

A 'high command' for Latin energy

Recently, two private agencies which on energy matters front for the New York Council on Foreign Relations moved into the offices of the Organization of American States (OAS) and the Inter-American Development Bank. The result is likely to be a wave of protests from all parts of Latin America.

The two agencies, the Forum of the Americas and the Western Hemisphere Energy Workshop seek a monopoly on energy-related decision-making in Latin America, according to their spokesmen, and the new relationships established are admittedly directed at that goal. Both the OAS and IADB have significant channels of access to almost every government in Latin America.

The moves were taken without the consent of member countries. At a July 30 Washington, D.C. meeting, Alejandro Orfila, the playboy Secretary-General of the OAS, unilaterally put the full resources of that organization's bureaucracy at the disposal of the "Committee of 15 Notables," executive body of the Forum of the Americas. In a concurrent Washington meeting, Antonio Ortiz Mena, President of the Inter-American Development Bank, made the IADB the official "co-sponsor and coordinator" of the activities of the Western Hemisphere Energy Workshop.

Because both private agencies significantly overlap in personnel and enjoy a common source of control, the result of the "nestings" is a "hemispheric high command," as one Latin American watcher put it, with the political and financial clout of the OAS and IADB now behind whatever energy policies they would like to impose on more official Latin government policymakers.

Indicative of the "high command" nature was the presence of IADB's Ortiz Mena at the Forum of the Americas meeting which saw the OAS Secretary-General turn over OAS resources.

The Forum of the Americas was only established this past June in Brazil. It is representative of reactionary oligarchist interests, whose purposes now focus on "getting the private sector more involved" in economic policymaking in Latin America. The Forum looks kindly on the economic policies of Chilean dictator Augusto Pinochet, for example. The "Committee of 15 Notables" leading the forum include the U.S.A.'s William Simon, and C. Fred Bergsten of the Brookings Institution, the Council on Foreign Relations, and the Trilateral Commission, who is a current U.S. Treasury Undersecretary. It also includes Mario Enrique Simonsen, Brazil's Economics Minister from 1974-79, and the Chilean Pinochet regime's Finance Minister, José de Castro.

As its first order of business July 30, the "Notables"

created an Inter-American Energy Development Bank (Spanish acronym BIDE) with a seed-capital of \$20 million to be contributed by private investors, corporations, and multilateral institutions:

The Western Hemisphere Energy Workshop is barely a distinct body. It was created by the New York-based Council of the Americas, the spook "consulting firm" of Panero Associates and the MITRE Corporation. The Council of the Americas was created out of the New York Council on Foreign Relations. In turn, it was an initiating force in the creation of the Forum on the Americas. The Forum's "Notables" then overlap with various branches of the Council on the Americas, the OAS bureaucracy and the IADB.

The now-formal marriage of these various agencies touches upon the Anglo-American proposal for a "Hemispheric Strategic Reserve" covering all energy resources. For example, Mexico's massive oil reserves, which that country seeks to use for her own industrial development and as a precedent in oil-for-technology transfer to Third World countries generally, would instead be at the disposal of "supra-national" forces that would rather not see Mexico or any other nation undergo industrial revolutions.

As Guillermo Zuburban—an IADB executive director and one of the principal matchmakers—put it, the Workshop is moving with all possible haste to "preempt" approaches to energy programs "inconvenient to our proposal." In part, this will be accomplished in the way described by Charles Zraket, Executive Vice-President of the MITRE Corporation. The IADB is now going to translate and distribute all Workshop materials and "pick up the tab" for its propaganda work, he says. "We hadn't realized the IADB would move so fast..." But just as important, the full financial leverage of the IADB will be behind Workshop and Forum energy proposals, with the threat of financial cutoffs—and not just in energy matters—as a potent "stick."

The combined agencies have devised proposals that address the full array of energy resources and energy technologies; but not one points to the actual economic development of the continent. They instead seek to blanket the energy field such that no coherent independent options are available to individual Latin American governments.

