The North American Common Market bid

Announcing his bid for the presidency on Nov. 13, Republican hopeful Ronald Reagan called for a "North American accord" using language very close to that of a report issued early this year by the New York investment firm of Blythe Eastman Dillon. That report proposed a North American common market for energy. "If I am elected President," said Reagan, "I would invite each of our neighbors to send a special representative to our government to sit in on high-level planning sessions with us, as partners, mutually concerned about the future of our continent."

The Blythe Eastman Dillon report, authored by Standard Oil of California's Kenneth Hill, called for a combined economic, trade and military alliance of the U.S., Canada and Mexico into a single geopolitical "bloc" whose central feature would be the pooling of continental energy reserves between the three nations. Such a common market, or "alliance," corresponds to Britain's strategic goal for the North American continent, a goal which Britain has pursued under various guises since the turn of the present century and which is a major feature of the New York Council on Foreign Relations' "Project 1980s" perspective.

Reagan has joined a long list of presidential contenders who have endorsed this scheme which includes Republican contenders John Connally, Robert Dole, and Howard Baker, and Democrats Edward Kennedy and Jerry Brown. Dissenting Democratic candidate Lyndon LaRouche has called for a full expansion of the U.S. nuclear program and development of controlled fusion for commercial use before the end of the century, a program diametrically at odds with the Common Market plan.

The rapid spiraling of both OPEC contract prices and domestic oil prices in the U.S. and Canada is the cornerstone of the "North American common market" scheme in all its variants. Such price hikes are the primary means of enforcing austerity and "conservation" on both heavy industry and the consumer.

A U.N. sponsored conference on heavy oil held this past August in Calgary, Alberta (the prospective heavy oil capital of North America) was told that a conventional oil price of close to $70 per barrel may be required for heavy oil to become a profitable investment.

Tar sands and other heavy oil development is one of a diversified "mix" of energy modes in the common market scheme. The billions of dollars of investment spent in expensive extraction and refining procedures in Alberta's Athabaska fields and elsewhere will guarantee that nuclear development is contained on an equal footing with solar, wind and other low-energy modes.

Other features of the CFR's continental energy policy include emphasis upon a shift from oil to natural gas dependency and development of expensive offshore oil pools in the Canadian Arctic and in the icy waters off the coast of the Canadian maritime provinces. The proposed $15 billion Alaska natural gas pipeline agreed on last year between the U.S. and Canada as well as an array of other continental natural gas pipelines constitute a major aspect of this perspective.

Senator Kennedy called for a North American natural gas common market in January of this year with "minimum government interference." At the same time, Lazard Freres' Frank Zarb, the energy adviser to most of the Republican Party presidential contenders, cited the recently concluded U.S.-Mexican natural gas deal at the record price of $3.65 per thousand cubic feet, as a major opening to a natural gas price spiral in the 1980s.

The three routes to the Common Market

Britain's approach to achieving a North American energy and trade bloc by the mid-1990s is currently being pursued via three seemingly contrasting approaches. The "hard-line" approach typified by Reagan and the original Blythe Eastman Dillon proposal calls for a political union between Canada, the United States and Mexico with emphasis upon militarizing the entire zone under NATO dominion. Northern Telecom's Robert Scrivener exemplifies this approach on the Canadian side. Scrivener is linked to the circles behind both the Connally and Haig candidacies in the U.S. through his position on the board of U.S. Steel.

The softer approach, typified by Kennedy and his chief energy advisor Arnold Safer, proposes that the same policy objective be pursued by means of "case-by-case" energy cooperation agreements between the U.S. and its neighbors, rather than a formal treaty between those governments. For different reasons, both the Joe Clark government in Canada and the Lopez Portillo government in Mexico are opposed to any form of blanket continental energy pact. Soft-liners such as Safer are confident that a "case-by-case" approach based upon reciprocal benefits to both Mexico and Canada can dupe the Mexicans and at the same time allow Clark to save face before Canadian independent conservative layers while he "sells out" Canadian energy reserves to the U.S.

