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IMF hyenas circle sick Asian Tigers

LaRouche supports Teamsters' UPS strike

Israel's Netanyahu with his back to the wall

Britain's 'Invisible' Empire unleashes the dogs of war

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EIR

From the Associate Editor

In the dog days of August 1988, Communist East Germany was suffering from food shortages. Responding to growing rumbles of discontent, the regime had incarcerated some 2,400 political prisoners. Newspapers reported that 1.3 million people, nearly 10% of the entire population, were seeking emigration to West Germany. Yet Erich Honecker, the aging chieftain of the East German communist party, reiterated his oft-stated belief that the Berlin Wall would stand for another hundred years. Looking at the barbed wire and the powerful military machine at the disposal of Honecker's state apparatus, most people thought he was right.

But in October of that year, Lyndon LaRouche, at a press conference in West Berlin, forecast the reunification of Germany, and called for a "food for peace" mobilization by Germany and the United States, to build up the economies of Eastern Europe, particularly that of Poland, in the interests of peace and Eurasian development. One year and one month later, the Berlin Wall came down.

Within that short space of time, a population oppressed and downtrodden was transformed by hope and optimism for the future. The axiomatic beliefs of nearly 45 years were cast aside.

Today, almost a decade later, the world is watching the death agonies of a hopelessly bankrupt monetary and financial system. The defenders of the International Monetary Fund system declare, as Honecker did, that their regime will last forever. But now as then, the writing is on the wall.

Is there life after the IMF? That depends upon what we do. The top item on the agenda is to convene a new Bretton Woods conference, to put the current system through bankruptcy proceedings and launch a new world financial system, oriented toward productive investment and the construction of the Eurasian Land-Bridge.

In order to carry out such a revolutionary transformation, we must defeat Britain's "Invisible" Empire. In this expanded issue, you will find explosive new material to help you understand how this empire operates. Our *Feature* needs no further introduction from me, as it is ably introduced by Jeffrey Steinberg, beginning on page 4. A short section of top international news stories begins on page 78.

Susan Welsh

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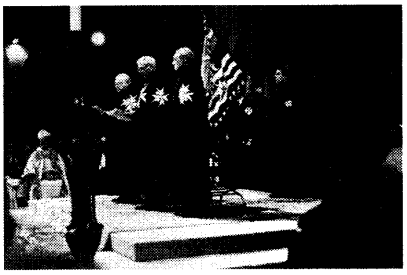
Correction: In "If This Is Success, Why Are Ugandans Dying?" (*EIR*, Aug. 8), Figure 9 on page 32 should have been titled "Persons per medical doctor," rather than "Medical doctors per capita."

Feature



The Cathedral of St. John the Divine in New York City is an important entry-point for British intelligence operations in the United States. Shown here: investiture of the Knights of Malta at the cathedral. Nov. 7, 1982.

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Britain's 'Invisible' Empire unleashes the dogs of war

by Jeffrey Steinberg

Over the past three years, *EIR* has produced two blockbuster studies of the dominant evil power on this planet,[1] the British Commonwealth Empire, and many supporting elements of documentation. We have exposed the major battlelines in the global strategic battle before us all, between the British Imperial System, and the system of sovereign nation-states, of which the United States is the leading example. In this issue of *EIR*, we unravel a new set of secrets of the Empire, exposing the way in which the British Crown is using *private* networks—in the military, the church, and business—to carry out its objective of destroying the nation-state, and thus, to maintain its power into what it hopes will be a New Dark Age.

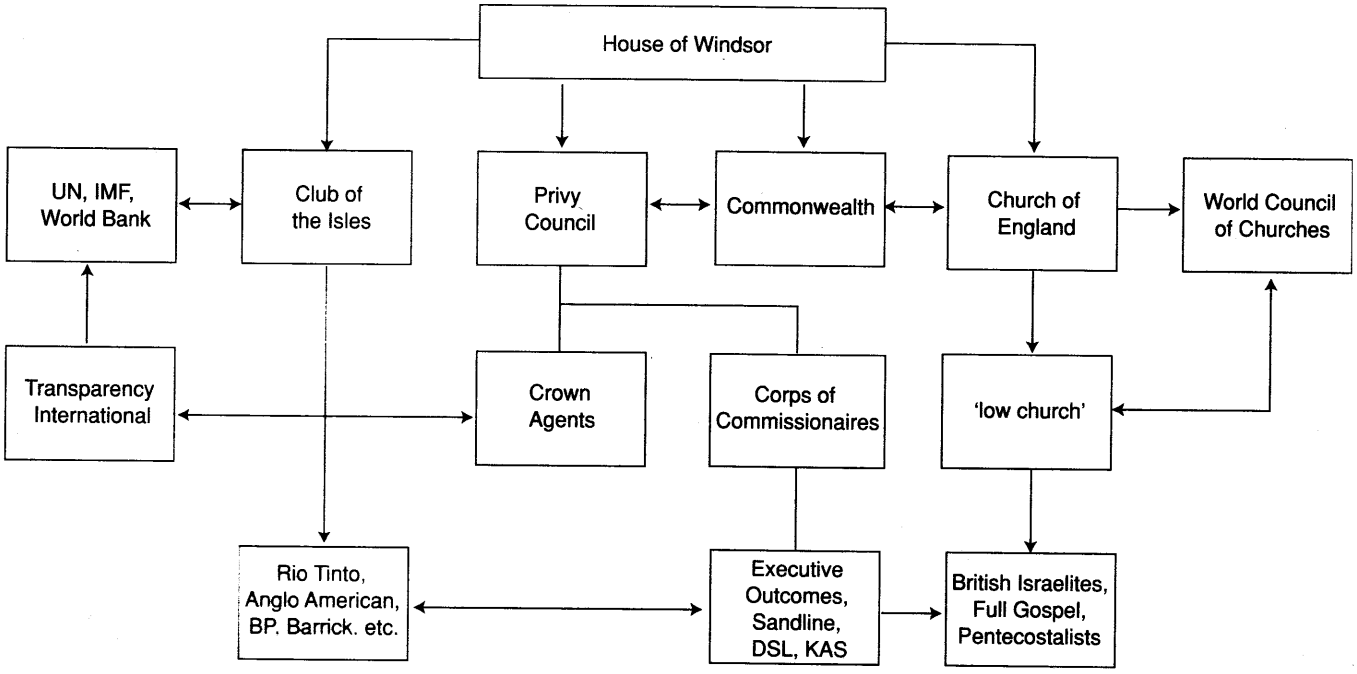
To get the picture, you have to start from the top down. At the top, you find the British monarchy and Privy Council, positioned as the *primus inter pares* of the 3-5,000 families that comprise the inner core of the Club of the Isles. While the Queen herself, contrary to myth, exercises her royal prerogative over the nations of the Commonwealth, and a network of companies, the broader grouping of families runs a set of cartels which functions as a modern-day British East India Company.

For much of the 250 years following its chartering in 1600, the East India Company served as the leading instrument of the British imperium, governing India as "private" territory, employing its own private mercenary armies, and presiding over the Opium War policy against China. The "Company" was administered by a board of stockholders, who reported to a three-man "secret committee," who, in turn, represented the combined interests of the British Crown and the leading City of London financial interests. When circumstances required, "Company" figures, typified by the late-eighteenth-century Earl of Shelburne,

1. See *EIR*, Oct. 28, 1994, "The Coming Fall of the House of Windsor"; and, *EIR*, May 24, 1996, "The Sun Never Sets on the New British Empire."

FIGURE 1

The British 'Invisible' Empire



would even take up posts in the British government, to ensure that the interests of the British oligarchy were always served, with hands-on precision. Shelburne held positions, first, as Colonial Secretary, and then, as prime minister, during the negotiation of the Treaty of Paris, which formally ended the American War of Independence. The presence, today, of Sir David Simon, chairman of British Petroleum and governor of the Bank of England, in the Tony Blair cabinet, is a contemporary example of the same phenomenon.

There is no aspect of society, internationally, which the British Empire does not seek to influence, and control. The British oligarchy has intentionally sought to create an *invisible* empire, which will evade an effective counterattack by its victims. In many cases, the operatives of the Queen's invisible empire don't even know on whose behalf they are acting—until it is much too late.

This major study by *EIR* will lift the veil on a number of critical tentacles of the British Empire that have previously remained hidden. We begin with the military arms, now mostly disguised as "private security firms." From there, we demonstrate the role of these firms with the major cartels, using the Africa example, and then the surprising case study of Papua New Guinea. We then move to the United States, where we uncover the shocking story of British Intelligence's role in infiltrating and subverting the military, and even the churches! The concluding section provides an exhaustive analysis of how the Empire is moving to turn Ibero-America, and particularly Brazil, into the new Africa, in a recolonization effort that represents a direct security threat to the United States itself.

Peeling the onion

This phase of *EIR*'s investigation was set into motion by a report we received of a June 24 seminar sponsored by the U.S. Defense Intelligence Agency (DIA), on "The Privatization of National Security Functions in Sub-Saharan Africa." According to a five-page unclassified summary of the event made available to *EIR*, there were a total of 74 participants, representing the Pentagon, several major U.S. corporations and Department of Defense sub-contractors, embassy officials from four African countries (including Uganda), a dozen academics, representatives of a number of non-governmental organizations and United Nations agencies, and officials from two prominent British Commonwealth "private" security firms, Executive Outcomes, and Sandline International.

While conference participants debated the virtues and dangers of using private, paid mercenary "corporations" to carry out functions formerly performed by government military units and law enforcement agencies, they blithely ignored the strategic reality: The whole project was part of the British imperial drive to redraw the map, and recolonize Africa, in order to facilitate the looting of raw materials, and establishing undisputed choke-point control over the

Queen Elizabeth II, and Buckingham Palace. The "Lizard Queen," as some call her, is the Commander-in-Chief of British and Commonwealth forces worldwide, including a plethora of so-called "private" entities.

entire natural resources wealth of the planet.

Since 1993, Central Africa has been targetted by the City of London-based Club of the Isles for end-game genocide, using colonial "gang versus countergang" tactics perfected during the post-World War II recolonization period by such senior British irregular warfare specialists as Brig. Gen. Frank Kitson. Kitson's counterinsurgency textbook, *Gangs and Countergangs,* recounted his successful efforts in the 1950s in Kenya to create a synthetic, murderous "countergang," the Mau Mau, which wiped out the legitimate nationalists struggling for independence from British colonial rule. Today's African "Mau Mau" countergang leaders are Ugandan Hitler-loving marcher lord Yoweri Museveni, his Rwanda-based right-hand man, Paul Kagame, and their Congo stooge, Laurent Desiré Kabila. This murderous trio, as *EIR* has reported since 1994, is out to destroy all of the nation-states of the Great Lakes region and the Horn of Africa, purportedly to create a "Greater Tutsi Empire."

But behind these pawns stand the British Commonwealth cartels, controlled by 3-5,000 "Families" that comprise the inner core of the Club of the Isles. This is the modern-day British East India Company, chartered by the British Crown to rule a global empire, based not on British jackboots, but on sophisticated former SAS irregular warfare operatives, now wearing the corporate colors of Defence Systems Ltd., Executive Outcomes, Sandline International, KAS, KMS, and so on, and serving the needs of corporate giants such as Anglo American-De Beers, Lonrho, Rio Tinto, British Petroleum, Royal Dutch Shell, the Hongkong and Shanghai Banking Corp., and Barrick Gold—to name just a few of the leading British, South African, Australian, and Canadian elements of the interlocking cartel structure.

EIR researchers in the United States, Ibero-America, western Europe, and Australia have now uncovered the evidence, presented for the first time here, to show that the so-called "private" security firms being employed as the mercenary and counterinsurgency arms of the Club of the Isles' global raw materials grab, are no more private, than the East India Company itself was private, at the height of the eighteenth- and nineteenth-century British imperium. Through two, little-known Crown-chartered agencies, Crown Agents and the Corps of Commissionaires, *EIR* has discovered, the entire private security apparatus of former

British SAS operatives, South African "scouts," British military and police "regulars," and so on, is centrally deployed by high-ranking officials of the British Royal Household and the Privy Council. These British mercenary operations, from Defence Systems Ltd. to Executive Outcomes, are not only *not* rogue operations, in competition with one another. They are an integral, highly centralized component of the British "invisible" empire—Her Majesty's and the Club of the Isles' contract killers.

Ibero-America is next

With Africa in the throes of depopulation and raw materials cartelization, the British Crown apparatus has already sunk its fangs into the next big, untapped repository of natural wealth: Ibero-America. As you will read here, South and Central America have been invaded by the same Club of the Isles financial houses, raw materials cartels, and private "security" fronts that are well along to "de-Africanizing" (i.e., depopulating) sub-Saharan Africa. In short, the British are out to "Africanize" Ibero-America.

The British cartels have already moved into Colombia, Chile, Argentina, Venezuela, Mexico, and Peru. They have targetted Brazil for takeover, employing the same arsenal of weapons and the same recipe they have already displayed in Africa: Mau Mau-style synthetic countergangs and terrorist bands, such as the Brazilian "Landless Movement," linked to wealthy narcotics cartels, create havoc. British- and Commonwealth-centered "private" cartels then move in with their own security forces—in the case of British Petroleum's vast operations in Colombia, Defence Systems Ltd.—with the willing cooperation of local British compradors, such as Colombian narco-President Ernesto Samper Pizano. Samper is a 20-year veteran of Britain's opium war against the Americas.

If Brazil goes, the entire southern half of the Western Hemisphere will be in the hands of the new British East India Company, within a short period of time.

Strategic deception

If the "Red Coat" invasion of the Western Hemisphere described here appears far-fetched, don't be shocked. This effort has been carefully concealed, and is not easily recognized, especially by the targetted victims, including leading circles inside the United States who are among the ultimate targets of this British onslaught.

In fact, the structure of the "new British imperium" *cannot be seen from below.* It is hidden behind a string of myths, beginning with the myth that the British Empire is a relic of the past, and the British monarchy is little more than a prop to lure tourists. The corollary myths that follow from this are: that the United States is the last "imperial power" on the planet; that the world has moved into an era of unbridled free trade, open markets, and "democracy"; and that, with the end of the Cold War, the nation-state system has become an unnecessary piece of excess baggage, a dinosaur that carries with it the last and only threat of general war.

In many parts of the world, the crucial myth, that the United States is the "Evil Empire," has been successfully spread, to the point that rampant anti-Americanism, today, is one of the most valuable tools in the arsenal of the Club of the Isles, blinding its victims to the actions by London. One of the principal objectives of this strategic study is to provide the reader with the in-depth evidence, to see through the smoke screen.

This is particularly important for many in the United States who have lost sight of the historical role of the United States as the leading *opponent* of the British System. For many Americans, who have been lured into a wide range of anti-government "movements," from the militias to the radical environmentalist gangs, the information here is of special importance.

A new pagan pantheon

Another vital element of the Windsor-Club of the Isles structure that is "in play" in the current offensive, is the Church of England, and the Anglican Communion over which it presides. Ever since the reign of Henry VIII, who declared himself "Pontifex Maximus" and established the Church of England as part of the English imperial structure, the Church of England has served, paradoxically, as both a branch of the Christian faith, and as an instrument of social control and manipulation, serving the most bestial requirements of the British Empire.

Today, in particular, through "low church" "evangelical" and "charismatic" sects, through such imperial throwbacks as the Church Missionary Society, and through the Anglican Communion's dominant position within the World Council of Churches, the Church of England serves as a crucial instrument for British "strategies of tension," i.e., terrorism, directed against the populations of Africa and the Americas.

As you will read here, the Anglican "charismatics" and the various British Israelite sects, which have targetted the United States throughout the twentieth century, have repeatedly managed to recruit the cannon fodder for such anti-American movements as the Ku Klux Klan, and the Armageddonist elements within today's militias, in much the same way that the kindred irrationalist "new age" sects of Prince Philip's World Wide Fund for Nature produce today's most rabid eco-terrorists. The leading operatives in both of these efforts frequently possess serious credentials as military counterinsurgency and psychological warfare specialists. In several instances, unearthed in the course of *EIR*'s investigation of the low church penetration and attempted subversion of the U.S. military establishment, the self-described "militia leaders" have turned out to be rabid environmentalists and world-federalists! And in several instances, they also turned out to be paid employees of leading Club of the Isles entities.

Her Majesty's irregular forces

by Scott Thompson

Among her most important "Prerogative Powers" as monarch, Her Majesty Queen Elizabeth II is the Commander-in-Chief of all the armed forces of the British Empire and the Commonwealth, including the Special Air Services (SAS), such nominally "private" irregular warfare agencies as the Corps of Commissionaires, and the plethora of "private" security firms that operate under the Corps' umbrella. She alone has the power to declare war and conclude treaties, and she has the authority to appoint all commanders and officers by land, sea, and air.

These "Prerogative Powers" are exercised through a body known as the Privy Council, comprised of some 400 handpicked appointees from the House of Lords, the current and former prime ministers and Cabinet officers, leaders of the governing party and the opposition, directors of the leading City of London corporations, the hierarchy of the Church of England, and ranking members of the military, security, and intelligence services. No act of Parliament is in force until it has been approved by "Orders in Council," i.e., accepted by the Queen and communicated through the Privy Council.

The Queen presides over a weekly meeting of the Joint Intelligence Committee, where she—and not the prime minister—is fully briefed on the activities of all of the British secret services. No British "Rambos" or latter-day James Bonds carry out a single covert act, which does not fall under the purview of the Queen.

The structure in Canada

According to the official Canadian document, "The Role and Structure of the Privy Council Office," published in Ottawa by the Privy Council in December 1996, there is a Canadian Privy Council Coordinator of Security and Intelligence, and a Security and Intelligence Secretariat, which both report directly to the Queen, in her capacity as Sovereign over Canada. The Secretariat is chaired by the Clerk of the Privy Council, the Queen's personal administrator. According to a source at the Privy Council Office in Ottawa, the Canadian system is almost certainly a carbon-copy of the structure of the British Empire's central Privy Council in London, although no similar document exists, corroborating that structure.

The Queen keeps in touch with the military services of the United Kingdom and the Commonwealth through the Chiefs of Staff and her Defense Services Secretary. She makes regular visits to service establishments, and is regularly briefed on their activities, according to palace sources.

Although many of the military deployments of the British and Commonwealth services are kept secret, a review of the International Institute of Strategic Studies 1996-97 *The Military Balance,* confirms that British forces are presently deployed in Antarctica, Ascension Island, Brunei, Cyprus, Germany, Gibraltar, Nepal, Taiwan, Thailand, the West Indies, on the Malvinas Islands, and on Diego Garcia in the Indian Ocean. In addition, 455 British military advisers are posted in 30 countries.

British troops are also engaged, as part of United Nations "blue helmet" forces, in peacekeeping missions in the Adriatic Sea, Angola, Bosnia, Croatia, Egypt, Georgia, Haiti, Iraq, Kuwait, Italy, Saudi Arabia, on the Syrian-Israeli border, and in Turkey.

This formal deployment of British forces around the globe does not take into account the global operations of Her Majesty's "irregulars," the so-called "former" SAS and regular military and police officers who take up private sector assignments, but, in reality, never leave Her Majesty's Secret Service.

Operation Lock

In the Oct. 28, 1994 *EIR Special Report,* "The Coming Fall of the House of Windsor," we exposed the role of the 23rd SAS Regiment, ostensibly the SAS's "reserve" detachment, in Prince Philip's murderous covert assassination program, "Operation Lock," which targetted political dissidents in South Africa during 1987-90, under the cover of hunting down and eliminating "poachers" who were allegedly killing off South Africa's endangered black rhinos, and selling their skins and horns on the black market.

With funding and sponsorship from the World Wildlife Fund, and, reportedly, from the Queen Mother, "Operation Lock" financed the establishment of an ostensibly private security firm, KAS Enterprises Ltd., headed by the famous World War II SAS founder, Sir David Stirling, and run, on the ground, by Lt. Col. Ian Crooke, the head of the 23rd

Special Air Services Regiment.

According to sources familiar with the "Operation Lock" fiasco, KAS Enterprises Ltd. was prototypical of the SAS front companies, established in recent years, to conduct "plausibly deniable" clandestine operations. When Sir David Stirling died in 1990, KAS was purchased by Sir James Goldsmith. The SAS operators on the ground in southern Africa, working in tandem with some of South Africa's own sanctioned assassins, like Craig Williamson and Ant White, the accused murderers of Sweden's Prime Minister Olof Palme, didn't miss a beat. Operation Lock was eventually exposed and shut down, but not until hundreds of political figures in Namibia, Zimbabwe, Mozambique, South Africa, the Seychelles Islands, and so on, were gunned down, and thousands more killed in the cross-fire, orchestrated by what came to be known as the mysterious "third force."

Today, despite that exposé, the African continent is crawling with "private" mercenary armies, staffed by "former" SAS men, and South African "scouts," operating under such corporate covers as Executive Outcomes and Defence Systems Ltd.

In this report, you will see that, while there still exists a wall of secrecy surrounding the "official" links of these security firms, they play an undeniable role in the British grand strategy of depopulating Africa, grabbing the continent's raw materials wealth, and moving similarly to take over Ibero-America. And, despite the Official Secrecy, through two little-known but pivotal Crown agencies, unearthed by *EIR* investigators, we can now provide the paper trail, which leads directly to the monarchy and the Privy Council.

Chatham House heralds Crown's imperial revival

by Scott Thompson

On March 29, 1995, the Royal Institute for International Affairs (Chatham House), in association with Her Majesty's government, sponsored a one-day conference, entitled "Britain in the World," at the Queen Elizabeth II Conference Center. The essence of the conference was summed up by commentator Dr. John Ashworth:

"I am afraid the British are getting more assertive because the 30- or 40-year political program which followed 1945, in which the British establishment, the political elite, set themselves the task of the orderly management of decline, has ended. We have had enough of that."

Among the leading speakers at "Britain in the World" were: Prof. Sir Laurence Martin, director, the Royal Institute for International Affairs; former British Prime Minister John Major, Member of Parliament (MP), who had become ineffectual and was turned out of office by the monarchy and the Privy Council, of which Anthony Blair was a member-in-grooming; Sir Henry Kissinger, Knight Commander of St. Michael and St. George (KCMG), who had admitted in a May 10, 1982 Chatham House speech, entitled "Reflections on a Partnership: British and American Attitudes to Postwar Foreign Policy," that he had served as a British agent within the Nixon and Ford administrations; Field Marshal Sir Peter Inge, Grand Cross of the Order of Bath (GCB), who was then Chief of the Defense Staff, Ministry of Defense; Gen. Sir Michael Rose, Knight Commander of the Order of Bath (KCB) and Commander of the British Empire (CBE); The Right Honorable The Baroness Chalker of Wallasey, then Minister of State for Foreign and Commonwealth Affairs, Minister of Overseas Development; Sir Crispin Tickell, Grand Cross of St. Michael and St. George (GCMG) and Knight Commander of the Royal Victorian Order (KCVO);

The Right Honorable Douglas Hurd, MP, then-Secretary of State for Foreign and Commonwealth Affairs; and, His Royal Highness, Charles, The Prince of Wales.

New strategies vs. the nation-state

The remarks at the conference by General Sir Rose, who recently retired as Adjutant General of the British Land Forces, were particularly revealing. Rose, a former commander of the Special Air Services, had just returned to Britain from a disastrous tour as head of the UN "blue helmet" force in Bosnia. In slightly veiled language, Rose called for the use of multinational "peacekeeping forces" as the instrument for dismantling the nation-state system:

"I think we are going to have to develop . . . a whole set of new doctrines, new concepts, and new strategies to try and deal with this new form of world disorder, based on ethnic, religious, and national differences. The United Nations has made a considerable start in doing that. . . .

"When I left my last job I suggested to the secretary general of the United Nations [then Boutros Boutros-Ghali] that a more efficient way of approaching these problems may be to use a regional military power, and subcontract the peacekeeping mission to that regional military power—in this case NATO. This would have all the advantages of a consistent coherent doctrine, an integrated C2, and a knowledge amongst the various peacekeepers which was absent when you have a Tower of Babel. He rejected this proposition out of hand. . . .

"We should possibly learn to work better with aid organizations . . . [i.e., especially non-governmental organizations] because very often those organizations see the military as the causes of all problems rather than the solutions to them. . . .

"All I would say in conclusion is that I think the wider forms of peacekeeping that we are embarked upon in the United Nations is something which has been thought about considerably—and I will now change my hat to my old hat as Commandant of the Staff College—we thought about it enormously long and hard in the various Staff Colleges around Europe and in America; we have run seminars for the last five years between the Frunze Academy, the Air Ecole de Guerre, Leavenworth, and Camberley, and there is a new form of doctrine developing and Britain has taken a lead in it."

Field Marshal Sir Peter Inge pointed out that at the time of the conference, the United Kingdom alone was involved in five UN-sponsored peace support operations. He said: "The consequence is that more than 46,000 of our servicemen and women are deployed outside the U.K.; in the Falkland Islands [the Malvinas], Hongkong, Brunei, Cyprus, Gibraltar, Germany, the Middle East, the Caribbean."

In fact, it was made clear at the conference that the Queen's imperial forces were active in some 40 countries, although many of these troop dispositions remain classified.

Crown Agents: the Queen's managers

by Dean Andromidas

Crown Agents, officially known as Crown Agents for Overseas Governments and Administration, occupies a non-descript office block in Surrey, in the suburbs of London. According to its literature, Crown Agents is a not-for-profit, private corporation, which carries out mundane logistical and administrative sub-contract work for the British Overseas Development Administration, and various development agencies and foreign governments. This is typical British understatement—i.e., strategic deception.

Crown Agents is exactly what its name implies, an agent of Her Majesty the Queen. It was founded in 1833 as Crown Agents for the Colonies, and historically played a vital role in the creation and management of what British historians call the Third Empire.[1] While Lord Palmerston, Cecil Rhodes, Prince Edward Albert ("The Prince of the Isles"), and Lord Milner were providing the geopolitical theory and ideology to justify Britain's global empire, Crown Agents ran the day-to-day affairs. Crown Agents printed the stamps and banknotes of the colonies; provided technical, engineering, and financial services; served as private bankers to the colonial monetary authorities, government officials, and heads of state; served as arms procurers, quartermasters, and paymasters for the colonial armies. In effect, Crown Agents *administered* the British Empire, which at one point in the nineteenth century, encompassed over 300 colonies and nominally "independent countries" allied to the British Crown.

According to its charter, Crown Agents is an "Emanation of the Crown." This gives Crown Agents a status close to the monarchy, yet outside the official government structures of

1. In A.W. Abbot (CMG, CBE), *A Short History of the Crown Agents and Their Office* (1959) (although printed by Eyre and Spottiswoode Limited, Her Majesty's Printers at The Chiswick Press, it was only for private circulation), an unofficial history of Crown Agents, written by a former Crown Agent, the author talks of three distinct British empires. The First Empire, according to this account, began in the first half of the sixteenth century as a by-product of England's wars with Spain, and lasted until the American Revolution, which left England in an extremely weakened position, both as a colonial and a European power. Nonetheless, the period between the end of the American Revolution and the end of the Napoleonic wars, is considered the era of the Second Empire, which included the consolidation of Canada and expansion in Asia and Australia. The Third Empire is dated by the founding of Crown Agents in 1833, and is marked by the expansion of the Empire throughout Africa and the Indian subcontinent. This is the empire of Cecil Rhodes, Lord Milner, etc.

the United Kingdom. Through much of its existence, it was overseen by the Colonial Secretary and, later, in the so-called post-colonial era, by the Minister of Overseas Development. Although not formally a department of the government, Crown Agents' entire debt was *guaranteed* by the Exchequer.

In 1996, as the British were in the process of unleashing the dogs of war in Africa, as the cutting edge of its final assault against the nation-state system worldwide, Crown Agents was "privatized," under the new name, Crown Agents for Overseas Government and Administrations Ltd., with its own board of directors and management. In turn, Crown Agents functions as a holding company for dozens of operating companies and joint ventures. Its shares are held in trust by the Crown Agents Foundation, which is presided over by a board of directors and councillors, bringing together an impressive collection of governmental and non-governmental organizations, corporations, banking and business organizations, and so on (see article which follows)—all from the inner core of the Club of the Isles and the formal Crown apparatus.

Providing functions in 'difficult areas'

According to its 1996 annual report, Crown Agents' numerous subsidiaries still carry out the same wide array of governmental functions, from printing postage stamps and bank notes, to running worldwide commercial shipping and air freight operations, to procuring arms and other logistical supplies. Crown Agents, according to spokesmen, specializes in providing these functions in "difficult areas."

And, indeed they do. Today, Crown Agents functions as "agents" for over 150 foreign governments and organizations, which they refer to as "principals." In some instances, they manage vast real estate and financial portfolios, specializing in offshore banking "services." According to its recent public statements, Crown Agents manages over $3 billion worth of projects. Its asset management business alone, has a portfolio valued at over $1 billion.

Typical of Crown Agent's current "discreet" operation are the following:

- It manages the entire customs service for the government of Mozambique;
- Through its chairmanship of a quasi-public entity called Europe SA, it is in charge of all economic reconstruction procurement for Bosnia;
- Through a joint venture with a Monaco-based company called ES-KO, Crown Agents provides all of the food for United Nations peacekeepers in Angola and Bosnia. ES-KO also provides logistical services to private petroleum and mining companies in such "difficult" areas as Algeria and Colombia, and manages the privatization of the state sector of Ghana.

Her Majesty's Murder, Inc.

By now, it may have dawned on some readers that Crown Agents' range of "services"—arms procurement, border controls, offshore banking—also nicely fit the "administrative requirements" of the world's organized crime cartels.

In fact, a careful review of some of the more sordid aspects of the recent history of Crown Agents, suggests that the firm has been at the center of the British Crown's highly sensitive patronage of global organized crime—what *EIR* long ago dubbed Dope, Inc.

Crown Agents' extensive links to international organized crime surfaced in the mid-1970s, when the firm's over-extended real estate portfolio, particularly its London real estate investments, blew sky high. At the time that the London commercial real estate market collapsed, Crown Agents was managing a portfolio of assets, loans, and other financial paper, totalling more than £4 billion. Despite the fact that Crown Agents held no banking charter, it owned a string of banks all over the world, including some unsavory outfits in some of the most notorious hot-money havens of the Commonwealth.

Much of the capital through which Crown Agents built up its real estate portfolio came from Third World governments, which made the unfortunate mistake of placing their trust in the Queen's favorite service agency. Crown Agents heavily leveraged its investment capital, building up debts far beyond its resources. When the 1973 oil shock hit, and the real estate market was one of the first of the bubbles to pierce, Crown Agents, along with many other institutions that were heavily leveraged in the secondary banking markets, went broke.

The Bank of England stepped in to bail out Crown Agents to the tune of several hundred million pounds—more than a decade before the U.S. government would carry out a similar bailout of the savings and loan institutions, ravaged by similar commercial real estate speculation. The collapse of Crown Agents' real estate portfolio led to three governmental and parliamentary investigations.

The surfacing of a wide criminal conspiracy was averted with the timely death of one of the key witnesses, the director of Crown Agents' money market operations, who purportedly blew his brains out shortly before he was to face trial on charges of corruption. According to news accounts at the time, this fellow, whose signature appeared on many of the most outrageous transactions, happened to be a heavy gambler. He had been a member of Crockfords, an elite gambling club, and two other casinos. He was a fixture at London casinos, often signing £1,000 checks. He had a home in Westminister, one of the most expensive sections of London, a country house, and three cars—all on a middle-level civil servant's salary of £5,000 a year.

Part of 'organized crime'

A look at a sampling of Crown Agents' business partners at the time of the real estate blow out, is revealing.

Crown Agents, up until 1983, managed the personal fortune of the Sultan of Brunei. The latter has been a funder of all sorts of private projects of Prince Philip and Prince Charles, as well as funding British intelligence operations all over the world. The Sultan was one of the key financiers of George

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Bush's Iran-Contra operations. So large was the task of managing this fortune, that when the Sultan withdrew his £3.5 billion, Crown Agents laid off 400 employees.

Crown Agents provided the capital for a number of offshore banks, especially during the 1960s and 1970s. One such bank that enjoyed the financial backing of Crown Agents was Trade Development Bank, then owned by Edmond Safra. A member of Prince Philip's 1001 Club, Safra was a prime target of investigation by U.S. drug enforcement agencies for many years. In 1990, his flagship New York City bank, Republic National, was identified as a favorite laundromat for both the Medellín Cartel and Lebanese-based heroin and hashish smugglers.

It not only lent to banks of dubious origins, but held controlling interests in them as well. In 1967, Crown Agents bought a 40% controlling interest in the Bahamas-based E.D. Sassoon Bank. This was the first of a network of banks it invested in, or created, throughout the Commonwealth. This bank was founded in the nineteenth century by Sir David Sassoon, who founded banking houses in India and China, where they made their fortunes in the opium trade. The bank moved to the Bahamas in the 1940s, at precisely the point that the British Crown colonies there were being built up as hot-money centers. In 1967, it was controlled by Ralf Yablon, whose mother was a Sassoon. Yablon's wife was the daughter of Max Joseph, who at the time owned the famous Grand Met casinos. The other shareholders of the bank were Continental Illinois and Franklin National Bank. So dubious was the reputation of this bank that even the Bank of England initially refused to give its blessing to its purchase by Crown Agents. When the big bust occurred in the 1970s, E.D. Sassoon Bank was absorbed by the giant Standard and Chartered Bank, which now sits on the Crown Agents Board of Councillors.

The most notorious property investment was with the Stern Group of Companies, controlled by William Stern. It was his personal bankruptcy in the early in 1970s, at the time the largest in British history, that triggered the run on Crown Agents. Stern was an American businessmen, with tight business connections to Murder, Inc. boss Meyer Lansky. The Stern-Lansky ties ran through the National Crime Syndicate boss's most trusted bag man, Sylvain Ferdman. Ferdman was identified in a 1967 *Life* magazine exposé of organized crime as Lansky's liaison to a number of leading Swiss banks implicated in the crime boss's global money-laundering operations. Indeed, Stern fit right into this picture. His brother-in-law at the time was Tibor Rosenbaum, whose International Credit Bank (BCI) was exposed in the *Life* magazine story as a Lansky front, which also serviced the covert financial needs of the Israeli Mossad. BCI went bust at the same time that Stern's bank and Crown Agents fell. Stern's personal bankruptcy was intimately linked to the collapse of BCI, where he had invested over £1 million—which, in turn, he had gotten from Crown Agents. The bailout of Crown Agents, and the mysterious death of its chief lending officer shut down any further probe of the Crown's links to the Lansky syndicate.

By the end of 1974, the Crown Agents collapse was, nevertheless, Britain's most serious financial scandal.

To clean up the "loose ends," and maintain Crown Agents' services to the Crown, Sir John Cuckney, a former high-ranking official of MI-5, was brought in as Senior Crown Agent. Cuckney had already left Her Majesty's Service to become the "City's" leading private spook, in the employ of Lazard Brothers. As soon as he took up his post at Crown Agents, he carried out a "reorganization"—i.e., a cover-up of the scandal. He also set the stage for Crown Agents' subsequent emergence as a leading arms trafficker.

In 1974, as one of his first acts as Senior Crown Agent, Cuckney transferred Millbank Technical Services, the Crown Agents' weapons procurement subsidiary, to the Ministry of Defence. He then consolidated its international networks of legitimate and not-so-legitimate banks and financial institutions, into what later became the Bank of Credit and Commerce International. BCCI, which former CIA Director Robert Gates, in Congressional testimony, dubbed "The Bank of Crooks and Criminals International," was at the center of the Golden Crescent (Pakistan, Afghanistan, Iran) opium trade, which flourished during the 1979-89 Afghanistan War. BCCI's collapse in 1991 was the biggest financial blowout in modern history, with over $20 billion in bank assets disappearing into thin air.

In 1978, having completed the restructuring of Crown Agents, Cuckney left to become a director of Midland Bank, where he soon established a new international division, which engaged primarily in financing international weapons deals. When Margaret Thatcher moved into 10 Downing Street, Cuckney became a leading adviser to the prime minister. He was rewarded for his services by being made Lord Cuckney of Millbank. The "Millbank" in his title referred to Millbank Technical Services, which he untangled from the Crown Agents scandal.

Crown Agents today

Crown Agents' British media apologists claim that the firm has been "reformed," and is now a shadow of its former self. There is no evidence to support this claim. Crown Agents was organizing covert weapons shipments into Africa well into the 1990s, helping to fuel the recent genocidal warfare in the Great Lakes region, and abetting the butcher Yoweri Museveni, in Uganda. The current chairman and Senior Crown Agent is David H. Probert. Probert has been with Crown Agents since 1981. During this period he sat on the board of directors of the Birmingham Small Arms Company, one of the most famous weapons manufacturers in Britain. Another one of his directorships was with a company which reportedly held a majority stake in Defence Systems Limited, one of the preeminent British "private" mercenary outfits, now running around Africa and Ibero-America.

Directors, councillors of Crown Agents

In 1996, Crown Agents was fully privatized. Its relationship to the official British government, particularly to the Department of Overseas Development, for the first time in its history, became contractual. This latest incarnation was renamed Crown Agents for Overseas Governments and Administrations Limited. The new entity has its own board of directors and board of management. All of its share capital is held in trust by the Crown Agents Foundation, which has its own board of councillors, dominated by figures in and around the Royal Household. The British government is a special member of the foundation.

Here are some of the leading figures in the Crown Agents structure today:

D.H. Probert, chairman, Commander of the British Empire: Probert has been with Crown Agents for many years, and was appointed to the rank of Crown Agent in 1981, deputy chairman in 1985, and chairman in 1990. In the 1970s, he was a director of Birmingham Small Arms Ltd., which was one of the most well-known British arms manfacturers. It later produced machine tools, which were sold to Iraq for the production of weapons systems. He also held the directorship of Rockwool Ltd., a British subsidiary of a larger Danish firm, which reportedly once held the majority share of capital of Defence Systems Limited.

A.K. Stewart-Roberts, director: A Crown Agent since 1990, and deputy chairman since 1994, he was formerly vice chairman of S.G. Warburg & Co., one of the City's most famous merchant banks.

P.F. Berry, director of the board and managing director: Following a career in the private sector, Berry became a director of Crown Agents in 1982, and has been its managing director since 1988. He is on the advisory board of Transparency International (see below).

F. Cassell, director: A Companion of the Bath, Cassell was former executive director of the International Monetary Fund and World Bank for Great Britain.

Crown Agents Foundation

Sir David Rowe-Ham, Knight, Grand Cross of the British Empire, chairman.

Corporate members:

Barclays Bank.

Standard and Chartered Bank.

Unilever, a major agricultural products cartel. Like Shell Oil, the company is Anglo-Dutch.

Tate and Lyle, Britain's leading sugar cartel, which has close corporate links to the American firm Archer Daniels Midland. Both Tate and Lyle and ADM are currently under investigation by the U.S. Department of Justice for illegal monopoly practices; several ADM executives have already been indicted.

Securicor plc.: This is a giant private security company specializing in bank security. It handles contracts to run Britain's privatized prisons, and operates throughout the world, including in Africa, South America, and Asia.

Manchester Airport plc.: In addition to being the private operating company for the Manchester Airport, it has been involved in purchasing airports in other countries now being privatized. They are reportedly interested in purchasing airports in Mexico.

British Telecommunications plc.: Britain's privatized national telecommunications company, which has been bidding on newly privatized telecommunications firms all over the globe.

Other organizations on the foundation board:

Prince of Wales Business Leaders Forum: Chaired by Prince Charles, this organization sponsors tours and seminars throughout the world. Its vice chairman is Sir David Simon, chairman of British Petroleum, and currently Minister for European Cooperation in Prime Minister Tony Blair's government.

Aga Khan Foundation: Founded by His Highness the Aga Khan, 29th Imama of the Shia Imami Ismaili Muslims. Prince Sadruddin Aga Khan, a cousin of the Imam, is one of the leading members of Prince Philip's World Wide Fund for Nature.

Transparency International: Under the cover of exposing alleged corruption, Transparency International has been used to destabilize governments throughout the world (see *EIR*, July 25, 1997). As a further indication of the close relationship between Crown Agents and Transparency International, the Crown Agents managing director sits on TI's board of advisers.

London School of Oriental and and African Studies: Formerly the London School of Colonial Studies.

Christian Aid: The official charity organization of 40 British and Irish churches.

The Royal Commonwealth Society and the **Caribbean Council of Europe,** two of the most elite foreign policy organizations of Britain.

Also, the Chartered Institute of Building; the Chartered Institute of Purchasing and Supply; the International Chamber of Commerce U.K.; the Royal Society for the Encouragement of Arts, Manufactures, and Commerce; the British Chamber of Commerce; the British Consultants Bureau; and the British Standards institution.

Miscellaneous other member entities:

Concern Worldwide; Intermediate Technology Development Group Limited; the International Development Law Institute (Rome); and Leeds Metropolitan University.

The Queen's Corps of Commissionaires

by Dean Andromidas

Earlier this year, the government of Papua New Guinea was voted from office, following the worst scandal to hit the country since its independence. It was triggered when the government sought to contract a British mercenary firm, Sandline International, to take on the task of wiping out a local insurgency. For weeks, the press ran articles depicting Sandline as the stereotypical mercenaries, the dogs of war, hired killers. But, there was barely a mention of another company which was also involved in bidding for security work in P.N.G., and which, in fact, had initiated the proposal that the government bring in "private" companies to fill its counterinsurgency needs. The other company, standing discreetly in the shadows, was the Corps of Commissionaires. It was only after the Corps of Commissionaires, which maintains a permanent office in P.N.G., submitted a bid higher than the government's limited budget, that Sandline was given the contract—which, some observers report, was on the Corps' recommendation. Sandline, in turn, farmed out part of the contract to another London-based "private" security firm, Defence Systems Limited.

