Painting Islam As The New Enemy

GLOBALIZATION & CAPITALISM IN CRISIS

ABDULHAY Y. ZALLOUM

Copyright © 2002 by Abdulhay Y. Zalloum

All rights reserved. No part of this book may be reprinted or reproduced or utilized in any form, now known or hereafter invented, including photocopying and recording or by an information storage or retrieval system without permission in writing from the publishers.

(Library of Congress Control Number: 2002094986)

ISBN 0-9725725-0-3

All rights reserved

Painting Islam As The New Enemy

GLOBALIZATION & CAPITALISM IN CRISIS

Contents

	***Preface**		***Page***
	***Introduction**		
1.	**Chapter One :**	**THE IMPERFECT CRIME OF SEPTEMBER ELEVEN**	***… 14***
		A Superman Against A super state!	
2.	**Chapter Two :**	**THE NEW WORLD ORDER:**	***… 32***
		An American Empire	
3.	**Chapter Three :**	**THE BOOM OF ILLUSIONS**	***… 47***
		The Economics of 'Enronics'	
4.	**Chapter Four :**	**"WOE TO THOSE WHO CALL EVIL GOOD"**	***… 64***
		Hypocrites Justifying An Immoral War	
5.	**Chapter Five :**	**NEOCOLONIALISM THROUGH GLOBALIZATION**	***… 83***
		A System Of Deception and Illusion	
6.	**Chapter Six :**	**CASINO ECONOMICS AND THE WORLD:**	***… 100***
		Case Studies	
7.	**Chapter Seven :**	**CONTROL OF INTERNATIONAL OIL – 1973 – 2002**	***… 118***
		Debt Traps: The New Black Gold Order	
8.	**Chapter Eight :**	**CONTROL OF INTERNATIONAL OIL –(1855 – 1973)**	***… 136***
		From Medicine To Fuel To Strategic Power	
9.	**Chapter Nine :**	**RUSSIA: FROM COMMUNISM TO CAPITALISM**	***… 154***
		And From Superpower State to Super mafia State	
10.	**Chapter Ten :**	**FORCING CASINO ECONOMICS ON JAPAN**	***… 169***
		Japan After The Cold War.	
11.	**Chapter Eleven :**	**THE SALVATION OF ISRAEL**	***… 182***
		Through Prophets Or Generals?	
12.	**Chapter Twelve :**	**ISRAEL: AN IMPERIAL LEGACY**	***… 200***
		Not a Biblical Prophecy	
13.	**Chapter Thirteen :**	**AMERICA: FROM A DREAM TO A NIGHTMARE**	***… 220***
		Wall Street Acquires Main Street	
14.	**Chapter Fourteen:**	**THE TRANSFORMATION OF AMERICA**	***… 236***
		The New York – London Power Structure	
15.	**Chapter Fifteen :**	**THE RULE OF THE UNELECTED**	***… 254***
		Money Power , Not People's Power	
16.	**Chapter Sixteen :**	**THE SYSTEMIC FAILURE OF CAPITALISM**	***… 269***
		Economically, Socially, Politically And Morally	
17.	**Chapter Seventeen :**	**ISLAM AND THE WEST**	***… 284***
		Western Capitalism: A Tumor In The Soul	
18.	**Chapter Eighteen :**	**THE RELIGION OF ISLAM**	***… 301***
		Facts Against Fallacies	
	***Post Script**		

*"King George III once said: ' I wish nothing but good. Therefore, anyone who does not agree with me is a traitor and scoundrel.' His royal arrogance cost his Bristish Empire the American colonies in 1783. president George W. Bush … says to the world: ' Either you are with me or you are against me'. His arrogance and simplistic unilateral approach in foreign affairs is taking America down a much more dangerous path. Bush is running out of time. The American agenda must be reprioritized to focus on economic and environmental issues, both domestic and global, where long term American interests and security actually lie and not on a needless, politically expedient, and costly war(s) .. that may well become endless ".

Herb Stetzenmeyer
Readers Report
Business Week – December 9, 2002

*"Non-Westerners also do not hesitate to point to the gaps between Western principle and Western action. Hypocrisy, double standards, and "but nots" are the price of universalist pretensions" … *"Democracy is promoted but not if it brings Islamic fundamentalists to power; nonproliferation is preached for Iran and Iraq but not for Israel; free trade is the elixir of economic growth but not for agriculture."*(Page 184)

Samuel P. Huntington
" The Clash of Civilizations"

PREFACE

I first arrived in the United States some fifty years ago, at age 18, to pursue my higher education. To get there I crossed four continents, carried eight different currencies and traveled by air, sea and land. Few days after having obtained my engineering degree, I left the United States. In the early 1980s, while my two sons were studying for their engineering and MBA degrees in Boston, I attended Harvard Graduate School of Business for advanced management studies. Since then, I would visit the United States almost yearly, for education, vacation, business and routine medical checkups. I had several long work assignments in the United States, including participating in the management of the first, and biggest, petroleum all-hydrogen processing technology project in the world. After this unique project was established, I became manager of its operations. I dealt with and did business with many multinational companies after I created my engineering and management-consulting firm that services the petroleum industry. Many of my colleagues at Harvard became, and some still are, CEOs of transnational and financial companies in the U.S. and elsewhere; I value these colleagues and friends. Each time I was set to go home after completing an assignment in the United States, I would be asked by many why I don't make America my home. For a Jordanian of Palestinian extraction, that question might seem logical. My answer, however, would always be the same: Americans have their values, we have ours.

I am writing this book because George W. Bush and the authors of the New World Order want to impose their values on me and mine, and on the world. I know Western values too well. I experienced them for about 50 years, almost a quarter of the life of the American Republic. I know that there is no conflict between true Islamic and true Christian values, as both are based on justice and fairness.

The message of this book is: Islam is a way of life and a religion. The conflict is not between Islam and the West; it is between the transnational "robber barons" and "the rest". Transnational magnates the world over share interests; their fellow citizens' well-being does not count. With the downsizing of nation-states, national leaders and national tycoons were reduced to the position of guardians of transnational barons' agenda.

*“ Capitalism and democracy obey different principles. The stakes are different: In capitalism wealth is the object, in democracy it is political authority. The criteria by which the stakes are measured are different: In capitalism the unit of account is money, in democracy it is the citizen’s vote. The interests that are supposed to be served are different: In capitalism it is private interests, in democracy it is the public interest. In the United States, this tension between capitalism and democracy is symbolized by the proverbial conflicts between Wall Street and Main Street.”

George Soros
“The Crisis of Global Capitalism”

*“ Muslims fear and resent Western power and the threat which this poses to their society and beliefs. They see Western culture as materialistic, corrupt, decadent, and immoral. They also see it as seductive, and hence stress all the more the need to resist its impact on their way of life. Increasingly, Muslims attack the West not for adhering to an imperfect, erroneous religion, which is nonetheless a religion of the book but for not adhering to any religion at all.”

Samuel P. Huntington
“ The Clash of Civilizations”

INTRODUCTION

After the September 11, 2001, attacks on the World Trade Center in New York and the Pentagon in Washington DC, the advocates of the clash of civilizations doctrine dominated the American political and media scene. Before any evidence was revealed on the identity of the attackers and within minutes of the attacks, an orchestrated media attack was waged against Moslems and Islam. Islam was pronounced an "evil religion" by the reverend Franklin Graham. Islam was attacked in the leading American newspapers as the New York Times and the Washington Post. Columnists and writers decreed that the problem of the world is with "radical Islam" as some called it, or "Islamists" as called by others. The media painted Islam as a "violent religion". The ordinary non-suspecting American who is busy in his hand – to – mouth daily routine came to believe that Islam and terrorism go hand in hand together. The war against terrorism became consciously or subconsciously to mean the war against Islam. CNN declared this war before the U.S. congress did. Through the availability of unlimited financial resources (money), polling and targeted – group studies and the development of messages to reach the targeted group, (marketing), and through artful use of television and other communications channels (media) an image is created to a person or to an issue. The image-makers will promote the image of the issue but not the real issue or the real fact. Through these superb mixing of the 3 M's, people who are trusting by nature, or who have no time to research and scrutinize the images or information get brainwashed by the BBB syndrome: Bullshit Baffles Brainpower. One cannot but admire the superior marketing and packaging of peoples and ideas by the czars of capitalism.

George W. Bush declared that the world is now divided between good and evil and between believers and nonbelievers. The believers are those who accept American values of Anglo – American Capitalism lock, stock and barrel and the nonbelievers are those who don't. Nations must decide that they are with or against America's war. Those nations, which don't accept American and Western values, are evil states. He declared a long war against terrorism, which was never defined, or it was conveniently defined from time to time to serve the transnational capital barons objectives. It is a strange unprecedented kind of war! The war started against Taliban of Afghanistan and Osama Bin Laden. Bin Laden, a billionaire, was lured out of his riches by the CIA to wage a holy war against the Soviet Union invasion to Afghanistan. Bush, questioned by a reporter from Glamor magazine during the presidential campaign in early May 2000 about his knowledge in foreign affairs. He was asked if he knew what Taliban was. Bush said he heard the name before ... Bush thought Taliban was an American Rock, N Roll band. When asked to name leaders of ten nations he could name only one.

The power structure that advanced Bush to the presidency to administer their agenda for a New World Order for the twenty first century knew exactly what they wanted. A leading democrat commented during the inauguration of president Bill Clinton for his first administration that: "Those in the White House come and go, but those who hold the ropes of power behind the curtain remain the same"

The values of this New World Order are the values of Anglo – Saxon capitalism, which combined the power of finance with the power of information and media to create a new economy. This economy is becoming increasingly parasitic, speculative, volatile, and non–productive. The productive economy was called the "old" economy. In the "old" economy money is only one of the production tools. In this "new" economy, money's only purpose is to make more money. The transnational financial robber barons turned the world into a casino and they employed the United States power structure to police this casino on their behalf.

An artful blending of money power, media power and marketing power resulted in the potential of mass brain – washing in which one version, and one version only is presented. Such version has always been that of those who owned the power structures. An age of disinformation was blended with the age of information. Re – forming economies even under pressure is termed reform. One – sided "perceptions" are continuously fabricated to serve the purpose of the disinformation era masters. Such disinformation can be served to a friend or maybe served to an enemy, since what matters is it must serve the agenda of the transnational barons' infofinancialists.

Samuel Huntington along with others, many of them from within "the permanent power structure" of the United States came up with a letter giving moral justifications for the war for which they recruited George W. Bush to the White House. The letter argues that American and Western values are to be accepted as universal values. The signatories claimed that those alleged attackers of September eleven were attacking these universal values. They decided that there is a good Islam and a bad Islam. The good Islam, (or as some Moslems sarcastically now call it the "American Islam") should be like Kamal Attaturk's Islam of Turkey. They argued that the world is now one village and the ongoing globalization process must carry one set of universal values, namely Western values. We categorically disagree! Few Americans now remember the populist movement and the Peoples Party of the last quarter of the 19th century. That movement generated new possibilities of individual self-respect and mass aspiration that were beyond the range of visions to Americans and Western societies then and now. They wanted a very different kind of America and a new way of looking at things. They wanted to change finance capitalism that prevailed, and wanted structural reforms of the American economic system. That

America of the populists, and their alliances shared many of the public welfare values of the Islam's vision of economics. How similar populist vision to Islamic economic vision can be best shown by the organization for Economic Co-operation and Development (OECD) study on Islam's, and how it differed from both capitalism and socialism. The study reported: "Islamic concepts are different from capitalism by their opposition to excessive accumulation of wealth …A true Islamic society must not be an arena where opposing interests clash, but rather a place where harmonious relations can be achieved through a sense of shared responsibilities. The individual's rights must be equitably balanced against those of society at large."

We believe American capitalism present values confused the good life with goods. Jimmy Carter an American president recently said: "In a nation that was proud of hard work, strong families, close – knit communities and our faith in God, too many of us now tend to worship self – indulgence and consumption. Human identity is no longer defined by what one does, but by what one owns. But we have discovered that owning things and consuming things does not satisfy our longing for meaning. We have learned that piling up material goods cannot fill the emptiness of lives which have no confidence or purpose".

This model of materialist–value capitalism is producing crime, organized crime and otherwise. On the city of Los Angeles, an NBC Dateline reported in 1997, that the city has 150.000-armed gang – members! Most are teenagers. About 900 people get killed annually by gangs, some 25% of whom were innocent bystanders. In the culture of materialism, economic growth and democratization of desires, these teenagers are fed with a culture that promotes violence and crime, simply because it sells, it makes money, and money is the ultimate measure of success. A Los Angeles based Inter – Scope Records, partly owned by Seagram conglomerate, has sold more than a million copies of its album "Antichrist Superstar" then the latest album from satanic rock band (Marlyn Manson, Readers Digest, April 1997, pp. 125.126). The band takes its name from its lead singer, whose name combines those of Marilyn Monroe who committed suicide & mass murderer Charles Manson. "Lyrics of songs dwell on murder, suicide and despair. Many are unprintable".

Killing – for – profit is within the values of the system America is now demanding the world to adopt. In infofinancialism money is the ultimate measure of success. Little was done by Washington to control the tobacco industry for 33 years – after the U.S Surgeon General decided in the mid – 1960's that enough scientific evidence existed to support the assumption that smoking was both lethal and addictive. (TIME June 30 1997) reported that: "Americans have prematurely lost 4 million collective years of life annually in our worst if routinely accepted, public health scandal. (The tobacco) executives to deny what they and their scientists, according to a critical mass of internal documents

unearthed during the past decade, knew to be true about the addictive and fatal nature of their product". Some 400.000 U.S citizens died each year from smoking. Between the thirty some years in which the Surgeon General had persuasive evidence about the lethal qualities of Tobacco, some 14.000.000 American died, or have been murdered.

We condemn the killings of more than 3000 innocent people in New York, and one cannot condemn it enough. Such acts contradict the letter and spirit of Islam. Islam preaches that to kill one innocent life is like killing the human race. Quiet the opposite however; it is unfortunate that the Anglo – Saxon capitalism thrives on wars. To the robber barons wars present opportunities. To the rest of the people wars are death and destructions: Western civilization and values produced the most murderous wars in history. World War two alone caused 50 million dead. The morality of this western civilization allowed dropping two atomic bombs at the civilians of two Japanese cities at the time it was very apparent that Japan was about to surrender.

This system values create wealth disparity where one percent of the American population control several times more wealth than 80% of the population. Bill Gates owns the equivalent wealth of an American city of 500000 people. Yet the United States Bureau of Statistics classified about forty million Americans as poor, many of them are homeless. Every American big city has some very poor districts thus having third worlds in America itself. An American, CEO Robert E. Davoli, described the American system saying: "Capitalism is a diversion: we have the highest crime rate in the world. We have people living in the streets and nobody gives a s …"

The colonial capitalist system produced worldwide inequality among nations, which is on the increase. Three hundred fifty – eight billionaires in the world enjoyed a combined net worth that equals the total net worth of the world's poorest 2.500.000.000 people (2.5 billion)! Capitalism and transnational barons produced a one percent class in all nation – states that have interconnected interests. Such interests are placed above national agendas. They are the "owners" of the power structure in the nation-states. Now national barons are being downsized to be the guardians of the transnational robber barons as the nation-states structure is being abandoned. The nations – states are becoming proxy – states.

The owners of the New World Order are the transnational robber barons and the godfathers of Wall Street. They hijacked the American ideals and transferred the American dream into a nightmare. They elevated their infofinancial capitalist order into a religion with values that are against the basic principles and moralities of all religions. There is no basic contradiction between Judaism, Christianity and Islam. The real conflict is between materialism of the

infofinancial capitalist system that delinked its values from all ethics and religious values. Pope John Paul in a speech after the September 11 attack expressed his views about Western materialism: "Spiritual roots of the crisis which the Western democracies are experiencing, a crisis characterized by the advance of materialism, utilitarian, and ultimately dehumanized world view which is tragically detached from the moral foundations of Western civilization". He added that "economic and political structures must be guided by a vision whose core is the God – given dignity and inalienable rights of every human being from the moment of conception until natural death … Never has it been more urgent to re-invigorate the moral vision and resolve essential to maintaining a just and free society."

Lester C. Thurow, professor of Economics and former dean at MIT Sloan School of Management wrote in his book the "*Future of Capitalism*": "Unfortunately neither capitalism nor democracy is a unifying ideology... They present no common goals towards which everybody is collectively working. Both stress the individual not the group. in the most rigorous expressions of capitalist ethics, crime is simply another economic activity".

Most religions had religious injunctions against usury, which was declared a sin as far away as the time of the book of Genesis. Islam prohibited usury and the storage of gold and money for whatever reason away from production means. Thus Islam will bless the "old" economy, which is productive and is in direct conflict and disagreement with the infofinancial speculative parasitic "new" economy. And this is what really worries the transnational robber barons. This value of Islam is in contradiction with the core of their speculative business. John Maynard Keynes, the famous British economist of the twentieth century who played a role in the construction of the post-World War Two financial architecture in Bretton Woods, argued in his famous work " The General Theory of Employment, Interest and Money" that: " Avarice and usury and precaution must be our gods…For only they can lead us … into daylight". Thus 20th century economists declared officially that money, even usury is not a sin to God, but to them it is god himself! Even after the Keynesian orthodoxy was attacked, the monetarist took over from where Keynesians left. In 1980, at the start of the age of deregulations, congress legalized usury along with other set of legislations of deregulation. As a result, the ceiling set by state and local governments on home mortgages were abolished. Usury, just like sex became a private affair between adult consenting partners and government has no business to intervene.

Fairness was promoted by all religions. The Chief Rabbi of the British Commonwealth, Jonathan Sacks in his criticism of globalization wrote: " The concentration of the world's wealth into relatively few hands while millions of children live in poverty, ignorance and disease, is a scandal that is no longer sustainable… An order that systematically deprives a significant proportion of

mankind on fundamental dignities is indefensible." Actually, even in the Japanese socialist state – capitalism fairness is considered as important as economic growth, not so in Anglo-Saxon infofinancial capitalism. Madeleine Albright, the U.S Secretary of State at the second Clinton Administration was totally within Western capitalism ethics when she declared that "even though the consequences for workers and families caught in the Middle can be difficult and unfair" as a result of IMF medicines, they are justified and necessary for economic recovery. Then fairness is incidental in the Anglo-Saxon capitalism whether in its deregulated form during the days of Albright or the more regulated days of Keynes. Ironically, unfairness within capitalism is taken so much for granted that Keynes said in his published works: "We must pretend to ourselves and to everybody else that fair is foul and foul is fair …" Unfairness, is so much embedded in infofinancial Anglo-Saxon capitalism that it doesn't leave home without it. And this is the system that George W. Bush wanted the world to adopt. Otherwise you are the enemy.

Fundamentalism was sparked by modern Zionism which laid claim to Palestine on religious, not secular grounds. The fact that Palestine was inhabited by Palestinians for thousands of years was totally ignored. In June 1895, the founder of Zionism Theodore Hertzl wrote in his diary: "We shall try to spirit the penniless (Palestinians) across the borders by procuring employment for them in the transit countries, while denying them employment in our country." In June 1938, during a day long executive meeting, the Jewish Agency in Palestine, over-whelmingly endorsed the mass transfer of Palestinian Arabs from the proposed Jewish State. Ben Gurion wrote his son Amos on October 5,1937: "We must expel the Arabs and take their place." Ben Gurion also said: " I do not see anything wrong in it."Menachem Ussishkin of the Jewish Agency said: "I am prepared to stand and defend the moral aspects (of transfer) before God and the League of Nations." The Israeli writer Tom Segev wrote: " With few exceptions, none of the Zionists disputed the desirability of forced transfer – or its morality."

Christian Fundamentalism of the second half of the 20th century thought it must be convenient for them to see the second coming of Jesus through the Jewish State and they were ready to fight Muslims to the very last Jew. Lenny Davis, formally AIPAC's Israeli lobby chief of research, when told that the Christian Zionists diverge from Jewish beliefs after the arrival of the Messiah in Israel, said: "Sure, these guys give me the heebie-jeebies. But until I see Jesus coming over the hill, I am in favor of all the friends Israel can get." Even if God promised Palestine to the sons of Abraham, Palestinians themselves are Abraham's sons. Anyhow, they believe that God does not give one's people land to others nor is He in the real – estate business. In reaction to Judeo-Chrisian fundamentalism Muslim fundamentalism was born. It was a natural reaction to Western unfairness, hypocricy and duplicity.

"…. Capitalism's most "monstrous acts of genocide in world history were carried out in the name of very noble and attractive goals for society. The French Revolution's genocide … and the Napoleonic Wars … were waged in the name of the ideals of, freedom, equality, and brotherhood! Genocide was carried against the native population of North America in the name of progress. Genocide against clergy, nobility, merchants and peasants in 1917 – 1937 was organized in Russia in the name of universal justice and happiness. … The distorted implementation of proclaimed positive values, which is frequently diametrically opposite in content to what is proclaimed, ought not to discredit the real essence of those values."

Dr. Sergey Glazyev
From: "Genocide: Russia And The New World Order"

CHAPTER ONE

THE "IMPERFECT" CRIME OF SEPTEMBER 11

A Superman Against a Super State

- At 7:59 a.m. American Airlines (AA) Flight 11 left Boston for Los Angeles. Eleven crew members and 81 passengers were aboard the Boeing 767.
- At 8:01 a.m. United Air Lines (UAL) Flight 93 left Newark for San Francisco. Seven crew members and 38 passengers were aboard the Boeing 757.
- At 8:10 a.m. American Airlines (AA) Flight 77 left Washington D.C. Dulles airport for Los Angeles. Six crew members and 58 passengers were aboard the Boeing 757.
- 8:14 a.m. United Airlines Flight 175 left Boston for Los Angeles with 56 passengers and nine crew members aboard the Boeing 767.
- 8:45 a.m. AA Flight 77 crashed into the World Trade Center.
- 9:03 a.m. UAL Flight 175 crashed into the second World Trade Center.
- 9:17 a.m. – FAA shut down all New York airports.
- 9:40 a.m. – FAA halted all flights throughout the United States.
- 9:41 a.m. – Flight AA 77 crashed into the Pentagon, in Washington DC.

The White House and the Pentagon were evacuated at 9:44 a.m. and the U.S. Capitol was evacuated at 9:48 a.m.

The United States of America is crowded with the most sophisticated intelligence and technical capabilities in the world. Not one, but many intelligence agencies operate domestically and internationally and sophisticated systems of coordination between these agencies were thoroughly worked out. Among such intelligence agencies are: Central Intelligence Agency (CIA), the Defense Intelligence Agency (DIA), separate Army, Navy, and Air Force intelligence services, State Department Intelligence Agency, the Bureau of Intelligence and Research (INR), the Atomic Energy Commission Intelligence, the Federal Bureau of Investigations (FBI) and, neither the least nor the last, the National Security Agency (NSA), which is the largest of all intelligence agencies. NSA's echelon system overseas and monitors all communications, private and governmental, through very highly developed technologies; it is the electronic eavesdropping arm of U.S. intelligence. It warned President Bill Clinton that a certain foreign embassy was

eavesdropping on his conversations with Lewinsky and based on that fact Clinton stopped such phone conversations. When the USSR denied giving instructions to shoot down the civilian Korean plane that flew over Russian territory, the NSA produced the complete radio communications between the Russian MiG pilot and the ground station command ordering the MiG to shoot the civilian plane. Even at the very early stages of satellite photography, through imagery enhancement, NSA satellites could count Soviet tanks, and through refinement of the basic photography, they could determine their working conditions. The U.S and NSA have spy ships in the oceans, satellites and AWACS in the sky, round the clock and around the world. All the air traffic to and from the U.S. is intercepted, and messages are classified and directed to those concerned. In the CIA headquarters, a comparator is parked on a seven-ton slab of granite to isolate its sensitive mechanism from building vibration. The brain at CIA headquarters in Langley is a computer-disc farm in a room the size of a football field, plus seven giant silos, each containing 6,000 magnetic computer tapes that robots load. Tens of thousands of satellite photos are fed into the disc farm's Cray 4mp supercomputers, which play back animated cartoon of the streets, bazaars, buildings or whatever the CIA or its operations want to monitor. Intelligence agencies can break into personal or supercomputers and copy their data without the need *to* physically *be* at the location of these computers. With a small invisible beam sent from a transmitter hundreds of feet from a window, window vibrations can be amplified and the conversation inside a room recorded. And many technological breakthroughs that are not made public.

Immediately after the September 11 attacks, the United States government announced that a man living in a cave half a world away was responsible for these attacks, and that all the army of intelligence agencies were outsmarted by this "superman". The alleged superman was Osama Bin Laden, a Saudi Arabia-born billionaire lured by the CIA to conduct Jihad against the communist infidels of the USSR who had invaded Afghanistan. Whereas his motives were indeed to conduct Jihad to free a Muslim country, he coordinated his activities with the CIA, *out of* conviction and not for worldly rewards. Thus, his psychological profile, resources, organizational capabilities and all must have been very well known to the CIA and the American intelligence communities. As the CIA penetrates friends and foes alike, it would be reasonable to assume that Bin Laden's organization was thoroughly penetrated during and after the Soviet rule in Afghanistan. It is also known that the Taliban were a creation of the Pakistani intelligence community, which has very "special" professional and technological ties with the CIA. Equally important, the U.S. intelligence community had an Executive Order, dating to the Clinton administration, to monitor Bin Laden and Al-Qaeda. This will make it almost impossible for any moves of Al-

Qaeda *to* escape undetected. The disclosure, released in May 2002, by the Democrats that the intelligence community gave one warning after another, prior to September 11, of an imminent attack will support this assumption. Even the World Trade Center was specified by name as a probable target.

According to the American official story, Osama Bin Laden, from his cave, outsmarted the world's only superpower. The world asked for evidence. None was given. It was alleged that 19 hijackers, all from the Middle East, were responsible for the deadly attacks. FBI director Robert Mueller said in May 2002 that none of these 19 suspects left any evidence behind them. This must have been the perfect crime. Or was it? The whole world had different ideas and some questions.

IN GERMANY: Germany's military Bundeswehr University professor August Pradetto, interviewed by the daily Die Welt (Sept. 19), said that an operation as that of September 11 needed at least year-long preparations which couldn't have possibly been handled from abroad." "Bin Laden is perhaps a component of the terror commando, but not the crucial part." Professor Pradetto believed that September 11 operations couldn't have been done without the participation of a sophisticated intelligence agency of a country whose "goal could be to pull NATO into a war against the Islamic world …"

Foreign Minister Kinkel said: "It must be proven that it was a foreign directed attack." No evidence or even justification for "no evidence" was given.

IN ITALY: Former Italian Prime Minister Giulio Andreotti was also a minister of defense, a minister of foreign affairs and a minister of economy. He had lots of experience on terrorism, defense and all. He was prime minister seven times. On Sept. 12, he said to the daily Avvenire: "Pay attention, don't jump at hypotheses which seem easy…. Also, because, almost certainly, they (the hijackers of the Sept. 11 attacks) must have had internal collaboration. It seems difficult that this was the work of occasional 'travelers', arrived there just in time." He spoke to the daily Corriere Della Sera on Sept. 13 and said: "I wonder who helped the terrorists in the United States. They must have remarkable support in loca (locally). These are people who have flown an aeroplane, who have calculated the time to be right there on television; they are not improvising tourists. Terrorism does not grow only on this side of the ocean. Americans have already had Oklahoma city, let us not forget."

IN EGYPT: Egyptian President Hosni Mubarak told CNN in an interview few days after the Sept. 11 attack that *as* a professional pilot who flew all types of fighters and cargo planes, and as a former Air Force general, he was

certain that those who prepared for the attacks and flew the planes must have been very experienced pilots who not only knew the area of their targets very well but must have flown it before many times. It was revealed later that the Egyptian intelligence had advised the U.S. government in mid July 2001 that extremists planned to crash a plane into a building. Mubarak again disclosed to the New York Times on June 5, 2002, that Egypt had informed the U.S. on the high probability of attacks against America before September 11.

Retired major general Mahmoud Khalaf analyzed the September 11 attack from a military, strategic analysis view point. In his professional opinion, such operations' logistics must have needed of at least 100 specialized technicians who must have needed one year for planning. Such requirements were beyond the capability of Al-Qaeda. He also said that the hijacked planes could not have escaped being detected by the North American Defense Command (NORAD), especially that one of the pilots of the hijacked planes did contact the FAA advising them that his plane was hijacked.

IN LONDON: Jurgen Storbeck, director of European police anti-terror agency (Europol) said in a Sept. 15 interview with the London Daily Telegraph: "As for the idea that sitting in Afghanistan, he (Bin Laden) could have controlled the last phase of the operations … is something we should not accept without a lot of doubt."

IN ISRAEL: I&P Strategic Update, a publication edited by Israeli citizen Maxin Ghilan, wrote two days after the attacks three possible conspiracy scenarios for the attacks. The first may be "Arab terrorists", the second may be a "Pro-American provocateur-state", such as Israel, which would wish to drag America and all the world into an anti-Muslims crusade, and the third could involve: a domestic American right-wing cabal of politicians and military men, maybe using fanatics -whether white militiamen or Arabs." Or it could be a combination of the three alternatives. The publication quoted senior Israeli military officials and remarks by Israeli Air Force former commander Ben Eliahu as aired by Israel's TV 2, in which he said that in his "professional view, the pilots must have been American, not foreign, given their technical style".

IN AFGHANISTAN: Former Afghan President Burhaneddin Rabbani was ousted from Kabul by the Taliban and went into exile outside Afghanistan during the Taliban regime. When asked by Izvestia about Bin Laden he said: "It interests me very much to know how such a complex, multi-layered, painstakingly planned, and technically masterfully organized terrorist operation as the attack on the U.S.A. on Sept. 11 could have been organized and carried out by a small group of bandits, sitting in uninhabited Afghan

mountains. Personally this is incomprehensible to me." When Izvestia asked if he was implying that Bin Laden was not the mastermind of this attack, the former Afghan president told the reporter: "And don't you doubt it too? … Bin Laden sat for a long time in the caves. One does not control the world from such a place."

In USA: Lyndon La Rouche was on the air in a live radio interview when the attacks occurred. When the interviewer advised him about the breaking news on the attacks, he expressed his initial reaction that this operation was certainly orchestrated by rogue elements within the United States whose interest is to fuel their clash of civilizations policies and to save the disintegrating U.S. and world financial system.

The opinions and comments expressed above come from people with enormous experiences and from four different continents: America, Europe, Asia and Africa. Among these people there were an incumbent president, a former president, a seven-time prime minister of one of the G7 countries, military strategists, anti-terrorist organization directors and two former air force commanders. Their comments cannot be taken lightly or ignored. The common line amongst them:

No convincing evidence was presented that Osama Bin Laden did it. If he was involved, which is a possibility, he was not the major component.

That it could not possibly had been done without powerful, knowledgeable, experienced collaborators within the United States.

That the size and complexity of the operation could not possibly escape the eyes and ears of the numerous intelligence organizations in the United States. If it could escape one, it could not escape all of them.

If the United States made its accusations hours after the attacks and declared a war based on circumstantial evidence, as it claimed it had no evidence prior to the attacks, then opponents believe that they have the same right, if not the same might, to express their serious doubt about the identity of the culprits and their motive. If history is proven to be on the conspiracy theorists' side, and if a motive can be established to prove beyond reasonable doubt that domestic forces in collusion with transnationalists were the main beneficiaries of these attacks, then the stated opinions of the world leaders and experts must be taken very seriously.

The September 11 attack was *as* imaginatively planned as if it came from a novel; yet, it was neither unthinkable nor original. Interestingly, in "Debt of

Honor", Tom Clancy closed his 1994 best seller with an enraged pilot loading his plane with fuel and crashing it into the U.S. Capitol while a joint session of Congress was in progress, killing the president of the United States and most members of congress. Osama Bin Laden must have read this novel in the caves of Afghanistan!

In the middle of May 2002, eight months after the attacks, FBI Director Robert Mueller said that the alleged hijackers left no clues: since they were fanatics, they used no computers. Few days afterwards, some Democrats motivated by politics disclosed inside information that clearly indicated that the intelligence community did indeed have lots of information. To defend itself, the administration now went to the other extreme: The problem, they said, was that "there is always TMI (too much information)".

- Not only in novels do planes crash into Washington government buildings. A September 1999 Library of Congress report concluded that "suicide bombers", could "crash-land an aircraft … into the Pentagon".

  Shortly before the September 11 attacks, the FAA issued several warnings of possible imminent hijacking of airlines inside the United States, and Bin Laden was specifically mentioned as a suspect.

- June 28, 2001: CIA Director George Tenet advises the national security advisor of President Bush that it is "highly likely that a significant Qaeda attack will take place in near future".
- July 5, 2001: Counterterrorism officials warn the FBI, FAA, INS and others that a major attack on the United States is impendin*g*.

- July 10, 2001: An FBI agent in Phoenix, Arizona, warns that an unusual number of Middle Eastern citizens are attending flight schools and suspects they are part of Osama Bin Laden network.

- Middle of July 2001: the Egyptian government passes to the U.S. intelligence the plan of some "Muslim terrorists" to crash a plane into a building in the U.S.

- August 6, 2001: Bush is briefed on his farm in Texas about possible attacks using hijacked planes. Bin Laden network is connected to these potential attacks.

- August 17, 2001: Only days before September 11, an FBI agent warns that Zacarias Moussaoui may be planning to "fly something into the World

Trade Center". This is based on tips from Moussaoui's suspicious flight school trainers. Moussaoui is arrested.

- September 9, 2001: The national security advisor had a ready directive on the desk of the president, two days before September 11. It is the same plan used after September 11 to attack Afghanistan with main support from the Northern Alliance.

The president, his vice-president and his national security advisor issued the following statements that contradict the above undisputed facts:

- On December 21, 2001, Bush said: "America never dreamt before September 11 [that] anybody could attack us." Not true.
- In December 2001, Dick Cheney insisted in *an* interview with "Meet the Press" that there were no specific warnings involving a domestic operation. Not true.
- On May 16, 2002, Condoleezza Rice said: "I don't think anybody could have predicted these people would take an aeroplane and slam it into the World Trade Center …" Not true.

Obviously lots of questions need to be answered. Those inside the United States who are trying to get to facts are discouraged as accusations of unpatriotic behavior await anybody who tries to get to the bottom of things.

The U.S. Congress finds it very appropriate to form committees and name prosecutors, on budgets of tens or hundreds of millions of dollars, to investigate the sex life of president Clinton, but *it* doesn't find it necessary to investigate the discrepancies between what the Bush administration knew and what it deliberately said to the contrary, nor to find the motives for these contradictions. The media, owned by the permanent power structure that advanced George W. Bush to the White House, broadcast or narrowcast events to suit the power structure's agenda. If the September 11 attacks are part of a plan or if they assist to remake their New World Order, the administration will find the media very obliging.

History is on the conspiracy theorists' side. And so is the American public. In a TIME/CNN poll taken in December 1991, more than a quarter of a century after the assassination of President John F. Kennedy, Americans distrusted their government and security institutions:

- 72 per cent believed that the American people were not told the truth about the assassination of President Kennedy.
- 73 per cent believed that Harvey Oswald did not act alone, and the assassination was a conspiracy.

- 50 per cent of the Americans believed that the conspiring party was the CIA.
- 48 per cent believed that Mafia was the conspiring party.
- 34 per cent believed that the Cubans were the conspiring party.
- 19 per cent believed it was the Cuban exiles.
- 18 per cent believed it was the military leaders.
- 13 per cent believed it was the Dallas Police.

According to the official U.S. story, U.S. president John F. Kennedy was killed by a lone assassin, Lee Harvey Oswald. If so, he must have had superman capabilities, like Osama Bin Laden. He not only knew the date of the U.S. president‘s visit to Dallas, Texas, he also knew the hour and the minute and the exact route Kennedy’s motorcade would take. He came just in time with a sharpshooter’s gun and he somehow got himself inside a book depository store that happened to overlook the right street. Then, it happened that Oswald was killed while still in police custody, inside a police station. Oswald’s assassin was a known Mafia-connected owner of a stripper nightclub called the Carousel. Owner Jack Ruby was suspected to have sexual interest in his dog Sheba. Why would a man with such a background kill Oswald? All key witnesses happened to die in mysterious ways one after the other. Some were shot; others committed suicide and others happened to have fatal accidents! No wonder, then, that 72 per cent of the Americans believe they were not told the truth about Kennedy’s assassination and 73 per cent thought that Oswald was part of a big conspiracy that has not yet been revealed.

The government found it necessary to make an “investigation” *into* Kennedy’s assassination and the Warren commission was formed. The commission met lots of people and concluded that Oswald acted alone.

Warren Commission investigations and testimonies were presented to the people in twenty-six volumes. The above TIME/CNN Poll was conducted after the release of the Warren Commission volumes; this means people simply did not believe the commission’s conclusion. People believed that the truth was buried in TMI (“too much information”) and that intelligence agencies’ first rule for any of their undercover operations is to perfect “deniability”, i.e., they do and deny, and let people carry the burden of proof. Strong circumstantial evidence will be ridiculed as just another conspiracy theory.

It became very convenient for the Shadow Establishment to dismiss all allegations accusing those who stand behind them as conspiracy theorists. But in the case of Kennedy’s assassination, the accusations of a conspiracy could

not be dismissed easily, regardless of the conspirators "deniability". Jim Garrison, the New Orleans district attorney, continued to express his conviction that the assassination was indeed a conspiracy. Texas attorney Mark North accused the FBI director J. Edgar Hoover of withholding knowledge and information about a Mafia plot to assassinate Kennedy, who was planning to ask him to step down from FBI directorship. He wrote his book titled "*The Role of J. Edgar Hoover in the assassination of President Kennedy*". The author accumulated documentary evidence of many blackmail intrigues that were plotted against prominent Americans, and concluded that Hoover had enough dirt on vice-president Lyndon Jonson to enable him to control him once he took the office of the presidency. Since America has been promoted domestically and internationally as the land of justice, such allegations cannot come easy. To illustrate how presidents and attorneys general perceived Hoover, here is the following transcription of some Nixon tapes recording a conversation that took place in the White House between President Nixon and his attorney general John Michel:

President Nixon: "For a lot of reasons he (J. Edgar Hoover) ought to resign …. He should get the hell out of there …. Now it may be, which I kind of doubt … maybe, I could just call him and talk him into resigning … there are some problems … if he does go he's got to go of his own volition … that's why we're in a hell of a problem… I think he'll stay until he's a hundred years old."

Mitchel: "He'll stay until he's buried there…"
Nixon: "I think we've got to avoid the situation where he can leave with a blast. We may have on our hands here a man who will pull down the temple with him, including me … it's going to be a problem!"

As the attorney general predicted, J. Edgar Hoover died in office, after sitting atop the domestic justice organization for some fifty years, in which many presidents wanted him fired but lacked the real power to do so. When Nixon was told about Hoover's death while still holding his job, he said with a sigh of relief: "Jesus Christ! That old cock sucker!"

Mark Lane has written a book on the subject, titled "*Plausible Denials*", which targets high-level CIA figures as the plotters. According to Lane, the CIA impersonated Oswald and it was the CIA impersonator who met Cuban and Russian agents in New Mexico.

Even David Belin, a member of the Warren Commission that confirmed the lone assassin theory, wrote a book, "*Final Disclosure*", in which he accused the CIA of withholding evidence from the Warren Commission. Another

writer, Jim Marrs, wrote the book "*The Plot that Killed Kennedy*" in which he concluded: "Who done it? … powerful men in the leadership of U.S. military, banking, government, intelligence and organized crime circles ordered their faithful agents to manipulate Mafia-Cuban-Agency pawns to kill the Chief."

Few years after the assassination of president Kennedy, his brother Robert Kennedy was assassinated just before he was about to win the Democratic Party nomination for presidency. Again, it was ruled that it was a lone-assassin murder.

President Richard M. Nixon was driven out of the presidency by a "conspiracy" between the Washington Post and an informer high enough in the power structure of the United States to know all details, ins and outs, and who directed the Washington Post investigative reporters in James Bond intelligence maneuvers. Nixon was driven out of the White House and the American people did not know the identity of the informer thirty years after Watergate. Nor did they know the real reasons for which the Shadow Establishment decided that the president had to go. Presidents before Nixon and after him committed more wrongdoings, yet they weren't forced to resign.

One year after the start of the Gulf War against Iraq, in 1991, this book's author was on a flight to Istanbul for a vacation with the family. On the same flight of January 5, 1992, Donald van Etten, a history professor who taught history at California universities, was also on his way to a vacation in Turkey. He wondered how I felt about the Gulf War. I told him I believed it must have been impossible for the United States not to "see" the movement of 100,000 Iraq troops and over 5,000 tanks and vehicles. The U.S. had all the human, electronic and other assets to know of the zero hour of invasion and discourage it before it took place if it cared for an attack not to occur. Actually the U.S. ambassador to Baghdad had misled the Iraqi leadership intentionally and declared that the Kuwait-Iraq dispute was an Arab-Arab affair on which the United States will take no position. She left to Washington one week before the invasion and stayed there. The Gulf War, I believed, was the start of a New World Order for the control of international oil, which stood at the top of the new order's agenda.

Van Etten replied that the United States could have acted as I suggested if it thought that such a conflict would serve its interests. He mentioned that he had authored a study in which he showed not only that the American government knew about Pearl Harbor before it happened, but it did want it to happen. Certain provocations by the United States were intended to precipitate the attack on Pearl Harbor to enable the U.S. to enter World War II. I asked

for van Etten's study and for permission to reprint parts of it in my books. Here is some of what he had written in his paper:

"We were sitting ducks," one Pearl Harbor survivor described the general feeling aboard the ships tied up next to Ford Island in December 1941. They were. The 'ducks' were not allowed to find shelter on the West Coast or to hide in the wide ocean. They were kept in Pearl Harbor where they lay a tempting target. They served that purpose and their country. The ships and men sacrificed at Pearl Harbor saved the world from the Axis domination. There has been no greater instance of a few serving in sacrifice for the survival of many.

"It was only the fact that they did not know they were bait for a trap and did not volunteer for that doomed duty to save the society they served that denied them their rightful honor. The military men in Hawaii were innocent of any crime of unpreparedness because they were ignorant of all the circumstances preceding the attack. Franklin D. Roosevelt was not ignorant and therefore not innocent.

"And yet President Roosevelt was not guilty of any crime. His 'sin', the sacrifice of so many men ON PURPOSE, was merely, on a larger scale, what many of us, at some time in our lives, have done. He carried the burden of this monstrous decision for us. It was simply the lesser evil. His willingness to accept the necessary harm was based upon an inherently good motive, which led to a conclusion inescapably correct.

"Pearl Harbor was the 'stitch in time that saved nine'. Without this staggering stitch, the cloth of free world society would not have survived the rip of the Axis power. Roosevelt's clear perception of the problem and his action to solve it saved, not without cost, millions of lives and a way of life.

"Suggesting that President Roosevelt knew that Pearl Harbor was going to happen is not a new concept. Several authors have attacked Roosevelt for allowing this terrible event to take place. Most authors, certainly all-common college textbooks, have accepted the concept that Pearl Harbor attack was a total SURPRISE. Some authors and investigating committees criticized the lack of preparedness but stopped just short of indictment. The historical villains of Pearl Harbor were the commanders in Hawaii, Admiral Husband E. Kimmel and General Walter C. Short. They were as innocent as the men aboard the USS Arizona and also as much victims.

"Franklin Delano Roosevelt not only knew that Pearl Harbor was imminent, he purposely precipitated the event. Without Roosevelt's Machiavellian maneuverings, the December 7, 1941, attack by Japan on Pearl Harbor would

not have taken place. Why did Roosevelt do that? Because he saw that larger picture apparently invisible to opponents of America's participation in World War II. He knew that unless the United States of America entered the war with the Allies as soon as possible, all would be lost. This is the major premise in the argument that Pearl Harbor was PLANNED. The information presented in this essay has not been newly discovered; in fact, the evidence is well known. Perhaps it is too obvious. The familiar adage 'none so blind that will not see' may explain America's myopic view of Pearl Harbor. A different perspective makes the conclusion hard to dismiss.

"PREMISE ONE. The United Sates had to become a totally committed Allied belligerent or World War II would have been won by the Axis powers.

"The 1990 reunification of Germany's and Japan's economic world dominance, the collapse of Soviet Russia and the decline of American power adds poetic irony to this premise.

"1941 found Adolph Hitler's domination of Europe almost complete. Only his failure to take Moscow and Leningrad and the German inability to execute Operation Sea Lion — the invasion of England — dulled the gloss of German glory. Many anticipated the inevitable destruction of Communist power in Russia despite American lend-lease support.

"Japan's control of Manchurian resources and *of* huge chunks of China conquered by Japanese soldiers, combined with South East Asian expansion and subsequent access to Dutch East Indian Oil, make the imperial Asian position in 1941 paramount …

"PREMISE TWO. Political opposition to America's entry into WW2 could have only been overcome by an unprovoked vicious and violent attack on the United States.

"During the presidential campaign of 1940, on October 30 Franklin Roosevelt said, "Our boys are not going to be sent into any foreign wars. Of course we'll fight if we're attacked, if someone attacks us then it isn't a foreign war, is it?"

"… Charles Lindbergh articulated the anti-war position of the American First Organization. Congressional opposition made passage of lend-lease and the Selective Service Acts difficult.

"Only an unprovoked attack would give the Roosevelt administration the moral position-self-defense — that would silence critics and unify the country.

"PREMISE THREE. Japan had to be the one to attack the United States. Hitler refused to accept the American challenge in the Atlantic. Belligerent actions like naval escorts for convoys to Iceland, military occupation of Iceland, armed merchant vessels and attacks on German submarines, all failed to generate any national response from Germany. Because Germany would not declare war on the United Sates, Japan had to.

"Roosevelt initiated economic sanctions against Japan as a first step. These were generally regarded as responses to Imperial Japan's military aggression in China, not as provocations. They were, however, provocations. Embargo of scrap iron, then oil and the freezing of Japanese assets in the United States caused an immediate, obvious and logical response in Japan. They would have to get oil else where — Dutch East Indies — which would mean war…

"Ambassador Admiral Kichisaburo Nomura was instructed on November 17, 1941, by Japan, to negotiate with Secretary of State Cordell Hull. His goal was to solve the problems between the two countries and to get America to resume oil shipments. Hull's ultimatum of November 26, 1941, seemed designed to give the Japanese no honorable, face-saving choice but aggression.

"William Randolph Hearst wrote on December 3, 1941: 'Japan is not threatening the United States. The United States is threatening Japan.'

Henry L. Stimson, secretary of war, wrote on November 25, 1941: 'The question is how we should maneuver them (Japan) into the position of firing the first shot.'

"Motivation for Roosevelt's actions has been established. He knew that World War II would be lost to the Allies without American participation; that political opposition to the war required an attack to silence the opponents, unify the nation and create a will to win; and that Japan had to be the precipitating agent because of its resource vulnerability and military commitments.

"America's position was clear in 1941. Japan's position was equally obvious. Emperor Hirohito's country could either go forward in honor or retreat in disgrace. They chose to go forward on November 29, 1941, east toward Hawaii.

"FDR knew there would be an attack because he wanted it. So, just as in the early Western United States when a sod buster was goaded by the rancher's hired gun to draw his six shooter first, the farmer's death was in self-defense;

the United States, too, could claim the moral high ground of self defense. Also, Roosevelt knew that Japan had no option but aggression, since the negotiation for resumption of oil shipments to Japan had failed. He had pushed the Japanese further than their pride would allow.

“Next, Roosevelt had to know the target because there simply was no other logical place to attack. ‘Wherever the fleet was there would the danger be greatest. Pearl Harbor was the only possible objective because that is where the fleet was,’ said Major General George V. Strong.

“Another factor suggesting Pearl Harbor as the objective was US Navy preparations since 1924 for war with Japan. Operation Orange was the naval plan for coping with a Japanese attack on Pearl Harbor. In 1932, Admiral Harry E. Yarnell, playing the role of the Japanese in an Orange exercise, used planes from the USS Lexington and USS Saratoga to successfully ‘bomb’ Pearl Harbor. Interestingly enough, Japanese observers were there during Fleet Problem XIX, in 1938. Admiral King did the same thing in a similar Orange exercise. There was no other ‘enemy’ anticipated and no other target. Since 1931, all graduates of the Japanese Naval Academy were required to write a paper on ‘How would you carry out an attack on Pearl Harbor’.

“Two other factors need mentioning. Admiral James O. Richardson was relieved on February 1, 1941, as commander of the Pacific Fleet, after only 13 months, because he insisted that the fleet be moved from Pearl Harbor to the Pacific Coast for greater security. He was replaced by Admiral Kimmel who accepted the Pearl Harbor ‘hazard’. Second, only one US base was the subject of espionage. US intelligence intercepted a grid map of Pearl Harbor showing the precise location of all the ships there.

“Knowing the attack would take place, and its only possible target, FDR was left with only one other question to answer: When would the attack occur. The escalating tensions resulting from Hull’s 10-point ultimatum to Nomura, changes in the Japanese Cabinet, the disappearance of Japanese carrier fleet, December 2, 1941, with complete radio silence, the concept expressed in April 1941 that an attack would be on a ‘weakened or holiday’, and the knowledge of Japanese military history, had shown the Japanese would attack by surprise and declare war simultaneously and, most of all, ‘magically’.

“U.S. intelligence had complete access to the Japanese Diplomatic Purple code. Roosevelt knew the Japanese response to the Hull ultimatum. He knew the Japanese embassy in Washington had been required to destroy cryptographic instruments and deliver a message to the secretary of state no

later than 1:00 p.m. Washington time, December 7, 1941. 'This means war,' FDR said Saturday, December 6, but nothing was done.

"The inescapable conclusion is that Franklin D. Roosevelt had to know that Pearl Harbor would happen. Circumstantial evidence virtually proves it. A brief recompilation: America had to get into World War II combat. To do this, because of political opposition and to gain national unity, the United States had to be attacked. Japan was the only country that could, and would, do just that. Japan was given a motive, a target and an opportunity to attack. They took advantage of it. FDR had set up the circumstances leading to the attack; he clearly arranged for a target to be tied up in Pearl Harbor and he could not have been unaware of the timing of the attack …"

Professor Lester C. Thurow of MIT, among others, explains that capitalism has no code of ethics. It has processes … it tells you if you do this you get that. The "processes" of Pearl Harbor and September 11 are thus not against the ethics of capitalism. This goes for capitalism at all stages of its Darwinian development stages. Russia became capitalism's latest major entrant after the collapse of the USSR. One of the few that aided in the transformation from communism to Mafia capitalism was Boris Berezovsky, who had unlimited access to the international Shadow Establishment and to the Kremlin during the Yeltsin years. He amassed for himself, his Kremlin and other cronies a great wealth, by transferring publicly owned resources, the fruit of 70 years of labor of Russians, to his ownership and his cronies at the Kremlin and internationally. His group of companies had access to or owned Atoll, a security organization that was described by insiders and the press as an equal, if not better, in size, in equipment and expertise than the State Security apparatus FSB that replaced the KGB. He also became the owner of many media instruments, not the least of which was his private television network. Berezovsky, who is now exiled and enjoys Israeli citizenship, accused Putin of complicity in the devastating bombing of apartment blocks in Russia in 1999 that killed over 200 in Moscow and Volgodonsk. Immediately after the blasts, and again without providing any evidence, the Russian government announced that Chechen terrorists were responsible, and days later Russia launched its military operations against Chechnya; Putin had been prime minister for less than a month. The aim, according to the Time story (March 18, 2002), was to show Yeltsin as a man of action. Few months afterwards, Putin became president, replacing the ailing Yeltsin. Berezovsky said that Putin was chairman of FBS when the bombing took place and that although he may not have ordered the attacks, he was fully aware of them. Berezovsky and other barons wanted the transfer of presidency from Yeltsin to be under their control, especially that former Prime Minister Yevgeni Primakov had been the alternative candidate for the presidency. Primakov

swore to put Berezovsky behind bars or send him in exile and Berezovsky was desperate to advance Putin as the next president. So also were the other Kremlin associates. The Russian government did not answer these charges. But Time's "Explosive Allegations" article concluded that: "In modern Russia, allegations like those exchanged last week are intended as warnings. Each side is signaling its willingness to use compromising material at its disposal. … in any case, his message is clear to those in the know: keep the pressure, and my memory will become less selective."

These allegations are strikingly similar to the allegations of some that September 11 was a conspiracy, just like the Moscow bombings. Both, if true, were an introduction to a new agenda for the owners of the Shadow Establishment in the two countries.

To summarize:

World experts believed that if Bin Laden was involved, which is a possibility, he would have been involved unwittingly, and was not the major component in the attack plan.

Domestic American involvement in the September 11 attacks is mandatory and the involved elements must be so high in the power structure that they had access to information, power and the deniability experience.
Those who piloted the planes must have been experienced Americans who also knew and flew over the area repeatedly, not trainee pilots who left their training manuals in the parking lot of Logan airport.

The CIA, FBI and other agencies had intelligence data which was passed to the White House repeatedly, including specific information that the hijacked planes would crash into the World Trade Center. This specific information came from the Minnesota FBI only days before September 11.

The National Security council had prepared and had on the desk of the president the American response to Afghanistan one day before September 11. History seems on the side of the conspiracy theorists as the systems, ethics and processes of the Shadow Establishment allow such tragic events.

In the chapters that follow I will show that the administration of George W. Bush was supported and advanced by the Shadow Establishment to implement the "*Clash of Civilizations and the Remaking of the World Order*", which happened to be the title of Samuel Huntington's book.

In less than one year after September 11, the U.S. pressed successfully many components of its New World Order:

Afghanistan, strategically located at the borders of Iran, Pakistan, China, and Central Asian former USSR Republics of Uzbekistan, Kazakhstan,

Kyrgyzstan, Turkmenistan, is now a virtual American protectorate. So are the Central Asian Republics.

U.S. Air and military bases were “leased” in all former USSR, Asian Republics and Georgia to secure the Saudi Arabian-size of new petroleum reserves and their transport routes.

A wedge has been created, separating Russia, China and India, a strategy proposed by the architects of the New World Order to prevent the emergence of any competing superpower.

Pakistan is forced to change its Islamic schooling system. Its atomic capabilities were either already or would soon be eliminated. No Islamic atomic bomb is allowed.

Saudi Arabia and the oil-rich Gulf states were pressured to pursue “Islam Americani” or the American interpretation of Islam. These countries are forced to disclose all donations to all charities and stop funding organizations as named by the U.S., not by their sovereign institutions.

September 11, 2001, must have been a blessing to the remaking of the New World Order.

Bill Casey, CIA director during the Reagan administration, said that the business of intelligence is like a mosaic picture. Individual pieces may mean nothing or little. But put the pieces together and you get a full picture. I attempted to put the pieces together.

" This is a government of the people, by the people, and for the people no longer. It is a government of corporations, by corporations, and for corporations."

Rutherford B. Hays
U.S. President

* " Empire is indeed history. Almost all that we know of history from Sumaria through Babylon … to the Soviet empire … suggests the history of the world is the history of empires … The practical problem with a world of nation-states is that many of the post-colonial states have weak national identities, weak political institutions and weak economics. Some … are near collapse ".

* "In many cases one would have to say that self-government and self-determination have failed … The weak states of the post-imperial world are disastrous for those who live in them and are bad for the rest of us… all the conditions seem to be there for a new imperialism."

* Comparing the conditionalities of the IMF to-day and imperialism of the Anglo-French of the nineteen century when they decided in 1875 to directly control the finances of Egypt to ensure the repayment of debt: " How different is this from what Lord Cromer and others did in Egypt?" … Sounds remarkably like a rather strict IMF program."

Robert Cooper
Advisor to P.M - Prospect Magazine –
October 2001"The New Empire"

CHAPTER TWO

THE NEW WORLD ORDER:

An American Empire

Isaiah Bowman, who led the Peace and War Studies group that constructed the post-World War II order, sponsored a publication by Robert Strausz-Hupe, who founded in 1955 the Foreign Policy Research Institute (FPRI). The institute was initially part of the University of Pennsylvania. Strausz-Hupe began, in 1957, publishing the quarterly Orbis, a journal of world affairs. On its editorial board was William Yandell Elliot, from Harvard School of Government, and his student, Henry A. Kissinger, both members of the founding editorial board of advisors. The institute's long-term mission was to promote an American empire, without nation-states, in a post-Soviet world. The lead article of the first issue of Orbis, by Strausz Hupe, titled "*The Balance of Tomorrow*" (reprinted in the winter 1992 issue, after the fall of the Soviet Union, in order to re-commit FPRI to its founding imperial mission) said: "The issue before the United States is the Unification of the globe under its leadership within this generation. How effectively and rapidly the United States will accomplish this task will determine the survival of Western culture, and conceivably the survival of mankind. …will the coming world order be the American Universal empire? It must be that - to the extent that it will bear the stamp of the American spirit." The new threat to this vision and the new American empire will be coming from Asia, according to the Orbis article. "The American empire and mankind will not be opposites, but merely two names for the universal order …" Wasn't the gist of the letter of 60 Americans promoting American values as universal, written after September 11 2001, similar to FPRI's mission that was started in 1955? The mentor and professor of the clash of civilizations heroes Huntington, Kissinger, Brzezinski, was on the founding editorial board and Huntington himself, as well as Princeton University-based British geopolitical professor Bernard Lewis (who was the first to coin the term clash of civilizations), were on FPRI's advisory board. After the collapse of the USSR the U.S. started its drive to implement a New World Order: an American Empire.

On August 23, 1990, three weeks after the Iraqi invasion of Kuwait, Brent Scowcroft, President George Herbert-Walker Bush's national security advisor used the term "New World Order" for the first time. He told reporters: "We believe we are creating the beginning of a New World Order out of the collapse of the U.S.-Soviet antagonisms." The president addressed the U.S. Congress few weeks later, on September 11, 1990: "A new partnership of nations has begun …. The crisis in the Persian Gulf, as grave as it is, also

offers a rare opportunity … out of these troubled times … a New World Order can emerge." The chief Sovietologist working under Scowcroft was Condoleezza Rice. She knew the Soviet Union inside out and she saw it disintegrate. She drew the plan of action and how to deal with it to ensure that all the pieces of the Soviet Union will fall where the United States wants them. Scowcroft noted in his book "*A World Transformed*" that "Condi" Rice headed a national security team and suggested that the United States might have leverage over Moscow because of its need for Western economic resources and know-how. In a supporting memo at the time, Rice reminded that the Soviet Union was in turmoil and was looking for the outside world for ideas and resources to build its failing system. It appeared that the U.S. might be able to take advantage of that situation to make dramatic progress across the entire U.S.-Soviet agenda. Based on Rice's recommendations within the National Security Council, the Bush administration decided that the USSR/Russia should not get any aid from the United States until Russia accepts to comply fully with the International Monitory Fund's (IMF) conditions and with the IMF's shock therapy no different than Bangladesh's or Nigeria's. This shock therapy took the Russian economy from the status of a superpower in "recession" to that of a third world country whose economy shrank to less than the GNP of a small developed country such as Holland after a decade of "reforms"! The NSC's Soviet and European team, which included Rice, drew the conditions for the German adoption of the Maastricht Treaty, and the adoption of a single European currency, the euro.

Control over international oil (which will be the subject of a later chapter) was at the top of the agenda of this New World Order. The Gulf War was the first priority of this new order whose first casualties will be Iraq and other oil producing Gulf States. Iraq was devastated and the biggest oil producer, Saudi Arabia, was pushed into the debt trap. Central Asia countries, including Afghanistan and some former USSR republics, were to become the next casualties of the process meant to secure control over international oil.

A similar proclamation of a New World Order, ironically, had been issued 50 years before Bush Sr. announced his new order in Congress. Adolph Hitler used the same language and said: "I am convinced that 1941 will be a crucial year of a great new order in Europe. The world shall open up for every one … this year will help provide the foundation of a real understanding among people and with it the certainty of conciliation among nations."

During the Clinton years, the Shadow Power Structure agenda was primarily to press for one form of capitalism: the Anglo-Saxon version, which is the Anglo-American brand. The Treasury Department of the United States of America started to call the shots using the IMF and the World Bank as its instruments for change. The Washington-consensus began to demand that Russia adopt the Anglo-Saxon capitalist model. Europe was requested to drop

its welfare programs and its special brand of capitalism. Japan's different brand of capitalism, which was accepted during the Cold War, is no longer accepted by the New World Order. Japan must change, especially that the Japanese model poses the threat of having its economy copied, especially by China, an unthinkable disaster to Washington's economic order.

Samuel P. Huntington is the author of the bestseller "The Clash of Civilizations and the Remaking of World Order". Huntington is a professor at Harvard University who graduated from the United States national security establishment. He was the director of security planning for the National Security Council in the Carter administration. As the world maps in his book indicate, the world passed through three distinct periods:

- The first started 1500 AD and lasted for about 400 years, till the first half of the 20th century. The West dominated the world and the nation states constituted a multi-polar international system within the Western civilization, which competed, interacted and fought wars with each others. These Western nation-states expanded, colonized and affected other civilizations. What is not concluded by Huntington is the fact that this Western civilization produced the most tragic wars in history and that the cruelty and savagery of these wars were progressively more devastating and in direct proportion to Western modernity. The more modern the Western civilization, the more inhumane it will be.
- The second period was that of the Cold-War, in which global politics was bipolar and wars were waged mostly in third world countries, i.e., Korea, Vietnam and the Middle East.
- With the collapse of the Soviet Union, at the end of the 1980s the Cold-War World Order became history and a New World Order emerged, which is civilizational. Such an order has its own different rules. The world's largest nine civilizations are: Western, Latin American, African, Islamic, Sinic, Hindu, Orthodox, Budist and Japanese.

It will be noted in the quotations of the architects of the New World Order that all agreed on the principle that not one single civilization or a combination of big civilizations and their core states shall be allowed to reach superpower status. The Western assault of Afghanistan and Central Asia created a wedge that separated non-Western powers from one another, i.e., China, Russia, India and Japan. This was accomplished with lightening speed, within only few months after September 11. That is one more reason to believe that September 11 was more than a coincidental blessing to the advocates of the New World Order.

According to Huntington, the rivalry of the superpowers is replaced by the clash of civilizations. If the lone superpower of today will not allow another superpower to emerge, then the future clash will be civilizational.

Local politics will be the politics of ethnicity, but global politics will be the politics of civilizations.

The book contains valuable data and obviously took considerable research, but it also has many disputable conclusions. The conclusion that civilizational clashes shall be the dominant cause of clashes, cannot be accepted by many.

Zbigniew Brzezinski, one of the pillars of the national security establishment and the Shadow Power Structure of the capitalist order, in 1997 wrote the book "*The Grand Chess Board -- American Primacy and Its Geo-strategic Imperatives*". Brzezinski wrote that the chief prize for the United State after the Cold War is Eurasia and the United States, now the only superpower, has the opportunity to dominate it. No other power, or a combination of powers such as Russia, China or India, must be allowed to dominate it. This appears to be what September 11 was for, and what it accomplished.

In 1998, Bill Clinton faced impeachment and the United States of America, its people and the peoples of the world were amused by the more than hundred-million-dollar "show" about Clinton's extramarital affairs. Bush, apparently in coordination with the Shadow Power Structure, called on his cronies and started preparations for the nomination and election of his son George W. Bush, at the time the governor of Texas.

Starting with early 1998, Bush Sr. secured the cooperation and assistance of his former National Security Advisor Brent Scowcroft and of Reagan's former Secretary of Sate George Shultz for the nomination of his son George W. Bush to the U.S. presidency. The new agenda was to press for the next stage of the New World Order. For this reason, Texas Governor Bush met Condoleeza Rice for the first time at Schultz's residence in Palo Alto, California. Schultz and Rice were Fellows at the Hoover Institution. In the summer of 1998, George W. Bush's presidential effort was officially launched and he appeared with his father and Rice at Bush's vacation compound at Kennebunkport. Next, Schultz and Dick Cheney tapped Paul Wolfowitz who worked in the Defense Department under Cheney during Bush Sr.'s administration. Brent Scowcroft was always in the background.

Since the fall of 1998, Bush son, Rice and Wofowitz have held, every Sunday night, a three-way conference call to set the plan for the following week's work plan. The next Monday morning, a bigger team would conduct another conference call to set the details of the week's agenda decided upon by Bush, Rice and Wolfowitz. The bigger team included mostly Bush Sr.

administration figures, staunch believers in the New World Order and members of the Zionist lobby, such as Richard Armitage, Richard Perle and Dov Zakheim. After the election was won by Bush son, the participants in the election campaign were given key positions in the new administration to implement the next phase of remaking the world order according to the Shadow Power Structure master plan. Thus, it is deemed important to know their work and writings before holding office, especially since that work will have less of the diplomatic language that they will use when in office. Background information on these key figures will be useful and revealing:

- **CONDOLEEZZA RICE**: Became George W. Bush's national security advisor. She was born in Birmingham, Alabama, in November 1954. Because of discrimination and segregation against blacks in the South, and increased tensions between whites and blacks, her father moved to Denver, Colorado. He became a professor at the University of Denver. She obtained her Ph.D in international relations in 1981 from the University of Denver under the tutelage of Professor of international relations Josef Korbel.
- In a September 26, 1999, article in the Guardian, Rice said she became a close friend of Josef Korbel's and a frequent visitor of his home. There she met and befriended his daughter, Madeleine Korbel Albright, who would become secretary of state during Clinton's presidency. Albright would claim to be Christian until, one day, after assuming her secretary of state position, a reporter revealed that Albright had a Jewish cousin who lived in a kibbutz in Israel. Albright then admitted her Jewish background and claimed to be excited by her new discovery, at age 60!
- Josef Korbel had been a diplomat in the pre-war Czech Foreign Service. He moved to London where he became a key member of Benises Czech government in exile. He was sentenced to death in absentia by the communists, so he moved with his family to the United States.
- Rice moved to teach at Stanford University where, very quickly, she became a full professor. She joined the Hoover Institution on War, Peace, and Revolution and continued to be a Senior Fellow. Under a fellowship from the Council on Foreign Relations she moved to Washington DC, where she worked on nuclear strategic planning in the office of the Joint Chiefs of Staff. In 1989, she joined the National Security Council (NSC) under Brent Scowcroft as chief Soviet specialist. In May 1990, she was promoted to become NSC's senior director for Soviet and Eastern European Affairs. On August 9, 1990, one week after Iraq's invasion of Kuwait and the launching of the New World Order, she was promoted to become Special Assistant to Bush. She supervised the critical years of the transformation of the Soviet Union from a superpower to a third rate power with nuclear teeth. After she left the Bush administration, and until she

joined the campaign of his son, she was allied with the multinationals of finance and oil industries and was a board member of many corporations, including Chevron Oil Company, Hewlett Packard Foundation, Charles Schwab, and on the international advisory board of J.P. Morgan.

- She believed in very special-relationship between Britain and the United States. "Britain is probably our closest ally in the world and would be welcome from my point of view into any association in which the United States finds itself."

Rice said she was a firm believer in *the* "balance-of-power politics", of which she considers the British to have been "very artful practioners".
Her geo-strategic view is that the United States should prevent "any single power to rise, much less to dominate the Eurasian heartland".
She supports the enlargement of NATO even to include the Baltic states.
She is against rapprochement of the two Koreas and she believes that North Korea "is falling apart and must not be bailed out. Any economic assistance must be after reform" … IMF style.
She believes China is not a strategic partner. Conflict between U.S. and China is not inevitable, especially that through free trade and trade liberalization, the Chinese regime can be overthrown from bottom up.
She believes that any aid to Russia must be connected to Russian reform according to the shock therapy of the IMF. She told the "Stanford Journal of International Relations" in the spring of 1999: "It's very chaotic now … but I think that in the short term you're likely to see the continued disintegration of Russia. You're going to continue to see Moscow not capable of managing the relations with the periphery … and becoming increasingly irrelevant in its own people's lives..."
On the Middle East, she sides with Wolfowitz and the Zionist AIPAC, and with the Washington Institute for Near East Policy (WINEP) which supports the extreme right of Israeli politics.

- **PAUL WOLFOWITZ**: Was appointed as Bush Jr. deputy secretary of defense. Wolfowitz worked as undersecretary of defense under Bush Sr., when Dick Cheney was secretary of defense, and he is known as one of the leading architects of the New World Order. He is very active in a web of lobbies, institutes, think tanks, etc., such as the Jewish Institute for National Security, the Israeli lobby's AIPAC think tank, the Washington Institute for Near East Policy, the International Republican Institute, the American Enterprise Institute and the New Atlantic Initiative. The sponsors of these Shadow Power Structure organizations set the agenda and select candidates for Congress and the administration from the bureaucrats that go through the ranks of these institutes to apply the policies set by the Power Structure owners. Wolfowitz's position was

stated in a number of studies, position papers and lectures. Among the more revealing was his Defense Planning guidance of 1992, when he was undersecretary of defense for policy under Bush Sr.

- He stated in his Defense Planning guidance, which dealt with the New World Order, that: "Our first objective is to prevent the re-emergence of a new rival, either on the territory of the former Soviet Union or elsewhere, that poses a threat to the order of that posed formerly by the Soviet Union. This is a dominant consideration; we endeavor to prevent any hostile power from dominating a region whose resources would, under consolidation control, be sufficient to generate global power. These regions include Western Europe, East Asia, the territory of the former Soviet Union and South West Asia." Therefore the New World Order calls for maintaining the unilateralism of American power.
- This American unilateralism, in the form of an American empire, requires the United States to "show the leadership necessary to establish and protect a new order that holds the promise of convincing potential competitors that they need not aspire to a greater role or pursue a more aggressive posture to protect their legitimate interests".
- The policy guidance continues: "… in the non-defensive areas, we must account sufficiently for the interests of the advanced industrial nations to discourage them from challenging our leadership or seeking to overturn the established political and economic order. Finally, we must maintain the mechanisms for deterring potential competitors from even aspiring to a larger regional or global role …" It must be noted that he is addressing only the interests of the advanced industrial nations.
- "… we will retain the preeminent responsibility for addressing selectively those wrongs which threaten not only our interests, but those of our allies and friends … various types of U.S. interests may be involved in such instances: access to vital raw materials, primarily Persian Gulf Oil …"
- **On Iraq**: Wolfowitz was behind the repeated assassination plots against Iraq's President Saddam Hussein and he promoted, along with Cheney, the 1991 plan Operation Scorpion for a ground invasion of Iraq. Again, operating from Turkey, Wolfowitz planned an invasion of northern Iraq under the code-name "Operation Hammer". In 1997, Wolfowitz and general Wayne Downing drafted a plan against Iraq using London-based Iraqi opposition.
- **On NATO**: Wolfowitz is one of the founders of the New Atlantic Initiative, which calls for expanding the role of NATO outside its traditional area where the "threat" may occur.

BRENT SCOWCROFT: A close associate of Henry Kissinger's and considered by some people as Kissinger's protégé. Scowcroft was in the

background of Bush Jr.'s campaign from the start. Scowcroft was brought into the National Security Council as Kissinger's deputy assistant in 1973. Kissinger chose Scowcroft to replace him as National Security Advisor to President Gerald Ford. He then co-founded Henry Kissinger's personal consulting firm, Kissinger Associates, as a partner and vice-chairman. Scowcroft became president Bush Sr. national security advisor and oversaw the planning of the Gulf War and the creation of the New World Order architecture. After Bush lost the election for a second term, Scowcroft had several positions that included his own Scowcroft Group Consulting firm and the non-profit Forum for International Policy. The forum's chairman was Lawrence Eagleburger, another Kissinger protégé; trustees included Colin Powell, Condoleezza Rice, ADM cartel chief Dwayne Andreas, and Enron's chairman Kenneth Lay.

DICK CHENEY: Was recommended to the position of defense secretary during the Bush Sr. administration by Brent Scowcroft. Cheney was the White House chief of staff for President Ford and Scowcroft was the national security advisor during the same period. Between 1979 and 1989 Cheney became a congressman from Wyoming. He served at the Center for Strategic and International Studies at Georgetown University, in Washington, DC, and was on its advisory board along with Kissinger and Scowcroft. Since 1995 and until becoming vice-president of George W. Bush, he was CEO of the Texas-based Halliburton, a giant oil services company that joined BP in a $12 billion investment in Central Asia after September 11. Having Halliburton's former chief executive as vice-president of the United States of America certainly would not hurt!

Those who operated in the second tier of Bush Jr.'s election campaign took leading positions in Bush Sr.'s administration. Richard Perle, Richard Armitage and Dov Zakheim are among them. They took important positions in the state and defense departments. They are renowned supporters of AIPAC, the Zionist lobby, and of Ariel Sharon's extremist policies. The Bush Jr. administration appointed Richard Perle as chairman of the Defense Policy Board. The predominant members of the board are from among the radical Anglo-American, Israeli geo-political fanatics, including Henry A. Kissinger, Newt Gingrich (former House speaker), R. James Woolsey (former CIA director), David E. Jeremiah (former deputy chairman of the Joint Chiefs of Staff) Dan Quayle (former U.S. vice president), James R. Schlesinger (former defense and energy secretary), Harold Brown (former defense secretary).

The Trilateral Commission advanced many of its members to become U.S. presidents. Since its creation in 1973, it boasted presidents Carter, Bush and Clinton as members. At the March 19, 1999, meeting of the Trilateral

Commission in Washington, DC, Robert Zoellick (another Zionist zealot) presented a report titled: "*21st Century Strategies of the Trilateral Commission: In Concert or Conflict*". In it, he called for preparedness for possible military conflicts with China. He stated that the "rise of China looms over Asia". He finds it troubling that China is not yet accepting the presence of the U.S. in East Asia and does not consider it a stabilizing presence. The report also found it "troubling … that China would prefer a future where it could cooperate with Korea, exercise pre-imminent influence in South East Asia and keep Japan in check!" This should explain the deployment of bases and stationing of troops in China's neighboring countries of Central Asia and Afghanistan, that took place after September 11 as part of the New World Order master plan prepared obviously before September 11.

Bush Jr.'s Republican Platform Convention held in Philadelphia on August 3, 2000, embraced the New World Order policies. They were the policies expressed earlier by key personalities of the 1989-1992 Bush Sr. administration and other trusted hands of the Shadow Power Structure, such as Samuel Huntington. Their clash of civilizations doctrine became official policy.

* The platform claimed that the economic prosperity of America of the 1980s and 1990s was its creation and it was the result of tax cuts, free trade and deregulation of industries. That brought forth the New Economy. The platform promised American leadership for the global economy. The Republicans launched the New Economy Revolution and with Bush Jr. they will bring it to conclusion. "For American producers and consumers alike, the benefits of free trade are already enormous. In the near future, they will be incalculable."
* Free trade seems to be a one-way street for America. "We will not tolerate the foreign practices, rules, and subsidization that put our exports on an unequal footing." Thus, the "foreign practices" and the "rules" of other foreign sovereign nations can be no longer tolerated if they are not falling within the interests of America! Nation-states' sovereignty became limited to their leaderships acting as "high commissioners" to implement the new imperial policies that must take precedence over any national interest.

Serious foreign policies were passed without any debate. America's unilateralism and status as the only super power had to be maintained. The war atmosphere was brought to the convention by Norman Schwarzkopf, the Gulf War commander, who spoke via video conference from the battleship USS New Jersy.

* The platform defined the "rogue states" as the new enemy. The term "rogue" was not defined, but was left to the imagination and plans of the Shadow Power Structure.
* If a negotiated agreement cannot be reached for an expanded National Missile Defense (NMD) system with Russia, the United States should cancel the existing ABM treaty within six months.
* The platform stated: "America's key challenge in Asia is the People's Republic of China … China is a strategic competitor, not a partner."
* On Korea, the platform considered North Korea as being "outside the international system" and recommended a U.S. policy that backs away from supporting rapprochement between North and South Korea.
* The platform insisted on NATO expansion not only to the Baltic states but "to deal with the geopolitical problems of the Middle East and Eurasia".
* On the Israeli-Palestinian issue, the platform proclaimed that immediately upon taking office, Bush Jr. will begin the process of moving the U.S. embassy from Tel Aviv to "Jerusalem, Israel's capital". The Zionist zealots in George W. Bush's administration, including Wolfowitz and Perle, went as far as to threaten that any agreement resulting from the meetings among Clinton-Barak-Arafat at Camp David will not be binding to them. They seemed to think that Israel's Prime Minister Barak was "selling out" and they consider themselves more Israeli than Israel's Labor Party's prime minister. They sided with Sharon's Likud policies. Barak was removed from office through early elections, and Bush and Sharon took office within days of each other. The U.S.' and Israel's policies took a very sharp turn to the right.
* On the Gulf, the platform called openly for the removal of a foreign country's regime. The platform declared that the existing Iraqi regime must go.
* On trade, the platform called for extending NAFTA throughout Ibero-America and to use that model for the rest of the world.

A party platform can be an indication of what the elected officials' agenda will be in general terms. However, key positions in any administration are filled by non-elected officials who are advanced by the permanent establishment that owns the Shadow Power Structure. For instance, Greenspan had power under Bush Sr., Clinton and Bush Jr. because he represented the Wall Street and not the American people.

Appearing before an audience of 800 people in London, on October 31, 2001, Henry A. Kissinger concluded that peace is impossible with Islam and the "war on terrorism" should be used to remake the New World Order. There is a "fundamental difference" with Islam, he said, which only Britain and America may yet understand. Until September 11 occurred, "the American public would have been astonished to hear that there were fundamental differences between the United States and Islam … that there was such a thing

as a concept of war of civilizations". He added: "… the issue of a country's stand on terrorism will be the way to "recast the international system". The "war on terrorism" then is to be waged to recast the international system, which means to remake the world order.

The real agenda and the platform of the Republican Party were planned in the 1990s, away from any convention. It was implemented after September 11, which some do not accept as a coincidence. The noble cause of fighting terrorism was the declared reason for the Afghanistan war, but the real objectives and actions were to recast the world order, as Kissinger said. The chronology of events that proves this point was well presented in the following report of Business Week:

"Most Americans …, couldn't find Azerbaijan on the map," said Business Week cover story of May 27, 2002. "And they probably wouldn't be able to find – or spell – Kyrgystan, Uzbekistan, Kazakhstan or Tajikistan. But American soldiers, oil men, and diplomats are rapidly getting to know this remote corner of the world… the game the Americans are playing has some of the highest stakes going. What they are attempting is nothing less than the biggest carve-out of a new U.S. sphere of influence since the United States became engaged in the Middle East 50 years ago." Business Week called this new venture an empire, an accidental empire. Empires do not come by accidents. The American empire was the result of a plan to remark the New World Order after the collapse of the USSR. The first war of the New World Order was the Gulf war and the latest was in Central Asia and Afghanistan. The first and the latest wars were against Muslim countries and both areas carry huge oil reserves.

* "The buildup of influence in Central Asia after September 11 "has been breathtakingly fast" said Business Week.
* "Consider: A year ago, not a single U.S. soldier was in the region. Today, roughly 4,000 servicemen and women are building bases … along a rim of peril stretching 2,000 miles from Kyrgyzstan, at China's border, to Georgia, on the Black Sea …" Donald H. Rumsfeld, U.S. defense secretary said that U.S. forces would stay there "as long as necessary".
* "… U.S. investment in the region has jumped to $20 billion."
* "The energy giants have revved up their commitment to the Caspian region, one of the last big undeveloped clusters of fields on the globe." It is interesting to note that BP and Halliburton will invest $12 billion in the region.
* "What is fast evolving is a policy focused on guns and oil. The guns are to protect the local regions from Islamic militants … The guns of course, will also protect the oil."
* "Estimates of the Caspian oil pool vary greatly – from 200 billion barrels, on the level of a Saudi Arabia, to fewer than 100 billion barrels, still on a

par with the reserves of the North Sea and at current oil prices worth $2.7 trillion."

* "Key to the game are the pipelines, where diplomacy and oil craft meet. The Caspian is a land locked sea. Its vast oil output must be piped per land to the Black Sea, the Mediterranean, or the Persian Gulf before it can be pumped into tankers." This is one good reason for the Afghanistan war, as the pipeline has to pass through Afghanistan. Henry A. Kissinger lobbied on behalf of UNOCAL for such a pipeline… before September 11.
* "… the Pentagon is sending 150 military trainers to Georgia" where a "1,000-mile pipeline is now being lobbied to carry up to 1 million barrels of oil a day from Baku through Georgia to the Mediterranean port of Ceyhan in NATO-ally Turkey."
* The U.S. "is helping Azerbaijan to bolster its Caspian Sea navy and modernize an air base for potential use by U.S. forces".
* "The mix between guns and oil" in few months, not even a year, appears to be a God-sent reward for the American Crusaders against Muslim countries. And to the United States Defense Department, it seems that God custom-made September 11 so that the Pentagon can do after September 11 what it meticulously planned to do before it. The New World Order Pentagon policy for Bush Jr. defined as "full spectrum dominance" through "high-tech" warfare (such as against Yugoslavia and now Afghanistan), geo-political balancing acts, (such as playing India against Pakistan) and "deploying forward" (just like the deployment of bases now in all the Central and South Asian countries like Yemen and nearby Somalia).
* Former Russian Prime Minister Yevgeny Primakov proposed in 1998 the creation of a new global power to balance the United States and suggested a "strategic triangle" of cooperation between Russia-China-India. The New World Order dictates that America must prevent the rise of a rival superpower. Also, controlling oil and deploying forward were all achieved after September 11.

Countries that do not go with the New World Order master plan are considered as belonging to the "axis of evil":

* Iraq: is evil because it is the only country among the Arab oil-producing states that is not aligned with Washington and because no U.S. troops or bases are deployed on Iraqi soil. Without U.N. mandate, the United States and Britain declared no-fly zones over Iraq.
* Iran: constitutes the southern border of Turkmenistan, Azerbaijan and the Caspian Sea. In the summer of 2001, Iranian gunboats and fighters chased a research vessel for oil in the disputed waters of the Caspian Sea. British Petroleum, which owned the vessel, has not yet resumed exploration in the disputed area between Iran and Azerbaijan. Now that it is in partnership with Cheney's former Halliburton, it may. Iran is by far the best transit route for Caspian oil to the sea. Northern Iran is an ethnic Azeri territory

and the United States already established contact with ethnic Azeris in northern Iran. Those contacted aspire to the creation of greater Azerbaijan, which will result in the separation of north Iran and its annexation to Azerbaijan. Iran has vast oil reserves which are not under U.S. direct control. The Islamic Republic of Iran's non-capitalist system and the Islamic name of the country are added reasons for considering Iran as one of the "evil states".

