The World Bank energy proposal

by Renée Sigerson

On Aug. 22, World Bank Vice President Ernest Stern called a press conference in Washington, D.C., to announce that the World Bank was about to launch a ten-year investment program for new energy projects in the Third World.

The press conference reported the issuance of the World Bank's first global energy study, "Energy in the Developing Countries." The study has attracted international attention because it calls for $500-600 billion in energy-related investments in developing countries over the next decade. As we will document below, this figure was designed to stir up support for the World Bank as a clearinghouse for developing country energy investments, not to meet actual energy requirements. The energy report marks the first time that the World Bank has developed a decade-long public policy perspective for the world economy.

The World Bank acts as the supranational successor to the pre-World War II British Colonial Office. In coordination with the International Monetary Fund's balance-of-payments lending, the World Bank dispenses "project" loans and grants to developing countries. Not surprisingly, considering who the World Bank represents, their perspective for the 1980s agrees entirely with the policy recommendations made in the New York Council on Foreign Relations "Project 1980s" 20-volume compendium. In those reports, the CFR defines two policies of global austerity for the coming decade: *controlled disintegration* and *delinkage*.

These policies assert that since the advanced sector is irreparably ensnared in depression, its basic industries should be dismantled in a "controlled" way by austerity-minded governments. The developing countries, in turn, will remain cut off from advanced-sector capital exports, or economically "decoupled." The contents of the World Bank's $500 billion global investment plan parallel the CFR's blueprint.

The energy report is a supplement to the report called "World Development 1980," also issued by the World Bank this month.

The first half of the 1980s, the study asserts, are just like the 1974-75 period, when the world was compelled "to adjust" to high oil prices. The study states that "the world faces the need to adjust—to payments imbalances and expensive energy—on a scale comparable to 1974-75. . . . This adjustment will be spread over several years; while it lasts, the world economy and most developing countries are likely to grow more slowly than in the 1970s."

In 1973-74 the oil hoax threw the world economy into dislocation. Capital goods exports from the U.S. plummeted, setting the basis for the economic weakness which has plagued the United States since. In turn, whole sections of the Third World were broken off from international trade. Outside of mining and extractable energy investments, the majority of the Third World was driven into labor-intensive rural "survival" projects.

Working closely with the U.S. Treasury Department, the United Nations, and the multinational oil companies, the World Bank is committed to wiping out the one source of revenues which, properly deployed, could set up high-technology investment in the Third World—namely the OPEC surplus.

Currently, because the World Bank and IMF are involved in tricky negotiations to see if they can get up to $20 billion in loans from OPEC, these two agencies have been silent as to what they expect to happen with the OPEC surplus. Among reams of statistical projections in the World Bank's two latest studies, it is impossible to find a single statement of what the World Bank expects the size of the surplus over the coming decade to be.

On the other hand, it is clear that the report's underlying premise is that these funds will disappear. It is likely that in figuring how they will disappear, the World Bank is operating on the basis of the two scenarios on this subject developed by Chase Manhattan Bank.

Chase's 1980s projections assume that the OPEC surplus will either dwindle through 1985 due to gradual reduction of OPEC's share of world oil sales, or, in the event of some "political catastrophe" affecting Saudi Arabia, will plunge dramatically.

In the World Bank's new reports, it predicts that the OPEC component of world oil output will dwindle substantially over the coming two decades (Figure 1). It simultaneously insists that the nuclear component of world energy consumption will remain negligible until well into the next century.

The World Bank energy gameplan is to replace OPEC with smaller-scale oil production projects in the rest of the Third World. It is doing this in behalf of the multinational oil companies, who, it turns out, are employing the World Bank to try to seize control over untapped Third World oil reserves.

Whether or not the World Bank and the international oil cartel can succeed in building a Third World bloc against OPEC is being tested this week at the United Nations, where representatives from all over the world are attending the General Assembly conference on the "Third Development Decade." The release of the World Bank's energy study was timed to coincide with the opening of this meeting, the first U.N. conference ever where global energy problems are being debated.