Sandline and the Corps of Commissionaires appear to be very similar outfits: Both are based in London. Both draw exclusively from the military and police establishments of the United Kingdom and the Commonwealth. Both have Special Air Service (SAS) veterans in their employ. Both take on work for foreign governments and multinational corporations.

The Queen's squadristi

But, in fact, the Corps of Commissionaires is not a competitor to Sandline, Executive Outcomes, Defence Systems Ltd., and the rash of other British and Commonwealth "private" mercenary companies that have surfaced in recent years; it is an umbrella agency, and central hiring hall, which brings the entire collection of so-called "private" services under the direct auspices of the British Crown.

The substantial difference that puts the Corps higher on the pecking order, is that it lists the Queen of England as its official patron and honorary chair. It has sister organizations in Canada and Australia, two countries which are still under the direct sovereign control of the House of Windsor; the Queen is their patron and honorary chair, as well.

A spokesman for the Queen, in a moment of royal indiscretion, admitted to *EIR*, that Queen Elizabeth II serves as head of the various Corps of Commissionaires, as part of her official duties as Commander-in-Chief of all military forces of the Empire. In short, the Corps is an integral part of the military structure of the Crown—albeit a usually "invisible" part.

Given the Corps' royal sponsorship and direction, it should come as no surprise that the British Corps' Board of Governors is dominated by retired senior officers, who have held positions within the Royal Household. Many board members belong to the Order of the Bath, the only chivalric order, which honors military officers who made extraordinary contributions to the Crown. The Order of the Bath was founded, in the eighteenth century, by King George I, in the early days of the Hanoverian-Windsor dynasty.

Her Majesty's mercenary clearinghouse

A spokesman at the Corps' London office, in a recent interview, confidently assured *EIR* that the Corps could draw upon a pool of former military and uniformed services personnel, from ex-SAS veterans, to regular soldiers, to senior offi-

The Corps' key personnel

Great Britain

Her Majesty the Queen, chief patron.

Maj. Gen. David Alexander, Companion of the Bath, president of the Board of Governors, Corps of Commissionaires. His is a former Equerry and Treasurer to Prince Philip, Duke of Edinburgh, and a senior retired officer whose last position was Commandant of the Scottish Police College.

Adm. Sir Nickolas Hunt, Board of Governors, Corps of Commissionaires. Hunt is chairman of the British Chamber of Shipping, representing the British shipping industry, a key institution in the City of London which coordinates with the "Invisibles," the City of London business group that utilizes the Queen's royal yacht for its international business activities.

Vice Adm. Sir Robert Gerken, Knight, Companion of the Bath; Commander of the British Empire; chairman of the Board of Directors, Corps of Commissionaires. Gerken is also Commodore of the Royal Western Yacht Club, whose patron is the Duke of Edinburgh.

Air Marshal Sir Thomas Kennedy, Board of Governors, Corps of Commissionaires; Knight Grand Cross of the Bath; Commander of the British Empire; former Commander-in-Chief of the Royal Air Force in Germany; and, Air Aide-de-Camp to the Queen (1983-86). Director of Dowty Group, a major British defense contractor.

cers up to the rank of four-star general. These include veterans capable of any tasks, from organizing operations of a logistical nature; to military and police training, in Britain and overseas; to more esoteric operations. Although the spokesman denied that the Corps plays any role in recruiting mercenaries, he hedged, "We can do anything in this field, and if we can't do it, we can find someone who can." While advertising its more mundane security services on a well-maintained web site, the spokesman further explained to *EIR* that "other" services are available, but that details would have to be "discussed across the table. Get my drift?"

The scale of operations of the Corps of Commissionaires is staggering, particularly in light of the spokesman's veiled admission that it can provide mercenary services.

The Canadian Corps is the largest of the organizations, with over 13,000 Commissionaires presently on the payroll. By comparison, the Canadian Army, which has forces deployed in United Nations "blue helmet" peacekeeping missions all around the globe, has only 20,000 men and women. Although organized as a not-for-profit private company, the Corps is the official uniformed security service for the Canadian government. Commissionaires can be seen at all Canadian federal facilities. Its chief patron is Canadian Governor General Romeo Leblanc, who holds this position as the official appointee and representative of the Queen. Leblanc is himself a member of the Privy Council.

The Corps of Commissionaires sister organizations in Australian have expanded its role well beyond the traditional. They have established subsidiaries outside of Australia. One of these is P.N.G. Corps Ltd., located in Papua New Guinea.

An Australian spokesmen assured *EIR* that the Corps, as a private company can "supply customers with a wide range of services. . . . We will do anything that's legal. Our men have a wide range of military skills and these can be put to good use in the private sector in areas of security, crowd control, or whatever, as required by our clients." Among their 700 clients are the country's major banks and corporations, including, for example, ANZ Banking Group Ltd., Westpac Banking, Commonwealth Bank, Hongkong and Shanghai Banking Corp., and National Australia Bank.

Australia

Maj. James B. Leslie, chairman of the Board of Governors, British Oil Refineries Australia Ltd. (Boral), 1991-94; International Advisory Board of Chemical Bank New York; chairman, Qantas Airways Ltd., 1980-89; chairman and managing director, Mobil Oil Australia, and Christies.

Maj. Everard Baillieu, president: Commander of the Order of the British Empire (CBE), founder of the Baillieu Allard Real Estate empire and member of the family of brokers which virtually controlled the Australian Stock Exchange.

Will Bailey, board member of the Tasman Institute, a Mont Pelerin Society front group; deputy chairman, ANZ Banking Group, 1984-92; deputy chairman, Coles Myer Ltd. (a retail giant).

Commodore Dacre Henry Deudraeth Smyth, Aide-de-Camp to the Queen, 1975-78; Order of Australia; director, David Syme and Co. Ltd., 1982-94; patron, Animal Welfare League. Son of Gen. Sir Nevill Smyth (London), Victoria Cross, Knight Commander of Bath.

Col. Norman Carlyon, Order of the British Empire; chairman and founder, the Carlyon Hotels Group.

Nobby Clark, board member, Institute of Public Affairs, a Mont Pelerin Society front; chairman, Coles Myer Ltd.

Sir Rupert Clarke, Third Baron of Rupertswood, member, Order of the British Empire; chairman, P&O (Australia) Ltd.; chairman, National Australia Bank, 1986-92; chairman, Cadbury Schweppes Australia Ltd., 1971-92.

Lt. Col. Sir John Holland, director, ANZ Bank 1976-81; chairman, Queen Elizabeth II Silver Jubilee Trust, 1981-87; member and director, Winston Churchill Memorial Trust; patron, Voluntary Euthanasia Society of Victoria; board member (since 1970), Institute of Public Affairs; member, Rhodes Scholarship Selection Committee.

Sir Arvi Parbo, chairman (since 1974), Western Mining Corp.; patron, Australian Drug Foundation (a group which is pushing drug legalization); chairman, Broken Hill Proprietary Co. Ltd. (Australia's largest company, and the third largest mining investor in the Western World), 1989-92; chairman, Alcoa Ltd. (Rio Tinto subsidiary).

Joseph Trethowan, Australia Medal; deputy chairman (since 1988), Mayne Nickless; director (since 1984), National Australia Bank; treasurer (since 1986), Corps of Commissionaires.

Sir Wilfrid Brookes, CBE; former director, Alcoa Ltd., Western Mining Corp. Ltd., and Central Norseman Gold Corp.

Canada

Romeo Lebanc, Governor General of Canada; member, Privy Council.

Lt. Gen. J.A.R. Gutknecht, National Executive Secretary of the Corps of Commissionaires. Officer of the Order of St. John of Jerusalem. He is a 35-year career officer with postings in Vietnam, Pakistan, India, and the United States, and is a representative of Canada on the Military Committee of the North Atlantic Treaty Organization.

Among the industrial firms which employ the Corps are: Imperial Chemical Industries, Unilever, and British General Electric Company. The insurance giant Australian Mutual Provident (the largest insurance company in the country), as well as the nation's most important stock-brokerage, Potter Warburg, both contract with the Corps. Among Australia's largest mining and oil companies, the Corps' clients include: Shell Corp. of Australia, Western Mining Corp., British Petroleum, and Caltex Oil.

As in the case of Canada, the chief patrons of the Corps of Commissionaires in Australia, which are organized by state, are the state governors, who are directly answerable to the Queen. Their directors are drawn not only from retired senior officers, but from the highest level of the Australian establishment which is closest to the Crown.

An imperial history

The Corps of Commissionaires, like its sister agency, Crown Agents, was founded under royal sponsorship in 1859, when the British Empire was at the peak of its power and global reach. The Corps was established, ostensibly, to provide employment for thousands of British soldiers demobilized following the Crimean War. Initially, the "soldiers" of the Corps of Commissionaires were employed principally as armed, uniformed security guards for the prestigious financial houses of the City of London. Their flashy uniforms have been a familiar sight, at the entrances of elite banking and financial establishments of the City ever since.

But, make no mistake. The Corps is not some kind of benevolent society for war veterans, or even a simple uniformed security guard service. It was organized as an integral part of the imperial military system, as evidenced by the Queen's role, to this day.

In the nineteenth century, the Corps of Commissionaires was established in Australia, Canada, East Africa, New Zealand, and South Africa, after a series of resettlement agencies helped relocate a sizable number of British military veterans and their families to the far corners of the Empire, where they also assumed prominent posts within the local military and intelligence establishments.

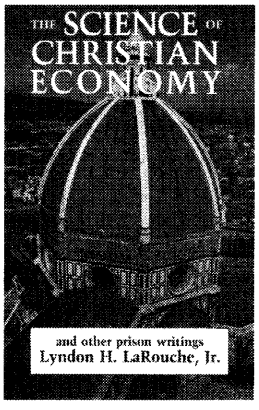
The Corps was founded by Sir Edward Walter, a retired captain in the Royal Army, whose family also founded the *Times* of London, which has always served as the mouthpiece of the British Establishment.

The official history of the Corps, *Our Sergeant*, writes of Sir Edward's motivation for founding the Corps: "He believed they [Army veterans] could demonstrate, through their military qualities, the essence of their employability to the City of London, the world's financial and commercial capital, the country as a whole, and indeed to the Empire beyond. The City would surely come rapidly to appreciate representatives on the doors of head offices, who embodied discipline and loyalty, men who could guard banks and store houses, men of trust who could carry sensitive valuable items between branches of companies and between companies themselves." On where their loyalties lay, the same book reports that the Corps of Commissionaires' "very existence relied on the establishment, on protecting the property of financial houses, the professions and the major industrial concerns."

The role of the Corps of Commissionaires was substantially upgraded when Margaret Thatcher was elected prime minister in 1979, and the radical "free market" policies of the Mont Pelerin Society were unleashed on the world with new force. In 1984, following a reorganization, drafted by Peter Loyd, executive director of the British Institute of Management, the Corps of Commissionaires moved to expand way beyond its role in the City. Its uniformed security service was converted into a separate division, within the Corps, and new divisions were created to provide "specialist security functions." At the same time, the Corps began recruiting personnel from a broader range of military, paramilitary, and police agencies. The scope of its operational capabilities expanded tremendously, as the use of privatized counterinsurgency forces, suited to operate in zones of instability, became a crucial part of the British bag of tricks.

In 1986, to commemorate this reorganization, a special reception was held at Buckingham Palace in honor of the Corps.

The Science of Christian Economy



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Executive Outcomes vs. the nation-state

by Roger Moore

When the U.S. Defense Intelligence Agency (DIA) hosted its one-day symposium on the privatization of national security functions in sub-Saharan Africa recently, the guest list included five representatives of the London and Pretoria-based private "security" consortium, Sandline/Executive Outcomes (EO): Eeben Barlow, Michael Grunberg, Col. Bernie McCabe (USA-ret.), Tim Spicer, and Nic Van Den Bergh.

According to several Washington sources involved in the preparations of the DIA event, the crew from Executive Outcomes was hardly welcomed with open arms. The firm has gained notoriety in recent months, grabbing front-page headlines in Australia and Papua New Guinea for its role in a fabricated "death squad" plot, which resulted in the fall of the popular prime minister of P.N.G.; receiving coverage in the United States with a puff piece in the February 1997 issue of *Harpers* magazine, and a not-so-flattering segment of "60 Minutes" on CBS in June; and earning the ire of most governments in West Africa, for its role in the recent coup d'état in Sierra Leone, which occurred shortly after the legitimately elected government cancelled a $20 million-a-year military training contract with Executive Outcomes.

Before the EO plug was pulled in Sierra Leone, the government had paid off $16 million in back debts to the mercenaries-for-hire firm, by turning over some sizable diamond concessions to EO's London-based underwriters, Branch Energy, a firm owned by Sandline International's Tony Buckingham, formerly with the Special Air Services (SAS). In league with his South African business partner Eeben Barlow, Buckingham had earlier pulled off a similar diamonds-for-mercenaries deal in Angola, until the Clinton administration stepped in and demanded that the Angolan government give EO the heave-ho.

Never one to pass up a chance to make a quick buck, Buckingham took his Sierre Leone and Angola Branch Energy diamond concessions public, on the Vancouver stock exchange, as Diamond Works. Robert Friedland, a convicted LSD trafficker and Buckingham business associate, set up Diamond Works.

Another Buckingham partner in a raw materials and mercenary venture, is David Steel's Heritage Oil and Gas (which shares London offices with Branch Energy). Steel is the head of the Liberal International, and former president of the Anti-Apartheid Movement in Britain. In 1977, Steel was appointed to Her Majesty's Privy Council, a post he holds today. If there is one thing that EO doesn't lack, it is royal backing for its soldiers-for-hire operations.

Despite these connections, Executive Outcomes may very well go down in flames, in the near future, to be remembered as the corporate mercenary army that everyone loved to hate. The South African government is reportedly moving to regulate the private security industry, and ban South African citizens from engaging in fighting abroad—despite the fact that some former African National Congress fighters, along with some of their former bitter rivals from the Inkatha Party, the South African Civil Cooperation Bureau, and the UNITA forces of Angolan rebel Jonas Savimbi, are reportedly also on the EO payroll.

Even if Executive Outcomes falls, under current circumstances, it will have served its part in an orchestrated effort to create a new, post-modernist, post-nation-state global service industry: corporate armies for hire.

A thumbnail sketch

The February 1997 article in *Harpers* magazine by Elizabeth Rubin was blunt about EO's corporate mission. Citing military historian Martin Van Creveld, whose 1991 book, *The Transformation of War*, trumpeted the idea of "privatization" of combat, Rubin wrote, "Conventional wars waged by nation-states are fading from the map and future 'war-making entities' will resemble those of the pre-modern era—tribes, city-states, religious associations, private mercenary bands, and commercial organizations such as the old British East India Company." EO is out to lead the revival of "pre-modern" warfare.

Executive Outcomes was created in 1989 by Eeben Barlow, a veteran of South Africa's 32nd Battalion special forces unit, and later, of the Civil Cooperation Bureau (CCB), the apartheid regime's not-so-secret assassination squad. Barlow won early contracts for his army-for-hire from the South African Defense Ministry and the DeBeers diamond cartel. In 1993, EO got a $20 million-a-year contract from the Angolan government, to field a mercenary force capable of taking back the diamond-mining region of the country from the UNITA rebels. The contact also included a $20 million-a-year budget for arms and equipment purchases.

In May 1995, EO got a similar contract from Sierra Leone's military dictator, Valentine Strasser. The deal carried a price tag of approximately $2 million a month. Both the Angola and Sierra Leone deals had been arranged through Buckingham's Branch Energy, which also underwrote the salaries of the EO troops, in exchange for the lucrative diamond concessions. What cash payments were made to EO during the early phase of the contract, came right out of Sierra Leone's account with the International Monetary Fund. Once EO's elite killer squads secured the mining areas, they brought in "security guards" from Lifeguard, another firm

linked to the Diamond Works/Sandline/EO corporate complex. An EO spokesman told the Johannesburg, South Africa *Weekly Mail and Guardian* that the company was planning a cellular phone network and resort hotel in Angola—and was already in the business of distributing Bibles. Barlow tells reporters that his computerized database of soldiers-for-hire now contains thousands of names, beyond the more than 1,000 troops he currently has in the field.

Defence Systems Ltd.: a Crown jewel

by Dean Andromidas

Of all of the so-called "private" British security firms to surface in the recent period, the outfit that warrants the closest scrutiny is Defence Systems Limited, a London-based firm which has been deeply involved in the British asset grab in Ibero-America; which works side-by-side with the Crown Agents in Bosnia, attempting to sabotage the U.S.-led peace effort, in typical Special Air Services (SAS) style; which has emerged as mercenaries-of-preference for all of the major Club of the Isles cartels; and, which has been specifically deployed to penetrate the U.S. military and national security establishment, at the highest level.

While Executive Outcomes was sending its top corporate public relations men to plead their case at the recent Defense Intelligence Agency conference, the far more prestigious DSL was off making polished sales pitches to the London headquarters of the International Institute of Strategic Studies (IISS) and the Washington, D.C. office of the World Bank. Through a U.S. subsidiary, DSL has managed to snare the "privatized" security contract for the U.S. Embassy in Zaire (now the Democratic Republic of the Congo), Uganda, Bahrain, Abu Dhabi, Angola, and Ecuador—a situation that ought to raise some serious alarm bells, given the British Club of the Isles' ongoing sponsorship of international terrorism.

Today, DSL has its headquarters in Egginton House, London, and branch offices in Washington, Jacksonville, Hongkong, Singapore, Bogotá, Lima, Maputo, Kinshasa, Luanda, Port Moresby, Moscow, Kazakhstan, the Isle of Jersey, and Sarajevo. It presently has private and government contracts in 44 countries, and, as of May 1996, had over 4,000 employees, drawn from 30 countries.

According to a corporate prospectus presented by Stephen Carr-Smith, DSL's Director of Special Developments and the company's liaison to NATO, to IISS on May 31, 1996, DSL has emerged, since 1992, as "the largest supplier of international contract personnel" to the United Nations. Through the intermediation of Britain's sugar cartel, Tate and Lyle, DSL has bagged a similar contract with the World Bank.

Today, DSL is in the process of consolidating a precedent-setting degree of integration with the British Ministry of Defense, through what Carr-Smith described as a "permanent private sector planning team," to be located at the Defense Ministry, with a database of skilled private sector military personnel and private sector security firms, to be drawn on for crisis service and proactive "peacekeeping." In his presentations to IISS and the World Bank, he and other DSL representatives emphasized that, in the post-Cold War era of scaled-back national military forces, more and more security and defense functions must either be taken up by the private sector, or abandoned altogether.

While pressing for what amounts to a de facto privatization of Britain's and NATO's military operations, DSL has, simultaneously, consolidated lucrative contracts with a majority of the Club of the Isles corporations, including: British Petroleum, Royal Dutch Shell, Schlumberger, S.G. Warburg, Crédit Suisse, Robert Fleming, Kleinwort Benson, British Airways, Cadbury Schweppes, Jardine Matheson, and Rothmans. Among their American clients are: Exxon, Mobil, Amoco, Texaco, Chevron, Brown and Root, General Motors, Coca Cola, and Bechtel.

In this special report, you will learn about DSL's involvement, in league with British Petroleum, in Colombia, in support of the narco-regime of President Ernesto Samper Pizano.

All the Queen's men

Defence Systems Ltd.'s meteoric rise to the top of the international mercenary industry is easily understood, as soon as one studies its easily obtained list of patrons and leading personnel. Founded in 1981, in the opening years of Margaret Thatcher's frenetic drive to privatize every function of the British government, DSL was, from the outset, a special project of the British Establishment—their own "have gun, will travel."

Its first managing director was Alestair Morrison, Order of the British Empire. Morrison was formerly second in command of the 22nd Regiment of the Special Air Services (SAS). Prior to founding DSL, he was the managing director of Heckler and Koch, U.K. Limited, the British subsidary of the German manufacturer of the official assault rifle of the German Army, the G-3.

The first chairman of the DSL board was Maj. Gen. Viscount Gilbert Monckton of Brenchley, Companion of the Bath, Order of the British Empire. A former chief of Staff of the British Army of the Rhine, the 2nd Viscount Monckton's family is British Empire all the way. His father, 1st Viscount Walter Monckton, was a member of Winston Churchill's cabinet and chairman of Midland Bank. The elder 1st Viscount led what was known as the "Maidstone Set," one of the elite Tory cliques, named after his Maidstone estate. The current Viscount Monckton's son, Christopher Monckton, was editor

of the *Daily Telegraph*'s *Sunday Magazine,* and the social affairs adviser to Margaret Thatcher.

Another founding director, Philip Warner, was a director of Peninsular and Oriental Steam Navigation Company, of British Opium War fame.

DSL's current CEO is Richard N. Bethell, Member of the British Empire. A former officer in the SAS, Bethell is the son of the late Lord Nicholas Bethell, the 4th Baron of Romford. A senior member of the House of Lords, the elder Bethell was a lifelong operative of Her Majesty's Secret Intelligence Services, serving in the Middle East and Soviet sections of MI-6, and as a Lord in Waiting of the Queen. Lord Bethell was a key player in Britain's Afghanistan mujahideen project, which has spawned scores of international terrorist organizations, since the end of the Afghanistan War (1979-89). The idea of Lord Bethell's son directing one of the Crown's most important private "security" arms underscores the role that Britain plays today, as the leading sponsor and protector of narco-terrorism worldwide.

DSL spokesmen are mum about the source of its startup capital, making only vague references to Persian Gulf-based investors. But, following a string of offshore stock transfers, by the end of the 1980s, DSL emerged, briefly, as a wholly owned subsidiary of Hambro's Bank, one of the Crown jewels of the City of London. More recently, shares in DSL have turned up in the offshore portfolios of such major City of London financial houses as NatWest Ventures and Phoenex Fund Managers Limited. The latter is a subsidiary of Brierly Investments Limited. This is the huge, New Zealand-based multibillion-dollar fund run by Sir Ronald Brierly. According to its literature, DSL also enjoys "the full banking support of Rothschilds."

Since its founding, DSL has also been closely linked to another City of London "private" security conglomerate, Control Risk, founded in 1974 to provide risk analysis for Lloyds of London. Control Risk draws its personal and directors from the same high-level British military and intelligence ranks as DSL. Its managing director is former SAS Maj. Arish Turle. Its board of directors has included Gen. Sir John Stanier, former Commander in Chief of U.K. Land Forces and Aide-de-Camp General to the Queen; and Lord Soames, former leader of the House of Lords, senior Tory politician, and the son-in-law of the late Winston Churchill.

Another firm often involved in "logistical support" for DSL operations is Airwork Ltd., part of the corporate empire of the Cayzer family, managed by Lord Anthony Cayzer and Sir Nicholas Cayzer, which also includes the British and Commonwealth Shipping Company, and Caledonia Investments.

Since its founding, DSL has been heavily involved in Africa. It had contracts in Uganda, under President Milton Obote, until he was overthrown in 1986 by Yoweri Museveni. Despite DSL's alleged assassination attempt against Museveni, it was brought back in, and currently provides security for the U.S. Embassy. In 1986, Tiny Roland, chairman of the British African raw material giant Lonrho, negotiated a rapprochement between Britain and the Marxist governments of Mozambique and Angola; under the deal, DSL received the contracts to train special forces for both governments.

Penetrating the United States

In the last 12 months, Armor Holdings, a nominally American firm, bought DSL for $26 million. The British press described the takeover as a U.S. "coup," a claim which is untrue.

With help from circles linked to former President George Bush, DSL has adopted a "made in America" label, in order to penetrate and subvert U.S. national security interests through the "private sector." In fact, DSL began shopping for an appropriate U.S. "partner" for over a year before the "takeover."

Armor was a most unlikely buyer. Armor Holding, formerly the Jacksonville, Florida-based American Body Armor and Equipment Inc., was a small, family-owned firm that had been manufacturing body-armor in New York, since 1969. It went bankrupt in 1992, was placed in Chapter 11 reorganization, and, in 1995, was scooped up by a group of international investors. As early as 1991, as it was teetering on the edge of collapse, the firm was placed in the hands of a British national, Jonathan Spiller, who remains, to this day, a Fellow of the Institute of Chartered Accountants in England and Wales.

The 1995 buy-out and reorganization as Armor Holding, put the firm squarely in the Anglophile camp, as the following background of some of its directors reveals:

- The chairman of the board is Warren B. Kanders, a former senior vice president of Orion Bank Ltd., a merchant bank wholly owned by the Royal Bank of Canada.
- Burtt R. Ehrlich is a director of Armor Holding. His family securities firm, Ehrlich and Boger, is owned by Cater and Allen Bank, a British offshore outfit, with most of its operations on the Channel and Jersey Islands. Ehrlich is also a former treasurer and trustee of the Carnegie Council on Ethics and International Affairs.
- Nicholas Sokolow, a former partner in the rabidly Anglophile Wall Street law firm of Coudert Brothers, is now a senior partner in the Paris-based firm of Sokolow, Dunaud, Mercadier, and Carreras.
- Thomas W. Strauss, another director of Armor, was vice chairman of Salomon Brothers, until he was forced to resign, over a 1992 insider trading scandal, involving the manipulation of sales of U.S. government securities.
- Armor Director Richard C. Bartlett is chairman of the Richmont Group, a Dallas, Texas-based multinational holding company. He is a member of the elite Davos World Economic Forum, the Rothschild-owned Economists Group's Cross Border Monitor, and is chairman and trustee of the Nature Conservancy of Texas. This is the Texas chapter of the Nature Conservancy founded by the British Privy Council in 1946.

Congo-Zaire: The dissolution of the nation-state

by Linda de Hoyos

Kinshasa, capital city of what used to be Zaire (now renamed Congo), was the scene on Aug. 13-16 of a summit of African leaders of the "new breed" so praised by such outlets as the London *Times:* Ugandan President Yoweri Museveni, Rwandan President Pasteur Bizimungu, Eritrean President Isaias Afwerki, and newly self-appointed President of the Democratic Republic of the Congo, Laurent Kabila. Tanzanian former President Julius Nyerere is also due to arrive in Kinshasa for the summit. Just prior to this confab, President Kabila had visited Eritrea, where he met with Afwerki, and also Angola, where he was wined and dined by Angolan President Jose Dos Santos, whose troops provided a major boost to Kabila's successful takeover of western Zaire in May. Simultaneously, Museveni was playing host in Kampala to Tanzanian President Benjamin Mkapa.

The series of visitations suggests the tightening of coordination among the African leaders who have been projected by British intelligence as ushering in a "United States of Africa." But this will not be achieved on the basis of diplomacy among sovereign nation-states. The events unleashed in eastern African since the Ugandan invasion of Rwanda in 1990, orchestrated by former British Minister of Overseas Development Lynda Chalker, and her favorite underling Yoweri Museveni, show that boundaries among states are to be dissolved, and their contents organized as a new business franchise with two purposes: first, the security of foreign investment and seizure of property titles on raw materials by primarily British Commonwealth mining and other companies; and, second, the lining of the pockets of the government enforcers of the policy. In this context, the actual borders of the east African countries will soon cease to have effective existence.

The following dissolutions of borders have occurred.

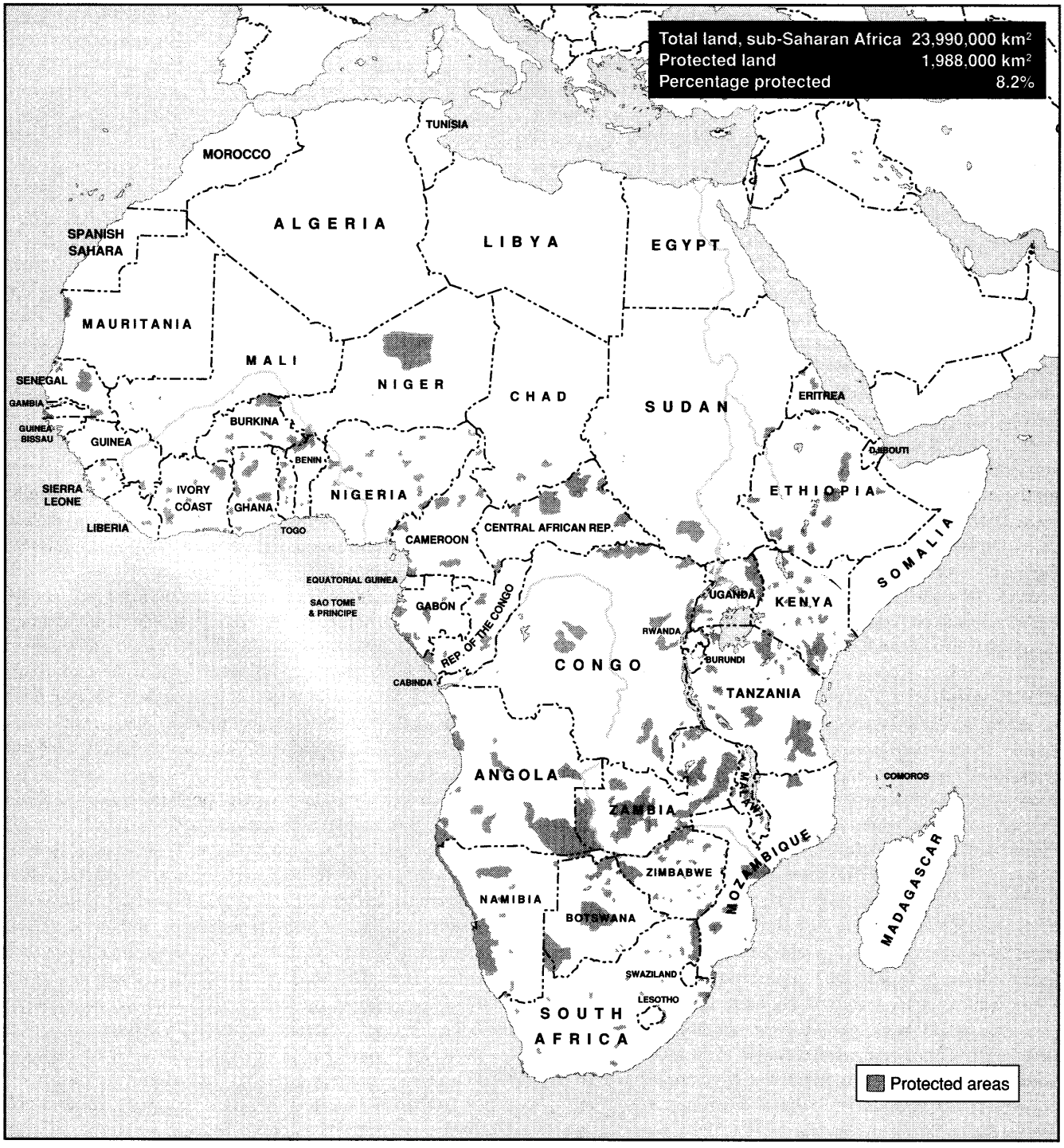
Rwanda-Uganda. Since the 1994 takeover of Kigali by the Rwandan Patriotic Front (RPF), itself a section of Museveni's National Resistance Army of Uganda, Rwanda has become a virtual satellite of Uganda. Rwanda's change in status was made official in August 1996, when Museveni visited Kigali and Rwandan "President" Bizimungu declared that the two countries would cooperate closely in the areas of "commerce and industry, transport and communications, energy, finance, especially in the fields of *privatization, and tax collection, defense and internal security, justice* and education" (emphasis added). Ugandan citizens are not reaping the benefit of this new attachment, however. There are loud complaints against Rwandan Defense Minister Paul Kagame's constant use of Museveni's own Presidential jet, and also of the fact that Kagame and the RPF leaders have long-standing non-performing loans from the major Ugandan bank, the Ugandan Commercial Bank, which loans were used to finance the 1990 and 1994 invasions. Now, the British-Asian Madhvani family of Uganda has announced the takeover of Rwanda's non-performing sugar industry—extending its slave-labor sugar dynasty southward.

The erasing of the Ugandan-Rwanda border has gone so far, that in 1996, during the elections, Rwandan troops moved in to occupy the Ugandan district of Kisoro, to ensure a turnout for Museveni. Kisoro was formerly part of Rwanda, until it was handed over to Britain's Ugandan colony in 1910.

Rwanda-Congo. This border has also, for practical purposes, ceased to exist. The RPF has made no attempt to hide its desires to convene a modern replay of the Berlin Conference of 1884, whereby the colonial powers carved up Africa to their own perceived best interests. Former leader of the RPF Fred Rwigema was murdered in 1990, for his lack of interest in using Rwanda as a springboard to move into Zaire, according to multiple sources. In the early days of the RPF-Ugandan invasion of Zaire in 1996, Rwandan Foreign Minister Pierre-Celestin Rwigema showed a correspondent for the Brussels paper *Le Soir,* a map in which the Zairean provinces of North and South Kivu are incorporated in "Greater Rwanda." The invasion was launched from "protected areas" (**Figure 1**).

The annexation is not official, but is efficient already today. Idjwi Island in Lake Kivu has already been retrieved by Rwanda, and Rwandan flags can be seen in Kivu towns such as Jomba, Bunagana, Ntamugena, Rugari, Uvira, and Nyangezi. Rwanda and Ugandan businessmen are also looking to set up shop in the area. Aiding this process is the annihilation of the Zairean currency, and the increased usage of the Ugandan shilling as the only reliable tender in the region—especially since the International Monetary Fund and the World Bank have knocked the Kenyan shilling to the floor.

FIGURE 1
Protected areas in Africa



From 1995 to 1996, Uganda registered nearly a tripling of gold exports to $60 million, with the central bank declaring that the gold increase stems from increasing gold leakages from Zaire to Uganda.

Aside from the economic penetration of particularly eastern Zaire, there has been mounting evidence that politically and militarily, Kabila may well be only a front man for the Rwandan-Ugandan takeover of especially eastern Zaire. According to reports, Kabila spends most of his time in Lubumbashi, the capital of the mineral-rich and highly contested province of Shaba, where British Privy Council interests are focussed.

What Congolese army?

The concern over Kabila's actual political power has arisen over the shroud of secrecy that covers the actual command structure of his army. Even the outgoing U.S. ambassador to Uganda noted in an interview with *Le Figaro* on July 25, that "there is also the question, always a timely one, to know if Kabila will be capable of managing the situation, and to what extent he is operating, as his point of departure, *from a political base which is Rwanda*" (emphasis added).

As the reports of the Rwandan troops' mass murder of Hutu refugees in eastern Zaire hit the Western press, finally, in April 1997, it became clear that the Rwandans, not Kabila's Alliance of Democratic Liberation Forces (ADLF), were running the military show. According to anti-Kabila forces, a Ugandan Hima (Tutsi), James Kabari, is the actual commander of Kabila's armed forces today, and the command structure remains under Rwandan-Ugandan control. There is, in fact, no Congo army. Those forces under the label of Kabila control only sections of the country—North and South Kivu, Shaba, and areas around Kisangani and Kinshasa, and are comprised of up to 4,000 Rwandan troops, with Burundian, Angolan, Ugandan, and Eritrean troops also present. The primary mission of this multinational force, according to reliable sources, is to provide security for the foreign mining ventures in the country.

A similar military configuration is currently in Uganda, reportedly preparing for a renewed assault on southern Sudan. This 15,000-man force is comprised of 5,000 Ugandan troops, with the rest from Angola, Eritrea, Rwanda, and Congo, augmented by Tanzanian medical services and trainers.

Another Thirty Years' War

The multilateral forces operating on behalf of the British Commonwealth are mirrored by the makeshift alliances of their on-the-ground opponents. According to multiple sources, remnants of the Rwandan Armed Forces of murdered President Juvenal Habyarimana, remnants of the Zairean Armed Forces of ousted President Mobutu Sese Seko, Jonas Savimbi's Unita in northwestern Angola, and various localized armed opposition groups to Kabila all operate in a loose coalition against the Uganda-Rwanda-Angola-Kabila combine. Such operations are not really a problem for London, as long as business is permitted to proceed unmolested. Meanwhile, entire populations will continue to be caught in the crossfire, pushed back into the *terra incognita* of "the bush" in order to escape certain death. A look at the model, Uganda, where Museveni's wars against the opposition have taken hundreds of thousands of civilians' lives (see *EIR*, Aug. 8, 1997), illustrates the point.

The London *Times* and other misinformation outlets might hail Museveni et al. as the "new breed" of Africans, who no longer listen to the western powers. But the ultimate beneficiary of the dissolution of the Congo is emerging: Rwanda has now officially requested admission into the British Monarchy's Commonwealth, following in the footsteps of Mozambique and Angola.

London reaps a harvest of death

by Richard Freeman

On May 9, in Lubumbashi in western Zaire, less than two weeks before he was to take power over Zaire and its 45 million inhabitants, Laurent Kabila met with top members of the British Commonwealth's oligarchical financiers. The meeting was organized jointly by Kabila and a Canadian mining company, America Mineral Fields (AMF); representatives from approximately a dozen financial institutions attended.

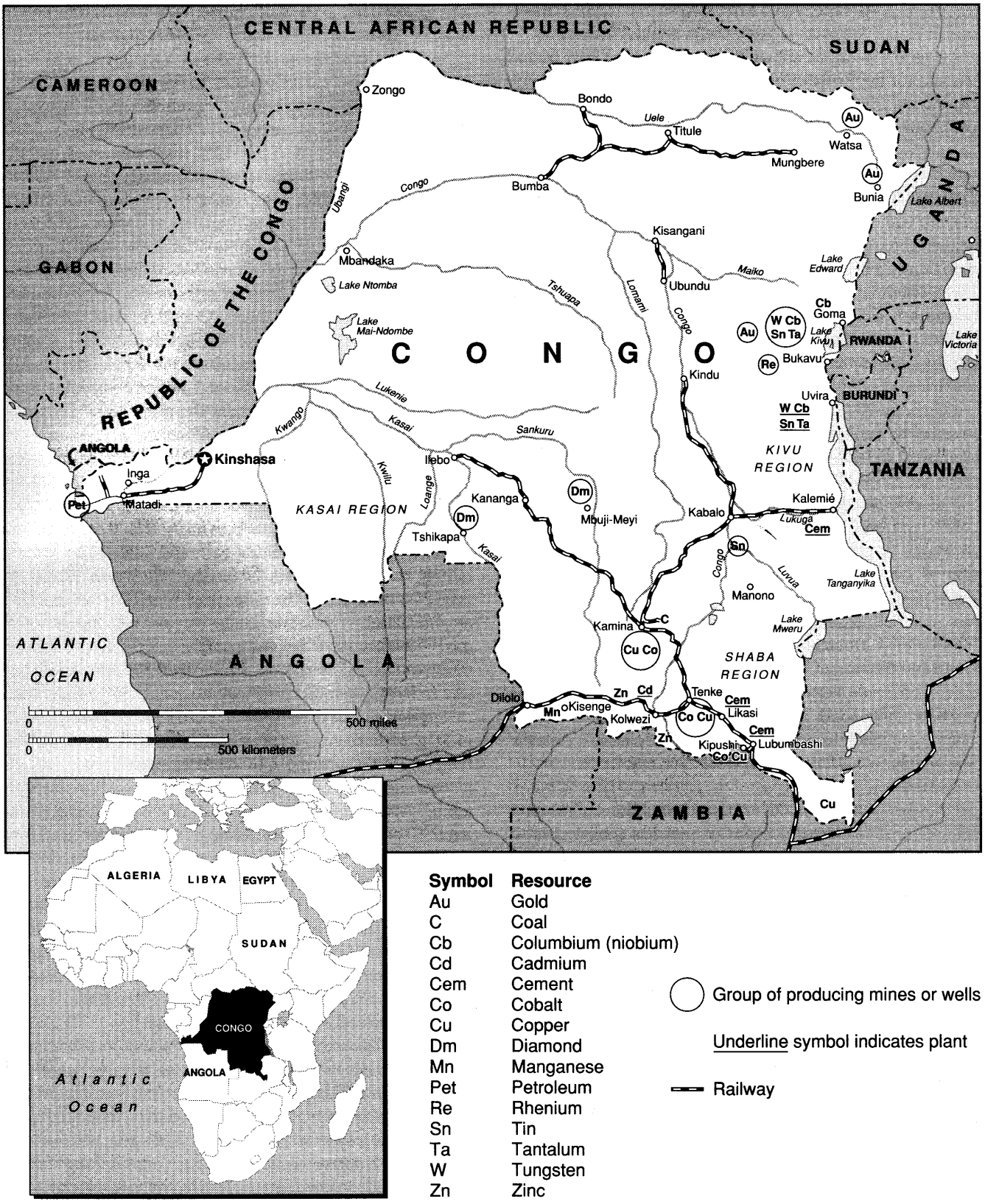
For three years before then, the raw materials cartel had been laying the groundwork for the attack on this huge, mineral-rich country (see **Figure 1**), with an economic invasion of its own. Operating through a series of what are called junior companies—small mining firms, usually with hidden backing and control from such as Anglo American Corp., or else oligarchical financier forces—it began to map out, and, through preliminary contracts, lay claim to the country's various deposits in rich mines of cobalt, tin, diamonds, zinc, copper, etc. This first invasion commenced in 1994-95, and gained substantial force during 1996, when preliminary contracts were signed with the government of President Mobutu Sese Seko. But the Mobutu contracts had too many restrictions limiting the "free-enterprise rights" of the mining cartel to plunder.

Former U.S. President Sir George Bush's Barrick Gold led the mining invasion of Zaire in 1996, when it claimed gold mines at Kilomoto and Doko, in Haut-Zaïre province. Joining Bush in this looting expedition were the Canadian junior companies, which, amazingly, often had office staffs of only 10 people, and little capitalization of their own. But, like America Mineral Fields—which, despite its name, is a Canadian (i.e., British Commonwealth) company—they claimed huge mining properties. AMF had signed a deal to mine the mammoth Kipushi copper mines in Shaba province.

