

Britain plots U.S.-Canada merger

The City of London's stalking horse grabs for America's economy

Introduction

Over the course of the last six months, a new British geopolitical policy toward North America has emerged into the public spotlight. Although a careful tracing of the elements of that policy shows that the decision to move in the new direction is at least a year old, in recent months there have been direct public calls by British officials, and by other leading spokesmen for British policy interest, for the consolidation of an "Anglo-American coprosperity sphere," a "North American Alliance," or, in the words of Felix Rohatyn of New York City's Lazard Freres investment house, a "North American Common Market."

A number of bold mergers, takeovers, and corporate relocations during the same period demonstrate that the policy is in the process of active implementation.

The point is to unite the raw materials, natural resources, and grain production of the U.S., Canada, and, ultimately, Mexico, into a single economic warfare bloc, and concomitantly to dissolve all tariff and nontariff trade barriers between those nations into a North American customs union or "free trade zone."

Operating on the assumption of an inherent antagonism, if not frank economic warfare, between North America and other geopolitical "trading blocs" abroad, this scheme's British sponsors, whose own economic base of operations presently teeters on the brink of financial collapse, envision the possibility of a substantial speculative investment boom selectively favoring those industries already dominated by the North American Alliance strategists: mining, forestry, fossil energy, real estate, breweries, and various areas of highly specialized data processing, electronics, and communications production.

Substantial production of the Canadian CANDU fission reactor system for North American use, and even for export to some extent, is a projected feature at the same time that conditions of global "energy war" are to be maintained through the suspension of oil imports into North America from OPEC countries and through the discouragement of broad-based development of either thermonuclear fusion or enriched-fuel fission technology. The CANDU reactor,

which utilizes exclusively nonenriched "natural" uranium, is uniquely suited to the Alliance strategy by virtue of the fact that North America's uranium stores (save for Mexico) are presently the exclusive property of Rothschild mining interests.

Two aspects of this British strategy are beyond the scope of the present discussion, but most be noted in passing. First, Britain's pursuit of a North American Alliance is one coordinated feature of a global deployment that also includes the Middle East Treaty Organization proposal associated with Canadian liquor magnate and Zionist lobby power Edgar Bronfman as well as a prospective economic and military West alliance with the present Chinese regime. This deployment as a whole embodies Britain's violent opposition to the terms of the new European Monetary System now being put into effect through the efforts of France and West Germany. In particular, the intended North American Alliance is incompatible with North American partnership in the EMS arrangements.

Second, Edgar Bronfman, as advocate and spokesman for all features of current London policy, identified in an interview published in this Review the blanket legalization of marijuana as a central policy feature of the North American "Common Market" design. In fact, the financial and political circles behind the promotion of the Alliance policy can readily be shown to be the proprietors of the massive international illegal drug trade as that trade is financially filtered through the huge offshore financial bubbles of the Caribbean, Southeast Asia, and elsewhere. A "free North American market" for presently illegal drugs is therefore perhaps the single most important potential feature of the projected new Anglo-American "prosperity."

In this report, however, we will concentrate on outlining the important internal features of the Alliance policy as it is presently being put forward.

1. What's in it for Britain?

Perennial British fantasies of world dominion notwithstanding, London's pursuit of a U.S.-Canadian economic merger is being motivated at present primarily

by the increasingly precarious *de facto* bankruptcy of the British national economy as the collateral base for London centered international finance. The gutting of British manufacturing industry by the City of London's policy of long-term starvation of domestic net hard capital formation, combined with the more recent failure of major speculative ventures, such as the North Sea Oil bubble, to reap expected rewards, plus the mounting pressures on the pound sterling (importantly augmented by the moves towards the EMS on the part of the rest of the European Community), all threaten to bring London-centered finance capital to its knees in the relatively near term.

Although the London-based monetarist interests in question have never placed primary importance upon productive investments, nonetheless some semblance of a real economic base is necessary even to the pursuit of the speculative adventures embodied in the massive "offshore" financial bubbles those interests currently coordinate. Such a base is necessary, as a kind of collateral, lending the "aura of credibility" to speculative investments otherwise divorced from any productive basis. It similarly provides a respectable corporate framework for individuals otherwise engaged in financial activities of nefarious nature and questionable legality.

