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DEVELOPMENT AGENCY'S ALREADY WOUNDED INDEPENDENCE AT STAKE AS BOARD
SETS TO MEET TO CHOOSE NEW PRESIDENT

---Candidates for Inter-American Foundation post have complete lack of development credentials, but "correct" ideological bent for the Reagan White House and State Department

---Unanimous approval a must: will two Carter appointees hold out?

---Reagan-stacked IAF Board, led by controversial activist chairman, plagues agency's efforts to maintain nonpolitical grass roots development funding

---Favorable independent evaluation report, urging adherence to traditional independence, forgotten amidst administration's efforts to politicize the Foundation

The future independence of the Inter-American Foundation -- a 14-year-old non-partisan government development agency committed to working directly with grass-roots organizations across Latin America -- is in jeopardy as the result of a tainted selection process that has produced three candidates for the vacant president's position at the agency with highly conservative credentials. Selection of any of the three -- whose combined development experience is scant -- when the IAF's Board of Directors meets this Friday could fatally imperil the integrity of the United States' most successful development organization.

Two of the finalists -- Deborah Szekely and Donald Powell -- are unequivocal political candidates with little Latin American development experience and no or inappropriate credentials in grass-roots development. Both are essential prerequisites for any staff position at the IAF, let alone the presidency. The third, Frank Gannon, is an experienced Latin Americanist who in recent years has been a consultant to the Organization of American States, including a stint as former Secretary-General Alejandro Orfila's speechwriter. But his limited administrative experience and his conventional attitude towards development issues, as well as a lack of a powerful political base that could undergird his independence, inevitably would leave him open to being dominated by the Board's chairman, Victor Blanco.

What is certain is that none of the three could match the performance and commitment to "development at the ground level" of former president Peter Bell, fired last Dec. 5 by the Blanco-led Board of Directors for reasons of "chemistry," or William Dyal, who was the only other president in the organization's history.

But to the Reagan administration -- whose goal since its inauguration has been to rev up the explicitly non-political IAF into being a typically purged, ideologically-cleansed member of its neutered foreign policy family -- a suitable professional background is secondary to the candidates' willingness to reflect White House attitudes and share authority over the agency's day-to-day operations with the Board, and, particularly, its chairman. The first stage of the administration's golpe at the IAF was Bell's firing last December; appointment of one of the three finalists would complete the process.

SEARCH FOR A NEW PRESIDENT

The ouster of the popular and highly regarded Bell, charged Rep. Dante Fascell (D-Fla.), chairman of the House Foreign Affairs Committee, was "the culmination of a three-year effort by the administration to re-cast the IAF in its own ideological mold," and was resoundingly denounced from many quarters. Fascell was the presiding figure behind the IAF's founding. Latin American leaders, development organizations and other members of Congress -- including moderate Republicans -- joined in the chorus of criticism, and three members of the IAF's advisory council resigned in protest.

Fascell and Rep. Michael Barnes (D-Md.), chairman of the Committee's Western Hemisphere Affairs subcommittee, held joint hearings on January 25 and 31, where they extracted promises from Board members that the institutional independence of the IAF -- mandated by Congress when it set up the agency in 1969 -- would be maintained. The Foundation receives half of its funds from Congress (the other half from the Inter-American Development Bank) and in recent years disbursed an average of \$20 million annually to projects throughout Latin America. Board members also were urged that a new president should be chosen unanimously, as had been done on previous occasions and is now required in the Board's own minutes. Fascell and Barnes were to be consulted throughout the selection process.

The Board appointed a three-man search committee, consisting of Blanco, a right-wing Cuban-American California businessman selected by Reagan as the IAF's chairman, and O.A.S. Ambassador J. William Middendorf II, another Reagan appointee, who is universally regarded as an ill-informed Reagan militant on Latin America and whose name prominently has figured in corridor chatter about past financial peccadillos. The third member of the search committee is William Doherty, recently appointed to the IAF's advisory council and the executive director of the American Institute for Free Labor Development (AIFLD), which has played a key role in El Salvador's land reform program. Doherty, a nominal Democrat and a fast-talking old-time operator on Latin America, has been at the center of a long-standing controversy over unproven allegations that he has systematically cooperated with the CIA in carrying out U.S. cold-war security interests in the region as much as advancing genuine labor concerns. He has been extremely supportive of most of the White House's regional initiatives, and is widely viewed as the binding figure between the administration's foreign policy interests and other U.S. international aid organizations, including AIFLD and the Agency for International Development (AID).