America Mineral Fields was founded in 1995 for exploration purposes. Its stock was first floated on the Vancouver Stock Exchange, and it is now traded on the Toronto Stock Exchange. It is run and owned by Jean-Raymond Boulle and by his British-educated brother, Max. Jean-Raymond Boulle's business partner and president of AMF, is Mike McMurrough, who happens to live in Hope, Arkansas (a town that young President-to-be Bill Clinton left when he was seven years old). They made Hope the temporary headquarters of AMF. There is therefore absolutely nothing to the widely circulated British propaganda lie, that AMF is an

FIGURE 1

Congo's strategic resources



Symbol	Resource
Au	Gold
C	Coal
Cb	Columbium (niobium)
Cd	Cadmium
Cem	Cement
Co	Cobalt
Cu	Copper
Dm	Diamond
Mn	Manganese
Pet	Petroleum
Re	Rhenium
Sn	Tin
Ta	Tantalum
W	Tungsten
Zn	Zinc

○ Group of producing mines or wells

Underline symbol indicates plant

Railway

"American" firm with "ties to President Clinton." McMurrough neither has, nor had, any business dealings with Clinton. As an AMF official told *EIR* on April 18, "AMF's operation in Hope, Arkansas is just a shell company."

Boulle's pedigree shows that for his entire life, he has worked for the British Commonwealth raw materials cartel. During the 1960s, Boulle ran the Zaire operations of the Oppenheimer family's DeBeers' Diamonds. During the 1970s, he and his brothers set up shop in Dallas, Texas to sell diamonds and jewelry. In the 1990s, Boulle developed a nickel property in Canada, called the Voyseys Bay project, in partnership with Robert Friedland, a Vancouver-based wheeler-dealer. Through selling his share in the property to the Bronfman family's Inco Company, Boulle now sits on the board of Inco, which is based in Canada. In 1996, Boulle lined up business deals in Zaire with Anglo American Corp. Through business deals, Boulle is linked to Tony Buckingham, who oversees Executive Outcomes, the mercenary police force in Africa.

On May 20, an executive vice president of a Canadian investment bank, who attended the Lubumbashi meeting, confirmed and added to what the AMF official reported occurred at the meeting: "Zaire has potential for food growth, timber reserves, and great mineral wealth: diamonds, copper, cobalt, and zinc," he said. Asked why invest now, rather than five years ago, he explained that Kabila promised privatization of Zaire's mineral holdings. During the 1980s, when Zaire produced at its peak, it was one of the five biggest raw materials producing entities in the world. In 1993, the International Monetary Fund and World Bank organized a credit cutoff to force Zaire to privatize its raw materials holdings. As a result, between 1987 and 1993, cobalt production fell 82%, and copper output fell 91%. Though some concessions were made to privatization, basically, it still resisted. The Kabila forces have now levelled that resistance.

At the start of May, as part of the payment to help Kabila to get into power, the Vancouver-based firm, Eurocan Ventures International of Alfred Lundin, which has renamed itself Tenke Company, and which has a large cobalt investment in Zaire, gave Kabila a $50 million payment, as a "down-payment" on its mining project. In April, AMF's Jean Raymond Boulle provided Kabila with a personal plane to fly him around Zaire. By then, AMF had started to refer to Kabila's government as the actual government.

The corporate invasion

The British Commonwealth raw materials cartel operated behind and through the Canadian juniors in Zaire:

- The Canadian mining company, America Mineral Fields of Jean-Raymond Boulle, lined up to purchase for approximately $1 billion, the Kolwezi project and the Kipushi copper and zinc mine in Shaba province from Gecamines. The Kipushi mine is one of the largest copper and zinc mines in the world (copper and zinc are often mined together), and mining operations started here in 1925. Its known and probable reserves stand at 22.6 million tons, grading 2.1% copper and 13.8% zinc. AMF will realize more than $20 billion in revenues from the mines, achieving a very high rate of return.
- Tiny Consolidated Eurocan of Vancouver, which renamed itself the Tenke Company in February, is purchasing from the state mining company Gecamines, a 55% interest in the Tenke-Fungurume copper-cobalt deposits in Shaba province. Eurocan/Tenke will pay $250 million over 72 months for its stake, but the stake is worth potentially tens of billions of dollars in revenues. The Tenke-Fungurume mines have geological reserves of 222 million tons of copper and cobalt, with potential reserves of 1 billion tons, the world's largest operating cobalt reserves. Consolidated Eurocan/Tenke is owned and run by Swedish wheeler-dealer Adolf Lundin, who operates from Vancouver. One U.S. mining industry source reported, "There is no way that Eurocan can develop the mines on its own. It doesn't have the capabilities. It will have to sell off shares to established mining companies, most likely Iskor and Gencor, to work the properties." Iskor and Gencor are both South African companies.
- Vancouver and Cayman Islands-based Panorama International has obtained cobalt holdings in Shaba.
- Banro Corporation of Toronto, Canada.

Zaire has three eastern provinces: Haut-Zaïre, in the northeast; Kivu, in the central-east; and Shaba. The leading mining concern in Kivu is the Société Minière et Industrielle de Kivu, or Sominki. Sominki was formed in 1976 as an amalgamation of nine companies that had been operating in Kivu province since the early 1900s. It operates 47 mining concessions, encompassing an area of 10,271 square kilometers. In 1996, Banro Corp. of Toronto bought 36% of Sominki, raising some of its money for the purchase by floating shares in Singapore. Banro was previously a small financial institution, with little apparent aptitude for mining.

Another large chunk of Sominki was bought by the Belgium-based company Mines D'or du Zaire, or MDDZ. Owning 60% of MDDZ is Cluff Mining Co. of London, and controlling 65% of Cluff is Anglo American Corp., the world's largest mining company. On Sept. 21, 1996, Banro and MDDZ announced their merger, with Banro selling its shares to MDDZ. The new Banro-MDDZ company consolidated a 72% stake in Sominki, while the government of Zaire holds 28%. The Banro-MDDZ entity has announced that it plans to acquire that 28% from the government. Thus, Anglo American is the *éminence grise* behind the project.

According to various Banro corporate reports and news releases, Banro was anxious to get its mining operations started as quickly as possible. However, the Sominki mining zone that Banro acquired started in the town of Bukavu, the center for the major camp for Rwandan refugees who had fled to Zaire, with nearly a million people. To get mining started, the entire zone would require clearing—a task which Kabila et al. have dutifully accomplished.

Queen Elizabeth runs a coup: the case of Papua New Guinea

by Allen Douglas and Michael J. Sharp

Over the past several months, there has been a coup in the Southwest Pacific nation of Papua New Guinea. Under cover of a manufactured corruption scandal about the hiring of mercenaries to train P.N.G.'s Army, the government of Prime Minister Julius Chan was ousted in June, in order to open up the nation's vast raw materials wealth to unbridled looting by London-centered financial interests, on the eve of the worst worldwide financial collapse in history.

Papua New Guinea, which has a population of 4 million and shares the island of New Guinea with Indonesia, ranks among the world's top ten producers of copper and gold, and is rich in other raw materials, including oil, natural gas, and timber. The coup which ousted the nationalist Chan, but did not succeed in obliterating his party or his political influence—and is, therefore, still ongoing—is a classic case of how a sometimes bewildering array of assets of the British Crown's "invisible empire," are mobilized to attack a nation-state. Surveying these "Many," the thoughtful intelligence analyst, like his cousin, the Platonically trained philosopher, is provoked to search for the "One" that generates them. Here, the One is the Crown; its Many include members of Her Majesty's Privy Council and top officials of her Commonwealth of Nations organization; the intelligence services and foreign affairs apparatus of Commonwealth member Australia; leading firms of Her Majesty's raw materials cartel, Rio Tinto (formerly Rio Tinto Zinc) and Broken Hill Proprietary Co. Ltd. (BHP), the second and third largest mineral companies in the world; the World Bank; Transparency International, the Prince Philip-World Bank spawn which mobilized the mobs to dump Chan; assorted mercenary clones of the British Special Air Services (SAS)—among them, Executive Outcomes, DSL, and Sandline International, all under the direction of Her Majesty's Corps of Commissionaires—whose activities provided the nominal excuse for the coup; Commonwealth media barons Kerry Packer and Rupert Murdoch, who daily trumpeted the latest "revelations" against the Chan government; and, finally, street mobs provided by sanctimonious "low church" evangelical-pentecostal churches and non-governmental organizations (NGOs).

In the old days of "gunboat diplomacy," the British Empire used to just shoot down individuals or regimes it didn't like. That method is still used on occasion, but the Crown prefers these days to rally the natives under the banner of "transparency" and "fighting corruption," to help overthrow their own governments, as it did in Italy in the early 1990s. Prince Philip's new organization, Transparency International, is a special instrument for such projects. When you hear that "such-and-such a government is corrupt," you may be quite sure—unless it be a government tied to that one-man army of real corruption, George Bush—that the Empire has it in its crosshairs. The hordes of zombies, marching with shining eyes and outstretched arms, and chanting "Transparency!" are agents of Her Majesty, whether wittingly, or not.

Now, to our case study.

Chan versus the World Bank

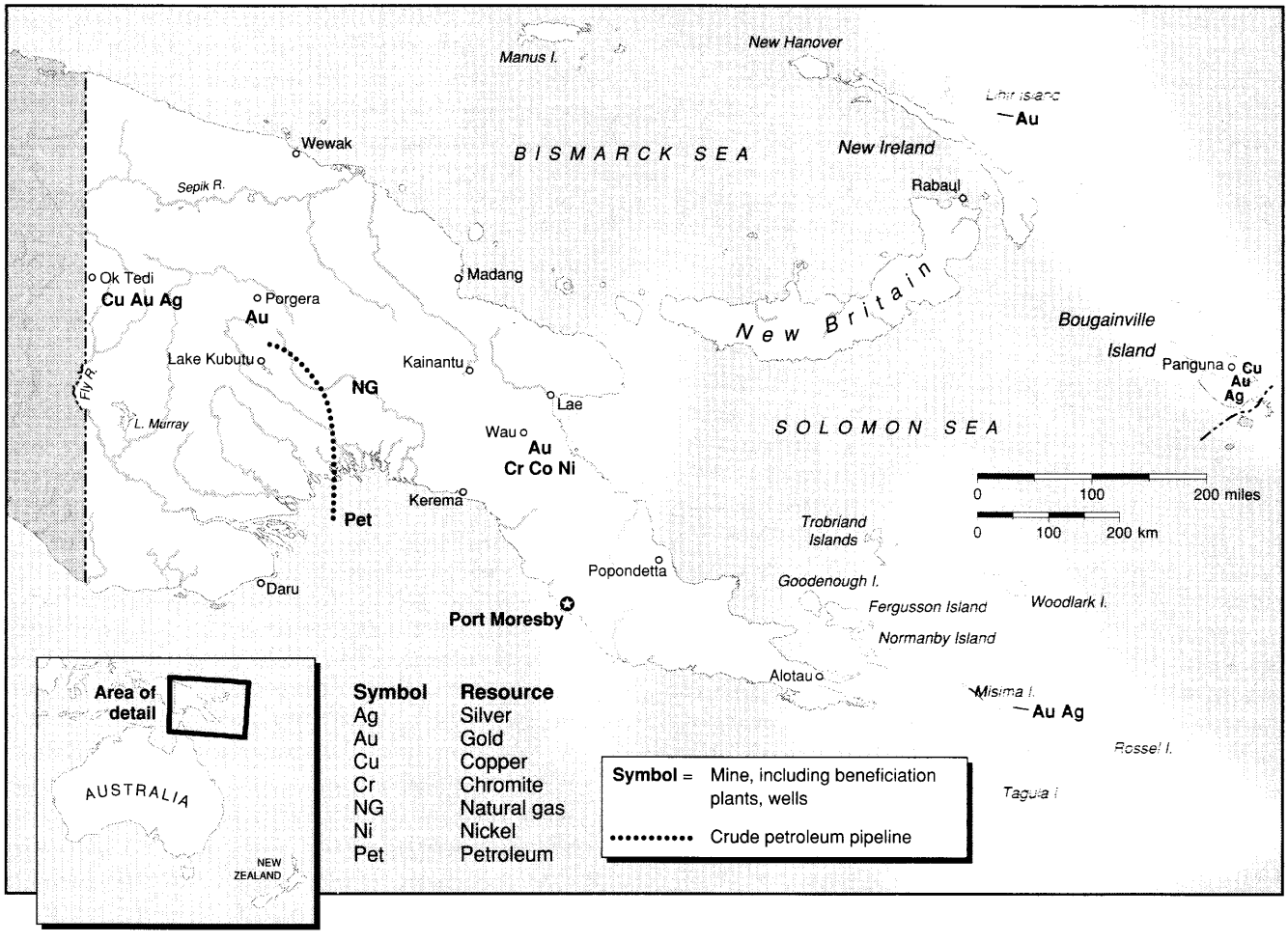
In 1994, Julius Chan was elected prime minister of Papua New Guinea, a Commonwealth country whose sovereign is Queen Elizabeth, for the second time. P.N.G. is today, just as when it was granted independence in 1975, a poverty-stricken, developing-sector nation, with little infrastructure. There are still unpaved roads leading out from its capital, Port Moresby. Besides mining, the P.N.G. economy is based on subsistence agriculture. The life expectancy is 55 years, for men and women alike.

The country has also been the scene of the bloodiest conflict in the South Pacific since World War II, because of an insurgency by the indigenist Bougainville Revolutionary Army (BRA) on P.N.G.'s island-province of Bougainville, which began in 1989. Bougainville is the location of the Panguna copper mine, jointly owned by Rio Tinto and the government; Panguna was the world's largest open-cut copper mine and provided 40% of the government's annual revenue, until the insurgency shut it down. The insurgency was to flare again, simultaneously with Prime Minister Chan's clash with the World Bank in 1996.

Former Prime Minister Chan was one of the "best and the brightest" of this former British (and Australian) colony. He had been groomed as a colonial administrator: after various positions in P.N.G.'s House of Assembly, he became a gover-

FIGURE 1

Papua New Guinea: major raw materials deposits



nor of the International Monetary Fund (IMF), the World Bank, and the Asian Development Fund; was made a Commander of the British Empire in 1975; was elected a fellow of the International Bankers Association in 1976; and, was appointed a member of the Privy Council in 1981, when he became prime minister for the first time.

Yet, Chan, like many of his fellow countrymen, developed a keen sense of nationalism. He fought fiercely against the World Bank in 1996, when it demanded that he sack thousands of public servants, freeze wages, eliminate price controls on basic foodstuffs, eliminate controls on foreign investment, and sell off ("privatize") P.N.G.'s mineral wealth. Declaring that the World Bank had "destroyed many countries," Chan kicked its petulant, arrogant representative, Pirouz Hamadian Rad, out of the country.

The World Bank's most crucial demand was that P.N.G. privatize its Mining Resources Development Company (MRDC), which controlled the government's share in six major mines that, after the 1989 closure of Panguna, constitute the bulk of the country's economy.

National sovereignty: an effective military

By mid-1996, under immense pressure from the World Bank, which threatened to cut off $340 million P.N.G. had been promised in international aid, and a renewed BRA insurgency, Chan capitulated to some of the World Bank's demands, including the sale of 49% of MRDC, now known as Orogen Minerals Limited. But, Chan planned to deal with P.N.G.'s two most severe problems, the Bougainville insurgency and the lack of revenue for economic development, at one stroke. His plan was to train and equip P.N.G.'s Army to finally settle the Bougainville conflict, to buy out Rio Tinto's majority share in the Panguna mine, to recommission it, and to plough its revenues into building the nation. Toward this end, the Cabinet, in early 1996, had adopted a Defense White Paper which budgeted $80 million to upgrade the Army.

Requests to P.N.G.'s allies, the United States, Australia, and New Zealand, to carry out the proposed upgrading were rebuffed, as per the worldwide IMF-World Bank policy of dismantling military forces—the guarantors of national sovereignty. P.N.G. officers bitterly charged that Australia, in

particular, wanted to limit the effectiveness of P.N.G.'s Army, while Chan said, apropos of the fighting in Bougainville, "I'm sick and tired of seeing our boys coming back in body bags."

Finding no governmental assistance, Chan was forced to "go private." According to numerous accounts, the first to propose hiring mercenaries for the training, was P.N.G. Corps Pty Ltd., a subsidiary of the London-based Corps of Commissionaires, headed by the Queen. In proposals to the P.N.G. government, which were later leaked to the Melbourne, Australia *Age* newspaper, the Corps recommended that the government establish a force modeled on the British SAS, which, it said, "had a fearsome reputation throughout the world." Army commander Brig. Gen. Jerry Singirok lobbied Chan for this project, and proposed that, given budget cuts, Rio Tinto could discreetly fund it. Ultimately, P.N.G. struck a deal for $36 million with Sandline International, a subsidiary of Executive Outcomes, which subcontracted part of the project to another British SAS spin-off, DSL. Sandline also had very close ties to Rio Tinto, as detailed below.

'Assassin squads'

P.N.G.'s negotiations with Sandline began in 1996. Once the mercenaries were in the country, in February 1997, the trap which was to bring Chan down, was sprung. The Packer and Murdoch-dominated Australian press (Murdoch owns the *Post Courier* in P.N.G. as well) suddenly exploded the story, with headlines such as "Outrage at P.N.G. Assassin Squads." The main media theme, however, was that because the deal was "corrupt," Chan and his associates, Finance Minister Chris Haiveta and Defense Minister Mathias Ijape, must step down.

On Feb. 26, two days after the mercenary story first hit the press, the Australian government denounced the Sandline deal as "totally unacceptable," and threatened to cut off Australia's $240 million in aid to P.N.G. Shortly before, the *Australian Financial Review,* controlled at the time by Canadian media baron Conrad Black, had let the cat out of the bag as to what was really afoot: "The Papua New Guinea Government teeters on the brink of again elevating a spurious form of economic nationalism above rationalism."

Amid the press uproar over Sandline, Chan asked, "Is there some political agenda that is behind their motives, to possibly destabilize the government and disrupt the June elections?" P.N.G.'s National Intelligence Organization, in a document leaked to the press, charged that a "cabal of prominent P.N.G. citizens," aided by environmentalist NGOs and a network of "born-again Christians," including Army commander General Singirok, was conspiring to replace Chan with Privy Councillor Sir Michael Somare, P.N.G.'s first post-independence prime minister.

On March 17, General Singirok charged that he had evidence of "corruption" in high places, and publicly called upon Chan to resign. Singirok's mutinous troops and allied NGOs surrounded Parliament house, and for the next ten days, the country teetered on the brink of anarchy. Chan finally agreed to step down, pending the results of a judicial inquiry into the hiring of Sandline.

An investigative commission headed by an Australian judge found Chan and his chief cabinet ministers innocent of any wrongdoing, but the damage was done. After 29 years in parliament, Chan lost even his own seat in the June 14 election, by 110 votes.

Dramatis personae

The above is a broad outline of what happened. To understand *how* it happened, one must look more closely at the plot's chief actors—those in center stage, and those standing discreetly in the wings:

Her Majesty's Australian government: Australia's intelligence services, which have been a subsidiary of British intelligence ever since they were set up by MI-5 chief Sir Roger Hollis in the 1950s, were intimately informed, from the very beginning, of every step which Chan took to hire the mercenaries. The *Canberra Times* of April 4, 1997 noted, "Australian technology is used almost exclusively in P.N.G.'s communication infrastructure, and it is widely understood that Australia monitors virtually everything the P.N.G. government does." In addition, the Australian Secret Intelligence Service had two informants, ASIS official Warren Reed told Australia's "Four Corners" TV program recently, one an Australian mercenary, and the other an official in Chan's government, keeping them abreast of all developments.

Had Australian government officials such as Prime Minister John Howard and Foreign Minister Alexander Downer, who later howled about the mercenaries, genuinely wanted to stop the operation, they could have privately taken the same measures which they later took publicly, such as threatening to cut off all Australian aid, *before* the mercenaries landed in P.N.G. This would have stopped the affair before it got started. But, said Chan, the Australian government had not only known about the plan, it had *supported* it: "P.N.G. is being accused of hiring mercenaries—not trainers but mercenaries—by the media of a country which endorsed the strategy in the first place," he said.

Her Majesty's Commonwealth of Nations apparatus: Deployed in tandem with the Australian government, were top personnel of the official Commonwealth apparatus. One of these, Commonwealth Secretary General Chief Emeka Anyaoku, was visiting Australia when the P.N.G. crisis broke out. He made a lightning visit to P.N.G., during which he convinced Chan to step aside pending the judicial inquiry into Sandline, despite Chan's having just won a resounding parliamentary vote of support. Said Anyaoku, "I believe my conversation with Sir Julius was helpful for him in making up his mind." Anyaoku also said, about coup leader Singirok, "I was impressed by Brigadier General Singirok and his evident devotion to the P.N.G. defense command. His whole position . . . was motivated by that devotion"—curious praise for a man who had just led an armed insurgency against his own government.

A second Commonwealth official involved in the plot, was its former deputy secretary general during 1990-95, Sir Anthony Siaguru, who is now chairman of the recently established P.N.G. chapter of Transparency International. Transparency led the campaign to mobilize public outrage over the Sandline affair as one of alleged "high-level corruption." Siaguru told Australian investigators that he had been recruited to head Transparency in P.N.G., by his old friend Jeremy Pope, who had formerly been the Director of the Commonwealth Secretariat under him, and who was now Transparency's managing director. A member of the elite law firm of Blake Dawson Waldron in Port Moresby, Sir Anthony handles the accounts for a number of key multinationals in P.N.G.—the same multinationals which brought Transparency into the country.

Transparency International: In its literature, TI proclaims itself to have been jointly spawned by the British Crown and the World Bank, out of a series of "ethics in business" seminars personally organized by Prince Philip. Former World Bank chief Robert McNamara was present at its founding meeting in 1993, and several bank officials were involved, including its chairman, Peter Eigen, for 25 years a senior official managing programs in Africa and Ibero-America, and its vice-chairman, Frank Vogl, another former senior executive. No wonder, then, that Eigen bragged, at a TI conference in Italy on Jan. 20, 1997, that "James Wolfensohn, president of the World Bank, publicly committed this institution to make of the fight against corruption a central point in the coming years."

Wolfensohn is a trusted operative of the Crown, who was knighted by Queen Elizabeth as "Sir James," in May 1995, just days before he took up his post as chief of the World Bank. He is a fine one to preach about corruption: As a protégé of London financier Sir Sigmund Warburg, Wolfensohn was one of a handful of bankers who in the 1960s founded the international drug-money laundromat known as the Eurodollar market. He is also a longtime business partner of Kerry Packer, the Australian multi-billionaire who was investigated by an Australian Royal Commission in the early 1980s for murder, drug-pushing, money-laundering, and other alleged crimes. That commission was shut down by Packer's political allies, before it completed its investigation.

In an interview with the Australian Broadcasting Corp.'s Radio National on April 2, 1997, Siaguru described how TI set up shop in P.N.G.: "There was a growing feeling among people in business, in the private sector . . . that the excesses that we see happening in other countries were starting to get themselves established here. There was a lack of transparency and lack of accountability on the part of public office holders. . . . That's what led to actions being taken by members of the private business community, to invite Transparency International to come in and consider establishing a chapter here in P.N.G. So, two existing institutions in P.N.G., the Institute of National Affairs and the Business Council of P.N.G., organized a seminar. And out of that came two things: the first was a decision to establish a Code of Conduct, the second is the establishment of a chapter of Transparency International."

The Business Council of P.N.G. is a front for Rio Tinto and BHP, which finance the Institute of National Affairs (INA). The Business Council's longtime president, until his death in 1996, was BHP's P.N.G. managing director, Kipling Uiari, Order of the British Empire. The INA is a rabid "free market" think-tank that has repeatedly attacked the government. One of its main clients is the World Bank.

The Business Council and the INA sponsored a seminar, "Ethics in Business," in July 1996, which was attended by P.N.G.'s Anglophile elite, including the Australian and British High Commissioners and various NGOs. In an interview on Aug. 4, 1997, Anne McDermott, TI's P.N.G. manager, recalled, "As a result of that one-day seminar, it was thought that something should be done. There were some people who knew Transparency International."

On Jan. 24, leading officials of Transparency International, Australia, including its British-born chairman, Henry Bosch, flew to P.N.G. to inaugurate the new chapter. TI Australia had itself been set up at the initiative of Royal Dutch-Shell, the leading sponsor of the World Wide Fund for Nature (WWF), another project of Prince Philip and his friend, Prince Bernhard of the Netherlands. Acting Chief Justice Sir Kubulan Los officially launched TI P.N.G. In a press release, the new organization announced that it had "declared war on corruption and secrecy" in the country. Its chairman, Siaguru, emphasized that TI would be holding a series of events, in order to shape the outcome of the national elections on June 14.

Her Majesty's minerals cartel: As documented elsewhere in this *Special Report*, and in "The Sun Never Sets on the New British Empire" (*EIR*, May 24, 1996), the still-existing British Empire, now known as the Commonwealth, is the single greatest financial and political power on this planet. One key to that power, is its extraordinary control of the world's raw materials, through British and Commonwealth firms. The number-two and the number-three largest raw materials firms in the world, the London-based Rio Tinto, and the Australian-based BHP, are part of this cartel. They own the major mines in P.N.G.

Rio Tinto: Rio Tinto holds 53% of the Panguna copper mine on Bougainville, and is the majority shareholder in the newly opened Lihir Gold Mine, one of the largest in the world outside South Africa. Rio Tinto was founded in 1873 in Spain by Hugh Matheson, using profits from Jardine Matheson, his family's dope-trading Hongkong firm, ties to which have lasted until today. In 1962, the First Bank of Boston, long associated with the drug trade, provided the financing for the merger of Rio Tinto and the Anglo-Australian firm, Consolidated Zinc. The resulting London-based firm, known as Rio Tinto Zinc, recently merged with its Australian subsidiary, RTZ/CRA, and is now called Rio Tinto.

The company is controlled by a mere 120 "accounts," which represent the family funds of Britain's leading aristocrats, including the Queen. Her holdings of Rio Tinto are so

extensive, that former RTZ Chairman Sir Mark Turner once observed, "You're running into problems of what the government is going to say about the Queen's involvement."

The insurgency which Chan faced on Bougainville was caused by Rio Tinto in the first place. Beginning when it opened the Panguna mine in 1969, the company dumped millions of tons of toxic waste into a nearby river, and expropriated or destroyed thousands of acres of land near the mine, enraging local landowners and residents. Instead of negotiating compensation with the injured parties, Rio Tinto chose to take a hard line, precipitating the insurgency. That behavior toward the native population of Bougainville is all the more curious, given that Rio Tinto is the chief funder of indigenism in Australia through the Australian Conservation Foundation, which Prince Philip founded in 1963. The ACF organized the "aboriginal land rights" movement in Australia (see *EIR*, April 28, 1995). In just the last several months, Rio Tinto has paid out $45 million in "land rights compensation" to Australian aborigines, while the company's energy division chief, Leigh Clifford, took a leading role in a recent 2,000-delegate "Aboriginal Reconciliation" convention in Melbourne in late May.

Given Rio Tinto's support for "indigenism," consider the evaluation of one of Australia's senior counterterror experts, about who finances the BRA: "Look at the mining companies, particularly in Queensland [Australia]. You will definitely find big Australian money backing them." Rio Tinto is the biggest mining company in Queensland.

Would the company allow, or finance the shut-down of its own mine? It would certainly not be the first time a cartel took product off the market—and Rio Tinto has repeatedly tried to corner the world copper market, ever since it was founded. Nor would it be the only time the company shut one of its mines under a pretext. Workers at Rio Tinto's Hunter Valley No. 1 coal mine in New South Wales, now engaged in a bitter strike against Rio Tinto, have charged that the company deliberately ran down the coal mine, previously one of the most profitable in Australia, in order to provoke a strike, to break the unions at Hunter Valley as a precedent to smash all unions in the country.

Nor would it be the first time Rio Tinto has schemed to overthrow a government. Rio Tinto helped oust two Australian prime ministers in the 1970s, Liberal Prime Minster Sir John Gorton in 1971, and Labor Prime Minister Gough Whitlam in 1975. Though of differing political outlooks, both Gorton and Whitlam were nationalists who wanted to use Australia's great mineral wealth for the good of the nation, instead of for the enrichment of Rio Tinto, with which they each clashed bitterly.

Rio Tinto is no more a stranger to mercenaries than it is to indigenism. The manager and biggest shareholder of P.N.G.'s Lihir gold mine is Southern Gold Bahamas Ltd., a 75-25% partnership between Rio Tinto and a company named Vengold, a relation which may shed light on how Sandline International wound up in P.N.G. Until recently, Vengold was owned by Sydney-based Robert Friedland, known as "the King of the Canadian Juniors." These are smaller mining companies which front for the majors in various dirty deals that the latter want to keep at arm's length. According to a report broadcast on ABC Radio National on April 6, 1997, Friedland's corporate empire is staffed "by a number of former RTZ senior employees." Additionally, one of the directors of one of Friedland's companies, Diamondworks, is Col. Tim Spicer, who led the Sandline International mercenary team into P.N.G. Although Spicer at first denied it, it emerged during hearings into the Sandline affair, that Sandline had offered to take its payment in government-owned shares in Rio Tinto's Panguna mine. Another of Friedland's companies is Branch Energy, which, according to the Radio National story, reportedly owns Executive Outcomes, the parent company of Sandline.

There is another curious intersection between RTZ partner Friedland and the Sandline story. Friedland recently appointed two senior executives from the Hongkong office of Jardine Fleming Bank to run his main holding company, Ivanhoe Capital, which has reportedly raised $6 billion in capital since 1993. Jardine Fleming is a subsidiary of the Jardine Matheson firm long associated with RTZ, and oversaw the World Bank-forced privatization of the P.N.G. state mineral company. It also brokered the P.N.G. government's hiring of Sandline.

Broken Hill Proprietary Co. Ltd.: Since the closure of Rio Tinto's Panguna mine, all of P.N.G.'s copper now comes from the huge Ok Tedi mine near the country's western border. Owned 60% by BHP, and 20% by the P.N.G. government, the mine provided 20% of the value of P.N.G.'s total exports for 1994. BHP is headquartered in Melbourne and was long known as "The Big Australian," because its production of steel, minerals, and so on comprised as much as 1.5% of Australia's Gross National Product. It cannot boast quite as colorful a past as Rio Tinto, but, with its army of 65,000 employees in 59 countries, it, too, has now become entirely globalized, as part of the Queen's world minerals cartel.

Her Majesty's 'low church' mobs: As documented elsewhere in this *Special Report,* the Church of England, which is officially headed by the Queen, deploys the rabble-rousing mobs of the "low church" through various vehicles, including the local branches of the World Council of Churches. ABC Radio National's interviewer John Cleary, in an interview with Sir Anthony Siaguru, TI's P.N.G. head, summarized the forces which coalesced, with funding provided by Rio Tinto and BHP, to form the anti-Chan coalition: "The churches have had a word, as you say, the private sector has had a word. In some way Transparency International has become a little bit of an umbrella body here. How do the churches connect with Transparency International?" Siaguru replied that Transparency runs "a worldwide coalition against corruption," a chief component of which is the churches.

On cue, at a press conference in early June 1997, just before the national elections, the chairman of the Melanesian

Council of Churches, Major Tau Pala, declared that, unlike "the old conservative times . . . the church ministries' responsibilities now also extend to witnessing the political world." Therefore, he said, the churches should not only "pray for the type of leaders they wanted to put into Parliament," but should demand that all candidates and elected leaders "sign the national integrity pledge with the recently established P.N.G. chapter of Transparency International."

Heeding this call, the evangelical and pentecostal churches, together with the Catholic Commission for Justice and Peace, launched "Operation Brukim Skru" (pidgin for "Bended Knees") against "corruption" in the Chan government. The Queen's chief representative in P.N.G., Gov. Gen. Sir Wiwa Korowi, was a key leader of Brukim Skru, while Brukim Skru founder Roger Hau'ofa, in an interview with Radio National, praised Singirok as "a strong Christian" who was closely associated with the movement. Singirok is a typically corrupt asset of Transparency: Following his anti-Chan uprising in March, it emerged that the born-again Singirok had secretly been on the payroll of J&S Franklin, the British arms dealer, the whole time, and that entries in his diary from February, showed that he was already then planning a coup.

Her Majesty's 'no-good organizations': The coalition which TI rallied to overthrow Chan also featured a gaggle of non-governmental organizations. The term "NGO" was coined by the British Commonwealth Foundation in the 1960s; the organizations were established to attack sovereign nation-states, under cover of "human rights," "environmentalist," or other pretenses. There are now over 500,000 NGOs in Britain alone, with an annual turnover of $30 billion. The most important of these, such as Amnesty International, are led by ranking members of the British aristocracy.

Such sponsorship, together with the NGOs' own actions, belie their claims to be championing "democracy" and "people's power." When Singirok called on March 17 for the overthrow of Chan, three NGOs took to the streets to back the call: the Melanesian Solidarity Organization (Melsol), which later sponsored a tour by Singirok through P.N.G.'s Highlands provinces; the Individual and Community Rights Advocacy Forum (ICRAF); and the P.N.G. Watch Council. When the leaders of these organizations were later arrested, Amnesty International immediately proclaimed them to be "prisoners of conscience."

Even before they took to the streets, ICRAF head Powes Parkop, and Melsol activists, proclaimed that Chan, Deputy Prime Minister Haiveta, and Defense Minister Ijape should be subject to "citizen's arrest," if authorities did not prosecute the three government leaders over the Sandline affair. Chan accused the NGOs of "playing a dangerous game." Furthermore, he said, "I question their motives. It is not just my government they are attempting to bring down. They are attacking the very form of government itself that Papua New Guinea works under. . . . There is no law laid down by God that says that anyone working for an NGO is automatically a saint." Indeed, they receive some of their funds from a good approximation of the devil, the World Bank.

In January 1997, the same month Transparency announced its "war against corruption," some 100 NGOs met to set up the People's Alternative Social Action Program (PASAP), as an "alternative system" to the P.N.G. government. Overseeing the meeting was World Bank representative Pirouz Hamadian Rad, who had been kicked out of the country the previous year, and who now pledged $11 million to PASAP. PASAP was designed by the P.N.G. Watch Council, founded in August 1996, almost contemporaneously with the "Ethics in Business" seminar which generated TI, P.N.G. The P.N.G. Watch Council says it is a "coalition of NGOs and *resource owners*," whose purpose is to "strengthen the role of civil society in P.N.G." (emphasis added). According to the *Post Courier* of Aug. 14, 1996, the Watch Council was established as a funnel "through which the international development donor and service agencies, and the World Bank . . . can sensitively reach their grass roots." These "international donors" include the Australian and Canadian governments, the latter of which has really poured in the funding, both through the individual Canadian NGOs and through the government's own Canada Fund.

The next phase

Though Her Majesty's minions ousted Chan, they have not yet achieved all they set out to. According to the report of P.N.G.'s National Intelligence Organization, Transparency's plan was to install Privy Councillor Sir Michael Somare as prime minister. Somare, who organized his campaign for parliament around the theme of "fighting corruption," is a typical Transparency asset: As prime minister in 1985, he intervened to secure the release of three Australian businessmen, over the strident objections of his police and Customs officials, whose drug-sniffing dogs had gone wild over the Australians' plane at Port Moresby airport.

Somare was defeated by Bill Skate in the vote for prime minister. Skate had fiercely criticized Chan over the Sandline affair, but Chan helped to broker Skate's election as prime minister. Evincing the nationalism often common to political opponents in P.N.G., Skate said that P.N.G. had been "misled by many people" over the Sandline affair, warned against "interference from foreign sources," and said that he looked forward to receiving advice from Chan, and from former Prime Minister Paias Wingti, whom the Transparency crowd also knocked out of parliament.

The situation remains highly fluid. In late July, Army troops loyal to Singirok arrested the new Army commander, Brig. Leo Nuia, whom Chan had appointed to replace Singirok. They also sprung Maj. Walter Enuma, Singirok's deputy in the March uprising, from jail at gunpoint. Nuia has since been released, and Singirok is expected to be charged with sedition, but Her Majesty's grab for P.N.G.'s raw material wealth has clearly just begun.

Who is wagging your neighbor's tongue? The militias and Pentecostalism

by Anton Chaitkin

> "The greatest threat from terrorism in the United States comes from people who are associated with a British Church of England-run Pentecostalist movement inside the United States. It is this apparatus which has structured the militia. Now, most people in the militia movement, or associated with it, have no part of the intentions of those who are behind it, particularly that section in the Episcopal Church, or Pat Robertson, who's part of this same movement, who are barking—authentically barking—Pentecostalists, who, with their connections with the military, deeply embedded in the military, including the . . . corps of chaplains in the U.S. military, are largely controlled, presently, by outright barking Pentecostalists. . . . This is the . . . main source of the internal threat of the potential for terrorism, and other kinds of treason inside the United States, today."
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> —Lyndon LaRouche, "EIR Talks," July 30, 1997.

Two years after the bombing of the Oklahoma City Federal building, a stream of lies is pouring through British-run media sewers, preparing credulous populists to view terrorism, or even civil war, as inevitable.

The grotesque joke is on the American populists. Their paramilitary militias, and Pentecostal sects, are creations of the very "Godless internationalists" they believe they are resisting. The British Empire high church apparatus seeks to reduce the American mind to that of a clown, a hypnotized "Christian" who babbles or barks like a dog; a "patriot" numbed by anti-government gossip and Armageddonism, so that he sees his own nation as his enemy.

Will these Americans provide cover, and become patsies, for criminal outrages by professional terrorists? In hopes that, instead, they will get out of the game, and turn their righteous anger against their manipulators, we offer this report on how the game is rigged.

This investigation began with a probe into the armed standoff between police and "Republic of Texas" members demanding the secession of Texas, in April 1997. This writer telephoned into the besieged compound and interviewed Richard Otto, alias "White Eagle," who said he was asking members of militias around the country to come to the site, armed for a shootout.

I checked Otto's background, and then shared my findings informally with militia members and others who might have been drawn into the provocation. Otto, it turns out, had been trained and set into motion by an Air Force officer who toured the world practicing New Age pagan rituals, in consultation with senior British intelligence drug-rock-sex gurus such as Gregory Bateson. This unappetizing profile, subsequently spread around by wary militants themselves, helped to discredit and defeat the provocation.

While Otto and his band surrendered on May 3, reports flooded into this news service of continuing, outrageous provocations. Among these was the bizarre case of an anti-government Texas demagogue with important military connections, one Jim Ammerman, whose incitements have been widely circulating among separatists and militia members.

A Pentecostal clergyman and retired Army colonel, Ammerman now controls chaplains currently serving in the U.S. Armed Forces around the world, as well as within prisons, and even in the Federal Bureau of Investigation. He claims supernatural prophetic powers, preaches the imminent end of the world, denounces the U.S. government as illegal, and says the President has deserved execution. During the April siege, Ammerman "mediated" between the Texas separatists and the FBI.

As *EIR* inquired further into the origins of the Ammerman operation, and how it is protected within the U.S. military, a much broader picture came into view. Described here are:

- Colonel Ammerman's agent methods;
- Britain's militia adventures among Ammerman's clients, and the Oklahoma City bombing;
- the highest-ranking U.S. general who was captured by Pentecostal mind-benders, and who created Ammerman's anti-government agitation bureau;
- how British Empire master-race theorists concocted Pentecostalism; their colonial religious experiments among blacks in the United States and Africa;
- the America-hating, feudalist, high church aristocrats

Church and state

The irony is, that atheists are often so obsessed with protecting the state from the influence of the church, that they blind themselves to the menace of a state-controlled church. Worst of all, is the control of a large part of the religious bodies inside the U.S.A. by a foreign empire, the covert control over large parts of many denominations by the British Empire's currently reigning Pontifex Maximus, Elizabeth II.

All of the old pagan empires used state-regulated religious belief as the principal means of governmental mind-control over subject populations. Each of the fallen empires of Mesopotamia practiced this. The Cult of Apollo, originally the Gaea-Python cult at Delphi, was the principal such enemy of civilization inside ancient Greece. The Roman and Byzantine empires used state-regulated pantheons as the principal method of control of subject peoples.

As it became a world empire, the British monarchy imitated precisely such practices of its Roman and Byzantine predecessors. King Henry VIII's declaring himself the Pontifex Maximus of England was used as an established precedent for the Church of England's adopted role of regulating the sundry varieties of religious beliefs among the subjects of the British Empire, and used religious channels for persisting efforts at attempting to reconquer the U.S.A. from within.

The most successful forms of such attempted subversion are, naturally, the charismatic cults. The advantage, that a purely arbitrary doctrine, by its nature, as the old pagan religions did, conceals its true purpose from the light of reason. Thus, the British monarchy's control over key sections of the U.S. military, and its top-down control over the so-called "militia" and related strata in the U.S. today, is now the single greatest security threat to the continued existence of our republic.

In short, free our religious communities from the control of such foreign, pagan powers as the British monarchy and its World Council of Churches.

—Lyndon H. LaRouche, Jr.

and globalists who pushed through "charismatic renewal"; and

- the national security danger from this British-owned military, paramilitary, and religious apparatus, including such operatives as Pat Robertson.

Colonel Ammerman: treason in the Army

A videotape is circulating among the militia networks, entitled "The Imminent Military Takeover of the United States." This is a speech by the Rev. Jim Ammerman to the Prophecy Club of Topeka, Kansas. Ammerman warns that the President, aided by masses of foreign troops already on American soil, will soon put the nation under martial law—if God does not end the world before the current President can act. Ammerman decrees that President Bill Clinton should long ago have been executed, for avoiding the Vietnam draft.

Ammerman, who retired in 1977 as a U.S. Army colonel and chaplain, is described by the Prophecy Club as a former Green Beret and "CIA official" with 26 years in the military, and top-secret security clearance. He is the leader of some 200 chaplains now serving in the U.S. Armed Forces under the banner of his group, the Chaplaincy of Full Gospel Churches. His chaplains presumably speak in tongues and perform supernatural cures, as does he. He tells his audience that his chaplains provide him with inside information about military activities ordered by what he claims is the illegal dictatorship of the U.S. President.

