is being conducted along 1 million acres of Congo’s atlantic coast-line.

Summary so far

THE WORLD ALMANAC (1979) figures, quoted earlier, show the world’s 1977 consumption of oil at 21 billion barrels.

Reserves in the continents of North and South America alone can be summarised thus:

<table>
<thead>
<tr>
<th>Country</th>
<th>Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>500 billion barrels</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>2,000 billion barrels</td>
</tr>
<tr>
<td>Mexico</td>
<td>200 billion barrels</td>
</tr>
<tr>
<td>Venezuela</td>
<td>500 billion barrels</td>
</tr>
</tbody>
</table>

3,200 BILLION BARRELS — ENOUGH TO SUPPLY THE WHOLE WORLD, AT CURRENT RATES OF CONSUMPTION, FOR OVER 150 YEARS!

This takes no account of discoveries in the North Sea, the South China Sea, Africa, S.E. Asia or Australasia. It takes no account of the even more dramatic discoveries of natural gas, or the immense quantities of coal in the world. It takes no account of the growing number of alternatives to fossil fuels, some of which already have commercial possibilities.

In 1973 the UNITED STATES GEOLOGICAL SURVEY showed estimates of the world’s oil resources as at least 6,000 billion barrels — 300 years supply.

The UNITED STATES GEOLOGICAL SURVEY on the 13th June, 1977 estimated the world’s reserves sufficient for EIGHT HUNDRED YEARS AT CURRENT RATES OF CONSUMPTION.

Where, then, do the reports of shortages originate?

The “shortage story” has largely emanated from one source — the American C.I.A. reports, which have been repudiated by a number of qualified authorities, such as the U.S. Geological Survey, the Defence Intelligence Agency, and the United States Congress itself. As so often seems to be the case, however, the sensational report gets the publicity, however inaccurate, while the truth receives the silent treatment! The sort of vague, confusing and misleading report to which concerned people are too regularly treated is well illustrated by a UPI report which appeared in the Australian (18.1.80).

Under the heading “POLITICS REAL THREAT TO OIL, SAY ANALYSTS”, the article said:

“A world oil shortage within the next six years will be caused by political decisions made by exporting nations rather than genuine shortages, according to a panel of experts. The House of
Representatives intelligence oversight sub-committee released a report summarising the views of experts who testified before it in October. The experts agreed that oil shortages would set in before 1982 at the earliest and 1985 at the latest, driving up prices, and 'clouding the economic outlook of the Western world'. The hearings were called to make an independent analysis of a CIA report predicting an oil shortage during the next three to six years.

The experts said: "Fundamentally, during the next three to six years, demand for oil is expected to grow while the supply of oil will increase only slightly, if at all, whatever the price offered."

Witnesses predicted that shortages would result from political decisions by certain members of OPEC. The CIA expects geology to restrain some oil producers outside OPEC - for example, the United States. But the urge to let oil in the ground appreciate in preference to extracting it rapidly enough to meet growing demand will limit output in the world before geology does, they said.

The date when shortages would set in was still a matter of conjecture. The CIA expects it before 1982 and forecasts an average excess of demand over supply of 2 million to 5 million barrels a day, the report said. The Energy Information Administration (part of the Department of Energy) foresees the possibility that supplies may continue to match demand until 1985. After that, in the best projected cases, supplies will become inadequate."

Such a news item, while adding to the air of gloom doom, is so vague as to be meaningless.

AUSTRALIA'S ENERGY

THE WORLD ALMANAC (1979) gives Australia's 1977 production as 156,987,000 barrels a year.

At the end of 1976 there were nine oil fields in production — Moonie, Alton and Bennett in Queensland; Barrow Island Yardarino and Dongara in Western Australia; and Barracouta, Halibut and Kingfish offshore from Victoria in Bass Strait. Between them, these fields provided 70 percent of the crude input to Australian refineries.

As 1980 opened, there were ten on-shore basins where oil or gas has been proved. These are Adavale, Amadous, Canning, Carnarvon, Cooper, Georgina, Otway, Perdika Perth and Surat.

