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Exposed! The anti-German plot behind the 'euro'

by Elisabeth Hellenbroich

The German weekly news magazine *Der Spiegel,* in its April 27 edition, published explosive documentation of how Chancellor Helmut Kohl was forced to agree to join the European Monetary Union (EMU), as the price for German reunification. Titled "Darkest Hours," the *Der Spiegel* article is based on selections from classified documents released by the German government. The full documents will be published on July 7.

The facts about how the monetary union and the euro came to be, revealed by *Der Spiegel,* confirm what *EIR* and Lyndon and Helga LaRouche have said again and again, since the beginning of the 1990s: German reunification, which became possible with the fall of the Berlin Wall on Nov. 9, 1989, was linked to geopolitical conditions, imposed at the urging of England and France, part of which was that the German Chancellor had to surrender the deutschemark—and German sovereignty—in favor of the new European currency, the euro.

The *Der Spiegel* article is political dyamite, appearing on the eve of the special summit meeting of the European Union in Brussels on May 2-3, at which the EU heads of state and finance ministers are supposed to consolidate the final march to adoption of the euro on Jan. 1, 1999. Among the resolutions to be passed are 1) the final and binding decision on which countries will form the EMU; 2) the announcement of fixed exchange rates of the currencies of the EMU countries for the remaining eight months until the start of the EMU in January; and 3) the hotly contested decision on who the president of the European Central Bank will be.

But, just at the point when the geopoliticians think they have the euro all neatly tied into a package, the dramatic effects of the world financial crisis are becoming evident, not only in Asia, but also in Europe. The stock market bubbles in the U.S.A. and Europe will in all likelihood burst during the second quarter of 1998, ushering in the next phase of the world financial crisis. The center of the next round of systemic shocks will shift to the United States and Europe, but the "Asia crisis" itself will also intensify.

The EMU would also be drawn into the world financial crisis as a consequence of these developments. In the coming months, currency speculators will target the exchange rates agreed upon between the 11 EMU member countries. Price-inflation of bonds and the bursting of the European stock-market bubble will intersect with the effects of the Asia crisis and hit the European physical economy directly, while the political opposition to the EMU and, in parallel, against rising unemployment, will also increase. An indication of this opposition appeared in the April 16 *Die Woche* when French Interior Minister Jean-Pierre Chevènement compared the EMU to the "sinking *Titanic,*" and warned about the disastrous social consequences it would have.

According to *Der Spiegel,* "special interests of state" were what induced Chancellor Kohl to take the unprecedented step of ordering the release of such classified documents while he is still in office. Such documents are usually kept out of public view for 30 years. The report in *Der Spiegel* throws light on the bitterly waged debates, both behind the scenes and in the German government, concerning the euro. The louder the incantations in support of the euro become, the more disastrous the effects of this geopolitical stunt appear to Kohl himself. And, looking ahead to the end of his reign, it now seems as if Kohl wants to procure some political "insurance." It is as if he wanted to say: If the euro fails, then the generations which come after me should know that I was against it from

President George Bush and Prime Minister Margaret Thatcher in 1991. Documents recently declassified by German Chancellor Helmut Kohl shed new light on how the European Monetary Union was launched to prevent the emergence of a powerful, reunited Germany. The documents emphasize the role of France's President François Mitterrand, but, as EIR *has shown, Bush and Thatcher had the same geopolitical goal.*

the beginning, and that it was due to political pressures that I was forced to agree to it.

How deeply the discomfort is in circles of the German financial elite, and especially at the Bundesbank, may be gleaned from a remark of the president of the Bundesbank, Hans Tietmeyer: "A failure of the monetary union might be a drama," he said, "but its success under 'unstable conditions' would be a tragedy" (quoted in Hans Lothar Merten, *Der Euro,* Europaverlag, Vienna, 1997).

Geopolitical poker

According to *Der Spiegel's* account, Kohl had no intention whatsoever of giving up the deutschemark in 1989. He was just as reticent about extending the European Monetary System, beyond the EMS I framework that had been created in 1979 by Chancellor Helmut Schmidt and French President Valéry Giscard d'Estaing. Kohl's position was that a "political union" was the prerequisite for the unification of monetary policy in Europe, and not the other way around. In 1988, a committee was formed under the leadership of France's Jacques Delors, with the aim of working out plans, but without making precise stipulations and without a fixed time-frame.

The situation changed abruptly with the political revolution in East Germany in 1989. During a working visit in Paris on Oct. 24, 1989, one week following the resignation of East German head of state Eric Honecker, French President François Mitterrand make unmistakeably clear to Chancellor Kohl, according to *Spiegel,* that he wanted a decision in favor of Monetary Union, and thus also the end of the German mark, at the European Community (EC) summit meeting in Strasbourg in December. "The French see this as the only reliable way to get the Germans under European control," as the confidential government document reads. "For Mitterrand, tying the German currency to Europe is the decisive factor for his agreeing to reunification."

Then, on Nov. 9, 1989, the Wall fell. Mitterrand called a special EC summit in Paris for Nov. 18, where he repeated his demand for the extension of the Monetary Union without delay, and also indicated that, were that not to happen, France would oppose the idea of a German confederation (at that point, reunification was not even under public consideration).