* Korea is one of the last outposts of a defeated system, and China's possible strategic alliance with this country makes it "evil" indeed!

The war, said Bush Jr., is between evil and good. Good means all that goes with the values and interests of the owners of America's Shadow Power Structure, and evil is everybody and everything else.

The theme of Huntington book is misleading; it is a diversion, whether intended or not, from the real causes of the world instability. Wall Street barons sit at the top of the United States power institutions. They nominate, support and finance candidates for elected positions. They accomplish this through what they call democracy, which is a one-dollar-one-vote system. Through their grip on the media, they manufacture national opinions. Their citizens are as much victims of their excesses as other citizens of the world.

Through their grip on the institutions of power and national security organizations of the United States, they subdue the world to their hegemony. Huntington could have been given the benefit of the doubt. But looking at his background, and knowing that he came from the heart of the system, namely the national security institutions, and its academic arm Harvard University, one cannot do that. We assume that Huntington was part of an overall plan by the Shadow Power Structure and its media to divert attention from the real causes of the world problems. As we see it:

* After the implosion of the USSR and the astronomical advances in computer and communication technologies, the world became unipolar, and the U.S. advanced, unopposed, its Anglo-American brand of capitalism to the world. It did so on behalf of the owners of Wall Street and global money.
* The U.S. government and multinational corporations impose their hegemony over other countries by means of the international financial industry. The IMF administers the coup de grace through its deflationary strictures.
* Anglo-American capitalism is creating "third worlds" in the United States and other Western capitalist economies, and concentrates wealth into the hands of a one per cent class in every society. In the United States, one per cent of the population - the robber barons - owns more that the lower

eighty per cent of the population. This model of wealth disparity is now being spread under the fancy name of globalization.

* The one per cent class of robber barons is transnational. Its members have more in common with each other than they do with their co-nationals, of the same civilizational background.
* Through the power of money and media, the one per cent class has produced a hollowed out democracy in which form, but not genuine authority, persists.
* The Anglo-American capitalism elevated materialism and economic growth to the rank of religion. It is anchored on greed and anxiety and it detached itself from fairness and ethics.

Genocide and brutality are embedded in the Anglo-American capitalist order. It caused the death of 50 million people, mostly Christian, only in World War II. It caused the death of millions of others in Korea, Vietnam, Cambodia, Afghanistan, Serbia and the Middle East. The victims belonged to all religions and all civilizations.

The New World Order is no more than a copy of the Old World Order: an American empire instead of a British empire. It serves as the instrument through which the transnational money barons exploit the peoples of the world regardless of civilization lines. Civilizational and ethnic issues are manipulated by the transnational barons in their balance-of-power geo-politics only to serve their ends. The most monstrous acts of war and genocide are packaged and carried out by the New World Order under the noblest and holiest names and causes for the society.

* " There never was a ' U.S. economic boom' during the 1990's, … Instead, there has been the emergence of the biggest speculative bubble in history, built on a ' boom of illusions' and cheap credits for consumers and stock market investors, as well as corporate take over".

Lothar Komp
"Economic Intelligence Review –
May 25,2001"

*"A headline–grabbing scandal. Congressional hearings, Criminal charges on the horizon. It's happening with Enron Corporation, but every few years, it seems, a new scandal hits corporate America … And in almost every case, after the smoke clears, nothing of substance changes as lawmakers and regulators back away from meaningful reform …. Public memories are short … the new Investor Class remains amorphous and disorganized … (L) aw makers are certainly going to listen when Wall Street and accounting lobbies speak – and fill their campaign coffers."

Gary Weiss
"BusinessWeek – February 25,2002"

CHAPTER THREE

THE BOOM OF ILLUSIONS

The Economics of " Enronics"

The New York Council on Foreign Relations (CFR) is one of the most powerful institutions in the United States; there, policy alternatives are studied and, in most cases, the alternative recommended by CFR becomes the policy of the Power Structure establishment and its agenda. Such agenda becomes the platform for the elected officials who owe their offices to the influence and contributions of the owners of the Power Structure.

On July 12-13, 2000, CFR ran a scenario titled "*The Next Financial Crisis: Warning Signs, Damage Control, and Impact*". Earlier scenarios, that were not made public, included how a major terrorist attack would cause a meltdown to the U.S and world economy and steps to prevent such a meltdown in a very volatile system. The scenario was part of a public report on the "Financial Vulnerabilities Project". The public scenario assumed that somehow, the United States president will be incapacitated and the "establishment" will have to step in. Interestingly, when September 11 attacks occurred, Vice-President Dick Cheney took charge and went to the situation room with the "establishment", as the president of the United States was out of Washington, in Florida. Of course Cheney, the more seasoned establishment figure, kept the president informed about the events. The financial markets were kept under reasonable control, considering the circumstances. On September 14, 2001, the CFR updated the 2000 scenario at a meeting it held at the St. Regis Hotel in Washington DC. The event was named "The U.S. Commission on National Security for the 21st Century: After the Attack A New Urgency". Former CIA director R. James Woolsey was one of the CFR members who played a key role in the "Financial Vulnerabilities Project". CFR promoted the reorganization of domestic intelligence and emergency management organizations. Bush Jr. complied, and three days later the Homeland Defense Security Agency (HDSA) was announced. Pennsylvania Governor Thomas Ridge was named to head NDSA and was given Cabinet-member status. At the September 14 event, former House Speaker Newt Gingrich monitored the answer and question period. He said that to "break the back of state-sponsored terrorism ought to take a military campaign of two to three years". He added: "We are at war". CFR, the media and the rest of the Power Structure establishment's organizations kept mobilizing the American people for a war, a long war of two to three years, according to Gingrich, or many more years, according to Bush Jr.

Kissinger thought that the United States response to the September 11 attacks will be having a conclusion similar to the United States response to Pearl Harbor. He said he hoped the United States response "will end the way that the attack on Pearl Harbor ended - with the destruction of the system that is responsible for it". If the system that produced September 11 was Islam, as many of his associates indicated, then Kissinger was advocating war against Islam, with little diplomatic language cover-up. The war of civilizations was thus announced, Islam being the first target.

The Anglo-American financial system was in crisis, and the wars that will follow September 11 may also help to remake the New World Order. It is within Anglo-American capitalism nature to promote war as a solution to recessions, depressions and maybe to the current system failure. The system's vulnerabilities were obvious. Prior to September 11, the third-quarter 2001 results were very alarming. The Economist reported:

- Bethlehem Steel filed for Chapter 11 - bankruptcy protection. America's second-largest steel maker joins 19 other steel companies that are seeking protection from creditors. The business was suffering from over capacity and competition from cheap imports even before America's weakening economy hit home.
- Polaroid also filed for bankruptcy. The instant-photo firm had been in poor financial condition for some years and will continue seeking a buyer for all or part of the company.
- British Telecom and AT&T agreed that it was time for the concert finale. The demise of their loss-making telecom joint venture will put 2,300 people out of work and cost $7.3 billions. AT&T will suffer the most, with charges of $5.3 billions.
- General Motors said that third-quarter profits had fallen by 54 per cent, excluding charges of $753 million.
- Ford announced a third-quarter loss of $692 million. Ford lost $752 million in the second quarter. These were the first consecutive quarterly losses since 1992.
- IBM said that profits in the third quarter were down by 19 per cent compared to the previous year.
- INTEL said that profits in the third quarter were down by 96 per cent, in line with expectations.
- Citi group, an American financial-services giant, said that profits in the third quarter were down by 9 per cent.
- Merrill Lynch announced third-quarter profits down by more than half and announced 2,300 jobs cuts to reduce cost.

- Bank of America announced that profits had fallen by 54 per cent in the third quarter compared to the previous year.
- The CEO of the $100 billion-worth company Enron, one of the seven largest U.S. companies, resigned in August after he realized that Enron was living on borrowed time. The company went bankrupt and collapsed few weeks afterwards.
- Finland, according to the Economist, quoting "The Global Competitive Reports", replaced the United States as the most competitive economy in the world, even though Finland's economy has rigid labor markets, powerful unions and high tax rates, contrary to all that Anglo-American economists preach as a good prescription for a competitive economy!
- In August, the employment report indicated that non-farm payrolls had 113,000 jobs fewer than the month before.
- Five months before September 11, 2001, David Smith, CEO of Sycamore Networks Inc., told Wall Street analysts that his company's main customers are slashing their budgets and the current quarter sales will be disappointing, amounting to $50 to $60 million, which is about $100 million less than forecast earlier. His shares lost 20 per cent in one day and came down to $7.25 a share from its 52 week high of $172.50. What was happening to Sycamore Networks Inc. was part of a meltdown of the telecom sector. In those few months before September 11, seven American upstarts had filed for bankruptcy and at least a dozen more were expected to do the same shortly. The telecom industry debt in the U.S. and Europe was estimated at $700 billion. The telecom meltdown could cost $150 billion and have a snowball effect on other sectors of the economy. Worst, the meltdown will very likely affect some of the U.S. financial institutions, as telecom companies continue to default.

Economist Lothar Komp thought that the current financial system, the backbone of the transnational financial robber barons and the New American Empire, is experiencing a system failure - not a recession. "There never was a 'U.S. economic boom' during the 1990s … instead, there has been the emergence of the biggest speculative bubble in history, built on a 'boom of illusions' and cheap credits for consumers and stock market investors, as well as corporate takeovers," he wrote in the May 25, 2001, issue of Economic Intelligence Review, a Washington DC-based weekly. The figures seem to support Komp:

***Layoffs:** The number of layoffs in the U.S. Internet sector in the second half of 2000, rose 600 per cent, compared to the first half. Also, 210 Internet firms went bankrupt.

In December 2000, the U.S. automobile and retail sectors lost 133,713 jobs, the highest monthly number in eight years.

In January 2001, an additional 142,208 people lost their jobs in this sector.

In April 2001, 166,000 layoffs were reported.
Total job cuts in the first four months of 2001 added to 421,000, the highest level in five years.

***Earnings**: The 2001 first quarter reports of top U.S. companies were the worst in ten years. Intel, the world's biggest PC chip producer and General Motors, the world's biggest automobile producer, reported 80 per cent to 90 per cent crash of their quarterly profit. Lucent Technologies reported a $3.7 billion loss and Daimler Chrysler reported a $3.3 billion loss! JDS uni-phase, the largest producer of fiber optics equipment, reported a five-fold increase of losses in the 1st quarter of 2001, compared to their losses in the first quarter of 2000. Many companies resorted to deception and reported profits before interest, taxation, depreciation and amortization!

* **Economic indicators**: Most of the indicators fell in the first quarter of 2001 to levels not seen for a decade or more. In April, 38 per cent of the industrial managers participating in a National Association of Purchasing Managers (NAPM) survey said they were worried or pessimistic. This is the highest figure on pessimism since NAPM records started in 1962.

The high tech industry top executives were more expressive:

: Steve Jobs, Apple Computer chief, said to analysts on February 2001: "I believe the economy is going through a nuclear meltdown."

: Hans Geyer, Intel vice-president, said on February 23, 2001, commenting on the hundreds of billions of capital spent by the telecom industry just to buy new licenses: "We are facing a situation where the industry is headed for bankruptcy, even before UMTS (next generation mobile phone) first call will have been made."

: Bill Aylesworth, chief financial officer of Texas Instruments, commenting on his company's 37 per cent decline in first-quarter orders, said on April 17, 2001: "This is the sharpest deceleration that the semiconductor industry has ever experienced."

: John Roth, chairman of the board of Nortel Networks, said at the Canadian Club in Toronto on February 18, 2001: “This is the most abrupt downturn that the U.S. has ever experienced.”

: John Chambers, the CEO of Cisco, the biggest producer of Internet services, said on February 17, 2001: “It makes no difference what the Federal Reserve or the latest statistics say, what we see now is absolutely not a soft landing. Ask anyone in the American manufacturing industry and he will say we are in a recession.” On April 16, Chambers compared what was happening to a “100-year flood” hitting the tech sector. “Not only did it occur in our lifetimes, but the magnitude was about five times what we thought possible … we never built models to anticipate something of this magnitude…”

Between March 10, 2000, and the end of the first quarter of 2001, the Nasdaq stocks market value fell from $6.7 trillion to $3.3 trillion. The six largest Nasdaq companies dropped from their maximum in 2000 ($2.362 trillion) to $914 billion as follows:

-	Cisco systems	From	$590 billion	to	$118 billion
-	Microsoft	From	$640 billion	to	$360 billion
-	Dell Computer	From	$154 billion	to	$ 72 billion
-	Intel	From	$510 billion	to	$219 billion
-	Sun Microsystems	From	$208 billion	to	$ 62 billion
-	Oracle	From	$260 billion	to	$ 83 billion

The market capitalization of the 5,000 American companies that make the Wiltshire 5000 index plunged from $16.96 trillion to $11.6 trillion, a loss of $5.34 trillion. VA Linus Systems, for example, a computer company that had no earnings whatsoever, no track record, no experience and was not expected to make a penny in the foreseeable future, had a 700 per cent increase on December 9, 1999, the first day of its initial public offering! This is how many of the legends of the so-called new economy were born.

The United States, the most indebted nation on earth, entered 2001with a record combined debt of government, corporate sector and private households of $26 trillion. U.S. consumers’ debt increased three times as much as in the early 1990s. This was accompanied by the worst collapse of U.S. savings since the Great Depression, according to the U.S. Department of Commerce graph that appeared in Lothar Komp’s May 25 2001 article: “The U.S. companies were adding $1.5 trillion of new debt per year, eight times as much as in the early 1990s”. The overall debt in the U.S economy is rising four times faster than the GDP.

Mega-bankruptcies started to unfold in 2001. On March 7, the financial group Finora filed for bankruptcy, with $11.3 billion of debt, one of the biggest bankruptcies in the United States. The company was taken over by Berkshire Hathaway investment fund. The Financial Times reported troubling news about Lucent and Lucent stocks fell that day below its 1996 initial public offering (IPO) price, and 93 per cent below its peak price in 1999. Motorola reported its first quarterly loss (1st quarter 2001) in 16 years. Telecom services provider Winstar communications filed for bankruptcy protection on April 18, 2001. Corporate bonds of Winstar were trading at 2 per cent value and its stock collapsed from $65 the year before to 35 cents. PSINet, the telecom provider, announced on April 17, 2001, that it might have to file for bankruptcy and revealed $3.2 billion losses in the first quarter of 2001. Its stock fell from $34 the year before to 20 cents. California's Pacific Gas & Electric filed for bankruptcy protection on April 6 with about $9 billion in debt.

On April 23, 2001, Standard and Poor's report on the 2001 global bond market stated that within the first-quarter of 2001, 48 large companies defaulted on total bond volume of $37 billion. This first-quarter 2001 figure almost equaled all the bond defaults of 2000, which was in itself, then, a record year. Forty one of the 48 companies were from the United States, and the list included California PG&E and Southern California Edison, along with companies from the telecom, food and retail industries.

The policy of deregulation produced the telecom meltdown. But it also produced a peculiar electric energy crisis that almost crippled the economy of many states, including the state of California, the sixth largest economy in the world. The crisis was suspected to be a collusion between the likes of Enron, AES, Reliant or Duke Power, which manipulated high prices for electricity on the spot market. California had to institute rolling blackouts to protect the grid, starting March 19, 2001, when consumption was less than 30,000 Megawatts. Yet, seven months earlier, in August 2000, the consumption was 50 per cent higher, at about 45,000 Megawatts, and the supply was normal. The state agencies suspected that too many power plants were taken off line to create shortage and drive prices up. These officials were prevented and were physically stopped at some of these power plants gates when they wanted to investigate some of these plants. The state officials also appealed to the Federal Energy Regulatory Commission (FERC) to intervene and punish instances of price rigging and manipulation. Washington did not favor intervention. The result was that California's total cost for electric power increased from an average of $6-7 billion a year before deregulation, to $27 billion in 2000, after deregulation. More shocking was the suspicion about collusion between companies to raise prices, proved to be correct as internal memos taken from bankrupt Enron showed irrevocable evidence that Enron

and the other energy suppliers did indeed collude and conspire to shut down power plants for no other reason but to raise the prices. The state officials who warned that the energy crisis was a conspiracy were shrugged off. Washington backs deregulations and the likes of those energy thieves and robber barons. Even though they unlawfully sold the interest of their country and its biggest economy, the state of California, the world was requested to yield to such unethical transnationalists. Deregulation was at the top of the transnational barons agenda.

At the time the Wall Street was spreading the word that the New Economy, the Internet and high-tech changed the economy for good, and prosperity was here to stay, Wall Street executives knew better all along. As a Harvard Business School (HBS) alumnus, I receive the HBS Bulletin regularly. The issue of October 1999 covered the 25th reunion of the class of 74; many of its members were in leading positions on Wall Street. Five of the class members were asked basically the same questions and all knew that "this prosperity" will certainly not last forever. Most of them were even more candid:

*** Donald H. Layton:** Vice-chairman of the Chase Manhattan Bank, one of the largest banks in the world, he had run the capital markets and trading operations for more than a decade.

Q: What is your outlook for stock market over the next five years?

A: I'm modestly bullish. I'm not a crash-theorist. But Internet stocks make me nervous.

*** William J. Kneisel:** Worked most of his career for top positions, including managing director in London, responsible for Morgan Stanely's international investment banking operations.

Q: How do you describe the values of Internet stocks today?

A: If you go back a hundred years, there were a lot of companies that promised great growth by providing new technology. The ideas behind those companies were viable, but not all the companies were … the record shows that few of them survived. I expect something like that will happen with Internet companies.

*** Stephen M. Waters:** Worked for Lehman Brothers where he co-founded the Merger and Acquisitions department, then worked as a managing director at Morgan Stanley. He then founded a privately held investment banking advisory and investment firm.

Q: How would you describe the value of Internet stocks today?

A: Psychological. The same stock could theoretically trade at $2, $20, $200, and $2,000 a share, which is why I view them as a psychological phenomenon as much as anything. I don't have a clue as to how Internet stocks are valued and as a result I tend to stay away from them.

*** James A. Stern:** Spent 20 years at Lehman Brothers in posts ranging from corporate finance to managing director and head of the firm's Merchant Banking, then founded the Cypress Group.

Q: How would you describe the values of Internet stocks today?

A: … as in any industry, there will be winners and losers but the bottom line is that at some point these models will have to create sales and earnings. Some of these businesses will have very interesting futures, as for others - I'm not so sure.

*** Kevin W. Kennedy:** managing director at Goldman Sachs, where he has spent his entire career.

Q: What is your outlook for the stock market over the next five yeas.

A: … I would be shocked if in the next five years we didn't have an adjustment of some significance…

To sum it up, the five executives expected a "significant adjustment" and that in the "new" economy the same stock can be valued at $2, $20, $200 and $2,000; and guess who decides when it is $2 or $2,000? "The record shows" that "few of them will survive", and the new economy stocks made them "nervous". But this is not how you heard Wall Street analysts, experts and all. Since the pricing is "psychological" then the sky is the limit! Does one trust these people to lead the world economy?

Louis V. Grestener, chairman and CEO of IBM, noted in a Business Week commentary (March 27, 2000) that there are two very distinct phenomena that are treated by some as one, but they are not. "The first phenomenon – which has been building up over several years now -- is this extraordinary, perhaps unprecedented, selectivity in investment. Some technology companies are increasing in value at incredible rates, while everything else is in the bear market. According to one mutual- fund manager, in 1999, the stocks of companies with no earnings were up an average of 52

per cent, while stocks with real earnings were down. As a result, many CEOs of traditional companies were wondering what to do to give their stock prices a boost." Gerstner added: "The second phenomenon is, of course, e-business. It really does present CEOs with extraordinary opportunities to change their companies' competitiveness."

Even in the supposedly rosy years of the 1990s, things in reality were not rosy. Whereas the Standard and Poor 500 stock index rose by about 50 per cent, the profits were far less than that. On July 27, 2001, about seven weeks before September 11, 2001, the government's statisticians lowered their estimates based on real data they received from tax returns from big and small companies alike. Whereas the financial speculators where in their heyday between 1995 and the first quarter of 2001, the revised data shows no growth in the non-financial companies. New tax return data for 1995 and 1999, and revised estimates for 2000, revealed that small companies where losing big. The size of the losses of smaller companies for 1999 now indicates the staggering figure of $300 billion, 50 per cent more than the 1997 figure. Michael J. Mandel commented: "As data comes in, the revision will continue. But one thing is certain: Investors clearly where paying more for stocks and taking more risk than they realized." In other words, investors where looted by Wall Street financial speculators. Small companies, in America or elsewhere, are being smashed by the Anglo-American capitalism, and it is always the small and less-informed investor who is robbed in the casino of the New Economy and Wall Street.

All the problems and ills of Wall Street and its Washington-hired hands were suddenly blamed on September 11. According to many, September 11 was a blessing to Wall Street. Robert J. Baro, a professor of economics at Harvard University and a senior fellow of the Hoover Institution, wrote in Business Week few weeks after September 11: "My main conclusion is that the current war (against terrorism) will be expansionary and will, therefore, help the U.S economy recover from its current slowdown." This is in line with similar situations, such as Word War II, Korea and Vietnam. Coincidence, but probably not: the United States entered a recession in July 1990, the Iraqi invasion was on August 1990, and the United States was out of recession after the Gulf War. James Baker III told Congress that the crisis with Iraq is "about jobs". According to Baro's study, September 11 was a plus to the economy and not the cause of its problems.

Everybody in Washington started to wrap his issue in the American flag to secure easier passage. Congressmen and administration officials, always obliging to monied interests and their agenda, were more so now, else they would be accused of being unpatriotic. Attorney General Ashcroft used the

defense against terrorism to push controversial preventive detention and wiretapping measures that were resisted by lawmakers before September 11. "The Justice Department threw together its entire wish list of the last 10 years. To take advantage of a situation like this is outrageous," said Grover G. Norquist. Lobbyists saw in September 11 a window of opportunity. Gore Vidal, in his book "*Perpetual War for Perpetual Peace*" believes that the anti-privacy and anti-human rights package demand by the Department of Justice is identical to the post-1933 Nazi emergency measures, which followed the 1933 burning of the German Parliament (the Bundeschtag). It became known, later, that the Nazi party was behind the incident and they had the job done through a deranged citizen. Ashcroft's "emergency" measures were passed almost unanimously by Congress. Business groups pushed for "fast track" on the pretext that it would enable the president to find partners in the war against terrorism. The steel makers demanded protection because their industry is vital to the military and the fight against terrorism. And Alan Greenspan had all the reasons to pump unprecedented amounts of money to bail Wall Street, again to hold the country together against terrorism. After the "roaring twenties" came the great depression. It took Federal Government "regulations" and World War II to get out of it. Now, after the "roaring nineties" it seems that it will take the Federal Government and a 10-year war against terrorism to get out of the economic mess mildly called "recession". "We have lived through a decade of increasing prosperity and an assumption that it could continue no matter what, and that the government should get out of the way," said Rosabeth Moss Kanter, a professor at the Harvard Business School. Now that's over. The Washington wallet opened and spending restraints and the sin of government intervention were thrown out of the window; $40 billion were budgeted as emergency funds, $11.7 billion for airlines, $8.3 billion for Star Wars R&D, $18.4 billion for the military.

In order to stockpile arms for his administration's projected wars for the New American Empire, Bush Jr. started dramatic increases in defense spending. The timing, in the first quarter of 2001, was also to pump money into the U.S. economy. The Defense Department ordered $6.832 billion in February 2001, an increase of 25 per cent over January. In March, the figure went dramatically up, to $11.196 billion, an additional 64 per cent increase over February. A $50-billion program was announced for "cyber warfare" to prevent and retaliate against Internet attacks. The Defense Department spendings were on tanks, ships and missiles. However, despite these desperate massive expenditures, the economy continued to deteriorate

One of the biggest lies of the 20th century was the New Economy. It was a "new" license for Wall Street to steel. There was nothing new about the new economy apart from it being more speculative and more parasitic. The

essence of the economic system is the same. It adapts to new ways and uses them to maximize the robber barons' benefits. Computers and the Internet were revolutionary technological inventions in the last half of the 20th century. But so were the many inventions of the second half of the 19th century, such as electricity. The "Cult of the New" is an old American tradition. America is the New World, the new nation, and the new continent. The Unitarian minister William Ellery Channing spoke in 1830 about the "new continent", "new freedom", "new social institution", "new paths" and "new harvest". The new economy was no more than Wall Street & Associates using new ways and computer technology, and employing rocket scientists to maximize their looting of the productive economy.

Robert J. Samuelson asked in an April 17, 2001, commentary in Newsweek: "What is the New Economy? It mainly seems to be a state of mind, a conviction that, through the marvels of technology, the economy has entered permanent bliss. There is all promise and no peril. This super confidence has itself altered the economy's behavior, causing a stock-market boom and a consumer-spending spree. The future seems to be so bright that people have less reason to be fearful or perhaps even prudent. The stock market's rebound last week reflected this confidence. But here also lies vulnerability. If anything shakes the super confidence, which went up-stocks, retail sales could go down. Then the New Economy might look like the Old." The mouthpiece of Wall Street and the media owned by them combined the power of their finance with the power of information and produced the infofinancial capitalism that they called "the New Economy".

History proved that, to Wall Street owners, old is new and new is old, as the game is always the same. The scams are the same. Change the date and few names and one wouldn't know if the scam occurred this century or last. Moral decay and scandals are part of Wall Street and the financial robber barons. Gary Weiss wrote: "If brokerage industry scandals seem to happen over and over again – the names of the players changed but the playbook is intact…. Recurrent scandals are a part of the fabric of the Street, a product of halfhearted regulations and deeply ingrained industry practices that often go unchecked for years." Just like the dot com scams of the roaring nineties and the first decade of the 21st century, scams occurred during the roaring twenties and the first years of 1930s. Weiss added: "It's surely no secret that there are no Wall Street scams -just dusted off old ones. That is evident by perusing Wall Street tell-all books that have long since turned yellow with age. One of them that could have been written yesterday - but was published in 1932 - was 'High and Low Financiers', an exposé of 'some notorious swindlers and their abuses of our modern stock selling system'. The book recounts one instance in which the long-defunct brokerage Hadley & Co took a huge position in the

shares of an aircraft company and then issued the 1929 version of a strong buy - with 1990s style price targets. Also, 'the actual condition of the company while these glowing descriptions were being broadcast was rather sad,' said the author. Sounds familiar?" University of Colorado law professor Dale A. Oesterle, believes that the securities industry's system of self-regulation feeds the scandal crackdown cycle - the officials elected with Wall Street money left Wall Street to operate with an honor-system to people without honor, as proven time after time. Capitalism, by definition, as MIT professor Lester C. Thurow said, has processes and no ethics. Delinked from ethics, Wall Street financiers' scams are the same. Just change the date.

The capitalist order of America and its financial system, as well as the entire economy, depend on Wall Street to raise and allocate capital. Conflict of interest was always part of Wall Street. Investment banks serve two parties with conflicting interests: companies that demand more for their stocks and less interest for their bonds, and customers whose interest is the opposite: less prices for the stocks and more interest for the bonds. The investment banks make money both ways. The interest of the stronger, customer or investor, weighs heavier in the balance. During the depression era of the 1930s, some banking laws were decreed. These were repealed in the deregulation laws of Reaganomics. Between the last quarter of 1998 and the first quarter of 2000, Nasdaq market index soared from 1500 to more than 5000. During this period, according to Thomson Financial/First Call, Wall Street earned $10 billion in fees. Wall Street raised $245 billion for high-tech companies; many were profitless and as soon as the bubble burst, many of them blew up. When, in the spring of 2000, the tech bubble busted, more than $4 trillion of investors' money was simply wiped out. Many of those Investor Class millions joked that the laundry called to tell them they lost their shirt, and now their Wall Street brokers called to tell them the same thing. One of those investors, Debases Kanjilal, a pediatrician from Queens (N.Y.) lost $500,000. His lawyer filed a claim against Merrill Lynch whose broker urged him to keep his stocks when Kanjilal wanted to sell when stock price was at $60 a share. It became $11 when he sold it. Many people like this investor were wiped out. And many continued to receive the wrong advice. They were told to wait because the market had bottomed out. Every time there was a two-hour rally, they were told the market had bottomed out for sure. Some Wall Street "experts" were calling "a bottom per day". But the investors must wait for a long time. Between the market highs and six months before September 11, over $4 trillion evaporated, which amounts to more than four times the wealth wiped out in the 1987 crash, and almost half of the U.S. gross domestic product. The wealth effect is a critical psychological factor in the all-psychological New Economy. It became threatened, as the tech-stock shock worsened. Consumer spending dominates the U.S. economy and now

consumer confidence became seriously threatened. On March 9, 2001, the Federal Reserve Board issued figures for 2000, showing that for the first time in 55 years, America household net-worth had fallen by $800 billion.

Collusion between analysts and bankers were made public by New York State Attorney General Eliot Spitzer. He is investigating Merril Lynch, Salomon Smith Barney, Morgan Stanley, Dean Witter and several others. Now, California, New Jersey and nine other states have joined in investigating analysts' conflict of interest rules. David Komansky, CEO of Merril Lynch, admitted that his firm "failed to live up to the high standards that are our tradition, and I want to take this opportunity to apologize publicly to our clients, our shareholders, and our employees". Who said Wall Street has no ethics?

Gary Weiss commented on February 25, 2002, on what the Congress may do after the Enron collapse. His conclusion: Congress will huff and puff and … do little if anything at all. "A headline-grabbing scandal. Congressional hearings. Criminal charges on the horizon. It's happening with Enron Corporation, but every few years, it seems, a new scandal hits corporate America …. And in almost every case, after the smoke clears, nothing of substance changes as lawmakers and regulators back away from meaningful reform. Will Enron be different?"

Expressing his doubts, Weiss added: "Public memories are short … the new Investor Class remains amorphous and disorganized… (L)aw makers are certainly going to listen when the Wall Street and accounting lobbies speak – and fill their campaign coffers. Recent history in the S & L scandal did not result in any reforms – it resulted in just the opposite, a so-called reform act that made accountability less important." The one-dollar, one-vote democracy cannot be better expressed than in this case. The new Investor Class – 100 million Americans – or about half of all adult Americans will have practically no say in Washington, while the very few financial robber barons of Wall Street receive all the attention. The law is made to suit them. Since the spring of 2000. and in less than 2 years, this Investor Class of 100 million Americans lost $5 trillion, or 30 per cent, of their stock wealth! This working investor-class savings were planned for their family members' college education or their retirement and medical expenses. They did not intend to gamble with it in Las Vegas or the Casino of Wall Street.

The trouble for the 100 million Americans in the Investor Class was caused by the robber barons of Wall Street long before September 11. Wall Street and its Washington cronies used September 11 to blame Osama Bin Laden, almost as if he was directing the fraud of Wall Street from his cave in Afghanistan.

The price to earning ratio of the S&P 500 stocks traded in May 2002 around 21 times. Historically the average is 15. Business Week February 25,

2002 issue said: "The worry is that thousands of companies have consistently, and legally, overstated earnings for the past few years. Robert Barbera, chief economist at Hoenig & Co. said that he fears that "most of the 26 per cent operating earnings growth reported by the S&P 500 companies from 1997 through 2000 was the result of accounting shenanigans." Barbera added: "I don't believe that the earnings growth in the late 1990s was there."

To recap: many small companies reported heavy losses in the second half of the 1990s. These losses were not accounted in growth figures. One hundred million Americans were cheated by Wall Street; investors of America and the world were given cooked figures about profits and earnings of the companies and there was no real growth in the late 1990s. Yet, the only people who made money were the speculators of Wall Street - and don't expect Washington elected officials to correct things. They answer to those who gave them their offices: Wall Street and not the people.
This is the model system the United States made as its Economic Order and the United States wants to impose this system on the world

How about the other major economies embracing this system:

*** Japan:** The banking sector in Japan was in a sad state. The economy contracted 3.7 per cent in the first quarter of 2001, business confidence index in Japan fell from (– 1) in the last quarter of 2000 to (-31) in the first quarter of 2001, and the exports fell 20.6 per cent year on year ending 1st quarter 2002.

*** Western Europe:** the business confidence in the leading Western European economies fell sharply; the automobile sector witnessed sharp drops. In March 2001, car registration went in Europe down by 5.3 per cent, in Germany 9.4 per cent. Siemens, the biggest electronics and engineering company in Germany announced 15 per cent reductions in its workforce; Philips, of the Netherlands, Europe's largest producer of consumer electronics announced it would lay off 7,000 people; Ericsson, of Sweden, the world's third largest producer of mobile phones, announced it would cut 12,000 jobs on top of the 10,000 job cuts announced earlier in 2001; French Moulinex announced 4,000 job cuts and the closure of five factories; the Dutch-British Unilever, one of the biggest multinational companies in the world, announced it would cut 8,000 jobs and close 30 factories worldwide after its first quarter profits fell 53 per cent.

***Britain:** 105,.000 industrial jobs were cancelled between December 2000 and February 2001. Steel and automobile industries were hit hardest.

> Marconi, the largest British telecom equipment producer, announced it will cut 3,000 jobs, half of them in Britain, and a number of U.S subsidiaries in Britain announced lay-offs.

The Enron story is the story of the New Economy and the story of America. Its chairman, Kenneth I. Lay, is a king-maker who, like the rest of the robber barons, through influence and money, makes or breaks politicians and buys legislations through the power of financial political donations and lobbies. He is a close friend of the Bush family and one of the biggest contributors to its political campaigns. He pressed the administration to embrace the controversial policy of electricity deregulation. Only less than a year from its collapse, Enron was the seventh largest company in revenues, which totaled in 2000 some $101 billion, and its stock market capitalization reached $63 billion. Enron shares traded at $21.50 a share in December 31, 1996, peaked on August 17, 2000, to $90 a share and hit 61 cents a share on November 28, 2001. It turned out that Enron was made of a house of cards and was trading in -you name it - electricity, gas, metal, telecom bandwidth, credit insurance and even weather derivatives. For some unexplained reason, Enron CEO Jeffrey K. Skilling resigned abruptly after holding the CEO job for about six months and without collecting severance pay, something that added suspicion to his sudden departure.

Enron was a true representation of the parasitic, speculative economy named fashionably the New Economy. If parasitic sounds harsh, by definition it is living on others, in this case, the productive economy. “In the old days, people worked for the assets,” said former Enron CEO Jeff Skilling. “We’ve turned it around – what we’ve said is the assets work for the people.” Business Week (December 17, 2001) wrote: “To former Enron CEO Jeffrey K. Skilling, there are two kinds of people in the world: those who got it and those who didn’t. ‘It’ was Enron’s complex strategy for minting rich profits and returns from trading and risk-management business built essentially on assets owned by others.” A former senior Enron executive said: “Jeff’s theory was assets were bad, intellectual capital was good.” According to Business Week, Enron’s strategy “grew so complex that (Skilling’s) boss couldn’t get a handle on it.” Business Week amazingly adds: “Neither did many others. Bankers, stock analysts, auditors, and Enron’s own board failed to comprehend the risks in this heavily leveraged trading giant.” Enron’s bankruptcy filings show $13.1 billion in debt to the parent company, $18.1 billion for affiliates; $20billion existing in off the balance sheet losses. It was revealed that Skilling and some others of Enron top management sold their stocks at good prices as they were seeing things to be getting out of control. If this is true, and one has no reason to suspect it wasn’t, then add many Enrons together and you will end up with a U.S. New Economy, one that no one understands where it will lead: neither Wall Street, nor its cronies in Washington. And as in Enron,

most of the suffering will be done to the likes of the 100 million Americans, the new Investor Class that was welcomed to the New Economy, Wall Street style of welcoming. What drives the world is America. What drives America is Wall Street. What drives Wall Street is anxiety and greed.

One only hopes that Bush son will not blame Osama Bin Laden instead of his friend and campaign donor Kenneth Lay for Enron troubles. If it is true that the American capitalist economy always needed wars to get out of recessions, depressions and economic disorder, it seems that September 11 and the ten-year war promised by Bush shortly after it was a necessity brought about, if not by Osama Bin Laden, by somebody else, much more powerful. The robber barons wanted to distract the masses – the Investor Class -- away from the cause of their troubles. September 11 became a weapon of "mass distraction".

* "Well before Karl Marx even conceived of his notion of class warfare, British Liberalism had evolved a concept of a city polarized between what was termed the 'upper classes' and the ' lower classes' … Walter Lippmann defined this class society in a modern framework for an American audience. Society should, Lippmann argues be divided into the great vulgar masses of a largely ignorant 'public', which is then steered by an elite or a 'special class, which' Lippmann termed the 'responsible men: who would decide the terms of what would be called 'the national interest.' This elite would become the dedicated bureaucracy, to serve the interests of private power and private wealth, but the truth of their relationship to the power of private wealth should never be revealed to the broader ignorant public. 'They wouldn't understand. The general population must have the illusion, Lippmann argued, that it is actually exerting 'democratic' power. The illusion must be shaped by the elite body of 'responsible men' in what was termed the ' manufacture of consent.' … In its concept of an elite specialized few, ruling on behalf of the greater masses, modern Anglo-American liberalism bore a curious similarity to the Lenin's concept of ' vanguard party', which imposed a 'dictatorship of the proletariat, in the name of some future ideal society. Both models were based on deception of the broader populace."

F. William Engdahl
A Century Of War

CHAPTER FOUR

"WOE TO THOSE WHO CALL EVIL GOOD"

Hypocrites Justifying an Immoral War

Abraham Lincoln worried about "the few" that will hijack the American Republic. He wrote: "An era of corruption in high places will follow and the money power will endeavor to prolong its reign by working on the prejudices of the people … until wealth is concentrated in a few hands … and the republic is destroyed." The distorted values of the "few hands" that destroyed the republic were wrapped, unfortunately, in the American flag and stamped "Made in America", and are being exported to the world. They are the financial barons' values, not American values. Americans themselves are victims of these values just like everybody else. As Lincoln feared, the wealth, indeed, is concentrated in few hands. In 1998, the wealthiest 400 Americans listed by Forbes magazine had a net total asset of $740 billion. About one half of 1 per cent of America's household wealth exceeded the total household wealth of 90 per cent of Americans. The one half of 1 per cent owned 27.7 per cent of the total wealth, while the 90 per cent owned only 17.8 per cent. Therefore, one half of 1 per cent of Americans own 155 per cent more wealth than 225 million Americans. These figures are based on surveys by the Federal Reserve economist Arthur B. Kennickell and Federal Reserve consumer finance surveys.

The shadow power structure of "the few" created a loyal bureaucracy of elites that divided the society, as disclosed by establishment figure Walter Lippmann, into a "special class" of a chosen elite that decides the "national interest" on behalf of the vulgar "ignorant masses". The elite will make the dedicated bureaucracy that will "manufacture consent" and public opinion in the direction charted by "the few", and through this "manufacturing of consent" the people will have the "illusion" that they are "exerting "democratic" power. The truth that these bureaucrats are to serve the private wealth should never be revealed to the broader, ignorant public, said Lippmann. "They wouldn't understand".

A group of those dedicated "special class" bureaucrats went to work after September 11, 2001, to "manufacture opinion". The product of their manufacturing process was a civilizational war against Islam. So as to give moral justification to a "ten-year" war that was declared against an unknown target which was never defined, they decided to call it a war against terrorism,

for easy sell. The "manufacturers" gave many holy reasons to justify the unholy crusade they waged. As the author of the book "*Genocide*" wrote: "It is no accident that the most monstrous acts of genocide in world history were carried out in the name of very noble and attractive goals for society. The French Revolution's genocide against influential layers of society, and the Napoleonic Wars that ensued, were waged in the name of the ideals of 'freedom, equality and brotherhood'. Genocide was carried out against the native population of North America in the name of progress. Even the ethnic genocide, committed by Hitler's followers against all the peoples of Europe, was justified by utopian ideas about the formation of a breed of 'supermen'." Samuel Huntington, Francis Fukuyama, Daniel Patrick Moynihan and some 57 others signed a letter to which I shall refer in this chapter as "the letter". They used very noble and attractive goals to justify their war. The Preamble of their letter states: "At times, it becomes necessary for a nation to defend itself through force of arms. Because war is a grave matter, involving the sacrifice and taking of precious human life, conscience demands that those who would wage the war state clearly the moral reasoning behind their actions, in order to make plain to one another, and to the world community, the principles they are defending." The true principles of the West and the United States were revealed without the rhetoric and misrepresentations intended to manufacture the consent for war. Samuel Huntington wrote the real principles the transnational barons wanted to impose on the "world community". In his book "*The Clash of Civilizations*" he wrote:

"The West is attempting and will continue to attempt to sustain its preeminent position and defend its interests by defining those interests as the interests of the 'world community'. That phrase has become the euphemistic collective noun (replacing 'the Free World') to give global legitimacy to actions reflecting the interests of the United States and other Western powers. The West is, for instance, attempting to integrate the economies of non-Western societies into a global economic system, which it dominates. Through the IMF and other international economic institutions, the West promotes its economic interests and imposes on other nations the economic policy it thinks is appropriate. … non-Westerners also do not hesitate to point to the gaps between Western principle and Western action. Hypocrisy, double standards, and 'but not' are the price of universalism pretensions. Democracy is promoted but not if it brings Islamist fundamentalists to power; nonproliferation is preached for Iran and Iraq but not for Israel; free trade is the elixir of economic growth but not for agriculture."

The contradiction between the letter and what Huntington knew well and wrote above is indeed hypocrisy at its best. He knows that "what is universalism to the West is imperialism to the rest", yet he finds this imperialism has enough morality to go to war! The letter admits that too: "Often we as a nation have failed to live up to our ideals." Actually too often.

"We cannot urge other societies to abide by moral principles without admitting our own society's failure at times to abide by those principles." The American founding fathers' system was hijacked and traded for a robber barons' system that failed the proclaimed truths above mentioned. An American poet who wanted to remain anonymous probably expressed how the American dream was stolen:

"I had a dream the other night, I didn't understand.
A figure walking through the mist with flintlock in his hand.
His clothes were torn and dirty, as he stood there by my bed.
He took off his three-cornered hat, and speaking low, he said:

" We fought a revolution to secure our liberty.
We wrote the constitution, as a shield from tyranny.
For future generations, this legacy we gave,
In this, the land of the free and the home of the brave.

"The freedom we secured for you, we hoped you'd always keep,
But tyrants labored endlessly while your parents were asleep.
Your freedom gone, your courage lost, you're no more than a slave,
In this, the land of the free and home of the brave.

"If he had stood by your bedside, in a dream, while you're asleep,
And wondered what remains of our Rights he fought to keep,
What would be your answer, if he called out from the grave?
"Is this still the land of the free and home of the brave?"

A one per cent class (OPC) holds the power of money, the power of the media, and the power of marketing politicians and legislators. This class "owns" the global power structure and sits at the top of the new infofinancial system. Through the power of the three Ms (money, media, marketing) they dominate the world. The OPC, through a handful of transnational corporations, "commanded an economy" bigger than the economy of the Soviet Union when command economy was branded as evil. Whereas open markets and free trade are the gospel of today's Anglo-American infofinancialism, almost 50 per cent of the U.S. trade is conducted within the closed markets of transnational companies. "According to one scholarly estimate," wrote Greider, "more than 40 per cent of U.S. exports and nearly 50 per cent of its imports are actually goods that travel not in the open market place, but through these intrafirm channels (of transnationals)." Global financiers, therefore, are free to trade as they please within or without their transnational companies, but the more than 99 per cent of the people are not allowed free-trade through their intrafirm channels. The transnational barons'

logic: everybody is equal, but some (the transnationals) are "more equal" than everybody else!

The experts in the "manufacture of consent" and in the fabrication of illusions to the ignorant masses claim that the immoral war they advocate is essential because of very moral and fundamental truths. Actually these principles and truths are the center of all religions and constitute the core of Islamic and Christian values:

- All human beings are born free.
- The basic subject of society is the human person.
- Human beings naturally desire to seek the truth about life's purpose and ultimate ends.
- Killing in the name of God is contrary to faith in God.

These values, however, are diametrically opposite to the materialistic values of the capitalist system. Muslims cannot be against such values, but instead have reservations about the values of materialism, which became the core of capitalism in which money is the ultimate value and purpose for living.

Most, if not all, the signatories to the letter should have known (or do know) better. Huntington, for instance, is intimate to the permanent shadow power structure of the American institutions. He worked at the White House for the National Security Council. He was also the theoretician of a clash of civilizations that he advocated as inevitable.

The manufacturers of illusions for the masses went on in their letter to claim that their values, that destroyed the republic, are the American values. Thus, their values "do not belong only to America, but are in fact the shared inheritance of humankind, and therefore a possible basis of hope for a world community…" Wall Street values and illusions were claimed to be the "five truths", which they are not, and their values were elevated to a Godless religion that must become the religion of the world. People must learn to love it and live it. "You are with or against it," George W. Bush claimed.

People of the world might have been happy to leave America and its system alone had it not been for America trying to force that system on the world. People see that system of "poor man rich man" a system of hollowed out mechanical democracy and a system of first class and second class citizens. In their report "How the Little Guy Gets Crunched", in the Business Week of February 7, 2000, issue, Donald L. Barlett and James B. Steel wrote: "When powerful interests shower Washington with millions in campaign contributions, they often get what they want. But it's ordinary citizens and firms that pay the price. … how do Americans get favorable treatment? If they know the right people in Congress and in the White House, they can often get

anything they want. And there are two surefire ways to get close to these people:
*Contribute to their political campaigns.
*Spend generously on lobbying.

"If Americans do both of these things, success will maul them … if they do neither – and this is the case with about 200 million individuals of voting age … those people in Washington will treat them accordingly. In essence, campaign spending has divided Americans into two groups: first and second class citizens… Call it government for the few at the expense of the many. Looked at another way, almost anytime a citizen or a business gets what he wants through campaign contributions and lobbying, someone else pays the price for it. Sometimes it's a few people, sometimes millions. Washington anoints winners and creates losers."

The report explained that favors to the "first class" citizens are concealed in legislation for other, unrelated, issues. Examples were given:

- Legislation supposedly meant for advancement of people with disabilities provided a lucrative tax break for the financial community, i.e., banks, insurers, and financial services companies that allow the foreign subsidizers of these companies "to extend the income tax-free status of foreign earnings from the sale of securities, annuities and other financial holdings." This will cost the U.S. Treasury $1.5 billion in two years, an amount equal to "all the income tax paid over four years by 300,000 individuals and families that earn between $25.000 and $30,000 a year." Citigroup and American International Group Inc are among the big winners of such legislation.
- Even though the S&L crisis of the 1980s' cost on the American taxpayer exceeded several hundred billion dollars, some paragraph clauses that were added to a totally unrelated subject held the Federal Government liable because of an alleged mix-up in accounting practices. "As typical with special-interest measures, there were no hearings or estimates of the cost before the clause mysteriously showed up in the Omnibus Consolidated and Emergency Supplimental Appropriations Act of 1998. Among the potential beneficiaries: billionaires Ron Perelman and the Pritzker and Bass families. The losers: all other taxpayers, who will have to pick up the tab."
- Major pharmaceutical companies normally get their way to extend their patents inserted in unrelated legislation. The winners are big corporations like Smith Kline Beecham. The big losers: patients, especially senior citizens, who will have to continue paying for the patented medicines instead of the cheaper generic versions. The cost may be as high as $11 billion over the next decade, according to some estimates!

To illustrate the alliance between government and big business, and to illustrate how the American system considers organized crime just another business, the case of Lewis Solon Rosenstiel can serve as a good example. The packaged image of Rosenstiel was that of a big and successful businessman. He was even perceived as a philanthropist. He gave $100 million to worthy causes, such as universities and hospitals. His company, Schenley, became a great distillery, making about $50 millions annually. The New York Legislative Committee disclosed that his fortune, just like that of Joe Kennedy, was made mostly during the prohibition days, in alliance with the Mafia. His wife also disclosed later on that Mafia gangster Mayer Lansky used to refer to him as "supreme commander". Rosenstiel's parties included famous government officials, judges and well-known Mafia bosses, and they all used to socialize and intermingle together quite well. Governor Dewey was his lawyer, and J. Edgar Hoover was his friend. He even donated a million dollars to the J. Edgar Hoover foundation established to protect "the heritage and freedom of the United States of America"; a heritage that made passing a bill, by Congress, like the Forant Bill possible.

Schenley liquor business faced serious problems because of a new tax that was to impose 10.5$/gallon on liquor at a time Schenley's inventory was extremely high due to market miscalculations. The only way to divert a sure financial disaster was to stop the new tax through Congress. So J. Edgar Hoover, in a visit to Rosenstiel's town house on East Eightieth St. discussed the issue. According to Rosenstiel wife, in a sworn testimony, the visit took place in the fall of 1957. Hoover and Rosenstiel discussed Lou Nichols, who was Hoover's influence man for Congress and a confidant and assistant for 23 years. After that meeting, Lou Nichols left the FBI and worked for Rosenstiel to lobby the Congress to change that tax law. Nichols knew the ins and outs of congressmen and how to get them to change the law. Nichols succeeded to get the Congress to pass the Forant Bill which exempted stored whiskey in liquor companies from the 10.5$/gallon tax for another 12 years. This saved Rosenstiel about $50 million in taxes, and his company stock shot up $33 million in one day. According to Mrs. Rosenstiel, her husband's private plane was shuttling with cash between New York and Washington. Payments to pass the bill were directed by Lou Nichols. She said that senate majority leader Lyndon B. Johnson, who succeeded Kennedy as the president of the U.S., received half a million dollars. She also witnessed payment of large amounts of cash to the chairman of the House Judiciary Committee, Emanuel Celler.

When Mafia boss Paul Castellano was arrested by the FBI, he said: "If I was the government I'll put my ass in jail for a thousand years" he said "but

not because I am wrong. You see, that's the part I object to - this idea the law is right and that's the end of the story. Come on, we are not children here. The law is (how should I put it?) a convenience, or a convenience for some people, and an inconvenience for other people…. Besides, the law can always change its mind." It seems obvious that the thousands of lawyer lobbyists of Washington, and the millions of dollars in political contributions [and some cash as in the case of Rosenstiel] are there, in the country's capital, to let the law change its mind so it becomes a convenience to some and an inconvenience to others.

When FBI agent Andy Kurins discussed with Castellano's "consigliere" the payments he was receiving without showing to work for it, the latter clearly showed his hostility towards the system's hypocrisy. He told the FBI agent: "… if this is a crime, Andy, you better build a lot more jails, cause you're gonna have to lock up half the fucking country. Start with the little WASP faggots with their trust funds. Then get the stock brokers, and after that if you've still got room in the fucking penitentiary then come and hassle a little pissant like me with his four-fifty a week." Said Andy Kurins: "But Joe, you're talking pay scales. I am talking criminal conspiracy." "Conspiracy," hissed the white-haired Mafioso. "Conspiracy. That's the magic word with you guys…. But lemme ask you something - what isn't a conspiracy? … politics? Cut me a break! Wall Street? We both know that's a license to steal. No, Andy, it's all conspiracies, and the only difference is that some conspiracies you bust, and some you don't."

For fifty years the FBI ignored the Mafia and denied its existence. Instead, the FBI directed much of its activities against American citizens, blackmailing presidents, congressmen and politicians. Americans of Japanese origins were detained in concentration camps without a crime or accusation. Their crime was their race. After World War II, the FBI created and orchestrated McCarthyism and unfounded, sensational allegations about "reds" all over the government departments. As William Sullivan admitted later on, the FBI orchestrated the political terror of McCarthyism with information fed by the FBI, while publicly denying any connection. McCarthy's first chief investigator, Donald Surine, worked for the FBI. At a time when the FBI admitted that most of the communist party members were paid FBI agents and informers, without whom maybe there wouldn't be a communist party, the FBI fuelled the "red-scare" campaign of McCarthy. Hoover recommended to McCarthy one of his protégés, Roy Cohn, for appointment as chief counselor to the senate subcommittee on investigation chaired by McCarthy. Roy Cohn brought to the same subcommittee, as unpaid "chief consultant", his homosexual lover David Schine. Schine's father, Myer, admitted his connection to the Mafia with which he had arrangements for his hotel's gambling operations. Starting with 1950,

McCarthyism became a dictionary word for political blackmail and terror. And blackmail was used based on actual or fabricated evidence or allegations against ordinary and prominent citizens.

Cornelius Gallagher was a prominent congressman who was also a friend of the Kennedys. Hoover had no love for the Kennedys. His investigation of the invasion of privacy led to the formation of a subcommittee on privacy. In order to publicly embarrass the Kennedys, who authorized wire taps and bugs, Hoover, through Roy Cohn, asked Gallagher to investigate illegal FBI and IRS surveillance. As Gallagher was reluctant after several attempts, Roy Cohn responded with threats that those who are not friends of Hoover's will become his enemies, and told Gallagher that he will be sorry. What followed really made Gallagher sorry. His phone was bugged by the FBI and his house was raided on Easter 1967. Local police told him it was an FBI job. Then came an article in Life magazine that claimed Cornelius E. Gallagher was having regular get togethers with Mafioso "Bayonne Joe" Zicarelli and that Gallagher gave the Mafiosi active assistance. Gallagher admitted he had two "innocent" meetings with Zicarelli, who was a "prominent businessman" in his hometown, no more and no less. Then, Roy Cohn called Gallagher's attorney Weisman to his office and asked him to listen to a phone conversation Cohn will have with Cartha De Loach of the FBI. De Loach said that the FBI had unquestionable evidence that O'Brian, the missing New Jersey gambler, died of a heart attack while in bed with Gallagher's wife and that O'Brian's body was removed by a gangster named Kayo from the Zicarelli Mafia family. De Loach said that the story would be coming within a week in Life and suggested that Gallagher better resign from Congress. The story did come out in the Life issue of August 8, 1968, but it did not succeed to damage Gallagher politically as he was re-elected that same year. In 1986, as Roy Cohn was dying of AIDS, he signed a formal letter stating that the story of O'Brian dying in Gallagher's wife's arms was made up by the FBI. Also, the House Ethics Committee investigated earlier alleged connections of Gallagher with organized crime and concluded that none existed. In 1972, however, the IRS investigated the congressman on tax evasion and he went to jail for 17 months. While in prison, his seat was eliminated altogether through a redrawing of constituency boundaries.

The Marc Rich pardon controversy illustrates the two classes of citizens theory, those of the super rich and of everybody else. Just before leaving office, Clinton issued a pardon for fugitive financier Marc Rich who had been indicted in the United States on a dozen or more crimes. He fled to Israel where he associated himself with that country's foreign intelligence agency, the Mossad. Few young justice lawyers in the new Bush administration responded to the public furor in reaction to the Rich pardon, and found a way

to block it on legal grounds. A pardon is like a warrant. It becomes effective only after it is served. Since the Rich pardon was signed by Clinton but hadn't been processed yet by the Justice Department or served to Rich or his lawyer, it could have been blocked. It became a topic of talk shows and some congressmen wanted to start an investigation. Some reports revealed that Rich was a big contributor to Clinton through Rich's wife. Republicans accused Clinton of once again abusing the power of his office and "diminishing the dignity of the Oval Office". Republicans accused Hillary Clinton also of buying the votes of Hasidic Jews in New York by using her husband's office to shorten the prison sentences of four men convicted of swindling the government out of millions of dollars, by claiming that they wanted to set up a phony religious school to steal federal grants. True enough, the Hasidic Jews in the town of the convicts, New Square, New York, overwhelmingly voted for Hillary Clinton in her senatorial bid to congress. President Clinton commented to television talk show host Geraldo Rivera, on February 15, 2001, that it was not campaign contributions that motivated him to issue the pardon. He said: "I'll tell you what did influence me - Israel did influence me profoundly." On February 18, 2001, Clinton published a commentary in the New York Times in which he said that many "present and former high-ranking Israeli officials of both major political parties and leaders of Jewish communities in America and Europe urged the pardon of Mr. Rich" and his partner Pincus Green. It was revealed that two former Israeli prime ministers, Ehud Barak and Shimon Peres, and two former Mossad chiefs, Avner Azulay and Shabtai Shavit, as well as Abe Foxman, of the United States Jewish Organization the Anti-Defamation League, all requested the Rich pardon from President Clinton! Once Clinton revealed this information, the talk shows stopped talking, the Justice Department of the new young "justice" lawyers under Republican President George W. Bush discovered that justice can be selective, so they served the pardon after they discovered that they had better not stop it, and congressman Dan Burton, the conservative Republican who had announced that he intended to begin an official inquiry into the Rich pardon did not do so. They all knew the system too well and they knew better than challenge its real owners!

The transnational barons wanted these corrupt values to become the values of the world. The letter said: "We are also suggesting that the best of what we too casually call 'American values' do not belong only to America, but are in fact the shared inheritance of humankind, and therefore a possible basis of hope for a world community based on peace and justice." But many highly respected Americans and non-Americans alike have serious doubts about the robber barons' capitalist model – the so-called American or Anglo-Saxon model. They either expressed such opinion squarely and straightforward or they provided data that spoke for itself.

Lester C. Thurow, authored the book "*The Future of Capitalism*" a New York Times bestseller. Thurow was professor of economics and former dean of MIT's Sloan School of Management. The first page in the book quotes a Chinese saying: "We are like a big fish that has been pulled from the water and is flopping wildly to find its way back in. In such a condition the fish never asks where the next flip or flop will bring it. It senses only that its present position is intolerable and that something else must be tried." Thurow added: "Homelessness began in the United States in the late 1970s. Initially the rest of the industrial world saw (homelessness) as a phenomenon peculiar to an inadequate American social safety net, but homelessness has now spread throughout the industrial world." The spread of homelessness was in direct proportion to the spread of the Anglo-American economic model. One estimate gives the number of homeless in the United States at over 10 million!

Anglo-American infofinancialism spearheaded by the U.S. not only exports its goods to the world but its way of life and life-style too. This was made possible through the media. Under the "Economic Viability of the Family", Thurow wrote: "Family structures are disintegrating worldwide. Only Japan defies the trend toward more divorce and more children born out of wedlock. Elsewhere, births among unmarried mothers have soared. Worldwide, from 1960 to 1992, births among unmarried mothers twenty to twenty-four years of age almost doubled and among fifteen to nineteen years of age quadrupled."

The benefits of the growth of the U.S. economy are mostly directed to the already wealthy individuals. "In America, 32 per cent of all men twenty-five to thirty-four years of age earn less than the amount necessary to keep a family of four above the poverty line. Mother has to go to work if the family wants to have an acceptable standard of living. Yet wives are given a double message: Go to work and make the money the family needs but stay at home and take care of the children." In capitalism: "The family is no longer the social welfare system. The state has replaced it and the family will not resume these duties even if the state were to withdraw. In the language of capitalism children have ceased to be (profit centers) and have become (cost centers). Children still need parents but parents don't need children."

Edward N. Wolff is a professor of economics at New York University and the author of many books. He wrote in his book "*Top Heavy*" that in 1989, "the top 1 per cent of families as ranked by financial wealth owned 48 per cent of the total (wealth)". He added: "The increase in wealth inequality recorded over the 1983-89 period in the United States is almost unprecedented. The only other period in the twentieth century during which concentration of household wealth rose comparably was from 1922 to 1929.

Then inequality was buoyed primarily by the excessive increase in stock values, which eventually crashed in 1929, leading to the Great Depression of the 1930s." Something that reminds us of the excesses of the 1990s and the economic failures of the global system that followed.

Based on the Fed consumer finance surveys, Federal Reserve economist Arthur B. Kennickell estimated that the top half of the one per cent (0.5 per cent) accounted for 26 per cent of all household wealth in the United States. The wealthiest 400 Americans listed by the Forbes magazine annually had in 1998, net total assets of $740 billion; these were excluded from Kennickell figures. When added, the top one half of one per cent of Americans owns 27.7 per cent of all America's household wealth, a 23 per cent increase between 1995 and 1998. According to this study, the stock holdings of the lower 90 per cent households was only 17.8 per cent of the total whereas the top 1 per cent of accounted for 42.8 per cent of it, i.e., the 1 per cent class owned about 240 per cent more than 90 per cent of all Americans! In the one-dollar one-vote democracy that means 400 households in America can yield much more power than 90 per cent of Americans.

David C. Korten studied music, psychology and earned an MBA and a PhD from Stanford Business School. He served in Vietnam, the office of the secretary of Air Force and the office of the Secretary of Defense. He then joined the faculty of the Harvard University Graduate School of Business. He wrote: "Western scientific vision of a mechanical universe has created a philosophical or conceptual alienation from our own inherent spiritual nature .... The pursuit of spiritual fulfillment has been increasingly displaced by an all-consuming and increasingly self-destructive obsession with the pursuit of money." Korten added that "the same policies the United States has been advocating for the world have created a Third World within its own borders as revealed in its growing gap between rich and poor, dependence on foreign debts".

William Leach's book "*Land Of Desire*", on the history of consumerism and how the culture of desire was created, wrote: "In the decades following the civil war, American capitalism began to produce a distinct culture, unconnected to traditional family or community values, to religion in any conventional sense or to political democracy." He added: "The cardinal features of this culture were acquisition and consumption as the means of achieving happiness, the cult of the new; the democratization of desire, and money value as the predominant measure of all value in society." The creation of this culture "was also the consequence of alliances among diverse institutions, non-economic and economic, working together in an interlocking circuit of relationships to reinforce the democratization of desire…"

William Greider, a former assistant managing editor of The Washington Post, wrote in his book "*Who Will Tell the People*": "The blunt message of this book is that American democracy is in much deeper trouble than most people wish to acknowledge. Behind the reassuring façade, the regular election contests and so forth, the substantive meaning of self-government has been hollowed out. What exists behind the formal shell is a systemic breakdown of the shared civic values we call democracy." He added: "At the highest levels of government, the power to decide things has instead gravitated from the many to the few...".

Going back to the letter, it claims: "The basic subject of society is the human person." American democracy as it functions today has been stripped of substance. It became a mechanical process that was "hollowed-out". The mechanical part of holding elections at national, state, and city levels remained intact. The elected administration officials and legislators may be given tactical freedom on the best way to implement a fixed agenda. Agenda policy items are strategic items to be implemented not to be changed. Other systems are in place to see them through the mechanical decision-making process and everybody can play that game according to its rules as long as the end result is achieved.

The letter, again, claims that "the basic subject of society is the human person", yet 400,000 Americans die each year from smoking-related illnesses. And almost 35 years after the surgeon-general considered that sufficient evidence existed to consider smoking lethal, all attempts to regulate tobacco by the Federal Government have led nowhere. The federal bureaucracy was unwilling and/or incapable of tackling big tobacco companies. "… in what amounted to a premeditated conspiracy to disinform the American people, (big tobacco) continued to deny what they and their scientists, according to a critical mass of internal documents unearthed during the past decade, knew to be true about the addictive and fatal nature of their product," reported Time of June 30, 1997. "Americans have prematurely lost 4 million collective years of life annually in our worst, if routinely accepted, public health scandal." Over 13 million Americans were murdered by smoking since it was known to be a deadly product and the Washington mechanical democracy accommodated this holocaust. Jeffrey Harris, economics professor at MIT, estimates that the tobacco industry spends about $5 billion annually on advertising and promotion. Much of this money is directed at teenagers, to induce them to smoke. It was not the elected officials of the Federal Government that got some concessions from the tobacco industry. It was a decision by the tobacco companies themselves, aware that continued publicity would affect their business. Also, tobacco companies wanted to ensure immunity from future class actions that were increasing their future financial risks. The Washington mechanical democracy would have continued with business-as-usual for the

tobacco industry, had it not been for individual cases and some states' attorneys-general. The settlement figures appeared staggering: big tobacco will pay $368.5 billion in settlement:

- $308 billion in compensatory damages settlement to 17 class actions & states to recover medical expenses.
- $60 billion in punitive damages.
- $500 million to finance anti-tobacco advertising.

But it was soon revealed that the tobacco industry was trying to use the same mechanical democracy systems of the Federal Government to make more money from the settlement than the sum of the settlement itself. On August 18, 1997, USA Today carried an Associated Press Article by Lauren Neergaard, which indicated "an internal Treasury Department audit says cigarette makers could profit handsomely from the deal". The article added: "The Treasury audit concludes that tobacco companies will raise cigarette prices just enough - an estimated 62 cents a pack - to boost their revenues and more than offset the $368 billion they've agreed to pay over 25 years. And revenues will go up, the audit predicts, even though the companies' sales volume will likely suffer as about 7 per cent of U.S. smokers quit rather than pay more per pack… Meanwhile, the Washington Post reported that House Speaker Newt Gingrich, R-GA., and Senate Majority Leader Trent Lott, R-Miss., insisted on a provision in the tax cut bill, which Clinton went along with, that would give cigarette makers a $50 billion credit against the sum they had pledged to settle the suits."

The tobacco deal between the state attorneys-generals and tobacco industry was signed June 20, 1997. It followed the following steps afterwards:

- July 29, 1997: The Senate Commerce Committee involved itself in the issue and held its first hearing on the settlement of Surgeon General C. Everett Knop, former head of the Food and Drugs Administration David Kessler and four states' attorneys-generals.
- February 24, 1998: The committee's fourth hearing was held of the chairmen of the five big tobacco companies.
- April 1, 1998: Considering facts only and without any pressures of politics and lobbyists, the Senate Commerce Committee approved a tobacco bill drafted by the committee's chairman John McCain. The vote was 19 against 1. Apparently, the committee thought they were pushing what big tobacco wanted.
- April 8, 1998: Steve Goldstine, CEO of RJR Nabisco, announced that the cigarette makers would not agree to that bill with its price tag of $516 billion and with fact that the FDA will have control over nicotine.

The tobacco industry hired 200 lobbyists and staged a $40-million advertisement blitz that combined money power with the media to market misinformation about the bill and portray it not as a health issue but as an evil big government reverting to tax-and-spend again. On June 17, 1998, the MMM (money, media, marketing) won and the law changed. The Senate voted to withdraw the tobacco bill from the Senate floor. Many of the same senators who had voted for the bill only six weeks earlier, now voted against it! The BBB syndrome (bullshit baffles brain power) manifested itself. Bullshit baffled the brainpower of even senator John McCain constituents. He received, as a result of the tobacco companies' misinformation blitz, over 10,000 letters against the bill which only six weeks earlier had the approval of two-thirds of the American people and 19 out of 20 senators of the Commerce Committee!

Senator McCain delivered an impassioned speech on the Senate floor before the Senate voted against the bill. He asked if the senators "believe an industry should be allowed to lie… and get away with it". The senators' vote gave a clear answer: yes they can! He said the bill was not about taxes but "whether we're going to allow the death of 418,000 Americans a year, who die early from tobacco-related disease, and do nothing". The senators' vote answered McCain again: yes, let 418,000 Americans die; those dead cannot keep us in office, but big tobacco can. McCain said that the vote was about "whether we're going to have the will to serve the public interests or the special interests". Of course, the special interests, the vote told McCain. Didn't he know that he who has the money rules? And that is the golden rule.

McCain's colleagues in the Senate were not moved. Nancy Gibbs wrote in Time: "… the U.S. Senate includes some members the others wish had never got in. Too pushy. Always wanting to change things, even bedrock tradition, like due respect for the marriage of money and power. So when the deeply scared, highly disruptive Republican John McCain stood on the Senate floor… stared down his colleagues and accused them of honoring their debts to Big Tobacco over their obligations to (those who can't care for themselves in this society, and that includes our children) the few GOP statesmen present sat silent while Democrats across the aisle stood and applauded. McCain walked out of the chamber." After the vote, politician Clinton said: "Politics stopped this thing cold. I think the American people have a reason to be sad tonight." If such events that demonstrate corporate and money power at work are a reason to be sad, Americans should have been sad for at least one century, or more. It was American President R.B. Hays who said long time ago: "This is a government of the people, by the people, and for the people no longer. It is a government of corporations, by corporations and for corporations." That was really Washington's business-as-usual approach.

Why is it then that these elected officials have to act this way? The obvious answer is: they feel indebted to those corporations and moneyed interests that assisted them to get elected. They don't feel accountable to those who elected them, as they learned that they can be manipulated by the power of the three Ms. The one per cent wealth holders own the power structure of the country through the skillful blending of the three Ms - money, media and marketing. And the result will be a state-of-the-art campaign to market the product. This could be a person for an elected office, or an issue. An image is created. The MMM will produce a BBB effect. Increasingly, highly elected offices, including the office of U.S. President, are becoming ceremonial, like the office of the U.K. monarch. The president's job is getting to be more and more that of a spokesman for the one per cent power structure owners. As money is the measure of value in the materialistic societies, the pay for the job of a U.S. president may be less than few per cent of what a corporate CEO may be paid in America. For few hundred thousand dollars a year, the liabilities of the job are far greater than its financial benefits. Bill Clinton may have collected $2 or 3 million for his two-term presidency, but his legal bills were estimated to exceed $8 million by the time he would leave office. Paula Jones, Monica Lewinsky, Kenneth Starr and White Water were the fringe benefits.

Walter Isaacson, in his book "*Kissinger: A Biography*", wrote: "In the history of civilization, few countries have ever endured a greater hell than the holocaust that engulfed Cambodia in the 1970s. The blame falls foremost on the genocidal Khmer Rouge communists, who took power in 1975. But the creation of the Killing Fields had many causes, and there was more than enough blood to stain many hands. The American share of the blame, and Kissinger's, arises not from insidious intent, but from a moral callousness that placed America's perceived needs in Vietnam above what would be best for a vulnerable neighboring nation." And that was put very mildly.

- Kissinger advised in March 1969 the "secret bombing" of Cambodia, hoping to take out the command center of communist operations in South Vietnam, known as COSVN. After 1,045 sorties, unloading 108,823 tons of bombs, the mission failed.
- Then Norodom Sihanouk was overthrown by his prime minister, Lon Nol. There were more than just suspicions, at least on the part of Sihanouk, that the coup was CIA inspired.
- Lon Nol ordered the North Vietnamese and the Viet Cong to leave Cambodia immediately.
- This caused the Vietnamese communists to stage an attack on Cambodian government forces which were ill prepared and ill equipped. Government forces were transported to the battlefields in Pepsi Cola trucks!

- Cambodia requested military help and Kissinger favored giving such assistance. Defense Secretary Laird favored fixed monthly rates of American troops withdrawal from Vietnam and no further involvement. Secretary of State Rogers believed diplomatic solution is the answer for the whole Vietnam conflict.
- Kissinger discussed with the joint chiefs-of-staff military plans in Vietnam and Cambodia, plus future troops withdrawal from Vietnam, but asked him specifically to keep the discussion secret even from the Secretary of Defense.
- Friday, April 24, 1970, Kissinger invited his staff to his office for a brainstorming session on Cambodia's invasion, assuming that South Vietnamese forces will be used. He did not mention, at the meeting, the possibility of using American forces, even though he did so to each individually before the meeting.
- All participants voiced objection to the invasion, whether by Vietnamese or other forces, as it would eventually mean American involvement.
- After the meeting, Kissinger advised President Richard Nixon of an invasion of Cambodia. He recommended that the subject be disclosed in the National Security Council meeting of Sunday, April 26, 1970, and advised Nixon of the possibility of Laird and Rogers opposing the invasion.
- The meeting was held on schedule, yet Nixon discussed options, not decisions. He then signed the invasion order as presented to him by Kissinger. When Rogers and Laird received their copy, they couldn't believe it. They both asked for a meeting with Nixon, to no avail.
- The invasion of another country was taken without securing congressional approval, and with the disapproval of the defense and state secretaries and the staff of the National Security Council, who resigned in protest (Watts, Lake, Morris and Lynn. Halperin and Davidson had already resigned). Their phones were bugged by the FBI upon the request of the White House.
- On May 1, over 100,000 Americans protested in front of the White House. On May 4, students rioted at campuses and four students were shot dead by the national guard.

This cannot happen in a real democracy. It could only happen in a mechanical democracy. Taking a decision of such grave consequences in such an undemocratic manner can speak a lot about the decision-making process in the administration of a democracy that maintained form but was hollowed of any democratic substance. "The American system depended upon deeper transactions than elections," wrote William Greider. "It provided another mechanism of government, beyond the reach of the popular vote, one that managed the continuing conflicts of democratic capitalism, the natural

tension between those two words, democracy and capitalism. It was part of the national government, yet deliberately set outside the electoral process, insulated from the control of mere politicians. Indeed, it had the power to resist the random passions of popular will and even to discipline the society at large. This other structure of American governance coexisted with the elected one, shared power with congress and the president, and collaborated with them. In some cases, it opposed them and thwarted them." This "other structure" is the permanent power structure of the financial community barons. They hold the ropes of power behind the scenes, while elected officials nominated by them to govern on their behalf come and go. It can be concluded that, as demonstrated by time, democracy and capitalism did not blend well together. Claiming otherwise is either hypocrisy or ignorance. The democratic promise was transformed and then institutionalized as a technocratic not democratic reality. The technocrats enjoyed the power of office as long as they followed the barons' agenda.

Again going back to the letter, it claims that "all human being are born free". Yet, in the mid-1970s, American government officials were openly labeling themselves as committed "neo-Malthusians". On April 24, 1974, Kissinger issued National Security Council Study Memorandum 200 (NSSM 200) on the subject of "Implications of Worldwide Population Growth for U.S. Security and Overseas Interests", which was directed to the CIA, military joint chiefs-of-staff and all department secretaries. Gerald Ford, on October 16, 1975, issued a memorandum that was based on the NSSR 200 document The memorandum argued that population growth in selected countries that contain strategic resources of importance to the United States poses a national security threat to the United States, since, due to pressure of population, they may start asking for more prices for their raw materials and/or exports to the United States. The memorandum stated that it is more efficient to spend money on "population control … than raising production through direct investments in additional irrigation and power projects and factories". Thirteen targeted countries were listed, including the largest Muslim countries of Indonesia, Bangladesh, Pakistan, Egypt, and Turkey. At that time, Samuel Huntington was part of the National Security Council staff, and in his "*Clash of Civilizations*" book he considered that one of those Muslim countries may be a candidate for a Muslim core state, which is now missing.

In her CBS program, Leslie Stahl was interviewing Clinton's Secretary of State Madeleine Albright:

* Leslie Stahl: Speaking of U.S. sanctions against Iraq: "We have heard that a half million children have died. I mean, that's more children than died in Hiroshima. And – and you know, is the price worth it?
* Madeleine Albright: "I think this is a very hard choice, but the price – we think the price is worth it."

When Minister Joe Wright was asked to open the new session of the Kansas Senate, everyone was expecting the usual generalities, but this is what they heard:

"Heavenly Father, we come before you today to ask your forgiveness and to seek your direction and guidance. We know Your Word says, "Woe to those who call evil good", but that is exactly what we have done. Yes, there are those in government who have led us astray by calling evil good!

"… we have lost our spiritual equilibrium and reversed our values. We confess that and we ask your help to change that. … we have killed our unborn and called it choice, and we have killed hundreds of thousands of Iraqi born and unborn children and called it "worth it" instead of genocide …

"… we have abused power and called it politics, and we have been selective in recognizing crimes against humanity, calling it good one time and evil another time, depending upon the country doing it, and ignoring our own crimes against humanity …"

The financial barons values packaged in an American flag are neither universal nor American, as the letter of the ill-intentional or ill-informed 60 claimed. American values, once called the American dream, were summarized by Thomas Jefferson: "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness." Muslims will endorse such values as theirs, since Islam, over fourteen centuries ago, proclaimed equality, unity, equal opportunity, justice and human dignity.

" That the global capitalist system is an abstract concept does not make it any less significant. It rules our lives in the way that any regime rules people's lives. The capitalist system can be compared to an empire that is more global in its coverage than any previous empire. It rules an entire civilization … Moreover, it has a center and a periphery just like an empire and the center benefits at the expense of periphery. Most important, the global capitalist system exhibits some imperialistic tendencies. Far from seeking equilibrium, it is hell-bent on expansion. It cannot rest as long as there are any markets or resources that remain unincorporated."

George Soros
The Crisis of Global Capitalism

CHAPTER FIVE

NEOCOLONIALISM THROUGH GLOBALIZATION

A System of Deception and Illusion

The process of globalization is as old as history. The world was borderless until very recently. Much of today's civilizations and inventions are the cumulative results of peaceful and less peaceful interactions of previous civilizations. The empires of the Romans, the Greeks, and the Muslims knew no limits and no borders. Although the Muslim civilization sprang from the Arabian Peninsula, it was universal and global by definition. More than one Koran verse states that the message of Islam is universal and it addresses the humanity of all races. Prophet Mohammad said that there is "no difference between an Arab, a Persian, an Ethiopian, a black or a white except by how pious and good one can be." Prophet Mohammad's top council was multinational: Salman, the Persian, Suhaib, the Roman, Bilal, the Ethiopian, and Arabs as well. The Arab and Muslim civilization created a continental superpower and a state that stretched from Spain to China. Within its domain lived people of different creeds and of different ethnic origins; they numbered hundreds of millions. As Carly Fiorina, Hewlett Packard's CEO, said in a 2001 speech about leadership, the Islamic civilization that dominated from 800 to 1600 was "the bridge between the peoples of a hundred lands. Its armies were made up of people of many nationalities, and its military protection allowed a degree of peace and prosperity that had never been known. … its mathematicians created the algebra and algorithms that would enable the building of computers, and the creation of encryption. Its doctors examined the human body, and found new cures for disease. Its astronomers looked into the heavens, named the stars, and paved the way for space travel and exploration."

What gave today's globalization a bad name was its recent association with the excesses of the Anglo-Saxon Darwinian capitalism and the latter's use of the new communications technologies and management techniques not only to impose its culture, which many consider revolting, but to burden humanity with its exploitation, wars, and pure materialism that is removed from ethics. The Anglo-Saxon globalization of today spread its "software", a Darwinian capitalism that created a new parasitic speculative economy, and its determination to impose its unilateralism, yet, at the same time, it advocates and claims pluralism. Its agenda generated genocides, yet it advocates human rights. It advocates democracy, yet it thrives on dictatorships. It trusts in God, only one understands that money is its God.

Capitalism, by definition, revolves around capital. The minority owners of capital are the owners of capitalism, and all other production and human resources are reduced to serving the capital and its minority owners. This small financial community sits at the top of the global governance system and appoints proxy bureaucrats to administer its "core state" of the time. It was Britain for some centuries and now it's the United States of America. Under an imperial arrangement with the United States, Britain gives its historical imperial database and its geopolitical balance of power experience through a special relationship that was forged under the auspices of the shadow power structure of the international financial usurious community. Britain and the United States today provide the financial barons with institutional power to enforce the financial community's hegemony over the globe.

The recent explosion of communications technologies escalated the growth and savagery of Anglo-Saxon capitalism, which employed more hideous and devious techniques to achieve its unchanged principles. The ideology and principles of the 18th or 19th centuries were no different from those of the 20th and the 21st century, except in method and style. The international status of the usurious financial barons operated an international network that was adapted to suit the times. A German Rothschild could easily become a French Rothschild and a British Rothschild and, if need be, a Rothschild of a hundred nationalities; a Rothschild agent can be created in a hundred lands. The Rothschild baron can lend his government to start or maintain a war.

The barons of usury always utilized the fastest communications means of their times, be it pigeons, through which the Rothschilds learned the news of Waterloo before others, or computers. If computer electronics are today's fastest means of financial trading, the 19th century financial usury community used the telegraph. A German-born Jew with the name of Israel Beer Josaphat changed his name into Paul Julius Reuter. He started a carrier pigeons service from Auchen to Brussels in 1849. He then appointed reporters to cover all Europe and in the mid-1950s opened an office in London to sell financial and other news and reports. He used the telegraph as soon as it was invented. In 1973, when the new speculative financial economy took a sharp increase after the 1973 October War, Reuters Monitor Service linked buyers and sellers through computer desktops, 10 years before PC were produced. The Monitor started to list currency prices after fixed exchange was repealed and the currencies and money became a commodity for speculators. The monopoly over information and media was always a prerequisite and a pillar of the financial community, and what remained of Adam Smith's old version of capitalism gave way to infofinancial capitalism that combined the power of

finance with the power of information. Since deception and the "manufacture of consent" are a necessity to give the ignorant masses "the illusion" that they are "exerting democratic power", to use the words of Walter Lippmann, ownership of the media is a prerequisite to maintain "the interests of private wealth" and the deception and illusion of the masses.

If free trade became a household word after the World Trade Organization was created to oversee it, the policy of free trade was always at the center of Anglo-Saxon capitalism. As far back as 1820, Britain's parliament passed a statement of principle in support of "absolute free trade". This statement was formalized in a parliamentary repeal of the Corn Laws in 1846. The proponents of these laws were the banking interests centered around Alexander Baring of Baring Brothers merchant bankers. Their new propaganda journal, the Economist, was created in 1843 to advocate free trade. It sends out the same message today – as a voice of infofinancialism. Business Week became its Wall Street equivalent. Multinational corporations and banks own the main media outlets of today and they shape up "sentiments" and public opinion to market their agenda and to ridicule their oppositions.

Therefore, the ideology of infofinancial Darwinian Anglo-Saxon capitalism is unchanged, as its ultimate aim is for money to make more money. Only the means had changed. It was direct occupation then and it's debt traps and the surrender of economic sovereignty today. Comparing the conditions of the IMF today with the imperialism of the English and French of the nineteen century, like when England decided, in 1875, to directly control the finances of Egypt to ensure the repayment of debt, a British diplomat wondered recently: "How different is this from what Lord Cromer and others did in Egypt? … sounds remarkably like a rather strict IMF program." Lord Cromer who ruled Egypt was a Baring, one of the owners of the Baring Brothers' merchant bank!

The main business of the owners of capitalism, the owners of capital, is the production of debt and the management of its repayments. In the older world order, debt was mostly generated through wars. The management of debt collection was crudely obvious through capitalism's core state. The core state of capitalism was England, and the United States became the financial oligarch's new horse. As early as 1903-1904, the United States accorded itself, by self-appointment, the status of international police on behalf of the world's financial community in Latin America, and gave itself the right to intervene when nations there failed to perform their financial obligations and debt repayments. This became the official U.S. policy. The "Theodore Roosevelt corollary", accordingly, intervened in Haiti, the Dominican

Republic and Nicaragua. In Mexico, a lengthy intervention was made by Wilson in 1910. And to "serve" investments and trade, the "Open Door Policy" was enacted.

In order to assume full control over the United States' power to create money and finances, Wall Street godfathers and the international usury community designed the Federal Reserve and the system of its management away from the democratic process and public accountability; it was privately controlled, just like the Bank of England. Thus, the fiscal and monetary policies were controlled by the international usury community through appointments of Federal Reserve chairman and Treasury secretaries from or by Wall Street.