Ammerman's frantic tapes and faxes have been pushed all over the populist and Pentecostal milieu, and to the members of the Republic of Texas group. Douglas Towne, manager of a ghostly Ammerman-led intelligence group called the Mount Rushmore Foundation, told this reporter that the Ammerman circle had extensive communications with the chief provocateur in the siege, Richard Otto ("White Eagle"). Towne calls Otto "a real soldier . . . just like Tim McVeigh [convicted in the Oklahoma City bombing], . . . who can't be shaken or broken, confident that he has backing."

In recent weeks, Ammerman has spread the warning, or threat, that some form of terrorist act will soon occur, giving the "illegal" U.S. government the pretext for the imposition of martial law.

Why is our government "illegal"? Ammerman's fellow Prophecy Club speaker, Ralph Epperson, explains that the United States was founded by Luciferians, Illuminati communist-masons, in order to usher in Satan's rule.

Ammerman himself is a furious Anglophile. He warns of foreign soldiers on U.S. bases, especially *Germans,* whom he calls "enemy troops"; but to him, nothing British is foreign. He reviles the U.S.A. historically. John Kennedy's mafia background got him killed, after he had passed the time during the Bay of Pigs crisis by womanizing; Abraham Lincoln was a dictator, understandably murdered, he claims. Ammerman lies that President Clinton has murdered many people to cover his crimes. He thus creates a climate in which Clinton's murder would be "understandable." Meanwhile, he pretends to

strangers that God has told him secrets about their personal problems, and that he has supernatural powers to help those who will suspend their reason.

This purported Christian minister, on whose authority the Pentagon employs a large number of its chaplains throughout the world, is no single bad apple. As we shall see, his chaplaincy is a British intelligence and Anglican Church project, involving a former top-level U.S. Army general with responsibility for counterinsurgency, whose brain was scrambled by Pentecostal operatives.

Ammerman lies, whipping up anti-government activists, maneuvering them into terrorism or what looks suspiciously like terrorism. The British have acted through other channels, in tandem with Ammerman, triangulating propaganda fire against the same audience of potential patsies.

Britain's U.S. militias and Oklahoma City

Just before the April 19, 1995 Oklahoma City bombing, Lord William Rees-Mogg, the London *Times*'s strategist of the Conservative Revolution, issued a false report designed to provoke armed clashes between "citizen militias" and the U.S. government. Rees-Mogg's report was in the March 22, 1995 *Strategic Investment* newsletter, which is published jointly by himself and James Dale Davidson, the head of the U.S.-based National Taxpayers Union. The Rees-Mogg provocation was very widely circulated, by fax and other means, among populists in the U.S. Western states. It read as follows:

"The slaughter of dozens of women and children in Waco by government stormtroopers under the command of Field Marshal Reno may pale in comparison to what has been planned for late March [elsewhere the date is given as March 25]: a nationwide BATF/FBI assault on private militias as the prelude to a possible declaration of martial law throughout the United States. All leaves have been canceled for BATF/FBI personnel. . . . Government agent provocateurs are set to plant fully automatic and heavy weapons, like rocket launchers, on the property of militia leaders. Every militia in the country—and there are dozens, many of which are well-armed and well-led by former or even active duty officers—is on a state of Red Alert. Should Reno be stupid enough to actually attack them militarily, there is going to be a lot of blood.

"The establishment media is programmed to immediately thereafter thunderously bellow for nationwide gun confiscation and even martial law."

In a later interview with this reporter, *Soldier of Fortune* writer James Pate claimed credit for originating the story put out by Lord Rees-Mogg; Pate pretended it was fed to him by a source in the Treasury Department Bureau of Alcohol, Tobacco and Firearms (BATF). Colorado-based *Soldier of Fortune* magazine, a global recruitment channel for mercenaries and assassins, was started up in the 1970s with seed money from British Special Air Services operatives in Africa.

On March 25, 1995, reacting to the Rees-Mogg provocation, about 125 hapless militia activists turned out at Cuero, Texas, to see whether they would be arrested or slaughtered on the predicted date. At the rally, Texas Constitutional Militia attorney Carl Haggard, touted as a national militia spokesman in the *Soldier of Fortune* April issue then on the newsstands, demanded that the militiamen drop politics, and prepare themselves with straight military training. Haggard is a former corporate attorney for the Anglo-Dutch multi, Shell Oil.

The same day as Lord Rees-Mogg's memo went out, March 22, 1995, a very spooky British agent named Jon Roland faxed and e-mailed this warning to journalists and militias: "We have . . . reports of possible plans for atrocities to be committed by agents against innocent persons and blamed on militia activists. The atrocity targets include . . . homes and families of . . . government agents, judges, and elected officials. This would provide a pretext for labeling militiamen 'terrorists.'. . . Crowded public places, to be bombed and the bombings blamed on militia leaders, with evidence to later be planted on them." Four weeks later, 168 died in the Oklahoma City blast.

Jon Roland, the bizarre "prophet" of the bombing, had earlier been promoted in the British press as a leader of angry Americans. Ambrose Evans-Pritchard, the London *Sunday Telegraph*'s Washington correspondent, from a prominent British intelligence family, had begun his reportage on America's anti-government paramilitary groups in a Dec. 4, 1994 article datelined Dallas.

"The Texas Constitutional Militia," or "TCM," wrote Evans-Pritchard, "is growing at phenomenal speed. . . . 'We have penetrated the government's electronic intelligence system and we've turned it against them,' says Jon Roland, a former civil rights and environmental activist who helped set up the TCM. 'There are lots of Little Brothers watching Big Brother.' " The quote refers to George Orwell's novel *1984*, in which the dictatorial government, "Big Brother," creates false opposition movements secretly under its control. Orwell's novel is modelled on British Empire practice, as in Kenya, where the British set up ineffective opposition to colonialism as "countergangs" to subvert true independence movements.

The private Texas Constitutional Militia was in fact started by Roland. Militia members say that Roland showed up in south Texas in April 1994, around the first anniversary of the Waco massacre. He advertised for patriots to turn out to a "muster," telling those who showed up that he would put them into business as a private militia. He prescribed the form of organization, such as he had used to start up militias in other states: seven-man, self-contained cells, within county groups, to guard against treachery. And he produced a list of contacts which would keep them in touch with authentic information about the national scene.

The conservatives who joined were a bit puzzled when Roland identified himself as a "secular humanist," which is

anathema to Christian conservatives—but perhaps his other credentials were in order.

In an April 27, 1995 interview with this author, Roland spoke expansively about his background. He said that his "good buddy" Ambrose Evans-Pritchard had put him "in touch with intelligence agents around the world." He meets periodically with these Evans-Pritchard intelligence community contacts, Roland said, and they give him "inside information."

Roland said he had been sarcastic when he told the militia members he was a secular humanist, and that he is currently a Zen Buddhist. He explained that he has long been an activist of the "international federalist movement"; he advocates the formation of a "true constitutional world government." An ultra-Malthusian environmentalist, Roland has "worked closely with the leadership of the Friends of the Earth," as well as Greenpeace, inhabitants of Prince Philip's stable of environmentalist groups. Roland claims that even as few as "tens of thousands of people, using modern technology, will eventually destroy the Earth" if they are allowed to exist "scattered all over the landscape." Echoing Prince Philip and the World Wildlife Fund, Roland said that "overpopulation" causes Africans "to kill each other."

Militia founder Roland has been a computer specialist for the U.S. Air Force, as an officer and contractor, since 1967. He says that he received specialized training from the Army's 101st Airborne Division at Fort Campbell, Kentucky/Tennessee, the home of the psychological warfare unit that assaulted Panamanian leader Gen. Manuel Noriega. He has written on "Third Wave" computer strategy themes in the *Futurist,* organ of the World Future Society. He was long a member of a British intelligence front, the L5 Society, promoting Britain's utopian counterstrategy to the hated John Kennedy's Apollo space program.

Six days after the Oklahoma City bombing, NBC TV's "Dateline" program featured an interview with Roland, portrayed only as an angry militia leader and computer specialist, who warned of a civil war in America.

Speaking later to this author, Roland provided a list of his associates in the militia movement that Roland has worked at organizing throughout the United States. First on the Roland list was Bradley P. Glover, a Kansas paramilitary leader.

During July 1997, Glover and six other persons were arrested on charges of plotting to bomb U.S. military bases, beginning with Fort Hood, Texas. The FBI said that Glover and an associate were arrested on July 4 near Fort Hood, in possession of various weapons, and that others in on the alleged plot were charged with possession of pipe bombs and machine guns. The arrests allegedly resulted from Missouri state police infiltration of paramilitary groups. Glover was featured in the *Wichita Eagle* on April 30, 1995, as perhaps the pre-eminent Kansas militia leader. He is said to lead about 1,000 armed men in the southern half of the state. In a 1995 interview, Glover told this reporter that he had initiated the militia movement in Kansas in November 1994. Glover said he was a former Naval Intelligence officer, but that any contacts that he might have with intelligence agencies at present are "none of your business."

Glover created a movement "against the globalists." Informed by this reporter about Jon Roland's British and World Federalist affiliation, Glover replied that he would have to decline to state whether he himself favored or did not favor world government.

General Haines and Operation Garden Plot

There is an ironic reality, a dangerous half-truth, in the provocative warnings about martial law and military takeover, issued by the British lords and their U.S. assets.

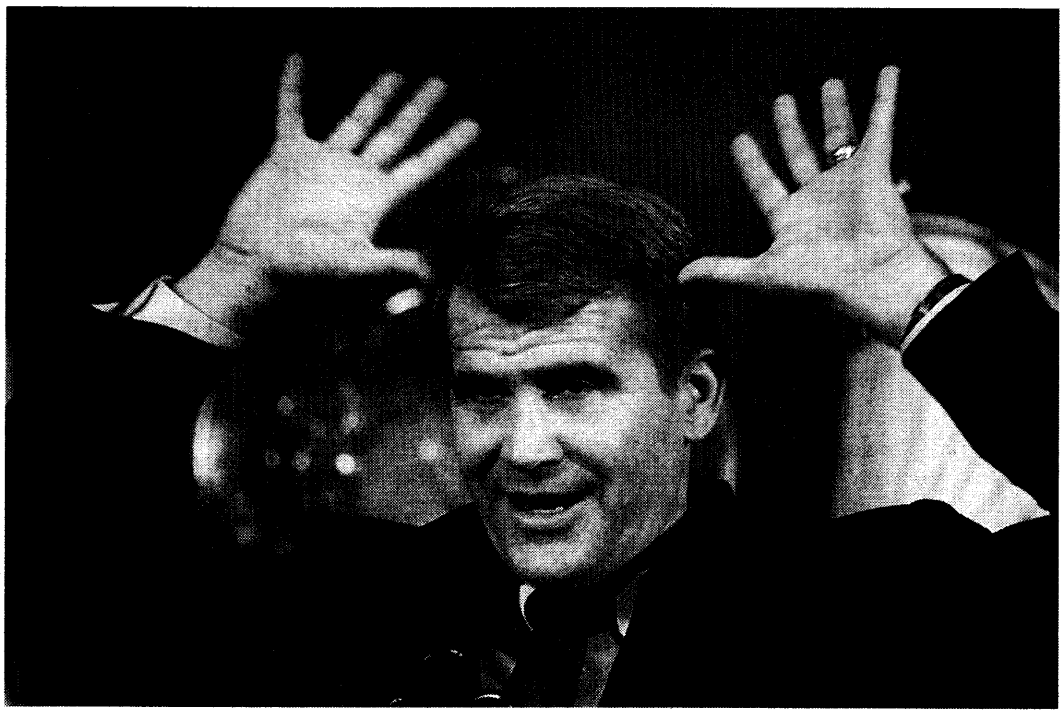
Interviewed by this reporter on May 22, 1997, Jim Ammerman stated: "There is a network of colonels and above, throughout the military, who would stand by the Constitution and against the President. They know who they are, and they are in close communication with each other. They could control the country if they need to."

The "multi-jurisdictional task force" is a repeated theme in Ammerman's exhortations to the militias. The military is allegedly now combined, under the Federal Emergency Management Agency, with other departments of the Federal government and with local governments. When the President tries to use this overreaching military against the people, Ammerman maintains, the "good" military officers will side with armed citizens against the President.

Curiously, Ammerman's own organization was created at the request of an Army officer, Gen. Ralph E. Haines, Jr., who personally supervised the military policing of the population, against which Ammerman directs his rhetoric.

General Haines had been vice chief of staff of the U.S. Army in 1967-68, when he was in charge of counterinsurgency preparations in the continental United States. He worked with the full resources of the Army under him, including military intelligence capabilities, to plan to cope with black ghetto riots and civil disturbances during the Vietnam War. Haines moved his troops into Detroit and Washington, D.C., as riots hit American cities before and after Martin Luther King's assassination. General Haines went public in an April 11, 1968 press conference, describing his "Operation Garden Plot." He had planned and directed the military arrangements for the takeover of every single American city, and arranged the linkages between the military and Justice Department, local police, and state governments.

The April 14, 1968 *New York Times* reported that Haines "said that detailed military planning for the summer began in February. The 'garden plot' preparations were national, he said, including 'every city you can think of.' Many officers who were to be assigned to specific cities in a military mobilization visited them in mufti [civilian clothes] to familiarize themselves with the terrain, the social and economic problems of potential riot areas, and the police with whom they would



Episcopalian charismatic Lt. Col. Ollie North (ret.), friend of George Bush and the British.

work if called, the general said."

It was this General Haines who asked Ammerman to create his Full Gospel Chaplaincy. In his book, *Supernatural Events in the Life of an Ordinary Man,* Ammerman says that at first he resisted the Haines project, but at length acceded to it.

The Defense Department received the petition for acceptance of the Full Gospel Chaplaincy in June 1983. After 13 months of resistance by military traditionalists, expressed by a bitter fight within the board of chaplains, the petition was approved in July 1984. This was at the height of the covert operations run though the military and the National Security Council by then-Vice President George Bush and his London allies, and such of their flunkies as Lt. Col. Oliver North (ret.), an Episcopalian speaker-in-tongues.

Colonel Ammerman, the pretended "anti-New World Order crusader," gave George Bush a thank-you salute. Ammerman's 1991 book, *After the Storm,* about the religious conversions of U.S. soldiers during the Persian Gulf War, opens with President George Bush's prayer proclamation as a preface.

The Haines-Ammerman project was a component of Britain's Pentecostalist political initiative, set in motion within the United States following World War II. This British initiative was to leap ahead in the United States in the 1960s. Haines would be inducted, dazed, and mind-battered into its service in 1971, while he was commander of the Continental U.S. Army Command. Retiring from the Army in 1973, at age 59, Haines then embarked on a second career, in the netherworld of political and covert operations peopled by active-duty, retired, and reserve officers.

In 1978, Haines led a group of American Episcopalian speakers-in-tongues, to Canterbury, England, for a global meeting of the Anglican Church under Queen Elizabeth's Archbishop Donald Coggan. Haines and others, colonials and Brits alike, launched a world crusade to spread Pentecostalism under Anglican guidance.

An Episcopal colleague of Haines, Gen. Albion Knight, U.S. Army (ret.), in a discussion with this reporter on June 5, 1997, lavishly praised the Haines-Ammerman project. A nuclear weapons and logistics specialist, Knight is now a Conservative Revolution leader in Howard Phillips's Taxpayers Party. He explained the strategy put in gear at the 1978 Canterbury meeting: Get away from stuffy high churchism. Get with the people. This hard-charging Anglicanism is "exploding in the Third World"; Africa is especially targetted. Intimately identified with the British authorities and the Church of England, General Knight manages the Church Information Center, which, he says, "feeds information to around 125 leaders, an intelligence network in the Anglican world."

How the general got zapped

In an interview with this reporter on July 28, 1997, General Haines said he asked Colonel Ammerman to initiate the new chaplaincy organization when he and Ammerman were in Europe in the late 1970s. They had both been speaking at a Heidelberg, Germany, military unit of the Full Gospel Businessmen's Fellowship International—a covert, masonic-like core organization of the British religious initiative created in the early 1950s.

Haines described his own fall into the "spirit-filled"

world. At that time, military officers, scientists, and others leaders of America's military-industrial complex were being hunted as prizes. He said his wife was "baptized in the Holy Spirit" around 1967 or 1968, some three or four years before his own induction. This gave her "something to occupy herself with" while Haines was commander of the Army for the Pacific region (1968-70), with responsibility for the logisitics of the Vietnam War.

In 1970, Haines became commander of Continental Army Command, headquartered at Fort Monroe, near Norfolk, Virginia. His wife began working with the Pat Robertson organization as a volunteer. Through his wife, and one of Robertson's close associates, an invitation was issued for Haines to speak at a rally of the Full Gospel Businessmen's Fellowship, at a Buffalo, New York hotel, on July 24, 1971.

He said he went there thinking he would give a moderate Christian speech, such as he had given before to the Kiwanis and Rotary clubs. He showed up July 23, the day before he was to speak, in order to "case the joint." But they had him sit at the head table, next to Harald Bredesen. This Bredesen is one of a small central clique of operatives in the Pentecostal initiative, working under the coordination of British Empire agent David J. du Plessis, whose career will be reviewed below. Bredesen is a professional mind-bender in what is best termed Britain's "occult bureau." He inducted Robertson into the game around 1960; Bredesen and the Full Gospel Businessmen then built up Robertson into a multibillion-dollar political empire.

This is how Haines depicted his capture: "The 'businessmen' [in the audience] testified; tears ran down their cheeks. I was getting very uncomfortable. I signalled to my aide, let's get going, let's get out of here. But Harald leaned over to me: he said, Are you charismatic? I thought it over. I answered, I don't think so. What did charismatic mean? I thought of George Patton.

"Harald was the speaker. I thought, when in Rome, shoot Roman candles. People were putting up their hands [in uncontrolled fervor]. I put my hands up a little bit—the discreet Episcopal level. People asked me, 'General, what's your problem—why only half mast?'

"After Harald gave his talk, there was renewed praising of the Lord. My hands crept up to fully extended. I felt things happening to me. I felt things beyond my comprehension. It was not elation. I was dazed by it. Everyone crowded around me—they could all see something was happening. People closed in on me—I got out—I went to my room; I wanted to be alone. Harald came and ministered to me for a short time.

"The next day I saw that the speech I was to deliver was pabulum. What would satisfy these people? The people were saying, 'The general got zapped last night.' So though I used the core of what I had prepared, I now spoke differently, tailoring it to what had happened. I then thought, I don't know what God wants of me but I'm ready to do what He says."

What happened, when General Haines became possessed "by the Holy Spirit" at that rally? In a recent article in Stephen Strang's *Charisma* magazine, Bredesen explains "the way demons operate. Unclean spirits come into a medium, violate her personality and speak through her." But rest assured, what Bredesen and his sponsors are doing is different. "The Holy Spirit doesn't want mediums, robots or zombies." Do you want to become God's partner? Bredesen instructs you, "Don't speak words your mind understands. As long as you do, your mind will remain in control.

"Don't listen to yourself. Can you imagine a little child learning to talk? Does he say, 'Ma-ma-ma-ma,' and then stop with, 'I can't say that. That's not language'? No, he just hugs his daddy's neck and prattles away."

Charisma publisher Stephen Strang is a trustee of a U.S.-based core leadership team of mind-benders, incorporated as the Charismatic Bible Ministries, along with Ammerman, Oral Roberts, and others in this British outreach initiative. Strang also publishes *New Man* magazine, organ of the recently formed Promise Keepers cult. In a recent issue, under the title "Worm Training," a cult guide named Wellington Boone explains the religious problem and how this gang solves it:

"People have not yet learned how to become broken. . . . We are called to be 'worms.'. . . A worm never protests. . . . Can you say, for Christ, 'I am a worm and am no man'? . . . Jesus was crushed like a worm. He was slapped. They spat in His face until it ran down His cheeks. . . . God doesn't raise anything that is not dead.

"If we allow God . . . to work into us the idea of 'worm-training,' it would be revolutionary. We would gain a worm's-eye view of what God wants. . . . When we really meet Jesus and allow ourselves to be crushed . . . the impact will rock this world."

The 'mystery' of British-Israel, solved

Nowadays, 50,000 men and boys are periodically herded into a stadium to babble incoherently, to weep and laugh hysterically for the Promise Keepers. Or, at a specially rigged church at the Toronto, Canada airport, troubled worshippers come from far way to be miraculously cured; they fall into trances on the floor and bark like dogs, in "worship." Civilized humanity is obliged to ask, how has this come about?

The main figure in the creation of today's Pentecostalism, British agent David J. du Plessis, insisted that this phenomenon has *no history whatsoever:* It simply happened. Writing in 1956, du Plessis claimed, "It [is] clear that it was no man-made cult of 'tongues.' Only the 'power' of which Jesus spake, could have caused its miraculous growth and establishment" up to that point, from the beginning of the twentieth century. As the "charismatic renewal," a new Pentecostal

movement, was just then being geared up in the 1950s, du Plessis lied that "there has never been a man or a movement than can claim the credit for having planned or propagated this world embracing Pentecostal Revival. It is simply the supernatural work of the Holy Spirit . . . to bring the 'Full Gospel Message' to the whole world in this generation. . . . This sudden move towards mass evangelism lately . . . cannot be attributed to anything else than the spontaneous move of the Holy Spirit."

We shall give here the first serious historical account of the "planning and propagating." We speak now of the high church principalities and powers who have built this new Tower of Babel, who look down with contempt upon their captive babblers, their low churchers, the herd, the worms.

It is necessary first to bring to light a myth known as British Israelism, which stands behind Pentecostalism. This is an evil piece of historical race gossip, spread into American religion, into the ranks of American populists, poisoning the minds of separatists and Armageddon terrorists.

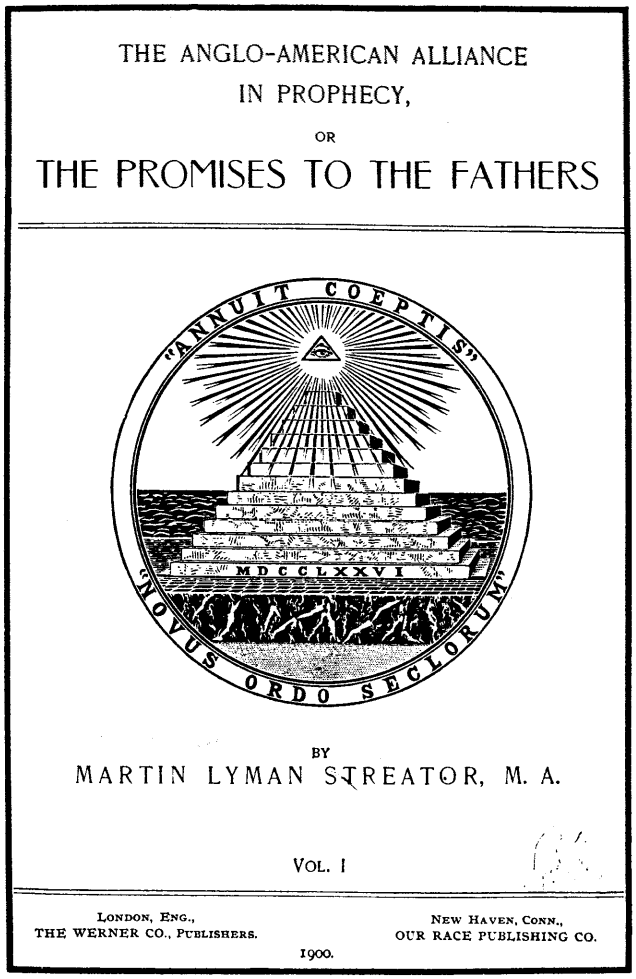
The British monarchy and its prime ministers and Foreign Office fabricated British Israelism in the nineteenth century, from earlier versions of the story. They claimed that Queen Victoria was descended from the Biblical King David, and was thus a descendant of the Davidic family tree that produced Jesus. They taught that the tribes of Israel wandered into northern Europe; that by this supposed genealogy, the British are the real Chosen People, and the British Empire is thus God's empire.

The modern Jews, by this British account, are not the historical Hebrews of Old Testament Israel, but rather, the British are. But, says the British Israel myth, in a leap of logic, the Jews need to be put into Palestine, to fulfill prophecy, get slaughtered in a war with the Muslims, and bring about the End Times.

To provide fuel for this mythology, the royal family asked the British Grand Lodge of Freemasonry to establish the Palestine Exploration Fund. In the 1870s, they dispatched soldier-archeologists to the Holy Land, to dig up supposed religious relics that might impress the cheap fancies of the beggarly masses.

British Israelism designed its Jewish angle to be worked in many politically useful ways, along a spectrum from Nazi anti-Semitism to radical Zionism. The cynical character of this entire travesty may be seen, in the way the story was *changed* to suit imperial politics. During the 1870s, Germany broke from its allegiance to British free trade doctrines. The London "prophets" then reconfigured ancient history. Suddenly, it wasn't Britain and Germany, collectively the Nordic Aryans, who were the wandering Chosen People, but only Britain. Modern Germans, it had been discovered, are the ancient Assyrians!

In his book *Religion and the Racist Right: The Origins of the Christian Identity Movement,* author Michael Barkun presents a nagging paradox, which he never solves. He reports that British Israelism originates with the British military, the Anglican Church, the British upper classes, who are fanatical loyalists to the government, the British Empire. Yet, this mother has given birth to the Christian Identity Movement, whose racist paranoia and paramilitary anger are aimed against the government, the United States government. Barkun cannot puzzle out the mystery, how the same historical movement can both support the government, and oppose the government!


THE ANGLO-AMERICAN ALLIANCE
IN PROPHECY,
OR
THE PROMISES TO THE FATHERS

"ANNUIT COEPTIS"
MDCCLXXVI
"NOVUS ORDO SECLORUM"

BY
MARTIN LYMAN STREATOR, M. A.

VOL. I

LONDON, ENG., THE WERNER CO., PUBLISHERS.
NEW HAVEN, CONN., OUR RACE PUBLISHING CO.
1900.

British Empire race mythology underlies Pentecostalism. Published in 1900, when Pentecostal founder Charles Parham was inducted into British Israelism, this freemasonic-flavored tract demands that Britain's fellow "lost-tribe descendants" give up their misguided American Revolution.

The British Empire invents Pentecostalism

According to Pentecostal lore, the movement began when a woman spoke in tongues in the church of Charles Fox Parham in Topeka, Kansas, in 1901. Reverend Parham spread the method until it blossomed in the famous Azusa Street, Los

Angeles, revival of 1906; from there, disciples took it around the world.

During the year preceeding the launch-time, Parham had caught fire with British Israelism. He had been indoctrinated into the Empire's mystery cult by emissaries of one Frank Sandford, who ran a cult center called Shiloh, near Durham, Maine. Parham made a pilgrimage and studied under Sandford at Shiloh, after which the two of them went on tour through Canada.

Sandford had made the New England Toryism of his fancy Anglophile family relations into a career, travelling back and forth to England, working to inculcate Americans into the British Empire gospel.

In those days, British Israelism was not shy. Its literature, such as *The Anglo-American Alliance in Prophecy, or The Promise to the Fathers,* published by Our Race Publishing Co., featured the masonic mummery of a pyramid topped by an all-seeing eyeball. The Egyptian pyramids allegedly contained coded secrets for understanding prophecy. The explicit message of the British Israel propaganda was, Americans should give up their mistaken Revolution, and reunite with their Anglo-Saxon racial brethren in the English fatherland. The movement's masonic Anglomania was proudly displayed. Parham's biography, written by his daughter, includes a photo of a mystery gavel, brought back from Palestine and donated by Parham to his masonic lodge.

With British Israelism as his theory of man's cosmic destiny, Parham began teaching Americans how to die mentally, to speak in tongues, as a religious exercise, allegedly re-creating the descent of the Holy Ghost upon Christ's Apostles during the Jewish feast of Pentecost. He took this show on the road from Topeka, and in Houston, Texas, a black preacher named William J. Seymour, the son of a slave, became part of his audience. The catch was, that Parham, being a crazed racist, would not permit Seymour inside the lecture hall; he had to listen at the window, or in the hallway.

Much is made of Seymour's spreading of the technique to a mostly black congregation on Azusa Street in Los Angeles, and of the fascination and novelty it held for visiting religious adventurers who took "Pentecostalism" out to the world. The movement was widely condemned by Christians as scandalous exploitation, and its historical origins faded into the mist. Frank Sandford spent ten years in jail for manslaughter, after many of his cult members died. Charles Parham's religious vocation was destroyed when he was charged with sodomizing a young male follower in Texas; Parham went on to a new career as a stump speaker for the Ku Klux Klan.

In 1908, British and allied American missionaries, who had observed the success of the experiment among blacks in America, brought Pentecostalism to South Africa. The British Empire had just then completed its conquest of that country in the Boer War against the Dutch-immigrant Afrikaner settlers. The great majority of the population were black Africans, including the rebellious Zulus, whom the British had militarily subdued in 1906. The new British masters shaped a uniquely brutal system of racial separation and slave labor, called apartheid.

The cultists and hypnotists went to work on the Zulus of South Africa. At the new Apostolic Faith Mission church, Zulu worshippers, in trances, would fall into heaps, clustered around the altar. British Empire South African strategist Cecil Rhodes congratulated the Pentecostal mind-benders for pacifying the natives as no military could have done.

Americans had better reflect deeply about what the British have done to Africa. For it was precisely the British Empire's apparatus for colonial conquest in Africa, which fashioned irrational Pentecostalism as one among the weapons used against America's "uppity" spirit of Reason and Progress.

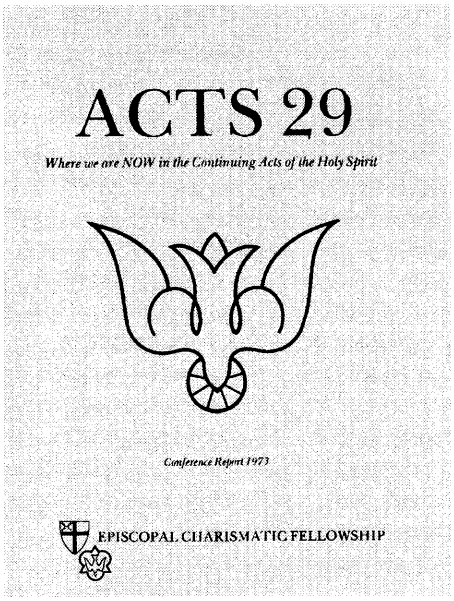
Du Plessis comes to America

We shall now review the career of South African David du Plessis (1905-87), the 1930s head of the imperial cult-master Apostolic Faith Mission denomination, who came to America and supervised the creation of Pentecostalism, and who managed the body-snatchers working on Gen. Ralph Haines.

With his British passport clearing him to reside as an alien in the United States, British subject David du Plessis came north in the late 1940s. By the early 1950s, du Plessis was a consultant to the International Missionary Council, a group formed by the British authorities who had spun off from it the World Council of Churches. Du Plessis strategized on the British rule in Tanganyika, Nyasaland, and Rhodesia with the Missionary Council's chairman, Briton John A. Mackay, who had earlier moved to America to head the Princeton Theological Seminary. Mackay, du Plessis's prime public sponsor, had been for many years a close collaborator of the Anglophile political-religious strategist John Foster Dulles, in Britain and at Princeton.

Simultaneously, du Plessis was employed on two other 1950s projects, in the world of covert intelligence:

- Du Plessis was a paid agent of the Far East Broadcasting Company, a religious cover for the official intelligence agencies operating in Asia (based in the Philippines) and Europe (based in Greece). This arrangement was especially cozy beginning in 1953, when John Foster Dulles became Secretary of State and his brother Allen became Director of Central Intelligence.
- Du Plessis was the master chef cooking up the Full Gospel Businessmen's Fellowship International, with Oral Roberts, Gordon Lindsay, front man Demos Shakarian, and later, Harald Bredesen. The FGBFI has penetrated Central and South America, Asia, and the Middle East as an occult intelligence agency, working in aggressive insurrectionary



This 1973 booklet described a conference on Episcopalian "charismatic renewal." Featured speakers were Gen. Ralph Haines (right), who would later launch Col. Jim Ammerman's provocative anti-U.S. chaplaincy; and David du Plessis (left), a British agent who spread the charismatic movement under World Council of Churches protection.

politics since its 1952-54 founding.

During the 1950s, du Plessis was adopted by the executive apparatus of the World Council of Churches, to ram Pentecostalism down the throats of Christians in America, and to "charismatize" the Catholic Church through agents at the Vatican. This was accomplished through the instrumentality of the Church of England.

The 'high church' gathers its forces

The British spread religious irrationalism to subdue and destroy that dangerous, typically American concept that man is created in God's image, dignified and self-governing. We will see this strategy, unadorned, by briefly inspecting the actions and words of du Plessis's employers.

The World Council of Churches was founded in England in 1937, under the direction of Anglican Church missionary leader J.H. Oldham, based on a plan developed by Lord Lothian and other members of the Round Table group.

World Council co-founder John Mackay (later du Plessis's sponsor) published a book, *The Universal Church and the World of Nations,* expressing the new World Council's desire for the reordering of global political affairs under a world government. The lead article was written by Lord Lothian, entitled "The Demonic Influence of National Sovereignty"; another article was written by Mackay's crony John Foster Dulles, who represented the Presbyterian Church at the World Council founding. Lothian and Dulles argued that national sovereignty, such as the political and juridical independence of the United States, causes wars.

The Round Table group had been organized by South Africa's British governor, Lord Alfred Milner, to fulfill the strategy of British South Africa leader Cecil Rhodes for a new-style white racialist world empire, in which the annoying independence of the republican United States, in particular, was to be extinguished. The core of the Round Table group was assembled from among the aides to Lord Milner in South Africa. Lord Lothian was the first editor of the *Round Table* quarterly, and was the chief executive of the Rhodes Trust, administering the Rhodes Scholarships to bring Americans and other "colonial" students to Oxford University.

John Foster Dulles and his brother Allen met the principal Round Table members after World War I, and were informally inducted. In a letter to Round Table founder Lionel Curtis, Lord Lothian expressed the racial views which the British Round Table shared with the Dulles brothers, in opposition to the viewpoint of American nationalists:

"The real problem is going to arise from the treatment which must be accorded to politically backward peoples. . . . There is a fundamentally different concept . . . between Great Britain and South Africa on the one side and the United States . . . on the other. . . . The inhabitants of Africa and parts of Asia have proved unable to govern themselves . . . because they were quite unable to withstand the demoralizing influences [i.e., the desire for modernization] to which they were subjected in some civilised countries, so that the

intervention of a European power is necessary in order to protect them from those influences. . . . The American view . . . is quite different."

How they got away with 'charismatic renewal'

In May 1960, an English-born Episcopal priest, Dennis Bennett, told his Van Nuys, California parishioners that he had begun speaking in tongues after baptism in the Holy Spirit. This was the beginning of present-day Pentecostalism. The controversy over Bennett's announcement spread quickly, with coverage in *Time* and *Newsweek* magazines. The publicity, interpretation, and proselytizing for the new movement within the American church community and worldwide, was handled personally by David du Plessis.

Both Protestants and Catholics, who had earlier looked upon Pentecostalism as a freak show, or a Satanic influence, placidly accepted what was termed "charismatic renewal," as a respectable, non-threatening addition to Christendom. This succeeded because the British authorities and the World Council of Churches put their stamp of approval on David du Plessis, as the designated—by them—world representative of the new, "improved" Pentecostalism.

Between 1952 and 1954, John Mackay and World Council of Churches General Secretary Willem Adolf Visser 't Hooft introduced du Plessis to scores of the highest level Protestant and Eastern Orthodox church officials. The World Council executive shopped du Plessis around to the Ivy League U.S. colleges and seminaries, to speak of the religion of the future. Through Cardinal Augustin Bea and Cardinal Jan Willebrands, the World Council got du Plessis invited to the Vatican II council, and set up an official, global, "Catholic-Pentecostal Dialogue," which consisted of du Plessis talking to Vatican officials. Vatican officials did so despite the fact that when the World Council of Churches invited du Plessis to take part in its 1954 global meeting, he represented no Pentecostal religious body whatsoever; he was merely a British political agent. (The previously established Pentecostal churches were hostile toward the World Council and the Catholics.)

In England, Anglican Churchmen Michael Harper and other partners of du Plessis cemented the ties of Catholics around the world to the new movement.

Following Bennett's Episcopal Church outbreak of 1960, du Plessis, aided by Bennett, published *Trinity* newsletter. This was circulated in the United States and England as the spur for the new charismatic movement. *Trinity* was edited by Jean Stone, a wealthy American Anglican loyalist who mediated between du Plessis and the high-society bankrollers of the Episcopal Church. The organization publishing *Trinity* was chaired by Harald Bredesen, by then a well-established British intelligence operative.

Du Plessis instructed clergymen and parishioners who were pulled into the babble-boom, to follow the Bennett example, and "stay in your church, do not form a new church denomination." Many charismatics followed the advice of du Plessis, who was publicized as "Mr. Pentecostalism"; so, the regular church denominations were decimated by those who stayed, as well as those who left their fold for wilder, newer sects.

General Haines, who had been "zapped" in 1971, resigned from active duty on Jan. 31, 1973. Two weeks later, Haines, du Plessis, and Bennett were the star speakers at the Dallas founding meeting of the Episcopal Charismatic Fellowship. By that time, Episcopals were the driving force for the spread of Pentecostalism. According to Haines, 20% of Episcopalians were then already speaking in tongues.

Haines says that when he led the American delegation to the 1978 Canterbury Cathedral meeting, launching the Anglicans' worldwide drive for charismatic renewal, he was struck by the spectacle of dancing around the altar led by the representative (white) South African Anglican bishop.

Haines went on to commission Ammerman's Full Gospel Chaplaincy, on whose board Haines sits today, and whose serving chaplains Haines addresses. Public statements promoting armed conflict between citizens and the government, Haines leaves to Colonel Ammerman to make.

The security problem, defined

The danger involved in this British initiative is not a matter of wrong or heretical religious beliefs. At issue is the buildup of a hostile, irrational, foreign-directed network within our military and civilian political life.

The political intelligence group known as the Mount Rushmore Foundation, mentioned above, illustrates the problem. Ammerman is the political adviser and "chaplain" to the group. Manager Douglas Towne says the foundation "studies the Patriot movement," and "participates in it." Towne's longtime political partner, Rushmore Foundation board member Gen. Benton Partin, U.S. Air Force (ret.), is an expert in high-explosive devices, including nuclear weapons. Partin has received extensive news media coverage for his critical analysis of the Oklahoma City bombing; he has made an apparently reasonable case, that it would have been technically impossible for Timothy McVeigh to have done it acting alone.

Less well known is General Partin's sponsorship of an ongoing, catastrophic shooting war in Africa, which lends a more sinister character to his hatred of the United States government. Partin is a founder and board member of the Front Line Fellowship, a group of commando-missionaries taking active part in the war against Sudan and other African states viewed as enemies of the British Crown. The Fellowship members are former "scouts" of the South African Army. Partin describes his partner, Fellowship leader Peter Hammond, as a "former South African army and government officer."

That General Partin's "Christian" organization is at heart merely the British military irregulars, who are generally incin-

erating Africa to recolonize it, may be judged from the Fellowship's book, *Faith Under Fire in Sudan.* Chapter Three is a celebration of Charles "Chinese" Gordon, who led British regulars in a war in China against the uprising of a British-organized pseudo-Protestant cult. After 20 million Chinese died in this game, Gordon was sent to try to subdue Sudan as Britain's governor, but he died, defeated at the hands of Sudanese nationalist forces. Chinese Gordon was *not* a drunken homosexual pederast, Partin's group says, but Britain's Christian model for us to follow into war.

The British have never forgiven Sudan, nor the United States for the American Revolution. To the Ammerman circle, the U.S. government is "communist." General Partin says that even Abraham Lincoln was put into the Presidency by the creators of international communism. Partin has received from London, since the 1940s, the intelligence reports published by Kenneth Hugh de Courcy, geopolitician of the British Israel movement.

Observe the Pat Robertson empire. Robertson writes that his family's aristocratic lineage, linking it to the British Churchill family, gave his mother, Gladys Churchill Robertson, confidence that Pat would succeed. His father, Sen. A. Willis Robertson, was London's and Wall Street's chairman of the Senate Finance Committee.

Originally a playboy, Pat began speaking in tongues, and exchanging prophecies in a circle like ouijah board players, under the guidance of master spook Harald Bredesen. The ghost-written Bredesen autobiography, *Yes, Lord,* explains that Robertson's mentor was himself trained by the International Christian Leadership group. Bredesen proved himself to the group by speaking in tongues, in ancient Arabic, to an Egyptian heiress. This feat by their trainee was observed and attested to by the president of the Leadership group's British branch, Ernest Williams, who was simultaneously "a member of the directing staff of the British Admiralty," and "a member of the Archbishop of Canterbury's Commission on Evangelism."

International Christian Leadership was designed specifically to capture wealthy or influential leaders of society, into a network controlled by the group's patrons. It was initiated during World War II by Col. Sir Vivian Gabriel, a British Air Commission attaché in Washington, and leaders of the Episcopal Church. The Netherlands royal family became the group's prime sponsor and center of world operations in the 1950s. Bredesen wrote that his personal trainer, Abraham Vereide, claimed to have "won [Netherlands] Prince Bernhard for Christ." A strange Christ it must have been, because the former Nazi SS officer Bernhard was just then busy launching the globalist Bilderberg Group's conferences and creating the World Wildlife Fund, with Britain's Prince Philip.

Pat Robertson started off as assistant pastor to Bredesen, the operative of the Anglo-Dutch monarchies' Leadership group. Then, David du Plessis's Full Gospel Businessmen raised the money to expand Robertson's and Bredesen's Virginia-based Christian Broadcasting Network (CBN) toward global power status.