It is within this reality that several leading spokesmen for British "industrialization" of North America

have referred to the necessity of curing Canada of "the British disease." Canada itself has in the past two- to three-year period begun to visibly stagger under the weight of the same burdens afflicting Britain itself. And much of this weakening has followed as a direct result of successful British sabotage of U.S. economic policy over the same period.

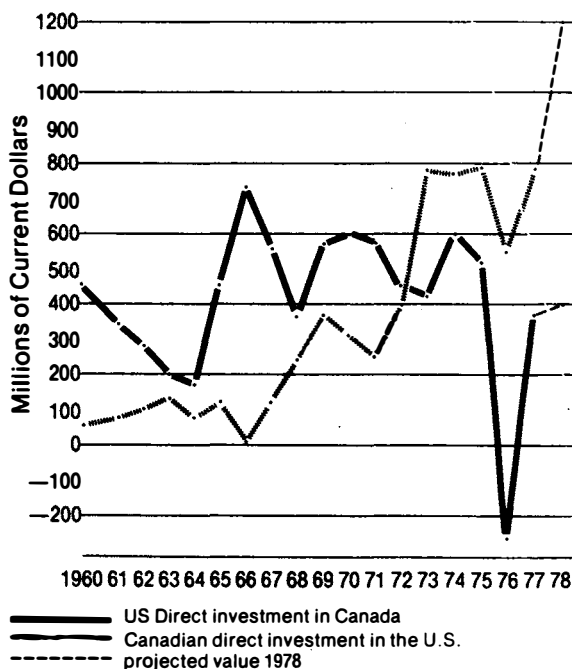
Specifically, the U.S. policy paralysis respecting a commitment to an expanded nuclear-based global export policy, coupled with the concomitant weakening of the U.S. dollar, has eviscerated the U.S. industrial economy and effected a collapse of new U.S. capital formation. The consequent withdrawal of U.S. capital investment into Canada (see *Figure 1*) has in turn fed a massively spiraling Canadian current-account deficit, in which an expanding and self-feeding Canadian foreign debt obligation is less and less compensated by Canada's perennial merchandise trade surplus with the U.S. (see *Figure 2*).

The orchestrated collapse of the Canadian dollar valuation in relation to the U.S. dollar has been expensive for the Canadian real economy as well. The spiraling central bank lending rate has been hiked a full two points to the present 9.5 percent since the beginning of 1978 by the Bank of Canada, as one means of "smoothing" the currency collapse. Combined with the increased costs of vital imports resulting from that collapse, the interest hike has put investments in Canadian manufacturing industry in general on the bottom of the list in and out of Canada. The Canadian currency collapse also means major foreign exchange losses on profits recalled by U.S. firms from their Canadian subsidiaries, making such investments less profitable, while at the same time multiplying Canada's already soaring debt-service obligations on U.S.-dollar-denominated foreign borrowings by the same factor. The portion of Canadian foreign borrowings going toward debt service on previous loans is already past the 50 percent mark, with current estimates projecting a quintupling of Canadian interest obligations on an annual basis in the next three-year period.

With the diminishing short-term speculative value of investments in the Canadian domestic economy — currently at an annual net level of zero to negative — an increasingly large share of annual investments on the part of the large Canadian chartered banks goes to the offshore speculative market, further exacerbating the national current account deficit. Although at least one experienced Canadian investment analyst maintains that the funds annually thrown into the Caribbean and other offshore accounts by the Canadian chartered banks are the effective basis of the Canadian balance of payments deficit, it is probably more correct to simply state that although the magnitude of offshore activities by the Canadian banks cannot be directly estimated, they undoubtedly constitute a very significant portion of the totality of London-based finance capital.

Figure 1:

The reversal of U.S. and Canadian direct investment flow



Notwithstanding the weaknesses of the Canadian economy from a real production standpoint, under certain conditions that economy could serve as the most favorable existing basis for the continuation of British "liberal capitalism" — conditions including economic union of Canada with the U.S. on British policy terms.