Thus, privately, hostile hands are being laid on the energy "choke point" of the Latin American economies.

A program against development

Latin American nationalists are bound to raise an outcry as soon as the new "nested" arrangements

become more widely known and understood. The OAS and IADB involvement is a product of executive fiat, and MITRE's Zraket admits that already the Workshop program is causing questions to be raised like: "What kind of Trojan Horse is this?"

Moreover, U.S. businessmen, promised the run of the continent for lucrative energy and minerals projects, have just as much to lose if they go along. The kind of "soft technology" approaches for which the Forum and Workshop are noted would mean forfeit of crucial markets for U.S. high-technology goods. Since only strong state-sector programs have been able to match the will with the financial resources required to lead in-depth industrialization strategies, the "private sector crusade" behind the "hemispheric reserve" policy means scrapping industrial development. Jose Represas, a member of the Forum's "Committee of Notables" who heads the Inter-American Council for Trade and Commerce, demands that "new private investments" go solely to "those key sectors of the economy which absorb greatest labor," that is, use the least technology.

The Forum and the Workshop both emphasize high-cost synthetic or "soft" fuels, and oil and gas to a limited extent. Nuclear energy forms no part of their current proposals.

The Mexican alternative

The example of Mexico proves conclusively that the hemispheric "private sector" approach to energy policy is indeed bad for business. Mexico, pouring revenues from nationalized oil industry back into ambitious joint public/private development projects, guided by the National Industrial Development Plan, has the largest growth rate on the continent—7.5 percent this year—and provides the premier market for advanced sector capital goods in the Third World.

At the same time, Mexico's world energy development proposal, to be presented by President José Lopez Portillo to the U.N. Sept. 27, envisions 1) better world production and distribution arrangements, to avoid manipulation by the oil multinationals and 2) new financing and transfer of technology to ensure rapid energy development in deficit Third World areas. It is an approach diametrically opposite to that of the hemispheric reserve "high command."

The coming fight against the hemispheric reserve approach will inevitably coalesce around the Mexican alternative. Nor is the "high command" hiding its hostility to Mexico. Harry Geyelin of the Council of the Americas, asked what he thought of Mexico's initiative, said "We must depoliticize arguments, and just listen to experts... Mexico seems to want to cast its bread upon the waters. It all sounds very confused to me... As for distribution idea, let me put it this way: What if the U.S. suddenly took all of Mexico's energy?"

—Tim Rush

Who's who on the 'Committee of 15'

Mario Garnero (Brazil): Garnero is a major figure in the campaign to put private enterprise in the lead of the new hemispheric order. His entrepreneurial base is his presidency of Brazilinvest, a multinational holding company with hundreds of millions invested in Brazil.

Garnero is reportedly responsible for the "Committee of 15" and Inter-American Energy Bank (BIDE) conceptions. Garnero's intentions for this bank may be judged by his conduct as private sector representative on Brazil's new National Energy Commission. Garnero demanded radical measures for reducing oil consumption, including converting the cement industry from oil to charcoal. Cement plant owner Ermirio de Moraes, however, pointed out that this would require burning 41 acres of eucalyptus forests for each ton of cement.

William Simon (U.S.A.): Simon made his name and a small fortune as a Wall Street bond speculator for Salomon Bros. Under Richard Nixon Simon was put in charge of the Federal Energy Office, which he built into a thousand-man bureaucracy. Simon became Treasury Secretary from April, 1974 until Gerald Ford left office in 1977. Simon's tight money policies, insistence that gold be removed from the international monetary system and his ganging up with the British against Japanese efforts to expand world trade prepared the way for the current international economic crisis.

While Treasury Secretary, Simon energetically promoted Brazil as an ideal place for foreign investments, leading to the establishment of Brazilinvest. Earlier this year, Simon proposed that the United States adopt the "Argentine Model" of fighting inflation through tight credit policies which the Argentines tab "industrialicide." Argentina's inflation last year was 162 percent.

