



**A global IEA:**

# The tactic of the 'producer-consumer dialogue'

by Judith Wyer

Gulf Oil president Jerry McAfee, speaking in St. Louis, Missouri late last month, endorsed a plan for "a producer-consumer dialogue" on oil supplies to resolve the world energy crisis. Only days earlier, the proposal for "dialogue" had been voiced by former British Prime Minister James Callaghan, following a trip to the Middle East.

Under the conditions created by the "Iran crisis," a "dialogue" between oil producers and consumers, in Anglo-American parlance, is a "crisis management" measure, aimed at allowing Washington and London to use the advantage the Iran crisis gives them to force the principal nations of the world into agreeing to an international energy autarky that would effectively destroy the European Monetary System. Through the "dialogue," the International Monetary Fund would be preserved, and an "energy IMF" in effect created.

That was the topic of this week's International Energy Agency meeting in Paris. Britain and the United States went to the meeting with proposals for a voluntary cut in IEA member countries' oil consumption by a total of 1 million barrels per day and for increased powers for the IEA to regulate oil flow into the various member economies. The meeting however ended with little accomplished as the West German and Japanese delegations led the Swiss and others in rejecting the Anglo-American proposals.

The tactic of a producer-consumer dialogue was fully elaborated by the prestigious New York Council on Foreign Relations in a volume entitled "Oil Politics in the 1980s," released this year. The goal of such a dialogue, says the report, is the creation of a multinational energy cartel which would be controlled by a supranational agency, like the IEA or a new United Nations Energy Institute.

Dr. Herbert Hansen, vice president for government agreements for Gulf Energy and Minerals Company International, was responsible for convincing Gulf President McAfee as well as Chairman of the Board James Lee to back the consumer-producer dialogue, according to well-placed sources.

Hansen is also a promoter of a plan to eradicate the sovereignty of nation-states in favor of an "interdependent system" of world government, and locates his ideas on energy in those terms.

The founders of the European Monetary System, French President Valery Giscard d'Estaing and West German Chancellor Helmut Schmidt have also been active promoters of a producer-consumer dialogue, but from a very different perspective. The Franco-German plan was to reach an agreement with the Mideast oil producers to use excess dollars as the basis for a European Monetary Fund to channel industrial investment into the Third World.

McAfee made it clear in his St. Louis speech that the dialogue he was endorsing had no such objective. Any agreement reached with the producers, he indicated, would be within the context of "the existing system." Using the threat of further oil supply disruptions—like Iran—and certain planned oil-export reductions by a number of OPEC countries beginning in 1980, this "dialogue" would be oriented to blackmailing Europe to drop its EMS plan and accept severe energy austerity.

## The IEA connection

Secretary of State Vance's trip to Europe this week was designed to press for support from Europe for administration plans to wage economic warfare and possible military intervention into the Middle East. This would provide the Muslim Brotherhood radicals in Iran, Libya and elsewhere the pretext for declaring an oil embargo against the entire advanced sector.

His departure intersected the convening of the Paris conference of the IEA, an institution set up by former Secretary of State Henry Kissinger in 1974 to put oil consumers into conflict with producers and attempt to dictate allocation of supplies in the consumer countries.

To do this would require import ceilings which the IEA is all too ready to enforce: countries "guilty" of not respecting the ceilings would be left out the IEA's allocation of strategic reserves in the event of an embargo or

shortage. In addition to the sanctions, the IEA reserves the right to put into action its "automatic redistribution mechanism" to divert oil supplies from one country to another if the latter's supplies fall short of their requirements.

A source in the West German capital of Bonn, however, notes that neither his government nor the other governments of continental Europe will that easily accept such severe energy conservation under the domination of Washington and London.

The source noted that at the recent European Economic Community meeting of heads of State in Dublin, Britain categorically refused to accept any continental European suggestion for dealing with energy problems, except that of the IEA.

This week's firing of the head of the Italian state-owned oil company ENI, Giorgio Mazzanti, is yet another facet of the Anglo-American effort to undermine European resistance to a "planetary" energy regime.

Oil Politics in the 1980s states bluntly that European state oil companies must be bludgeoned into accepting the multinational oil companies as the chief arbiters of a supranational energy cartel. Key to this scenario is the immediate removal of nationalist elements in the management of the European companies.

ENI has historically represented a threat to the multinationals, as under former ENI chief Enrico Mattei, who met a sudden and mysterious death in 1963.

The coup which has occurred within ENI was occasioned from a sudden decision on the part of Saudi Arabia to suspend an oil contract to the already oil-short Italians, based on an alleged scandal between the Saudi government and the ENI management.

### **The OPEC flank**

Since its creation in 1960, OPEC has been controlled chiefly out of London, through such institutions as St. Antony's and St. Catherine's Colleges at Oxford, by such notable petroleum economists as Britain's Robert Marbro, and Edith Penrose. Within the United States, Harvard University has served as an institution that both trains many of the leading figures within the oil ministries of the oil producing countries, and the OPEC secretariat in Vienna.

Since the 1974 fourfold oil price increase by OPEC, a high level institution both for training and advising OPEC members at Boulder, Colorado has been established, run by Ragaei El Mallakh, an Egyptian, the University of Colorado based International Research Center for Energy and Economic Development. Notably, El Mallakh helped to oversee the CFR's "1980s" studies.

Out of these institutions, plus the University of Rot-

terdam (the city out of which the notorious speculative oil spot-markets operate), and with such private advisors as Deputy Energy Secretary John Sawhill, and former American Ambassador to Saudi Arabia James Akins, that most of OPEC receives its economic and political intelligence.