In the decade of the "roaring twenties", the process of creating national policies through technocratic, not democratic, processes was institutionalized. Again, as a renowned American media figure of the first half of the twentieth century, Lippmann, stated, the society should be "steered by an elite or a 'special class', which Lippmann termed the 'responsible men: who would decide the terms of what would be called the national interest'. This elite would become the dedicated bureaucracy, to serve the interests of private power and private wealth, but the truth of their relationship should never be revealed to the broader ignorant public." This period witnessed the creation of the elitist Council on Foreign Relations. For the Bretton Woods era, it was the Bildburg that gathered the elites on both sides of the Atlantic for the creation of national and now international policies behind closed doors. And for the post-Bretton Woods era of infofinancialism, it was the Trilateral Commission that included Japan along with the U.S. and Europe. For each era and order, the proper institution was created for the specific purpose of creating and formulating policies away from representative government. Just like the monetary and fiscal policies were hijacked by the minority barons, the shadow institutions, taking the form of institutes, think tanks, councils, etc., became the setting in which serious political, economical and social issues are decided. The money, media and marketing power (the three Ms) would then install candidates committed to the infofinancialism's agenda in government positions to implement the policies that were decided upon undemocratically. Mechanical democracy was perfected to package these policies and institutions, and their candidates, for elected public offices. Important issues were decided behind closed doors and the theatrics of elections was left to competing candidates who all must have accepted the platform of the elite. The system of governance increasingly became technocratic, not democratic. As capitalism moved to consumerism it started excelling in selling its "financial and political" products in a packaged form that can sell. And it had the means to do it. As money was a vital issue to the bankers and the elite, they helped create the Fed, insulated from the public and accountability.

Among the many things that helped create this change in America was the country's transformation from a predominantly agricultural society to more of an industrial and consumer society. The number of Americans who worked on farms came down in 1900 to half of what it was after the civil war. Farmers, who are always independent by nature, became a lesser force in the American society and politics.

Just like the capital concentrated in the hands of the few, newspaper and press agencies ownership, in the 19th century, as well as entertainment and Hollywood and then radio and television, in the 20th century, concentrated in those same hands. Media is critical in creating consensus and in manufacturing public opinion. The media cartel of the airwaves began as early as 1919. Radio Corporation of America (RCA) was the umbrella of a cartel of four companies that decided to share this new emerging market. They were General Electric, Westinghouse, AT&T and the United Fruits Company. The National Broadcasting Company (NBC) was the group's radio network. CBS got into the business in 1927. The Federal Communications Commission (FCC) forced RCA to divest one of its two radio networks, and thus ABC was created in 1943. One of the early motives for wanting to own media was the political power it can create. Also, the corporations that owned the network, then as now, were huge corporations whose main interest was to promote corporate culture and corporate legislations. The media rarely mentioned the changes of the tax structure between 1950-1984, which reduced corporations' contribution to the federal government revenues from 25 per cent to 8 per cent. Likewise, corporations and their media had no interest to dwell on the fact that from 1987 to 1994, the purchasing power of the minimum wage dropped by 35 per cent!

The number of corporations controlling media shrunk from 50 in 1984, to 26 in 1987, to 23 in 1990, to about 20 in 1993, and to about 10 in 1996. The 10 are: Time Warner, Disney, Viacom, News Corporation Limited (Murdock), Sony, Tele-communications Inc, Seagram, Westinghouse, Gannett, and General Electric. But where are the major TV networks? NBC is now a General Electric Company, CBS is Westinghouse's, ABC Disney's, and FOX is with News Corporations Limited (Murdock). CNN is now a Time Warner Company. Thus, all media: newspapers, magazines, movie studios, radio and TV networks, are concentrated in a few hands. This concentration is increasing by the day.

The power of the media is such that it can make or break. And it can be selective in what it publishes and in what it broadcasts or narrowcasts. The power to make can be illustrated by how media made Billy Graham. The heads of two of America's biggest media corporations, Henry Luce of Time

and William Randolph Hearst, were concerned about the rise of liberalism in the United States and the threat of communism. They had heard about an obscure preacher holding tent meetings in Los Angeles. Attendance was poor. They liked the idea of promoting evangelists to check liberalism and communism and they interviewed Billy Graham and liked what they heard. They decided to give him their media support. Within two months of Hearst's telegramming all his editors: "Puff Graham", Graham was (puffed) in Hearst newspapers, magazines, movies and newsreels, and Graham was preaching to crowds of 350,000. Billy Graham was made a national hero instantaneously. Few months later, Time and Life got into the act. Time had Billy Graham on its cover. Preacher Graham and McCarthyism started at about the same time. McCarthy's anti-communist campaign was fuelled with lies about the list he had about the many communists working at the State Department, while privately admitting he has no such list or such names. The Billy Graham campaign motto was "Either communism must die or Christianity must die."

Robert Kuttner wrote in the December 20, 1999, issue of Business Week, under the title '*The Seattle Protesters Got It Right*': "But now, through such institutions as the World Trade Organization and the International Monetary Fund, the world's investors want to resurrect the capitalism of the robber baron era – a global character for property rights but not human rights." But the voice of infofinancialists, Thomas L. Friedman, wrote in the New York Times about those "ignorant masses" (to quote Lippmann) who dared to raise their voice against it in Seattle as "a Noah's Ark of flat-earth advocates".

The media cartel can be felt throughout the United States. There are thousands of radio and TV stations, and thousands of newspapers. But if you heard one you heard them all, because these media components are owned by the handful of corporations mentioned earlier which share the same values. Most of the American cities have few papers and they are owned by the same people. The four TV networks are identical in substance and in message. They may differ in form. If it is "Today" or "Good Morning America", you will not see a difference except for the anchors of the programs. The same goes for "Evening News". Everybody is passing the same message, a message designed to serve the international usury barons' agenda.

The power of media is synchronized to serve global infofinancialism and is mobilized to serve its agenda in peace and in war. During the Gulf War, the infofinancialists were marketing the war to the various segments of the society. Targeting the environmentalists, CNN aired a dying, oil-soaked bird as a Gulf bird dying from oil spilled in the Gulf by the cruel Iraqis. The viewers advised CNN that the "poor" bird they showed was an Alaskan bird not a desert bird of Arabia, and it was killed by the oil spillage caused by the American multinational Esso in Alaska not by Saddam Hussein of Iraq. CNN

apologized for this obvious misinformation. After CNN Baghdad correspondent Peter Arnet contradicted the Pentagon story that there was no evidence that the bombed baby milk factory in Baghdad had any weapons-manufacturing facilities, Arnet was silenced and Christiane Amanpour was dispatched to the Iraqi capital. Reporting by the rules of the infofinancialism's agenda, she was rewarded with fame and money.

Debt production and management of state and private debt took a sharp "technological" and institutional turn in its architecture since the 44 nations meeting at Bretton Woods, New Hampshire, adopted the formation of the Bretton Woods three financial pillars: the IMF, World Bank and GATT. The U.N. also became the new order's political instrument. All these institutions were a result of elaborate "peace and war studies".

The IMF was meant to be, among other things, the safety net of the global financial community to secure a risk-free business for its loans, and the World Bank was mainly, among other things, an instrument to create debt. GATT was to open borders for the financial community's hegemony and to administer its objective of an "absolute free trade".

Most of the newly independent nations of Asia and Africa won their independence from direct colonialism after World War II. Prior to that, troops had to be sent to those countries, high commissioners, political residents or colonial governors were seen physically in the colonized nations. Even British companies in India had their own militia to ensure the process of transferring the wealth of other countries to their own. Now, transnational corporations and infofinancialism do the same job: they transfer other people's resources. The job of corporate colonization is now performed by transnational capital without militia or troops. It is done in a highly sophisticated manner.

One of the main reasons for the creation of the World Bank was to finance development projects in Europe (especially after World War II) and other countries, to support their economic growth. This growth was to help them stand against communism and also to assist capitalism core state's growth. Europe had the Marshal plan after the war and World Bank lending to Europe was minimal, totaling only about $500 millions within ten years. The Marshall plan gave Europe 80 times that much in that period, about $42 billions, all in the form of grants and concessional loans.

The World Bank, having decided that the Europeans are not its type of clients, for reasons stated above, started to concentrate on the developing countries. One early example was Egypt, which wanted to build a dam on the Nile. The project secured World Bank loans which were abruptly withdrawn for political reasons by John Foster Dulles, who decided that Egypt must be penalized for its arms agreement with the USSR. This action prompted

President Gamal Abdul Nasser of Egypt to nationalize the Suez Canal, to secure revenues for the dam project. This early episode identified the World Bank as a dangerous instrument that can be used by cold war American politics. Developing nations were generally careful to approach the World Bank. Especially cautious was the economic group that favored a nationalist-flavor economy and substitution of import products, which normally results in decreasing the need for foreign reserves to finance imports.

This group favored the protection of national markets and of resources from "global" economy and was generally suspicious of the financiers and international lenders. Within each country, however, exists an elite that was schooled in the West and its institutions, and its members were receptive to and aligned with the World Bank ideology. These transnationalists became the natural allies of the bank and, consequently, accepted their national economy to be annexed to the global economy.

The first group -- the nationalists -- held power in the 1950s; the second group -- the transnationalists -- were normally the more Western-educated technocrats who interacted with multinational institutions such as the World Bank. The transnationalists were aided to head their national institutions that were involved in planning and finance.

Two schools, in this economic debate, emerged: the nationalists, promoting concentration of industrialization on import-substitute strategies, a policy oriented on self-reliance but which was contrary to the IMF- and World Bank-stated mandates of opening economies; and the transnationalists, who advocated the creation of export-oriented industries to serve foreign markets. The latter advocated export-led strategies which were in line with the IMF-WB mandates. Recognizing possible barriers, the bank created "The Economic Development Institute" and started a process of building institutions in developing countries with staff from among transnationalists and with additional training at the Development Institute, if needed. National institutions were created, meant to be autonomous from the government and its bodies and ministries, and trained to become regular borrowers of the World Bank. Such were the many "Development Boards", "Water Authorities", "Telephone Authorities" and "Port Authorities". The World Bank ensured that these national institutions operated with maximum autonomy from their government, and they were mostly staffed by pro-Western transnational technocrats who had strong financial and professional ties to the bank.

The sudden increase in oil prices in the early 1970s resulted in huge petrodollar surpluses in OPEC countries; this surplus money was deposited in major banks. A demand for this money had to be created, i.e., loans to the developing countries. The institutions for loan demands were in place and the debt and loan cycle was started. Within a decade of the 1970s, low-income

countries' debt increased from $21 billion to $110 billion. As interest rates increased in that period, many borrowers became overextended; they threatened that they may default on loan and interest repayments, which, in turn, was putting the global financial system in jeopardy.

Playing the role normally assumed by court-appointed receivers in bankruptcy cases, the IMF and WB will impose their dose and prescription on the indebted nations that falter in their payment obligations. They call these measures structural adjustments. These adjustments are meant to make economic changes that will result in channeling the country's resources and capabilities towards debt repayment. The country will be requested to open its economy to the global economy. It will be requested to deregulate its financial system so that financiers' capital can feel at home within the indebted nation's economy. Actually the two basic objectives in any such "rescue" package are meant to serve the global financial institutions, first by ensuring that their money is repaid and, second, by ensuring that they will have access to the victim-nation markets through deregulation and "free" trade. Often, national companies that were created during the import-substitution economic policy crumbled and went bust, and they would be taken over by the mighty multinational corporations which would then enjoy complete access to this market. The world of multinationals' intra-company trade is not open to the national companies. Such companies become more and more disadvantaged. The IMF is known to recommend letting those "weak" companies go bankrupt as a better solution for them and the economy!

From 1980 to 1992, as a result of the open market, imports of low-income countries increased from $6.5 billion to $34.7 billion. As a result, international debt increased from $134 billion to $437 billion and interest payment increased from $6.4 billion to $18.3 billion

But what was unique about this period was the fact that most of this debt money never left the banks of the usurious community. Former Peruvian energy minister Pedro Pablo Kuczinski, who became an executive with Credit Suisse First Boston in New York, said that "most of the money never came into Latin America. Out of $270 billion taken by Latin America between 1976 and 1981, we found only 8.4 per cent actually were cashed by Latin America money, which could have been used for productive investment. All the rest remained in the banks, never came to Latin America, only changed books."

Rather than decrease debt, under the direction of IMF debt was increased. Countries become virtual colonies of the IMF and of the global financial system. To approve loan rescheduling, they will dictate fiscal and trade policies, civil services organizational requirements, and related labor laws. They even dictate budgetary policy to the indebted nation.

The indebted country leaders who sign foreign loan agreements mortgage their country's future finances normally without public knowledge or approval. The public, however, is the one who must bear the consequences.

Technically, the World Bank is owned by its member governments. The World Bank depends mostly on the pledged amounts that can be called by the bank from the member nations when needed. The bank borrows from the financiers to meet its financial obligations - using the government pledge to secure these loans. Governments, therefore, will use taxpayers' money to guarantee loans to be used to repay the very same financiers' banks! People's money will be paid or used as guarantee to ensure no risk to the financiers' money. Taxpayers and citizens of the indebted and guaranteeing nations will pay the price - financiers will collect; the IMF and WB are the tools.

National governments of nation states under the Bretton Woods institutions (the IMF, WB and now WTO) relinquish their national sovereignty when they renounce control of their fiscal and monetary policies. Through regulations that a sovereign nation can decree in favor of its national domestic industry, agriculture and trade, it will be charging political rent on foreign capital and goods. Through deregulation, which is the backbone of the imposed programs of these institutions, the nation state is selling its political rent for free while transferring decades- or centuries-old local industries to transnational barons to whom licensing and technological rent must be paid. Through relinquishing the instruments of state power that can be used positively to protect real national interests, these powers are internationalized to serve transnational, not national, interests. The national elite, a minority in any country, is aligned with the transnational agenda and those who show promising indications of their readiness to subordinate their countries' interests, wittingly or unwittingly, are assisted to national and state prominence. Substantial budgets and resources are allocated in the form of technical assistance, expert training programs, foundations, and so on. The new mission of the security agencies and organizations of the United States was openly stated as being to help the transnational financial community and its corporations and institutions in matters related to unimpeded access to the natural resources of others, to their markets and free trade and capital movement. The reach of such organizations is unprecedented. Actually, the whole power structure of the United States is used to implement the transnational financial community barons' agenda and supremacy, using all diplomatic, military and other resources to achieve this objective.

Once nations are within the dept trap, they cannot get out of it. The cases of Latin America, Indonesia and others all tell the same story. The vicious circle of debt starts with stimulation of foreign borrowing. States are extended loans or their securities are bought at a good interest rate. The growth rates of the debtor nations are normally less than the interest rate to be paid and the debt pyramid is thus built. Through the debtor nations' state

instruments of taxation, the productive elements of the indebted country will start working just to pay for the interest of the loans. With the principals unpaid, the country will continue paying interest forever. Since the fiscal and monetary policies were already surrendered to the IMF, WB and WTO, other variables, as currency devaluations, can be imposed to retain the indebted nation under control.

The debt trap's main causes were:

- The 1973 increase in oil prices by 400 per cent. Most developing countries had to borrow from the Euromarket to pay for the new oil bill.
- The simultaneous effect of a second "oil shock" and $40 per barrel of oil at the end of the 1970s. The arrival of Paul A. Volcker in Washington and Margaret Thatcher in London, at the time, with the same new monetary agenda, resulted in astronomical interest rates in the Euromarket. From stable interest rates during Bretton Woods' fixed exchange system of less than 5 per cent, they became 7 per cent in 1976, 8 per cent at the start of 1978, 11.75 per cent at the end of 1978 and 15.25 per cent by December 1979. It went up to 21 per cent by December 1980. For the speculators, these were great times, but to the indebted nations, it became a burden for which they had to surrender their economic and political sovereignty to just be able to reschedule the payment of interests. The principal remains forever so these countries' economies will be slaving to pay the interest to the international usury. And they could only be afforded that "privilege" if they meet the IMF conditions and structural adjustment programs.

A group of non-aligned nations, and heads of states, ministers and senior officials of 85 nations gathered in Colombo, Sri Lanka, in August 1976. They declared that their nations became victims of the floating exchange system and of oil shocks and prices, and the resulting debt burden became unbearable. They called for a "fundamental reorganization of the international trade system" and a radical overhaul of the international monetary system that resulted from the "anarchy of floating exchange rates". The most serious part of the Colombo declaration was its call for a "satisfactory resolution of the problem of the public indebtedness, especially for the least developed and most severely affected countries". At a follow up meeting at the United Nations, the 85 nations presented their declaration to the U.N. General Assembly, in September 1976, and concluded that the basic problem "of the debt and debt service has taken on a special importance. Developing countries are not able to manage their basic requirements, as noted in Colombo, without resort to some form of debt restructuring or moratoria. We must make every effort to oppose attempts to divide us through 'case-by-case' technique. We cannot allow ourselves to mortgage future unborn generations to the burdensome debt repayment and destructive debt service. The time for a Debt Moratium has arrived."

F. William Engdahl, wrote in his book "*A Century of War*": "One by one, the outstanding advocates of third world development were removed from the seats of domestic power, and their solidarity was defeated in detail by the age-old principle of 'divide and conquer'…. The principal active opponent who deployed the full power and forces of the U.S. government, intelligence services and economic clout to destroy the dynamic set off at Colombia in 1976 was secretary of state Henry Kissinger…"

Manufacturers Hanover pioneered a concession; its full implications were not noticed until after interest rates exploded. All Eurodollar loans were at a fixed premium over London Inter-Bank Offered Rate (LIBOR). With the new interest rates at 20 per cent plus, the burdens of debt of the Third World was compounded several times. This occurred at a time of collapse of these countries' commodities exports and prices due to world recession at the time. This made in "Wall Street and City of London" crisis was called the "Third World debt crisis" that pushed them to the neo-colonial arms of the IMF. The IMF conditions and procedures were ready and once a country gets in the arms of the IMF, it becomes an eternal embrace.

Newsweek wrote: "In mid-January (1998) a delegation of senior officials, including Defense Secretary William Cohen, visited Jakarta. Their message to Indonesian president Suharto - reinforced by a blunt phone call from Clinton – was simple: stability in Indonesia, a nation of 198 million people was a critical U.S. priority, and that stability was dependent on Suharto's following the IMF's harsh prescriptions as if they had come from the hand of God."

Just like Cromer managed the Egyptian economy and finances through British public servants he installed to plan the Egyptian macro-economic policies, the IMF conditions, attached to loan agreements, redirect the indebted country's macro-economic policies. The IMF will have a say that amounts to a "de facto" veto on budgetary austerity, devaluation, trade liberalization and privatization, and the debtor nations forego their economic sovereignty and control over fiscal and monetary policy. Just like with the lien system of the 19th century, when the farmer, hat in hand, would go to the furnishing merchant asking for a loan and mortgaging his farm produce one year after another, the debtor nation's government that goes to the IMF must have a letter of intent in hand, providing evidence that the government is "seriously committed to economic reform". That means it is seriously committed to surrender its economic sovereignty to the IMF program which is, in turn, committed to the agenda of the transnational financial godfathers of Wall Street and the Washington consensus. The government is then requested to outline its priorities in a so-called "Policy Framework Paper" (PFP). Such a

paper is written on a standard IMF format, in coordination with the IMF, and the country performance is periodically assessed. The World Bank "consultants" are assigned to the country's ministries and organizations to rewrite the country's "reform" to issues related to agriculture, health, energy, utilities prices, public servants organization, industry, etc., forming a parallel government. The country's government will usually implement the changes requested by the parallel government. Local bureaucracy is trained to eventually take over the parallel government positions and the disciplined bureaucrats are awarded with positions and prestige to become devoted disciples of the Washington-consensus economic order. After the collapse of the USSR, the World Bank started to supervise the privatization of state enterprises. Also, it supervises the composition of public expenditure in the so called "Public Expenditure Review (PER)". Under the pretext of Central Bank independence from the political power of the local government and legislators, the IMF, rather than the national government, controls, through the Central Bank, the nation's money-creation policies, interest rates and currency exchange rates. The nation loses in effect its controls over domestic monetary policy.

Under the auspices of the World Bank, the Public Investment Program (PIP) specifies what type of public works infrastructure projects should or should not be funded. All such project loans require a system of international bidding, which allocates public works projects more often than not to international construction and engineering companies. Large amounts of the loans are paid to international consultants and the international contractors awarded the contracts may utilize local companies to do the job at a fraction of the cost, skimming the difference.

The IMF and World Bank will get into every detail, including the price of water, electricity, gasoline, bread, etc., which normally results in price hikes that negatively affect the majority of the population. The most profitable state enterprises must be privatized and often sold at a fraction of their cost to foreign investors. New value added sales taxes are imposed that affect most of the low-income segment of society. The liberalization of trade mostly leads to the collapse of the local industry which was established and geared towards internal markets and import substitution. The country is told that it must "export or die". The de-composition of the existing industry which was based on the local market cannot be recomposed successfully to suit the new model imposed by the IMF. Only industries that employ cheap labor are encouraged. Even such industries migrate to cheaper labor markets at the first opportunity. Now, many industries in Mexico and Southeast Asia were relocated to China. The cheap labor is no more than slave labor of the earlier colonial centuries. Michael Jordan, for example, was making more money in 1997 by endorsing

Nike shoes on television than the 30,000 Indonesian workers that were making these shoes.

The nature of the loan agreements does not encourage investments in the local economy. Actually the so-called adjustment loans divert resources away from local industry and economy so countries keep importing consumer products rather than producing them. If these loan monies are allocated for agriculture, it is not to advance and develop agriculture, but rather to import "cheaper" agricultural products. All subsidies are removed from the local agricultural sector with less capital and technology than the protected agricultural sector of the developed states; developing countries' agricultural projects will go bankrupt and out of business. With trade liberalization, nascent local industries are destroyed, as they cannot compete with the flood of cheap imports from more advanced economies with much larger economy of scale. At the same time, the leading power in the world protects its vulnerable economic sectors. Developed countries' mobile sectors (that can be moved to cheap labor zones) were generally subjected to free trade, but the immobile sectors (such as agriculture and construction) were protected even within the same trade zones, such as NAFTA. Movement of capital is free, and so is movement of consumer and durable goods. Not so with movement of labor. Mexican workers are allowed limited quota into the United States and Canada, and the economic sectors involved are the immobile sectors of agriculture mostly, and enough in the construction sector to depress local workers' wages.

The financial barons and the Bretton Woods bureaucrats, who master hypocrisy, double talk, and propaganda, have ready scenarios for their destructive programs. The situation is bad, yes, but not the program. It is the people who implement it. The programs cause pain, yes, but it is "short-term pain for long-term gain". Yet the IMF pain is chronic, and IMF and World Bank programs can only result in overproduction of pain and poverty.

The IMF, WB programs encourage export to utilize slave labor. Michel Chossudovsky, professor of economics at the University of Ottawa gave the following example about the cost structure of a dozen shirts made in Bangladesh for an American company. This table appeared in his book "*The Globalization of Poverty*":

* Material and accessories (imported)	$27
* Depreciation on equipment (imported)	$3
* Wages (local)	$5
* Net industrial income (local)	$3
* Factory price (one dozen shirts)	$38
* Gross make-up (foreign)	$228
* Retail price (per dozen)	$266
* Retail price including 10 per cent sales tax	$292.60

Wages are about one per cent only of the retail price with tax, and the foreign marketing company and its country have a mark-up of $228 plus 10 per cent tax.

The multinational trading houses are increasingly driving the producers in the developing countries to poverty. They turn their products, whether crude oil or vegetable oil, coffee or corn, into a speculative instrument. Between the time an oil tanker leaves its loading port in Abu Dhabi, for instance, and its arrival to Rotterdam, the oil in the tanker is traded an average of 18 times! The same for other products. Reuters carried, on May 26, 2002, the news that the international coffee crisis represented in the disastrous prices offered by the consuming countries commodity-trading houses to the producers was dominating the International Coffee Organization meetings that ended May 24, 2002, in London. The organization's new director Nestor Ozario declared that the meeting takes place at critical times for the coffee industry and producers. Ozario, in his opening speech, summed up the "essence of the crisis … extremely low prices to the producing nations and quite the opposite to the importers where trading gets more prosperous and huge profits are realized". The Colombian finance minister Santos expressed similar views. He said: "What I find appalling was that I paid 3 dollars for a cup of coffee (in London) hardly one cent of which goes to the producing nations in Indonesia, or Uganda, or Nicaragua, or Colombia." Santos continued: "I can assure you that the so-called globalization is a tragedy to the producing nations."

The elites that ally themselves to the programs of the Bretton Woods institutions are allowed to denounce the IMF in strong words as long as they back its programs with strong deeds. President Carlos Andres Perez used the strongest rhetoric against the IMF and described it as practicing "an economic totalitarianism, which kills not with bullets but with famine". True, yet, when the hungry people of the slum areas on the hills overlooking the capital demonstrated against a 200 per cent increase in bread prices in 1989, he declared a state of emergency and sent regular army units of infantry and marines to put down their protests. In the first three days of clashes, the Caracus morgue ran out of coffins, and estimates put causality estimates at more than 1,000. In most of the over 100 countries the IMF programs were enforced, popular discontent occurred, and riots that were put down by the police or the armed forces resulted in causalities. These included Egypt, Tunisia, Nigeria, Jordan, Morocco.

Through monopoly ownership of brand names, that requires enormous marketing and financial power, the prices of goods and services produced in the developing country is increased several folds, with enormous profits realized by the monopoly owners. Likewise, through monopoly of markets

and new financial and trading instruments, the difference between what is paid for the raw materials of the developing countries and what they themselves have to pay for them in the form of finished goods is astronomical. With such profits, the transnationals can afford to pay for research, which will be patented and then the world population will pay a heavy price for this monopoly

Indian pharmaceutical companies produced medicines for AIDS at a fraction of what multinationals charge for it. Multinationals took action against the Indian producers to stop "infringing" on their patents. As soon as the USSR collapsed, multinational barons scrutinized Russia for all its innovative technologies, patented them and soon will charge Russia and others for this ownership monopoly.

The infofinancial capitalism of the transnational barons is increasing poverty worldwide. More than two billion people have a per capita income of less than one dollar a day. Poverty is now increasing at enormous rates in countries of the IMF-administered empire. In the rich country of Argentina, tens of thousands cross the poverty line weekly. "When night falls in Buenos Aires, poor Argentines start pawing through garbage bags outside restaurants, in search of their family's next meal … After a decade of free-market reforms that dramatically improved the region's physical infrastructure but failed to generate jobs, and poverty reduction, Latin Americans are losing faith in the virtues of open markets. Indeed Latin America seems to be slipping into another 'lost decade'." Maybe it is timely for the transnational robber barons to remember what Napoleon's brother, Jerome, King of Westphalia, wrote to him: "Be afraid of the people who have nothing to lose."

* " … even though consequences for workers and families caught in the middle (of the Southeast Asian crisis) can be difficult and unfair" they are justified as necessary for economic growth.

Madeline Albright
U.S. Secretary of State
Clinton Administration

* " Any nation that holds property rights above human rights is practicing barbarism."
*A populist Jeffersonian – **Alabama*** **19th Century**

* " Poor Mexico. So far from God, so close to the United States."

Porfirio Diaz
Mexican President

* " 30.000: The number of Indonesian employees of Nike whose combined yearly wages for making athletic shoes is less than basketball star Michael Jordan is paid to advertise them."

TIME June1, 1998

* " In reality the $ 52 billion loan package protected the American mutual funds more than it did Mexico, but the Mexicans were left to repay it alone."

Lester C. Thurow
The Future of Capitalism

CHAPTER SIX

CASINO ECONOMICS AND THE WORLD:

Case Studies

Money was "invented" some 5,000 years ago in Sumer, near Baghdad, Iraq. It was always a measure for exchange. The Sumerian money was the "Shekel", which could be exchanged for a "shay", which was a bushel of barely. It remained an object of value and a unit of exchange. Joel Kurtzman pronounced the death of money as the world knew it, in Washington. The death sentence was signed by Richard Nixon when the fixed exchange system was unilaterally cancelled in 1971. Money became a commodity from which the casino economics of finance was jump-started. Money became an electronic pulse in a computer, not an object, and the new world of infofinancialism and finance economy witnessed a pernicious growth that overtook and burdened the productive economy. The infofinancial casino economy became some 50 times bigger than the real economy, when one compares its daily transactions with the daily transactions, in international trade, of the productive economy. The function of money in this new casino economy is just to make more money. In the infofinancial casino economy, money is stored not in wallets and bank vaults, but in credit cards and computer drives and tapes.

Derivatives, a main instrument of the infofinancial casino economy, are also not an "object" or a "thing". They have no actual value in themselves. It is just a gambling debt and a gambling bet. Although derivates are not something "real", they have very real effect. Imagine one going to a casino. The casino money is not real money, but chips created by the casino owner. You pay real money to exchange them as you enter the casino, and after you play, you exchange whatever remains at the casino exit for real money. Just like at a Las Vegas casino, the casino system is designed to always favor the casino owner. The casino of finance economics is designed to serve the transnational money barons who own the global financial casino. The losers are, as always, the casino players, and in casino economics, the players are the productive economies of the world.

The main feature of the new casino economics is volatility. This is largely due to the fact that it is a highly deregulated economy, directed by the market barons who thrive on volatility as they make money from fluctuating prices. What adds to volatility is the speed with which the electronic money of the new infofinancial casino economy travels: the speed of light, at 186,000

miles per second, jumping from one computer to another around the world. It has enormous power that can destroy the national economy of a targeted country in a matter of seconds. If several hedge funds and "investment" companies' computers signal and exit at the same time, the reserves of the targeted country's central bank dry up, its currency tumbles and its physical productive economy is ruined. This is exactly what happened to Mexico in 1994, and in Southeast Asia in 1997 and 1998. Just as at the touch of a few buttons on a Pentagon computer destructive missiles are launched, pressing few buttons on the computers of Wall Street godfathers and of the transnational financial barons can result in the same effect – the destruction of a whole economy overnight. Out of 282 companies listed at the Jakarta stock exchange that were viable and doing well, only 22 stayed the same after the assault on the Indonesian currency. All this was caused by speculators by remote control. The owners of 260 companies were looted out of their rightful wealth and some 50 million Indonesians moved below the poverty line. The country was exposed to " infofinancial nukes", equivalent to the neutron bombs that can kill the population but leave the physical assets intact, awaiting for the launching party to come and grab them. The same transnational financiers, the prophets of infofinantionalism who caused the country's collapse, will now come as saviors to buy the country's jewel projects at "steal" sale prices. Once that mission is accomplished, life will go until the "next time". The IMF is always ready to oblige and assist the transnational financial robber barons in their task of taking over other peoples' assets. And as in the case of Clinton requesting Suharto to take the IMF's harsh prescription "as if it comes from the hand of God", the enormous United States institutions, visible as well as invisible, are there to do what they were created to do in the first place: force the IMF-transnational financial community agenda and collect their usurious debts.

In the November 23, 2001, Executive Intelligence Review issue, Michael O. Billington wrote the article "Indonesia Has Paid Its Debts", in which he illustrated that over the previous three years, Indonesia had already paid off its entire debt. "… Since the 1997 speculative attack on the currencies of Southeast Asia, the combination of the hedge fund speculators and the IMF have carried out a sleight-of-hand which has extracted $188 billion from the Indonesian economy in debt service, while only crediting them with payment of $54 billion! The difference between these two figures – over $134 billion – is (coincidentally) approximately equal to the current outstanding foreign debt held by the Indonesian government and private sector combined." The article continues: "One result of the collapse of the Asian currencies was that both the governments and the private banks and industries were faced with an overnight increase in terms of their local currencies. In Indonesia, for example, the rupiah, while still representing the same amount of work

performed by its citizens, the same amount of agricultural, mining, or industrial output, was suddenly worth only a small fraction of its former value in regard to its purchasing power internationally – including, of course, payments on its foreign debts."

The propagandists of the transnational capital and the IMF claim it was corrupt Suharto and his government that were responsible for Indonesia's ills, but they find it convenient not to mention that Suharto was the creation of the Central Intelligence Agency which aided him to power over the corpses of at least 500,000 Indonesians. Also, it is not mentioned that it takes two corrupt parties to conclude a corrupt transaction and that the second party was the transnational corporations and robber barons who concluded these transactions knowing well the corruption involved and thriving on it. All such contracts placed the currency risk on the government of Indonesia willingly and knowingly. The Indonesia's debt service payments (in billions) as tabulated in Billington's EIR article illustrate the point.

Year	**In Dollars**	**In Rupiah**	**Dollar Value Paid If calculated in 1996 rupiahs**
1998	$17.5	140.125	$ 58.8
1990	$17.9	126.821	$ 53.2
2000	$18.8	180.482	$75.7
Total	$54.2	447.428	$187.7
Subtract total money paid			- $54.2
Unaccounted debt paid			$133.5

In actual cost to the Indonesian economy, Indonesia paid the equivalent of $187.7 billion in rupiahs, but due to the currency devaluation imposed on Indonesia by the very same creditors, it was credited only $54,2 billion. The difference, had there been no outside speculation, would have paid all Indonesia's debt, principal as well as debt service! The mafia godfathers cannot do much worst.

What the IMF was providing Indonesia is a fraction of what the international creditor nations and financial institutions looted from Indonesia. The IMF delivered in 2000 only $2.6 billion, out of the 4.6 billion pledged, because of, as the World Bank described it, "reform and project failures", meaning Indonesia's failure to meet all IMF conditions. The loans were linked to "significant progress on policy performance", meaning total submission to the transnational barons' polices. Basically, Indonesia did not privatize fast enough, to the IMF satisfaction. Transnational financial institutions kept hammering to acquire the banking system of Indonesia, which was to be among the first prizes of privatizations. The government accepted to cut subsidies on food and fuel, but wanted to do it slower. It accepted to sell certain state assets, but not at fire-sale prices. A majority share of Central Asia Bank was sold in March 2002 to U.S.-based speculator Farallon. The government was paid $500 million for this deal, but it will end up paying

$700 million every year "in interest on the bonds given to the bank in 1998 – money that will now go to a foreign company". The IMF admitted it made grave mistakes in the Indonesian 1997 crisis, but Indonesia was alone left to pay for the IMF mistakes.

Indonesian President Megawatti Sukarnoputri said is a speech on October 30, 2001: "… with deep concern, we have to acknowledge that today we are in a very complex and difficult situation …. If this situation continues, and if we don't put a stop to it, it is almost certain that we as a nation will perish in the not too distant future. We will be fragmented into tiny nations and tiny states, all vulnerable to pressure from outside forces. We will become the Balkans of the Eastern Hemisphere. When that happens, it will not be only us who never enjoy peace, but other countries in the region will become prone to the danger."

Muslims believe that the fragmentation and Balkanization of Indonesia, the largest Muslim nation of 230 million people, is an established policy for the new world order. East Timor was already given independence, and Aceh is now demanding sovereignty.

The financial robber barons and Wall Street godfathers employ scientists of the first order to do their work. In the casino, its owners need to program the machines so they are secured the win most of the time. If Adam Smith considered equal access to information as mandatory for his "perfect" society of capitalism, then Adam Smith and his capitalism no longer hold in this new economy. The casino infofinancial trading and investment houses now employ more mathematicians and engineers than economists and old-time traders. They are called "quaints" because they design the quantitative strategy and programs their firms will employ to make their money. For example, at Jefferies & Company investment house with offices in Los Angeles, New York and London, only two out of fifty people on its automated trading systems project had some experience in the brokerage business; the rest were mathematicians, computer scientists, physicists and economists. Among them was the scientist who wrote the computer programs used to guide Galileo spacecraft towards Jupiter when he worked for NASA!

In 1983, Fischer Black was earning $43,000 a year as a professor of mathematics at the Massachusetts Institute of Technology (MIT). Since he developed the Black-Scholes model to determine the value of options, he was employed by Goldman Sachs & Company, in 1984, where he became a partner in 1986. His salary and bonus exceeded $1 million a year. Also, Lawrence E. Hilibrand, a mathematician who came from MIT as well, was employed by Salomon Brothers, where he traded bonds on the world's electronic exchanges and earned $23 million in 1990 alone. Profits from bonds and derivatives accounted for most of the big Wall Street firms and investment banking, and serving the real economy was downgraded.

This casino economics ignores fundamental data on the companies traded, including their management capabilities or integrity or even their history. What matters is how well they suit the computer model mathematical formula for dividends, price and volatility. This was a main reason for the evolution of the Enron and other dot.com scams, and even for the "creative" accounting of Arthur Anderson and others. Spending on technology to serve casino economics was growing 19 per cent annually in the 1980s. But in 1991 alone, $7.5 billion were spent to update and improve the financial community of Wall Street, which happened to be four times more than what Detroit car manufacturers spent that year on their technology research. Obviously developing countries' banks and financial institutions are at a disadvantage due to lack of such huge resources and the unavailability of the latest hardware and software needed to operate in a global system. One Wall Street company paid about $25 million to upgrade its computer systems, to speed it up by one second or less. This amount equals the total capital of many of the developing countries banks. Also, few foreign companies, if any, can get access or permission to buy the latest computer technologies on national security grounds. When, in 1991, Thinking Machines Inc. unveiled its CM-5 supercomputer; the first order went to the top science centers of the United States at Las Alamos, University of California at Berkeley and University of Pittsburgh Supercomputer Center. American Express Inc. was the exception. Such machines allow the companies that own them to do " real-time processing". They will have time advantage over all others in the ever-increasing volatility of the financial markets. Through the ownership of the media, the financial barons control the "sentiments", which is crucial in determining prices.

Currency devaluations were exercised successfully to loot the emerging economics and Mexico provides another case study. The U.S. policy was not to have a Japan on its southern borders. Mexico, under the presidency of Jose Lopez Portillo, used the windfall of its oil revenues, beginning in 1976, to create modern infrastructure and industry. Oil was nationalized in 1939 and after the quadrupling of oil prices, the petroleum industry was expanded, new oil, gas and petrochemical projects were planned and built, infrastructure projects such as ports, roads and telecommunications were executed. In 1981, an orchestrated attack on the Mexican currency, the peso, was in motion. It started with an interview published by the New York Times with a former CIA chief now business consultant, in which he said he considered Mexico investments to carry political risks and that he expected the Mexican peso to witness devaluation in the near future. This theme was broadcast in other American and then Mexican papers, and that resulted, indeed, in capital flight from Mexico, as business people started to convert local currencies into dollars. On February 19, 1982, with reserves badly depleted, the peso was

devalued by 30 per cent and many companies that were borrowing in dollars went bankrupt. On August 20, 1982, the Mexican finance minister told a meeting of 100 U.S. leading bankers at New York Federal Reserve headquarters that Mexico was insolvent and it will not be able to pay its next loan installments as it no longer had any foreign exchange reserves. President Lopez Portillo announced, in September, the nationalization of Mexico's private banks, including the private central bank – the Bank of Mexico. He stated that these banks were speculative and parasitical, that $76 billion were funneled through them outside the country, and that this amount equaled all the foreign loans of the past decade that was used for industrialization. He appeared at the U.N. annual General Assembly in October. Criticizing the high interest rates imposed by Volcker and Thatcher, he addressed the assembly criticizing low raw material prices and high interest rates. "We cannot paralyze our economies or plunge our peoples into greater misery in order to pay a debt on which servicing has tripled without our participation or responsibility, and on terms that are imposed on us. Our efforts to grow in order to conquer hunger, disease, ignorance and dependency have not caused the international crisis." Wall Street had former Merrill Lynch chairman as treasury secretary for the newly elected Ronald Reagan. The solution to the Mexican and other indebted nations, the Reagan team told the U.N. General Assembly, was for the International Monetary Fund, to police the debtor country and to increase third world commodity exports. F. William Engdal wrote that the private banking interests of London and New York "managed to bring in the Federal Reserve, the Bank of England, but most important, the powers of the International Monetary Fund, to act as the international 'policeman' in what became the most concerted organized looting operation in modern history …. Contrary to carefully cultivated impression in Western Europe or U.S. media, debtor countries paid many times over, literally with blood and the proverbial 'pound of flesh' to the modern day shylocks of New York and London …. These private interests used the crisis to turn the power of major public institutions to enforce the minority interests of that private elite, the creditor banks."

With an IMF voting system that assures American-British control, the IMF became the tool to enforce the Anglo-Saxon capitalism model on the world. The collections of debt from more than one hundred countries is now policed by the IMF and the American empire jointly, on behalf of Wall Street and the City of London godfathers.

What the United States was unable to achieve through diplomacy or by force, it achieved with hot money. The American oil companies in Mexico were nationalized in 1939 and the Mexican oil company Pemex became the owner and operator of the oil and gas industry in the country ever since. In

1995, the IMF-US bailout package imposed a condition: all the revenues from oil must be pledged and be deposited as collateral at the Federal Reserve Bank of New York. The American Treasury officials did not think that the signature of the Mexican finance minister was enough. They needed the signature of Pemex as well. Also, part of the "remedies" of the IMF-U.S. aid package was the sales of Mexican public sector facilities. Among such facilities were gas and petrochemical plants. A few months later, the proceeds of the oil sales of Iraq also had to be deposited in New York banks, and to be used as payments for Iraqi purchases of food and medicine under strict conditions. Iraq also was the first country in the Middle East to nationalize Western oil companies after the failed nationalization attempt in Iran.

Poor Mexico did everything in the book to comply with the principles of free-market economy. American-educated Mexicans were put in charge of the economy, and they were there to please. They liberalized the economy, underwent mass privatization, deregulated the financial markets, removed trade barriers, decreased state subsidies and controls on trade and commerce, joined GATT in 1989 and became a member of NAFTA in 1993. For 13 years, the standard of living of the average Mexican was reduced in the process of implementing "free-market" policies and reforms. All the conditions demanded by free-market advocates were now in place and the financiers' media commended Mexico and its economy. Mexico was declared a good example of a "reformed nation". It even had a new president educated at the same university where both Bush and Clinton went: Yale.

As the interest rates in the United States were low and in Mexico higher, this provided an opportunity for American fund managers for their arbitrage business, whereby by borrowing in the U.S. and "investing" in Mexico they could pocket the difference. Since Mexico was "reformed", meaning that funds could exit with their money any time they please, money started to flow to Mexico, and the American financiers and fund managers created the stock market bubble. Stock prices increased four times within two to three years. Offshore investors held about 50 per cent of the Mexican stock market and about 25 per cent of the government debt until a short while before they decided to leave Mexico and ruin its economy. The global financiers created the bubble and now they were bursting it. And the reason was not Mexico. Interest rates started to pick up in the United States, and opportunities elsewhere became more tempting. Of all the investments poured into Mexico, only 25 per cent was invested in the productive economy; 75 per cent of the money went to financial markets and speculations. Even the 25 per cent invested in the productive economy was mostly confined to multinational companies which were involved in intracompany trade, isolated from the Mexican economy.

When the interest rate was raised in the United States, starting with the early 1994, Mexico had reasonable foreign reserves: $25 billion. But the continuous exodus of the hot money of the financiers drained the foreign reserves until, by the end of 1994, few reserves were left and the Mexican national currency lost about 50 per cent of its value in a matter of few weeks. An economic meltdown was at hand.

Even before the crisis, Mexico had two economies, a real productive economy and an extractive financial economy. The real economy was allowed to suffer for so long to please the global financiers. It was deregulated and opened to please them. This caused the garment industry to lose to Asian competitors, paper and candy industries to lose to the American competitors, and so on, as they were unprepared for competition before open borders. With the crisis peaking by the end of 1994, Mexico could have just defaulted and many, including well-known American economists, thought that was a viable option or maybe a better one than the one adopted: seeking assistance from the United States and the IMF.

It was judged that about $50 billions was needed to stop the free fall of the peso and restore economic order. Obviously the natural step to sell a U.S. bailout package was to go through the Congress. Wall Streeter Robert Rubin, who came from Goldman, and Sachs & Co. to his job as secretary of the Treasury, joined Greenspan and Summers to devise a plan and lobbied the plan with Congress. Wall Street was pushing hard, but Congress was in no hurry. Congressmen wanted to tie any aid to Mexican immigration. Besides, their voters were not sold on bailouts. Richard A. Gephart called Clinton and told him his $40-billion plan in loan guarantees can be considered dead and had no chance to pass Congress. An emergency plan was worked out, this time without Congress. The details of the plan were worked out on the night of January 31,1995, and was ready by first light of February 1, 1995. On that date, Clinton called the congressional leaders to the White House and told them that he was going to sign an executive order for the new bailout plan and he expected their support. Since this plan was prepared and promoted to assist Wall Street, congressional leaders knew better than to oppose it. They pledged support and had to leave the White House through the back door to evade reporters. Those congressmen approved behind closed doors what they could not approve in the open halls of the Congress. And Clinton used executive instead of legislative powers to bail out the American financiers, not Mexico. Clinton's justification for adopting the plan and signing the order was that the "risks of inaction are greater than the risks of action. This is the right thing to do." The bailout package was made of:

- $20 billion - the Treasury's Exchange Stabilization Fund - was to be used. Four days earlier, Greenspan thought that Treasury had no right to use this

fund, which was meant to be used to defend the dollar. Now he and everybody else thought otherwise;

- $4.5 billion of short-term credit to be provided by the Federal Reserve;
- $17.8 billion by the IMF;
- $10.0 billion short-term credit from other industrial nations;
- $1.0 billion from Canada; and
- $1.0 billion from Latin America.

The IMF famous conditions were:

- Mexico had to surrender its policies regarding money supply, fiscal spending, future foreign borrowing and domestic credit to the IMF-U.S. conditions, written as part of the bailout plan.
- Mexico had to sell its best assets, such as ports, railroads, petrochemicals and telecommunications, etc., to raise $12 billion. Sales were to start immediately, regardless of the fact that prices were depressed as a result of the crisis.
- Mexico had to open its bank ownership to foreigners.
- Mexico had to pledge to deposit all revenues from its oil at the Federal Reserve Bank of New York.

Mexican president Ernesto Zedillo thought that these terms were extremely harsh; that he may be accused of surrendering Mexican sovereignty and that he was turning Mexico into "a colony of the United States". However, Mexico had to sign the proposed agreement. The immediate results of its implementation in 1995 were:

- The economy was contracted by 7 per cent.
- VAT was increased to 15 per cent.
- Real income was reduced by 33 per cent. Inflation for the year was 40 per cent and salary increases were capped at 7 per cent.
- Interest rates were up from 15 per cent to 130 per cent in a few months.
- About 30 per cent of all loans in the country became non-performing.
- Eight of the country's 18 major banks failed and the rest had to be bailed out by the government.
- Some leading industrial groups went bankrupt. A total of more than 8,000 companies failed.
- Fuel prices were increased by 48.5 per cent.
- Electricity rates were increased by 32 per cent.
- The country that was made of small farmers and was an exporter of foodstuff when farmers were subsidized now became an importer of food, dependent on its northern neighbor - the United States.
- Crime rate increased substantially.

- The Bancomer bank would have needed a parking lot for 75,000 cars for the non-performing car loans if they were repossessed.
- 10 per cent of Mexico's GDP was paid as interest to the loans.
- And the family of a farmer who died due to the stress of having his land possessed by a bank because he failed to pay his loan brought his body to the bank in protest and said they can have his body as a payment!

The total productive economy suffered, except for exports, and a $15 billion trade surplus with the United States was achieved, thus ensuring loans repayment to the very same people who caused the economic meltdown in the first place.

Carlos Heredia, an economist, probably explained the situation very well (as quoted in "One World Ready or Not"). He thought that exports did not really help as was claimed: "Our total exports went up by 23 per cent in 1995, while Mexico's total output went down by 7 per cent. We're actually undergoing a massive dismantling of Mexico's productive capacity. Let me explain: if the economy concentrates on export industries, that means only three hundred companies; a good chunk of them are subsidiaries of the United States multinationals. So then what you have is intrafirm trade that's not really integrated with the domestic economy. It's General Motors exporting auto parts from its Mexico subsidiary to Ohio or Michigan. Since NAFTA, the production of exports that is intrafirm trade has grown from 40 per cent to 55 per cent. At the same time, the rest of Mexican manufacturing that is not geared to exporting cannot cope with the opening of the border. Even after devaluation reduced wages, they cannot survive the competition on the high interest rates. Mexico did enhance its productive capacity, but this was not linked to the domestic economic structure because most of it went into the maquiladoras or to buy assets the state was selling off. And only one-fourth of the capital inflows actually went to direct investments in plants -- while three-fourths went into financial markets and speculation. The IMF and the World Bank don't explicitly say you have to follow a low-wage policy, but the overall policy framework leads to a strategy of deliberately depressing wages. The model is geared to exports and puts pressure on wages by telling countries: we won't invest in your country's export industries if you don't give us a competitive advantage - low wages. Since the rest of the economy always lags behind the export sector, if you hold down wages to encourage investment in exports, you hold down the rest of the economy too. Everyone else subsidized the export sector. The greatest paradox is that since 1982 we've followed free-market policies that failed and we had to be bailed out twice, not by the Mexican government but by a foreign government."

The United States takes 88 per cent of Mexico's exports. Resulting from the U.S. economic slowdown in 2001, Mexico "maquiladora" assembly industry lost 240,000 jobs and 350 factories. Total dependence on exports to the United States positioned the Mexican economy in vulnerable position.

Dr. Sergey Glazyev, a former minister of foreign economic relations in Boris Yeltsin's first cabinet, wrote in his book "*Genocide Russia and the New World Order*" that the reforms imposed on Russia by the Bretton Wood Institutions, the IMF and the World Bank were by the very definition of the United Nations International Convention on the Prevention and Punishment of the Crime of Genocide nothing other than genocide. Genocide is defined as a crime committed "with intent to destroy, in whole or in part, a national, ethnical, racial or religious group, as such". This does not necessarily entail the use of physical violence, but instead all instruments "deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part". Glazyev says that capitalism's most "monstrous acts of genocide in world history were carried out in the name of very noble and attractive goals for society. The French Revolution's genocide … and the Napoleonic Wars … were waged in the name of the ideals of freedom, equality and brotherhood! Genocide was carried against the native population of North America in the name of progress. Genocide against clergy, nobility, merchants and peasants between 1917 and 1937 was organized in Russia in the name of universal justice and happiness. … the distorted implementation of proclaimed positive values, which is frequently diametrically opposite in content to what is proclaimed, ought not to discredit the real essence of those values." Glazyev argues and concludes what Walter Lippmann expressed openly and precisely the existence of two classes: the "special class" and the "ignorant masses".

However, Glazyev gives it an added dimension. "The content of these ideas may vary, but their general characteristic is the division of people into two categories – the chosen missionaries and others, the latter being subject to 'reeducation', annihilation and enslavement."

According to Glazyev, what the IMF and the Washington consensus did in Russia after the collapse of communism was nothing but genocide, which resulted in an annual population loss of more than double of the rate of loss during the 1930s of the Stalinist period of repression and famine. Glazyev says that was worst that anything in the thousand-year history of Russia. In the period 1992-1997, 3 million people died prematurely. Around 20 million people were affected by alcoholism. Young people, the majority below 25, suffered from drug addiction. Since 1990, the tuberculosis grew 1.7 times, syphilis 40 times, drug addiction 5 times, and alcohol poisoning twice. AIDS victims increased 800 per cent in 1996 alone. Between 1992 and 1996, real

wages fell by 52 per cent, pensions by 45 per cent. Some 30 million Russians received an income below the subsistence minimum. This figure went up to 40 million after the 1998 financial crisis, an increase of 10 million people.

The Institute for National Economic Forecasting of the Russian Academy of Sciences predicted a 2 per cent contraction for 1991-1993, if there were a properly executed system change, and forecast an economic growth of at least 3 per cent annually in such a case. Glazyev argues that the change by necessity was associated to a "transformational recession". This is a pseudoscientific argument that is easily dismissed by the 7 per cent to 10 per cent growth rates in China, that resulted in a more orderly change than what was imposed on Russia.

Despite the resistance of the parliament, the state institutions and the Russian economic scientists, the IMF-Washington consensus policies were forced on Russia in 1991. Such policies were typically imposed on extremely poor, recently independent third world countries. Yet the same policies were imposed on the developed economy of a former superpower. The IMF's known policies of deregulation, privatization and stabilization through strict formal monetary planning resulted in slashing social spending, terminating scientific and research spending, shutting down of most functions of the federal government, untimely payment of wages, and so on. The state's role was restricted to maintaining law and order, plus deregulating prices and protecting property, not human rights. All state institutions were geared to the benefits of the international capital and their local Mafia-turned-capitalist godfathers. As a result of the IMF programs, the system imposed by the West and the new Russian robber barons, the Russia's GDP per capita was ranked not only behind the industrialized nations, but behind Chile, Argentina, Uruguay, Mexico, Hungary, Brazil, Turkey, Poland, Algeria, Egypt and Lebanon. Glazyev wrote: "Napoleon's invasion, the fascist aggression of the Hitlerites, the fratricidal Civil War, and (IMF) 'shock therapy', led to approximately similar results: the destruction of up to one third of the national wealth and huge losses of population."

Huge wealth concentrated in the hands of a handful of individuals. It was not much different from the way the American robber baron capitalists acquired their wealth. And maybe Vladimir Potanin will provide a good example. Describing how Potanin went for a meeting with Russian President Boris Yeltsin, Business Week wrote: "... behind (36-years-old) Potanin were five of Russia's other business princes … together with the energy Czars; these businessmen control half of Russian industrial wealth…. Since 1990, he (Potanin) built an empire of industrial companies, banks and media groups … equal to nearly 10 per cent of Russia's gross domestic product." Most of the wealth was accomplished through scams and schemes. Potanin devised a

"loans-for-shares" scheme. Potanin gave government cash-hungry industries of his choice, some cash which, according to the scheme, if unpaid the shares, will belong to him. The prices were literally steal prices. Potanin then got himself the job of vice premier to see to it that these companies don't pay on time, and thus ensure the transfer of shares to him. After the job was completed Potanin installed a caretaker on his behalf within the government and he left the government to look after his business. In such a manner the industrial companies that were built by Russians over 70 years were acquired or stolen. The people who built them lived in absolute misery. The pensioners among them are not getting paid their meager pensions. Salaries of workers and even the army are not paid on time, if paid at all. Schools and hospitals are breaking down. But Potanin is doing fine. By 1997, he controlled a business empire that among others included the following:

- Oneximbank, MFK - Renaissance Investment Bank
- Russia's third largest oil & gas company
- Svynzinvest which controls 88 regional phone companies
- The largest nickel-producing company in the world
- A steel company
- An aircraft company
- River shipping company
- 51 per cent of Izvestia newspapers
- 51 per cent of Komsomolskaya Pravda

Not bad for a 36-year-old young man who was only a few years ago an absolute zero! He must have had lots of help from the shadow international financial community!

One of Potanin's powerful connections was Boris Jordan, an American whose ancestors left Russia during the Bolshevik Revolution. His lawyer uncle in Switzerland "consulted" Potanin and he introduced the two men together, in 1993: Jordan was 27 then, and he came to Moscow to manage the office of Credit Suisse First Boston (CSFB). He must have had lots of connections to land such a job at age 27! And of course lots of qualifications. Not long after his arrival in Moscow and knowing Potanin, Jordan decided to have his own Renaissance Capital Investment Bank. When Potanin wanted to acquire 25 per cent of Svyazinvest, which controls 88 regional phone companies, Jordan arranged the finance. George Soros was brought in to give some change: he invested $980 million and the deal was done.

After decades of one IMF program after another, and one shock therapy after another, Argentina's economy was ruined. The new president after Argentina defaulted on its loan repayments, Eduardo Duhalde, thought that Argentina's misery was the result of the neoliberal model of economic liberalization that was advanced by the Washington consensus.

The Business Week editorial of January 21, 2002, commented: "There is some truth to that …. The IMF and Treasury are also often wrong in emphasizing austerity rather than growth, no matter what the circumstances. Indonesia, Korea and other Asian states fell into deep recession in 1998 because of the imposition of heavy belt-tightening measures ordered by the IMF. Yet Korea and most of the governments in the region were running budget surpluses at the time. Korea began to recover only when it defied the IMF and expended fiscal policy."

In October 2001, statistics showed that 35 per cent of Argentina's population was living below the poverty line. In June 2002, the number went up to 53 per cent! EIR article of May 18, 2001, titled "*International Usury Cannibalizes Argentina*", put the total figure of real foreign debt of Argentina at $211.757 billion, which included official and de facto public and private debt. "There is no doubt that Argentina's main problem is its real foreign debt, which in December 2000 reached $211.757 billion, which this year will cost $36.356 billion in service charges, from both the public and private sectors, according to the Economics Ministry. Further payments due on the Argentine public debt between 2001 and 2005 will cost $81 billion, without counting short-term debt amounting to another $5.108 billion: in 2001, $19.676 billion will come due; in 2002, $16.547 billion; in 2003, $17.278; in 2004, $15.121 billion; and in 2005, $12.347 billion."

Where the money was supposed to come to pay for international usury: (1) Tax hikes inaugurated in December 1999, initiated by IMF conditions (2) Salary cuts of 12 per cent-15 per cent in the public sector decreed in May 2000 (3) Public sector austerity drive initiated in December 2000
(4) Additional new tax package to collect $4 billion. These measures caused a fall in industrial, construction and all other economic activities. It drove more and more people to below poverty line and still, international usury payments were not met. The IMF prescriptions killed its patient Argentina. Argentina defaulted on its payments.

The world of the Washington consensus and the IMF shock therapies mixes well with the prescription suggested by a Polish market capitalism economist. He suggested that the IMF reforms be accompanied by "airing of pornographic films on television and the sale of cheap alcoholic beverages in the street, in order to soften up the youth and distract their attention, as well as to demoralize the population and mitigate the mood of social protest against the policy of 'shock therapy'." That goes well with the ethics of the IMF, Wall Street and its Washington cronies.

Pete Engardo wrote in the Business Week of November 26, 2001, that the IMF "founded … to resolve the balance-of-payments crisis that threatens

the global financial system, has instead evolved into a mega-bureaucracy that tries to micromanage everything from trade policies to social programs in dozens of developing nations. Thus, the IMF … has gained a reputation for spending too much time pushing U.S. policy agendas …. In the 1990s, the IMF damaged its credibility by appearing to adopt a double standard: IMF loan recipients viewed as strategic to the West, such as Russia, made a mockery of reform and seemed to get away with it. Yet the IMF rode herd on countries such as Indonesia, which found it politically impossible to fulfill the more than 100 conditions attached to its 1998 bailout. Many were at the behest of the U.S., which sought more open markets for its exports".

The IMF prescriptions dictated on Indonesia were pronounced flawed and biased not only by Indonesia and developing countries but by the American establishment. As reported by Time, Milton Friedman, a Noble Prize winning economist said: "In my opinion, the IMF is largely responsible for the Asian Crisis." Harvard University's Jeffrey Sachs said: "The U.S. and the IMF made the (Asian) crisis worse than it had to be by pondering hard on Asia's economies, riling the markets. They tried to use the crisis to push a reform agenda. The problem was they misunderstood the real source of the crisis, and things blew up in their hand." Not true. Things blew up in the face of 200 million Indonesians; 100 million of them were transferred to below the poverty line within few weeks. Indonesia is still paying and will continue to pay the bill.

Three Nobel Prize winners in economics for 2001 were George A. Akerlof, of the University of California at Berkeley, A. Michael Spence, of Stanford University, and Joseph F. Stiglitz, of Colombia University. They "argued against conventional policy prescriptions. In his latest paper, Akerlof shows that a little inflation can actually lower unemployment. And Stiglitz has vehemently argued that requiring developing countries that want loans to cut wages and raise interest rates is bad policy, although it was the main prescription of the International Monetary Fund for many years," wrote Michael J. Mandel at Business Week.

In his new book "*Globalization and Its Discontents*", Joseph E. Stiglitz disputes the conventional wisdom that globalization's free trade and open markets are both good and inevitable. What makes these views very important are Stiglitz's credentials. "He is the scion of the American economic establishment, "winner of the Nobel Prize in economics in 2001, chairman of the president's council of economic advisors under Bill Clinton, chief economist of the World Bank, and now professor at Columbia University," wrote Business Week. His book's message: Globalization is not helping many poor countries. He argues that "open capital markets, free trade, and

privatization are making developing economies less stable, not more. Instead of a bigger dose of free markets, Stiglitz argues, what's needed to make globalization work better is more and smarter government intervention". Stiglitz writes: "Critics of globalization accuse Western countries of hypocrisy, and the critics are right."

The book also expresses contempt of the IMF and its policies. "It is clear that many of the policies the IMF pushed … have contributed to global instability." The author argues that the IMF made very serious mistakes handling the 1997 Asian crisis, the 1998 Russian crisis and the Latin American crisis, the latest of which was Argentina. The IMF prescriptions, the author added, of market liberalization, privatization and fiscal austerity was the wrong way to growth. China and Korea "have succeeded precisely because they did not follow most of the dictates of the Washington consensus," wrote Business Week, commenting on Stiglitz's book. "After the crisis, for example, Korea accepted a bailout package from the IMF but resisted most of its reform demands … Stiglitz argues that in contrast, Thailand followed IMF prescriptions 'almost perfectly: The result: Korea recovered much faster than Thailand did." Stiglitz observed that the objective of the IMF changed "from serving global economic interests to serving the interests of global finance."

Stiglitz was very blunt about Wall Street dictating the IMF policies. IMF executives are rewarded by Wall Street firms, he said, and gave the example of Stanley Fischer, the former deputy managing director at IMF, who became vice-chairman at Citigroup. Stiglitz wrote: "One could only ask, was Fischer being richly rewarded for having faithfully executed what he was told to do?"

What failed was not just the IMF or the Washington consensus, as Stiglitz may have concluded. The failure was to the system that produced it and infofinancialism and Anglo-Saxon capitalism that produced the IMF and the World Bank programs which were deputized to promote and protect its interests.

In March 2002, Alan Greenspan noted that over the past six years, about 40 per cent of the increase in the U.S. capital stock was financed by foreign investment. That requires large flows of interest payments going out to foreigners. "Countries that have gone down this path invariably have run into trouble," Greenspan said, "and so would we." Ever since the robber barons' interest moved to the global casino economics and they became less involved into productive economy investment, the gap between what the U.S. economy consumes and what it produces widened. "Consequently," wrote Business Week, "the U.S.' mounting external debt is clearly the most crucial structural problem facing the economy. And unlike other recent economic

troubles, there may be no easy way out." One way out, judging by historical data of the American robber barons' economic order, is to wage war. Maybe a ten-year war or the ten-year period George W. Bush said his new crusade might take.

The illusionary growth curve to the Long Term Capital Management fund (LTCM) and its very sudden collapse, and the illusionary growth curve of Enron and its sudden collapse are prototypes of microeconomic system failures that will soon become macroeconomic, and the whole system will fail as fast as LTCM & Enron did, and just as suddenly.

*“ Since the gulf war, the (Saudi Arabian) Kingdom has spent $270 billion on high tech weapons “ yet it is of no value as” its forces still lack the training and skills to make them work. As a result, the regime is helpless against external threats … ”

*“ More than 60% of the Saudis are under 25, and the birthrate – 37 births for every 1000 people - is among the highest in the world. Because of falling oil revenues and the country’s spiraling debt, per capita income has plummeted from $ 28600 to $ 6800 in the past 20 years.”

TIME – August 5, 2002

CHAPTER SEVEN

CONTROL OF INTERNATIONAL OIL: 1973 – 2002

Debt Traps: the New Black Gold Order

The importance of petroleum as a source of energy increased after it became also a speculative instrument used for the post Bretton Woods economic order. The fixed exchange system was unilaterally cancelled by the United States on August 15, 1971, and it was replaced by a floating non-system. Petroleum and the petrodollars became its backbone. Control of international oil resources by the transnationalist financiers through their U.S. arm became a necessity. This was accomplished in three phases:

- 1973 October War and the accompanying 400 per cent increase in oil prices. Among other things, this made the North Sea and Alaska oil feasible and these new, previously uneconomical, reserves became economical. It also created the debt trap on which the transnational financial institution thrives.

- 1991 Gulf War, which created a physical imperial presence in the oil-producing states of the Middle East. It also created the conditions to strip the Arab oil states of their wealth and make even the world's biggest oil producer belong to the indebted-nations club.
- 2001 American War in Afghanistan with the primary motive of controlling some 200 billion barrels of Caspian Sea oil reserve. This was preceded by explorations and productions in that area, as well as access to Russian oil through the Russian oligarchs that were created under the patronage and control of Mafia and the Washington consensus institutions. As in the war of 1973, pretexts were created to hide the real purpose of the 1991 and 2001 wars. Iraq, with the second largest oil reserves, is being attacked basically to control its oil; the same goes for Iran.

Just like in the script of a top rated Hollywood movie, the October 6, 1973, war between Egypt and Syria, on the one hand, and Israel, on the other, was orchestrated by Washington and London. Henry A. Kissinger played the role of director and actor and the script was written, with his participation, by the most influential non-transparent institution, simply called the "Bildberg". It took its name from the hotel where the first meeting was held, Hotel de Bildberg, in Oosterbeck, Holland, in May 1954. Participants are restricted to North Americans and West Europeans. And it is not ordinary Americans or Europeans who qualify as Bildberg participants. They are only top

transnational corporation executives and top national leaders and politicians. Some allege that Bildberg is a supersecret government of the world; others try to claim it is a nice get together of the rich and famous. It is at least one power tool of Western collective management of the world order. Bildberg is a place where the American and European economical and political heavies attempt to reach and formulate policy decisions, creating the needed consensus so it reaches the agenda of the elite for future legislation and implementation. Since participants are among the most powerful within their discipline, once a policy is adopted, it will have the many powerful channels available for the participants to spread it and see it through the bureaucratic processes. For instance, the 1973 meeting was held at the villa of the financial family of the Wallenbergs; the 1974 meeting was held at the villa of Baron Edmond de Rothschild, in France.

In May 1973, 84 of the most influential financiers and politicians met secretly on the Island of Saltsjoeboder, in Sweden, at the villa of the Wallenburg family. Henry Kissinger was present, along with the major top executives of the petroleum companies and the world's financial transnational institutions and major banks. The main subject of the participants was to prepare (not to prevent) for a 400 per cent increase in oil prices that was to be expected soon. The scenario for this price increase was presented by Walter Levy and what the participants wanted to discuss was how to manage the "recycling of the petrodollar flows", as termed by Henry Kissinger. The list of participants that appeared as an appendix in "A Century of War" by F. William Engdal includes:

***USA**: James Akins (White House), Robert O. Anderson (chairman Atlantic Richfield Oil Co.), George Ball (former deputy secretary of state – director of Lehman Bros. Merchant bankers), Zbigniew Brzezinski (later security advisor to the president), William P. Bundy (New York Council on Foreign Relations), E.G. Collado (vice president Exxon Corp), Arthur Dean (law partner Sullivan and Cromwell), Henry J. Heinz II (Chairman H.J. Heinz and Co.), Henry A. Kissinger (White House national security advisor), Walter J. Levy (oil consultant, author of Bildberg paper), Robert D. Murphy (chairman Corning Glass Co., former US State Department), John G. Tower (US Senator), Carroll Wilson (professor MIT).

***Great Britain**: Sir Eric Drake (chairman British Petroleum), Sir Denis Greenhill (director British Petroleum), Denis Healey (member of parliament), Sir Eric Roll (vice-chairman S.G. Warburg and Co.), Sir Reginald Maulding (member of parliament).

***France**: Rene Granier de Lilliac (Compagnie Francaise des Petroles), Baron Edmond de Rothschild (banker).

***Germany**: Egon Bahr (Social Democrat – minister without portfolio), Birgit Breuel (Christian Democrat – Hamburg City Council), Helmut Schmidt (Social Democrat – finance minister), Theo Sommer (publisher of Die Zeit), Otto Wolff von Amerongen (German Chambers of Commerce).

***Italy**: Givanni Agnelli (FIAT), Merchese Cittadini Cesi, Raffaele Gitrotti (chairman ENI) Arrigo Levi (La Stampa).

***Sweden**: Olof Palme (prime minister), Marcus Wallenberg (chairman SE-Banken) Krister Wickman (governor Riksbank).

***Netherlands**: F.J. Philips (chairman Philips NV), Gerrit A. Wagner (president Royal Dutch Shell), Max Kohnstamm.

Note that top executives of the oil industry were represented, such as British Petroleum (BP), Royal Dutch Shell, ENI, Compagnie Francaise de Petroles (CFP), Atlantic Richfield Oil Co. and Exxon. Also, the transnational financial oligarchs were represented, including Baron Edmond de Rothschild, SGWarburg & Co., and SE-Banken of the Wallenburgs. The White House was represented by Henry Kissinger and James Akins, an energy expert. The Wallenburgs, at whose villa the meeting was convened, controlled the assets of corporations with annual sales of over $100 billion in 1997. That figure not only exceeded the combined GNP of the world's biggest exporter of crude oil that year, it also exceeded the total annual combined sale of crude oil for 1997, of all OPEC countries!

The preparatory steps for the May 1973 Bildberg started several months earlier. In January 1973, George Shultz, the treasury secretary, who also was involved in the cancellation of the Bretton Woods gold-dollar fixed exchange rate standard, was appointed by President Nixon as assistant to the president for economic affairs, as well as secretary of the treasury. A former Wall Street bond trader became chairman of the important Oil Policy Committee, besides keeping his deputy-secretary for the treasury position. In February 1973, the White House Special Energy Committee was set up, composed of Henry Kissinger, George Shultz and John Ehrlichman. The committee did its homework in preparation of the May 1973 Bildberg meeting.

The scenario for war and the shuttle diplomacy that was planned to follow was meticulously worked by Kissinger. The State Department believed that Israel must withdraw to the 1967 borders, as per Rogers Plan. Kissinger

had a different plan. He wrote in his book "*Years of Upheaval*": "My own starting point was at the other emotional spectrum.

… though not practicing my religion, I could never forget that thirteen members of my family had died in Nazi concentration camps. I had no stomach for encouraging another holocaust by well-intentional policies that might get out of control." His agenda was also different from that of President Nixon. Kissinger wrote: "Nixon shared many of the prejudices of the uprooted California lower middle class from which he had come. He believed that Jews formed a powerful cohesive group in American society; … that their control of the media makes them dangerous adversaries; above all, that Israel had to be forced into a peace settlement and could not be permitted to jeopardize our Arab relations." The Kissinger Plan was different from that of the president and that of the State Department, yet he continued with his plan. He opened secret negotiations with Egyptian president Anwar Sadat without the knowledge of the state or defense departments or the American diplomatic mission in Cairo. Israel, like Kissinger, considered the State Department Middle East professional experts as Arabists. Anyone who differed with Israel or its American lobby became an Arabist and Kissinger meant to bypass him.

When Sadat expelled the Russian experts from Egypt, Secretary of Defense Melvin Liard urged Nixon to start secret negotiations with Sadat, unaware that these channels had been wide open for some time. But to prepare for the October 1973 war and the shuttle diplomacy that was to follow, meetings between Egyptian emissaries and Kissinger intensified. On his February 1973 visit to the United States, Sadat's envoy Hafez Ismael worked his schedule with Kissinger. Ismael will be seeing president Nixon first. He will then confer with the bureaucrats of the State Department without advising them about the contacts with Kissinger and then he "would betake himself on February 25 to New York. From there he would proceed to a secret meeting site in the suburbs – a private home hired for the purpose – where he and I would confer for two days for a full private review of Egyptian-American relations". Kissinger added: "I, nor any member of my staff, was included in the State Department discussion, while the State Department did not even know of my secret meeting with Ismael." Before Ismael arrival to Washington, Nixon wrote to Kissinger: "The time has come to quit pandering to Israel's intransigent position. Our actions over the past had led them to think we will stand with them regardless of how unreasonable they are."

Kissinger's plan was contrary to the president position, and to most of the Washington bureaucracy, but was in line with Israel's decision of June 19, 1967, that compromises and talks can go on, on the Egyptian and Syrian fronts, but not on the West Bank and Gaza. He planned to neglect Jordan in his step-by-step negotiations, and planned for Sadat and other known Arab "friends" of the United States to remove Jordan altogether from the Palestinian West Bank issue, as was done in Rabat, Morocco, some time later.

On March 6, 1973, the Saudis were briefed about the secret Ismael channel. Saudi Arabia was the leading Arab oil producer and it had a role in the coming embargo and price increase. Also, between February and March 1973, the dollar fell 40 per cent against the Deutschmark, and the world financial system was getting increasingly volatile.

On March 1973, Golda Meir, Israel's prime minister, visited the United States and she categorically disagreed with Nixon and rejected any pressure to alter Israel's intransigent position. She told Nixon the Arabs had no military option and that things had never been better for Israel.

On April 11, 1973, the second meeting between Ismael and Kissinger took place. After their first meeting, preparation for the war started in the form of movements of troops of mostly staunch American Arab allies. Knowledgeable sources agree that such movement could never have happened without at least tacit United States approval. Saudi planes were moved to Egypt. Moroccan troops were moved to Syria and so on. On April 20, 1973, the CIA reported that a military action seemed in the making. A date was not set.

And then the Bildberg meeting took place, in May 1973, so that the political and financial details could be worked out and participants would use their channels in the execution of the "invisible" organization plan.

Nixon was suffering from his Watergate scandal, which was started by the media, which Nixon described as controlled by the Jews. The story was fueled by tips given by an informer who employed the tactics of the intelligence community. Kissinger was the de facto president of the United States. Even though he bypassed the State Department completely in his secret negotiations, he needed to take full control of all the State Department for his post-October War, step-by-step diplomacy, and he needed nothing of what the State Department might have suggested to his diplomatic approaches. To this end, Kissinger took over the job of Secretary of state only few weeks before the October War. As such, he became the virtual de facto president of the U.S., especially that the Watergate events started to really move at such a fast pace that it almost incapacitated the president.

The October 6, 1973, war was started on the Yom Kippur holiday and for this reason it is also called the Yom Kippur War. Israel defenses on the Egyptian front – the east side of the Suez Canal had a formidable Bar Lev line which was overrun by Egyptian Armed Forces courageously and swiftly. The Egyptian army was well-motivated, fighting to restore its occupied lands; it fought very well, and executed a well-laid plan. Actually, maybe the Egyptian army performed much better than what the Washington script had predicted. With the surrender of the Israeli forces at the canal, the first wave of Israeli

tanks destroyed, over 300 in one single day, the battlefront was opened for Egyptians all the way. The professional Egyptian military command wanted to continue till it would reach the Mitla and Giddi passes where a new natural line of defense could be procured. Since Israel was storing its tanks, troop carriers and other weapons at that location, for its reserve troops that were yet to arrive, that was one reason why the Egyptian professional military wanted to continue their advance and waste no time. But this was all sabotaged by the Egyptian political leadership under Sadat, with whom Kissinger had a secret channel. Egyptian General Shathily, who insisted that the existing lines proposed by Sadat were defenseless, that Egyptian forces must continue, and it easily could, to the Mitla and Giddi passes, was fired. Moshe Dayan, on the Israeli side, had a nervous breakdown, and Golda Meir was in a state of panic. With lots of the Israeli tanks and other weaponry destroyed, the United States started stage two of its war scenario and started a heavy airlift to resupply Israel with arms.

When the German Chancellor Willy Brandt told the United States ambassador to Bonn that Germany would take a neutral position vis-à-vis the Arab-Israeli war, and would not allow the United States to use German air bases or arms stored in Germany to resupply Israel, the United States wrote a very strong letter, denying Germany the right to be neutral or to stop resupplying arms from Germany. The United States Air Force transport planes carrying arms supplies landed not towards Israel but towards Egyptian soil to rearm Israel with new, more developed arms, continued to do so until Israel was able to reverse the battle over the defenseless desert fronts imposed by Sadat on his troops. Then stage III of the war acts started, with Kissinger taking full command of the political scene; he also started his well-advertised shuttle diplomacy, which was meant to impose the Israeli agenda as presented by the Israeli cabinet, on June 19, 1967. That plan called for Israel's acceptance to withdraw from both Sinai and the Golan Heights through direct negotiations, but not from the West Bank of Jordan and Gaza, leaving that as a separate issue for later. This was done religiously by Kissinger. He shuttled between Tel Aviv, Cairo and Damascus. The West Bank was taken from Jordan and occupied in 1967. Sadat and others had an Arab Summit in Morocco, to take away Jordan's right to negotiate or claim its occupied territories, and Kissinger's step-by-step shuttle diplomacy totally ignored Jordan and the Palestinian question, especially the West Bank, Gaza and the refugees.

To Kissinger, Jordan was a state "whose arbitrary frontiers reflected less the results of history or the necessities of geography than the sphere of influence established by France and Britain upon the conclusion of World War I."

Kissinger's shuttle diplomacy was designed to impose Israel's conditions first on Egypt, being the biggest and strongest Arab country. He was briefed thoroughly on Sadat, and how to negotiate with an authoritarian leader with his well studied psychological profile rather than his skilled staff. CIA director William Casey told Washington Post reporter Bob Woodward that Sadat was in the habit of selling himself 110 per cent to everybody, and that he was "almost" like a CIA case officer. While negotiating the Egyptian-Israeli disengagement agreement, Kissinger used to take the maximum Israeli demands and work them out with Sadat before the full American Egyptian delegations would meet. He presented Sadat with a proposal that was even tougher than the Israelis already accepted. When he returned to Israel, he met with members of the Israeli delegation who were impressed by how Kissinger got Sadat to agree to less than 300 tanks on the east side of the canal. Egyptian Chief of Staff General Abdul Gani Gamasy thought that the deployment arrangements reached between Sadat and Kissinger were far less than the minimum he needed to maintain a defendable position.

When he objected to the plan, unaware that Sadat gave his approval to Kissinger, he had tears in his eyes, according to Kissinger. This was confirmed later on, on a TV interview with General Gamasy, in which he said that Sadat called Gamasy to his study, outside the meeting and told him "Dr. Kissinger and I have agreed on how to proceed to an agreement. You, Gamasy, will sign it."

Israel was surprised by how much Sadat was giving away without much resistance; his offer was beyond their expectations. Taking such decisions that affect dramatically the fate of a people is only possible in authoritarian systems, such as Sadat's. A leading member of the Israeli delegation exclaimed: "You mean Sadat did not start by asking for 300 (tanks)?" When Yigal Allon, Israel's deputy prime minister, told Kissinger that Israel would accept the agreement Kissinger brought with him from Egypt, Kissinger said: "It is a great victory, to get Israel to accept its own proposal (laughter)." When Allon asked for mini changes, Kissinger answered: "We cannot do it, because if it takes too long, his advisors will turn against him."

Kissinger flew to Riyadh, Saudi Arabia, to discuss with King Faisal the lifting of the oil embargo. He met privately with the king for two hours. Kissinger tried to flatter the king. He told him that he read Faisal's correspondence with presidents Kennedy, Johnson and Nixon. He added that on the basis of this background, he believed that the king was justified in "being disappointed in American policy". Johnson promised the king that Israel would withdraw from the occupied territories and the same promise was given to the king by President Nixon. Kissinger spoke in general terms and said he is now optimistic that an agreement can be reached and some Israeli withdrawal will be forthcoming.

"Oil, God and Gold", by Anthony Cave Brown, recorded the king Faisal-Kissinger meeting as such: "The king began to speak and Kissinger listened carefully. Faisal described himself as 'fiercely anti-communist and anti-Zionist'. He accused the Jews of 'aggression and expansionism', noting that he believed them to be responsible for the communist revolution in Russia … Faisal believed that the Jews (meaning Israel) should give up all Arab lands, including Jerusalem. Faisal himself wished, before he died, to walk to the Dome of the Rock in Jerusalem, without treading on Israeli-occupied territory. He told Kissinger that he wanted Jerusalem to become an Arab Islamic city again. When Kissinger noted that the Jews considered the Wailing Wall equally holy, Faisal brushed him off, stating that another wall could be built somewhere else against which the Jews could wail." With this uncompromising position from a king who sat at the top of the world's biggest oil reserves and had an agenda that was totally opposite to that of Kissinger, something had to give. King Faisal was assassinated a short time afterwards.

The result of the 1973 October (or Yom Kippur) War was a 400 per cent increase in oil price, which was discussed at the Bildberg meeting in May 1973, six months before the war. No way would such a price have been allowed if it weren't the desire and interest of the United States to do so. Harvard Business School case 9-383-096, prepared by professor George C. Lodge and taught to MBA students on international oil, clearly stated that not only free oil supplies to the West but also the price of oil constitute national security items. In the late 1970s, a special command was created to intervene in the oil producing Gulf states. The Carter Doctrine of 1980 stated that the Gulf oil is of national security importance to the United States and that the United States will use all means, including military force, to ensure its interests and the free flow of oil supplies from the oil producing Arab (Persian) Gulf states.

War game plans were focused on the next American military intervention as far ago as 12 years before the Gulf War. Page 158 of the Fortune Magazine issue of May 7, 1979, published the possible American response under the heading "What if Iraq Invades Kuwait". The same article expressed the opinion that the Yemeni guest workers in Saudi Arabia and the Palestinian in Kuwait were elements of instability. Workers of these two nationalities left in hundreds of thousands the oil producing states as a result of the Gulf War.

On June 8, 1974, U.S. Secretary of State Henry Kissinger signed an agreement establishing a U.S.-Saudi Arabian Joint Commission on Economic Cooperation, whose main function was cooperation in the field of finance. The U.S. Treasury signed an agreement with the Saudi Arabian Monetary

Authority (SAMA) "to establish a new relationship, through the Federal Reserve Bank of New-York, with the U.S. Treasury borrowing operation. Under this arrangement, SAMA will purchase new U.S. Treasury securities with maturities of at least one year."

The U.S. Treasury, under assistant secretary Jack Bennett, established a secret accord with SAMA, in which a sizable share of the new Saudi oil windfall, resulting from the increase in oil prices, was to finance the U.S. deficit. David Mulford, a young Wall Street investment banker, was sent to Saudi Arabia to become the principal "investment advisor" to SAMA, which was also getting advice from London Merchant Bank-Baring Brothers. As a result, 60 per cent of the Saudi petrodollars were recycled to the United States and British banks.

