'U.S. will go to war for oil'

The Carter Administration has to pull Mexico into a North American Common Market that will place Mexican oil at the disposal of the United States for its strategic requirements, place the country itself under a U.S. "security umbrella," demolish all tariff protection for Mexican industry, supply the United States with cheap Mexican labor, and curtail Mexico's sovereign control over its own currency. That arrangement is vital to U.S. "national security" and the Administration must be prepared to go to any length to impose it — including a military invasion of Mexico. With Mexico's oil securely under Washington's control, the United States would have a vastly improved "security posture during a conventional war."

These are the conclusions of a private report circulated among Administration officials, two days prior to President Carter's Feb. 14 visit to Mexico, and prepared by the "extraofficial" circles that shape Administration policy. The implications of the document (excerpted below) are unmistakeable. As Defense Secretary Harold Brown and Energy Secretary James Schlesinger announced on Feb. 25, the United States is prepared to militarily intervene in any part of the world to secure its oil supplies.

Mexican authorities are well aware that Carter Administration policy represents an economic and *military* threat to their national sovereignty. The Mexico City daily *Ovaciones* yesterday ran a frontpage banner headline warning, "Beware the U.S.!" The article cites a statement released by the Mexican Labor Party on Feb. 23 warning that the Peking-London-Washington axis sees Mexican oil as U.S. property and as a key component of preparations for war with the Soviet Union. *Ovaciones* pointed to threats by Brown and Schlesinger as proof of the party's charge.

Jorge Cruikshank, chairman of the Popular Socialist Party, similarly warned on Feb. 24, that the United States is gearing to apply pressure on Mexico to grant the concessions which President José López Portillo refused to concede to Carter two weeks ago. Washington, said Cruikshank, will even try to "pick" Mexico's next president by the end of this summer — three years before López Portillo's term runs out.

Mexican oil a matter of national security

The private report cited above confirms Mexico's suspicions. Released by the New York investment firm of Blyth, Eastman, Dillon and Co., the document calls for a "common market that would integrate the vast energy resources in North America," and allow the United States to sever its reliance on OPEC. Assuming that "nationalistic differences" between Mexico and the United States can be dispensed with, a "very large crude oil pipeline to the nearest crude trunk lines in Texas could be built to carry several million barrels daily," the report continues. Without Mexican oil, the "United States will face the steady erosion of its national security." With it, the United States would have an enhanced "ability to provide a shield against potential Soviet expansion" around the globe.

Despite Blyth, Eastman, Dillon disclaimers that their report does not represent policy, its release is typical of the means by which Administration-linked circles "leak" policy on sensitive issues. Informed sources report that California's Zen Buddhist Governor Jerry Brown is not only a close "friend" of Blyth, Eastman's research director Francis Kelley, but that Brown collaborated with Kelley to make sure the report was circulated prior to Carter's departure to Mexico.

The author of the document is Kenneth E. Hill, the former president of Blyth, Eastman, the former director of petroleum research at Chase Manhattan, and now a member of board of Standard Oil of California. Recently, Hill gloated to a reporter that he circulated the proposal among high-level sources, including Secretary of State Cyrus Vance and Henry Kissinger, who agree "its time has come."

Blyth, Eastman, Dillon is owned by the Insurance Company of North America, one of the major patrons of Senator Edward Kennedy's health bill and "die with dignity" hospice campaigns. One of the INA's top officials is the son of George Ball, a former Carter foreign policy advisor and an outspoken advocate of depopulating the Third World through "triage."

And what would the Carter Administration offer Mexico in "exchange" for this scheme?" Mexicans would be allowed to work at stoop labor in the United States. Mexico must first drop all tariff protection for its rapidly growing industrial sector. Even more, Mexico would be stripped of sovereign control over its own currency, since the United States, Canada, and Mexico "would also link their currencies together."

Latin America: raw materials stockpile for U.S.
The danger concerns not only Mexico. The objective of the policy-outlook typified by the Blyth, Eastman, Dillon report is to treat the entirety of Latin America as a U.S. wartime raw materials stockpile. Venezuelan oil is a big target, as Brzezinski, Schlesinger, and others have stepped up pressure for Venezuela to grant the same sort of "special" oil deal they're demanding from Mexico. A special delegation from the incoming Herrara Campins government of Venezuela is in Washington this week, receiving extensive "briefings" from Brzezinski and Schlesinger on just how the United States expects them to grant Washington long-term "privileged" access to Venezuelan oil and to break from OPEC. The visiting team is headed by Aristides Calvani, a member of Venezuelan "Black International" circles controlled from London.

The full reach of the attempted raw materials looting was leaked through an Anglo-American source in Colombia this week. Alberto Lleras Camargo, a principal architect of the Kennedy Administration's Alliance for Progress during the 1960s, wrote in a Feb. 21 column in *El Tiempo* that Washington should devote more attention to Latin America, because it is the only region in the world that can guarantee a supply of strategic raw materials to the United States in "peace or war."

