

EIR Special Report

Robert O. Anderson's strategy will blight the American West

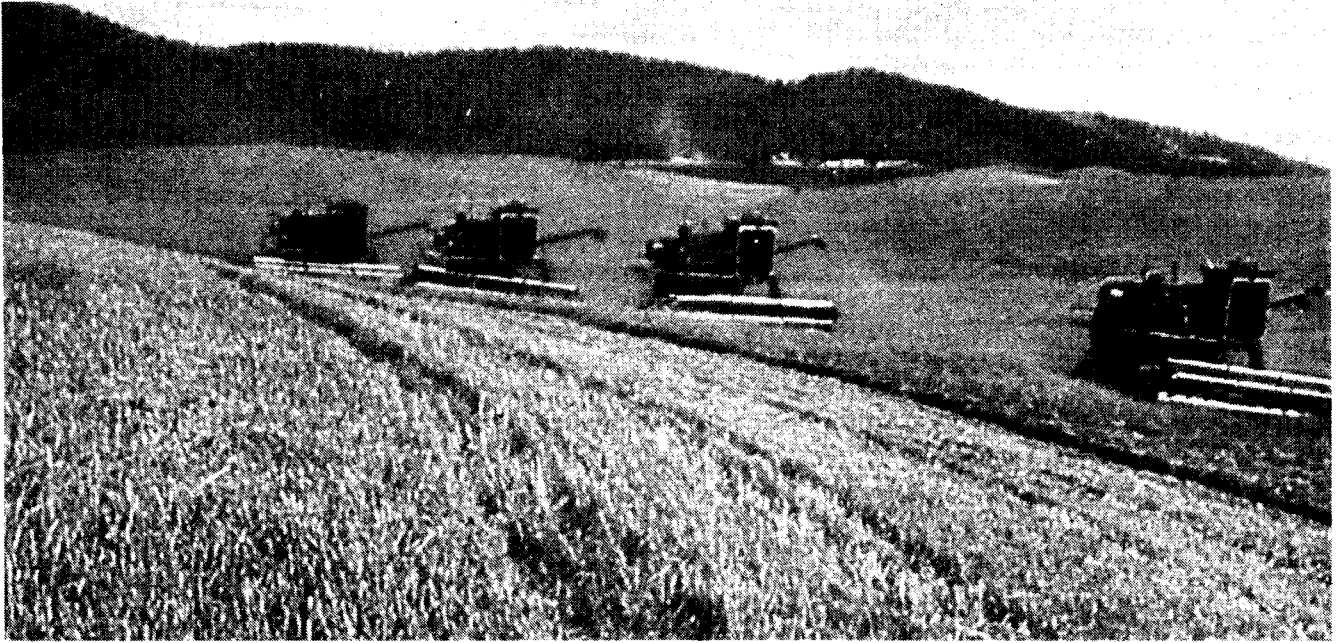
by William Engdahl, Energy Editor

Within the brief space of nineteen years, our people have opened up to settlement a larger area of territory, valuable as a source of supply for nearly all the necessities of man, than has ever before in the world's history been brought within the limits of civilization in so short a time.

This declaration was made by a U.S. Surveyors General official at the Interior Department more than a century ago, in 1868. It refers to the area of the United States west of the Mississippi encompassing California, Arizona, Colorado, Montana, Idaho, Washington, Oregon, Wyoming, Utah, and Nevada. At that time the broad region encompassing the spine of the Rocky Mountains was referred to as the Golden Crescent. Geologists quite rightly believed it to contain in abundance practically every mineral of value for the industrial development of a modern nation.

Today, more than 100 years later, this Golden Crescent remains undeveloped. And the region is in large part dominated by interests who are determined to control resources and impose what I call a high-cost energy alternative. This alternative is based on production and export of coal, vast overpricing of natural gas, and synthetic fuels—an energy policy which not only is so inefficient and expensive that it would ravage the West, but is certain, if carried out, to commandeer the water resources of the region, resources which are growing critically scarce for lack of a national water-development program.