In a letter to Mitterrand dated Nov. 27, Kohl described his reservations about a Monetary Union and indicated that he wanted to postpone the demise of the deutschemark for as long as possible. His proposal was that the European Council, which was to convene in December 1992, should merely identify the steps which could be initiated on the way toward an eventual economic and monetary union.

Mitterrand reacted rather frostily to Kohl's proposal. He sent a reply, dated Dec. 1, 1989, in which he categorically demanded "that we come to decisions in Strasbourg which unmistakeably obligate us to the path of economic and monetary union." The negotiations over a future European Monetary Union, as Mitterrand envisioned the process, should be basically concluded in 1990, then followed by an EMU Treaty, which could be initialled in 1991 and ratified by 1992.

The assassination of Herrhausen

On Nov. 30, 1989, Kohl's closest adviser on economic matters, Deutsche Bank's Alfred Herrhausen, was assassinated ostensibly by the Baader-Meinhof Gang/RAF (see p. 36). The hit occurred three days following Kohl's public endorsement of the formation of a German confederation, without his having previously obtained the agreement of Mitterrand and British Prime Minister Margaret Thatcher for that step. The murder of Herrhausen, who had called for a Marshall Plan for the economic reconstruction of eastern Europe, following the fall of the Berlin Wall, and who was also among Kohl's closest friends, may well have been the blow which led Kohl to his change in attitude toward the euro.

At the summit meeting in Strasbourg on Dec. 9, 1989, Kohl ultimately gave in to Mitterrand's demands and committed himself to the timing Mitterrand insisted on for the European Monetary Union—contrary to his oft-asserted reservations. Kohl called this "the darkest hour in my life," and, on Dec. 12, he told U.S. Secretary of State James Baker III, according to a government protocol reported by *Der Spiegel,* that he had made his decision "contrary to German interests."

The *Spiegel* documentation provides only part of the picture. Look at it together with the analysis of historian Detlef Junker, on the policy of the U.S. Bush administration at that time, and also with Thatcher's account in her memoirs.

In an article published in the German daily *Frankfurter Allgemeine Zeitung* on March 13, 1997, the director of the German Historical Institute in Washington, D.C., Prof. Detlef Junker, wrote that, when the Berlin Wall fell, "President Bush, Secretary of State Baker, and a comparatively small group of associates, formulated the classical triad of American policy toward Germany in the 20th century: German unity, containment, and integration." According to Junker, had the United States at that time rejected the reunification of Germany, this would have meant the end of its role in European politics. The strongest "rejection front" at that time was represented by Thatcher, "that lady with the purse . . . who equated British interests in the year 1990 with the glory of the victorious powers of 1945 and the division of Germany." And, it was she—as Kohl himself revealed in a speech in Leipzig on April 30—who told Kohl privately at the Strasbourg summit in December 1989, "We beat you twice, and here you are again."

England pulls the strings

Indeed, Thatcher's memoirs, *The Downing Street Years* (New York: HarperCollins, 1993), provide a clinically interesting insight into the geopolitical manipulations of British power politics under Thatcher, who said frankly, to Bush, Mikhail Gorbachov, and Mitterrand, long before the fall of the Berlin Wall, that England would under no circumstances accept German reunification. During 1989, an hysterical propaganda campaign was carried out in the British media, warning that a "Fourth Reich" was being born, and equating Kohl's policy with the ambitions for hegemony of Adolf Hitler.

To be sure, England was nominally against the euro. But in the chapter on "The German Question and the Balance of Power," Thatcher also warned that Germany would take a leading role in a federated Europe, "for a reunited Germany is simply too big and powerful to be just another player within Europe. Moreover, Germany has always looked east as well as west, though it is economic expansion rather than territorial aggression which is the modern manifestation of this tendency. Germany is thus by its very nature a destabilizing rather than a stabilizing force in Europe. . . . Only the military and political engagement of the United States in Europe and close relations between the other two strongest sovereign states in Europe—Britain and France—are sufficient to balance German power." This was Thatcher's geopolitical credo, and it remains the determining factor in British foreign and economic policy down to the present day.

In September 1989, during a visit in Moscow, Thatcher informed Soviet President Gorbachov, that England did not at all desire a reunification of Germany. She told him that she had discussed this issue "with at least one other Western leader, meaning but not mentioning President Mitterrand. Mr. Gorbachov confirmed that the Soviet Union did not

Clinton to visit Germany

President Clinton will visit Germany on May 13—an excellent opportunity to relaunch the "special partnership" he established with Chancellor Kohl in 1994, to the consternation of the British.

On the occasion of the 50th anniversary of the Berlin airlift, Clinton will give a speech from a DC-3 airplane used in that heroic effort, which will be called *The Spirit of Berlin.* President Clinton and Chancellor Kohl will meet together in Potsdam, after which Clinton will give a speech at the Berlin Schauspielhaus. On May 14, Clinton and Kohl will visit Eisenach (Bach's birthplace) and Wartburg.

The two will then proceed to the Birmingham summit of the Group of Seven (plus Russia), which begins on May 15. According to the *Frankfurter Allgemeine Zeitung,* Clinton and Kohl will put the world economic crisis, and especially the Asia crisis, at the center of the G-7 discussion.

want German reunification either. This reinforced me in my resolve to slow up the already heady pace of developments."

Reacting to the developments of Nov. 9, 1989, and immediately before the EC summit meeting called by Mitterrand in Paris for Nov. 18, Thatcher sent President Bush a message "reiterating my view that the priority should be to see genuine democracy established in East Germany and that German reunification was not something to be addressed at present."