—*Christopher Allen*

Common Market: threat to seize oil

The Blyth, Eastman, Dillon investment research firm has circulated among high-level Carter Administration officials a report on "North American Energy: A Proposal for a Common Market Between Canada, Mexico, and the United States." We print the major points of that proposal below.

Recent events in the Middle East have demonstrated conclusively that the United States cannot continue to depend on imported oil from the Persian Gulf. The Iranian crisis as well as the excessive OPEC price increases to be implemented this year have shown that both our security and our economic future are hostage to the actions of a few countries located in the Middle East. Our dependence on Middle Eastern crude oil imports need not exist if we had a North American energy policy that recognized the availability of sufficient energy resources on our continent that could, absent nationalistic differences between Canada, Mexico and the United States, supply nearly all the legitimate energy requirements for the three nations for years ahead. What is needed is a form of common market that would integrate the vast energy resources in North America through an efficient distribution system, while accomodating all other free trade aspirations of the three nations amongst themselves....

The indicated reserves in Mexico should eventually reach 50-100 billion barrels of oil and 50-100 trillion cubic feet of gas. These reserves should support production rates of 7-8 million barrels of oil per day by 1990 and 4-5 trillion cubic feet of natural gas each year. Since Mexican demand is not likely to exceed several million barrels daily of oil and gas equivalent by then, the remainder should be available for export, hopefully much of it to the United States....

Thus *it is possible to visualize importantly increased production of oil and gas, as well as other energy sources in North America, which together with reduced consumption, could eventually provide energy equilibrium for Canada, the United States and Mexico, with only relatively small imports of oil from the OPEC countries....*

It is proposed, therefore, that the three adjacent North American countries of the Western Hemisphere form a common market association with free movement across the borders of all commodities, particularly oil and gas, but people as well. Without this cooperative effort in North America, the United States will face the steady erosion of its national security together with slow economic strangulation — a fate that could be shared by other Western democracies as well.

This common market concept for North America would have to be implemented slowly, but with unwavering dedication. It must be fully in place no later than 1990. *The eventual pricing of all oil and gas in North America would be at the BTU equivalent of world levels for all these commodities, through the elimination of all price controls over a period of time. All old oil and gas in the United States would rise to world prices and a steep excise tax on gasoline should be imposed.* Vigorous conservation measures should also be undertaken to keep consumption increases to a nominal level. *Development of all other forms of energy would be encouraged through the private sector, but with government tax incentives, if necessary....*

While efforts in exploration, research and production of domestic energy resources would continue at a rapid pace, conservation efforts in the United States would also be increased, principally by much higher prices as well as mandatory regulations. The rate of growth in demand for energy should slowly decline so that our consumption of energy by 1990 should cease growing and continue at a stable level for years thereafter. *This would slowly reduce per capita consumption in the United States; however, a steady reduction in energy consumption per unit of GNP could be realized through efficiencies which would allow steady industrial growth to take place in real terms.*

In Mexico, we have the contrast of a country with vast reserves of newly discovered oil and gas, and a rapidly growing population, but with a developing country standard of living. If Mexico could be persuaded to join the North American common market, *a very large crude oil pipeline to the nearest crude trunk lines in Texas could be built to carry several million barrels daily....* All of these projects could easily be financed with the help of international banks and private or public consortiums in any manner the Mexican government would authorize.

What would Mexico receive in return for dedicating much of its oil and gas production surplus to their own requirements to the North American Common Market? First of all, there would be no further barriers to free immigration of Mexicans for work in the United States and Canada. This would provide the United States with a large, low cost labor force, but on a recognized, legitimate basis in contrast to the present illegal alien problem. But above all, this would provide an outlet for the millions of unemployed, under-utilized Mexicans who cannot obtain jobs in Mexico....

The three nations would also have to link their currencies together, but this should not present a problem since both the Canadian dollar and the Mexican peso have been even weaker than the dollar against the basket of world currencies....

And the currencies of the three countries would inevitably rise against other world currencies *since North America as a unit would be self-sufficient in energy, agricultural commodities and minerals — unlike Europe and Japan. It is possible that integrating the vast energy resources of North America could lessen the ability of OPEC to raise world prices for oil, since the largest current market for OPEC oil — the United States — would be largely lost over a period of time.*

The United States would extent its security umbrella to Canada and Mexico to make all three nations equally secure against any external military threats to North America. We would also continue our NATO relationships and even strengthen them, if necessary. Furthermore, to help Mexico's Latin neighbors to the south become reconciled to Mexico's special relationship with the United States, we could go as far as practicable to extent our security protection through the Caribbean, if those nations so desired....