At the center of this strategy is Robert O. Anderson, head of the Atlantic Richfield Corporation and the Aspen Institute, who is himself passionately committed to reducing world population. Mr. Anderson is the Chairman of the Committee for the Year 2000, private-sector counterpart of the Carter *Global 2000 Report* urging the elimination of 2 billion people by the turn of the century. Anderson's advocacy of both global genocide



Western agriculture (above: Idaho wheat) requires the water supplies and cheap fuel slated for extinction by Arco's projects and other high-cost energy ventures.

and this high-cost strategy are one and the same commitment, as the following report will show.

Below I will explain why the enormous Western synthetic fuel projects of Arco and Exxon, the multi-billion-dollar Alaska Natural Gas Pipeline project and Arco's coal slurry pipeline project add up to a coherent strategy. While the industrial Northeast and Midwest seem to be collapsing irreversibly, the West has become the focus of international attention as a booming center of energy and resource development.

But there is something hideously wrong with the resource strategies which are engulfing the West today.

Robert Orville Anderson

Before we describe the high-cost energy alternative, it is useful to look more closely at the man who is, at least symbolically, at the center of it. The single most important person carrying out those strategies, as a funnel for decisions made in New York, London, Geneva, and Toronto financial houses, is a gentleman by the name of Robert O. Anderson.

Today, Anderson is apparently one of the most colossally successful "self-made" men in history, going from head of the tiny New Mexico-based Hondo Oil Company in the early 1960s to Chairman of the Atlantic Richfield Corporation, one of the world's largest natural-resource conglomerates. Anderson's impressive mediocrity raises the obvious conclusion that he had "certain doors opened" to him; nor did he become the largest private landowner in the United States by accident.

In fact, it has been suggested that the unknown Anderson was hand-picked to benefit from the Kennedy-era Justice Department breakup of the Sinclair Oil Company. During the Eisenhower era, that company and its founder, Harry Sinclair, had been part of the political networks of General Douglas MacArthur.

Benefit he did. Anderson acquired the first chunk of Sinclair in 1966. By 1968 he held the "crown jewel," Sinclair's acreage in Alaska known as the Beaufort Sea. Robert O. Anderson had his grip on a 10-billion-barrel oil reserve and huge natural gas resources, the largest single discovery in U.S. petroleum history to date.

The son of a Chicago banker, Anderson has been groomed from kindergarten in the pernicious University of Chicago system of special schools through to college under the thumb of Robert M. Hutchins, a leading U.S. proponent of world federalism who was Anderson's tutor. Anderson's Chicago classmates included Charles Percy, now the liberal Chairman of the Senate Foreign Relations Committee, and Katharine Meyer Graham, the Lazard Frères heiress whose *Washington Post* ran the Watergate against the Nixon administration.

Anderson is a member of the Board of Directors of David Rockefeller's New York Council on Foreign Relations, an honor formerly enjoyed by Paul Volcker and Henry Kissinger. He bought a one-million-acre ranch in partnership with David Rockefeller in the Mato Grosso region of Brazil, and sits on the board of directors of David Rockefeller's Chase Manhattan Bank.

A major financial contributor to the Republican

Party, Anderson has even served on the Republican National Committee during the Nixon years. He is also a trustee of his University of Chicago.

But the most remarkable area of endeavor carved out by, or for, Mr. Anderson has been his role as chief financier for a too-little understood institution committed to treasonous subversion of republican institutions throughout the world. This is Robert Hutchins' project known as the Aspen Institute for Humanistic Studies, which Anderson has chaired since 1963.

Environmental warfare

It is the locus for the artificial top-down creation, of "the *political* weapon of environmentalism." Anderson brought together at Aspen and his Atlantic Richfield Foundation, the leading architects of the Ford Foundation projects which in the 1960s set up groups such as the Union of Concerned Scientists (consultants to Jane Fonda on "nuclear safety") and the Natural Resources Defense Council, the high-powered Washington, D.C. lawyers' group which has done more over the last 15 years to undermine industry and technology than perhaps any group of its size in history.

In 1969, shortly after discovery of his Alaskan oil, Anderson dipped into his own pockets for \$200,000 seed money to launch the Friends of the Earth. He assembled the funding in 1970 to organize the kick-off of anti-industrial sabotage known as "Earth Day." These were the first crucial steps to foster among drug-numbed youth an acceptance of the ideology of zero growth. This is the man awarded their highest honor in 1981 by the Independent Petroleum Association of America.