Some promising discoveries have recently been made. In South Australia's Cooper Basin, for instance, where we had no oil flow in 1976, it is now anticipated that Australia will obtain 5 million barrels of crude a year for the next 25 years.

Esso-BHP is investing about $1,200 million by 1984 in four new fields in the Bass Strait — Cobia, West Kingfish, Fortescue and Flounder. A recent strike in the Bass Strait increased Australia's reserves for another five years.

Apart from Bass Strait, drilling has also started, or is scheduled on the Exmouth Plateau in Western Australia, and in the Eyre Basin, off the southern coast of the same State.

Exploratory drilling will also start in the Galilee Basin in Queensland, the Fitzroy Basin in W.A. and the Otway Basin in the same State.

Australia's first oil well, Moonie, recently had a successful new strike, lifting its output from 920 barrels a day to 1100 barrels a day, and extending its life through until the 1990's.
Crushed minerals at the Union Oil retort

*Colorado, Green River,* *(TIME, 26/11/79)*

A chunk of kerogen-rich marl limestone

*Colorado, Green River,* *(TIME, 26/11/79)*

Outcrop of shale, Kerosene Creek, Queensland,
*(THE BULLETIN, 26/2/80)*
A promising new strike at Thornby Creek, 40 miles south of Surat, in the Surat Basin, has not yet been fully evaluated.

Nevertheless, it cannot be said that Australia has large proven reserves of crude at this stage. But there is one field where Australia can, with determination, easily solve its energy problem at least for the remainder of this century, and well into the next.

That field is oil shale.

**AUSTRALIA’S OIL SHALE DEPOSITS**

The booklet AUSTRALIA’S ENERGY RESOURCES, published by the National Energy Advisory Committee in December 1977, gives an incomplete picture of Australia’s shale deposits. Nevertheless, even this over-cautious document conceded that the deposits are huge.

Describing these deposits, the report said (page 45): “... The marine shales include a comparatively small deposit of Cambrian age at Camooweal in north-west Queensland, some small deposits of Permian age near Devonport in northern Tasmania, and a very extensive deposit of Cretaceous age (including the demonstrated deposit at Julia Creek) in the Toolebuc Formation, which, at various depths underlies an area of about 700,000 square kilometres, extending south from the Gulf of Carpentaria to northern New South Wales and northeast South Australia. The Toolebuc oil shale has an average thickness of about 10 metres, has an average yield conservatively estimated at 45 litres of oil/tonne of shale, and contains minor amounts of vanadium, uranium and selenium. The vanadium has been considered for economic extraction as a by-product ...

Describing the Rundle deposits, the report said:

“Lake deposits occur in a number of Tertiary basins in eastern Queensland, including the Narrows Graben (The Narrows or Rundle deposit) and the Duaringa basin. Yields average less than 100 litres/tonne and areal extent is limited to a few hundred square kilometres. Individual beds in the Narrows deposit are less than 10 metres thick, but the aggregate thickness of oil shale beds and interbedded sedimentary rocks is several hundred metres ...”

The report went on: “Oil shales associated with coal seams are widespread in Permian and Jurassic strata in Queensland and New South Wales. Their areal extent, individually, is small (tens of square kilometres, but yields of oil are high – 400-700 litres/tonne ...)”

The committee which produced this report had only limited knowledge of Australia’s total oil shale potential. It said: “... No attempt has yet been made to estimate the quantity of undiscovered resources of oil shale in Australia ...”

Nevertheless, it concluded: “... Inferred resources represent about 500 times as much oil as the accompanying estimate of Australia’s total recoverable resources of conventional oil.”

To put this into perspective, the same report estimated (page 29) Australia’s demonstrated resources of oil remaining at 31st December 1976 as 1870 million barrels. Five hundred times this amount gives an oil shale potential of 935,000 million barrels! – a volume which, if it was realisable, could provide the world’s needs at current rates of consumption, for 45 years, until the year 2025!
Furthermore, in view of subsequent developments (discovery of shale in W.A., for instance), this is an extremely conservative figure. Indeed, the committee concedes this in these words: "The inferred resource estimates are very preliminary and imprecise and no estimate has been made of undiscovered resources. The estimates, however, serve to show that Australia has very large identified resources of oil in oil shale, and further (although as yet unquantified) potential."