In her speech at the EC summit on Nov. 18, Thatcher said that "any attempt to talk about either border changes or German reunification would undermine Mr. Gorbachov and also open up a Pandora's box of border claims right through central Europe. I said that we must keep both NATO and the Warsaw Pact intact to create a background of stability."

Thatcher discussed the same issue with Bush at Camp David on Nov. 24: "I was very keen to persuade him of the rightness of my approach to what was happening in the crumbling communist bloc. I reiterated much of what I had said in Paris about borders and reunification and of the need to support the Soviet leader on whose continuance in power so much depended."

The British Prime Minister was surprised and upset, as she writes in her memoirs, when Kohl laid out his ten-point plan for the future development of Germany, in his famous government declaration before the Bundestag on Nov. 28.

At that time, Kohl proposed to create "confederative" structures between the two states in Germany. The Germans in the East had to be given the chance to determine their own future. They did not need foreign advice for that. That was also true of the question of the reunification of Germany, said Kohl. At that time, the only hope that Thatcher saw, was in the creation of a political axis between Great Britain and France. She saw the opportunity to do that at the EC summit in Strasbourg, in December 1989, in the course of which she met twice, privately, with the French President, "in order to talk about our views on the German question." Mitterrand, likewise upset about Kohl's ten-point plan, said at that time that Germany had never in its history found its true borders, for the Germans, he said, are a people always on the move and changing. Writes Thatcher: "At this I produced from my handbag a map showing the various configurations of Germany in the past, which were not altogether reassuring about the future. We talked about what precisely we might do."

In the past, Mitterrand said at the time, in moments of great danger, France had always developed a special relationship to Great Britain; he now had the feeling that such a time was upon France again. The two countries would have to come closer and remain together, and, in Thatcher's words, "it seemed to me that although we had not discovered the means, at least we both had the will to check the German juggernaut. That was a start."

When the British plan to sabotage the reunification of Germany failed, British foreign policy in the following years staked everything upon destabilizing the European continent by means of bloody wars such as that in Iraq and in the Balkans. Those forces seeking to foster the economic development of eastern Europe were to be contained. The debate over the euro, toward which England adopted a skeptical attitude from the outset, was turned into a political instrument. While British politicians such as Sir Leon Brittan spread the line in Europe that the euro has to be played against the dollar and establish itself as a leading currency in the world, the British oligarchy also looks upon the euro as a geopolitical tool with which to destroy the sovereignty of European countries and to subject their economies to a monetarist policy influenced by London's financial interests.

The euro would then become England's political Procrustean bed—explained thus in a German dictionary of foreign expressions: "From the ancient Greek legend about the thief who pressed unsuspecting wayfarers into a bed by hacking off protruding limbs or pulling at limbs that are too short. In general: an unpleasant situation into which a person is forced by violence."

Documentation

The British strategy against German unity

LaRouche Exploratory Committee, from a leaflet issued in October 1993, during LaRouche's campaign for the Presidency, titled "LaRouche Was Right All Along! Maggie Thatcher Confesses: 'I Did All I Could to Save the Iron Curtain' ":

Oct. 12, 1988: LaRouche, in a press conference in Berlin, forecasts the near-term collapse of the Soviet empire and the reunification of Germany.

September 1989: Thatcher hits the panic button as East Germans flee, according to a preview of her memoirs in *Corriere della Sera.* Thatcher's fear was "that behind this chain of events lurked the perspective, or rather, the specter of a unified Germany."

Oct. 31, 1989: *Times* of London article, "Beware of Reich Resurgent," by Conor Cruise O'Brien, screeches that a reunified Germany will lead to a Fourth Reich modeled on Nazi Germany. "German reunification is now inevitable. We are on the road to the Fourth Reich: a pan-German entity, commanding the full allegiance of German nationalists and constituting a focus for national pride."

Nov. 9, 1989: The Berlin Wall falls, as millions jubilantly celebrate the downfall of communist totalitarianism, with Beethoven's "Ode to Joy."

Nov. 10, 1989: LaRouche welcomes the fall of the Berlin Wall, and issues a proposal for "rescuing Poland," and also East Germany, starting with construction of high-speed rail and magnetic levitation railroad lines, "with emphasis on the artery of rail transport from the vicinity of Paris, France, through Germany and the eastern zone of Germany, presently the G.D.R., into Warsaw, Poland."

Nov. 12, 1989: *Sunday Times* of London wails that the Berlin Wall collapse is "the first step towards the creation of a 70-million-strong Fourth German Reich. . . . The Fourth German Reich is set to boom, becoming Europe's economic superpower in the process."

Nov. 13, 1989: LaRouche condemns the attacks on German reunification coming from such sources as O'Brien, as reflecting either "specific Soviet assets or . . . Anglo-American Trust-oriented forces." LaRouche renews his call for Germany to "proceed with assistance to Poland by way of assistance to strengthening the development of the economy of East Germany, [to] create a rate of growth of about 10% a year in the short term in real physical economic terms."

Nov. 18, 1989: Thatcher writes to Gorbachov that she is on guard against "excessive euphoria" in Europe.