A third approach, regional energy planning, is perhaps the most in keeping with Britain's ultimate policy aim and is in the most advanced stage of implementation. This is typified by the Energy Corporation of the Northeast (ENCONO), endorsed in August by incoming Department of Energy Secretary Charles Duncan and heavily promoted by New York State Governor Carey, the Conference of New England Governors and Canada's Hydro-Quebec.

The ENCONO perspective of a Northeastern "nuclear free zone" was given a boost by the opening of the massive James Bay hydroelectric project in Quebec. Electrical imports from Quebec to the Northeastern U.S. are hailed by "common market" advocates as a substitute for dependence upon foreign oil imports.

The recent appointment of former Maine Governor Kenneth Curtis as U.S. Ambassador to Canada is geared to consolidating a trade and energy "free zone" between the U.S. and Canada on a Northeast regional basis. Curtis was a staunch proponent of such a perspective during his chairmanship of the New England Governor's Conference in the 1960s and early 1970s.

—Peter Wyer

Legislating war on energy development

Beginning in the late 1960s, the New York Council on Foreign Relations launched an assault on industrial growth in the United States using energy as the weapon The core of the strategy has been to pass environmental, and non-proliferation legislation. These bills have in fact choked industrial expansion by forcing grossly higher energy prices and lower production of fossil fuel and nuclear resources. The following are highlights from this legislative warfare.

1970

The National Environmental Policy Act set up the Environmental Protection Agency which, with its restrictions, regulations, and demands for "impact statements," has done more to cause the current world industrial recession and monetary inflation than probably any other single government agency except the U.S. Federal Reserve. Coming under the agency's auspices is offshore oil drilling, refinery construction, and nuclear plant siting and construction.

1978

The Nuclear Nonproliferation Act of 1978 (the Percy-Glenn Bill) as passed by Congress, imposes a ban on nuclear technology export under the rubric of controlling weapon proliferation. The bill was based on a study released by the Ford Foundation titled "Nuclear Policy: Issues and Choices." Under this bill, the link between the fast breeder, reprocessing and nuclear plant technology, and weapons was legislatively accepted, forcing conventional nuclear reactor costs skyward because of the choke on uranium-plutonium fuel availability.

The National Energy Program was announced by the Carter administration as the "moral equivalent to war." While the key tax provision, the Crude Oil Equalization Tax, has been blocked in the Senate, portions of this forced conservation, antiproduction strategy, notably the Natural Gas Policy Act have passed and Energy Secretary Schlesinger's scuttling of the Clinch River Breeder Reactor went unchallenged. The Natural Gas Policy Act created a maze of regulatory restrictions, defining no less than 18 categories of natural gas and placing federal price controls on interstate natural gas.

1979

The Camp David Energy Program was announced by Carter. Its central assumption is that the world has reached a limit in energy growth, that nuclear is "scarcely viable" and that we must "bite the bullet" of forced energy austerity. The centerpiece of this package is a reworked version of the Crude Oil Equalization Tax, now called the Crude Oil Windfall Profits Tax which has passed the House and is likely to pass the Senate in a modified form by December.

It imposes a tax on new oil production which will generate between $142 and $300 billion over the next decade. Funds for energy production will be conduited instead to various welfare subsidies, social programs and conservation incentives, as well exorbitant conventional and synthetic fuels programs. The bill is tantamount to a subsidy to the major multinational oil companies which have shifted their corporate profiles to high cost categories of fuel production. The multinationals have made huge third quarter profits off their foreign marketing operations and spot market speculation. As Jack Allen, head of the Independent Petroleum Association of America (representing the smaller oil producers who do the bulk of domestic drilling) stated, the Windfall Profits Tax "will not lay a glove on international oil profits."

The Energy Security Reserve Act, known as the Jackson bill, passed the Senate this past week. It calls for a government-private sector Synthetic Fuels Corp. and would set up a synthetic fuels boondoggle funded at $19 billion until 1985 and $68 billion afterwards to create a synfuel industry that will produce no more than 1.5 million barrels a day of domestic sludge from coal or oil shale. The bill must now be reconciled to a different House version of the bill. As unpublicized Department of Energy Studies show, this synthetic fuel may be worthless after all. Synfuel from coal forms corrosive gum and thickens with age making it useless as a high-grade transportation fuel.

—Bill Engdahl