2. The myth of the "Canadian" economy

From the immediate postwar years until recently, the Canadian productive economy has preponderantly represented a surplus investment pool of U.S. industrial expansion, as reflected in the 60 to 70 percent U.S. ownership of Canadian manufacturing industry and, through the mid-1970s, the concomitantly disproportionately large Canadian annual share of U.S. direct capital investment and reinvestment earnings abroad. This U.S. base of the Canadian industrial economy is centered in the auto and motor vehicle industry, but also in the steel, machine tool, and electrical industries. Mirroring this reality, the major Canadian industrial trade unions are but "local chapters" of their U.S. counterparts.

It is this U.S.-owned Canadian manufacturing base which constitutes a good 30 percent of Canadian merchandise trade with the U.S. and is the decisive factor in maintaining Canada's traditional trade surplus with the U.S., the purchaser of over 70 percent of total Canadian annual exports.

The U.S. base of the Canadian industrial economy is centered under the auspices of the Canadian provinces, themselves largely independent with respect to economic matters from the Canadian federal government in Ottawa. It is this Canadian "regional autonomy" which has in a number of important respects been a major point of appeal of the Canadian "home away from home" for U.S.-based manufacturing firms.

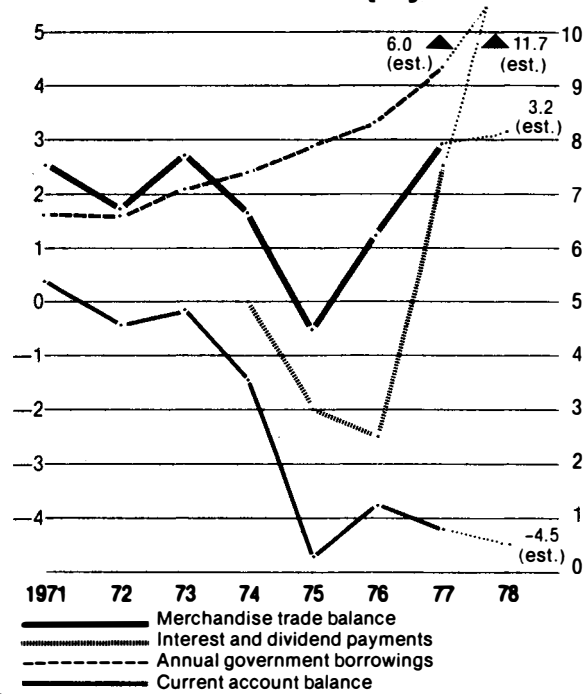
But the two years since the 1976 U.S. presidential elections — the combination of frank British policy hegemony within branches of the U.S. Administration, exemplified by the dollar wrecking policies of Treasury Secretary Werner Blumenthal and the paralysis of the Carter Administration as a whole with respect to key areas such as export and nuclear policy through the efforts of James Schlesinger's Department of Energy and former Canadians Zbigniew Brzezinski and G. William Miller — have begun to neutralize the effect of the U.S. industrial economy and outlook as the dominant factor in the North American economy as a whole.

The situation is typified by the recent unprecedented U.S. balance of trade *deficits*.

This reality has in turn broken ground for the cornerstone of the North American Alliance, the reversal of U.S.-Canadian direct investment flow to the point of a net investment flow *out of Canada into the U.S.* on the

Figure 2:

The deterioration of Canada's balance of payments



part of British-Canadian financial interests.

That is to say, it is only at the point that the very British patrons of the so-called Canadian government have independently laid waste to U.S. economic policy and strategic posture that "Canadian economic policy" takes on strategic importance for North America or any portion thereof.

3. Is there a Canadian government?

The second major aspect to be understood is the nature of the "Canadian" government and related institutions.

Since the shift of policy respecting the United States on the part of the British monarchy in the last century away from the anticipation of military recapture of America toward long-term subversion and co-optation, Britain's Canadian colony has been maintained in terms calculated to promote the illusion of Canada as an independent state governed by independent institutions and a constituency-related parliament. The 1867 British North America Act, which established the "confederation" of Canadian provinces, was the first milestone in this ruse. The toppling of the Laurier government of Canada in 1911 by British Round Table founders Lord Milner and Max Aitken (Lord Beaverbrook) with generous assistance

