New Profile For U.S. Oil Multinationals

LaRouche proposes a "nuplex" alternative for petrodollars

Evidence of the massive scope of petroleum reserves of Mexico prompts me to propose that U.S. (and other) multinational oil firms modernize their corporate policy profile. Specifically, the old petroleum-marketing cartel approach — and its offshoots — must be phased out, in favor of using the marketing of petroleum as a means for generating the cash flows required to recapitalize these firms as leading elements of an integrated approach to the production of "nuplexes."

Mexico apparently rivals Saudi Arabia in extent of available reserves. The obstacle to proving and developing those resources has been twofold. Mexico proceeded with a shortage of qualified technicians (a shortage it has significantly corrected) and under arrangements between Pemex, its state-owned oil company, and multinationals which in effect limited development of Mexican reserves according to multinational marketing strategies. This has been complicated — in multinationals' perceptions — by the fact that new Pemex developments will fall under control of the national sector rather than multinational marketing controls.

Mexico is also one of the world's major holders of uranium reserves. These uranium reserves combined with Mexico's petroleum reserves to create an extraordinary opportunity to the advantage of both Mexico and its trading partners.

We are approaching the end of the petroleum age. Although the magnitude of proven reserves is limited chiefly by the effort to discover and prove new, massive reserves, petroleum will have a diminshing *relative* importance during the closing decade of this century and the first decade of the next. So, from a corporate standpoint. major petroleum multinationals must shift, on balance, into appropriate new fields of *primary* activity during the quarter-century ahead.

The new field of energy production which will take over dominance during the remainder of this century is nuclear energy. We are now passing out of the prebreeder-only phase of nuclear fission-energy generation, and must emphasize breeder programs into the 1990s. During the 1980s, fusion energy will begin to come on line in a pilot form (at least). By the end of the 1990s, a shifting composition of ordinary nuclear-fission, fission breeder, fission-fusion, and fusion energy will be the principal source of new energy supplies into the world's electrical grid-systems, and "waste heat" from nuclear production will be a major source of energy for industrial-process applications, desalination and related uses in the vicinity of nuclear-energy sites.

The most efficient approach to the use of nuclear energy in the developing sector generally is the creation of "nuplexes."

A "nuplex" is a new agro-industrial city built around paired nuclear-energy plants, each in the half-gigawatt to one-and-a-half gigawatt range (by present standards). To economize on distribution costs, and to exploit the "waste heat" produced, industrial consumers of output will huddle around the plants, creating a new sort of "clean" industrial (and employment) center. With the growing importance of the "clean water" problem, and with the opportunity to replicate California's Imperial Valley in many parts of the world, desalination and other water-purification exploiting waste heat will make nuplexes key in meeting agricultural and population clean water requirements.

A nuplex also has other natural features. Nuplexes can be established during a four-to-six year construction period, during which period many engineering and other skills are employed on the site. In a developing nation (especially), construction phases are a blend of employed foreign specialists and indigenous employees. The construction period is a period of education and other training of a segment of the indigenous labor force. On-the-job training is not adequate. On-the-site training, including schools for technicians, workers and their families, cultural programs, and so forth are indispensable.

So, to build an agro-industrial nuplex means to build an entire new city, to build structures and facilities to last as quality structures for a coming period of 50 to 100 years, and to build the core and basis of expansion of such a city over a four to six year period of initial construction phases.

These nuplexes serve not only as self-contained concentrations of high technology, but as the hub of radiation of high-technology services to agricultural and other developments over areas of wide radius surrounding. A network of such nuplexes throughout continents such as Africa, transforms the Sahara and Sahel into a vast new habitable and fruitful region, and establishes a continental grid-system of centers of high technology through which to transform the entire continent.

In the main, we have the proven technology to launch such projects. Looking for the moment solely at U.S. capabilities, our electrical-utility industry, the major corporations which supply the utility industry, the oil multinationals, and firms specializing in large-scale construction have the capability to create an integrated

package, mobilizing their vendors as part of the package.