The developed countries of Europe and Japan were affected by the oil shock, but their economies being developed already and having been served notice at least six months before October 1973, i.e., in the May Bildberg meeting, made their adjustments fairly quickly. But the hardest hit were the developing nations. The effect of the oil shock got them into a debt trap they haven't recovered from until today. Even most of the oil-producing countries, after a brief honeymoon, joined the indebted nations' club, and this has included Saudi Arabia ever since the Gulf War. The only winners were Wall Street, the New York and London banks, and the oil companies.

Most of the developing countries were suddenly confronted with a 400 per cent price increase in their oil imports, at a time they did not possess the money to pay for it. And thus today's debt trap started and the speculative, parasitic, "new economy" really started. Oil was to be paid in dollars only. Even when France reached a barter agreement with Saudi Arabia to get oil in exchange for arms and goods, the United States objected. Now, the United States can print more dollars (without any cover, each $100 costing 5 cents), the banks can lend these dollars to the developing countries, of course with lots of strings attached, these countries are not able to pay on time, and then the IMF, with its conditions, rears its head, and the debts are rescheduled. Then, most the countries' resources will go for interest payment and the debt trap continues for ever.

The cost of energy in Germany increased by the enormous amount of 17 billion Deutschmark in 1974. Not only had the oil bill increased by 400 per cent, but all chemicals, including fertilizers, increased dramatically. The deficit of payments of the developing countries in 1974 increased to become $35 billion, according to the IMF, exactly four times as large as in 1973 and in proportion to the oil price increase. In 1973, India had a positive trade

balance. In 1974, the oil bill was twice its $629 million of available exchange reserve.

Hegemony over petroleum, and the control of the petroleum reserves, production and prices, became top "national security" issues, since now oil became a main source for capital and income to the Anglo-American banking system. It produced deficit in most countries to which these banks would lend, and it allowed the printing of more and more dollars, without any real cover other than the "good" word of the United States. This word, experience showed in 1971, can be unilaterally broken. Currencies were traded and controlled by few financial houses, and acting together they can make or break any economy, just as happened in the Southeast Asian crisis of the 1990s.

The United States, in liaison always with Britain, launched an attack on nuclear energy. Since they both control most of the world oil, they can switch off its valves anytime and cause ruin to economies such as those of Germany and Japan. When the United States was developing the plans for the economic recovery of Japan after World War II, while Japan was under direct American occupation, the planners agreed that Japan can be allowed to industrialize as long as the United States controlled its supplies of oil. One of the ways the United States provoked Japan into declaring war, was the oil boycott that was imposed on Japan before the war.

The nuclear energy would take away an important card from the U.S., but also the new floating non-system became dollar-based and it needed the petrodollars from the oil producers and the dollars of the consumers, especially if they happened to be the 2nd and 3rd largest economies of the world. Green movements were established with assistance from the oil industry and the financial barons. Robert Anderson of Atlantic Richfield Oil Co funneled millions of dollars to organizations that target the nuclear power plants. Germany embarked on a huge nuclear energy program and an organization called Friends of Earth assaulted the program. The Germans planned for nuclear energy to make up to 45 per cent of the 20 nuclear plants due for completion by the early 1980s.

In 1975, Spain had a plan to construct 20 nuclear plants by 1983. Even Pakistan under Bhutto planned a nuclear program in cooperation with France. Many of the projects were stopped by the Greens and by other organizations supported by the oil and financial oligarchs on the pretext of safety, even though the nuclear technologies became very safe, and certainly safer than NATO's bases that stored nuclear bombs or American bombers that carried them.

Pakistani Prime Minister Zulfikar Ali Bhutto decided to construct a nuclear fuel enrichment plant, which was completed by 1976. Henry Kissinger pressured France and Pakistan to stop the project, but Bhutto did not budge. As a result, Bhutto was overthrown by general Zia-ul-Haq and was

sentenced to death. Before his execution, Bhutto declared: "Dr. Henry Kissinger, the Secretary of State for the United States, had a brilliant mind. He told me that I should not insult the intelligence of the United States by saying that Pakistan needed the reprocessing plant for her energy needs. In reply, I told him that I will not insult the intelligence of the United States by discussing the energy needs of Pakistan, but by the same token, he should not insult the sovereignty and self-respect of Pakistan by discussing the plant at all …. I got the death sentence."

In 1975, OPEC, at the initiative of Iran and Saudi Arabia, agreed to accept no other currency except the U.S. dollar. Not even the British pound was to be accepted. This really was a replacement of the gold standard of Bretton Woods by an unstable petroleum-based dollar exchange system, under the total control of the United States and Wall Street. The yellow gold standard was replaced by the black gold standard. In 1974, the European Community Commission proposed setting up a system for setting intra-ECC trade balance by gold, through the central banks of the member countries, and valued gold at $150 per fine ounce. The U.S. strongly objected to this proposal that would weaken the role of the dollar and Paul Volcker, then the undersecretary of Treasury, went to Europe to deliver the U.S. objection to the reintroduction of gold to the monetary system in any way. Volcker became the head of the Federal Reserve in 1979 and he unveiled a new Federal Reserve policy of monetarism – same policies were introduced in Britain under Margaret Thatcher. What matters to us in this chapter is the fact that interest rates under Volcker were raised to over 20 per cent, and for so many of the developing countries borrowing dollars to pay for their oil for the past few years, the burden of debt and servicing became unbearable. From there the debt crisis started and the developing countries suffer from it until this day.

In 1988, General H. Norman Schwarzkopf was appointed commander in chief of the Central Command, established to deal with the Persian Gulf. He lived in the area in his childhood, as he spent time with his father, also a general, who was sent to Iran in 1942 to train Iranian security forces. In the early 1980s, the United States first proclaimed the Carter Doctrine, in which it was clearly stated that military force will be used in the Persian Gulf to protect its interests in the oil-producing countries; the Central Command was created for this purpose.

Among Central Command's primary responsibilities was the protection of Aramco, in Saudi Arabia. Starting with 1983, the U.S. forces were expanded. The U.S. offered to escort Kuwait oil tankers during the Iraq Iran War and the United States brought 24 major warships and 16,000 personnel under the pretext of this escort, operation code Earnest Will. After he took his new assignment, Schwarzkopf attended the Foreign Service School at

Arlington, Virginia. He was impressed with his new assignment to protect the flow of oil from the Persian Gulf, which counted for two-thirds of Japan's annual consumption, a tenth of U.S. consumption, 30 per cent of Western Europe's consumption and 65 per cent of the world's proven reserves. Schwarzkopf's first act was to study the history and psychological profile of the Iraqi president Saddam Hussein and the Iraqi military machine. According to "Oil, God and Gold", "Kuwait was also arrogant about its wealth, and was pressuring Saddam to repay the war loans that, with Saudi Arabia, it had made to Saddam to protect Sunni Kuwait against Shiite Iran … Regarding U.S. involvement in the ensuing conflict, it was alleged that Ambassador April Glaspie had been authorized to advise Saddam that the United States had no interest in Iraq's border dispute with Kuwait, thus encouraging Saddam to occupy Kuwait. Some have also speculated that the United States … conspired to tempt Saddam into a trap to destroy him. Was Saudi Arabia ever in danger of attack? According to the opinion of James Akins, former U.S. ambassador to Saudi Arabia, it was not."

In 1990, the United States found itself in a unique position: it was the only superpower in the world, after the implosion of the Soviet Union. The time for the creation of the economic globalization and expanding the "Grand Area Plan" to include the whole world was now ripe. It may be "now or never". The U.S., as the only superpower, had more reason now than ever to control the oil. It imported 45 per cent of its oil in 1989 and its studies had indicated it may have to import over 65 per cent of its oil by the end of the 1990s! About 40 per cent of the 1989 trade deficit of the United States resulted from oil imports. With nuclear power practically non-existent as energy supply source in the United States, standing at around 7 per cent only, in 1989 oil accounted for 41.9 per cent of the United States energy supply, gas accounted for an additional 24 per cent, coal and coke for 23.3 per cent, hydropower for 3.5 per cent and other sources for 0.5 per cent. The Central Asian and Caspian Sea republics could now be "assisted" to "independence" and their huge oil deposits secured and controlled.

American policy planners considered the geographical location where oil was produced as a geological accident, especially in the Middle East, and they thought it is their right to correct this accident. To them, modern petroleum technology was basically an American creation. It was American oil geologists, technology, money and companies that first defined its existence, then got it out of the ground. It was the United States that needed it the most. War games that specifically forecast a possible Iraqi invasion of Kuwait were drafted by the Pentagon. Even magazine articles were published about such a possibility. The May 7, 1979, issue of Fortune Magazine published a war game scenario that described possible American military

response and plans in case of an Iraqi invasion of Kuwait based on border and other disputes. Page 158, under the heading "If Iraq Invades Kuwait…" said: "Iraqi armored forces, using primarily Soviet equipment, could overrun either nation quickly. Assistance, if requested, would initially involve U.S. tactical air strikes against Iraq's armor and its air support - and possibly threats to destroy Iraq's oil facilities. To dislodge Iraqi ground forces would require marines from the 6th and 7th fleet and infantry from the eighty-second and 101st divisions." The plan envisaged "an army in the sky" to move the troops and the utilization of the U.S. Air force Strategic Airlift - the seventy giant C-5 As and 234 smaller C-141 transports, plus 700 KC-135 tankers for in-flight refueling".

The one-dollar one-vote democracy prepared a complete team to manage its new world order agenda, starting with the assault on Iraq:

- George Bush not only understands oil, he once owned an oil company. He's familiar with the business, and therefore very qualified for the job of operation manager of world oil control. Besides, he once managed the CIA, and therefore he is a national security establishment icon.

- Secretary of Defense Dick Cheney also was a longtime establishment figure. Ironically, after leaving Washington, he became CEO of a Texas-based oil services company.

- Colin Powell, the chief-of-staff, was a member of the national security establishment. He also served as a national security advisor.

- National Security Advisor Brent Scowcroft was Henry Kissinger's deputy during the Nixon years. Even when out of government, he worked for Kissinger Associates.

These qualified people can share a secret, and the secret was the creation of a post cold-war world order that included U.S. control of international oil.

Kuwait, a country producing 2.1 million barrels of oil daily, was invaded by Iraq. Among other things, Iraq claimed that Kuwait was pumping more oil than the OPEC quota allowed; was selling it below posted prices, causing Iraq one-billion dollar loss per year for every one dollar less on the oil price; and was pumping oil from the Rumela field through directional wells, a field that lay mostly under Iraqi territory. One may assume that the flooding of world markets with oil just before the Gulf War was to prepare world markets for a possible embargo on Iraqi-Kuwaiti oil and thus to prevent sharp oil price increases as a result. One can argue now that such a step was another

indication that the OPC was precipitating the Iraqi-Kuwaiti conflict. All the plans for U.S. intervention were ready for implementation. The United States used the United Nations as a useful vehicle in its diplomacy even though the U.S., the richest country on earth, was then the nation the most indebted on earth, having to pay the UN arrears. The resolutions necessary for intervention were secured. It might have been more useful if the U.S. used the same influence to stop the invasion before it occurred.

Not only will this Gulf War provide control of oil, it will also provide an opportunity for the United States to use all its redundant stockpiles of armament stored for NATO against a defunct Warsaw pact. It will provide an opportunity to test new weapon systems the U.S. had no opportunity to test before, as Pentagon strategists hoped. And those oil states which saved their extra petrodollars for future generations were forced into a position that made them lose that money. When the Japanese and Germans said they could not participate in the war because their American-written constitutions did not allow them to participate in military conflicts, they were told that constitutions can be amended. And cash payment may do just as well.

The United States, under U.N. umbrella, went to war against a third world country of 17 million and … surprise, it won. The American people were told that now they could put to rest the Vietnam syndrome, brought about by a war in which some 250,000 American soldiers lost their lives or were wounded.

By the end of the Gulf War, in 1991, everybody in the Middle East and many of those who joined the war lost. Also, the price of oil went down to its pre-1973 level! (In constant 1973 dollars.)

One of the most unpublicized results of the Gulf War was the step-by-step approach of the United States, that pushed the oil-producing Arab states into the indebted nations' club, starting with the biggest of them all, Saudi Arabia. To promote the war, the United States advocated, through James Baker, the creation of a "Middle East Development Fund", with a $15 billion paid annually by the oil-producing Arab states so that the oil wealth will be more equitably distributed. This idea was toyed with in Damascus by the Desert Storm Arab coalition. This and the Damascus meeting resolutions evaporated before the ink dried over the signatures.

The bills that were presented by the United States to the oil-producing Arab states and the subsequent bills for the purchase of American redundant arms, using the imaginary threat from Iraq as a good excuse, dried the treasuries of those states and they had nothing left to donate or redistribute.

The Saudis found their economic assets drained by the war. The government had to cancel a dozen major projects. The Saudi stock market crashed. Eleven per cent of all bank deposits were withdrawn by scared citizens and the government had to pump $4.4 billion into the financial system to keep it from crashing. To relocate Saudis who fled the eastern region during the war, to pay for 200,000 Kuwaitis who arrived in Saudi Arabia after Kuwait's occupation and to pay for the guest workers' exodus, some $4 billion were spent. To "prepare" the kingdom for war, by the end of 1990, Saudi Arabia had paid at least $13 billion. Some $17 billion was scheduled to be paid by Saudi Arabia for arms to be stored in the kingdom. King Fahd agreed in September 1990 to cover "in full" the "in country" cost of the U.S. troops dispatched under Desert Storm. Their expenses were estimated at $500 million monthly. When war broke out, the king pledged an additional $13.5 billion to cover allied military costs through March 1991. Also, King Fahd pledged to contribute $3-$4 billion to a special U.S. Treasury fund to help countries such as Turkey to bear the consequences of the U.N. embargo against Iraq. Saudi Arabia gave $1.5 billion to Egypt, together with Kuwait, and wrote off $6.6 billion of Cairo's debts. One billion was also paid to Syria. Using conservative estimates, the Gulf War had drained $28.9 billion from Saudi treasury by the end of 1990. By August 1991, the figure went up to $64 billion, although well-placed sources put the figure at $80 billion. This figure was confirmed by Saudi Arabian minister of interior, Prince Nayef Bin Abdulaziz, in a meeting with reporters in Riyadh, held on September 26, 2002, as reported by AFP. Kuwait foreign funds were misused, and according to some estimates, about $50 billion were not accounted for, in addition to the billions spent for reconstruction after the war.

Before the war, the oil production rate was 5.6 million barrels per day. After the embargo on Iraq crude, production was raised to 8.7 million bpd; 300,000 bpd were supplied to the allied troops. Most of the money for the oil price increase during the crisis was made not by Saudi Arabia but by the New York speculators. Since Saudi oil was sold on long-term contracts, the Saudis were earning $28 per barrel, which included production and transport cost; the price of oil on the New York Mercantile Exchange was $40 per barrel.

Although the exact figures of SAMA assets are kept secret, according to Ahmad Zaki Yamani, a former Saudi oil minister, SAMA funds were close to $25 billions, assuming that the non-performing loans are deducted. If so, the whole SAMA assets were wiped out as a result of the Gulf War. By the time I wrote this chapter, the Saudi internal debt had totaled $170 billion. According to news reports dated July 14, 2002, the Saudi investors lost $160 billion in the world stock market crash in 2002. Also, according to Time magazine, Saudi Arabia paid $270 billion for arms they cannot use, and their

per capita income came down in the past 20 years from $28,600 to $6,800. Iraq was shouldering a $23 billion fiscal deficit and $80 billion in foreign debt, and with the embargo started to lose $1.25 billion monthly.

Wall Street and the financial barons had their day also when, as a result of the war, $13.7 billion were withdrawn from the Bahrain Off-shore Banking Units (OBUs),a full 21 per cent of the total assets. Kuwait banks ceased operations fully during the occupation and in the UAE withdrawals rose to 25 per cent of liabilities. Foreign bankers started to treat the Gulf banking system with caution.

Before the war, the Gulf states employed large numbers of Arab expatriates whose remittances constituted a major source of hard currency for their home countries. This system was disrupted, spreading hardship to countries such as Jordan, Yemen and Sudan. Instead of a "Middle East Development" project that was promised by the United State before the war, poverty, unemployment and wealth disparity increased, and an Arab cold war was encouraged.

The third stage for the complete control of international oil started in 2001, to control the last big known oil reserves in the Caspian region. This stage was best described in Business Week as follows: "The buildup of influence in Central Asia after September 11 has been breathtakingly fast. Consider:

* A year ago, not a single U.S. soldier was in the region. Today, roughly 4,000 servicemen and women are building bases … along a rim of peril stretching 2,000 miles from Kyrgyzstan, at China's border, to Georgia, on the Black Sea …" Donald H. Rumsfeld, U.S. defense secretary said that U.S. forces would stay there "as long as necessary".

* "… U.S. investment in the region has jumped to $20 billion."
* "The energy giants have revved up their commitment to the Caspian region, one of the last big undeveloped clusters of fields on the globe." It is interesting to note that BP and Halliburton, the company whose chief executive was Dick Cheney (vice president to George W. Bush), will invest $12 billion in the region.

* "What is fast evolving is a policy focused on guns and oil. The guns are to protect the local regions from Islamic militants …. The guns of course, will also protect the oil."

* “Estimates of the Caspian oil pool vary greatly – from 200 billion barrels, on the level of a Saudi Arabia, to fewer than 100 billion barrels, still on a par with the reserves of the North Sea and at current oil prices worth $2.7 trillion.”

* “Key to the game are the pipelines, where diplomacy and oil craft meet. The Caspian is a landlocked sea. Its vast oil output must be piped per land to the Black Sea, the Mediterranean, or the Persian Gulf before it can be pumped into tankers.” This is one good reason for the Afghanistan war, as the pipeline has to pass through Afghanistan. Henry A. Kissinger lobbied on behalf of UNOCAL for such a pipeline… before September 11.

The two big oil-producing states in the Middle East, Iraq and Iran, were labeled as rogue states and belonging in the axis of evil. Nothing will satisfy the evil Wall Street owners and their Washington puppets more than having the oil of Iran and Iraq under their complete control. Hollywood script writers can again be used to market the next unholy adventures against Iraq and Iran as if they were meant to achieve the most noble and holy causes for humanity.

"Any politically literate American knows that the United States is not fighting for democracy (against Iraq) because there is none in the Arab World. It is not fighting for the right of Kuwait Royal family so that it goes on running the place like a private oil plantation. No, the United States moved into war position (to stop Iraq) from controlling a resource that is basic food for industry and can mean the difference between economic life and death."

A. M. Rosenthal,
Herald Tribune Aug 27 1990

CHAPTER EIGHT

CONTROL OF INTERNATIONAL OIL 1855-1973

From Medicine to Fuel to Strategic Power

The first historical record of petroleum was made in Iraq, previously called Mesopotamia, near the modern city of Baghdad, at Hit, some 5,000 years ago. Oil seeped to the surface, through cracks and fissures, in the areas now called Iraq, Iran (called Persia before), and the Arabian Peninsula. Some gas that would seep from the cracks would catch fire, which was the reason that some sects worshiped fire. The heavily asphalted fraction was called in Arabic "katran" and it was used as medicine. Katran and lime were mixed and were used as weapons in wars where they would inflict considerable damage on the enemy due to their "real fire" power. Petroleum, a Latin word that means rock oil, to distinguish it from vegetable oil, was in limited use until the middle of the 19th century. Red Indians in America collected petroleum from seepages and the oil was used by them, and by American country doctors afterwards, for medicine to cure all types of sicknesses and diseases, such as cold, headaches, toothaches, deafness, stomach upsets, worms, rheumatism, to mention some it would allegedly cure.

In the mid-19th century, processes were invented to extract kerosene, used as illuminating fluid, but the quantities of kerosene were scarce as petroleum sources were secured only through seepages. George Bissell was a self-made man and a well-educated lawyer. He read and wrote Hebrew very well, along with seven other languages. In his many travels, he passed by Pennsylvania, where oil was collected primitively using rags to soak it and other primitive devices. While on a visit to Dartmouth College, he spied a bottle of Pennsylvania rock oil in a professor's office, which had been brought by a physician practising as a country doctor in western Pennsylvania.

Back in New York, Bissell grouped some investors, including a bank manager, to study whether this rock oil, petroleum, could be used as an illuminating fluid. They commissioned a professor of chemistry at Yale University, Benjamin Silliman Jr., to conduct the study. A positive report from him, they reasoned, could bring investors. On April 16, 1855, the report was ready, but the professor demanded payment of $526.08 for his services, which Bissell and his banker friends thought too much. Only after refusing to give his study for weeks, maybe a few months, was he paid, and he delivered his report which was very positive: this rock oil can be distilled into several

products at different boiling points and many products can be derived from it, one of which being the illuminating fluid, kerosene. Armed with this report, a company was formed to commercially develop this oil. The first problem was how to develop commercial quantities, as the existing methods of digging were unsatisfactory. The Chinese developed, over 1,500 years ago, a drilling technology for salt, going down as far as 3,000 feet. On occasions, some petroleum used to come up with salt as a by-product and it was then used as medicine.

New Haven banker Townsend, Selliman and others formed Seneca Oil Company, appointed 38-year-old Edwin L. Drake as its general agent and entrusted him with setting up his drilling operation two miles down Oil Creek from the Pennsylvania town of Titusville on a farm that had a seepage of petroleum of three to five gallons per day. William A. Smith "uncle Billy" and his two sons were good blacksmiths used to make tools for the salt-water drillers – they build the derrick and drilled until they hit oil at 69 feet, at the end of August 1859. They bought all the barrels of whisky in and around town to stock the newly discovered oil. Storage became a problem.

Oil started to bring bad luck to its owners from the very beginning. With so many oil barrels in storage, the petroleum gases caught fire from a lantern and the entire storage area exploded and went into flames. Production was resumed and storage and overproduction became the problem. An empty barrel of whisky cost twice as much as the oil inside it.

Drake went to Wall Street and became a partner in a firm that specialized in oil shares. By 1866 he had lost all his money and became desperately poor. He needed money badly and wrote to a friend: "I am in want of it sadly and am sick."

On January 10, 1870, Rockefeller, Flagler and three others formed the Standard Oil Company. Standard meant that product quality will be consistent. Through various methods, mostly controlling oil transportation through railroad, in addition to controlling refining and undercutting competitors, they got their competitors broke. Standard Oil succeeded to dictate its terms on the oil producers. It dominated the U.S. market and by the end of the 1870s, about 90 per cent of U.S. kerosene was exported by Standard. Russia became a good market for Standard Oil.

Baku, a city in Azerbaijan, had oil seepages like Iraq, Iran, Arabia, and the U.S. The "eternal pillars of fire" worshiped by the Zoroastrians were the result of flammable gas associated with petroleum seepages from ground cracks. Marco Polo reported in the 13th century that he heard about a spring of

oil around Baku. He said that this oil was “not good to use with food” but was “good to burn”. It was also a medicine and good for cleaning the mange of camels. Baku was part of a territory annexed to the Russian empire. By 1829, some 82 hand-dug pits existed, which were monopolized by the state. In the early 1870s, private enterprise was allowed to be involved. In 1871-1872 the first wells were drilled and 20 refineries were operating. By 1873, one of them was bought by the now famous Noble family. The family was involved in arms, construction and other businesses.

Through their good connections, the Nobles won the blessing of the Grand Duke, the brother of the czar and the viceroy of Caucasus. The Noble kerosene now started to rival Standard Oil’s kerosene. Transport was the major problem for the Caspian region and for the Noble enterprise. They quickly devised oil tankers – the first was the “Zoroaster”, commissioned in 1878 on the Caspian Sea. The Nobles named their company “The Noble Brothers Petroleum Producing Co.”, which was the first integrated oil company in the world that incorporated exploration, production, refining and transportation and its associated wells, pipelines, refineries, tankers, storage, depots, railroads and retail distribution systems. All of this was achieved in ten years! The Nobles forced out the American kerosene from Russia. Probably at the urging of the Russian oil producers, Russia occupied from Turkey the port of Batum on the Black Sea. A railroad was to connect it with the Caucasus oil. The Russian company involved secured a loan from the Rothschilds. In exchange, the Russians mortgaged their oil facilities to the Rothschilds and guaranteed to give the Rothschilds refinery in Fiume port, on the Adriatic, preferential prices. After the completion of the Baku-Batun railroad, the Rothschilds formed the Caspian and Black Sea Petroleum Co (Bnito). By 1888, Russian production became 80 per cent of the American production and it needed export markets.

The rise of Russian oil and the possibility to reach international markets disturbed Standard Oil, which had its own spying network that included many American government consuls who were on Standard Oil payroll. Standard Oil took action against Russian companies, dropping kerosene prices in Europe and fuelling rumors that Russian kerosene was unsafe. The Nobles and the Rothschilds fought back successfully. As the production from Baku continued to increase, the Rothschilds looked for new markets in the East. Fred Lane looked after the Rothschilds’ oil interests in London, and he introduced them to Marcus Samuel, a Jew like the Rothschilds. Marcus’ father had good trading connections with Japan and a network of relationships with the British trading houses in Calcutta, Singapore, Bangkok, Manila, Hong Kong and all Far East countries. In 1869, the Suez Canal was opened, which reduced voyage to the Far East by 4,000 miles; this made trading oil in the Far

East a more feasible proposition. The Rothschilds themselves were very well connected and were lending governments to finance wars or repay reparations of wars, as they did with France after its defeat by Prussia. They even financed the British government under Benjamin Disraeli to purchase the shares of the Suez Canal in 1875. They also sponsored the Jewish settlements in Palestine.

Samuel decided to build oil tankers to cross the Suez Canal and he sent his nephews, Mark and Joseph Abraham, one to India, the other to the Far East, to supervise the establishment of storage tanks in the ports and the distribution systems inland. Opposition was strong against the passage of tankers through the Suez Canal as the Samuel plans envisaged. The city of London's most eminent solicitors Russell and Anholz lobbied against "the powerful group of financiers and merchants" under "Hebrew influence" who wanted to navigate tankers through Suez. Nevertheless, permission was granted on January 5, 1892. The Economist commented: "Whether it is true, as opponents insinuate, that it is purely of Hebrew inspiration, we are not concerned to inquire, nor does it appear why such a circumstance should count against it." On July 22, 1892, the Murex sailed for Batum, where it filled its first cargo with the Rothschilds' Brito Company kerosene, and passed the Suez Canal on August 23, 1892. This kerosene load, and others to follow, was shipped and distributed simultaneously in the Orient and East Asian countries, which prevented Standard Oil from lowering its prices – it was its practice to lower prices in one country until competition was broke, while raising them in another to compensate. The only problem with Samuel scheme was that he counted on reusing Standard Oil containers in those countries, but that did not work, so he immediately shipped tinplates from Britain to all these countries, ordered all agents to manufacture the needed tins, and Samuel's Rothschild kerosene was all over Asia, with Standard stunned and taken by surprise. A Tank Syndicate of Samuel, Fred Lane and the trading houses of the Far East was formed. Between 1894 and 1895, Samuel Brothers were also the principal providers of weapons and supplies to Japan in its war with China. Marcus Samuel continued to run his oil operations, including the tankers, from a small room in Hounsditch. The room was equipped with one table, two chairs, two clerks and a world map.

In 1880, a Dutchman who was manager of East Sumatra Tobacco Company collected samples of an oil seepage from a bond, sent it for analysis and was elated to learn that it contained about 60 per cent kerosene. The Dutchman Zijlker won a concession from the Sultan of Langkat for northeast Sumatra. In 1885, the first successful well was drilled. He needed cash and got it through sponsorship from some bankers; he got sponsorship from the

Dutch king himself, William III, who granted the title "*Royal*" to the company that was called Royal Dutch Company.

Royal Dutch completed its infrastructure in the East Indies and was in business by April 2, 1892 – the time Samuel was ready to ship his kerosene tanker through Suez. Royal Dutch secured a "protection" from the Dutch government, which ruled Samuel's Tank Syndicate out of the East Indies. Between 1895 and 1897, Royal Dutch production increased 5 times. In order to get more concessions, Royal Dutch decided to maintain a low profile, away from the eyes of Standard Oil.

The dominance of kerosene, gas and candles for illumination was threatened by a new revolution: electricity. In 1882, inventor Thomas Alva Edison turned the switch on the electrical generation plant while standing in the office of his banker J.P. Morgan, in Lower Manhattan, starting a revolution that changed the world, including the world of petroleum. Since J.P. Morgan had offices in London, electricity spread to London the same year and an electric light system was installed in 1882 in the Holborn Viaduct Station. This clean source of illumination gradually replaced kerosene that was a fire hazard, consumed oxygen and produced soot. About the same time, the German engineer Daimler invented the internal combustion engine, which can be used to propel a horseless carriage. The engine, it turned out, can use another petroleum product, gasoline. Many people in Europe and the United States worked on commercializing and developing the automobile until one Edison Illuminating Company employee in Detroit quit his job and developed a car, giving it his name. He was Henry Ford.

In order for the British Admiralty to produce a faster ship and keep its sea superiority, Winston Churchill, as Lord of Admiralty, accepted switching the fuel of the British fleet from coal to fuel oil, another petroleum product that gave oil an additional strategic dimension. When armored vehicles and tanks, and then aeroplanes, became the tools of modern wars, petroleum became the engine of the twentieth century growth, as well as of its wars and conflicts.

At the end of the 19th century, the Standard Oil, the Nobles and the Rothschilds were dominating the world of oil. In the 1890s, they started negotiations to stop their trade wars, split the world export market between Americans (75 per cent) and Russians (25 per cent). Standard Oil, on the one hand, and the Rothschilds and the Nobles, on the other, signed on March 14, 1895, this grand alliance. The alliance failed because it was alleged that the Russian government did not accept it.

Samuel, until the late 1890s, invested mostly in tankers and storage facilities. Now he needed his own oil supplies. They got a concession in the region of Kutei, in east Borneo. First oil was struck in February 1897, first gusher in April 1898. Crude quality had little kerosene but analysis indicated it could be used as fuel oil. Marcus Samuel became the biggest proponent of the conversion from coal to fuel oil. As early as 1870, the Russians used the crude residue after extracting kerosene from it as fuel oil for ships in the Caspian Sea. They had to do it – they had no coal. Also, the new trans-Siberian Railway began to use fuel supplies instead of wood or coal. To Marcus Samuel, the 20th century function of petroleum will be fuel – not illuminating fluid. So he started lobbying the admiralty for it relentlessly.

In the meantime, Samuel incorporated his operations into a company in 1897: the Shell Transport and Trading Company. All his trading partners were made shareholders to secure their loyalty. This company later combined by the Royal Dutch, forming the Royal Dutch/Shell.

The first years of the 20th century were full of events in the history of oil business. Russian oil from the Baku region became threatened by strikes and revolutionary activities. The oil companies of Russia – the Rothschilds and the Nobles - felt nervous as their only or main supplies could be interrupted. Vladimir Ilyich Lenin's revolutionary newspaper was printed in Baku and distributed through the oil distribution infrastructure without the knowledge of management. Joseph Djugashrili, later called Joseph Stalin, became the chief socialist organizer in the oil port of Batun. So the Rothschilds and the Nobles looked for alternative supplies, and selling their oil business became a possibility. It had become too risky. In 1912, the Rothschilds sold their entire Russian oil organization, and took instead stocks in Shell and Royal Dutch, thus becoming one of the biggest shareholders in both.

Persia's Muzaffar Al Din Shah signed an oil concession agreement, on May 25, 1901, with William Knox D'Arcy. The British Foreign Office gave political and then military support to D'Arcy's exploration and drilling operations and assigned officer Arnold Wilson to give protection to D'Arcy's Persian operations.

D'Arcy had a budget overrun and he ran out of money to the point that his operation was threatened. The admiralty wanted to give him a loan, but this did not go through due to technicalities. D'Arcy met the French branch of the Rothschilds and D'Arcy was about to reach an agreement. The admiralty was alarmed and the British secret service sent its superspy Reilly to persuade D'Arcy to sell the concession to a very good Christian British enterprise. Reilly was dressed as a priest to play at D'Arcy's sentiment as a devout Christian. Yet Reilly was a Jew born in Odessa, Russia, as Sigmund Georgjevich Rosenblum.

On May 25, 1908, oil was struck at the area of Maidan-i-Naftan, near Masjid-i-Suleiman. The first news of this discovery was wired to London by Lieutenant Wilson who sent a coded message: "See Psalm 104 Verse 15, third sentence." At that place the Bible reads: "That he may bring out of the earth oil to make a cheerful countenance." On April 19, 1909, the Bank of Scotland sold shares to the newly incorporated Anglo-Persian Oil Company.

By 1912, Anglo-Persian Oil Company's operating capital ran out due to the huge oil fields discovered and the development infrastructure required. On May 20, 1914, the British admiralty and Anglo-Persian signed an agreement, making the British government the owner of 51 per cent of Anglo-Persian, having two directors on its board from the government. A secret, separate, agreement giving fuel oil to the admiralty at preferential prices, was incorporated in the deal. This arrangement was concluded only few months before the start of World War I.

About 13 million people were killed in that war and many other millions were wounded. One of the main factors responsible for the German defeat was the lack of oil supplies. The director of France's Comité General du Petrole, senator Bérenger, said at the end of World War I: "Oil 'the blood of the earth', was 'the blood of victory' … Germany had boosted too much of its superiority in iron and coal, but it had not taken sufficient account of our superiority in oil." Germany rivaled the British industry after German industrialization and the Daimler gasoline engine invention. The British then adopted a strategy considering that if they cannot compete with Daimler motors, they must control the material that the Daimler motors must use :oil.

One of the biggest oil discoveries was made in Mexico in 1908 by Weetman Pearson, a famous English contractor who initially was invited by Mexican president Porfirio Diaz to build a canal to drain Mexico city. He found oil in great quantities, so he formed the Mexican Eagle (Aguila) Company. A strong conflict of interests with American companies resulted, especially including Standard Oil. On the pretext that General Huerta was a dictator, Woodrow Wilson, the American president, was determined to displace him. The Americans believed that Pearson, who became Lord Cowdray, was backing Huerta. The American ambassador to Mexico wrote to his president that Lord Cowdray "would have owned Mexico, Ecuador, Colombia … with such a grip on the Governments as would have amounted to a mortgage". Angry diplomatic exchanges followed, with the Americans accusing the British government of being paid by Cowdray, and the British accusing the Americans of being paid by the Standard oilmen. In the end, foreign oil interests, as always, agreed together against the national interests of the producing countries, and decided that "dictator" Huerta had to go.

Cowdray became the British equivalent of Rockefeller and the group of companies he formed included, in the last decade of the 20th century, the Lazards Bank, Financial Times, The Economist, and a serious of companies in the information and financial businesses. In 1919, Cowdray sold most of his Mexican oil companies to Shell. The British and American struggle for influence and oil resulted in revolutions and counter-revolutions until the Mexican government nationalized the oil industry in 1939, thus being the first oil producing country to do so. The Americans, the British and the Dutch boycotted Mexican oil and they said: "Let Mexico drown with its oil." Pemex became the Mexican National Oil Company. Since Mexican oil was needed in World War II, the foreign oil companies reached a compromise and were compensated $130 million. The big companies switched their resources and attention to nearby Venezuela, and by 1946, Venezuela became the world's largest oil producer outside the United States.

Unfortunately for the people of the Middle East, this blood of the earth cost them lots of blood and lots of wars. Their one country was subdivided into many countries to serve geopolitical policies, and the Sykes-Pico treaty between England and France redrew the borders of the Middle East. These new borders were based on petroleum geological and military considerations to ensure oil flow to the West with little if any consideration to the interests of the producing countries.

At the time the Rothschilds sold all their Russian oil operation to Royal Dutch/Shell, another deal was in the making. The Turkish Petroleum Company was incorporated within oil concession over Iraq, called Mesopotamia at that time. The owners of the company were the Deutsche Bank and Royal Dutch/Shell, with a quarter of the company shares to each, and the remaining half went to the Turkish National Bank, a British-controlled bank that advanced the political and economical interests of Britain in the Ottoman empire. Calouste Gulbekian, who was the real power behind the formation of this company, owned 30 per cent of the Turkish National Bank. This made him 15 per cent owner of the company. Gulbekian's father made his money importing Russian kerosene to the Ottoman Empire. After Gulbekian graduated from King's College, London, in engineering, he went to Baku. He wrote several articles on Russian oil and became an oil expert at the age of 21. The Sultan asked for his opinion on oil in Mesopotamia and he thought the area had great potential. In 1897, he represented the Samuels in Constantinople. He acted as financial advisor to the Turkish government and to its Paris and London embassies. The British indicated dissatisfaction with the way the shares were allocated and they redistributed the shares. A "Foreign Office Agreement" was signed between the British and German governments on March 19, 1914. Deutsche Bank and Shell each had 25 per

cent and the Anglo-Persian Group held 50 per cent. Gulbenkian would receive 5 per cent taken in direct proportion to the share of each. The United States was left out of this arrangement.

The United States' first involvement in Middle East oil was in Iraq, where Washington proclaimed an "Open Door" policy after World War I and asked the oil companies "to go and get it". That was in the early 1920s. At that time, the British and the French had little resources of oil for themselves and they wanted the Middle East oil to be their Texas. After World War I, the share of the Germans in the Turkish Oil Company in Iraq was given to the French. The United States was excluded. The British and French were determined to exclude the Americans from the area and they told the Americans that they (in 1922) controlled 82 per cent of the world oil production (in U.S. and Mexico), whereas the British oil production in Persia (Iran) and elsewhere did not amount to more than 4.5 per cent. The Americans pressed hard and finally they were allowed a piece of the Iraqi oil cake before it was even produced. The company that was formed during the Ottoman empire under the name "Turkish Oil Company" was renamed to become "Iraq Oil Company" - IPC. It was made of:

BP: 23.75 per cent, Shell: 23.75 per cent, CFP: 23.75 per cent, Mobil: 11.875 per cent,Exxon: 11.875 per cent, Gulbekian: 5 per cent

So the United States entered the Middle East oil first through Iraq, and made its final operations to control the Middle East and international oil through its war against Iraq. Likewise, France created CFP and Iraq oil was its only source of oil. Now with the Americans on board, the British who had a mandate over Iraq, installed a government and they forced the Iraqi government to sign the IPC agreement whereby Iraq will be given 4 shillings/ton (about ½ shilling per barrel) instead of a 20 per cent share as was agreed upon at the San Remo Peace Treaty. Practically, America was given the share of the Iraqi government. Two Iraqi ministers resigned in protest.

The consortium of companies that made up the IPC reached another agreement that became known as the Red Line Agreement. The companies agreed that they will go together or not at all for oil in the Arab Middle East, except for Iran and Kuwait. Because of the Red-Line Agreement, the same consortium went to the Trucial coast emirates, later called United Arab Emirates. The Abu Dhabi Petroleum Company (ADPC) was composed of the same companies and same percentages. Therefore, when the oil companies wanted to penalize the Iraqi government in the early 1960s it simply decreased production in Iraq and increased it in Abu Dhabi. The result was the same oil quantity to the companies passing through the Straits of Hormuz, yet Iraq was deprived of its oil revenues.

A secret agreement was uncovered some 25 years later by the American Justice Department, in which it was revealed that oil companies formed a

secret cartel as far back as 1928 to fix production quotas and oil prices which were imposed at the producing countries. The Justice Department decided that the oil companies should be prosecuted criminally. Both the State Department and the Defense Department intervened on behalf of the oil companies, and wrote that "the oil companies are for all practical purposes instruments of our foreign policy towards these (producing) countries". Since oil was important for the economic and political existence of these countries, such prosecution will do damage to America's "national security". The same report said that the oil price (which these companies were setting) is very critical to Western Europe and thus very "critical to the strength and balance of payments position of this area, which is vital to our security". Thus, low oil prices assisted "the balance of payments" of the European and other consuming countries at the expense of the oil producers, without their knowledge or consent. This report was sent to the National Security Council (NSC) on January 9, 1953. The NSC endorsed the state and defense departments' report and, accordingly, Truman requested justice to dismiss the charges.

The Kuwait oil concession and the way it was negotiated is a good example of how the producing countries were taken for a ride, and how big business negotiates its deals. In 1927 Major Frank Holmes sold his Kuwait concession interests to a Gulf oil company in a package that included Bahrain for $50,000. Gulf sold its Bahrain concession and kept the Kuwait one, asking Major Holmes to remain as its agent. British Petroleum was casual about Kuwait since it had lots of oil in Iran and Iraq. Besides, its geologists saw no oil prospects there. But this changed suddenly after American Socal found oil in Bahrain, in which neither BP geologists had seen oil. Kuwait was a British protectorate. Therefore, Britain started to put obstacles to block any Gulf concession in Kuwait, insisting that companies operating in Kuwait be British. While BP and Gulf agents were busy outbidding each other in Kuwait, Gulf had got itself into an influential position. After learning about oil discovery in Bahrain and reading his geologists' reports, Andrew Mellon, a founder of Gulf, whose family owned 25 per cent of its share, was ready for the fight. He got himself appointed as U.S. ambassador to London. Certainly that appointment was a way to help Gulf. With Mellon's blessings, and using his influence, BP and Gulf reached an understanding that they will have a joint venture, 50 per cent to each, rather than outbid each other and disrupt the "oil order" of the Middle East. The sheikh of Kuwait was surprised when the competing agents of BP and Gulf came to him, this time in agreement, wanting the concession on their own terms. And this is how Kuwait Oil Company (KOC) was created in 1934.

Again through Frank Holmes, who collaborated with Hajji Philby (the father of the British double agent), a concession was signed with King Abdul Aziz Al Saud and Socal, in 1933, the same year Socal exported its first batch of Bahraini oil. American geologist Everett de Golyer got it right from the start as his report after a geological expedition to the Arabian Peninsula said: "The center of gravity of the world of oil production is shifting from the Gulf (of Mexico) - Caribbean area to the Middle East, to the Persian Gulf area, and is likely to continue to shift until it is firmly established in that area." Negotiations among oil companies resulted in the creation of the Arabian American Oil Company (Aramco) - oil was pumped for the first time in May 1939.

The American undersecretary of the Navy wrote a memo to President F.D. Roosevelt, suggesting the take-over of Aramco by the American government, as it became of vital interest to the United States to acquire petroleum reserves outside the United States. Just like the British government acquired BP, the American government had to acquire Aramco. On June 30, 1943, the president authorized the formation of the Petroleum Reserve Corporation, which was to acquire 100 per cent of the Aramco concession. Secretary of the Interior Harold Ickes was named as its president. The secretaries of war, navy and state were named as company directors. Abe Fortas, a Jew, was named secretary of the company. The first meeting was held on August 9, 1943, in the presence of the acting secretary of war John McCloy. The oil companies resisted the idea as un-American. It is government's business to be of service to business and not vice versa. And as World War II was ending, the idea of American government direct ownership was shelved. The Marshal plan for Europe's reconstruction after World War II was paid for by American tax payers. Ten per cent of the plan's budget went to pay for oil. The oil companies increased oil prices between 1945 and 1948 from $1,05 per barrel to $2,22 per barrel; price discrimination was also practised as one ton of fuel oil was sold for $3,95 per ton to Britain but for $8,30 per ton for Greece.

Anglo-Persian Oil Company became British Petroleum (BP), and Persia was renamed Iran. Huge reserves were added to the earlier discoveries and some 2,000 British employees managed BP operations in Iran. In 1941, when Hitler invaded Russia and the Shah refused to expel the Germans in his country, the British and the Russians invaded Iran to secure their oil supplies, and Iran stayed under British and Russian rule, until the end of World War II. The Shah was exiled and his son was installed in his place. After the war, Iran's Majlis (parliament) became increasingly nationalistic. As a result, Iran wanted a better share of its oil income, a fifty-fifty arrangement. Venezuela reached an agreement with the American oil companies to pay on 50 per cent-

50 per cent basis. The British did not budge. The American ambassador encouraged the Iranians and he was outspoken in doing so. Dr. Mohammed Mossadeq, the prime minister, nationalized the oil. Again, the U.S. conspired with England against oil producing Iran, and the CIA managed a coup against Mossadeq. Kim Roosevelt directed the coup against Mossadeq. General M. Norman Schwarzkopf, the father of the American commander of the Gulf War of 1990-1991, was assigned to Iran between 1942 and 1948, and he established contacts in that period which were used to stage the CIA coup against Mossadeq. The nationalization and then denationalization resulted in American companies taking a good share of Iran's oil. Instead of 100 per cent for BP before nationalization, now BP had only about half of Iran's oil.

Huge discoveries were identified in Libya and the first Libyan oil shipment from the Zelten field was shipped in April 1959. Libya had high quality oil, with the advantage of lower refining costs and proximity to European markets, and it was expected that the Libyan production will increase at a very fast rate in the 1960s, which it did. By 1965, Libya became the sixth largest exporter of crude and by 1969, it had exceeded the production of Saudi Arabia, at over 3 million bpd. Also, France discovered oil in Gabon and then in Algeria in 1956. This was first exported in 1958.

Shell and BP found oil in Nigeria in 1956, in the swampy delta of the Niger River. Not the least important was the first big hydrocarbon discovery in the North Sea. It was an Exxon Shell joint venture that discovered gas off the coast of Holland, at Groningen, in 1959.

With all these huge discoveries, a repeat of the U.S. overproduction of the 1930s would now occur on the international scene and a coordinating regulatory organization was needed immediately.

Many new producing companies were independents who lacked marketing outlets and pursued aggressive marketing and pricing policies. The oil companies club expanded greatly and with so many of them around, the big oil companies thought that these small players cannot keep a secret. After all, it was in the 1950s that the Justice Department brought criminal charges against the major companies and it took a secretary of defense, a secretary of state, a National Security Council and a president to get them out of the "woods".

The USSR developed great new fields on the Volga-Urals area in the period between 1955 and 1960. The USSR became the second biggest oil producer after the United States. CIA director Allen Dulles was infuriated and said in 1958 during a cabinet meeting: "The free world faces a quite

dangerous situation in the Soviet capacity to dislocate established markets." The CIA wanted no Western country to depend on its oil supplies from the USSR, as the case was developing with Italy. The state company ENI was the No. 1 Soviet oil buyer, and at certain times, they bought oil at 50 per cent of even the cheap price of Middle East oil. The chairman of the ENI group, Enrico Mattei, who was denied a piece of the oil cake by the major oil companies, continued his game until his plane crash on October 27, 1962. Enrico Mattei was Italy's leading anti-communist resistance figure and a Christian Democrat. Yet he went to Moscow and signed an agreement with the USSR Foreign Trade Ministry for an exchange of 2,4 million tons of Soviet oil annually for large-diameter pipeline network to pump the Russian oil to East European countries (Poland, Hungary, Czechoslovakia) from Volga-Urals. The network will carry 15 million tons of oil per year and it will be exchanged for food and other goods to the USSR. On October 24, 1962, one month after the manufacturing of pipes started in Italy, Mattei's plane crashed with him on board. Some attributed his death to the CIA. The Rome CIA station chief suddenly left Rome after the incident. At this point, two alternatives were possible:

Oil companies kept undercutting USSR oil to drive it out of the market. The posted price of oil remained unchanged, and the producing states took their 50 per cent on the basis of the posted price. The difference between the posted price and the selling price was taken entirely by the oil companies, something they did not like to keep doing for long. But even if they did accept this, it would not solve the problem of the new production from Libya and other African countries, which was expected to result in a glut and severe cycles again. Also, the problem of "handling" the independents remained unsolved.

The other viable solution was control of production and therefore prices at source by the states which produced oil, in an arrangement similar to that which resolved, to a great degree, the problem on the American national scene in the 1930s. With the new discoveries in Texas and Oklahoma, which coincided with the Great Depression, Harold Ickes received a cable, on May 5, 1933, announcing him that the price of oil in east Texas had dropped to 4 cents per barrel. The same day, the secretary of interior received another cable from the governor of Texas, stating: "The situation is beyond the control of the state authorities." The oil industry was about to collapse with disastrous consequences. Ickes mused that "so many of these great and mighty were crawling to Washington on their hands and knees these days to beg the government to run their business for them". On July 14, 1933, the president signed an executive order that prevented any petroleum from crossing state lines if it is in excess of the state quota, and quotas were set for each state. The

role of the state was further formalized in 1935 under the Interstate Oil Compact, which allowed the states to coordinate production, standardize legislation and exchange information and plans. People learned that oil was a commodity whose price had little effect on its demand. Since you cannot sell much more at 10 cents a barrel than at 2$ a barrel, why overproduce and commit suicide? So the advocates of free-market capitalism found that intervention, to coordinate production and therefore prices, by the producer states was a necessity. And such coordination was to be the function of OPEC in the future and the reason for its creation.

As the 1950s were getting to an end, many events on the international oil scene were creating conditions similar to the American national oil scene that prompted the creation of a coordinating body among the oil-producing countries, to control production and prices. This, of course, will require the creation of some "organization" for the "petroleum exporting countries" that will do the necessary coordination at source. And thus OPEC was created in Baghdad on September 14, 1960. The initial signatories were Saudi Arabia, Iraq, Kuwait, Iran and Venezuela. Together they accounted for 80 per cent of the world's crude export market. At the time of the signing of the OPEC agreement, Kuwait was not yet independent, but a British Protectorate. It became independent a year later, in 1961. It may be reasonable to conclude that while Kuwait was a British Protectorate, England must had thought that OPEC was a beneficial organization for Kuwait, as well as for British Petroleum and other major oil companies. It is important to mention here that the relationship between producer countries and producing companies is not always a zero sum game, i.e., what is good for the producing companies is bad for the producing countries and vice versa. The interests of producing companies and countries can occasionally meet. Also, we again stress at this point that OPEC was not necessarily a bad idea. It is a vehicle as good or as bad as it is used.

And finally, we must emphasize that most, if not all, participants in the creation of OPEC were patriots in their own way and as far as they knew it, they were creating a coordinating organization that should serve them well and prevent damaging price cycles by controlling production. Having said the above, we come back to assert our claim that OPEC was needed as much by the oil companies and consumer nations as by the oil-producing countries. Yet, OPEC's member states became victims of disinformation, especially during the years following the 1973 price increases.

The main proponent of OPEC was Venezuelan Oil Minister Perez Alfonse. His go-between contact to connect him to the Middle East oil officials was Wanda Jablonski. Perez Alfonse studied medicine at John

Hopkins University, in Baltimore, and when he came back to Venezuela he studied law. He became a minister of development. His relationship with the American embassy in Venezuela was so close that he received a call from the U.S. embassy in Caracas one day in November 1948, advising him that according to American intelligence, a coup was in the making that day and inviting him to take refuge at the embassy if he wished. The coup occurred and he was jailed and then exiled to Washington D.C. He devoted much of his time in Washington at the Library of Congress, studying the establishment of regulatory institutions similar to those enforced in the 1930s to control and coordinate production - such as the Texas Railroad Commission, which controlled the production quotas for Texas. When another coup occurred in Caracas in 1958, he was back to Venezuela and was given the job of minister of mines and petroleum, a job he prepared himself very well for while in Washington. He also immediately brought to his ministry an American consultant who was well versed in the Texas Railroad Commission, on whose model he hoped to create the organization of oil exporting countries. He wanted to meet the Middle East oil ministers and Wanda Jablonski took it upon herself to help him accomplish that mission.

Who is Wanda Jablobski? Born in Czechoslovakia, resident of New York, schooled in New Zealand, Egypt, England, Morocco, Germany, Austria and Texas, she even spent a month traveling from Cairo to Jerusalem on camel. Intelligence was the middle name of her declared profession as the editor of Petroleum Intelligence Weekly. By virtue of this profession, she knew all the heads of states of the Middle East oil countries and knew all officials who counted in the oil industry. An Arab Petroleum Congress was opened in April 1959, and Wanda Jablonski was there. So was Perez Alfonse as an observer. She invited him to her hotel room, in Cairo, and Alfonse met there a leading oil minister and other Arab oil representatives. They agreed to meet secretly at the Maadi Yacht Club. In that meeting, the participants secretly agreed to form what they then called “The Oil Consultative Commission”, similar to the Texas Railroad Commission. A year later, OPEC was created.

The decade of the sixties was marked by new productions and discoveries. Libya produced three million bpd by the end of the 1960s. Gabon, Nigeria and Algeria went into and/or increased their production. But, most importantly, two discoveries led to great reserves, but with one major problem: it was extremely expensive to produce oil at the going prices. Prices must be very drastically increased for these discoveries to become economically feasible.

The European states surrounding the North Sea agreed to and signed the Continental Shelf Act of 1964, in which boundaries of countries within the North Sea were defined. Immediately thereafter:

- In 1965, BP found gas off the coast of England.
- In 1969, the first North Sea oil was discovered in the Ekofisk field of Norway.
- In 1970, BP discovered the Forties field north of Aberdeen – Great Britain.
- In 1971, Shell and Exxon discovered the Brent field, off the Shetlands.

Alaska had a similar problem: oil was discovered in Alaska by Atlantic (later called Arco), in June 1968, in Prudhoe Bay, with Texas-size oil potential. BP also discovered oil in Alaska in 1969. At the same time, the United States' oil production was getting close to its own consumption levels. In few years, it was expected that the United States will become an importer of crude oil. So it was, in the early 1970s, that the United States became a net importer, thus creating a trade deficit because of oil imports. At the going prices of oil, it was not economical to produce these huge oil fields in the North Sea or Alaska. The United States wanted the Alaska oil to stop or minimize its oil imports and potential trade deficits. But also, the United States military planners were always uncomfortable that Europe, or to be more specific NATO, depended always on oil that had to be transported from faraway places. It was almost unforgettable that the U.K, almost lost World War II when German U boats started sinking oil tankers going through the Atlantic to the British Isles. In addition to its economical value, the North Sea oil carries a great strategic value. With it, Europe will have natural underground oil storage for its NATO wars if and when they occur. But again, price was the problem. There was no answer except to raise prices of crude oil. By doing so:

- North Sea oil becomes feasible. Britain will become an exporter of oil and will improve its balance of payments
- Developing North Sea oil will provide NATO with natural underground oil storage, reducing the vulnerability resulting from having to wage a war depending on faraway supplies.
- Alaska oil becomes feasible, thus minimizing future U.S. oil imports and the trade deficit that went with it.
- As the major U.S. Western industrial competitors Japan and Germany are much more dependent on oil imports than the U.S., it will give the U.S. a new competitive advantage.
- Oil was priced in dollars. With the United States issuing many more dollars than it had in gold in Fort Knox, oil dollars will find a way back to the United States.

In 1973, oil prices were increased. In 1971, the U.S. unilaterally cancelled Bretton Woods gold Standard, and forced the world into a floating, highly

unstable, petroleum-based dollar exchange system that opened the door to the new speculative economy. Helmut Schmidt called the new world financial system the floating non-system. In this new system, a few financial institutions on Wall Street can decide who could float and who should drown. Even a privately owned company on Wall Street, as Moody's, can determine the fate of Japan, the world's second largest economy. With the cancellation of Bretton Woods fixed exchange system, the dramatic increase of oil prices; the debt traps for the developing nations; and the death of money became a reality. A new speculative non-system controlled by Wall Street godfathers was created and the birth and accelerated growth of the "new" casino economics and infofinancial economy took hold.

" Marxism claimed to have a scientific basis; so does market fundamentalism. The scientific basis of both ideologies was established in the nineteenth century when science still promised to deliver the ultimate truth. We have learned a great deal since then both about the limitations of scientific method and imperfections of the market mechanism. Both Marxism and Laissez faire ideologies have been thoroughly discredited."

George Soros
The Crisis of Global Capitalism

" Russia is now the 'biggest super-crime state in the world."

Boris Yeltsin
First President – Russian Federation

" In the late 1980's we had the Mafiya revolution, and the rules changed again. If you're a businessman you can either pay the mob, leave the country, or get bullet through your brain."

A Russian Banker

CHAPTER NINE

RUSSIA: FROM COMMUNISM TO CAPITALISM

And from Superpower State to Supermafia State

In the decade of the 1980s a man called Mikhail Gorbachev unleashed a movement that did not end where he thought, or said he thought, it should end. Working overtly all alone, and covertly with others, the energy he unleashed within the Soviet Union was the straw that destroyed that system, causing the collapse of communism, the Soviet Union and then Gorbachev himself. He now appears as an advertisement figure for one of capitalism's consumer products. It is hard to believe that he expected this to be the outcome of perestroika.

If perestroika was about "reforming" a water dam, Gorbachev's perestroika destroyed the walls of the dam without planning what to do with its water. The flood water swept everybody, including those who broke the dam. Russia, more than a decade after the perestroika, has millions of pensioners who are not receiving their pensions, and millions of workers who are not paid for months. The command economy of communism was replaced by another command economy run by the Mafia. In 1997, a 37-year-old controlled an empire of industrial companies, banks and media groups equaling nearly 10 per cent of Russia's gross domestic product! Russia's president Boris Yeltsin described the Russia he was presiding as "the biggest Mafia state in the world". On another occasion, he described it as "the superpower of crime". What perestroika proved was that superpowers can be made from a house of cards, and that their transformation from one status to another can happen with astronomical speed. The debris of the USSR's implosion was managed by another existing superpower that may have assisted in the acceleration of the implosion and had ready plans for where the pieces should fall. The Russian Mafia, that had recently developed in the United States, which was made mostly from Russian immigrants was ready to take over all Russia as soon as the USSR ceased to exist.

Capitalism and Marxism share the same values system: a secular world with materialism as its dominant value and with economic growth as the purpose of human societies. Both systems elevate economic growth to the rank of religion. Their main difference was in the ownership and distribution of wealth. Marxism was the by-product of capitalism's industrial revolution,

and a-70-year warning to the 500 years old capitalism that it failed to bring peace on earth or give peace of mind to its adherents.

Much was debated about the covert or overt role of Mikhail Gorbachev in the downfall of communism and the USSR. His big role cannot be questioned, at least for being at the top of the system when the system collapsed. The system that got him to that position, however, was flawed and doomed and signs of collapse were apparent years before.

Pulitzer Prize winner David Remnick, a former Washington Post correspondent in Moscow, described the USSR: "It was as if the entire Soviet Union were ruled by a gigantic Mob family known as the CPSU (Communist Party of the Soviet Union)." As early as the mid 1980s, the KGB concluded that the Soviet Union's socialist economy was doomed and this was notified to Politburo members and Konstantin Chernenko. The expensive arms race with the United States bankrupted Lenin's revolution. Top-level Western and U.S. intelligence sources now reveal that with the start of the Gorbachev rule, the KGB started to hide the Communist Party funds outside the USSR. Few years after Gorbachev took office, some $600 billion had been smuggled outside the country through some 2,000 shell companies that were established by the KGB all over the world. According to Richard Palmer, CIA station chief in Moscow between the critical years 1992 and 1994, the KGB had to use the Russian Mafia in order to accelerate the process. The KGB modernized the Soviet Mafia with state-of-the-art equipment, including the latest communications gear and hi-tech equipment.

Robert I. Friedman, an American investigative reporter of Russian origins, wrote a really astonishing exposé about organized crime in Russia and the United States. He investigated how the Jewish Russian immigrants to the United States after 1972 formed the "*Red Mafiya*" which was also the title of a book he wrote on this subject. Friedman was quick to point out that he was Jewish himself and his four grandparents were Jews who emigrated from Russia. It is presumed that Friedman revealed his religion in the book's introduction to avoid any charges of anti-Semitism. It is becoming a habit to blackmail as anti-Semitic any person who expresses an opinion or reveals facts that may not be to the liking of some Jews, regardless of how criminal the criticized party may be. "By the mid-1980s", wrote Friedman, "there were nearly nine thousand criminal gangs in Russia with 35,000 members. During 'privatization's period when the government put everything from the great oil and gas giants to hotels in downtown Moscow up for sale, organized crime and the Russian government continued their mutually beneficial relationship. The criminals needed export licenses, tax exemptions, below-market-rate loans, business visas, and freedom from arrest and prosecution for their

crimes. All of this and more was available from corrupt bureaucrats, especially since inflation had wiped out the savings of everyone in Russia…. A dozen or so 'oligarchs' took over vast state properties and became among the wealthiest men in the world. As for law and order, police officers, for example, who didn't steal or take bribes were unlikely to be able to feed their families …. Some nine leading Mafia organizations controlled more than 40 per cent of Moscow's economy … Russia's criminal groups penetrated virtually every level of government from Russia's parliament, the Duma, to president Yeltsin's inner circle. Even the immense arsenals of the Soviet armed forces were plundered." A Russian banker declared: "In 1917, we had the Bolshevik revolution, and all the rules changed. In the late 1980s, we had the Mafia revolution, and the rules changed again. If you're a businessman, you can either pay the mob, leave the country, or get a bullet through your brain'."

Turf wars got worst among the Mafia gangs. The Chechen Mafia called in reinforcements from the Republic of Chechnya and they almost had the upper hand over Moscow - the newly created oligarchs almost left the city and the other dominant Jewish, Slavic, American and Georgian gangs found themselves in a state of confusion.

It appears that Mafia and Capitalism are twins that live and thrive on one another. Historian Albert Fried said: "Intelligent gangsters from Al Capone to Moe Dalitz and Mayer Lansky have always been fierce, valuable defenders of the capitalist faith, and to that extent they were and are J. Edgar Hoover's idelogical Kinsmen." Hoover, who presided over the Federal Bureau of Investigations (FBI) for almost 50 years, never acknowledged the existence of organized crime, therefore he never fought it. The FBI half-heartedly started to investigate the Mafia only after Hoover's death in 1972. But that year, an important development occurred that caused the creation of a much more fierce, ruthless and powerful Red Mafia – the Russian Jewish Mafia, called the organazatsiya. Congress, in that year, passed the Jackson-Vanik Amendment which withheld the most-favored-nation state from the socialist countries unless they allow free immigration of Jews. 2,808 Russian Jews had arrived to the United States in 1969 – but the year after the amendment, the figure went up about 24 times, to 66,000! The KGB took this opportunity to empty its jails of hard-core criminals, dumping them to the U.S., Israel and Western Europe. It is vital to understand how this newly created American Jewish Red Mafia developed and how it was ready to jump back to Russia after the collapse of the USSR. Armed with new "crime-technologies" of America, intimate knowledge of Russia and its underworld, and recently acquired international connections and expertise, it was capable to make out of post-USSR Russia what Yeltsin called "a super crime state". Russia had its history-old underground world that went as far back as the reign of Peter the Great (1682-1725). Even during the communist rule, this underground

fraternal order of lawbreakers, called “vor v zakonye” – or thieves-in-law, operated throughout Russia. It was this underground order that also trained Lenin’s gangs to rob banks to finance the communist revolution.

Members of the vor v zakonye were secretly sworn to abide by this secret order. Among the rules and codes of behavior of this order were: not paying taxes, refusing to fight or enlist in the army, never to work in a legitimate job, and never to cooperate with the state or the police unless to trick them. They developed a secret language that was indecipherable to others and authorities and they created the obshchak, a communal criminal fund to finance business owned by them, assist members and the families of members in jail and to bribe officials. During World War II, Stalin knowingly recruited them to fight for the USSR against the sates enemies, hoping to annihilate them in the war fronts and to have them fight one another. Those of the vors who accepted to enlist in the army, in violation of the fraternal order code, were called by the others – suki – bitches. A war between the two factions was waged which lasted from 1945 to 1953. The vors who did not enlist in the army won, and those who enlisted either died in battle or were killed by the other vors. The vors made it in Soviet prisons only after being recommended by at least two other vors.

Many of these “made vors” left to the United States after 1972. A case study of these men is important, because it will show the interconnecting lines between those criminals in America, how they developed an international criminal structure, and how they extended their American Red Mafia back to Russia after the USSR collapse. A criminal infrastructure existed in the Soviet Union, which was being used for dissension and other anti-USSR activities during communism, and it was used to create capitalism, i.e,. Mafia capitalism in post-communist Russia. Friedman interviewed some of those Red Mafia bosses while others sent him death threats.

When a Russian Jew “exit” permit was obtained, he was transferred to a transit camp in Vienna, run by the Jewish Agency, after obtaining an Israeli visa, which then was the only way a Russian Jew could obtain his exist permit. Many Russian Jews did not want to go to Israel; they were moved to another transit camp, near Rome, which was operated by the Hebrew Immigration Aid Society for émigrés headed for Western countries, including the United States. Friedman wrote: “It was in these camps, where criminals from far reaches of the Soviet empire converged, languishing for up to months at a time that the global menace of Russian organized crime was formented. They proved to be excellent recruiting stations and networking centers, where gangsters on their way to Brighton Beach met gangsters bound for Antwerp, Brussels or London.” One of those immigrants, Monya Elson, arrived in New York in 1978 and he told Friedman in his interview afterwords that as he touched foot in New York he felt great! “I was free! I could rob! I could steal! I could do whatever I wanted.” His flight tickets, as those of all other such

Russian Jewish immigrants, were paid for by the United States government! "One thing that disappointed me about America is that people don't carry money. Everything is credit cards … I started working credit cards scams, even though I didn't know how to speak English." Elson soon teamed up with Yuri Brokhin who immigrated in 1972, who had the reputation of a Jewish dissident. U.S. media was opened for him as he authored two books as well as articles in the New York Times Magazine, *Dissent*, and *Jewish Digest*. "Together, the pair embraced on a lucrative crime spree, stealing hundreds of thousands of dollars worth of jewelry…"

The life story of Marat Balagula as a godfather of the Russian Mafia on one side of the Atlantic, and his connections with the Russian bureaucracy before he left the Soviet Union is of particular interest, since he had contacts with Mikhail Gorbachev when Gorbachev was still a young regional party boss. Balagula was born in 1943 in Orenburg, a small Russian town where his mother settled after she fled their home in Odessa. Marat Balagula's father, Jakov, served with the Red Army. "I never felt anti-Semitism" Balagula says, "Jews had some of the best positions in the country. They were the big artists, musicians – they had big money." Marat received a diploma as a mathematics teacher, and a business degree in economics. He immediately participated in the black market trade, a flourishing and very lucrative business. He quickly learned how to bribe and cater to the apparatchiks. At 22, he was rewarded by them the enviable position of a bursar on a Soviet cruise ship that catered to foreign tourists. Party bosses used Balagula to sell the tourists valuable Russian artifacts, stolen artwork and currencies, and to smuggle the same outside the USSR. He had excellent connections with the KGB and obtained visas for foreign travel anytime he wanted. He traveled to England, France, Italy and even as far as Australia. His wife didn't like his traveling, so the bosses arranged for him a job as a manager to the largest food co-op in Ukraine, a very huge step that allowed him to get to new heights in the black market trade. On his thirtieth birthday, Balagula threw a big party for the regional elite - among them Michael Gorbachev – then a regional boss. Balagula, his wife and Gorbachev posed for a picture on this occasion, and he claims that Gorbachev was "on his pad".

Balagula arrived to America on January 13, 1977, with his parents and family. In no time, he organized the American Jewish Russian Mafia - the organaizatisya - into a multibillion-dollar-a-year criminal enterprise that "stretched across the tatters of communist Eastern Europe, Africa and Southeast Asia". In America, he created a gasoline bootlegging business, evading taxes through dummy companies and "All taxes paid" stamped on its phony invoices. By 1985, this operation had evaded $8 billion in taxes that they pocketed instead of Uncle Sam. Balagula's ventures extended to Sierre Leone, in Africa, and his main contact was another Russian-Israeli, named Shabtai Kalmanovitch, who "was also an operative for Mossad, Israel's

intelligence agency. Kalmanovitch's Freetown office was a prized listening post in a city with a large prosperous Afro-Lebanese Shiite Muslim community in close contact with Lebanon's then warring Shiite militias". After a meeting in London with Uri Lubrani, the head of Israel's intelligence in South Lebanon, the Scotland Yard arrested him and he ended up in Israeli jails. The "Jerusalem Post, reported speculation that sensitive material stolen by Israeli spy Jonathan Pollard was passed on to the KGB by Kalmanovitch". It appears he oversold himself.

Balagula's connections with the intelligence world are known; not only with Mossad and KGB, but also with the American intelligence community. Ray Jermyn of the FBI complained that as soon as the Red Mafia knew that the FBI "was breathing over their necks, they ran to the counter intelligence guys (the FBI and CIA) and tried to sell what they considered to be secret stuff". As soon as a Russian gangster became an intelligence asset, the Feds would often shelve pending investigations.

Even Marat Balagula's driver was a CIA asset. A CIA deputy councilor called Jermyn and let him know that the driver was a Russian submarine captain who had performed, and was still performing, very valuable services to the CIA. "The intelligence community's interest in Balagula was undoubtedly heightened by his many friendships with KGB spies, corrupt world despots, and international terrorism. Exploiting his connections within Russian criminal Diaspora, Balagula had begun forming criminal networks with outposts in Russia, Europe and Asia." Balagula was later convicted and jailed in the United States for murder. He is running his Mafia family from prison, probably a privilege jailed former Panama leader and CIA agent Noriega was not given. Balagula was sentenced in 1992 after the collapse of the USSR, and after the Russian Mafia infrastructure was created and forged with the local Russian underworld infrastructure that existed since the time of Peter the Great. By the mid-1980s, there were 9,000 criminal gangs in Russia, and some 800 thieves-in-law (vors). A vor's influence may be over a region as big as Siberia and he would appoint supervisors under him in the districts. The supervisors, or smotryashchly, report to the thief-in-law, the vor of the region. In the late 1980s, Gorbachev called his movement perestroika, but a banker had a better name for it. It was a Mafia revolution. "In 1917, we had the Bolshevik revolution, and all the rules changed. In the late 1980s, we had a Mafia revolution and the rules changed again." The criminal gangs penetrated the government, the armed forces, the Duma and the presidential circles. Competition among gangs for power and state assets led to wars among the gangs. The Chechen Mafia, with recent enforcement from Chechnya, had the upper hand in Moscow and the Chechen assault on the Jewish and other mobs left them all weak and disorganized for awhile. To avert this catastrophe, the Jewish Mafia needed new enforcement and leadership, and they needed Ivankov.

Vyascheslav Kirillovich Ivankov, a vor, began his outlaw career in Moscow in the early 1960s. He was trained in the 1960s, at age 15, to shake down the underground millionaires, such as the black marketeers, by acting as Russian police. They will take their valuables and ask them to report to court the next day. The next day will never come and neither were the valuables. His gang had intelligence and counter intelligence wings. In 1974, the real police got wind of what Ivankov was doing and a gun battle occurred from which Ivankov was able to escape. After six months of manhunt, he turned himself in to authorities, claiming he was not a criminal but a paranoid schizophrenic. In prison, he was inducted into the brotherhood of the vor v Zakonye. After Ivankov was released from prison, he committed hundreds of armed robberies and extortions. In 1982, he was sentenced to 14 years in a maximum-security prison for robbery, extortion and assault. Even while in prison, he was able to control the vast Vladivostok region. He engineered many scams while in Soviet prison; one was valued at $5 million, from which he had his share, no different from the American Mafia dons. As the USSR was collapsing and the Chechens were having the upper hand, Ivankov's colleagues, basically Kvantrishuili and Kobzon, organized in 1990 a letter-writing campaign, American-style, to free Ivankov who, they insisted, was a rehabilitated man. They enlisted hundreds of famous Russian scientists, artists and politicians to write letters to president Gorbachev and supreme Soviet chairman Boris Yeltsin to free Ivankov. Semion Mogilevich bribed the judge that was handling Ivankov's case to assure his release. According to classified FBI reports, Friedman wrote: "Other payoffs went to a former Russian minister of internal affairs and an unidentified state prosecutor." Ivankov was freed in February 1991. His job was to destroy the Chechen Mafia. He waged a ruthless war against the Chechens, leading hundreds of hardened criminals, and he was able to stem the Chechen tide. But the violence he created was so immense that the Bratsky Krug, or the Circle of Brothers, the ruling council of the vors, ordered Ivankov to leave the country … to the United States of America. He arrived there on March 8, 1992, and was met at JFK airport by an American vor "who handed him a suitcase packed with $1.5 million in cash… He was sponsored by a Manhattan-based shipping magnate Leonard Lev, a fifty-eight-year-old émigré' who had started his career in time-honored fashion as a master pickpocket in Kiev before becoming a partner in Marat Balagula's gasoline operations…"

While in the United States, Lev arranged a sham marriage for Ivankov, created a film company called Twelve-LA and requested a visa for Ivankov as a film consultant. The criminal kingdom of Ivankov in the New World expanded very quickly and it covered prostitution, arms sales, gambling and gasoline tax fraud, to mention a few. Ivankov traveled tirelessly to Europe and Eurasia, keeping close watch over his Russian organization, which the Circle

of Brotherhood allowed him to keep. His son Eduard, with a dozen Mafia gangsters, met in Tel Aviv in the summer of 1994 to discuss their investment in Israel. In conclusion, the Ivankov American organizatisya gave additional power and international dimension to the Russian underground network that was instrumental in transforming post-USSR Russia, indeed, into a Mafia superpower state, as Yeltsin described it. With this international connection, the Jewish Russian Mafia ensured its dominance over banking, industry, government and all. "Within just a year after he arrived in the 'new land' Ivankov had succeeded in extending his insidious influence from Australia to Denver to the icy Baltic republics. His organization was visionary, well managed, efficient, wealthy, merciless, and expanding. He muscled into Russia's oil, aluminum, and arms businesses."

The government-controlled banking system collapsed with the collapse of the USSR. A new central bank was created and the Mafia applied for licences to open private banks in dozens of cities. It took a $100,000 bribe to get a licence and a private banking sector was created overnight with little or no regulation. The Mafia takeover of the banking system was easy. "A 1994 classified CIA report identified few of the largest Russian banks as mobbed-up fronts." More than 60 Russian bankers were killed by the Mafia. The Mafia used the banks to facilitate the looting process of government properties and assets under various privatization schemes. The banks were used to transfer the great amount of money the Mafia had accumulated from the sale of stolen arms, raw materials and assets stripped from state properties prior to privatization. These amounts were dispatched to bank accounts and front companies outside Russia and were used by the Mafia for their criminal and illegal activities in the international arena.

Delta Airlines started to have frequent flights right after the collapse of USSR from New York to Moscow. Each Boeing 767 used to carry in its belly one million of freshly minted $100 bills, i.e., $100 million dollars each trip. A total of more than $80 billion was transported that way since January 1992, which exceeds the total value of all Russian rubles in circulation. Immediately in the post-USSR era, American money became the unofficial currency of Russia and the former Soviet republics. The dollars were bought by the Mafia banks and were used to facilitate their international business. An official at the Federal Comptrollers of the Currency office agreed that the money was used by organized crime to support black market operations. Republic Bank of New York was managing this operation, which was owned and managed by the Safra family, a Lebanese Jewish family that was long in the banking business. The New York Federal Reserve spokesman said that the Fed doesn't know nor is it its business to know who is buying this money for Republic Bank. It was the business of Republic Bank to know who these customers were. The Russian banks had stolen Western government loans and aid, precipitating the August 1998 crisis. The Russian government budgetary

control organization – Audit Chamber – and the Prosecutor General's office estimates that some $9 billion were stolen by the Central Bank officials from loans advanced by the World Bank and the International Monetary Fund.

Everybody seems to be making money, except the Russian people. The Mafia is making so much money it doesn't know what to do with it and also the American treasury is making $99.96 profit on every $100 bill that does not return home!

J. Edgar Hoover considered organized crime as non-existent or just another big business. He was not alone. When Russia requested CIA assistance, in 1992, to locate the tens of billions that were hidden off-shore by the KGB, the Bush administration refused to cooperate. Fritz Ermath, a top CIA Soviet policy analyst wrote: "Capital flight is capital flight. It doesn't matter who has the money or how it was acquired even if by theft, so long as it is private, it will return to do good things if there was a market." This is the universal ethics the New World Order insists people of the world must adopt.

According to Matthew Brzezinski's book "*Casino Moscow*", six out of seven oligarchs were Jewish. "An astonishing number of the criminals on the fringes of the free-market revolution were in fact Jewish." The free-market revolution, of course, is the nickname of Russia's Mafia revolution. Probably the best expression of how capitalism and Mafia are twins was demonstrated in a training camp during the early free-market or Mafia revolution. The idea for pioneer camps during the USSR system was indoctrinating the young on the order of the state which was communism. Now, the new Russian Mafia chiefs, or the oligarchs, made one of these camps, in the early days of rule by the Mafia revolution, to indoctrinate the young on free-market. Zhanna Nikolaevna, the camp administrator, is a professional indoctrinator, be it on communism or capitalism. She devised "The Economic Game" with some people at Moscow State University. In the camp, they created the same conditions prevailing in any Western city. "Just like New York. If you didn't work you didn't eat, said the camp administrator with the cynicism of someone who was less convinced that capitalism was her country's salvation," wrote Brzezinski who also witnessed the Economic Game while in progress. The children were paid in ECU, redeemable at the cafeteria. Andrei Kamin, an economics student at Moscow State University played the role of central banker, Nikolaevna played mayor and the oldest children played police. Children would be paid to wash dishes and such activities. They spent their earned money to buy sweets, go to camp movies, etc. On the second day, the "central banker" noted more money in circulation than was printed. He found that some kids set up their own printing press and were making more ECUs to buy more sweets. When the older campers, the police, came, the counterfeiters bought the police with candy and chocolates and the police joined them. This "counterfeiter Mafia" started to bully other campers and demanded payments for "offenses as profanity – either fifty ECUs or two waffles … a group of

overly enthusiastic kid-capitalists stormed … the central bank and in the ensuing melee made off with the labor exchange payroll." The central bank was forced to print more ECUs, which caused inflation … higher prices for the sweets and chocolates. One of the capitalist kids hired four boys to fix a bridge, cashed the contract price for the work, but the bridge collapsed. He bought with his earned money all the tokens for the most popular video game in the camp and only accepted chocolates for it. His business got big and he hired four big kids to protect his operation. Fist fights began. On the third day of the game, there was spectacular bankruptcy. One camper kid bought all the rights to the dormitory and demand rent from all children. Kids did not pay rent and started to sneak to their rooms through the windows; the dormitory contractor failed to pay for his dormitory rental rights.

The fourth day, the camp administrator (the mayor) called for a meeting to restore law and order. When she proposed firing the corrupt cops, they staged a coup d'état. The game was called off.

What the kids learned was, as one said: "There is no higher law than money." A shy 13-year-old said that this free-market capitalism game "brought the worst in everyone". As for the camp administrator, Zhanna Nikolaevna, she said: "If this is how people act in capitalism, then I fear for the future of Russia."

Felix Braynin, a Russian Jew who immigrated to San Francisco in 1979, really feared for the future of Russia without free-market capitalism and Yeltsin. He is now a rich management consultant and decided to reside in Moscow utilizing his knowledge of Russia and advising Americans with interest to invest in Russia. Or so was his cover. He was alarmed that, with Russian elections only a few months away, an election poll showed that only 6 per cent of Russian voters were in favor of Yeltsin as the next president of Russia. There were so many reasons why Russians were disgusted with Yeltsin and his rule. His promised economic "reforms" enriched only a few, and a 1 per cent class of wealth holders was created. Meanwhile, millions of Russians were without jobs and tens of millions who had jobs were not paid their salaries, including the armed forces. Pensioners were without their pensions. The government was authoritarian and corrupt. Mafia and crime were on the increase and the war in Chechnya was a disaster. How worse could things get? What worried 48-year-old Braynin was a communist comeback in the Duma, Russia's Lower House of Parliament. If a communist candidate had run then, he would have won the presidential election. An immigrant is normally keen on observing the mechanics of American election. Braynin must have remembered how Bill Clinton, an unknown young governor of one the poorest states of America was adopted by the power brokers of America, and how from national obscurity a national campaign was managed so he defeated George H.W.Bush, an incumbent president who, only a year earlier, had the highest ratings in American history! Braynin thought

that Yeltsin can use some professional campaign assistance from American image makers. Braynin, just like the owners of American power, had lots of interest in seeking Yeltsin's reelection.

So he discussed the subject with the Russian first deputy prime minister and received the OK in early February 1997. Two conditions were requested:

1. The Americans should operate secretly, under cover, otherwise the communists may brand Yeltsin as an "American tool"; and
2. If the Americans find the election of Yeltsin as not possible, they should say so one month before election, so that elections can be postponed or cancelled.

Braynin called Fred Lowell in San Francisco. Lowell was a lawyer associated with the Republicans in California. He, in turn, called Joe Shumate, a GOP political data analysis expert, and finally suggested a task force led by Shumate and George Gordan, a longtime top strategist. They decided to add Richard Dresner, a New York campaign consultant, who had access to Dick Morris, then connected very well with the Clinton administration. Both Morris and Dresner worked together in the late 70s and early 80s and got Bill Clinton elected governor of Arkansas. Time magazine reported that at least on two occasions Morris assisted, along with the Clinton administartion, in aiding the reelection efforts of Yeltsin. Two young men were added to the American Task Force (ATF): Braynin's son Alan and Steven Moore, a Washington public relations specialist. Yeltsin's daughter, Tatiana Dyachenko, was assigned to the ATF also.

The task force resided at the President Hotel and worked from room 1120. Tatiana worked from room 1119. The ATF decided on the work plan:

- Train Russian campaign staff on American methods of polling, message development, voter contact and campaign organization.
- "Truth squads" to be formed to follow the communist candidate and needle him so he losses his temper. "Lies" may be used by these "truth squads"!
- They should conduct a poll to see where Yeltsin stands. The study showed that people think even Stalin had more positives than Yeltsin. Sixty per cent of the electorate believed that Yeltisn was corrupt. Sixty-five believed he destroyed the economy and that with Yeltsin, things will never get better. Yeltsin was found simply having no positive traits to be used in the campaign.
- Then, the ATF decided to use negative campaigning. Alexi Levinson was the ATF focus-groups coordinator and decided to attack the communist candidate by attacking the most hated things about the communist era. It was defined as long lines, scarce food and people's fear of a civil war. The focus group decided to use these issues. The

media experts directed the state TV on how to focus the camera and how to handle the presidental news as an overall part of the campaign plan.

- The ATF decided, after analysis study, that the communist candidate will not get more than the core of the communist vote. The greatest threat, they decided, would be the emergence of a third force, and decided to get Lebed to their side at all costs. To ensure that other candidates do not unify, they decided to pump their egos in a way that would ensure they would never join hands.
- But one of the most interesting points that shows how "mechanical democracy" is void of real issues was the ATF decision that Yeltsin has no real issues he can successfully use in his campaign. They decided he should never accept any debate with his communist opponent because Yeltsin will lose such a debate.
- They decided that a Clinton-Yeltsin summit a couple of months before election will improve Yeltsin's image, especially if he shows that he is standing for Russia against the West .