Hill: 'Mexico is a horrible place'

In the following interview, made available to the Executive Intelligence Review *by a Boston-based journalist, the author of the Blythe-Eastman-Dillon proposal for a North American Common Market states frankly what lies behind his thinking. Kenneth Hill, 64 years old, headed Chase Manhattan's Petroleum Division before becoming a partner in the Blythe-Eastman-Dillon firm. Now semi-retired, he serves on the board of directors of Socal.*

Q: *What do other people think of your proposal for a North American Common Market?*

Hill: People just love it, everyone thinks its time has come. Look, I'm the author of this proposal, I must say. The proposal actually was first circulated in December of last year. I sent copies to all kinds of people, including Vance, Packard, Kissinger, and Bill Simon, and I've been getting calls ever since. I gave it to Francis Kelly of Blyth-Eastman-Dillon, the head of economics there, and he is one of Gerry Brown's top advisors. Mark my words, Gerry Brown is going to really use this idea. It's the answer to America's energy problems and a way of dealing with our relations with our closest neighbors. Yes, it will be a major issue in his nascent presidential campaign.

Q: *Mexico has made it very clear that they won't use their oil as an anti-OPEC measure, and obviously some people in the U.S. see it this way. They may well object to your proposal.*

Hill: That's their problem. Look, Mexico is a horrible place — poverty, unemployment, illegal aliens pouring across the border, people living in hovels and on and on. I want to try to legitimize all these people, raise them up. That's what the Common Market idea is all about — mutual benefit for all three nations.

Q: *But President Lopez Portillo has made clear he just doesn't want money for his oil, he wants capital-intensive investment by America and America's know-how and technology. Do you see all the money they can make from their oil sales going in this direction or in utilizing their labor more, that is, in labor-intensive investments?*

Hill: Let's face it, labor is what they have. I mean labor-intensive. Let's concentrate on rebuilding agriculture, not industry. I want to educate those poor peasants, build them houses, give them sewerage, decent clothes, etc. And we will have to do it without creating inflation, by not flooding them with dollars. That's what happened in Iran, look at the inflation there, it helped wreck them.

Q: *In your proposal, you urge that the Common Market be phased in by 1990. But with the crisis in Iran and the Middle East, and if the Saudi oil supply is similarly cut off, won't the Common Market have to be implemented a lot sooner?*

Hill: You're damn right there. Look at the sudden change that hit Iran. The Saudi regime can't go on forever, it's got to change. And when it does, who knows what kind of hell will break loose. We have to be prepared. Saudi Arabia may well be next.

Q: *Are you concerned by Mexico's apparent softness toward Moscow and the communists?*

Hill: Yes I am. Do you know that the Cubans are running all over Mexico, sending their professors into universities and throughout the country? The Common Market will help prevent any Communist notions in Mexico, definitely.

Ovaciones: defend Mexico from a U.S. attack

On Feb. 27, the Mexico City daily Ovaciones *published an article entitled "Mexico Faces Risk Because of its Oil Wealth." The article quoted extensively from the Mexican Labor Party's call to the Mexican people. Excerpts from the article follow.*

A demand that the Mexican government call on the population to remain alert was made by political parties of opposing ideologies — the PAN, the PLM, and the PSR — who agree that the danger exists that the U.S., desperate because of the unstable situation of its traditional (oil) supply centers, "might send in Marines to guarantee the supply from our oil wells."

The Mexican Labor Party (PLM), through its most well-known leaders, affirmed that "it is foreseeable that (the U.S.) might try to seize our resources by force." The PLM leaders, Marivilia Carrasco, Patricio Estevez and Hector Apolinar, stated that the present situation "is a security matter."

For our own national interest, they said that we must defend "the heroic and sovereign Republic of Vietnam and isolate the Chinese regime, immediately breaking our relations with that government and denouncing before the world the real culprits: Jimmy Carter's group of lunatic imperialists."

They maintained that the offensive (against Mexico — ed.) will escalate "and we must be prepared to repel it. It is a matter of our security and our national sovereignty to form as quickly as possible a National Guard (as authorized in the Mexican Constitution — ed.) as the ultimate guarantee of our independence."

'Latin America has the strategic resources for war'

The following are excerpts from a column, which appeared in the Colombian daily El Tiempo *on Feb. 21. Entitled "Montezuma's Revenge," the column was authored by Lleras Camargo who worked with the Kennedy Administration's Alliance for Progress.*

Now for example, many North Americans should be discovering, to their astonishment, that the two sources of oil for their most urgent needs are in Mexico and in Venezuela, and not in Iran or in Saudi Arabia. Both countries have grievances with the U.S., caused by Congress or the Executive, without any object or apparent reason....