Nov. 30, 1989: Deutsche Bank chairman Alfred Herrhausen is assassinated, allegedly by the Red Army Faction. Just before his murder, Herrhausen had prepared a speech to be delivered on Dec. 4 in the United States, echoing LaRouche's proposals for the development of eastern Europe. Herrhausen said: "It is advisable that the export guarantees which the German Federal government wants to expand, be tied primarily to specific projects. . . . I proposed setting up a development bank on the spot—that is, in Warsaw. Its task would be to channel the aid according to strict efficiency criteria. My vision is that such an institution could function somewhat like the German Reconstruction Bank, which traces its origins back to the Marshall Plan."

July 12, 1990: British Minister of Trade and Industry Nicholas Ridley tells the *Spectator:* "It has always been Britain's role to keep these various powers balanced, and never has it been more necessary than now, with Germany so uppity."

July 31, 1990: Thatcher says, "Apart from the way in which Mr. Ridley said it, what he said was in tune with people's feelings."

April 1, 1991: Detlev Karsten Rohwedder, head of the German Treuhand, the agency in charge of economic integration of eastern Germany, is assassinated. Kohl government abandons LaRouche-Herrhausen perspective.

Lyndon H. LaRouche, Jr., statement of Nov. 30, 1989, calling for support of Chancellor Kohl, following the assassination of Alfred Herrhausen:

"The murder of the Deutsche Bank's Herrhausen today reminds me, as many others, of the murder more than a dozen years ago of Dresdner Bank's Jürgen Ponto. This, I fear, has even greater strategic significance than the murder of Ponto back a dozen years ago. Obviously it is indicated that the murder, the assassination, was directed by the same hand which directed the assassination of Ponto and of Hanns-Martin Schleyer and targetted others during that period.

"At this time . . . it is important that all men of good will unite with Germany's Chancellor Helmut Kohl, in solidarity with Mr. Kohl's leadership of the Federal Republic of Germany and with Mr. Kohl's position as de facto commander of forces on the front lines of the struggle for freedom, progress, and peace throughout the world.

"Let us respond to the murder of the honored Herr Herrhausen in a more adequate way than we did to that of Herr Ponto more than a dozen years ago. This is a moment of solemnity, but it is also a moment which we must rise above tears to take those actions which are appropriate under the circumstances."

Bank of England. statements by various spokesmen, 1997-98:

The Bank of England has been operating the past two years in high gear to implement a plan by which the financier oligarchy, working through the City of London, would exercise extensive control over the euro single currency, including foreign exchange trading, bond trading, and equity issuance. "England is an 'out,' it will not be in the European Monetary Union. but we have all the infrastructure to make London the center of euro operations, and we have been working on that." a Bank of England spokeswoman said on April 26, 1998. "London has the biggest financial market. . . . London's role is based on its infrastructure, its large number of foreign banks operating here, the legal and accounting support. and so forth."

At a conference on Nov. 7, 1997, in Geneva, Switzerland, organized by the International Center for Monetary and Banking Studies. Ian Plenderleith, executive director of the Bank of England, stated, "It is precisely because London is an international financial center that we have for some time recognized that EMU, and the birth of the euro, would have a significant impact on the wholesale financial markets in London, whether or not the U.K. was in EMU at the start." As early as 1996, the Bank of England began planning and setting up the infrastructure to control all aspects of financial dealing with the euro. On Jan. 20, 1998, Eddie George, governor of the Bank of England, announced, "London thrives on liquid markets regardless of currency. . . . London can become the *international* financial center for the euro—or, for the time being, the euro-euro market—just as it is for the euro-dollar, euro-yen, or euro-DM markets now."

Angolans protect fragile, new peace, foil British destabilization effort

by Dean Andromidas

In the first week of April, an *EIR* team was invited to Angola to investigate first-hand the role of the London-based Defence Systems Ltd. and the British-controlled, South African-based Executive Outcomes in destabilizing the peace process, which had been initiated and underwritten by the Clinton administration. *EIR* soon discovered that both DSL and EO are considered deadly tools in the service of British interests in Africa. Sources in Luanda say that DSL's expulsion from Angola in December 1997, was prompted by fears that its activities posed a threat to the country's effort to achieve peace.

EIR was able to learn more about the role of these organizations in destabilizing the region and perpetuating the genocidal civil wars that have plagued sub-Saharan Africa since those nations gained their independence from colonial rule. Our report will concentrate on what *EIR* found with respect to Angola.

Africa's Thirty Years' War

Gazing at Luanda from an island on the opposite side of the bay, the city skyline is a deceptively impressive sight. The buildings along the bay gleam in the tropical sun, and at night the city lives up to the reputation it had earned during colonial times as an African "mecca." But as one approaches nearer, the city's seemingly beautiful sunlit, pastel skyline gives way to the bleak reality of 21 years of devastation during the civil war. It is a devastation caused not so much by the armed conflict—since no fighting took place in Luanda—but by 21 years of neglect. Despite the fact that Luanda's population has swelled to 6 million (some say 9 million), there have been no major construction projects since independence. Angola, with all its wealth in oil, diamonds, other mineral resources, spent two-thirds of its annual national budget and over half of its foreign exchange in the civil war.

Although the Portuguese colonialists founded Angola in 1572, they were unable to declare their possession "pacified" until 1922. It was not until almost the end of the 19th century that the Portuguese considered that the colony could produce exports more lucrative than slaves. Slavery, officially banned by the end of the 19th century, became a system of "forced labor," whose brutality sparked periodic revolts. On the eve of Angola's independence, not only were the vast majority of the native population illiterate, but so were half of the Portuguese expatriates.