The Russian campaign staff were really impressed, especially by the use of computers and electronics to measure the reaction of audience to messages or speeches from Yeltsin or other candidates. Perception analyzers were used, that measure the interest and approval of an audience. When Russian staff thought a Yeltsin address was effective and the ATF thought otherwise, they assembled 40 Russians and wired them to these instruments. The reaction of the 40 Russians was electronically transferred into charts. It was unfavorable, and the Russian campaign staff were really impressed. They followed the ATF directions faithfully thereafter.

The poll results started to show improvement as the campaign progressed according to the ATF plan. When the Yeltisn aides asked, in May 5, 1996, if Yeltsin can win or they should cancel the elections, the ATF answered that Yeltsin now will have a sure victory and they predicted that he may have a 5-point lead over his communist opponent. The election results was 35 per cent for Yeltsin against 32 per cent to his communist opponent Gennadi Zyuganov.

The issues man, Zyuganov, started the campaign with 32 per cent of the vote and ended the campaign with 32 per cent. He had no image makers. Yeltsin, the real, got 6 per cent of the votes at the start of the campaign and ended with 35 per cent of the votes after the image makers created a new image. It was the image of Yeltsin, not the real Yeltsin, that was elected. Likewise, it is the image of Clinton, not the real Clinton, that was elected.

This kind of "mechanical", hollowed-out democracy is what Wall Street and associates want to umpose on the world!

Soon after he "won" the election, his fragile health deterriorated. He spent most of the time in hospitals or recuperating and little time looking after the state. Not that it made much difference, but the succession for the next president became an urgent affair. The oilgarchs agreed that Vladimir Putin, a former KGB officer who collaorated with them, should be the next president. Among those who brought Putin to power was Boris Berezovsky. The Time of March 18, 2002, reported under "Explosive Allegations" that Boris Berezovsky "unveiled research and a documentary film convinced him Putin was aware that the state security service, or FSB, was behined the bomb attacks" that killed over 200 people in Moscow and Volgodonisk. It was mini-September 11, with the aim of triggening a wave of outrage and allowing Putin, who had been a prime minister for less than a month, to show himself a man of action". Berezovsky, who is also an Israeli citizen, says that if Putin does not stop going after his huge business, his memory can be very selective, and work to Putin's disadvantage. It is known that the intelligence apparatus of Berezovsky-Atoll "is being equal to FBS in terms of equipment and expertise if not in size," according to the Time article.

Immediately after the blasts, the government announced it was the Chechens who were responsible and waged its war agaist terrorism in Chechnya. Some believe that September 11 was waged by rogue elements, blaming Bin Laden, to allow Bush to show he is a man of action; also so he can wage the New World Order wars under the pretext of "terrorism". Also Bush did not feel he needed to provide evidence that Bin Laden was the culprit. The events in both Moscow and New York seem to be coming from the same imaginative scriptwriters of "undisclosed rogue elements".

Berezovsky, whose personal wealth was estimated at $4 billion by Forbes Magazine, was from the inner circle of Yeltsin and crucial in his relection. His closest tie was with Yeltsin's daughter, Tatiana, and Berezovsky was making lots of profits through "managing" the cash flow of state-controlled campanies like ORT-TV and Aeroflot, as examples. Aeroflot, partly privatized and run by Yeltsin's son-in-law, transferred its hard-currency earning through Andava and Forus, firms based in Switzerland. Six hundred million dollars that had flown through these companies were missing, and investigations of their whereabouts never found them.

After Yeltsin's reelection, most of the oligarchs who acquired their wealth through collusion with the Kremlin inner circles, by looting state properties, felt that now that they had acquired so mush wealth, they had to protect it. A

change was needed, or demanded by the West, at least in form if not in substance. Potanian explained: “We are coming to the end of the first phase of Russia’s capitalist transition: the accumulation of capital.” He added: “Now we are entering the second stage, where we have the holdings (he meant the oil companies, production facilities, factories and communications) … we must make them profitable, restructure them into viable concerns, change the system.” Potanin then revealed that his companies alone generate roughly one-twentieth (5 per cent) of Russian’s total gross domestic product.

Soon after his reelection, Yeltsin went to hospital and, at times, he was in serious condition. The inner circles in the Kremlin started to prepare for Yeltsin’s replacement with a person of their choice, to ensure that the change of president will not adversely affect their huge interests. On the last day of the old millennium, Yeltsin made a sudden late-night speech in which he announced his resignation and the appointment of a former KGB officer, Vladimir Putin, as acting president. Putin’s first act was giving Yeltsin and his family immunity from prosecution. Matthew Brzezinski wrote in his book: “Putin’s reign was inaugurated in traditional fashion, with a search for scapegoats. Fotunately for Russia’s Jews, the Chechens proved a more convenient target. A rash of mysterious apartment bombings in Moscow in late 1999 was blamed on Chechen terrorists and a second war against Chechnya was unleashed. The campaign rallied the Russian populace around its obscure new leader, who flew to the front in a MiG fighter Jet and who rode the wave of rekindled nationalism to stand virtually unopposed in the March 2000 presidental election. (Would-be presidential contenders, like Luzhkov, faced with a mountain of ‘kompromat’ unearthed by Putin’s friends in the police, prudently decided to sit this one out).”

For this second stage of the Mafia revolution, Putin and most of the oligarchs planned that the oligarchs keep their stolen properties but also keep out of policies. This seems difficult for Vladimir Gusinsky and Boris Berezovsky. Both used their media power, as they owned national TV networks and lots of newspapers, in a way Putin and company did not appreciate and both were driven out of the country; they used their Israeli citizenship conveniently for such occasions. Israeli citizenship is granted automatically to any Jew; even better, Israeli laws don’t permit extradition to other countries. To the Jewish Russian Mafia, securing an Israeli passport is even better than securing immunity through running for the Duma. It is cheaper, safer and even more prestigious.

* "Individual deals don't rattle Western experts as much as the prospect that Japan's entire model of export-led growth and barriers to imports will be imitated throughout the region. Some Asian governments are welcoming Japanese specialists to advise them how to design and implement industrial policy. Japan's Ministry of International Trade and Industry (MITI) has experts visit China regularly to disperse know-how on industrial policy and economic development. 'If we've been unsuccessful in dealing with MITI, think what that means for us dealing with China over the next 50 years,' said Mark Foster."

Business Week April 10, 1995, p. 112

* "To fix their economy (Japanese leaders) will have to demolish the world's last big capitalist welfare state…."

Time, July 13, 1998

CHAPTER TEN

FORCING CASINO ECONOMICS ON JAPAN

Japan after the Cold War

During the cold war, several varieties of capitalism were allowed as long as they were capitalism. Thus, a Japanese brand of capitalism evolved, where the country's culture of group predominance over individuals is part of the historic culture of Japan. Korea and Southeast Asian "tigers", by virtue of proximity and culture, adopted the Japanese model of capitalism. European countries, especially those with strong communist parties or those adjacent to the USSR borders, adopted a more permissive socially oriented version of capitalism that was generous to the workers, and in which the state played a big role. After the collapse of communism, the Anglo-American brand of capitalism, also known as the Washington consensus, became permissive no more. Being a superpower monopoly, the owners of the power structure of the Washington consensus were tempted to impose their version of a global economic order, considering, in their view, that there was no better time to do so than at the time. They wanted to change the world the way Gorbachev wanted to change the USSR, and just like Gorbachev, they are now having a global perestroika that most likely will not end where the Washington consensus wants it to end. Other ideologies and versions of capitalism are being assaulted under the label of reform, to open their economies and make it compatible with the Washington consensus, thus creating a global economy with free trade and free finance.

Now that communism is dead, the Japanese model of capitalism looked no more capitalism to the American financiers. It is a competitor and a dangerous threat to the global capitalism that the "Washington consensus" financiers are trying to spread throughout the world. Japan was not only the world's second largest economy. It was closed to them. Worst still, the Japanese were spreading their model to other Asian countries, such as Korea, Indonesia, Malaysia and Thailand. By adopting the Japanese brand of development, these countries showed spectacular growth. They were described as tigers. Asia represented about 50 per cent of the world's growth. And with communism dead, the chance was now for America to spread its free trade gospel that will allow it to achieve its global capitalism. Japan and its development model were in the way. Nothing is allowed to stand in

America's financiers' way to world domination through capital markets and the mighty force of the United States of America.

It was not the first time Americans showed up at the shore of Japan! … "In 1853, American gunboats appeared in Tokyo Bay and demanded the right to trade …. Today, in the eyes of many Japanese, the American 'black ships' have returned with a vengeance. This time, they have taken the form of U.S. investment banks, asset and hedge funds and speculators like George Soros, all of them riding a tide of triumphalism as the West's powerful capital markets overwhelm the closed financial systems that Japan inspired throughout Asia. As the Asian contagion topples economy after economy, the U.S. firms are prying open these systems with a ferocity that 150 years of trade negotiations could not achieve. Consider: South Korean, Indonesian and Thai banks, once largely closed to foreigners, are up for sale. In Tokyo, U.S. investment banks are doing more than 30 per cent of the trading on the stock exchange. Wall Street's moneyed classes, affecting a somewhat disdainful air, have begun showing up in Japan in recent months to pick over distressed assets." (Newsweek, February 2, 1998, p. 47).

The Japanese of 1853 must have found those Americans on the black ships as big, strange creatures, with guns around their waists and cowboy boots. They each came from two different worlds. One was as old as history and had developed its unique culture. The other was a new country that was discovered accidentally. Those cowboys came from a land where might was right. There was not much of a culture, although a "cocktail culture" was being developed. These cowboys thought that the annihilation of a whole original American population was an act of God and a necessity. But that was 150 years ago. At the end of the twentieth century these Americans came again. They now have a culture of their own, based on consumerism, materialism and desire. They no longer wear cowboy boots, but they create fashion that is admired the world over. They don't carry guns, as they are armed with infofinancial nukes that can devastate any economy without the need to use conventional weapons. This time they are demanding not only free trade, but want Japan to change its culture and its way of life. They want Japan not to be Japan.

The "peace and war" studies that were carried out before and during World War II by the Council on Foreign Relations, with the policy planners of the State Department, came up with the post-World War II global economy vision. This was initially expressed by a "Grand Area" in which, the studies concluded, not only Southeast Asia, but Japan itself, will be part of this U.S.-dominated world. Even before the Japanese bombed Pearl Harbor and the U.S. entered World War II, the planners had decided that in war and in peace, the American economy needed an "elbow room", which consisted of the

Western Hemisphere, the United Kingdom, the remainder of the British Commonwealth and empire, the Dutch East Indies, China and Japan itself.

The markets and raw materials of these areas were judged as needed for the post-World War II order, to be led by the American empire. But Japan had its own grand area that Japanese policy makers judged as vital to Japanese national interests, and the plan was called the "Greater East Asia Co-prosperity Sphere". The Japanese felt that China, Indochina, Thailand, Burma, Malaysia, the Philippines and some Pacific islands must function under Japanese control to ensure economic self-sufficiency. This is why the Japanese turned to these countries within the late 1980s and the 1990s to forge one economic area, after Washington exercised trade pressures on Japan. And this is also why the United States was watching Japan in that area too.

The Americans realized, upon their occupation of Japan after World War II and after dropping their atomic bombs on Japanese cities, that the reindustrialization of Japan was a necessity, especially after the communist takeover of China, as long as it is done under U.S. control. American State Department policy planners and the National Security Council decided that Japan's industrialization did fit in the Grand Area global economy vision. Besides, the policy planners specifically stated that Japan poses no threat as long as the oil supplies to Japan were controlled directly, one way or another, by the United States. It was the United States that wrote the post-war Japanese constitution and oversaw the development of the new political and economic systems of Japan. Japan, without an army and without control of its oil resources, was toothless, thought the American planners. Elites from the United States, Japan and Europe formed in 1973 the Trilateral commission, to form a consensus on world economic and other policies.

The problem of Japan was the fact that it was Japan. It had its own culture that was blended with capitalism and which removed the rough edges of capitalism. This mixture of capitalism with the Japanese culture produced a modified version of capitalism, which differed somehow from the crude Anglo-Saxon capitalism:

- The Japanese culture values the society over the individual. Not so with the American capitalism that centered its growth on consumerism and the exploitation of human desires. The development models of the two capitalisms diverged. One was consumer driven, the other was export driven.
- The Japanese believed in giving their working population job security and that was expressed by life-long employment. This gave Japanese workers the peace of mind that made them devoted to their companies. They are less anxious than their fellow Americans who can get fired at a

moment's notice, just to make an already good balance sheet slightly better.

- The Japanese outlook on money and banks differs sharply from that of the Anglo-Saxon and American outlook. To Western financiers, bank money is market oriented. It should flow to where the highest returns are possible. To them, the business of money is to make more money, nothing more, and nothing less. To the Japanese, banks are "social stabilizers". Banks can lend money cheaply to corporations and companies to allow them to maintain full employment in the down cycles. To the Japanese system, full employment is more important than higher productivity. Also, to the Japanese, banks are like other public utilities. They supply the nation with cheap money.
- The ownership, as well as the function of banking in the Japanese system, is different. The equity "cross-shareholding" between companies makes about 51 per cent ownership of banks by their customers, who have no interest to increase money cost, as they will end up paying for such an increase.

After the collapse of the cold war order, both Washington and Tokyo started to view each other differently. A new class of "revisionist" economists took over the major positions within the Clinton administration. They thought that Japan's economic model was not only different; it was a threat to American global capitalism. Simultaneously, some Japanese voices came to the open, wanting their country to say no to America. After years of dependence on the United States, they started to decry subservience to Washington. Shintaro Ishihara wrote "The Japan That Can Say No" in the late 1980s, followed by "The Asia That Can Say No", co-authored with the prime minister of Malaysia, Mahathir Mohamad. The later book urges Japan to cling to Asia and the East and abandon its ties with the West. They consider such ties as unnatural. Japan is a nation of Asian people with Asian blood. Kazuo Ogura, while ambassador to Hanoi, called Japan and its neighbors to promote Asian values that include discipline, diligence and the primacy of the group over the individual. He was later promoted to deputy minister in the foreign ministry, in charge of the foreign economic department. The CEO of Fuji Xerox Co., Yotaro Kobayashi, calls this "re-Asianization". He coined a slogan: "Leave the West, Enter Asia", contrary to the 1850 Japanese slogan that was "Leave Asia, Enter the West". The Malaysian prime minister called for an "Asia-only" trade block, similar to the America-only NAFTA, to the dislike of Americans. The Japanese model was winning more converts by the day. British- and American-educated "Majmul Saqib Khan" was one of them. He was a former ambassador of Pakistan to Saudi Arabia and Japan and he authored "The Japanese Experience and Nation-building in Southwest Asia". He endorses Japan's "government-plus-market" formula.

So, Japan turned to the East. Japan was continuously bombarded by the Western media as obstructionist to world trade. It was accused of being "fortress Japan" that was closed to other countries' products, and it was requested to decrease its trade deficit with the United States. The more pressure was applied on Japan the more it turned to Asia. But the shift to Asia started to pick momentum in 1995, at the height of U.S. trade pressure on Japan. Economic, cultural and political ties with Asia were strengthened at an accelerated rate. And it all made lots of sense. Asian nations were becoming more than only manufacturing centers; often in joint venture with Japan they became great markets for Japanese products. By 1997, Asians were buying more Japanese products than the United States, and Japan was having its greatest trade surplus with them. But the United States was watching. "Individual deals don't rattle Western experts as much as the prospect that Japan's entire model of export-led growth and barriers to imports will be imitated throughout the region," wrote Business Week on April 10, 1995, at p.112. "Some Asian governments are welcoming Japanese specialists to advise them on how to design and implement industrial policy. Japan's Ministry of international Trade and Industry (MITI) has experts visit China regularly to dispense know-how on industrial policy and economic development. 'If we've been unsuccessful in dealing with MITI, think what that means for us in dealing with China over the next 50 years,' says Mark Foster." The problem then was not only Japan, but the danger of the Japanese model spreading to Asia, China included. The Americans noted that Japan was expanding its cultural exports. Japan's attempted entry to Hollywood was made a very expensive multi-billion dollar venture for it. Sony disclosed a $2.7-billion write-off for its venture in Hollywood's Colombia Pictures. But the Japanese are now expanding these cultural products in Asia. Japan public TV expanded its programming from 105 minutes to 12 hours per day. Japanese comic books and music bands started to appear in many places in Asia.

The Japanese started to compete with the Americans in technology transfer to the Asian countries. They started to send retired Japanese manufacturing engineers to develop parts industry in Asia, paying 75 per cent of their salaries. Mitsubishi opened research facilities in China. And the Chinese were happy to see this contest between Japan and the United States. But the United States was not. They noted some of MITI people were advising now governments outside Asia, such as Russia and Poland. This "missionary" work, as considered by Business Week, was going unnoticed by the Western press, "but the next decade it could have a profound effect on global capitalism".

The Washington consensus saw the Japanese model of capitalism as a real threat to "its" capitalism. During the cold war, communism was the threat. Now it is Japan's economic model. Japan now is the villain. If it is going to have "a profound effect on global capitalism" in the next decade, the time to attack it strongly is now not later, as long as it is done in a way that doesn't result in the American financiers' shooting themselves in the foot. And the first visible and vicious battle was staged in 1995. From 1990 until then, a behind-the-scene battle was going on. Now it was brought to the fore.

1995 was not the best year in Japan's history, as it started with two major problems: one with nature, and the other with the United States. U.S. President Bill Clinton met the Japanese prime minister in Washington on January 11, 1995, and the U.S. was demanding Japan to open and deregulate its economy. It wanted Japan to improve the trade deficit it has with the United States, which amounted to $63.7 billion in 1994. Six days later, in January 17, 1995, the earthquake that hit Kobe was 10 times stronger than the one that hit Los Angeles. Yet Japan thought that dealing with nature was much easier than dealing with the U.S. power structure. The American financiers and the U.S. trade representatives concluded that it might not be possible to expect Japan to yield to U.S. demand for total and immediate deregulation of its economy. Instead, it appeared that Kissinger's political step-by-step policy was now applied in the economic confrontation with Japan. The United States will request specific demands and will insist on them. It will apply all necessary pressure until these incremental demands are met. It must change the Japanese model in Japan itself, but it will do so piecemeal. The 1995 piece was defined as Japan's opening its auto and auto spare parts market for the United States. This seemed a credible demand as about 2/3 of the trade deficit is auto-related. The Japanese went to argue that Americans bought Japanese cars because they liked them better, and they are made in the U.S. anyway. The Japanese did not like American cars. If Americans themselves preferred Japanese cars, why shouldn't the Japanese? Some American car manufacturers tried to sell their cars in Japan, maintaining the steering wheel on the left side as in the U.S., whereas cars in Japan have the steering on the right, as they drive like the Britons. The American trade representative wanted to hear none of that. The U.S. is determined, he said, to open the Japanese auto market and spare parts markets for whatever it takes. And the United States declared it will take certain sanctions against Japanese cars, including imposing tariffs. Such measures, thought Kiyohiko Nanao, were "unilateral actions that violate international rules", and not acceptable to Japan. The Europeans thought that the U.S. threats violated the newly signed articles of the World Trade Organization.

The U.S.-Japanese trade talks held on May 5, 1995, failed. On Sunday, May 7, 1997, Clinton held a meeting at the White House with his secretary of treasury, Robert Rubin, and other key economic advisors. The subject was

Japan trade talks and punitive measures the United States was to use in case Japan did not give in. It was decided by the Rubin-financiers team that a super yen against the dollar was really the tool that can subdue Japan, as a super yen against the dollar will cause a sharp drop in exports and would greatly and adversely affect the Japanese economy. Also, the other tariffs against Japan will have additional impact, it was judged. Clinton inquired in that meeting about the reaction of the financial markets to the trade war. Earlier, even the hint about a trade war caused the dollar to tumble and the stocks to take a dive on Wall Street. Washington had to back down then. How about now, asked the president? Rubin assured the president that financiers and currency traders had already discounted the dollar in anticipation of sanctions. That must have been inside information of financiers. After 40 minutes, Clinton gave his approval on the first open confrontation with Japan. Japan was given till the end of June 1995 to comply; else sanctions and tariffs would apply. But the super yen pressure was already in progress. Ten years earlier, the dollar equaled 240 yens. Now when the yen was brought to 80 to the dollar, the Nikkei started to fall to dangerous levels. At below 15,000, the banking system becomes threatened of being under-capitalized by international standards and its lending capacity will be threatened. As the yen soared, the Nikkei would dive, and the game continued until Japan finally gave up and accepted the U.S. trade terms. Japan could take no more pressure. By mid-1995, and since the Berlin wall collapse, the Nikkei share prices had tumbled by 60 per cent. Domestic commercial prices of property fell by more than half. Since Japanese banks hold real estate at their acquisition cost not their existing values, many of the Japanese balance sheets were not as good as they looked. The Nikkei was not making things better either. But for now, the United States OPC had the piece it wanted from Japan. Pushing it any further would cause an uncontrollable global economic crisis, which would affect even the financiers themselves.

After Japan gave in to American demands, the American magic started to ease the pressure on Japan. Within days from Japanese acceptance of U.S. terms:

- The Nikkei was “assisted” up by +27 per cent from 14,295 about the time Japan accepted U.S. terms to 18,158 on August 16.
- The yen, with assistance and intervention from the U.S Federal Reserve, has moved significantly by 25 per cent in few months. At 85 yen to the dollar very few Japanese companies had any profits. At 90 many did.
- As a result of the super yen policy that Washington used in its trade war against Japan, the July 95 Japan’s global trade surplus was brought down by 23 per cent.

It was a lesson American financiers in harmony with the U.S. government had taught Japan, the world’s second largest economy. If Soros

alone could tackle the Bank of England, the U.S. government and the global financiers had no problem in attacking the Japanese economy, big as it was. The Japanese Sumitomo bank alone has assets the size of the entire GDP of South Korea, the 11th largest economy in the world. Yet such huge economy was subdued!

Vice-Minister of Finance Eisuke Sakakibara believes that some components of Anglo-Saxon capitalism may be incorporated, "but I think that Japan in the end is going to remain Japan". Sakakibara knows all brands of capitalisms. He was the author of "*Beyond Capitalism*". He argued in his book (1990) that special features of Japan's non-capitalistic market economy should be preserved. He earned his PhD in economics from the University of Michigan and he later taught at Harvard. The Washington consensus did not accept Sakakibara's mid-way approach; they favored an all-out change of all non-Anglo-Saxon features of Japanese capitalism, even if it takes an economic earthquake to Japan.

In 1997, the Japanese banking sector was being shaken. The Asian economic meltdowns were not of any help, as Japan is the biggest lender to these economies. On November 24, 1997, Yamaichi Securities Co., with $138 billion of investment in its care, was bankrupt. It became Japan's biggest post-World War II bankruptcy. About the same time, Korea was inviting the IMF to come and give its harsh prescription. Korea was built on the Japanese model and now it is in the hands of the IMF. Rudi Dornbusch commented on Korea's crises and his remedies in Business Week (December 8, 1997): "Korea needs to open up its economy fully to outside participation. Foreign investors must take over and clean up the mess with a wave of unemployment that is long overdue. Neither the government nor the Korean business community can do the job … foreign lenders, the IMF, the U.S. and whoever else participates must settle for nothing less." It is a take-over, as Dornbusch demanded, and nothing less. This seems exactly what Wall Street is keeping in hiding for Japan.

U.S. president Bill Clinton using as straightforward a diplomatic language as it is allowed at the White House, during an event on Friday, April 3, 1998, said: "We need to be both respectful but firm in urging the Japanese to take a bold course. The people within the (Japanese) permanent government there, which have always enjoyed great power, have to realize that the strategies that worked in the past are not appropriate at the present." (Reuters, April 4, 1998). In undiplomatic language, "being firm" means that the U.S. must apply all pressure necessary to produce the change the U.S. desires. Also in undiplomatic language, "permanent government", such as MOF and MITI, must realize that the Japanese brand of capitalism which was

accepted in during the cold- war era is not appropriate" (i.e., not acceptable) "at the present", i.e., in the new, post-cold war order.

This announcement of the United States president "happened" to be at the time the Asian European Meeting (ASEM) of 25 Asian and European economic powers was taking place in London. Another "coincidence" was that it happened the same Friday, the 3rd of April 1998, when Moody's Investors Service announced that it downgraded Japan's sovereign debt ratings from stable to negative. This happened to Japan, which has the world's second largest economy. This all happened within three days only of Japan's liberalization of its financial sector in what became known as "Tokyo's Big Bang". Within a week from this cocktail of coincidences, Nikkei stock average plunged by 7.3 per cent and the yen also plunged to a seven years' low as a result of Moody's downgrading. Such downgrading was made based on sentiments of a firm known to be a mouthpiece of the Wall Street interests but whose power cannot be underestimated. Is Japan going to be continually hammered by the global infofinancial system until it gives up its own Japanese- economic model? Even the French president thought the Clinton announcement was off-limits, as he told the Japanese prime minister at ASEM, a few hours after Clinton's statement: "It's not for others to tell Japan what it should do, to be handing out advice." It may "not be for others" to tell Japan, but the U.S. is not "others". It is the spearhead and mighty force used by the new global financial order.

It is interesting again to note that Moody's second shocking announcement on Japan came about the time the ASEAN nations were convening in the Philippines, late July 1998, on the eve of the election of a new Japanese prime minister. Moody's and its investors claimed to be concerned about the Japanese economy.

In the first quarter of 1997, the ferocity of the attack on the Japanese financial system was intensifying. The situation was similar to that of Korea two years before the IMF take-over or, as erroneously called, bailout. To prepare for the Korean IMF takeover, intelligence sources leaked what Koreans knew all along: a government-business-banks cooperation the Korean way. Two Korean presidents were sentenced, and were released after the purpose of their trial was served. Now, the hated Japanese Ministry of Finance is suddenly being discovered as "corrupt", and enormous pressure is being applied on those resisting changes to the Japanese model of capitalism. Some are on trial and some commit suicide. Some were wondering whether Wall Street had plans to have an IMF takeover of Japan as happened in Korea. The question may sound naïve, but it already was rumored, within the global financial markets, that such an IMF bailout is possible and that Japan will offer its bonds as collateral. Of course this did not occur, but for such a rumor

to surface among money and financial circles is not without inference. It means that such financial and money circles will continue to hammer on Japan until it changes its economic model even if Japan is brought down to economic depression. Nothing less than what Time Magazine requested in its July 13, 1998, issue: "To fix their economy (Japanese leaders) will have to demolish the world's last big capitalist welfare state – which they have been loathe to do. Japan's curious brand of capitalism incorporates socialist-style state subsidies, central planning, and rigid labor markets."

Wall Street opinion makers and other cronies in Washington continued the step-by-step strangulation of the Japanese model of capitalism. As soon as one demand for deregulation would be requested, the powerful Wall Street owners would start to orchestrate all the forces to impose such a demand on Japan. By the time the last decade of the twentieth century ended, two Japans existed in one, and neither was working in the same direction. It was easier for Wall Street to control politicians than to control "the people in the permanent government", to use Bill Clinton's expression for bureaucrats such as those in the Ministry of Finance (MOF). Within the same government of Prime Minister Junichiro Koizumi, Infrastructure Minister Chikage Ogi announced on April 26, 2002, that the Construction Ministry was working on a 100-year plan for Japan's infrastructure. On the other hand, Harvard-trained Economy Minister Heizo Takenaka had stated, four days earlier, that public works budget must be reduced from $230 billion to $153 billion, a 30 per cent annual decrease, within five years. About the same time, Finance Minister Masajuro Shiokawa attacked the IMF for "meddling in Japan's affairs". And Wall Street privately owned rating agencies started to hint at downgrading Japan's Government Bonds (JGB) rating in May. The permanent government, such as the MOF, is unable to sustain resistance against the deregulation demands of Wall Street that had already caused considerable damage to Japan's economy.

Moody's vice-president and senior credit officer of Sovereign risk said, on April 26, that he was certain that his agency would reduce Japan's rating in May 2002. At the IMF annual meeting in Washington five days earlier, finance ministers had expressed alarm and wanted to include, in the final communiqué, a warning statement about the serious U.S. current account deficit, but the United States strongly opposed such a public warning. The French finance minister stated at the IMF press conference that France strongly opposed U.S. Treasury secretary's statement that the deficit is not a serious problem to world economy. So did the Japanese finance minister.

On May 31, 2002, Moody's Investor Services announced a downgrade of the JGB by two levels at once, from AA to A2, which puts Japanese

government credit down on par with Latvia and Poland and not only below the G7 industrial countries, but even lower than Botswana. This action of a Wall Street privately owned agency put down Japan's bonds "below investment grade" and that may result in major capital flight from Japan to Wall Street at a time both Wall Street and the dollar are tumbling on a steep downhill.

The MOF thought that Moody's announcement was "ridiculous" and "completely inappropriate". They said they had no intention of altering their policies, that Moody's downgrading was not based on facts and that such an important decision was given without explanation. These Wall Street-owned rating agencies were created in the first place to serve Wall Street and not Japan or the global financial system that suffers mostly from their excesses. Nevertheless, Wall Street-dominated financial institutions can exert considerable pressure if more than one rating joins Moody's in this downgrade. Such a possibility is within the reach of Wall Street any time it feels further pressure is needed. Then even Japanese banks and others may be forced to dump JGB bonds in order to prevent their ratings from being downgraded. If these banks do not do so, then a run on their deposits and bonds will cause them serious problems.

Many people think that the United States' economy is no better, if not really much worse, than the Japanese economy. If Japanese bonds were downgraded to junk bond status, the United States Bonds are really in worse shape. Professor Yukio Yanbe of Kobe University argues this case convincingly. He wrote in Ashai News on June 2, 2002, as reported by the weekly June 14, 2002, EIR issue: "These rating services, it should be noted, are after all private firms from the United States. Credit ratings agencies are selling Japan short. As such, their ratings represent nothing more than a private investment guide."

"To be sure, Japan's government debt, taken as an isolated figure, is 120 per cent of GDP, while figures for the United States and major European countries are about 60 per cent," he wrote, putting the JGB debt at 400 trillion yen ($3.25 trillion). "But we will miss the big picture if we focus only on the level of public debt. The Japanese government also holds more than 400 trillion yen ($3.25 trillion) in financial assets, including pension funds and foreign exchange reserves, making the central government's net debt zero – while, since the United States has no such assets, its net central government debt is at least the $5 trillion in outstanding Treasury notes. Even making Tokyo responsible for all of Japan's municipal and local government debt of another 300 trillion yen, this makes a net debt load of 51 per cent of GDP." That is lower than the euro-zone average of 55 per cent.

"From 1991 to 1998, the U.S. government's net debt load in proportion to GDP stayed at 50 per cent-plus. In 1994, it was 60 per cent. Yet U.S. bonds

received the highest rating. If that rating was accurate, then there is no reason why Japanese bonds today should not receive the top rating," Professor Yanbe concluded.

"Second, the ability to sell bonds completely is much greater in Japan than it was in the United States," he insists. "There is an annual fund surplus for over 10 trillion yen in Japan, despite massive bond sales. In the United States, there was an annual shortage of about $100 billion (12.5 trillion yen), so the U.S. government has had to depend on foreign investors for a considerable portion of (U.S. government bond) sales.

"Third, in terms of future bond absorbability, Japan is more stable than the United States. Japan today is the world's largest creditor nation, with over 130 trillion yen in external net assets, while the United States in the 1990s was already the world's biggest deficit country, with about $1 trillion worth of net borrowing aboard."

The United States and Wall Street "new world order" are not interested in academic facts. They know that might is right and they want Japan to do just what it is told by Wall Street and its Washington consensus tools.

The present ills of Japan are the results of deregulations and Anglo-Saxon capitalism exported to Japan by Wall Street and imposed by the mighty power of Washington in coordination with Wall Street owners. Wall Street is "salivating at the prospect of tapping into $9 trillion in Japanese household financial assets". The global economic order of Anglo-Saxon capitalism created third worlds even inside each industrial country that adopted that model. It brought unemployment and considered it as one variable that is just less important than shareholder profits. It brought wealth disparity and wars to its citizens. Even if not ideal, the Japan's model prior to being hammered by Wall Street, "… has plenty to be proud of. Poverty barely exists. Income is more equally distributed than almost everywhere else in the world. The country still has huge pools of savings and massive trade surpluses", said Business Week. Yet, this is the very same economy that Time thought Japan "will have to demolish" for being "the world's last big capitalist welfare state".

Criticizing Israel's occupation of Palestine territories and the idea of Israel's rule over the Palestinian, Britain's Chief Rabbi Dr. Jonathan Sacks said: "You cannot ignore a command that is repeated 36 times in the Mosaic books: 'You were exiled in order to know what it feels like to be an exile.' He added: 'And therefore I regard the current situation as nothing less than tragic, because it is forcing Israel into postures that are incompatible in the long run with our deepest ideals'. "

The London Guardian
August 27,2002

CHAPTER ELEVEN

THE SALVATION OF ISRAEL

Through Prophets or Generals?

Theodore Herzl, a Viennese journalist, the son of a Jewish businessman, earned his doctorate degree in Roman law, and could not make it as a playwright. He had no Jewish religious education, no concern for religion or Jewish matters. He was an assimilated Jew. In 1893, Karl Lueger was elected mayor of Vienna on an anti-Jewish platform and a Jewish French army officer named Dreyfus was convicted and charged with treason. This wave of anti-Semitism was ingrained in European society and Herzl's answer to this "Jewish question" was to create a Jewish state. This way, he thought, he can remove the alien status label from the Jews and return them to normalcy. The vision for political Zionism was thus started. By removing friction between Europeans and Jews, Zionism, he proclaimed, would become a maker of peace. Historian Arthur Hertzberg wrote in his book "*Zionist Idea*" that Zionism was a revolution in Jewish thought. He suggested that the basic dialogue was between Jews and God. This changed the central tenet of Judaism, which believed that salvation depended in the coming of a Messiah. The Zionist "dream" replaced the coming of the Messiah with the return of Zion and the creation of a new Israel that will give the Jews their political liberty and social justice. In the nineteenth century, marked by nationalism, Zionism became the nationalist movement for the international Jews, with the basic difference from other national movements that it had no homeland, and the Jews had no common language. Zionism's answer was simple. It will create a homeland and it will create or revive Hebrew, to become the language of Zionism.

Zionism and its founder, Theodore Herzl, "assigned little exclusive importance to Palestine – any available, secure, and fertile territory would serve for the settlement of the Jews". David Eder, who managed the first Zionist Commission in Palestine, was sent to Brazil to assess the creation of the Jewish homeland there. However, the Zionists finally decided that they wanted Palestine for a homeland because of historical considerations and because it will be an easy sell to Christian Zionists.

The Zionists lobbied initially for a Jewish homeland and the East African state of "Uganda" was discussed as a possibility. They decided later that they wanted Palestine to be their homeland, especially that the Muslim Ottoman empire was living on borrowed time. More than 95 per cent of the inhabitants of Palestine at that time were Palestinian Arabs.

Many of the Jewish immigrants to Palestine were not religious, but rather adventurers. Many of them were atheists or communists or socialist revolutionaries. A young woman who came from Russia, Manya Wibushewitz, pledged her life to the communist cause and started the communal farms, the Kibbutzim. Simultaneously, she was one of the first members of Hashomer, the forerunner of the Israeli Armed Forces. A.D. Gordon came from Ukraine and established labor Zionism. A branch of the Pasteur Institute was established by the Russian doctor Aryeh Leo Boehm.

The influence of Russian and East European Jews is as old as the Zionist movement. Almost all the first Zionist arrivals and almost all Israeli leaders and prime ministers were of Russian origins. When the Zionist movement was created in the last decade of the 19th century, most of the Palestine Jews were ultra-Orthodox and were deeply hostile to the very idea of Zionism. The Holy Land, according to their beliefs, would be redeemed only through divine intervention in the messianic age. Zionism ideals of secular and political redemption were both unholy and unacceptable. David Ben Gurion, the first Israeli prime minister, was himself a Russian who, once in Palestine, was shocked to learn that the Jews of the country to which he immigrated were opposed to the Zionist ideals he brought with him to Palestine. He commented: "A deep abyss separates the two parts of the Yishuv." He called for a war against "the rabbis who are betraying their people". Haim Weizmann, the leader of the Zionist organization who became Israel's first president, was also born in Russia. Weizmann complained to his wife, when he came to Palestine with the invading British: "Just imagine, some of the representatives of Orthodoxy denounced us (the Zionists) to the (British) government …" The Zionist Russians wanted to revive Hebrew so a new state for the Zionist Jews will have its new national language. Theodore Herzl was not so sure that Hebrew could be used. He wrote: "Who of us knows Hebrew well enough to ask for a train ticket in that language?" He thought that the Jewish state would be multilingual – having a linguistic federalism. "Everyone will hold his language, which will be the dear homeland of his thoughts." The language of the first Zionist congress in 1897 in Basle, Switzerland, was German.

Haim Margalit Kalvorisky, a Polish-born agronomist, had lived in the Galilee since the 1890s. He belonged to the Jewish Colonization Association, which acquired land in Palestine and encouraged settlements. After being in the job of dispossessing Arabs for a long time, he concluded that Arabs are not "a flock of sheep but rather human beings with hearts and souls". He concluded that the Zionists "should strive to reach an agreement with the Arabs, something the movement neglected to do. The Zionist movement could not continue to deny the existence of a problem and maintain that Arabs were "just a bunch of ignoramuses and bootlickers willing to sell everything for a mess of pottage". He proposed a political agreement. "We don't have to

concede anything of our fundamental program. As long as the Jews don't do to the Arabs what they don't want done to themselves by gentiles in the diaspora, and as long as they do not build their homes on the ruin of others there was a chance of détente," Kalvarisky concluded.

Chaim Weizmann spent few years in Switzerland. He moved to England in 1904, at age thirty. The forces behind this 30-year-old Russian immigrant to England must have been extremely powerful. When he arrived in London, his English was not good enough to speak it with the British undersecretary of state for foreign affairs, so they spoke in French. At the time he was still thinking in Yiddish.

Initially, and for decades to follow, not many Jews accepted the Zionist dream. Jacob Schiff, the powerful leader of the American Jewish community and a known New York financier, was unimpressed after he met Herzl for the first time, at the turn of the century, and remarked that Zionism was a "sentimental theory" without a future. The religious Jews thought that Herzl's Zionism was blasphemous. To them salvation was at hand with the coming of Messiah and not through politics and a worldly government as proposed by Herzl, who, after all, knew little about Jewish religion in the first place. Ahad Haa'm, the founder of "cultural Zionism" who first encountered Herzl at the first Zionist congress of 1897, warned his readers that "the salvation of Israel will come through prophets, not through diplomats".

But it seems that something much bigger than Herzl himself was directing Herzl and helping him to spread his new gospel and meet the rulers of the world anytime he chose. He met the Turkish Sultan, asking for Palestine as a homeland. Palestine was under the Muslim Ottoman empire rule. He met the German Kaiser, the king of Italy, the Pope, Britain's colonial secretary and the Russian czar's minister of interior, the man who is held by the Jews as responsible for the worst and bloodiest pogroms in Russian history. He promised the Russian minister that Zionism will remove the Jews participating in Russia's revolutionary activities and asked that the minister allow Zionist activities in Russia and encourage Russian Jewish immigration to Palestine.

The majority of Jews in Palestine and America were not impressed by Zionism; Rabbi I.M. Wise, the founder of Reform Judaism in the United States, declared on behalf of his organization: "We are unalterably opposed to political Zionism … Zion was a precious possession of the past … but it is not our hope of the future. America is our Zion." Most American Jews were also unimpressed by Zionism. The U.S. Zionist movement numbered at the outbreak of World War I only 20,000 members, out of the 3.5 million Jews of the United States.

Boston lawyer Louis Dembitz Brandeis, born in America of East European origins, decided to convert to Zionism in 1912. This marked a turning point in America's Zionism movement. Brandeis was a good friend of the next American president, Woodrow Wilson, and he became the head of the American Zionist movement during World War I. In 1916, Wilson appointed his friend Brandeis to the Supreme Court. Through the efforts of the Zionist movement, the American Federation of Labor endorsed the principle of a Jewish homeland, but what is interesting is that this was done against the will of several Jewish trade unions that were opposed to Wilson and Zionism. Wilson was the son of a Presbyterian minister and a daily reader of the Bible. American Protestantism had always had deep sympathy for the ideals of Christian Zionism. Woodrow Wilson had all the sympathy for the plight of the Jews and their idea of establishing a homeland. Chaim Weizmann, as head of the World Zionist Organization, disagreed with Brandeis' Zionism, which gave it an American flavor, and successfully had him removed and voted out, mostly by the new immigrants from Russia and Eastern Europe.

The reasons for the British decision to go along with Zionism were mainly a mixture of religion, geopolitics and Jewish financial and political power. Prime Minister Lloyd George, Balfour and many of those in the colonial office where either Jewish Zionists or Christian Zionists. Those who did not support the Zionist cause were not in power, or were removed from power. Balfour was on record as declaring in a cabinet meeting: "I am a Zionist." On November 2, 1917, the Balfour Declaration was issued, promising a "Jewish homeland in Palestine". Arthur Koester wrote that here was a nation promising another nation the land of a third nation! An impossible notion, an unnatural graft. He called the Declaration a "White Negro".

According to the author of "One Palestine Complete", Tom Segev, who is a renowned Israeli historian and a prominent columnist for the Israeli paper Ha'aretz, fighting a war in the Middle East was not planned initially. He said that "Britain had acted on the assumption that the best way to strike at Germany was by direct confrontation, in Western Europe. The possibility of outflanking it from the east, via the Ottoman Empire, was not yet part of the battle plan". Many believed it became part of the World War I plan at the urging of the Zionist movement.

English Prime Minister Lloyd George was no stranger to Zionism as "the Zionist movement in London had obtained the services of an attorney to facilitate its contacts with the Foreign Office; his name was David Lloyd George" who became the prime minister in 1916. According to the Jewish Chronicle, Lloyd George was "an ardent (believer) in the Zionist cause". Herbert Samuel, a Zionist Jew, was consulting him as he was authoring his proposal for what came to be the Balfour Declaration of 1917. Lloyd George grew up on the Bible, and once told Ben Gurion: "I was taught in school far

more about the history of the Jews than about the history of my own land. I could tell you all the kings of Israel. But I doubt whether I could have named half a dozen of the kings of England and no more of the kings of Wales."

Herbert Samuel was 34 when World War I broke out and when he drafted a memorandum, in January 1915, that was presented before the British cabinet, suggesting the conquest of Palestine. As early as 1915, Lloyd George started asking for the occupation of Palestine. Since the war department planned to fight the war only in Europe, Lord Horatio Herbert Kitchner, the secretary of state for war, objected and insisted that "Palestine would be of no value to us whatever". According to Tom Segev, "the following year Kitchner drowned at sea and his strategic approach – limiting the war to the Western front in Europe – drowned with him". The battle plan changed and the British troops in Egypt were instructed to invade Palestine. After two failed attempts to conquer Gaza, Lloyd George changed commanders. Edmond Allenby was the new commander. A Christian Zionist, Allenby was an avid reader of the Bible and had great interest in Palestine: its history, geography, plants and birds.

To many Westerners, especially to those who participated in the conquest of Palestine, this was just another crusade. But this one was fought by proxy for the Zionists. When Allenby reached Damascus, he visited the tomb of Salladin, who evicted the crusaders out of the holy land and recaptured Jerusalem back to Muslim rule. Allenby said: "Wake up Salladin, the crusade had just ended." Antonio de Ballobar, who was council general looking after the diplomatic interests of Spain and other countries in Jerusalem during the Ottoman rule, wrote in his diary after Allenby's soldiers entered Nazareth: "The land of Jesus of Nazareth has been cleared of the heathen conquerors." Moshe Smilansky, from Tel Aviv, met one of Allenby's soldiers, an Australian named Sid Sheerson, a shepherd by profession. He volunteered because he as " a schoolboy had studied the Bible and knew that the land of the Bible had been taken from the people of the Bible". When Australians were called to volunteer, "he put his hand to the sword and his mother and his sister gave him their blessings and said: "Go, restore the homeland to the one nation left without a homeland." When Allenby defeated the Ottomans and entered Jerusalem, the bells of Westminster Cathedral pealed for the first time in three years of World War I and King George sent a personal telegram to Allenby. Major Vivian Gilbert wrote: "Only two bearers of the cross had succeeded in liberating the Holy City, the crusader Godfrey of Bouillon and Edmond Allenby."

The geopolitical importance of planting a foreign body such as Israel among the Arab world can be seen within the geopolitical power games of the British and now American imperial world orders. Palestine is located in such a way that it separates the Arab orient countries – now called the Middle East -

in Asia, from Arab North African states, called Al Maghreb. All the east Mediterranean coast was subdivided into minority-ruled countries. Palestine by the Jews, Lebanon by the Marionettes, the coast of Syria was proposed by the French to become a separate Alawite-sect republic but the French decided that it couldn't be done during their occupation of Syria, since the Alawites did not have the necessary infrastructure and other prerequisites to form an independent nation. The Iskandaron Region was sliced from Syria into Turkey. The proposed Palestinian state, Israel, would become a strategic partner that shares a Judeo-Christian culture with the West.

Tom Segev believed that the Balfour Declaration of 1917 promising a homeland to the Jewish people was "the product of neither military nor diplomatic interests but of prejudice, faith, and sleight of hand. The men who sired it were Christian and Zionist and, in many cases, anti-Semitic. They believed the Jews controlled the world." Lloyd George in his memos wrote that he supported Zionism out of fear from the international power of Jewry. He claimed that their goodwill was essential to win World War I, that they could influence the United States to intensify its involvement in the war, and that they were the real power behind the Russian revolution and can influence its outlook towards the warring parties in World War I. Weizmann's telegrams from London to World Jewry only confirmed this impression. He cabled a prominent Zionist in Washington: "American friends must strain every nerve to influence our Russian friends' favor of vigorous support British and Entente policy." In a telegram to the American Supreme Court Justice Louis Brandeis he wrote: "We must do our outmost to prevent Germans obtaining footing South Russia… We think that Jews of South Russia who control trade could effectively counteract German and Bolshevik maneuvers."

The British ambassador to Turkey reported that Kamal Ataturk was brought to power in Turkey through "an international conspiracy of Jews, Freemasons and Zionists" who were "the real power behind Ataturk's Young Turk revolution". The British ambassador to Washington at the time wrote: "They are well-organized and specially in the press, in finances, and in politics, their influence is considerable." Lord Robert Cecil, a World War I era undersecretary at the Foreign Office, believed that one cannot "exaggerate the international power of the Jews".

Edwin Montagu was Herbert Samuel's cousin and the minister of munitions in Lloyd George cabinet during World War I. As many Jews, he considered Zionism a threat and viewed Christian Zionism as a reflection of the British anti-Semitism and a desire to rid themselves of Jews. He insisted that Britain should consult the president of the United States, Wilson, before the Balfour Declaration is issued. The White House answer was against

issuing the Balfour Declaration. Once Weizmann knew about it, he lobbied his Jewish friends in the United States. The White House immediately reversed its decision. “Lloyd George could hardly construe it as anything other than confirmation of his conviction that the Jews controlled the White House.” The Balfour Declaration was issued in 1917, promising the establishment of a Jewish homeland in Palestine without prejudicing the rights of the Arabs. This, the British must have known, was a “White Negro”.

Sir Mark Sykes, who negotiated the secret Sykes-Picot treaty with the French, to subdivide the Arab world, wanted Prince Faisal to meet Weizmann and be conciliatory to his demands. He wrote to Faisal that whether one likes the Jews or not, one must not underestimate their power. One should learn from what happened to the Spanish and Czarist Russian empires that persecuted Jews. They vanished. Sykes wrote to Faisal: “Believe me, I speak the truth when I say that this race, despised and weak, is universal, is all-powerful and cannot be put down.” He added that “Jews could be found in the councils of every state, in every bank, in every business, in every enterprise”.

The power of international Jewry can probably be best demonstrated by how an arrogant Winston Churchill was not that arrogant once in the presence of Chaim Weizmann who was protesting Prime Minister Baldwin’s proposal to limit immigration to Palestine. According to an episode mentioned in “One Palestine Complete”: “ … top British officials continued to treat Weizmann with honor,” wrote Tom Segev. “Sir Archibald Sinclair, leader of the Liberal Party, hosted him at his home for dinner; Winston Churchill was among the guests. Churchill got drunk, called Prime Minister Stanely Baldwin an ‘idiot’, and promised Weizmann that he would support the Zionists even if they did horribly stupid things. Churchill turned to Clement Attlee, who would himself become prime minister, and pointing at Weizmann, declared, ‘He is your teacher, he is my teacher, he was Lloyd George’s teacher, we’ll do whatever he tells us’.”

A British mandate over Palestine was created with the specific purpose of converting Palestine into a Jewish state. A shadow government “The Zionist Commission” arrived to Palestine with General Allenby and it was the de facto government in Palestine. This commission was sent before the British had decided whether they wanted to stay in or leave Palestine, and before the League of Nations gave England a Mandate. Weizmann lodged in the same camp with of Allenby in Ramle. Allenby invited him to enter Jerusalem together but Weizmann believed this will be too sensitive at that time, and said: “Allenby is with us and for us.” The Zionist Commission had created its own organizations for education, culture, infrastructure, security and underground army; with the full blessing of the British mandate officers in Palestine. Many of them were either Zionist Jews or Christian Zionists. Those

who showed no sympathy for the Zionist agenda were quickly removed from their posts. The Jewish immigration floodgates were opened, and within thirty years, the Jewish population increased to become about one third of the total population of Palestine, while Arabs still made up the remaining two-thirds.

In May 1919, the Arabs of Palestine and the local Jaffa city chapter of the Muslim-Christian Association held a public assembly at the Zohor Cinema. The assembly promoted equality for all Palestine inhabitants, including Palestinian Jews, but opposed Jewish immigration. The assembly said that Zionism has no roots at all in Moses law. It is an invention of Herzl's not a law from God. Resistance to the Zionist immigration and settlements grew from few scattered instances into a general strike that lasted six months in the year 1936. Then a general uprising escalated to a rebellion that neither the local British administration nor the Palestine Zionist Agency could suppress. The Zionist Agency was effectively a government within a government and in case of conflict, events proved it had the upper hand.

The normally cordial relationship between Palestinians and Palestine Jews started to get sour as more and more immigrants arrived. A Russian immigrant who became head of the Zionist commission, Menachem Ussishkin, and Jerusalem Palestinian Muslim Mayor Musa Kazim Al Husseini had their first confrontation. Ussishkin was described as "very Russian"; he spoke Hebrew, Husseini Arabic and they needed an interpreter. Husseini asked about the progress of the Paris Peace Conference that followed World War I. Ussishkin explained that although no treaty was yet reached, things were settled, and it was decided that Syria will become a French protectorate and Palestine will remain under the British. The conversation, as reported in "One Palestine Complete", got emotional. "'The Arabs will not consent to that,' Husseini responded. 'Look, I said everything is settled' Ussishkin repeated, and mentioned that Prince Faisal had agreed to the Jewish national home in Palestine. As far as Husseini was concerned, the Arabs in Palestine had not authorized Faisal to make concessions in their name. He had nothing against the Jews, he said. Those who already lived in the country were welcome, but the Arabs opposed the immigration of more Jews. He tried to explain to Ussishkin that style was important. The Zionists did not understand Arab culture, he said, and they spoke to the Arabs in a contemptuous and patronizing way." Husseini objected to the Jewish demand that invitations to celebrate the British occupation in Palestine be printed in Hebrew because most of the Jews understand Arabic, most of them don't even speak Hebrew and thirdly the demand is symbolic and is meant to force the municipality to start implementing Zionist demands. "Ussishkin reminded the mayor that the Jews had wandered the wilderness for forty years before reaching the Promised Land. Musa Kazim Al Husseini smiled. It had taken forty years because the Jews had not listened to Musa, he said, and suggested that they

listen to Musa now or at least it will take them another forty years to get where they wanted to go." Musa in Arabic is Prophet Moses, which happened to be the mayor's name as well.

Vladimir Jabotinsky, who changed his first name to Ze'ev, was a Russian immigrant who was behind the creation of the Jewish Legion that arrived to Palestine with the British invaders. He was a journalist, a writer and an orator. The founding father of Israel, David Ben Gurion called Vladimir Jabotinsky, Vladimir Hitler. Jabotinsky founded the World Union of Zionist Revisionists and its youth movement, Bitar, in 1925. The Revisionists rejected what they considered the moderation of main-stream Zionism. The party newspaper, National Front, "laid claim to all Palestine, including Transjordan and the Syrian Desert". Abba Achimier, the editor of the National Front, founded in 1931, was a self-proclaimed fascist. Eliyahu Zvi Cohen, a party member, wrote an editorial in the National Front, which was complimentary of Hitler. "Were the Hitlerites to remove their hatred of the Jews from their program, we, too, would stand by their side – had the Hitlerites not risen in Germany, it would be lost. Yes, Hitler saved Germany." The Bitar movement was organized along the lines of Mussolini's squadristi. Jabotinsky thought the Zionist labor organization was a "gross cancer in the body of the Yishuv (Jewish Community of Palestine), growing ever more malignant". Ben Gurion, at a public meeting in February 1933, warned the major Zionist party, Mapai, not to "underrate the severity of this Hitleristic peril in the Jewish, Zionist Street". Then he referred to Jabotinsky as Vladimir Hitler. Again in March 15, 1933, Ben Gurion declared it was time to face this serious problem and believed it was time to declare war against "our own Hitlerites …. We face a war of life and death." In June 16, 1933, an operative of the Revisionists murdered the head of the Jewish Agency's Political Department, Chaim Arlosoroff.

The Zionist movement continued shifting to the right, and the Labor party, which sprang from Mapai, and the labor movement continued to lose control to the Revisionists from which the Likud derived roots. Prior to the declaration of Palestine as the state of Israel, the Revisionists founded terrorist organizations that assassinated British and Arabs alike. They blew up the King David Hotel where more than a hundred people were killed and wounded. Future Israeli premiers Menachem Begin and Itzhak Shamir were among the leadership of these terrorist organizations. Begin was on the most wanted terrorist list of the British Palestine administration.

Vladimir Jabotinsky became the major challenger to Weizmann's version of Zionism. Weizmann thought that the Arabs may be lured to accept Zionism's vision for a Jewish state in Palestine. Jabotinsky was convinced that the Arabs were bound to resent the Jewish immigration and presence in Palestine. He did not dispute their claim to Palestine but insisted it had to take

second priority to that of the Jews. Jabotinsky opposed the idea of a legislative assembly in Palestine because it would include Arabs. He resigned from the Zionist executive and tried to topple Weizmann from his post at the World Zionist Organization, but failed. Jabotinskey formed his new brand of Zionism, and the New Zionist Organization was formed. This revisionist Zionism, radical and fascist by admission of the revisionists themselves, has been in effective control of Israel's politics for the fourth quarter of the 20th century, since one of its first fanatics, Menachem Begin became a prime minister of Israel.

The Irgun, the military arm of the revisionists, launched terror attacks against Palestinian Arabs. Simha Flapan, an Israeli journalist, said: "It can be said that the Irgun established the pattern of terrorism adopted 30 years later by Al Fatah (of Yasser Arafat). Among its actions were the wheeling of a vegetable barrow containing a bomb into Arab market in Jerusalem, firing at a bus and throwing bombs into marketplaces."

The Palestinian Arabs were overwhelmed by the combined forces of the British Empire and Zionism; they were mistreated and displaced. They believed that Zionism, by nature, was unjust, as it assumed they didn't exist in Palestine, where they had existed uninterruptedly for fourteen centuries or more, and it based its assumptions on its might, certainly not its right. This was shared by many Jews who had lived in Palestine before Zionism and even by some disillusioned Zionists who realized the fallacy of "land without people and people without land". As the Palestinian Arabs started to show resistance, the problem became apparent. It was a problem between two peoples: a people who had been living on the land for centuries and now owned the place and people who claimed its ancestors had owned the place. Those living on the land, the Palestinians, had at least fourteen hundred years of history. The historical claim of the Zionists was disputed at that time by most Jews of Palestine and many Jews around the world.

Palestinian resistance was called terrorism. The authorities decided to fight what they called Palestinian terrorism and embraced on collective punishment to subdue the rebellion. In 1936, the old city of Jaffa, near which Tel Aviv was built, started to show some resistance. The authorities destroyed 800 houses of Jaffa, according to the inhabitants, 300 according to the London Times. The residents were given 24 hours notice to evacuate. The residents were all Palestinian Arabs and evacuation orders were dropped from an aeroplane. No alternative housing was provided. The official administration story was: the neighborhood was poor, filthy and violent, and the destruction was part of an urban renewal project for better appearance and to promote public health. Chief Justice Sir Michael McDonnell exposed the government's real intention and declared that the demolition was for security reasons and the government officials should be held responsible. The British High

Commissioner in Palestine removed the judge from his job and sent him away from Palestine.

It became a monotonous practice of the Western powers involved in the Zionist-Palestinian or Israeli-Palestinian conflict to buy time by commissions and agreements that are made to be broken. A Royal commission headed by Lord Peel, former secretary of state for India, was formed of a professor of history from Oxford, a high court judge, a former ambassador and a former governor. The Peel commission's 404-page report concluded that: "The social, moral and political gaps between the Arab and Jewish communities are already unbridgeable." The commission suggested the partition of Palestine into two states. What Ben Gurion liked best about the report was a recommendation to transfer Arabs out of the territories designed for Jews. He wrote in his dairy: "This will give us something we never had even when we were under our own authority, neither in the period of the First Temple nor in the Period of the Second Temple". He underlined in his diary: "forced transfer". The proposal was of "huge consequences", he added. He noted that this will give the Jews a "really Jewish state for the first time in history". He underlined Jewish.

The Arabs of Palestine, in the 1930s, staged a rebellion that took the famous general Montgomery to suppress. Whereas the British authorities hanged several Palestinian Arabs for mere acquisition of small arms, such as pistols, the same authorities assisted in the establishment of the Jewish underground army, the Haganah. The Revisionists created their own armies and gang organizations. A "Special Operations Unit" was created in the late 1930s, which was subordinate to Ben Gurion himself. One of the operations of these Special Operations Units, which took place in the Arab village of Lubia in the Upper Galilee, was described in "One Palestine Complete": "The units' men sneaked into the village at night, silently in tennis shoes, pouring gasoline behind them to keep dogs from tracking them. Once in the village, they chose a house with its lights on. They peered in and saw three men and two women seated around a dead body laid out on the floor. The units' men fired their weapons into the room through the window. One member of this unit, Yigal Allon, would go on to become a famous Israeli soldier and a deputy prime minister of Israel. There had also been children in the house, it turned out. Three people were killed, two men and a woman were wounded, and three children were wounded, including a two-year-old boy and a ten-year-old girl."

Local Jewish forces and the British local security forces could not put that rebellion down, though very harsh measures, like the Lubia operation, were used.

To put down the Palestinian Arab rebellion, the British sent their top counterterrorism expert, Sir Charles Tegart, in addition to 25,000 soldiers and policemen to Palestine, which was the biggest military force to leave England

since World War I. From the autumn of 1937, the British started to operate military courts for "quick justice". To prevent infiltration of "terrorists" from the north, a security fence was ordered by Charles Tegart along the northern borders. Dozens of police buildings and prisons were built. Military checkpoints were posted along the roads, Doberman dogs were imported from South Africa, and a torture and interrogation training center was set up in Jerusalem, at Al Maskobiya, the very same place Israelis now detain and interrogate Palestinians. The Tegart security fence reminds us of Sharon's security fence of 2002, and the earlier security fence along the Lebanese border. Suspects were then, as now, subjected to severe physical mistreatment "including … hitting prisoners on the soles of their feet and on the genitals". Others were given icy showers for longtime intervals. From the beginning of 1938 to the end of 1939, an average of one Palestinian Arab per week was sentenced to death. More than 30 were executed within one month. Alec Seath Kirkbride was the district commissioner of the Galilee, where three Palestinians were hanged the same day in Acre prison. The Muslim clergyman who was on his way to the first condemned man greeted Kirkbride "with the blackest hatred in his eyes". Kirkbride felt "guilty and mean and was plagued by a sense of remorse". He reminded himself that it was not him who sentenced the condemned. Another commissioner said: "I wish that some of those more directly concerned with giving the sentences or approving them were in my shoes." These 1930s executions are nowadays replaced by Israeli "targeted assassinations" and orders of shoot-to-kill to its occupation soldiers in the West Bank and Gaza.

The collective punishments and humiliation, and the occupation of whole Arab villages, towns and cities exercised these days by Israel have their roots in the days of the British mandate. "The laws and regulations under which the authorities conducted their counterterrorism operations placed responsibility for crimes on the entire community – whole villages, neighborhoods, sometimes even cities. The guiding principles were that everyone was guilty until proven otherwise and everyone was to be punished. Judge Gad Frumkin (a Zionist British Judge appointed to the Palestine Administration) believed that he had initiated the practice of collective punishment …" The same principles guide "the only democracy in the Middle East" with the blessings of the Israeli "justice" system.

The description of the search missions for "terrorists" in 1938 and 1939 is identical to what is happening in Palestinian territories in 2001 and 2002. Identical almost to the letter. A British truck driver, Alex Morrison, who participated in an operation in the city of Tulkarem, described his experience. He assumed that the mission was to apprehend a terrorist. Upon arrival, they found out that all the men were out of town and only women, children and few elderly men were present. When the commander asked the city mayor

about the whereabouts of the town's younger men, he said he didn't know. All the women were to stand in line and bare their breasts to the soldiers, allegedly to make sure no man was hiding in women clothes. In other towns, men were detained in an improvised enclosure or "cage" as the British called it. Meanwhile, soldiers would break down doors, smash furniture and rip open sacks of sugar, rice, flour and throw the contents all over the place. The flour and olive oil was poured over the mattresses and beds. A British doctor, Elliot Forster, documented such an operation in the village of Halhoul, near Hebron, when all men were confined in a fenced area and some twenty of them died from heat and exhaustion. As many villagers lived on the crops of their olive trees, many trees were burned or uprooted as a punitive measure against whole villages. At times, the army would enter a village or a town and stay there for months. Some villages were entirely emptied others were demolished. In Baka al-Gharbieh the authorities destroyed 2,000 houses.

The authorities then, like Israel today, claimed that they were not violating civil rights but acting in self-defense. They managed to keep the media away, declaring their areas of operations closed military zones, meaning that no press or media would be allowed. The British burned the bodies of the dead. They did this to prevent the funerals from turning into mass demonstrations. Nowadays, the Israeli army prevents ambulances from carrying the wounded and leaves them to bleed to death, claiming that the ambulances may be carrying "terrorists". No international objections were encountered. Then, as now, the media were "under control. The media, then as now, are controlled by the same people!

Counterterrorism chief Tegart was a die-hard Zionist himself; he cooperated with the Jewish Agency. The security fence he wanted built was given to the Histadrut's construction company, Solel Boneh, on negotiated basis, allowing it to incorporate the cost of the Jewish security detachment that was attached to the project.

Wingate virtually set up a private army called "The Special Night Squads", which operated in the Galilee. Seventy-five per cent of these squad members were Jews. They conducted special operations, but also guarded Iraq's oil pipeline to Haifa and Tegarat's new security fence. Tzion Cohen, one of the Jewish members of Wingate's squads, wrote that after targeting a Palestinian Arab village for an operation, the squad would enter the village at dawn. "Rounding up all the men and forcing them to stand with their faces to the wall and their hands behind their backs, Wingate and his Englishmen would inflict the punishment because he did not want "to fan the Arab's hatred to us". The villagers were lashed on their bare backs sometimes and were made to smear mud and oil on their faces. On occasions, he would shoot and kill them. In the village of Hitin, the squad rounded 10 men and after scolding them, all ten were shot to death. One of the squad's officials acted

with more "civility". He chose two Palestinians, he said, and after "they were tried before him they were sentenced to death", then killed. Another reported incident was about the squad entering a village. It demanded that the villagers stand in lines. They requested the villagers to produce 15 rifles, which they did not have, and when they failed to produce guns, one man in every fifteen was taken out of the line, a total of three, and the three were shot on the spot. The Jewish Agency footed most of the bill for the Special Night Squads, according to documents unearthed by Tom Segev.

If today is like yesterday, it is for a good reason. Most of Israel's army commanders are Wingate twins. The Israeli Ministry of Defense issued a lexicon many years after Wingate's death, which is self-explanatory. "The teaching of Orde Charles Wingate, his character and leadership were a cornerstone for many of the Haganah's commanders, and his influence can be seen in the Israel Defense Force's combat doctrine." Very true, indeed.

At the beginning of November 1938, Major General Bernard Montgomery – who became more famous for the battle of Al-Alamein in World War II – arrived in Palestine to put down the revolt. Montgomery wanted to take the harshest measures to stop the rebellion. To him, it was not an expression of indigenous national movement. It was war. "He gave his men simple orders on how to handle the rebels: kill them." And that's exactly how Sharon instructs his men to handle the Palestinian fighters during the Intifada. The British, with huge enforcements, in cooperation with the Jewish Agency and its underground army, the Haganah, suppressed the revolt just about the time World War II was about to break. But as time will show, that will be temporary. After several years as the High Commissioner of Palestine, McMichael concluded that even a million soldiers could not prevent "terrorism" in Palestine.

The Palestinian refugees' problem was a result of calculated "transfer" of Palestinians from their homes when the Israeli state was proclaimed. In his book '*The Zealots For Zion*' Robert I. Friedman wrote: " In June 1938, during a daylong executive meeting, the Jewish Agency, the governing body of the Jewish community in Palestine, over-whelmingly endorsed, in principle, the mass transfer of Palestinian Arabs from proposed Jewish areas of a future Jewish state. 'It is the most moral [thing to do],' said Menachem Ussishkin, who advocated transferring sixty thousand Arab families to Arab countries. 'We will not be able to begin our political life in a state in which Arabs will constitute 45 percent [of the population].'

Ben-Gurion also considered transferring the Arabs to make way for a Jewish state. 'We must expel Arabs and take their places,' he wrote to his son Amos on Oct. 5,1937. 'And if we have to use force-not to dispossess the Arabs of the Negev and Transjordan, but to guarantee our own right to settle

in those places –then we have force at our disposal'." Vladmir Jabotinsky preference was a Jewish state without its Palestinian Arabs. He wrote: " We should instruct American Jewry to mobilize half a billion dollar in order that Iraq and Saudi Arabia will absorb the Palestinian Arabs,' Jabotinsky wrote to a supporter in November 1939. 'There is no choice: the Arabs must make room for the Jews in *Eretz Yisrael*. If it was possible to transfer the Baltic people, it is also possible to move the Palestinian Arabs'."

This transfer policy is now adopted by several of Sharon's cabinet members. Transfer is deeply ingrained in the Zionist ideology. In June 1895, Theodore Herzl wrote in his diary: "We shall try to spirit the penniless populations across the border by procuring employment for them in the transit countries, while denying them employment in our own country." Thus, the transfer policy is not a policy of the right or left in Israeli politics. It is the core of Zionism, beginning with Herzl and ending with Ze'evi and Sharon. On the transfer policy, Tom Segev wrote: "With few exceptions, none of the Zionists disputed the desirability of forced transfer – or its morality. 'I am prepared to stand and defend the moral aspects before God and the League of Nations,' Menachem Ussishkin said. 'I do not see anything immoral in it,' Ben Gurion asserted."

Beginning with the 1930s, practical steps were taken to prepare for population transfer. The Committee on Population Transfer was formed and it started to make studies and plans for the transfer of Palestinians from their homeland. The idea of mass transfer was given more acceptance by the Zionist movement, especially that World War II created many such transfers. Ze'ev Jabotinsky, said: "Hitler – as odious as he is to us – has given the idea a good name in the world."

After World War II, President Roosevelt set a meeting with King Abdul Aziz Al Saud of Saudi Arabia; oil and Palestine were on his mind. Roosevelt welcomed King Abdul Aziz on board the "USS Quincy". Another American warship, "Murphy", brought the king and his entourage to the Suez Canal where the Quincy was anchored. Roosevelt said that the Jews suffered terribly at Hitler's hands and that he was committed to find a solution to their problem. The king said he sympathized and understood the suffering of the Jews at the hands of Hitler, but he failed to understand why the Arabs and Palestinians are asked to pay for the barbarity of the Europeans! "Give them (the Jews) and their descendents the choicest lands and homes of the Germans who oppressed them." Immediately Roosevelt realized that the Palestinian issue was not as immediately simple as the Zionist had painted it in the United States and elsewhere. Also, after the end of World War II, Robert Bachi, a statistician and demographer, in a study said that if a Jewish state was declared within five years and the Jews were to become by at least two to three per cent a majority in Palestine, it would take about 200,000 immigrants per year, for five years, to reach that target, an impossible task. He also

sounded the alarm, in his secret report, that with the Palestinian Arabs' birthrates being the highest in the world, that majority, if reached, would soon vanish, and by 2001, the Jews will become again a minority of no more than 21 per cent to 33 per cent, depending on Jewish birthrates and forecasted immigration. The obvious answer was population transfer, whether voluntary or forced, once a Jewish state is proclaimed. During the 1947-1948 war, which the Jews called war of independence and the Palestinian Arabs called Al Nakba – the tragedy – the psychological warfare department of the Haganah, the forerunner of the IDF, waged "Operation Panic", which planned and executed the total destruction of the village of Deir Yassin. Other atrocities, coupled with spreading the word among Palestinians that death and destruction awaited those who would remain in the Jewish state, scared hundreds of thousands of Palestinians who left their homes for safer locations until the end of the hostilities. This semi-voluntary transfer of a minority combined with the forced transfer of the majority became what the world now calls Palestinian refugees. They had to live in miserable conditions in hastily constructed tent camps. Many of those refugees carry to this day the keys to their lost homes and apartments and the land titles to their properties which were confiscated by the newly created state of Israel. To put it simply, the hundreds of thousands of Jewish immigrants who came to Palestine displaced the hundreds of thousands of Palestinians who became involuntary refugees. Many of those refugees settled in Lebanon, Syria and Jordan. Fewer settled in Iraq and Egypt. Simultaneously, the doors of employment were opened between 1948 and 1955 to some Palestinians in the emerging oil countries and sheikhdoms of the Arab Peninsula and the Arab Gulf. These countries were under direct British rule and the plan worked according to Herzl's wishes: procuring employment to Palestinians in transit countries. Those Palestinians became a geopolitical liability in the 1970s and 1980s and were branded as an element of instability and a threat to oil and Western strategic interests in the region. According to a Fortune magazine study of May 7, 1979, (p. 158), both Palestinians and Yemenis were a threat to the stability of the oil-producing states. It was not a coincidence that both nationalities were deported by the hundreds of thousands during and after the Gulf War.

The Palestinian expatriates workers in the oil countries were "aided" to leave those countries during the Gulf war – mostly to Jordan.

Many of those refugees lived in refugee camps in Gaza and the West Bank. Camps in Jenin, Bethlehem, Nablus, Hebron, Gaza, Ramallah filled the place. When Israel occupied the West Bank in 1967, those transferred in 1947 and 1948, became once again refugees within the occupied territories, which many Israeli are aspiring to have permanently annexed to the state of Israel. Once again the demographic problem became a time bomb that threatens the Jewish state, and once again intensive Jewish immigration and extensive "transfer" became the solution.

Many terrorist Jewish organizations operated in Palestine in the 1940s. In addition to the official Jewish underground army, the Haganah, there were several others. Lechi, the Stern Gang, named after its founder Avraham Stern, an admirer of Mussolini, and Irgun, whose members broke away from the Haganah. The Irgun was led by a devoted Jabotinsky follower – Menachem Begin. Begin's terrorists blew up the King David Hotel.

England thought that its Mandate and objectives were realized. In February 1947, Ernest Bevin, the British foreign secretary, informed the House of Commons that England failed to find a solution to the Palestine problem and under this pretext turned the matter to the United Nations. In November, a majority vote for partitioning Palestine into two states was adopted. Ben Gurion accepted the partition, but Begin denounced the partition resolution.

During Truman's White House, Zionist David Niles was the president's confidante on all issues related to Palestine, the Jews or Zionism, and Truman gave no speech and authorized no document without Niles' prior council. The Truman administration played an important role in securing the partition vote at the U.N.

On Friday, May 14, 1948, Ben Gurion declared a "Jewish state in Palestine to be called Israel" and only few minutes afterwards, Harry Truman was the first head of state in the world to recognize it.

Herzl said in 1897 at the First Zionist that asking for a Jewish homeland was then a dream. In fifty years, he said, "it will become a reality". Herzl was either a prophet or he spoke on behalf of a shadow superpower that is invisible but whose supremacy and influence can unmistakably be noticed. What is certain is that we are not in the age of prophets.

* "B'Tselem, an Israeli human-rights group established in February 1989 by prominent Jewish lawyers, doctors, academics, and Knesset members, concluded in a carefully documented study that some forty-five hundred detainees had been subjected to various forms of torture since the onset of the intifada. The case of Wa'il, a twenty-year-old Hebronite arrested in May 1989 for intifada-related crimes, was typical. 'In the evening there was another interrogation session,' B'Tselem reported. ' Lying on his back, with his hands tied, Wa'il was hit and kicked on the testicles, strangled twice round the throat for up to a minute, and beaten on the head with a metal bar covered with rubber. He was then placed in the 'banana position': tied on a stool, with head and legs bent on either side, he was beaten on the stomach. At 11:00 p.m. he was brought back to the closet.' ' The closet' is a small, dark, coffin-like tomb where detainees are held for extended periods, often bound and hooded. The hood is often soaked with water or sometimes urine. Variations on this sequence continued for the next month, during which time he was not allowed to shower or change clothes. After thirty-six days of confinement, according to the report, Wa'il was charged and tried for throwing stones, and sentenced to five months imprisonment. "

Robert I. Friedman
"Zealots For Zion"

CHAPTER TWELVE

ISRAEL: AN IMPERIAL LEGACY

Not a Biblical Prophecy

Edward Tivnan wrote a book about Jewish political power and American foreign policy, titled "*The Lobby*". He wanted to find out "How did a community of only 6 million Americans become so powerful?" His friends warned him he was about to embark on an impossible mission, that the subject "was too hot, too touchy, too politically dangerous … that if I was to be as fair as I claimed, I would have to be critical of Israel and the American Jewish community (even my well-informed Jewish friends conceded that was a given) and the slightest criticism of either was bound to invite the charge that I was 'pro-Arab' or 'anti-Israel' or, worse still, 'anti-Semitic'." He added: "Others had a darker view. Former career-service officers and ex-ambassadors to Arab countries warned that 'no New York publisher will publish such a book'; when I explained I already had a publisher, they waived a hand and explained that distributors would reject it or that local Jewish groups would pressure book stores to remove it from the shelves." The book was published by Simon & Schuster Inc, and I had bought a copy accidentally as I was attending my son's MBA graduation in Boston. When, two years later, I wanted to buy another copy for a friend, the book was indeed no longer in bookstores. "Can we secure it to you from the publisher or distributor," asked one bookstore keeper after another. I said yes, please. The answer came from coast to coast: "Sorry, the book is out of publication."

"Amazingly, this reluctance to criticize Israel in public has survived the Pollard spy scandal, Israel's involvement in the Iran-Contra Affair, evidence of corruption in Shin Bet, Israel's FBI, and a Palestinian revolt in the West Bank and Gaza Strip."

"Yet being dumb about the Middle East has become a habit on Capitol Hill, mainly because most members of Congress are unwilling to speak their minds, fearing … the 'Jewish muscle'. That the lobby can intimidate Congress, presidential candidates and presidents, as well as Jewish leaders is sure proof of its power."

Rabbi Stephen Wise had taken over the leadership of the American branch of the Zionist movement in 1935, giving it the visibility and popularity it lost after the departure of Brandeis. Rabbi Wise was a very good friend of President Franklin D. Roosevelt's. In order to avoid Arab hostility to Jewish immigration, Wise was willing to settle for Kenya, or Uganda, as the

homeland for the Jews, an idea already promoted as a possibility by Herzl himself. In 1940, Rabbi Abba Hillel Silver, re-emerged to argue, with his "maximalist" followers at the American Zionist Convention in New York's Biltmore Hotel, that no gradualism or step-by-step approach was accepted, and that a state must be proclaimed in Palestine, not anywhere else. The maximalists took charge, and the step-by-step approach of Wise and Weizmann lost. In 1943, thirty-two national Jewish organizations met in Pittsburgh to take a unified stand on the Jewish demands after the end of World War II. The delegates decided to support Zionism and isolate the anti-Zionist American Jewish Committee. An American Jewish conference ensued and Silver emerged as the new Jewish leader in America. This marked the first organized American Jewish Community lobby which, according to Silver, adopted "loud diplomacy". The American Zionist Emergency Council (AZEC) in Washington became the first formal Zionist lobby in 1943. Silver ordered local Jewish communities in the United States to set up its local committees, and then all local committees would be coordinated centrally. One of the first moves of AZEC was to establish close ties with the Protestant community. In 1944, Rotary clubs, church groups, labor unions, some 3,000 organizations in all, all non-Jewish, passed pro-Zionist resolutions at the urging of AZEC and wrote telegrams to their congressmen. "When AZEC received news of a British tactic that was bound to hurt the Zionist cause in the fall of 1945," wrote Tivnan, "the lobby booked Madison Square Garden, ordered up advertisements, and mailed 250,000 notices, a letter-writing campaign, and twenty-seven senators gave speeches about Palestine over a two-day period."

At the World Zionist Congress in 1946, Silver and Ben Gurion joined forces and voted Weizmann out of the leadership of the World Zionist Organization. Silver also replaced Wise as the leader of the American branch. The Zionist Congress voted against Weizmann's pleas to move at a slower pace towards declaring a Jewish state.

In New York, the first streets demonstration against the state of Israel by Orthodox Jews took place in 1949. They still viewed Israel as a blasphemous event that is contrary to true Judaism, which expects a new Zion after the arrival of the Messiah. The American Council for Judaism was founded during World War II and it was strongly anti-Zionist. It believed that Zionism was a political ideology that would only bring more problems to the Jews. The American Jewish Committee accepted Israel as an accomplished fact without great enthusiasm.

Ben Gurion expected from American Jews their money, their influence and their immigration to Israel. They were willing to give him only the first

two, and for some time this was a point of friction between Ben Gurion and American Jews. To settle this issue once and for all, the head of the American Jewish Committee traveled to see Ben Gurion in August 1950 and told him that American Jews want to remain American, and by doing so, and ensuring that America remains as it was, it will remain safe for Jews and others, and that the very existence of Israel depends on these facts.

Si Kenen was an American Zionist and journalist who worked for Abba Eban when Eban was Israel's U.N. ambassador, in a dual capacity, as press secretary and public relations manager. The first Zionist lobby AZEC changed name to become the American Zionist Council (AZC) and Kenen was nominated to lead it. If Kenen continued to work for Israel, he would have to continue registering as a foreign agent, but working for AZC, he could lobby anywhere without doing so. Kenen became AZC executive director and so he didn't need to register as a foreign agent. Resulting from his lobbying in 1952, pro-Israel planks appeared in both Democratic and Republican parties platforms, and the language in both was identical, as it was drafted by Kenen himself.

The Eisenhower administration was preoccupied with replacing the British empire in the Middle East. It did not get to power through American Jewish "favors", and wanted nothing done to harm what the State Department analysis of Saudi Arabian oil described as a tremendous "source of strategic power and one of the greatest material prizes in world history". If the administration took a "friendly impartial" policy vis-à-vis Arabs and Jews, the Zionists considered this as hostile to Israel.

Gamal Abdul Nasser confided to many Western officials he met in the early years after his July 23, 1952, revolution that he was interested in making peace with Israel, and that his first priority was to develop Egypt economically and build the Aswan dam. This was confided to Kim Roosevelt of the CIA, a Nasser confidant in the early years of Nasser's revolution, and Richard Crossman, a member of the British Parliament and an experienced former Foreign Office official. Also, two U.S. ambassadors to Egypt reported to the State Department that Nasser was ready for peace with Israel. Emissaries, mainly from the United States with whom Nasser was cooperating, went between Egypt and Israel and an Israel-Egypt peace treaty was actually drafted. Although Moshe Sharett secured the Knesset's approval to enter peace negotiations with Egypt, he was vetoed by the Israeli security establishment. Peace was not on its agenda as it had other plans. Instead, Israel continued its efforts to keep the borders in turmoil.

As soon as the White House, in 1953, started looking at a plan for the development of the Jordan River, that would benefit all surrounding countries,

Israel began a crash program to build a waterfall canal along the northern borders, which turned out to be a big project that carried water to the Negev desert. The U.N. inspected the project and advised that it was not within the borders of Israel, but in a demilitarized zone near the Israeli-Syrian border. The U.N. chief in the area requested Israel to stop construction, but Israel continued, even after Eisenhower threatened to cancel the tax exemption on Jewish organizations' donations to Israel.

In October 1953, Israel responded to an alleged Arab attack on a Jewish family by crossing the Jordanian border, inside the West Bank. A force of 250 soldiers invaded the village of Kibya. They dynamited 41 houses and one school, fired automatic weapons and heavy mortars and killed 53 civilians. The officer in charge of that raid was Major Ariel Sharon. As a result, the State Department suspended $26 million in aid to Israel and called the raid shocking.

The U.S. Council General in Jerusalem reported in 1954 that Israel was "spoiling for a fight" and a July 1954 National Security memo to Eisenhower stated that no evidence whatsoever existed that the Arabs were preparing for war, but the opposite was true. In October 1954, after the U.S. Information Agency in Cairo was blown up, along with other American and British targets, a ring of Israeli spies and saboteurs was arrested. Israel denied involvement at first, but after evidence was presented, admitted the affair as a ploy to sever the American-Egyptian relations. The operation became known as the Lavon Affair. A month later, Israeli soldiers raided Gaza, which was under Egyptian control, and killed 36 soldiers and two civilians. The State Department believed that the Israeli security establishment was pushing the Arabs towards a war they were not prepared for.

Again, against U.S. advice, Israel moved its Foreign Ministry from Tel Aviv to West Jerusalem and insisted that the U.S. move its embassy to Jerusalem as well. In December 1953, Ben Gurion resigned. No explanation was given, although some claimed it was because of a nervous breakdown. Israel's first Foreign Minister Moshe Shertok, now Sharett, became Ben Gurion's successor.