In a Feb. 1, 1997 column in the Virginia *Richmond Times-Dispatch,* Robertson told critics why he had used "Operation Blessing" aircraft to transport supplies for his own personal diamond-mining venture in Zaire, rather than for Christian charity, as expected by CBN viewer-contributors. Robertson claimed that he really went into Zaire at President George Bush's request, to pressure the government to give up *all* Zaire's mines to foreign owners. Later, when British mining companies paid for the invasion that killed hundreds of thousands of people, Robertson invited the bloody Laurent Kabila to be his guest in America; and, he put Britain's Africa slaughter-coordinator, Baroness Caroline Cox, on his television network.

In this regard, consider U.S. Rep. Frank Wolf (R-Va.), a member of the international board of referents of Baroness Cox's blood-smeared British intelligence front, Christian Solidarity International (CSI). Wolf has made the Toronto Airport church his own spiritual stopping point, where the participants fall in heaps, jerk about on the floor, and bark.

Lady Cox is the Anglican high priestess of the Pentecostals. An August 1997 *Charisma* magazine story, headlined "Just Call Her Saint Caroline," explains, "Baroness Caroline Cox—a member of London's House of Lords—is spending lots of her time in war zones these days. She's dodging bullets to help the world's persecuted Christians. . . . She attends mainline Anglican churches but says she also enjoys 'the sort of robust and very expressive forms of worship' found in charismatic fellowships. . . . Many CSI board members and supporters are from the more evangelical and charismatic end of the church spectrum, she notes."

Finally, consider the Promise Keepers, who train their men to be worms, to be broken, to die mentally. Promise Keepers national spokesman Mark DeMoss is a professional at preparing fanatics for Armageddon warfare. As chief of staff to Jerry Falwell, DeMoss was the administrator of the self-proclaimed "Christian Embassy" in Jerusalem. The embassy serves as a bridge between End Times Christians, lunatic freemasons, and right-wing Israeli Zionists. This is a pivotal component of the Temple Mount initiative to foment a religious war over the holy sites in Jerusalem, to "fulfill Scripture." This covert network is engaged in the most dangerous terrorist provocation, which may yet bring on End Times unless it is handcuffed.

At Fort Bliss, Texas, DeMoss's Promise Keepers were engaged to train the nation's highest-ranking non-commissioned officers. Earlier this year, the United States Army Sergeants Major Academy advertised "training with 'Promise Keepers' " as a "spiritual fitness program," on the Army unit's official Internet web site.

It is time for Christians and patriots to clean their house, before Her Majesty's legions blow it up.

London's policy of 'Africanization': The next target is Brazil

by Cynthia Rush, Lorenzo Carrasco, and Silvia Palacios

The British Empire is on an offensive across the continent of Ibero-America of a scope unseen in 100 years, whose objective is to "Africanize" the southern half of the Western Hemisphere. Should it succeed, this assault would have consequences as catastrophic for the United States, as for the targetted nations themselves.

The British attack is under way on every front: They are seizing control of Ibero-America's banks; they are invading its mines; they are redrawing national boundaries; they have spawned irrationalist religious sects of every imaginable stripe; and they have launched Jacobin hordes of narco-terrorists to destroy all aspects of national institutional life in the region. In short, the British are embarked on a policy of annihilating the very existence of the nation-state and the culture which sustains it, and of massively depopulating the region.

This is precisely what the House of Windsor has already done to the Great Lakes region of Africa, and beyond.

In all essentials, London's policy is being executed in Ibero-America by the same cast of characters as in Africa, as we document here: It is the same mining companies, the same banks, the same British lords and ladies, the same private security companies, the same Pentecostalist and charismatic sects, and the same international terrorist networks steeped in the nihilism of Martin Heidegger, Jean Paul Sartre, and Frantz Fanon. The British policy will predictably have the same genocidal consequences in Ibero-America that it is having in Africa, only in this case, it will be on the U.S.' very doorstep, and with the added, deadly feature that Ibero-America is the world's premier drug-producing region, a crime against humanity which is also under London's control.

The particular, immediate target of attack—and the one whose planned disintegration will have the gravest strategic consequences—is the nation of Brazil. In the spring of 1997, two decisive events occurred there:

- In late March, the flagship bank of Britain's global drug trade, the Hongkong and Shanghai Banking Corp., seized 100% control of Brazil's Bamerindus bank, the sixth largest in the country—and threatened to soon take over others, and to "stay for 100 years."
- On May 6, the third largest mining company on the face of the earth, Brazil's state-run Companhia Vale do Rio Doce (CVRD), was privatized and handed over for a song to a financial consortium headed by the notorious international speculator George Soros, whose strings are pulled from London.

In between these two landmark events, on April 1, *EIR* founder Lyndon LaRouche explained their significance to a radio audience: "It's simply part of the raw-material assets grab process of the HongShang Bank. . . . They plan to do to Brazil, what you see being done by the British Commonwealth in Africa. Carve the base up, condemn most of the place to *terra incognita,* into so-called primitive indigenous peoples' areas, and grab off the assets, the iron, the greatest iron mine in the world, essentially, things of that sort—carve them up among the speculators. And the HongShang is moving in to carve up that turkey. It's a sign of the times, and it stinks."

The British move on Brazil takes on particular significance in light of the fact that U.S. President Bill Clinton is scheduled to visit that country in October. British agent-of-influence Sir Henry Kissinger has urged President Clinton to use that trip to develop a full-scale strategic alliance with Brazilian President Fernando Henrique Cardoso, whom Kissinger has described as a "philosopher" and a "statesman." Why such praise? Because Cardoso has eagerly met every demand Britain has made of Brazil, so much so that he will be knighted by Queen Elizabeth in December—thereby becoming the first sitting (or perhaps kneeling is a more apt description) President in the Americas ever to be so "honored." President Cardoso is reliably reported to be spending most of his waking hours boning up on royal protocol, in order to know which parts of the Queen's anatomy are to be kissed during each part of the ceremony.

London corrects a 'historical mistake'

The current British assault was conceived, outlined, and even prepared in some detail back in the 1980s, when London's Royal Institute for International Affairs (RIIA), and its Latin America Study Group, argued that Britain should take advantage of the increased tensions between the United States and Ibero-America (many of which had been orchestrated by the British themselves) to build up its own presence in the region. "Further delinking [of Ibero-America] from the U.S. can be expected," they predicted hopefully.

But the operational stage of the offensive has been in

motion over only the last 18 months, beginning in early 1996.

The basic idea was stated succinctly on Jan. 1, 1997 by British Chancellor of the Exchequer Kenneth Clarke, while on a diplomatic mission in Mexico City: "Historically, the British had strong ties in Latin America, but in modern times, we made the error of considering it a part of the world dominated by the United States. That was a mistake."

To follow up on the thrust of Clarke's remarks, the highest levels of the British Commonwealth's policymaking elite convoked two, decisive, back-to-back conferences in London in early February of this year. On Feb. 10, the British Foreign Office hosted a glitzy "Link into Latin America" gathering, on the nominal topic of how to increase "business" between Ibero-America and the United Kingdom. Brought in to be enlightened were the Presidents of Brazil, Panama, and Peru, as well as the foreign ministers of a number of other Ibero-American countries.

The event was sponsored by private companies at the heart of the empire, such as Rio Tinto (the mining giant which is now sinking its claws into Ibero-America, as it has Africa). And, it was chaired by the Rt. Hon. Tristan Garel-Jones, in representation of the inner policy core around Queen Elizabeth II. From 1986 to 1990, Garel-Jones was a member of the Queen's Royal Household, serving in three of the top six positions in the Queen's direct service: Comptroller, Treasurer, and Vice Chamberlain. (The current Lord Chamberlain of the Queen's Household is the Earl of Airlie, who is on the board of directors of the Royal Bank of Scotland, one of the leading banks involved in the financial takeover of Ibero-America, as we document in this section.) From 1990-93, Garel-Jones served as British Minister of State for the Foreign and Commonwealth Office, and in 1991, was made a member of the Queen's Privy Council.

The organizing thrust of the Foreign Office conference, was enunciated by Foreign Secretary Malcolm Rifkind: "Britain is Latin America's friend and ally in Europe. . . . This conference sets the seal on a new bond of friendship between Britain and Latin America. . . . We are together forging a new alliance."

The president of the British Board of Trade, the Rt. Hon. Ian Lang, explained: "Latin America is once again open for business," because it has cast off the old, state-dominated, protectionist economic model of the 1970s and 1980s. That means it is open season for a banking and raw materials grab.

The next day, on Feb. 11, a complementary conference, "Britain's Place in Latin America's Growing Economies," was held at the semi-private Canning House in London, which was founded in 1943 to disrupt the positive wartime relationship that was developing between the nations of Ibero-America and the FDR government in Washington.

This conference featured speeches by various British government officials, and gathered 550 people from the *crème de la crème* of Britain's raw materials, energy, and banking elites, including top officers from many of the companies you will read about in the sections that follow: Hongkong and Shanghai Bank, Rothschild, Shell, Rio Tinto, and so on. Reflecting its policy importance, it was chaired by the Earl of Limerick, at the time also the president of Canning House. His family traces its title to Baron Glentworth, who was made first Earl of Limerick in 1790 by King George III.

The current Earl of Limerick was a board member during 1984-91 of the British Invisibles, a powerful private company which in 1992 used the Queen's yacht, the *Britannia,* to organize a conspiratorial meeting off the coast of Italy to target that nation for destruction (see *EIR,* Feb. 12, 1993). The good Earl is also chairman of Thomas de la Rue, a specialized printing company and mint which just lost a bid to produce the Venezuelan government's new national identity cards. In response, they got in bed with the Venezuelan associates of Colombian cocaine kingpin Justo Pastor Perafán, to try to destabilize Venezuela's government.

This was no mistake. About a year earlier, in early 1996, the British saw their big opening to try to drive a political wedge between the United States and Ibero-America—by siding with the drug cartels against the Clinton administration! On March 1, Clinton commendably decertified the Ernesto Samper government in Colombia for its non-cooperation in combatting drugs—not surprising, given that Samper had "won" the Presidency with $6 million in drug cartel money. In response, the British House of Lords staged an official discussion to attack the U.S. action, and to offer its support to narco-President Samper.

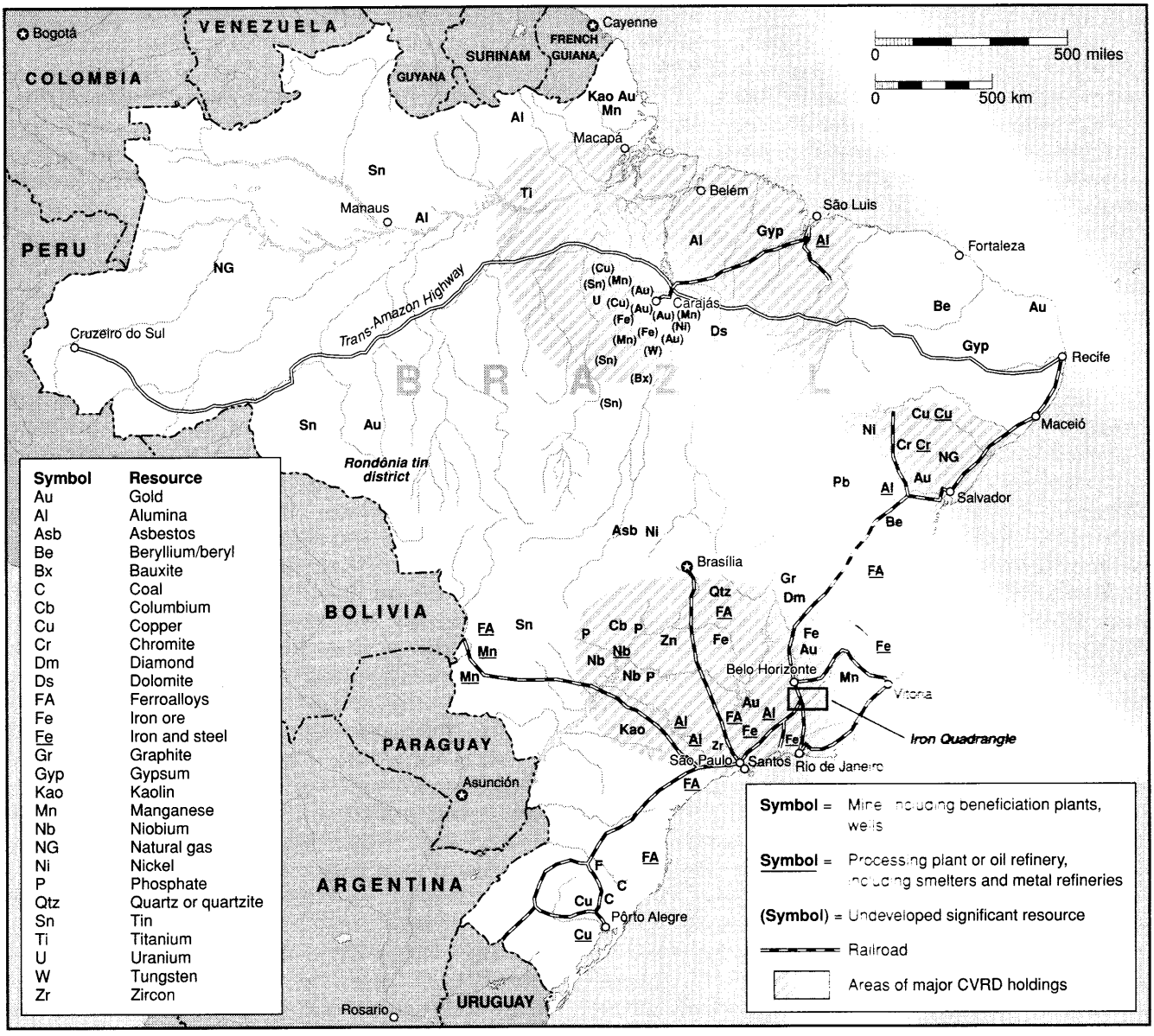
The discussion was initiated by Viscount Montgomery of Alamein, son of Field Marshal Montgomery of World War II notoriety, who demanded that the British government "make representations" to the U.S. government to reverse its policy. Pointing to Colombia's "impeccable democratic credentials," the Viscount said, "Surely we should be supporting a country which has made such determined efforts and is so successful in bringing so many drug barons into custody." Samper "has been an extremely efficient President. I think it's all very sad, really," the Viscount sniffed.

London simultaneously acted to press its advantage elsewhere in Ibero-America. In April 1996, RIIA ran a pair of conferences in London, one of them entitled "Mexico: Back in the Ring," which was chaired by the rather ubiquitous Earl of Limerick. The second was "Brazil: the Re-Awakening Giant," and it featured speakers from the Hongkong and Shanghai Banking Corp., Rio Tinto, and the private security outfit, Control Risk.

Brazil: the jewel of the Empire

There is a reason why the Queen wants to get her hands on Brazil, most especially. Historically, this country has served as a beachhead for the monarchy's geopolitical machinations against the rest of the Ibero-American continent—particularly against any efforts to replicate the republican achievements of the United States. From the time that British ships escorted the Portuguese royal family to relocate their monarchy in Brazil, following the Napoleonic invasion of the

FIGURE 1
Brazil's mineral wealth



Iberian peninsula in 1808, the British-allied oligarchy has dominated this nation.

It did not become a republic until 1889. Beginning in the 1870s, a school of economists identified with the American System policies of the United States' first Treasury Secretary, Alexander Hamilton, and Abraham Lincoln's adviser, Henry Carey, unsuccessfully battled London's hegemonic free trade dogmas, in an effort to launch Brazil's industrialization. It was not until the "Lieutenants' Revolution" of 1930, and the era of nationalist President Getúlio Vargas (1930-54), that Brazil's development as a sovereign nation really began.

For example, much to Britain's chagrin, President Vargas developed an important working relationship with U.S. President Franklin Roosevelt during the 1940s, which included U.S. backing for Brazil's 1942 expropriation of the U.K.'s Itabira Iron holdings, which then became the basis for the state's CVRD mining complex—which was only recently retaken by the British (see box). This, combined with the 1940 FDR-Vargas agreement to build the Volta Redonda steel plant, laid the basis for Brazil's industrial development.

Brazil today is indeed a coveted prize. It is a virtual continent unto itself: With 8,000 square kilometers of territory, it is larger than the continental United States. It possesses one of the world's largest reserves of mineral and natural re-

sources: half of its territory is located in the Amazon rainforest region, much of whose mineral-rich area remains unexplored, and its resources untapped.

In terms of raw materials, Brazil could perhaps be compared to the Congo, or even to the entire African continent. Yet, Brazil possesses something more. It is an industrial powerhouse in its own right—the tenth largest economy in the world. Over the past 60 years, largely under the aegis of the Brazilian state, it has developed basic industry, scientific infrastructure, and impressive technological capabilities in the areas of nuclear energy, medicine, rocketry, and aerospace industries. Brazil has also played a crucial role in transferring advanced technology to other developing nations.

London not only wants to steal Brazil's extraordinary wealth for itself; it wants to make sure the Brazilian people cannot use it for their own, sovereign development. Compared to the rest of the continent, Brazil is still relatively virgin territory, in the sense that the looting of its national assets has only just begun. On behalf of the British, the soon-to-be-knighted Fernando Henrique Cardoso is committed to quickly ramming through the privatization of state-owned companies, pension funds, banks, and other national assets.

A sociologist by profession, Cardoso is steeped in the existentialism of Sartre and other followers of Heidegger and Friedrich Nietzsche. He has vowed to put an end "to the era of Vargas," or to what these networks call "the patrimonial," or dirigist, state. He has defined this as a personal goal, starting first as foreign minister; then as finance minister, where he shaped the current free trade economic policy; and finally, as President.

Cultural warfare

London's alternative to Brazilian industrialization is national dismemberment, plunging the nation and its people into Jacobin madness, civil war, and genocide, as is now occurring in Central Africa.

Once unleashed, Brazil's disintegration could unfold at lightning speed, since it lacks the historical legacy of strong

The significance of Brazil's CVRD

Companhia Vale do Rio Doce (CVRD), which the government of Brazil privatized in May 1997, is the third largest mining company in the world and the largest in all of Ibero-America. It has enormous proven reserves of countless minerals and precious metals, and potential deposits that are still not fully quantified. CVRD holds concessions on the largest and most promising areas of mineral exploitation in the country, totalling 23 million hectares, and an additional 600,000 hectares of commercial forest lands. At the point it was privatized, CVRD was at a take-off point in the production of gold, copper, silver, molybdenum, and uranium.

In gold, it is Brazil's largest producer, with an output of 18 tons per year. It also has the country's most promising holdings, with 108 tons of proven and probable gold reserves—not counting the recent finds in Sierra Leste (150 tons), or the 413 tons in various other deposits.

CVRD is the world's biggest producer of iron ore, with an annual output that is about 25% of the world total. It has 3.3 billion tons of proven and probable reserves of iron ore, and an additional 38 billion tons which CVRD describes as "other mineral deposits," which, at current levels of production, would last for another 200 years.

In bauxite, the company controls 199 million tons of proven and probable reserves, which is 98% of the nation's total and 14% of the world's deposits. As for copper, CVRD owns 529 million tons of proven and probable reserves; 23.7 million tons of manganese; 4.4 million tons of potassium; and so forth.

CVRD also owns the most significant transportation and logistical infrastructure grid in the country, which includes 2,000 kilometers of railroads; a fleet of 22 ships that it owns, and 15 more that it leases; 6 seaport facilities; 8 steel plants in Brazil and 3 abroad; 3 paper and cellulose factories; and, above all, an invaluable capacity for generating new companies, based on the accumulated know-how and experience of its technicians and executives.

Apart from its physical and human assets, Brazil's CVRD has enormous historical and political significance as well, because it symbolizes the fight by Brazilian patriots to industrialize their country.

The company was founded in 1942, as a result of the so-called Washington Agreements signed by U.S. President Franklin Delano Roosevelt and Brazilian President Gen. Getúlio Vargas. The two obliged Britain to hand over to the Brazilian state the deposits of the Itabira Iron company in Minas Gerais, which had been founded at the end of the 1920s by British agents Muley Cotto and Percival Farquhar. Thus, CVRD was born.

Cotto and Farquhar were front men for the British-controlled Brazilian Hematite Syndicate. The concessions which earlier Brazilian governments had granted them, led to a generalized nationalist reaction, especially in the ranks of the Brazilian Army, against the British holdings. This ferment eventually exploded in the 1930 revolution, which brought General Vargas to power, along with a generation of young officers committed to the idea of sovereign industrial development for Brazil.

political institutions that many other nations of Ibero-America have. In Brazil, such institutions are relatively young, fragile, and vulnerable to manipulation. Moreover, the process of industrialization which began in the 1930s did not succeed in eradicating the oligarchical legacy which the British East India Company bequeathed to Brazil.

This legacy explains why Brazil was one of the last countries in the world to abolish slavery, at the very end of the nineteenth century. Even after this occurred, Brazilian society remained divided into a white, privileged class, and a nominally "free," but in reality still enslaved, poor and black population. The nationalist government of Getulio Vargas, which ended in 1954, and some among the later military governments which ruled from 1964 to 1985, achieved notable economic progress—but they all failed to address the *cultural* belief structure of the majority of the population, still victimized by the legacy of slavery. Were the fragile veneer of Western Christian civilization to be stripped away, below it would be found a people sunk in syncretism, animism, hedonism, radical fundamentalism, and other synthetic belief structures, which London has used historically to advance its cause.

These products of the oligarchical tradition make Brazil, with the second largest black population in the world after Nigeria, the most immediate candidate for London's "Africanization" treatment. It is this degraded cultural milieu that permits Brazil's Landless Movement (MST), the São Paulo Forum affiliate which is central to the dismemberment strategy, to operate and expand its ranks. President Cardoso's policy of "economic opening," which is tearing down national industry and agriculture in order to repay the cancerous foreign debt, has created a mass of enraged unemployed, willing recruits to the MST's campaign to create an "army of millions" from both rural and urban areas, to wage war, not on Cardoso and his British masters, but on the nation-state.

Brazil's Landless Movement, more appropriately called the "Mindless Movement" (see box), is a product of the existentialist, pro-terrorist networks operating especially inside the Catholic Church, which have spawned groups such as the Zapatista National Liberation Army (EZLN) in Mexico, and like-minded narco-terrorist groups elsewhere on the continent. British control over these groups is no secret. Mexican Bishop Samuel Ruiz, considered to be the EZLN's real "commander," attended the founding meeting of the Interfaith Peace Council at St. George's House at Windsor Castle, in November 1995. St. George's House is a policy-planning center for the British monarchy and imperial policy, where Royal Consort Prince Philip often presides over cultish "religious" ceremonies.

One vehicle used by these networks is a variety of schismatic, New Age "charismatic" sects, which are today rapidly expanding across Ibero-America from their epicenter in Brazil. At a July 22, 1997 conference of the Ninth Inter-Ecclesiastical Encounter, attended by 2,359 delegates from Ecclesiastical Base Communities (CEB) across Brazil, and presided over by MST ideologue Frei Betto, the major topics discussed were "popular catholicism," "pentecostalism," "Afro-Brazilian religions," and "indigenous peoples." The final resolution, the São Luis Charter, demands greater respect for "the growth of pentecostalism, inside and outside the Church," and greater respect for the CEBs themselves. "We must overcome certain preconceptions with regard to the members of the pentecostal churches, and, inside the Catholic Church, for Charismatic Renewal." The charter complains that the Catholic Church hasn't yet learned to assimilate Indian culture. The CEBs hope, the manifesto says, that there will be continued demarcation of Indian lands, as well as greater respect for "indigenous myths, rites, and spirituality."

A related British strategy is the deployment of the international environmentalist movement, combined with the creation of ecological and Indian reserves, predominantly along

'Mindless Movement' out to bury Ibero-America

Five hundred representatives of parties and movements of 20 countries of Ibero-America and the Caribbean gathered in Pôrto Alegre, Brazil from July 31 to Aug. 3, for the VII Plenary of the São Paulo Forum, the terrorist international founded in 1990 by the Cuban Communist Party and Brazilian Workers Party. The final communiqué hailed Mexico's Zapatista National Liberation Army (EZLN) and Brazil's Landless Movement (MST) as the "new model of politics" for the Americas.

This "new model" is nothing but the Ibero-American version of the British killing machine which is devastating Central Africa. Leaders of the MST, the EZLN, the São Paulo Forum, are the Kabilas, the Musevenis, the Kagames, of Ibero-America. The São Paulo Forum was spawned by the same mother who produced the mass murderers in Africa. Like Uganda's Yoweri Museveni, they are followers of the Nazi existentialist movement of Martin Heidegger and Jean Paul Sartre, and of its most wretched student, Frantz Fanon. Like Fanon, the Forum believes in a "program of complete disorder" to be brought about by "searing bullets and blood-stained knives."

Take the case of Brazil's Landless Movement. They have a cadre force of well over 5,000 militants, many militarily trained. Their stated objective is to organize 100 million of Brazil's 160 million people, to rise up and seek revenge against the state and civilization itself, for the wrongs they have suffered. As one leader put it, the MST will create "a new form of production, consumption, and destruction."

border areas. Brazil was an early target of this operation, with the arbitrary and provocative creation in 1991 of the Yanomami Indian reserve along the mineral-rich Venezuelan-Brazilian border, by George Bush's good friend, then-President Fernando Collor de Mello—who was subsequently removed from office for corruption. The creation of the reserve for the Yanomamis, who live a Stone Age existence, was decided upon in the 1960s in discussions at Buckingham Palace between Queen Elizabeth II and Prince Philip. Among the reserve's defenders is Lady Lynda Chalker, one of the chief coordinators of the genocide now ripping the African continent apart. In preparation for a visit by Prince Charles to Brazil, Lady Chalker visited there in 1991, bearing "medical aid" for Yanomami communities.

Since one of London's goals in its raw materials heist is to turn Brazil into one of the world's largest gold producers, companies such as George Bush's Barrick Gold are already thinking ahead about setting up the private mercenary forces to protect their deposits. *EIR* has learned that in the gold-rich Amazonian state of Pará, Barrick is negotiating directly with independent wildcatters, or *garimpeiros*. Because of the unregulated, extremely precarious, and often barbaric conditions under which they operate, it is not difficult to envision the *garimpeiros* being turned into private mercenary armies which, as in Africa, could be hired to protect London's raw materials cartels.

Thus, the parallels with Africa, not only of Brazil, but of all Ibero-America, are growing day by day. We turn to document the major features of this process in the following sections.

"The interior of Brazil can become a Colombia. Things will be out of control, there will be social convulsions, and society will come apart," MST leader João Pedro Stedile exulted on Brazilian Independence Day, Sept. 7, 1996. "There are 40 million hungry people in Brazil, and 11 million unemployed, who represent an organic force which is calm now, but could awaken at any moment," the MST's military chief, José Rainha, Jr., a professed Maoist and convicted murderer, threatened in June 1997.

The MST has set out to organize not only the Landless, but also the Jobless, the Homeless—in short, all of the "wretched of Brazil." In July, Stedile called upon teachers to occupy urban schools, in the same way that MST shock troops regularly invade farms in Brazil's interior. As a manifesto issued in 1996 for a planned MST takeover of a major hydroelectric plant in the north of the country declared: "At the moment, our forces are small. . . . We have to wage a guerrilla war. We have to wage psychological terrorism—destabilization. . . . We are chaos."

To prepare for such nihilism, the Landless are first transformed into the Mindless. MST members are subjected to daily brainwashing sessions in the style of Peru's deranged butchers from Shining Path—who are involved in training the MST cadre. Poems sanctifying violence are recited. Facing a MST flag, militants must swear allegiance to the movement's goals, and shout, "I am the MST flag. My red color represents the blood of dead peasants."

The hard-core members of the MST are recruited out of the Theology of Liberation networks in Brazil, in particular the Ecclesiastical Base Communities (CEBs) and their political front, the Workers Party (PT).

Three Brazilian ideologues are key to the MST/PT project of the past three decades: "deschooler" Paulo Freire; New Age guerrilla Frei Betto, today editor of the São Paulo Forum's magazine *America Libre;* and the defrocked lunatic Leonardo Boff. All are exponents of the irrationalism, hatred of Western civilization, and purgative violence which also drives London's Nazi Museveni project in Africa.

London's African and Ibero-American networks meet most directly in the person of Freire. An avid Fanonist, Freire took part in the same political science course at Tanzania's Dar Es Salaam University, for which Museveni wrote his chilling study of "revolutionary violence" in Mozambique. (See *EIR Special Report,* "Never Again! London's Genocide Against Africans," June 1997.) A founding member of the PT, Freire will rightly be remembered as the Pol Pot of liberation theology. His "education" program, used for indoctrination from Sandinista Nicaragua to the CEBs of Brazil, starts from the premise that education—even language—is a form of Western oppression. In Africa, he advised nations to abolish all schools, arguing that the "re-Africanization" of intellectuals requires that they commit "class suicide." A true racist, he also wrote that the natural language of Africans is pantomime.

Frei Betto, a close friend of Fidel Castro and the "spiritual adviser" to PT leader and Presidential candidate Luis Inácio "Lula" da Silva, is another MST guiding light. His ties to terrorism go back to the late 1960s, when he was one of a group of Dominican friars who joined the National Liberating Alliance of Carlos Marighella, the theoretician of urban warfare whose *Mini-Manual of the Urban Guerrilla* was used to create killers around the world.

Frei Betto, like his close friend and fellow MST/PT ideologue Leonardo Boff, is devoted to destroying Western "rationality," and promoting in its stead astrology, superstitution, "spiritualism," and so forth. In the 1970s Boff became an ardent follower of Heidegger, after participating in a weekly seminar at Boff's Franciscan seminary in Petropolis, the former seat of the Brazilian monarchy, taught by a Brazilian Heideggerian, Carneiro Leao.

—Gretchen Small and Silvia Palacios

British banks establish death grip over Ibero-America

by Dennis Small

Over the course of 1996, and escalating into 1997 to date, British and British-controlled banks, many of them prominent in international drug-money laundering, have launched a blitzkrieg assault to take over the failing banking systems of Ibero-America. They are succeeding: As of mid-1997, they controlled more than half of the national banking assets in most countries in Ibero-America, a continent which has about $1 trillion in total banking assets.

Figure 1 gives a bird's-eye view of just how far the foreign banking takeover has advanced. In the principal countries of Ibero-America, with the notable exception of Brazil, foreign banks today either own outright, or hold controlling shares in most of the major banks in each country. In Mexico, for example, the indicated foreign banks now control the second, third, fourth, sixth, seventh, and ninth largest banks in the country. In Argentina, eight of the Top 10 banks are in the hands of foreigners. In Peru, six of the Top 10 are foreign-run. (Throughout this study, we conservatively estimate that 20% or more direct ownership gives a foreign bank effective control over the bank in question.)

If we look at the 1997 total assets of each national banking system, the percentages held by foreign or foreign-controlled banks is shocking. As noted on the map, in most cases it is about half of the national banking assets, ranging from 41% in Venezuela up to a stunning 59% in Mexico. Again, Brazil stands out as the exception—for reasons to be discussed below—with a relatively low 14%, which brings the average for the continent down to "only" 35%.

And which world power dominates among the new financial overlords? Many readers will be surprised to learn that it is *not* Wall Street, but the City of London. Banks directly owned and headquartered in the British Commonwealth (such as London's notorious dope bank, Hongkong and Shanghai Banking Corp.), and other foreign banks under de facto British political and financial control (such as Spain's Banco Santander, which turns out to have a "strategic alliance" with a Scottish bank run directly out of the Queen's Household), have seized the lion's share—by far. In Argentina, for instance, 54% of the assets of the country's Top 10 banks are in the hands of British-controlled banks, as compared to a mere 7% owned by other foreign banks. In Colombia, the British control 38% of the Top 10's assets, against 4% in the hands of other foreign banks (see **Figure 2**).

London's control of Ibero-American banks does not mean pictures of Big Ben and Piccadilly Circus on people's checkbooks. It means *drugs*—tons upon tons of cocaine, heroin, and marijuana exported every year, largely to the United States.

Scorched earth

If we compare the situation today with what it was only five years ago, the changes are dramatic. As **Figure 3** indicates, in 1992 only 11% of Colombia's banking system was foreign controlled, compared to 51% today. In the case of Mexico, in 1992 there was only one foreign bank operating in the country (Citibank), whose asset share was a mere 1.5% of the total. Even in Argentina, which had a relatively high level of foreign control in 1992, it stood at only 18% of the total banking system, about one-third today's level.

What happened?

British-sponsored banking privatization and deregulation is what happened. Chile pioneered with changes in the 1970s and 1980s, based on British "free market" policy directives conduited through the radical libertarian Mont Pelerin Society, and their notorious "Chicago Boys." But the floodgates were only opened with the January 1994 implementation of the North American Free Trade Agreement (NAFTA) among the United States, Canada, and Mexico. NAFTA was a British project from the outset: the policy was unadulterated British free market economics; and it was executed by Canada's Prime Minister Brian Mulroney (today on the international advisory board of Barrick Gold), the Anglophile U.S. President Sir George Bush (also on the Barrick advisory board), and Mexico's Carlos Salinas de Gortari, a notorious "Bush baby" and now-disgraced protector of London's international drug cartels.

In May 1991, almost three years before NAFTA's formal implementation, an *EIR Special Report,* "Auschwitz Below the Border," warned of its consequences: "NAFTA will also reorganize the entire Ibero-American banking structure, and thereby create the conditions under which the vast financial flows originating in the Ibero-American drug trade can be

FIGURE 1

Foreign banks with control of Top 10 banks, by country

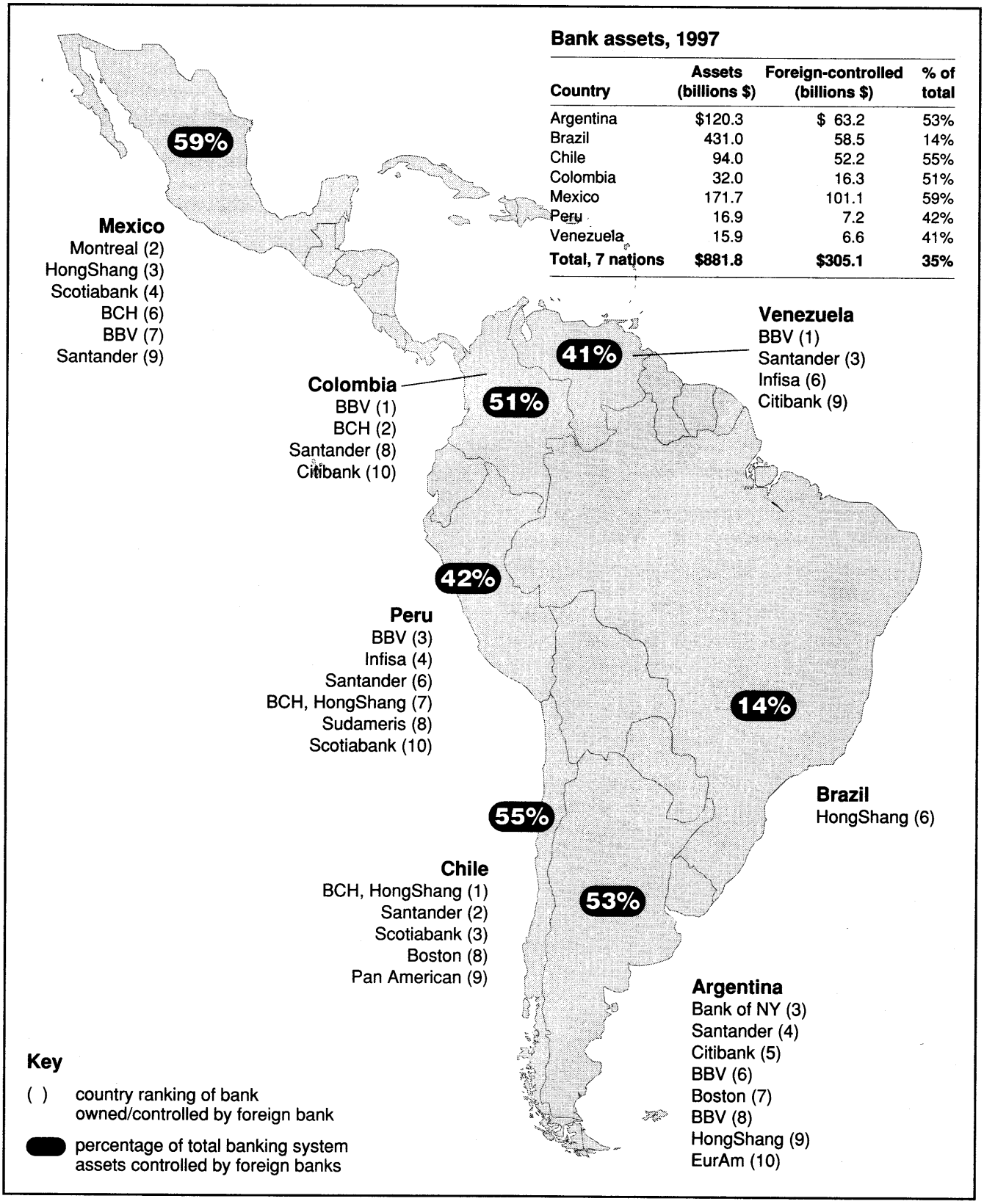


FIGURE 2
British control of Top 10 banks' total assets

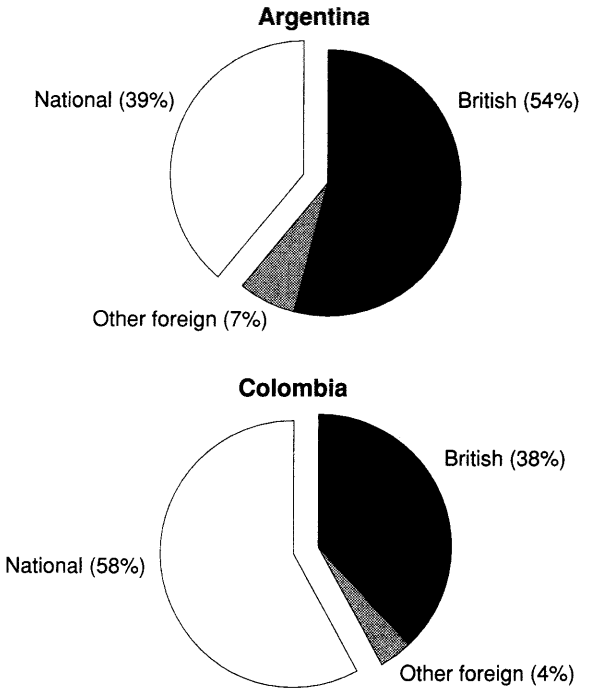
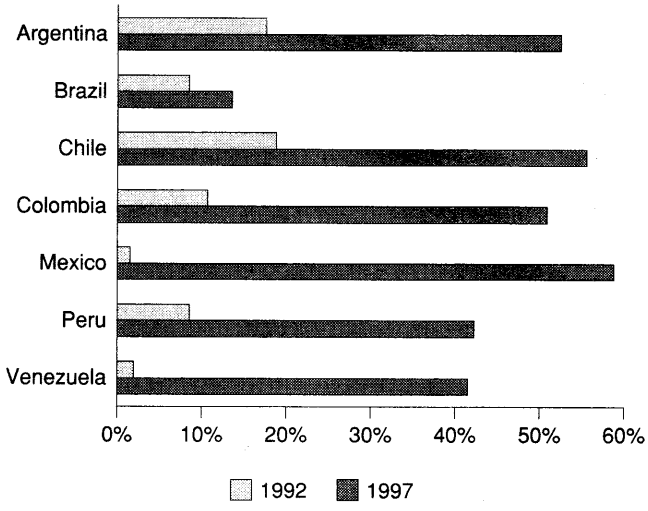


FIGURE 3
Foreign-controlled bank assets
(percent of country's total bank assets)



more readily laundered into the cash-strapped Anglo-American banking system."

Even before NAFTA was formally adopted, in 1992, Mexican President Salinas privatized the country's entire banking system, which had been nationalized and run by the state sector ever since President José López Portillo's 1982 showdown with the International Monetary Fund (IMF). With the banks back in private hands, the stage was set: In January 1994, NAFTA was put into effect, including its secretly negotiated provisions facilitating foreign banking takeovers (see *EIR*, Oct. 8, 1993). One month later, Mexico adopted a new banking law which, for the first time, permitted limited foreign bank holdings in domestic banks—with provisions for raising the percentage over the coming years.

It wasn't a long wait. In December 1994, the global debt bomb exploded in Mexico, and the world financial system nearly disintegrated. In Mexico, more than a decade of IMF policies had destroyed the country's physical economy. And then over the course of 1995, large chunks of Mexico's privatized banking system went bankrupt—caught in the vise of being creditors of non-performing domestic debt portfolios reaching 50% of total loans outstanding, and simultaneously being debtors owing tens of billions of dollars to foreign banks. Worse still, these foreign loans were denominated principally in dollars, which became nearly twice as expensive for the Mexican banks as a result of the massive devaluation of the peso in Decebmer 1994.

Over the course of 1995 and 1996, the Mexican government moved in to salvage the banking system, shelling out about $29 billion, or 8.4% of the country's 1996 GNP, to bail out the private banks. They then proceeded to sell these cleansed banks to foreign bankers, for a pittance. In early 1996, the Finance Ministry authorized 17 foreign banks to operate freely in the country, in order to facilitate the handover.

Consider one case in point: Banca Serfín, the country's third largest, with close to $25 billion in assets. In 1995, the government's bailout agency, Fobaproa, handed over about $1.3 billion to purchase bad loans held by Serfín. After eating all the garbage, the government turned around and gave up control of the juicy remainder of the bank, for the paltry investment sum of $300 million, paid happily in March 1997 by London's Hongkong and Shanghai Banking Corp., the world's premier drug-money-laundering bank.

