

Watergate In A New Perspective

Richard Nixon's Energy Policy

To convince especially Republicans to rally behind the Carter Administration's anti-energy policy, Administration spokesmen and press conduits are claiming that Carter's program is really "a more developed version" of Nixon's energy policies. The key difference now, goes the line, is that Carter, an able strong leader, will be able to implement the program that the incompetent, crooked Nixon could not. James Schlesinger's assistants are leaking to reporters that "President Carter's energy program is the product of intense secretive work by a tight circle of officials who drew heavily on ideas and statistical models inherited from the Ford and Nixon Administrations," according to the April 23 Washington Post.

That Nixon and Carter's energy programs were the same is a boldfaced lie. Carter's program is aimed at massively curtailing energy consumption in order to shut down key parts of the U.S. economy, Nixon's policy was aimed at expanding energy production and consumption, an energy policy geared to expanding industry. Although he made compromises with the Rockefellers, Nixon refused to implement the deindustrialization energy program demanded by Rockefeller financial circles — the policy that Rockefeller spokesman Carter is now attempting to ram through Congress.

When Nixon finally proposed an overall energy program, he called for expanding offshore oil and gas production, increasing imports from fields largely controlled by independent producers, the building of superport facilities for these increased imports, and the expanded development of nuclear technology. Nixon was a spokesman for the independent producers, precisely those circles who would be destroyed under Carter's program. Nixon's programs to increase independent oil production directly challenged the Rockefellers' ability to dominate or politically blackmail countries through their control of world oil supplies.

In order to prevent this, a major mobilization of Rockefeller-linked environmentalist groups was organized to protest expanded offshore production, superports, nuclear technology development and so on. It should be no surprise that no-energy czar James Schlesinger's closest associate on energy policy, former Ford Foundation Energy program head S. David Freeman, toured the country in 1973 denouncing Nixon's program.

Nixon's First Energy Statement

On June 4, 1971 Nixon delivered his first energy message to Congress, declaring that the further development of the Outer Continental Shelf oil and gas deposits would be the cornerstone of his domestic energy policy.

Nixon officially ended the method of market demand prorating of the federal off-shore leases, which immediately opened up the offshore areas for massive exploration and production. The independents had publicly been demanding this action; Atlantic Richfield and Phillips Petroleum had just testified to the Senate Interior Committee on the necessity of expanding offshore drilling to provide the independents with new oil reserves. Nixon backed up his action with an Interior Department report which estimated potential offshore reserves of oil at 200 billion barrels and 850 trillion cubic feet of gas.

Such a large amount of oil in the hands of the independents threatened Rockefeller control over oil supplies, as well as threatening to bring down world prices. Almost immediately after Nixon's action, environmentalist groups were mobilized to shut down all offshore drilling. In 1972 alone, half the leases granted in the Santa Barbara channel were suspended because of court actions on suits brought by the environmentalists. Most of the leases granted off the Alaska coast were also postponed by court actions.

Although the offshore drilling provision was the most emphatic part of Nixon's first public energy statement, another key aspect of the speech was his discussion of research and development of new energy technologies. Specifically, Nixon called for the building of the liquid metal fast breeder reactor, a technique that is crucial for energy growth — and one that is to be shut down under the Carter program.

The Oil Import Quota Controversy

Although Nixon made his first public move to expand energy production in 1971, for the two previous years he had been discussing with independents the possibility of removing one of the major laws protecting Rockefeller control over international oil — oil import quotas. The quota on the amount of oil that could be brought into the U.S. was established in 1959, and was aimed at sabotaging the independents' expansion in the Middle East oil fields. The larger independents had just begun to expand into the area, and quotas would prevent them from exporting to the major market in the U.S.

Beginning in 1969, the independents began demanding that Nixon lift the quotas, or at least establish quota-free zones. In January of that year, Shaheen Resources demanded that a trade zone open for imports be established at Machiasport, Maine, an area where Shaheen planned a large refinery and port complex. Shaheen's request had special impact on Nixon — he had been their lawyer during the mid-1960s.

At the same time, Atlantic Richfield wanted to build a major superport at Machiasport to bring in the oil produced in their Alaskan fields.

A letter was immediately dispatched by the President of the American Petroleum Institute (also a chief executive of Standard Oil of New Jersey) to Nixon demanding a long review process before any such ports or trade zones were allowed. The leading environment protection organization, the Sierra Club, issued a report claiming that a superport at Machiasport would drastically damage the area. These actions, plus undoubtedly more covert pressure, succeeded in stalling any government action on the request.

The following year, two other companies again demanded that Nixon change oil import quotas so that they could develop major importing centers in Machiasport. King Resources, which was tied to the Nixon-linked Investors Overseas Corporation, had 3.3 million acres of land near Portland, Maine and wanted to build a major refinery-superport complex to import Iranian oil.

At the same time Occidental oil requested an exception to the quotas to allow them to build a Machiasport refinery and port for the Libyan oil which they were then just beginning to develop.

While the Nixon Administration debated what to do about the oil import quotas, the oil companies' plans for major port and refinery centers in Maine were in large part destroyed by protests from environmentalist groups and strict environmental protection legislation drawn up by then-Maine Governor Kenneth Curtis, now Chairman of the Democratic Party National Committee. Maine's Environmental Improvement Commission voted against the King Resources plan.