In turn, the committee hired the New York firm of Hydrick and Struggles to help in the initial search for a new president. For the first time in the IAF's history, however, there was no reference check on candidates. The firm always operated under the strict instructions of the Board search committee. According to COHA sources, the White House staff passed on three resumes to the search committee, although none of these persons are among the final candidates.

The names of 14 candidates initially were assembled, which the committee later cut to six. Reportedly, Fascell and Barnes, as well as other figures close to the IAF, were disgruntled when the best-qualified among the 14 did not survive the cut to six. Since then, three candidates have dropped out, including White House-favorite Jose Sorzano, another

right-wing Cuban-American and a long-time aide to United Nations Ambassador Jeane Kirkpatrick, who withdrew after a press report labelled him the leading candidate.

FEW CREDENTIALS

The combined experience of two of the remaining three candidates in Latin American affairs and developmental work -- particularly at the grass-roots level -- hardly exists.

Deborah Szekely, 62, is best known as the founder and president of the Golden Door Spa in California, a \$500-a-day fat farm, and for her considerable volunteer work within the Republican Party. Educated in Mexico, Szekely opened a Golden Door Spa in Mexico City with her husband 20 years ago. She has stated that, as president of the IAF, she hopes to give the poor "their dreams." She has actively pressed for the position, buttonholing members of Congress, the press and the administration.

The second finalist, Donald Powell, is vice president of Champion International, a paper and forest products multinational corporation based in Stamford, Conn., who served as head of Champion's Brazilian subsidiary during the 1960s. Although he has been involved in U.S.-Brazilian trade, no record exists of any experience in ground-level development. Sources have informed COHA that Powell is particularly anxious to gain the IAF slot because of job difficulties at Champion.

The third candidate, Frank Gannon, is a moderate Democrat with some labor links who reportedly is Doherty's choice for the job. Aside from his previously-cited possible limitations, he also is considered by many IAF staffers as a man whose intellectual formulations are of another generation and could not allow easy identification with the self-help philosophy of the Foundation. If selected, it can be presumed that he will be dominated by Blanco's close supervision.

Since the final selection must be a unanimous decision by the IAF's Board of Directors, the opinions of two remaining Carter administration appointees on the panel -- Luis Nogales, executive vice president of United Press International, and Doris Holleb, a University of Chicago professor -- are critical. If both cast negative votes -- and they have exhibited great independence in the past -- the search process must begin anew. If only one votes negatively, a 30-day period goes into effect in which the Board must come up with a solution satisfactory to all.

It should be noted that several weeks ago, after the names of the three finalists surfaced, Doherty informed Rep. Barnes of the committee's choice. Barnes, in turn, wrote a letter to the Board insisting that the Board act unanimously to choose the new IAF president, and that anything else would reduce the credibility of the organization, with Fascell agreeing.

POWER-HUNGRY BOARD MEMBERS

Even if an acceptable president-elect is found, an ideological cloud will continue to rain over the Foundation, cast by the Reagan-era Board members themselves. Currently, there are five Reagan-appointed panel members: Peter McPherson, administrator of AID; Langhorne Motley, assistant secretary of state for inter-American affairs; Middendorf; Harold K. Phillips, a car salesman from Los Angeles with a long fund-raising and recruitment record for the California Republican Party; and Blanco. The Reaganite Board appointees, under Blanco, have displayed a tendency to promote greater direct Board supervision over the agency, as was evidenced by Bell's firing. Since his appointment in the fall of 1982, Chairman Blanco has been intent on cleaning house at the Foundation. An internal Senate Foreign Relations Committee memorandum, revealed in early January, described Blanco as an "unguided missile" whose actions would be sure to cause "unnecessary embarrassment" to the administration. The memo urged the White House that Blanco be reined in.