### **Dumping the dollar**

According to a well-placed source with the New York investment house Salomon brothers, certain "radical" OPEC nations will begin to follow Iran's lead and demand payment in currencies other than the dollar for oil sales. According to the Venezuelan ambassador to Iran, the Iranian Oil Minister Ali Moinfar, and his Venezuelan counterpart Calderon Berti met this week for eight hours and arrived at the same conclusion, that OPEC as a whole will not determine currency policy, but that individual countries will make the move to break with the dollar.

At present the governments of Iran, Venezuela, Libya, Algeria and to a lesser extent, Kuwait and Qatar are the supporters within OPEC of the policies of Mr. McAfee and Mr. Callaghan. Together, OPEC and non-OPEC exponents of the global energy cartel intend to use a "producer-consumer dialogue" to crush all resistance to the plan.

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*"The conference should be sponsored by... the CFR, the RIIA, and a Third World group."*

*An aide to Gulf Vice President for Government Agreements, Dr. Herbert Hansen, detailed the long-range plan for a government of "world unity" in the following interview.*

**Q:** Gulf President Jerry McAfee is predicting a major cut-off or reduction in OPEC oil production and is proposing that a producer-consumer conference be convened to head off a confrontation between OPEC and the OECD nations. What is Hansen's view on how the process leading to such a conference can be expected to unfold?

**A:** Well, Mr. Hansen is very actively at work on exactly this question. He just returned from a week of meetings with well-informed people in Washington.

The CIA's recent report on "The World Oil Markets and the Years Ahead" gives a very good picture of the way the world is headed. OPEC nations are more and more to be influenced by the actions of Muslim countries

and the spreading revolutions against the Western concept of development, against our value system. The CIA report projects growing destabilization throughout the Mideast. There will be more Irans.

As a result, the OPEC nations are beginning to cut back on their development programs. They are reevaluating the plans to produce oil in line with their real economic needs. And there are some really wild predictions coming out of some OPEC circles. The Kuwaiti oil minister has proposed a 50 percent cut in OPEC production by the mid-1980s! As a result of this, we all have to reconsider our objectives. We have to work out a solution based on our mutual interests. They are getting destabilized and are reducing development. It's beginning to dawn on everybody that such a conference is necessary. Europe is being threatened. Mr. Hansen has had a very busy week in Washington.

**Q:** How would the conference itself shape up?

**A:** Washington politicians, OPEC, Third World representation, think tanks and academic circles.

The conference should be modeled on the 1975 conference on International Economic Cooperation (North-South) called by Giscard d'Estaing. That is what is required. The conference should be sponsored by a number of private institutions—the New York Council on Foreign Relations, the Royal Institute of International Affairs, a Swiss or Austrian group and a Third World group. After the conference has been convened, an institutional framework can be developed.

**Q:** I believe Britain's former Prime Minister Callaghan and also McAfee have called for an energy "Yalta" conference of OECD nations.

**A:** Yes, a rallying of the separate groups will be necessary as well. OPEC is way ahead of the West in this regard. What the administration is doing in Europe around the Iranian situation will lead to this [a "Yalta" conference]. The more general problem will be addressed in conjunction with the problem of terrorism and the destabilizations. We are going to see the Muslim revolt against the existing world order gain broad support throughout the Third World, and lead to similar developments outside the Muslim world. The uprisings will be couched in religious terms but will bear directly on economic and social conditions. The consumers will have to rally themselves. Then we will have a process of intersecting circles, between the Muslim revolts and the consumers which will overlap.

The period of crisis in the 1980s will lead to a new world order; "world unity" is too ambitious right now ... that will take a couple more decades. The United States is 10 years behind in relations to the Third World.

Europe has a much better relationship with the Muslim world. The U.S. has a bad name from North Africa to Indonesia. We have lagged the most on energy policy, on our own domestic problems too. Europe is in a much better position to work out government-to-government deals. We have impediments such as ridiculous antiboycott legislation, stupid IRS rulings, wrong foreign policy decisions.

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*"The multinationals bridge the gap between the antiquated sovereign states and the real economic set-up."*

*Gulf Oil Vice President Herbert Hansen delivered a speech in early 1976 which was printed in the spring 1976 issue of the Journal of Energy and Development. Mr. Hansen is one of the first Americans to promote producer-consumer cooperation in the context of creating a global "interdependent system" mediated through the multinational companies. Excerpts from his speech follow.*

In the light of this recent experience from the standpoint of both producing and consuming countries, it has become increasingly clear that in the field of energy, as well as economic development, *interdependence must replace nationalism*. On Sept. 1, 1975, Daniel Moynihan, United States Representative to the United Nations, delivered Secretary Kissinger's landmark address to the United Nations General Assembly. In this speech he pointed out vividly the dangers of continued economic confrontation in the international sphere: "embargoes, cartels, seizures, countermeasures, and bitter rhetoric."

Certainly the United States policy is to avoid such a confrontation by bringing together producers and consumers to develop specific courses of action which will lead to better access to capital markets by developing countries, to the promotion of the transfer of technology, and to a consensus of principles to guide the beneficial operation of transnational enterprises (although there will eventually have to be many changes in the existing economic order as a result).

... There is growing recognition that what makes the international economic system work at all may be precisely the role of the international company. The late Arnold Toynbee, Britain's dean of historians, stated in *Forbes* magazine that the multinational corporations precisely bridge the gap between *the antiquated political set up of the local sovereign states and the real global economic set up*.