Prior to 1977, the World Bank had no program for energy investments. In July of that year, in an effort to halt a growing push in numerous Third World countries for nuclear power development, the World Bank's executive directors approved a trial lending program for energy projects. These projects focused solely on oil exploration, solar energy, and low-output "biomass."

In January 1978, the United Nations directorship officially endorsed the principle that the World Bank should take a leading role in Third World "alternative energy" development. Meanwhile, the World Bank had established close working contacts with the oil multinationals around the "geological" problems of Third World oil exploration. Slowly and without much publicity, they began to push the World Bank as the "energy fund" of the future.

This is the same period in which the oil multinationals and their political allies in London and Washington elaborated the policy of busting OPEC through the destabilization of Iran.

Their problem was that so long as OPEC remained intact as a politically independent body, the danger existed that the $80 to $100 billion average annual OPEC surplus could be deployed to finance high-technology development, typified by nuclear and hydroelectric power, all over the Third World. In January 1979, the threat of such a development increased with the formal creation in Western Europe of the European Monetary System (EMS), the "seed crystal" for a new monetary system. Together the EMS and OPEC forces currently have the potential to deploy $200 billion per year in credit generation for Third World development.

The go-ahead for breaking OPEC and the EMS through political destabilization of the Persian Gulf was delivered by London, Washington, and the multinationals at a secret meeting held in March 1979 at Arden House, the estate of former New York governor Averell Harriman. It was the Arden House meeting which set the policy for the Iranian revolution and the ensuing oil price rises, with their devastating effect on the world economy. As *EIR* documented at the time, the 1979 oil price hoax was triggered on the London-controlled spot market, not by the Persian Gulf producers.

The continuous effort to preclude any OPEC-EMS linkup explains the World Bank's publicizing of a $500 billion energy program. *EIR* has documented to its satisfaction that the $500 billion is a fraud; therefore, its only importance must be as a *political* fraud aimed at discrediting the $200 billion development fund potential in the OPEC-EMS linkup.

A decade of low growth

The basic premise of the World Bank program is that the persistent current account deficits in the industrialized nations make impossible the implementation of development programs financed by the advanced sector. The World Bank predicts the current depressed output levels in the industrialized countries to continue as an overall secular trend, throughout the decade. That is the active policy of those behind the World Bank.

On Aug. 19, *El Nacional*, a Mexican daily which voices government opinion, lashed into the World Bank for pushing programs of low growth. *El Nacional* stated: "It is not very promising, shall we say, that the predictions of the World Bank respecting development . . . are so low. The first five years of the decade will be mediocre . . . judged by the figures provided by the World Bank. Latin America can aspire, in the best of all cases, to an economic growth of 2.6 percent, and in a less favorable hypothesis, to 2 percent. . . . The rest is nothing other than a set of palliatives, some of them cunning and risky . . . [which] relinquish the aspirations to open up the floodgates to foreign investment, and reduce birth rates. These are colonial remedies, at a time when we are aspiring to build our own future—which would not be impossible if rationality would finally intervene in these matters."

Figure 1

Composition of world commercial primary energy supply, 1970-2020

(percent)

Energy source	1970	1980	1990	2000	2020
Petroleum	47.6	45.8	38	30	17
(OPEC)	(23.0)	(20.4)	(16)	(12)	(6)
Coal	32.3	30.0	31	31	32
Nuclear	0.1	1.0	2	7	16
Hydro	2.0	2.7	4	5	5
Gas and other .	18.0	20.5	25	27	30
Total	100.0	100.0	100	100	100

Source: UN, *World Energy Supplies 1973-78*, Series J, no. 22; World Bank projections.