Sharett (Shertok) was born in the Ukraine. He immigrated to Palestine in 1906, to an Arab village near Nablus, where he lived with his family and studied Arabic. Two years later, he moved to Tel Aviv. He graduated from the London School of Economics. He collaborated with Ben Gurion for more than 25 years, was a founding member of the Mapai party, and the editor of Labor Zionism's newspaper Davar. Sharett was Israel's first foreign minister and its second prime minister. He was a voice of moderation in the Zionist movement and in the ruling elite of the state of Israel. Once he became a prime minister he attempted to find peaceful solutions with the Arabs, but this was not the

agenda of the Israeli security establishment, which wanted to expand Israel beyond the borders of 1948. The 1956 and 1967 wars were within that context. Sharett's diary was published in 1978, against the wish of the Begin government. In those memoirs he recorded that the military establishment was pushing for war and felt quite terrible about Israeli troops knifing to death a few unarmed Arabs, in a retaliatory act. He opted for peace with the Arabs but he was practically voted out of office for not being hawkish enough.

"Sharett's diary is a blockbuster belying most of the conventional widson about the Arab threat to Israel's security during those early years. Throughout the document, a prime minister of Israel reveals that his own government and that of his predecessor and successor Ben Gurion were so confident of Israel's military preeminence in the region that they were eager to provoke Arab States into military confrontation that the Arabs were sure to lose. Their main strategy was to mount border 'reprisals' against Arab military and civilian targets."

As Sharett was negotiating peace with Egypt, the Israeli security establishment was "spoiling for a fight".

In order to sabotage Egypt's relations with the U.S. and deteriorate them even further with Britain, an Israeli spy ring caught in Egypt was discovered to have been involved in a series of bombings and arson attempts against Egyptian, British and American targets. Eleven spies were put on trial publicly and got convicted. Sharett publically denied Israeli involvement, as he said he hadn't been told about the spy ring operations. Shimon Peres, Pinchas Lavon, Benjamin Gibli and Moshe Dayan were involved. Lavon was framed and the scandal became known as the Lavon Affair. A special commission later exonerated Lavon and recommended prosecuting Dayan and Gibli, of the military intelligence. No action was taken, and the United States, whose facilities were attacked, was forgiving, as always is the case when the involved party is the state of Israel.

The election results of July 1955 gave the Labor Party fewer seats in the Knesset, which was a sign of the Israeli population's rejection of the moderate policies of Sharett. Ben Gurion came back to power soon after. On October 1956, Israel, in collusion with England and France, invaded Egypt. The Eisenhower administration was not warned. Eisenhower wanted Israel out of the Sinai and Gaza under threat of an economic boycott of Israel and of canceling the tax-exempt status of the United Jewish Appeal. Israel withdrew from Sinai in the middle of March 1957. The Zionist movement in America, after Israel was forced to withdraw from Sinai, decided to create public sympathy for Israel and Zionism and to enforce its lobbying activities to counter any future pressures from U.S. administrations. Until then, Americans knew almost nothing about Zionism, and very little about Israel. All this

changed in 1958, when Leon Uris' book "*Exodus*" was published and promoted to become a national best seller. Two years later, a movie based on the book came out, staring Paul Newman as a war hero. When the national anthem of Israel was played in the film, the "Ha-tikva", Americans danced in the aisles of movie theaters. The book sold twenty million copies. It glorified the terrorism of Irgun and Stern gangs and, as per the New York Times, "the Arabs came badly in this book". But all that most Americans knew about Palestine, Israel and the Arabs came mainly from this book.

As soon as J.F. Kennedy considered running for presidency, he went after the Jewish vote. He asked for the assistance of Philip Klutznick who considered Kennedy's answers to his questions about Israel as "cloudy". Klutznick in particular didn't like J.F.K.'s concern about the Palestinian refugees. He told Senator Kennedy: "Look, senator, if you plan to run for presidency and that's what you're going to say, count me out and count a lot of other people out, too." After which Kennedy said "the right things" and had 80 per cent of the American Jews vote for him. While meeting Ben Gurion at the Woldorf Astoria in 1961, Kennedy turned to Ben Gurion and said: "I know I was elected because of the votes of American Jews. I owe them my elections. Tell me, is there something that I can do for the Jewish people?" Many Jews were appointed in prominent positions in the Kennedy administration, but he was assassinated two years after taking office.

Lyndon Johnson, who succeeded Kennedy, was a genuine believer in Israel. He always told his Jewish audience: "My Christian faith sprang from yours." He appointed his Jewish friends to important positions: Abe Fortas to the Supreme Court, Arthur Goldberg to the U.N., Walt Rostow as National Security Advisor and Eugene Rostow to the State Department. His best friends were Jews. Arthur Krim, the head of United Artists, and his wife Mathilde were among his best friends. Mathilde had been married to an Irgun Gang member and had worked for the Irgun before she married Krim and moved to the United States. She was one of the very few who could call Johnson 24 hours a day, as she frequently did, during the six-day war of June 5, 1967. She was a frequent visitor to his Texas ranch. Johnson also had a Jewish mistress who lived in Texas and her son is an exact look-alike of Johnson.

As the Sharett diary reveals, the Israeli security establishment adopted a strategy of provocation to drag the Arab armies into a fight they would surely lose. The six-day war, which was the result of Israeli provocations on the Syrian front, was no exception. Having a friend at the White House such as Lyndon Johnson was a bonus. The United States was busy in Vietnam and Southeast Asia as well. After he retired, Ben Gurion admitted that Nasser had no intention to go to war. Yithak Rabin, who was the chief of staff of the Israeli army during the June 5, 1967, war, admitted that Nasser didn't want to

go to war, but was trying to make gains without having to go to war. It is now revealed that both CIA and Israeli intelligence were absolutely certain that Israel can overrun all the Arab armies; the difference was whether in six or seven days. The June 5, 1967, war was provoked to allow the occupation of Jerusalem and the rest of historical Palestine, including the West Bank and Gaza.

On June 19, 1967, Eshkol's National Unity Government, which included Menachem Begin, adopted a peace resolution which was sent to Washington. Israel would accept to withdraw to the international borders with Egypt, provided Sinai is demilitarized and free passage through the Straits of Tiran is assured. The same went for Syria and the Golan Heights: they had to be demilitarized. The resolution did not mention at all the West Bank, Gaza and the refugee issues – only saying it will be handled separately later on. Gradually Israel declared that it would not withdraw from Jerusalem. All the subsequent Israeli governments insisted on border "adjustments", i.e., a drive to annex some new Palestinian territories. The difference was in the percentage of territory annexed, or in the question whether all the territories should be annexed, as the Likud considered them to be "liberated territories". Through the efforts of Arthur Goldberg, the United States U.N. representative at the time and a Zionist Jew, the United Nations, unlike the time of the 1956 Israeli occupation of Sinai, took its time and finally worded a resolution to Israel's liking, that asked for withdrawal from occupied territories, neglected in the English version to add "the", which was added to the French version of Resolution 242. The resolution also asked for the rights of all states in the Middle East to live in secure and recognized borders. At some point, some Israelis defined secured borders to be the Suez Canal, the Jordan River and the Golan Heights. But the June 19, 1967, cabinet resolution was more in line with the thinking of the majority at that time.

A war of attrition started between Egypt and Israel in the late 1960s. Golda Meir became the next Israeli prime minister. Richard Nixon became the president of the United States after Johnson. His Secretary of State William Rogers proposed his "Rogers Plan", based largely on Resolution 242, which demanded total Israeli withdrawal, except for minor changes on either side of the border, as interpretation to "secure borders". Israel considered Rogers an enemy.

Nixon appointed Henry Kissinger as the National Security Advisor and promised Golda Meir that he will bypass the less-friendly State Department so that she and Israel would communicate directly with the White House. Israel rejected the Rogers Plan and called the Zionist lobby AIPAC to fight it. On January 25 and 26, 1970, 1,400 Jewish leaders from 31 states came to Washington and met with 250 members of Congress to protest the Rogers Plan. Kissinger was also opposed to the Rogers Plan and he maneuvered not

only to kill the Rogers Plan but also to remove Rogers from his position as secretary of state. Kissinger took both jobs, of secretary of state and national security advisor, simultaneously, the first time in American history, and so far the last. The 1973 war altered the myth of Israel's invincibility. Peace negotiations were started with president Sadat of Egypt, and Henry Kissinger, a Jew, became in full control, practically becoming the de facto president of the U.S. during Watergate. He started to disengage the Palestinian issue from negotiations, exactly as requested by Israel, in a step-by-step policy that included lots of "acting". Kissinger was negotiating more as a Zionist Jew than an impartial American official.

On April 10, 1974, Golda Meir resigned, followed by Dayan. AIPAC that year was lobbying for a record U.S. aid to Israel, of $2.2 billion, to help Israel rearm and to help its shattered economy. Jewish fund raisers pledged $250 million, an impressive amount, but the $2.2 billion had to come from American taxpayers' money. Looking at it, AIPAC buys the loyalty of congressmen through campaign donations of a few million and, in return, get billions – almost a billion for a million, even more. Few senators that dared not to support Israel, as demanded by AIPAC, lost reelections and AIPAC made sure that all other congressmen knew why they were not reelected. The power of the Jewish Lobby became very strong, and any politician who did not sell himself 100 per cent to Israel's demand was attacked, including Kissinger who served Israel religiously. In his step-by-step diplomacy, he tried to avoid making peace in accordance with U.N. resolutions, but through disengagement from Syria and Egypt, total neglect of the Palestinian issue and the West Bank, Gaza and Jordan fronts. Kissinger, according to the book "*The Arabs, Israelis, and Kissinger*", was trying to deflate international pressure on Israel to withdraw from all occupied territory and he was distressed that even after he explained to them his motives, the Israelis would not budge. President Ford was furious about Israel's inflexibility. The U.S. announced a "reassessment" of its policy and halted delivery of fighter planes to Israel. On May 21, 1975, the White House received a letter from 76 U.S. senators, requesting the administration to support Israel's demands. The letter of the 76 said: "We trust that your recommendation will be responsive to Israel's urgent military and economic needs." And that's exactly what Kissinger knew will happen, so he gained time for Israel and prevented the peace negotiations from being conducted on the basis of U.N. resolutions.

Sunday school teacher Jimmy Carter, a Baptist, said to a Jewish audience during his presidential campaign, wearing a Jewish yarmulke at a synagogue in New Jersey: "I worship the same God you do." He added that the Baptists study the same Bible Jews do and "the survival of Israel is not a political issue. It is a moral imperative".

A Brookings Report issued in December 1975 was adopted by the Carter administration after it was signed and accepted by two influential Jewish leaders. The peace proposal called for acceptance of partition to old Palestine, a two-state solution: an Israeli state and a Palestinian state. Carter was attacked as wanting to impose peace on Israel rather than to allow Israel to negotiate it its way. What alarmed Jewish organizations was Carter's NSC stated opinion that "there would be no breakthrough to peace without U.S. persuasion of Israel" because "no Israeli politician could take the responsibility for advocating a genuine compromise, unless he could make also the added argument that otherwise U.S.-Israeli relations would suffer". Carter occupied himself with the Middle East and it was partly a religious preoccupation. In Massachusetts, on March 16, 1977, Carter said that resolving the Palestinian issue was a prerequisite for peace: "There has to be a homeland for the Palestinian refugees who have suffered for many, many years." Prime Minister Rabin met Carter, listened to him and concluded that Carter was asking for full withdrawal from all occupied territories. He rang the alarm bell to the American Jewish community and said that "Israel would probably have to pay heavily until the new American government acquired expertise and political maturity". In other words, Carter was still too honest for the job. The attitude of American Jewish leaders turned to hostility towards Carter even through 70 per cent of Jewish votes went for him. A New York rabbi said that if "Carter had said in October what he has been saying this spring, he would not be in the White House". The rabbi was right. In America's one-dollar one-vote democracy, the money and the media elect or impeach presidents, not the people or the Congress.

The Israeli election results brought Menachem Begin to the prime minister's chair, a further move to the right in Israeli politics. Begin had said, time and again, that the West Bank was a liberated territory and not up for negotiations. In his memoirs, Carter said that he couldn't believe his ears; he was still to learn that Begin was the Jewish terrorist leader who ordered the bombing of the King David Hotel in 1946, and the massacre of the Palestinian village of Deir Yassin. Ben Gurion branded Begin "the fascist." Einstein and Hannah Arend wrote a letter to the New York Times, denouncing Begin's "Fascist" and "Nazi" tactics when he visited the U.S. late in 1948. The British press was dismayed by Begin's election, especially that the British mandate had set the price of 10.000 pounds on Begin's head as a notorious terrorist. The Time of London wrote: "Terrorism does pay. Arafat should be encouraged." It added: "Israel's founding father reaps the rewards of terrorism." According to Israeli historians, socialist Labor did not adjust to the demands of a new middle class and oriental Jews "Sephardim" were in open revolt against the European Jews, the Ashkenazim. A new Israel was in the making. Begin appointed Moshe Dayan as his foreign minister, just like Sharon appointed Shimon Peres as foreign minister in 2001. The Jewish

community found criticizing U.S. President Jimmy Carter much easier than criticizing an Israeli prime minister even though he was on the "wanted" list as terrorist.

The 1977 election was a revolution by the Revisionist Zionists and nothing less. Menachem Begin told Rabbi Arthur Hertzberg: "I must say that I regard it as my task among the Jewish people to reverse twenty-nine years of Jewish history. The Jews have been victims of bad Zionist education by the Labor Party. I exist to reverse that bad education."

In his first meeting at the White House, Carter asked and insisted that Begin not build new settlements. Asked after the meeting what he planned to do, Begin shrugged the demand off and replied, according to his biographer Eric Silver, "that he would build the settlements as planned. The Americans, he predicted, would turn cold for six months, then they would revert to normal". This actually became Israel's policy. They can defy one American administration after another, and the latter will "turn cold" for some time that progressively becomes shorter, until the U.S. administrations learn to take views identical to Israel's position. The Israeli lobby became too powerful to resist. The former leader of the World Jewish Congress, Nahum Goldmann, was 82 years old when he asked for a meeting with Carter. Present were the national security advisor, and the secretary of state, Cyrus Vance. He urged Carter to break up the Jewish lobby as the only way to make peace in the Middle East. Vance confirmed that "Goldmann suggested that we break the lobby. My reaction was that we couldn't break it".

Even though Carter's national security advisor, Brzezinski's father, helped Jews escape the Nazis, the Jewish lobby called him "anti-Semite". This accusation was ready to face anybody who disagreed with Israel and its lobby. Carter considered going on TV to deliver a major speech on the Middle East and explain that American and Israeli interests diverged and denounce Israel's intransigence. Jewish leaders dispatched Father Theodore Hapsburg, the president of Notre Dame, to discourage him from doing so as this will risk "opening the gates of anti-Semitism in America". Carter did not go on TV, but he became a one-term president and lost reelections.

Even though Reagan assured Israel and the Jewish Lobby that his sales of F-15 and AWACS to Saudi Arabia served American interests first, last and always, that his administration saw to it that they will remain under U.S. "monitoring" and that the F-15 radars and fuel range will be such that it cannot possibly be a threat to Israel, AIPAC did not accept that argument and wanted the sales to be cancelled as per Israel's desire. They had 68 senators from both parties write a letter to the president, urging him to stop the sale. Reagan wanted the Saudi arms deal to proceed, Begin through AIPAC pressure did not. The fight became to be known as Reagan or Begin! Since Boeing and United technologies were interested to sell, they mobilized their

lobbies in Washington. So did Mobil, which published newspaper ads saying that Saudi Arabia was more than oil – "it means trade for America, jobs for Americans, and strength for the dollar". The $8.5 billion sale was approved by a very narrow vote (52 to 48) after Reagan guaranteed that the AWACS will not be like those used by the United States and "would not even carry electronic countermeasure devices: the Israelis could jam their radar".

The Likud started to take steps to "reverse 27 years" of Labor rule. It became progressively more aggressive:

*On June 7, 1981, Israeli F-16s bombed and destroyed the French-built nuclear reactor near Baghdad. The attack planes flew over 2,000 kilometers of Arab territory and had to be refueled in air. American spy systems in the area chose not to see these planes.

* In November 1981, Begin's defense minister, Ariel Sharon, worked out a "Strategic Cooperative Agreement" between the United States and Israel, thus becoming strategic partners. Soon after, on December 14, 1981, Israel annexed the Golan Heights. When the United States supported a U.N. resolution considering the annexation as null and void, Begin said the U.S. has no moral right, after Vietnam, to preach to Israel especially after "an ugly anti-Semitic campaign", that resulted in approval of the arms sales to Saudi Arabia.

* Reagan's Secretary of State General Alexander Haig gave green light to Ariel Sharon to invade Lebanon and approved plans to change the map of the Middle East, allowing Sharon to establish a Christian state in Lebanon, allied with Israel. The invasion failed to achieve its objective, and Sharon committed massacres in the refugees camps of Sabra and Shatilla. Four hundred thousand Israelis demonstrated asking for an investigation. An Israeli investigation commission was short of considering Sharon a war criminal.

*A Reagan Plan that opposed an independent Palestinian state but also opposed Israeli annexation of the West Bank and building more settlements in the occupied territories. Immediately after Reagan's Plan was announced the Begin government allocated $18.5 million to build three new settlements in the West Bank and approved the construction of seven more. And the money came from the U.S.

Israel and AIPAC continued to cooperate with the Christian fundamentalists – the Christian Zionists who, like Balfour, Lloyd George and British Christian Zionists wanted to see Biblical Israel as a reality: the more they assist, the quicker the coming of the Lord will be, they thought. Begin awarded Jerry Falwell the Jabotinsky Award for service to Israel. Begin described him as a man who represents 20 million American Christians in a

land of 6 million Jews. Evangelicals number 30 million, Protestant fundamentalists 60 millions. Lenny Davis, formally AIPAC's chief of research, when told that the Christian Zionists diverge from Jewish beliefs after the arrival of the Messiah in Israel, said: "Sure, these guys give me the heebie-jeebies. But until I see Jesus coming over the hill, I am in favor of all the friends Israel can get."

A major transformation occurred to world politics after the world became a unipolar world. The collapse of the USSR had profound influence on all countries, but Israel had a bigger share. A flood of Russian refugees changed the character of Israel – pushing it much more to the right and making it a "mini-Mafia" state. Israel police intelligence officer Brigadier General Dan Ohad estimated, at the New York Police Department, in a briefing in Manhattan, that ten per cent of Israel's five million Jews are now Russians and ten per cent of the Russian Jewish population "is criminal". Also, according to senior State Department official Jonathan Winer, there "is not a major Russian organized crime figure who we are tracking who does not also carry an Israeli passport". Gangsters like Shabatai Kalmanovitch and other Jews are automatically handed Israeli citizenship upon request. The right of return law guarantees an Israeli passport to any Jew, anywhere any time. "Russia's criminal aristocracy covets Israeli citizenship, because they know Israel is a safe home for them," said Leder. "We do not extradite citizens. The country has also remained attractive to gangsters because Israel is good for money laundering," explained Leder. Robert I. Friedman, who wrote an investigative book on the Russian Red Mafia, explains the non-biblical motives for the desirability of an Israeli passport: "Under Israeli Law, banks can accept large cash deposits with no questions asked. In one instance, a corrupt ex-deputy prime minister of Ukraine smuggled $300 million of illicit cash into Israel in several suitcases, and deposited it into a bank, as Israeli Minister of National Security Moshe Shahal told a gathering of intelligence heads in June 1996. 'I've watched Russian mobsters exchange suitcases full of cash out in the open at the Dan Hotel's swimming pool,' laughed an American underworld figure. 'Israel is a country that encourage people to come and invest money,' said Leder. 'There is no mechanism to check the origin of the money'."

The thieves-in-law, or the vor Zakonye, operate in Israel in the same style they operate in Russia. The Russian gangsters put together a "koopa", a pool of money to bribe officials and for their common causes. The Mafia gangsters already started to buy factories, newspapers, an insurance company and a bank. Among the newspapers they tried to buy were the pro-Labor party Davar and the pro-Likud Ma'ariv, Israel's second largest newspaper. Leder worries that few of those gangsters can buy their way into politics and/or buy influence with politicians. Natan Sharansky formed and headed a party mostly made of Jewish Russian immigrants, called Yisrael Ba-Aliya. The Western

press made him famous as a dissident in the USSR and international pressure was mounted for his release and to allow him to immigrate to Israel. Yisrael Ba-Aliya became active in Israeli politics and won seats in Israeli parliament. Sharansky was repeatedly warned to sever ties with some of the internationally known mob figures. Jonathan Winer, the senior State Department official, the CIA and congressmen warned Sharansky once again about the danger of his ties to people like Grigori Loutchansky, president of Nordex, from whom Sharansky accepted campaign contributions. Winer said: "We told Sharansky to stop taking money from Louchansky … we told him about (Loutchansky's) bribery, influence peddling, that he was a bridge between foreign governments and traditional organized crime." A congressman said he also warned Sharansky but Sharansky said he needed the money to help settle new émigrés. "He knows better. It was cynical (decision). He did take money. Then he asked: 'Why shouldn't I? The CIA warned him … that Loutchansky is a major crook." What Sharansky did was to introduce "the crook" to Benjamin Netanyahu prior to his 1996 elections, and it was reported that Netanyahu received $1.5 million in campaign contribution from Loutchansky. This was denied by Netanyahu. However, the senior State Department official, Winer, said: "The Likud is corrupt, and Bibi (Netanyahu) is disgusting. He's had meetings with Loutchansky and Kobzon – criminals promoting their own interests."

In June 1996, Leder became chief of Israeli police intelligence. He prepared a classified intelligence assessment that concluded: "Russian organized groups (had) become a 'strategic threat' to Israel's existence." Another source said: "The mob is a bigger threat than the Arabs." The gangsters continued moving freely in and out of Israel. For example Kobson, another mob leader with both Israeli and Russian passports, flew his own plane to pick up Marat Balagula's daughter from Netanya, near Tel Aviv, and brought her back to Moscow to attend his sixtieth birthday. In January 1996, Kobsan was detained at Ben Gurion International Airport because of his ties to Russian Mafia, according to Moshe Shahal, who intended to send him back to Moscow. Then the phones started ringing to various ministers and other high officials. Even the Russian ambassador to Israel intervened, and the then Foreign Minister Shimon Peres ordered his release.

Israel was progressively taken over by the extremists, and progressively every Israeli prime minister became more extremist and maximalist than the one before him. Prime Minister Yitzhak Rabin, who was party to the Oslo agreement in the early 1990s, was assassinated by these extremists who rejected the idea of any compromise with the Palestinians. Netanyahu and Sharon are the product of Jabotinsky. Both started a planned elimination of what Oslo stood for, including the elimination of the Palestinian Authority. Israel adopted what Palestinians call "state terrorism" and what the Israelis call "target killing": the assassination of opponents without trial. They killed a

leader of one faction of the Palestine Liberation Organization, Abu-Ali Mustafa, in his office, though he was granted permission to return to the West Bank after he decided to pursue peaceful means instead of armed struggle. His followers killed, in retaliation, the extremist minister of tourism Rechavam Ze'evi. Born in 1926, Ze'evi served in the Palmakh and Haganah and later in the Israeli Armed Forces. He remained in the military till 1974, rising through the ranks, becoming chief of the Operations Division, and later advisor on terrorism to Israeli Prime Minister Menachem Begin. In 1988, Ze'evi entered politics, formed a party and was elected to the Knesset. On February 27, 1988, he formed the "Committee for Mass Expulsion of Arabs". He called the Palestinians in Israel and the occupied territories "lice" and called for their expulsion. It was reported that while in the military, he cast some Palestinian prisoners out of helicopters into the Mediterranean, and he associated himself with Rabbi Meir Kahane's Defense League, now officially labeled as a terrorist organization by the United States. He was strongly opposed to the Oslo peace accord. His rhetoric against Oslo and Rabin is widely believed to be part of the atmosphere of extremism that led to the assassination of Rabin on November 4, 1995. When Ze'evi was appointed by Prime Minister Ytzhak Shamir as minister without portfolio, in January 1992, the French newspaper Le Monde reported that Menechem Begin's son Benny called the appointment as "deep moral contamination". Ze'evi called for more settlements in the occupied territories, some of them financed by Irving Moskowitz, a known associate of the notorious Mafia boss Meyer Lansky. In the 1999 elections, he won a seat in the Knesset. In March 2001, he was appointed by Sharon as housing minister, a job previously held by Sharon, who then openly approved the "transfer" policies of Ze'evi. The October 2, 2001, New York Times reported that Ze'evi was a strong opponent of a Palestinian state and Oslo and his opinion on Yasser Arafat was: "I don't say we eliminate him physically, but send him a one-way ticket to Tunis… If he resists and his capture requires physical elimination, I'm not a vegetarian."

According to the Israeli daily Ha'aretz, on January 31, 2002, a group of senior members of the Israeli defense establishment led by Brig. General (Reserves) Effi Eitam drafted a "security-political plan" which included the reoccupation of the West Bank and Gaza, and ethnic "cleansing" of the Palestinian territories. Eitam compared the conflict with the Palestinians as cancer that must be immediately addressed before it is too late. Eitam's plan, which seems to have been adopted by the Sharon government after it obtained green light from the Bush administration, called for reoccupation of Palestinian cities, "cleansing" them of "terrorists" and weapons, expulsion of the Palestinian Authority, including of Yasser Arafat, physically if needed. On the political side, the plan calls for the overthrow of the Hashemite monarchy of Jordan and declaring Jordan as the Palestinian state. It also calls for a declaration that no sovereignty other than Israel's will be ever allowed to exist

west of the Jordan River. After the presentation of the plan to Sharon, the Israeli Army constructed a simulated urban battlefield in the Negev Desert to train on the occupation of Arab towns and cities.

Eitam believed that the current international situation and the Bush administration will be agreeable to his plans which call for the expulsion of the Gaza Strip population into the Sinai, in Egypt, a proposal that appeared in the very early writings of Herzl. Eitam prepared his plan after he had repeated discussions and coordinated with the Likud supporters now holding important positions within the Bush administration.

In an interview with the Jerusalem Post after he left the army, he expressed his idea for revitalizing Israeli Zionism: "If Israel is a pale Western, liberal, secular and democratic copy of America, then why should an American Jew identify with Israel more than America?" Eitam joined the National Religious Party (NPR) and became its chairman. Many of its members are fanatic settlers in the occupied territories. Some of the party's rabbis gave Rabin's assassin their blessing, saying that Rabin's assassination was for the good of Israel and Judaism.

General Eitam was officially welcomed to the Israeli government by Ariel Sharon, on April 8, 2002. He was immediately included in the war cabinet, the inner security cabinet where he will be involved in all strategic decisions. Eitam's mission as chairman of the NPR and now as a cabinet member will be to change secular Zionism into religious Zionism, whose priority will be to rebuild Solomon's Temple on the holy site of Al-Haram Al-Sharif/Temple Mount. On March 22, 2002, he told Ha'aretz: "I want to make it clear that I do not think we should use weapons of mass destruction. But I do think than in order to avoid a situation like that, we have to vanquish Arafat along with Iraq and Iran as one package. It is impossible to talk to them, impossible to effect conciliation with them; they have to be vanquished. There is no other way." Asked if war is certain, he said: "Absolutely. The state of Israel cannot afford to have regimes like Iran and Iraq cross a line of nuclear capability … so in my opinion we will have no choice, unless the Americans do it first." What if the Palestinians continue to resist? "… I can definitely see that as a consequence of war, not many Arabs will remain here."

Jeffery Steinberg, of EIR, quoted an article by Israel military historian Martin Van Creveld that appeared in the April 28, 2002, issue of London's Sunday Telegraph. The article stated that the intent of Sharon's government is to conduct mass transfer of the West Bank Palestinians across the river Jordan at the first opportunity. Such an opportunity can be a Palestinian attack inside Israel, or the U.S. attack on Iraq. The article spelled out Israel's precise order of battle for the "mass transfer". The article said: "First (Israel)'s three ultra-modern submarines would take up firm positions at sea (with nuclear warheads and LTCM missiles). Borders will be closed, a news blackout

imposed, and all foreign journalists rounded up and confined to a hotel as guests of the government. A force of twelve divisions, eleven of them armored, plus various territorial units suitable for occupation duties, would be deployed: five against Egypt, three against Syria, and one opposite Lebanon. This would leave three to face east as well as enough forces to put a tank inside every Arab-Israeli village just in case their populations get any funny ideas. The expulsion of the Palestinians would require only a few brigades. They will not drag people out of their houses but use heavy artillery to drive them out; the damage caused to Jenin would look like a pin prick in comparison." The plan assumes that Arab armies will not interfere or go to combat while this operation is going on.

Extremism, such as that of Eitam's and Ze'evi's, is now taking hold in the Israeli society and politics. Few voices of reason remain within Israel itself and outside. Yossi Sarid, chairman of the pro-peace Meretz party, said: "I am ashamed as a Jew and an Israeli, to live in a country where people with racist views, who believe in transfer and Haiderism, sit in the cabinet." Theo Clein, the honorary president of the Representative Council of Jewish Institutions in France, wrote in the Paris daily Le Monde of September 6, 2001: "Ariel Sharon, if I have decided to address this letter to you publicly as head of the government of Israel … it is because I came to the conclusion that it is necessary to say loud and clear that Israel's policy of response has reached its extreme point of absurdity … because it only fuels passions and hatred, because it rallies the Palestinian population around those they consider the fighters, and because it holds the Israeli population in the illusion of false security …. When will you admit that it is Israeli tanks and missiles that stir up the winds of revolt which is fed by fighting, searching … how can we, who, through pain and suffering, learned how to survive against brutal force [not understand] that a people never bows down without fighting?"

Noble Prize laureate Desmond Tutu had this to say on Israel's morality, as published in London's Guardian on Monday, April 29, 2002, under the title "*Apartheid in the Holy Land*": "In our struggle against apartheid, the great supporters were Jewish people. They almost instinctively had to be on the side of the disenfranchised, of the voiceless ones, fighting injustice, oppression and evil. I have continued to feel strongly with the Jews. I am patron of a Holocaust center in South Africa. I believe Israel has a right to secure borders.

"What is not so understandable, not justified, is what it did to another people to guarantee its existence. I've been very deeply distressed in my visit to the Holy Land; it reminded me so much of what happened to us black people in South Africa. I have seen the humiliation of the Palestinians at

checkpoints and roadblocks, suffering like us when young white police officers prevented us from moving about.

"On one of my visits to the Holy Land I drove to a church with the Anglican bishop in Jerusalem. I could hear tears in his voice as he pointed to Jewish settlements. I thought of the desire of Israelis for security. But what of the Palestinians who have lost their land and homes?

"I have experienced Palestinians pointing to what were their homes, now occupied by Jewish Israelis. I was walking with Canon Naim Ateek (the head of the Sabeel Ecumenical Center) in Jerusalem. He pointed and said: 'Our home was over there. We were driven out of our home; it is now occupied by Israeli Jews.'

"My heart aches. I say why are our memories so short. Have our Jewish sisters and brothers forgotten their humiliation? Have they forgotten the collective punishment, the home demolitions, in their own history so soon? Have they turned their backs on their profound and noble religious traditions? Have they forgotten that God cares deeply about the downtrodden?

"The military action of recent days, I predict with certainty, will not provide the security and peace Israelis want; it will only intensify the hatred.

"But you know as well as I do that, somehow, the Israeli government is placed on a pedestal [in the US], and to criticize it is to be immediately dubbed anti-Semitic, as if the Palestinians were not Semitic. I am not even anti-white, despite the madness of that group. And how did it come about that Israel was collaborating with the apartheid government on security measures?

"People are scared in this country [the US] to say wrong is wrong because the Jewish lobby is powerful - very powerful. Well, so what? For goodness sake, this is God's world! We live in a moral universe. The apartheid government was very powerful, but today it no longer exists. Hitler, Mussolini, Stalin, Pinochet, Milosevic, and Idi Amin were all powerful, but in the end they bit the dust."

U.S. Ambassador to Israel Daniel Kurtzer, himself a Jew, was more free to criticize Israeli occupation policies than his boss George W. Bush who, unbelievably, called Ariel Sharon a man of peace. Sharon was investigated by the state of Israel for the massacres against Palestinian refugees during Sharon's invasion of Lebanon. Many Israelis consider Sharon as an obstacle for peace. On July 9, 2002, in a speech in Tel Aviv, Kurtzer said: "Initial findings from a USAID-funded study indicate that malnutrition among Palestinian children 'defined as the stunting of growth or abnormally low

body weight', is rising. A large percentage of children under five and women of childbearing age suffer from anemia. The United Nations Office for the Coordination of Humanitarian Affairs reports that 2 million Palestinians, or 62 per cent of the population, are considered 'vulnerable', meaning that they have had inadequate access to food, shelter, or health services. This figure is 25 per cent higher than only six months ago.… The World Bank now estimates that unemployment in the West Bank and Gaza is about 50 per cent and rising. As would be expected, poverty rates have exploded. The World Bank estimates that 50 per cent-60 per cent of Palestinians now fall under the poverty line – defined as an income of $2 a day.… The curfews and closures, and the inability to move between towns and cities, are making life very difficult for the average Palestinian."

These acts meet the official definition of genocide according to the "Convention on the Prevention and Punishment of the Crime of Genocide", article 2, which states: "Genocide means any of the acts committed with the intent to destroy, in whole or in part, a national, ethnical, racial or religious group, such as: a) killing members of the group; b) causing serious bodily or mental harm to members of the group; c) deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part."

While a U.S. government-funded study indicated that Israel is committing an act of genocide against Palestinians, the U.S. Congress approved an additional $200 million in grants to Israel to pursue these same policies of genocide. Its over $3 billion dollars of aid to Israel every year includes the same F-16s that bomb civilian targets. While many Israelis are appalled by their government's policies and they criticize such policies in the Israeli parliament, not one congressman dares to do so. The system that produces such ethically bankrupt politicians, who accept to prostitute the principles of America's founding fathers because they cannot face powerful lobbies, cannot claim to be a suitable model to the world, especially its victims.

Robert Friedman thought of Israel as a mini-Mafia state. Ten per cent of the one million Russian immigrants of the 1990s belong to the mob and Mafia. Armed with an arsenal of 400 atomic and hydrogen warheads and with missile capability to fire them at any target around the world (Haa'retz June 26, 2002), Israel is a dangerous rogue state. With these capabilities, and with such leadership, Israel makes an axis-of-evil all by itself. Muslims, Arabs and Palestinians think of Israel and the United States as twins. It is American made F-16s, and American-made Apaches that raid their cities. It is American money that finances Israel's settlements and pays for its army. It is American veto that obstructs any international resolution calling for justice for them. Any wonder why they are not in love with America?

Zionism's argument that the Jews needed a home to avoid persecution is no longer valid. Why don't they take the United States as their home, just as Rabbi I.M. Wise said: "We are unalterably opposed to political Zionism … Zion was a precious possession of the past … but it is not our hope of the future. America is our Zion." Jews dominate the American government and cannot claim to be discriminated against. For example, while they make less than five per cent of the U.S. population, they occupied the following positions during the Clinton administration:

- Madeleine Albright (secretary of state), Robert Rubin (secretary of treasury), William Cohen (secretary of defense), Dan Glickman (secretary of agriculture), George Tenet (CIA chief), Samuel Berger (head National Security Council), Stuart Eizenstat (under-secretary of state), Peter Tarnoff (deputy secretary of state), Richard Holbrook (special representative to NATO), Alan Greenspan (chairman of the Federal Reserve Bank), David Lipton (under-secretary of the treasury), James P. Rubin (under-secretary of state), Dennis Ross (special Middle East representative), Sally Katzen (secretary of management and budget), Steve Kessler (White House counselor), Janet Yellen (chairwoman, National Economic Council), Lanny Davis (White House special counselor), Howard Shapiro (general counselor for the FBI), David Kessler (chief of Food & Drug Administration), Lanny P. Breuer (special counselor to the president).
- Two Jewish judges were nominated by Clinton to the Supreme Court, the two positions that became vacant in his administration.
- The following Jewish U.S. ambassadors were posted to the following countries:

  Germany, France, Poland, Denmark, Hungary, Romania, Belgium, Belarus, South Africa, India, Turkey, New Zealand, Egypt, Sweden, Morocco, Singapore, Zambia, Brazil, Bolivia, Mexico, Canada, Cuba, Norway, and Switzerland.

- If not enough all the leading figures in the Lewinsky case, were Jewish, including Monica Lewinsky, Paula Jones and Linda Tripp. I hope that stating facts is not branded as anti-Semitism!

* " Corporations have been enthroned … An era of corruption in high places will follow and the money power will endeavor to prolong its reign by working on the prejudices of the people … until wealth is aggregated in a few hands … and the Republic is destroyed".

Abraham Lincoln
American President

* " We meet in the midst of a nation brought to the verge of moral, political and material ruin. Corporation dominates the ballot box, the legislatures, the Congress, and touches even the ermine of the bench … The newspapers are subsidized or muzzled; public opinion silenced; business prostrate, our homes covered with mortgages, labor impoverished, and the land concentrating in the hands of capitalists … The fruits of the toil of millions are boldly stolen to build up colossal fortunes, unprecedented in the history of the world, while their possessors despise the republic and endanger liberty. From the same prolific womb of governmental injustice we breed two great classes – paupers and millionaires."

Ignatius Donnelly
- At St Louis Populist Convention

CHAPTER THIRTEEN

AMERICA: FROM A DREAM TO A NIGHTMARE

Wall Street Acquires Main Street

As early as 1816, Thomas Jefferson worried about the American dream. That year he said: "I hope we shall crush in birth the aristocracy of our moneyed corporations which dares already to challenge our government to a trial of strength, and bid defiance to the laws of our country."

In the 1820s, the United States imposed tariffs to protect the emerging U.S. industries. Hamilton favored big business and concentration of wealth but the Jeffersonian Republicans challenged Hamilton's vision.

In 1829, the United States had 329 banks; in 1837, the number had more than doubled. Manhattan became the major money center and it handled 40 per cent of the United States' foreign trade. The amount of loans between 1829 and 1837 went up from $137 million to $525 million. Credit restrictions, crop failures and falling prices of cotton caused one panic and depression after another, typical of capitalism's cycles. Every ten or twenty years, the 19th century would witness a new economic crisis, as in 1819, 1837, 1857, 1873, 1884, 1893. The boom and bust of the 1830s left European capitalists who financed the emerging American market with over $100 million in defaulted U.S. state bonds. These bonds were issued mainly for railroads, canals and local banks.

The world's leading investment houses, such as the Rothschilds and Baring Brothers, neither solicited business nor stole one another's client. They wanted for kings, governments and others to come to them. George Peabody, a merchant who turned himself into merchant banker, left the United States for London to become the bridge for European capital to the United States. He chose Junius Morgan as his partner to be located in London, while Morgan's son Pierpont looked after the U.S. side of the business. The Morgans became the bridge that connected much of the European finance, especially British, to the United States. In 1857, the United States' economy was booming. A national transportation system of railroads, 22,000 km long, was in place and it shortened the time to ship goods from the great lakes to New York from three weeks to three days. Europeans held in 1853 about $222 million in American securities. In 1857, European demand for U.S. products plummeted, while the Bank of England raised interest to stop the capital outflow to China and India. This caused a crash on Wall Street and the panic of 1857. The sinking of a California ship carrying gold aggravated the crisis.

By 1864, Treasury Secretary Salmon P. Chase floated over $360 million, an astronomical amount at the time, and Jay Cooke & Co sold most of these securities on commission. The period between 1862 and 1865 federal power was consolidated because it was easier to control the few in Washington than the many throughout the states. Political power was transformed by Congress from the states to the federal government. Huge tracts of public land were encouraged. As the North was in need of workers and consumers for its expanding industries, tariffs were imposed to protect the industry of the North from foreign competition, and a national system of federally chartered banks answerable to the Treasury was created. If wars are a blessing for the financiers, the ordinary people are those who will pay for them. A Bureau of Internal Revenue was created, and income was taxed for the first time in August 1861, at 3 to 5 per cent. The tax was phased out in 1872 and was reimposed by 1914. Lincoln was pushed to implement these changes. Congress also passed a Conscription Act, requiring able-bodied men aged twenty to forty-five to serve in the army. Rich people were allowed to pay $300 as a substitute for this service. Many future robber barons and politicians did not serve in the army, and that included president Lincoln's son Robert, John D. Rockefeller, Andrew Carnegie, Jay Gould, Jay Cooke, Theodore Roosevelt Sr., etc. Riots in the poor sections of towns erupted. People would shout: "Down with the rich" and call the rich people "300 dollar men". Pushed to do the agenda of war, Lincoln told a friend: "If there is a worst place than Hell, I am in it."

By the time the civil war ended, national debt was $2.8 billion, and the economy started to contract. The farmers' interest was for money supply to remain as during the war, which tends to depress interest rates, and inflation would help them pay their loans, as their products' prices would be higher. Lenders of money, for exactly the opposite reasons, wanted tight money supply. Keeping the greenbacks or retiring them became an issue; farmers on the one side and bankers and the U.S. Treasury on the other. Much of the government debt came from the European well-known war financiers and those favored a gold standard and retiring the greenbacks. A new sectional conflict developed between the eastern bankers, foreign financiers, traders and the Treasury, on the one side, and the farmers/debtor class at the other end. The roots of populism can be found at this point in America's history. The Republicans became the party that pledged itself, in 1868, to protecting the gold standard. The proponents of the gold standard and tight money supply claimed they were not after "tight" money but they wanted "sound" money, claiming that others were after "soft" money. Farmers' and workers' income was in steady decline. The contradiction between economic indicators of Anglo-Saxon capitalism and the real quality of life of the majority of people was obvious in the misery of farmers, having reached the point of starvation,

in the occurrence of economic depressions, recessions, deflation and what else, at a time the indicators showed growth and prosperity. If true, that growth and prosperity was totally overtaken by the very few bankers and their cronies.

Much of the capital for financing the American civil war came from Europe. Two firms dominated this business of financing wars, and war indemnities and reparations. They were the Rothschilds and the Barring Bros. The Barring Brothers financed the United States government for the Louisiana Purchase.

In May 1873, the Vienna stock market collapsed, and the trouble spread to Berlin, Amsterdam, Paris and London. That caused British investors to stop buying American securities. In the fall of 1873, the trouble reached the United States – causing one of the worst depressions in American history. Some railroads defaulted and that bankrupted several banks. On September 18, 1873, Jay Cooke & Co, the leading private banker of the United States government, failed. This was followed by the failure of 57 investment firms and, on September 20, the New York Stock Exchange closed for the first time in history. Just like hot money today, that can depart a country in a second by a computer program, European investors' money could vanish overnight; the effect is the same. The one difference between 1873 and now is the fact that no central bank existed then to regulate money supply. That function was left to the private bankers directly. Actually J.P. Morgan was acting as the unofficial central banker and he imported money from England to ease the sudden contraction. President Grant authorized the Treasury to pump back $26 million of the retired greenbacks. Still the country went into a six-year-long depression that remained to be called the Great Depression until the 1930 depression which was greater and stole the name. Foreigners lost $600 million in the United States and 327 banks suspended payments between 1873 and 1879. Ten thousand companies were wiped out.

The government was weak by design and it was also corrupt and a tool to push the interests of the robber barons. The New York Times ridiculed a French author because he did not understand that government was irrelevant in the American system. "Its powers are more limited, its functions less extensive, its relations to the people and to other Governments of less consequence than in the case of European Governments." Political parties and the government were both employed to facilitate what the robber barons wanted, then in the open, today in more developed and packaged ways and means, but with the same end result. For example, Rothschild's American agent August Belmont was the Democratic National Committee Chairman. Party leaders brokered deals. Legislators from both parties accepted bribes in cash, stocks and other financial favors from railroads. Republican National

Committee Chairman William E. Chandler was being paid by four different railroad companies at the same time. Some members of the senate were also receiving retainers from big business. Governor of Ohio Rutherford B. Hayes (later president) was sold land at give-away price by financier Jay Cooke. It is interesting that Hayes received big contributions from the financial community – including Drexel Morgan. The big contributions were justified as necessary for their "future syndicate business and facilities" and to defeat "the advocates of inflation".

Financiers claimed that increasing money supply, as farmers wanted, meant inflation. President Grant's administration "proved to be the most corrupt of the century, with financial scandals tarring nearly every member of the cabinet", wrote Jean Strouse in her book "*Morgan, American Financier*". She added: "Both of Grant's vice presidents were implicated in the 1872 Credit Mobilier fraud, in which a construction company set up by Union Pacific Railroad profiteers issued stock to congressmen who authorized federal subsidies and looked the other way, until the arrangement as exposed by the New York Sun. The Navy Secretary took bribes from naval suppliers, the Interior Secretary's son sold surveying contracts, the secretary of war got kickbacks from Indian trading posts, the president's private secretary was involved in a whiskey-tax scam, and Grant's brother-in-law helped Jay Gould corner gold." She added: "Since the federal government had no clear fiscal or monetary policy, leadership on economic questions came largely from the nation's financial capital – New York." Wall Street then, like now, controlled Washington, except new marketing techniques were developed to package Wall Street puppets. Wall Street can easily unpackage them when they go out of line. One century exactly after Grant's vice presidents were implicated in fraud in 1872, Nixon's Vice-president Spiro T. Agnew had to step down as it was revealed he received a bribe from a local contractor. Those sent to Washington are normally selected with such background, and they can be blackmailed out of office any time. In 2002, Bush Jr. attacked corporations and CEOs who defrauded investors. The next day, it was revealed that Bush received a soft "loan" from Harken to buy its stock and 2-3 weeks before the company's stock collapsed, he sold his stock at several hundred thousand dollars profit. This occurred while Bush was sitting on the board of that company in the 1980s. Also, Bush's Vice-president Dick Cheney, it was simultaneously revealed, used shady accounting practices to inflate profits (and company shares value) of Halliburton when he was that company's CEO.

But no American movement before or after the civil war challenged the injustices of Anglo-Saxon finance capitalism of the 19th century robber barons like the populist movement. The People's Party, which was the party movement formed, distrusted both parties that existed and it had its own, very different, vision for a very different America. It was a new, revolutionary way at looking at things. They went to investigate the causes of poverty and they

discovered the strength of "cooperation and organization". After the 1890 national elections, the People's Party had ten representative and five senators. More triumphs were repeated in 1894. The People's Party slogans were "people's money", "people's land", people's wealth", and "people's transportation". And the populists provided more than slogans. They provided solutions to restructure the economy so it serves people, not the few financial barons the system was designed to serve. At that, like today, the business and financial robber barons dominated and assumed effective control of the American party system, North or South among Republicans and Democrats alike. Both parties steeped away from social and economic issues. Their politics was basically one of sectionalism or racial patriotism.

The populists transferred the public debate to real issues and the "financial question was given its well-deserved priority". How was money created and on what basis did it circulate? Who shared the fruits of the increasing American production? How can Americans secure minimum income for a dignified living? Should the government issue money directly to the people or through banks? What is money? Was it gold? Silver and gold? They had good reasons to ask these questions. In the first year of the civil war, the Federal government received huge amounts of loans from the banking community, often referred to as the Eastern financial community. As not enough gold was available at the time, the gold standard was quietly retired. Congress also authorized the issuance of "legal tender treasury" notes that totaled, at the end of the war, about $450 million. As their ink was green, they were called "greenbacks". Immediately after the war, the bankers and other credit-holders wanted a return to the gold standard. Having purchased government bonds with a depreciating currency during the war, they looked forward to making enormous profits from reducing their holding in gold valued at pre-war level. They also requested contraction of money supply to pre-war level and retiring of the greenbacks. This way bankers will be compensated practically twice the money they spent and taxpayers would pay the difference to the holders of the bonds – the banking community. Congress, always obliging to the moneyed interests and always finding holy justifications for unholy causes, claiming to defend the nation's honor, restored the gold payment to the bankers and the government restricted money supply again, as requested by the banking community. A severe depression followed.

The anti-capitalist "Greenback Party" was formed by the farmers/debtor class who saw the move back towards gold after the civil war as a dirty plot by the financial barons and their foreign counterparts. They demanded more greenbacks, abolition of the money monopoly by the financial barons, reduction of the federal debt and an end to foreign investment in the country. William Allen, governor of Ohio, labeled recent legislation by Congress as a conspiracy between the money barons and their stooges to "drain the life-

blood of the American people". The critics of Wall Street demanded that the government sell its bonds directly to the people and not through banking syndicates, and that debt be paid to the bankers in greenbacks not in gold or silver. The deflation of the 1870s was increasing the value of the banker's debts. However, the bankers claimed that return to gold would be a return to sound money, would preserve American integrity and foreign investors' faith in it, and would prevent "wild" inflation. The Greenback Party won more than a million votes in the mid-term elections of 1878.

During the 1873-1879 depression, consolidation and mergers created strong monopolies in various sections of the economy. Railroads consolidated ownership of regional systems, co-coordinated information and restricted competition. John D. Rockefeller dominated oil, and Andrew Carnegie controlled steel. The depression allowed both to acquire competition at a fraction of cost. The ways used to acquire competition were not above board. Rockefeller spied on his competitors, deprived them of raw materials, colluded with railroads to charge them higher freight and kick back the difference to him, and he sold in their region at below their cost to drive them to bankruptcy or to selling their business. By the end of the depression, in 1879, he owned 90 per cent of the refining business of the United States.

This is not Adam Smith capitalism, which he had in mind when talking about the invisible hand of market forces that governed economic activity. He theorized that firms' endeavor to grow faster and make more money will be controlled by competition which will ensure that all make equal profits and thus none of them can dominate or monopolize the market.

In January 1874, New York police broke up a demonstration by thousands of protesters who were asking for "work or bread", and tens of the protesters were arrested. In the case of coal miners who protested their medieval living and working conditions, the owner of the mines hired a secret detective to infiltrate the workers who were trying to form a union, and quick justice was performed as the private detective acted as prosecutor and witness and 20 of the workers' leaders were executed. After the Baltimore & Ohio Railroad cut workers' income twice in 1877, workers went on strike. The strike quickly spread to other lines and industries. Governors called militiamen and president Hayes called Federal troops to break the strikes or "restore order", as protesting workers set fire to railroad cars and engines after militiamen killed 100 workers and injured several hundreds. This Great Strike was brought to a bloody conclusion.

In the Lampasas county, Texas, distressed farmers formed the Knights of Reliance, renaming themselves the Farmers Alliance. This movement, which was formed in 1877, became known as the populist movement. The

motive of the movement was defense against tight money, usurious lenders and deflation. They decided to form cooperatives amongst them that will buy for them their needs at wholesale prices and will store their products and sell them at optimum prices. They devised a scheme whereby they could provide their farms and cattle as security for the operating loan. The biggest such cooperatives were the Statewide Texas Exchange. In the spring of 1884, in Milam country, east of Lampasas, Charles W. Macune, a young country doctor, joined the alliance and, with the original founders, reorganized their movement. Confidently he ordered over $100,000 worth of supplies from wholesalers, sold stock shares to the farm families, and collected $20,000 in cash and $200,000 in collaterals from farmers to secure the operating loan. He tried to borrow the working capital to pay for the wholesalers and he was turned down by every banker. Only through a statewide fund-raising campaign could Macune secure $80,000. But the second year the cooperative could not make it and it had to go under.

Farmers wanted to confront the crop lien system, which was to the farmers of the south, white and blacks alike, a modified form of slavery. Lawrence Goodwyn's book "*Democratic Promise-The Populist Movement in America*" described this system: "The farmer, his eyes downcast and his hat sometimes literally in his hand, approached the merchant with a list of his needs. The man behind the counter consulted a ledger, and after a mumbled exchange, moved to his shelves to select the goods that would satisfy at least a part of his customer's wants. Rarely did the farmer receive the range of items or even the quantity of one item he had requested. No money changed hands; the merchant merely made brief notations in his ledger. Two weeks or a month later, the farmer would return, the consultation with the ledger would recur, the mumbled exchange and the careful selection of goods would ensue, and new additions would be noted in the ledger. From early spring until later fall, the little ritual would be enacted until, at 'setllin-up' times, the farmer and the merchant would meet at the local cotton pin, where the fruits of a year's toil would be ginned, bagged, tied, weighed, and sold. At that moment, the farmer would learn what his cotton had brought him … the accumulated debt for the year, he informed the farmer, exceeded the income received from the cotton crop. The farmer had failed in his effort to 'pay out', … the furnishing merchant would then announce his intention to carry the farmer through the winter on a new account, the later merely having to sign a note mortgaging to the merchant the next year's crop. The lien signed, the farmer, empty-handed, climbed in his wagon and drove home, carrying with him the knowledge that for the second or first or fifteenth year in a row he had not paid out."

Interest charged by the merchant nears 100 per cent, sometimes 200 per cent. Since the farmer's only income is mortgaged to the merchant, the

farmers' every move becomes controlled by the merchant. Only after I understood this system, I understood the lyrics of a song by Tennessee Ernie Ford that became a hit during the 1950s: "Sixteen tons and what do you get? One day older and deeper in debt. I owe my soul … to the company store." The East financiers advocated price stability behind the measures they requested, but prices not only came down to pre-civil war levels, they continued going down. Wheat sold at $2.06 a bushel in 1866, became $1 in 1876, $0.80 in 1880 and down to $0.35 in the Dakotas in 1890s. While the farmers were subjected to such distressful prices, the falling prices were accompanied by usurious interest rates that approached or exceeded 100 per cent. The furnishing merchant charged 25 per cent to 50 per cent for credit sales. An additional 30 per cent or 50 per cent interest was added at the end of the season.

At the St. Louis Alliance convention in 1889, Macune and the Populist Party had a plan:

- They advocated that democracy required a democratic money system that decentralized the control of credit and allowed it to flow to the real producers, thus spreading opportunities and income as widely as possible. This can be accomplished by direct government lending to producers without middlemen (i.e., banks).
- They detailed a complete scheme that became known as the sub-treasuries scheme. In every county of significant agricultural production, the U.S. Treasury would establish a federal warehouse and grain elevators, thus creating thousands of these centers called sub-treasuries. A farmer can deposit his produce at the sub-treasury and then borrow against his crops at 1 to 2 per cent rate. He may sell his crop at the going prices or he may want to borrow on the value of his land. The farmer can be paid by the greenbacks - the dollars printed without gold cover, but now are covered by real production. Payment may also be made by other negotiable certificates of deposits that can be traded. This money supply, the plan argued, may be theoretically withdrawn after farmers pay their loans.
- The purpose of land loans, they argued, was to stop deflation by raising the money supply to about $50 per capita, which was similar to the per capita money supply during the civil war.
- Money should have a social purpose - not money just to make more money.

Obviously this plan would circumvent the bankers in the lending process and the credit would go directly to the users. Such a fair system could never make it as long as the bankers have their backers in Washington and as long as they command the power of money.

The populist's monetary arguments concentrated on:

*New definition of money that was monopolized previously by the financial community.

* The power relationship between the bankers and everybody else and the currency that interconnects between them.

* The immorality of the existing system.

Harry Tracy, of Texas, in 1894, published a treatise, as part of James H. Davis Populist book "*A Political Revelation*". In it he discussed modern day economic issues and their interacting effects, such as money supply and velocity, inflation and deflation, overproduction and under-consumption and distribution of wealth to the whole population.

- On the sub-treasury system he wrote: "Under this plan, the farmer stores his own product, delivers it to the manufacturer or consumer himself through his elected agent, instead of the speculator doing it."
- When the U.S. Treasury bailed out commercial banks by extending $47,000,000 credit at one per cent interest rate, Tracy wrote: "… now if the government can loan these bankers money at one per cent on collaterals, why can't the government loan it to the people on their collaterals? If the government can bridge the bankers over a close money market and keep them from having to sacrifice their collaterals, why can't the government do the same by the people? What a burlesque on democratic government for 4,000 men, because they are rich, to enjoy privileges that are denied 65,000,000 people."

The populists argued that the American monetary system was oppressive. They started by the very definition of what money is. A newly elected People's Party Congressman explained: "We recognize money as a creation of law, a simple representation of value, an instrument of exchange and not in any true sense a commodity." He answered one of the basic ills of the late 20th century capitalism in which money as a commodity played the major part. Other reformers went on: "Gold is no more money than is paper. Nothing is money in any full legal sense until it will pay a debt without possibility of refusal." "The Advocate" editor Stephen McLallin wrote: "There is no more reason that the material in a dollar should have an intrinsic value equal to a dollar than that the yardstick should possess an intrinsic value equal to the value of the cloth that it measures. Money as such possesses neither length, nor thickness, and its only value consists in the fact that by law and custom it is the medium by which debts are paid and wealth exchanged." McLallin concluded that the true value of a currency depended on the wealth of the country, defended by its productivity and not by an intrinsic value of a metal. McLallin's Kansas paper became the most read paper in the Western plains.

The populists were outraged by the inequities of the national banking system and the corporate corruption of the democratic system. They also resented the collusion between capitalists and politicians, in which state power was added to corporate power to suppress the working people. They noted in many instances that violence was started by the capitalists during strikes to provide reason to bring in state troops against the workers, as was the case in the 1894 dispute between the Tennessee Coal and Iron Company and the miners. The strike was broken by troops. Some of the strikers were placed on trial for acting against the government of the United States.

William Lamb began toying with the idea of a vast coalition between farmers and workers in rural and urban areas to restructure America's politics and finance. Some alliance members wanted to join the Knights of Labor, and the Great Southwest Strike of 1886 in which a series of minor and major battles between armed deputies and armed strikers occurred. In Fort Worth, Texas, over 400 Texas Rangers and 100 deputies patrolled the streets. Thousands of people were indicted, hundreds were jailed, and many were killed. William Lamb wanted the Farmers Alliance to support the labor movement. By his definition, farmers are workers! The Knights of Labor leader, W.L. Farmer, expressed his disgust with both Republican and Democratic parties and the political system. He said: "The Republicans stole the goods and the Democrats concealed them … we have an overproduction of poverty, barefooted women, political thieves and mass liars. There is no difference between legalized robbery and highway robbery … if you listen to other classes you will only have three rights … to work, to starve and to die." Political speeches dominated after every sub-alliance meeting and the sub-alliance chaplain added the new social message to the message of the gospel.

The delegates of the Farmers Alliance convened in August 1886 near Dallas, Texas, and their committee made demands, which were an accumulation of their grievances since the civil war. They send their 17 demands to the president of the alliance, as well as to the governments of Texas and the U.S. Among them, the committee demanded "such legislation as shall secure to our people freedom from the onerous and shameful abuses that the industrial classes are now suffering at the hands of arrogant capitalists and powerful corporations". But the most revolutionary demand concerned the financial issue. After airing their grievances on how the Texas financial community mistreated them, they proposed a federally administered national banking system. They demanded money supply be issued by the Federal Treasury and regulated by Congress. C. Vann Woodward wrote in the "Origins of the New South": "In their attack on the national banking system, the agrarian economists were on solid ground in contending that private

privilege was exercising a sovereign power as the power of regulating national currency, for private gain rather than for meeting the needs of the country."

The Farmers Alliance in the west were paying a bushel of corn in freight cost to transport a bushel even to the next state, whereas the large companies were granted special rates, such that their transport cost from Chicago to London was cheaper that the rate for the farmer to ship his crop from one state to the other! The money supply and the entire national banking system, dominated by the Eastern commercial banks failed to keep money supply in line with expansion, causing fall of prices, tight credit and high interest rates. The populists started to call for a new national system and new national money, issued by the government rather than the privately owned national banks, as was then the case. They spoke of "centralized capital, allied to irresponsible corporate power" which was a "menace to individual rights and popular government. While Railroad Corporations are penetrating almost every locality with their iron rails, they are binding the people in iron chains".

The People's Party presidential candidate declared in a speech: "… we have only to point to our legislative records of a quarter of a century – every page of which is burdened with legislation glaringly partial and in favor of other classes. To the charge that our policy tends to centralization of government power, we have only to point to the fearful encroachments of irresponsible corporate power upon the function of government." Leonidas Lafayette Polk, in an address in St. Louis, said: "The time has arrived for the great West, the great South, and the great Northwest, to link their hands and hearts together and march to the ballot box and take possession of the government, restore it to the principles of out fathers, and run it in the interest of the people."

The industrial revolution was accelerating, and by 1890, the official U.S. census showed revenues from manufacturing exceeding revenues from agriculture. The industrial revolution was bringing problems and turbulences of its own. As many as 1,600 strikes occurred in 1886. The post-civil war decades produced a great deflation, two depressions, bank failures and popular discontent. The banking sector in this period introduced demand deposits & checking accounts. This new money drove it further into abstraction as now people accepted money as a number and an account in a bank's ledger that may be redeemed by another paper; a personal check or draft. By 1900, most people accepted this new money.

The banking system was shaken by one tremor after another. One was in 1893 and another in 1895. Within this period, investors now worried about a political revolution as the populists were at their peak, or they feared hyperinflation. They began, in 1895, to flee from the American system and

started to withdraw their money from U.S. financial institutions, demanding gold and shifting it overseas - mainly to Europe. The federal government's own gold reserves were drained quickly. In desperation, the U.S. government turned to J.P. Morgan who organized a syndicate of bankers. They gave the U.S. 3.5 million ounces of gold as a bailout. J.P. Morgan & Co was acting as the central bank of the government. After the 1893 bank crisis, the American Bankers Association proposed, in 1894, what they claimed to be a reform: creating a new national currency to be guaranteed unconditionally by the United States government, but (and that is where it differed from the Populist proposal) to be distributed by the commercial banks.

The basic problem, as analyzed by Lawrence Goodwyn, with the People's Party and the Party of Reform was one of having the largely Catholic, largely immigrant urban workers of the North, organized by the largely Protestant, Anglo-Saxon Alliance organizers! The social theory the Alliance-populism created lacked sufficient appeal to those who had not received the Alliance indoctrinations. The workers of the North were skillfully sheltered by the Democratic Party machine. Someone in 1892 had to develop a broader theoretical analysis to speak to the plain people in the cities of America. The Alliance organizers in 1892 did not know how to address the urban workers. They needed to translate the populist culture into ideology, since populism was indeed a different ideology from the prevailing one. The People's Party had little, if any, institutional means to attract the millions of industrial workers. Also a problem were the dynamics of politics brought to the party's national committee political brokers who outnumbered the ideological populists. The party's new national chairman, Herman Taubeneck of Illinois, was himself an incipient political broker. To spread the populists' doctrines to the nation's cities, the National Citizens Populist Alliance was formed. It could not accomplish much.

To create a third national party involves great organizational and tactical complexities. What encouraged the third party founders was the fact that they remembered that the pre-war Republican Party sprang from obscurity in 1854. Within six years they leaped to national power, because the old Whig Party became hopelessly anachronistic. Both major parties appeared anachronistic in 1892 and both were in the grip of the money power. Both were turning their backs to the interests of the people.

Also, the movement lost its very two leaders that were responsible for its growth. Charles Macune did not agree to transform the Alliance into "another" third party and he defected. Lamb's newspaper, the "Texas Independent", published in his absence a paid ad attacking a local Democrat politician. The politician brought Lamb to court. Lamb explained that he was

away, that the ad was accepted by the printer of his newspaper, that he is willing to retract the allegation against the Democratic politician. The judge, himself a Democrat, refused the argument, held Lamb responsible and pronounced him guilty of slander. This verdict removed Lamb from politics. With Lamb and Macune out of the picture, opportunistic politicians from within the party, in collusion with the establishment organization from outside, derailed the movement and pushed the party into irrelevance. Also, the number of farmers as a percentage of the total population was in continuous decline and the urban city workers on the increase. Populism as a movement went into decline. Populists were suffering greatly from the recessions, depressions and falling prices of their crops. In the 1890's depression many of the farmers literally could not afford to pay $1.00 a year for the yearly subscription of a populist newspaper.

Deprived of advertising revenue, the populist newspapers depended upon circulation revenues. Therefore, most of the reform papers were one-man operation. Circulation was normally not enough even to sustain such minimum operating costs. The Reform Press Association started to provide its members with a two-page "ready print" that usually were latest verses of the third party "gospel" under the guidance of W. Scott Morgan of Arkansas. The two pages became the interior pages of the four pages populist papers. Around 1,000 such papers existed in the 1890s, but due to losses, many of them went out of operations quickly. As if these financial hardships were not enough, these newspapers and their editors were the subject of physical attacks. For example, the shop of "Living Truth" in Green Ville, Alabama was broken, and the type was scattered, in 1892. Fire broke out at the editor's home the year after. Still he did not miss an issue that year. Thomas Gaines of Comanche Texas paper "Pioneer Exponent" received many threats and attacks that extended to his family. The co-editor of the "Alliance Vindicator" was shot and killed in Texas.

Lawrence Goodwyn described the populist editors as fostering an aura of democratic morality and sensitivity towards humanity. To those editors, what was American "democracy when aggressive 'captains of industry' could buy whole legislators and keep the United States Congress in a perpetual state of general servitude? What was honest labor when ruthless structuring of the currency drove the price of farm products below the cost of production what was thrift when high interest rates gobbled up farmland, or when railroads made more money shipping corn than farmers did growing it? Where was community virtue when bankers, commission houses, and grain elevator companies wantonly destroyed self-help farmer cooperatives? Where was dignity when farm women were forced to go barefoot and the furnishing man determined what a farmer's family could or could not eat? Where was freedom when the crop lien system was enforced by the convict lease system? What did the old virtues mean, in such a setting? …. To populists the ruthless

practices of Jay Gould seemed bad enough; when coupled with the power of the Gould-owned Associated Press to glorify industrial captains in the public press, it seemed that industrial America had no ethical moorings at all. What value did democratic public opinion have when good reformers were consistently ridiculed … by well-dressed editors who thrived on the advertising support of self-interested businessmen? In the broad application favored by populists, the 'money power' symbolized much more than the gold standard, private national banks, or the 'lordly capitalists' of Lombard and Wall Street. The money power was corrosive because it was changing the rules under which Americans acted politically".

A farm woman living in Kansas, wrote to that state's Populist governor in 1894: "I take my pen in hand to let you know we are starving … my husband went away to find work and came home last night and told me that he would have to starve. He has been in ten counties and did not get no work… I haven't had nothing to eat today and it is 3 o'clock." E.L. Godkin, editor of the "Nation", labeled as the best weekly in the world, wrote an editorial on Populism that was not only abusive but it carried with it gross misrepresentation of facts. Attacking the sub-treasury plans, he thought that farmers' protests can be explained by "the vague dissatisfaction which is always felt by the incompetent and lazy and shiftless …" Defending banks, the Philadelphia "North American" wondered why "the new lights want to abolish the national banks? Most of them would have been in the poor house twenty years ago" without the bankers. The establishment and its media accused Populists of being subversive, thus diverting the discussion from substantive economic issues to secondary, time-consuming or less threatening subjects.

In 1889, an article titled "*The Owners of the United States*" showed that the 100 richest men in the country had an annual income of between $1.2 million and $1.5 million, whereas 80 per cent of American households earned less than $500 a year. None of the millionaires came from the South.

In 1893, a new stock market panic caused one of the worst depressions in American history, which resulted in bank failures, business bankruptcies, thousands of layoffs, and further decline in farm crop prices. As gold reserves declined, president Cleveland asked the English Rothschilds through their agent August Belmont Jr. to syndicate a $100 million Treasury loan; the Rothschilds insisted that the new load must be payable in gold or pound sterling. Through an arrangement with J.P. Morgan, an unpopular contract between J.P. Morgan & Co and the government was signed, which they offered at 112 ¼ - nearly eight point higher than the syndicate offered price. Morgan sold out all the bonds in twenty minutes.

"The Rothschilds participation provoked a display of the anti-Semitism that has animated xenophobic Populism of the left and right throughout American history, reflexively linking issues of money and credit with Jews. William Jennings Bryan ordered the House Clerk to read Shylock's bond, then demanded 'that the Treasury shall be administered on behalf of the American people and not on behalf of the Rothschilds and other foreign bankers'. Pulitzer's World complained that 'Wall Street conspiracy' of foreign aliens and bloodsucking Jews had robbed the country of millions in twenty minutes. Mary E. Lease, a Populist writer who advised farmers to 'raise less corn and more hell', denounced Cleveland as 'the agent of Jewish bankers and British gold'."

With a state of a stagnant economy and high production, the United States needed foreign markets. Future president Theodore Roosevelt, assistant secretary of the Navy at the McKinley administration at the time, said that "this country needs war" and he labeled the anti-imperialist coalition in Congress as unpatriotic. The imperialists demanded that the United States conquer new territories to open new foreign markets. The press started its unholy propaganda against Spain to prepare the American people for war. The press claimed Spanish atrocities in Cuba and asked the United States for intervention. In mid-February 1898, the sinking of the American battleship Maine in Havana Harbor drove the United States to the American Spanish war, which resulted in the occupation of Cuba and other Spanish territories, including the far-away Philippines. It was later revealed that the sinking of the Maine was a result of internal "malfunction" not a result of a Spanish torpedo as was alleged. The age of American imperialism was inaugurated. Spain of the 19th century was the Taliban and Afghanistan of the 21st. Instead of the battleship Maine, there was the September 11 attack.

As the twentieth century emerged, Populist America lost to the financial and industrial barons who hijacked both the American democracy and the American dream.

*"Professor Carroll Quigley of Georgetown University also a Pentagon consultant, "was especially impressed by the old foreign affairs establishment, part of a larger Anglo-American financial and corporate elite and what he called a 'power structure between London and New York which penetrated deeply into university life, the press, and the practice of foreign policy.' He saw the prestigious Council on Foreign Relations as a concerted, if not conspiratorial, international network." A student of Quigley commented that according to Carroll Quigley " it won't matter whom you vote for on November 3 "

Roger Morris
Partners In Power

*"The world's now managed by Transnational Elites made of "businessmen, scholars, professional men, and public officials. The ties of these new elite cut across national traditions and their interests are more functional than national."

Zbigniew Brzezinski
" *Between Two Ages*"

CHAPTER FOURTEEN

THE TRANSFORMATION OF AMERICA

The New York-London Power Structure

The revolution in communications and media enabled its invisible power structure owners to more easily brainwash the general public, which is kept busy by its hand-to-mouth daily routine. Except for cosmetic changes, the essence of American democracy and economic system remained basically the same. This can best be expressed by some quotations one century apart.

In the last decade of the twentieth century, William Greider, who worked at the Washington Post before he wrote his book "*Who Will Tell The People*" wrote: "… American democracy is in much deeper trouble than most people wish to acknowledge. Behind the reassuring façade, the regular election contests and so forth, the substantive meaning of self-government has been hollowed out …. At the highest level of government, the power to decide things has instead gravitated from the many to the few, just as ordinary people suspect. Instead of popular will, the government now responds more often to narrow webs of power – the interests of major economic organizations and concentrated wealth and the influential elites surrounding them …. The rich and complicated diversity of the nation is reduced to a lumpish commodity called 'public opinion' that is easily manipulated by the slogans and imagery of mass communications." The very same message was voiced one century earlier by Tom Warson of Georgia who wrote: "… in all essential respects, the Republic of our fathers is dead. The remnants of its form, its outward semblance, may be left but its animating spirit is gone."

Madeleine Albright, the U.S. secretary of state during the second Clinton administration, commenting on the harsh economic measures requested by the IMF of Southeast Asian countries, that resulted in a 100 per cent increase in poverty in Indonesia, commented that "even though the consequences for workers and families caught in the middle can be difficult and unfair" as a result of IMF medicines, they are justified, as what matters was growth. This is what many call Darwinian capitalism. A Kansan farmer, one century before Albright's announcement wrote: "There never was, nor can be, a more brutal, utterly selfish, and despicable doctrine than the Darwinian struggle for existence, when applied to the social relations of man." What Albright was saying was that economic growth was more important than human suffering. A Populist Jeffersonian of Alabama, also a hundred years before Albright, wrote: "… any nation that holds property rights above human rights is practicing barbarism."

After the cancellation of Bretton Wood's fixed exchange system, currencies were fluctuating by the second, bringing windfalls for the financial speculators. Again, one Populist wrote in the Populist paper "The Arena", a century ago: "Think of a yardstick three feet long in 1789, shrunk to nineteen and one half inches in 1809, stretched again to four feet in 1849, reduced in 1874 to thirty-eight and one-half inches, and now four feet three and nine-tenths inches long and growing everyday! …. And yet we are today measuring our debts and credits by a standard no less perfect."

Many people around the world assumed for so long that colonialism and imperialism were part of the European nations' culture and the U.S. had none of it. In fact the U.S. had both. Under the title "*End of American Colonialism*", *Collier's Encyclopedia*" (p. 695), 1962 edition, wrote: "With the admission for the union of Alaska in 1958, and Hawaii in 1959, the era of American colonialism virtually came to an end." The Encyclopedia Britannica called this period "American Imperialism". American colonialism started with president McKinley who started the Spanish war and virtually made Cuba a protectorate. The Platt Amendment was a policy issued by Washington that authorized American intervention in Latin American countries when the U.S. considered it necessary to preserve those foreign countries' domestic order.

At the dawn of the twentieth century, the United States started to become a colonialist country. The intensity of America's interest to go global was in direct proportion to the degree of intensity of industrialization and coincided with the formation of corporations, i.e., in the 1890s. In the 1890 census, the value of manufactured goods exceeded that of farm products for the first time. Using mass production technologies in industry and agriculture, and after the disappearance of new frontiers within the North American continent, a conviction developed that the United States must go global, or find new outlets through outright imperialism and conquering other peoples' territories. If the United States became a great power, it was time to show it. The period of American Imperialism started and a series of American wars or interventions in foreign countries' affairs were started. The first such war was against Spain in Cuba. The U.S. demanded that Spain give independence to Cuba, and even though Spain was willing to make concessions to avoid war, the United States went to war. The United States took over the small Spanish forces in Cuba and then occupied Puerto Rico. Within the same year, the U.S. Asiatic squadron destroyed the Spanish flotilla in the far-away harbor of Manila in the Philippines! Spain signed a peace treaty on August 12, 1898, in which it recognized Cuba's independence. Puerto Rico and Guam were later made territories of the United States of America. But big business insisted that the United States take over the far-away Philippines in anticipation of future

trade with the East. U.S. president McKinley, in the treaty of Paris, forced Spain to sell the Philippines to cash-rich United States for $20 millions. The Congress ratified the Paris treaty regardless of the many anti-imperialist Americans who declared that such control of far-away peoples violated the letter and spirit of the American constitution. The Hawaiian Islands were annexed by Congress in 1898. Two years later, they were made U.S. territories. The Philippines was given partial self-rule. Big business was also looking for China's huge market, which already was under several spheres of influence: Britain, France, Russia and Japan. The U.S. wanted free and equal trade and investment opportunities for all nationals within the various spheres of influence. The so-called "Open Door" policy was set to ensure American big business interests in China. Alaska was bought from Russia in 1867 for $7,200,000. But it was in 1896, after the gold discovery, that Americans went to Alaska. In 1912, Alaska was given territorial status and was admitted to the union in 1958.

In 1903-1904, the United States (in absence of U.N. to give it legitimacy) declared, by self-appointment, the status of international police for itself. The United States gave itself the right to exercise an international police power in Latin America when nations there were judged as failing to perform their financial and other obligations to foreign countries. Such a role was developed and packaged to become the role of the U.N. and the Bretton Woods institutions after agreements and new management techniques made it possible. This was called "Theodore Roosevelt corollary to the Monroe Doctrine". This doctrine was enforced and the U.S. intervened, accordingly, in Haiti, the Dominican Republic and Nicaragua. Unilateral interventions in Latin America created anti-American feelings there. In Mexico, president Wilson made a lengthy intervention in 1910. To ensure American business interest, the Open Door policy (1899-1900) was enacted. The Open Door ensured equal opportunities for American business in trade and investment in the various areas of influence in China. Also, the elite of United States wanted access to Latin American markets and their raw materials. Taft's Secretary of State Philander Knox made an attempt to use the "Dollar Diplomacy", initially coined for Latin America, in the Far East as well. Whether it was the Open Door policy or the Dollar Diplomacy, what the U.S. capitalists needed was access to other people's markets and raw materials.

Theodore Roosevelt, based on the U.S. Eastern Establishment urgings, wanted to construct an inter-ocean canal across central America. This was to assist commerce but also to allow easy movement for the growing American Navy. Since the territory belonged to Columbia, which was not responsive, the U.S. government gave the go-ahead to covert operations, in collusion with a French company that was eager to sell its concession to the U.S. A revolution was engineered and paid for, which resulted in the creation of an

Independent State of Panama. It gave the Americans the needed concessions and leases. Construction of the canal was completed in 1914.

World War I was both a military and a global economic event that resulted in the expansion of the U.S. economy even though President Wilson's stated motives for entering the war were defined as aiding democracy against autocracy and putting an end to all wars.

In the decade of the 1890s, an informed policy network was formed by elites mostly from Cambridge and Oxford whose purpose was to urge for a new and more efficient system to extend the Anglo-Saxon culture and hegemony over the twentieth century. This was at a time Germany was emerging as a strong industrial power and the pillars of the British empire were challenged. The pillars of empire were:

- Control of the seas: This equals control of communications nowadays. Germany was building bigger and faster ships progressively and the German fleet was bridging the gap with the British fleet.
- Dominations of international finance: The German Exchange Act of 1898 established a model of banking and finance different from the Anglo-Saxon model. Germany's new industrial model was based on technological progress and protectionism, as some tariffs on imports were imposed. London financial barons lost influence as a result on the German economy.
- Domination of world's major raw resources. The United States' huge resources were uncovered in the 19th century and direct control by the British empire was not possible through occupation, but through finance and economic policies.
- Domination of technology: Most of the recent revolutionary inventions, such as electricity, were invented in the United States and even other major inventions in Europe were outside the British Isles. German engineer Gottlib Daimler developed the world's first workable petroleum powered engine.

The informal empire hegemony was to be maintained, not by direct occupation, but through the creation of "client states" through economic bonds of financial dependence and through the concept of sphere of influence and the diplomacy of balance-of-powers. London was to be the fulcrum and it will add its weight to this side or the other, to maintain its interests. There are not to be permanent friendships but, instead, London's interests without any sentimental or moral obligations. The British found that after Argentina lost its economic sovereignty, they controlled it more efficiently than having occupation troops, as was the case in India. In the 1880s, London-financed

railroads and projects brought twice as many goods to the Argentine ports for export, yet its debts, mostly to London banks, increased by 200 per cent.

The Oxford Cambridge elites created in 1910 "The Round Table" journal. Also, they grouped around the London Times and among its members were the historian and Secret Intelligence Service member Albert Lord Grey, Arnold Toynbee, H.G. Wells, Alfred Lord Milner and Halford J. Machinder. In August 1911, Lord Lothian of the Roundtable declared: "There are present two codes of international morality – the British or Anglo-Saxon and the continental or German. Both cannot prevail". This Anglo-Saxon doctrine was reconfirmed by Wolfowitz's 1990 defense papers that defined the role of the United States as a sole superpower that must see that no other superpower emerges.

The global money barons, mostly in the city of London, with affiliates and relatives in other European capitals, along with the Roundtable elites, began preparing for a war against Germany. Germany's flirtation with Turkey; its construction of railroads that will connect Berlin with Baghdad and Basra, which will create a new market for Germany in the Middle East; Germany's concession for oil in Mesopotamia (Iraq) in 1912; Germany's new naval power with new 80,000 horse-powered ships that had the fastest speeds in the sea lanes – all these make this new German emerging dominance a threat to the already stagnating England, and poised to harm its balance of power diplomacy. Britain was determined to keep Germany deprived of oil resources. Since England could not compete with Germany's new industrial revolution and its Daimler motors, it decided it would control the oil and energy needed for the motors and industries of Germany. Also, at the start of the 1890s, Russia adopted the German economic model of Frederick List's "National System of Political Economy" and it imposed very stringent protective tariffs. This model transformed Russia from a grain basket for the city of London trading houses to a potential competitor. Using its balance of power diplomacy, Britain allied itself with Japan against Russia, which was humiliated in 1905, and a new Russian government had to change its economic model. At that time, Russia had to sign the rights of Afghanistan and parts of Persia to the British.

In his extremely informative book "*A Century of Wars*", F. William Engdahl wrote: "One of the better kept secrets of the 1914-1918 World War is that on the eve of August 1914, when Britain declared war against the German Reich, the British Treasury and the finances of the British Empire were bankrupt …. An examination of the actual financial relations of the principal parties to the war reveals an extraordinary background of secret credits, coupled with detailed plans to reallocate raw material and physical wealth of the entire world after the war, especially areas believed to hold significant petroleum reserves in the Ottoman empire."

Morgan, who had one foot in London and one in New York, had been the main bridge for the financial barons of the city of London since the 1860s until the start and during World War I. Since the projected costs of war and related loans were imagined to be possible only through the creation of a duplicate to the Bank of England, the Federal Reserves System was created only few months before the war, in December 1913. It was created following the model of the Bank of England, which was a private holding controlled not by the government but by the financial barons of the city of London. Likewise, the Federal Reserve System was privately held by the private banks of the United States and it was also controlled by the financiers of Wall Street. J.P. Morgan & Co of New York were assigned officially as the sole purchasing agents for all war supplied from the United States, including the purchases of France and other European allies. These purchases were also guaranteed by the British government. This was in violation of international law that does not allow belligerents (i.e., Britain) to have supply bases in neutral countries.

Morgan's London partner was E.C. Grenfell who was also a director at the Bank of England! By the time the United States was brought into the war in 1917, more than $20 billion were purchased from the house of Morgan and $1.25 billion were raised as loans. Morgan's mobilization efforts were helped by the efforts of the New York Federal Reserve Bank's Benjamin Strong, a former Morgan employee! The financial barons' "friendly" press was demanding U.S. entry in war, especially after Germany had to sink American oil tankers headed to its enemy. War was declared by the United States on April 12, 1917. To finance U.S. government war costs, Liberty Loans and Bonds were issued and sold through the "patriotic" houses of Wall Street. By June 30, 1919, these bonds totaled $21,478,000,000. Patriotic Wall Street now became the center of world finances, taking the spotlight away from the City of London. Another pillar of the empire was shifted to America. If debt is what the Rothschilds, the Barings and the Morgans thrive upon, the years of war and the global devastation increased the national debts of the world by $210 billion, or about 475 per cent. Morgan & Co very quietly shifted their private loans to the British government into loans to the United States government, and thus it became the responsibility and burden of the American taxpayer!

