

Western hemisphere bloc—the inside story

For three days, from Dec. 3-5, a select group of participants were given an insider's view of an operational drive to fuse the Western Hemisphere into its own, self-sufficient, regional bloc.

This was the Western Hemisphere Energy Symposium, cosponsored by four organizations: MITRE Corp., Council of the Americas, the Inter-American Development Bank, and Robert Panero Associates. Quarters were provided by MITRE's McLean, Va. branch. The approximately 100 participants represented personnel from international banks, Wall St. investment houses, private enterprise, government energy specialists, and think-tankers.

Robert Panero, a RAND Corporation and Hudson Institute private intelligence impresario who brought together most of the speakers and many of the participants on the basis of personal, longstanding friendships, opened his remarks on the strategic context of the symposium by disarmingly saying he merely wanted to "increase the menu" of energy choices on the continent. "We want to make a three day soup," he said. What emerged was a singularly lethal brew.

Panero went straight to the current Middle East crisis as his point of departure. "The unraveling of the Mideast has started. It is irreversible and natural," he reported. "We have based our energy policy on the accident of Middle East stability since World War II. This is crazy. Now, the loss of confidence in that region brings an automatic renewed focus on the Western Hemisphere."

Though noting that his collaboration with Charles Zraket, executive vice president of MITRE, goes back 25 years, Panero traced the Western Hemisphere Energy Symposium effort to a series of Hudson Institute meetings arranged by Panero and Zraket in the early 1970s. The "predictive" theme: the coming jump in world energy prices and looming world energy shortages.

Panero urged the audience to shift its attention "off Iran" and "onto the Mecca mosque incident" which had just taken place in Saudi Arabia. "The theory of the Saudi ruling family's right to govern is based on its role as guardian of the holy mosque in Mecca. Add to this the fact that the second and third generation of Saudi princes

have used up all their political credit as guardians of Mecca with corruption, expensive cars and so forth." He concluded that the current Mideast destabilizations must be taken as "inevitable and natural": the Mideast is permanently crippled as the world's premier oil and gas producer.

Other speakers included Walt W. Rostow, now of the University of Texas and formerly White House foreign policy advisor under Kennedy and Johnson; and Carlos Sanz de Santamaria, a Colombian who headed the Latin American contingent drafted to front for U.S. policy planners in the Alliance for Progress bureaucracy.

Rostow, in the keynote speech the first day of the Symposium, posed as the friend of Latin America who wanted growth for the continent in the context of worldwide North-South progress, not a divisive regionalism isolating Latin America from the rest of the Third World. The catch: let hemispheric self-sufficiency be set up first as the prototype. Rostow referred his listeners to an article he authored for the magazine *Americas* in February 1979, which concluded: "... we command the experience of cooperation and the institutions to pioneer in the Hemisphere the new patterns of North-South cooperation that will be required on a global as well as Hemisphere-wide basis."

Rostow's evocation of the period of the Alliance for Progress was then made explicit by Sanz de Santamaria. The Alliance was "development with a human face. ... Let's hope that the result of this meeting today, in two or three years time, is an 'Alliance for Energy.'"

All thinking was then channeled into giant energy boondoggles at equally giant capital costs. The way Rostow put it was that "there must be a radical shift in the direction of investment to the *supply* side" of energy, raw materials and food. Panero demanded "aggressive," not "defensive" giant energy projects.

The final point of Panero's symposium was conveyed in his aside that it was "reasonable," in the pre-Iran period, "to plan industry in centralized fashion. Today, that is unreasonable. Today, heavy industry has to move where the energy is." This was also conveyed in Rostow's glowing tribute to Felix Rohatyn's Energy Corporation of the Northeast (Encono) proposal, as the only effort "to have seen that the kind of investment required means full employment."

The "Alliance for Energy" in the Western Hemisphere foreseen by these gentlemen in the wake of their successful unravelling of the Mideast is simply put: a supranational control mechanism characterized by clusters of high-cost energy and industry relocation projects dotting a continent "self-sufficient" in energy—and wracked by collapse as regional autarky and deficiencies in investment in other vital areas take hold.