Since that time, exploitation of the Rundle deposits is under way. And, converging on the target like sharks on a helpless swimmer, huge combines are lining up to obtain "part of the action".

The Rundle lease, held by Southern Pacific Petroleum NL and Central Pacific Minerals NL, is a target for, firstly, a combine consisting of BHP, CRA and BP; secondly, ESSO, a subsidiary of the Rockefeller controlled EXXON; thirdly, a Japanese consortium consisting of the Industrial Bank of Japan, Nippon Mining Company and four oil firms, Daikyo, Mitsubishi, Marusen and Asia Oil; and, fourthly, Conzinc Riotinto of Australia. All have tendered to the partners for the right to control and develop the Rundle deposits.

A blaze of publicity in the middle of February 1980, from Queensland's Minister for Mines, Mr. Camm, and Deputy Prime Minister Doug Anthony, heralded the possibilities of the Rundle development. But we were told this was a herculean operation. The first development would cost $3,000 million, and would not be operational for at least six years.

Such is the urgency of the fast deteriorating situation in the Middle East, that Australia needs production much sooner if our security is to be safeguarded.

**DOES IT NEED SUCH A HUGE OPERATION TO START TAPPING AUSTRALIA'S SHALE?**

**IS “BIG” NECESSARILY BEST?**

After all, the Rundle development is THREE TIMES MORE COSTLY than the huge development of the Green River development in Colorado.

Why are we so obsessed with “bigness”? Is this the best way to do things?

Our memories are short. Australians have forgotten that we have produced oil shale in this country before. The Commonwealth Year Book (No.37) 1946-47 (page 844) says:

"In 1937 negotiations were completed between the Commonwealth and New South Wales Governments and the National Oil Proprietory Ltd., by which the latter undertook to develop the shale-oil industry in the Newnes-Capertee district. The Commonwealth Government agreed to protect the industry by exempting from excise up to 10 million gallons annually, the Company's output of petrol for a period of 25 years. The successful establishment of this plant will probably lead to an expansion of the industry in Australia, and should provide a valuable training ground for technicians... The following table shows the production of oil shale during 1940-1946:
CHARLIE JONES — the Texan oil baron whose Roma refinery keeps the western wheels turning.

Two cartoons from TIME, (5/11/79) highlighting the paradox of escalating profits and apparent oil shortages.

And this is only the third quarter!
OIL SHALE: PRODUCTION IN NEW SOUTH WALES.

<table>
<thead>
<tr>
<th>Year</th>
<th>Northern District</th>
<th>Southern District</th>
<th>Western District</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quantity</td>
<td>Value</td>
<td>Quantity</td>
<td>Value</td>
</tr>
<tr>
<td>1940</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1941</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1942</td>
<td>828</td>
<td>1,881</td>
<td>1,559</td>
<td>1,598</td>
</tr>
<tr>
<td>1943</td>
<td>4,033</td>
<td>6,377</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1944</td>
<td>3,047</td>
<td>8,827</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1945</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1946</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The same year book also tells us that, up to the end of 1934, 357,000 gallons of oil distilled from shale was produced in Tasmania by the Tasmanite Shale Oil Company, which closed operations in 1935.

(As an aside, Yearbook No. 36 (1944-45) also adds:
“Power alcohol was also produced in increasing quantities from molasses and raw sugar. Distilleries not equipped to produce an anhydrous spirit were pressed into service during 1942-43 and production of 95 percent or "wet" alcohol at one stage reached the rate of about 2,000,000 gallons per annum.

So it is NOT true that Australia has neither the "know-how" nor the capabilities to develop its own oil shale deposits.

THEN WHY DON'T WE DO IT?

OIL AND WORLD POLITICS:

The figures show conclusively that the Western World could break itself free from dependency on Middle East Oil in a comparatively short period. If it does not do so, the future is bleak.

But the Western world has also been shackled into a position of increasing helplessness and impotency by four distinct but inter-related forces. These are:

1. The current oil monopoly
2. Big Government, high taxation and inflation
3. The paralysing monopoly of capital formation, and
4. The conscious move for the destruction of national sovereignties in favour of central world control.