The 1970 National Environmental Policy Act, that landmark of regulatory destruction of industrial growth, is one direct result of Anderson's efforts. He and Maurice Strong, his fellow Aspen associate and energy "entrepreneur," founder of the huge state-owned PetroCan resources conglomerate in Canada, convinced their friends at the United Nations to "globalize" the U.N. project on energy and the environment by organizing the watershed 1972 Stockholm U.N. Conference on the Environment.

Anderson is an Honorary Sponsor of the Draper Fund, which considers itself "the game warden for the human race," weeding out undesirables and preventing population expansion by any means necessary; and a member of the Club of Rome, the NATO-created purveyors of "limits to growth."

How can we reconcile this commitment of Robert O. Anderson with his role as oilman and resource developer? Could it be that he and his sponsors have created the Frankenstein monster of "environmentalism" and carefully shaped its targets and funding?

It is relevant to note that one of the most heavily funded environmentalist causes has been to lock up more than one hundred million acres in resource-rich

Alaska, after Anderson, together with friends from Exxon and the British Petroleum-owned Sohio, had carved out their take. Or the fact that Anderson masterminded Jimmy Carter's \$228 billion Crude Oil Windfall Profits Tax, explicitly exempting his Alaskan oil "in the national interest." Or take his charitable work with the "underprivileged Indians" through his Atlantic Richfield Foundation. If he and his cronies cannot directly control the immense domestic oil, coal, and gas reserves in the Rocky Mountain spine, is it conceivable that his civic-mindedness towards environmentalists and Indians with huge mineral holdings throughout the Southwest could be convenient?

Creating the green environmentalist hordes and aiming them away from his coal and synfuel projects to sabotage nuclear-energy infrastructure, is, I have concluded, the strategy behind Anderson's immense involvement with Aspen. It is one of the most simple and effective weapons of economic warfare developed to date. Simply take note of the enormously destructive synthetic fuels program, which was drafted by John C. Sawhill, the Aspen Institute energy strategist who also drafted David Rockefeller's Trilateral Commission energy policy, and became the first Chairman of the \$20 billion-dollar federal Synthetic Fuels Corporation.

Is it not strange that these Aspen-Anderson energy projects have escaped the wrath of the green hordes? No, if we realize that the environmentalist movement is a weapon for economic warfare and resource control by the circle of which Anderson, his Canadian associate Maurice Strong, Exxon, and a few others are the controllers.

Let us look more closely at the Anderson-Aspen high-cost energy alternative which is being pushed to replace such solutions as development of cheap, clean, thermodynamically efficient nuclear power.