Privatization mania

As the so-called "tequila effect" spread across Ibero-America, other countries responded similarly to Mexico. Peru, for example, which had begun to privatize its state-sector banks in 1992, only fully deregulated its banking system in 1995. Venezuela approved a new banking law in 1994 which permitted 100% foreign participation in local banking, but it wasn't until after the country was hit with a wave of banking failures over the course of 1995, that it was forced to actually implement foreign bank participation in 1996.

To date, only Brazil, among the major nations of Ibero-America, has still not approved banking liberalization legislation to allow a full foreign invasion to occur. Such legislation,

however, has been drafted and is being aggressively promoted by Brazil's President, Fernando Henrique Cardoso.

This changing control of the banking systems of Ibero-America's major countries can be seen in **Figure 4,** which shows a systematic dismantling of the state-sector banks of the region—which were largely responsible during the post-war period for what state-directed infrastructure and industrial development did occur. The loss of influence of state-sector banks, and the growing dominance of private foreign banks, has essentially been a marker of the more fundamental shift out of productive and into speculative—and drug-related—financial activities. With the power of the state in retreat, Dope, Inc. has moved in and taken over.

Thus, over the course of the 1990s, the physical economies of the nations of Ibero-America collapsed—in the case of Mexico, by 15-20%. Meanwhile, the area's foreign debt, much of it owed by the newly privatized banks, grew by about 40% (in the case of Mexico, it was closer to 90%).

As Figure 4 shows, between 1992 and 1997, Argentina's state-sector banks shrank from 47% of total assets to 32%, while foreign banks more than tripled their share, from 17% to 53%. There is currently intense international pressure on Argentina to finish off the job, by privatizing the Banco de la Nación and Banco de la Provincia de Buenos Aires, still the two largest banks in the country. In Peru, the state-sector banks were all privatized, while the foreign component grew about fivefold. And in Chile, the foreign sector nearly tripled to 55%, while the single state-sector bank in the country, Banco del Estado, dropped in ranking from first to third, and its share of total assets shrank accordingly. There are persistent rumors in the financial community that it, too, will be put up for privatization shortly.

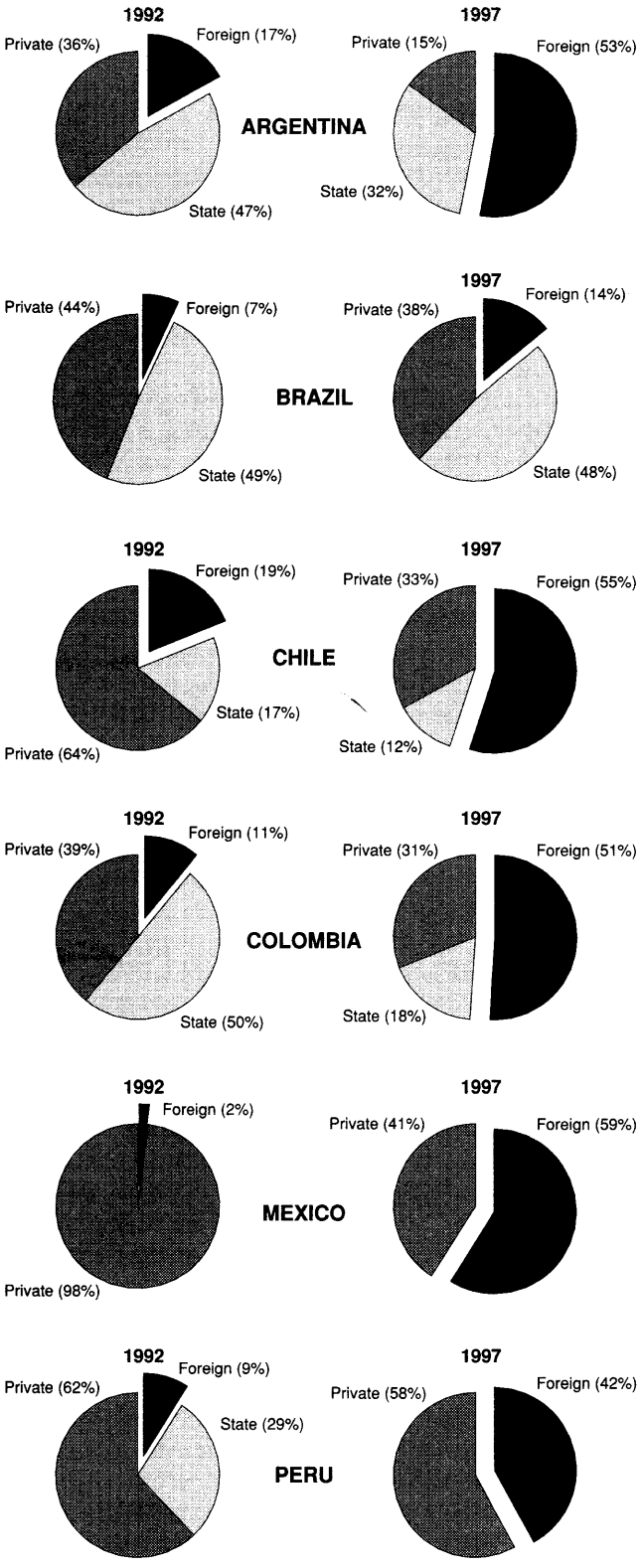
Brazil still has the continent's largest state-run banking sector, in both absolute and relative terms (48% of the national total), which foreign banking interests are desperate to get their hands on.

Another key element of the British financial blitzkrieg has been the forced privatization of the pension funds of the Ibero-American nations. These are a source of enormous liquidity, which the British are also drooling over, in order to shore up their financial empire. Here, too, Chile led the way in the early 1980s, and its privatized funds today total about $25 billion, and are in the hands of the same foreign financial interests which also control the banking system. Argentina and Peru both approved pension privatization legislation in 1994, and their funds already add up to about $7.3 billion and $1.4 billion, respectively. Mexico privatized in 1996, with about $8 billion currently involved. And Venezuela did the same just this year, with about $5 billion up for grabs.

Brazil, once again, is the lone hold-out: Pension privatization is under discussion, but it has not yet been implemented. Upwards of $50 billion in official pension funds alone, are at stake.

With these changes in financial legislation, and with the domestic banking systems razed by the world financial crisis,

FIGURE 4
Changing control of bank assets, 1992-97
(percent of country's total bank assets)



foreign banks moved in for the kill. The real avalanche of foreign takeovers only began in late 1995: first in Mexico; then in Chile in mid-1996; then in Venezuela in late 1996; and finally, in Argentina and Peru in early 1997.

Brazil is next on the chopping block.

Meet the new owners

Wall Street and other U.S. banks may have been the dominant foreign force in Ibero-American banking in the decades following World War II, but they are not today. The banking systems of the nations of Ibero-America are currently dominated by a half-dozen British-run financial groups, with Wall Street taking a decidedly back seat.

The detailed evidence presented in **Table 1** has been summarized to produce **Figure 5.** The giant continental asset blocs are controlled by three directly British Commonwealth banking groups (HongShang with control over $46 billion, Bank of Montreal with $32 billion, and Bank of Nova Scotia with $22 billion); and by three groups, nominally Spain-based, which are demonstrably fronts for the British Empire (Banco Santander with control over $33 billion, BBV with $26 billion, and BCH with $24 billion).

Citibank, which for 80 years has been Wall Street's flagship operation in Ibero-America, is a distant seventh, with control over a mere $16 billion in assets. It is true that Citibank still possesses a unique regional network, with branches in nearly every Ibero-American country, but the British-run newcomers are quickly replicating that capability as well. The Boston Brahmin First National Bank of Boston, which is in reality more British than American, and which has historically also had an important presence in Ibero-America, controls about $10 billion in assets.

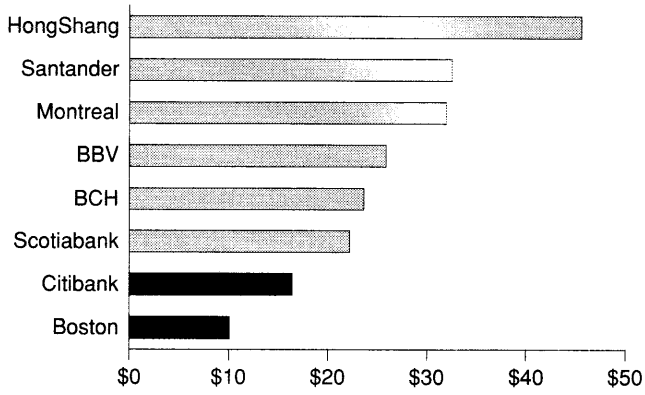
Hongkong and Shanghai Banking Corp.

Leading the assault for the Queen is the century-old *Hongkong and Shanghai Banking Corp.* (HSBC). HongShang, as it is widely known, is the flagship bank of the global drug-trafficking enterprise properly known as "Dope, Inc." It is the fifth largest bank in the world. With headquarters in London, and branches around the world, HongShang is the crown jewel of the British oligarchy. Founded in the middle of the nineteenth century to serve as the backbone of the financial network of the East India Companies, it financed London's Opium Wars against China, in which the modern narcotics trade actually began. Since that time, it has served as a kind of rediscounting facility for laundering dirty money from the drug, gold, and diamonds trade. HongShang has kept up this tradition to the present, as *EIR* has documented in its bestseller book, *Dope, Inc.*

As for its Ibero-American prey:

- In early March 1997, HongShang purchased a 20% controlling interest in *Banca Serfín,* Mexico's third largest bank with close to $25 billion in assets, as noted above.
- In May 1997, HongShang completed its 100% purchase of *Banco Roberts* of Argentina, number nine in the country, with nearly $4 billion in assets, of which it had previously bought 30%.
- In late March 1997, HSBC bought 100% of Brazil's *Bamerindus,* the country's sixth largest bank, with over $14 billion in assets.

FIGURE 5
British groups dominate foreign bank presence in Ibero-America
(assets controlled, billions $)



Although somewhat smaller in size than Mexico's Serfín, HongShang's Bamerindus purchase is of particular strategic significance, because it was the first major breach of the Brazilian banking system, which had otherwise been largely off limits to major foreign predators.

Brazil's Constitution prohibits the entrance of foreign banks into Brazil without reciprocity. HongShang got around that problem in the Bamerindus case by the personal intervention of Brazilian President Cardoso, who took advantage of a banking holiday to issue a surprise Presidential decree, published in a special edition of the *Official Daily,* pronouncing the Bamerindus sale to be "in the interest of the Brazilian government."

Cardoso had already used the same loophole in 1996, in an earlier foray by foreign banks chomping to get into Brazil: At that time, he authorized the Swiss bank *Union Bancaire Privée* (UBP)—also notorious as a dirty-money laundry, owned by Syrian-Jewish families from Aleppo—to participate with its Brazilian partner *Banco Excel,* in the purchase of *Banco Econômico,* the 18th largest private bank in the country.

An important pioneer of foreign dirty banking in Brazil is the nominally Brazilian Edmond Safra, whose *Banco Safra* is the eleventh largest in Brazil, with about $5.8 billion in assets. Safra is the reported front man of the Aleppo mafia (in 1990, the U.S. Drug Enforcement Administration (DEA) and Customs Service reported that Safra was the banking link

between the Syrian and the Colombian drug cartels), and has over the years been associated with American Express and the filthy Republic National Bank of New York (which Safra owns).

In the case of Bamerindus, HongShang paid a meager $1 billion, and that only after the Brazilian government bailout agency, Proer, had paid out $5.7 billion to cover Bamerindus's non-performing portfolio—just as happened in Mexico in the Serfín and other cases.

Michel Geoghegan, the newly named president of HongShang in Brazil, explained that Bamerindus "will be the centerpiece for the development of our business in the region. We want to be the Banco del Mercosur," he asserted, referring to the regional trade pact of Brazil, Argentina, Chile, and Uruguay. As for Brazil itself, "We don't reject the possibility of acquiring other financial institutions," he said, adding ominously: "We have been in several countries for more than 100 years, and it won't be any different here."

In 1995 and 1996, HongShang had positioned itself for its current major moves, by setting up a strategic alliance with Chile's *Luksic Group* and Spain's *BCH*.

Banco Central Hispano

The *Banco Central Hispano* (BCH) is Spain's third largest bank, with over $90 billion in assets. All three top Spanish banks are currently on a much-publicized buying spree in Ibero-America, over the last two years shelling out over $5 billion among them, to snap up Ibero-American banks. Less well known, is the fact that all three of the Spanish banks are operating as de facto fronts for British Commonwealth financial interests, with which they are strategically associated, and that they are using Chile and its compliant financial institutions as the staging ground, on Ibero-American soil, for the British raid.

For example, in the mid-1990s, BCH merged its existing Chilean branches with the *Banco O'Higgins* of Chile's *Luksic Group,* owned by Andrónico Luksic, who sits on the international advisory board of Barrick Gold—along with Sir George Bush and former Canadian Prime Minister Brian Mulroney. According to *Forbes* magazine, the midwife for the deal was HongShang: Luksic ended up with 50% of the bank, BCH 25%, and HongShang 20%.

The HongShang-BCH-Luksic axis then used the revamped Banco O'Higgins as the cornerstone to establish a giant financial holding company in late 1995, called *OHCH,* with 50-50 participation from Luksic and BCH, and "in total harmony" with HongShang, according to accounts in the Chilean financial press. OHCH then proceeded to raid other banks inside Chile, and across Ibero-America.

- Chile's *Banco de Santiago* was bought out in December 1995, and then merged with Banco O'Higgins in early 1997, creating the country's largest bank with nearly $13 billion in assets.
- Peru's *Bancosur,* number seven in the country, was bought out in mid-1996 by OHCH, and merged with *Banco Libertador,* which BCH had already taken over in 1995.
- In Mexico, in early 1996 BCH and its Portuguese strategic partner, *Banco Comercial Portugués,* took over 20% of *Banco Internacional,* or Bital, number six in the country, with $10 billion in assets.
- OHCH has also taken over a number of smaller banks in the Southern Cone, including Argentina's *Banco Popular* (which it merged with HongShang's Banco Roberts in 1996), and *Banco Tornquist; Banco de Asunción,* one of Paraguay's biggest banks; and Uruguay's *Central Hispano Banco.*
- In Colombia, where drugs dominate both the economy and the Ernesto Samper government, BCH bought about 30% of the country's second largest bank, *Banco de Colombia,* in October 1996, which had been purchased by the local *Gilinski Group* when the bank was privatized in 1994. Informed sources report that the Gilinski interests are closely linked to London-run arch-speculator George Soros.

Another interesting strategic alliance of BCH's, is its recently inked pact with the British Rothschild group, to jointly develop "private banking" services—which are frequently a cover for high-level drug money laundering.

Banco Santander

Chile is also the Ibero-American staging ground for another British-run Spanish bank, *Banco Santander,* Spain's largest with over $150 billion in assets. What HongShang is to BCH—its financial and political sugar-daddy—the Royal Bank of Scotland and the British Morgan banking interests are to Santander.

In 1988, Santander forged what they have called "a long-term and fruitful alliance" with the *Royal Bank of Scotland* (RBS), and with *Metropolitan Life Insurance* of New York, controlled by the British Morgan financial interests. The House of Morgan was founded in London in the 1840s by Queen Victoria's favorite, George Peabody. One of the immediate offspring of this *ménage à trois* was the Santander-Met Insurance Society. In the words of the journal *American Banker,* "Banco Santander of Spain and the Royal Bank of Scotland. . . own shares in each other and have a close strategic alliance"; specifically, they each own 10% of the other's stock.

RBS, which proudly dates its roots to 1727 and proclaims itself "one of the United Kingdom's leading financial institutions," had over $80 billion in assets as of September 1995. The most significant member of its board of directors is Rt. Hon. The Earl of Airlie, KT, GCVO, PC, JP, whose Ogilvy family traces its nobility to the fifteenth century. The current Earl of Airlie is the brother-in-law of Princess Alexandra, Queen Elizabeth's first cousin; a Privy Councillor; and is Lord Chamberlain of the Queen's Household—i.e., he heads up the innermost sanctum around the Queen. Until 1984, he was chairman of Schroeders plc, the London merchant banking group which helped finance Hitler's rise to power in the 1930s.

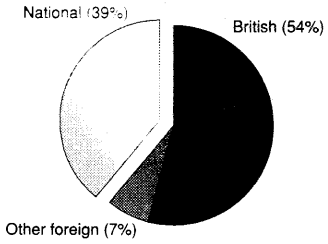
TABLE 1

Top 10 banks, by country

Argentina

Rank	Bank	Assets (billions $)	% of total assets	Control	% foreign ownership	Dominant foreign bank
1	Nación	$ 15.0	12%	state		
2	Provincia de Buenos Aires	10.1	8%	state		
3	Galicia	8.0	7%	foreign	27%	Bank of New York
4	Río de la Plata	7.3	6%	foreign	35%	Santander
5	Citibank	4.6	4%	foreign	100%	Citibank
6	Francés	4.3	4%	foreign	30%	BBV
7	Boston	4.3	4%	foreign	100%	Bank of Boston
8	Crédito Argentino	3.9	3%	foreign	72%	BBV
9	Roberts	3.6	3%	foreign	100%	HongShang
10	Bansud	3.5	3%	foreign	28%	Euram Capital
	Sub-total, top 10	*$ 64.7*	*54%*			
	Country total	**$120.3**				

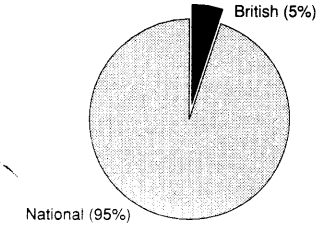
Who controls the Top 10 banks' assets



Brazil

Rank	Bank	Assets (billions $)	% of total assets	Control	% foreign ownership	Dominant foreign bank
1	Caixa Econômica Federal	$ 80.3	19%	state		
2	Banco do Brasil	79.6	18%	state		
3	Bradesco	28.6	7%	private		
4	Unibanco	21.1	5%	private		
5	Itaú	19.9	5%	private		
6	Bamerindus	14.1	3%	foreign	100%	HongShang
7	Banrisul	12.1	3%	state		
8	Real	10.6	2%	private		
9	Banco de Crédito Nacional	9.1	2%	private		
10	Nossa Caixa	8.6	2%	state		
	Sub-total, top 10	*$284.0*	*66%*			
	Country total	**$431.0**				

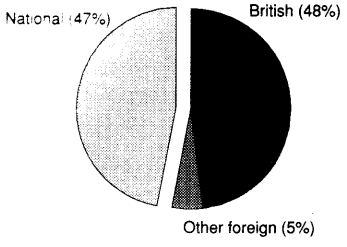
Who controls the Top 10 banks' assets



Chile

Rank	Bank	Assets (billions $)	% of total assets	Control	% foreign ownership	Dominant foreign bank
1	Santiago	$12.8	14%	foreign	48%	BCH, HongShang
2	Santander	11.3	12%	foreign	75%	Santander
3	del Estado	11.1	12%	state		
4	Chile	9.6	10%	private		
5	Sud Americano	7.6	8%	foreign	28%	Scotiabank
6	Crédito	6.4	7%	private		
7	Edwards	4.4	5%	private		
8	Boston	3.6	4%	foreign	100%	Boston
9	BHIF	3.6	4%	foreign	36%	PanAm Holdings
10	Bice	3.3	4%	private		
	Sub-total, top 10	*$73.7*	*78%*			
	Country total	**$94.0**				

Who controls the Top 10 banks' assets



Colombia

Rank	Bank	Assets (billions $)	% of total assets	Control	% foreign ownership	Dominant foreign bank
1	Ganadero	$ 3.8	12%	foreign	40%	BBV
2	Colombia	3.2	10%	foreign	30%	BCH
3	Bogotá	2.9	9%	private		
4	Bancafé	2.9	9%	state		
5	Caja Agraria	2.3	7%	state		
6	Industrial Colombiano	2.0	6%	private		
7	Popular	1.8	6%	private		
8	Bancoquia	1.6	5%	foreign	55%	Santander
9	Occidente	1.4	4%	private		
10	Citibank	1.0	3%	foreign	100%	Citibank
	Sub-total, top 10	*$23.0*	*72%*			
	Country total	**$32.0**				

Who controls the Top 10 banks' assets

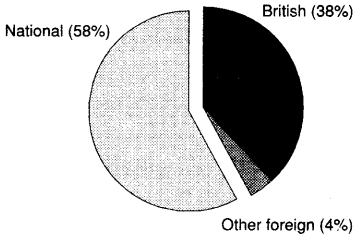


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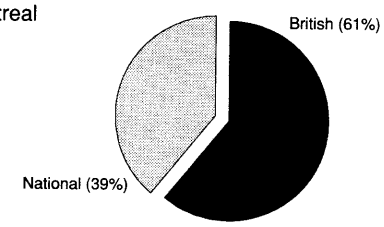
TABLE 1 *(continued)*

Mexico

Rank	Bank	Assets (billions $)	% of total assets	Control	% foreign ownership	Dominant foreign bank
1	Banamex	$ 33.5	20%	private		
2	Bancomer	32.0	19%	foreign	20%	Bank of Montreal
3	Serfín	24.6	14%	foreign	20%	HongShang
4	Inverlat	14.3	8%	foreign	55%	Scotiabank
5	Bancrecer	14.2	8%	private		
6	Bital	10.4	6%	foreign	20%	BCH
7	BBV	8.0	5%	foreign	70%	BBV
8	Atlántico	7.0	4%	private		
9	Santander	6.8	4%	foreign	75%	Santander
10	Promex	6.2	4%	private		
	Sub-total, top 10	*$156.9*	*91%*			
	Country total	**$171.7**				

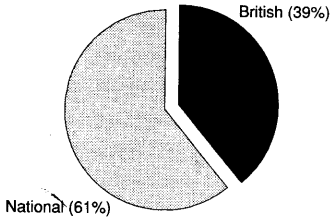
Who controls the Top 10 banks' assets



Peru

Rank	Bank	Assets (billions $)	% of total assets	Control	% foreign ownership	Dominant foreign bank
1	Crédito	$ 4.9	29%	private		
2	Wiese	3.1	18%	private		
3	Continental	2.4	14%	foreign	34%	BBV
4	Interbank	1.3	7%	foreign	91%	Infisa
5	Latino	0.8	4%	private		
6	Santander	0.7	4%	foreign	95%	Santander
7	Bancosur	0.6	4%	foreign	97%	BCH, HongShang
8	Lima	0.6	3%	foreign	53%	Sudameris
9	Nuevo Mundo	0.4	2%	private		
10	Sudamericano	0.3	2%	foreign	25%	Scotiabank
	Sub-total, top 10	*$15.0*	*88%*			
	Country total	**$16.9**				

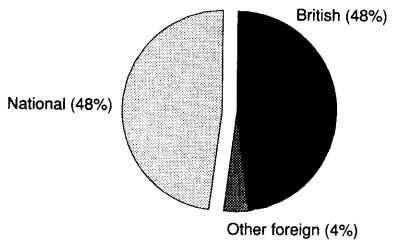
Who controls the Top 10 banks' assets



Venezuela

Rank	Bank	Assets (billions $)	% of total assets	Control	% foreign ownership	Dominant foreign bank
1	Provincial	$ 3.4	21%	foreign	52%	BBV
2	Mercantil	2.1	13%	private		
3	Venezuela	1.5	10%	foreign	94%	Santander
4	Unión	1.1	7%	private		
5	Industrial	1.0	6%	state		
6	Consolidado	0.9	6%	foreign	93%	Infisa
7	Banesco	0.7	4%	private		
8	Caribe	0.6	4%	private		
9	Citibank	0.4	3%	foreign	100%	Citibank
10	Interbank	0.4	3%	private		
	Sub-total, top 10	*$12.0*	*75%*			
	Country total	**$15.9**				

Who controls the Top 10 banks' assets



Sources: *Argentina:* Central Bank; *Brazil: Gazeta Mercantil*; *Chile:* Office of the Superintendent of Banks and Financial Institutions; *Colombia:* Banking Association of Colombia; *Mexico:* Mexican Stock Market; *Peru:* Office of the Superintendent of Banking and Insurance; *Venezuela:* Office of the Superintendent of Banking.

The chairman of the RBS board of directors is Lord Younger of Prestwick, KT, KCVO, TD, DL, who is also a member of the Queen's Privy Council, and has held the offices of Secretary of State for Defense and Secretary of State for Scotland. There are numerous other nobles on the RBS board, including Sir Ian Grant, JP, DL.

Banco Santander and the Royal Bank of Scotland also have interlocking directorates: Scotland's Lord Younger of Prestwick and Sir Ian Grant are on the board of directors of Santander; and Santander's chairman, Emilio Botín-Sanz de Saurola y García de los Ríos, and its first vice chairman, Jaime Botín, are on the Scotland board.

The Morgan role in Santander is not limited to the Met Life connection. Santander's rising young star, and CEO of

its Santander Investment division, is the 38-year-old Ana Patricia Botín, daughter of the bank's chairman. After graduating from Harvard with a bachelor's degree in economics in 1981, Ms. Botín joined the Madrid office of J.P. Morgan. Rising through the Morgan ranks, by 1986 she had been appointed vice president and head of their Latin American unit. In 1988, her apprenticeship with Morgan apparently over, Ms. Botín returned home to work for daddy at Santander.

Also of note is that Banco Santander in 1991 became the single largest shareholder (13.3%) in First Fidelity Bancorporation of New Jersey, a bank with widely reported links to drug-money laundering. It is also the largest shareholder in First Union Corporation, the sixth largest bank in the United States, which in turn has a representative on the Santander board.

Banco Santander, unlike BCH, prefers to buy Ibero-American banks outright (they have invested over $3 billion there so far), rename them, and then use executives from their Chilean operations to run the expanded ventures. They got into Chile in a big way by taking over the large *Banco Osorno* in mid-1996, and merging it into their existing, but smaller, Banco Santander, and thereby producing the country's second largest bank, with over $11 billion in assets. Their other major moves in Ibero-America have been:

- In Mexico, they bought up the failing *Banco Mexicano Somex* in October 1996, after the Mexican government was kind enough to take over $2.37 billion of its bad debt. Santander ended up with a clean bank, Banco Santander, today Mexico's 9th largest with $6.8 billion in assets.
- In December 1996, Santander bought 97% of Venezuela's second largest bank, the *Banco de Venezuela,* which was a state-sector bank that had gone belly-up in 1994.
- Also in 1996, they took over Colombia's eighth largest bank, *Bancoquia.*
- In Argentina, in May 1997 Santander purchased 35% of the country's fourth largest bank, *Banco Río de la Plata,* which today has over $7 billion in assets.
- And in Peru, Santander acquired the *Banco Interandino* and the *Banco Mercantil,* and merged them to form the Banco Santander, which is today the country's sixth largest.
- Santander has also made a first foray into Brazil, buying the mid-sized *Banco Geral do Comércio* in March 1997.

Also linked to the Banco Santander is the Chilean *Infisa* group, run by Alvaro Saieh. Saieh was the owner of Chile's Banco Osorno, and when he sold it to Banco Santander in mid-1996 for nearly $1 billion, he took $400 million of that money and set up Infisa in early 1997. As one Venezuelan banker put it: "Santander has concrete interests in Infisa."

Infisa's start-up capital totalled $750 million. Some $400 million came from Saieh, as noted; $100 million was put up by the Blackstone Group (of Wall Street's Peter Peterson and Stephen Schwarzman); another $100 million came from the U.S.'s Hicks, Muse, Tate & Furst; $75 million was from Chase (Manhattan) Capital Partners; and a final $75 million was from Natcan Holding International, a subsidiary of the National Bank of Canada. Other participants in Infisa are Sir George Bush's former Treasury Secretary, Nicholas Brady, former Peruvian Economics Minister Carlos Rodríguez Pastor, and former Chilean Finance Minister Sergio de Castro.

Banco Bilbao Vizcaya

The *Banco Bilbao Vizcaya* (BBV) is the third major Spanish group that is building an Ibero-American banking empire—for the British. Formed by the merger of the Banco de Bilbao and the Banco de Vizcaya in October 1988, BBV today is the number two bank in Spain, with $132 billion in assets, but unlike its two Spanish sisters, it does not have significant holdings in Chile. BBV has instead bought two major banks in each of Argentina and Mexico, and the lead banks in Colombia and Venezuela.

- The Mexico move began in 1995, with the purchase of the failed *Probursa* bank, which was then merged with a second bank, *Banco Cremi,* to form the *BBV* of Mexico, today the seventh largest in the country with over $8 billion in assets.
- In Argentina, BBV bought 30% of sixth-ranked *Banco Francés* in September 1996, and then 72% of eighth-ranked *Banco de Crédito Argentino.* There are reports that BBV intends to merge the two shortly, which would make the resulting bank the largest private bank, and the third largest overall, in the country.
- In late 1996, BBV also made major moves into Colombia and Venezuela, taking control of the largest bank in each of those two countries. In Venezuela, BBV bought 40% of *Banco Provincial,* teaming up with the Quantum Fund of George Soros, the world's most prominent drug legalizer, which came in with 12% of the capital. And in Colombia, BBV purchased 40% of *Banco Ganadero,* the number-one institution in that drug-infested banking system.
- A year earlier, BBV had bought a 34% controlling share of Peru's third bank, *Banco Continental.*

BBV seems to have a predilection for shady associations—to put it mildly. Perhaps the most notorious is the case of Monzer al-Kassar, the Syrian arms- and drug-runner who emerged as a major player in the 1980s, after his brother Ghassan married the daughter of Gen. Ali Duba, the head of Syrian intelligence, who oversaw narcotics production in occupied Lebanon. Arrested repeatedly throughout western Europe, and officially under investigation by U.S agencies, including the DEA, CIA, and FBI, al-Kassar nonetheless worked closely with the Bush Contra-crack operation during the mid-1980s, had ongoing contact with Colombian kingpins Pablo Escobar and Jorge Luis Ochoa, and was in all likelihood instrumental in the Pan Am 103 terrorist bombing, over Lockerbie, Scotland in December 1988.

According to accounts published in Germany, a June 20, 1986 document of the West German Federal Criminal Bureau

(BKA), reports that "al-Kassar holds 51% of the capital of this bank," referring to the Banco de Bilbao (which two years later merged with the Banco de Vizcaya to form BBV). The BKA document adds that General Duba, Syrian dictator Hafez al-Assad, and his brother and heroin kingpin Rifaat al-Assad, all maintained sizable accounts at the Banco de Bilbao. Al-Kassar himself reportedly had a multimillion-dollar account there, which was used to launder all his drug- and weapons-trafficking proceeds.

BBV has kept the same kind of company on this side of the Atlantic.

- In Venezuela, BBV Foundation head and bank board member José Angel Sánchez Asiaín, was part of a select "international advisory board on foreign investment" set up in 1992 by Socialist International leader, President Carlos Andrés Pérez—who was deposed from office a year later, convicted of corruption, and held under house arrest until 1996. Also serving on Pérez's committee were Sir Henry Kissinger, American Express President James Robinson, and other Anglophile luminaries. Sánchez Asiaín and BBV chairman Emilio Ybarra y Churruca were themselves indicted in Spain in 1995, charged with irregular financial contributions to the ruling PSOE party, which, like Venezuela's Pérez, is part of the Socialist International.
- When BBV bought control of Venezuela's Banco Provincial in 1996, they reportedly did so in coordination with Venezuela's Cisneros group, whose head, Gustavo Cisneros, described the BBV takeover of his Provincial rivals as "excellent news." Cisneros has for decades been the financial angel behind the corrupt ex-President Pérez. The Cisneros family earned their fortune through their links with international financial circles tied to drug money laundering, as documented in *EIR*'s *Dope, Inc.*
- Argentina's Santiago Soldati is another frequent BBV partner, largely in electricity, water, and communications joint ventures. Soldati is a multi-millionaire businessman of Swiss descent, financed by British Rothschild money, who is said to be a front man for Marc Rich, a fugitive from U.S. justice who currently resides in Zug, Switzerland, who reportedly has Israeli mafia links, and who has major raw materials holdings worldwide.

What is the guiding hand behind all this filth? *EIR* has learned from sources inside the international department of BBV itself, that they have "strategic pacts" with a select handful of British and American banks, including Midland Bank (owned by HongShang), Morgan Guaranty Trust (whose British origins were reported above), and Wall Street's Chase Manhattan Bank.

Otherwise, the Venezuelan newspaper *Universal* reports matter-of-factly that BBV's real owners are General Electric; France's largest insurance company, Axa; and Japan's Nippon Life—connections confirmed in part by BBV's own annual reports and other official filings. Although *General Electric* is reported to have sold off its holdings in BBV just a few months ago, it was a guiding force there for years. GE is a Morgan company through and through, and Morgan, as noted above in the Banco Santander case, are British financial interests. As for Axa, its head, Claude Bébéar, was a close business associate of a major City of London financier, the late Sir Jimmy Goldsmith.

Also worth noting is that in October 1996, BBV bought up the London-headquartered *Latinvest,* an investment bank with important existing networks across Ibero-America, which BBV intends to use as a wedge to further its financial penetration of the continent.

The Canadian connection

The picture of the British Commonwealth's banking invasion of Ibero-America is rounded out by looking at two Canadian banks: *Bank of Montreal,* and *Bank of Nova Scotia.* To put a fine point on it, we quote from *EIR*'s authoritative 1986 bestseller, *Dope, Inc.:*

"This [Dope, Inc.] command structure contains the following main groups: The British combination that controls offshore banking and precious metals trading, i.e., the Hongkong and Shanghai Bank, the Oppenheimer gold interests, top British financial institutions such as Eagle Star Insurance and Barclay's Bank, and their Canadian cousins such as *Bank of Montreal* and *Bank of Nova Scotia. . . .*"

Bank of Montreal has a decisive share in only one major Ibero-American bank, but it is one of the region's giants: *Bancomer,* whose $32 billion in assets make it the second largest in Mexico, and the fourth largest in the whole continent. In 1996, the Mexican government's Fobaproa bought up $15.6 billion in bad debt from Bancomer—more than half the $29 billion they have spent to date on bailouts for the entire Mexican banking system. Bancomer then turned around and announced its "association" with the Bank of Montreal, which purchased close to 20% of the bank on the spot, with an option for up to 55%.

The *Bank of Nova Scotia,* or Scotiabank as it is often called, has also established a beachhead in Chile, with its 28% ownership of the *Banco Sud Americano,* the fifth largest in the country, with $7.6 billion in assets. It also owns 25% of a bank of the same name in Peru, which is that country's tenth largest. But its largest holding is Mexico's *Banco Inverlat,* another bank which went belly-up in 1995. In the now-familiar fashion, the Mexican government bought 48% of Inverlat, put it in receivership, and then in March 1996 sold a 55% share to Bank of Nova Scotia. Although Inverlat is still officially reported as in receivership, the reality is that Scotiabank now controls Mexico's fourth largest bank, with $14.3 in assets.

Where will the Canadian banks, and their British cousins, and their Spanish front groups turn next for plunder? The answer is evident. As the trade journal *The Banker* never tires of repeating, "The obvious missing link in Latin America is Brazil."

British cartels break up Brazil's CVRD, target continent's raw materials

by Richard Freeman and Cynthia Rush

On May 6 of this year, the British Commonwealth raw materials cartel took a major step toward dismembering Brazil as a nation-state, a step that the oligarchy views as decisive in its plan to reduce Ibero-America to colonial plantation status, and loot it of its raw materials patrimony. On that date, under intense British pressure to "globalize" its economy, Brazil privatized a major portion of the state-owned mining company, Companhia Vale do Rio Doce (CVRD), which is Ibero-America's largest raw materials company and the third largest in the world. Brazil sold 30% of CVRD for $3.2 billion. The purchaser was the Brazil Consortium, a group of investors led by Sweet River Investments of speculator George Soros. Sweet River Investments was incorporated in the drug money-laundering haven of the British Cayman Islands, only days before the sale, expressly for the purpose of gobbling up part of CVRD. The true worth of the mining property of CVRD, within the 30% snatched up by the British for a song, is several hundred billion dollars.

The super-wealthy Anglo-Dutch and other oligarchical families that control the companies of the raw materials cartel, are working on a time-table bounded by the fact that the world financial system is headed toward disintegration. For two years, they have been moving out of bloated financial assets and stampeding into ownership of hard physical assets—raw materials, energy supplies, and increasingly scarce food supplies. Even better than owning a raw material commodity, they calculate, is to own the physical property that mines and produces the commodity.

As the pace of financial disintegration accelerates, the oligarchy steps up its raw materials takeovers. When the smoke clears and 90% of the world's financial assets have been vaporized by the crash, the oligarchy expects to emerge owning 70% or more of the world's raw materials, and mining facilities. This means the oligarchy would have a chokehold on the flow of goods upon which all human existence depends: By squeezing off production, it could blackmail nations, shutting down their industrial and agricultural production, depopulating the globe.

Countries such as Brazil, which are giving up control of their raw materials, will be consigned to the scrapheap. Indeed, most of Ibero-America's population of 490 million will be written off as expendable. The only people the oligarchy will tolerate (aside from its own family members) will be those needed to work the mines, transport the minerals to the ports, and serve as chauffeurs and chambermaids for the mine owners.

This end-game is now playing out in Africa, where marcher-lords such as Uganda's Yoweri Museveni and Zaire-Congo's Laurent Kabila, are wiping nations off the map and reducing economic life to standards of the Dark Ages. This is what awaits Ibero-America, starting with Brazil, economically the most advanced, with one-third of the continent's population.

This is the Africanization of Ibero-America: Its initial phases have already been under intensive implementation for a few years. Here, we look at the raw materials cartel's offensive to seize raw materials. We first look at the location and density of raw materials that the cartel seeks in Ibero-America; who and what the raw materials cartel is, and its reach globally; and finally, the dangerous advance this assault has made.

The wealth of a continent

Ibero-America is a treasure trove of raw materials. The populations of the Western Hemisphere, as well as parts of East Asia, South Central Asia, and Europe, depend on many of its raw materials, to fashion the goods of their existence.

Minerals and metals can be sorted into three groups:

1. Precious metals: largely gold, silver, and the platinum group, all of which have industrial uses, but are held, in this instance, for their value as a monetary reserve or as a hoard (often in the form of bullion, coins, and jewelry).

2. Industrial/base metals: Seven of these—bauxite, copper, iron, lead, nickel, tin, and zinc—account, by weight, for 70% of all the non-carbon-, non-wood-, non-stone-based finished manufactured products in the world. No industrial society can exist without the finished products that come from them, to manufacture everything from machine tools and tractors to electric generators.

3. Strategic metals and minerals: These are usually used as alloys because they are frequently lightweight, have high tensile strength, or resist heat well. They are often used in defense and high-technology production.

Table 1 shows the amount of world mine production, in

TABLE 1

Ibero-America's share of world mining production or refining

(all tons are metric tons, 1995 output; numbers highlighted in **bold** indicate that country is one of world's top six producing nations of the cited commodity)

Mineral or metal	World production	Unit of production	Percent of world production in: Ibero-America	Brazil	Chile	Mexico	Peru	Other*
Precious								
Gold	2.25	thousand tons	12%	3%	2%	1%	3%	3%
Silver	14.6	thousand tons	41%	1%	**7%**	**16%**	**13%**	3%
Base/industrial								
Aluminum	19.4	million tons	10%	**6%**				4%
Arsenic trioxide	41.3	thousand tons	29%		**15%**	**11%**		3%
Bauxite and alumina	109.0	million tons	28%	**8%**				**20%**
Bismuth	3.0	thousand tons	63%			**30%**	**33%**	
Boron	2.4	million tons	11%		**4%**		1%	**6%**
Cadmium	18.5	thousand tons	6%	1%		4%	1%	
Copper (mine production)	10.0	million tons	32%		**25%**	3%	4%	
Copper (refinery)	11.7	million tons	18%	1%	**13%**	2%	2%	
Feldspar	6.1	million tons	10%	2%		2%		5%
Fluorspar	3.9	million tons	15%	2%		**13%**		
Graphite	718.0	thousand tons	11%	**5%**		**6%**		
Gypsum	98.1	million tons	8%	1%	1%	5%		2%
Iron ore (metal content)	554.8	million tons	27%	**22%**	1%	1%	1%	2%
Lead	2.7	million tons	16%			**6%**	**9%**	1%
Nickel (metal content)	1.0	thousand tons	14%	3%				**11%**
Sodium sulfate (natural)	2.5	million tons	21%			**21%**		
Strontium	135.0	thousand tons	53%			**53%**		
Tin	187.0	thousand tons	28%	**9%**			**12%**	**7%**
Zinc	7.1	million tons	20%	2%		**5%**	**10%**	3%
Strategic								
Beryllium	6.8	thousand tons	13%	**13%**				
Cobalt	22.1	thousand tons	9%	2%				**7%**
Columbium (metal content)	17.8	thousand tons	86%	**86%**				
Manganese (metal content)	7.6	million tons	14%	**12%**		2%		
Molybdenum	126.0	thousand tons	20%		**14%**	**3%**	3%	
Tantalum (metal content)	356.0	tons		14%	14%			
Vanadium	63.5	thousand tons	8%		**4%**			**4%**

* Argentina, Bolivia, Cuba, Dominican Republic, Jamaica, and Venezuela.

Source: U.S. Geological Survey.

1995, of 26 precious, base/industrial, and strategic minerals and metals (and the refinery output of copper and aluminum). Then, for each commodity, it shows the percent of world mining output that Ibero-America represents; that the four biggest mining countries in Ibero-America each represent—Brazil, Chile, Mexico, and Peru; and that the rest of the nations of Ibero-America combined represent. **Table 2** shows for the essential 26 minerals and metals, the name and world rank of each nation in Ibero-America that is among the top six producers of that mineral or metal.