THE SEVEN SISTERS, EXXON AND ARAMCO:

Seven giant companies, working in collusion, have increasingly dominated the world's oil throughout this century. These are: Mobil, Gulf, Exxon, Socal, B.P., Texaco and Shell.

John D. Rockefeller, with his Standard Oil Trust, had established a monopoly on oil in the United States as early as 1883. He saw early that monopoly could best be organised, not through the production of oil, but through its refining and distribution.
Since that time, the monopoly’s control over both industry and government has been extended by claiming oil shortages which did not in fact exist.

In 1920, Iraq’s oil was controlled by the British, who would not let Standard Oil in. Standard countered by using its domestic distribution monopoly to deny Americans Iraqi oil. The British finally capitulated, and agreed to join with Standard in Iraq.

In 1929 another crisis was created, when Americans were told that their oil would run out in the near future, and that cheap foreign oil should be used to conserve local supplies. Standard and Gulf began to import huge quantities of Venezuelan oil.

In 1947, Standard, Texaco and Mobil, which controlled oil in Saudi Arabia, formed the Arabian American Oil Company (ARAMCO) which still handles most of the Middle East oil. Normally, anti-trust laws in the United States would have prevented such a monopoly, but Americans were again treated to the “oil is running out” story. The Department of State’s Petroleum Division issued a statement that year, claiming that “sufficient oil cannot be found in the United States”.

In 1949, the Secretary of the Interior, Julius Krug, stated that “the end of the United States oil supply is almost in sight”.

However, in the same year, the Senate’s Special Small Business Committee reported: “During the year and a half the committee has been investigating the oil industry, there has never been a real overall shortage. . . . At the time the consumers were feeling the greatest pinch, in January and February 1947, there were 220 million barrels of crude oil in storage, mainly controlled by the larger units, which could have been distributed among independent refiners who were running under capacity.”

In 1960, the Arabs, increasingly restless at a Western position which was strongly pro-Israel, sought ways to use oil as a political weapon. In that year the Organisation of Oil Producing Countries (OPEC) was formed. However, ARAMCO was never compromised, and continued to handle all extraction, piping and distribution in the Arab countries.

It wasn’t until 1973 that the OPEC nations were ready to use oil as a political weapon. Since that time, an increase in the propaganda about “oil shortages” and massive price increases have produced a reaction bordering on panic in the West.

How have the “Seven Sisters” which dominate the world’s oil fared from the OPEC embargo?

Contrary to expectations, their returns have been even greater than those of the oil producing nations themselves.

In 1973 earnings of the Occidental Petroleum Company — headed by the ubiquitous Armand Hammer — were 665 percent higher than those of 1972.

On January 1st, 1974, OPEC increased the price of oil to $11.65 a barrel, five times higher than it had been three years earlier. By the end of the same year, the biggest of the “Seven Sisters” EXXON, displaced General Motors as the largest of 500 companies listed by FORTUNE magazine. Four other oil companies, Texaco, Mobil, Standard Oil of California and Gulf were listed in the top seven.
But that was just the beginning. The end of the "seventies brought a "killing" for the "Seven Sisters."

THE AUSTRALIAN (27.7.79) said: Second quarter earnings of the heavyweight U.S. oil corporations have soared, with the industry's No.2 company, Mobil Corp. reporting a 37.8 percent increase and a trio of others also recording hefty gains . . .

The article went on to give these figures:

<table>
<thead>
<tr>
<th>Company</th>
<th>Gain Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exxon</td>
<td>a 23 percent increase in second quarter earnings.</td>
</tr>
<tr>
<td>Mobil Corp.</td>
<td>a 37.8 percent increase, with second quarter earnings of $404 million.</td>
</tr>
<tr>
<td>Shell Oil</td>
<td>a 55 percent gain, with second-quarter earnings of $277 million.</td>
</tr>
<tr>
<td>Socal . . .</td>
<td>a 52 percent gain, with second quarter earnings of $412 million.</td>
</tr>
<tr>
<td>Standard Oil of California</td>
<td>a 60 percent second-quarter gain.</td>
</tr>
</tbody>
</table>

In Britain, the same thing was happening. THE WEEKEND AUSTRALIAN (18th and 19th August, 1979) announced that the Shell Oil Company's profits for the first half of the year more than trebled to a staggering $2656 million. The report added:

"The announcement drew an angry response from petrol-starved service stations in Britain. And motorists who pay up to $2.50 a gallon for petrol will be even more surprised at the profits bonanza . . ."

