

# Global resources blackmail

*Exclusive: proponents reveal the secret of the 'hemispheric oil reserve'*

A new institution has moved to the fore to spearhead the creation of a western hemisphere strategic reserve, implementing directives from the highest levels of the "informal" policymaking structure in London, New York and Washington. This is the "Western Hemisphere Energy Workshop" of the Council of the Americas, the Mitre Corporation, and the Robert Panero Associates consultant firm. The program—now midway through a series of at least four organizing conferences throughout the Americas and Japan—is designed to midwife a full-fledged supranational body which will dictate energy policy throughout the Americas.

Exclusive *Executive Intelligence Review* interviews with the project directors, including Council of Americas' Harry Geyelin, Mitre's Charles Zraket, and Robert Panero and Lupe Echevarria of Panero Associates, reveal that the effort is conceived as a global, not merely regional, program of international resources blackmail.

The three interlinked goals they identify: one, provide the energy and other raw materials to fuel a London-led U.S. warmaking machine. Two, force Japan and western Europe to beg to be "dealt in" on this reserve, as their current areas of primary energy and raw materials supply—Brzezinski's "Arc of Crisis"—are successively submerged in destabilization and warfare at Anglo-American instigation. The political condition for access to the vital Latin American raw materials preserve will be repudiation of the war avoidance and development policy of the European Monetary System.

And three, destroy Mexico's determined leadership of counterforces in the hemisphere and worldwide, committed to making energy the "patrimony of humanity," inseparable from in-depth Third World industrialization.

Former Hudson Institute staffer Panero, identified by participants as the "maestro" of the project, sketched a devastating prescription for global conflict and deindustrialization. According to Panero,

- the western hemisphere energy reserve drive is predicated on the destruction of energy supplies from the Middle East;

- it requires vastly increased energy prices to make new sources, such as shale oil and tar sands, economical; oil prices are "way too low;"

- nuclear development must be ruled out ostensibly because it involves "large-scale imports of equipment;"

- western hemisphere policy should follow the outlines already established by James Schlesinger's energy policy in the U.S.; and

- easy extraction and processing of raw materials is the goal, not integrated industrialization.

However, the sponsors of this antigrowth program are taking pains to retail it under a label favorable to energy and economic growth. "There must be transfer of technology and areas of capital-intensive growth," says Harry Geyelin, president of the Council of the Americas in an interview.

For the unwary businessman or diplomat the hemisphere reserve is baited with a proposal for the development of Mexico's Tehuantepec Isthmus authored by Panero. Although that project poses a multibillion plan for raw materials processing, the upshot is a British-style colonialist looting policy which will devastate Latin American economies, deprive U.S. industry of vital high-technology export markets, and increase the energy "overhead" costs in the U.S. to levels which will collapse remaining industry.

## **Mexico, an alternative approach**

Opposition to the hemispheric reserve scheme has best been posed by Mexico's decision to employ its gigantic oil and gas reserves for development. As part of its approach, Mexico has repeatedly, and particularly over the past year, refused to surrender its resources to any part of the Anglo-American designs.

In fact, President Lopez Portillo's call for a consumer-producer energy summit and a United Nations-sponsored framework of world energy development accords has already been endorsed by the European Community, the UN Economic Commission for Latin America (ECLA) and various Arab nations. Developed in consultation with the East bloc nations, it gained the official endorsement of the Czechoslovakian ambassador to Mexico May 9.

The strategic reservists are openly antagonistic to

Lopez Portillo's policy, indicating that there is "no connection" between their efforts and the Mexican President's, and that they foresee "no plans" for mutual consultation.

### **Financial structure**

With the hemisphere's energy workshop comes the floating of two other key components—a financial structure and a military underpinning. The recent La Paz plenary of the UN Economic Commission on Latin America featured a push for a Latin American Monetary System which included joint regional currency linked to the IMF's special drawing rights.

Mexico countered that meeting's push to have its and Venezuela's oil earnings manipulated by posing capital intensive strategies (see below).

To fully understand the nature of the reserve drive as a loaded gun against the region's sovereignty and real development prospects, it is useful to look at the small but better-known version of the reserve policy known as a "North American Community"—a U.S.-Mexico-Canada Common Market.

The most frank and revealing presentation of the Common Market idea came in a February 1979 proposal by Kenneth Hill of the New York investment firm of Blyth Eastman Dillon. Hill's widely circulated Common Market prospectus demands that Mexico's oil and other resources be absorbed into U.S. energy planning "for peace or war"; that a single financing and currency arrangement be extended across the borders; and that the U.S.'s "defense umbrella" embrace not only Mexico and Canada, but potentially the entire Caribbean.

Mexico, of course, has made it plain that it will never accept such a scheme of limited sovereignty. Mexican congressional energy commission chairman Jesus Puente Leyva has specifically denounced the Common Market proposal as a "sophisticated provocation" against Mexico in a "Kissingerian mode" concocted in Rand Corporation and U.S. government circles.

It is in fact the obviousness of the Common Market proposal which drove the Western Hemisphere Energy Workshop impresarios to devise their new scheme. All Workshop leaders interviewed rejected the Common Market's possibilities of success, but suggested that their "softer" multilateral approach had a better chance of trapping in the Mexicans. Also as Workshop liaison to the Inter-American Development Bank Guillermo Zurburan put it, to stop "energy programs in each country which may have a direction inconvenient to our proposal" we will offer "tradeoffs" involving "financial aid and private investment.... I'm sure Mexico will think about it."