from Rudyard Kipling, and Laurier's replacement by Robert Borden was another milestone, which led to the establishment of the Canadian branch of the London Royal Institute for International Affairs and the Canadian External Affairs Ministry. The latter was founded as an RIIA front, modeled explicitly on the Milner-Kipling "Kindergarten" school of geopolitics developed initially in South Africa following the Boer Wars. The establishment of the Canadian Institute of International Affairs (CIIA) and the External Affairs Ministry on these terms figures as part of another step toward Canadian "sovereignty" taken during the 1930s, the establishment of the British Commonwealth of "independent states." The Canadian External Affairs Ministry, established at that time, became more recently a corporate member of the London Institute for Strategic Studies following the latter's initiation by Britain's Aspen Institute project in the early 1960s.

Further revisions of the Canadian colonial charter nominally lessened the Queen of England's governing role in the years following World War II and again more recently. These *de jure* developments notwithstanding, it remains the case that the actual governing body of Canada is the Queen's Privy Council and the Queen's personal representatives on the federal and provincial levels, the Governors General.

On the federal level it is the Privy Council and Privy Council liaisons within the Prime Minister's Office that initiate legislation which, short of a government crisis, is rubber-stamped by the Parliament as a matter of protocol.

The Canadian External Affairs Ministry serves a unique function in this overall scheme. In a sense it houses the actuality of "Canadian" governmental function, while the Parliament provides the illusion of "liberal democracy in action" in relation to the generally inconsequential legislative initiatives of the Privy Council and interfaced Prime Minister's Office. From its inception, the External Affairs Ministry has served as an important base of operations for British intelligence deployments internationally, including into the U.S. At the same time it has guaranteed the continuity of British dominion over Canada even when the Prime Minister's office has been occupied by figures of other than strictly British allegiance. This is exemplified by the documented role in toppling the pro-Adenauer-de Gaulle Diefenbaker government played by Lester Pearson from his position in the External Affairs Ministry in 1963.

Today the Ministry, in addition to its role as a corporate member of the London IISS, houses the Canadian offices of the elite British-policy body, the Trilateral Commission, and of the Trilateral affiliate, the parliamentary Center of Foreign Affairs and Foreign Trade under Commissioner Peter Dobell.

Behind these institutions and individuals stand the actual policy makers, the nexus of financial interests, institutions, and elite societies of the British monarchy and its oligarchical allies. The Sovereign Order of

Knights of St. John of Jerusalem ranks high on the list of relevant networks and organizations. Roland Michener, former Governor General of Canada and present director of the CIIA, is a leading Canadian Knight of St. John. Robert Scrivener, Chairman of Northern Telecom-Bell Canada and top Canadian spokesman for the North American Alliance strategy is likewise among the "top ten" Canadian Knights.

The colonialist circles in question are financially based in the vast estate of Rothschild-interfaced holdings in mining, forestry, real estate, other raw materials, and the liquor industry, which exert leverage control over the hundreds of billions of dollars turned over annually in the "offshore" money pools of the Caribbean, Southeast Asia and elsewhere. Within Canada these London- and Belgian-based circles take the form of the major "Canadian" corporations and holding companies, such as Canadian Pacific, Argus Corporation, Brinco, Power Corporation, McMillan-Bloedel, Hudson's Bay Company, and others. The massive Bronfman real estate holdings typify the nature of the entire constellation in relation to London: Bronfman's name provides the necessary Canadian citizenship to Trizec, a real-estate conglomerate controlled nonetheless by the London-based Eagle Star group. The five large Canadian chartered banks are dominated by the same tightly knit circle, and are linked to each other extensively through interlocking directorships with the Rothschild resource industries and even more directly through the trust companies associated with the respective banks.

Notwithstanding the extent of financial assets and holdings of the circles behind the Queen's government of Canada, it is nonetheless the case that under normal circumstances, precisely because it is merely a front for an essentially colonial regime, that so-called government does not carry direct policy jurisdiction over the regionally based Canadian real economy.

Ironically coherent with this reality is the fact that the elaborated form of the North American Alliance or common market policy is being put forward by a Canadian governmental body which ostensibly has no direct policy or law-making powers whatsoever, the Canadian Senate, specifically the Canadian Senate Foreign Affairs Committee. Ostensibly the Canadian Senate has no more of a relationship to policy determination in Canada than the 5th century BC Oracle of Delphi had to the Persian forces intent on destroying Republican currents in Athens during that period. However, as with the oracle, the Canadian Senate may be taken as an authoritative source with respect to the policy in question.