When independence was granted in 1975, Angola was instantly submersed by foreign invasion and civil war, which did not officially end until 1997, and has yet to be consolidated. The civil war was part of the "Thirty Years' War" scenario that then-U.S. Secretary of State Henry Kissinger unleashed in sub-Saharan Africa. These wars, which inflamed Angola, Mozambique, Ethiopia, Zimbabwe-Rhodesia, and other countries, were part of a neo-Malthusian policy aimed at ending any hope for economic development in post-colonial Africa.

By the end of the 1960s, South Africa had the potential for a rapidly growing industrial base, which was subverted by these wars engulfing both its immediate and more distant African neighbors. There was great potential for the rest of sub-Saharan African to become economically integrated, through the expansion of transcontinental infrastructure projects radiating from South Africa. Such a development would have underscored how the brutal apartheid system could only be a hindrance to prosperity, a fact that would have become self-evident to the Afrikaner regime.

Instead, the region was thrown into geopolitical surrogate warfare between the Soviet Union and the anti-communist West. The apartheid regime of South Africa was pitted against the nationalist regimes and Soviet client-states, like Angola. The dreams for trans-African development turned into the nightmare of a trans-African killing machine. The gold, oil, diamonds, and plantation products of Africa continued to be extracted for maximum profit.

As soon as Angola became independent, it was dragged into this bloody caldron of war. At the time, an interim government, comprising the three main revolutionary organizations, was to be formed: the Popular Movement for the Liberation of Angola (MPLA), led by Agostino Neto, primarily based in Luanda and other urban coastal regions; the Union for the Total Independence of Angola (UNITA), led by Jonas Savimbi and based in the south and east of the country; and the more tribal-based National Front for the Liberation of Angola (FNLA), led by Holden Roberto, which operated in the north.

FIGURE 1
Angola

The initial agreement collapsed, as "outside players" moved in to play off one group against another.

The Soviet Union, through its Cuban client-state, backed the MPLA. Operating through Zaire's Mobutu Sese Seko, the West backed the anti-communist FNLA, which, with a force of British mercenaries, launched an invasion from southern Zaire into northern Angola. And then, South Africa, fearing for its interests in Namibia and fearing the establishment in Angola of safe-havens for the African National Congress, threw its support to UNITA.

A similar fate befell Mozambique, the other Portuguese colony, on the east coast of southern Africa, where the Marxist Mozambique Liberation Front (Frelimo) held state power with Cuban and Soviet backing, and fought the Western-backed National Resistance Movement for Mozambique (Renamo).

Everyone, except, of course, the Angolans, got their share. The West continued to get its oil, which was pumped by Gulf and Chevron oil companies from Cabinda province. The Angolan government's share of oil revenues went to pay for Cuban troops and other East bloc personnel, of whom there were some 50,000 men, at the height of the war. Today, driving through Luanda, one sees that the only new construction since independence was the apartment buildings thrown up for the Cuban troops. Now they are occupied by Angolans. UNITA financed its weapons purchases through the sale of diamonds that it mined in areas it controlled.

It would be historically comfortable to say that Angola simply became a battleground for the surrogate war between East and West, as well as the anti-apartheid struggle in South Africa and the Rhodesian-Zimbabwe war. But, a look at the British role throughout this period, shows the old Empire playing off all sides against each other. In 1986, the U.S. Congress and the Reagan administration approved military aid to UNITA, justifying the move by pointing to the presence of 50,000 Cuban troops in Angola. At the same time, in neighboring Mozambique, Defence Systems Ltd. received its first British Army Training Team (BATT) contracts to train two special forces battalions for the Marxist government in Maputo, in order to crush the putatively anti-Marxist Renamo. Back in Britain, the Conservative government was firmly in power, whose Prime Minister Margaret Thatcher could always be called upon to attack the Soviets' "evil empire." That same year, DSL would receive its first contracts for industrial security in Angola.

The same contradictions can be seen in the arming of the contenders within Angola: For instance, one of UNITA's major arms suppliers to this day is reported to be the British military equipment company J.&S. Franklin. One of its directors, Marc Franklin, sits on the board of directors of Nord Resources, a mining company controlled by British subject and former employee of Anglo American Mining company, Jean Raymond Boulle. Boulle also owns America Mineral Fields, which currently has a diamond mine concession in Angola. Boulle became well known for giving Congolese genocidalist Laurent Kabila $50 million to overthrow Zaire's President Mobutu, in return for a huge mining concession there.

Promise of peace betrayed

When the Berlin Wall collapsed in 1989, heralding the end of the Cold War, the world was presented with the opportunity to end these genocidal conflicts. Seeing which way the wind was blowing, the MPLA in 1990 officially dropped its Marxist ideology (it had joined the International Monetary Fund as early as 1987). In 1990, Portugal brokered an initiative—building on an earlier attempt in 1989 by Mobutu—which brought the MPLA's José Eduardo dos Santos and UNITA's Jonas Savimbi face to face. The result was the initialling of the Bicesse peace accord in 1991, and by May of that year, the last Cuban troops had been withdrawn. In 1992, multi-party elections were held, with Dos Santos receiving 49.57% and Savimbi 40.07%. Savimbi, not without good reason, declared the election fraudulent, and the country soon degenerated once more into civil war.

