Earl Raab

STANDARD FOLLY OF CALIFORNIA

A terrific journalistic scoop was headlined in the financial pages of the
San Francisco Chronicle last week: "Socal Backs Palestinians." Since
Socal stands for the Standard Oil Company of California, that report seems
about as startling as a headline which would read: "Sears Backs Roebuck."

O course, "Palestinians" in that headline is part of a special code-language
applied to the Middle East, which decoded means: "Socal backs Saudi demand
for immediate establishment of independent Palestinian State on the West Bank."

The headline reflected the plea by Harold Haynes, Chairman of Standard
Oil, at its annual meeting in Houston, that the U.S. must support Palestinian
"self-determination" - a more exact code word for the "an independent Palestinian
State." Haynes got closer to Socal's truth when he put the Palestinian question
in the framework of Saudi desires:

"The United States should fully appreciate the long-standing special relation-
ship between our country and Saudi Arabia, which is our country's largest oil
supplier and has been cooperative in oil pricing and production. The significance
of our relationship goes far beyond oil."

Unspoken was *Standard Oil's* special relationship with Saudi. The Saudi economy
depended on hand-outs from England and America until Ibn Saud signed the first
significant oil exploration contract with Socal in 1933. That first concession
was called the California Arabian Standard Oil Company (CASOC), the predecessor
to ARAMCO.

For years Saudi Arabia was subservient to the oil companies; now the oil companies are subservient to Saudi Arabia. That's the long and short of it. As Fred Gottheil, Professor of Economics at the University of Illinois put it: "Having been nationalized almost completely out of oil production- they still controlled all downstream operations -- the oil company) multinationals' hold on their remaining concessions seemed clearly to depend on compliance (to Saudi Arabia)."

The staggering profits of the oil companies depends on their subservience to Saudi - or at least that's the choice they made. One result is oil company complicity fixing the design of oil supply, pricing, drilling and refining, to conform with Saudi's profit needs. Another result is compliance with Saudi's perception of its *political* needs. So, Socal's chairman makes a statement calling for an independent Palestinian state.

But Saudi's perceived political need in this case is *not* in America's political interest. Indeed, it may not be in Saudi's own political interest. There is one further bit of decoding to be done. "Self-determination" means "independent Palestinian state," which really means "PLO-dominated state," because that is what it would be if established tomorrow. But a PLO state would be a Soviet-connected state, an anti-American state; and a state whose purpose would be not only to overthrow Israel but to overthrow the Saudi regime. There would go American national interest, including American access to Saudi oil.

In passing, Haynes carefully indicated that we must continue to support Israel's "right to exist and to self-determination" as well as Palestinian self-determination. But a PLO state, by the PLO's own insistent definition is incompatible with Israel's right to exist.

The Saudi princes are trying to keep the PLO off their back -and profits

flowing- as long as possible by pretending to support PLO adventures on

the West Bank. The oil companies are trying to keep their profits flowing

as long as possible by bowing low towards Mecca, as Socal did the other

day in Houston. But such mindless subservience is working against America's

national interest.

Perhaps some of the funds the oil companies are putting up to fight Proposition 11

in California, could be diverted to explain publicly that they do *not* mean to

support the anti-American, anti-Israel, Pro-Soviet PLO; or a PLO state. At

least a number of people are asking Standard Oil of California, whose headquarters

are in San Francisco, to explain itself on this point.