While the infinite possibilities of its postwar empire are shutting down, the United States remains fastened to its improbable friendship and alliance with the so-called client states, one of which was Iran, whose fragility has been made evident in the present emergency. But 'client countries' have always been those of Latin America, some to greater degrees than others, since remote times, and not always voluntarily, as is exactly the case with Mexico.... Of all the North American presidents, only Kennedy, hounded by the Bay of Pigs disaster, attempted to make another policy, the Alliance for Progress, which scarcely began before it was interrupted.... The rest have only been essays, changes of labels, confused aims and total forgeting of the fact that the (Latin American) hemisphere is the only one that cannot fail the imperial power, nor has it ever failed it. The region is perhaps not very productive, but it nonetheless has many of the strategic resources that its (the U.S. —ed) industry needs, in times of peace or war....

Canada: overlord of a Common Market

Canada is taking full advantage of the curtailment of Iranian oil exports and increasing international tensions to take major steps toward establishing itself as the control center of a North American common market overseeing war-time energy supply and distribution. Recent Canadian measures conform with the long-standing energy independence policy known in the United States and Canada since 1968 as "Project Independence."

Both the common market and "Project Independence" strategies are based in the assumption that the world economy will have collapsed into warring regional blocs and that oil from the Organization of Petroleum Exporting Countries (OPEC) to North America will be cut off by the 1980s.

North America will be ready with energy self-sufficiency, a 20-30 percent cutback in continental energy consumption, a freeze on generalized technological development in the energy field, particularly in nuclear fission and fusion, and a major emphasis on the "soft" energy technologies of coal liquification, shale oil, solar, and tar sands. The economies of Canada, the United States, and Mexico will be "equalized" on the basis of a "common energy, trade, and labor market."

Such programs would chain the North American economies to a fixed technological base that would in a very short period of time result in a net shrinkage of not only energy consumption, but industry and population. Needless to say, the common market scheme requires a level of centralized dictatorial control over energy never seen except in wartime.

Canada is preparing to take control by implementing all aspects of the common market policy.

War measures act for energy

Canada's Federal Energy Minister Alistair Gillespie introduced legislation into the Commons on Feb. 19 calling for the establishment of an Energy Supplies Allocation Board. The board will have top-down control over the allocation, consumption, and transport of all petroleum and alternative fuels and will supersede the present "peace-time" powers of the Canadian National Energy Board and the Canadian Transport Commission regarding energy. The bill, known as C-42, provides for controls over pricing, marketing, and rationing and is expected to be quickly passed through Parliament. Unlike the earlier legislation, C-42 has no time limit, but is designed as a permanent measure.

Coinciding with the introduction of Bill C-42, the Canadian government moved to place all petroleum imports and acquisitions under federal control. Using Exxon's recent diversion from Canada to the United States of 25,000 barrels a day of Venezuelan oil as the pretext, Energy Minister Gillespie has threatened to place all oil imports to Canada under the control of the Canadian Crown Corporation, Petrocan.

Gillespie's move has important implications for the consolidation of Mexico's energy reserves into the "common market" scheme. Canada has been attempting to negotiate the purchase of 100,000 barrels per day of oil from Mexico, even dangling the carrot of Canadian CANDU fission reactor sales to Mexico.

A third aspect of the proposed North American energy consolidation plan involves various oil and natural gas "swap" arrangements between the United States and Canada. One such arrangement exists between British Petroleum and two U.S.-based firms, exchanging increased Canadian export to the U.S. West for the diversion of a similar amount of oil from the eastern United States to the Maritime provinces. With the crisis in Iran, numerous other arrangements are now under consideration by the Canadian National Energy Board. The oil firms involved are dominated by Royal Dutch Shell, Imperial, the Dutch-based Petrofina, Standard Oil of Indiana, and British Petroleum.

The fourth aspect of the plan is a series of drastic curtailments in advanced technology energy projects in Canada's most industrialized province, Ontario. On Feb. 14, Robert Taylor, chairman of Ontario Hydroelectric, told reporters that at least one and probably four major generating stations, including the Bruce B heavy water plant, will be "mothballed." Projected provincial energy needs were recently revised from a 5.5 percent annual growth rate to just above 4 percent. The smallest of the targeted plants is the Wesleyville station, a high technology coal-fired plant designed for a total capacity of 2000 megawatts. Also cut was the proposed Darlington nuclear station, a centerpiece of Ontario's aggressive nuclear development policy.

The energy crisis measures being planned and carried out are coupled with renewed emphasis on what fossil energy reserves Canada does have.

* Off-shore oil drilling has restarted in Labrador and in the Beaufort Sea.

* The estimated reserves of oil and natural gas in the Alberta basin have been revised upward. Canada's External Affairs Minister Jameison has announced the general willingness of Canada to increase its energy supplies to the United States on terms appropriate to "crisis management."

* The tar sands projects in Athabaska, Alberta, and Saskatchewan are being pushed. Current projections are for over $100 billion in investment in Canada's heavy oil and tar sands reserves.