Although the Nixon White House stalled on any major change in the oil import quota program, Nixon began to increase the amount of oil imported in 1972. That year, Ashland Oil, Clark Oil and Standard of Ohio had all requested that the quotas be raised 250,000-300,000 barrels a day, while some smaller independents demanded, through the American Petroleum Refiners Association, increased imports of 250,000 barrels daily.

On May 23 Nixon announced an increase of 230,000 barrels a day. Two months later the same companies demanded another 200,000 barrels a day increase; in September, Nixon allowed companies to increase their quotas 10 percent. Only Rockefeller's Exxon Oil Company vocally criticized the quota increases. At a March meeting, a top Exxon official told Nixon's Oil Policy Committee that "there is no need for additional crude oil imports in 1972." In April, Exxon was saying that if there *had* to be a change in the quotas, then an increase of 100,000 barrels a day was sufficient.

Nixon's 1973 Policy

All of Nixon's hesitation to clearly detail and enact a sound energy program came to an end in 1973. In April of that year, Nixon issued his second energy message to Congress and outlined a program to drastically increase domestic oil and gas production, imports of oil and to develop new energy technologies, including nuclear. Nixon's program, if it had been fully carried out, would have provided a good basis for supplying the nation's energy needs while moving towards a fusion power-

based economy. Nixon's policy statement not accidentally coincided with moves by several European governments to expand their own energy supplies and free themselves from Rockefeller-controlled oil.

The major feature of Nixon's April policy speech was the elimination of the oil import quota, replacing it with licensing fees designed specifically to help the non-integrated companies. Nixon declared: "Today the Mandatory Oil Import Program is of virtually no benefit any longer: Instead it has the real potential of aggravating our supply problems." The Oil Imports Appeals Board was authorized to grant fee-exempt licenses to non-major oil companies, refiners and marketers who experienced hardships. Integrated companies could apply for such licenses but they had to prove "their willingness to supply established independent refiners with 1972 allocations of crude." The Board was advised to listen to appeals on decisions from the independent jobbers and marketers to ensure that they received adequate supplies.

William Simon, one of Nixon's main energy advisors, said at the time that "We have tried to confront as many problems as we could to help the independent segment adjust to the new economics of the oil industry."

The entire April 18 statement aimed at expanding U.S. energy supplies and strengthening the independent producers. Some key proposals were:

1. Tripling the Outer Continental Shelf lands being developed, beginning with an additional 10 million acres in 1975;
2. Completing the Alaska pipeline;
3. Giving a 7 percent investment tax credit for new exploratory wells;
4. Facilitating licensing and siting for deepwater ports for very large tankers — Nixon also proposed that the government assist in designing new supertankers to be produced in the U.S.;
5. Importing and constructing facilities for liquified natural gas;
6. Expediting the siting and licensing for light water reactors and providing money for establishing a commercial liquid metal fast breeder reactor;
7. Expanding fusion research with "the goal of an energy policy in nuclear fusion to achieve scientific breakthrough in fusion heating and confinement by 1980."

The statement also discussed coal gasification, geothermal energy, oil shale and solar energy, but the funding for these insane programs was limited and most of the money for new technology was put into nuclear energy. Nixon paid only lip service to conservation, noting only how a federal building was using advanced conservation techniques! To implement this program Nixon proposed a Department of Energy and Natural Resources.

A few days later William Simon, then head of the Oil Policy Committee, testified on Nixon's energy program, attacking the environmentalists for preventing needed production and lambasting the majors for creating shortages of oil affecting especially industry and agriculture. "We cannot afford to let crops go unplanted or unharvested for lack of diesel; we cannot let our vital industries close down. We should not let the independent seg-

ment of the industry be forced to shut down," said Simon.

Oil Embargo. Watergate Launched

Nixon's decisive April speech came at a major crisis period for his opponents. The international financial crisis was reaching its height, and the New York banks were in a very precarious position. Unless they could enforce a new round of looting, especially of European economies, the Rockefeller banks faced collapse. Leading anti-Atlanticist factions in Europe were coordinating a strategy to make Europe independent from the Rockefeller-run oil companies as part of a larger industrial growth policy. The Rockefeller-dominated oil interests could not afford to have an American President in any way aiding this European challenge. One of their immediate responses was to rapidly escalate the Watergate scandal into a major challenge to the Nixon presidency itself.

While Watergate was engulfing Nixon, these same Rockefeller circles launched the Arab-Israeli war and the ensuing oil embargo, gouging enormous financial re-

sources out of the European and U.S. economies. Nixon, put under tremendous pressure to act to alleviate the shortages and force Americans to cut consumption to make America "free from foreign energy blackmail," announced Project Independence, itself an attempt to make a deal with the Rockefeller circles. Nixon's Project Independence speech in late 1973 emphasized conservation, but at the same time provided for a \$10 billion, five-year fund for research of new technology; primarily nuclear investment tax credits were proposed for new oil and gas drilling.

With Project Independence, Nixon made it clear that he would not openly attack the financial circles behind the oil shortage hoax and Watergate. By January, Nixon was calling in his State of the Union message for a special energy act to restrict consumption and legislation to promote the Clean Air Act, the law which has been largely used since by environmentalists to shut down industry. As is well known, at every compromise of this sort, Nixon was hit with renewed attacks.