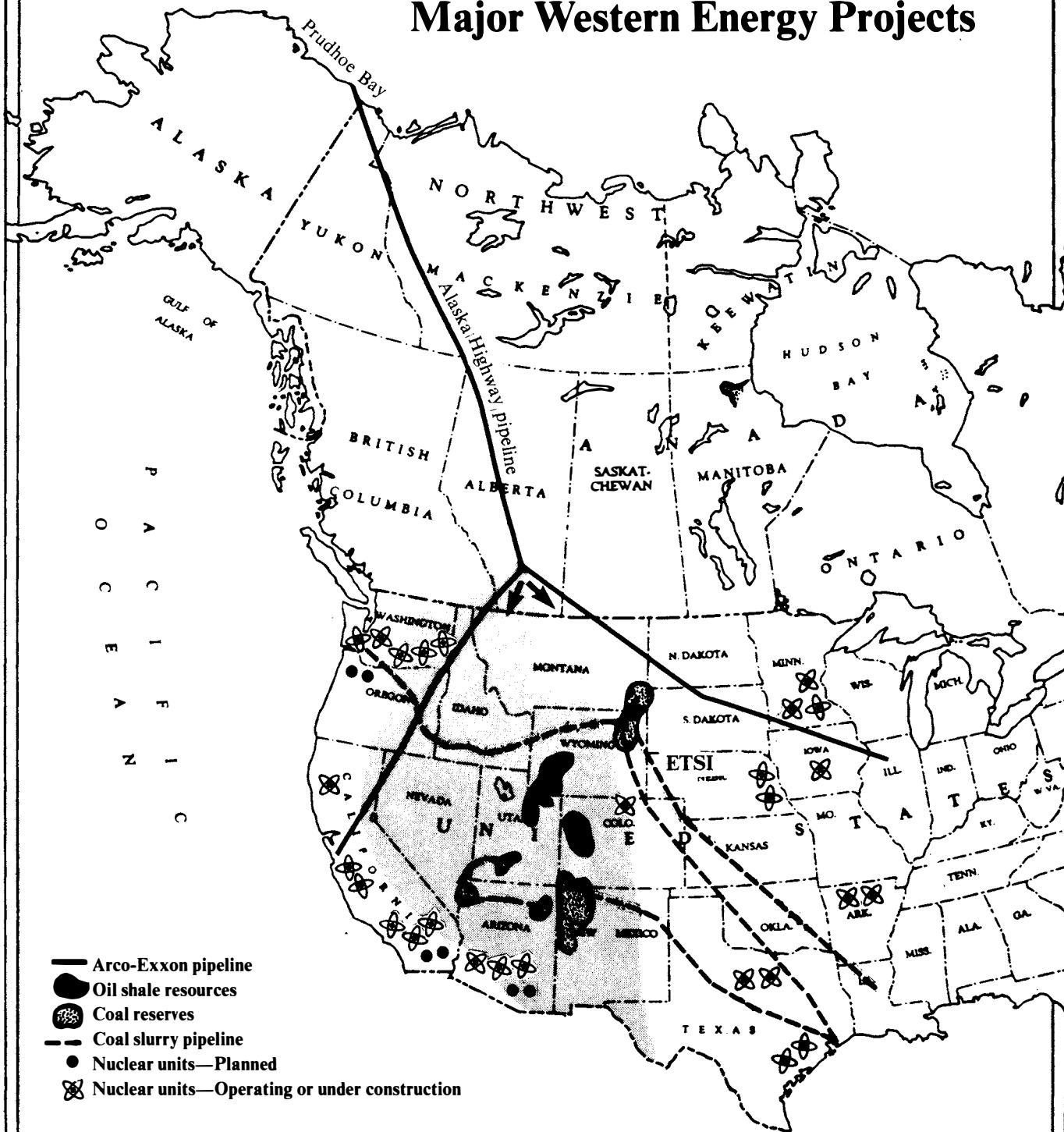
We have three broad categories of Western energy boondoggle which share these essential ingredients: they encompass enormous resources; they are enormously expensive; and they combine to give Anderson and his financial faction (including the accelerated flow of "hot money" from Canada over recent years to buy up huge amounts of real-estate, energy assets, and other resources in the American West), *strategic resources control* over the entirety of the United States' energy supply.







Synthetic fuels

The world's largest known concentration of shale oil, a substance geologically somewhere between coal and heavy crude oil, lies in a 17,000-square-mile region of the Piceance Basin-Green River Basin region where Colorado, Wyoming, and Utah meet.

In 1979, Aspen energy strategist John Sawhill, at that time running Carter's Department of Energy as Deputy Secretary, drafted a bill which was passed

Major Western Energy Projects



-  Arco-Exxon pipeline
-  Oil shale resources
-  Coal reserves
-  Coal slurry pipeline
-  Nuclear units—Planned
-  Nuclear units—Operating or under construction

Robert O. Anderson and allied interests have locked up an energy plan for the American West which is premised on eliminating the surrounding circle of nuclear capacity in the region. Anderson, both personally and through the Aspen Institute, is one of the leading financial backers of anti-nuclear environmentalism.

amidst popular hysteria over gasoline lines following the overthrow of the Shah of Iran. (Anderson, a large private landowner in Iran, was directly involved in the events placing Muslim Brotherhood agent Ruhollah Khomeini in power.)

The U.S. Synthetic Fuels Corporation was created under the Energy Security Act of 1980, perverting the notion of national security to make legitimate one of the largest legal (and reportedly illegal as well) swindles in history. This law provides, among other things, that the government establish an initial \$20 billion credit guarantee in the form of price supports and loan guarantees to "free-enterprise" corporations such as the Libya-linked Occidental Petroleum, the Libya-linked Charter Oil, and Anderson's Atlantic Richfield, as well as Exxon. The official legislated goal of this program is producing 500,000 barrels per day of synthetic oil or gas fuels by 1987 to replace imported oil. By 1992, the official goal is 2 million barrels per day.