Without strong U.S. backing, any agreement was doomed. President George Bush was not interested in peace deals. According to U.S. Marine Col. Cody Purdom (ret.), Bush came from the old school in the CIA, whose motto was

"If everyone is confused, then we can control them." Colonel Purdom, who carried out on-the-ground reconnaisance of the Angolan political-military situation for an unnamed U.S. government agency, told *EIR* that Bush's lack of interest in peace agreements stemmed from his self-interest: "They were making too much damn money to bother negotiating peace agreements," Colonel Purdom said. He added that the United States was advised on the ground by the British, most likely DSL, which had the largest foreign security operation in Luanda at the time.

All sides found little problem in supplying themselves with weapons. The MPLA continued to finance its purchases through the sale of oil being pumped by Western oil companies. Savimbi was able to finance his military operations through the sale of diamonds to multinational diamond buyers in Antwerp.

The Clinton initiative

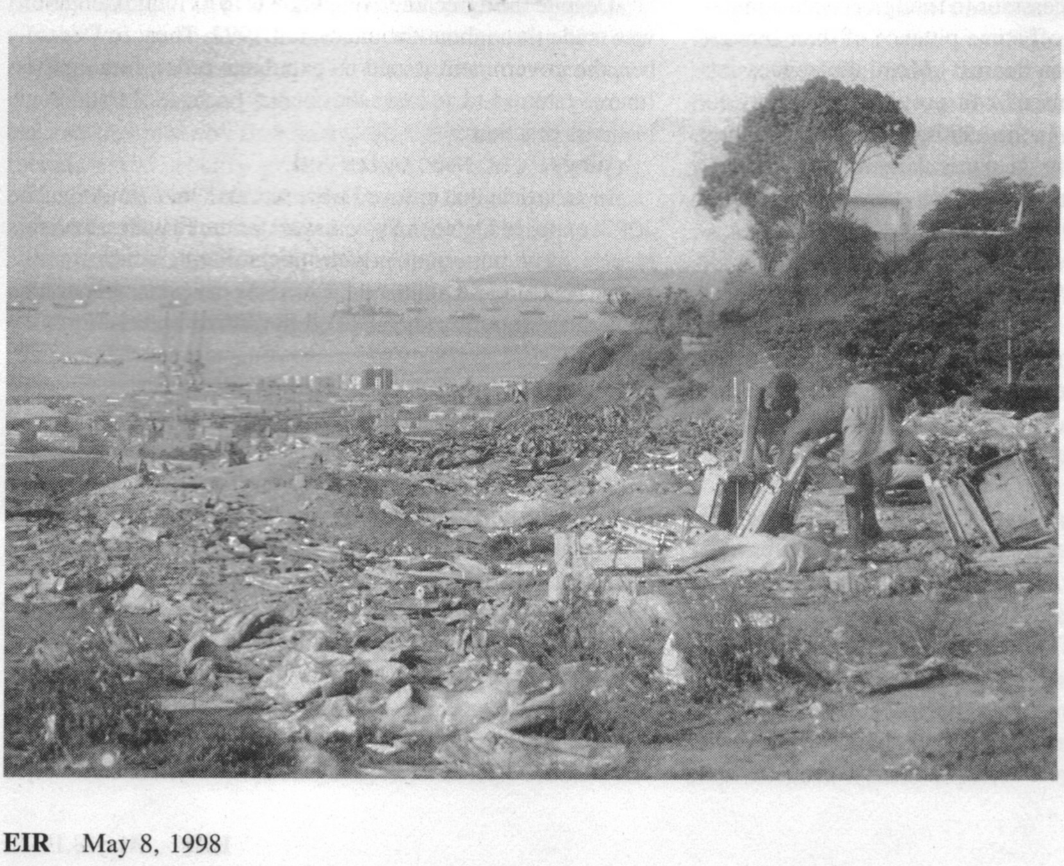
The 1992 defeat of Bush's Presidential ambitions offered renewed opportunity, which the Clinton administration seized upon. In May 1993, after trying for four months to achieve a peace agreement, the White House changed tactics; it moved to recognize the MPLA government, and ended its support for UNITA. According to one retired South African intelligence officer with many years' experience in Angola, the time was ripe in 1993 for a negotiated agreement, because the fighting had reached a stalemate.

"It was precisely at this moment that hard-liners in the MPLA signed a contract with Executive Outcomes," this source told *EIR,* during a briefing on the Angolan situation in South Africa. Although EO's intervention, through training and introduction of ground attack aircraft, played a notable role in the MPLA's decisive military victory, it also gave the MPLA enough success to nurture the illusion that they did not have to negotiate with UNITA.