C. Fred Bergsten (U.S.A.): Bergsten is a founding member of the Trilateral Commission and a fellow of the Council on Foreign Relations. He was Henry Kissinger's economic advisor on the National Security Council, 1969-71. Then, as the dollar crisis hit, he joined the Brookings Institution becoming a spokesman for the IMF's "Special Drawing Rights" as a means of international trade and lending. Bergsten is considered an "expert" on Third World commodity cartels and he served as the Trilateral Commission's top strategist against Third World debt moratoria.

As Michael Blumenthal's Assistant Secretary of the Treasury for International Affairs, Bergsten has had direct responsibility for implementing the CFR's "controlled disintegration" policy toward the world econ-

my. Bergsten spent Christmas, 1977, in Lima explaining to the Peruvian Government that Carter's "human rights" policy meant no further U.S. aid unless they capitulated to IMF "conditions."

Bergsten boasts that 40 percent more Brazilian manufacturers were allowed into the U.S. market this year as part of a deal he had made to give Brazil special trade privileges in return for Brazil ganging up with London and Washington at the GATT talks against Japan's export promotion policies.

Bergsten is known as a free-wheeling Keynesian "innovator." He will play a key role in formulating its policies and will use his power as the representative of the U.S. Government to ensure the Committee acts as a hemispheric tool of the Trilateral Commission and the CFR.

Alejandro Orfila (Argentina): Secretary General of the Organization of American States (OAS) since 1975. Previously, he had served in the diplomatic corps of Argentina and the Rockefeller family.

Orfila paid a long visit to China during the China-Vietnam conflict at the beginning of this year and came back praising the Chinese economic model and recommending that Latin America treat China as a more lucrative export market than the socialist CMEA countries.

At São Paulo, Orfila sought "a continental energy pact" to deal with the "oil crisis," by Brazilian-type "gasohol" production in the sugar-producing areas of the continent.

Sergio de Castro (Chile): Pinochet's Finance Minister since early 1977, has implemented Friedmanite "free trade" policies leading to massive unemployment and industrial bankruptcies.

Jose Represas (Mexico): Since 1935, he has been employed as public apologist for the predatory activities in Latin America of the Swiss-based Nestlé. Represas would like to reproduce the "Chilean Model" in Mexico. He has endeavored to "mediate" the boycott by Mexican labor against the brutal Pinochet regime and proclaims "state capitalism" as the number one enemy of democracy.

Represas is the president of the Inter-American Trade and Production Council, the business side of the "Alliance for Progress" and, effectively, the Latin American front of the Council of the Americas. This

almost moribund operation has been swept up into Garnero's more dynamic "Committee of 15".

Mario Vasquez Raña (Mexico): Spokesperson for the Mexican business faction associated with tourism czar and former president Miguel Aleman. Vasquez Raña presides over the Mexican Olympic Committee and is helping the "Alemanista" mayor of Mexico city urge citizens to convert to bicycle transport.

Daniel Oduber (Costa Rica): Oduber has run Costa Rica's social democratic PLN party since 1970 and served as politically moderate president of Costa Rica from 1974-78. His proud wearing of the Grand Cross of the Order of Malta may explain his present inclusion among the crusaders against state dirigism.

Luis M. Gotelli (Argentina): Gotelli is president of the Argentine Entrepreneurs' Council, a "pressure group" set up by local oligarchs to drum up support for the immensely unpopular Friedmanite policies of Finance Minister Martínez de Hoz. A CEA delegation met in New York in March 1978 with a delegation from the Trilateral Commission headed by David Rockefeller, to seek the creation of an Argentine branch of the Trilateral Commission to "harmonize economic interests" of the two countries.

Douglas Fletcher (Jamaica): Former Jamaican ambassador to the U.S. and international lawyer, Fletcher's main activity is directing insurance, banking and mortgage companies' dirty-money laundering run from London. Fletcher represents the British Caribbean on the "Committee of 15."