Already, mining equipment has started moving into the Rocky Mountain region, as well as the coal region around the Powder River Basin in Northeast Wyoming around Campbell County, where Exxon, Arco, Amax and others have huge holdings. Despite the current downplaying of synthetic fuels in Washington and the current relative "glut" of world oil, the projects are quietly proceeding.

Shale oil and coal gas are the two major forms of synfuel being undertaken. To produce a waxy substance called kerogen, the shale rock in which it is embedded must first be crushed or pulverized. Millions of tons of shale must be pulverized and intensely heated to approximately 900° in order to produce a kind of frigid molasses suitable for boiler fuel, or refinable to lighter products.

Cost estimates for this enormously energy-intensive process range from \$60 to well over \$100 per barrel of shale oil at today's price. OPEC is presently pegging world oil at about \$36 a barrel.

There are other features of the synfuels program, still very much in experimental stages. A huge amount of dusty rubble, called spent shale, is a byproduct of the shale process; this debris creates enormous dust pollution and water needs.

From pilot-scale calculations, every barrel of shale oil produced requires seven barrels of water. Commercial scale-up may require considerably more—since Aspen and Atlantic Richfield planners kept water resources from being developed, this means that every drop of water consumed in producing synthetic fuels will draw from existing precious water resources.

A 1 million barrel-per-day shale industry could demand as much as 400,000 acre-feet per year in water use. If we accept a 2 million-barrel industry, we will use some 800,000 acre-feet per year. The entire Colorado

River Basin provides a total of approximately 800,000 acre-feet per year for all regional needs, including drinking water, agriculture, and industrial use! Moreover, it is a matter of public record that Exxon is talking about creation of a national 15 million-barrel synthetic fuel industry over the next 30 years at a cost of approximately one *trillion* dollars, of which 8 million barrels per day would be shale. The water requirements of such a proposal may be readily imagined.

This monstrous project will generate only the energy equivalent of electric power generated by three typical 1,100 megawatt nuclear plants. No less than 32 such nuclear units in the Western United States, completed or under construction, are presently threatened with shutdown or cancellation as a result of the anti-nuclear warfare Robert O. Anderson and his collaborators have financed.

Now Anderson's environmentalism becomes clearer.

These nuclear plants (see map) surround the Rocky Mountain spine with the energy equivalent of almost ten million barrels daily production of shale or other oil.

The fuel costs of substituting shale oil to produce the equivalent electric power of these 32 nuclear plants would come to almost \$130 billion per year.

Coal slurry

Atlantic Richfield has a second flank. In a consortium with Lehman Brothers Kuhn Loeb investment bank and Bechtel Corporation, Arco has just secured Interior Department approval for its highly controversial ETSI coal-slurry pipeline project. This project, only the first of some 11 already on the drawing boards, will take coal from Arco's huge strip-mined coal reserves in the Powder River Basin region of northeastern Wyoming, crush it, and mix it in a "slurry" with enormous quantities of water from the water-scarce region, in order to force this coal some 2,000 miles by pipeline to several power plants in Louisiana, Oklahoma, and Arkansas, where it must then be dried to be burned.

ETSI alone will take some 50,000 acre-feet of water per year. In fact, the company, extremely eager to secure the project, signed an unusual contract with the Governor of South Dakota giving Arco water rights for 50 years. The same governor has just come out against the water from Alaska plan, NAWAPA (see article p. 28).

If all those slurry projects planned were completed, they would use some 100,000 acre-feet per year of area water to deliver some 100 million tons of low-BTU Western coal. Again, there has been no mention of any water-creating project whatever in the coal slurry discussions. Twenty of the 32 nuclear plants targeted by Anderson would provide the energy equivalent, *without* the water loss. And uranium ore is approximately 30

times energy-denser than low-BTU Western coal measured in BTU per pound.