Exxon, which had lagged behind in the second quarter profit spree, made up with a vengeance in the third quarter. THE WEST AUSTRALIAN (October 24th, 1979) said: "The Exxon Corp., the world's biggest oil company, reported yesterday that its profits for the third quarter of this year rose by more than 120 percent to a record $1,029 million . . ."

The full year's picture was given by THE FINANCIAL REVIEW (29.1.80): "The Exxon Corp. has announced that, in 1979, a year in which its customers coped with serious shortages and sharply higher prices, its profits rose 55.4 percent to a record $US 4.26 billion. At the same time, the company said, gross revenues increased 30 percent to a record $US 84.35 billion — more than the gross national product of Sweden, for example, and much more than any other business had ever reported for a single year . . ."

Exxon's revenue is just under THREE TIMES THE SIZE OF THE COMMONWEALTH GOVERNMENT'S BUDGET FOR 1979-1980!

**Big government, taxation and inflation**

Western Governments, rather than legislate fairly to give both small and large an equal go, have progressively decimated their independent middle classes — the small farmer, manufacturer and middleman — by an incredibly high impost of direct and indirect taxation, more severe than anything ever seen in history. Australia is a case in point. The 1979-80 budget took the
Fig. 5.1 Location of OIL SHALE Resources


(Note: This map does not give details of recent discoveries of oil shale in the Kalgoorlie and Geraldton areas of West Australia.)
average Australian — man, woman and child — to the point where the combination of Federal, State and Local Government taxes now total $2,542 per head, $10,168 for the average family of four.

No matter how this is arranged or rearranged at Budget time, the truth is twofold: firstly, all taxes end up in prices, and are now a major cause of the worldwide inflation which governments claim to be fighting; and secondly that the strong can pass both taxes and costs on to the weak.

Hence, competitive free enterprise has been all but destroyed, often by the very parties and governments which profess to espouse it.

Ever increasing monopoly — mostly inefficient in physical terms, and certainly unethical and irresponsible — is provided with a sanction which safeguards it from the one opponent it fears — genuine competition.

Transnational monopolies today are more powerful than nations. Whether in the field of banking, the media, industry or energy, than can make or break governments SO LONG AS THE LATTER RETAIN THE TAXATION FETTERS ON INDIVIDUALS, currently no longer able to exercise either freedom or enterprise.

Nationalisation is certainly no answer, for there is no distinction between a State monopoly such as the postal services, electricity services or government railways, and corporations such as Exxon and Aramco.

Worse still, governments have joined, rather than opposed, the rip-off resulting from the present crisis over oil. Thus, the Fraser Government in Australia, while publicly deploiring the escalating cost of petrol, has increased its tax revenue from oil almost as much as Exxon in the United States. It has certainly outstripped both the oil companies and the Arabs in profits on oil sold in Australia.

In 1978-79, Australia’s Federal Government raked in $1,227 million from excise on Oil and L.P.G. This was an increase of 157 percent on the previous year.

In the 1979-80 budget, this was increased by Treasurer John Howard to $2,057 million, a further increase of 68 percent.

Another OPEC price rise at Christmas 1979 delivered a further $440 million into the government’s coffers without it lifting a finger!

At current price levels (March 1980) the present level of taxation on oil and petroleum products in Australia would provide the Federal Government with over $4,000 million — matching the total profit made by Exxon, the biggest company in the world, in 1979.

It is not hard to anticipate that this will spark off a further rise in inflation in Australia. But there will be a further decimation of small farmers, struggling manufacturers, transport companies and businesses.

CAPITAL FORMATION

The result of these suicidal policies is that there is no capital to finance the genuine Australian enterprise. Any initiative is entirely in the hands of the international combine, or of government itself. Australians with the know-how and ability to do things in 1980 which Australia
ISSUES OF GLOBAL IMPORTANCE

Two reports addressed to all citizens of a small planet.