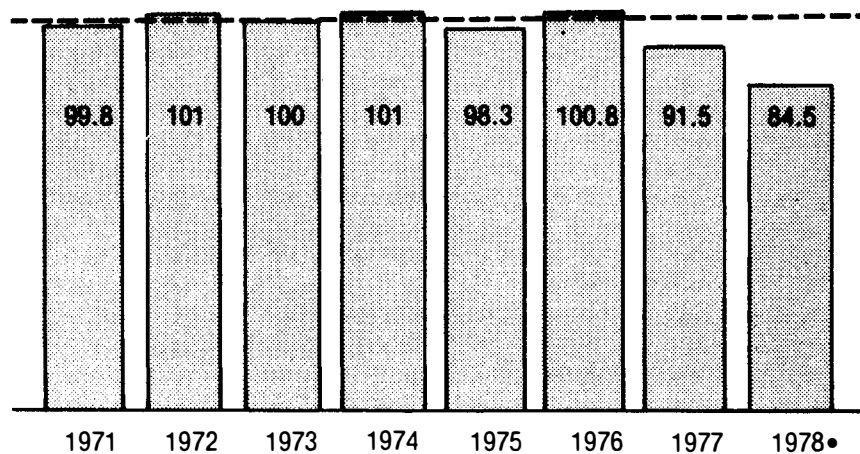
4. The Canadian Senate and bilateral free trade

Over the past four years the Canadian Senate Foreign Affairs Committee has been holding regular weekly

Figure 3:

**How Canada's dollar
sank
relative to America's**

(Unit: U.S. dollars)



* Low to date

Source: Bank of Canada

hearings on the question of Canada-U.S. relations, in a project coordinated by the External Affairs Ministry and its affiliate, the Parliamentary Center. In early 1976 the Committee issued volume I of a report that dealt with "The Institutional Framework For the Relationship." Then in August 1978 volume II was offered, outlining the strategic and economic features of "bilateral free trade" or "customs union" between the U.S. and Canada, which is the committee's official recommendation.

The hearings themselves have been little more than an official vehicle for the views of a tightly knit circle of interests centered around the Canadian Economic Council, the C.D. Howe Research Institute, the Canadian External Affairs Ministry, and the Canadian Science Council, together with representatives from the raw materials and resource industries that those institutions themselves reflect. The Committee's reports in turn present even more exclusively the views of this circle.

The Canadian Economic Council, which first floated the current call for U.S.-Canadian "free trade" in a 1975 report, is indicative of the constituency make-up of this circle. Council members include Ian Barclay of BC Forest Products Ltd., Alberta Gas Trunk Line Ltd.'s Robert Blair, a major figure in the British-Canadian tar sands project, Power Corp. and Hudson's Bay director Marcel Belanger, also a member of the Trilateral Commission, and R.M. MacIntosh, executive vice-president of the Bank of Nova Scotia. Significantly, MacIntosh was a close associate of C.D. Howe and the Howe-Mackenzie King-Lord Beaverbrook circle that originally established the major Canadian raw materials and resource industries in the postwar period, including the Rothschild's Brinco and the massive Argus Corp. "holding company." The same circle, led by John Deutsch, presently of the C.D. Howe Institute, attempted to

build support for a U.S.-Canadian customs union during the same 1947-50 period, and for the same end — to open up the U.S. investment pool for a nearly bankrupt postwar Britain.

John Baird, a Bank of Nova Scotia director and an important member and financial supporter of the CIIA, served on the Foreign Affairs committee during the period that the relevant reports were in preparation, while Aird's CIIA associate, the Honorable John Laird, continues to constitute perhaps the most important guiding force within the committee itself.