Looking more broadly, our Japanese allies are masters of the integrated approach, and should be our partners throughout the Pacific and Indian Ocean regions most emphatically. French, West German, and Italian high-technology and construction industries have similar capabilities, especially when their capacities are integrated with U.S. potentials. The Soviet Union's Siberian development and related efforts have produced breakthroughs which make them the world's best for certain specific phases of a cooperative division-of-labor in nuplex creation in the developing sector.

Key petroleum multinationals have already developed their pilot capabilities for such diversification. The policy problem is that of upgrading qualitatively this aspect of their diversification. Corporate long-haul policy must be governed by the nuplex perspective, and orderly marketing of petroleum and related matters viewed as the economic lever for recapitalizing those corporations in the direction determined by long-haul policies. Petroleum and uranium serve as the universally-needed primary commodities whose depletion pays for and otherwise aids the transformation of capital structures and marketing into agreement with the world of the turn of the century.

It is in the most vital interests of the United States that such a transformation, as part of an integrated approach, be encouraged and nurtured. In general, we must now build in such a way that the next 50 to 100 years of our nation's life is secured on all fronts. If we now build the world's hegemonic motion of development on a sound basis, a basis adequate to the coming century, we shall have created the foundation and means through which our posterity may then efficiently meet the new challenge of the further centuries yet to come.

Any competent economist, or corporate executive perceptive of this side of the matter, will insist that existing U.S. fiscal and credit policies are not competently defined for the kinds of programs indicated. I not only concede that to be the fact, but I have already outlined the changes in fiscal and credit policies needed to correct the present errors. In the meantime, we can initiate such corporate policy shifts off-shore, with nations such as France and Japan key to this effort. The benefits to the U.S. internal economy of such off-shore-centered efforts will persuade the majority of the U.S. electorate of the need to make the required changes in fiscal and credit policies.

In the case of Mexico, it makes no proper difference to petroleum multinationals whether they are developing Mexican petroleum and uranium reserves, or whether they are cooperating with Mexican-controlled entities. Mexico will be developing and exporting petroleum and uranium to secure high-technology capital for internal development. The petroleum multinational's concern is to provide a significant chunk of the high-technology capital Mexico purchases through petroleum and uranium sales, and to cooperate with Mexico in maintaining the orderly-marketing conditions that process requires.

Our key, economic-strategic reference points for this policy are centered in Iran and Saudi Arabia among present OPEC nations and developing Mexican reserves. The proposal made by Japanese Premier Fukuda, for fusion-energy development cooperation with the U.S., provides the point of tactical reference for mobilizing the needed shift in emphasis of policy at this time.

— Lyndon H. LaRouche, Jr.

London Promises Multis a 'New and Hazardous Era'

A new study has been released by the British Royal Institute of International Affairs which effectively advises the oil multinationals to give up long-term investment planning and concentrate on economic warfare against Third World national oil companies.

The report, titled "Oil Companies in the International System" and prepared by Louis Turner, RIIA economist, argues that a "new and hazardous era" has dawned for the major multinational oil companies. Forces of economic and political nationalism, charges Turner, are challenging the multinationals and their very survival.

Turner's report cites the emerging role of Pemex of Mexico, Petromin of Saudi Arabia, and the National Iranian Oil Company, among others in the developing sector, as examples of national oil companies that increasingly limit the expansion of the multinationals. The key to the continued survival of the multinationals, he argues, is their ability to restrict the tendency for these national oil companies to move into the so-called downstream operations — refining and marketing distribution — where the private oil companies are concentrated.

The Royal Institute perspective clearly calls for maintaining cartelized control over developing sector oil and energy development, emphasizing the ability of the multinationals to "outperform" the state monopolies, such as Pemex or Pertamina, through their ability to "manage" large amounts of capital and "adapt" in an integrated world economy — a euphemism for manipulating international money markets, counting more on their "commercial acumen than on the political clout of their parent governments."

Turner's conclusion in all this is that, nonetheless, some oil companies will "fail to adjust" fast enough and will disappear as separate entities, a clue to the fact that these same Royal Institute circles are planning to push along a process of triage against selected "competitors." Notably, British Petroleum, Britain's state-run oil multinational, controlled by the Bank of England and Royal Dutch Shell, is also directly linked to the same circles as the Royal Institute.