Figure 2

The World Bank's energy plan

Total production of commercial energy resources by non-OPEC developing countries	1980	1985 (projected)	% change*
Oil	5.75	8.40	7.9
Non-oil	6.02	9.27	9.0
Total	11.77	17.67	8.5

Breakdown of non-oil energy consumption and production by non-OPEC developing countries*	1975 Production	1975 Consumption	1985 (projected) Production	1985 (projected) Consumption
Coal	2.17	2.30	3.74	3.75
Gas	0.85	0.71	2.53	1.92
Hydro, nuclear and geothermal	1.20	1.21	3.00	3.00
Total non-oil	4.23	4.22	9.27	8.67

* (million barrels per day, oil equivalent)
Source: "A program to accelerate petroleum production in the developing countries," World Bank, January 1979

The Non-OPEC developing countries which the World Bank is reporting will become "leading" oil producers are: Mexico, Angola, Bahrain, Bolivia, Congo, Egypt. Malaysia, Syria, Oman, Trinidad-Tobago, Tunisia, Zaire, Barbados, Brazil, Chile, Colombia, Ghana, Guatemala, India, Morocco, Pakistan, the Philippines, and Thailand. More important than this highly questionable list, however, is the World Bank's insistence on blocking nuclear production in the Third World, as shown in the category "Hydro, Nuclear and Geothermal" above.

In analyzing the oil projections, it is also important to keep in mind that Mexico already produces 2.3 million barrels per day of oil, namely, a great percentage of what the World Bank expects the Third World as a whole could be producing under its gameplan. This demonstrates that the World Bank plan is a "no-growth" program.

The "set of palliatives" to which *El Nacional* refers are the $500 billion fraud and the perspective of oil development replacing nuclear development.

Oil, not nuclear

After the July 1977 approval by the World Bank's directors of a program for energy investments, the bank commissioned the research division of France's Institute of Petroleum to study geological conditions and energy policies in 70 developing countries. The Institute concluded that there are 24 developing countries which have resources for potential output of 1 million barrels per day of oil. Reportedly, 14 of these have no domestic oil production capability at this time.

The World Bank asserts that not only are these 24 countries potentially "energy self-sufficient" but that by 1990, they could be generating a financial surplus on export of oil of $25 billion.

It is the World Bank's claim that it would cost about $60 billion per annum to realize this potential, as well as the potential of about 47 other developing countries to get production going on more marginal resources. Thus, the World Bank states that somewhere between $400 and $600 billion are needed for the next decade to make the Third World "energy self-sufficient."

This sounds very ambitious, but the details of the policy behind this $500 billion program are pernicious. Based on detailed discussion with Washington officials, it emerges that at least half of these funds are projected by the World Bank to come from the multinational oil companies. The World Bank does not expect the Seven Sisters to be benevolent; the $500 billion or so is the cost it has tallied for the multinational oil companies to seize control over Third World petroleum resources.

The $500 billion or so has been formulated under a category developed in the new energy report which compiles "principal requirements in commercial energy investment." In 1977, when the World Bank first became involved in energy, this category equalled $12.6 billion invested in developing countries worldwide. It includes the investment expenditures of private corporations which run energy projects, including power generating stations, in the Third World. It does not separate out simple investment in existing equipment from qualitative new investment.

In 1980, this figure totalled $18.5 billion; in 1981, it is expected to be $34 billion. Thus, even if the World Bank succeeded in allocating a projected $40-60 billion average over the next decade (which is where the $500 billion figure comes in), that will only represent a net increase of $6-26 billion per year.

The "mediocrity," as *El Nacional* put it, of this program is dramatically illustrated by the case of Pakistan. In December 1970, Zulfikar Ali Bhutto became prime minister of Pakistan. Bhutto, as documented in the suppressed "Pakistan Papers" (available from *EIR*) was committed to bringing his country out of a veritable dark ages from years of internecine conflict and backwardness.

The keystones of Bhutto's policies were his commitment to breaking Pakistan out of a blind alliance with Washington, through developing sound relations with Saudi Arabia, the Soviet Union, and eventually India. The domestic complement to this was his passionate commitment to nuclear power development as the most rapid way of providing energy for development.

In July 1977, Bhutto was toppled by a Muslim Brotherhood coup, and two years later, after being framed up for murder, executed. As the "Pakistan

Papers" document, Bhutto was given this treatment under orders from then U.S. Secretary of State Henry Kissinger who wanted to "make a terrible example" of him to the entire Third World for his commitment to nuclear technologies.