World Military and Social Expenditures 1978

An annual assessment of the competition between two kinds of priorities: social needs vs. the arms race.


World Energy Survey

Problems and opportunities in ensuring the world's future supply of energy compatible with social and environmental concerns.

Sponsoring organization: The Rockefeller Foundation.

Ruth Leger Sivard, author, economist, formerly chief economist of the U.S. Arms Control and Disarmament Agency.

write to: WORLD PRIORITIES
Box 1002, Leesburg, VA 22075
USA

World Military and Social Expenditures 1978
US $2.50

World Energy Survey (forthcoming)
US $3.50

Add $1.00 for overseas airmail.
Single copies must be prepaid.

NAME
ADDRESS

ALSO AVAILABLE IN:

AUSTRALIA
Australian Council of Churches
199 Clarence Street
Sydney, N.S.W.

ENGLAND
WMSE Publications
c/o CAAT, 5 Caledonia Road
London N1 9DX

Comment: "The carnivore argues the case for a vegetarian diet!"
was doing for itself in 1940, can only stand and watch. Once giant projects are commenced, Australians are employed to do the work. But, where once they owned their own enterprises, now they serve strangers in their own land.

The wool industry is a good example. Australians, through the C.S.I.R.O. developed some of the most advanced and revolutionary wool processing and spinning machines in the world. The start of small decentralised industries in wool growing areas to produce wool tops and finished woollen goods could have transformed Australia’s rural areas during the wool crisis.

Mr. Ian Sinclair, at that time Minister for Primary Industry, could only respond that such a venture would be “uneconomic”. Within three months of his statement the Japanese had built their first wool-processing plant at Cowra in New South Wales. The factory was built with Australian labour. It was equipped with Australian-designed and built machines. But the profits from this successful enterprise went to Japan.

Earlier in this booklet, information about the tenders for the Rundle Shale Oil was described.

On February 29th, 1980 THE AUSTRALIAN announced that Esso’s tender had been accepted, and that up to $10,000 million could be spent developing a capacity of 200,000 barrels a day by the end of the 1980’s.

This will be the biggest undertaking ever commenced in Australia. The report went on: “The Rundle joint venture between Esso, Southern Pacific and Central Pacific was announced in Canberra yesterday by the Prime Minister, Mr. Fraser, who immediately claimed it was a major victory for the Government’s world parity oil pricing policy . . .”

Esso, of course, is a subsidiary of the Rockefeller-owned Exxon — the world’s biggest company!

THE DRIVE FOR CENTRAL WORLD CONTROL

The artificial world oil crisis is not the only one being used for definite political ends: there is a world food crisis, and a world money crisis.

The answer to all these crises is, we’re told, the establishment of a world government.

With this end in view, there has been increasing pressure for the introduction of a New International Economic Order, involving world control of food, a world central bank and a new world money system based on the I.M.F. reserve unit the S.D.R. (Full details of the steps towards the N.I.E.O. have been documented in the Institute’s Booklet, “Upon That Mountain”, a submission to the Senate Standing Committee on Foreign Affairs and Defence, $1 posted.)

Following the UNCTAD meeting on the Common Fund in May, 1979, the non-aligned meeting of the Group of 77 in Havana, Cuba in August 1979, and the annual meeting of the International Monetary Fund in Belgrade, Yugoslavia in October 1979, fresh initiatives for the establishment of the N.I.E.O. have been taken.

On February 14th, 1980 THE AUSTRALIAN reported an International Commission, composed of leaders from developed and developing countries, under the chairmanship of former
West German Chancellor Willy Brandt, which had just published its report. Other members of
the Commission included former British Prime Minister Edward Heath, former French Prime
Minister Pierre Mendes-France, Washington Post publisher Mrs. Katherine Graham and former
Chilean President Eduardo Frei Montalva.