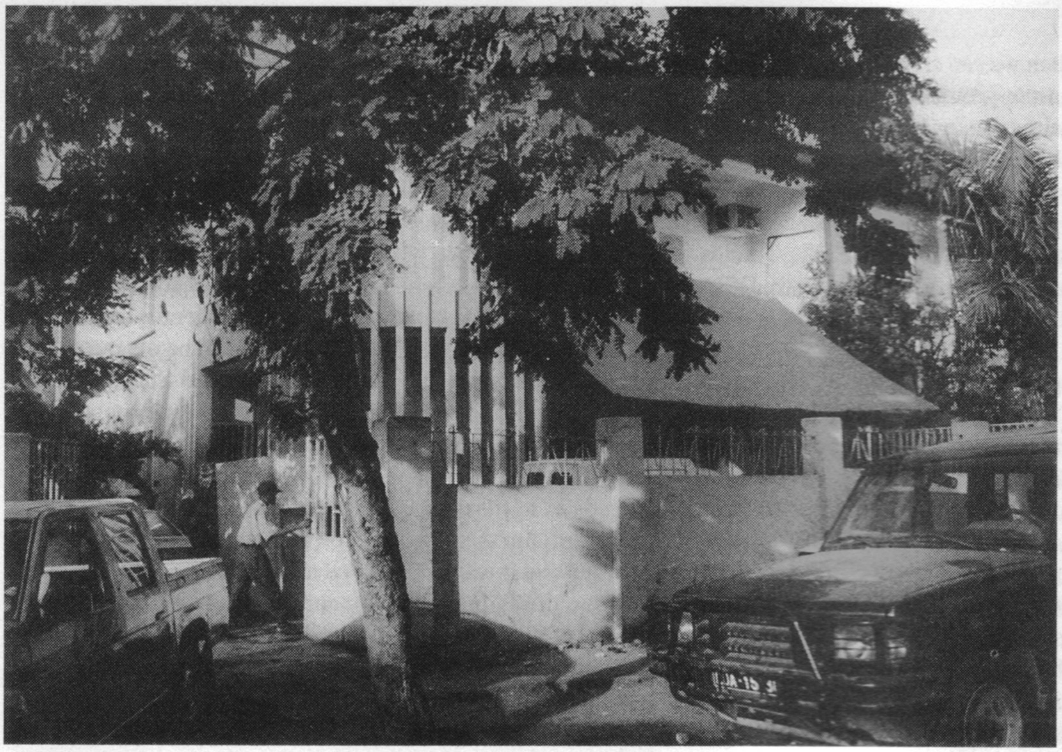
Under U.S. pressure, the Lusaka peace accord was signed in Zambia in 1994. Although organized under the auspices of the United Nations, it was and continues to be overseen by a Joint Commission comprised of the United States, Russia, and Portugal, and is chaired by the special representative of the UN Secretary General, Alioune Blondin Beye. Nonetheless, the end to the fighting was not in sight, until EO was forced out of the country in 1996 under U.S. pressure. EO is quick to claim that its contract was completed, but it was also obvious that it was not allowed to renew it.

One of the principal demands of UNITA was the withdrawal of all mercenary troops. The Cuban "Marxist mercenaries" were withdrawn by 1991, but were replaced by Western mercenaries in the guise of security companies. These security companies, under the cover of protecting oil and mining concessions, were led by former special forces drawn from elite units of the British, South African, and French foreign legions. They were leading relatively well-trained military operations, armed with everything from assault rifles and machine guns to artillery and T-72 tanks.

These mercenaries of the 1990s should not be confused



The Luanda harbor. Despite Angola's vast oil and mineral wealth, living standards are abysmal; for most of the last 21 years, a civil war has raged, and foreign mercenaries and corporate looters have used Angola as their playground.



The DSL compound in Luanda. DSL was expelled from Angola in December 1997, apparently because of the threat they posed to the peace effort.

with the "dogs of war" images in political suspense novels, out for hire to the CIA or some petty dictator. More likely than not, the local dictator has been replaced by the economists of the International Monetary Fund, who order African governments to grant mining concessions to foreign private companies, in return for writing off some pittance of their foreign debt. If the state in question doesn't control the concession area, the "global marketplace" can provide a privately financed military operation. In the 1990s, just such operations proliferated throughout Angola, particularly in the diamond-mining and oil concession areas which were contested between UNITA and the government troops.

In an apparent response to the UNITA demand that all mercenaries be expelled, Luanda created two Angolan private security companies: Teleservices and Alpha 5. Both companies aimed at becoming the sole providers of industrial security to the diamond-mining and oil firms. Nonetheless, it was not until recently, as the peace process began to take hold, that the security companies began to dominate these areas.

In September 1997, in order to force UNITA to recognize the cease-fire agreement, the Clinton administration agreed to UN-imposed sanctions. This had the effect of forcing a cease-fire and negotiating a timetable. The agreement calls for the legalization of UNITA, the establishment of a government of National Unity, and granting the post of vice president to Jonas Savimbi, a position he has yet to take up. The protocols call for systematic demobilization of UNITA, which will turn over its controlled areas to the authority of the central government, under the governorship of appointees approved jointly by UNITA and Luanda.

DSL: the Queen's fifth column

Despite the agreement, no progress in its implementation was made throughout the autumn of 1997. Then, in December, the government issued an expulsion order, forcing Defence Systems Ltd. to leave the country because of fraudulent business practices.

Why?

In an article that enjoyed wide circulation, *EIR* (Aug. 22, 1997) exposed Defence Systems Ltd. as the British establishment's most important private paramilitary security company. That study documented how DSL and Executive Outcomes, along with other British corporate bodies, such as Crown Agents, and City of London financial institutions and Commonwealth-based mining companies, have imposed neo-liberal policies of globalization and privatization worldwide, in order to resurrect a new form of the British Empire.