Ibero-American countries are the top producers in the world of five minerals or raw materials: Mexico, silver; Peru, bismuth; Chile, copper; Mexico, strontium; and Brazil, columbium (niobium). Three Ibero-American nations produce more than half of the world's output of three minerals: bismuth (Peru, 63%), strontium (Mexico, 53%), and columbium (Brazil, 86%). The continent also boasts nine countries that rank as second largest world producers of a mineral or raw

TABLE 2
World rank of Ibero-American nations as raw materials producers

Commodity	Nation (rank)
Precious	
Gold	*none in top rank*
Silver	Mexico (1), Peru (2), Chile (5)
Base/industrial	
Aluminum	Brazil (6)
Arsenic trioxide	Chile (2), Mexico (4)
Bauxite and alumina	Jamaica (3), Brazil (4), Venezuela (5)
Bismuth	Peru (1), Mexico (2)
Boron	Argentina (3), Chile (5)
Cadmium	*none in top rank*
Copper (mine production)	Chile (1)
Copper (refinery)	Chile (2)
Feldspar	*none in top rank*
Fluorspar	Mexico (2)
Graphite	Mexico (3), Brazil (5)
Gypsum	*none in top rank*
Iron ore (metal content)	Brazil (1)
Lead	Peru (4), Mexico (6)
Nickel (metal content)	Dominican Republic (6)
Sodium sulfate (natural)	Mexico (2)
Strontium	Mexico (1)
Tin	Peru (3), Brazil (4), Bolivia (5)
Zinc	Peru (4), Mexico (6)
Strategic	
Beryllium	Brazil (2)
Cobalt	Cuba (6)
Columbium (metal content)	Brazil (1)
Manganese (metal content)	Brazil (5)
Molybdenum	Chile (2), Mexico (6)
Tantalum (metal content)	Brazil (2)
Vanadium	Venezuela (5), Chile (6)

Source: U.S. Geological Survey.

material. There are only four of the listed 26 minerals and metals, in which an Ibero-American nation is not among the top six producers.

Ibero-America produces 15% of the world's output of two of the seven most important base/industrial metals; 20% of the world output for one of the metals; and at least 25% of the world output for three metals. It produces one-third of the world's output of copper. It is no small wonder that the British Commonwealth raw materials cartel assigns the greatest strategic importance to controlling this mineral output and the reserves of these minerals, which are even greater still.

Who owns the raw materials

In 1990, between 75% and 80% of all mining properties in Ibero-American nations were owned either by state-owned mining companies, or by private concerns owned by that country's nationals. These nations saw raw materials as a patrimony to be used for the industrialization of the nation. Most countries, if they did allow foreign ownership of mining properties, restricted it to no more than 49% ownership—i.e., minority ownership. The one exception was Chile, which, following the dictates of the Mont Pelerin Society, had "liberalized" its mining laws, over 1978-85, to allow both majority foreign ownership, and more widespread foreign ownership. But, as the accompanying box shows, in 1993-95, as part of the British push to spread the disease of "globalization" to Ibero-American financial markets and mining sectors, these nations changed their laws along the Chile model. Several also adopted privatization, or selling off state-held mining companies to private owners.

The outcome is that today, in several Ibero-American nations, foreigners, both in their own names and through dummy corporations, own between one-third and two-thirds of the nations' mining properties.

Of the foreigners, by far, the principal owners are companies of the British Commonwealth raw materials cartel.

Figure 1 shows the leading members of the Commonwealth raw materials cartel, operating in the principal mineral-rich countries of Ibero-America, along with the symbol for the name of the raw material property that they own in the respective country. All the entities are from Britain, Canada, South Africa, or Australia. There are other foreign mining firms which operate in these countries, but these listed firms are the British Commonwealth firms, and they own the majority of projects in most countries. For 150 years, Australia, Canada, and South Africa have acted as the vanguard for London interests.

Notice that these firms operate in Cuba as well, which has maintained close economic and political links with London, and especially, Canada, since the 1959 Castro revolution.

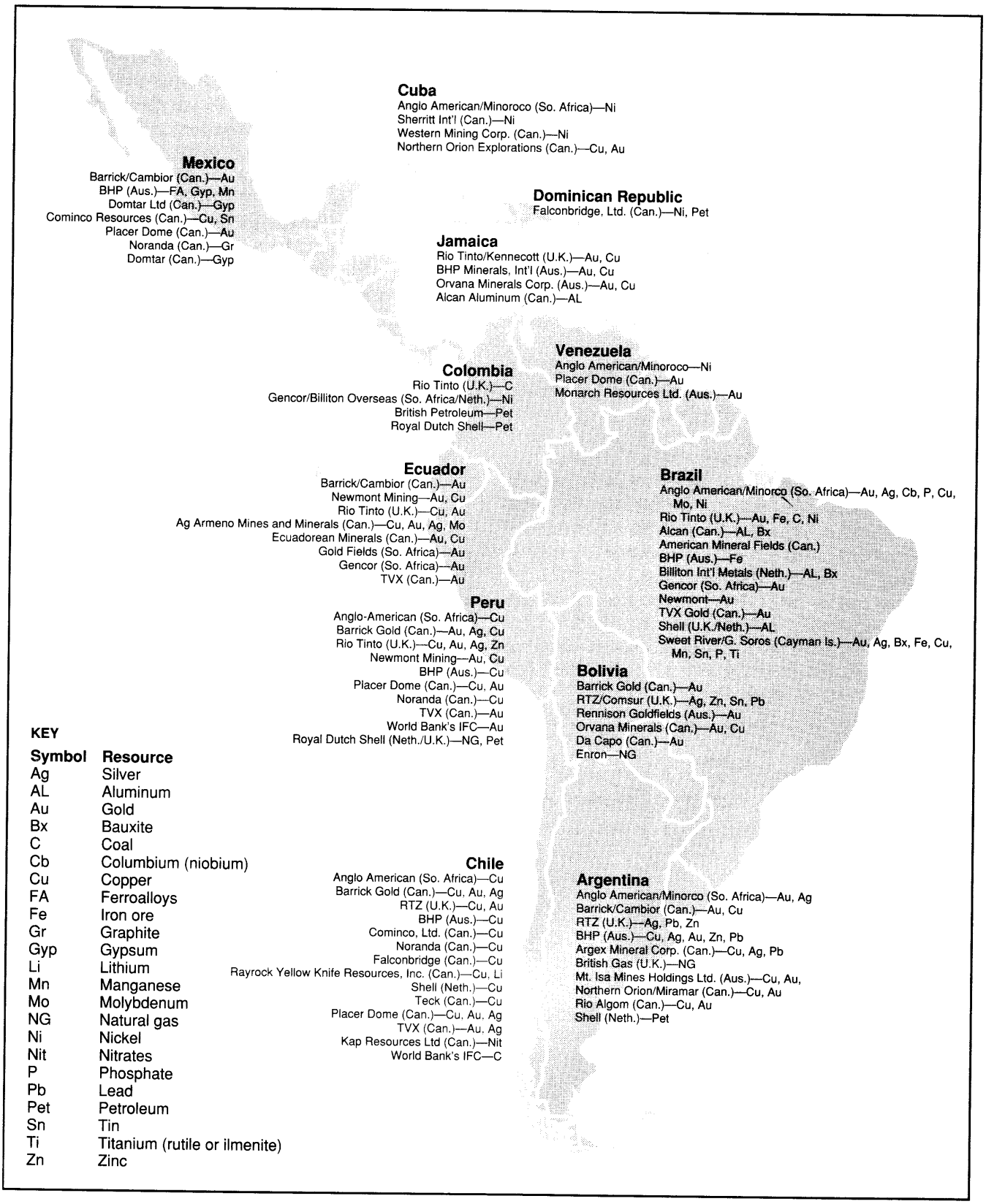
The British Commonwealth is the most formidable economic force on this planet. It encompasses 24% of the world's land mass and 29% of its population. Grouped around the Anglo-Dutch monarchies, it operates as a single cartel, which is divided up into subordinated categories: a raw materials cartel, an energy cartel, a food cartel, and a financial cartel (see the flow chart on p. 5). These firms, through their share ownership in each other, and through tightly interlocked boards of directors, comprise a single operation. Operating through Britain's Royal Privy Council and its Commonwealth subsidiaries, and through the British Overseas Development Office (formerly the Colonial Office), they shape imperial affairs.

At the nerve center of the raw materials cartel are four powerful companies—Anglo American, Rio Tinto, Barrick Gold, and Newmont Mining—which are coordinating and enriching themselves through the raw materials grab in Ibero-America. Together, in Ibero-America, these four companies own and operate 47 mining projects, covering 16 different raw materials.

The history of this "gang of four," particularly their activities within Ibero-America during the last five years, prepares

FIGURE 1

British Commonwealth mining companies, by country and raw materials produced



one to understand how the British Commonwealth plan for domination of Ibero-America is unfolding.

Anglo American: The world's largest raw material firm, based in Johannesburg, South Africa, is key in the raw materials cartel. Through the cross-ownership of shares, Anglo American is one entity with DeBeers Diamonds and the Luxembourg-based Minorco minerals, all owned and controlled by the immensely rich Oppenheimer family (two Anglo American subsidiaries, ARH and Amgold, own 45.6% of Minorco's shares, and DeBeers owns another 23% of Minorco's shares). DeBeers Consolidated and DeBeers Centenary, the two Oppenheimer-owned DeBeers diamond companies, control the Central Selling Organization, which in turn controls 80% of the world's diamond market. The Anglo American/DeBeers/Minorco combine is the world's single biggest producer of gold, platinum, diamonds, palladium, antimony, tungsten, and vanadium.

Harry Oppenheimer, the Cambridge-educated patriarch of Anglo American, is part of the oligarchy's 1001 Club, which operates under the aegis of the World Wide Fund for Nature of Britain's Prince Philip, the flagship of environmentalism and anti-industrial strategies globally.

Rio Tinto (formerly Rio Tinto Zinc): The world's second largest raw material firm, Rio Tinto is headquartered in London. Rio Tinto Zinc was formed in the 1870s by China opium-trader Hugh Matheson, a principal in the Hongkong-based Jardine Matheson, who pushed to expand the British Empire. According to published reports, today, Queen Elizabeth II owns a significant share of Rio Tinto stock.

The immense power of Anglo American and Rio Tinto taken together is shown in **Table 3,** which shows their share of the Western world's raw materials production. There are 16 commodities, in which Anglo American and Rio Tinto combined have 10% or more of the Western world's output, and of these, there are 9 in which they control 20% or more of Western world output.

Barrick Gold, based in Toronto, is as much a political as an economic power. Sir George Bush helps direct this company, from his position, created in 1995, as honorary senior member of Barrick's international advisory board. While he was vice president of the United States (1981-89), Bush worked inside the U.S. government to manage London-directed illegal weapons- and drug-running operations. Financier Adnan Khashoggi, who underwrote Bush's Contra operations, formed Barrick in 1981. Peter Munk, who was a protégé of the British royal household, eventually became chairman of Barrick. Through guidance by the oligarchy and Harriman-Bush networks, Barrick leapt from out of nowhere to become the second-largest gold producer in the world. In 1996, Barrick muscled in to obtain a concession to mine gold at the Kilomoto and Doko mines in Haut-Zaïre, Zaire's northeast province. In return, it helped bring to power genocidal dictator Laurent Kabila.

TABLE 3
Anglo-American and Rio Tinto combined share of Western world mining production
(percent of total)

Commodity	Share	Commodity	Share
Antimony	20%	Nickel	8%
Bauxite	10	Niobium	8
Chromite	15	Palladium	39
Cobalt	10	Platinum	45
Copper	12	Rhodium	41
Diamond	48	Silver	6
Gold	25	Titanium	31
Iron ore	10	Tungsten	18
Lead	7	Uranium	8
Lithium	5	Vanadium	36
Manganese	6	Zinc	6
Molybdenum	11	Zirconium	23

Mining laws favor raw materials grab

Since the early 1990s, most Ibero-American governments have enacted legislation which facilitates the looting of natural resources by London's raw materials cartels. Earlier legislation which protected ownership and exploitation of these resources, in most cases by the state, was scrapped in favor of laws which, at the very least, put foreign mining and energy firms on an equal footing with national companies, offering all manner of tax breaks, as well as advantages for profit repatriation.

The leader was, no surprise, **Chile,** whose 1973 "revolution" made it the guinea pig for the Mont Pelerin Society's nation-wrecking economic policies. Mining legislation enacted in 1978 began the process, specifically offering protection for the property rights of foreign companies which discovered or purchased mining deposits. This was the signal for such companies as Anglo American, Rio Tinto (formerly Rio Tinto Zinc), and Barrick Gold, to move aggressively into its rich copper belt.

But some countries, such as **Peru,** have sought to "out-Chile" Chile: Legislation enacted in June 1992, according to the deputy mines and energy minister, was intended to "give Peru a competitive edge over our nearest neighbor, Chile." It established that companies would only pay taxes on profits rather than on total sales; it guaranteed tax stability for ten years—i.e., the government would offer contractual promises that foreign corporations wouldn't have to

Newmont Mining, based in Denver, Colorado, is an example of a firm that is based in America, but is decidedly British. The company is controlled by British asset George Soros and his friends (see *EIR* Special Report, "Never Again! London's Genocide against Africans"). Newmont was founded in 1921 by J.P. Morgan banker William Boyce Thompson. In 1989, Hanson Plc, a large British takeover conglomerate, bought Newmont. In 1991, Hanson sold 49.97% of Newmont to British financier, the late Sir Jimmy Goldsmith. In 1993, Goldsmith sold 14% of Newmont to Soros. According to Newmont's records, today, Soros owns 7.88% of Newmont; the estate of James Goldsmith owns between 2 and 3%; and Lord Jacob Rothschild owns 2%. Fidelity Mutual Fund, which represents the Boston Brahmin drug interests, owns another 10.22%.

The tentacles of this octopus reach everywhere: **Table 4** shows their stake in Ibero-America, by project (including exploration) and commodity. Anglo American owns and operates 14 projects in 7 countries; Rio Tinto owns and operates 12 projects in 8 countries; Barrick Gold has 16 projects in 7 countries: Newmont Mining runs projects in 5 countries.

But beyond the sheer number, several of these projects are pivotal in controlling the minerals of the nations of Ibero-America:

- Anglo American owns two key mining projects in Brazil: a 50% stake in the Solobo deposit in Carajás, Brazil, which has an enormous 1.2 billion tons of reserves of copper, gold, molybdenum, and silver; and also a 31.5% stake in a columbium-producing mine in Goiás state.
- Rio Tinto owns 33% of the Cía Minera del Sur, S.A. (Comsur) in Bolivia, a huge mining concern which produces 80% of Bolivia's lead, 65% of its zinc, and 37% of its silver. Comsur is the company of the family of Gonzalo Sánchez de Lozada, President of Bolivia from 1991 until Aug. 5, 1997. While President, Sánchez de Lozada has further opened up Bolivia to the raw materials cartel.
- Newmont Mining bought, in 1996, a 51% ownership stake in the Yanacocha mine in Peru, the continent's largest gold mine, producing nearly 1 million ounces of gold per year.

pay any new taxes imposed by some later government. A tax "drawback" system allowed recovery of taxes paid to the Peruvian state by exporters, the minimum area for a mining concession was reduced, and joint ventures were allowed in all areas of mining.

The pattern has been the same around the continent.

In **Bolivia,** note the role of President Gonzalo Sánchez de Lozada, who for years was Rio Tinto's representative in the country. Before leaving office, he forced through a new mining code in early 1997, described by foreign mining sources as the continent's "most progressive." It offers a single procedure which covers all prospecting, exploration, and mining production activities, granting concession holders full property rights. Sánchez de Lozada, a member of the Inter-American Dialogue, also opened up bidding on portions of the state-run Comibol mining firm, which will effectively privatize its tin and antimony smelting company, Empresa Metalúrgica Vinto, the world's fourth largest.

The British-loving President of **Brazil,** Fernando Henrique Cardoso, wasn't far behind. In 1995, he was able to ram constitutional amendments through Congress which allowed both domestic and foreign private sector companies to invest in the mining, petroleum exploration, natural gas distribution—among other sectors—via privatization, joint ventures, and deregulation. According to studies by the U.S. Geological Survey, foreign firms could now own 100% of any company or property, including those previously owned by the Brazilian state. Moreover, the provisions of Federal Law No. 9249 established that, as of Jan. 1, 1996, there would be no taxes for repatriation of profits. In addition, even though this latter tax was eliminated, a foreign mining company can still apply the *old* 25% tax on profit repatriation against a 35% income tax, reducing the latter to 10%. So, the foreign firm pays no tax on profit repatriation and only 10% income tax. These provisions are what have London's raw materials cartels salivating over the Brazilian riches to be stolen.

In **Argentina,** several liberal mining laws and decrees were enacted between July 1993 and November 1995. "Tax stability" is a key feature of these, guaranteeing that tax levels prevailing when a mining feasibility study is prepared, will remain in force for 30 years! Another provision allows mining operators advance rebates on their goods and services tax payments.

In 1989, there were only four foreign mining firms operating in Argentina. By 1995, some 62 foreign companies had established operations in the country, 42 of them from Commonwealth nations. Today there are 70 foreign companies engaged in minerals exploration, covering an area of 18.4 million hectares. Eighty percent of this area is located in the Andean mountain range, which Argentina shares with Chile. These two governments are about to sign a Mining Integration treaty, which will grant extraordinary concessions to foreign mining companies wishing to exploit resources on both sides of the border.

Provisions of protocols signed in January 1997, in advance of the anticipated Mining Integration law, have already allowed Barrick Gold to begin setting up a no-man's land straddling the border in this strategic area. As the laws are now written, the only real government in these regions will be Barrick.—*Cynthia Rush*

TABLE 4

Four British Commonwealth mining companies' holdings in Ibero-America

Country	Local project or local company	Foreign company's percent ownership	Mineral or metal	Comment
Anglo American/Minorco				
Argentina	Minera Mincorp, S.A. Cerro Vanguardia (Sta. Cruz prov.)		gold, silver	1995 feasibility study shows 3.2 million ounces of gold.
Brazil	Minerão Morro Velho, S.A.	100%	gold	Second-largest gold-producing project in Brazil: half owned by Bozano Simonsen, a subsidiary of Minorco. Operates 7 mines in Bahía and Minas Gerais states; in 1995, produced 16.5 tons of gold.
Brazil	Copebrás (in Goiás state)	9%	phosphate rock, carbon black	
Brazil	Solobo (Pará state)	50%	copper, gold, molybdenum, silver	This holding is enormous; a feasibility study showed the Solobo deposit in Carajás, to have 1.2 billion tons of reserves, having a grade of 0.84% copper with associated gold, molybdenum, and silver. Annual production is planned at the rate of 200,000 tons of refined copper, 27 tons of silver, and 240,000 troy ounces of gold.
Brazil	Jacobina, and Serra Grande (Bahía & Goiás states)	100%	gold	
Brazil	Codemin, and Morro do Niquel	100%	nickel	
Brazil	Minerão Catalão (Goiás state)	100%	columbium/ niobium	Brazil is the world's largest columbium producer.
Chile	Empresa Minera de Mantos Blancos (Antofagasta)	88%	copper	One of Chile's top four private copper companies.
Chile	Mantoverde		copper oxide	Has 101 million tons of reserves.
Chile	Collahuasi	50%	copper	Anticipated to produce 330,000 tons per year; production to start in late 1998.
Cuba			nickel	
Mexico			copper, gold	
Peru	Empresa Minera de Mantos Blancos/Quellaveco	88%	copper	
Venezuela	Loma de Níquel	85%	nickel	
Rio Tinto				
Argentina	Aguilar (Jujuy province)	30%	lead, zinc, silver	
Argentina	Tincalayú (Salta province)	100%	boron-borax	
Argentina	Sulfacid (Santa Fé province)	33%	zinc	
Bolivia	COMSUR		lead, tin, silver, zinc	Rio Tinto owns 33% of COMSUR (Cía. Minera de Sur, S.A.), which produces 80% of Bolivia's lead, 65% of its zinc, and 37% of its silver. It owns and operates a combined 12 mines, located in La Paz, Cochabamba, Oruro, and Potosí departments.
Brazil	Río Paracatú Minero/ Mondo do Ouro	51%	gold	In 1995, in association with TVX Gold, it produced 5.5 tons of gold; located in Minas Gerais state.
Brazil	Corumbá (Matto Grosso do Sul state)	49%	iron ore	
Brazil	Fortaleza (Minas Gerais state)	100%	nickel	Mine's annual output to be increased to 10,000 tons of nickel per year; deposit also has copper, cobalt, and platinum metal group.
Chile	Empresa Minera Escondida (Antofagasta)	30%	copper, gold	Chile's second-largest copper deposit, with 26 million tons of proven reserves; Chile produces 25% of the world's copper.
Colombia	Oreganal	75%	coal	By 2000, mine's annual output will be 6-7 million tons of coal.
Ecuador	Western Cordillera	100%	copper, gold	

(continued on following page)

TABLE 4 *(continued)*

Country	Local project or local company	Foreign company's percent ownership	Mineral or metal	Comment
Jamaica		100%	copper, gold	Rio Tinto owns project through its 100%-owned subsidiary Kennecott Corp. (formerly Kennecott Copper).
Peru			copper, gold, silver, zinc	Claims 1.6 million hectares in mining concessions.
Barrick Gold				
Argentina	Cambior/Veladero-Del Carmen (San Juan province)	40%	copper, gold	
Argentina	Barrick Exploraciones La Ortiga (San Juan)	100%	gold	
Argentina	Barrick Exploraciones Río Cenicero (San Juan)	100%	gold	
Argentina	Cía. Minera San José/ El Pachón (San Juan)		copper, molybdenum	
Argentina	Barrick Exploraciones & Triton Manatial y Espejo (Santa Cruz province)	20%	gold, silver	
Bolivia				Seeking concessions.
Brazil		100%	gold	In exploration.
Chile	Cía. Minera San José/El Indio (Coquimbo)	83%	gold, silver, copper	Chile's largest silver, and second-largest gold producer. Mine's gold reserves are 5 million troy ounces; in 1995, production was 192,465 troy ounces of gold, and 35,000 tons of copper.
Chile	Cía. Minera San José/Tambo (Coquimbo)	83%	gold	
Chile	Pascua mine (Coquimbo)	80%	gold	Mine has currently identified reserves of 3.4 million ounces.
Ecuador	Cambior	100%	gold	In exploration.
Mexico	Cambior/Metates (Durango)	100%	gold	
Peru	Arequipa Resources/Pierina (Ancash)	95%	gold	Arequipa Resources has estimated reserves of 10 million troy ounces of gold, of which Pierina has 6.5 million.
Peru	Cambior/La Granja		copper	One of the ten largest copper deposits in the world, with about 14 million tons of copper.
Peru	Quicay		gold	
Peru	Cerro Corona		gold	Barrick purchased prospecting rights to Cerro Corona.
Newmont Mining				
Ecuador	Quimsacocha		copper, gold	
Haiti/ Dominican Republic	Pueblo Viejo		gold	Granted exploration rights to area covering 2,580 square miles.
Mexico	La Herradura	100%	gold	
Peru	Minera Yanacocha, S.A., (Cajamarca department)	51%	gold	Ibero-America's largest gold producer; in 1996, production was 811,400 troy ounces.

The sell-off of CVRD

This set the stage in May for Brazil's President Fernando Henrique Cardoso to package off 30% of CVRD. Both former President José Sarney, now president of the Brazilian Senate, and former President Itamar Franco, opposed the sale. Cardoso's action followed a series of destructive mining and tax reform measures in 1995, that included making possible foreign ownership of 100% of equity in Brazilian mining concerns. On May 6, the Brazilian government sold 45% of the common shares of CVRD; since the common shares control two-thirds of the voting power of the company, and the preferred shares control one-third of the voting power, the government in effect sold 30% of the voting control of the company (i.e., 45%×67%=30%). The wealth of the CVRD is concentrated in two regions of Brazil: the Carajas region and the area surrounding Minas Gerais (see p. 44, Figure 1). The

CVRD owns in these regions enormous deposits: 3.3 billion tons of proven and probable iron ore reserves, with an additional 38 billion tons of possible reserves; bauxite deposits that equal 14% of the world's bauxite reserves; potentially 500 tons of gold, etc.

The Brazilian government will sell another 26% of the common shares of CVRD, through investment banks such as Merrill Lynch, in January 1998. For his slavish application of British policy, Brazilian President Cardoso will be knighted by Queen Elizabeth II this coming December.

The purchaser of the shares is the Brazil Consortium. Members of the CVRD reported that they did not know who all the members of the Brazil Consortium were, since it was put together only days before the scheduled sale. It includes the private Brazilian steel company, CSN, and George Soros's Sweet River Investments, as well as Citibank and NationsBank, two of the high-rollers in the international financial derivatives casino.

This is far from Soros's only venture on the continent. He has a significant position in Newmont; the Soros family's investments, through George Soros's brother Paul, are represented on the board of TVX Gold of Canada, which is active in Peru and Ecuador; and Soros is also a heavy funder of the "human rights" intelligence front, America's Watch. While America's Watch attacks the military and national sovereignty of governments on the continent, Soros's mining ventures pick up the pieces cheap from the destabilized governments.

The reader now has enough information to see through a common myth: that American companies own the raw materials of Ibero-America. Take the case of Brazil, where 30 foreign mining companies own projects of significance: Of these, three are American (and one of these only nominally); more than half are British Commonwealth, 11 of which are listed in Figure 1. Indeed, the oligarchy is drooling over the huge amount of untapped and unexplored resources in Brazil.

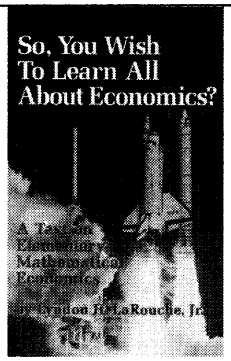
The future of Ibero-America

In many countries, raw materials very much influence the economic life of that country. In Bolivia, in 1995, minerals and fuels accounted for 54% of Bolivia's total export earnings. As indicated above, Rio Tinto also has exercised a very tight influence over the Presidency of Bolivia, through its 33% ownership of Comsur, the mining company of the family of former President Gonzalo Sánchez de Lozada. In Peru, in 1995, mining, including petroleum, accounted for 52% of total export earnings. In Mexico, if one excludes the exports of the *maquiladoras* (sweat-shops near the U.S. border), mining and petroleum account for a very large share of export earnings. While in other countries, mining and fuel might not comprise half of their exports, the proportion remains significant.

The amount of money pouring into Ibero-American mining is very large. In 1995, in Chile, foreign direct investment into mining totalled $1.81 billion, while foreign direct investment into industry totalled $321 million, and into services, $314 million. That is, the foreign direct investment into mining was nearly three times the investment into industry and services combined. As of 1996, the cumulative outstanding amount of foreign direct investment of all kinds into Chile stood at $15.5 billion; of that, more than half was in mining. Much of this foreign investment financed takeovers. In Mexico, as foreign investment into mining streams in, the number of mining claims issued has doubled from 2,000 annually to 4,200, and the land area covered by mining concessions has risen from 2.8 to 7.1 million hectares.

The World Bank has issued a report forecasting that by the year 2000, over one-third of all world mining investment will be in Ibero-America (it places the level of that investment at a low of $11.6 billion and a high of $24 billion).

These figures leave no doubt as to what the oligarchy's intent is: the theft of the raw materials patrimony of Ibero-America. It intends to achieve this objective well before the World Bank's target date of the year 2000. But once in control of the raw materials, the British Commonwealth cartel hopes to unfold the full policy of Africanization of the continent: squeezing off the supply of minerals and metals, to collapse production, cut population by genocide, and overthrow national sovereignty, along the lines that it is effecting via the break-up of Brazil's Companhia Vale do Rio Doce.



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British run private armies in Colombia

by Javier Alamario

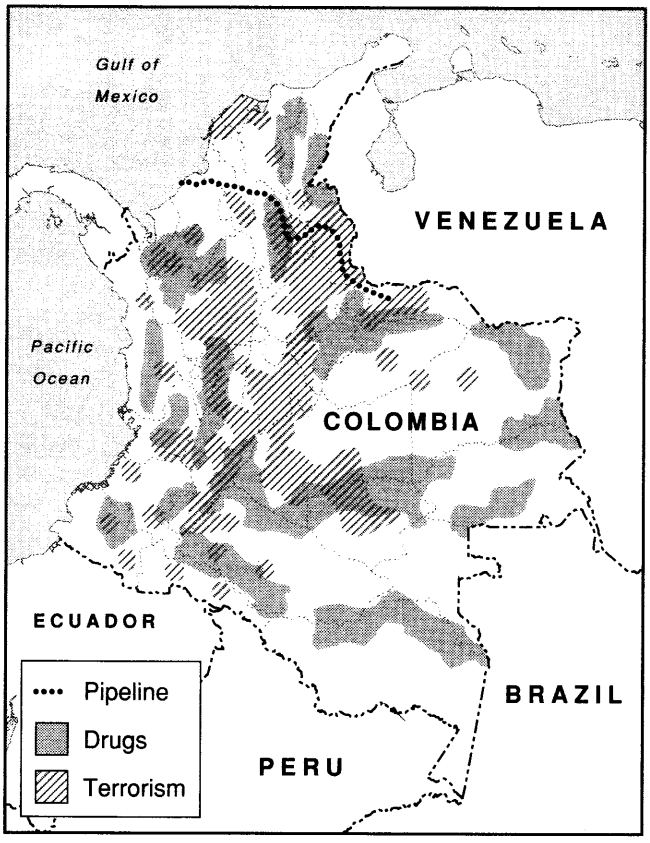
In 1996, some 60,000 soldiers, approximately half of Colombia's military force of 129,140 soldiers (not counting the police), were deployed to guard infrastructure and installations belonging to the state-owned Ecopetrol oil firm, and its multinational partners, among them, British Petroleum (BP), the Anglo-Dutch firm Royal Dutch Shell, and Occidental Petroleum, founded by the notorious Anglo-Soviet agent, Armand Hammer.

Aside from the "war tax" which these, and all large companies operating in the country, pay to the government to help defray special security expenses, they reportedly have an additional agreement with the Colombian government directly, by which they cover part of the cost of the military deployment. The oil multinationals say they pay $150 million annually for these expenses; sources close to the Army insist this is greatly exaggerated, and that the multis only provide food, helicopters, and other logistical supplies to the troops deployed to protect them.

Whatever the reality, this is an odd case of private monies being paid to the national Army. As is well known, in private business, the person paying for a service is the one who runs the show. Among multinational corporations operating in the country, there is debate over whether they should continue to pay this sum. Some of their advisers argue that, just as citizens have the right to services provided by the state's security agencies, by virtue of paying taxes, the taxes paid by the oil multinationals should be sufficient to maintain security at their installations. Others, such as BP, have already begun to hire mercenaries or private foreign troops, including former members of Britain's elite Special Air Services (SAS). This is the same model the British Crown uses in Africa, employing private armies to protect the corporate members of its raw materials cartel.

This trend toward foreign private armies accelerated after an international scandal broke out in late 1996, when human rights non-governmental organizations (NGOs) denounced BP for allegedly financing Colombian right-wing paramilitary groups, which the NGOs claim are fronts for the Colombian military. BP denied any involvement, arguing that they only paid money directly to the Colombian military, and didn't know what the latter then did with the funds. The military denied receiving any BP funds. In the aftermath, BP shifted its emphasis to foreign private security agencies, especially the London-based Defence Systems Ltd. (DSL), which has offices in Bogotá (see Chapter I.).

FIGURE 1
Drugs and terrorism in Colombia, 1995



In all of this, it is the case that the Armed Forces deploy 50% of their forces to protect the oil industry, leaving the other 50% to protect the nation. Taking into account experts' recommendation, that overall troop strength be the equivalent of 1% of the total population, which would be 400,000 for Colombia, the situation is even worse: Today, the combined forces of police and Armed Forces, including civilian personnel, total 290,000 people.

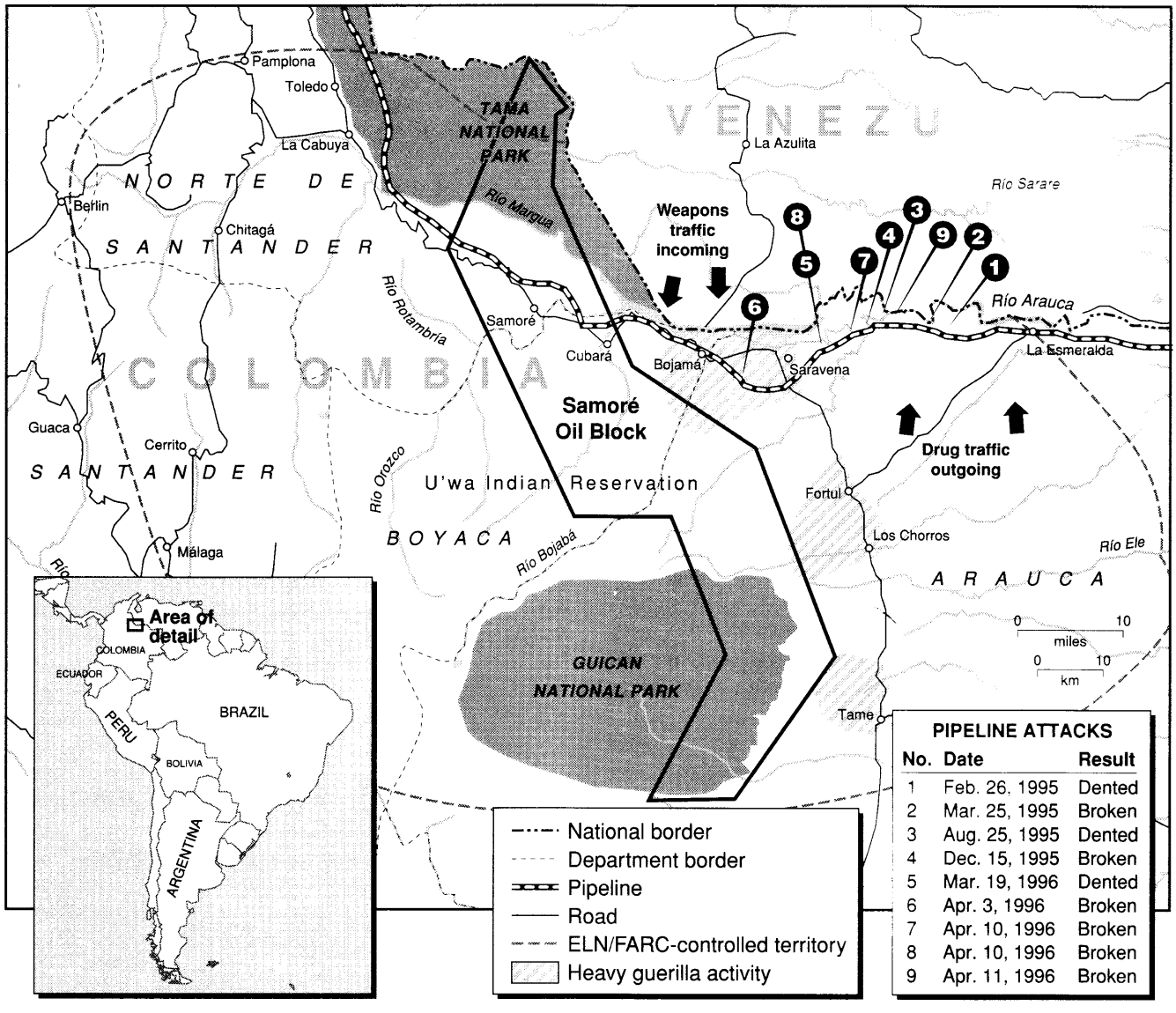
Worse, these same oil companies, and the British security companies which "advise" them, protected by 60,000 soldiers, collaborated to *create* the country's grave security crisis. This is typical British *modus operandi:* First create a crisis, then employ the methods of "conflict resolution" to smash the sovereign nation-state and its institutions.

Occidental and the ELN

A specific example is the Caño Limón-Covenas pipeline, built at the beginning of the 1980s to transport crude oil from the Caño Limón oil field in the northeastern department of Arauca, to the port of Covenas on the Caribbean coast (see **Figures 1** and **2**). The oil field is run by Occidental, in partner-

FIGURE 2

ELN and FARC target Colombia's oil pipeline



PIPELINE ATTACKS

No.	Date	Result
1	Feb. 26, 1995	Dented
2	Mar. 25, 1995	Broken
3	Aug. 25, 1995	Dented
4	Dec. 15, 1995	Broken
5	Mar. 19, 1996	Dented
6	Apr. 3, 1996	Broken
7	Apr. 10, 1996	Broken
8	Apr. 10, 1996	Broken
9	Apr. 11, 1996	Broken

ship with Ecopetrol and Shell Oil. Had there been good relations with Venezuela, it would have been possible to build a small, 50 kilometer-long pipeline to intersect that country's pipeline system, and either export oil from a Venezuelan port, or transport it to Colombian refineries.

Shell and Occidental decided to hire a German construction firm, Mannesmann, to build the 1,500 kilometer pipeline, and together with their foreign partners, contracted German superspy Werner Mauss to handle security for the project. Under Armand Hammer's strategic guidance, Mauss came to an agreement with the narco-terrorist National Liberation Army (ELN), which was then close to extinction, whereby the ELN would protect the pipeline under construction for $200,000 monthly. The almost-defunct ELN became revitalized, bought better weapons and new uniforms, and began to recruit as never before. In a 1984 press conference, Hammer bragged, "We're giving jobs to the ELN. We hired them as suppliers."

Subsequently, Mauss continued to deal with the ELN, but was arrested on Nov. 18, 1996 in Medellín, after negotiating the release of a kidnapped German national. He paid the group a huge sum for his client's release. Some sources have even suggested that Mauss is a prominent ELN agent in Germany, whose job it is to get families of European kidnap victims to pay their ransom. These same sources say that Mauss collects a commission from families or companies of the kidnap vic-

tims, and is also paid by the ELN. Currently, he is free on bail in Colombia.

Some sources assert that Mauss was busted by Colombian authorities at the insistence of a competing—and far larger—foreign "security consulting" firm: Britain's Control Risk, one of the country's major private security companies. There is more than a little evidence to bolster that assertion. But the relevant fact is that both Mauss *and* Control Risk—and in fact the entire security "industry"—have the identical *modus operandi* for countries like Colombia: distance yourself from the host government and its official military: and build up a good working relationship, financial and otherwise, with the surrounding community, including narco-terrorist elements.

This doctrine was laid out with shocking openness in an article by Justine Barrett, senior analyst on the Americas desk of Control Risk, and published in the June 9, 1997 issue of the *Oil & Gas Journal*, as part of a feature story on Occidental and BP's security problems in Colombia. The article outlined how to operate: "Build a sound and lasting relationship with the local community. . . . Companies have to find a way to ensure good relations with the local military while maintaining a clear distance. . . . Good relations with the local community must be at the heart of any long-term security strategy. . . . [Get] input from social scientists—typically sociologists and anthropologists—in the design of a successful community relations program."

In the case of the Caño Limón-Covenas pipeline, the machinery used to build the pipeline in the 1980s was decorated with the ELN's black and red flag. The workers employed to build it had all been recommended by the ELN. The narco-terrorist group became a type of employment vehicle, through which it recruited and gained influence all along the pipeline's 1,500 kilometers. When the Colombian Army exposed the multinationals' financing of the ELN, unleashing a scandal which led to the agreement's undoing, the ELN began to blow up the pipeline, claiming "non-compliance" with the arrangement. At that point, the multinationals washed their hands of the whole deal, and handed management of the pipeline over to Ecopetrol.

In conclusion, the pipeline is extremely vulnerable: Almost all of it passes through the ELN's sphere of influence; it has been subjected to 1,000 bombings since it was built, and any adequate protection system would require at least four soldiers for every 100 meters, as well as armored helicopters, or a 1,500-km security fencing system, and a specialized immediate-response group.

One of the most attacked stretches of the pipeline runs very close to the Venezuelan border, through the departments of Arauca, Boyacá, and Norte de Santander (see map, which notes some of the attacks through April 1996 only). This is an area of intense weapons- and drug-trafficking by the ELN, and even has protected park areas and a reservation of the U'wa Indians. Overlapping all of this is Occidental Petroleum's Samoré oil block. Perhaps one of the wildest security situations anywhere on the planet has developed here, where the 5,000-member U'wa tribe, under ELN pressure, has threatened to commit collective suicide—they say they will all jump off a cliff!—if Occidental proceeds with exploration and development in the area.

The fact is that Colombia as a whole is rapidly being turned into a no-man's land of competing private armies: drug traffickers, narco-terrorists, British private security companies, and so on. Between them, the ELN and the larger Revolutionary Armed Forces of Colombia (FARC), exercise control in about half of the country's 1,050 municipalities; and they have announced that they will not permit elections to be held in at least 13 of the country's 38 departments (states). Over 1,500 kidnappings for ransom occur in Colombia every year. The murder rate is by far the highest in the world, at about 100 per 100,000 inhabitants. And drugs, especially cocaine and heroin exported to the United States, continue to dominate the economic and political life.

Oil and terrorism

After having hired the ELN as its private mercenary army, the oil multis looked for others. According to Venezuelan sources, Occidental hired Keenie Meenie Services (KMS), founded by Col. David Walker (ret.), to handle security for its Colombian installations. These sources were very concerned that the multis might be sponsoring ELN terrorism in Venezuela, as a way of pressuring the Venezuelan government into accepting greater presence of the multinationals there. Nonetheless, KMS isn't registered in Colombia as a legally constituted company. Its president, Walker, helped Oliver North to organize the private military training and financing network for the Nicaraguan Contras.

British Petroleum recently admitted that it hired Defence Systems Ltd. to protect its installations (see Chapter I). BP also hired Control Risk to carry out "security planning studies." In fact, it was Control Risk which first recommended hiring DSL, made up of retired SAS mercenaries. The book *Secret Conspiracy, Inside the Secret Service in the '90s,* by Stephen Dorrill, affirms that Control Risk is the most important of the private secret services run by Queen Elizabeth II's Privy Council. According to the same sources, the recommendation to hire DSL was due to the fact that "one Defence System agent is equal to 100 Colombian Army soldiers, and that the British want to employ former SAS agents." Among Control Risk's responsibilities in Colombia, where its competitor is Werner Mauss, is negotiating ransoms for kidnap victims.