In a private paper authored by Blanco last summer, whose contents were revealed to COHA, he stated that the Board must integrate "our contacts within the Latin American business community" into its grant-review process to help end "waste." Blanco observed that "through the years," the Board's "key role" in staffing and reviewing grant proposals gradually has been delegated to the professional Foundation staff. "I propose to reverse

this," he states. The new president elected by the Board will have a critical say in whether Blanco -- and the White House -- succeed in this design.

The IAF has been under fire from the right-wing Heritage Foundation, which in 1981 accused the body of supporting peasant groups in Chile and Peru that were "socialist or Marxist-Leninist oriented or controlled." Blanco resonated to these totally unproven allegations and the plot to oust Bell was hatched. Sources close to the organization have feared that since Bell's firing, Reagan administration-supported IAF projects could crop up in such controversial settings as El Salvador and Guatemala.

FAVORABLE REPORT URGES NONPOLITICIZATION

Largely unheeded so far by the Board selection committee is an independent evaluation of the agency, commissioned by the Board of the IAF last year, that was released in March of this year. The highly laudatory report, compiled by Sidney Weintraub, William Stedman, Jr., and Peter Szanton, states: "Our conviction is that the IAF does well precisely what the Congress told it to do, and that its performance reflects well on the United States." The report notes that the "product of 13 years of active IAF operation can be characterized under three headings: development; learning; and good will."

But the evaluators felt compelled "to make one final comment," where they warn: "The uniqueness of the Foundation rests on two pillars, one that it is an agency of the U.S. government, and the other that it is nonpolitical....If the IAF were to lose its double nonpolitical character -- at home and abroad -- we believe it would have no reason for existing. By having lost its uniqueness, it would be redundant. If the Foundation is to remain in being -- as we strongly believe it should -- it must retain its distinctive character," said the report's three highly regarded authors.

Unfortunately, regardless of whoever is the final choice, there is little cause for optimism that the Foundation will continue to be the feisty, vital and independent agency that it was during the Dyal and Bell eras, at least as long as the current administration is in office.

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Golden Door Spa Owner Plumping for Government Post

AS FOUNDER OF CALIFORNIA'S Golden Door spa, Deborah Szekely is expert at coddling the rich and famous. Now the 62-year-old G.O.P. loyalist is in the running to head a government agency whose job is helping Latin American peasants.

Szekely is among three contenders to head the respected and traditionally non-partisan Inter-American Foundation. The job

opened up amid much controversy in December, when the Reagan administration, heeding conservative complaints that the agency was leaning to the left, had its president, development veteran Peter Bell, fired.

In visits to the offices of House Foreign Affairs Committee chairman Dante Fascell and Western Hemisphere Affairs subcommittee chairman Michael Barnes, Szekely is said to

have plugged herself as fit for the job because she was educated in Mexico, where she operates another spa, has management experience—and is an "older woman."

She told *New York*: "Hispanics are wonderful with older women.... Have you ever seen Latins with older women?" She added that she has a track record in voluntarism and in Republican causes, and wants to

give the poor "their dream."

Two private groups—Development GAP and the Council on Hemispheric Affairs—have complained that all three finalists for the foundation presidency were chosen for political reasons, not experience. When asked for comment, a spokesman for William Doherty, who is in charge of the candidate-selection committee, told *New York*, "Doherty doesn't want to talk to you."



FIRST, WE'LL CUT OUT THE RE-FRIED BEANS... It's pickin' time on Friday, at last, for the new head of the Inter-American Foundation, a kindly little clique created by the Guv here to help plump up the peons South of the Border. (Poor old Peter Bell, IAF's last jefe, was bumped in December for Leaning to the Left, recall.) There are, darlings, three new Delightfully Right contenders—Frank Gannon, Alex Orfila, speechifyer (and no relation at all to the Frank Gannon who did the Nixon Tube Shows); J. Donald Powell, the Veep of Champions International; and, hang onto your love-handles, Deborah Szekely, owner of the Golden Door and Rancho del Puerto skinnying spas, where the Divine we all adore go to shed their mega-lard. For heaven's sake watch that space. Take a grapefruit segment along, for nourishment.

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The Washington Times