Alaska gas pipeline

A bit of backroom congressional lobbying by former Democratic National Committee Chairman and Texas wheeler-dealer Robert Strauss, among others, has granted Robert O. Anderson and his consortium partners, Exxon and British Petroleum (Sohio) a third element of the energy control strategy. John G. McMillian, Chairman of the little-known Salt Lake City-based Northwest Energy Company, is being hailed as one of the most successful businessmen in North America for obtaining an unprecedented series of waivers to the 1977 Carter proposal to build a gas pipeline through Canada—a project whose total cost is presently estimated at roughly \$43 billion.

McMillian, Treasurer of the Democratic National Committee during the McGovern years, chose his business friends carefully. Robert Anderson's Arco, British Petroleum, and Exxon received an unprecedented congressional okay to become part-owners in the pipeline itself, in addition to holding control of the Alaskan gas. One congressional report pointed out, to no avail, that this is an open conflict of interest, opening the way for an energy-cutoff by the suppliers.

Congress has calculated that the project will affect the natural-gas supply of some 60 percent of U.S. gas customers—industrial, residential, and agricultural. In the present context, congressional waivers will help lock in large gas-dependent customers from Chicago to San Francisco to 20-year supply contracts. Over the next several years this could mean a 1,000 percent increase in the price of this valuable energy feedstock.

The way the game has been rigged, even if Congress refuses to approve gas decontrol ahead of decontrol's legislated 1985 date, Robert O. Anderson has secured *strategic control* over the pricing and availability of this vital energy resource. He is in a position to eliminate any significant competition from thousands of unwitting independent exploration companies who would otherwise find huge amounts of far cheaper gas right in the lower-48 states, given even marginally higher prices.

An ersatz oligarch

The lockup of Western resources dates from the first discovery of gold in California in the 1840s. It was consolidated in the evil presidency of "nature-loving" Theodore Roosevelt in the early years of the century. Roosevelt was a passionate disciple of the concept of control of the nation's wealth by a tiny landed "aristocracy." He succeeded in locking away almost a quarter of a billion acres of Western land in the form of Indian Territories, coal preserves, phosphate preserves, forest reserves, and so forth. To this day, the federal govern-

ment is the landholder of *almost one-third* of the total land area of the nation, mainly in Alaska and the resource-rich American West.

Having installed Teddy Roosevelt after their terrorist assets murdered President McKinley, the oligarchist financial faction struck a lasting blow against the industrial potential of the United States. By declaring the most promising areas of this "Golden Crescent" a preserve—much like the British or Canadian notion of Crown Lands—the full potential of the American industrial economy to challenge the Commonwealth's resource control on a global scale has been aborted.

Interior Secretary James Watt and other Westerners want to open up its resources, yet they seem blinded to the question of what real development means. They adamantly oppose the prerequisites for it, including the NAWAPA plan (see article, page 28), while approving projects such as Anderson's ETSI. By competent scientific and technological criteria, the Anderson projects are not development in the American tradition. They constitute a means to force what Anderson's colleagues at the New York Council on Foreign Relations call "controlled disintegration" of the world economy, by forcing overall dependence on drastically lower-efficiency energy modes.

It is appropriate to note a slick propaganda piece being circulated in book form by Anderson's old University of Chicago friend, Katharine Meyer Graham: *The Nine Nations of North America*, by Joel Garreau. The book is an attempt to convince citizens of a nation-state which fought a War of Independence and a Civil War to preserve the principle of national sovereignty, that America will soon and suitably become a balkanized "confederation" of nine separate "nations." The book calls the vast area from Alaska right down the Rocky Mountain spine "The Empty Quarter."

Thus, Anderson's high-cost energy alternative for the West is a blueprint for using energy policy to enforce global immiseration and mass death beyond precedent by destroying the industrial and agricultural potential of the world's most productive, and most potentially productive, economy.

Realize the biting contempt, then, behind the statement to Congress several days ago by Anderson's close associate in population reduction, Russell Peterson, former head of the Council on Environmental Quality and present head of the cultish National Audubon Society. Peterson confidently told the legislators: "The economic development and population shift to the South and West should begin to reverse itself. There is simply not enough water out there to sustain continued burgeoning growth, particularly in the Rocky Mountains and the Southwest." Not, that is, if we continue to let Robert O. Anderson define American water and energy policy.