The British aren't just interested in protecting BP, however. Since the eruption of the scandal over how the drug cartels bought the Presidency for Ernesto Samper Pizano, the narco-President decided to move Colombia toward the British, to evade the Clinton administration's persistent attacks. The British moved quickly to support Samper—but not for free. BP demanded better conditions for its exploration

and exploitation contracts, and the Samper government mandated the signing of several agreements for collaboration with the British in training Colombia's security personnel. Among these was the stipulation that Scotland Yard train agents of Colombia's Administrative Security Department (DAS), and that MI-5, Britain's secret intelligence agency, train the elite units of both the Colombian National Police and Army. Special British interest in DAS's rural section is said to be related to British oil investments—curious, given that the rural DAS is known to be composed largely of amnestied narco-terrorists.

Through another public scandal which erupted recently, over the presence in Colombia of Defence Systems mercenaries, the police revealed that a cooperation agreement exists, by which SAS trains a group of police agents. Although Defence Systems and BP say that DSL employees have nothing to do with training police, the truth is that it is very difficult to distinguish between an SAS agent and an ex-SAS agent.

The drug connection

The presence of ex-SAS mercenaries is not new, however. According to the Aug. 13, 1989 issue of the London *Times*, that year the Cali Cartel hired a group of retired SAS agents, led by Peter McAleese, David Tomkins, Alex Lennon, and Geoffrey Adams to train the private army of kingpin-brothers Miguel and Gilberto Rodríguez Orejuela, and to carry out an operation to kidnap rival Medellín cartel chieftain Pablo Escobar Gaviria. The British mercenaries were all veterans of the independence war in Zimbabwe. Curiously, the operation to kill Escobar failed. But on Aug. 18, five days after the

London, the new lord of Mexico's skies?

Britain is out to seize control of Mexico's national airport grid, when the planned privatization of 35 of Mexico's 57 state-run airports (including two of the most important, the international airports of Mexico City and Guadalajara) finally goes ahead. A delegation of *six hundred* British officials and businessmen visiting on July 21-25, announced during a seminar on "U.K.-Mexico Airport Links" in Guadalajara, that they plan to invest $2 billion in Mexican airports.

The security implications of who controls Mexico's airports, and their related electronic communications grid, are staggering: 70% of the cocaine entering the United States comes through Mexico, some by land, some by sea, but much by air. Air transport routes were so upgraded under the reign of Juárez cartel kingpin, Amado Carrillo Fuentes, that he was given the nickname "Lord of the Skies." (Lord Carrillo arranged flights from Colombia of entire Boeing 727s packed with cocaine, until he died from complications during a liposuction surgery gone awry in early July.)

Mexican security officials are on alert, as to just what agency will provide security for the soon-to-be privatized airports. The officials report that the issue of privatized security is now on the table in a big way in Mexico, because of the ongoing privatization of the infrastructure previously owned, run, and *protected* by the state. When Mexico's highways were privatized a few years back, for example, the hottest issue was: Who would patrol them and provide security? When the highways were run by the federal government, security was provided by either the military or the federal highway patrol. For the moment, the military is still assigned to the job.

The delegation of the British Airport Group was led by its president, Sir Gil Thompson. He brought along with him the commercial director for Capital Projects of DERA, the scientific and research agency of the British Defense Ministry, as well as officials from Britain's Department of Trade and Industry, and Trevor Hines, the Second Trade Secretary at the British Embassy, with responsibility for "aerospace, airports, ships and ports, urban transportation, security equipment and tourism." (Hines's previous assignment, during 1990-95, was consul in Belize.)

Among the representatives of leading British imperial corporations were:

- David Thornton, director for global business of Midland Bank PLC, in Mexico City. Midland Bank is part of the Hongkong and Shanghai Banking Corp.
- Roger T. Nunn, president of BP-Mexico.
- Carl R. Griffiths, manager for business development, Mexico and Central America, AIR BP, a "worldwide commercial network within the BP group, related to the marketing of fuel and technical services for aviation."
- Roberto Latapi, Mexican representative of Barclays Bank PLC, one of the member banks of the Crown Agents Foundation.
- Phil Baker, general manager for commercial development, Manchester Airport, PLC, another Crown Agents corporation. Among their specialties is the provision of security systems for airports.
- Nigel Smith, sales manager for Simoco International, Ltd., "one of the leading firms in the world in radio-communications and related services . . . [including] in the area of public transportation and local government security."

Times exposé, the leading Presidential candidate and anti-drug crusader, Luis Carlos Galán, was gunned down at a rally, by hit-men hired by the drug cartels. Could the British ex-SAS team have been involved?

At the same time, Pablo Escobar Gaviria, Gonzalo Rodríguez Gacha, and the Ochoa Vásquez brothers of the Medellín Cartel, hired retired Israeli Col. Yair Klein to train their private army. Escobar also sought out the mercenary services made up of former Israeli Army officers, to train his army of hit men. One of Yair Klein's partners, Eytan Koren, is the owner of Telesentinel, a company which monitors electronic alarms; it is the legal representative of the General Security Co., a subsidiary of a Miami-based company of the same name. It is suspected that the company's real owner is the Mossad, Israel's secret intelligence service.

During the government of César Gaviria, at the end of 1990, for the first time in Colombia, the justice minister used private bodyguards provided by the General Security Co., known as the "black ants." Until then, bodyguards for ministers and the President had always been provided by agencies such as the DAS or the National Police. The same firm was hired by the Justice Ministry to design and build the "maximum security" prisons at Itaguí and Envigado. It was from the Envigado prison that Pablo Escobar so easily escaped in 1991.

This wasn't the end of it. In 1995, Ernesto Samper hired Kroll Associates, the Wall Street investigative firm, whose advisory board includes Henry Kissinger, to profile his political enemies, and to counter whatever the latter might do regarding revelations on the drug cartels' financing of Samper's election campaign. Among those profiled by Kroll was Gen. Harold Bedoya, at that time head of the Army. Kroll recommended that Samper set up a special file, in which Bedoya would be accused of human rights violations, copies of which would be available at all Colombian embassies, in the event that Bedoya attempted any action against the narco-President. Curiously, the Samper government used the same argument of human rights violations as the pretext for removing Bedoya as head of the Armed Forces in July 1997. Kroll Associates is another in the British-run nest of companies which conduct security profiles, and negotiate ransoms for employees of multinational companies kidnapped by the ELN and its partner, the FARC.

Finally, a word about the Swiss company, Swipco. When Samper's former campaign director, Fernando Botero, was later Samper's defense minister, he hired Swipco to organize a list of the Armed Forces' suppliers. This sizable contract, later suspended because of the scandal it provoked, called for a 4% commission for each purchase made using the pool of suppliers provided by Swipco. Swipco has a number of contracts with the Defense Ministry. As for Botero, he was subsequently convicted and jailed for funneling $6 million in drug money into the Samper Presidential campaign.

Swipco brags in its literature that it handles 100% of Uganda's defense budget, from soldiers' rations, to weapons purchases, to troops' wages and uniforms.

The plot against the Armed Forces

These private security companies and mercenary forces have emerged precisely at the moment when the Armed Forces are under fierce attack. On the one hand, the human rights NGOs, affiliated with the UN and financed by such mega-speculators as George Soros, work with the Samper narco-government to eliminate both the concept of military jurisdiction over its own personnel (including administering justice), and due obedience. On the other hand, the International Monetary Fund, and several Colombian agencies which follow its orders, have presented plans to vastly reduce the size of the Armed Forces. Already in 1997, the budget was cut from $1.9 billion to $1.2 billion—an almost 40% reduction.

Now, these same institutions are proposing that troop strength be cut in half, supposedly improving the quality of each soldier, and that wages and benefits of officers, non-commissioned officers, and soldiers also be cut. The immediate result of this policy, were it to be applied, would be the disintegration of national territory, and the proliferation of private armies very similar to those under feudalism. Under these conditions, the mercenary armies, or "soldiers of fortune" as they are euphemistically called, would have plenty of work replacing Colombia's Armed Forces.

The 'parks for peace' ploy for bloody border wars

by Gretchen Small

Great Britain has unleashed war and conflagration across Central Africa, to eliminate existing nation-states and their current inhabitants, and install, over their corpses, regional satrapies of varied forms, all under control of the British Crown. Now, the opening shots of Great Britain's war to redraw the map of Ibero-America in similar fashion, and with similar consequences, have already been fired. The City of London's *The Economist* magazine flaunted this intent, in an Oct. 12, 1996 special survey on Mercosur, the free-trade zone formed by Brazil, Argentina, Uruguay, and Paraguay. Provocatively entitled "Remapping South America," *The Economist* depicted Mercosur on the opening spread of the survey, as a big eraser, wiping out the borders of the area's nations. A smaller version of the same eraser at work, held by a very Visible (British) Hand, was run on each of the survey's 30 pages.

The "eraser" is aimed at all national functions. Last year, the governments of Argentina and Chile, the latter an associate member of Mercosur, presented their legislatures with bills drafted by the British Commonwealth mining cartels, which would declare mineral deposits along the Argentine-Chilean border to be "transnational," and thus exempt from national mining laws, to be exploited under terms of a special, supranational enclave. Those bills are pending before the respective legislatures.

Similarly, on July 31 of this year, the British lackey who serves as Argentina's defense minister, Jorge Domínguez, presented Brazil with a detailed proposal for the formation of a joint "Mercosur Army," designed to supersede the countries' national armed forces.

But the British have also taken aim at the very existence of national borders or boundaries as such, using an historical dispute between Peru and Ecuador—which exploded into border warfare in January 1995, under British provocation. And, they are trying to rope the Clinton administration into the operation, via Anglophile networks in the U.S. State Department, to place blame at *Clinton's* doorstep when things explode into violence and mayhem, as they are designed to do.

An often overlooked component of the "Invisible" Empire, like its mercenary armies, is its extensive, ostensibly "privatized" intelligence capabilities. Investigation into the Peru-Ecuador border war trap uncovered precisely such an overlooked capability: the mapping, control, and exploitation of international border conflicts. The operation is run out of an unlikely location: the International Borders Research Unit (IBRU), set up out of the century-old School of Geography at the University of Durham in England.

The IBRU: Lord Curzon's 'marcher lords'

The IBRU defines "boundary issues" to include the gamut of the globalist agenda, from refugee movements, to "peacekeeping operations in borderlands," cross-border crime, "ethno-territorial conflicts," and "Fourth World faultlines and the remaking of 'inter-national' boundaries," the last the subject of a major IBRU study. They interject themselves into border disputes across the globe—everything from the Spratly Islands in the South China Sea, to Ibero-America's numerous hot spots, to the potential for Quebec's secession from Canada, and even the alleged possibility of Montreal's secession from Quebec!

What is the IBRU's aim? They themselves are unambiguous: The website of the IBRU offers, as its guiding ideological document, "the complete, unexpurgated" speech on frontiers delivered in 1907 at the University of Durham, by Lord Curzon of Kedleston, Viceroy of India (1898-1905) and British foreign secretary (1919-24). Lord Curzon was one of the most notorious architects of imperial strategy, who defined borders as "the razor's edge on which hang suspended the modern issues of war or peace, of life or death to nations." He expounded upon the "pressing necessity" for Britain, then the "greatest sea-power . . . and greatest land power in the universe," to treat "frontier policy . . . as a branch of the science of government," a matter, even, of racial imperative. Britain's frontiers must be expanded across the "vacant spaces of the earth," because it "provides laborious and incessant employment for the keenest intellects and the most virile energies of the Anglo-Saxon race," he raved.

The IBRU's founding ideologue concluded: "Along many a thousand miles of remote border are to be found our

twentieth-century Marcher Lords. The breath of the Frontier has entered into their nostrils and infused their being. . . . Let there come forth the invincible spirit and the unexhausted moral fibre of our race. Let the advance guard of Empire march forth. . . . The Empire calls, as loudly as it ever did, for serious instruments of serious work. The Frontiers of Empire continue to beckon."

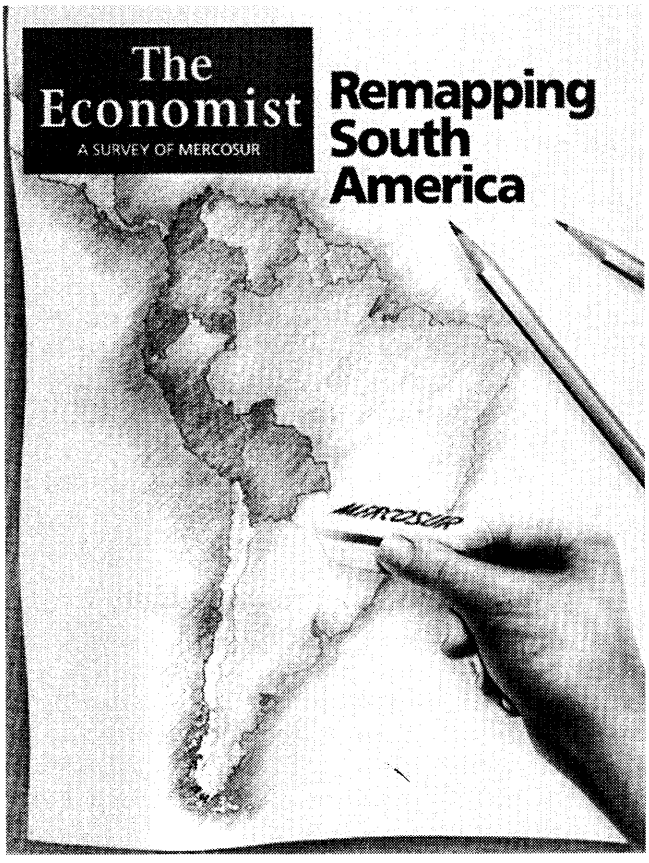
This is the "serious work" for which the IBRU was founded in 1989. It built upon the archives, maps, and intelligence files accumulated over nearly a century of British intelligence profiling of the "hinterlands," carried out through the University of Durham's School of Geography. Its director and founder, Gerald Blake, a Middle East specialist, explains that he got his first "practical knowledge of what it was like to trample up and down colonial boundaries," as a member of "a curious colonial regiment called the Royal West African Frontier Force." Deputy director Clive Schofield hails Curzon as "a landmark boundary maker." Indeed!

The IBRU promotes itself as the world's only intelligence outfit dedicated solely to land and maritime border and territorial conflicts, anywhere and everywhere. They offer—for a fee—publications, research capabilities, access to their database and global "network of personal friends," and "conflict resolution" services. Their clients range from governments, to non-governmental organizations (NGOs), to corporations, such as law firms, and oil and shipping companies.

The IBRU has successfully penetrated other governments on behalf of the British—including the U.S. State Department. The State Department does have its own Office of the Geographer, located in the Bureau of Intelligence and Research, whose responsibilities include producing reports for the secretary of state on all aspects of border conflicts (cartography, history, current status of a dispute). The staff at State's Office of the Geographer, however, works closely with the IBRU, Geographer sources admit. (One member of the staff was, in fact, just at the IBRU.) The IBRU is viewed as "a very valuable resource," to which the State Department turns when files are needed on areas of the world, such as the Middle East, where Britain has a much longer history of involvement than the United States, staff members explain.

The only other center in the world similar to the IBRU, one former State Department official reported, is also British: the Geopolitical and International Boundaries Research Center (GRC), based at the University of London's School of Oriental and African Studies. It is a small circle: The director of the GRC, Richard Schofield, worked for years with IBRU director Blake.

U.S. State Department dependence on British intelligence in this area has worsened in recent years, due to budget cuts implemented in the 1980s. State once produced its own boundary studies, as a standard function. Now, that program has been abandoned, and only one official at State is still doing such studies, Robert Smith, in the Bureau of Oceans and International Environmental and Scientific Affairs. Smith, the IBRU reports, is a member of its Board of Advisers and Professional Associates.



The City of London's view of globalization.

Baiting the trap

The IBRU is active in the project to rip up the borders and nations of Africa. The Winter 1996-1997 issue of its quarterly, *Boundary and Security Bulletin*, carried a piece by one of their regulars, Richard Griggs, an official of Independent Projects Trust, a South Africa-based NGO dedicated to "conflict resolution." Griggs argues that the genocide now occurring in the Great Lakes region—blamed, of course, primarily on the Hutus, the U.S. government, and African "overpopulation"—provides the opportunity to "dismantle" the centralized governments of the region, such that "at least Zaire, Rwanda, and Burundi, if not Uganda and Tanzania," can now be eliminated as nation-states, and replaced by "a confederation of autonomous provinces." Borders, the IBRU piece argues, must be viewed as "soft, flexible, and mobile."

The IBRU is similarly active in the various Ibero-American border disputes, including maintaining direct channels into the State Department team working on the Peru-Ecuador conflict. The next issue of the IBRU quarterly, due out in

August, includes an article on that conflict written by Bradford Thomas, who only in January retired from the Office of the Geographer after decades. Thomas is an active member of the IBRU's "network of friends." He served on the State Department-run inter-agency task force on Peru-Ecuador; although now retired, he remains close to the negotiations.

In 1994, the IBRU published a monograph on "The Boundary between Ecuador and Peru," written by their leading expert on Ibero-American conflicts, Ronald Bruce St. John. The study asserts that the disputed area involves three entire departments (states) of Peru: Maynas, Tumbes, and Jaén. All three departments have been part of Peru since 1822, and in 1942, both Ecuador and Peru signed an international treaty, the "Rio Protocol of Peace, Friendship and Boundaries," which set a border between the two countries which acknowledged that fact. Under the Rio Protocol, all that remains, is to demarcate a 78-kilometer stretch of the border, located in the dense jungle of Maynas, along the Cordillera del Cóndor mountain range.

One effect of that 1994 IBRU study—one of their best-selling reports, albeit in the specialized policy-making circles which it targets—was to encourage Ecuador to believe it stood to receive international support for its efforts to break out of the Rio Protocol, were it able to force Peru back to the negotiating table. In January 1995, Ecuadoran troops did in fact provoke a new round of border fighting; the trap had been sprung. Major international pressure is now being applied to force an immediate settlement of the dispute, with no restrictions as to what can be negotiated—i.e., disregarding the Rio Protocol. (See *EIR*'s June 27, 1997 exposé, "Soros Minerals Grab behind Peru-Ecuador Border Conflict," for other means by which British interests suckered Ecuador into reopening the conflict.)

The 1994 IBRU study acknowledged, that were the Rio Protocol to be called into question, this could reactivate border conflicts across Ibero-America. "In seeking to void unilaterally a recognized treaty of limits [the Rio Protocol], the Ecuadorian government is challenging a rule of international law whose overthrow would signal chaos for a region where dozens of such treaties have been negotiated since independence," the study concluded.

With the aid of the State Department, this British scenario is proceeding. State has demanded that Peru and Ecuador agree to a final settlement by the Second Summit of the Americas in March 1998, a formula for provoking conflict, which the British are confident will blow up in President Bill Clinton's face—not theirs.

Who runs State Department policy on Peru-Ecuador? Luigi Einaudi, an official brought into the State Department in 1974 by then-Secretary of State, now Sir, Henry Kissinger. Einaudi has devoted his career to breaking up the Ibero-American military, with a sub-specialty in destroying the nation of Peru, going back to the 1960s, when he worked at the utopian-dominated RAND Corp. While he formally retired from the Foreign Service this past July, Einaudi's grip on State Department policy is still such, that he has been kept on as a "consultant"—*the lead* consultant, according to a State Department press spokesman—to the ongoing Peru-Ecuador talks.

Parks for war and genocide

The British having helped create the conflict, Prince Philip's anti-human "conservation" movement has stepped forward to provide the "solution" (see **Figure 1**). According to sources close to the negotiations between Peru, Ecuador, and the Guarantors of the Rio Protocol (the United States, Argentina, Brazil, and Chile), the International Union for the Conservation of Nature (IUCN) is the key group working up a proposal to "solve" the dispute—by creating a transnational border park in the disputed Cordillera del Cóndor region, effectively denying both countries sovereignty in the area. The IUCN is an instrument of the British Crown itself: Founded in 1948 by the racist eugenicist Sir Julian Huxley, its constitution was written by the British Foreign Office, and to this day its personnel overlaps with The Fauna and Flora Preservation Society, first named the Society for the Preservation of the Wild Fauna of the Empire.

One of the IUCN's leading projects today is to replace borders around the globe with territories under direct British Crown control. Already, some 100 cross-border parks have been created, many run by the IUCN or its associates (World Wide Fund for Nature, Nature Conservancy, etc.). Arguing that the "international legal status" of the parks is not, however, guaranteed, the IUCN is currently organizing a conference jointly with the South African Peace Parks Foundation and the World Bank, to map out the next phase of supranational control. The misnamed "International Conference on Parks for Peace" will be held in Cape Town, South Africa, on Sept. 16-18, 1997, with the self-assigned task of drafting the international agreements, laws, and codes of conduct through which parks can be permanently removed from national control.

"The international legal status of the trans-boundary area is unspecified. Even though areas on either side of the frontier may be protected areas under national law, a legally binding bilateral or multilateral agreement should be entered into, to govern the trans-boundary area," the IUCN conference invitation argues. Discussion is also to focus on a non-binding "code of conduct to govern activities" in cross-border parks until such time as supranational laws can be imposed, as well as on an IUCN-proposed "Draft Convention on the Prohibition of Hostile Military Activities in Internationally Protected Areas," that would "empower the UN Security Council to designate areas of great ecological or cultural importance as non-target areas in which hostile military activity shall not be permitted."

The depth of hatred for human beings which underlies the border parks project, is revealed with the IUCN's explanation that conference attendees intend to seek UN Security Council

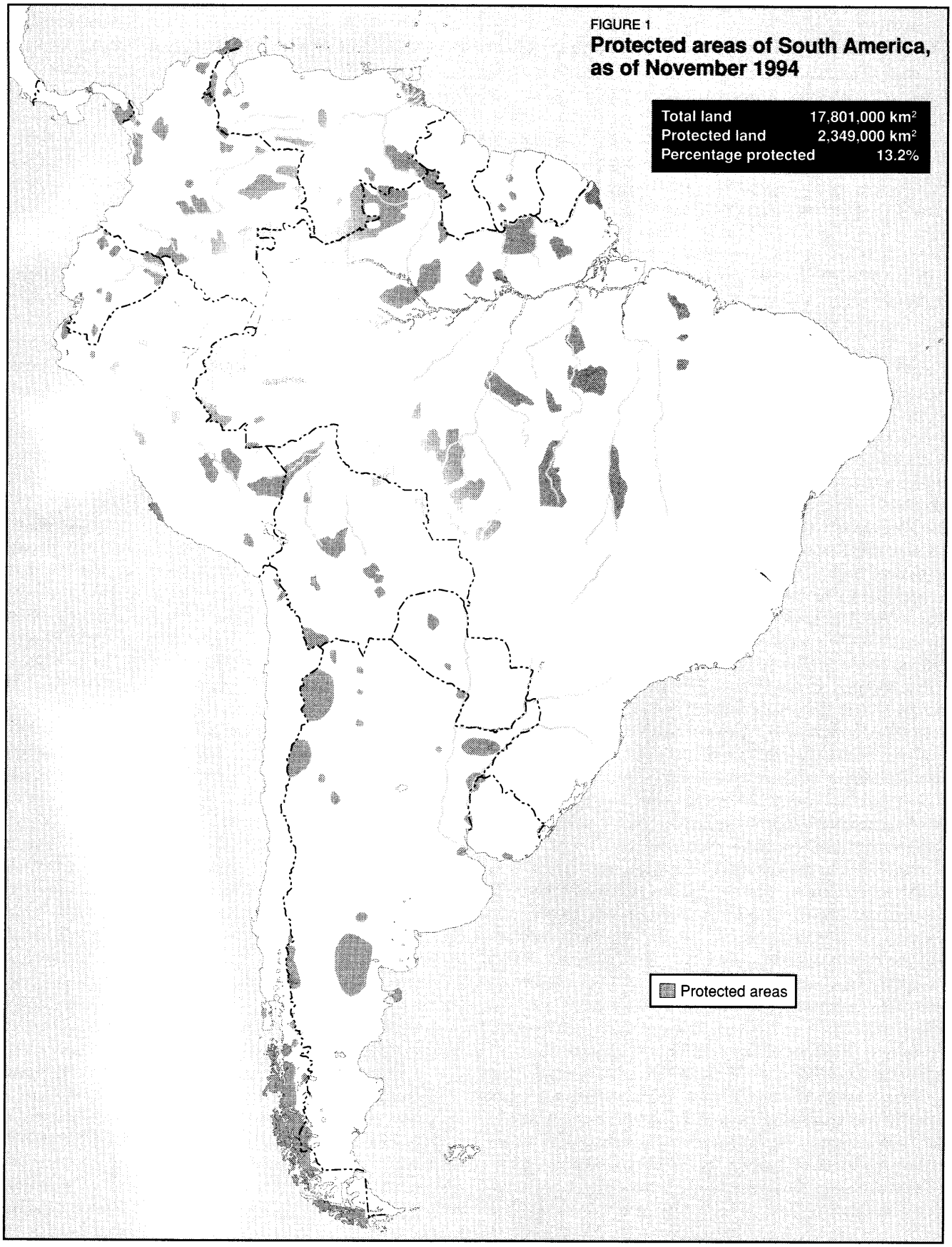
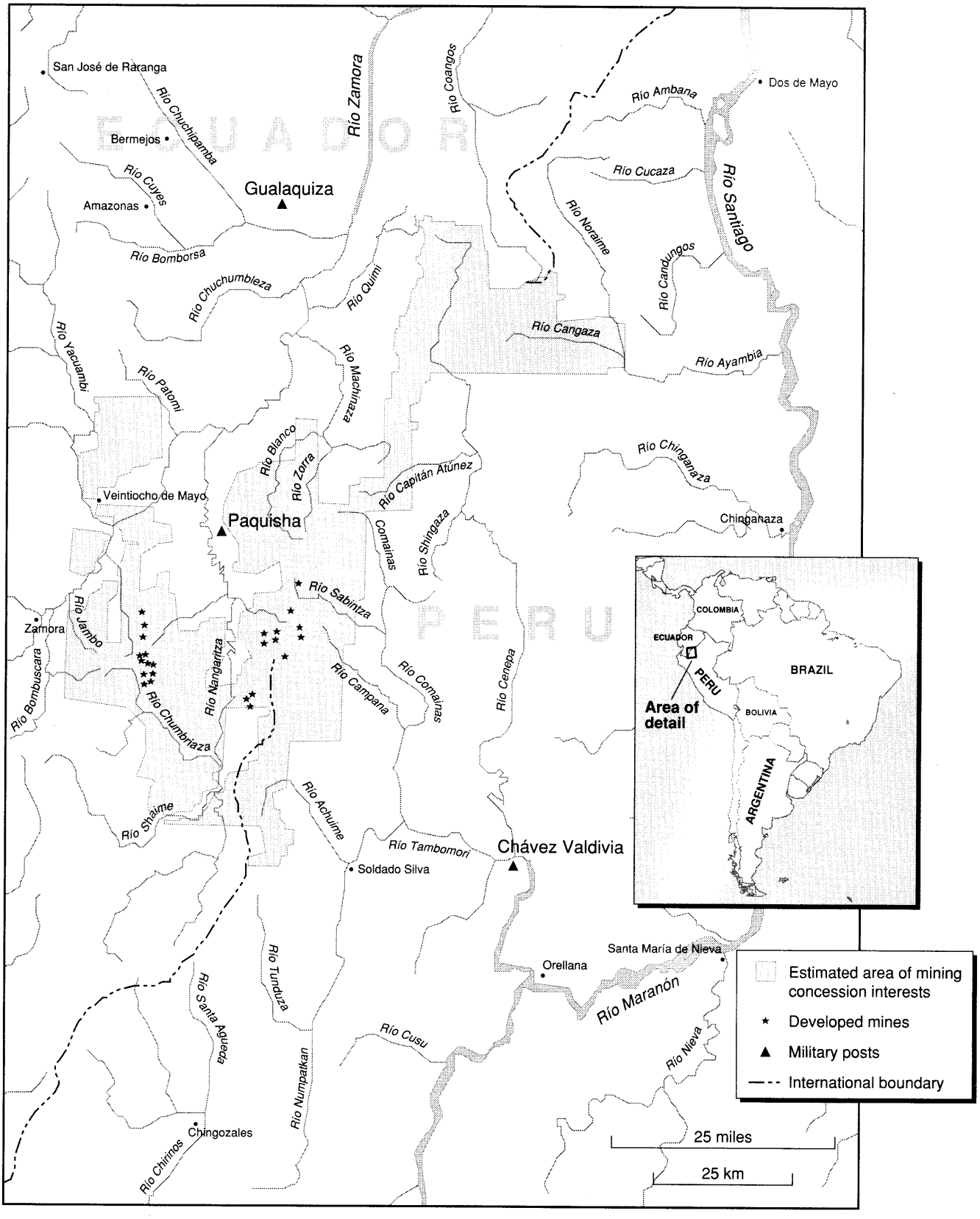


FIGURE 1
Protected areas of South America, as of November 1994

FIGURE 2

The Cordillera del Cóndor border region, according to Conservation International



international guarantees to keep "wildlife preserves"—and *tourism* to those "preserves"!—from being affected by any genocide being committed against human beings nearby. That millions of people are being killed in Africa's Great Lakes region doesn't bother the IUCN; its organizing document, "Draft Concept Paper on Parks for Peace," instead argues: "Another important issue is how to avoid the ecological destruction of trans-boundary protected areas during periods of conflict. The potential for tourism and other forms of community development associated with protected areas has been significantly undermined by wars in Rwanda, Zaire, parts of former Yugoslavia, and elsewhere. Refugees who settle in protected areas can cause significant impacts on the natural and human environment. Deforestation in Virunga National Park (Zaire) has been estimated at 300 hectares per day and threatens the globally significant mountain gorilla population living in the region."

Using Peru-Ecuador as a precedent

Among the 60 invited conference guests, is IBRU director Gerald Blake, scheduled to speak on "The Geopolitics of Trans-Boundary Cooperation," and to run the workshop on establishing guidelines for managing parks. Blake has worked extensively with the IUCN on the parks project, writing a study on trans-border parks which the IUCN published. Also playing a high-profile role will be Avecita Chicchón, director of the Peruvian office of Conservation International (see **Figure 2**), another tentacle of the British Crown's global "conservation" movement which is busy promoting the creation of a bi-national park in the Cordillera del Cóndor area (see *EIR*, June 27 article on "Soros Minerals Grab").

The conference is taking up the Peru-Ecuador conflict, as a precedent in the use of transnational parks to "solve" border conflicts, by eliminating the very concept of borders itself. In the process, the British Crown intends to grab direct control of territory in the heart of South America, at the headwaters of the Amazonian river system. As Lyndon LaRouche has warned, no greater threat to continental security could be devised. In his September 1995 Presidential campaign document, *The Blunder in U.S. National Security Policy*, LaRouche warned: "If the resolution of a border dispute is taken out of the sovereign hands of the nation-state parties, the disputed area becomes a region of 'extra-territoriality,' in which terrorist/separatist operations thrive." *EIR* has documented how such "protected areas" and parks, in Africa and Ibero-America, have served as centers for terrorism, arms- and drug-trafficking, and the proliferation of diseases.

Yet, according to numerous sources, the IUCN's park program has been adopted by the State Department team on Peru-Ecuador, as the preferred "solution" for the conflict. No one has formally raised the proposal yet at the negotiating table (the talks are said to be focussed still on procedural issues), but participants say they expect the park proposal to be pulled out "when it's time to break the logjam."

Differing versions of the proposal for a "joint, ecological park, along the crest of the ridge where the Protocol goes," have been discussed by Einaudi's team. Some say that, to ever be accepted, a border down the middle of such a park would have to be agreed on and delineated; others argue that the full IUCN program—using the park to eliminate the border altogether—should be stuck to. All the park proponents agree, however, that "the authority of the state will be truncated" at the park. The key, said one former member of Einaudi's interagency task force, is that "all agree that this would be nonmilitary . . . devoted to indigenous people only. . . . They would be barred to settlement by other than native peoples, and nothing except a police chief, and for that matter, they ought to be native police chiefs, if they have them. No armies, and have it demilitarized."

Alexander Watson, director of the Nature Conservancy's Latin American and Caribbean Program, another institution central in the Crown's ecological movement, is one of the people involved "up to his eyeballs" in the park project. Watson was a career diplomat, before moving to the Nature Conservancy in 1996. He served as U.S. Ambassador to Peru (1986-89), and then as Assistant Secretary of State for Inter-American Affairs (1993-96), and was deeply involved in the Peru-Ecuador conflict. He continues to work on Peru-Ecuador from his new post at the Nature Conservancy, an organization founded in Britain in 1949 by royal charter. The chairman of the Texas branch of the Nature Conservancy, today sits on the board of the Queen's mercenary outfit, Defence Systems Limited (see article in Chapter I). Its ties with the imperial mercenaries is not surprising: The founder of the Nature Conservancy, Max Nicholson, published a history of the postwar environmentalist movment in 1970, under the arrogant subtitle: "A Guide for the New Masters of the Earth."

Watson freely outlined to a reporter his preferred version of the British park proposal: "You could have a park, which contains territory which is *indisputably* Ecuadorian, and territory which is *indisputably* Peruvian, and also, between that include the area which is in dispute. So you could have a *bi-national* park that belongs to both countries. It is administered, by an administration of some sort, which is either binational, or neutral, or maybe even a third party. Maybe IUCN. Or some NGO. Or some combination of Peruvian and Ecuadorian NGOs—or something like that. As neutral as you want to make it, as non-governmental as you want to make it."

Such thinking is reminiscent of Lord Curzon's instructions, back in 1907, that borders are better set by the Great Powers, with little, if any, consultation with the governments of the countries affected. As Lord Curzon explained, "Where native agents are admitted, usually in a subordinate and advisory capacity, they are apt to interpret their functions as justifying an exceptional measure of vacillation, obstruction, and every form of delay."

The British, however, are in a hurry.

Derivatives disintegration, not stocks, fuels the panic

by Marcia Merry Baker and John Hoefle

The month of August saw the breakout in certain U.S. media, of a message that has been in the headlines for months in Europe: Watch out for the coming stock market crash. So far, two prominent publications, *Time* magazine and the *New York Post*, following the lead of earlier fictionalized predictions in Europe, have run elaborate scenarios of minute-by-minute accounts of what the "day of the crash" would supposedly look like.

What stands out about these kinds of prognostications, is that there is no truth, even in the sense of truth as fiction, in them. They present an expected crash as a phenomenon of a cyclical crisis of the type, "what goes up, must come down." But, the reality is that we are faced not with some crisis limited to the stock markets, nor a containable currency crisis, nor some other isolated event. We are dealing with a *systemic* crisis of the *entire* financial system.

As of mid-August, the financial crises under way in almost every time zone around the world underscore the point. In Southeast Asia, currency devaluations and banking and financial crises are rippling throughout all five major nations in the region, and are causing chain-reaction impacts in Japan, South Korea, and so on. The International Monetary Fund-engineered emergency action for Thailand, announced on Aug. 12, is a disaster for that nation, and only raises the prospect of "other Thailands" in the making, as the IMF era draws to a close.

To address what is required, Lyndon LaRouche plans a presentation at the end of August, on "Toward a New Bretton Woods System," at a conference near Washington, D.C. In a radio interview with "EIR Talks" on Aug. 12, he said, "As I speak, unless something happened in the last several hours that I don't know about, I can say that no government, no central banking system, no International Monetary Fund, or any combination of institutions on this planet presently has *any plan which would be adequate for what is hitting the world now.*

"In other words, on the basis of the present program of all governments, including the United States, the IMF, and so forth, that if the crisis hits tomorrow, or October, or at the end of the year, which are the dates most often discussed, there's no government, or combination of governments, on this planet which is presently, as of this moment, prepared to do anything to prevent the *entire financial system from disintegrating*, that is, the financial system, and the banking system."

Derivatives hide and seek

In the United States, there is a little side drama taking place in Washington, related to the issue of accounting practices and derivatives, which reflects the bursting-point condition of the financial bubble.

The Financial Standards Accounting Board (FASB), which sets accounting standards for U.S. corporations, has proposed new rules that would require U.S. corporations, including banks, to report derivatives holdings on their balance sheets, and to value their holdings at current market value. The FASB first proposed these rules in 1996, and plans to put them into effect on Jan. 1, 1999.

The response to this rather mild directive, reveals volumes about the real fear of the bankers and their regulators: that the global derivatives bubble will burst, triggering a chain-reaction disintegration of the international financial and monetary systems.

Federal Reserve Chairman Alan Greenspan, for example, has sent three letters to FASB Chairman Edmund Jenkins, in an attempt to block the imposition of the rule. "The proposal may discourage prudent risk management activities and in

some cases could present misleading financial information," Greenspan claimed, in a July 31 letter to Jenkins.

Greenspan's contention is absurd, on all levels. The idea that derivatives are "prudent risk management activities," a view widely touted by the financiers, is false. Derivatives are "risk management" only in the sense that betting both on the red and the black in a game of roulette, is risk management. Derivatives are bets, and the derivatives market is the biggest casino in the world. To discuss risk management in such a context, is an exercise in virtual reality. Greenspan's claim that reporting derivatives exposures on the balance sheet "could present misleading financial information," is also ridiculous. Who in their right mind would believe that forcing companies to reveal millions, billions, and even trillions of dollars in off-balance-sheet side bets would be more misleading to investors, than would keeping those bets hidden? The only way Greenspan's statement would be true, is to turn it on its head, and argue that for companies to attach any value to derivatives, on or off the balance sheet, is misleading.

To add weight to his position, Greenspan's letter stated that "major companies in a number of industries that use derivatives have expressed serious concerns" about the proposed accounting rules. Greenspan was referring to the heads of 22 corporations, who also sent a letter to FASB Chairman Jenkins on July 31, in what was clearly a coordinated attempt to put political pressure on the FASB to back down.

Pandora's box

Which are these companies, that are fighting to keep their derivatives exposures hidden? The signers of the letter include the heads of Bankers Trust, Chase Manhattan, J.P. Morgan, NationsBank, Wells Fargo, BankAmerica, First Chicago NBD, Goldman Sachs, and American International Group, to name a few, plus Senate Banking Committee Chairman Alfonse D'Amato (R-Wall Street), kook economist Sen. Phil Gramm (R-Tex.), and U.S. Reps. Tom Bliley (R-Va.) and Michael Oxley (R-Ohio). In short, the major derivatives players and their pet politicians. What are these guys trying to hide?

Take Chase Manhattan, for example. As of March 31, Chase Manhattan Corp. had $20.7 billion in stockholders' equity, $340 billion in assets, and $6.6 trillion in derivatives. or $19 in derivatives for every $1 in assets, and $316 in derivatives, for every $1 in equity. How about J.P. Morgan, the so-called conservative bank? As of March 31, Morgan had $11.2 billion in equity, $225 billion in assets, and $5.3 trillion in derivatives, or $23 in derivatives for every $1 in assets, and $473 in derivatives for every $1 in equity. Among the other signers, Bankers Trust had $16 in derivatives for every $1 in assets and $386 in derivatives for every $1 in equity, compared to $10 and $124 for First Chicago NBD, $7 and $84 for BankAmerica, and $6 and $69 for NationsBank, respectively. Overall, the U.S. commercial banking system had $22.4 trillion in derivatives as of March 31—of which 94% was held by eight banks—versus $390 billion in equity and $4.6 trillion in assets, with another $8-10 trillion in derivatives held by investment banks. That's about $4 in derivatives for every $1 in Gross Domestic Product, a ratio which is rising.

The banks have consistently fought tooth-and-nail against all attempts to shed light on their derivatives exposures, and the exposures of their clients, because exposure almost always brings them trouble. What little light has been shed, is due primarily to the efforts of former House Banking Committee Chairman Henry B. Gonzalez (D-Tex.), who, after reading reports of derivatives exposures in *EIR*, held hearings in 1993 on the banks' derivatives activities, and forced the Comptroller of the Currency to release the figures. With the cat out of the bag, the Federal Deposit Insurance Corp., which had been tracking derivatives since 1990, suddenly added a new line to its Quarterly Banking Profile, "off-balance-sheet derivatives," which then stood at $12 trillion. Once those numbers came out, the banks launched a major propaganda campaign to portray derivatives as "risk management" tools, a campaign which backfired spectacularly when billions of dollars of derivatives losses surfaced, putting a spotlight on the weakest link in the financial system. Since then, they have attempted to put derivatives back in their Pandora's box.

Disintegration

The sudden outpouring of stock market hysteria in the United States, is due to the fear that the derivatives market will collapse. With some $100 trillion in derivatives outstanding, and some $1 quadrillion in derivatives and related turnover annually, the failure of even one major derivatives player could send shock waves of defaults through the system, triggering a chain-reaction collapse of bank after bank, until nothing was left standing. The terms "crash" and "collapse," which are often used to describe 10% or 20% drops in the stock markets, do not begin to describe what is coming, the disintegration of the global financial system, virtually overnight, when the derivatives bubble goes. This is what the bankers are trying to hide.

"What you're seeing in this crisis here, is an eruption, a decay, in the *weakest* part, the most *rotten* part of the system, which is the financial and banking system—it's about to collapse because there is *very little underneath it*, that is, there's very little economy," LaRouche said on Aug. 12. "So, this is like the fall of Sodom and Gomorrah. This is not like the '29 Wall Street Crash, as the *New York Post* might have you believe with its fictional story—and others, too. It's nothing like that. It means we've got to recognize we have made a fundamental mistake in the basic assumptions of economic and related policy-making over the course of 30 years. This means, we have to junk—except for civil rights—about every change we have made in policy, or in way of thinking, during the past 30 years. If we are not willing to do that, then, 'Look, Ma, no country!' This country will disintegrate, along with many others, somewhere toward bridging the end of this century, unless we can make that change."