Both DSL and Executive Outcomes operated in Angola. Both were forced out of the country for what appears to be the threat they posed to the peace effort.

Take the case of the British-controlled Executive Outcomes. In contrast to the popular media's characterization of EO as a South African outfit, it is one of the most despised operations in South Africa, and that hatred spans the full political spectrum, especially among the security establishment, black African and white Afrikaner alike.

"We need peace in Angola. It's a country that has everything South Africa has, but also oil and plenty of water," commented a South African expert on Angola. He continued, that Angola's relatively small population, rich soil, and water resources are indispensable for the successful expansion of southern Africa's economies, including that of South Africa. With its large population and advanced industrial base, South Africa offers Angola an important market for not only oil, but also for its hydroelectric power-generation capacity, once that is developed, as well as its tremendous agricultural potential. This expert pointed out that it was EO that destabilized the potential for peace.

In a world where one man's mercenary is another man's security guard, DSL has vigorously denied that it represents the elite formation of the "dogs of war." Although it denies any "corporate links" to Executive Outcomes, this "Chinese wall" can be easily knocked down. For example, according to evidence presented before an official parliamentary hearing in Papua New Guinea, that government first approached DSL in an attempt to hire mercenaries to deal with an insurgency. But, the project apparently conflicted with DSL's "prestige image." This did not prevent DSL from contacting Sandline Ltd., a London-based mercenary outfit operating out of the same office as Executive Outcomes. That relationship parallels DSL's and EO's true sponsors: British Empire mining companies, banks, financial interests, and so on. DSL has among its clients, mining giants DeBeers, Anglo American, and Rio Tinto—that is, the seniors, since it is the "top dog of war." The "underdogs of war," on the other hand, such as Sandline Ltd., serve companies like Branch Energy, Ranger Oil, and Diamond Works, the "juniors," which work in areas where the senior companies are not ready to take the risks.

"If you looked at DSL's operation in Luanda alone, it became obvious why they had to go," *EIR* was told by one Luanda-based security expert. Indeed, DSL was operating behind the cover of an "industrial security company," providing rather poorly trained Angolan security guards to protect such clients as the U.S. and other embassies, multinational companies, and the private residences of the expatriate business community. In addition to these 1,600 Angolan security guards, it employed no fewer than 72 "ex-Gurkhas," from the British special forces Gurkha Regiment, as well as 20 to 30 ex-SAS troops from Britain's elite Special Air Services regiment and the Parachute regiment. It also had 50 armed Angolan police officers on its payroll. These substantial forces were backed by state-of-the-art communications and transportation capabilities, centralized out of its Luanda headquarters.

On Dec. 24, 1997, the office of President Dos Santos issued its *force majeure,* an order expelling all DSL "London" and expatriate personnel by Jan. 16. Although the official reason was that DSL was conducting its operations in "a fraudulent manner," one source who was close to the situation, reported that police raided DSL headquarters, seizing computer disks which one Angolan state security officer said "contained evidence that DSL was running an espionage operation."

As soon as the expulsion order was announced, DSL's chief executive officer, the Hon. Richard Bethell, arrived on the scene, hoping to have it revoked. After several fruitless days, Bethell was advised by expatriate businessmen to take a more flexible approach with the Angolan authorities, and ascertain what terms they wanted in order to allow DSL to continue operating, even if it meant substantial changes in DSL operations. Bethell flatly rejected the advice, "You can't operate that way with these Angolans," he allegedly declared. He then went about his attempt to "organize," so to speak, the right personalities who would revoke the *force majeure.* Even as Bethell rejected this advice, the Angolan police were picking DSL's Gurkhas up off the street and taking them to Luanda Airport to put them on the first flight out. Two days later, Bethell himself was escorted to the airport.

Bethell left behind chaos, as DSL's clients, including the U.S. Embassy, were not informed of the state of affairs, leaving them to scramble for replacement security. Furthermore, DSL left behind hundreds of Angolan guards, who were unpaid, but still in possession of their weapons.

Another telling effect of DSL's untimely departure was the arrival of personnel from Control Risks, the London-based private security intelligence and risk analysis counterpart of Britain's paramilitary firms, called in by none other than Branch Energy, the London-based chief sponsors of Executive Outcomes. Control Risks was rushed in to conduct a "risk analysis" of the new situation.

Almost at the same time that DSL was expelled, a new timetable for the final stages of the peace process was issued. Although this timetable has not yet been fully met, UNITA did begin to pull out from all the diamond-mining areas it had occupied, as per the agreement. Such a move would have had to include hard guarantees that UNITA would get some form of monetary compensation built into the agreement, otherwise the pullout would make little sense. It is hoped that the targets set by this timetable, including the demobilization and legalization of UNITA, and Savimbi's taking up his post in Luanda, will be accomplished soon.

Although peace continues to be fragile—and, people even speak of renewed war—those close to the scene doubt that the country will slide into renewed conflict. These sources point to strong diplomatic pressure being exerted by the United States, as well as a strong commitment to the agreement by American oil companies, particularly Chevron. The United States is joined by France, which is said to be making its presence felt in Luanda, where a new embassy compound is being constructed. The French oil company Elf Aquitaine is second only to Chevron, and has expanded its facilities in Luanda as well. "You would not see this type of construction going on by the French and the others, if they felt the war was going to restart," was the comment of one Luanda-based South African security expert.