The Roundtable group formed "The Royal Institute of International Affairs" to be their think tank, and Arnold J. Toynbee was its first paid employee. As part of the financial barons' new policy to switch horses and use the United States as their new vehicle for world hegemony, with the imperial and political know-how of the fading British empire, a parallel American think tank was created at the very same time: "The Council on Foreign Relations" (CFR) which launched its magazine "Foreign Affairs". CFR became the twin of "The Royal Institute of International Affairs" (RIIA)

and it continued to play a pivotal role in the formulation of American policies. Both think tanks were created in the corridors of the Versailles Peace Conference.

The transformation of America was well researched by William Leach. He wrote in his book "*The Land of Desire*": "In the decades following the civil war, American capitalism began to produce a distinct culture, unconnected to traditional family or community values, to religion in any conventional sense, or to political democracy.… From the 1890s on American corporate business, in league with key institutions, began the transformation of American society preoccupied with consumption, with more goods this year than last, more next year than this. American consumer capitalism produced a culture almost violently hostile to the past and to tradition, a future-oriented culture of desire that confused the good life with goods…

"The cardinal features of this culture were acquisition and consumption as the means of achieving happiness; the cult of the new, the democratization of desire, and money value as the predominant measure of all value in society."

The problem became not the production of goods but the production of customers. Consumption was elevated to become a religion, whose spirit was the human desire. This new religion of "consumption" was anti-religious, as all religions taught the suppression and control of desire. Religions taught moderation in worldly possessions and promoted ethical values above material ones. The rewards, as religions promised, will be peace of mind in life and a better afterlife. Consumerism went into the opposite direction. "It's now or never", as its popular songs advocated. The religious-based culture, and the way of life it produced was targeted for change by the holders of wealth and production as it did not suit their system.

In the materialistic world of capitalism, the new consumer culture had to be elevated to the rank of science. The owners of wealth and production made an alliance with leading universities and colleges, which started to teach business in newly created business schools; those wealth and production owners not only donated their money to these institutions but actually sat on their boards of trustees and cooperated in formulating their curricula. The government also became a participant in the creation of this culture and Herbert Hoover, both in his capacity as secretary of commerce and as U.S. president, played a major role in forging the business-government alliance. The government accepted its role as provider of services to big business, and big business became the major partner in this alliance.

Hoover's description of life in small-town America prior to the consumer culture was interesting, since it came from a man who did so much

to change that culture of the 1880s. The speech was made during his 1928 presidential campaign as he was revisiting his birth place of West Branch, Iowa, a town of 800 people in 1880. He noted that as his Aunt Hannah predicted, churches and meeting houses would be converted to places of "abomination", the old Quaker meeting house became a movie house! In the 1880s, Hoover said, people shared communal pleasures. The town was self-sufficient as it grew its own wheat and corn and ground it in its mill. The town was self-sufficient in meat. It wove its own clothing. "We repaired our own machinery; we got our own fuel from the woods; we erected our own buildings; we made our own soap; we preserved our own fruit and grew our own vegetables. Only a small part of the family living came by purchases from outside." Hoover said that in his childhood no poverty was known in West Branch. People were happy. They were not subjected to the fluctuations and downturns of the Chicago market that in later days sometimes wiped up to 50 per cent of their earnings by speculators. People now moved to anxiety from comfort.

Consumption became the new creed of consumer capitalism and it centered round the creation of "heavens on earth" through a higher standard of living that can be bought by consumption which, in turn, will bring happiness. Happiness was transformed into a commodity that can be acquired by consumption. As the United States became cash-rich and enjoyed a larger trade surplus after World War I, investment bankers expressed confidence in the potential of money markets and investment banking in the United States. Cars and trucks assisted in the transportation of goods throughout the country. Department stores were started all over the country with new merchandising and sales techniques. Banks were branching quickly to exploit the money supply. Movies and radio joined newspapers in spreading the new culture. A new service economy was developed that employed a great portion of the employment, to the extent President Hoover acknowledged its effect in averting a critical unemployment crisis. Chain stores were created. Bankers encouraged mergers and consolidations. After 1920, a national market began to emerge, and corporations became bigger and bigger.

Around the mid-1920s, film distribution to theater chains was controlled by eight film companies. Early on, the "merger-mania" was in heavy industry and manufacturing. Merger became the way to expand. The investment bankers were pleased to provide the services needed for "mergers and acquisitions". They actually promoted it. Between 1910 and 1930, the number of investment bankers increased about 400 per cent. They assisted many local companies to become regional and many regional companies to become national. As in the present mergers and acquisitions, a financial economy was created which was interested in making money as its business, instead of making goods.

The whole new culture depended on creation of demand through manipulating people's desire. The bankers and their intellectuals decided that stimulation of desire has no limit, and that once one desire is satisfied it brings with it another desire. "The American economy," wrote Waddell Catchings of Goldman Sachs, "had to stimulate new and underdeveloped desires." Within the 1920s, mergers became widespread, from food to amusement. Catchings made a deal with Warner Brothers in 1925 and they bought one of the country's most reputable companies in the business and thus, overnight, the Warner Brothers became owners of the best film distribution system in the country. With more acquisitions Warner's assets went up 46 times in only five years! Louis Kirstein of Filene's and Fred Lazarus, Jr., of F and R. Lazarus in Colombus, Ohio, created one of America's biggest mergers that resulted in the creation of federated stores in 1929, assisted and advised by the investment banker.

Bankers and businessmen forged alliances with America's finest colleges and universities. They concluded that production was the easy part of the supply and demand formula, and they decided that the demand side could be controlled by manipulating the human desire which has no end. This would lead to endless growth and production. However, the control systems for manipulating the desire had to be studied and the resulting businesses had to be managed by a science that did not exist; therefore it had to be created. Business had to be made a worthy profession. "No agency was doing more to help business become a worthy profession than Harvard Graduate School of Business," said Louis Kirstein of Filene's, who also chaired the school's fund-raising committee. The president of New York City's First National Bank, George F. Baker, provided a gift that resulted in Harvard Business School having its own administration building, dormitories and library by 1927. Both Cornell and New York University were closely associated and financially dependent on the creators of the consumer culture. Ellsworth Statler was a major financial source to Cornell. Perry Straus, of Macy's, was not only a major financier of New York University; he served on its executive council that used to meet regularly in the 1920s at his store. He chaired its board of trustees as well. Also, around the mid-1920s, Stanford established a graduate school of business to teach accounting, finance, marketing and transport. About the same time, Northwestern University, Michigan, Wisconsin, California and Oregon got into the business of business schools.

Few individuals had more profound influence in the new mass consumer economy than a 1914 Harvard graduate: Paul Mazur. After joining the army and several business experiences, he became the merger man at Lehman Brothers. Mazur, just as Catchings of Goldman Sachs, was an advocate of mass centralized merchandising. Mazur depended heavily on Harvard for help. Harvard considered itself as an unbiased institution with "scientific interest" in management problems of business. In 1924,

collaboration started between the National Retail Dry Goods Association (NRDGA), Lehman Brothers and Harvard Business School in which the NRGDA entrusted Mazur to join HBS to make a study on organizational trends in merchandising. Professor Donald David nominated a 1924 Harvard graduate, Myron Silbert, to join the study team. The three produced "Principles of Organization Applied to Modern Retailing" after one and a half years of research. This became the standard textbook on this subject for the next half a century.

In 1928, Mazur published his book "*American Prosperity*". Consumer capitalism's culture can best be expressed in quotations from this book: "Man's desires can (now) be developed so that they will greatly overshadow his needs ... Human desires seem to have no limits … Give the world and his wife the funds with which to satisfy every need, desire and whim, educate the world and his wife to want, and the production capacity of the country will actually groan under the burden of enormous demand. There may be limits to the consumption of particular products. There is no theoretical limit to general consumption possibilities." ("American Prosperity: Its Causes and Consequences")

Auxiliary institutions were created to promote the new culture. Installment credit and personal finance institutions were devised so more charge customers are created, and charge business rose to double what it was within the decade of the 1920s. The department stores were redecorated, fashion modeling agencies and style agencies and consultants emerged.

After World War I, America experienced its worst depression since the depression of the 1890s. The prices went into a free fall unequaled in American history and unemployment went to record high. The country was experiencing not only economic turmoil, but also political upheaval, as people even talked about the possibility of a revolution. The Bolshevik revolution was only a few years old. Herbert Hoover was appointed commerce secretary in 1921. Hoover immediately went to work; he became convinced that a great gap existed between production and consumption and he specified that bottlenecks existed in the marketing and distribution systems. However, probably Hoover's thinking was best expressed in one of his reports that the U.S. economy proved the theory "that wants are almost insatiable: that one want satisfied, makes way to another. The conclusion is that economically we have a boundless field before us, that there are new wants which will make way endlessly for new wants, as fast as they can be satisfied."

With advice from Edwin Gay, first dean of the Harvard Business School, and others, Hoover transformed the Commerce Department into an agency that serves American business with data it may need to control the

economic forces and help in balancing production and consumption. Among Hoover's most trusted appointees to the Commerce Department was Julius Klein, a Harvard-trained economist and historian. He was a man of vision; "… he dreamed of creating a seamless economic system without frontier or boundary and without conflict, a system of perfect liquidity that would allow for the "efficient movement of ideas, capital, and commodities".

Hoover's theories looked fine for a while. The country went out of depression into the roaring twenties, but when things looked good at the surface, the worst depression in American history was in the making. It unfolded in the Wall Street crash of October 1929, and it continued for a full decade.

The American economy did not get to the 1929 level until about 1939, and even then business cycle fluctuations were very severe. Swings that got 4 million people out of their jobs in only a matter of months occurred even in 1939. It was World War II that got capitalism out of the woods. Also, it was the state capitalism of the New Deal that ran totally opposite to the teachings of Adam Smith and Herbert Hoover.

The consumption culture was elevated to the rank of religion, where people are promised heaven on earth. Cambridge-educated Keynes, who enjoyed describing himself as "immoralist", endorsed this consumer culture. Actually, he thought religions and ethics must be removed from society since they advocate savings for the future and self-discipline now for rewards in the future and heavens. He promoted that one must enjoy it in the here and now -- not in the hereafter, and people must follow their pleasures and forget about thrift, sacrifice …. Such a philosophy, according to Keynes, will create abundance and pleasure to all.

The Council on Foreign Relations was created after World War I as a platform for building consensus among business and government to discuss and formulate policy. It can be said that the new world order that emerged after World War II, including the vision for a global economy and an American empire, owed a lot, for its creation, to this council. Even before the United States got itself into World War II, the council took the initiative for joint action with the U.S. administration to define and sell the "war and peace" studies. These studies defined the post-World War II global order. The American war aims were defined. The various financial and political institutions necessary for an American empire to exercise its global role were studied, finalized and detailed. Among those were the United Nations, the International Monetary Fund and the World Bank.

The first question that the council and government planners collectively decided to explore was whether the U.S. was self-sufficient and could do

without the markets and raw materials of the British empire, the western hemisphere and Asia. As the studies showed a need for those markets and raw materials, it was concluded that an American empire had to replace the British empire after World War II, without necessarily taking the name of an empire or using the same techniques the British had used.

The British empire was taking the raw materials from its colonies in one part of the world, manufacturing them into goods in another, and selling the end products to a third part. The United States can now do the same things and get the same results. The ways need not be the same. George Ball, an undersecretary of state and an investment banker at Lehman Brothers, explained how the transnational company can do these functions. In the article "Cosmocorp: The Importance of Being Stateless", he wrote that multinationals are engaged "in taking the raw materials produced in one group of countries, transforming these into manufacturing goods with the labor and plant facilities of another group, and selling the products in still a third group". This neocolonialism through transnational companies became a result of "the benefit of instant communications, quick transport, computers and modern management techniques…".

Thus, the age of corporate imperialism replaced the old colonialism of physical occupation of other states. It is more devious and insidious than direct colonialism. It is almost invisible.

This new form of imperialism has its own prerequisites to function properly:

- Free trade must be ensured to enable global markets to be opened to corporations.
- Free access to raw materials of other people and countries, and without stress regarding price or quantity.
- Free hand to financiers to invest and collect their profits without barriers.
- Necessary international and financial institutions to manage the new global vision.

Free trade is the backbone of the Anglo-Saxon baron's culture, through which they can maintain their dominance by using capital to form a relationship of financial dependence more effective than formal colonial rule. The British Parliament passed, in 1820, a declaration called "Statement of Principles". This statement was the result of the lobbying of the Baring Brothers and the Bank of England. In 1843, The Economist was formed to promote the repeal of protection and to advocate free trade. In 1846, the parliament repealed the domestic English agriculture protection in the so-called "Corn Laws". As a result, London trading houses bought agricultural products at very low prices

from British colonies and made substantial profits, and the domestic farms, especially the Irish peasants, literally starved. Mass starvation and mass immigration ensued in the late 1840s.

The Council on Foreign Relations, alone or jointly with the government, many of whose members were or are part of the council, created the process of planning the new post-World War II American imperial order with thoroughness and a high degree of professionalism. The World War II broke out in September 1939. Few were as qualified as Council Director Isaiah Bowman to take the initiative to start the war and peace studies. He had been a member at the "Inquiry" study of World War I and was determined that a repetition to the post-World War I decades of instability and depressions should not be allowed. Even by that time, in 1939, the U.S. economy hadn't fully recovered.

On September 12, 1939, 12 weeks after the outbreak of the war, Walter H. Mallory, the executive director of the council and foreign affairs editor Hamilton Fish Armstrong met in Washington with Assistant Secretary of State George S. Messer Smith, himself a council member. They presented a long-range planning project in which study groups were to be formed by the council and discussed with the State Department. The resulting recommendations will be confidentially and officially presented to the State Department and President F. D. Roosevelt. Roosevelt himself was known to be close to the council, and his NY town house, when he was governor of New York, was next door to the council. In mid-December 1939, a central steering committee was formed to direct and coordinate the work of the various study groups.

The committee was made of:

- Norman H. Davis - chairman (Roosevelt's ambassador at large)
- Walter H. Mallory - vice-chairman (council director)
- Alvin H. Hansen - professor of political economy (Harvard)
- Jacob Vinor - professor of economics - (University of Chicago)
- Whitney H. Shepardson - corporate executive and a participant in the 1919 Versailles peace talks.
- Allen W. Dulles - international corporate lawyer (and later CIA director)
- Isaiah Bowman - president (Johns Hopkins University) and a leading geographer.

Five study groups were established:

- Economic & Financial Group, headed by Hansen & Vinor
- Political Group: headed by Shepardson.
- Armaments Group: headed by Dulles
- Territorial Group: headed by Bowman.
- Peace Aims Group: later headed by Armstrong.

About 100 people were involved in these studies for the duration of six years. The council members and the study groups met regularly. Such long-range studies heavily depended on the council, since the State Department was not staffed for such policy planning until after World War II.

One of the first conclusions by the council and the study groups was that, in order for the United States economy to function properly, it needed free access to markets and raw materials of other countries and areas, especially those of the British empire, the Far East, and the entire western hemisphere. This was considered as a "national interest" or "a national security interest", as the term evolved during the cold war. The Economic & Financial Group's memorandum (E-B 19) was issued in October 1940. In it Japan was singled out as an impediment to integration of the Far East in the post-World War II order, as Japan had its own strategic plans in that area. Japan was judged unwilling to play a subordinate role assigned to it by the United States. Actions were discussed that may prevent Japan from taking over Southeast Asia, thus denying the United States access to these markets and their raw materials. Memorandum (E-B 26), dated January 15, 1941, titled "*American Far Eastern Policy*", said: "The Philippine Islands, the Dutch East Indies, the British Malaya are prime sources of raw materials very important to the United States in peace and war; control of these lands by a potentially hostile power would greatly limit out freedom of action." In addition, during World War II, occupation of these lands will be to the disadvantage of the allies' war efforts. The proposed plan was to:

- Aid China militarily (supplies) to distract Japanese troops and pin them in China.
- Strengthen naval and air defenses of Southeast Asia, in agreement with the British and the Dutch.
- Cut off some supplies of war materials to Japan.

This memo was handed to Secretary of State Cordell Hull. The aid to China and cutting of war supplies were implemented within few months in 1941 and they played a major cause that led to America's entry into World War II.

Memorandum (E-A 17) of June 14, 1941, discussed "one world economy" dominated by the United States. But as an interim measure, memorandum number (E-B 34) of July 24, 1941, defined the Grand Area concept as consisting of "Western Hemisphere, the United Kingdom, the remainder of the British Commonwealth and Empire, the Dutch East Indies, China, and Japan itself…." This area, it was decided, was needed as a minimum for the United States' economy to function without the need for major readjustments. The Grand Area was considered a core area with which the post-war devastated economies may be interweaved. The more countries

added to the Grand Area the better. This memorandum (E-B 34) concluded the need for the creation of:

- International financial institutions to stabilize currencies, and
- International banking institutions to help investment and development in backward countries.

In October 1941, the idea was further refined and Winfield W. Riefler of the Economic and Financial Group proposed an "International Development Authority" to stimulate investment in underdeveloped countries, increasing their purchasing power and, as a result, demand for U.S. products. On November 1, 1941, Alvin H. Hansen proposed that an international "Reconstruction Finance Corporation" be established by governments even during the war. The council adopted both proposals and sent their recommendation to President Roosevelt and the State Department. Harry Dexter White, of the Treasury Department, worked out the technical details of the two proposed institutions. In March 1942, White produced a memo that led to the creation of the International Monetary Fund and the World Bank. Secretary of the Treasury Morgenthau gave this to Roosevelt in mid-May. A cabinet committee was formed to refine the plan further and an American Technical Committee was formed to do the actual planning. The plan was approved and the implementation was flexible, ending around the conclusion of World War II. Forty-four nations were invited to Bretton Woods, New Hampshire, in 1944, and the financial institutions for post-World War II global capitalism were created.

It was only in late 1941 that the Department of State created "The Advisory Committee on Postwar Foreign Policy". The leading planners of the council filled the leading positions in this committee. However, a smaller "Informal Political Agenda Group" evolved, called by Roosevelt "postwar advisors". They were Hull, Welles, Davis, Taylor, Bowman, and Pasvolsky. Five of the six were council members. This small group directed the agenda of the Advisory Committee, and it was them who drafted the United Nations Charter.

Thus, a framework to a political institution for world governance after World War II was also created. Since exploiting other people's resources can now be done through corporate imperialism, with the American empire to guarantee free movements of money and goods, colonies will soon be given "independence", in such a way that transnational corporations' access to those nations' markets and raw materials is secured "without stress". Corporations now perform the exact function of colonialism. Local elites of the newly independent colonies will have common interests with transnational "elites". Following their own material interests, they will oppose any national interest

that may be in contradiction with transnationalism. All transnationalists, by definition, have no national loyalty. This new system was intelligent and invisible. For the colonialists to collect their profit, they had to have physical presence, risky at times, and had to operate under army and police protection. It was Isaiah Bowman who suggested that the United States can exercise effective controls on the ex-colonies and weaker areas of the world through a United Nations. The United States must have the needed strength to assure "security", yet it must "avoid conventional forms of imperialism". Note that to be avoided was the conventional form of colonialism but not imperialism itself. The United States began drafting its proposal for a United Nations. The Agenda Group began that job and the declared purpose of the United Nations was maintenance of peace and security around the world.

The draft for the U.N. proposal was made in seven months, between December 1943 and July 1944. Secretary of State Hull approved the draft and gave it to three lawyers to ensure it doesn't contradict the U.S. constitution. As the lawyers saw no problems, Hull and others discussed the draft with President Roosevelt who not only approved the draft but also issued a statement to the American people on the subject.

By the end of World War II, the United States had its plans ready for a Grand Area that should lead to a global economy. It created all the international political (U.N.) and financial (IMF, World Bank) institutions to lead an American empire that superseded the British empire. The American imperial power was to be exercised through innovative, genius and invisible systems that continued to be modified tactically, using the new innovations, communications and management systems. The strategic aim of creating a global economy under American capitalism patronage was never changed.

The United States-led western powers won the war. Europe, Japan and many parts of the world were devastated. The Soviet Union lost millions of its people, and much of its infrastructure. The United States was certainly in a position to impose its version of the post-World War II order, at least as far as its allies and the Grand Area were concerned.

In 1945, the United States decided to stop its lend-lease not only to the Soviet Union but also to Britain. This was probably understood, as far as the Soviet Union was concerned, but some assumed that it was also a message to Britain that a new post-World War II order was being reconstructed and that it was the United States that was calling the shots. Once that was made clear, European reconstruction became an American priority. The Marshall plan for European recovery was approved by Congress in 1948, and a $17 billion aid package was allocated. The Marshall plan called for rapid economic

deregulation and looked forward for an increasingly united Europe in the political, economical and military areas at least. The Organization of European Economic Cooperation (OEEC) was created. In 1961, it was transformed into the Organization for Economic Cooperation and Development (OECD), with the U.S. and Canada included as full members. The European Economic Market (EEC), also known as the Common Market, was established in 1957, creating one large free-trade zone. The original six members were France, West Germany, Italy, Belgium, the Netherlands and Luxembourg, but more countries were added in the following years. The core of the Western military defense for Europe was the North Atlantic Treaty Organization (NATO), which depended heavily on the United States.

Between the early years of the twentieth century and few years after World War II, the Anglo-Saxon barons changed horses. Their new horse became the United States of America. An imperial technology transfer process was completed when the Anglo-Saxon barons created twin think tanks (CFR & RIIA), twin central banks, twin financial centers on Wall Street and the City of London, and twin economic, monetary and financial polices. The American intelligence community staff was trained in Britain and they operated from London prior and during the war. It was Britain's Lord John Maynard Keynes and the American Dexter White who supervised the details of the Bretton Woods post-World War II architecture. And it was Britain's Churchill who coined, after World War II, the term "Iron Curtain". Britain took the role of the imperial consultant for the United States in a smooth transfer of Anglo-Saxon horses.

The change of roles from Britain to the United States went smoothly, except for few unsuspecting British bureaucrats who unwittingly tried to defend the fading imperial role of Britain as the horse of the Anglo-Saxon capitalism globally. The new concept of empire as envisaged by the Roundtable was implemented successfully. After 1945, Britain exerted its influence indirectly, through a "special relationship" with the United States. The seeds of this relationship were well planned through the creation of new twin institutions that controlled the American strategic policy debates and policy formulations.

"By the 1950's" wrote Roger Morris, "the corruption had gone well beyond slot machines or call girls and local factions fought over the inevitable spoils. As in the rest of America, Hot Springs vice became largely corporate with organized crime and business – government accomplices ultimately controlling the lucrative black market in casinos and more." Roger Morris added that everything was for sale, name it and you could buy it. "Among the regular purchases were politicians themselves, legendary for bribery, graft, and vote fraud. Prostitutes and madams publicly paid the authorities a monthly ' pleasure tax'; they were routinely escorted by police to the Garland Country Courthouse to pay the prescribed kickbacks. In the 1930's it was five dollars per whore and ten dollars for madams."

Roger Morris
Partners In Power

* " Intelligent gangsters from Al Capone to Moe Dalitz and Mayer Lansky have always been fierce, valuable defenders of the capitalist faith, and to that extent they were and are J. Edgar Hoover's ideological kinsmen."

Historian Alfred Fried

CHAPTER FIFTEEN

THE RULE OF THE UNELECTED

Money Power, Not People's Power

After World War II, the United States concentrated on the implementation of its war and peace plans. The instruments to execute these plans were created: the Bretton Woods institutions and the United Nations.

The United States conducted war on other people's territories. Japan was in ruins. Europe was devastated and the USSR had the country and the economy devastated, plus some 20 millions dead. Not only did the United States remain intact, its economy grew more than 300 per cent during the war, and because of it. Secretary of State George C. Marshal proposed a plan for Europe in June 1947. The purpose was economic rehabilitation of Europe, to help it stand against the communist threat. Sixteen nations plus Western Germany participated and $12,000,000,000 was spent by the United States within three years through the European Recovery Plan, as the Marshal plan was also called. Twelve nations signed the North Atlantic Treaty Organization in April 1949. The communist take-over of China by the end of 1949 made the U.S. decide to strengthen Japan and push for its industrialization, to counter the Chinese threat.

The Truman administration prepared a 21-point domestic program named the Fair Deal. In September 1945, it sent this program to Congress. The program called for social security expansion, fair employment practices, public-housing legislation and other social benefits mostly to the working majority of Americans. Truman could not pass this program in Congress. He made several attempts to advance his Fair Deal to assist the underprivileged Americans, including through his January 20, 1949, inaugural address, with little success. Only a very small part of the program was enacted in 1950.

The post-World War II finance architecture was designed by Harry Dexter White (assistant secretary of Treasury) and Lord John Maynard Keynes from Britain. The three pillars of the system were an International Monetary Fund (IMF), whose member countries would constitute an emergency reserve in times of balance of payment distress, a World Bank, to lend member governments big loans for infrastructure and other large projects and the General Agreement on Tariffs and Trade (GATT), which would lead to a managed agenda of free-trade. The Bretton Woods architecture was skillfully designed to ensure Anglo-Saxon capitalism hegemony over the global trade and finance.

The National Security Act was enacted in 1947 and the Department of Defense was created in 1949.

By the year 1949, most of the instruments for global governance to implement the new post-World War II economic globalization order were in place. The G7 was formed at a later date. The Grand Area included most of the non-communist world. The huge economy of the United States, expanded many times during the war, had now a "grand area" within which to function with minimum stress. Almost everybody, except for the USSR, needed the United States to reconstruct and develop. Europe, Japan and many other countries started their reconstruction effort under the new "global" vision. Between 1939 and 1945, the U.S. economy produced: 86,330 tanks, 296,400 aeroplanes and 6,500 naval vessels. The Manhattan project, which managed the production of the atomic bomb (tested on July 1945), spent $2 billion of 1945 dollars on that project alone. The conditions now, unlike after World War I, were favorable for running such a huge economy, leading to a new global economic order. The United States hoped that the devastation of the infrastructure and industries of the USSR will make it ask for assistance from the United States. Instead, the USSR started building its economy going it alone. By September 1949, the USSR tested its first atomic bomb and the Soviet Union economic growth in the 1950s was among the highest in the world. U.S. planners decided in the early years of the cold war to bring the downfall of the USSR mainly through economic strangulation and overspending on non-productive means. Most of the USSR resources were directed towards military industries and a cold war was waged between the two faces of materialism.

The United States also reorganized its intelligence institutions through the Office of Strategic Services (OSS) personnel, who were trained by the British secret services. These American institutions and the entire U.S. covert agencies evolved from the wartime ties with Britain. Former president Herbert Hoover, in a secret report to the White House in 1954, summarized his vision for the cold war that emerged from the ashes of World War II. He wrote: "There are no rules in such a game (the cold war) … Hitherto accepted norms of human conduct do not apply …. If the United States is to survive, long-standing American concepts of fair play must be reconsidered. We must learn to subvert, sabotage, and destroy our enemies by more clever, more sophisticated, more effective methods than those used against us."

The above organizations were well known all over the world. But one of the most influential non-transparent institutions was called simply the "Bildberg". It took the name from the hotel where the first meeting was held, Hotel de Bildberg, in Oosterbeck, Holland, in May 1954. Participants are restricted to North Americans and Western Europeans. And it is not ordinary

Americans or Europeans who qualify as Bildberg participants, but only top transnational corporations' executives and top national leaders and politicians. Some alleged that the Bildberg is a super-secret government of the world while others allege it is a nice get-together of the rich and famous. It is at least one power tool of Western collective management of the world order. The Bildberg is a place where the American and European economical and political heavies attempt to reach and formulate policy decisions creating the needed consensus so it becomes the agenda of the elites for future legislation and implementation. Since participants are among the most powerful within their disciplines, once a policy is adopted, it will have the many powerful channels available for the participants to spread it and see it through the bureaucratic processes.

Joseph Retinger had extraordinary connections to prime ministers, industrialists, labor leaders, intellectuals and even revolutionaries. How he acquired these connections is not fully understood. He was a top aide to General Sikorski, head of the London-based Polish government in exile during World War II. After the war, he became secretary general to the Belgian prime minister's Independent League for European Cooperation (ILEC). He later became secretary general to the European Movement. W. Averill Harriman was U.S. ambassador to England and for one reason or another he arranged a trip for Retinger to secure support allegedly for the ILEC. He met financiers, business people and politicians. Retinger said he received their support. While back in Europe, Retinger felt the need to dispel the anti-American feeling that was taking force in every European nation. He worked on a plan for an Atlantic-European reconciliation among leaders of both sides of the Atlantic.

Some friends suggested to Prince Bernhard to organize and approach peoples on the two sides of the Atlantic. A list was drawn up, of top people from Europe. The group was finally made of Paul Van Zeeland (Belgian prime minister), Alcide de Gasperi (founder of Italian Christian Democrats), Antoine Pinay (French prime minister), British Labor Party leader Hugh Gaitskell, Max Brauer (mayor of Hamburg), Guy Mollet (leader of the French Socialists and future prime minister) and so on. Prince Bernhard then traveled to the United States to organize the membership on the other side of the Atlantic. He met an old friend, Walter Bedell Smith, who at this time was director of the Central Intelligence Agency. Smith was busy organizing Eisenhowers's new administration and he assigned the matter to a presidential assistant: C. D. Jackson. A list of American participants was drawn and the first meeting took place in Bildberg, in the last three days of May 1954.

Among the participants in the first meeting were David Rockefeller, J. H. Heinz 11, Dean Rusk (later secretary of state), Denis Healey and the names previously mentioned.

Prince Bernhard continued as chairman of Bildberg from its start until 1976 when he was charged with corruption. Joseph Retinger continued as the secretary general of Bildberg until his death in 1960. British Conservative former prime minister Lord Hume became the chairman after Bernhard resignation. The U.S. secretary for Bildberg was Joseph Johnson, a member of the State Department's Policy Planning Committee for the Marshal plan. Johnson was on the Council on Foreign Relations (1950-1974). In 1955, Dean Rusk and W. Bedell Smith (CIA) became co-chairmen. Bildberg meetings are normally held in secluded locations, away from the public. The 1974 meeting was held at Edmond de Rothschild's Mont d'Arbois Hotel, in Megere, France. President Eisenhower always had one of his people attending Bildberg conferences.

Most of the State Department positions of President Kennedy were from among Bildbergers. The list includes Secretary of State Dean Rusk, Undersecretary of State George Ball, George Mc Ghee, Walter Rostow, Mc George Bundy and Arthur Dean. Many of these where also members of the Council on Foreign Relations. Many of the Trilateral Commission's members were Bildbergers, such as vice president Walter Mondale, National Security Advisor Brzezinski, Treasury Secretary Blumenthal and others.

The Steering Committee of the Bildberg is made of about 25 leading Bildbergers and they hand-pick participants and plan the meetings. David Rockefeller and Agnelli of Fiat are among the Steering Committee members, but they also became members of the Trilateral Commission executive committee. Other Bildberg Steering Committee members included Edmond de Rothschild, the French banker, German columnist Theo Sommer, CBS former chairman Arthur Taylor. The Bildberg continues until today to exercise extreme importance. One year before Bill Clinton nominated himself to presidency, his friend and confident Vernon Jordan took him to that year's Bildberg meeting. It seems that it helps to pass through Bildberg to even make it as a U.S. president! Bildberg membership was exclusive to Europeans and North Americans. To Joseph Retinger, Europe inhabitants "represent the most valuable human element in the world".

The speed of globalization is certainly greater than anyone would have possibly anticipated within the first half of the 20th century when elaborate and detailed studies and plans of actions were undertaken by the elite institutions. Most of the information age technologies did not come coincidentally, but once invented, they did create unanticipated revolutionary effects. Globalization as an economic vision preceded such new technological information-age inventions.

Around the late 1950s, the master planner of the universe had few unrelated events occurring that did not seem interconnected nor did they appear like seeds to spark a technological revolution.

- German scientists taken to the USSR developed powerful rockets that became capable, in 1957, to put a man-made satellite, Sputnik, in orbit. Not a long while later, the German-led American scientists launched their satellite. It was a joke then that the Russian and American satellites used to salute each other in German as they crossed one another in space. The rockets and satellites were intended mainly for military purposes; anything else was incidental. It was this "incidental" element that triggered a communications revolution that made possible many of the technological instruments of today's information age. People envisioned that the world is going to get bigger -- but instead it became smaller and the term "global village" was coined. Telephones, telexes, faxes, mobile phones, cable news, electronic banking, money transfer, ATMs, to mention a few, would not be where they are today without those inventions.
- Around 1958, two people in two separate companies invented the silicon chip. They were Jack Kilby, at Texas Instruments, and Robert Noyce, at Fairchild Semi-conductor. This led to the discovery of an immense power of memory and calculations. The small-size chip keeps getting smaller and smarter. Its use in various applications, including making computers smaller and affordable to almost every household, gave the world a new revolutionary technological invention that was beyond the imagination of even those concerned. Thomas Watson, IBM chairman, said in 1943, when computers were discovered: "I think there is a world market for five computers." Ken Olsen, president, chairman, and founder of Digital Equipment Corporation, said in 1977: "There is no reason for any individual to have a computer in their home." Apparently, the master of the universe planned otherwise.
- Also around the year 1958, and for the first time in the history of nations, the number of white-collar workers exceeded that of the blue-collar workers in the U.S. Had Karl Marx known about this he would have changed his mind about the dictatorship of the proletariat! Over a third of the Americans worked in agriculture at the beginning of the 20th century; now only about 3 per cent do, less than those employed in education and research. Yet, agricultural production is better and more abundant now.

The American society was increasingly shaped along the British Roundtable informal empire agenda after World War II, which was also the basis for the War and Peace Studies Group's recommendations. The Anglo-Saxon finance, control of sources of raw materials, and control of the terms of international trade are the foundations of American and Anglo-Saxon capitalism sources of hegemony. New York banks went through mergers and consolidations, and the chairman of the Council on Foreign Relations was John J. Mc Cloy, who was also the chairman of Chase Bank. He was connected to the Rockefeller dynasty, and was a lawyer to the Standard Oil

Company. More than ten per cent of the Marshal Plan money went to major oil companies to pay for oil. The oil companies immediately increased the price of oil from $1,05 per barrel to $2,22 per barrel.

- In 1957, the European Economic Cooperation (EEC) was established.
- In 1957, world trade in manufactured goods exceeded that of raw materials for the first time in history.
- In 1958, de Gaulle, back in power, rejected France's integration in NATO after his request for a French veto over the use of nuclear power was rejected. Also, in September of that year, noting that the old British policies and designs became America's, he invited German Chancellor Konrad Adenauer to forge closer cooperation.
- On January 22, 1963, France and Germany signed a treaty for closer cooperation and economic and industrial coordination. On January 23, 1963, France vetoed the proposition for Britain to join the European Common Market, as he knew well the British standing policies against a strong continental Europe.
- The United States' invisible hands exerted pressure against Adenauer, and he was voted out on April 24, 1963, three months after the German-French Treaty was signed and two days before the first reading of the treaty was scheduled in the German Parliament. This resulted in a new Washington "Atlanticist Grand Design" doctrine, which was formulated to counter the new continental Europe's assertion of independence. The new policy was formulated by John J. Mc Cloy (who served as Germany's high commissioner between 1949 and 1952, Mc George Bundy, the national security advisor, Douglas Dillon, the Treasury secretary, George Ball, the undersecretary of state and a former Wall Street hand, and Robert Bowie, from the CIA. The emerging powerful continental power of Europe, always a worry of Britain, was aborted.
- 1957 also witnessed, for the first time after World War II, more funds leaving the United States than coming in. This was due to higher interest rates in Europe. The return on investment in Europe was twice as much as that in the United States in that period. Banks kept their profits in Europe rather than repatriate the profits back to America and American capital started to be less interested in U.S. infrastructure projects that yielded less returns than Europe. This marked the beginning of the deterioration in the American infrastructure and industrial base, and marked the beginning of the financial speculative "new economy". The real interests of the United States productive economy and of the U.S. multinational financial corporations diverged.
- In 1957 the United States witnessed a recession.

John J. Mc Cloy was a man of many worlds. One of the founders of CFR, commissioner of Germany after the war, chairman of Chase Bank, former lawyer to Standard Oil, he brought from Harvard University Henry Kissinger in the late 1950s to develop policy options for CFR. Kissinger, a German-born Jew, was sent back to Germany after World War II and he served in the American occupation administration of Germany even when he was a young man, in his twenties. The option the CFR decided upon was for bankers and multinational corporations to consider the entire globe as their domain not the confines of the United States alone. The Wall Street-dominated media and the new emerging TV power were employed to spread this vision.

As a result of this vision, between 1957 and 1965, U.S. annual net capital export to Western Europe went up from an annual $25 billion to almost twice as much. This money and its profit remained in Europe and became known as the Eurodollar. To finance Vietnam, the United States simply printed more dollars by selling more U.S. Treasury bonds to finance the deficit. The deficit kept increasing, going from $3 billion annually at the beginning of the 1960 to $9 billion in 1967 and $25 billion in 1969! The United States, with its gold reserves depleting, asked European central banks to keep the dollars in Europe and not to redeem them to gold but collect interest on them instead. Few years later, the U.S. cancelled the Bretton Woods agreement and with it the redemption of dollars into gold, thus ripping off those who kept U.S. dollars of their wealth, as their dollars became worth only a fraction of what it was when $35 were traded for an ounce of gold.

Young American President Kennedy met de Gaulle in May 1961. They were each impressed with the other, and Kennedy, in a “Report to the American People” on June 6, 1961, described de Gaulle as a “wise counselor” for the future and “an informative guide to the history that he had helped to make”. The Anglo-Saxon Shadow Establishment was unhappy and expressed its displeasure at such a confidence. Among the advice de Gaulle counseled Kennedy was the French Vietnam experience. Kennedy’s advisors concurred and Kennedy started seriously considering disengagement from Vietnam. Also, Kennedy was not pleased with the money departing the United States and residing in Europe with its profits, and he started the process to enact a tax on these funds so they return home. In a message to Congress, dated July 18, 1963, he proposed imposing a 15 per cent “interest equalization tax” on money abroad, so that export of manufactured products, not dollars, is encouraged. He did not live to see it through. Kennedy apparently was having a perception of the America he wanted different from that of being the Anglo-Saxon transnational barons. On November 22, 1963, Kennedy was assassinated in Dallas, Texas. The last poll by Time and CNN, conducted 25 years after his assassination, revealed that 70 per cent of the Americans

believed a conspiracy was behind the assassination and did not accept the official, lone assassin, theory provided by the Warren commission and the U.S. government.

President Lyndon Johnson, the career politician who always believed that it is better to have a skunk with you inside the tent pissing out than having it outside pissing in, maintained the status quo for the Eurodollars, and he escalated the Vietnam War.

The Bildburgers and CFR members ran most of the key positions in national security and at the State Department. The disciples of Harvard School and Government William Elliott ran the show in Washington. Harvard's former dean Mc George Bundy ran the Vietnam War as the White House national security advisor under Kennedy and Johnson. Harvard's Henry Kissinger took over after Bundy as the national security advisor and secretary of state, and Harvard's and Columbia University's Brzezinski took over as national security advisor under Carter. They all executed the Anglo-Saxon barons' new transnational policies.

In 1959, the U.S. gold reserves approximated its external dollar liabilities, estimated at $20 billion. By 1967, external liabilities went up to $36 billion, while gold reserves plummeted down to $12 billion – a third of the liabilities. The Eurodollars ballooned to $1.3 trillion in the early 1970s, and it had no gold cover and was offshore. It was solely under the control of the transnational financial and corporate barons. It was unregulated and it dictated the age of deregulation that followed.

In May 1971, the first U.S. post-World War II trade deficit was posted. Gold reserves were less than a quarter of U.S. official liabilities and the United States announced, on August 15, 1971, the suspension of the dollar convertibility into gold, putting the world on dollar standard with no gold backing. That was the end of the Bretton Wood system. In order to prepare for the new petrodollar floating non-system, Jack Bennett was loaned to the Nixon Treasury department in 1971 and Paul Volcker came from Wall Street. Lord Victor Rothschild, the head of strategic research at Royal Dutch Shell, was brought to lead the British Prime Ministry's "Central Policy Review Staff". He influenced the British Prime Ministry's energy policies and maintained liaison with Henry A. Kissinger during the critical oil-shock years.

In a different chapter we discussed how the 1973 Yom Kippur war was staged to increase oil prices and to launch the new, petrodollar based "floating non-system". Since it was decided that payment for oil would be only in U.S. dollars, the world was forced to buy immense amounts of dollars

continuously. The Bretton Woods exchange system was traded for a petrodollar standard instead of a gold standard. The dollars for oil payments were re-circulated in American and British banks which, in turn, lent it to the developing nations to pay for the oil price increases. The vicious debt-trap was started ever since, and after only few years of windfall, the OPEC countries, including Saudi Arabia, were pushed into this debt trap as well. As the Roundtable elites had planned, Anglo-Saxon hegemony could be secured through the surrender of economic sovereignty.

The 1973 oil price increases of 400 per cent caused harm to most of the developing nations whose deficits, in 1974, went up by 400 per cent, exactly the same as the oil price increase. The developed economies of Japan and Western Europe quickly recovered after they adjusted their economies, but the developing countries of Asia, Africa, Central and South America fell in a debt trap in which they are still today.

Oil became not only as a source of energy. It also created debt for developing countries that had to pay for it in their depreciating national raw material prices. It also became a source for printing dollars, each $100 bills costing 5 cents, with no real cover except for petroleum. It gave the Wall Street financial barons lots of dollars to store, and lots of dollars to lend. They never had it so good, just as, at the same time, people of the developing world never had it worst.

Very threatening to this new petrodollar financial system was the atomic energy. The spread of atomic energy as the main source of power generation was threatening the very foundation of the new system. In addition to dollars, American and British companies dominated oil and they could switch the supply valves off anytime they chose. When American policy makers debated Japan's future, after World War II, they decided that Japan could industrialize without any limits as long as the United States could switch the oil valves to the Japanese industries on and off.

Few weeks only after the suspension of the dollar-gold redemption in 1971, Mc George Bundy launched a major project, "A time to choose: America's Energy Alternatives". The project was directed by David Freeman and resulted in a vigorous attack on the nuclear power alternative. Holy reasons were advanced against nuclear energy. These reasons were really advanced for unholy causes, as nuclear energy could disrupt the new petrodollar floating system that was designed to replace Bretton Woods. To most scientists, nuclear energy was a new technological shift, similar to that from coal to oil. The anti-nuclear movements were sparked, with seed money paid by the oil industry. Among the most known advocates of the Greens was

Anderson, of Atlantic Richfield Oil Company. In June 1972, a United Nations Conference on the environment was held, chaired by Maurice Strong, a Canadian oilman from Petro-Canada and a board member of the Aspen Institute of Richfield's Anderson. The conference created the organizational and publicity infrastructure to go against nuclear energy when, a year later, Kissinger's 1973 oil shock was staged.

In preparation for this new era, the Trilateral Commission was formed. In 1970, Zbigniew Brzezinski wrote "Between Two Ages: America's Role in Technotronic Era". A technotronic society was defined as one "that is shaped culturally, psychologically, socially, and economically by the impact of technology and electronics - particularly in the area of computers and communication". Brzezinski proposed community links between the three "technotronic" areas, the United States, Western Europe and Japan, as a first phase, adding Australia, Israel, Mexico and other advanced countries as appropriate. He said that this emerging community of "developed nations would require some institutional expression". The idea of institutions, like the "Trilateral Commission" and G7, was part of the conclusions that can be deducted from "Between Two Ages". Transnational forces were ungluing traditional sovereignty of nations. Transnational corporations, transnational banks, transnational organizations are now playing larger and larger roles in shaping global politics and economics. Even a class of "transnational elites" was created, which advanced transnational issues over national ones. Rather than improving, the United States relationship with Japan and Western Europe deteriorated as a result of the unilateral cancellation of linkage between the dollar and gold by Richard Nixon in August 1971, and some of Nixon's economic policies.

Brzezinski, in co-ordination with the Brookings Institution, organized Tripartite Studies among Brookings Institution, the Japanese Economic Research Center and the European Community Institute of University Studies. Rockefeller was impressed by the result of the studies. Rockefeller and Brzezinski presented their proposal for a "Trilateral Commission" at the Bildberg meeting of 1972. Rockefeller assigned George Franklin to identify participants to the "Trilateral Commission" in Europe and in Japan.

A planning group of 17 persons met at Rockefeller's estate, at Tarry Town, New York. Participants were:

- From US: Rockefeller, Brzezinski, Franklin, Fred Bergsten (Brookings Institution), Robert Bowie (Harvard), Mc George Bundy (Ford Foundation), Bayless Manning (president of Council on Foreign Relations), Henry Owen (Brookings Institution).

- Western Europe: Karl Corstens (Christian Democratic leader in the Bundestag, West Germany), Guido Colonna di Paliano (former member of the Commission of European Community), Francois Duchene (University of Sussex), Rene Foch (executive committee member of Partie des Republicans Independents), Max Kohnstamm (director of European Community Institute for University Studies).

- From Japan: Kiichi Miyazawa (former minister of foreign affairs), Kinhide Mushako, (Sophio University), Saburo Okita (president of Overseas Economic Cooperation Fund), Tadoshi Yamamoto (president of Japan Center for International Exchange).

At the end of 1972, and after "approval" from all concerned, the following designations were made:

- Gerard Smith (former director of Arms Control and Disarmament Agency), as U.S. chairman.
- Takashi Watanabe: (former president of the Asian Development Bank), as Japanese chairman.
- Max Kohnstamm, as European chairman.
- Zbigniew Brzezinski, director of the commission starting July 1973.

The commission became official in July 1973. Coincidentally or not, the founding session of the Executive Committee was held in Tokyo on October 20-23, 1973, during the 1973 October war between Israel and Egypt and Syria. Resulting from this war, as discussed elsewhere, was an oil embargo and a several-fold increase in oil prices. Without the mechanism of a Trilateral Commission, an already strained relationship between the U.S. and its Western European and Japanese allies might not have absorbed the oil shock, specially that many Japanese and Europeans feared an "American plot" behind the 1973 cancellation of Bretton Woods system and the 1973 oil shock.

At the Tokyo meeting, Japanese Prime Minister Tanaka made the principal address and the commission participants adopted the "Statement of Purposes" presented. The irony about the "Trilateral Commission" was that it was forging a new global order and creating a new international system in the absence of Third World participation. Actually the rising Third World call for a new International Economic Order was on the agenda of the May 1975 full commission meeting, held in Kyoto, Japan.

The list of members of the trilateral commission is extremely impressive. It combines financial, media and academic power in the United States - the one percent elite. Most of the presidents of the United States

came from the trilateral commission (Carter, Bush, Clinton are Trilateral Commission members). Most of the National Security establishment members are trilateralists. Brzezinski became Carter's National Security Advisor. Henry Kissinger, once he left his job in government, went to become a member of the Executive Committee of the commission.

If we list some of the commission members in the Carter administration, being the first elected after the creation of the Trilateral Commission, and if we list those in the administration of President Clinton, the power of the commission becomes apparent. Trilateralists in the Carter administration were:

- Jimmy Carter, president.
- Walter Mondale, vice-president.
- Cyrus R. Vance, secretary of state.
- Harold Brown, Secretary of defense.
- W. Michael Blumenthal, secretary of Treasury.
- Zbigniew Brzezinski, national security advisor.
- Warren Christopher, deputy secretary of state.
- Paul A. Volcker, chairman of Federal Reserve Board.
- Andrew Young, ambassador to the United Nations.
- Anthony M. Solomon, undersecretary of the Treasury.
- Sol Linowitz, special Middle East negotiator.
- Richard Holbrook, assistant secretary of state.
- Samuel P. Huntington coordinator - National Security Disarmament.
- John Sawhill, deputy secretary of energy.
- Paul Warnke, director, U.S. Arms Control Agency.
- Hedley Donovan, senior advisor (media).
- Lloyd N. Cutler, White House Council.
- Robert R. Bowie, deputy to the director of central intelligence.
- Lucy Wilson Benson, undersecretary of state for security assistance.

Trilateralists in the first Clinton administration included Clinton himself, along key cabinet and other positions that included the national security establishment, the State Department and the Treasury. Alan Greenspan, of course, heads the list. The list also included Warren Christopher, the secretary of state, Bruce Bobbitt, the secretary of interior, Henry Cisneros, secretary of housing and urban development, Joseph Nye Jr., chairman of the National Intelligence Council and Central Intelligence Agency, Donna E. Shalala, secretary of health and human services, Clifton Wharton Jr, deputy secretary of state, and Peter Tarnoff, undersecretary of state for political affairs.

The European trilateralists are as impressive in their home countries as the American trilateralists. Financial institutions, transnational corporations and politicians are heavily represented.

- U.K: Edward Heath (former prime minister), Denis Healey (former chancellor of the Exchequer), David Owen (foreign minister), Max Fisher (editor Financial Times), Mark Littman (Queen's Council), Reginald Mauldling (home secretary), Frank Mc Fadzean (chairman British Airways), Lord Carrington (secretary of state).
- France: Raymond Barre (prime minister), Michel Debatisse (food and agriculture minister).
- Denmark: Svend Auken (minister of labor), Ivor Norgaard (minister of environment).
- Belgium: Marc Eyskens (minister of cooperative development), Jean Rey (minister for state), Henri F. Simonet (foreign minister).
- Ireland: Mary T.W. Robinson (member of senate), Michael Woods (minister for state).
- Italy: Giovanni Agnelli (president of Fiat), Arrigo Levi (columnist La Stampa).

A breakdown by major occupational category: business 123 members, politicians 101 members, banks 55 members, academia 55 members, Labor 19 members, media 20 members, law 14 members, organizations 15 members.

Some consider trilateralism as an international conspiracy among the unelected ruling class of financiers, transnationalists and the media. Trilateralists claim they are trying to create consensus and policies among allies for a better global economy and politics. Others argue that the trilateralists are a secret super-government that controls the world. What all should agree upon are few basic facts:

- The Trilateral Commission is selected mostly from the one per cent class that controls the biggest part of a country's wealth.
- Transnational corporations, banks and financial institutions are the majority in the commission.
- The commission develops political and economical policies. Even though trilateralists members are selected, not elected their policies become an agenda for the commission members, to see it through the bureaucratic processes.
- The trilateralists get into and out of governments to see these policies implemented.

Super-government, or whatever else one may call it, the Trilateral Commission and its affiliated organizations are bigger than governments. They are the power structure that makes or breaks governments. Governments come and go to execute their agendas. It may be a Republican George Bush or a Democratic Bill Clinton; they both have the same trilateral agenda to execute. Elected officials can only look after the mechanics of getting them done.

*“ I was explaining why the global capitalist system was unsound and unsustainable, but until the Russian meltdown on August 1998, I did not realize that it was in fact disintegrating … The global capitalist system is based on the belief that financial markets, left to their own devices tend towards equilibrium … This belief is false. Financial markets are given to excesses and if a boom/bust sequence progresses beyond a certain point it will never revert to where it came from. Instead of acting like a pendulum financial markets have recently acted more like a wrecking ball, knocking over one economy after another.”

George Soros
“The Crisis Of Global Capitalism”

* “ Instead, many of our so-called solutions create more problems than they cure. They attempt to alter the results of the system without changing the system that produces those results.””

Roger Terry
“Economic Insanity”

CHAPTER SIXTEEN

THE SYSTEMIC FAILURE OF CAPITALISM

Economically, Socially, Politically and Morally

Nobel prize laureate Joseph F. Seltzer vigorously attacked the IMF and its programs that protected the financial community's barons, yet brought disaster to those nations that received its conditions and deadly prescriptions. Seltzer, himself an accomplished man of the system, a former top executive at the World Bank, Bretton Wood's twin of the IMF, and chairman of President Clinton's council of economic advisors, may be up to something! IMF's reputation may be at such a low level that it is no longer the appropriate tool to extend the Anglo-American capitalism or to serve its barons. Rather than identify the system that created and managed the IMF as the problem, IMF is made the scapegoat. One can reasonably ask what advice Seltzer gave President Clinton as his chief economic advisor when Clinton forced Indonesia to accept the IMF deadly prescriptions "as if it comes from the hand of God". Or is he imitating Milton Friedman who also was awarded a Noble Prize for creating a new consent among the "vulgar ignorant masses"? Seltzer should know better. What is wrong is not only the IMF; it is the system that produced it.

In capitalism, all values and elements of production are subdued by capital and its owners. Many patriotic Americans challenged the principle of capital supremacy. Amongst them was Thomas Jefferson who said, in 1781: "Those who labor on the earth are the chosen people of God if ever he had a chosen people." Theodore Roosevelt repeatedly endorsed Lincoln's remarks about labor being more important, superior and more deserving of support than capital. But all rhetoric cannot change the fundamental fact that a system cannot produce what it was not designed to produce, and capitalism is no exception.

The organization of corporations, now bigger than governments, is designed to serve the investors, 400 households of whom owning more than twice what 90 per cent of Americans own. Their political and other influences are in direct proportion to their wealth. In such a system, the government is installed to serve those few, and a "special class" is installed to manufacture consent, opinions and illusions. The American dream was transformed into nightmare and illusions. In such a system, capital, or the economy, controls individual and collective lives, and overburdens and overrides other equally or more important political, social and moral issues. Trying to solve the flaws of the system without challenging its basic assumptions "is a bit like the person who comes to the physician with a collection of ailments, asking to be made

well," said Willis Harman in the forward to the book "*Economic Insanity*". "He admits that he finds his work very stressful, he likes his cocktails in the evening, he enjoys his three packs of cigarettes a day, and he tends to be a gourmand – and he doesn't want any of those things changed."

Many U.S. presidents, from Jefferson to Lincoln to Clinton, had serious reservations about the system. Yet, the only people who challenged the system's basic assumptions were the populists, but they were overpowered by forces much bigger than their resources. President Andrew Jackson said in 1832: "Many of our rich men have not been content with equal protection and equal benefits, but have besought us to make them richer by act of Congress." And this is what the Congress did from the day of independence until today. In a capitalist system that ended by giving each dollar, not each person, a vote, "rich men" can demand to be made richer by acts of Congress.

President Lincoln said in his letter of November 21, 1864: "I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. As a result of the war, corporations have been enthroned, and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands and the Republic is destroyed." After the civil war, the moneyed interests and financial community and industrialists bought off politicians and entire state legislators and the U.S. Congress. In the south, blacks were excluded from the vote. Politics was dominated by patronage, favors, and U.S. Senator Simon Cameron, who became Lincoln's secretary of war, briefly, said: "An honest politician is one who, when bought, stays bought."

President Rutherford B. Hays said: "This is a government of the people, by the people, and for the people no longer. It is a government of corporations, by corporations, and for corporations."

After World War II, television changed the nature of campaigning, parties and politics. Although the party system did not disappear, it ceased to be the central role in the political process. Public opinion can be manipulated. The Health Insurance Association campaign of $15 million spent on television ads killed Clinton's healthcare program in 1993, although the campaign was highly misleading. With TV campaigns ever more expensive, politicians cannot afford to defy those who fund them.

"The Constitution in Crisis" was aired on November 4, 1987. The transcript was published by Journal Graphics Inc. "The secret government," Bill Moyers said, "is an interlocking network of official functionaries, spies,

mercenaries, ex-generals, profiteers and super patriots who, for a variety of motives, operate outside the legitimate institutions of government. Presidents have turned to them when they can't win the support of the congress or the people, creating that unsupervised power so feared by the framers of our constitution .... During the Bolshevik revolution in Russia, Lenin created something called the Cheka, a secret organization run by eight lieutenants reporting directly to him, and filled with zealots who sabotaged and terrorized opponents. They make up their own rules, they chose their own missions, and they judged their own operations. You say it cannot happen here? Well before deciding, let's look at the history of our secret government." Bill Moyers added: "All this -- the contempt for congress, the defiance of law, the huge mark-ups and profits, the secret bank accounts, the shady characters, the shakedown of foreign governments, the complicity in death and destruction -- they did all this in the dark, because it would never stand the light of day."

John B. Judies in his book "*The Paradox of American Democracy*" wrote: "But while we have hurtled forward in technology and enjoy global hegemony in cruise missiles and designer jeans, we have not made similar progress in our political institutions. As we look out upon a new century, American politics seems in far worse shape than it did at the last turn of century. There are telling signs that something is wrong with America's political system." Voters are increasingly disinterested in participating in elections. The 1996 presidential election voter turnout was the lowest since 1924 with only 48.9 per cent participation. Capital power and its Washington lobbyists skyrocketed, with 11,500 lobbyists in 1997, spending $1.26 billion lobbying Congress, i.e., $2.4 million for each member. "The political system has become ruled by large contributors…" The political parties were marginalized in favor of political consultants, pollsters, and public relation consultants and media experts. Former officials became lobbyists and consultants, i.e., Kissinger Associates. These developments suggest that "… our political system is faltering, and faltering in a way that might eventually undermine our progress as a nation". The power elite, as called by Judies, through its "influence and even control over political parties and media, was often able to establish a broad consensus through which politicians and interest groups acted; but even when a consensus did not exist, such as during the beginning of the cold war and the Vietnam War, the elite was still capable of directing government action through its clout within the executive branch".

The American system is increasingly driven by money power. The more money concentrates in the hands of "the few" the less democratic the system becomes. The wealth discrepancy has continued to increase over the past 30 years, after the launching of the new infofinancial economy. Whereas the need for real reform is recognized, those who claimed to be reformers

within the "walls of the system", proved a big failure. Gingrich's "revolution" and Clinton's New Deal were neither a revolution nor a big deal. The imbalances between the power of money and the power of the productive forces continued to diverge, as money and business with their media power produced infofinancial power that cannot be matched by the productive forces in a capitalist society whose rules were written and legislated by the capitalist barons and their Washington cronies in Congress and administration.

The rise of television and its ownership by "the few" dramatically increased the power and control of "the few" over the political parties, elections and processes. The superior financial resources were used by "the few" to manipulate public opinion and influence candidates. Voters, aware of the control of the special interests and "the few" stopped participating in the voting process. They deemed it a waste of time. The dynamics of the system when in a state of equilibrium favors "the few" over the majority and money power over people power. Even if the system's owners tactically subdue their greed or excess for short periods of reform, as was witnessed during the Progressive Era and the New Deal, the system corrects itself to its state of equilibrium in which "honest politicians when bought stay bought".

"Democrats look like Republicans. The two parties are now stylistically inseparable," said a reporter during Bill Clinton's first inauguration ceremony. Another participant said: "The face in the White House is changing, but the people who pull the strings behind the scenes are still the same." Roger Morris who holds a doctorate in government from Harvard University resigned from Kissinger's National Security Council under Nixon in protest over Vietnam, as did many others. In his book "*Partners in Power, the Clintons and Their America*", Morris makes many caustic yet true remarks about the America of Bill Clinton. About half of those who voted for him told pollsters afterward "that they are still convinced he is a liar. But at least he wasn't Bush, who offered no hope of change." Electing a president because he is the lesser of two evils is not complimentary to any system.

Professor Carroll Quigley who taught Bill Clinton "History of Civilizations" at Georgetown University, and who was consultant to the Pentagon, wrote in his book "*Tragedy and Hope: A History of the World in Our Time*" that political parties are "simply organizations to be used" and big business has been "the dominant element in both parties since 1900 …. The argument that the two parties should represent opposed ideals and policies … is a foolish idea. Instead, the two parties should be almost identical, so that the American people can throw the rascals out at any election without leading to any profound or extensive shifts in public. The policies that are vital and

necessary for America are no longer subjects of significant disagreement, but are disputable only in detail, procedure, priority, or method".

Leo Pantch, of York University, and Colin Leys, an emeritus professor of politics at Queens University in Kingston, Ontario, argue: "The irreconcilability of democracy with private property must come clearly back on the agenda."

In the New York Times of June 27, 1998, Paul Lewis wrote: "Karl Marx may have been right after all. As readers revisit (the Communist Manifesto) on its 150th anniversary, those on the left and the right have been struck by the eerie way in which its 1848 description of capitalism resembles the restless, anxious and competitive world of today's global economy." The same ills and problems will stay unchanged 150 years from now if the system's fundamentals and conventional wisdoms are not questioned, scrutinized and changed.

Probably super-capitalist George Soros expressed the conflict between capitalism and democracy surprisingly best. In his book "*The Crisis of Global Capitalism*" he wrote: "Capitalism and democracy obey different principles. The stakes are different: In capitalism wealth is the object, in democracy it is political authority. The criteria by which the stakes are measured are different: In capitalism the unit of account is money, in democracy it is the citizen's vote. The interests that are supposed to be served are different: In capitalism it is private interests, in democracy it is the public interest. In the United States, this tension between capitalism and democracy is symbolized by the proverbial conflicts between Wall Street and Main Street."

People now moved to anxiety from comfort. After the culture of "desire" and incorporating all aspects of life in business America, the description of a small town in which Bill Clinton was raised makes good comparison to the deteriorating quality of life in materialistic America. Young Bill Clinton lived in Hot Springs, Arkansas, with his mother and stepfather. Since the 1920s gangsters were gambling and prostitution was the backbone of the city's criminal economy. "By the 1950s," wrote Roger Morris, "the corruption had gone well beyond slot machines or call girls and local factions fought over the inevitable spoils. As in the rest of America, Hot Springs vice became largely corporate with organized crime and business – government accomplices ultimately controlling the lucrative black market in casinos and more." Roger Morris added that everything was for sale; name it and you could buy it. "Among the regular purchases were politicians themselves, legendary for bribery, graft, and vote fraud. Prostitutes and madams publicly paid the authorities a monthly 'pleasure tax'; they were

routinely escorted by police to the Garland Country Courthouse to pay the prescribed kickbacks. In the 1930s it was five dollars per whore and ten dollars for madams."

The materialistic value of capitalism had its negative impact socially. The disparity between what mothers produce and the price they had to pay is increasing in the economics of capitalism. Ann Crittenden wrote in her book "*The Price of Motherhood*" what was summarized in the book's subtitle "*Why the Most Important Job in the World Is Still the Least Valued*". In the value systems of capitalism motherhood and the "unpaid female labor", which is "the priceless, invisible heart of the economy" simply just does not pay. Mothers are forced to work with their husbands to remain above the poverty line yet they don't receive fair rewards for their natural labor: to be mothers and to be housewives.

The value system of Islam calls for equality between men and women in all human dimensions but recognizes that although equal, each has different job description. For their different duties, both sexes have different physiologies. The mixing up of these natural duties and job descriptions resulted in really putting women at a disadvantage, not giving them equal rights. Always stating noble rhetorics to achieve unworthy objectives, when capitalists needed the extra labor of women in the marketplace they invoked equality, but rather than giving them equality, women were burdened with another duty that serves the cancerous growth of the economy at the expense of the well-being of the family structure and women, with inadequate rewards to both. Now they have to be mothers and housewives, their natural role, but they also became bread earners. Doing these new functions was by necessity, at the expense of doing a good job at the other two. Juvenile delinquency, and high divorce rates became the natural results. Massachusetts's governor Jane Swift was announced to be pregnant with twins as soon as she took office. Even though she had a stay-at-home husband, the media debated how was she supposed to perform her political duties and still do well at her motherhood duties? To many Muslims, and other cultures and different value systems, such situations are not necessary. The principle of economic growth being above all principles, and consumption being one instrument for the creation of demand and growth, making mothers to go to work to support this way of life must be debated and resolved away from these imposed values. If what Klaus Schwab, the founder of the World Economic Forum (Davos), said is right, that we "can manage the interdependence of the world only if we all share certain basic moral and cultural values", then many people in the world, Muslims included, don't want to be part of that system. The problem is that 21st century Anglo-Saxon capitalism is so aggressive that it demands peoples of all

cultures to change their cultures to suit its principles that were self-declared as universal principles good enough for the entire world.

Islam and Muslim thinkers give women equal rights, but a woman's order of priorities for her duties is more in line with what nature prepared her to be: first, and most important, a mother. She can do other functions, including work, as long as this does not prejudice the primary duties of mother and housewife. Author Abdesalam Yassine explained: "Islam and its laws and its model for women have already delivered the Arab woman – during the time of the Prophet -- from the abyss of injustice where she suffered martyrdom. It is urgent to deliver the contemporary Muslim woman, fallen again, perhaps even lower than her pre-Islamic sister, and to draw her up from the abyss of injustice and negligence where she languishes." It is not, therefore, Islam that caused mistreatment of women but un-Islamic traditions. "Under Islamic Law, Muslim women have the right – a right that backward traditions have confiscated from them – to choose their husbands, not to accept a suitor without conditions … to ask for divorce, to work and assume professional responsibilities and to dispose freely and independently of their income." Yassine continued: "In other words, she has the right to be a complete human being on her own, worthy, living in propriety!"

A General Social Survey (GSS) study reported in Business Week (October 16, 2000) concluded that money was not buying happiness and the new life style and its aftershocks are causing the rise of unhappiness. According to that study, although there was a per capita increase in income between 1970 and 1998, Americans, to the contrary, grew less happy. The new social tendencies overshadowed any material gains. The study found that although extra income brings extra happiness, such impact was surprisingly poor. It also found that other factors, such as gender and material status, weigh more heavily. Another find was that women are growing more unhappy than men. The increase in divorce and separation between spouses is having a negative impact on the family structure and the psychology of its members. Business Week concluded: "At the very least, it suggests that those who think income gains alone guarantee greater happiness are deluding themselves. And it implies that some apparent aspects of the New Economy such as more bouts of unemployment and greater income inequality carry significant psychological costs." Is this the modernity advocated by Wall Street, the one that its media and its George W. Bush & Co. are trying to force on the world?

The manufacturers of consent use the tools of the education system, advertising and the media to engrain in the society assumptions to be taken for granted even though these assumptions are truly in great conflict with the concepts of a good society. Willis Harman wrote: "Fine-tuning the present

capitalist system will not be enough to serve our failing society. The one thing that has the power to bind us together again as a people … is a common purpose – the social, moral, economic and political ideal called the American Dream. This involves giving all citizens the assurance of equality by returning to them the power they lost or granting them the power they never possessed."

Everybody seems to agree on one thing at least. The global capitalism system is disintegrating. As an illustration we present three different views, with distinctly different backgrounds, of: George Soros, a super-capitalist; Roger Morris, a Harvard PhD and former National Security Council member under Nixon, and Lothar Komp, from Lyndon La Rouche movement and EIR magazine. George Soros wrote in his book "*The Crisis of Global Capitalism*" that "Nazi and communist regimes … had a common feature: They laid claim to the ultimate truth and they imposed their views on the world by the use of force". The United States now says one is either with it or against it. It is laying claim that its values are good for everybody and it is imposing these values by all the resources it possesses, including military means. What Soros wrote carries special significance as nobody can accuse him of being an anti-capitalist, since he made several billion dollars in one week speculating against the British pound; even the Bank of England couldn't stop Soros. Nor can he be blackmailed as anti-Semitic, as Soros is a Jew himself. In the preface of his book he wrote: "I was explaining why the global capitalist system was unsound and unsustainable, but until the Russian meltdown on August 1998, I did not realize that it was in fact disintegrating …. The global capitalist system is based on the belief that financial markets, left to their own devices tend towards equilibrium …. This belief is false. Financial markets are given to excesses and if a boom/bust sequence progresses beyond a certain point, it will never revert to where it came from. Instead of acting like a pendulum, financial markets have recently acted more like a wrecking ball, knocking over one economy after another."

Soros said that his views about the crisis of capitalism were summarized in a testimony to the Congress he delivered on September 15, 1998, after the Southeast Asian and Russian crisis. Following the financial collapse of Southeast Asia (many consider Soros himself a main cause) an economic collapse occurred. The result was, in Indonesia for instance, "most of the gains in living standards that accumulated during 30 years of Suharto's regime have disappeared. Modern buildings, factories and infrastructure remain, but so does a population that has been uprooted from its rural origins." Soros described the global capitalist system as a circulatory system "sucking up capital into the financial markets and institutions" that are its center, or its heart, "and then pumping it out to the periphery" directly as credit or portfolio investment or indirectly through multinational corporations.

"The system is very favorable to financial capital." Saying it another way, those who are not within the financial community, the center, have to labor and pump their money to "the few" in the financial centers, and those few will decide to pump some of it back to them, but they will decide when, how, to whom and for what. It will be pumped back with conditions attached.

"The few" at the center will retain profits and power, and they decide who shall live and prosper and who should not. Soros argues that as long as money "of others" keeps moving from the periphery to the center and as long as "the few" pump some of the money back, things are OK. But when the periphery is distressed beyond its elasticity limits, as normally is the case with the greedy capitalists, the whole system becomes endangered. What is needed, thought Soros, is an institution to protect "the few" against themselves and their greed, something like an international Federal Reserve System. The global system suffers from several flaws, said Soros. The banks' and financial institutions' balance sheets do not reflect the real exposure of these institutions as "banks engage in swaps, forward transactions and derivative trades among each other and with their clients. These transactions do not show up in the balance sheets of the banks".

What worries Soros is the "pain at periphery has become so intense that individual countries have begun to opt out of the global capitalist system …. If and when the decline spreads to our economy", which it did, "we may become much less willing to accept the imports which are necessary to feed the reverse flow of capital and the breakdown in the global financial system may be accomplished by a breakdown in international free trade". Soros added in his testimony to the U.S. Congress: "There is an urgent need to rethink and reform the global capitalist system." Market fundamentalism, unleashed by Reagan and Thatcher "has rendered the global capitalist system unsound and unsustainable". One good reason is because we have a global economy without a global society. "This situation is untenable." Soros added that the prevailing values of the 19th century "combined a faith in reason and a respect for science with religious ethical tradition and on the whole provided a more reliable guide to what is right and what is wrong than the values that prevail today". He added: "Monetary values and transactional markets do not provide an adequate basis for social cohesion." We are in agreement with this conclusion. Economists are pseudo-scientists. They are the priests of capitalism and they preach from the financial barons' gospel. They try to sell the agenda of the "power structure", whatever it may be, and give pseudoscientific arguments to give it credibility, performing their part in the creation of consent in the "vulgar ignorant masses". Equilibrium, believes Soros, and so do we, is based on false analogy with physics.

Soros argues that global capitalism started in the 1970s with the increase of oil prices and the emergence of the Eurodollar market. It was given a boost by Thatcher and Reagan, and was further advanced by the collapse of the USSR. In the United States, as market fundamentalism took hold, "the burden of taxation has shifted from capital to citizens".

There is a conflict of interests between the global capitalism's center and periphery countries. In a crisis, lenders normally have little to lose. What they may do is to roll over their loans, extend dates of maturity, but never abandon their loans. Often debtor countries are forced by IMF conditions to assume liability for commercial banks (as in Chile in 1982, in Mexico in 1994, and Southeast Asia in 1998). Even if the debtor countries do not pay their obligations in full, they will be obliged to pay to the maximum limit possible, which will obstruct their development investments. Lending at the periphery carries very little risk. Although the international debt crisis of 1982 was caused by the decision of the center country (U.S. raising interest rate) it was the debtor countries at the periphery that had to pay for it. Also, the Southeast Asian crisis was caused by speculation of funds, which was a result of the rise in the U.S. dollar. The economies of these countries were devastated for reasons totally beyond their control.

Since capital tends to return home - the center - in times of uncertainties it will be the periphery countries that will be burned most heavily and disproportionably. The voices of Wall Street and City of London claim that speculation is healthy as it corrects markets and makes them more efficient. Not so, said Soros. "When I sold sterling short in 1992, the Bank of England was on the other side of my transactions and I was taking money out of the pockets of taxpayers." Soros concluded that market fundamentalism undermines the democratic political process and the institutions of representative democracy are endangered, "and civic virtue, once lost, is difficult to recapture". Soros challenges the virtue of having money for the sake of making more money. Money, only when it is spent becomes a means to an end. But when money's object becomes making more money, competition becomes so strong "that even the most successful are reduced to the position of having to fight for survival".

Roger Morris' book "*The Clintons and their America*", describes "their America" and its social and political system. Clinton's grandfather died of cancer in a farmhouse without plumbing or electricity. He could not afford to be hospitalized. When his grandson (president Clinton) wanted to create a health program, it was his first big failure and first lesson about the real role of a U.S. president. He lost against interests well connected in the Washington and shady power structure of money and media. A multi-million dollar

campaign against Clinton's health program, which misrepresented the facts, was good enough to lay to rest any support for the program from the "vulgar popular masses". Clinton learned what Charles Lewis explained: "These people – the big law firms, the associations, the big corporation lobbyists – are the permanent ruling class here." Morris writes that few minutes from the White House, eight homeless shelters are always full; pupils go to their schools past signs warning against smuggling weapons or drugs and **a** quarter of all students of urban schools of America will pass through metal detectors before entering their schools. "Armed teenagers have terrorized and robbed tourists at the Smithsonian Institution and visitors have been assaulted inside other national museums" in Washington D.C.

Gordon Bush, the mayor of East St. Louis who came to Washington to attend Clinton's inauguration, paid his own ticket, as his city could not afford his air ticket. "East St. Louis has 50 per cent unemployment", probably unmatched even in Africa. The city suffers from "pandemic drug use, a crushing debt, low tax revenues and the highest murder rate in the United States". By the time Clinton arrived to the White House, economic indicators looked good. In the 77 days since Clinton's election and his taking office, the economy "reportedly grew by 3 per cent, while business confidence was said to gain and stock and bond markets were preening; firms large and small announced the loss of over three hundred thousand jobs, most of which will never return. Beyond the violet writhing cities, the rot runs to the very marrow of the nation, eating into a middle class once thought secure and affecting every aspect of American life".

Professor Quigley taught his classes, Clinton's included, that political parties are "simply organizations to be used", big business dominated both parties since 1900 and the argument of the so-called pluralism, i.e., the two parties representing "opposed ideals and policies … is a foolish idea". Most importantly: "Quigley was especially impressed by the old foreign affairs establishment, part of a larger Anglo-American financial and corporate elite and what be called a 'power structure between London and New York which penetrated deeply into university life, the press, and the practice of foreign policy'. He saw the prestigious Council on Foreign Relations as a concerted, if not conspiratorial, international network."

This almost "conspiratorial" London-New York power structure that "penetrated deeply into university life", academia, media and politics can be illustrated in the web of Ivy League Universities that became the manufacturing grounds for elites and agendas of this shadow power structure. The past three presidents, Bush II, Clinton, Bush I, were all the product of Yale. Many presidents and most recent members of the National Security

Staff, after the war came from Harvard – and that included presidents Roosevelt and Kennedy -- and the Harvard School of Government graduated or housed key National Security advisors, such as Mc George Bundy, Henry Kissinger, Zbigniew Brzezinski and, not the least, Samuel Huntington. Forging an English-speaking empire, or Commonwealth, was at the center of that school's culture, and such an empire was based on partnership that combined the barons' new horse – the United States of America - and the colonial experience of the former British empire, both at the disposal and in the service of the New York-London shadow power structure.

As a Rhodes scholar, William Yandell Elliot studied at Balliot College Oxford and earned his PhD in 1923. He became a key figure in the shady New York-London power structure. Elliott's first of many books was "*The New British Empire*". After World War II, Elliot proposed that there should emerge an "English-speaking commonwealth" from the ashes of World War II. Elliot became head of the Department of Government at Harvard. He assisted in the development of the new generation of politicians for the United States government. Kissinger wrote in 1963 that he owed his achievement both "intellectually and humanly", to Elliott more than he can even repay. Elliot headed Harvard University Summer School (1950-1961) and appointed Kissinger to head the Harvard International Seminar, which was "manufacturing" future foreign leaders to become "agents of influence" to the United States.

Executive Intelligence Review (EIR), established by Lyndon H. La Rouche Jr., has been providing serious analysis and data which concludes that the global capitalist system as is was bankrupt for some time and that it suffers from a systemic failure. It is ironic that both La Rouche's school of economics and George Soros agree that global capitalism is disintegrating.

A presentation by Lothar Komp, EIR's European Economics Intelligence Director in Vienna, printed in EIR's August 9, 2002, issue, summarizes EIR viewpoint. "It is high time that the procrastination over a declaration of global bankruptcy be ended, to make the world's governments free to take the pathway to a completely reconstituted new worldwide financial, currency, and economic system." Since the late 1980s one collapse followed the other, continued Komp:

- In October 1987, there was the stock market crash, followed by the implosion of the junk bond market and the savings and loan crisis.
- The 1990s began with the collapse of the Japanese real estate and stock market bubble.

- In January 1995, the Mexico crisis edged the global financial system to the brink of a "true catastrophe", according to former IMF Managing Director Michel Camdessus.
- Same year, Barings Bank collapsed and in the spring of 1995, the Japanese banking system carried $1.2 trillion in bad debt exposure.
- Starting with the summer of 1997, Southeast Asian countries experienced a sudden collapse of their currencies, of 50 per cent to 80 per cent. Their banking system broke down and their economics were devastated.
- In August 1998, the Russian debt-bomb exploded.
- In the fall of 1998, LTCM collapsed and almost took away the whole capitalist order with it.
- Since March 2000, the stock market imploded, with $7 trillion of paper value gone in the United States alone, plus $2 trillion gone in Europe and Asia.
- Five of the eight largest corporate bankruptcies in U.S. history have occurred since December 2001 alone. Now the crisis moved from the periphery to the center. "The American government, incapable and unwilling to act against the systemic breakdown, is seeking its salvation instead by means of military adventures," wrote Lothar Komp. "The showcase corporations of the 'New Economy' have revealed themselves to be swindlers and impostors," he added. The article concluded that the advancing process of economic and financial disintegration requires major corrections.

Roger Terry, in his book "*Economic Insanity*", finds it surprising that most Americans live under "the yoke of a system from which they are more or less excluded". Most Americans are non-capitalists living in a capitalist system that was named after capitalists and was designed to serve them first and foremost. Terry challenges the basic assumptions of capitalism, which are considered flawed and thus unredeemable.

Terry says that capitalism isn't really about free markets or free enterprise. "Capitalism, like communism, is a philosophy about ownership. Over the years capitalism has come to mean unrestricted private ownership of capital. … the greatest misconception about modern capitalism is that it is a democratic economic system." In reality, Terry concludes, capitalism and communism are more similar than they are different. Both are authoritarian but differ in their distribution of wealth.

Muslim countries that remained at the periphery of the capitalist system for several centuries and were subjected to the imperialism of the West did not like what they saw and experienced. According to Samuel Huntington,

Muslims in massive numbers are turning to Islam “as a source of identity, meaning, stability, legitimacy, development, power, and hope, hope epitomized in the slogan ‘Islam is the solution’. This Islamic Resurgence, in its extent and profundity, is the latest phase in the adjustment of Islamic civilization to the West, an effort to find the ‘solution’ not in Western ideologies but in Islam.”

* " Islamic concepts are different from capitalism by their opposition to excessive accumulation of wealth and contradiction to socialism, by their protection of the rights to property including ownership of the means of production. A true Islamic society must not be an arena where opposing interests clash, but rather a place where harmonious relations can be achieved through a sense of shared responsibilities. The individual's rights must be equitably balanced against those of society at large."

(OECD)
The Organization for Economic Cooperation and Development

* " Social justice was, therefore, the crucial virtue of Islam. Muslims were commanded as their first duty to build a community (ummah) characterized by practical compassion, in which there was a fair distribution of wealth. This was far more important than any doctrinal teaching about God"

Karen Armstrong
"Islam" p.6

CHAPTER SEVENTEEN

ISLAM AND THE WEST

Western Capitalism: A Tumor in the Soul

Ten years before George W. Bush declared the West's latest crusade against Islam, as many Muslims are convinced, Karen Armstrong wrote: "Now it seems that the Cold War against the Soviet Union is about to be replaced by a Cold War against Islam." She added: "Today the Muslim world associates Western imperialism and Christian missionary with the crusaders. They are not wrong to do so. When General Allenby arrived in Jerusalem in 1917, he announced that the crusades had been completed, and when the French arrived in Damascus their commander marched up to Saladin's tomb in the Great Mosque and cried: 'Nous revenons, Saladin' (We are back Saladin)." Muslims believe, to the point of certainty, that Islam will regenerate itself and will produce a new Saladin that will liberate Jerusalem even after 200 more years. The first experience of the Muslims of the Orient with the Christians of the West was during the crusades. Pope Urban II preached for the first crusade in 1095, and by 1099, the crusaders had conquered Jerusalem. The crusaders massacred some 30,000 Muslims and Jews in the city that was turned from a thriving holy city into a stinking place. Fragmented Muslims were united and in 1187, Saladin recaptured the city for Islam. The remnant crusaders stayed for about one more century in the area. Their defeat, that took almost 200 years, remained deeply engraining as an Islamophobia in the West, that remained to this day.

In the late fifteenth and early sixteenth centuries, three major Islamic empires existed: the Ottoman empire in Anatolia, Syria, North Africa and Arabia, the Safavid empire in Persia and the Mogul empire in India. Most of Southeast Asia (Malaya, Indonesia, etc.) was converted to Islam by the Muslim traders and merchants. During this time, in Europe a new civilization was evolving, that created a new capital-based system after the agrarian system. These Muslim states' heads may have been pious, but they became autocrats and they did not keep the societies they ruled in line with the technological progress of the West, nor with Koranic Islamic values. From the eighteenth century onward, Muslim territories, were colonized piece by piece by the emerging West. The technicalization of the West led to the industrial revolution. The new industrialized West colonized the Muslim countries in order to link them to its commercial network. The colonizing country allowed superficial modernization in the colonized country, enough to allow the Western colonizers to exploit the colonies' raw materials, no more.

An elite class was created in each colonized Muslim country. This elite was trained to serve the colonizers and gain themselves in this process. In those colonies, a one per cent class was created whose interests coincided with those of the colonial rulers but differed from those of their co-nationals. Raw materials were produced in the colonies, transported to and manufactured in the colonizing country, and shipped back as final products to the markets of the colonies. When the old colonial model became expensive, decolonization was adopted. Neocolonialism followed; thus, colonies were given independence and the Western-trained elites of the colonies were promoted as the new rulers of the new countries. There was free movement of capital and goods and the colonialists owned, through their multinational corporations, the industrial, financial and other enterprises in the previous colonies.