The recommendations of the Senate Committee over the two volumes released thus far boil down to the following points for implementation over a 10 to 15 year period:

"The international trading world is consolidating itself into trading blocs." This tendency, the Committee says, renders the multilateral framework presented by the global GATT tariff negotiations less appropriate to the present situation than "the idea of a North American trading unit." (Vol. II, p. 4.) (The Alliance policy is in fact antithetical to the policy outlook embodied in the General Agreement on Trade and Tariffs negotiations, which, based on the premise of multilateral international trade pacts and cooperative agreements, has been a major forum of consolidation of the policies now being implemented by Schmidt and Giscard under the framework to be provided by the EMS.

Aid raw materials industry. Admitting the preponderant advantage to the raw-materials and resource industries of a bilateral free-trade policy, the Committee further recommends that both provincial and federal governments "reach agreements as soon as possible to reduce the tax burden on the non-fuel mining and forestry industries in the various provinces." (Vol. II, p. 22.)

"High technology." Beyond the raw materials-resource base, the area of "high technology" electronics, data processing, and communications is to be favored in line with the "Northern Telecom model." This feature also includes a policy of merger and consolidation of relevant industries; hence "the Committee recommends the modification of Canadian competition policy to provide a conducive climate for rationalization of Canadian manufacturing production." (Vol. II, p. 52.)

The decline of the Canadian dollar to the "\$.85-\$.95 range" relative to the U.S. dollar. This is considered appropriate to the policy being proposed. Since the big Rothschild resource industries quote their export prices in U.S. dollars, the decline in the Canadian rate

is pocketed as sheer profit! (Vol. II, p. 24.)

Closer and expanded relations between Canadian and U.S. officials. Here the External Affairs Ministry is to play the coordinating role. "The Committee concludes that the government should explore the idea of 'ad hoc' joint meetings between Canadian deputy ministers and American deputy secretaries. These meetings should be unstructured, informal and called on an 'ad hoc basis' ... In the interests of policy coordination on the Canadian side, however, the under-secretary of state for External Affairs should always be present." (Vol. I, p. 26.) The External Affairs Department is also to play the major "policy coordinating role" between ministries, in order "to ensure that departments are not working at cross

Table I: How the takeover shapes up

A partial list of significant Canadian and Canadian-fronted takeovers and mergers in the last 12-month period

A. Takeovers and purchases

Investment	Buyer	Seller	Amount [in U.S. \$]
Flintkote Co., U.S.	Genstar	—	20% interest
2,400 acres U.S. Pacific Northwest for "electronics-communications industrial park"	Genstar	—	\$17 million
8,600 acres of land in San Diego area	Genstar	—	\$91 million
970,000 shares IT&T	Genstar	IT&T	Genstar's 20% interest in Qune, a "high-technology data printing firm"
California commercial and industrial properties	Cadillac Fairview (B)	—	\$2.6 million
Uris Building Corp., New York City	Olympia York (B)	National Kinney Corp., U.S.	—
Amtel Inc. of Rhode Island	Canadian Pacific	—	\$72 million
Danray (a Texas telegraph switching firm)	Northern Telecom	—	—
KMS Fusion, Ann Arbor, Mich.	Private group led by Canadian John Long	—	—
Kaiser Cement and Gypsum Corp., California	Domter Ltd. (A)	—	\$35 million
Hallcraft Homes, Arizona	Nu-west Development Corp., Calgary	—	\$4 million
Syracuse China Corp., New York	Canadian Pacific Ltd.	—	\$20 million

(A) Argus
(B) Bronfman

B. Significant mergers in Canada

Northern Telecom with Bell Canada

Dome Oil Ltd.'s purchase of Siebens Oil, UK and TransCanadaian Pipelines

Sun Oil and Great Canadian Oil Sands

Air Canada's purchase of Nordair

Hudson's Bay purchase of Zeller, forming Canada's 2nd largest retail store

Thomson Organization Ltd. with Montelth Minerals of Dallas

purposes.” Hence “the Committee agrees with several of its expert witnesses (namely from the Privy Council—ed.) that there is no alternative to using the traditional channel at the official level, namely the Department of External Affairs, as the central policy coordinating mechanism.” (Vol. I, p. 27.)

In the case of the latter recommendation, the Committee is beginning to confront the question of how the British intelligence front which the Canadian “government” has constituted since its 1867 inception can be made to function as an *actual* government, with real policy jurisdiction over different ministries and the provincial economies. Pages 28-83 of Volume I of the Committee report deal with various intricate ways in which External Affairs “coordination” of federal ministries could be extended in the direction of a “Big Brother Is Watching You” monitoring of Canadian provincial relations with the U.S.

