In essence it is the brainchild of Lester Brown of the Worldwatch Institute. Brown first outlined the U.S. "food weapon" cartel in the form of the "World Food Bank" scheme nearly three years ago at the World Food Conference and World Population Conference. The "food weapon" was designed explicitly as a means to enforce population reduction in the Third World.

In January of this year, after several years of unrelenting zero growth propaganda from Trilateral conduits, the Congressional Research Service published a "feasibility study" of the food weapon — promoted under the rubric of "The Use of U.S. Food Resources for Diplomatic Purposes — An Examination of the Issues." "As a matter of conjecture, the CRS states, "if the United States, Canada and Australia were to coordinate their grain export policies for political ends, this would create a market situation very much like that of OPEC in oil." The CRS bolsters the Trilateral case with pointed reference to a 1975 Lester Brown proposal that the U.S. and Canada coordinate their grain export policies to force "Third World and Fourth World countries to make serious steps to improve their own agricultural output and to control their population growth."

One of the main obstacles to the well-documented design, as the CRS sees it, is that it would require a complete Carter government takeover of all grain marketing!

In the meantime, the initiative is calculated to provoke a kneejerk reaction among developing sector nations, propelling them in the direction of the broader "Common Fund" swindle in desperation to "defend" themselves against such provocations. "The threat to create a counter-indexation arrangement could be a useful diplomatic tool..." is the way the CRS circles around the obvious point. Or, "I won't back down, if they don't," as the Agriculture Secretary emphasized.

# Saudis Near Large Scale Pull-Out Of U.S. Banks And Full Takeover Of Aramco

## SPECIAL REPORT

Both New York and Chicago banking sources confirmed this week that the Saudi government has moved up to $6.5 billion in deposits from Wall Street banks into short-term U.S. government treasury notes. According to a New York financial consultant, this large scale shift in Saudi reserves was ordered as a result of the recognition in Riyadh of the growing instability of lower Manhattan banking institutions such as Chase Manhattan. By purchasing the highly liquid short-term treasury notes, the Saudis have started to put themselves in a position to make a quick exit out of dollars.

A parallel initiative has been taken by the Saudis for their vast oil industry. Last week the Saudi News Agency announced that the finalization of the long drawn-out nationalization of Arabian American Oil Company (ARAMCO) is expected to be achieved during the current European tour of Oil Minister Sheikh Ahmed Zaki Yamani.

In both the case of Saudi oil and Saudi monetary policy, the crucial determinant is Europe's ongoing efforts to forge a common policy leading to the formation of a new international monetary system. The Saudis, in particular Sheikh Yamani, have shown increasing awareness of the need for scrapping the debt-burdened dollar by offering a policy of massive oil production expansion to meet growing worldwide demand.

The present West German advisor to the Saudi Arabian Monetary Agency (SAMA), Karl Schiller, last week gave an interview with the German daily *Welt am Sontag* where he praised the Saudi policy of pro-industrial growth, both internationally and domestically. Schiller, however, recognized the fight within the complex Saudi ruling elite between the no-growth technocrats — as signified by the Planning Minister Hisham Nazer and the governor of the Saudi Central Bank — and Yamani.

### *The Arab Dinar*

The Arab nations have since 1973 studied the feasibility of an alternative currency to the dollar, the Arab dinar. In the past the question was to what would such a currency be pegged. A consistent pattern of Arab gold purchases plus numerous hints from British and German sources indicate that the idea of a gold-backed dinar is what the Arabs have in mind. Such a dinar would easily link up with a move toward the EEC golden snake as well as the gold-backed Soviet transfer ruble in facilitating expanding commerce between these sectors. At the just-concluded *Financial Times-La Repubblica* conference held in Rome, the Jordanian ambassador to Paris boldly called for such a European-Arab monetary link.

With such cooperation between the Arabs and the Europeans to break loose from the dollar, it is little wonder that David Rockefeller this week during a New York speech admitted his lack of success in convincing the Saudis to pitch in the $12 billion he had requested from the Saudis to bail out the International Monetary Fund.

## Bankers On Saudi Moves

*Wall Street banker* expresses concern over the terms of the Saudi takeover of ARAMCO:

"Yamani wants total European cooperation downstream, to the point of a credible threat of a Saudi-

French or Saudi-ENI (Italian state-owned oil firm -ed.) shipping group to oppose the fleets of the Aramco partners, thus reducing ARAMCO to mere paid contractors and eliminating the 10 to 20 cents a barrel surcharge they place on final customers buying Saudi oil....This would be made retroactive to January 1976 and cost ARAMCO a bundle in catch up payments."

*A Chicago banking official* just returned from Saudi Arabia comments on the latest Saudi transfer of funds to treasury notes:

"The Arabs don't want to feel responsible if anything goes wrong with the U.S. banks, especially after all those reports that are coming from the U.S. Federal Reserve that the banks are facing problems. Therefore, the Saudis have decided to invest in U.S. treasury bills and bonds where they can feel safe. They definitely will not go with the IMF, which they know will do the exact same job that the banks have done all those years. For Chase and First National Citibank, it is easier to have the IMF financing the debt. This is why David Rockefeller went directly to the Saudis to tell them that they have to give money to the Third World because these countries can't pay their debts anymore."