The article said: “... Speaking at a news conference in London, Mr. Heath said “Our main
conclusion was that the industrialised world cannot hope to survive at its present living stand-
ards, nor the developing world at its present level, unless we carry out this program.”... The
report said that trends pointed to a sombre future for the world economy and international re-
lations. It concluded that oil prices must rise in real terms and called for an “international energy
strategy to balance supply and demand”. It stressed that it was essential that the world’s en-
ergy problems be solved by peaceful means. A key problem was disarray in the international
monetary system. “It is clear that the world economy is now functioning so badly that it dam-
ages both the immediate and the longer-run interests of all nations.” It proposed large-scale
transfers of resources to developing countries, an international energy strategy, a global food
program and a start on major reforms in the international economic system.”

It seems doubtful whether any “international energy strategy” would begin by breaking up
the ruthless world oil monopoly that currently exists. For example, “World Paper”, a global
newspaper now syndicated in a number of countries, and committed to some sort of world
government, featured an advertisement in its April 1979 issue for a booklet called “World
Energy Survey”. This, it said, discussed “problems and opportunities in ensuring the world’s
future supply of energy compatible with social and environmental concerns.” The sponsoring
organisation was the Rockefeller Foundation! The Rockefellers also happen to own Exxon!

THE STRATEGIC SITUATION

While the western wrangle over energy continues interminably, its inability to exploit its
choices properly has made it intensely — unnecessarily — vulnerable. At the moment, 55 per
cent of the West’s oil imports come from the ARAMCO/OPEC Middle East complex. Through
the Straits of Hormuz — the narrow bottleneck which opens into the Persian Gulf — comes the
“black gold” which keeps western industry turning. It is fast becoming a Soviet lake. The
USSR’s penetration into Afghanistan, its increased influence in Iran, its intense military build-
up in the Yemen and Ethiopia, extending even down to Zambia and southern Africa, its
current subsidy of $3 million A DAY to Hanoi in North Vietnam, make a belated western
awakening imperative. For far too long have we fooled ourselves into believing that the Soviet
Union is “mellowing”.

If we rely exclusively on continued oil supplies from the Middle East, our future is com-
promised beyond hope. It is essential that our slightly more realistic appraisal of the realities
about Soviet Communism are translated into some real initiatives. Adequate defence is the only
real deterrent to Soviet aggression. Self-sufficiency in energy is essential to adequate defence. If
we put all our eggs into the Rundle shale oil basket, waiting for six to ten year’s grace, we will
be foolish indeed. QUITE SIMPLY, WE HAVE NOT GOT THAT TIME!
What could be done

Paradoxically, the way to solve a big problem is to **THINK SMALL!** We have got to stop believing that the only way to tackle any problem is on a scale which precludes Australian capital, technology and “know-how”.

The following description, from the BULLETIN (26.2.80) gives some idea of what is ultimately aimed at in ten years time:

“Whoever wins and gets into bed with the Rundle twins is looking at ultimately developing a mining operation four times the size of the biggest open pit mine in the world. At its peak the project is looking to mine 165 million tonnes of shale and 195 million tonnes of overburden each year...to put it into some kind of visual perspective that volume would equal roughly the volume occupied by 1.3 million suburban houses. To carry out the mining, at least three huge bucket wheel excavators are envisaged, each of which would barely fit into the Melbourne Cricket Ground...”

Since that article was written, it has been announced that Exxon’s Esso will “get into bed with the Rundle twins”.

Whether the new venture goes ahead or not, wouldn’t Australia be much wiser to start a number of much smaller units right through our huge and extensive shale deposit areas, in Queensland, New South Wales, West Australia and Tasmania. With a little research they would be much more feasible than the operations which we had working during the war.

We have one of the finest engineering and scientific research bodies in the world — C.S.I.R.O. — with a number of major achievements already to its credit. It is almost certain that they could come up with a highly efficient small-scale retort innovation to extract oil from shale.

Such a development, linked to a number of much smaller mining operations, and linked in turn to small, decentralised refineries, could avoid all the industrial pressures — and defence vulnerability — of an operation like the Rundle project. It could break the current vice-like monopoly on the oil industry, and provide giants like Exxon with some much needed competition.

A look at Australia’s refineries may illustrate the point. Today, Australia’s oil is refined in giant complexes, costing a minimum of $400 million each, vulnerable to trade union blackmail and disruption. A strike at one refinery can paralyse a complete State. But no one has seriously challenged this way of doing things.