More recently, Canadian Prime Minister Trudeau has put forward a more radical solution to this dilemma, in the context of a “constitutional reform” package based on converting the Queen’s Privy Council into the official government of Canada: dissolve the entirety of the Canadian Senate and replace it with a “federal-provincial” Parliamentary House to regulate federal provincial relations.

In fact Trudeau, who throughout his Prime Ministership has stood for a policy of Canadian economic “nationalism” and greater *independence* from the U.S. (as exemplified in his famous “Third Option” appeal to EEC trade), is widely expected to cede Canadian Liberal Party leadership to someone of “British stock” (to use the words of the London *Financial Times*), such as former Trudeau Finance Minister and IMF Chairman John Turner, between now and the end of his present term next spring. The British-born Turner now sits on the Directorships of Canadian Pacific and McMillan-Bloedel.

5. The bogus policy debate

The Canadian Senate reports can not themselves be taken as a comprehensive statement of the current British policy. They are nonetheless important confirmation of the conclusion to which any informed analyst is necessarily drawn given the totality of recent policy-related pronouncements *and actions* by the network of interests in question.

In particular, the Senate reports valuably demonstrate the direct coherence of a wide array of sometimes superficially contradictory policy features and tendencies developing in the North American political and economic arena, all however within the framework of British geopolitical strategy.

The projection by Northern Telecom Chairman Robert Scrivener — a Commander of the British “inner circle” Knights of St. John — of the need for an

economic strategy outside of the GATT framework and based on a perspective of “international global economic warfare in the 1980s,” quoted and emphasized in the Senate report, is directly coherent with the substance of a recent confidential Bank of England report published in these pages (see *Executive Intelligence Review*, Vol. 5, No. 34). It also fits in perfectly with Britain’s attempts to turn the European Monetary System initiative into an “anti-dollar currency bloc,” even if the toppling of the present governments of France and Germany should be necessary to accomplish this.

The Senate reports also demonstrate the fraudulent nature of a “debate” currently featured regularly in the pages of Canada’s press. What is put forward to the gullible businessman as a bitter ideological battle between the “postindustrially oriented” Economic Council and the “protechnology” wing of the Canadian Science Council, a debate over the relative merits of manufacturing as opposed to service and resource industries, is in fact only the simulated opposition of two essential features of the British Alliance strategy.

The Senate report acknowledges that two major industry constituencies will benefit from a “North American Economic Unit.” First, the big raw materials and resource industries, including mining and pulp and paper, which are already at world scale of production, will benefit from the equivalent of a larger “domestic” market for their production without detriment through increased competition in the Canadian market per se. These are the same industries already benefitting from the Canadian dollar devaluation.

A second group of industries would also benefit: those producing high-technology products for a very specialized market, as in the fields of data processing and communications. It is this aspect of the policy picture, linked to a call for expanded research and development input into Canada, that is known as the “Northern Telecom model” and associated with the Science Council, whose representative John Shepard’s testimony is abundantly quoted in the Senate reports. The consistent avoidance of any emphasis on broad-based fission-fusion development together with the advocacy of major investments in energy non-technologies such as wind and solar power by Scrivener, Shepard, and other Anglophile “protechnology” spokesmen betrays the essential compatibility of this policy feature with the general strategy of net de-industrialization of North America.

Although a limited expansion of nuclear fission energy is an included feature of actual British policy for North America, as one area of “highly specialized marketing,” nonetheless the energy linchpin of the “North American Economic Unit” is to be massive investment inputs into the vast Alberta and Saskatchewan tar sands pool, another area of fictitious “high technology.” The huge Alberta Syncrude tar sands plant is in operation as of this month, and several major multinationals have announced additional

multi-billion-dollar heavy oil projects in the western provinces in the last eight-month period.

