PROPAGANDA AGAINST ARAB OIL COUNTRIES

It will not do to explain the resurgence of the capitalist inflation on the basis of the rise in Arab oil prices and the enormous surpluses which the Arab oil-producing countries are supposedly filling their treasuries with.

A year ago, the capitalist media was dominated even more than it is today with the oil crisis and the giant surpluses which the Arab oil countries were said to be accumulating in their coffers. The propaganda virtually turned into a veritable anti-Arab hysteria which only slightly receded as of now.

Last year, we must recall, the bourgeoisie was predicting that the surpluses from oil revenues in the OPEC countries would be so large that it would almost be impossible to "recycle" (to get back) into the Wall Street banks. The amount of billions the OPEC oil-producing countries were said to be accumulating ranged all the way from $250 billion to $650 billion.

We pointed out at the time that even if this were true, all that it meant was that paper money, or checks drawn to the accounts of the OPEC countries, would be ultimately deposited in the huge banks of the imperialist countries such as Chase Manhattan, First National City, Morgan Guaranty Trust, and the big London, German, French, and, of course, Swiss banks.

The way we answered the questions regarding the so-called OPEC surpluses was, that as long as the

OPEC countries remained under bourgeois comprador domination and as long as they were in the orbit of the capitalist world and remained dependent on it, it merely meant that in exchange for oil the oil-producing states were in return given IOUs by the imperialist countries which, under contemporary conditions, were destined for deposit in imperialist banks.

Of course, some of this money would be utilized for industrial equipment, agricultural and manufactured commodities, and a variety of other imports. But this would be only a drop in the bucket and even over an extended period of years would come nowhere near to attaining the technical know-how and equipment necessary to create a modern industrial bourgeois state.

The reality of the situation is that the bulk of the imports into Arab oil-producing states is in the form of military equipment, which to date comes close to $20 billion worth.

REASON FOR THE TURNAROUND

But what has happened to the predictions of the tremendous flow of "surplus dollars"—so-called petrodollars—into the treasuries of the OPEC countries? The very banks and government officials who raised such a fierce storm about these petrodollars have now quietly changed their approach without letting the broad public know about it.

The $250 to $650 billion surplus has now been downgraded almost to a *deficit*. This fantastic turn-