In 1978, the World Bank then allocated funds for oil exploration in Pakistan. The funds were put at the disposal of Gulf Oil, which carried out exploration.

It is the stated policy of the World Bank, according to Washington sources, to "take advantage" of the oil companies' expertise in oil development. When oil was found, British Petroleum joined the exploration group. Washington sources have made clear that the basis on which the oil companies agreed to "come in" on the Pakistan test case was that their operations would not be nationalized.

Pakistan is not an isolated case. In the early 1970s, the World Bank and Exxon put the clampdown on oil development in Colombia and Peru because both governments refused to participate in "strategic reserve" policies controlled out of Washington. Since then, Colombia has developed a cozy relationship with the World Bank around the use of its growing marijuana crop to finance its external debt. Next to Pakistan, Colombia is the other country currently being publicized by the World Bank as heading for "oil self-sufficiency."

Whether the London-Washington axis will succeed in cracking OPEC-Third World ties as rapidly as they would like is highly questionable. On Aug. 25, West Germany's leading daily *Frankfurter Allgemeine Zeitung*, which fully supports the World Bank, hysterically denounced the U.N. General Assembly session and its Third World participants for refusing to criticize OPEC in conference preparatory documents. "Even after the oil shock, the poorest countries present themselves as standing in solidarity with the rich oil countries," the journal rants.

Even if the World Bank does not succeed in fracturing Third World-OPEC ties this fall, the effects of its proposed program cannot be underestimated. If the Third World is forced to continue with the World Bank's "energy self-sufficiency" policy, half of the developing sector's population will be condemned to starvation and genocide, the process currently under way in sub-Saharan Africa.

There are only 30 countries cited by the World Bank as having the potential for oil-based self-sufficiency. The rest are to be condemned to low technology energies such as biomass, which currently account for 50 percent of all energy consumption in the poorest countries, and 85 percent in those countries' rural areas. In the demographic section of its World Development study, the World Bank is frank about its policy for these poorest countries: widespread population control, lowering of birth rates, and "family planning."

Libya underwrites the marauders

by Mark Burdman

In large part, mass murder in northeast Africa is the direct result of the ambitions of Billy Carter's friend, Libya's Muammar Qaddafi.

Qaddafi has ripped northern Africa with bloody tribal and regional wars and "people's revolutions" from Morocco in northwestern Africa to Uganda in the central part of the continent.

According to French press reports, emergency food relief for starving tribesmen in northeastern Uganda has been prevented from reaching its destination by marauding bands of mercenaries. The mercenaries were formerly soldiers in the regime of deposed president Idi Amin.

Amin, who is to Africa what Kampuchea's Pol Pot is to Southeast Asia, was heavily bankrolled in the last months of his hated regime by Qaddafi. To this day, Amin's thugs receive financial support from Libya.

One authoritative Arab press account describes how Libyan soldiers were "revolted by the horrendous carnage" they saw on Ugandan soil. This did not deter Qaddafi from pouring money into Amin.

According to informed Washington sources, one of the secret accords of the Egypt-Israel-U.S. Camp David treaty provides for Qaddafi to be given license to destabilize several African regimes, with the included strategic emphasis of undermining European influence on the continent. Qaddafi has aimed his incendiary actions toward that part of Africa where French influence is greatest. French President Valéry Giscard d'Estaing has been seeking to consolidate a Euro-Arab-African bloc to develop the continent.

According to a recent account in France's *Le Figaro* newspaper, Qaddafi has recently created and funded an "Islamic legion" of 5,000 mercenaries drawn from four African countries, all in the drought-ridden Sahel. With this legion Qaddafi hopes to incite separatist revolts, split off Chad, Niger, Mali, Senegal, and Mauritania.

Qaddafi's actions have already led to a breakoff of diplomatic relations between Senegal and Libya. Senegal's president Leopold Senghor himself has long been a puppet in the hands of those who have sought to decrease Africa's population. His Club of Dakar is affiliated to the genocide think tank, the Club of Rome, and his concept of *négritude* has been used against the modernization of the continent.

The Libya-Senegal split promises to create a bloody