A completely different — and much more realistic — way of doing it is illustrated in the story of Maranoa Oil — a small refinery in the Queensland town of Roma, built by a Texan, Mr. Charles Jones, for under half a million dollars.

Describing Mr. Jones and his refinery, the SUNDAY SUN (Qld. 22.7.79) said’ “He’s a long lean Texan who shrugged off the traditional bush apathy of a cow town four years ago and plunged ahead with his plans to build a mini oil refinery.
Charlie, who used his ticket as a drilling consultant to globe trot and gain expertise, sank $500,000 into the plant which he modelled on small rigs in his home state. He's proved something. Not only to the sceptics but also to the Nation.

He is the boss of Maranoa Oil, which produces 18,000 litres of petrol, 18,000 litres of furnace oil and 22,000 litres of diesel fuel a day at its Roma refinery... His daily tanker delivery of 400 barrels of crude — the refinery can easily handle 500 barrels — is being processed to supply all Roma, Charleville and Dalby in Queensland, and Moree, North Star and Inverell in New South Wales with all the fuel they need.

Charlie's Texas Tea Rig also supplies the Roma Meatworks — the town's biggest industry — with its furnace, and he and his ten plant operators are now investigating the marketing of Avgas to pump new life into the local light aircraft industry."

A half-million dollar plant, operated by ten men, supplying six country towns, much less vulnerable to strikes, decentralised, and built where the natural resources are located. THAT IS THE SORT OF INITIATIVE THAT AUSTRALIA SHOULD BE FOSTERING IF IT MEANS TO BREAK THROUGH THE CRISIS AHEAD.

The initiative to make possible such developments must come from ordinary Australians — our farmers and graziers, our manufacturers and transporters — the people who are currently being sacrificed on the altar of "bigness and monopoly".

Politicians have a natural love of huge projects — however inefficient and wasteful they are in real terms. The bigger the project, the bigger the official opening, the broader the ribbon to be cut, and the shinier the brass plate to commemorate the occasion.

"SMALL IS BEAUTIFUL" is the slogan which could save Australia in the crisis of the 'eighties. Australia has always been a land which fostered individual initiative and enterprise. The world monopoly — whatever its label — now threatens that precious and worthwhile commodity. To the REAL Australians — whose ancestors built such a marvellous country — this booklet is both an appeal and a tribute. TIME IS NOT ON OUR SIDE!
CONCLUSION

Australian **COULD** be the first western nation to “do something different” in the current crisis.

To do so, it must challenge a number of “sacred cows”.

**It must challenge** the idea that development and production can only be carried out by huge, international monopolies.

**It must challenge** the idea that the collective decisions of the United Nations offer the best course for Australia.

**It must challenge** the idea that “world opinion” is always right.

**It must challenge** the idea that current levels of taxation can be justified.

**It must challenge** the idea that inflation is a mysterious and insoluble problem.

**It must, above all,** challenge the idea that the Australian banking system could not finance Australian productive potential, at low rates of interest and on terms that preserve Australian ownership of its own assets.

If the Commonwealth refuses to demonstrate the truth of these fundamental conditions, the States should grasp the nettle.

Australia has been blessed with almost incalculable physical wealth and abundance. There is more than sufficient to ensure peace and prosperity for the Australian people for hundreds of years to come.

**LET’S MAKE IT HAPPEN!**
What will YOU do to expose the worldwide OIL SCANDAL!

HELP US TO GIVE THIS BOOK THE WIDEST CIRCULATION!

SINGLE COPY $1

(SEE BACK COVER FOR ADDRESSES)
Could Water Provide the Fuel of the Future?

For a fascinating look at the potential of Hydrogen as a fuel for the internal combustion engine, read:

"THREE RINGS"

by Jeremy Lee

$1.00 posted

THE INSTITUTE OF ECONOMIC DEMOCRACY

POST OFFICE, RAVENSBOURNE, QLD. 4352
BOX 3185, TOWN HALL, TOOWOOMBA, QLD 4350
BOX 16, INGLEWOOD, W.A. 6052