Completing the economic warfare perspective of the overall British policy design is the final major component, agriculture, dominated by North American grain production. Here Britain plans a food war capacity by means of a four-way grain cartel between the U.S., Canada, Australia, and Argentina. Although this is the least consolidated of the major economic areas, the grain warriors, led by Canadian Ministers Eugene Whelan and Otto Lang and by the U.S. Department of Agriculture's Secretary Robert Bergland and the more foolish than evil Senator George McGovern, announced in late August that they will use the European Community's refusal to accept the terms of the "food bank" proposal as the excuse for renewing pursuit of a narrow four-way cartel when international wheat talks resume in October.

6. America for sale, cheap

Very much linked to the "high-technology" side of the British North American sectoral bid is a policy of selective buying up of the relevant sectors of the U.S. economy at bargain-basement prices. Although this sometimes takes the form of direct investment into the U.S. out of British investment pools, the larger portion is mediated through Canada. In line with Scrivener's recent forecast that within two years Northern Telecom will be investing more in the U.S. on an annual basis than in Canada, *Figure 1* shows that the long-standing vector of net investment flow into Canada from the U.S. has dramatically reversed in the last three years. More recent figures indicate a veritable investment boom under way in the U.S., with Canada trailing only Japan, West Germany, and Switzerland.

Most significantly of all, the Canadian surge is directly counter to the nature of the U.S. investment inputs of the other involved countries. Unlike the cases of the other three countries cited, the Canadian currency has massively *devalued* in relation to the U.S. dollar over the time period in question (*Figure 3*). Carl Beige, Director of the Montreal-based C.D. Howe Institute, confirmed the basic British design to convert first Canada and then the U.S. itself into economic Third World nation status in a recent interview in the Toronto *Globe and Mail* by advocating an \$.80 Canadian dollar in relation to the U.S. currency. The Canadian currency has not been that low since the 1867 Act of Confederation!

As *Table 1* shows, real estate investments constitute a major share of Canadian investment in the U.S. Much of this investment ties directly into the data processing and electronics boom, as exemplified by a recent Washington State land purchase by the Rothschild-linked Belgian La Generale front Genstar, as well as Genstar's de facto merger with IT&T. The

2,400 acres of land involved are earmarked to accommodate a large industrial park in the electronics and communications field. The Senate reports make clear that a major armaments buildup is not to be overlooked as an important feature of the "free trade" strategy, emphasizing the tariff-free conditions presently characterizing U.S.-Canadian defense trade as a paradigm for the policy as a whole. This is consistent not only with statements by Scrivener, Shepard, and others but also with announced plans for major military buildup and refurbishing on the part of IISS officials within the Canadian Defense Ministry over the course of the past two years.

The shifting investment pattern is linked to a pattern of mergers and consolidations of interests on the Canadian side within the financial and investment circles specific to the "common market" policy. A cited feature of the Senate report, the mergers aim at ensuring North American market control by those interests in the areas in question. The Genstar "vertical consolidation" model, linking building materials, construction firms, and real estate holdings, and now being extended to the U.S. by that conglomerate, exemplifies the pattern. So does the recent Hudson's Bay purchase of the Montreal-based Zeller's and the direct merger of Sun Oil Canada with the latter's tar sands subsidiary, Great Canadian Oil Sands, Ltd.

Another feature of this policy pattern is a developing direct migration of British finance into North America by way of Canada. The announcement this summer of plans on the part of the London branch of the huge Thomson Organization to return to Toronto, bringing the London *Times* newspaper as well as Thomson's substantial holdings in the British North Sea Oil monstrosity with them, is indicative. The move was explained by the Second Lord Thomson of Fleet himself as motivated by the desire to direct Thomson's North Sea revenues of over \$100 million per annum into investments in North American oil, gas, and electronics. A front corporation has already been set up by Thomson with Monteith Minerals in the U.S. for this purpose. Other North Sea holdings, including those of Sieben Oil UK, are being transferred to Canada as well.

The pattern of corporate migrations and relocations on the part of North American Alliance backers indicates that Toronto, already the North American headquarters of NATO, is to be the prospective capital of a British-dominated North American economy. Within the last eight months Sun Life, the Bank of Montreal, and, most recently, the massive Edper holding company owned by Edward and Peter Bronfman have all announced the relocation of their head office operations from Montreal to Toronto. Meanwhile all of the five large Canadian chartered banks are acknowledged to have been operating unofficially out of Toronto for some time.

—Peter Wyer