—Tim Rush

## **What is the Western Hemisphere Energy Workshop?**

The Western Hemisphere Energy Workshop is an ongoing project masterminded by consultant Robert Panero. Its chief sponsoring agencies are the Council of the Americas, the Mitre Corporation, and Robert Panero Associates. Its stated goals: conduct an energy survey of the hemisphere; develop a mechanism to impose supranational energy development decisions on the hemisphere; and sell Japan and Europe on the idea of having to operate in an energy-scarce world controlled by Anglo-American interests. One mechanism under consideration is the creation of a "council of wise men" with "political clout" drawing on the existing Inter-American Development Bank bureaucracy for logistical base. A new institution at this time is deemed "too cumbersome."

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## **Where have the conferences been held?**

A "Workshop to Survey Western Hemisphere Energy" was hosted by the Mitre Corporation in McLean, Virginia, Nov. 2-3, 1978. Its objective was to gather a preliminary data base and set up initial committees to lobby with government officials to preempt independent national energy politics.

The second conference, a "Planning Workshop on Western Hemisphere Energy," met in Bogota, Colombia, March 22-23, 1979. Its local cosponsors: Banco de Bogotá, Universidad de los Andes. The stated objective was to increase the Latin American political base of support.

Presently, a conference is projected for September 1979 in Japan. Objective: consolidation of Japanese support base, and bringing the project out of the primarily "think tank" and technical level, to the ministerial level. Other conferences are being considered for Brazil, Mexico, Canada or France. A wrap-up conference, possibly in Houston, would unveil full regional energy mechanism.

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## **Who are the sponsors?**

**Mitre Corporation:** a zero-growth think tank instrumental in drafting Schlesinger's energy policy and the Rockefeller Foundation's environmentalist

"Unfinished Agenda," is a primary backer. Mitre has been the primary retailer of "nuclear terrorism" scenarios in U.S. and Europe.

**Council of the Americas:** set up as a subsidiary of the New York Council on Foreign Relations in the mid-1960s, with a continuing prominent role played by David Rockefeller and Chase Manhattan Bank. The Council is control point to harness multinationals into Mont Pelerin Society operations against dirigist, high-technology development in Latin America, and the key agency in 1973 Chilean bloodbath which installed Friedmanite dictator Pinochet. It played a similar role in 1964 Brazil coup. Current proposals for U.S.-Mexico relations, contemptuous of Mexican sovereignty, include: a "Bi-national Energy Authority;" the "50-kilometer border free zone," and consolidation of Mexican debt in U.S. bonds.

**Robert Panero Associates:** "Consulting firm" derived from the futuristic Hudson Institute.

Local sponsors in Colombia include:

**Universidad de los Andes:** heavily funded by the Ford and Rockefeller Foundations and sponsor of the notorious Gaviotas settlement project in the Colombian Amazon, endorsed by the World Bank as a model for Third World "appropriate technology," which was based on gimmicks such as irrigation pumps made of "washbuckets and old tires."

**Banco de Bogotá:** Owned by top Colombian oligarchic families, the bank is reported by investigators to be key financier of the Colombia drug trade. Its president Mejía Salazar openly advocates legalizing marijuana and cocaine traffic.

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## Who is participating?

The Workshop project has dedicated great efforts—with substantial success so far—to assembling as broad a range of participating individuals, agencies and officials as possible. The November Mitre kick-off conference attendance list includes 100 names among them the Washington ambassadors of Mexico, Colombia and Brazil; Canadian energy institute officials; French and Swedish firms and technical institutes; Nippon Steel; a selection of

World Bank; Inter-American Development Bank, and IMF officials; Gulf Oil; Bethlehem Steel; Hanna Mining; Texaco; the Department of Energy; OAS director of Scientific Affairs Marcelo Alonzo; First Boston; Chase; Dr. Edward Teller; and the *Washington Post*.

Particularly noteworthy for their involvement:

Frank Zarb of Lazard Freres, New York, Zarb is a former head of Federal Energy Administration and personal liaison between Japanese and Mexican businessmen. He is presently claiming that Mexico is only interested in labor-intensive development.

William D. Rogers of Arnold and Porter (attorneys) and former Undersecretary of State for Latin American Affairs under Kissinger. Arnold and Porter was instrumental in the 1963 formation of the Institute for Policy Studies, a control center for coordinating international environmentalism, terrorism, and miscellaneous "new left" activities.

Walt W. Rostow of the University of Texas, an architect of the Alliance for Progress under the Kennedy and Johnson administrations. His brother Eugene is a founder of warhawk Committee on the Present Danger.

Jose de Cubas, a Limited partner of Lehman Brothers and Kuhn Loeb, New York and author of Council of Americas-endorsed "free zone" proposal for U.S.-Mexico border, criticized by observers as a "2,000 mile-long Hong Kong."

Larry Goldmuntz, a Washington energy consultant, patronized by Senator Ted Kennedy and B'nai B'rith. Goldmuntz proposed an 8 million barrels per day oil pipeline from Mexico to U.S. for safer supply "than marine routes" in case of war.

Adalbert Krieger Vassena, a former World Bank official and Argentine associate of the Mont Pelerin Society.

Felix Rossi Guerrero, the representative of Petro-ven in Washington.

Roberto Campos, featured speaker at the March Bogotá conference, is Brazilian ambassador to Great Britain; former finance minister (1964-1968); unofficial member of the Brandt Commission, chartered by the World Bank to sell the Third World on "appropriate" labor-intensive technology; and "father" of the Brazilian economic "miracle" whose policies resulted in a two-thirds collapse in Brazilian living standards over a 10-year period.