In the early days of the West, secularization was looked at, as John Locke said, a new and better way to be religious. In the Muslim world, however, secular Muslim regimes appointed or supported by the West, associated secularism with brutal attacks against Islam itself. Ataturk, of Turkey, closed down the Koranic and Islamic cultural schools. He forced men and women to wear Western dress. Before him, Muhammad Ali, in Egypt, appropriated the endowments of Islamic scholars and deprived them of any influence. Shah Reza Pahlavi, of Iran, deprived the religious institution of its endowments and replaced the Islamic law, Sharia, with a civil system, as was done in secular Turkey. Islamic dress was prohibited. His troops intercepted women with veils and tore them off with bayonets in the street. He went as far as forbidding the hajj, one of the pillars of Islam. His son, Shah Muhammad Reza, was hostile to and contemptuous of Islam and he worked hard to revive the pre-Islamic Persian culture, including the replacement of the Muslim calendar with a Persian one. Habib Bourgiba declared that Tunis was lucky to have someone with his genius; he replaced Sharia with a civil system, declared that fasting in Ramadan was obstructing productivity and celebrated in public with a drink to break away from the Ramadan tradition. The aggressive secularism of General Muhammad Ayub Khan, of Pakistan, is another example of the anti-religious flavor of secularism that took form in Muslim countries. He also nationalized the religious endowments (awqaf), placed restrictions on madrasa education and adopting a secular legal system.

These rulers were part of the elites trained during colonial rule and promoted to be the rulers in the newly independent states. What they did, and in many instances it had to be reversed, is now the official agenda of the United States. The U.S. decides now which institution is supposedly terrorist or not, of course without accepting any definition of the term or necessarily giving any credible evidence; it will most likely decide for the supposedly sovereign Muslim states how the Muslim Zakat or other charity money can be disposed of! This secular Islam is no Islam at all, but is similar to the “Islam Americani” now being promoted as the good Islam. The influential Wolfowitz

of the U.S. Defense Department declared that Ataturk's secular Islam is the model the United States wants to see in the Muslim world. Muslims wonder if they have any right to advise Wolfowitz which sect of Judaism they prefer him to practise.

The cultural, religious and value system ingredients in the Muslim society differ from those of a Western society. When you use the same process of so-called modernization and secularization for a different culture, "it is unlikely that the end product will conform to what the West regards as the desirable norm", according to Armstrong. "If the correct ingredients of a cake are not available – if rice is used instead of flour, dried eggs instead of fresh, and spices instead of sugar – the result will be different from the cake described in the cookbook." It will be a cake the likes of Wolfowitz and his cabal will likely be eating.

In response to the stresses and excesses of the Darwinian capitalism of the last decades, that put property rights ahead of human rights, people of all faiths all over the world reverted to their religions to find comfort in spirituality. While the "Western media often gives the impression that the embattled and occasionally violent form of religiosity known as 'fundamentalism' is a purely Islamic phenomenon", the truth is that it is "a global fact and has surfaced in every major faith …. There is fundamentalist Judaism, fundamentalist Christianity, fundamentalist Hinduism, fundamentalist Buddhism, fundamentalist Sikkism and even fundamentalist Confucianism. Market fundamentalism was the worst of them all and to a great extent was indirectly responsible for their development. Fundamentalism surfaced first in the Christian world in the United States at the beginning of the twentieth century." Continues Armstrong: "Of the three monotheist religions, Islam was in fact the last to develop a fundamentalist strain … in the late 1960s and 1970s. By this date, fundamentalism was quite well established among Christians and Jews…"

After the 1967 six-day war, in which Israel with lots of help from the United States defeated and occupied the lands of three Arab countries, and probably, in part, because of that war, Muslims realized that the post- colonial regimes that were constructed and installed by the West before it superficially departed in body but not in spirit were total failures. These regimes and their generals were mostly oppressive to their people yet they couldn't fight a war. They saw the West preaching secularism yet planting a Jewish state, Israel, based on religious basis and on a mal-interpreted biblical promise to the sons of Abraham. If so, the Palestinian Arabs are indeed sons of Abraham also, but in addition they now own the land and they lived in it for the post 1,400 years of Muslim rule and prior to the Muslim rule. They saw the hypocrisy of the

West in preaching democracy yet supporting and creating the most oppressive dictatorships in the world! They saw Europe forging into a common market that was to lead to a European Union amongst countries with different languages, faiths, culture and history. Most of these European countries fought history's worst world wars but it was a Western strategic imperative for Europe to unite and not to allow the unity of the Arab world or Muslims, not even to allow the slightest adjustments to the borders of the mini-states and city-states that were carved by the West, during World War I. They saw that the wealth disparity in their societies was on the increase, their natural resources revenues were diverted to "their few" who in turn "handed them" to the "Western few", in form of deposits that can be eroded, frozen, or at best be put to investments that enrich others while their countries are crying out loud for investments and projects. When the whole world saw Western values and materialism for what they were, Muslims, like other peoples of other religions, reverted to spirituality and religion. In Islam they will find their salvation and "Islam is the solution". What Muslims wanted to see in their society was what Islam preaches: justice, equality, fair distribution of wealth and they also wanted to be their own masters. Many Muslims realized that they have to develop the tools of ijtihad to modernize the ways and institutions of Islam, not, of course, the values and codes of Islam. And this seemed to be bad news for the West. Muslims gave up on the West. No matter what they did, the West was after them. "Europeans did not forget the crusades," wrote Armstrong.

It is ironic that market and religious fundamentalisms were stamped "Made in USA". The first civilizational war according to Huntington, was the Soviet-Afghan War of 1979-1989. "For Americans, Soviet defeat was vindication of the Reagan doctrine of promoting armed resistance to communist regimes and a reassuring humiliation of the Soviets comparable to that which the United States had suffered in Vietnam. It was also a defeat whose ramifications spread throughout Soviet society and its political establishment and contributed significantly to the disintegration of the Soviet Empire". The United States, through its Muslim client states, declared jihad and encouraged Muslims to wage a holy war against the Soviets, the occupiers of a Muslim country. Twenty-five thousand volunteers were recruited from several Muslim countries; Osama Bin Laden was one of them. The war was directed by the CIA, the training and field liaison was done through Pakistan's CIA-connected Inter-Service Intelligence Agency, Saudi Arabia was financing the campaign and recruitment was done by several Muslim-CIA-related intelligence agencies. The volunteers were sincere, sometimes naive if unselfish Muslims, who thought they were carrying out their duties in fighting the Soviet atheists who invaded a Muslim country. They did not realize that they were fighting a war by proxy for the United States. "Between 1984 and 1986, the Saudis gave $525 million to the (Afghan) resistance. In 1989, they

agreed to supply 61 per cent of a total of $715 million, or $436 million." Pakistan provided the necessary external base for the resistance and the logistic, intelligence liaison and other support. Osama Bin Laden and future members of Al Qaeda were recruited, trained, inspired, financed and controlled during the Afghan War under the auspices of the United States and its national security institutions. "In the end, the Soviets were defeated by three factors. They could not effectively equal or counter American technology, Saudi money, and Muslim demographics and zeal." These facts give credibility to the theory that Osama Bin Laden, even if he were a superman, couldn't have escaped the eyes of American intelligence and its "closely-related" Pakistan Inter-Service Intelligence Agency to organize, from the caves of Afghanistan, a highly technical operation half a world away against the world's only superpower without knowledge and at least tacit consent of some local American intelligence assets, as was discussed in the first chapter of this book.

At the start of the cold war, the New York-London power structure waged a two-tier war on communism. One was what became known as McCarthyism, named after Senator Joseph McCarthy. That political terror peaked with unfounded sensational allegations about "reds" all over the government departments. As revealed later by William Sullivan of the FBI, the information to McCarthy was fed by the FBI, which publicly denied any connection. McCarthy's first chief investigator, Donald Surine, worked for the FBI. The second arm of the anti-communist campaign was the creation of Christian fundamentalism that was to fuel anti-communist sentiments in the United States. Two figures from "the few" of the New York-London power structure heard about an obscure preacher, Billy Graham, holding tent meetings in Los Angeles. Henry Luce, of Life, and William Randolph Hearst decided to act. They learned that his attendance was poor but he fit in their agenda of promoting evangelists to check liberalism and communism. They interviewed Graham and decided to give him media power. Hearst instructed his media group to "puff" Graham and Luce had Graham on the cover of Life magazine. Graham gained immediate national fame and he soon started preaching to hundreds of thousands. People were stressed, and they wanted to revert to spirituality, away from the stressful life of materialism. The tide for religiosity was in progress.

Unfortunately, the Christian fundamentalist movement, which preceded the Muslim fundamentalist movement, was hijacked by TV evangelists whose morality, or actually immorality, became public knowledge. Sex scandals and financial scandals were revealed one after another, to the disappointment of their followers. Yet the power of the media, with hundreds of radio and TV stations and annual budgets of hundreds of millions, their movements

continued and grew. These evangelists were preaching from the gospel of Jesus when they started, but then they became de-facto preachers of global capitalism, calling for its wars; they became the "religious police" of the system. Lately, they started to preach from the gospel of Zionism and its most extreme Likudnik faction, calling for war against Islam.

The Christian fundamentalists, or otherwise called Christian Zionists, became the "end-timers", Armageddon's "evangelicals" who claim to be 70 million strong. They forged an alliance with the extremist Jewish fundamentalists and formed a Christian Jewish fundamentalist movement that took extreme anti-Islamic positions. They became a force in the Republican Party politics. Herb Zweibon, head of "Americans for a Safe Israel", warned the Bush White House that if only 10 per cent of those 70 million evangelical Christians switched positions, they would swing the political power and destroy his presidency if he did not support Sharon in his drive against the Palestinians. Christ preached love; these hired "religious police" preach hate.

Protestant fundamentalist Ed McAteer organized on July 30, 2001, three events for the fundamentalists. First, they assembled next to the Israeli embassy in Washington. Next, they were hosted to a luncheon by Israel's Ambassador David Levy, to learn what they should advise the Bush administration, and third, they met with Bush's liaison officer Tim Geoglein, who told them everything was off-the-record. "We didn't meet, we didn't talk." Senior spokesman for the group was Elwood McQuaid, who is the leader of "Christian Friends of Israel". His message was for the destruction of Al Aqsa Mosque on Al Haram Al Sharif (Temple Mount) to rebuild the Temple of Solomon on its place. This was in support of the Jewish group that had gone one day earlier, on July 29, to install the "corner stone" of the temple at Al Aqsa and was stopped by the Israeli police. The message was that the U.S. should not pressure Israel to stop these "templers", McQuaid said. "If you destroy the fact that the temple was there, you destroy the credibility of Judaism! And of Christianity! What Jesus said was in the Temple … only Islam will be left out." Also at the White House meeting were the Zionist Organization of America, Pat Robertson of the Christian Broadcasting Network (CBN), and International Christian Embassy in Jerusalem.

A group of self-described "Zionist Christians" and right-wing Zionists grouped under the banner of "National United Coalition for Israel" (NUCI). This coalition claims to be 200 organizations representing 40 million Americans. NUCI speakers were promoting a crusade against Islam even before September 11, and they pressured the Bush administration not to rein in the Sharon government as doing so would endanger the security of Israel.

McQuaid heads the NUCI-affiliated "Friends of Israel". He broadcast on 300 Christian radio stations and the Jerusalem Post Internet Radio. He objected to Bush's declaration of support for a Palestinian state after the Mitchell Commission proposed ceasefire. To McQuaid, what is going on is a clash of civilizations "and what the United States does not understand is that the Palestinian issue is an integral part of Islamic resolve to dominate the world, and do away with the civilization of the West and world". McQuaid supports the destruction of Al Aqsa Mosque and building the third Temple in its place. To this end, McQuaid admitted he coordinated the Third Temple Project financing with U.S. casino and bingo-gambling multimillionaire Irving Moskowitz and with Gresham Solomon, the head of the "Land of Israel and Temple Mount Faithful", and additional funding from the "Zionist Christians" of America.

Solomon and his followers believe that destroying Al Aqsa Mosque and building the Third Temple is a necessary precondition for the long-awaited appearance of the Messiah. On September 6, 2002, Solomon addressed the Jewish Community Center in Houston: "I can say to you that we are approaching the end times ….There is an exciting awakening of Christians. There are not only Zionist Jews, but Zionist Christians. My voice is the voice of God. When I was last in Houston eight years ago, there was not much response to my Godly call. Now, the eyes and hearts are lifted to Jerusalem. The nation of Israel is doing Godly work… The rebuilding of the Temple Mount is rebuilding a new future, not only for Israel, but also for all mankind. This hill in Jerusalem is the key place in the end times", as "God dwells on that hill". He added: "As spoken by Isaiah, all nations will return to Zion to meet God. The Messiah will come, not to any other place. He will come to Jerusalem, to the rebuilt House of God. This is common to Christians and Jews - whether it is his first, or second coming - he will come, and be an Israeli God, and speak only Hebrew; when he comes, Zionist Christians will then be called Israelites."

To Solomon, as he said in his speech, "Israel is not Tel Aviv, but Jerusalem, Judea, Samaria, Gaza, Sinai, the Golan Heights, Trans-Jordan … Who can give this land away, to the enemies of God?" The Christian Zionists crowds were greeting Solomon passages with a chorus of "amen".

Karen Armstrong repeatedly stated that justice is the basis of governance in Islam and fulfilling a just society is Islam itself. Capitalism however, as MIT professor Lester C. Thurow wrote, has no ethics. It only has processes. If one is willing to commit a crime and pay for it – jail – if caught, capitalism has no problem with it. This is capitalism indeed, but it is un-Christian, un-Islamic and unethical. John Maynard Keynes, one of Western capitalism twentieth century's icons, bluntly expressed capitalism's basic

creed: “We must pretend to ourselves and to everybody else that fair is foul and foul is fair!” If money storing and usury is a sin, according to Islam, Christianity and Judaism, to Keynes’s capitalism usury is God himself. He wrote in his book: “*The General Theory of Employment, Interest and Money*” that “avarice leads us … into daylight.” That certainly is not Christian or Islamic, but is capitalism in its naked state.

Beginning with the 1970s, Islamic resurgence swept through almost all Muslim countries, from Morocco, on the Atlantic, to the Western borders of China, and from Nigeria, in Africa, to Kazakhstan in Central Asia. Muslims decided to find the “solution” not in the failed Western ideologies but in Islam. They accepted modernity but without Western culture or values. They wanted “to modernize but not necessarily to Westernize”. Islamic resurgence “is mainstream not extremist, pervasive not isolated”, wrote Huntington. He thought the Islamic resurgence bears resemblance to the Protestant Reformation. The central spirit of both is fundamental reform. Islamic resurgence thinks of itself as a comprehensive awakening: political, economic, cultural and intellectual.

“Muslims in massive numbers were simultaneously turning towards Islam as a source of identity, meaning, stability, legitimacy, development, power, and hope, hope epitomized in the slogan ‘Islam is the solution’.” The central element of Islamization was the development of Islamic social organizations. Bush’s crusade against Islam, setting aside non-credible allegations, is targeting these organizations and institutions by requesting the drying of funds and charities to them by a dictate from Washington, no questions asked or allowed. This is probably because Washington, like Huntington, believed that these institutions form the corner stone to Islamic political institutions of the future. “Islamic organizations”, Huntington wrote, “created an Islamic civil society which equaled, if not surpassed the official institution of the Islamic countries.” In Egypt, Islamic organizations by the early 1990s had developed an extensive network of organizations, which “… provided health, welfare, educational and other services to a large number of Egypt’s poor”. In the 1992 earthquake in Cairo, they were “on the streets within hours, handing out food, and blankets”. Washington, as a proxy for Wall Street and capitalism’s invisible power structure, is drying funds to all Muslim religious institutions not because they actually have any terrorist activities but because these institutions are considered an infrastructure of Islam’s revival which Washington conveniently termed “terrorism” for easy sell. These Wall Streeters and their Washington cronies are not religious in any way and are only faithful to their religion of materialism, usury, greed and exploitation.

Huntington wrote that the Muslim Brotherhood operated, in the early 1990s, in the small country of Jordan (5 million population) an infrastructure

consisting of “a large hospital, twenty clinics, forty Islamic schools, and 120 Koranic study centers. Next door, in the West Bank and Gaza, Islamic organizations established and operated, ‘student unions, youth organizations, and religious, social, and educational associations’, including schools ranging from kindergartens to an Islamic university, clinics, orphanages, a retirement home, and a system of Islamic judges and arbitrations.” Huntington noted than by the early 1980s, the largest Muslim organization in Indonesia had 6 million members which, according to him, constituted a “religious welfare state within the secular state”, which provided services from cradle to grave.

Even though Muslim resurgence is manifesting itself in the social and cultural aspects of Muslim societies, and just started to express itself politically, it was the single most important development in Muslim countries since the 1970s. Political Islamization, as Huntington likes to call Islamic resurgence on occasions, is the product of the modernization processes and the “born again” Muslims come from “mobile and modern-oriented younger people”, the core element of which comes from among students and intellectuals. “One study of the militant leaders of Egyptian Islamist groups found they had five major characteristics, which appear to be typical of Islamists in other countries. They were young, overwhelmingly in their twenties and thirties. Eighty per cent were university students or university graduates. Over half came from elite colleges or from the intellectually most demanding fields of technical specialization such as medicine and engineering. Over 70 per cent were from lower middle-class… and were the first generation in their family to get higher education. They spent their childhoods in small towns or rural areas but had become residents of large cities.” Muslim fundamentalists, says Huntington, “ probably include a disproportionately large number of the best educated and most intelligent young people in their respective populations”. The IMF-sponsored capitalist model always leads to the uprooting of farmers and the agricultural sector laborers which had to move en masse to the cities to work on the “export or die” economic model, so that they would not die. These “newly uprooted masses” are attracted to Islam that gives them a “dignified identity”. The paradox here is that the global capitalist model forced on peoples all over the world is feeding these uprooted masses with cause and reason to acquire a dignified identity that the capitalist order finds threatening to its very existence.

The governments of most Muslim countries “were overwhelmingly non-democratic”. What Huntington does not mention is that these governments were mostly installed by the West after the de-colonization process or were aided to power through the visible and invisible assistance of the West, and that most of them can only survive through such assistance. When one such system was threatened through democratic elections in

Algeria, the secular government intervened. Likewise, the army in "democratic Turkey" intervened to force the Islamist Prime Minister Arbakan out of office. Armstrong explained: "In June 1990, the ISF (Islamic Salvation Front) scored major victories in the local elections, especially in the urban areas. ISF activists were mostly young, idealistic and well educated; they were known to be honest and efficient in government …. But the ISF was not anti-Western. (ISF) leaders spoke of encouraging links with the European Union and looked for fresh Western investment. The secular government of Algeria that staged the election and promised democracy was removed from office by the military that staged a coup, cancelled elections, suppressed reform, threw the ISF leadership and its elected members into prison. Had elections been prevented in such a violent and unconstitutional manner in Iran and Pakistan, there would have been an outcry in the West …. But because it was an Islamic government that had been thwarted by the coup, there was jubilation in the Western press."

Huntington acknowledges that most of the Muslim governments "lacked any basis for justifying their rule in terms of Islamic, democratic, or nationalist values", but what worries him and the West are their studies which show that in the case of these regimes' collapse, in "almost every country, in the mid-1990s, the most likely successor regime was an Islamist one". Since Western democracy is à la carte, Muslims can do without it!

According to Huntington, the clash between the West and Islam is a given. And "whatever their political or religious opinions, Muslims agree that basic differences exist between their culture and Western culture. The bottom line, as Sheik Ghanoushi put it, is that our societies are based on values other than those of the West."

What worries the West also is the demography of the various civilizations. Muslims made up 12.4 percent of the world population in 1900, but continued to increase: 15.3 per cent in 1970, 16.5 per cent in 1980, 17.1 per cent in 1985, 19.2 per cent in 2000, and are estimated to reach 30 per cent by 2025, whereas the Western Christian population is declining: 26.9 per cent in 1900, 30.6 per cent in 1970, 30.0 per cent in 1980, 29.7 per cent in 1985, 29.3 per cent in 2000. It is estimated to decline to 25 per cent by 2025. By 2025, according to these estimates, Muslims will overtake Western Christians as world population.

Armstrong, a nun who became a researcher on religions, wrote three books about Islam. She explained how Islam is different from other religions because it is both a religion and a way of life. In her book "*Islam*", she wrote: "In the modern West, we have made a point of separating religion from

politics." But in "Islam, Muslims have looked for God in history. Their sacred scripture, the Quran, gave them a historical mission. Their chief duty was to create a just community in which all members even the most weak and vulnerable were treated with absolute respect. The experience of building such a society and living in it would give them intimations of the divine, because they would be living in accordance with God's will. A Muslim had to redeem history, and that meant that state affairs were not a distraction from spirituality but the stuff of religion itself." She added: "If state institutions did not measure up to the Quranic ideal, if their political leaders were cruel or exploitative, or if their community was humiliated by apparently irreligious enemies, a Muslim could feel that his or her faith in life's ultimate purpose and value was in jeopardy. … politics was, therefore, what Christians would call a sacrament: it was the arena in which Muslims experienced God and which enabled the divine to function effectively in the world."

Armstrong's research indicated that the perceived notions about Muslims and Islam are, in most instances, inaccurate and are, more often, based on historical prejudice. Islam was the rival and, to some, the threat to the West for 1,400 years, while communism posed a threat for 70 years and faded away. Some of the other points she made: Islam retained a negative image in the West, which had a long history of hostility against it even though it is the third religion of Abraham. "But the old hatred of Islam continues to flourish on both sides of the Atlantic and people have few scruples about attacking this religion, even if they know little about it." Armstrong believes that the reason is understandable, because "until the rise of the Soviet Union, no polity or ideology posed such a continuous challenge to the West". When Islam was established in the 7th century, Europe was in darkness. Islam quickly overran much of the Christian world of the Middle East and North Africa and within less than one century established itself from southern France to China. The crusading project of the 12th and 13th century ended in failure and Muslims recovered the occupied territories through a resurgence of Islam. In the centuries that followed, the Muslim Ottoman Turks occupied parts of Eastern Europe.

Western power structure owners started to target Islam – as a rival way of life – openly since the collapse of the USSR and communism, and before Osama Bin Laden's alleged tale. The secretary general of NATO declared in 1995 that political Islam was "at least as dangerous as communism" had been to the West. One of the very senior members of the Clinton administration, according to Huntington, pointed to Islam as the global rival of the West. "During the fifteen years between 1980 and 1995, according to U.S. Defense Department, the United States engaged in seventeen military operations in the Middle East, all of them directed against Muslims. No comparable pattern of

U.S. military operations occurred against the people of any other civilization," wrote Samuel Huntington. He concludes that, to the West, the problem is not Islamic fundamentalism. It is Islam, a different way of life of whose superiority Muslims are convinced.

Huntington wronged president Clinton for his argument that the West does not have problems with Islam but only with violent Islamic extremists. "Conflict was, on one hand, a product of difference, particularly the Muslim concept of Islam as a way of life transcending and uniting religion and politics." As far as Huntington is concerned, the civilizational clash between Islam and the West is inevitable. "So long as Islam remains Islam (which it will)," wrote Huntington, "and the West remains the West (which is more dubious), this fundamental conflict between two great civilizations and ways of life will continue to define their relations in the future even as it has defined them for the past fourteen centuries." Huntington added: "Muslims fear and resent Western power and the threat which this poses to their society and beliefs. They see Western culture as materialistic, corrupt, decadent, and immoral. They also see it as seductive, and hence stress all the more the need to resist its impact on their way of life. Increasingly, Muslims attack the West not for adhering to an imperfect religion, which is nonetheless a 'religion of the book' but for not adhering to any religion at all."

Islamic resurgence is occurring, which is a broad intellectual, cultural, social and political movement prevalent throughout the Islamic world. This resurgence, John L. Esposito noted, covers increased attention to religious observances, such as mosque attendance, prayer and fasting, as well as more emphasis on Islamic dress and values, an increase in Islamic organizations, banks, social welfare services and educational institutions. "Both governments and opposition movements have turned to Islam to enhance their authority and muster popular support …"

Huntington finds similarities between Islamic resurgence and Protestant Reformation in their shared call for fundamental reform of all places and institutions. Huntington quoted Turabi who asserts: "This awakening is comprehensive – it is not just about individual piety; it is not just intellectual and cultural, nor is it just political. It is all of these, a comprehensive reconstruction of society from top to bottom." The main difference between Reformation and resurgence is that Reformation's impact was largely limited to northern Europe, but resurgence "has touched almost every Muslim society", from Indonesia to Morocco and from Nigeria to Kazakhstan. The Islamization process starts initially in the cultural realm but then it moves on to the social and political institutions.

Huntington wrote that Islamic organizations provide health, welfare, and educational and other services to a large number of poor. Such institutions are now under attack and funding for them is being dried out by Bush's declared war that many now consider against Islam, being the contemporary rival to capitalism that can quickly spread among more than 1.2 billion people. Capitalism is not renowned for being kind and gentle to competition.

The Islamic breakthrough, according to Huntington, started in the 1970s in Egypt, Pakistan and Afghanistan in universities, but then it spread to other Muslim countries. A study of the Muslim "militant" leaders' profile showed that they are mostly young and educated. A most serious finding about Muslim governments was that they were aided to power by the West and such regimes were mostly "repressive, corrupt, divorced from the needs and aspirations of their societies". The West started to study what alternatives may be available in case such regimes fail or collapse. The study showed that in "almost every country, in the mid-1990s, the most likely successor regime was an Islamist one". Not good news to the financial barons of capitalism, especially that these Muslims sit on top of most of the world's petroleum reserves. With communism gone, now Islam is the new enemy. Muslims find the Osama Bin Laden drama a fabrication of Hollywood-like plots to wage war against Islam, the new rival to the global capitalist order which, many believe, is disintegrating.

In a leading profile article in Washington-based weekly EIR, of February 15, 2002, it was revealed that: "FPRI has also come to house some of the leading right-wing Zionist networks in the U.S. foreign policy apparatus…. Months after Huntington's 'Clash of Civilizations' article appeared in the Summer 1993 issue of Foreign Affairs, the Middle East Forum (MEF), which was created as a section of FPRI in 1990, launched the Middle East Quarterly, a journal devoted to promoting the idea of Islam as an enemy image…" The EIR profile continued: "FPRI and MEF are responsible for providing 'scholarly' research, testimony, and comment to U.S. Congress, federal agencies, think tanks, and various national and international media, all with the same theme: Islam is the enemy, and America must bear the responsibility to confront and take military action against any and all so-called Middle Eastern and African 'terrorist regimes' that are at war with the West." The MEF journal's Middle East Quarterly, editor is Martin Kramer, from Tel Aviv University, and its senior editor is Patrick Clawson, director of research of the Zionist Lobby (AIPAC) WINEP, established by super-Zionist Martin Indik. Steven Emerson, from FPRI, wrote the book "*Mohammed's Army: The Rise of Islamic Fundamentalism.*". He also produced the TV film "*Jihad in*

America", aired on Public TV Broadcasting System, which was the more visible commencement of the crusade against Islam.

Former NATO commander and secretary of state Alexander Haig, who gave Sharon the green light to invade Lebanon in 1982, sits on the Board of Trustees of FPRI. Among other key personnel associated to FPRI are: Donald H. Rumsfeld, secretary of defense, former CIA director R. James Woolsey, Samuel P. Huntington of Harvard University, Ronald S. Lauder, financial and political backer of the Likud faction of Israeli politics, John F. Lehman, a former secretary of the Navy, Daniel Pipes, who taught at University of Chicago and Harvard, Martin Peretz, editor and publisher of The New Republican and a former professor at Harvard.

Capitalism's ultimate purpose is material growth and wealth accumulation, regardless of how uneven this wealth is distributed. Life's purpose and economic vision in Islam are different. The Organization for Economic Cooperation and Development, in its study about the economic systems of Islam, capitalism and socialism, recognized clearly the Islamic vision of economics. Its study reported: "Islamic concepts are different from capitalism by their opposition to excessive accumulation of wealth and contradiction to socialism, by their protection of the rights to property including ownership of the means of production. A true Islamic society must not be an arena where opposing interests clash, but rather a place where harmonious relations can be achieved through a sense of shared responsibilities. The individual's rights must be equitably balanced against those of society at large."

Many people concluded that the desire-oriented culture of capitalism did not deliver its promise and, instead, it delivered unhappiness. Lee Atwater, a prominent figure in Reagan's administration, wrote in Life of February, 1991: "… my illness helped me to see that what was missing in society was missing in me: a little heart, a little brotherhood. The 80s were about acquiring – acquiring wealth, power and prestige. I know, I acquired more wealth, power and prestige than most. But you can acquire all you want and still feel empty … It took a deadly illness to put me eye-to-eye with that truth, but it is a truth that the country, caught up in its ruthless ambitions and moral decay, can learn on my dime. I don't know who will lead us through the 90s, but they must be made to speak to this spiritual vacuum at the heart of American society, this tumor of the soul." Many people in America and in the world agree with this analysis: there is a tumor in the soul of capitalism and its materialism.

A former Harvard University professor, David C. Korten, thought that both capitalism and communism proved to be failures: "It is ironic that the closer the corporate libertarians move us towards their ideological ideal of free-market capitalism, the greater the failure of the market, for the same reasons that the Marxist regimes failed: Both lead to the concentrations of economic power in unaccountable centralized institutions – the state in the case of Marxism, and the transnational corporation in the case of capitalism … Both take a narrow economics view of human needs that undermines the sense of spiritual connections…"

If people at the center of capitalism, that directs the world's resources to their benefit, are not happy with it, other people in the "periphery countries", who suffered from the system's exploitation are even less happy. People at the center and the periphery started to look for solutions. History tells us that ever since the human beings came into being, they needed a spiritual connection and had their gods. People of the world went back to their old "Books". Those who did not find the answer there went searching for other religions. Many mainstream religious organizations appeared, but also extremist groups, called in America fundamentalists, sprang among Christians, Muslims, Jews and other religions, including the Hindus. The more savage the market fundamentalism became, the higher the stress and the stronger and greater the fundamentalism became.

Illusion and disenchantment with Western capitalism's materialism and secularism brought religiousness into high gear in the second half of the twentieth century. If abundance of production and goods are the measure of a system, capitalism was unsurpassed, even though this abundance was unevenly distributed among nations and people of the same nation. A one per cent class in every nation controlled the majority of this abundance. If happiness and living for a purpose was what people wanted from a system, Western culture and capitalism failed to produce any. It tried, through consumption, to mix the good life with goods, but the more it did so the more people drew themselves away from capitalism and found refuge in the spirituality of religion.

The paradox of capitalism is the fact that it is a by-product of the scientific vision that divorced religion and spiritual values from its ideology or processes. It revolves around money, and money became its religion, even though money is nothing but a shared illusion that a piece of paper, as a banknote, or an electronic impulse, as in electronic money, is something real and alive. This illusion started with accepting money as commodities. It then became related to shining metals, as gold and silver. Then it became money for paper, paper for paper, plastic cards and electronic signals.

Many myths were created. The money illusion elevated it to becoming a living creature that grows with time, even beyond the death of its owner. To many, money became a second-self that can give security to the other self. As men stopped having faith in God, they trusted in money instead. But money only gave them, including the rich and the famous, more anxiety and insecurity. One American CEO said he lives between the sorrow of yesterday and the anxiety of tomorrow.

In Islam, it is Main Street not Wall Street that rules the interest "of society at large", i.e., public interest is the purpose of governance without prejudicing individual human and legitimate rights. Having one half of 1 per cent of a society like the United States own more than what 90 per cent of the population owns, while having more than 35 million Americans classified as poor, is an economic system that is against Islamic principles. It defies the basis of justice, the core of all religions. The economic vision shared by more than 1.2 billion Muslims is the real cause of capitalism's robber baron' finding Islam as more dangerous than communism. Islam obstructs the imperial grand plan for a global world order where everybody plays according to the rules of Wall Street.

The market-oriented, desire-motivated culture that was promoted by Anglo-American capitalism, especially after the industrial revolution, did not deliver its promise. The promise was happiness through acquisition. Just like Lee Atwater wrote, the leaders of America "must speak to this spiritual vacuum at the heart of American society, this tumor of the soul".

"Say" We believe in God in that which had been bestowed from on high upon us, and in that which has been bestowed upon Abraham and Ishmael and Isaac and Jacob and their descendants, and that which has been vouchsafed to Moses and Jesus, and that which has been vouchsafed to all the [other] prophets by their Sustainer: we make no distinction between any of them. And it is unto him that we surrender ourselves."

Qur'an 2: 135-36

"*Believers, Jews, Christians and Sabeans – whoever believes in God and the Last Day and does what is right – shall be rewarded by their Lord; they have nothing to fear or to regret*"

Qur'an 2:62

" You are all brothers and are all equal. None of you can claim any privilege or any superiority over any other. An Arab is not to be preferred to a non-Arab; nor is a non-Arab to be preferred to an Arab, nor is a white man to be preferred to a colored one, or a colored one to a white, except on the basis of righteousness."

Farewell Address Prophet Mohammad

CHAPTER EIGHTEEN

THE RELIGION OF ISLAM

Facts against Fallacies

Muslims who lived in the West could not escape noting that Western tolerance and compassion ends when it comes to Islam. The Islam as perceived by most Westerners is not Islam, but an accumulation of fairy tales from the Middle Ages about Islam and Muslims.

Franklin Graham declared that Islam is "an evil and hateful religion" and George W. Bush decided to fight evil. And indeed, almost all the states and institutions the Bush administration alleged to be evil were Muslims. The Cold War against Islam turned into hot wars that started in Afghanistan and Palestine simultaneously. It was a crusade, said Bush, until his public relations advisors taught him that saying so might make the job of America's Muslim collaborators a bit harder.

This chapter is intended to clarify some of the most widely circulated misconceptions about Islam. We recommend, *to* those interested to know more about Islam, to read the works of Karen Armstrong. "In the West we have a long history of hostility towards Islam," she wrote in her book "*Muhammad A biography of The Prophet"*. "But the old hatred of Islam continues to flourish on both sides of the Atlantic and people have few scruples about attacking this religion, even if they know little about it."

Until *a* few years ago, Armstrong said, she was almost entirely ignorant of the religion of Islam. In 1984, while making a film about Sufism, the mysticism of Islam, she was impressed by its tolerance to other religions, "a quality that I had certainly not encountered in Christianity! This challenged everything that I had taken for granted about Islam and I wanted to learn more". The research for this chapter is much indebted to Armstrong's numerous works and books about religions and Islam.

Islam: An Arabic word that means "submission", "surrender". A "Muslim was a man or a women who made this submission of their entire being to (God – the Arabic word for which is Allah) and his demand that human beings behave to one another with justice, equality and compassion. … social justice was, therefore, the crucial virtue of Islam. Muslims were commanded as their first duty to build a community (ummah) characterized by practical

compassion, in which there was a fair distribution of wealth. This was far more important than any doctrinal teaching about God". The authors of "What is Islam?", published in The Observer, wrote: "The very word Islam translates from Arabic as 'submission' or 'obedience'… it is this trenchant denial of individualism, and the requirement to submit to Divine authority in every minute aspect of life, which seems so alien to the Western mind." In Islam individualism is allowed as long as it does not contradict with the general welfare of the community.

God wanted the people he created to worship him (through prayers and rituals). But since God created the universe and directed its laws of nature, He wanted people to worship Him also through the creation of a just society based on justice, equality and compassion. He created the laws of nature so that the universe functions in harmony. He laid the basic rules of the just society He desires in the Qur'an, and He desires people to observe its rules.

Islam explains that God created heaven and earth and ordered things in such a way that each part is performing its function peacefully, and it has for millions of years, and wanted mankind to adopt this path of peace of its own free will:

"Are they seeking a religion other than God's,

When every soul in heaven and earth has

submitted to Him, willingly or by compulsion?

To Him they shall all return"

Qur'an: 3:83

God: The Arabic translation of God is Allah, so Allah is the same God of the other two monotheistic religions: Judaism and Christianity.

As defined in the Qur'an, God is the creater of universe and he is unique:

"Say: He is the One God;

God, the Eternal, the Uncaused cause of all beings.

He begets not, and neither is he begotton

And there is nothing that could be compared to him"

Qur'an: 112

The attributes (names) of God are central to Muslim piety; they are counted on rosary beads, recited, even chanted as a mantra. This is meant to remind Muslims that God cannot be constrained "by human categories and refuses simplistic definitions".

> *"[Know] then, (that) God is sublimely exalted, the Ultimate Sovereign (al-Malek), the Ultimate Truth (al-Haqq): and [knowing this], do not approach the Qur'an in haste, ere it has been revealed unto thee in full, but [always] say: 'O my Sustainer, cause me to grow in knowledge'."*
>
> **Qur'an: 20: 114-15**

God requests people to search for his glory, uniqueness and greatness in the universe:

> *"Verily, in the creation of the heavens and of the earth and the succession of night and day and in the ships that speed through the sea with what is useful to man: and in the waters which God sends down from the sky, giving life thereby to the earth after it had been lifeless, and causing all manner of living creatures to multiply thereon: and in the change of the winds, and the clouds that run their appointed courses between sky and earth: [in all this] there are messages (ayat) indeed for a people who use their reason."*
>
> **Qur'an: 2: 158– 59**

The renowned scientist Isaac Newton who discovered the law of gravity described God about 1,000 years after Prophet Mohammed in a way surprisingly similar to the Qur'an: "… when Newton contemplated the universe he was convinced that he had proof of God's existence. Why had the internal gravity of the celestial bodies not pulled them all together into one huge spherical mass? Because they had been carefully disposed throughout infinite space with sufficient distance between them to prevent this". As he explained to his friend Richard Bentley, Dean of St. Paul's, "this would have been impossible without an intelligent divine Overseer." Newton wrote to Bentley: "Gravity may put ye planets into motion but without ye divine power it could never put them into such a circulating motion as they have about ye Sun, and therefore, for this as well as other reasons, I am compelled to ascribe ye frame of this System to an intelligent agent." Newton concluded that this intelligent divinity must be very powerful.

In the "General Scholium", which concludes Newton's "The Principles of Natural Philosophy (1687)", Newton deduced all God's traditional attributes from his intelligence power. One cannot but notice the striking similarity to the attributes of the divine power and to God's attributes as given in Islam. Newton wrote: "This most beautiful system of the sun, planets and comets could only proceed from the counsel and dominion of an intelligent and powerful Being … he is eternal and infinite, omnipotent and omniscient; that is, his duration reaches from eternity to eternity; his presence from infinity to infinity, he governs all things, and knows all things that are or can be done…. We know him only by his most wise and excellent contrivances of things, and final causes; we admire him for his perfection, but we revere and adore him on account of his dominion: for we adore him as his servants; and a god without dominion, providence, and final causes, is nothing else but Fate and Nature. Blind metaphysical necessity, which is certainly the same always and everywhere, could produce no variety of things. All that diversity of natural things which we find suited to different times and places could arise from nothing but the ideas and will of a Being necessarily existing."

The attributes of the Divine Being whose existence Newton wanted to prove were all attributes given to God's attributes (names) in Islam about ten centuries before Newton. Such attributes given by Newton were: Dominion, Eternal, Powerful, Omnipotent, Omniscient, governs all things, knows all things, and Perfection. Some of God's attributes, by which Muslims call the one God are: "Al-Samad" (Eternal), "Al-Qawey" (The Powerful), "Al-Muhaymin" (Dominion), "Al-Qader" (Omnipotent), "Al-Hakim" (The Governor), "Al-Aleem" (Who knows all things).

Islam's Outlook on Judaism and Christianity

The Qur'an insists strongly that: "*There shall be no coercion in matters of faith.*" Jews and Christians are referred to in the Qur'an as "*people of the Book*" and they coexisted in harmony in Muslim lands for centuries. Tolerance to other religions is one of Islam's known virtues. Other religious groups enjoyed full religious autonomy. Encyclopedia Britannica wrote: "Islam achieved astonishing success in its first phase. Within a century after the Prophet's death in A.D. 632 (the early generation of Muslims) it had brought a large part of the globe -- from Spain across Central Asia to India – under a new Arab Muslim empire. Despite these astonishing achievements other religious groups enjoyed full religious autornomy."

H.G. Wells has accepted that Islam practised what it preached on equality and justice. In his book: "*The Outline of History*" (p. 325) he wrote: "They

(Muslims) created a society more free from widespread cruelty and social oppression than any society had ever been in the world before."

This tolerance is mandated in the Qur'an:

> "*Do not argue with the followers of earlier revelation otherwise than in the most kindly manner – unless it be such of them as are set on evil doing – and say 'we believe in that which has been bestowed upon us, as well as that, which has been bestowed upon you: for our God and your God is one and the same, and it is unto him that we [all] surrender ourselves*."

Qur'an, 29:46

Islam calls for dialogue, including civilizational dialogue, and dialogue with the enemy. The Qur'an says:

> *"Call (people) to the Way of your Lord with wisdom and with beautiful preaching and argue with them in ways that are best (16:125); repel (evil) with goodness. Then he who hated you will become your friend"*

Qur'an, 41:34

Islam emphasized, said Armstrong, that "the primordial faith had been preached to the whole of humanity by the prophets of the past. … constantly the Qur'an points out that Muhammad had not come to cancel the older religions, to contradict their prophets or to start a new faith. His message is the same as that of Abraham, Moses, David, Solomon or Jesus." In addition to Qur'an, Muslims must accept the basic truth of the Jewish Torah (*Tawrah*) given to Moses (Musa), the book of Psalms (*Zabur*) given to David (Dawud), and the Gospel (*Injil*) given to Jesus (Isa).

Newton began work on a treatise, which he called "*The Philosophical Origins of Gentile Theory*", in which he concluded that Noah had founded the primordial religion "which had been free from superstition and had advocated a rational worship of one God. Later generations had corrupted this pure religion, with takes of miracles and marvels." Muslims call Islam the religion of Ibrahim (Abraham) who was the first Muslim to submit to the One God. Prophet Mohammed said that Islam is purely the religion of Ibrahim which was corrupted through the ages and God sent his prophets Moses, Jesus and Mohammed to remind their people of the religion of Ibrahim after they went astray.

Therefore, Muslims must accept the same prophets of the Jews and Christians:

> *"Say: We believe in God in that which had been bestowed from on high upon us, and in that which has been bestowed upon Abraham and Ishmael and Isaac and Jacob and their descendants, and that which has been vouchsafed to Moses and Jesus, and that which has been vouchsafed to all the [other] prophets by their Sustainer: we make no distinction between any of them. And it is unto him that we surrender ourselves."*

Qur'an 2: 135-36

> "*Believers, Jews, Christians and Sabeans – whoever believes in God and the Last Day and does what is right – shall be rewarded by their Lord; they have nothing to fear or to regret*"

Qur'an 2:62

Trinity:

The Qur'an considers Jesus as the Messiah sent to lead his people back to the true path of Ibrahim and confirms his miraculous virgin birth and Jesus' Gospel as genuine revelation from God. But on trinity the Qur'an says:

> "*And they say: The Beneficent God has taken a son. The heavens may almost be rent thereat, and the earth cleave asunder, and the mountains fall down in pieces, that they ascribe a son to the Beneficent God. And it is not worthy of the beneficent God that He should take a son*."

Qur'an 19:88-92

During the 1670s, Newton seriously studied the doctrine of the trinity. As written in the book "*History of God*", Newton "came to the conclusion that it had been foisted on the Church by Athanasius in a specious bid for pagan converts. Arius had been right: Jesus Christ had certainly not been God, and those passages of the New Testament that were used to 'prove' the doctrines of the Trinity and the incarnation were spurious. Athanasius and his colleagues had forged them, added them to the canon of scripture, thus appealing to the base, primitive fantasies of the masses."

Human Rights, Race Issues and Islam's Universalism

Equality and unity preached by Islam are fundamental to the Muslim society and mankind. After all, Islam preaches we all came from Adam and Adam humbly was made of clay. We all came from one soul:

> *"O men, have fear of your Lord, who created you from a single soul. From that soul He created its mate, and through them, He scattered the earth with countless men and women."*

Qur'an 4: 1

In the Farewell Address, Prophet Mohammad said: "*You are all brothers and are all equal. None of you can claim any privilege or any superiority over any other. An Arab is not to be preferred to a non-Arab; nor is a non-Arab to be preferred to an Arab, nor is a white man to be preferred to a colored one, or a colored one to a white, except on the basis of righteousness*".

The message of Islam is directed to mankind. Qur'an doesn't address O Arabs, but mostly O People:

> *" We have not sent thee but a (messenger) to all mankind…"*

Qur'an 28:22

Although the first geographical location of Islam was in Arabia, it quickly expanded, within less than one century, to cover most of the civilized world at that time and stretched from Spain and southern Europe to North and East Africa and most of Asia, and from the Eastern Coast of the Mediterranean to China. It is noted that the first council of Prophet Mohammed was multinational in composition. It included a black African (Bilal), a Persian (Salman), a Roman (Suhaib), Arabs and others. The army leader who conquered Spain was a Berber. Saladin, who recaptured Jerusalem from the crusaders, was a Kurd. The Ottomans, who ruled one of the world's most powerful Muslim empires, were Turkic.

The power of Islam's universalism, therefore, is much stronger than nation-states and nationalism, both Western inventions, that can be used as administrative tools not as a basis to unite the human race.

Throughout history, when the core Islamic state weakened in one part, another Muslim state was in the making somewhere else. The Tartar occupiers and the Mongols, destroyed the state of Islam of their times. After occupation of the Muslim territories, they were converted to Islam and became its proponents.

Historians wrote: “The religion of the Muslims had conquered where their arms failed.”

Muslims believe that they may be weakened and subjugated at any point in time. But they believe Islam is an ideological superpower forever. Its universal morality will cause its acceptance by the human race once they know the Islamic truth. This is to be accomplished through peaceful dialogue (daa’wa) as war is only permissible is self-defense:

> *“Call to the way of Lord with wisdom and good preaching, and argue with them in the best and most gracious manner…”*
>
> **Qur’an 125:10**

“The Qur’an does not sanctify warfare. It develops the notion of a just war of self-defence to protect decent values, but condemns killing and aggression,” wrote Armstrong

“It is true that all Muslims are obliged to fight to the death in defense of Islam and that the Islamic epoch began with declaration by Muhammad of Jihad against the pagans of Arabia. But this Qur’anic duty is entirely defensive. Aggressive war, either to gain worldly power or wealth or to forcibly convert unbelievers, is expressly forbidden in the Qur’an:

> *“There is no compulsion in religion, truly the right way has become clearly distinct from error”*
>
> **Qur’an (2.256)**

Gender Equality: Equality of the sexes was introduced during Muhammad’s lifetime. Armstrong wrote: “Women had been among Muhammad’s earlier converts, and their emancipation was a project that was dear to his heart. The Qur’an strictly forbade the killing of the female children and rebuked the Arabs for their dismay when a girl was born. It also gave women legal rights of inheritance and divorce: most Western women had nothing comparable until the nineteenth century. Muhammad encouraged women to play an active role in the affairs of the ummah (the nation) and they expressed their view forthrightly.”

“The emancipation of women was a project dear to the Prophet’s heart,” wrote Armstrong. “The Qur’an gave women rights of inheritance and divorce centuries before Western women were accorded such status. … the Qur’an makes men and women partners before God, with identical duties and

responsibilities … the women of the first ummah in Medina took full part in its public life, and some, according to Arab custom fought alongside the men in battle. They did not seem to have experienced Islam as an oppressive religion, though later, as happened in Christianity, men would hijack the faith and bring it into line with the prevailing patriarchy."

Yvonne Ridley, a British journalist, made headlines when she sneaked into Afghanistan on the back of a mule, clad head to toe in a burqa. She was caught by the Taliban. She was impressed by the way she was treated, though she swore at them, offended them even abused them while they continued on calling her "sister", as Muslims normally call women who are not relatives. Before her release, an imam visited her and asked if she's interested to learn about Islam. She promised to study it after she is released. In an August 26, 2002, interview with Newsweek she said: "And what started out as an academic study has now turned into something much more spiritual. I'm very impressed with what I've found." According to Newsweek, "she recently announced plans to convert to Islam", after what she learned about Islam in her recent research. One more reason she lost faith in her Christianity was "during the siege of Manger Square, when the Israelis were shelling the Church of the Nativity, the holiest shrine in Christendom, and not one single church leader in this country condemned what was happening". Asked what sort of conversation she had with her Afghan captors and if she talked about Islam, she answered: "I wish I knew then what I know now, because I would have felt confident raising the issue of Islam and asking what on earth they thought they were doing with their women…"

Islam humanized and upgraded women's status much earlier than the West did and mistreatment of women is un-Islamic, even if practised in some Muslim countries, just like the mistreatment in the West was un-Christian.

Islam and Science: There are numerous references to nature in the Qur'an, but none of them clashes with facts discovered by science. After making a study of such statements in the Qur'an, Dr. Maurice Bucaille concluded: "In view of the level of knowledge in Muhammad's day, it is inconceivable that many of the statements in the Qur'an which are connected with science could have been the work of a man. It is, moreover, perfectly legitimate, not only to regard the Qur'an as the expression of a Revelation, but also to award it a very special place, on account of the Guarantee of authenticity it provides and the presence in it of scientific statements which, when studied today, appear as a challenge to explanation in human terms."

Islam is science-friendly. What Newton did in searching the universe to see the signs of God only testifies to the veracity of the Qur'an, which said:

"We will show them our signs in the universe and in their ownselves, until it becomes manifest to them that this is the truth."

Qur'an 41:53

The Qur'an stresses constantly the need to look at the world attentively and with curiosity, an attitude that later enabled Muslims to build a fine tradition of natural science, which was never seen as a danger to religion as in Christianity.

"O my sustainer causes me to grow in knowledge."

Qur'an: 20: 114 – 15.

Also, Prophet Muhammed said: "Go after learning even as far away as China." This when going to China could be done on camel or, at best, on horseback. At times, Muslim communities degenerated and lagged behind in science, especially the past few centuries. Muslims believe that this was not the result of Islam, but, to the contrary, to non-adherence to Islam and its quest for exploring the self and the world.

Islam and Politics

The Islamic experience of salvation can be attained "in the achievement of a society which puts into practice God's desire for the human race. This not only redeemed Muslims from the sort of political and social hell that existed … but also it provided them with a context within which they could more easily make that wholehearted surrender to God which alone can fulfil them". In the Qur'anic vision, Armstrong added, "the whole life was potentially holy and had to be brought into the ambit of the divine. The aim was tawhid (making one), the integration of the whole of life in a unified community, which would give Muslims institutions of the Unity which is God." Therefore, restricting Islam to performing rituals, as the U.S. Deputy Secretary of Defence Wolfowitz wishes, or as Attaturk, Mohammed Reza Pahlavi or Ayub Khan tried to impose in their anti-Islamic secularization programs, will not do.

The place of worship for Muslims can be anywhere. However, the masjid (mosque) literally means a place of prostration. All concerns of the ummah (nation) – religious, social, political and military -- were discussed in the masjid. Therefore, you can separate the Christian church from worldly issues, as it is strictly a place of worship, whereas the masjid is not just a place to pray but also a place where Muslims meet to discuss social, military and political events. "Politics was, therefore, what Christians would call a

sacrament: it was the arena in which Muslims experienced God and which enabled the divine to function effectively in the world," wrote Armstrong. To ensure God's will for justice, compassion and equality you have to develop the Islamic governance institutions to apply God's rules to see his principles of a just society implemented. "Islam Americani" decided on behalf of the Muslims the kind of Islam that is good for them, even though it is not Islam at all. The Wall Street values and materialism is the West's model religion and everybody must follow it. One is either with or against. One can do whatever he wants in the church or the mosque as long as one accepts the verdicts and morality of Wall Street.

The Five Pillars of Islam

- **Shahada:** There is no God but One God (Allah in Arabic), and Muhammed is his messenger (Prophet).

- **Salat (Prayers):** Five times daily: before sunrise, at noon, mid-afternoon, immediately after sunset, and at night. Whenever possible, prayers in congregation at the mosque is preferred but not obligatory, except for the Friday noon prayers, which are supposed to gather Muslims and their leaders to discuss political, social, military or religion matters in Al-Khutba (the sermon) before the prayers. Muslims pray facing Mecca wherever they are.

- **Zakat (Tax for the Poor):** Zakat is an annual wealth tax payable only by Muslims who amassed some capital. All Muslims living above subsistence level must pay zakat, not as a charity, but as the rightful claim of the poor against the rich. It is 2.5 per cent of the individual's total wealth, to be paid annually.

In Islam, all wealth, to the dismay of Wall Street godfathers, belongs to God and those who acquire it are no more than its custodians. Money is a gift from God and those who acquire it must pay the zakat in appreciation to God's gift. What really you need, the prophet said, is what you pay to eat or to dress, and the best of money is what you spend on the poor. The rest is yours as long as you use it productively. One is not allowed to store gold and silver (money) or to use money for the purpose of making money.

A hadith of the Prophet says that you cannot be a true Muslim if you sleep with a full stomach while your neighbor is hungry.

- **Sawm (Fasting):**

  Every able Muslim who has reached puberty must fast the whole month of Ramadan (Arabic calendar). Fasting from dawn to dusk, Muslims may not eat, drink, smoke, or have sex within that time span. This is to show obedience to God, train to forgo the pleasures of life and exercise self control.

- **Hajj (Pilgrimage to Mecca):** The visitation to the holy places in Mecca at a specified period is mandatory on all financially capable Muslims once in a life time. The Hajj was used as an annual conference of Muslims from all over the world!

  The above are the basic pillars of Islam. But creating an equitable society is part of the Qur'anic spirituality. In Islam, you worship God if you do your job honestly or if you assist in creating and maintaining the just society of Islam, in which there should be no unreasonable wealth disparity and everybody's basic needs are secured by the Muslim society and state.

According to Wahiduddin Khan's book "*Islam and Peace*" : "The ideal human being of the Qur'an is one who undergoes all these (life) experiences without losing his integrity. Under no circumstances is his inner peace disturbed. However untoward the occasion, he can maintain his natural balance. Success does not make him proud. Power does not make him seek vengeances in anger. At all events, he remains serene. It is such a man who is called 'a peaceful soul' in the Qur'an. And it is this man who, according to the Qur'an, has achieved the highest spiritual state."

The Economy:

There are certain fundamental differences between the Islamic system as a way of life and capitalism:

a. **Purpose:** The values and morality of a system decide the ultimate purpose of the economic system and its rules and regulations. Growth is the purpose of economic activity in capitalism, and it is delinked from ethics, as Lester C. Thurow of MIT wrote. In capitalism, happiness is acquired, supposedly, through consumption and acquisition of goods. Money is the ultimate measure of success.

The core of the Islamic economic system is based on justice and equality. Money is not an end, but only a means. Acquisition of material goods does not bring happiness. Capital is one part in the production equation but is not the major part.

b. **Money:** In Islam, money cannot be used with the sole purpose of making more money. It is only a tool in the productive economy. Private ownership is allowed, but money used for speculation is not allowed. If the financial economy is truly and justly called a casino, gambling is strictly prohibited in Islam.

Usury: It is strictly forbidden, because it is money that is employed to make more money and it is not involved directly in the productive economy. Capital owners must be involved in the risks as real partners in the productive economy.

Most religions had religious injunctions against usury, which was declared a sin as far away as the time of the Book of Genesis. Islam prohibited usury and the storage of gold and money for whatever reason away from production means. Until the Middle Ages, it was taught in most of Europe by the Catholic Church that interest (at any rate) was a sin against God. During the industrial revolution stages, outlook on interest and usury was changed, but usury was differentiated from interest rates and usury as such was banned in the United States. Usury's definition was eventually modified to mean: lending at ruinous interest rates. It became accepted that capital should be justly rewarded, but it was also accepted that it was not free to set conditions that will guarantee the failure of the borrower. John Maynard Keynes argued in his work "The General Theory of Employment, Interest and Money" that: "Avarice and usury and precaution must be our gods.... For only they can lead us … into daylight." Thus, 20th century economists declared officially that money, even usury, is not only a sin to God, but to them it is God himself! Even after the Keynesian orthodoxy was attacked, the monetarists took over from where Keynesians left. In 1980, at the start of the age of deregulations, the US Congress legalized usury along with other sets of legislation of deregulation. As a result, the ceiling set by state and local governments on home mortgages was abolished. Usury, just like sex, became a private affair between consenting adult partners and the government has no business to intervene.

Public Welfare: All utilities of common interest to the public are to be owned by the state. Sources of "water, fuel, animal feed", said the prophet, belong to the people. The government, through "Bayt Al-Mal", i.e., public treasury, must ensure that all basic needs of the citizens are fully satisfied.

Wealth: A wealth tax of 2.5 per cent must be paid annually on all wealth other than that considered essential for normal subsistence. The money is God's money. He created the wealth and He gifted it to His servants. They are to use it right. After all, people do not take money when they die. God's money remains on His earth.

During the Western colonialism and after the decolonialism process, in which the Western-trained and aided regimes took hold of power, the above basis of

Islamic economic vision were practically non-existent. In few instances the form, but not the substance, exists. Muslims, in their resurgence, aspire to live by the equitable society of Islam. Just like the capitalist countries, and maybe because of them, Islamic countries nowadays witness wealth disparities and an inequitable society as bad as their former Western colonial countries, and, in many instances, even worse.

Muslims are convinced that the Wall Street godfathers and their cronies in Washington find in the above Islamic values a threat and a challenge more serious than the former communist challenge. They believe this is the real reason for the new crusade against Islam, packaged as a war against terrorism.

It is hoped that this chapter has made it clear that Islam, as all faiths, is a religion of love and justice. Those who described Islam as evil are evil themselves. The hate campaign staged in the United States by Christian Zionists and TV evangelists is un-Christian. The leaders of these hate movements preach from the Gospel of Wall Street not from the Gospel of Jesus, who preached love. Dr. Mahmud Mohammad Emara, member of the Islamic Research compound of Al-Azhar University in Cairo, spoke in Abu Dhabi about Islam's interpretations of the unity of religions. He said: "Even though religions vary in their legislation and customs, the moral code from which they emerge is one. This code necessitates that followers of the different religions should unite around these codes, such as truthfulness, fidelity, love, and tolerance …. Therefore, the enemy of all religions is one … the space of co-existence among all religions is wide and open." He added: "Christianity is the religion of love. He, who does not love people, does not recognize God, because God is love, and love is the foundation of religions."

In 1998, Forbes featured the "one world" vision of Nabisco's president Bickmore in which "Arabs and Americans, Latins and Scandinavians" will enthusiastically use the same product, be it a coke, a Ritz cracker or a Colgate product. To promote consumption, transnational marketing must create the need for transnational products. Not only products but a life-style must be marketed, which means managing social changes to suit the promoted lifestyles. This can only be accomplished by transforming societies into a culture with universal values. Muslims and Muslim resurgence enforce Muslim values. These values are different from the religion of materialism of Wall Street and its godfathers, but not from Christianity. The Muslim values stand in the way of globalization and capitalism. Thus, and for this reason, Islam now is the enemy. Terrorism, Osama Bin Laden, etc., are figures that the scriptwriters, possibly borrowed from Hollywood, are using for an easy sell of an evil war against another civilization.

POST SCRIPT

On September 11, 2001, brutal terrorist attacks were waged against the World Trade Center in New York and the Pentagon in Washington DC. Some 3,000 innocent people were victims of this ruthless act. Within minutes after the attacks, an orchestrated media campaign was waged on Muslims and Islam. Franklin Graham and his fundamentalist associates declared Islam "an evil religion" and President George W. Bush declared war against evil the very same week. It was a crusade, said Bush, until his public relations advisors taught him that saying so will make the job of America's Muslim collaborators a bit harder. The evil states and institutions that were listed by Bush were predominantly Muslim, including some social organizations that provided relief to the Palestinian civilians victim of the Israelis army of occupation and whose houses were destroyed by American-made F-16s and Apaches, given to Israel as part of the over $3 billion, decades-old, annual aid.

Islam was attacked in leading American newspapers, such as the New York Times and the Washington Post. Columnists and writers decreed that the problem of the world lies in "radical Islam" or "Islamists". The media painted Islam as a "violent religion". The ordinary, non-suspecting Americans busy with the hand-to-mouth daily routine came to believe that Islam and terrorism go hand in hand. The war against terrorism became consciously or inadvertently to mean the war against Islam. CNN and the establishment's media declared this war even before the U.S. Congress did. Through the availability of unlimited financial resources (money), polling and target-group studies and the development of messages to reach the targeted group (marketing), and through the artful use of television and other communications channels (media), an image was created, that of Islam as the new enemy.

Bush declared that the world was now divided between good and evil and between believers and non-believers. The believers are those who accept Wall Street values lock, stock and barrel. The rest are non-believers. Nations were made to decide whether they were with or against the Wall Street war, conveniently packaged as America's war. Those who didn't accept American and Western values were declared evil states. Bush's pluralism, which is advocated by America's democracy, means: you choose me or me. This is telling of the duplicity and hypocricy of the system and its bureaucrats. Those who decided on their own "me" were labeled as evil. Bush declared a long war against terrorism, a term which was never defined or will be conveniently defined every now and then to serve the power-structure owners of the New World Order. It is a strange, unprecedented kind of war.

Ten years before George W. Bush declared the West's latest crusade against Islam, which many Muslims believe now this war to be, Karen Armstrong wrote:

"Now it seems that the Cold War against the Soviet Union is about to be replaced by a Cold War against Islam." She said: "Today the Muslim world associates Western imperialism … with the crusaders. They are not wrong to do so. When General Allenby arrived in Jerusalem in 1917, he announced that the crusades had been completed, and when the French arrived to Damascus their commander marched up to Saladin's tomb in the Great Mosque and cried: 'Nous revenons, Saladin' (We are back Saladin)."

NATO's secretary general declared in 1995 that political Islam was "at least as dangerous as communism" had been to the West. One of the very senior members of the Clinton administration, according to Samuel Huntington, pointed to Islam as the global rival to the West. Huntington also wrote: "During the fifteen years between 1980 and 1995, according to U.S. Defense Department, the United States engaged in seventeen military operations in the Middle East, all of them directed against Muslims. No comparable pattern of U.S. military operations occurred against the people of any other civilization."

Immediately after the September 11 attacks, the United States government announced that a man living in a cave half-a-world away was responsible for these attacks and that all its armies of the numerous intelligence agencies were outsmarted by this Superman. The alleged superhero was Osama Bin Laden, a billionaire born in Saudi Arabia who was lured by the CIA to conduct jihad and free a Muslim country from the communist infidels. He collaborated not for worldly rewards but out of conviction that his fight will to help liberate an Islamic country from outside aggression and invasion. His psychological profile, resources, organizational capabilities and much of everything else were very well known to the CIA and the American intelligence communities. Al Qaeda operated in liaison with Pakistan's Inter-service Intelligence Service, which is closely connected to the CIA. Furthermore, Bin Laden's organization was under direct surveillance of U.S. intelligence and an Executive Order to monitor Al Qaeda and Bin Laden dates back to the Clinton administration.

After the U.S. allegation that the skillful, highly organized and highly technical terrorist operation of September 11 was totally managed by remote control from a country that has no mobile phones or modern communications infrastructure, many around the world showed skepticism and demanded some evidence. Bin Laden may have been unwittingly involved, but he and his organization were used by a highly powerful and intelligent organization(s) that had interest for September 11 to occur. At least, such organization(s) must have suppressed the intelligence information that was available about the attack plan. No evidence was given before the world's only superpower decided to wage war against a country that lived in the middle ages of history. Afghanistan, among other things, became a testing ground for new weapons, just like Japanese cities were used as test grounds for America's new atomic bombs, even after it was known that Japan was about to surrender.

President Hosni Mubarak of Egypt, a trained pilot, told the CNN that as a professional pilot, he is certain that those who flew the planes that attacked the September 11 targets knew the area very well and were extremely experienced pilots. Trainees just coming out of school with a manual in hand could never have carried out such an operation. A former Israeli air force commander told Israel's TV2 that in his "professional view, the pilots must have been Americans, not foreign, given their technical style". Similar expert opinions were voiced in Russia, England, France, Germany, Italy and many other countries of the world. The American media announced, a few months after the attack, that the plan to attack Afghanistan was on Bush's desk, awaiting his signature, two days before September 11, and that on August 17, 2001, the FBI arrested Zacarias Moussaoui who, according to Time magazine, told the FBI of plans to "fly something into the World Trade Center". Also, it was revealed that Bush was briefed on August 2, 2001, on his farm in Texas, about possible attacks using hijacked plans. Was Bin Laden involved? Possibly. Was it possible to stop him? Yes. Why wasn't he stopped? Some organization(s) needed the United States to go to war, to bail the economy and to wage a campaign against Muslims and Islam, "the rival of the West".

William Casey, director of the Central Intelligence Agency (CIA) during Reagan's administration, said that intelligence is like a mosaic picture. If you look at one piece of the mosaic at a time, it may say nothing or very little. If you put the pieces together, you'll get the picture. So let us put the pieces together:

In less than one year after September 11, the U.S. pressed successfully many components of its New World Order:

- Afghanistan, strategically located on the borders of or close to Iran, Pakistan, China and former USSR republics of Central Asia, like Uzbekistan, Kazakhstan, Kyrgyzstan, Turkmenistan, now became a virtual American protectorate; the same goes for the other Central Asian republics.
- U.S. air and military bases were "leased" in all former USSR Asian republics and Georgia, to keep tight control of the new petroleum reserves and their transport routes.
- A wedge has been created separating Russia, China and India, a strategy proposed by the architects of the New World Order to prevent the emergence of any competing superpower from forming.
- Pakistan is forced to change its Islamic schooling system. A similar request was made of other Muslim and Arab countries. Pakistan's atomic capabilities were either eliminated or will be soon. It was announced that American special forces made plans and maneuvers to take over the Pakistani nuclear facilities if - and that is a small if – terrorist attempt to

take over these facilities. American forces are "protecting" these facilities now. No Islamic atomic bomb is allowed.

- Saudi Arabia and the oil-producing Gulf states were pressured to pursue "Islam Americani", including teaching the Koran in accordance with America's choice. These countries are forced to disclose all donations to all charities. They must stop funding organizations that the U.S. lists as terrorists, even though terrorism was given no definition. If Fateh fights Israeli occupation, that is terrorism. But Israel's attacks against civilians, genocide by definition, are declared self defense. A Somali financial house went bankrupt when it "made it" on America's unwanted list. After the damage was done, the U.S. admitted that the company had "supported terrorism unknowingly".
- The company Dick Cheney headed before he went to the White House, Halliburton, announced after September 11 plans to invest $12 billion in oil projects in the Caspian region, with British Petroleum, according to the Business Week of May 27, 2002.

September 11, 2001, must have been a blessing for the remaking of the New World Order. Was it a nice coincidence!?

As we will show clearly in this book, there was never a U.S. economic boom during the 1990s. It was a "boom of illusions", the biggest speculative bubble ever. There was no "New Economy" - there was a casino economy of Enronics. The U.S. economy, the most indebted economy in the world, is facing serious crisis. The Wall Street godfathers want and need war badly. Using this opportunity to control the last outposts of oil reserves in Iraq and the Caspian Sea is a double bonus. CBS, disclosed in early September 2002 that the U.S. secretary of defense ordered his top military staff to prepare for war on two fronts, Iraq and Afghanistan, only five hours after the attacks on the World Trade Center.

The U.S. economy was witnessing a crash, and Allan Greenspan was trying to avert it with a wall of cheap money. Things were bad before September 11. The Economist reported on the status of affairs of the 3rd quarter of 2001 (before September 11): Bethlehem Steel and 19 other steal makers filed for bankruptcy protection. Polaroid also filed for bankruptcy protection. AT&T lost $5.3 billion. General Motors profits were down by 54%, and Ford made a third quarter loss of $692 million, in addition to the $752 million loss Ford posted in the second quarter of 2001! Intel profits were down by 96%. Bank of America's profits were down by 54%. Enron was in the process of a final meltdown and the airline industry was losing and laying off tens of thousands before September 11. Between March 10, 2000, and the end of the first quarter of 2001, Nasdaq stockmarket values fell from $6.7 trillion to $3.3 trillion. On April 23, 2001, Standard and Poor's report on 2001 global bond market stated that within the first-quarter of 2001, 48 large companies defaulted on total bond value of $37 billion, which equaled all the bond defaults of 2000, which was in itself a record

year. Wall Street and the United States economy were at a junction similar to that which preceded the Great Depression of the 1930s … probably worst.

As soon as the Bush administration came into office in January 2001, it started to increase defense spending dramatically, to pump more money in the U.S. economy and to stockpile armament for its projected wars. History says that wars are capitalism's way out of recessions and depressions. After Bush took office, in February 2001, the Defense Department requested $6.832 billion, an increase of 25% over the previous month; the March 2001 figure went up by another 64%, to reach $11.196 billion. These were spendings on new tanks, missiles and ships. But the economy continued to deteriorate. The so-called New Economy companies started to collapse. Enron's story is the story of the New Economy and the story of America. Prior to its collapse, Enron, whose chairman, Kenneth I. Lay, is a close friend of the Bush family, was the 7th largest company in terms of revenues. It traded at $90 a share, before having traded at 61 cents a share in November 28, 2001! The New Economy, like Enron, turned out to be a house of cards. Enron, the United States, the global economy and capitalism are in crisis. The United States, as the center of a global economy in which other national economies were made peripheral, mainly to serve the center, is facing a disintegrating system. Wall Street is exposed for what it is: "a license to steal". Globalization is in crisis.

The New World Order is no more than a new version of the Old World Order: an American empire instead of a British empire. These empires, in their respective times, were and are controlled by a web of invisible institutions and structures that set the agenda and aid bureaucrats of their choice to be elected. Now, this happens in a democracy in which "one dollar is one vote". These shady institutions and structures have all the dollars and thus all the votes.

The financial barons of Europe were exercising their control through the British empire. They changed horses after World War I, choosing the United States of America. The British became the consultants of the new American empire, giving it their colonial, imperial, geopolitical and political know-how. Roger Morris, a Harvard PhD and a former national security member, wrote that Professor Carroll Quigley, who taught Bill Clinton at Georgetown University, explained this relationship: Quigley "was especially impressed by the old foreign affairs establishment, part of a larger Anglo-American financial and corporate elite and what he called a 'power structure' between London and New York which penetrated deeply into university life, the press, and the practice of foreign policy". He saw some of elite think tanks, i.e., the Council on Foreign Relations as "a concerted, if not conspiratorial, international network". Mind the word conspiratorial.

"Representative of the arrangement," wrote F. William Engdahl, "was city of London merchant banking scion, Sir Charles Jocelyn Hambro, who sat as director of the Bank of England from 1928 until his death in 1963. During the Second World War, Hambro was Executive Chief of British Secret Intelligence's 'Special Operations Executive (SOE) in the government's Ministry' of Economic

Warfare, which ran wartime economic warfare against Germany, and trained the entire leadership of what was to become the postwar American Central Intelligence Agency and intelligence elite including William Casey, Charles Kindelberger, Walt Rostow and Robert Roosa, later Kennedy Treasury Secretary and partner of Wall Street's elite Brown Brothers Harriman. Rather than the traditional service to provide data from agents of espionage in foreign capitals, Britain's Secret Intelligence Service (SIS) head was himself part of a secret, freemasonic-like network which move together the immense power of British banking, shipping, large industry, and government. Because it was secret, it wielded immense power over credulous or unsuspecting foreign economies."
Walter Lippmann, from the invisible power structure, explained how American democracy works, which proves it is a hollowed out democracy that kept form but not substance. Society, Lippmann argued, is divided into the great "vulgar masses" of a largely ignorant public, which can be steered by an elite or a "special class", which Lippmann termed the "responsible men" who would decide what is the "national interest". This elite becomes the dedicated bureaucracy, to serve the interests of private power and private wealth, but the truth of their relationship to the power of private wealth should never be revealed to the broader ignorant public. "They wouldn't understand." The special class can set the agenda and "manufacture the consent" of the ignorant masses through the media, said Lippmann.

After the collapse of communism and the USSR, the United States became the sole superpower in the world. The invisible power structure that directs U.S. policy had plans for a New World Order. Addressing U.S. Congress on September 11, 1990, George H.W. Bush, the father, who came from CIA and also from a family that had its roots in Wall Street, said: "… out of these troubled times … a New World Order can emerge." Control of international oil was at the top of the agenda. Next was the "globalization" of the Anglo-Saxon capitalist model and the eradication of socially oriented state capitalism in Europe and Japan, followed by the intention to obtain complete control over the international oil circle. Islam, which was declared a rival to Western capitalism, must also be assaulted. It stands in the way of globalization, which must have universal Western values to allow it to spread. Samuel Huntington and his colleagues had already decided that a clash, not a dialogue, between Islam and Western capitalism was inevitable.

Three of the leading Bush Jr. officials belonged to the Bush Sr. administration. They worked on the definition and construction of this New World Order: An American empire. Wolfowitz, deputy to Secretary of Defense Donald Rumsfeld, came from the most fanatic Zionist circles in the United States and is a key figure in the Bush Jr. administration. Condoleezza Rice, the national security advisor, received her PhD in international relations in 1981 from the University of Denver under the tutelage of the professor of international relations, Josef Korbel. In a September 26, 1999, article in the Guardian, Rice said she became a close friend of Josef Korbel and frequent visitor to his home.

There she met and befriended his daughter, Madeleine Korbel Albright, who was President Clinton's secretary of state.

A group of this dedicated "special class" of bureaucrats, went to work after September 11 to "manufacture opinion" justifying a civilizational war against Islam that may save the bankrupt capitalist system and its new globalization vehicle. They labored to give morality to an immoral cause: a war against another civilization. In summary, they ask that American values be accepted as universal values, and since Islamic values stand in the way, a clash in unavoidable. But the American values of the founding fathers were hijacked by "the few" and by the corporations and their owners. Just like U.S. president Rutherford B. Hays said: "This is a government of the people, by the people, for the people no longer. It is a government of corporations, by corporations and for corporations."

President Abraham Lincoln's worry that the American Republic will be hijacked by a few became a reality. He said: "Corporations have been enthroned …. An era of corruption in high places will follow and the money power will endeavor to prolong its reign by working on the prejudices of the people … until wealth is aggregated in a few hands … and the Republic is destroyed." The Wall Street godfathers, their Washington cronies, and the special bureaucracy of the elite are wrapping the immoral ethics of a destroyed Republic in an American flag, and they are advancing this as the model for the world. The ethics that destroyed the American Republic and hijacked the American dream is now for sale. It is the system of Wall Street and Wall Street wants to globalize and market this system under an American label.

But these values confuse good life with goods. Jimmy Carter, an American president, recently said: "Human identity is no longer defined by what one does, but by what one owns. But we have discovered that owning things and consuming things does not satisfy our longing for meaning" This model of materialist-value capitalism is producing crime. On the city of Los Angeles, NBC Dateline reported in 1997 that the city has 150,000 armed gang members! Most were teenagers. About 900 people are killed annually by gangs, some 25% of whom innocent bystanders. In Western capitalism, money is the ultimate measure of success. Little was done by Washington to control the tobacco industry for 33 years – after the U.S. Surgeon General decided in the mid-1960s that enough scientific evidence existed to support the assumption that smoking was both lethal and addictive. The Time of June 30, 1997, reported that: "Americans have prematurely lost 4 million collective years of life annually in our worst if routinely accepted, public health scandal." Some 400,000 U.S. citizens died each year from smoking. Between the thirty some years in which the Surgeon General had persuasive evidence about the lethal qualities of tobacco industry, and could or did not do anything about it, some 14,000,000 American died, or have been murdered."

Lester C. Thurow, professor of economics and former dean at MIT Sloan School of Management, wrote in his book "*Future of Capitalism*":

"Unfortunately neither capitalism nor democracy is a unifying ideology. They present no common goals towards which everybody is collectively working. Both stress the individual not the group. In the most rigorous expressions of capitalist ethics, crime is simply another economic activity."

Illusion and disenchantment with the Western capitalism's materialism and secularism brought religiousness into high gear in the second half of the twentieth century throughout the world, including America. If abundance of production and goods were the measure of a system, capitalism was unsurpassed, even though this abundance was unevenly distributed among nations and amongst the people of the same nation. A one per cent class in every nation controlls the majority of this abundance. In most cases, this class was lured to one of the many invisible structures that are ultimately under the control of global money barons.

In Islam, it is the Main Street not the Wall Street that rules the interest "of society at large", i.e., public interest is the purpose of governance without prejudicing individual human and legitimate rights. In the United States, one half of 1% of the households own more than what 90% of the American population owns, while more than 35 million Americans are classified as poor. Such an economic system is against Islamic principles. It defies the basis of justice, the core of all religions. This different outlook in economic vision shared by more than 1.2 billion Muslims is the real cause for capitalism's robber barons to find Islam more dangerous than communism. Islam obstructs the imperial grand plan for a global world order in which everybody must play according to Wall Street rules.

Muslims are certain that they have no problem with good Christians and good Jews. The problem is with the evil people who elevated materialism to an unethical religion that runs diametrically opposite and against all religions. Islam insists that "there shall be no coercion in matters of faith". Some non-Muslims are surprised to learn that Muslims worship the same God they do, accept the prophets of Judaism and Christianity and accept the moral codes of those religions, including the Ten Commandments.

> *"Say:'We believe in God in that which had been bestowed from on high upon us, and in that which has been bestowed upon Abraham and Ishmael and Isaac and Jacob and their descendants, and that which has been vouchsafed to Moses and Jesus, and that which has been vouchsafed to all the [other] prophets by their Sustainer: we make no distinction between any of them. And it is unto him that we surrender ourselves'."*
>
> **Qur'an 2: 135-36**

The problem is not between Muslim, Christians and Jews, it is between "the few", those who hijacked America and now are trying, through globalization, to hijack the world.

Killing one life, Islam says, is as great a sin as if you killed all human race. Killing 3,000 in the Twin Towers is a crime. Killing 400,000 or

14,000,000 because the tobacco companies can buy legislators is no less. Marketing a system that corrupted the American Republic, claiming it will be the salvation of the world, a system that can survive or thrive only on wars, is indeed a worst crime. In one such war, 50 millions, mostly Christians, were killed. How many millions are destined to die in the new civilizational war this system is now waging? This system is in crisis. It is dangerous because it is both ruthless and unethical. Nevertheless, history taught us that empires rise and fall.

The American people must stop accepting the role of "vulgar masses" whose opinion is "manufactured" for them, as Lippmann wrote. His description of the American majority belittles them. They are numbers, for Wall Street organizations, that can be manipulated. They are sent to the slaughter in wars for causes that are not theirs .

Muslim elites should remember that the owners of the World Order never have permanent friends. They have permanent interests. Mohammed Reza Pahlawi was not allowed the dignity to die or be buried in his birthplace, or even in America, which he dearly served. Manuel Noriega, a CIA asset who ruled Panama for many years aided by the CIA, is now prisoner number 41586 in south Miami, Florida. Some of America's staunchest Muslim allies are now being attacked. Who knows what is in store for them? It was Sykes Picot in the 20th century. It is may be Sharon-Bush in the 21st!

Select Bibliography

******The Future Of Capitalism*
(Lester C. Thurow : Penguin Books USA, New York-1996)
******Land Of Desire*
(William Leach : Random House, New York-1993)
******When Corporations Rule The World*
(David C. Korten : Berrett - Koehler & Kumarian Press, San Francisco-1995)
******Who Will Tell The People*
(William Greider : Simon & Schuster, New York-1993)
******Kissinger*
(Walter Isaacson : Simon & Schuster, New York 1996)
******J. Edgar Hoover*
(Curt Gentry: Penguin Books USA, New York-1992)
******Trilateralism :*
(Holly Sklar : South End Press, Boston-1980)
******The Secret Government*
(BILL Moyers: The Constitution in Crisis, Journal Graphics-1987)
******Boss Of Bosses*
(Andris Kurins & Laurence Shames:Simon & Schuster, New York-1991)
**** A History Of God***
(Karen Armstrong-Ballantine Books, New York-1994)
******Muhammad*
(Karen Armstrong- Harper SanFrancisco-1992)
****Islam***
(Karen Armstrong- The Modern Library, New York-1992)
****Islam And Peace***
(Maulana Wahiduddin Khan, Goodword Books, New Delhi-1999)
****The Lobby***
(Edward Tivnan - Simon & Schuster Inc, New York-1988)
**** Red Mafiya***
(Robert Friedman-Little Brown and Company, New York- 2000)
******Casino Moscow*
(Matthew Brezinski- The Free Press, New York-2001)
****A Century Of War***
(F. William Engdahl-Dr. Bottiger Verlags, GmbH-1993)
****One Palestine Complete***
(Tom Segev-Metropolitan Books, New York-2000)
****The Clash Of Civilization***
(Samuel P. Huntington–Simon & Schuster,New York – 1997)

Partners In Power
(Roger Morris – Henry Holt and Co, New York- 1996)
The Crisis Of Global Capitalism
(George Soros – Public Affairs, New York – 1998)
*** Executive Intelligence Review***
(Washington DC-USA)
* ***Zealots For Zion***
(Robert I. Friedman – Rutgers University Press)

ABOUT THE AUTHOR

ABDULHAY Y. ZALLOUM *had the privilege to live, study and experience life in the two worlds of Islam and the West. His primary schooling was in Jerusalem when it was the capital of Palestine. His undergraduate and graduate studies in engineering, business and advanced management were done in Texas, Louisiana, California and Massachusetts.*

In the United States, he was involved in the project management of the first all-hydrogen petroleum processing technology in the world. He dealt with most of America's multinational oil and engineering companies. He managed the operations of the first Middle East OPEC export refining facilities, and assisted in the organizational development of several Middle Eastern OPEC national oil companies. His business assignments gave him extended periods of residence in Europe and some of the former USSR republics.

Reference - Religion /Political Economy

Find out for yourself! Islam is not the enemy;

Are you surprised to know that Islam's God is the same like yours? Islam's holy book, the Qur'an, in verse (2:62) says: *"Believers, Jews, Christians and Sabeans – whoever believes in God and the Last Day and does what is right – shall be rewarded by their Lord; they have nothing to fear or to regret."* Islam preaches universalism, racial equality and social justice.

The founding fathers vision of democracy was transformed into a one-dollar one-vote democracy. One-half of one per cent of American households owns more than 90 per cent of Americans. In such a democracy, Wall Street owns all the money and all the votes.

The American dream was hijacked in the 19th century by the few, as president Lincoln feared. It was hijacked by Wall Street and corporations, just as President Rutherford B. Hays said: "This is a government of the people, by the people, for the people no longer. It is a government of corporations for corporations by corporations".
Wall Street and capitalism have elevated materialism and economic growth to the rank of a new religion of the land. Money became the ultimate measure of success. In Wall Street capitalism, citizens are incidental numbers on balance sheets. Materialism became "*a tumor in the soul*".

Like all religions, Islam's vision is based on justice, equality and compassion.These Islamic values of 1.2 billion Muslims stand in the way of globalization and capitalist values where everybody abides by the gospel of Wall Street. For this reason, Islam was painted as the enemy.

ISBN 0-9725725-0-3