Richard Thompson (Canada): Chairman, Toronto Dominion Bank, one of the five Canadian "Dope, Inc." banks, which is engaged in financing Hong Kong-related drugs and laundering related funds.

Carlos Ferreyros (Peru): Ferreyros is President of Banco de Credito, Peru's major private bank. Banco de Credito served as the redoubt of the latifundist oligarchy which was systematically displaced during the Velasco Revolution. It is now campaigning to dismantle all the reforms of that period.

Marcel Laniado (Ecuador): President of Banco del Pacifico.

Armando de Armas (Venezuela): He runs the reactionary de Armas press empire whose major recent activity has focused on inciting border conflicts with Colombia.

Committee and workshop programs

The 'Committee of 15 Notables' of the Forum on the Americas and the Western Hemisphere Energy Workshop are the "idea men" and the political "fixers" in the Latin American energy-grab strategy. As Zraket of Mitre Corporation, one of the Workshop sponsors, put it: "We can concentrate on studies ... If there is any action on our ideas, that will go through the bank"—the Inter-American Development Bank. A spokesman said the same of the "Committee of 15": "It's not basically action-oriented; its individuals go out" to act through other institutions—which now feature the Organization of American States.

The 'Committee of 15' and Workshop have come up with the following energy "ideas" which they are now pressing in programmatic form:

Gas and oil

The "Committee of 15" approved the creation of an Inter-American Energy Development Bank (BIDE) to concentrate on fossil-fuel projects. The initial \$20 million seed money will be set up through a mix of individual and institutional investors on the model of the Rockefeller ADELA program or Chase International Investor Service, sources say. The "Committee" deputized Marcel Laniado of Ecuador's Bank of the Pacific capital flow into "risk contracts" for exploratory oil-drilling. The study is "expected very soon."

Also aimed at fossil fuel development is a proposed *Inter-American Energy and Minerals Fund*. This \$1 billion IADB project would provide insurance and guarantees to energy and minerals investors in case of expropriation, currency inconvertibility, war or revolution. These are the standard categories for the almost three-quarters of a billion in insurance written yearly

for U.S. investors by the Overseas Private Investment Corporation. Since that is a U.S. government institution, looked on as synonymous with the marines in Latin America, the IADB insurance idea is an effort to give such back-up a 'multilateral' appearance.

"Soft" technologies

The relatively small OAS energy program is being built around the so-called "renewable resources" which both the Forum and the Workshop clearly prefer. "The emphasis is entirely here," reports the director of the OAS's Science and Technology Regional Development Program, Phactuel Rego. Current projects include R&D in "solar power" and "biomass." A much larger biomass (gasohol) project is run out of the OAS's Social and Economic Division, designed to spread Brazil's gasohol technology to the Dominican Republic.

Hydro-electric, transmission grids-

This is the IADB's forte, with substantial World Bank involvement as well. Of \$8 billion in IADB lending earmarked for the next four years, \$2 billion is hydroelectric and electrical transmission systems.

Nuclear

This has had no emphasis in Forum or Workshop proposals. An ostensible nuclear advocate, Pedro Sanjuan, was invited to make a presentation to the "Committee of 15" in Washington. However, Sanjuan is from the new Hemispheric Center of the American Enterprise Institute. The American Enterprise Institute is a front-group of the Mont Pelerin Society, which is the intelligence arm of Count Otto von Hapsburg's Pan-European Union, which opposes industrial development on principle. Sanjuan's advocacy of nuclear power, therefore, is more than suspicious, and OAS sources report that he is now preparing a feasibility study for "continental energy integration" with an emphasis on nuclear sources within a strict framework of multilateral "non-proliferation"—which will be clearly unacceptable to most of the region's present governments. Sanjuan will also hold a series of "pro-nuclear" conferences in the Caribbean (Miami Nov. 28-29) and in Spain and Argentina in 1980.